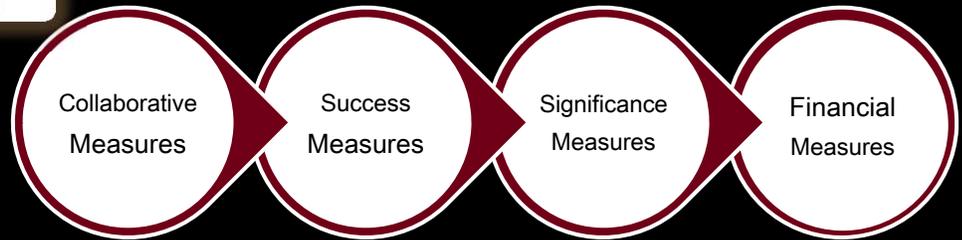




Ohio
Local Government
 Innovation Fund



Round 7: Application Form

Step One: Fill out this Application Form in its entirety.

Step Two: Fill out the online submission form and submit your application materials. All supplemental application materials should be combined into one file for submission.

LGIF: Applicant Profile

Lead Agency	
Project Name	
Type of Request	
Request Amount	
JobsOhio Region	
Political Subdivision Type <small>Choose one that best describes your organization</small>	
Project Type	
Project Approach	



Website: http://development.ohio.gov/cs/cs_localgovfund.htm

E-mail: LGIF@development.ohio.gov

Phone: 614 | 995 2292

Lead Applicant		Round 7	
Project Name		Type of Request	

Instructions

- Make sure to answer each question appropriately in the space provided, not exceeding the space allowed by the answer box.
- Examples of completed applications are available on the LGIF website, found here:
http://development.ohio.gov/cs/cs_localgovfund.htm

Lead Agency			
Mailing Address:	Name:		
	Street Address:		
	City:		
	Zip:		
In what county is the lead agency located?			
<table border="1" style="width: 100%;"> <tr> <td style="width: 50%;">Ohio House District:</td> <td style="width: 50%;">Ohio Senate District:</td> </tr> </table>		Ohio House District:	Ohio Senate District:
Ohio House District:	Ohio Senate District:		

Section 1
Contacts

Project Contact		
Please provide information about the individual who should be contacted regarding this application.		
Mailing Address:	Name:	Title:
	Street Address:	
	City:	
	Zip:	
Email Address:	Phone Number:	

Fiscal Agency:		
Please provide information for the entity and individual serving as the fiscal agent for the project.		
Mailing Address:	Fiscal Agency:	
	Fiscal Officer:	Title:
	Street Address:	
	City:	
	Zip:	
Email Address:	Phone Number:	

Population		
Does the applicant (or collaborative partner) represent a city, township or village with a population of less than 20,000 residents?	Yes	No
	List Entity	
Does the applicant (or collaborative partner) represent a county with a population of fewer than 235,000 residents?	Yes	No
	List Entity	

Single Applicant		
Is your organization applying as a single entity?	Yes	No

Lead Applicant		Round 7	
Project Name		Type of Request	

Collaborative Partners

Does the proposal include collaborative partners?	Yes	No
---	-----	----

Applicants applying with collaborative partners are required to show proof of the partnership with a signed partnership agreement and a resolution of support from each of the partner's governing entities. If the collaborative partner does not have a governing entity, a letter of support from the partnering organization is sufficient. These documents must be received by the end of the cure period in order for each entity to count as a collaborative partner for the purposes of this application.

Nature of the Partnership

As agreed upon in the signed partnership agreement, please identify the nature of the partnership with an explanation of how the lead agency and collaborative partners will work together on the proposed project.

Section 2
Collaborative Partners

Lead Applicant		Round 7	
		Type of Request	

List of Partners

Please use the following space to list each collaborative partner who is participating in the project and is providing BOTH a resolution of support for the Local Government Innovation Fund application and has signed the partnership agreement.

Collaborative Partner # 1	
Mailing Address:	Name:
	Street Address:
	City:
	Zip:

Collaborative Partner # 2	
Mailing Address:	Name:
	Street Address:
	City:
	Zip:

Collaborative Partner # 3	
Mailing Address:	Name:
	Street Address:
	City:
	Zip:

Collaborative Partner # 4	
Mailing Address:	Name:
	Street Address:
	City:
	Zip:

Collaborative Partner # 5	
Mailing Address:	Name:
	Street Address:
	City:
	Zip:

Collaborative Partner # 6	
Mailing Address:	Name:
	Street Address:
	City:
	Zip:

Section 2 Collaborative Partners

Lead Applicant		Round 7	
Project Name		Type of Request	

Collaborative Partner # 7	
Mailing Address:	Name:
	Street Address:
	City:
	Zip:

Collaborative Partner # 8	
Mailing Address:	Name:
	Street Address:
	City:
	Zip:

Collaborative Partner # 9	
Mailing Address:	Name:
	Street Address:
	City:
	Zip:

Collaborative Partner # 10	
Mailing Address:	Name:
	Street Address:
	City:
	Zip:

Collaborative Partner # 11	
Mailing Address:	Name:
	Street Address:
	City:
	Zip:

Collaborative Partner # 12	
Mailing Address:	Name:
	Street Address:
	City:
	Zip:

Collaborative Partner # 13	
Mailing Address:	Name:
	Street Address:
	City:
	Zip:

Section 2 Collaborative Partners

Lead Applicant		Round 7	
Project Name		Type of Request	

Project Information

Provide a general description of the project, including a description of the final work product derived from the grant study or loan implementation project. This information may be used for council briefings, program and marketing materials.

Section 3

Project Information

Lead Applicant		Round 7	
Project Name		Type of Request	

Project Information		
Has this project been submitted for consideration in previous LGIF rounds?	Yes	No
If yes, in which round(s)?		
What was the project name?		
What entity was the lead applicant?		

Past Success		
Provide a summary of past efforts to implement a project to improve efficiency, implement shared services, coproduction or a merger (5 points).		
Applicant demonstrates Past Success	Yes	No

Section 3

Project Information

Scalable		
Provide a summary of how the applicant's proposal can be scaled for the inclusion of other entities (5 points).		
Applicant demonstrates a Scalable project	Yes	No

Lead Applicant		Round 7	
		Type of Request	

Replicable		
Provide a summary of how the applicant's proposal can be replicated by other entities. A replicable project should include a component that another entity could use as a tool to implement a similar project (5 points).		
Applicant demonstrates a Replicable project	Yes	No

Section 3
Project Information

Probability of Success		
Provide a summary of the likelihood of the grant study recommendations being implemented. Applicants requesting an implementation loan should provide a summary of the probability of savings from the loan request (5 points).		
Applicant demonstrates Probability of Success	Yes	No

Lead Applicant		Round 7	
Project Name		Type of Request	

Performance Audit/Cost Benchmarking		
<p>If the project is the result of recommendations from a prior performance audit provided by the Auditor of State under Chapter 117 of the Ohio Revised Code, or is informed by a previous cost benchmarking study, please attach a copy with the supporting documents. In the section below, provide a summary of the performance audit findings or cost benchmarking study results (5 points).</p>		
Prior Performance Audit or Cost Benchmarking	Yes	No

Section 3
Project Information

Economic Impact		
<p>Provide a summary of how the proposal will promote a business environment through a private sector partner (5 points) and/or provide for community attraction (3 points).</p>		
Applicant demonstrates Economic Impact	Yes	No

Lead Applicant			
		Type of Request	

Response to Economic Demand		
Provide a summary of how the project responds to substantial changes in economic demand for local or regional government services. The narrative should include a description of the current and future expected service level needs (5 points).		
Applicant demonstrates Response to Economic Demand	Yes	No

Section 3
Project Information

Budget Information

General Instructions

- Both the Project Budget and Program Budgets are required to be filled out in this form.
- Consolidate budget information to fit in the form. Additional budget details may be provided in the budget narrative.

Project Budget:

- The Project Budget should detail expenses related to the grant or loan project.
- The Project Budget justification must be explained in the Project Budget Narrative section of the application. This section is also used to explain the reasoning behind any items on the budget that are not self explanatory, and provide additional detail about project expenses.
- The Project Budget should be for the period that covers the entire project. The look-back period for in-kind contributions is two years. These contributions are considered a part of the total project costs.
- For the Project Budget, indicate which entity and revenue source will be used to fund each expense. This information will be used to help determine eligible project expenses.
- Total Sources must equal Total Uses. Include staff time and other in-kind matches in the Total Uses section of the budget.

Program Budget

- Use the Program Budget to outline the costs associated with the implementation of the program in your community.
- Six years of Program Budgets should be provided. The standard submission should include three years previous budgets (actual) and three years of projections including implementation of the proposed project. A second set of three years of projections (one set including implementation of this program and one set where no shared services occurred) may be provided in lieu of three years previous if this does not apply to the proposed project.
- Please use the Program Budget Narrative section to explain changes in expenses and revenues, and to defend the budget projections. If the budget requires the combining of costs on the budget template, please explain this in the narrative.

Return on Investment:

- A Return on Investment (ROI) calculation is required, and should reference cost savings, cost avoidance and/or increased revenues indicated in Program Budget sections of the application. The ROI should be calculated over a three-year period. Use the space designated for narrative to justify this calculation, using references when appropriate.

For Loan Applications only:

- Using the space provided, outline a loan repayment structure.
- Attach three years of prior financial documents related to the financial health of the lead applicant (balance sheet, income statement and a statement of cash flows).

Lead Applicant		Round 7	
Project Name		Type of Request	

Project Budget

Use this space to outline all sources of funds and the uses of those funds. Both sections should include all funds related to the project, including in-kind match contributions. Use the project budget narrative on the next page to justify the project budget. Indicate the line items for which the grant will be used.

Sources of Funds

LGIF Request:

Cash Match (List Sources Below):

Source:	<input type="text"/>

In-Kind Match (List Sources Below):

Source:	<input type="text"/>
Source:	<input type="text"/>
Source:	<input type="text"/>

Total Match:

Total Sources:

Uses of Funds

	Amount	Revenue Source
Consultant Fees:	<input type="text"/>	<input type="text"/>
Legal Fees:	<input type="text"/>	<input type="text"/>
Other: _____	<input type="text"/>	<input type="text"/>
Other: _____	<input type="text"/>	<input type="text"/>
Other: _____	<input type="text"/>	<input type="text"/>
Other: _____	<input type="text"/>	<input type="text"/>
Other: _____	<input type="text"/>	<input type="text"/>
Other: _____	<input type="text"/>	<input type="text"/>
Other: _____	<input type="text"/>	<input type="text"/>
Other: _____	<input type="text"/>	<input type="text"/>

Total Uses:

Local Match Percentage:

* Please note that this match percentage will be included in your grant/loan agreement and cannot be changed after awards are made.

Local Match Percentage = (Match Amount/Project Cost) * 100 (10% match required)
 10-39.99% (1 point) 40-69.99% (3 points) 70% or greater (5 points)

Section 4
Financial Information

Lead Applicant		Round 7	
Project Name		Type of Request	

Project Budget Narrative: Use this space to justify any expenses that are not self-explanatory.

Section 4
Financial Information

Lead Applicant		Round 7	
Project Name		Type of Request	

Program Budget

Actual ___ Projected ___	FY _____	FY _____	FY _____
Expenses	Total Program Expenses	Total Program Expenses	Total Program Expenses
Salary and Benefits			
Contract Services			
Occupancy (rent, utilities, maintenance)			
Training & Professional Development			
Insurance			
Travel			
Capital & Equipment Expenses			
Supplies, Printing, Copying & Postage			
Evaluation			
Marketing			
Conferences, meetings, etc.			
Administration			
*Other - _____			
*Other - _____			
*Other - _____			
TOTAL EXPENSES			
Revenues	Revenues	Revenues	Revenues
Contributions, Gifts, Grants & Earned Revenue			
<i>Local Government:</i> _____			
<i>Local Government:</i> _____			
<i>Local Government:</i> _____			
<i>State Government</i>			
<i>Federal Government</i>			
*Other - _____			
*Other - _____			
*Other - _____			
<i>Membership Income</i>			
<i>Program Service Fees</i>			
<i>Investment Income</i>			
TOTAL REVENUES			

Lead Applicant		Round 7	
Project Name		Type of Request	

Program Budget

Actual ___ Projected ___	FY _____	FY _____	FY _____
Expenses	Total Program Expenses	Total Program Expenses	Total Program Expenses
Salary and Benefits			
Contract Services			
Occupancy (rent, utilities, maintenance)			
Training & Professional Development			
Insurance			
Travel			
Capital & Equipment Expenses			
Supplies, Printing, Copying & Postage			
Evaluation			
Marketing			
Conferences, meetings, etc.			
Administration			
*Other - _____			
*Other - _____			
*Other - _____			
TOTAL EXPENSES			
Revenues	Revenues	Revenues	Revenues
Contributions, Gifts, Grants & Earned Revenue			
<i>Local Government:</i> _____			
<i>Local Government:</i> _____			
<i>Local Government:</i> _____			
<i>State Government</i>			
<i>Federal Government</i>			
*Other - _____			
*Other - _____			
*Other - _____			
<i>Membership Income</i>			
<i>Program Service Fees</i>			
<i>Investment Income</i>			
TOTAL REVENUES			

Lead Applicant		Round 7
Project Name		Type of Request

Program Budget

Use this space to justify your program budget and/or explain any assumptions used for the budget projections. These projections should be based on research, case studies or industry standards and include a thoughtful justification.

Section 4: Financial Information Scoring

(5 points) Applicant provided complete and accurate budget information and narrative justification for a total of six fiscal years.

(3 points) Applicant provided complete and accurate budget information for at least three fiscal years.

(1 point) Applicant provided complete and accurate budget information for less than three fiscal years.

Lead Applicant		Round 7	
Project Name		Type of Request	

Return On Investment

Return on Investment (ROI) is a performance measure used to evaluate the efficiency of an investment. To derive the expected ROI, divide the net gains of the project by the net costs (for a three-year period). For these calculations, please use the implementation gains and costs, NOT the project costs (the cost of the feasibility, planning or management study)--unless the results of this study will lead to direct savings without additional implementation costs.

Return on Investment Formulas:

Consider the following questions when determining the appropriate ROI formula for your project. Check the box of the formula that you are using to determine your ROI. These numbers should refer to savings/revenues illustrated in projected program budgets, and should reflect a three-year period.

Do you expect cost savings from efficiency from your project?

Use this formula:
$$\frac{\text{Total \$ Saved}}{\text{Total Program Costs}} * 100 = \text{ROI}$$

Do you expect cost avoidance from the implementation of your project/program?

Use this formula:
$$\frac{\text{Total Cost Avoided}}{\text{Total Program Costs}} * 100 = \text{ROI}$$

Do you expect increased revenues as a result of your project/program?

Use this formula:
$$\frac{\text{Total New Revenue}}{\text{Total Program Costs}} * 100 = \text{ROI}$$

Do you expect some combination of savings, cost avoidance or increased revenue as a result of your project/program? (Total Gains combines \$ Saved, Costs Avoided and New Revenue)

Use this formula:
$$\frac{\text{Total Gains}}{\text{Total Program Costs}} * 100 = \text{ROI}$$

Expected Return on Investment = _____ * 100 =

Expected Return on Investment is:

Less than 25% (5 points) 25%-75% (10 points) Greater than 75% (15 points)

Questions about how to calculate ROI? Please contact the Office of Redevelopment at 614-995-2292 or lgif@development.ohio.gov

Section 4
Financial Information

Lead Applicant		Round 7	

Return on Investment Justification Narrative: In the space below, describe the nature of the expected ROI calculation providing justification for the numbers presented in the ROI calculation. This calculation should be based on the savings, cost avoidance or increased revenues shown in the program budgets on the preceding pages. Use references when appropriate to justify assumptions used for cost projections.

Section 4
Financial Information

Lead Applicant		Round 7	
Project Name		Type of Request	

Magnitude of Project

If the project has an expected ROI of 74.99 percent or less, complete the following calculation. Projects with a Magnitude Factor of 50 or above score (5 points.)

$$\frac{\text{ROI}\%}{1000} \times \text{Savings Amt} = \text{Magnitude Factor}$$

Project has a Magnitude Factor of 50 or above Yes No

Cost Savings

This project will decrease specific line items in the existing budget. The specific line items should be evidenced by an expected decrease in specific line items for the next three years. In the space below please list the specific line item in the Program Budget section and the total dollar amount saved in the next three years (5 points).

Applicant demonstrates Cost Savings Yes No

Core Services

Does the project affect core services in your community? Explain how this project meets the basic needs of your community by providing services for which the lead applicant is primarily responsible (5 points).

Project affects Core Services of the Lead Applicant Yes No

Section 4
Financial Information

Lead Applicant		Round 7	
Project Name		Type of Request	

Loan Repayment Structure

Please outline your preferred loan repayment structure. At a minimum, please include the following: the entities responsible for repayment of the loan, all parties responsible for providing match amounts and an alternative funding source (in lieu of collateral). Applicants will have two years to complete their project upon execution of the loan agreement, and the repayment period will begin upon the final disbursement of the loan funds. A description of expected savings over the term of the loan may be used as a repayment source.

Section 4
Financial Information

Applicant demonstrates a viable repayment source to support loan award. Secondary source can be in the form of a debt reserve, bank participation, a guarantee from a local entity or other collateral (i.e. emergency, rainy day or contingency fund, etc).

