



Request to Allow Use of City of Milwaukee Facilities by Midwest Fiber Networks, LLC

Steering and Rules Committee
November 2, 2005



Request to Allow Use of City of Milwaukee Facilities by Midwest Fiber Networks, LLC

The Proposal

- Lease City facilities for location of equipment and antennas
- Privately owned and managed network
- No cost to the City, now or later
- Agreements with other companies to provide equipment and services
- Network enables citywide wireless broadband
- Open network with wholesale access to others
- Competitive rates with qualified low-income rates
- Does not use the City network



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The Technology

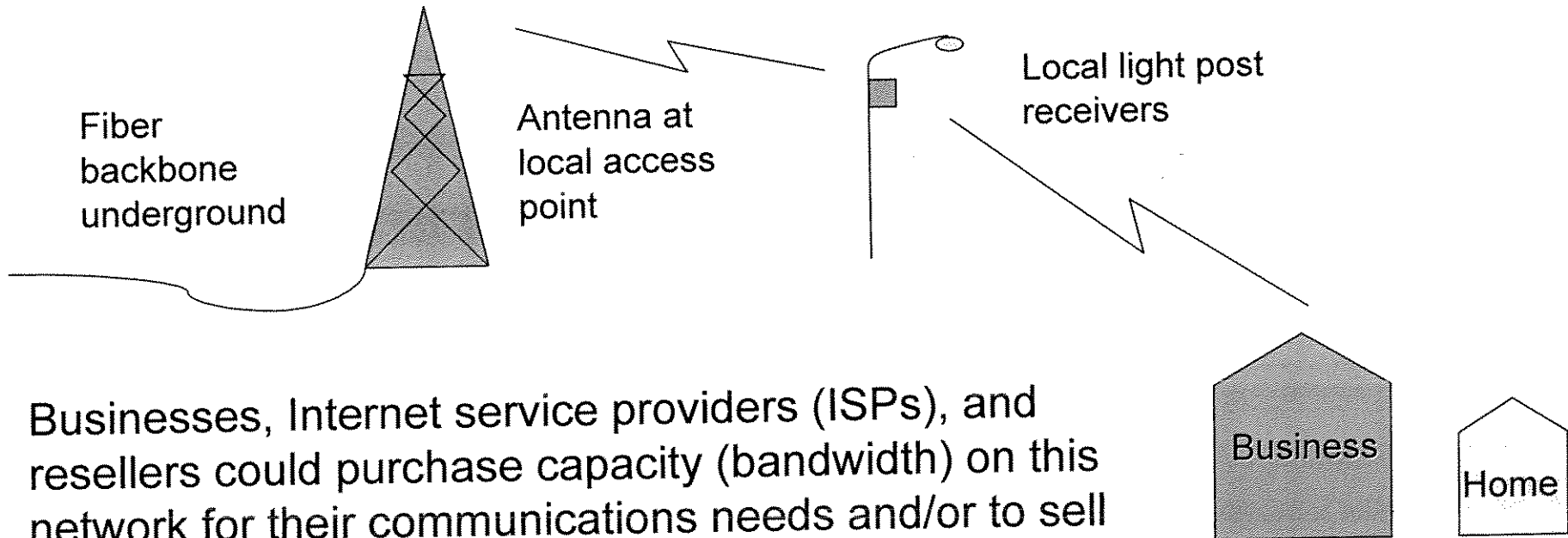
- Wireless allows access from anywhere – “un-tethered”
- Wi-Fi is ubiquitous - examples
- Applications are multiplying
- Mobility is key audience
- Relatively inexpensive to build
- Fast evolution of wireless
- Upgradeable over time

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This request is to lease access to City facilities, such as buildings and light poles, in order to site equipment and antennas.

MWFN would build a “network infrastructure” in part using these facilities, as well as others.



Businesses, Internet service providers (ISPs), and resellers could purchase capacity (bandwidth) on this network for their communications needs and/or to sell Internet services to the public.



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The Company


- Midwest Fiber Networks is a Milwaukee-based employer
- 70 employees currently (with sister company CableCom)
- Started in 1999
- Has built and is managing fiber-based networks throughout southeastern Wisconsin and elsewhere
- Bank will certify financial health of company
- Agreements with large partner companies, who would supply equipment and sell internet services on the network



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The Opportunity

- City can receive payments, services, or other concessions for use of City facilities
- Grow local businesses and skills
- National and international recognition
- Competition in the marketplace
- Marketplace assumes the risk, not the City
- Milwaukee could be among the first large cities to have a citywide wireless system



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Downside?

- What if it fails? No risk to City
- What if we “use up” City conduit?
- Will it negatively affect the City network?
- Does this stifle competition?
- Are there better technologies coming along?
- Pioneers have to make their own road



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City's interest

- Market driven proposal, not controlled by the City
- City is not involved in financing nor managing and operating
- Network would be open to use by competitors
- Agreement would be non-exclusive
- City can receive revenue and/or other considerations for use of City facilities
- Address “digital divide” and dovetail with other efforts
- Economic benefits of widespread and mobile broadband availability



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Key Issues

- Timing
- Benefits of an Agreement
- City subsidy or potential costs
- Competition or monopoly
- Financial strength of the company
- Viability of the technology




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Timing

- Competitive advantage to being among the first wireless cities
- What if we wait?
- Other cities have been awarded (Philadelphia, Anaheim)
- Many other large cities in the process
- Taking longer does not guarantee success
- We are asking for permission to negotiate, there is nothing now in place



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Benefits of Agreement

- There are no City costs
- Similar types of agreements already in place (cell antennas)
- RFP costs and time would be significant
- The City is not purchasing anything, so there is no legal requirement for an RFP
- Other cities that have used RFP are asking for specific government services as part of the contract
- An agreement is non-exclusive; anyone can duplicate
- We are doing other activities with other companies

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City subsidy or potential costs

- No City cost to build
- No City cost to operate
- No City cost if something needs to be rebuilt or refreshed
- This is a private project, there are no taxpayer subsidies
- Project is supported by sale of bandwidth and access to businesses and consumers
- Company is a registered CLEC
- Company is asking for permission to use City facilities
- City facilities are only one component of the project



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Competition or monopoly

- Non-exclusive agreement
- Open network
- Others have said they would participate
- Federal Telecommunications Act of 1996 encourages competition
- This is facilities-based competition
- Others can use this network or overbuild their own



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Financial Strength of Company

- Local company is privately held
- Local company has teamed with international providers and equipment suppliers
- MWFN accountants, bankers and lawyers have signed off on the project in terms of funding
- Opportunity to grow local business and perhaps spawn new ones
- Employ local residents



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Viability of Technology

- Wi-Fi is the current state of the art
- Technology is upgradeable, and that is built into plan
- There are likely to be challenges at a large scale
- This is currently a very cost-effective way to provide broadband to the widest audience

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Conclusions

- Permission to negotiate
- Waiting doesn't help
- Don't need to issue an RFP
- No City cost, no City risk
- Competition in the marketplace
- Strong partners with local ownership
- Would still need Council approval of any agreement that is negotiated