

The Linking Letter

A City Briefing by Anne Scheck to *Neighbors in Independence, Oregon*
Vol. 1, issue 2; May 26, 2015 --*Let me know if you don't want to receive this!*--

Preface: The fiberoptic system implemented by Monmouth and Independence nearly a decade ago – MINET – has been unable to meet its debt-service obligations, necessitating loans for hundreds-of-thousands of dollars by the City of Independence. New lending agreements came before the City Council today.

In an admirably candid and obviously heartfelt talk to the Council, two men who helm MINET punctured past optimism, by warning council members that MINET is undergoing a turnaround effort that may take years.*

(*Note: An editorial comment from me appears at the end of this report).

Question: Why Does Our Municipal Broadband Require More Infusion?

Back when MINET went from a valiant concept aimed at abolishing laborious dial-up for local computer users to the founding of an ultra-modern and speedy municipal broadband, it seemed like an idea whose time had come: It made quick web connections a reality; it brought streaming video to a part of the Willamette Valley that was all but rebuffed by large internet carriers.

But, as two men who are most closely involved in MINET management affirmed in a presentation to the Independence City Council Tuesday, the growth that could have saved MINET from its current fate – it's nowhere near being self-sustaining – never materialized. In part, this was due to unexpected economic forces and, in part, due to a history of patchwork management & decision-making that resulted in its current state of struggle.

Calling his message “gut wrenching” and “uncomfortable to talk about,” MINET General Manager Don Patten described MINET as still far from the point where both operational costs and debt service can be paid from generated revenues. Management consultant Mark Thoenes agreed, explaining that the MINET investment is “way in excess” of the return on it thus far. This prompted Councilor Forrest Peck to call for a precise business plan, noting money to shore up MINET seems to be requested every year.

In many ways, this scenario is no different from many municipalities, which found that after installing fiberoptic broadband in their towns, the project was simply too costly -- exceeding the support from subscribers. In fact, MINET is increasing some fees, but it reportedly won't be enough to offset expenditures.

Municipal broadband projects have been failing across the country, rescued by sales to bigger companies, such as Google's acquisition of Provo's muni-broadband in Utah, which it acquired for \$1 -- a taxpayer loss so extreme it became a case study at NYU's law school (*see link #1 below*). Some systems that began during the same time period of MINET simply have been discontinued, to avoid the burden of mounting costs amid bleak forecasting. Close to home, the Oregon town of Sherwood took a hard look at the city's broadband 5 years ago, and it uncovered a record of missed revenue projections (by as much as a third) and overspending by more than 20%. (*see link #2 below*).

**Editorial Comment:*

I confess to a complete loss of impartiality during this morning's session. At its conclusion, I followed Mr. Thoenes and Mr. Patten out the door, and I gushed that I consider them "town heroes." FYI, for the past couple of years I've tried without success to get someone at the city to acknowledge the river of money needed to keep MINET afloat. I've always been met -- in my view -- by evasion to budget questions or I've received homilies about the great capacity of MINET. I agree it's outstanding. But what's even more outstanding to me is that two men who help run it seem incapable of the kind of sugar-coating I've come to expect. --

Anne Scheck

Link #1 NYU Case Study of Provo Utah's Failed Broadband

<http://www.nyls.edu/advanced-communications-law-and-policy-institute/wp-content/uploads/sites/169/2013/08/ACLP-%E2%80%93-Provo-Case-Study-%E2%80%93-June-2014.pdf>

Link #2 Sherwood Rethinks Municipal Broadband

http://www.oregonlive.com/news/index.ssf/2009/06/sherwood_rethinks_fiberoptic_a.html

Questions or comments can be sent to me at: Scheck2Oregon@AOL.com

A publication of Trammart, 3760 Market St. NE, #409, Salem OR 97301