

# COMMUNITY BROADBAND COALITION

## The Texas Perspective

February 13, 2006

The Honorable Senator Kay Bailey Hutchison  
284 Russell Senate Office Building  
Washington, DC 20510

Dear Senator Hutchison,

In Tuesday's Community Broadband hearing, various witnesses will provide their perspectives on community broadband, so we the undersigned thought it would be helpful for you to have a briefing on Community Broadband from a Texas perspective. To understand the spread and influence of Community Broadband across the US, it makes sense to focus on Texas, which is a great microcosm of US network implementations. Featuring new wireless communications technologies such as Wi Fi Mesh and soon, WiMax, collectively referred to as Community Broadband, this trend is unfolding across the great state of Texas, with significant impact on Texas communities and citizens, in both the rural and urban areas of the state.

The policy argument for federal regulation and/or banning of community broadband hinges on the concept that somehow local governments – the public sector – are leveraging their favored positions against market-based telecom providers – the private sector – and that this is wrong and that we need legislation to prevent this from happening. Experience shows quite the opposite is happening: while some early-stage projects were based on municipal ownership, and in rare instances a municipality may choose to proceed without the assistance of the private sector, the overwhelming majority of current projects are in fact the result of a *public private partnership*, where each party brings something to the table and the citizens benefit from such collaboration. The need for local flexibility to adapt to local business conditions drives a variety of business models, and it is important that local governments keep their options open. This approach is not unlike the way that other infrastructures have been rolled out throughout our history. So, the central policy argument about a need to protect the private sector from public sector activity proves to be a red herring. The Texas experience shows that to be the case.

What we find in Texas is that while government debates this issue, the private sector, in its many different forms, is moving forward to create solutions for communities and citizens that need broadband alternatives, now, not later. In the great can-do spirit of American and Texas business, small, medium, and large private sector providers are working hand in hand with local governments, big and small, to create better broadband infrastructure for Texas citizens. *Because in many cases this is a grass-roots movement with innumerable small businesses at work, this is actually an opportunity for government to step in to accelerate the broadband penetration by providing small business assistance, rather than a need for government to step in to inhibit public sector activity, or to provide one-size-fits-all regulation that would hamper the creativity of the marketplace and individual customization based on unique local circumstances.*

## Urban View

As evidence of a healthy marketplace at work, the following Texas cities currently have some type of metropolitan broadband network underway, overwhelmingly in partnership, or anticipating partnership with an active and involved third party service provider.

1. **North Texas** – Dallas, Addison, Garland, Granbury, Grand Prairie, Farmer's Branch
2. **Central Texas** – Austin, Round Rock, Pflugerville, Belton, Temple, Taylor, Lockhart, Elgin, San Antonio
3. **South Texas** - Houston, Bryan, Corpus Christi, Harlingen

Mayor White in Houston is actively pursuing a metropolitan broadband project and RFP to solicit participation with private partners, along the lines of the Philadelphia model, and Centerpoint electric utility has been involved in these discussions. On Thursday, Feb 16, 40 high-level government representatives will gather in Austin for a regional wireless roundtable, to discuss regional collaboration, evaluating business model options including public private partnerships. On Thursday, February 9, it was announced that the City of Corpus Christi and Northrop Grumman Corporation had been honored with the Excellence in Public/Private Partnership Award by the US Conference of Mayors for a wireless broadband network installation that enhances e-government services and provides a direct connection between local public agencies and their citizens and visitors. As major urban areas in Texas consider these networks, smaller cities and towns in their surrounding regions have an opportunity to benefit, and they are coming together to learn more before taking action.

## Rural View

The rural broadband perspective differs slightly, but the market is no less active. Texas has a vast rural landscape, and a lot of territory to cover. If anything, the intense need for broadband options has driven what can only be described as an explosion of private sector creativity, but there remains a tremendous amount of territory to cover. Towns that are active in this area are too numerous to detail here, but a summary would include:

Atlanta, Big Bend, Big Spring, Burleson, Brooks County, Burnet, Dallas, Denton, El Dorado, Flatonia, Greenville, Gun Barrel, Holland, Linden, McLeod, Queen City, Rogers, Sanderson, and Weimer.

To capture the rural experience in Texas, we solicited a personal view on Friday, February 10, from Bobby Mack, who for the last ten years has provided Internet service to the Hill Country from his Blanco, TX, headquarters, with his company Momentum Online. His experience corroborates the picture we have painted of community broadband market development in Texas.

