

THE LINKING LETTER

by Anne Scheck

Vol 3, Issue 4; August 18, 2016

A brief article about a report on *Minet* that was submitted to the city July 26 (followed by an editorial, in a different font).

Preface: Widespread criticism of *Minet's* financial picture has permeated City Council meetings, even as other loans have been presented to councilors for approval, to fund other projects.

Question: Is *Minet* as large a financial drain as it is often portrayed?

Minet has made substantial progress on almost every issue previously identified as problematic, according to the same consulting firm that once pronounced the local fiberoptic company “ineffective” in its management and work processes.

A chief reason for *Minet's* relative turnaround is the hiring of a general manager who knows the “complex challenges” of the telecommunications business, said Doug Dawson, president of CCG Consulting LLC, which conducted both studies of *Minet*, one in 2013 and one several months ago.

Past management had not been “fully experienced,” in contrast with the current general manager, Don Patten, who has solid expertise, explained Mr. Dawson from his office in Punta Gorda, Florida. Mr. Patten is “someone I have a high opinion of,” as reflected in CCG’s current findings, he added.

The results are consistent with several urban-planning studies that demonstrate two attributes – a growing local economy and expert management – are key indicators of a municipal broadband’s success. Though many local fiberoptic projects are no longer functioning, some do flourish. However, solving the historically weak management at *Minet* doesn’t relieve its current fiscal pressures, the CCG report concludes.

This past fiscal year, a majority of the tab for *Minet's* debt was picked up by the city and “obviously, this has been trending in the wrong direction, in spite of growing net profits at *Minet* before debt service,” wrote David Clyne, Independence City Manager, in a June memo to the City Council.

Minet's debt contribution plunged from nearly \$536,000 in 2013 to below \$400,000 this year, in part because *Minet* has been trying to develop greater capital reserves, leaving the city with more funding responsibility toward the debt, according to the memo.

The recent CCG report -- presented at a council meeting in late July -- shows *Minet* is making significant headway compared with only a few years ago. *Minet* has slashed its negative cash flow by half since 2013, from \$2.2 million to an estimated \$1.1 million. "For the most part, the company is operating very well," said CCG's Mr. Dawson, who has been advising similar companies for the past two decades. He noted that only a few years ago there were several "broken things at the company."

In 2012, a previous general manager at *Minet* was put on unexplained administrative leave while the city conducted an operational review; eventually, an executive who was hired on a temporary basis replaced him. That executive subsequently underestimated *Minet's* cash shortfalls, with figures that were considered "too rosy" by the budget committee, according to a news account at the time.

A year later, Mr. Patten was brought on as permanent general manager -- but immediately he was tasked with a telecom utility that was seriously under-performing, according to the 2013 CCG report. Changes have been underway since that time, with penetration rates that exceed those of most other municipal broadbands.

This year, the League of Oregon Cities has proposed seeking legislation that would provide "a state mechanism for providing matching fund assistance" as a help to those communities that are "seeking to take control of their broadband destiny."

Editorial -----

To sit in Independence City Council meetings is to know the fate of a barnacle on the underside of a boat -- a knotty bump carried along while the vessel above meanders into murky waters. Fellow crustaceans, this council-attending barnacle sees lots of lending docs float by unrelated to *Minet* -- loan after loan, interfund transfer after interfund transfer.

And I've caught myself wondering: Why is *Minet* singled out so much? After all, the mayor himself once extolled it. City councilors cheered it. Optimism bubbled like ocean swells.

Yet, when our city manager was asked a few months back how Independence Landing was assured success given some unsuccessful past public ventures, he said lessons had been learned from the experience with Independence Station -- and that the city won't be making those mistakes again (I-O, 5/3/2016).

My boat-barnacle self would like to ask: Why aren't city officials looking at *Minet* for answers, instead? The guidebook seems to be right there, in the CCG report. We have a public utility making progress, and now we know some of the reasons it had been struggling in past years ... Lack of accurate oversight ... employees in silos instead of fully engaging in sales ... failure to precisely account for the money actually needed and the number of households actually in the customer base.

And yet the boat on which I'm a barnacle, the *SS City of Independence*, doesn't seem to hear the message -- blaring like a fog horn -- that there's no substitute for expert background, appropriate experience and honed skill. This might be something to keep in mind as we're told that the riverfront is a sparkling gem waiting to be plucked by some savvy investor, and all it needs is more development -- like streets! Or how about that marijuana-processing plant, now marching to our doorstep? Is it truly a new way of bringing zing & dollars to our locale, especially since city officials didn't move to adopt cannabis regulations when other cities did?

But hey, what do I know? I'm just a citizen -- no more than a mere barnacle, on a boat sailing under the flag of my hometown.

-end-