Applicant clearly demonstrates a secondary repayment source (5 points)	Applicant does not have a secondary repayment source (0 points)
--	---

Lead Applicant		Round 7	
Project Name		Type of Request	

Scoring Overview

Section 1: Collaborative Measures

Collaborative Measures	Description	Max Points		Self Score
Population	Applicant's population (or the population of the area(s) served) falls within one of the listed categories as determined by the U.S. Census Bureau. Population scoring will be determined by the smallest population listed in the application. Applications from (or collaborating with) small communities are preferred.	5		
Participating Entities	Applicant has executed partnership agreements outlining all collaborative partners and participation agreements and has resolutions of support.	5		

Section 2: Success Measures

Past Success	Applicant has successfully implemented, or is following project guidance from a shared services model, for an efficiency, shared service, coproduction or merger project in the past.	5		
Scalable	Applicant's proposal can be scaled for the inclusion of other entities.	5		
Replicable	Applicant's proposal can be replicated by other local governments.	5		
Probability of Success	Applicant provides a documented need for the project and clearly outlines the likelihood of the need being met.	5		

Section 3: Significance Measures

Performance Audit Implementation/Cost Benchmarking	The project implements a single recommendation from a performance audit provided by the Auditor of State under Chapter 117 of the Ohio Revised Code or is informed by cost benchmarking.	5		
Economic Impact	Applicant demonstrates the project will promote a business environment and will provide for community attraction.	5		
Response to Economic Demand	The project responds to current substantial changes in economic demand for local or regional government services.	5		

Section 4: Financial Measures

Financial Information	Applicant includes financial information (i.e., service related operating budgets) for the most recent three years and the three-year period following the project.	5		
Local Match	Percentage of local matching funds being contributed to the project. This may include in-kind contributions.	5		
Expected Return	Applicant demonstrates as a percentage of savings (i.e., actual savings, increased revenue or cost avoidance) an expected return. The return must be derived from the applicant's cost basis.	15		
Magnitude Factor	Applicant demonstrates a magnitude factor of 50 or above, based on the ROI percentage and the dollar amount of project gains estimated in the ROI calculation.	5		
Cost Savings	Applicant demonstrates specific line items in the current budget that will decrease as a result of this project.	5		
Core Services	Applicant demonstrates that the project affects core services provided in their community.	5		
Repayment Structure (Loan Only)	Applicant demonstrates a viable repayment source to support loan award.	5		

Total Points				
---------------------	--	--	--	--

ICEMILLER WHITEBOARD LLC

Ice Miller Whiteboard Core Competencies for Broadband Infrastructure Planning

Strategic Initiatives - Local Focus with State-wide Vision

- Whiteboard community relationships and broadband project experience
- Grasp of regional and State-wide broadband initiatives that could affect local efforts
- Project planning to anticipate and review multiple funding sources and opportunities
- Partnership and potential alliance awareness as the broadband and technology landscape changes through neighboring local government entities receiving funds, corporate investments, schools, or medical funded initiatives. Access to Port Authority and CIC funding options and their ability to enter into strategic revenue generating, public/private partnerships
- Access to potential, key community and regional partnerships such as; colleges, technical centers, corporate network initiatives, city and county govt., etc.
- Audit city, county, schools, and township current communication spending for potential use as an anchor commitment to fund network expansions.
- Assess opportunities to pre-sell all or portions of proposed network prior to construction

Advocacy

- Effective and strategic communications with State leaders
- Educate relevant decision makers
- Understanding of political landscape
- Connect Ohio's endorsement
- Congressional letters of support for projects
- Set realistic expectations
- Coordination, communication, and negotiation in partnering with other communities or utilities

Legal Guidance Provided by Ice Miller

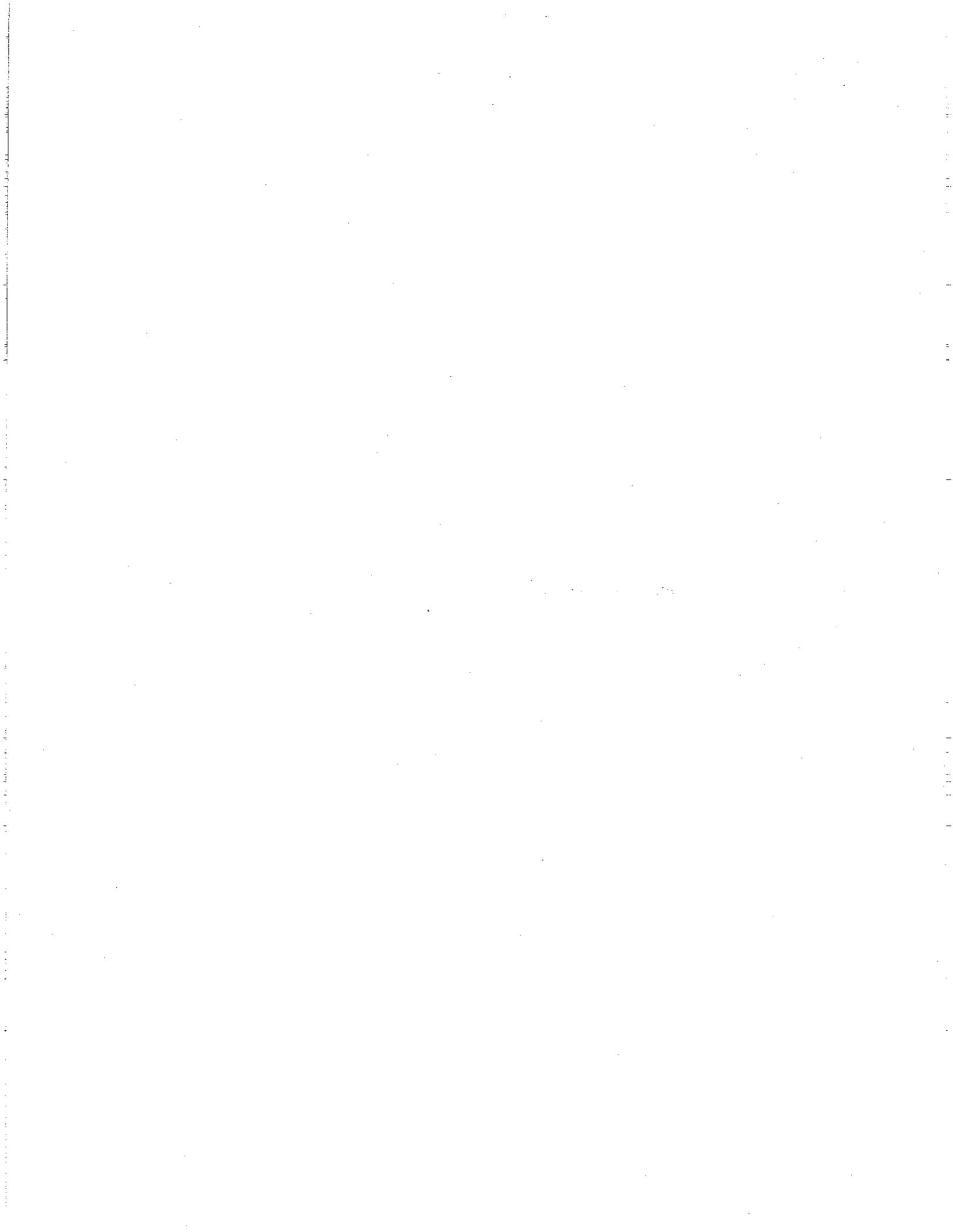
- Minimize or remove structural barriers to funding
- Anticipate and minimize delays
- New network nondiscrimination rules
- Public / Private partnership agreement negotiations, legal documentation, and expectations
- CIC and Port Authority creation (if needed)

Economic Development Competencies

- Clear understanding of broadband impact on job creation
- Clear understanding of sustainable economic development business plan development
- Contingency planning strategies if funding sources are delayed
- Scalable solutions maximizing strategic impact of each phase of development
- Revenue generation and distribution through public / private partnerships
- Facilitate and identify strategic corporate relationships and commitments to local government project
- Maintain community identities and objectives while partnering and coordinating initiatives with other local governments and regional collaborations
- Build value proposition during pre-build and post-build phases to negotiate for strong regional relationships, network expansion goals, and increase sustainability and revenue opportunities

General

- Grant writing / application coordination, submission, and project management
- Rights of way, due diligence, and scalable human and logistical resources for project deadlines
- Partial list of Whiteboard clients - Coshocton County, City of Dublin, City of Gahanna, New Albany, City of Westerville, Grove City, City of Columbus, City of Whitehall, Dayton, Violet Township, Consolidated Rural Electric (stimulus award), Kettering, Centerville, Oakwood, Columbiana County Port Authority
- Project specific relationships with One Community, Benton Ridge Telephone, Horizon, and DRS
- Establish partnerships to ensure the pre-sale of local government network projects for ROI goals



The All New All Purpose

Broadband Cookbook

Creating Successful 21st Century Economies

David Matusoff & Gregory J. Dunn
Whiteboard Broadband Solutions

David J. Robinson & John Oberle
SZD Government Advocates
Schottenstein, Zox & Dunn CO., LPA

Both, Oakwood / Columbus

The Broadband Cookbook was sponsored by the Ohio Department of Development. Working with communities and businesses, the Department of Development promotes economic opportunities to improve the profits and prosperity of Ohio's citizens. The Department acting in a support role provides financial, informational, and technical assistance to those making an investment in Ohio's future.

To learn more about the Ohio Department of Development, please visit (<http://www.odod.state.oh.us/>).

ABOUT US

Whiteboard is a boutique consulting firm that is a wholly-owned subsidiary of Schottenstein Zox & Dunn, Co., LPA (SZD), a progressive Columbus, Ohio based firm with over 100 attorneys. Whiteboard benefits from the resources and contacts provided by a large law firm with a significant municipal and telecom practice, while maintaining the flexibility of a small consulting firm with the ability to pursue projects of interest to the principals.

Whiteboard was created to meet the demands of public-sector clients with a need for broadband strategic planning, as well as telecommunication and other private-sector clients with a need for funding broadband initiatives through public sources. Whiteboard evolved from the marriage of a law firm with a significant telecom and municipal practice and a university-based telecom and broadband not-for-profit consulting firm.

Whiteboard assists clients in developing solutions and the resources necessary implement leading-edge broadband solutions. Our skill sets include:

- Technical strategy & planning
- Telecommunications policy & regulatory consulting at the local, state and federal levels
- Project funding
- Advocacy
- Cable franchise agreements

Whiteboard's principals and staff have significant years of experience in telecommunication and broadband planning and legal and regulatory affairs. Our diverse professional backgrounds provide a depth and breadth that is unique to the broadband consulting market. Whiteboard's principals have developed or consulted on nationally-recognized projects at both the local and state level.

SZD Government Advocates is a leading edge, full-service, bi-partisan firm led by senior-level practitioners who partner with corporations, communities and organizations to help them become more competitive today and in the future. With the agility of an independent government relations firm coupled with the resources of a full-service law firm, SZD Government Advocates buttresses its strong capabilities in city, county, state and federal lobbying with specialized expertise in economic development, tax reform, streamlined regulation, telecommunications, broadband creation and public utility issues.

The principals of SZD Government Advocates are known collectively and individually to many. Combined they offer different backgrounds and different professional experiences, but there are important similarities. Each principal has extensive experience in the governmental affairs process; each respects the institutions that establish public policy; and are committed to serving clients with integrity and intensity.

Schottenstein Zox & Dunn is the fastest growing law firm in Central Ohio. As of 2005, we have over 100 attorneys, and we are poised for continual, proactive growth.

We are driven to be the most innovative firm available to our clients, an exemplary corporate citizen in the communities we serve and a firm that recruits and retains the very best talent. Our mission is to help our clients succeed by providing a full complement of high quality, and responsive professional services. Our attention is focused on helping clients grow their businesses.

We serve a diverse clientele including large corporations, mid-market companies and smaller entrepreneurial businesses.

Our attorneys work in industry-related groups in order to give your business the most comprehensive service. We do our best to keep you informed on legal issues and trends within your industry so that you are free to focus on growing your business.

THE BROADBAND COOKBOOK

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INTRODUCTION

In the 21st Century, information technology has become as important for the economic development of communities as transportation and public utilities such as water, sewer and electricity. Communities that lack information technology infrastructure are experiencing the migration of existing jobs to communities with cheaper and better information technology services, and stagnant growth with regard to new jobs as companies refuse to locate to communities that cannot support their businesses with the proper telecommunications infrastructure.

Why would people leave areas without advanced telecommunications infrastructure? An article in *Investors Business Daily* pointed to the many economic benefits that broadband services provides: increased telecommunications infrastructure spending; enhanced productivity of workers from telecommuting; enhanced consumer value gained through reduced prices for goods and services purchased over the Internet; and continued efficiencies gained for businesses, especially small businesses, through e-commerce and Internet sales of goods and services. *Investors Business Daily, Oct. 23, 2003.*

Generally speaking, the marketplace corrects these deficiencies in telecommunications infrastructure and services by providing the necessary services to under-served areas. However, sometimes the marketplace is unable to deliver these services to communities because of the remote geography of the community or because of the lack of population to support certain investments in infrastructure. The reality is, if the marketplace cannot and will not invest in certain communities, those communities have a choice of allowing the harsh consequences of maintaining an inadequate telecommunications infrastructure to determine the future of the community, or taking proactive steps to ensure a community's economic viability. The natural result of the failure to make capital investments in telecommunications infrastructure is the depopulation of these communities, the brain-drain of young people

and high unemployment. Communities may elect to do something about this situation as opposed to having their citizens "vote with their feet" by leaving the community.

The inherent bias of this Cookbook is that the marketplace is, generally speaking, the best way to obtain telecommunications services. In the event the marketplace cannot provide these services, the next best solution is partnerships between government and private businesses to correct the deficiency. Finally, if the marketplace and private businesses cannot provide services in partnership with the government, the government is left making arrangements to provide these services itself. This Cookbook is designed to help communities find ways to provide its citizens with the proper information technology infrastructure so that the community will be competitive in the 21st Century. It is written in a "how to fashion" with sections on inventorying, telecommunications assets (Ingredients), a section on how to create and design your own telecommunications plan (the Mixing Bowl), and a section on successful telecommunications infrastructure plans used by other governmental entities (Recipes).

CHAPTER 1

BACKGROUND

An evolving telecommunications marketplace and the dependence of companies, government and individuals on telecommunications networks for their operation are forcing communities and regions to look upon the development of telecommunications networks in a different way.

A Changing Telecommunication Marketplace

The nursery rhyme, Humpty-Dumpty, speaks to the great debate about whether you can put the "egg back together again." Many argue the current telecommunication marketplace is clearly trying to put the egg together again. The egg in this case is the former monopoly AT&T.

The AT&T Bell Company model created an efficient monopoly utility that provided quality telephone service at a generally affordable price. Heavily regulated by state and federal government agencies, telecommunication service for decades enjoyed no competition and critics challenged that innovation suffered as a result.

Competition slowly began to creep into the telecom marketplace. Customers, through several judicial decisions, were allowed to buy their own telephone handset from a provider other than their local telephone service provider. Eventually, in the 1980s, another judicial decision broke up AT&T into several companies. This break up created new found competition in the long distance telecommunications marketplace while "protecting" customers with monopoly local telephone service. Customers clearly benefited from competition as the airwaves were filled with advertisements by Sprint, MCI and others vying for long distance telephone customers with AT&T.

The 1990s proved to be an even greater time for the competitive telecommunications marketplace. The boom of the stock market and prospects of new technology caused an explosion in the development of fiber-optic and other

advanced telecom networks. Start-up and established companies built miles of fiber optic infrastructure waiting for the Internet boom to fill these lines. The Congress, in 1996, enacted the Telecommunications Act which created a process where the Bell local telephone companies and AT&T and other long distance companies could compete along a complete line of telecommunications services. In addition, technological advancements such as the Internet, cable-modems and wireless telephone began to create new potential competitors for old-line telephone companies. The competition envisioned by the Federal Telecommunication Act took longer than expected. Corporate mergers among competitors were more often the immediate reaction to the Telecom Act.

In addition to regulatory factors, new technologies transformed the rate and adoption of advanced services. This phenomenon is often referred to as the "Digital Tornado." The Information Protocol (IP) revolution facilitated a significant amount of changes to the overall telecom market in the 1990s. This combination of regulatory and technological changes created a new paradigm for telecom consumers at the close of the 20th Century.

The start of the 21st century has brought even more changes to the telecommunication marketplace. Changes include:

- the line between traditional, local and long distance telephone companies is gone;
- cable modems and the popularity of high-speed Internet service have brought cable television companies to the forefront of telecommunications competition;
- wireless companies, both data and voice based, are offering a completely new alternative for telecom service wherever the customer is; and

- empty fiber optic lines and Internet based companies are creating opportunity for telecom customers.

Local and Long Distance Distinction Gone

The AT&T break-up model of customers having a local and long distance company is gone. Most customers in the U.S. enjoy the benefits of "bundled" service offerings from a variety of telecom companies. The most visible proof of this convergence of industries is in the merger of SBC (a former Bell local phone company covering most of the mid-west and southwest U.S.) and AT&T. This announced merger will most likely receive state and federal regulatory approval and will recreate the former monopoly company that provided telephone service together for about 100 years. This merger is matched by the Verizon (Bell-Atlantic-GTE) and MCI merger. Completion of these two mergers will eliminate the major distinction between local and long distance telephone services that was created by the Courts in the 1980s when AT&T's was broken up. This could result in less competition for residential and business service for many customers. However, the newly merged companies argue that the onslaught of competition from cable television and other companies entering the telecom business will more than make up for the momentary loss of competition from current providers. The regulators appear to be buying this argument and the distinction between local and long distance service will disappear.

Cable TV: New Competitor On the Block

Most forty-year old Americans remember begging their parents in the 1970s to get cable television. Prior to cable TV, Americans accessed four TV networks (ABC, CBS, NBC, PBS) sent to their homes via the airwaves. Cable TV offered a variety of content never available from the major networks and public television.

Today, the National Cable Television Association reports that 73,000,000 American homes have cable television. More importantly, more than half of those homes, 42,000,000, have access to high-speed cable broadband service. The growth of cable TV brought a new competitor to the telecom marketplace primarily through the explosion of the World Wide Web and the Internet. Cable firms aggressively upgraded their networks to provide two-way cable modem services to households and businesses. This technology enabled more advanced uses of the Internet through high-speed data services. One of these advanced services is digital telephone. Instantly, digital telephone created a major competitor for telecommunication service that had customer relationships and infrastructure in place to offer new, advanced services to these existing customers.

Wireless World Offers Telecom To Go

The emergence of Wi-Fi technology and digital wireless telecommunications technology is dramatically changing

the telecom marketplace. Due to intense competition, lower capital costs associated with wireless telecom service, and advancing technology, more and more customers are considering dumping completely their land line based telecom network. As reliability of wireless network grows, more customers are attracted to telecom to go.

As proof, Sprint, a wireless, local and long-distance company, is merging with Nextel, a wireless telecom provider. Two companies will be created: Sprint-Nextel (a wireless company); and Sprint-United Telephone (a local and long distance land line company). Sprint in essence is shedding its landline past and betting its future on wireless.

Fiber-Optics and BPL

An oversupply of fiber optic lines and technology advances are creating new areas of competition in the telecom marketplace. Major customers, such as large corporations and universities, are utilizing this over supply of fiber-optic lines to, in essence, create their own private telecom network. Ohio, as an example, has created the Third Frontier Network by buying existing fiber lines and linking Ohio's major university campuses with a network that will no longer be charged retail rates by a telephone company. Major users of telecom services in government and the private sector have the option of building private telecom networks, essentially buying wholesale. This new way to purchase services has shifted the market to capacity rather than circuit-based.

The over supply of fiber optics in the ground has created a market to actually purchase a telecommunication network rather than be charged to use a telephone company's telecom network one call at a time. An easy analogy relates to the former market for telephone handsets. As late as the 1970s, telephone companies "rented" telephone handsets to customers for a set price per month. Often, these black rotary dial telephones would have a relatively low monthly cost but that total cost of the telephone would be very high over time. Eventually, through court decisions, it was determined that customers could buy their own telephone handsets and use them with the telephone company network. Today's effort to purchase private telecom networks clearly illustrates the days of renting the "black rotary dial telephone" from Ma Bell are over.

