

Opportunity Iowa:

The Vote Is In

Some 17 communities establish public utilities for broadband; 12 oppose

By Lawrence Kingsley ■ *Contributing Editor*

Iowa has passed a major, if qualified, referendum for local control of the telecommunications infrastructure. Out of 29 Iowa communities 17 voted to give themselves the right to form local utility companies providing high-speed Internet access or triple play. Twelve voted down the idea.

Over 50 Iowa communities already operate their own local utilities, and 20 of those provide Internet services, so there are now almost 70 Iowa communities that could establish municipal broadband services. These 50 or so communities were among the group of 83 that initially supported Opportunity Iowa (the logo is actually *OpportunityIowa*, one word with “unity” in italics); having their own utilities, the 50-plus communities had no need to vote again in the recent referendum. Depending on your disposition, the math can be read as for or against community control.

Under Iowa statutes (Title IX, Subtitle 4, Chapter § 388.2, code 2005) a municipal utility, whether providing Internet services, gas, water, or electricity, can be formed only by vote of the local community.

What will be built, if anything, was not on the ballot – the 17 communities simply expressed a vote of confidence in themselves, as opposed to private telecommunications companies.

Because of the dispersed agriculture-based economy in Iowa, which has fewer than 3 million people in 56,000 square miles, the number of subscribers per mile tends to be low – about 20 households per square mile. Many Iowans – but hardly all – therefore worry about telephone companies’ priorities, when

ILECs choose the next areas to be wired for fiber optic service. (New Jersey, the nation’s most densely populated state, has over 400 households per square mile, or a family for every acre of buildable land.) The best way to assure economic vitality, voters in the 17 communities decided, was to take the first steps to offer broadband themselves.

Role of Fiberutilities Group

Spearheading the vote was Fiberutilities Group, a consultancy formed by entrepreneur Clark McLeod. McLeod founded the company that is now McLeodUSA, one of the largest CLECs in the U.S, operating in a 25-state region and currently in Chapter 11 bankruptcy. A previous venture, Teleconnect, was sold to MCI for \$1.25 billion in 1990.

Fiberutilities formed a board of advisors, including two Iowa ex-governors, and launched the non-profit Opportunity Iowa, conceived as a grassroots organization of city officials, Chambers of Commerce, economic development groups, business and civic leaders, and community volunteers. Opponents were companies like Quest and Mediacom, a cable TV company active in Iowa.

The concept behind Opportunity Iowa is that, like roads and sidewalks, a communications pathway to homes and business is too important a resource to leave to private parties. According to the movement’s Web site (www.opportunityiowa.org), “The world economy is moving rapidly toward an information-based economy. Many of the jobs we grew to depend on in the last century are gone – replaced by information-based jobs. These jobs are dependent upon the quality and capacity of

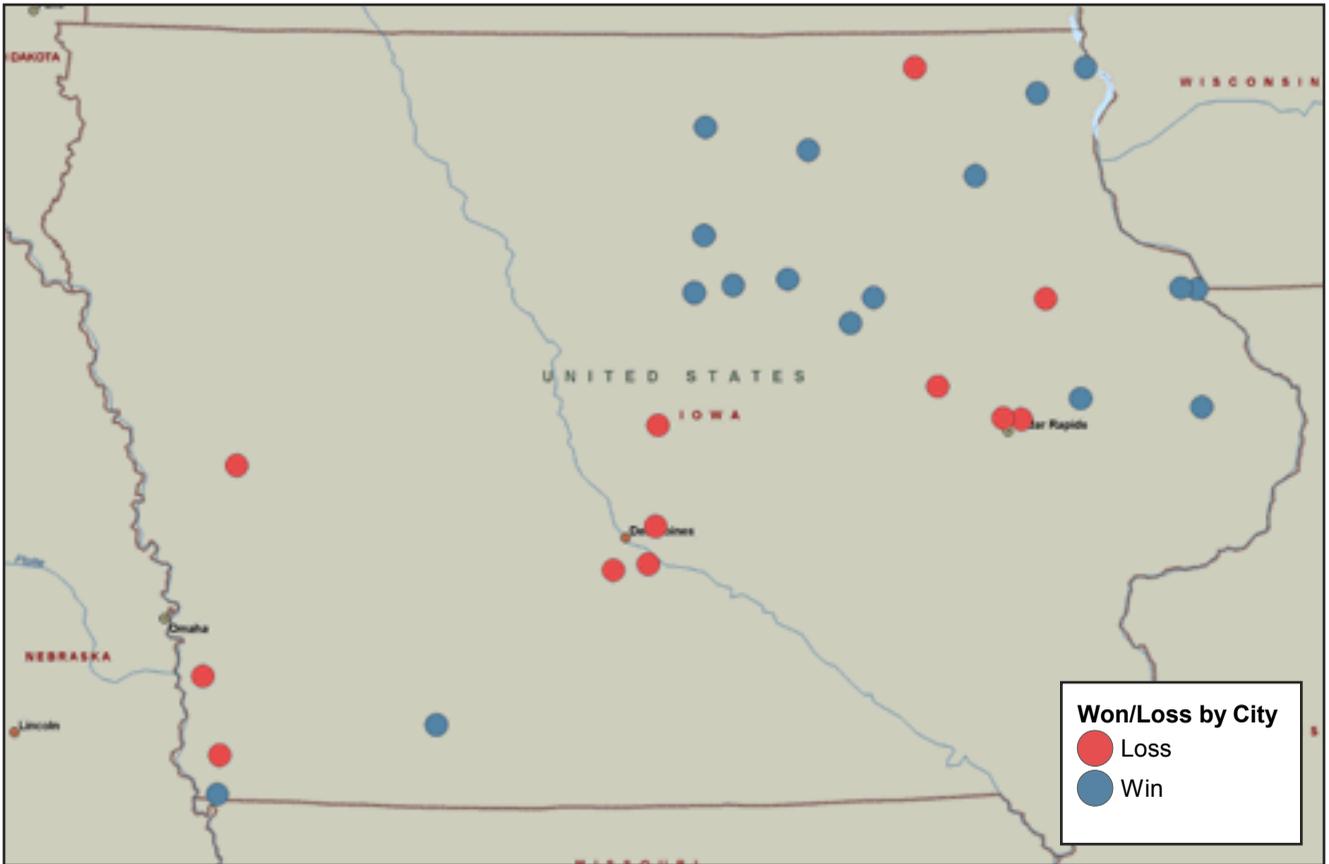
our communications infrastructure, and are critical for our continued economic vitality.”

