

Bond Case Briefs

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Principles for Open Access Community Broadband Networks.

Secure, stable access to information via the internet — our global brain — is the fresh water equivalent of our time. A reliable, affordable Internet connection has become an essential public good for communities fighting to keep pace with the ever-changing economic, social and environmental landscape.

Broadband networks are the 21st century bridges between our communities and economic opportunity.

Even with significant federal and state subsidy throughout the decades since the birth of the internet, incumbent Internet Service Providers (ISPs) have failed to provide equitable and affordable broadband access.

We believe communities can and should own their own broadband networks by leveraging the [hidden economic engine](#) that for centuries has defined our nation as a rich tapestry of self-reliant places: the humble municipal bond.

Where We're At

We the people financed nearly every road in our nation's vast network of federal, state, municipal and neighborhood roadways. Now imagine if Detroit's automakers were heavily subsidized to build and operate the onramps and driveways, for which they bill on a monthly basis and sometimes maintain. That is of course insane, but that's also more or less how most internet access takes place in the United States today.

A New Way

We believe community-owned networks can help boost economic resilience and quality of life. Despite years of fear, uncertainty and doubt cast by incumbents who seek to control access to the infrastructure the public initially financed, a powerful model for building networks is beginning to take root: the Open Access Network.

An Open Access network follows the principle of common carriage: we all benefit from rules that ensure critical infrastructure is available to everyone on the same terms. In other words, it's an essential check against monopoly power.

In this model, revenue can be generated through user subscriptions to the network and "leasing" fees from ISPs who also pay for the right to use the infrastructure. In comparison to public private partnerships, this model keeps all revenue from those cash flows, and from additional investments in the network, inside the community. In addition, public ownership, and the self-determination that comes with it, ensures the best alignment of incentives between communities building networks, ISPs and investors supplying capital.

To ensure ubiquitous broadband access — the same standards we pioneered worldwide for the delivery of water — communities can turn to the same hidden economic engine that built our waterworks. Communities can harness the power of public finance to build their own networks from

the ground up.

At Neighborly, we work to make it easier and less expensive for communities to secure their own access to information by making public finance work harder for the people who need it. We believe communities can make the most of their investment by adhering to the following principles meant to guide the ownership, construction and operation of open access community broadband networks.

I. We own our network.

II. ISPs compete to serve us.

III. We leave no neighbor in the dark: access is universal and affordable

IV. We don't need to raise taxes to build our network.

I. We own our network.

We don't need complicated private ownership arrangements where interests and incentives may not be aligned with those of our community. We can own our infrastructure from day one. Broadband infrastructure, like water pipes, roads and the electricity grid, leans toward natural monopoly. As a result, broadband networks should be organized to ensure universal access and the best interests of our community — along with fair, full returns to our investors — are the only incentives.

II. ISPs compete to serve us.

Infrastructure should be separate from the provision of service so we are no longer tied to a single Internet Service Provider. ISPs will compete for our business, giving us more choice and better service: the very spirit of American-style free market competition. Increased options and better service lead to more resilient and affordable access. With a separate service layer, there is also tremendous potential for a full competitive marketplace to thrive on top of our community-owned infrastructure, generating more revenue for the community. The private sector can openly and easily deliver services, from Internet to telehealth, with lower barriers to entry and across geographic boundaries.

III. We leave no neighbor in the dark.

Our network serves all of us, and no community-member is left behind. We don't cherry-pick who has access and who doesn't. The Internet delivers unprecedented opportunities for economic development, education, public health and safety, civic engagement and greater social equality. Access is essential, so a community broadband strategy must be bigger and more ambitious than the mere provision of faster Internet. Access should be ensured in all corners of our community, and the network should not dictate or limit services offered to our users — in this case, the members of our community. In addition, with the best alignment of incentives, and the benefits of an open platform for competition, we can ensure that connectivity is affordable for every member of the community.

IV. We don't need to raise taxes to build our network.

While it's an option, we know the utility-grade revenue stream our network supplies means we have choices when it comes to financing. Revenue bonds, unlike general obligation bonds, pledge network revenues to repay debt without necessarily placing additional burden on taxpayers, or relying on elaborate private partnerships to finance and build our network.

Neighborly Issuer Brief

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Learn more about building your own broadband network at neighborly.com/broadband