Broadband Over Power Lines (BPL) is offering an even more exciting option for telecom customers. Companies such as Cinergy and First Communications are preparing to launch telecom services over existing electric power lines. BPL will create a third major competitor for telecom services. This new competitor has existing relationships with customers, money in the bank and a line connected to every house and business in America. BPL certainly could change the competitive dynamic of the telecom marketplace.

Google Gone Wild

Probably the most recent exciting announcement for the telecommunication marketplace relates to Google, an Internet search engine with a reported \$ 88 billion market capitalization rate, was planning to enter the wireless telecom market. This announcement is important not only because it reinforces the belief that wireless will work for telecom but also because it brings a new player with tremendous sums of money into the telecom marketplace. This wealthy competitor also begins competing in an industry without the traditional costly infrastructure and employees' fixed costs that may hold down traditional telephone companies in this new competitive marketplace.

Conclusion: Regulation Ending and Competition Everywhere?

Exciting changes are exploding in the telecom marketplace. Due to these changes, most of the traditional government regulation of this marketplace is leaving based upon the hope of competition. These changes will bring additional competition to the telecom marketplace. The great unknown remains whether this competition will benefit everyone.

- Will urban customers with higher concentrations of potential revenue enjoy more competition than rural customers that probably would not have telecom service today if the regulators didn't require it?
- Will business customers be the prime focus of the new competition, sacrificing the traditional residential customer that costs more to serve and delivers less revenue for telecom providers?
- Will mergers prove to be the play of the day until the number of true competitors becomes so small the marketplace is controlled by a small number of companies that settle into more oligopoly tactics rather than Adam Smith's "invisible hand of the capitalist marketplace?"
- Will regulators give up entirely and presume the marketplace will protect all customers?

The "egg" of our Humpty-Dumpty metaphor is clearly being put back together again with the merger of AT&T with SBC. However, has our nursery rhyme question been changed due to the new competition being brought on by emerging technology and new marketplace entrants. That hope of competition is what will, ultimately, following the lesson of Humpty-Dumpty, not let the egg be put back together again.

New Marketplace Creates Opportunities and Pitfalls for Communities

This changing telecommunications marketplace creates both opportunities and pitfalls for communities looking to excel in the 21st Century economy.

First, companies and communities are more and more dependent upon e-commerce for economic success. One of the keys to e-commerce is the amount of "bandwidth" a customer can access. Bandwidth is generally defined as the speed at which the telecommunication system moves data along the Internet or a network. Bandwidth for years has been regarded as the only thing slowing down the complete development of the Information Age Revolution.

As the technology visionary George Gilder put it in "The Bandwidth Tidal Wave" in Forbes ASAP, December 5, 1994:

Communications bandwidth is not only the secret of electronic progress, it is also the heart of economic growth, stretching the webs of interconnection that extend the reach of markets and the realms of opportunity. Lavishing the exponential gains of networks, endowing old jobs with newly productive tools and unleashing creativity with increasingly fertile and targeted capital, the advance of the telecoms offers unprecedented hope to the masses of people whom the industrial revolution passed by.

All regions are not created equally when it comes to access to or cost of broadband services. As an example, in rural areas, unlike urban areas, access to affordable and reliable high-speed data services is a challenge. Why is this so? It is a simple issue related to density of customers. The more number of customers that exist in an area the more financial sense it makes for a telecommunications company to make an infrastructure and marketing investment. A major downtown skyscraper may have more telecommunication lines than an entire small, rural town.

This challenge is a major impediment for communities without access to broadband services that are hoping to retain and attract traditional companies and create new, high-tech start-ups. Indeed, for traditional companies, a lack of affordable and reliable high-speed data services harms their efforts to enhance its bottom line through the use of e-commerce (either business to business or retail applications). Unfortunately, while some regions and communities may offer advantages such as quality workers for companies looking to remain or locate their business, in the 21st Century knowledge-based economy, it is unlikely these companies will remain operational without affordable and reliable high-speed data services. Also, high-tech start-ups, regional efforts such as the Appalachian Regional Entrepreneurship Initiative and other high-tech incubators will ultimately fail without access to affordable and reliable high-speed data services.

Mixing It All Together: A Changing Telecom Marketplace without Regulation and Communities Even More Dependent upon Telecom Services

Maybe the marketplace will meet this challenge and maybe they will not. That answer depends upon the individual community and its businesses. Many communities are beginning to face this issue. Often communities are forced to deal with this issue as a result of not being able to gain broadband services for a center of potential economic development, such as a high-tech industrial park. As an example, prior to regulatory changes in the telecommunications industry, a regulated monopoly would be required by regulators to provide service to the industrial park in exchange for a guaranteed level of profit. Now, the telecom company is guaranteed no profit nor required to provide this service. In an era where Wall Street is punishing telecom companies, many will shy away from making this investment in the short term.

Communities and companies searching for answers in this area are looking not just for other models of success but, also, how those models would apply to their communities. One size clearly does not fit everyone. Each community will (and must) have their own approach.

A Broadband Cookbook

Thus, each community and company needs a variety of ingredients that are mixed into a bowl in the correct fashion to create a recipe that responds to the community's information technology needs. Communities and companies can meet this need by following this *Broadband Cookbook*. Specifically, this *Broadband Cookbook* will assist communities and companies by:

- Providing a written guide that outlines a variety of policy options, strategies as well as relevant legal analysis that local communities could follow to further develop their telecommunication services for residents and businesses;
- Promoting economic development through encouragement of regional technology driven economic development initiatives;
- Promoting public-private partnerships to ensure that economic development reaches all parts of a region or state; and
- Drastically expanding the availability and usage of broadband services for communities, their residents and companies, to expand the use of e-commerce to promote the retention and creation of information age jobs.

CHAPTER 2

INGREDIENTS

Communities and companies need to assess what ingredients they have at their disposal before choosing a recipe that suits their needs.

Make a Strategic Technology Assessment

The first step local communities need to take to develop their technology based economic development efforts is to create a Strategic Technology Assessment. The purpose of this assessment is to identify their community's strengths and resources in an effort to define the scope of their technology initiative and determine how much leverage they may have with public and private parties.

Ingredients for a Strategic Technology Assessment

1	Inventory your community assets	<i>Municipally owned assets</i>
2	Inventory other assets	<i>Assets in your community not municipally owned</i>
3	Utilize legal rights of cities	<i>Ordinances, agreements, taxes, etc.</i>
4	Understand telecom spending	<i>Audit your costs</i>
5	Understand projected costs	<i>Future bandwidth and fiber costs</i>
6	Understand local telecom assets	<i>Who has what, where and how much</i>
7	Identify political support	<i>Statehouse, Congressional</i>
8	Understand Muni Cable Act	<i>Be legal</i>

1. Inventory a Community's Assets

Inventory the telecommunications assets, specifically conduit or fiber, in the municipality's possession. Depending on the size of the city, and whether or not it has a municipal electric facility, a city may possess fiber optics and other telecommunications assets, such as:

- A SCATA System for monitoring electrical substation;
- Traffic Engineering Fiber System for monitoring and controlling traffic lights; Conduit, placed either for traffic engineering purposes or for preventing street cuts, is a valuable asset which could be used for telecommunications purposes.¹
- Water towers;
- Public safety communications towers;
- Sewer and water lines;
- Local government owned telecommunications lines;
- Building entrances; and
- Poles for carrying electrical transmission.

¹ For example, in the densely populated areas, such as a downtown, it is very expensive to run cables\fiber because of the need to tear up the streets and sidewalks (as opposed to say attaching the cable\fiber to poles in the backyard of a residence). This simple fact explains why many downtown areas such as Columbus, Ohio, are still not wired for cable television over 20 years after the first cable television franchise was established. Some municipalities have leased the excess capacity of its conduits to qualifying companies. Leasing conduit excess capacity raises the same issues that are present with regard to the leasing of a municipality's right-of-way – primarily, compensation and priority of usage. These issues are discussed more fully below.

2. Inventory Other Assets

Just as important as knowing its own community assets, is a municipality's ability to determine what other governmental and private sector assets exist in the community. These assets could include such items as:

- Local telecom infrastructure;
- A statewide fiber network;
- A public or private university;
- A major technology based employer with major broadband needs;
- City or county government; and
- Federal or State agencies;
- Local utilities.

3. Utilize Legal Rights of Cities

Municipal governments typically have a wide range of legal rights that can assist in the development of broadband projects. Such legal rights typically exist through, cable franchise agreements, control over public rights-of-way, regulation of land use and building codes, and taxing authority.

a. Cable Franchise Agreements

Cable franchise agreements can provide an opportunity for a municipality to acquire important telecommunications resources. Review the municipal cable franchise to determine when the franchise expires and also to determine if there is any obligation upon the cable company to provide connectivity for the City. Federal law requires that negotiations begin with the cable company for renewal in a window 30 – 36 months prior to the expiration date. If a City is near or inside the renewal window it should consider renegotiating or negotiating a new franchise, which could include such things as Dark Fiber available to the City for connectivity purposes. In addition, negotiating a cable franchise agreement may provide a community the opportunity to partner with the local cable company for the region's tech-based economic development.

b. Control of Public Rights-of-way

Control over public rights-of-way can provide municipalities with much-needed leverage when dealing with telecommunications companies. Municipalities across America possesses literally millions of miles of easements and rights-of-way which can be utilized for public purposes. Public purposes have been broadly defined so that the City possesses considerable discretion in determining what

constitutes a public purpose. Currently, phone companies and cable companies use public rights-of-way. Wireless firms, and in the very near future BPL firms, will also use the rights-of-way.

What a municipality needs to most effectively utilize its authority over public rights-of-way is a policy to determine who may use City easements and rights-of-way and under what terms and conditions. Municipalities may often establish a comprehensive approach to managing its rights-of-way and easements and decide what types of entities may use the rights-of-way and easements. To accomplish this, a comprehensive Right-of-way Ordinance must be drafted and approved by City Council. Public right-of-way ordinances can provide essential compensation to cities that can in turn be utilized to promote technology oriented issues. The negotiations for these ordinances may produce agreements obligating the telecommunication companies to provide key services for residents.

Obviously, ordinances should not be drafted so as to drive existing phone and cable companies out of the marketplace. Other types of telecommunications companies probably should also be permitted because allowing access to rights-of-way will encourage the construction of more infrastructure. A relatively laissez faire approach to access to rights-of-way by municipalities may have a noticeable effect on the types of companies willing to locate and provide services there.

If a municipality decides that it will allow telecommunication companies of various types and sizes to use its rights-of-way, the municipality must then decide under what terms and conditions it will permit such usage. This raises a number of issues. First, a municipality must decide how it will structure the manner in which telecommunications companies will pay for use of the rights-of-way. There are a number of possible methods.

In Ohio, the current PUCO approved method of obtaining payment is for the telecom companies to pay cities a set fee for each foot of cable/fiber in city right-of-way. This method requires a lot of record keeping up front, but once in place is easy to administer. Essentially, municipalities can collect an amount equal to the costs of using the right-of-way. This can be a significant amount in larger cities. For example, Dayton collects over \$300,000 annually.

It is important to note that Section 4939 of the Ohio Revised Code governs the collection of right-of-way fees (including cable franchise fees). If you elect to collect right-of-way fees, you must carefully follow the procedures set forth in the statute.

Cable operators typically pay a percentage of their gross revenues to the municipalities as compensation for occupying City rights-of-way. Federal law allows a 5% of gross fee for cable operators. This method requires precise

definitions and probably regular audits of the telecom companies to determine if the proper amounts are being paid.

Another issue that arises with regard to allowing access to a municipality's rights-of-way, is priority of usage. Some of the rights-of-way and easements are a scarce commodity, incapable of being used by all comers. An equitable method of prioritizing who gets access to the rights-of-way must be developed. Criteria for allocating the space must be set forth. First come, first serve is one possibility. Another is to rank the competitors by which company best serves the public interest. "Public interest" would, of course, have to be defined and comments could be solicited from interested parties regarding which services should have priority.

c. Land Use Policy and Building Codes

Municipalities typically have considerable authority to regulate, with specificity, how land is utilized. An assessment needs to be completed as to how the local municipality regulates land use as it relates to telecommunication issues. For example, does the city have a building code that requires all buildings to meet specific standards or zoning rules that address telecommunication issues? Does the city code have any telecommunication requirements such as:

- Requiring all new buildings of a certain size to meet specific wiring requirements (e.g., "Smart Buildings");
- Requiring all commercial buildings to allow certain competitive providers of telecommunications services equal access to the building;
- Conditioning the grant of a zoning change or variance on the property owner agreeing to deed a telecommunications easement to the city; or
- Requiring a broad telecommunications easement to be included in the plat, as part of the approval process for developments.

Each of these suggestions has pros and cons and will be opposed by certain interest groups. The city should allow adequate comment on all of the proposals and search for even more ways to use the zoning and building codes to advance telecommunication infrastructure development.

4. Utilize Local, State and Federal Programs and Legislation for Broadband Improvement

Many public sources have a variety of programs available to help fund broadband improvement and economic development projects. Programs need to be investigated to determine if your community can utilize different sources for creative financing options.

a. Ohio Economic Development Loans, Tax Credits and Appropriations

The State of Ohio provides assistance through a variety of methods for economic development projects in the state. When deciding the appropriate economic development incentives for a project the State focuses on: (1) the number of jobs created; (2) the amount of company investment in a project; and (3) the amount of competition for a project between regions, states and nations. Typically, there are four types of incentives given by the State: Financing, Tax Credits, Grants, and Training. The following is a brief summary of each type of incentive. A full summary can be found in appendix.

• Financing Programs

The State of Ohio has over 12 financing programs to help businesses and local governments obtain favorable financing terms to make economic development project possible. Typically, funding can be used for land and building acquisition, construction, expansion or renovation, and equipment purchases for commercial or industrial projects. For most financing programs the applicant must submit a financial assistance application to the Ohio Department of Development and must be able to document job creation or retention.

• Ohio Tax Credit Programs

The State of Ohio has over nine tax credit programs which provide tax credits and tax exemptions for businesses to help them locate, maintain or grow their business in Ohio. Tax credits or exemptions are usually given if a business: (1) creates or maintains a certain number of employees in the State; and / or (2) makes investment in the State; and / or (3) purchases certain equipment for their business.

For some of the tax credit programs the applicant must submit a financial assistance application to the Ohio Department of Development. Other programs just require certain conditions be met to obtain a tax exemption.

• Ohio Grant Programs

The State of Ohio has over four grant programs to assist businesses with training costs and equipment purchases. Other programs make economic development projects possible by providing local governments with grants for water or road infrastructure improvements and land acquisition.

For most of the grant programs the applicant must submit an application to the Ohio Department of Development.

• Ohio Training Programs

The State of Ohio has over two training programs to assist a company with its specific training and other workforce

development needs. Up to 50% of allowable training costs can be reimbursed, subject to the availability of funds. Eligible costs include instructor fees, materials, and other such expenses.

An applicant must file a financial assistance application with the Ohio Department of Development. Typically, the project must create or retain a significant number of jobs for Ohioans.

b. State Capital Budget & Revenue Obligations

Communities across Ohio may seek funding for broadband projects through the State of Ohio's Capital Budget. Ohio, like many states, operates on a two year budget cycle. In even number years, Ohio typically enacts a Capital Budget to fund infrastructure and building projects at mainly state of Ohio institutions (universities, prisons, etc...). In addition, many community projects have been funded in this budget. Typically, communities lobby, on their own or through registered lobbyists, to obtain grants for community projects such as art centers, recreation centers and other projects of public interest. To obtain Capital Budget funding, the community project must be "capital" in nature and not a project or request to cover operations expenses (i.e. people costs).

Additionally, Ohio Capital Budget projects need to satisfy the requirements of the Ohio Constitution. The use of Capital Budget must come within some authorized "community" or "public" use. As an example, entities seeking to link with the Third Frontier Network of the Ohio Supercomputer Center may wish to advocate for funding as a "community" project under the Ohio Board of Regents budget line item. Line items in the Capital Budget are commonly backed by the State's borrowing of money and issuing notes or bonds for the future repayment of the debt. The notes and bonds that are issued are known as general obligations and revenue obligations.

General obligations are debts for which the full faith and credit of the state is dedicated to the repayment of the debt. Thus, payment to a general obligation holder is not limited to payment from one specific state revenue source. The General Assembly may levy excises and other taxes for the payment of principal and interest on general obligations. Following, is a comprehensive list of permissible uses for general obligation financing in Ohio:

- State institution and state agency capital improvements
- Acquisition and improvement of real estate and intersects therein required with respect to the foregoing items
- State and Local Parks Capital Improvements; Land and Water Recreational Facilities

- System of Common Schools and Facilities for State Supported and State Assisted Institutions of Higher Education and Technical Education
- Environmental Conservation
- Coal Research
- State Capital Improvements
- Environmental Revitalization
- Industrial Development
- Housing

Please see Appendix 1 for further explanation of the permissible uses for general obligation financing in Ohio.

c. Local Economic Development Loans, Tax Credits, Grants, and Appropriations

Local governments also provide assistance for economic development projects in the state. When deciding the appropriate economic development incentives for a project local governments also focuses on: (1) the number of jobs created; (2) the amount of company investment in a project; and (3) the amount of competition for a project between regions, states and nations. The following is a summary of typical local economic development incentives.

Job Creation Tax Credit / Income Tax Refund Program

Overview: A city may provide a job creation incentive whereby the city will provide annual tax credits against any local corporate income taxes, or other local tax, plus an annual payment to the company in an aggregate amount equal to a percentage of the actual local payroll withholding taxes paid on wage of full-time employees and contractual individuals. Importantly, the annual payment may be a mechanism for a city to fund a hanger or for marketing expenses.

Enterprise Zone Agreement

Provides real and personal property tax incentives for businesses that expand or locate in Ohio. In order to apply, the municipality or county must apply to the State Development Director for certification.

Terms: Tax reductions apply to the increase in assessed value for real property and items first-used by the business in Ohio for personal property. The personal property tax exemption is being phased out over the next five years. Up to 75% exemption in incorporated areas and up to 60% exemption in unincorporated areas on real property improvements or tangible personal property tax valuation for up to 15 years is available. Local school board approval

is required for any project over 10 years. Local assistance may be needed for an anti-relocation waiver or local school board approval if not locating in a distressed enterprise zone. The personal property tax exemption will not be needed by 2010 because that tax will be completely phased out.

Eligibility: To secure benefits, non-retail businesses must apply and enter into an agreement with the local community for local property tax exemptions.