Though officially technology-agnostic, Opportunity Iowa leaders recognize that FTTH is likely to represent the state-of-the-art for the foreseeable future. The group’s Web home page features FTTH as well. Iowans, the movement says, thus should have fiber connectivity of perhaps 100 Mbps for every household. Until pressured by their own competitors, telcos, in comparison, are marketing 0.5 to 6 Mbps. Fiber loops, moreover, are dedicated, meaning that the speed does not degrade when neighbors sign on, as on a shared cable network, and, unlike DSL, upstream and downstream speeds are symmetrical.

One of the core ideas of Opportunity Iowa was to promote the right of municipal systems to share infrastructure and thereby avoid duplication of facilities and administrative cost.

Dave Lunemann, VP of Operations at Fiberutilities, said that, of the total population base (not voter base) given a chance to vote on the referendum, over 71 percent returned a yes vote. Overall, however, in the 27 communities (with populations totaling over 200,000, half of whom were registered voters) the vote was closer -- 30,157 in favor, 26,309 opposed.

Lunemann said Opportunity Iowa doubled the number of Iowans who have or can have local control of their telecommunications from about 200,000 before the election to about 400,000 today. Once communities have critical mass, Lunemann points out, they have a new power base on which to build. One of the best results of Opportunity Iowa, in



Communities supporting Opportunity Iowa are mainly in the northeastern part of the state.

Iowa Communities Voting in Favor of the Referendum.

Ackley
Anamosa
Asbury
Charles City
Dubuque
Hudson
Iowa Falls
Maquoketa
Mason City
Parkersburg
Waterloo
Hamburg
Hampton
Lansing
Lenox
Waukon
West Union

his view, is the new awareness of how the U.S. is falling behind the rest of the world in terms of telecommunications and what must be done, going forward, either by municipalities or private enterprise.

The referendum was not a vote on whether Iowa should build utilities in the mold of Utah's Utopia, iProvo (Provo, Utah), or OptiLink (Dalton, GA). Lunemann said the referendum in favor of local ownership would have been even more impressive if Opportunity Iowa had not had to contend with misinformation and scare tactics from the opposition.

Opportunity Iowa simply expressed the right of communities, if they choose, to form a "communications utility." The referendum thereby gave the communities the right to decide what to do next, though "next" is undefined. "Many communities," according to Lunemann, "will work with existing providers. Others will seek other alternatives, and some communities will do nothing.

"We believe that this is a local issue: our fight was to preserve the right to take

action or not to take action."

Private enterprise is not to be excluded from municipal networks, but rather encouraged to deliver goods and services over the intended electronic freeway. Each of the 17 communities that voted in favor must hold informal meetings to discuss the future. Cable TV and phone companies are trying to dissuade local committees from taking action, Lunemann says. Opportunity Iowa itself will disband now that the vote is over – all decision-making, has passed to the communities voting for self-determination.

Down the road, demonstrable results from the newly empowered communities could prompt reconsideration from the 12 towns that voted against Opportunity Iowa. But under Iowa law the losers will have to wait four years to present a similar proposal. **BBP**

About the Author

Lawrence Kingsley is the founder of *Tele-publishing Report*. He can be reached at to22lk@aim.com.