

Advocacy Memo Regarding Deployment of Municipal Broadband in the City of Rochester

To: Mayor Lovely Warren

From: Nicholas Battaglia

Background:

With web-based services becoming increasingly prevalent in modern society, adequate internet access is no longer a luxury but rather a necessity to stay competitive in the modern workforce. Despite more than 99% of New Yorkers having broadband internet (25 Mbps upload and 3 Mbps download) availability due to the Broadband for All plan in New York State (1), service is limited due to financial costs and choice of service. National Telecommunications and Information Administration surveys have found that 32 percent of families without internet service and an income below \$25,000 cite high cost of service for their lack of access (2). In Rochester, the median household income is \$35,403, with 37.8% earning less than \$25,000 annually, suggesting that a large percentage of the city's population may have difficulty affording broadband internet service (3). Furthermore, most of Rochester only has access to two broadband internet providers that are not satellite based, Charter communications and Greenlight Networks, the latter of which is only available in few and specific neighborhoods (4). This lack of competition has led to a stagnation of prices and service speeds, especially in areas with only one service provider.

Proposal:

Municipal broadband, in which a municipality partially or fully provides internet services, can act as one solution to lower costs of internet access for citizens of Rochester. Currently, municipal broadband can be distributed using Wi-Fi or 5G access points or through direct connection to a fiber network. The city of Rochester houses an extensive fiber network that is owned and has been laid by Monroe county during routine maintenance and deployment of other services (5). As of 2015, only 18-30% of the capacity of this network is being used (6). Importantly, New York State does not currently have any laws limiting municipal broadband deployment, unlike other states that have bureaucratic barriers and/or direct sale prohibitions (7). This existing dark fiber network would provide a cost-effective backbone for municipal internet service in Rochester.

Benefits of Municipal Broadband:

Community broadband generally offers faster internet service for lower prices as compared to internet service provided by private companies, sometimes offering twice the speed per dollar (8). Existing municipal broadband solutions have even forced privately owned competitors to maintain lower prices where both offer service, increasing competition for the benefit of residents (9). Moreover, municipal broadband has been credited with bringing numerous businesses to cities in which it is deployed, creating new jobs for local residents (10). Despite concerns about failure to compete, the take-rate (number of individuals signed up for a service as a percentage of potential customers) for municipal broadband providers is approximately 54% after four years, which is much higher than the take-rate of existing broadband providers (11).

Summary:

Lack of competition in internet service providers has led to a stagnation in internet speeds while prices have increased steadily for consumers in Rochester, which disproportionately affects low income areas. Introduction of municipal broadband could increase access for peoples of all income levels while also attracting new business to the city.

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