Community Reinvestment Agreement

Overview: Provides local real property tax incentives for residents and businesses that invest in designated areas of Ohio.

Terms: Up to 100% exemption of the improved real property tax valuation for up to 15 years depending on the project. Local legislative authority establishes rates and terms. In some instances, local school board approval may be required.

Eligibility: Investors meeting the local criteria must apply to the municipality or county for the real property tax exemption.

Tax Increment Financing (TIF) Agreements

A city can enter into a TIF agreement to provide funding for infrastructure improvements that directly serve a private facility or project. Essentially, a designated percentage of the increase in property taxes resulting from the development effort (the tax increment) is declared tax exempt for a specified period of time. The developer of the property, in turn, makes service payments in lieu of the abated taxes on the parcel's increased value. These service payments are deposited in a special fund and used to defray the cost of the designated public improvements. The terms of the TIF are negotiated between the local government and the developer.

Business Development Fund

Numerous cities have business development funds. Eligible activities often include acquisition of land, building, machinery and equipment. The city's participation is often capped depending on the city.

Infrastructure Improvements

Cities can assist businesses in securing public infrastructure improvements critical to the success of expansion projects. Typical infrastructure improvements facilitated for business projects in the past are storm and sanitary sewers, water lines, streetscape enhancements and road improvements.

Waive Local Building Permit and Utility Tap Fees

Generally cities have the ability to waive these and other related fees.

Zoning Assistance

Cities may work with a project in case any zoning or land use issues exist important to the success of the project.

d. Congressional Appropriations

Much like the state of Ohio Capital Budget, many communities also seek grants for broadband projects through the federal government's budget process, known as Congressional appropriations. Congress has wide ranging authority to spend under the general welfare clause of the Constitution.

Congress enacts a budget on an annual basis. Under federal law, Congress is required to enact a budget each October. Congress, however, almost never meets the October deadline. Many local community projects are funded through one or many of the thirteen federal appropriation bills that the Congress enacts each year. Typically, communities lobby on their own or through a registered lobbyist to gain funding for community projects. Campaigns to obtain funding grants through Congressional appropriations often begin in November or December of the year previous to when the grant is awarded by federal legislation. Congressional appropriations bills can be another important source of funding for broadband projects.

e. Federal Government Programs

- **Rural Broadband Loan Program**

The Rural Utilities Service (RUS) has a loan program to finance the construction and installation of broadband telecommunications services in rural America. Funds are available through treasury rate loan funds to encourage telecommunications carriers to provide broadband service to rural consumers where such service does not currently exist.

The Rural Broadband Loan Program provides loan funds, on an expedited basis, to communities of up to 20,000 inhabitants to ensure that rural consumers enjoy the same quality and range of telecommunications services that are available in urban and suburban communities. Loan funds are available immediately and applications will be processed and approved on a first-come, first served basis until the appropriation is utilized in its entirety. The bad news is that funds must be appropriated on an annual basis to fund the program. Often the funding does not meet the demand.

During Fiscal Year 2005, no less than \$2.157 billion was to be made available for loans and loan guarantees for the

construction, improvement, and acquisition of facilities and equipment for broadband service in eligible rural communities. Of the total loan funds available, \$2.032 billion was made available for direct cost-of-money loans, \$46 million for 4 percent direct loans, and \$79 million for loan guarantees. While Fiscal Year 2005 ended on September 31, 2005, a new appropriation of funds for this program will likely not occur until 2006. After September 31, 2005, the program continued to operate on unused rollover funds from Fiscal Year 2005.

- Community Connect Grant Program

The U.S. Department of Agriculture and Rural Utility Service facilitate the Community Connect Grant Program. The program funds are used to connect essential community facilities in rural areas where no broadband service currently exists. Communities selected must not currently have access to broadband technology for essential services including police, fire, hospitals, libraries, and schools.

Since its inception, the Community Connect Broadband Grant Program has provided 109 grants and invested over \$39 million to provide service to rural communities. \$8.9 Million was appropriated by Congress in Fiscal Year 2005 to fund the program. There is a \$50,000 floor to applications with no maximum set for loan amounts. The program has yet to be awarded an appropriation figure for Fiscal Year 2006.

- Distance Learning & Telemedicine Program

The Distance Learning and Telemedicine (DLT) Program is administered by the U.S. Department of Agriculture and is designed to meet the educational and health care requirements of rural America. The purpose of the DLT program is to provide financial assistance to enhance learning and health care opportunities for rural residents. The program asks applicants to define the educational or health care problems that face their communities and determine how Federal distance learning or telemedicine assistance can help.

The DLT Grant program, which focuses on end-user equipment, and the DLT Combination Loan and Grant Program and the DLT Loan Program, which are not limited to end-user equipment, complement the Act's telecommunications service discounts. Together, they provide critical assistance in making modern telecommunications technology, which provides enhanced learning and health care services, affordable and available to rural citizens. Local U.S. Department of Agriculture officials are actively soliciting applicants for this program.

In Fiscal Year 2005, \$20.8 Million was appropriated by Congress for grants under the DLT program. An additional \$9.6 Million was appropriated to make loans to eligible communities. Successful applicants could receive grants

between \$50,000 and \$500,000. The minimum loan limit is \$50,000 with no maximum set under the program. As of September 31, 2005, the program continues to operate on rollover Fiscal Year 2005 funds because appropriations for Fiscal Year 2006 have not been made.

- Telecommunications Loan Guarantee Program

The Rural Utilities Service administers this program to assist the private sector in developing, planning, and financing the telecommunications infrastructure in rural America. This program includes the financing for the acquisition of telecommunications properties when the acquisition is "necessary and incidental" to furnishing or improving service in rural areas. For the acquisition to be necessary and incidental, the cost of improvements in the acquired area must exceed the acquisition cost by at least \$1. Borrowers are permitted to use internally generated funds or funds provided by another lender to reduce the amount of the "necessary and incidental" test.

This policy is intended to provide borrowers with the flexibility necessary to operate more effectively in a deregulated, competitive environment. It is important to note that for every non-Rural Utility Service dollar utilized in an acquisition, the borrower reduces the amount of loan funds needed to meet the necessary and incidental test by \$2.

As of the date of this publication, funding levels for this program were unavailable through the program website and Rural Utility Service officials.

- Rural Healthcare Providers Program

The Rural Healthcare Providers Program is administered by the Federal Communications Commission. The program provides reduced rates to rural health care providers for telecommunications and Internet services necessary for the provision of health care. The program is essentially a gap financing program that seeks to ensure that rural health care providers pay no more than their urban counterparts pay for the same or similar telecommunication services.

This program is funded by the Federal Universal Service Fund. All telecommunications carriers that provide service between states and internationally pay contributions into the Fund based on customer billing. The Federal Communication Commission directs payment from this central fund to support the Rural Healthcare Program.

- Schools and Libraries Program (E-Rate)

The Universal Service Administration Service under Federal Communication Commission authority administers the Schools and Libraries Program. The program provides discounts to assist most schools and libraries in the United States to obtain affordable telecommunications and Internet access. Three service categories are funded:

Telecommunications Services, Internet Access, and Internal Connections. Discounts range from 20% to 90% of the costs of eligible services, depending on the level of poverty and the urban/rural status of the population served. Eligible schools, school districts, and libraries may apply individually or as part of a consortium.

This program is funded by the Federal Universal Service Fund. All telecommunications carriers that provide service between states and internationally pay contributions into the Fund based on customer billing. The Federal Communication Commission directs payment from this central fund to support the Schools and Libraries program.

- Economic Development Administration Programs

Various programs at the U.S. Department of Commerce's Economic Development Administration (EDA) exist that Ohio should focus on as part of their overall strategy to develop rural Ohio's use of E-Commerce. The EDA was established to generate jobs, help retain existing jobs, and stimulate industrial and commercial growth in economically distressed areas of the United States. Funds in the amount of \$253,984,652 have been appropriated for FY 2005 and shall remain available until expended for EDA programs. The EDA Public Works Program empowers distressed communities to revitalize, expand, and upgrade their physical infrastructure to attract new industry, encourage business expansion, diversify local economies, and generate or retain long-term, private sector jobs and investment.

While traditionally, EDA Public Works grants have been used for local development and infrastructure projects, an emerging area of interest for local regions should be grants the EDA provides for communities to create economic development plans and economic development engines. Following, are examples of grants that have been recently awarded by the EDA:

- \$1.2 Million to the East Stroudsburg University Center for Research and Economic Development (Pennsylvania), to assist in the construction of a computer security research center which will house high technology business accelerator programs and research economic development offices;
- \$1.75 Million to the North Dakota State University Research and Technology Park and city of Fargo, North Dakota, to assist in the construction of a technology incubator to be located in the Research Technology Park. The investment is part of a project that will create 125 new jobs and leverage over \$5 Million in private investments; and
- \$500,000 to town of Bluffton, South Carolina, to assist in construction of infrastructure improvements to support the development of the May River Technology Park. This investment is part of a \$1.1 Million dollar

project that will create 150 new jobs and attract more than \$2.8 Million in private investment.

5. Understand What Your Community Spends on Telecom Services

Perform the following cost analysis to determine: the internet costs the City currently pays for its own purposes; the internet costs for K-12 that the school district pays for internet access; what the local public library pays for internet access; and how much educational connectivity and E-Rate funding the district receives; in addition local and long distance phone costs should be included.

In many communities, multiple agencies and educational institutions purchase telecom services in a vacuum without any understanding of what other public agencies are purchasing or spending on telecom and bandwidth related services. With the advent of OH*1, local governments will have the opportunity to purchase services through a state contracting vehicle for the first time. Make sure you are an educated consumer and understand all the services and costs that are being delivered locally. Opportunities to aggregate demand for these services may provide for better services at better rates for service.

Performing an audit or cost-analysis of these services will provide your community with the knowledge to be an educated consumer of telecom services. Many communities have retained consultants who developed plans that have produced enormous cost-savings over the long-term. All communities can benefit from this type of undertaking.

6. Understand What Your Bandwidth Project Could Cost

After your community has a general knowledge regarding your current costs for telecom and broadband services, develop an approach for understanding projected costs for future services. Many communities sign long-term contracts for service without a clear knowledge of current costs or anticipated needs. Communities that are successful in negotiating favorable long-term contracts have a working knowledge of both.

Communities can retain a knowledgeable technical consultant to determine options for improving local connectivity. Examples from Ohio include: the cost to place fiber or wireless connectivity between K-12 schools, municipal buildings, key municipal locations and plans for connecting OARnet, university or DAS facility connected to the Third Frontier Network.

Again, as new avenues for purchasing bandwidth become available to communities, being a knowledgeable bandwidth consumer will help position your community for future network needs and options. The changing marketplace may facilitate options for communities that did not exist previously.

7. Understand Private Telecom Investment in Your Community

Local telecom investments may take several forms and it's important to understand the assets that exist locally. For example, a community may have more than one cable or telephone provider with varying levels of local investment. If a community is developing a strategy to improve broadband access locally, the providers are critical to that process.

Either the city or its technical consultant should determine a number of points regarding local network investments. Some of the important items to inventory include: where and how many points of presence ("POP") of local and long distance carriers are in the vicinity of the community, where and how many telephone central offices exist and if they have been upgraded to provide DSL service and how much fiber exists in the community. On the cable side, it's helpful to understand if the provider has upgraded their network to provide two-way data transmission and the types of service offerings that exist locally. It's also a good idea to inventory the wireless broadband investments made within your community by local ISPs or others.

Having a working knowledge of these investments is critical to developing a community broadband improvement plan. Many times, collecting this data will result in improved relations between a community and the local service providers. Generally, a lack of understanding exists about the level of local investment and demand within a community for new services. This step is a critical component to developing a community technology strategic plan.

8. Identify Your Political Supporters in Your Statehouse and in the Congress

Creating allies for project implementation is critically important to improving broadband services locally. Whether your community is looking for enhanced service for existing providers or investing in a new service or asset on your own, political support is critical to the process.

Although it's important to garner the political support of local officials, quite often it's members of your state assembly or Congress that become the important allies in gaining needed state or federal funding for your project. Determining who those players are and articulating a message to gain their support is essential to gaining funding for your project.

Additionally, grants or loans may be available through state or federal sources that you are unaware of and their offices can provide assistance in pursuing these publicly funded programs.

9. Understand the Municipal Cable Act

Many states have passed a Municipal Cable Act to regulate municipal involvement in the private cable telecommunications industry. In May of 2000, the Ohio General Assembly passed S.B. 67, the stated purpose of which is to ensure fair competition between public and private cable service providers.² As a means of achieving the stated objective, the Act creates various regulatory prohibitions and requirements that political subdivisions must adhere to when acting as a cable service provider.

Many regulatory prohibitions and requirements are imposed upon municipalities that provide cable service. Such prohibitions and requirements include, (1) prohibiting a public cable service provider from discriminating against any private cable service provider in any matter affecting the provision of cable service over a cable system, (2) requiring political subdivisions to apply uniformly, on both public and private cable service providers, any cable service regulation imposed by the political subdivision, and (3) requiring political subdivisions that are cable service providers to pay all applicable fees, including franchise fees, permit fees, or pole attachment fees.³ In addition, no political subdivision that is a public cable service provider is permitted to have extraterritorial public cable service recipients in excess of 50 percent of the number of public cable service recipients that reside within the geographical limits of the political subdivision.⁴ Lastly, no political subdivision that is a "franchising authority"⁵ shall unreasonably withhold a request by a cable service provider to transfer, modify, or renew its existing franchise to provide cable service over a cable system.⁶

However, under the Act, these prohibitions are not triggered until the municipality qualifies as a "cable service provider." A "cable service provider" is defined as "any person or group of persons that is engaged in the provision of cable service over a cable system and directly or indirectly owns a significant interest in the cable system, or that through any arrangement otherwise controls or is responsible for the management and operation of the cable system."⁷ The Act adopts the same definition of "cable system" as provided in the Federal Telecommunications Act of 1996.⁸ Under the Telecommunications Act of 1996, a "cable system" is defined as a "facility consisting of a set of closed transmission paths and associated signal generation, reception, and control equipment that is designed to provide cable service which

² Ohio Revised Code ("R.C.") § 1332.02(A).

³ R.C. § 1332.04(B).

⁴ R.C. § 1332.04(C).

⁵ Ohio has adopted the term "franchising authority" as defined by the Telecommunications Act of 1996. The Telecommunication Act defines "franchising authority" as any governmental entity empowered by Federal, State, or local law to grant a franchise. 47 U.S.C.A. § 522(10).

⁶ R.C. § 1332.04(D).

⁷ R.C. § 1332.01(C).

⁸ 47 U.S.C.A. § 522.

Identify Telecommunication Technology Options

Regional telecommunications initiatives must examine which technology option best fits their communities and will meet the goals of the project. A variety of telecommunication technologies exist (and new ones seem to be invented everyday). Such technologies include, wireless, fiber-optic, and trenching.

1. Wireless

Whether it is licensed or unlicensed point-to-point, Wi-Fi or cellular, wireless communication options are often a strategy that makes the most economic sense for a community. Wireless technologies are improving at a rapid pace and can move more bandwidth over greater distances. Wireless services may offer strategic solutions for specific needs, but again, wireless solutions are not a one-size fits all approach. Additionally, communities can utilize locally owned assets for wireless deployments that potentially can impact the cost of deploying the technology.

2. Fiber-Optic

Many communities are searching for ways to plug their employers and residents into the high-speed data world through fiber-optic telecommunication technology. This system could be a simple fiber-optic line that reaches one employer or a major development or it could be a fiber-optic ring that circles the entire city. The fiber-optic option has become more attractive recently due to the collapse of the private-sector fiber-optic market. This marketplace collapse has led to drastically reduced prices as well as a willingness to sign long-term leases of the fiber.

3. Trenching/Conduit Systems

Another technology option, oddly enough, does not involve high tech at all. Regional telecommunication projects have involved communities controlling who locates telecom facilities in their public right-of-way and what type of facilities they are and where they are located. These "bandwidth tunnels" provide an easy means for public or private telecommunication providers to locate and access their network infrastructure. Quite often, a public telecommunication network is placed in this common trench to provide important services to the community.

4. Broadband over Power Lines (BPL)

BPL is an emerging technology that utilizes the electrical infrastructure to deliver a broadband signal into a home or business. BPL has been deployed in Europe for almost a decade and pilot projects and commercial deployments have been underway in the US since 2002. Most BPL manufactures are deploying second-generation technology capable of delivering speeds comparable to DSL and cable-modem services. BPL is still in its infancy in the US

market but needs to be viewed as a competitive source for broadband services.

Choose an Organizational Structure

Typically, when a community desires to develop a sustained economic development effort, the community will create an entity that is specifically designed for carrying out the activities necessary for such an effort to be successful. Using Ohio as an example, several different community organizational structures exist.

1. Community Improvement Corporations

A community improvement corporation ("CIC") may be created for "the sole purpose of advancing, encouraging, and promoting the industrial, economic, commercial, and civic development of a community or area." O.R.C. 1724.01. A CIC *must* be a not for profit corporation, and, as long as it is created to fulfill the statutorily prescribed purposes, may be created by anyone.

Although a CIC is not required to be tapped as such, its most common use is through political subdivisions' designation of a CIC as its political agent. Indeed, the main reason why CICs are a helpful economic development tool for local governments is political subdivisions' ability to designate a CIC as its agent. Pursuant to O.R.C. 1724.10, a CIC may be designated by a county, one or more townships, one or more municipal corporations, two or more adjoining counties, or any combination thereof as the agency of each political subdivision making the designation. The consequence of such a designation is that the CIC becomes the political subdivision's main tool for economic development within its boundaries. In order for a designation to be effective, the legislative authority of the designating political subdivision must determine that it is their policy to promote the health, safety, morals, and general welfare of its inhabitants through the designation of a CIC. *Id.* Furthermore, the designation must be passed by the legislative authority of the political subdivision through either a resolution or an ordinance. *Id.* In addition, not less than two-fifths of the governing board of a CIC designated as a political subdivision's agent must be composed of appointed or elected officers of the designating political subdivision. O.R.C. 1724.10(A). If a CIC is designated by a group of political subdivisions, then at least one officer from each political subdivision must be a member of the governing board. *Id.*

Although the statute is merely permissive on this subject, once a CIC is designated as the agent for a political subdivision, it is customary for the CIC and political subdivision to enter into an agreement whereby the CIC is required to establish an economic development plan for the subdivision. If such a plan is established, it must then be confirmed by the legislative authority of the designating political subdivision. 1724.10(A).

