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October 7, 2014

Honorable Mayor and City Commissioners
City Hall
P.O. Box 708
Lawrence, KS 66044

Re: October 7, 2014 Regular Agenda Item #3 Wicked Broadband's Request for Economic Development Assistance

Dear Mayor Amyx and Commissioners:

I apologize for the late timing of this correspondence, but Baldwin City staff only became aware of the above-referenced agenda item after a recent media report on the request of Wicked Broadband for loan guarantees for a scaled-down FTTH initiative in Lawrence. I am writing to you to express our support for a different entity, one that will serve both our communities, without requesting public subsidy or financial backing. As you all are well aware, a Baldwin City company, RG Fiber, which already has ROW agreements in place with the City of Lawrence and Baldwin City, is also contemplating a FTTH broadband network in our two communities.

It is my understanding that RG Fiber intends to include areas in Lawrence for its gigabit speed broadband service along its route to Baldwin City. It is also my understanding that RG Fiber is not asking Lawrence to risk public funds in backing its venture. In addition, they have not sought any public subsidy for its proposed network in Baldwin City. It seems patently unfair to ask one entity to assume the entire risk for an enterprise venture of this nature while at the same time subsidizing a competitor. RG Fiber should not be penalized in the competition to bring gigabit service to Lawrence and Douglas County simply because RG Fiber's business model is such that they are able to finance this project without public assistance unlike its competitor.

I enjoyed developing a close relationship with City Utility staff as well as with Mr. Corliss as our two communities found a way to leverage a long term wholesale water contract for our mutual benefit. I think it shows that both our governing bodies recognize an "all boats rise with the tide" mentality and that what is good for Lawrence is usually good for the rest of Douglas County, including Baldwin City. With RG Fiber's commitment to serving Baldwin City and rural Douglas County, this seems like another opportunity to leverage our common interests by allowing RG Fiber to provide gigabit service to Lawrence as part of its route to Baldwin City. This will not occur if the City of Lawrence makes a decision to risk public funds to support the exact same service by a competitor.

I understand that banks do not collateralize network projects like they do real or personal property. Wicked suggests this as the reason why the City must risk its financial assets to make the project viable. However, RG Fiber seems to have found a way to either collateralize, or raise adequate investment funds, to support this type of project without resorting to public backing. If the Commission chooses to incentivize Wicked's project, it removes any possibility of a neutral playing ground and actually penalizes an entity for its refusal to seek public assistance.

For these reasons, the City would strongly urge you to refuse Wicked's request for financial backing and allow the private market to operate in a neutral fashion and let competition determine winners and losers in that market.

Thank you very much for your time in reviewing this matter and please allow me to thank each of you for your public service.

Sincerely,



Chris Lowe,
City Administrator

Cc: Mayor Marilyn Pearse