

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

Comments	GN Docket Nos.
NBP Public Notice # 18	09-47
Relationship between Broadband and Economic Opportunity	09-51
	09-137

**COMMENTS OF THE
NATIONAL ASSOCIATION OF TELECOMMUNICATIONS
OFFICERS AND ADVISORS, THE BENTON FOUNDATION, AND THE NEW
AMERICA FOUNDATION'S OPEN TECHNOLOGY INITIATIVE**

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I. INTRODUCTION

The National Association of Telecommunications Officers and Advisors (“NATOA”), the Benton Foundation, and the New America Foundation’s Open Technology Initiative (collectively “Commenters”) hereby file these comments in response to NPB Public Notice # 18.

NATOA’s membership includes local government officials and staff members from across the nation whose responsibility is to develop and administer cable franchising and telecommunications policy for the nation’s local governments. Many local governments, including members of NATOA, have developed publicly owned and operated communications networks that have contributed significantly to the economic vitality of their communities.

The mission of the Benton Foundation (“Benton”) is to articulate a public interest vision for the digital age and to demonstrate the value of communications for solving social problems. Benton is a longtime supporter of research on universal service and the potential of high-speed Internet connections for improving Americans’ lives.

The Open Technology Initiative (“OTI”) of the New America Foundation formulates policy and regulatory reforms to support open architectures and open source innovations and facilitates the development and implementation of open technologies and communications networks. OTI promotes affordable, universal, and ubiquitous communications networks through partnerships with communities, researchers, industry, and public interest groups. OTI is committed to maximizing the potentials of innovative open technologies by studying their social and economic impacts – particularly for poor, rural, and other underserved constituencies. As an independent non-profit initiative, OTI provides in-depth, objective research, analysis, and findings for policy decision-makers and the general public.

In these comments, Commenters begins with a detailed example – Bristol, Virginia – that is representative of the experiences of many communities across the United States. We then summarize briefly numerous other examples of communities that are using local broadband initiatives to spur economic development.

II. BRISTOL, VIRGINIA – A REPRESENTATIVE EXAMPLE

The experience of the City of Bristol, Virginia, furnishes a good example of the impact that a local communications initiative can have on the economic well-being of a community and its surrounding region. The Bristol example is a particularly good one because the City and the Southwest Region of Virginia as a whole encountered conditions a decade ago that are similar to the conditions that many areas of the United States are experiencing today, or are likely to experience in the years ahead. Moreover, the many positive results that Bristol has achieved could benefit many other communities and the United States as a whole, if applied more broadly.

As the twenty-first century began, Bristol, Virginia, a town of 18,000 on the border of Virginia and Tennessee in southwest Virginia, was facing the simultaneous decline of its bedrock

industries — tobacco, textiles, coal mining, and agriculture. Many of its stores and businesses were boarded up, and the future looked grim for Bristol and the entire region. The City leaders, with the encouragement and assistance of U.S. Representative Rick Boucher, decided to take matters into their own hands and rebuild the local economy through advanced telecommunications infrastructure and services.

In 2001, Bristol won a crucial challenge to Virginia's then-existing barrier to public entry, and it began to build a state-of-the-art fiber-to-the-home ("FTTH") system. Three years of industry-backed legislative challenges and litigation disrupted Bristol's progress and substantially added to its burdens and costs. Nevertheless, Bristol stayed the course.

Now, the city system serves more than 65 percent of Bristol's residents and businesses, and it has begun to attract hundreds of high-paying jobs to the town and region. For example, two new employers alone are bringing in up to 1500 jobs paying twice the local average wages.¹

It is difficult to overstate the importance of these new jobs to the local economy. Each new job creates new revenues that will purchase goods and services in the local economy. The recipients of these new revenues will, in turn, have additional income to spend in the local economy, and so it goes. This is what economists call the "multiplier effect." In the end, boosting community spending power will increase local income, sales, and property tax revenues; boost property values; and injecting new spirit and energy into the community and the region in multiple ways.

Moreover, Bristol's public fiber network is not the only beneficiary of the enhanced economic vitality that the City has fostered. Rather than face a dying community, the are benefitting as well from Bristol's economic revival.

¹ Paul Miller, *Bristol's Broadband Push*, Virginia Business Magazine, November 2006. <http://tinyurl.com/y6bjjc>.

As a result of Bristol's outstanding work, it has won numerous prestigious awards, including recognition as one of the seven most intelligent communities in the world in 2009.