Pursuant to O.R.C. § 1724.02, a CIC has the power to:

- Borrow money for any purpose of the corporation by issuing debt. Such debt is secured by a mortgage or other lien on the corporation's property.
- Make loans to persons, partnerships, corporations or other business organizations and to regulate the terms and conditions of such loans. Such loans cannot be approved by a CIC unless the person has tried to obtain a loan through ordinary commercial channels and has been refused by at least one financial institution.
- Purchase or acquire real and personal property and to dispose of such property.
- Acquire the good will, business, rights, real and personal property, and other assets of firms and persons and to assume or pay debts and liabilities of such persons and firms.
- Acquire real estate for the purpose of constructing industrial plants or business establishments or to dispose of such property for such purposes. In addition, a CIC may acquire industrial plants and business establishments and may sell, operate, maintain, or lease such facilities.
- Acquire, sell, assign, transfer, or otherwise dispose of the stock, shares, bonds, notes, or other securities of persons, firms, or corporations.
- Become a member or a stockholder of a Community Development Corporation. (The existence of this power illustrates that fact that CICs and CDCs often work in conjunction for economic development purposes. This "partnership" is explained more fully below when the structure, powers, and functions of CDCs are delineated.)
- Do all things necessary to carry out the powers of a CIC.

In addition, if a CIC is designated by a political subdivision as its agent, it could also have the power to:

- Insure mortgage payments required by a first mortgage on any industrial, economic, commercial, or civic property for which funds have been loaned by any person, corporation, bank, or financial or lending institution upon such terms as the CIC may prescribe.
- Incur debt, mortgage its property acquired from its political subdivision, and issue its obligations, for the purpose of acquiring, constructing, improving, and equipping buildings and other properties, and acquiring sites therefor, for lease or sale by the CIC. Any such debt issued by a CIC solely obligates the CIC, not the political subdivision.

- With the authorization of the political subdivision, sell or lease any land or interest in land owned by the political subdivision.
- Approve or certify projects for industrial development bond financing.

Practically speaking, CICs function through partnerships with government, charitable foundations, business leadership, local universities, and financial institutions. How CICs utilize these partnerships to spur economic development in a particular area is best illustrated by example. Indeed, in Cleveland, the use of CICs as a means of resurrecting blighted neighborhoods and encouraging economic development is prevalent.

In Cleveland, CICs have been used by small communities for years to develop more than 800,000 square feet of commercial and industrial property and renovate more than 3,400 units of affordable housing. In the 1990s CICs in the Cleveland area generated approximately \$308 million in neighborhood investment. Much of the investment came through partnerships established by local CICs. Those partnering with CICs and contributing to this investment include, the Sisters of Charity Foundation, Cleveland City Council, The George Gund Foundation and various local financial institutions. Indeed, CICs are formed on the premise that partnerships such as these will form naturally because of the stake that local businesses, banks, and community members hold in ensuring that the goals behind the formation of a CIC are fulfilled. Further financing for CICs typically comes from the Federal government and State of Ohio programs run through the Department of Development, such as the 166 Direct and Regional Loan Programs, the Ohio Enterprise Bond Fund, and various tax incentive programs.

2. Community Development Corporations

The purposes for which a Community Development Corporation ("CDC") may be created are quite broad given the statutory language authorizing their creation. These broad purposes include, the promotion, assistance, development, and advancement of industrial and business prosperity of the State or any section thereof. O.R.C. 1726.02(C). In addition, a CDC must also encourage industry, stimulate business ventures which tend to promote the growth of the State, and furnish, to approved and deserving applicants, ready and required money for the carrying on and development of business or industrial undertakings. *Id.*

Unlike CICs, CDCs are for-profit entities. Indeed, under the structure delineated by O.R.C. Ch. 1726, CDCs are, by definition, composed of for-profit financial institutions and other entities. As a result, CDCs must follow the incorporation requirements set out in O.R.C. Ch. 1701, Ohio's General Corporation statute. Structurally speaking,

CDCs must be formed by ten or more natural persons, of majority of whom are citizens of Ohio, and have an initial capitalization of not less than five thousand dollars. O.R.C. 1726.02.

As mentioned above, a unique feature of CDCs is that it is composed of member financial institutions. Indeed, any financial institution may request membership in a CDC by making application to the board of directors of the CDC. O.R.C. 1726.06. Once a financial institution's application is accepted by a CDC, the financial institution becomes a "member" and, as such, is required to make loans to the CDC as and when called upon by it to do so according to terms and conditions established by the CDC's board of directors. *Id.*

The powers of a CDC, as delineated in O.R.C. 1726.04, are virtually identical to those given CICs (as listed above). Indeed, any differences that exist in terms of CDCs and CICs authority to carry out their purpose of stimulating economic development come as a result of CDCs being for-profit entities composed of financial institutions. For example, because CDCs are composed of financial institutions, they are not authorized to incur secondary liability (be a guarantor) of the obligations of any other person or entity. Ultimately, however, both CICs and CDCs have identical powers. To delineate, these powers include:

- Make contracts and incur liabilities for any purposes of the CDC.
- Borrow money for any purposes of the CDC.
- Make loans and establish and regulate the terms of such loans. (Caveat: a CDC cannot approve a loan application unless the applicant has attempted to secure a loan through normal banking channels and has been rejected at least once.)
- Purchase, receive, lease, or otherwise acquire, and to sell, lease or otherwise dispose of real and personal property. Including the power to acquire any improved or unimproved real estate for the purpose of constructing industrial plants or other business establishments.
- Acquire, own, hold, and sell stock.
- Mortgage, pledge or otherwise encumber any property acquired by the CDC.
- Cooperate with and avail itself of the facilities of the Department of Development and Department of Commerce.

A CDC typically functions in conjunction with community-sponsored CICs to facilitate economic development in an area. This is not surprising considering the fact that one

of the delineated powers of a CIC is to become a member or stockholder of a CDC. Often a CDC will partner with a CIC and make loans, equity investments, and arrange financing projects in support of economic development efforts initiated by a CIC. Consequently, a CDC is not an entity that a political subdivision would create, but rather would look to for support of its economic development initiatives. Two examples of a CDC are the National City Community Development Corporation ("NCCDC") and the Banc One Community Development Corporation ("Banc One CDC").

NCCDC is a for-profit subsidiary of National City Bank. Since its inception in 1982 through 1999, NCCDC has made loans and equity investments totaling more than \$175 million in 326 different community projects. These projects have resulted in the development of over 20,000 units of housing and 1.13 million square feet of commercial/retail space. The total worth of NCCDC's projects to date is \$1.58 billion. Likewise, Banc One CDC's sole mission is to provide debt financing and equity investment for affordable housing and community development. For example, in Steubenville, Ohio, Banc One CDC is partnering with the Ohio Capital Corporation for Housing to provide \$3.7 million in equity capital for a new 77 unit low-income housing development. The balance of the capital for the project will come from Federal and State programs.

3. Port Authorities

Initially utilized solely as an engine for increasing access to maritime trade, port authorities have now become a tool for community development in general. Indeed, as set out in the port authority statute, the general purposes of a port authority are quite broad and include, engaging in activities that enhance, foster, aid, provide, or promote transportation, economic development, housing, recreation, education, government operations, culture, or research. O.R.C. 4582.21(B)(1). Given such an array of purposes, the focus of port authorities can be much broader than that afforded to CICs.

In terms of organization, any municipal corporation, township, or county, or any combination thereof, may create a port authority, provided that any such political subdivision creating a port authority was not included in a port authority in existence on December 16, 1964. O.R.C. 4582.22(A). The political subdivision(s) that is creating a port authority must do so by ordinance or resolution. *Id.* Lastly, any political subdivision that is contiguous to a political subdivision that created a port authority or has joined a port authority, may also join the port authority by acting through an ordinance or resolution. O.R.C. 4582.26.

A port authority is governed by a Board of Directors. O.R.C. 4527(A) The composition of the Board of Directors of a Port Authority is selected by appointment. *Id.* Who has appointment power depends on whether the port

authority was created by a single political subdivision or multiple political subdivisions, and on the type of political subdivision that created the port authority. For instance, if a port authority was created by a sole municipal corporation, the mayor of the municipal corporation would have appointment power. *Id.* If a port authority was created by a township, the township trustees would select the port authority board. *Id.* In either instance, the number of board members is determined by the creating political subdivision's legislative authority. *Id.* However, if a port authority was created by a combination of political subdivisions, the members of the Board would be divided among the political subdivisions in such proportions as the political subdivisions may agree. *Id.* Also, a majority of directors shall be qualified electors of, or shall have their businesses or places of employment in one or more of the political subdivisions within the port authority for at least three years. *Id.* Board members serve terms of four years that are staggered. *Id.* Once a port authority has been organized and a board has been selected, the political subdivision creating the port authority may appropriate and expend public funds to finance or subsidize the operation and authorized purposes of the port authority. O.R.C. 4582.25(A).

Complementing the broad authorized purposes of port authorities is a series of broad powers to help fulfill such purposes. The extent of the delineated powers of port authorities distinguishes them as a economic development structure that is above and apart from CICs. These powers include the authority to:

- Adopt bylaws for the regulation of its affairs and conduct of its business
- Construct, acquire, sell, or lease real or personal property that is related to, useful for, or in furtherance of any authorized purpose of the port authority.
- Adopt an official seal.
- Issue bonds or notes for the acquisition or construction of any real or personal property owned, leased, or controlled by the port authority. Provided, that such bonds or notes may only be issued pursuant to a vote of electors residing within the area of jurisdiction of the port authority.
- Issue port authority revenue bonds.
- Apply for the right to establish, operate, and maintain foreign trade zones.
- Promote, advertise, and publicize the port authority and its facilities.
- Grant easements or rights-of-way over property of the port authority.
- Sell, lease, or convey interests in real and personal property according to consideration and terms conclusively set by the Board.
- Exercise the right of eminent domain.
- Make and enter into all contracts and execute all instruments necessary or incidental to the performance of its duties and the execution of its powers.
- Receive and accept from any state or federal agency grants and loans for the construction of any port authority facility, or for research and development with respect to port authority facilities.
- Receive and accept contributions from any source.
- Operate its own police force to patrol port authority facilities.

Despite these delineated powers, at the time a port authority is created, the political subdivision(s) that created it, may restrict any of the powers granted to port authorities by setting forth such restrictions in the ordinance or resolution creating the port authority.

While port authorities were traditionally used as a means of supporting maritime commerce, today they are typically used to operate airports, engage in project financing, and perform a multitude of economic development activities. In a way, port authorities can be viewed as Super-CICs. Indeed, they are given more statutory powers and, therefore, have the ability to engage in more creative economic development activities. However, port authorities are much more complex than CICs in that, by creating them, political subdivisions are creating a separate governmental entity, as opposed to the organization of a CIC, which more closely represents the creation of a new commission or department.

4. Special Improvement District

A Special Improvement District ("SID") may be created "for the purpose of developing and implementing plans for *public improvements* and *public services* that benefit the district." O.R.C. 1710.02(A). The term "public improvements" is defined in O.R.C. 1710.01 to include the "planning, design, construction, reconstruction, enlargement, or alteration of any facility or improvement, including the acquisition of land, for which a *special assessment may be levied.*" Likewise, the term "public services" is defined as "any service that can be provided by a municipal corporation or any service for which a *special assessment may be levied.*" *Id.* Municipal corporations are given the power to levy special assessments under O.R.C. 727.01. This section authorizes the legislative authority of a municipal corporation to assess upon lands required, and costs incurred for the improvement of streets, roads,

sidewalks, sewers, water treatment centers, and many other similar types of public improvement projects regularly taken on by municipalities.

A SID may be created within the boundaries of any one municipal corporation, any one township, or any combination of contiguous municipal corporations and townships by a petition of property owners within the proposed district. O.R.C. 1710.02(A). The petition must be signed by either the owners of at least 60 percent of the real property located in the proposed district that abuts upon any public street, road, or easement, or by the owners of at least 75 percent of all real property located within the proposed district. O.R.C. 1710.02(E). In addition, the petition, along with the articles of incorporation of the nonprofit corporation that will govern the SID, must be submitted to the legislative authority of each municipal corporation or township in which the proposed district is to be located for approval. *Id.* Each municipal corporation or township then has 60 days to approve or disapprove, by resolution, the creation of a SID. *Id.*

Moreover, it is customary for those proposing the creation of a SID to submit an "initial plan" for public improvements or services designed to benefit the district. If such an initial plan is created, it must be submitted as part of the petition proposing creation of the district. O.R.C. 1710.02(F). The initial plan, if submitted, must set forth the specific public improvements or services that are to be provided, identify the area in which they will be provided, and specify the method of assessment to be used and the period of time in which the assessments are to be levied. O.R.C. 1710.06(A). After the initial plan is approved by all participating municipal corporations and townships, each participating political subdivision shall levy a special assessment within its boundaries to pay for the "costs" of the initial plan. O.R.C. 1710.02(F). (The permissible "costs" of a SID plan are expressly delineated within the underlying statute: Because the explanation of what costs are permissible directly relates to what a SID can do, this issue is discussed under the "powers" section of this memorandum.) Additionally, the levy shall be for no more than ten years from the date of approval of the initial plan. *Id.*

A SID is governed by a Board of Directors consisting of at least five members. O.R.C. 1710.04(A). The board shall include a person appointed by the legislative authority of each participating political subdivision and the municipal executive of each municipal corporation with territory within the boundaries of the SID. *Id.* Other members of the board are elected at a meeting of the entire "membership" of the district. *Id.* The "membership" of the SID consists of all owners of real property within the SID. O.R.C. 1710.03(A).

Generally speaking, the creation of a SID allows a political subdivision to undertake public improvement projects within a designated area by levying an assessment upon all

privately owned property within that area. The assessment is required to ensure that the "costs" of a plan for a SID are covered. The permissible "costs" of a SID plan include:

- The cost of creating and operating the district, including the cost of creating and operating the nonprofit corporation that will run the SID, hiring employees and professional services, contracting for insurance, and purchasing or leasing office space or equipment. O.R.C. 1710.07(A)
- The cost of planning, designing, and implementing the public improvements or public services plan, including payment of architectural, engineering, legal, appraisal, insurance, and planning fees. O.R.C. 1710.07(B)
- Any court costs incurred by the SID in implementing the public improvement plan. O.R.C. 1710.07(C)
- Any damages resulting from implementing the plan. O.R.C. 1710.07(D)
- The costs of issuing, paying interest on, and redeeming notes and bonds issued for funding the public improvement plan. O.R.C. 1710.07(E). Indeed, any participating political subdivision may issue bonds and notes in anticipation of collection of any special assessment authorized for a SID. O.R.C. 1710.12.

The essential function of an SID is to provide an organized structure through which a specific public improvement project may be completed. Indeed, while a CIC is an entity geared toward the general goal of encouraging ongoing economic development in an entire community, SIDs are created to facilitate the completion of specific projects that may enhance economic development in a particular area. Interestingly, this dichotomy of functions between CICs and SIDs promotes cooperation between the two entities. To be sure, it is quite common for a SID to utilize the resources offered by a CIC by contracting with it to develop, manage, or implement part or all of the improvement plan for the district. O.R.C. 1710.09.

The functions of a SID are best illustrated by example. In Columbus, a SID was recently put into action that extends from the Hyatt Regency on Nationwide Boulevard in the north, to the Borden Building on East Broad Street on the east, I-70 to the south, and Civic Center Drive on the west. The Capital Crossroads Special Improvement District expects to have a budget of approximately \$1.6 million from the special assessment levied on property owners within the district and grants from the City of Columbus and the Central Ohio Transit Authority. The district will benefit property owners within the district by implementing beautification efforts, litter control, commercial marketing, power-washing of sidewalks, graffiti removal, and supplemental patrols. The district is being managed by the Capital South Community Urban Redevelopment Corporation.

5. Non-Profit Corporations

Communities are increasingly utilizing non-profit corporations developed solely for the purpose of improving local broadband access. These newly created non-profits offer certain advantages to communities and can provide a successful approach given the proper circumstances. These have worked effectively given that they were a part of the overall economic development plan for a particular community and have the critical support necessary from local stakeholders. The non-profit model only works when a thoughtful business plan is developed that takes into account all the expenses and difficulties in designing and deploying a network and providing marketing, customer service and technical upgrades. Examples include:

- OneCleveland is an educationally-based non-profit model with a community focus. The network was started by Case Western Reserve University and partners with many educational institutions throughout Cleveland. OneCleveland provides broadband services to educational, governmental, research, arts, cultural, non-profit and healthcare organizations in Greater Cleveland.

OneCleveland operates a fiber ring throughout significant portions of Cleveland and the surrounding suburbs. Customers are connected to each other and the Internet backbone at gigabit speeds. Additionally, OneCleveland is deploying Wi-Fi hot-spots around the City of Cleveland and works with technology companies to test new applications utilizing the network. OneCleveland has been successful due to the significant local support for the effort and the large number of potential customers in the identified sectors within the Cleveland market.

- FastOhio is a newly created non-profit in Hocking County dedicated to improving broadband access for economic development, government, healthcare and education in a rural Ohio setting. FastOhio was designed by local activists and developed through the support of the local Community Improvement Corporation. While OneCleveland has access to customers with significant bandwidth needs, FastOhio is attempting to aggregate smaller pockets of demand that can make the business model more difficult to develop.

FastOhio intends to deploy a wireless backbone utilizing municipal and state owned towers to extend broadband services in a significant portion of Southeast Ohio. The goal is to offer services to public facilities and local ISPs at a cost that will facilitate additional broadband offerings in a rural portion of the state that lacks service and competition. Significant planning went into the effort and came out of a technology-based strategic planning process.

CHAPTER 4

RESULTS/RECIPES

Every community or company when facing a challenge looks to see how their competitor handled a similar challenge. "What was their recipe for success?" is a familiar question. This does not mean that another's recipe for success is custom made for their competitor, but it can provide a guide for adopting a course of action that will lead to ultimate success.

Build a Common Conduit

DubLINK

The DubLINK conduit plan, as initially conceived, conceptualized that the City or some private entity would build a conduit system throughout the high-density business district where virtually all the initial demand for competitive phone services would initially occur. This system would be designed in the most usable fashion for modern communications systems with conveniently placed manholes, a ring design, and redundant building entrances coming off the manholes. The central idea was that telecommunications companies would not be permitted to cut streets and build in the right-of-way but would be required to lease space in the conduit system. As a first step, the City issued a Request For Information ("RFI") asking for input on how such a system might be designed, what the costs would be and what sort of leasing or sale arrangement could be utilized. The Fishel Company of Columbus, Ohio ("Fishel") responded to the RFI by proposing to build a large concrete protected conduit system (six to eight, four inch conduits) which it would lease at a rate allowing Fishel to recover its investment plus a reasonable profit.