*My history is not unique. Wireless broadband began spreading in my own rural Texas territory in 1999. I currently serve five counties. Blanco, Burnet, Comal, Llano and parts of Kendall. In Blanco, Burnet, and Llano counties I have public/private partnerships with six entities: City of Blanco, City of Johnson City, Johnson City ISD, City of Burnet, Kingsland Water Supply. Again, we are not unique; at least two of my competitors also have agreements with most of these entities.*

*In Burnet County alone, there are five substantial WISPs, and two or three "Mom & Pops" that I know of. In Marble Falls, for example, broadband options include: 1) Momentum & Tstar; - Dial up and Wireless; 2) 281.com; 3) Zeecon, & Pegasus – wireless only; and 4) Heartland Cable – cable broadband. The City of Burnet has these same choices, along with some limited Verizon DSL as well. Based on this I suspect there are as many as 500 companies in Texas offering wireless broadband.*

*As we discussed, it takes as little as \$10,000 to light up a small town with one or two broadband wireless access points, so public private partnerships should be encouraged, not discouraged. Many of the newer equipment choices, from companies such as Motorola, Trango, SkyPilot, Tropos Networks, will build relatively inexpensive networks that are far more robust than the early 802.11 WiFi networks that have given wireless broadband a black eye in some instances.*

*Micro-grants available in the \$10k to \$50k range would go a long way to spread rural broadband. Even a fast-tracked small business loan program could do wonders as long as it does not require too much paperwork, such as three years of financial records, or harsh financial commitments, such as one year operating capital in the bank, like the USDA grants/loans do. From my experience the USDA grant program is too big a hassle for any company that needs the assistance to manage. An easier solution with lower funded amounts available could go a long way to spread broadband accessibility.*

### **State Government Response to Community Broadband**

Last year as Texans learned that their legislature was considering closing the door on community broadband options, broad based opposition grew from the high tech community, rural groups, big cities, small towns and concerned citizens in areas already rolling out these advanced technologies. At a time when promoting universal, affordable high-speed Internet access throughout the state is of paramount importance, legislators realized that access to high-speed broadband is an essential tool for growing jobs in Texas. The Texas Legislature decided in the end that new barriers that would have prevented cities and towns from offering local broadband options did not make sense for Texas.

### **Conclusions**

In order to safeguard universal, affordable broadband access and ensure that Texas cities can explore broadband options, Senators should support the Lautenberg/McCain Community Broadband Act of 2005 (S. 1294) to promote community choices and broadband options. The facts are clear:

- ***Broadband is now becoming vital to our communities.*** Throughout Texas, communities are recognizing that broadband is vital to their well being and prosperity – changing the way we work, the way we live, and the way we learn. From small towns like Burnet, on up to Belton and to big cities like Austin -- local governments and community groups are finding they can offer high-speed Internet service to more people by doing it themselves, in their own way. Broadband makes businesses more productive, jobs more plentiful, and the Internet more accessible. In Texas we understand that access to high-speed broadband is an essential tool for growing jobs in Texas, maintaining leadership as a high tech state, and unleashing the next wave of breakthrough innovations.
- ***Recognizing broadband's potential, President Bush has laid out an ambitious agenda of achieving ubiquitously available affordable broadband by 2007.*** Ubiquitously available broadband would not only unleash an estimated \$500 billion in economic growth and the more than 1.2 million high-wage jobs, but it could help bridge the digital divide and unleash a new wave of innovations, and transform almost every aspect of our lives. Broadband infrastructure enables learning and promotes science and math education, which the President emphasized in his State of the Union speech just last month. But to achieve these goals, the reach of broadband needs to be extended to every corner, community, and city in America. We cannot be a nation of haves and have-nots, of highways and dirt roads. We have too much ground to cover in too short a time to limit local options. To reach the president's ambitious goals, we should set the market free and promote creativity, removing constraints where they exist.

- ***However, we are not doing well in this area. America and Texas are falling further behind in broadband:***
  - ***The United States has now fallen to 16<sup>th</sup>*** Among industrialized nations, the US lags in deploying broadband services, and unless our approach changes, that gap will widen, making us less competitive.
  - ***Two-third of Texas households lack broadband access.*** Based on the FCC's latest broadband report, Texas ranks second to last in the country in terms of the number of households without broadband. In fact, 67% of households in Texas lack broadband -- reflecting too few choices, too high prices, and too limited service.
  - ***We need more help, not more regulation.*** Given these dismal rankings, this is clearly not the time to be short-circuiting promising projects aimed at connecting communities to the information age, and improving the way cities deliver critical services and benefits.
- ***Broadband Networks Are Making Cities More Efficient And Their Workers More Productive:*** Communities are using these networks to provide live-saving data access for police and fire departments (especially during disasters); provide community access in parks and libraries; allow municipal utilities to remotely read meters and save taxpayers money; allow busy travelers to access the Internet at airports; provide broadband access in remote and underserved areas; and serve as a tool for attracting business and generating community economic development. Once a data network is deployed for one purpose and the citizens learn more about what is possible with new approaches, the network is often shared for multiple purposes further amplifying its benefits.

In crafting public policy in this important area, we urge you as our representative in Washington to cosponsor the Lautenberg/McCain Community Broadband Act of 2005 (S. 1294) to promote community choices and broadband options. The vision of this bill is already bearing fruit in Texas, as described in this letter. It is important that local government continue to be able to support broadband deployment in the manner that is best for local conditions. Your support for this legislation will recognize the importance of this infrastructure to our nation's future and provide leadership from the federal government to set our nation on course in the 21<sup>st</sup> Century. Implementing broadband infrastructure is of equal importance today as constructing the National Interstate Highway system was fifty years ago, as extending the electric grid was one hundred years ago. We desperately need leadership in this important area, and as always, we appreciate your attention to our concerns, representation of our interests, and leadership in the US Senate.

Sincerely,

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