Bristol was also NATOA's Community Broadband Fiber Network of the Year in 2009.

Bristol has not been alone in attracting or retaining major businesses through the development of a public broadband network. Appended as Attachment A is a chart that includes Bristol and nineteen other examples of this.

III. CASE HISTORIES

The following are brief summaries of several representative examples of local broadband initiatives that have made significant contributions to the economic development of their communities.

- **Lafayette, Louisiana:** "When Nucomm International needed to locate a new call center – one that would add 1,000 jobs ... to the local economy – it chose Lafayette, Louisiana, because the city is building a massive fiber network to connect everyone."²
- **Cedar Falls, Iowa:** The business case of Cedar Falls Utilities combines fiber to businesses with hybrid fiber-coaxial cable to residences. "In the 1990s, Cedar Falls Utilities built a citywide municipal hybrid fiber/coaxial network and provided specialized broadband telecommunications services including fiber connections to commercial and industrial customers in both the city and the industrial park. In contrast, the neighboring town of Waterloo, served by incumbent cable and telecommunications operators, generally did not have any fiber connectivity. Cedar Falls projected that, by the end of 2003, it would have companies employing over 5,000 people and occupying 4,000,000 square feet of building space. In contrast, Waterloo had a total of 10 businesses in its three industrial parks and has witnessed companies relocating from Waterloo to Cedar Falls, in part because of their need for bigger bandwidth."³ As Doris Kelly showed in an analysis comparing Cedar Falls and Waterloo on a broad range of criteria, the only significant difference between them was that Cedar Falls had a public broadband utility.⁴

In a recent Cedar Falls coup, Peregrine Financial Group, a large commodities trader based in Chicago, decided to relocate its headquarters to Cedar Falls, including

² Christopher Mitchell, "Municipal Broadband: Demystifying Wireless and Fiber-Optic Options," *Institute for Local Self Reliance* (January 2008), <http://tinyurl.com/ygs8td3>.

³ John Windhausen, "A Blueprint for Big Broadband," *EDUCAUSE* at 10 (January 2008), <http://tinyurl.com/llf74r>.

⁴ Doris Kelly, *A Study on the Economic and Community Benefits of Cedar Falls, Iowa's Municipal Broadband Network* (July 2004), <http://tinyurl.com/2ujl87>

executives averaging \$200,000 a year, providing Cedar Falls a windfall valued at \$124 million.⁵

- **Tacoma, Washington:** Tacoma's Click! Network has played a significant role in revitalizing Tacoma and has attracted more than 100 high-tech businesses to the community. Business leaders readily acknowledge that Tacoma's municipal communications utility's ability to serve their needs is the key factor that made them comfortable with moving to Tacoma rather than to Seattle or other large cities.⁶
- **Powell, Wyoming:** In anticipation of the construction of a fiber-to-the-home system in rural Powell, Wyoming, a South Korean venture capital firm agreed to pay up to \$5.5 million to engage 150 certified teachers in rural Wyoming to teach English to students in South Korea using high speed video teleconferencing. The Powell fiber system will enable the teachers to work from home. The company that developed this project is now planning similar projects for China, Japan, and Taiwan.⁷
- **Auburn, Indiana:** When Cooper-Standard Automotive was going to move 75 high-tech jobs out of this small Indiana town because no private company was willing to provide broadband in the town, the mayor and municipal electric utility offered to furnish Cooper "industrial strength connectivity" through fiber optics. Cooper accepted and stayed.⁸ Now, Auburn has extended its fiber network throughout the town.
- **The Dalles, Oregon, vs. Danville, Virginia:** The Dalles, Oregon, a city of 11,873 in the picturesque Columbia River Gorge, operates a 17-mile municipal fiber optic network. In 2005, as a direct result of The Dalles's municipal networking capabilities, Google decided to purchase an industrial site there for \$1.87 million, to house high-tech equipment that would be connected to the rest of the company's network. The project will create "between 50 and 100 jobs over a matter of time, earning an estimated average of \$60,000 annually in wages and benefits."⁹ In contrast, Danville, Virginia, did not have a fiber network when AOL came looking for a site. As a result, AOL struck Danville off its list of potential sites for a new data center and located the center in Prince William County, Virginia.¹⁰

5 Drew Anderson, "Peregrine an Economic Windfall for the Cedar Valley," WCFCourier.com (December 20, 2008), <http://tinyurl.com/yzyab92>.