At that time, the City of Dublin's team began a series of information gathering sessions with competitive local exchange carriers ("CLECs") that were certified to serve Dublin and the existing incumbent local phone company ("ILEC"), Ameritech. The CLEC's took a variety of positions

in these discussions but in one concept they were united, the CLEC's did not want an expensive "bells and whistles" conduit system but preferred a no frills, rather inexpensive system. Some CLEC's were initially in favor of the concept as they viewed it as a way to deploy their facilities quickly. Others were opposed to it, basing their opposition on the fact that they did not have customers in some parts of Dublin where the conduit system was to run, and that they would be forced to purchase conduit space without an offsetting revenue stream.

The ILEC's position was that it needed, as the Ohio Public Utility's ("PUCO's") carrier of last resort, to be free to build its facilities when and where it wanted. Also, the ILEC argued that it needed its existing facilities grandfathered and exempted from the DubLINK scheme. Legally, the DubLINK team believed it needed to address the ILEC's concerns regarding its facilities being grandfathered without violating the non-discrimination sections of TA96. Also, it was important that the lease rates on the conduit system would be low enough so that no CLEC could legitimately complain that the rates themselves were a barrier to entry as prohibited by TA96.

After months of industry input, the City of Dublin opted to begin negotiations with Fishel to determine if Fishel would build and operate the conduit system and under what terms and conditions. It was during this phase of the project that the system became known as "DubLINK"

Working with Fishel and the telecommunications carriers (CLECs and ILEC), the City passed a right-of-way control ordinance that established an actual "DubLINK" district, which encompassed the entire business district of the City of Dublin. All new telecommunications construction in the district was banned and telecommunications carriers wishing to deploy facilities in the district were required to utilize the DubLINK conduit system. Subsequently, a

deal was struck with Fishel to build the conduit system which Fishel would own pursuant to a 25-year franchise granted by the City of Dublin. Fishel further redesigned the conduit system to not include the "bells and whistles" and reconfigured their financial plans so that the leasing of conduits for shorter runs was allowed, thus reducing the financial exposure of the CLEC's.

In addition, the City agreed to buy the conduit system from Fishel at book value in the event the regulatory scheme was declared illegal, unconstitutional or in violation of TA96. This ability to "put" the system to the City was at Fishel's option if a court or other appropriate regulatory body issued a final order finding the DubLINK scheme in violation of the law.

A compromise of sort was reached with the ILEC in that its existing facilities were grandfathered and exempted from the DubLINK regulations. As a further accommodation to the telecommunications industry, in the event any carrier wanted to build facilities within the business district in locations where DubLINK facilities were not available, that carrier could build the facilities, provided it allowed the DubLINK system to utilize that trench and pay only the incremental costs of widening the trench for placement of the DubLINK conduit.

A few of the CLEC's voiced their opposition to the DubLINK system ordinances to the Dublin City Council on the grounds that the expenses involved in leasing conduit were too high and that they could build the system cheaper and more efficiently by constructing facilities as demand warranted. This argument was unpersuasive with the City Council as those opposing CLEC's were essentially proposing to do precisely what Dublin wanted to prevent, the haphazard cutting of expensive streets and right-of-way by companies with extremely short planning horizons and self serving fiscal concerns. In December of 1998, the official franchise was awarded to Fishel and construction began 30 days later.

By 2005, the DubLINK system included 21 miles of conduit with 6 CLECs leasing capacity in the conduit system. Each portion of the conduit system contained an average of 12 individual one and a quarter inch ducts plus one additional four inch duct. The CLECs serving Dublin have come to rely on the DubLINK system and have leased enough of its capacity that the system is economically viable for the Fishel Company. DubLINK has proven to be extremely effective in reducing the amount of street cuts thereby protecting the City's enormous investment in right-of-way improvements. This was the expected result.

What wasn't expected was the tremendous impact DubLINK has had as an economic development tool for Dublin. After the completion of DubLINK, Arrowtouch located a corporate facility in Dublin citing the DubLINK system as a primary motivator in their decision. In 2002, Nationwide

elected to locate 8,000 jobs in Dublin at numerous different campuses, again citing DubLINK as the primary motivator. Nationwide is connecting its various campuses via the DubLINK conduit system thereby providing campus-wide phone service, data and internet access at a fraction of the normal cost.

Because of the economic development success of DubLINK, Dublin elected to exponentially expand the DubLINK project by purchasing one and a quarter inch conduit running through a substantial portion of Franklin County, over 31 miles in all. Dublin then placed 96 fibers inside the conduit. Dublin's economic development model now includes the granting of 20-year 'right to use' to companies willing to locate in Dublin. The right to use 2 to 4 fibers is included in the economic development agreement signed with the relocating corporations. To date, Dublin has given fibers to OhioHealth, which is building a new hospital in Dublin and Battelle Memorial Institute, which is building a corporate office and research facility in Dublin.

Dublin also has signed a deal with Third Frontier Network (TFN) wherein Dublin is granting use of four fibers to Third Frontier Network (Ohio Supercomputer Center/OARnet) in return for TFN lighting the fibers and providing high-speed research connectivity to corporations and educational institutions in Dublin. Funding for this was enabled by obtaining a capital grant from the State of Ohio. Finally, Dublin announced the development of the Central Ohio Research Network (CORN) which will be utilized for the purpose of providing research and education connectivity to Dublin, schools, institutions and corporations.

The existence of CORN, the TFN-DubLINK deal and the availability of extra fibers, was a major factor in October of 2005, when UMC Partners, an independent non-profit corporation established to develop business opportunities utilizing science and research originating from The Ohio State University Medical Center, announced that it will build three facilities on about 100 acres in Dublin. The three facilities will be the Institute for Personalized Healthcare, an outpatient facility operated by the James Cancer Hospital and the Particle Therapy Center which will deliver a high-energy particle beam to cancer patients. The Particle Therapy Center will be the only one in North America. The high-speed data needs of these facilities was enormous and Dublin is positioned favorably to provide that sort of connectivity.

Dublin is also considering building a Wi-Fi network to serve the business district of Dublin and the schools. The project is ongoing and will use the DubLINK fiber system as the "backbone".

Dublin has been very pleased with its DubLINK system. The City has an orderly utilization of its right-of-way; rapid deployment of telecommunications networks, with a wide availability of telecommunications services at reasonable

prices; and its large investment in right-of-way is substantially protected. As an added bonus, the business community has embraced the potentials of the conduit system.

Connect Your Technology Park

Galion

Galion, Ohio, a small town of 11,350 people in North Central Ohio, was searching for a way to link a planned industrial park with fiber and to enhance the level of broadband services provided to companies in their community. Of major concern, was accommodating the needs of the city's regional hospital which is one of its largest employers.

A remedy for Galion's challenge was found in the creation of a SCADA fiber network that linked their municipal electricity network. While this network would primarily be used for the municipal electricity network, the Galion network would also be capable of extending to the planned industrial park and to area employers.

Galion was very careful to follow the notice provisions required by the Ohio Municipal Cable Television Act, even though it is unlikely that Galion will actually go the route of providing cable television service.

Galion is now exploring a number of options to utilize its fiber network:

- Provide the 'free' fiber to companies willing to locate in Galion as part of an economic development agreement; and
- Leasing two or four fibers to a local company so that it can provide telecom services in the community, hopefully with better service and better rates than currently available.

Government Built Fiber

1. Butler County, Ohio

Butler County has built a different kind of highway system. This system is one without cars, trucks, or asphalt. The Butler County Fiber Optics Backbone is a 100 mile-long fiber-optic system, providing high-speed Internet access with state-of-the-art transmission quality for video, voice and data services. In 2001, Butler County initiated a request for proposal for the design and installation of a fiber optic highway within the boundaries of Butler County. As a result of the RFP, Butler County selected SFT, Inc., who then created Normap, Inc. for the project.

Butler County awarded an economic development grant to Normap for the construction of the fiber optic highway in a joint private/public endeavor. The result of the project was

the construction and testing of 110 miles of a 96-strand fiber optic highway with Butler County owning and controlling 36 of the 96 strands. Butler County then leased 12 of its 36 strands to Miami University of Ohio. Officials at Miami University have been long time advocates for a county-wide fiber optic communication system. The university uses the county fiber system to communicate between campuses and create distance learning applications to better coordinate instruction among the various campuses. In 2003 Normap, Inc. donated an additional 12 lines of fiber optic cable to the project. The donation provided a strong incentive to attract additional business and industry to Butler County. The donation also provides additional flexibility to provide high-speed fiber-optic connectivity.

The fiber optic backbone is connected to the City of Hamilton's central office and the Evendale Point of Presence (a project of Cincinnati Bell). In addition, Cincinnati Bell provides maintenance and operations on the 96 strand fiber under a twenty (20) year maintenance agreement.

Butler County has received national recognition for its fiber network. The National Association of Counties chose the Butler County Fiber Optics Backbone for a 2004 Achievement Award. This award is given nationwide to county commissions whose innovative programs contribute to enhance county government.

2. Marietta, Ohio

Marietta, Ohio is an interesting example of a community that is leveraging municipally owned fiber to improve broadband access locally. Marietta is also a good example of a community that developed a technology plan that is part of an overall economic development strategy.

Marietta is an Appalachian community that has unique assets through its location on converging rivers and the historical downtown. The City installed fiber as part of a smart traffic system and realized that the fiber had excess capacity that was unused. The City determined that it wanted to develop a Wi-Fi network for citizens, businesses, government and law enforcement and safety purposes. The City is utilizing the city owned fiber as the backhaul for the wireless network. Marietta is currently testing the pilot project which was installed in September of 2005 and raising funds for the full implementation. The City is also using wireless cameras as part of the demonstration project for law enforcement purposes.

3. Youngstown Project

The City of Youngstown, along with Youngstown State University, has established the Youngstown Business Incubator ("YBI"). YBI is a unique alliance of public and private end-users who are collaborating to influence the creation of a sophisticated communications network in downtown Youngstown. YBI is housed in a five-story 25,000

square foot former furniture store. YBI provides free services and reduced or free rent to upstart technology based companies.

According to the *Youngstown Vindicator*, in its eight years of operation, YBI companies have created more than 160 new technology based jobs, earned 16 intellectual property patents, and developed 19 new commercial software applications. YBI has numerous corporate partners and customers including IBM, Textron, Lockheed Martin, Bristol Myers Squibb, Dell, AT&T, and Disney as well as several universities. More than one million people use the technology and software developed by YBI participants. YBI has seen increased support from the State of Ohio. In 2003, 2004, and 2005, the incubator received \$225,000 each year to develop business to business software.

YBI is the driving force behind Youngstown's effort to have a Sonet ring constructed in the downtown area. YBI's primary objective is to convince a carrier to spend millions of dollars to build a metropolitan fiber network and deploy this technology according to the plan developed by the YBI. In return, YBI will commit its phone lines to the company that complies with the plan. Under YBI's plan, nearly all occupied buildings in the downtown area would be wired with fiber optic cables. Tenants would have access to the fiber through a local area network ("LAN"). The plan calls for businesses to have access to any broadband service they desire; including video, voice, data, file transfers or Internet and be billed only for what they use. This plan would make rapid data transmission technology available to companies that can't afford the high costs associated with existing fiber services.

At the time of this publication, efforts to contact staff members from YBI were unsuccessful. The above information, however, was obtained from news sources and articles published on the World Wide Web.

4. NWOCA/ImagiNet

The Northwest Ohio Computer Association (NWOCA), in conjunction with the Northern Buckeye Educational Council, the Northwest Ohio Educational Service Center, and Northwest State Community College has established ImagiNET, a high speed network serving the Ohio Counties of Defiance, Fulton, Henry, and Williams. ImagiNET has built upon an existing data communications network to provide sufficient bandwidth to deliver information resources in the form of integrated voice, compressed video, data and graphics. The physical interconnect between buildings is a mixture of linkages provided by area telephone and cable television companies. In addition, some buildings are serviced through wireless communications technology.

The objectives of NWOCA, through ImagiNET, are to stimulate and support economic growth in the four county

area; create affordable levels of access to high speed technology; provide distance education and training to K-12 students, teachers, and the area workforce; and create a sustainable network that interfaces with existing networks.

At the time of this publication, efforts to contact staff members from ImagiNet were unsuccessful. The above information, however, was obtained from an abstract of ImagiNet published on the World Wide Web.

University-Community Partnership

1. Tuscarawas County, Ohio Project

Tuscarawas County has established the Tuscarawas County Community Improvement Corporation ("CIC"), whose mission is to make technology available to existing companies, to nurture the technology-based businesses already in place, and to attract more such companies. With the collaboration of county government, Kent State University Tuscarawas and others, the CIC is working to achieve the objectives of its mission by creating the first Technology Park in a rural area in Ohio.

The Tuscarawas Regional Technology Park will be located on 187 acres in New Philadelphia, Ohio. Approximately two-thirds of the site will be developed into 28 three-acre lots with buildings in which tenants employ people with technology skills earning high wages. The Technology Park will be functionally integrated with the Buckeye Career Center and Kent State University Tuscarawas. It is anticipated that the Park will be a demonstration project showing how a rural area can effectively participate in the emerging technology-based economy.

Tuscarawas County is an excellent example of a community that organized a technology plan as part of an overall economic development plan. After developing the Technology Park, the CIC led an effort to connect the Technology Park via fiber to the Third Frontier Network and improve the overall broadband access in the county. Tuscarawas County is currently participating in a pilot-project to utilize a TFN connection at the Technology Park to facilitate economic development and university collaboration.

2. Hocking & Perry Counties, Ohio

Hocking & Perry Counties provide another good example of communities that have implemented technology plans as part of an overall economic development strategy. After significant planning, both counties are raising funds and implementing a wireless broadband network for economic development purposes through FastOhio, a newly created non-profit that is referenced on page 21 of the Broadband Cookbook. This consortium is the other community participating in the TFN project with Tuscarawas and Coshocton Counties.

3. Cincinnati Education and Research Fiber (CERF)

CERF is a joint project between three Cincinnati universities: University of Cincinnati, Cincinnati State and Xavier University. The three jointly possess four fibers, donated by Proctor and Gamble. The fibers connect the four universities and are in turn connected to the TFN. Currently, University of Cincinnati operates the CERF network for the consortium.

Municipal Cable Systems

1. Lebanon, Ohio

In 1998, Lebanon, Ohio began the deployment of a Hybrid Fiber Coax ("HFC") system with an initial \$6 Million build out funded through utility system reserves and non-taxable municipal bonds. Simultaneously, the City launched its own cable television service, which, according to the City of Lebanon Telecommunications Department, achieved a 31 percent market penetration rate in its first year and currently maintains a 50 percent share of the cable TV market. Establishing its own cable system has allowed Lebanon to offer a full-package of cable television channels at an attractive rate to its residents.

In addition to cable television service, Lebanon also provides high-speed Internet and telephone services to its residents. According to the city Telecommunications Department, the high-speed Internet service currently holds a 40 to 50 percent market share. The telephone service is used by 35 percent of local residents. High-speed Internet access is provided by locally-based, Go Concepts, Inc., which leases capacity on the network from the city. Lebanon's HFC system supports downstream speeds of up to 10 Mbps and upstream speeds of up to 4 Mbps. Lebanon provides telephone service to its residents through a partnership with Cincinnati Bell. The telephone service allows calls to both Cincinnati and Dayton to qualify as local, instead of long-distance calls.

City officials are planning for the addition of video on demand services. The video on demand service will be targeted toward local programming.

2. Wadsworth, Ohio

Wadsworth's venture into fiber optics began in 1993 when City officials decided they needed a better communications system to run the municipal electric plant. This was also the time period when residents wanted better cable provider rates. Instead of shopping for a new cable provider or negotiating new rates, the City founded its own cable system.

The initial investment of \$4.5 Million in the early 1990s turned Wadsworth, Ohio, a small community in Medina County, into one of the regions most wired cities. A 13-

mile network of fiber optic cable is the backbone for the cable television service, Internet service, web-hosting, support services, and web-email. The system has the future capability to regulate and monitor the use of home water heaters, air conditioners, security systems tied to the police department, and e-commerce opportunities for merchants.

The first cable customer was connected in 1997. According to the City Communications Department, the City owned cable system provides service to 3,700 viewers. The major competitor for the municipal cable system is Time Warner Cable. The municipal cable service is focused on providing simplistic service that meets the needs of the Wadsworth demographics. The system requires no television top box to connect to cable service. The municipal cable system envisions a move to digital service to compete with the commercial providers of cable service.

The City owned Internet service is known as Wadsnet. Because the Internet service partners with the City's electric utility, all maintenance and operations are handled in house and there is no need to contract for private assistance. The same poles that carry the electric utility also support the Internet service. Wadsworth Communication Department officials estimate that Wadsnet currently has 2800 subscribers.

University Led Statewide Dark Fiber Project: Linking Researchers with Companies

1. Third Frontier Network

The Ohio Supercomputer Center's Third Frontier Network is a dedicated high-speed telecommunications system that will directly link Ohio's colleges and universities with one another and private sector partners. The extraordinary speed and stability of this private telecommunications network will enable university collaboration on state-of-the-art research projects, give the people of rural communities access to the best surges in Ohio, as well as provide Ohio's companies instant access to university researchers and faculty no matter where their company is located.

The Third Frontier Network created a fiber-optic telecommunications network that links Ohio's seventeen (17) research oriented universities located in parts all across the State of Ohio. This project was financed through a loan from The Ohio State University to OARnet which provided \$5 million to purchase the fiber optic "backbone" from private sector telecommunications companies. Another \$5 million from the State of Ohio Capital Budget was provided for the purchase of a fiber optic network connecting all of Ohio's seventeen (17) research oriented universities to the "backbone." Since Ohio's colleges and universities will not be paying for telecommunications services "per call," the Third Frontier Project will pay for itself within five years.

One of the primary benefits of the Third Frontier Network is the potential for economic development that it creates. Ohio companies are looking for potential partnerships with university researchers to produce their research and development projects. States and regions that enable these partnerships will retain and expand the number of private sector, research oriented jobs. States that do not enable these partnerships will see a loss in this high paying job market.

A potential benefit of the Third Frontier Network is an opportunity to provide increased information infrastructure to underserved areas in Ohio. Policies and procedures need to be developed before utilizing the Third Frontier Network for economic development purposes.

The Third Frontier Network also provides an avenue for taking advantage of the current "buyer's market" for fiber-optic lines. Over expansion of fiber optic lines by private sector companies has produced an excess of "dark" or unused high-speed telecommunication lines. This over expansion has drastically reduced prices for these services.

It is the hope of the Ohio Supercomputer Center that the State of Ohio will create the economic development incentives needed to encourage private companies to link to the Third Frontier Network so that they will be in position to utilize university researchers for private sector ventures. At this point in time, it is anticipated that the Third Frontier Network will not be used to carry private sector telecommunications traffic.

