

City of Bloomington: Bloomington Digital Underground Advisory Committee

Date of Record: May 6, 2004

Summary:

Bloomington Digital Underground Advisory Committee meeting held on Thursday, May 6th, 2004 at 4:00 pm in the McCloskey Conference Room of City Hall at Showers, 401 N. Morton St., Bloomington, Indiana.

Roll Call

Committee Members Present:

Rick Dietz, Indiana University

Bruce Myers, Kiva

Linda Williamson, Bloomington Economic Development Corporation

Committee Members Absent:

Mark McMath, Bloomington Hospital

Dennis Morrison, Center for Behavioral Health

Brian Voss, Indiana University

Charlie Webb, CallNet

Guests Present:

Brett Skilbred, InfoComm Systems, Inc.

Bart Bretsch, Bob Phelps, John Conley, Cullen McCarty, Smithville Digital

Michael Pauly, Fast Wire

Staff Present:

Ron Walker, Mayor's Office, City of Bloomington

Gregory Volan, CIO, City of Bloomington

Rick Routon, User Support and Network Operations Manager, ITS, City of Bloomington

Meeting was called to order at 4:00 pm

I. Administrative Business

- a. Minutes from the April 22, 2004 could not be approved due to lack of a quorum.

II. Bart Bretsch, Smithville Digital

- a. Bart first pointed out some of Smithville Digital's goals: Keeping the cost of bringing fiber into Bloomington low and expanding their customer base (e.g. to the East side).
- b. Bart also noted that for Smithville, the real challenge is not necessarily laying fiber at a low cost, but actually getting into buildings. He also noted that the BDU and Smithville have fiber in the same general areas (mostly on the West side).
- c. As far as their future dark fiber needs are concerned, Smithville is particularly interested in Landmark Drive and Bloomfield Road.

III. Discussion/ Q&A

- a. Greg Volan asked if there are any sections of the (existing) BDU that Smithville is particularly interested in. Several months ago, Smithville indicated an interest in an area of the BDU near Patterson/3rd St.
 - i. Bart indicated Smithville has "no immediate need" for any current sections of the BDU.

- b. Bart said that in general, Smithville considers both the cost of construction as well as the timing of the project. For their project near Patterson/3rd St., Smithville found a way to complete the project without crossing through and using the City's fiber. The option they ended up choosing was the most cost-effective for Smithville.
- c. Greg stated that the City might consider segmenting the BDU so that multiple providers might utilize the asset. Would Smithville be willing to share manholes?
 - i. Bart stated that it depends; ideally Smithville would prefer to deal with its own infrastructure and management. However, if such an arrangement would provide significant cost savings to Smithville, they might consider sharing these peering points.
- d. Greg asked whether the company has higher/different standards for this kind of thing because they are in the telephone business.
 - i. Bart said that in the telephone industry, companies like Smithville need to answer to regulatory bodies. Although the digital industry is far less regulated, Smithville still tends toward these higher standards because the market is so competitive.
- e. Greg reiterated that currently Smithville has no immediate need for utilizing areas of the BDU. However, if a situation arose where Smithville could utilize the BDU, would they prefer to buy the dark fiber outright? Conversely, would they be amenable to the model proposed by Michael Pauly of Fastwire, where companies would use the City's conduit for free, agree to light the fiber in a timely manner at their own expense, and if the venture is profitable, pay a percentage of realized revenue to the City?
 - i. Bart said that Smithville would prefer to pay for the conduit outright, mostly because this affects the price they charge their customers. They would, however, be open to sharing peering/meeting points with others.
- f. Greg said that in the City's original agreement with ION, initial costs for building the BDU were documented at about \$5/foot. Does this seem to be a fair selling price to Smithville? It has been difficult for the City to come up with a pricing scheme.
 - i. Bart basically said that it depends on the whole picture. They would need to consider what percentage of total costs the conduit constitutes. For example, in some parts of town, it may cost more to deliver the whole package to the customer (conduit, equipment, monitoring mechanisms, and maintenance) than others. It may be relatively inexpensive to build conduit along 3rd street, but more expensive in other parts of town because of the volume of underground rock.
- g. Greg noted that with so much variability, it seems impossible for the City to set a price.
 - i. Bart said that the City may not be able to come up with a standard price. Instead, it may need to come up with different prices for different segments of the BDU, or price based on market demand.
 - ii. As an aside, Bart suggested that as the City expands/evaluates the structure of the BDU, it may want to consider building in more diagonal crossovers into the BDU infrastructure. Crossovers tend to be expensive to build for telecom companies, and more of them would make the BDU a more attractive asset.
- h. Greg pointed out the timeframe involved in arranging the selling/leasing of segments of the BDU: the City would need to assess the value of the segment, come up with a fair price, and then get the City Council to approve it. This could take up to 6 months.

- i. Bart stated that Smithville Digital would be willing to keep the City informed of locations they are interested in, so that the City could keep them in mind as they continue to plan long-term.
 - i. Greg said that would be helpful and either the City could consider building the conduit, or bid out the job to other interested firms.
- j. Bart said that Smithville Digital understands that the City works with a longer cycle time for these kinds of projects. They also understand that some other company may come in and decide to purchase segments or the entirety of the BDU. Regardless, Smithville is willing to work with the City in a way that benefits both parties.
- k. Greg stated that back in March 2004, the BDU Advisory Committee felt that time was of the essence; both Smithville and Fastwire expressed an interest in possibly using the City's conduit. Now, however, both parties have found other ways to get what they need without the City's fiber. Does Smithville Digital feel like the City moved too slowly on this issue? Or, did they simply find a better alternative?
 - i. Bart stated that Smithville came up with multiple designs/scenarios to meet their needs. The one they ended up choosing was the lowest cost solution, so they went with it.
- l. Brett Skilbred asked what kinds of services Smithville Digital provides.
 - i. Bart said that Smithville is a capacity access provider, offering clients point to point connectivity. They work with customers to determine needs and come up with the best solution.
- m. Brett asked what Smithville's 5-10 year goals are.
 - i. Cullen McCarty said that Smithville is looking to bring fiber service to home customers. They are also looking at fiber to the premise, and voice-over IP. Smithville considers themselves early adapters of new technologies, but not necessarily trendsetters; they are constantly trying to keep on top of technological advancements in the market.
 - ii. Cullen also stated that Smithville also needs to make sure any new technologies they adapt will be worthwhile for their customer base, which spans 14 counties.

IV. Wrap Up

- a. Greg reiterated the fact that there is now no real urgency for the City to come up with a set pricing scheme for the BDU. At this point, the Advisory Committee meetings should scale back to once a month.
- b. The group revisited the idea of holding a Telecom Town Hall in July. All agreed this would be a good opportunity to get the rest of the area service providers together and hear their input.
- c. Greg said that one of the main questions to address in the TTH would be whether providers are willing to share fiber (i.e. not fully control asset).
- d. The group decided they would discuss additional questions for the TTH at the June 3rd meeting.

The meeting was adjourned at 4:50 pm