6 John Cook, "Digital Economy May Spark Tacoma's Renaissance," Seattle-Post Intelligencer Reporter (August 16, 2000), <http://tinyurl.com/yhwkcgz>

7 Associated Press, "English ed company gets \$1.5 million," Trib.com (May 9, 2008), <http://tinyurl.com/yd64uue>.

8 David Isenberg, "Connectivity Spells J.O.B.S.," Isen.blog (November 19, 2004), <http://tinyurl.com/2t6ae4>.

9 Kathy Gray, "Port deal with Google to create jobs," The Dalles Chronicle (February 16, 2005), <http://tinyurl.com/d7dmr>.

10 Chris Kahn, "Danville Area Looks to Move From Tobacco, Textiles to Tech," Associated Press (October 3, 2003), cited in J. Baller and C. Lide, "Bigger Vision, Bolder Action, Brighter Future: Capturing the Promise of Broadband for North Carolina and America" at 16 (June 2008), <http://tinyurl.com/yld417h>.

- **Jackson, Tennessee:** “For a small city, Jackson, Tennessee, boasts a high concentration of firms that provide off-site computing resources for other businesses. The reason: its state-of-the-art fiber network.”¹¹

The examples above – particularly the contrast between The Dalles’s and Danville’s experience – confirm that advanced telecommunications networks are essential to attract or retain “New Economy” businesses and institutions. As business site selection experts now frequently say, “[t]o be a real competitor in the new global economy, an area must provide an advanced telecommunications infrastructure – the basic building blocks of the IT [information technology] sector.”¹² In other words, having an advanced telecommunications network will not guarantee that a business will move to or stay in a community, but not having such a system will for many communities guarantee failure.

IV. CONCLUSION

As shown above, local broadband initiatives have made a major contribution to the economic development of communities involved, as well as the regions surrounding them. As a result, Commenters submit that the Commission should do everything possible to encourage such initiatives.

11 Geoff Daily, “Fiber-Wired City Attracts Managed Services Businesses,” Killerapp.com (December 27, 2006), <http://tinyurl.com/yk1xbcj>.

12 “Heartland Goes High Tech,” Site Selection Magazine (November 2001), <http://tinyurl.com/2whfm9>.

Respectfully submitted,

The National Association of Telecommunications Officers and Advisors

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Attachment A

“Publicly Owned Networks Attract Businesses”

Attachment A

Publicly Owned Networks Attract Businesses

A key driver for many communities in building a broadband network is to encourage economic development. The communities below have built networks that are credited with bringing jobs into the community, saving jobs, and allowing employers to expand locally.

Location	Company	Source
Auburn, IN	Cooper Standard Tire	http://tinyurl.com/yfyhb8d
Bristol, TN	Media General	http://tinyurl.com/y15jctd
Bristol, VA	Northrup Grumman, CGI-AMS	http://tinyurl.com/y6bjjc
Chelan County, WA	Yahoo	http://tinyurl.com/y15jctd
Douglas County, WA	CSabey Corporation	http://tinyurl.com/y15jctd
Grant County, WA	Microsoft, Ask Jeeves, Intuit	http://tinyurl.com/y15jctd
Independence, OR	Varous metal fabrication companies	http://tinyurl.com/y15jctd
Jackson, TN	Portfolio Recovery Associates, Jarvis Caster	http://tinyurl.com/y8rmyvz
Kutztown, PA	Various film production	http://tinyurl.com/y15jctd
Lake County, FL	Munn's Air Cond. and Heating	http://tinyurl.com/ycova8q
Lafayette, LA	Nucomm International	http://tinyurl.com/2ubmxz
Mason County, WA	Louisville Slugger, Sims, varous high technology and online engineering firms	http://tinyurl.com/y15jctd
Morristown, TN	Colgate Palmolive	http://tinyurl.com/y15jctd
Powell, WY	ReSource Inc.	http://tinyurl.com/y8ayrmt
Princeton, IL	Ingersoll Rand	http://tinyurl.com/yf2w6wa
Scottsburg, IN	Chrysler	http://tinyurl.com/ydbcwef
Tacoma, WA	More than 100 high-tech companies	http://tinyurl.com/y93fhnu
The Dalles, OR	Google	http://tinyurl.com/d7dmr
Windom, MN	Varous trucking companies	http://tinyurl.com/y15jctd

Source: Muninetworks, <http://tinyurl.com/y8rmyvz>