2. CENIC

The Corporation for Education Network Initiatives in California ("CENIC") represents the common interests of California's higher education academic and research communities in achieving robust, high capacity, next generation Internet communications services. CENIC has purchased dark fiber from Level 3 Communications, Inc. to create a statewide, multi-tiered, advanced services network linking the top 40 research institutions across the state, including Stanford University, the California Institute of Technology, the University of Southern California, the University of California System, and the California State University System. The network will be used for experimental and high capacity research applications. The fiber-based infrastructure will also link all California educational institutions, including 108 community colleges and nearly 8,000 elementary and secondary schools. CENIC's network is known as CalREN (the California Research and Education Network). Additionally, CENIC is now providing services to some K-12 institutions within California as a mechanism to deliver higher bandwidth speeds at a lower cost to end users.

Group Purchasing of Telecommunication Services

1. SOMACS

The State of Ohio Multi-Agency Communications System (SOMACS) is a fiber optic based interconnection system used by several Ohio agencies, with a significant capacity reserved for Ohio's public telecommunications organizations, administered by the Ohio Department of Administrative services (DAS).

In essence, SOMACS is a group-buying program that allows any state agency to purchase a T-1 line for a flat fee of \$450 a month. 3,499 T-1 lines have been purchased under this program and it is clearly regarded as a major success in enhancing the high-speed data services, such as Internet or video applications, available to state government. Thus, state government is able to gain major efficiencies that many private sector companies enjoy. Few other states enjoy such a successful program. Although SOMACS was a very successful program, due to a drop in the cost of connectivity and the changing needs of government network constituencies, DAS will not renew the contract in 2006 and look to OH*1 as a new model for state network connectivity.

2. OH*1

OH*1 is a statewide effort led by Ohio's Office of Information Technology (OIT) within the Department of Administrative Services to consolidate all networking for the State Executive Branch agencies, as well as provide broadband access to Ohio's local governments and court systems. OH*1 is still in the development stages with the potential to begin providing service by 2006. (<http://oit.ohio.gov/cio/OIT10.aspx>)

Since many communities are currently looking to develop technology planning efforts, OH*1 needs to be considered as a potential source for broadband infrastructure improvements. The State of Ohio still needs to develop a policy regarding carrying commodity Internet traffic on the OH*1 network.

3. OARnet

Ohio's universities have formed a group buying program for telecommunications services known as Ohio Academic Resources Network (OARnet). By means of communications links between computers at research and educational institutions, OARnet provides access to specialized computer facilities and data at distant locations, and provides for data transfer of all kinds between institutions, including research data files, electronic mail, instructional information, manuscripts, library information, graphics, and video. A prime goal of OARnet is to facilitate and encourage collaborative projects between institutions and the general sharing of resources.

OARnet was established in 1987 as the network division of the Ohio Supercomputer Center (OSC), in order to provide access to the Cray supercomputer systems in Columbus, Ohio. Since then the role of OARnet has grown dramatically. OARnet serves as the Ohio GigaPoP manager, connecting Ohio universities to the national Internet2 (I2) network. Internet2 is a partnership of universities, government and industry, creating the next stage of Internet development to meet the increasing needs of network-based applications in research, teaching, and learning. Seven Ohio universities have joined I2. They are The University of Akron, Case Western Reserve University, University of Cincinnati, Kent State University, Ohio University, The Ohio State University and Wright State University.

This program enables over 100 universities to jointly purchase many of their telecommunications and Internet related services and is an asset the State of Ohio should be looking to utilize for possible public-private partnerships in E-Commerce applications for businesses in rural Ohio. The pilot projects in Coshocton/ Tuscarawas and Hocking/ Perry Counties are examples of these types of partnerships.

The Third Frontier Network (TFN) is a dedicated high-speed fiber-optic network linking Ohio colleges and universities with research facilities to promote research and economic development, which is managed by OARnet. Over 1,600 miles of fiber have been purchased to create the network backbone to connect colleges and universities, K-12 schools, and communities together. (<http://www.osc.edu/oarnet/tfn>)

Again, since many communities are currently looking to develop technology planning efforts, TFN needs to be considered as a potential source for broadband infrastructure improvements. The State of Ohio still needs to develop a policy regarding this network as well.

4. Berkshire Connect

Regional approaches to the aggregation idea have also been developed. Berkshire Connect was established in 1997 as a local consortium of business, cultural, academic, and community leaders that aggregate demand to benefit all telecommunications users. Located in the western end of Massachusetts, Berkshire Connect has been able to reduce T-1 rates by 70% from their previous price. The initiative was funded through a statewide planning grant and through subsequent appropriations approved by the Administration and Legislature of the State. The primary network provider is Global Crossings. Berkshire Connect continues to enhance its offerings. (<http://www.bconnect.org>)

5. Telecommunications Open Partnerships for Arizona (TOPAZ)

TOPAZ is administered by the Arizona Government Information Technology Agency (GITA). In general, GITA is

responsible for statewide information technology planning, coordinating, and consulting. These responsibilities entail critically evaluating and approving/disapproving agency IT plans and approving/disapproving various IT projects. Administrative support for GITA comes from the State's Information Technology Fund. The Information Technology Fund receives the bulk of its proceeds from State agencies which are required to contribute a pro rata share of the overall cost of information technology services provided by GITA. The pro rata share is .15% of the total payroll of the State agency.

This program combines State agencies' need to have telecommunications carrier services provided to several locations throughout the State and the State's ownership of highway rights-of-way to achieve the public policy goal of extending broadband services to all Arizona towns with a population greater than 500. Specifically, the State is increasing demand for broadband services in rural areas by aggregating government technology needs in such areas and soliciting more demand through community involvement. Through increased demand, leveraging the State's buying power, and controlling access to highway right-of-ways, the State is building an incentive for telecommunications companies to "build-out" the infrastructure necessary for broadband deployment to underserved communities.

The State of Arizona has contracted with nine telecommunications providers: AT&T, Citizens Communications, Cox Communications, Global Crossing, Gtech, MCI Worldcom, Qwest, Sprint, and Winstar. Using this pool of providers, State agencies purchase the telecommunication services they need in distant areas throughout the state. The State estimates that State agencies collectively will spend \$100 million over the next five years for such services. Moreover, the State estimates the buying power it can leverage through this program to be in excess of \$100 million over the next 3-5 years. Therefore, the State intends to select those carriers that will provide the desired build-out and infrastructure in return for a 3-5 year commitment of services.

Wireless Infrastructure Enhancement

1. MARCS

The Multi-Agency Radio Communications System (MARCS) was created to provide a reliable state-of-the-art wireless voice and data network to serve multiple state agencies. MARCS is envisioned to be the statewide backbone of Ohio's public safety and public service wireless systems.

Now into its implementation stage, MARCS is replacing the State's present 50-year-old radio technology with a secure, wireless, digital network that will eventually provide communication access in nearly every square mile of Ohio.

Most importantly, MARCS offers a unique partnership opportunity for businesses in rural Ohio through the joint use of the hundreds of towers that are being built across the entire state. This possible co-location of public and private facilities could be used to enhance cellular coverage or assist with the building of private wireless high-speed data networks. MARCS has recently developed a policy and pricing scheme to facilitate this type of partnership. This has the potential to significantly improve broadband access in rural areas of Ohio.

2. ODOT Wireless Telecommunications Tower Program

The Ohio Department of Transportation and representatives from the wireless communications industry have established a partnership to expand wireless communication services. Several major cellular telecommunications companies have entered into agreements with ODOT to place their towers in the right-of-way along Ohio's state routes and highways. Tower construction costs are paid entirely by the wireless communications providers. The carrier is also required to negotiate or make good faith efforts to share the site with other wireless providers. This mandated co-location is designed to reduce the number of towers erected along the highways. It also creates better wireless services for consumers by increasing industry competition.

ODOT makes available, for lease, its rural right-of-way, at market prices. It is possible that if ODOT leased its right-of-way at lower than market rates (or even free), that more cellular services would be available in rural Ohio. Although land leasing is only a component of cellular service costs, cheap land leases might spur additional service.

Additionally, ODOT has announced a partnership to build Wi-Fi hot spots on Ohio's turnpike and is looking at rest stops as another Wi-Fi implementation for new broadband service for travelers.

Community Access through the Library

OPLIN

The Ohio Public Library Information Network (OPLIN) provides an important point of public access to the Internet for Ohioans all across the state. To fulfill its mission, OPLIN provides the residents of the State of Ohio fast Internet access through the state telecommunications network, as well as the use of high-quality research databases not freely available on the World Wide Web, through their local public libraries. To achieve this mission, OPLIN provides an important asset for Ohio small business owners - access to the Internet at a variety of points all across the state. OPLIN and its constituencies have won numerous awards for their ability to provide Internet and broadband access to their customers.

Getting Organized Through Local Leadership

Whether it is through regional technology councils, statewide trade associations or governmental departments or offices, an effective tool for promoting broadband development in the short and the long term is creating organizations to develop a plan and, most importantly, to implement that plan.

1. Regional Model

Most of these civic groups tend to be focused on broader technology issues rather than on only broadband or telecommunications issues. Examples include NORTECH in Cleveland, Ohio, Tech Columbus in Columbus, Ohio, and a variety of other groups across the United States.

Many state and local governments in recent years have centralized control of their telecommunications policy and activities. Often, these services get focused on a Chief Information Officer, a Chief Technology Officer or an Advisor to the Governor, Mayor or Commissioner. Efforts of these officials range from centralization of computer and IT services for all governmental departments to a chief advisor of technology policy or both.

2. Georgia Model

Founded in 1990, the Georgia Research Alliance is a partnership of Georgia's research universities, business communities, and Georgia state government. The program goal is to foster economic development within Georgia by developing and leveraging the research capabilities of the research universities to assist in the development of Georgia's scientific and technology based commerce.

Programs are concentrated in three areas: advanced communications; biotechnology; and environmental technologies. According to the *Georgia Trend*, the program has created and supported 49 endowed chairs at research universities. The endowed chairs are recruited to the state of Georgia to conduct high level research projects. The end game for the researchers is to publish a paper on the research that has been conducted. Georgia's endowed chairs are selected because each of them is particularly interested and has the capability to push their research into the marketplace.

The Georgia Research Alliance receives both public and private support. According to the *Georgia Trend*, in the first nine years of the program, the state of Georgia invested \$242 Million for the purpose of research and development at the state research universities. This initial state investment was matched by \$65 Million in private investment. This initial investment helped to attract more than \$600 Million in additional research dollars to the state. In 2004, the six research universities were responsible for conducting more than \$1 Billion in research and development. The *Georgia*

Trend also reported that The Georgia Research Alliance has contributed to the growth of 90 companies in the state and has created 3,000 jobs.

In 2004, the Georgia Research Alliance participated in a partnership to create the Wireless Athens Group Zone (WAGZ). WAGZ covers 24 downtown blocks of Athens, Georgia and the University of Georgia campus. Wireless access is provided to users via mobile media hardware. WAGZ executives have received calls from communities all across the world interested in setting up their own wireless technology.

The *Georgia Trend* reports that the next big thing for technology in the state of Georgia is the Innovation Fund. This is an effort by the state to get industry leaders concentrating more on innovation. Innovation Fund money goes to university researchers and it is matched dollar for dollar by the private sector.

3. North Carolina Model

North Carolina offers a strong model of successful leadership on high-tech economic development issues. The Rural Internet Access Authority (RIAA) is the original authority in the state charged by the North Carolina Legislature to manage, oversee, and monitor efforts to provide rural counties with high-speed Internet access. Moreover, the RIAA served as the central rural Internet access policy planning body of the State and was responsible for communicating and coordinating with State, regional, local agencies and private entities in order to implement a coordinated rural Internet access policy.

The Act establishing the RIAA stated that the General Assembly was not obligated to appropriate funds to the RIAA and the members of the Authority are not compensated. However, the Act gave the RIAA the authority to apply for, accept, and utilize grants, contributions, and appropriations in order to carry out its duties and goals. According to the enacting legislation, RIAA was to dissolve on December 31, 2003.

On August 18, 2003, North Carolina reaffirmed its commitment to statewide connectivity by creating the e-NC Authority. This new entity was established to continue the work of the former RIAA through January 2007. Much like RIAA, e-NC Authority is a unique hybrid organization, created as a state authority, funded through private and federal dollars, and operated as a private non-profit organization. E-NC Authority continues the grassroots mission to link all North Carolinians – especially those in rural areas – to the Internet.

According to the *e-NC Authority Narrative History and Future Focus Handbook*, the new e-NC Authority is charged with the following goals:

- Ensure high-speed Internet access is available to every citizen of North Carolina;
- Promote collaborative technology projects, programs and activities that reflect comprehensive efforts to develop technology-based economic development initiatives;
- Provide leadership, coordination and support for grassroots efforts targeting technology-based economic development;
- Provide leadership, coordination and support for telecommunications policy assessment relating to high-speed Internet access.
- Attract and coordinate funding of federal, foundation and corporate dollars for regional and statewide technology initiatives and to assist local governments in obtaining grants;
- Propose funding from other appropriate sources for incentives to be invested without technology bias in the private sector to prompt necessary technology investments;
- Maintain a Web site with accurate, current and complete information about the availability of telecommunications and Internet services, and public access sites and digital literacy training programs;
- Encourage replicable and scalable Internet applications.

It is important to note that the RIAA was established largely in response to an agreement reached between North Carolina's three largest telecommunications companies (BellSouth, Sprint, and GTE) in April of 2000. Under the RIAA agreement, the companies agreed to work together to bring affordable, high-speed Internet access to all citizens of North Carolina. Specifically, the companies agreed to work and have continued to work with Internet service providers, telephone cooperatives, state government, and others in the communications industry to accomplish the goal of universal high-speed access. The RIAA was established to help coordinate this effort. E-NC Authority continues these efforts today.

According to the *e-NC Authority Narrative History and Future Focus Handbook*, the e-NC Authority engages in performance-driven research on behalf of the state. The authority isn't interested in simply monitoring a situation; it demands to improve it. Through its research, the e-NC Authority is able not just to document a need, but also to prove or disprove whether or not infrastructure has been improved, attitudes have changed, and uptake has increased. In other words, the authority is its own best and brutal gauge as to the success of its programs.

The research conducted by the e-NC Authority provides a layer of detail unmatched even by the federal government. On a community level, the e-NC Authority is able to pinpoint where infrastructure exists and where it does not. The organization regularly monitors and updates this picture. At any given point, the e-NC Authority is able to detect needs and work with telecommunications companies, local governments and businesses, and nonprofit institutions to ensure a gap is filled.

Further, the e-NC Authority has conducted extensive research on citizens and businesses' use of the Internet, the spread of wireless access across the state, and the potential economic impact of the next phase in networking: grid computing. The e-NC Authority doesn't just have its finger on the pulse of technology in North Carolina, it ensures blood continues to pump through its fiber loops.

4. LinkMichigan

LinkMichigan is a successful statewide broadband planning and assessment effort to measure the supply and demand for advanced telecommunication services within Michigan. This has been an ongoing effort for several years and has a unique component that has contributed to its success. LinkMichigan provides competitive grants for communities with a plan to improve local broadband access. Funding is critical to the success of these efforts, particularly in rural areas that lack the information infrastructure and demand to justify private-sector investment in these areas. A state-based funding mechanism can provide the critical component for the success of these efforts. LinkMichigan started as a statewide initiative of the Michigan Economic Development Corporation, Michigan's one-stop economic development shop, and has continued to flourish.

Private Telecommunication Vendor Projects

The telecom and broadband marketplace continue to expand and evolve at a rapid pace. No one could have envisioned the shift in the marketplace that has occurred since the Telecom Act of 1996, which has effectively transformed the industry into providing IP-based services and bundled offerings for Voice of Internet Protocol (VoIP) local, long-distance, data and television services that continues to evolve and offer better services at more competitive prices for consumers.

Due to these market forces, telecom firms are transforming the way they offer products and services and mergers and acquisitions among industry giants are occurring regularly. Additionally, the Baby Bells are pursuing statewide franchise agreements so that they can offer cable television services without individually agreeing to franchises in each municipality where they will be offering television services. Some of the Baby Bells have already begun negotiating franchises at the local level to begin rolling out these

services. In light of such significant changes in the market, some examples are listed below to give the reader a sense of the changing marketplace and some success stories of those firms who made the transition early.

A word of caution to the reader: Many of the vendor projects referenced in this section of the Broadband Cookbook are based on information provided by industry sources. For more information on each individual company and project, please contact the companies directly.

1. Horizon – Chillicothe

Horizon Chillicothe Telephone is a commercial company providing local telephone service in Chillicothe and Ross County, Ohio since 1895. In addition to some 800 square miles service area and 39,000 access lines, Horizon also has extensive investments in the wireless telephone industry. Horizon has emerged as a technology company providing Internet access and computer consulting in southeastern and south central Ohio. Horizon offers a bundled package including digital video, high speed Internet access and local and long-distance services to its customers utilizing ADSL, despite the fact that Horizon primarily serves rural areas. Companies like Horizon are examples of independently owned telephone companies that had the foresight to invest in upgrading technology and invested significantly to capture their local market for bundled services.

2. TSC Telecommunications

TSC, formerly Wapakoneta Telephone Company, is a 12,000 line independent telephone company that has been service the Wapakoneta, Cridersville and surrounding communities with phone services since 1895. Like Horizon in Chillicothe, Ohio, TSC has remained competitive by continually offering the services it provides to its customers. TSC offers broadband high-speed Internet access through either the customer's cable modem or DSL.

3. SBC- Project Lightspeed

SBC has been very aggressive in offering data and wireless services in an effort to stem the tide of decreasing telephone lines they deploy annually. Through upgrading networks to provide DSL service and partnering with a wireless firm and satellite television firm to offer bundled services to customers, SBC has been able to more effectively compete with cable companies for consumers who are looking for the better services at lower price points.

In 2004, SBC announced Project Lightspeed to capture the IP-based telecom market moving forward. The initiative expands fiber optics deeper into neighborhoods to deliver Internet Protocol or IP-based TV, voice and broadband services. Like the cable industry, this approach will provide SBC with the infrastructure to be the only communications

firm necessary for household and business consumers in their service territory. With the purchase of AT&T and the long-haul networks associated with their former long-distance business, SBC is further poised to utilize those assets to enhance the Project Lightspeed. The roleout in communities served by Project Lightspeed are still being determined.

4. Cable Industry

The cable industry has been very aggressive in upgrading their networks to provide two-way data transmission and the ability to offer video, voice and local and long-distance services. Since the cable industry was hit hard by the emergence of satellite television providers, it responded by successfully deploying IP based networks. The advent of VoIP has driven adoption in this market and will continue to play an important role in the transitioning telecom market.

Many cable companies are now offering bundled service packages at very competitive prices. The cable industry has continued to outpace the phone companies in providing household broadband services. With the major uptake in household broadband consumers, this will continue to positively position cable firms for consumers looking for bundled service offerings.

5. First Communications

First Communications is another example of an interesting firm that has adopted a strategy for success in the changing marketplace. First Communications is an Akron-based Competitive Local Exchange Carrier (CLEC) that has survived in a market that has effectively eliminated most CLECs. They have been able to accomplish this through effectively purchasing facilities and assets that enhance their ability to capture customers in targeted markets. Most CLECs relied on leasing lines from the Baby Bells to provide service and their business model eroded when those leased circuits increased in price. First Communications avoided this through constructing their own network assets and aggregating customers through acquisitions. First Communications also utilizes and manages the fiber owned by First Energy to enhance their network, as well as bundling wireless services with local and long distance. They have also been successful by offering boutique enterprise solutions for large firms and are exploring BPL as a mechanism to continue bundling service offerings and enhance the markets they already serve.

Change is about the only thing that remains constant in the telecom market place. Firms that have invested in IP networks and can offer multiple services will be the winners in the changing marketplace. This only benefits consumers in the long run. Local governments and states that adopt strategies to leverage these new market realities will be the winners in terms of services for the citizens and businesses.

6. Sprint

Sprint's local telephone division serves nearly 700,000 access lines in Ohio and provides service to communities in approximately half of Ohio's 88 counties. The communities it serves typically are small to mid-sized cities. Its largest Ohio markets are Lebanon, Mason, Lima, Warren and Mansfield. Sprint provides DSL service in the majority of its markets and roughly 80% of its lines are DSL-capable. Sprint recently merged with Nextel and announced their intention to focus on wireless services. Sprint subsequently filed in Ohio and other states to divest itself of its local telephone properties creating (when final) the largest independent local exchange telephone company in the country.

7. Verizon

Like SBC, Verizon is another example of a large phone company aggressively looking to stem the tide of selling fewer and fewer land-lines by making upgrades to their network and offering bundled services to their customers. Verizon recently released its FiOS service which is essentially a Fiber to the Premise service. Instead of utilizing copper wire into a home for telephone and DSL service, FiOS is a fiber-optic based service and can deliver video, voice and high-speed Internet access. It is unclear if the FiOS service will be offered in Ohio.

Training Executives in E-Commerce

Many regions and states have attempted to promote the use of E-Commerce with their business executives. Developing an advanced telecommunication infrastructure for a state or region is useless unless it is actually used. Reports indicate few if any regional efforts to train small business owners in the use of E-Commerce currently exist. State's such as Ohio assist in this effort by assisting small business owners to more fully understand the benefits of E-Commerce as it applies to their business.

SBDC Program

Established in 1985 in partnership with the U.S. Small Business Administration's national SBDC Program initiative, the Ohio Department of Development's Small Business Development Center (SBDC) program's mission is to provide professional, in-depth counseling and training to entrepreneurs and to foster a strong climate for small business growth. The SBDC program has established over 60 community partnerships to create a statewide-integrated system of small business service, advocacy and awareness. Today, these federal state and local partnerships contribute cash and in-kind resources of over \$10 million dollars in support of small business development.

ODOD's SBDC program is beginning an effort to train Ohio's small businesses in the benefits of E-Commerce

applications. This training is coordinated by the SBDC field offices throughout Ohio with "experts" in various E-Commerce fields engaged in training small businesses in their area. It is not clear whether the "experts" who make themselves available for this program will have the true expertise that many small business owners in rural Ohio cannot afford and thus is not traditionally available.

CHAPTER 5

FINAL THOUGHT

Identifying the proper recipe for your community, gaining the appropriate ingredients and mixing it all together the correct way can lead to dramatic improvements in both the quality of life for the community as well as the economic vitality of the region. One model does not fit perfectly for every community and its residents and businesses, but following this guide will hopefully lead to more and more successful projects and regions.

Critical Components to a Successful Broadband Recipe

- Develop a Local Leader
- Make a Strategic Technology Assessment
- Identify Potential Partners
- Adopt a Strategic Technology Plan
- Choose an Organizational Structure
- Identify Creative Funding Mechanisms

APPENDIX

Appendix 1

Local, State and Federal Programs and Legislation

Many public sources have a variety of programs available to help fund broadband improvement and economic development projects. Programs need to be investigated to determine if your community and broadband partners can utilize different sources for creative financing options.

Financing Programs

1. Ohio Enterprise Bond Fund

Overview: Allows the use of a state bond fund to fund land and building acquisition, construction, expansion or renovation, and equipment purchases for commercial or industrial projects between \$1.5 million and \$10 million in size.

Terms: Long-term, fixed rates can be given for up to 20 years. Interest rates are based on Standard & Poor's A-minus rating, for up to 90% of total project amount. Ohio prevailing wage rate applies to project.

Eligibility: Applicant must submit a financial assistance application, must show repayment and management capabilities, and must be able to document job creation or retention

2. Ohio Qualified Small Bond Issue Program

Overview: Provides low-interest financing for small manufacturing facilities locating or expanding in Ohio that are authorized to obtain allocations of volume cap.

Terms: Financing may be used for capital expenses and up to 2% of issuance costs. Total capital expenditure of the company and related parties cannot exceed \$10 million in any one political subdivision. Maximum expenditure includes a time period 3 years before and 3 years after the bond issue. Projects using bond proceeds for acquisition of existing structures and equipment located therein must use at least 15% of the bond amount spent on the acquisition itself for rehabilitation of that structure and equipment. A maximum 25% of bond proceeds may be used to acquire land. A maximum 25% of bond proceeds may be used for facilities ancillary to core manufacturing. \$916 million can be issued for 2005.

Eligibility: Applicant must submit a financial assistance application. Applicants may come from core manufacturing facilities expanding in Ohio or planning to operate in

Ohio. Corporations, partnerships, joint ventures, sole proprietorships, individuals or sub-chapter "S" Corporations can utilize this program if they have or can obtain allocations of volume cap.

3. Volume Cap Program

Overview: Provides authority to issue tax-exempt industrial revenue bonds for select private activities that will encourage economic development. The Volume Cap Program is a federally authorized program which allows the state to allocate tax-exempt bond authority to various projects throughout the state. With this authority, bond issuers are able to finance projects at interest rates below that of the conventional market.

Terms: Amount of assistance varies depending upon the purpose for which authority is sought. Must involve mortgage loans to low-income home buyers; student loans; construction or improvement of certain types of manufacturing facilities, solid waste treatment equipment or pollution abatement facilities; or multifamily rental housing development or renovation. Project must not have been placed in service for at least two years prior to the bond's date of issue

Eligibility: Projects interested in issuing tax-exempt debt must file an application with State Development Director. \$1,000 application fee and deposit(s) are required. Decisions are done by lottery when there is high demand.

4. 166 Direct Loan/ Innovation Ohio Loan Programs

Overview: Provides loans for land and building acquisition, expansion or renovation, and equipment purchase. Special consideration is given for projects located in priority investment areas in the State of Ohio.

Terms: Loan amounts range from \$350,000 to \$1,000,000. Rate is two-thirds of prime fixed rate for 5-15 years. Equity minimum requirement is 10%. In distressed areas of the state, preferential rates and terms are available and the State Development Director may authorize a higher loan amount or modified rate and terms that address a unique and demonstrated economic development need. Ohio prevailing wage rate may apply.

Eligibility: Applicant must file a financial assistance application with the Department of Development. Must show repayment and management capabilities. Must create or retain 1 job for every \$15,000 received or \$35,000 in Priority Investment Areas.

a. *166 Regional Loan*

Overview: This is a program similar to the 166 Direct Loan because it provides loans for land and building acquisition, expansion or renovation, and equipment purchase. The difference here is that the program is administered by twelve regional representatives in the state of Ohio.

Terms: The maximum loan is \$350,000. Must demonstrate an ability to create or retain jobs. Up to 40% of total eligible fixed cost (\$350,000 maximum). Rate negotiable for 5-15 years. Equity minimum 10%. Ohio prevailing wage rate may apply.

Eligibility: Applicant must file a financial assistance application with the Department of Development. Must show repayment and management capabilities. Must create or retain 1 job for every \$35,000 received. State Controlling Board approval required.

b. *Pioneer Rural Loan*

Overview: Provides direct loans for businesses locating or expanding in Ohio's rural areas. Loan may be used for acquisition of land and buildings, new construction, renovation and expansion of existing buildings and acquisition of machinery and equipment.

Terms: Maximum loan amount is \$750,000. Participation for any one project cannot exceed 75% of total fixed-asset costs. Annual interest rate will be fixed at not greater than half the prime rate, which shall be determined solely by the State Development Director. Term will be based on the useful life of the assets being financed and the term of the bank loan in the project (not to exceed 15 years for real estate or 7 years for machinery).

Eligibility: Applicant must file a financial assistance application with the Department of Development. Businesses must demonstrate that they will create new jobs for Ohio citizens in rural areas. Program seeks to finance projects that will create/retain at least 1 job for every \$35,000 of state investment during the first 3 years of the project. Eligible areas include counties with labor surplus, distressed counties and situationally distressed counties.

5. Ohio Capital Access Program

Overview: The Ohio Capital Access Program encourages state chartered financial institutions to make loans to For Profit or Non Profit small businesses that are having difficulty obtaining business loans through conventional underwriting standards. The Ohio Capital Access Program encourages lending by establishing a unique loan "guarantee" reserve pool at an Ohio Capital Access Program participating lending institution. The state, the lender and the borrower each pay a small fee contribution into the pool. The reserve pool is available to the participating lender for recovery of any losses

on any loan they have enrolled in the Ohio Capital Access Program.

Terms: Determined by the lender. A program reserve account, in the name of the Director of the Ohio Department of Development, must be established as the participating lender. Borrower must contribute 1.5% - 3% of the principal amount. Lender must match borrower's contribution. Lender may recover all or part of its contribution from the borrower in any agreed upon manner. State contributes an amount equal to 10% of the principal amount of the capital access loan to be enrolled. Use of proceeds may include working capital or the purchase, or construction of fixed assets such as buildings and equipment. Refinancing of other lenders' loans is also eligible.

Eligibility: Borrower must be a small business with annual sales of less than \$10 million and have its principal place of business in Ohio.

6. Minority Direct Loan

Overview: Provides loans for the purchase or improvement of fixed assets for state-certified minority-owned businesses.

Terms: Up to 40% of total project cost at 4.5% fixed for up to 15 years. Equity required. Ohio prevailing wage rates apply for construction.

Eligibility: Applicant must file a financial assistance application with the Department of Development. Company must be at least 51% minority owned and controlled. Must be a state-certified minority business. Must show repayment ability and management capabilities. Must create one job for every \$35,000 received.

7. Ohio Mini-Loan Guarantee Program

Overview: Provides loan guarantees for fixed assets of small business (start-up or existing business expansion) for projects of \$100,000 or less.

Terms: Up to 45% guarantee of an eligible bank loan. Interest rate on the state-guaranteed portion of the loan is currently 5.5%. Maximum term of the guarantee in 10 years.

Eligibility: Applicant must file a financial assistance application with the Ohio Department of Development. Applies to small businesses with fewer than 25 employees. 50% of guarantee funds are targeted to minority or women-owned businesses.

8. Rural Industrial Park Loan

Overview: Provides direct loans and loan guarantees to rural, distressed local communities and other eligible applicants committed to creating well-planned industrial parks. Maximum loan is \$1,000,000.

Terms: Maximum loan available is \$1 million and cannot exceed 75% of total eligible costs. A government entity applying for infrastructure improvements can designate itself as an eligible applicant and request an amount up to 75% percent of proposed infrastructure costs. Term can be up to 5 years and may be extended for 10 years in the event the property has not been sold. Interest rate is set at 0% for 5 years and will be increased to no greater than 50% of prime if term is extended.

Eligibility: Nonprofit organizations that promote economic development in rural areas can make application with the Ohio Department of Development. Local governmental units are eligible to apply for the financing of off-site public infrastructure improvements (i.e., water, sewer, roads, etc.).

9. Urban Redevelopment Loan

Overview: Removes development barriers from urban core property so that private sector job opportunities can be created. Up to a \$5,000,000 loan for urban land and building acquisition, infrastructure improvements, brownfield site remediation activities, and building renovation/demolition.

Terms: Maximum loan available is \$5 million or 40% of eligible costs, whichever is less. Maximum loan term up to 15 years. Principal and interest may be deferred for the first 5 years. Loan will be amortized over the balance of the term at a rate of interest no greater than 50% of the prime rate as determined by the Director of Development. Sale or lease of project site or facility will trigger repayment.

Eligibility: On direct loans to municipalities, ODOD may serve as an interim lender by using the "Last in Method". When the eligible project is substantially complete (certified by the project architect) the State funds may be utilized to pay for the completion. Municipalities will be limited to a \$10 million loan balance and no more than 3 projects can be undertaken at a time.

On direct loans to designated nonprofit economic development organizations, the applicant will be required to complete their project utilizing financing from a conventional lender and/or the applicants equity. State Controlling Board approval required.

10. Ohio Water Development Authority Loan

Overview: Low-interest financing is available for communities to finance eligible water and sewer improvement costs through the water development loan program.

Eligibility: Loan applications must be made by a political subdivision to the Ohio Water Development Authority.

Ohio Tax Credit Programs

1. Ohio Job Creation Tax Credit

Overview: The Ohio Job Creation Tax Credit Program was established in 1993. It provides corporate franchise, corporate activity tax or state income tax credit for businesses that locate in Ohio. Business must demonstrate to the Tax Credit Authority that the tax credit is a major factor in its decision to go forward with the project. The local community must also provide financial support for the project. The tax credit can be up to 75% for 15 years.

Eligibility: Businesses that create at least 25 net new full-time positions at a facility in Ohio and pay a minimum of 150% of federal minimum wage. In special circumstances, a company could create as few as 10 new full-time positions paying at least 400% of the federal minimum wage. Applicant must file a financial assistance application with the Ohio Department of Development.

2. Ohio Job Retention Tax Credit

Overview: The Ohio Job Retention Tax Credit serves the purpose of fostering the retention of full-time jobs in Ohio. The program makes available nonrefundable tax credits to reduce the corporate franchise, corporate activities tax or income tax liabilities of companies operating in Ohio. For an eligible business taxpayer to qualify for the tax credit, the company's project must involve a significant investment in Ohio facilities engaging in either manufacturing or significant corporate administrative functions. Tax credits granted under the program may be applied against participating companies' respective tax liabilities equal to portions of state income taxes withheld from eligible existing full-time employment positions.

Eligibility: Businesses that currently employ at least 1,000 full-time employees and make a capital asset investment of at least \$200 million. In special circumstances, a company could invest at least \$100 million if the retained positions pay, and will continue to pay, at least 400% of the federal minimum wage. Applicant must file a financial assistance application with the Ohio Department of Development.

3. Ohio Research and Development Investment Tax Credit

Overview: The Ohio Research and Development Investment Tax Credit program provides a nonrefundable tax credit and is designed to encourage Ohio's corporations to invest in increased research and development activities.

Terms: The credit equals 7% of the excess amount of Qualified Research Expenses. The tax credit currently is applied against a company's corporate franchise tax. The tax credit will transfer to cover the Commercial Activity Tax (CAT) for corporations subject to the tax in 2008. Any excess credit not used in the taxable year in which it is earned may be

carried forward for up to 7 years. Only those taxpayers subject to the franchise tax provision of ORC Section 5733.06, or those subject to division (C)(2) of section 5733.01 under CAT tax are eligible for the credit. Taxpayer must invest in "Qualified Research Expenses", defined within Section 41 of the Internal Revenue Code and includes both in-house research expenses (wages and supplies) and contract research expenses. New investment in a taxable year must exceed business' annual average investment in Qualifying Research Expenses for the three previous taxable years.

Eligibility: Applicant must file a financial assistance application with the Ohio Department of Development.

4. Ohio Training Tax Credit

Overview: The Ohio Training Tax Credit provides a wide range of Ohio Employers with a tax credit up to \$100,000 to help offset the costs of training. Specifically, the program provides tax credits for employers that train existing employees who are at risk of losing their jobs primarily due to skill deficiencies.

Terms: \$20 million in credits available annually with no single business receiving more than \$100,000 per year. Tax credit available in tax year 2005 and 2006. Training for management personnel is generally prohibited.

Eligibility: Businesses must conduct an eligible training program to correct identified skill deficiencies in its existing workforce. Applicant must contact the Ohio Department of Job and Family Services (614) 644-7104 regarding this program.

5. Technology Investment Tax Credit (TICC)

Overview: Offers a variety of benefits to Ohio taxpayers who invest in small, research and development and technology-oriented firms.

Terms: Maximum credit of \$37,500 per investment may be applied to personal income tax, corporation franchise tax, public utility excise tax or tax on dealers in intangibles. Investment for which tax credit is claimed must be a purchase of common stock, preferred stock, membership interest, partnership or other equity position that does not exceed \$150,000. Investor must incur risk of loss which depends on the company's success for repayment. Annual dividends and interest payments combined may not exceed 10% of amount invested. Investor cannot own in excess of 5% stock in the company in which he is investing. Investor must not be delinquent in state or local taxes. Investors may reduce their state taxes by up to 25% of amount invested. Businesses primarily focused on research and development, technology transfer, or the application of a new technology. Business must have gross revenues less than \$1 million, or net book value of less than \$1 million, at the end of most recent fiscal year. Principal place of business and 1/2 of its

gross assets and employees must be in Ohio. Business must have received less than \$1 million in investments that have qualified for the tax credit.

Eligibility: Investors interested in applying for the tax credit may contact the Ohio Department of Development or any of the seven Edison Centers. Each application must be submitted to an Edison Center and accompanied by a \$200 application fee; groups of two or more investors must include an \$800 application fee. The Edison Centers will process and forward applications to the TITC Committee of the Industrial Technology and Enterprise Advisory Council (ITEAC).

Ohio companies interested in receiving investments that qualify for tax credits may apply for certification by contacting any Edison Center in the state. Each application must be completed, accompanied by a \$150 application fee, and returned to an Edison Center. Application forms provide details of additional information required to verify eligibility.

Completed applications may be submitted at any time to the Technology Investment Tax Credit program administrator of any Edison Center. Investors and companies interested in receiving investments are responsible for verifying the accuracy of all information submitted during the application process.

6. Research and Development Sales Tax Exemption

Overview: Provides an exemption from the usual state and county sales tax for companies that purchase equipment for research and development activities. Exempts businesses from all state and county sales taxes for purchases of machinery and equipment used primarily for research and development. Vendor needs a blanket exemption certificate.

Terms: Includes research and development activity in both direct and pure research. Direct research refers to research conducted to design, create or formulate new or better products, equipment or processes. Pure research refers to scientific or technological inquiry and experimentation in the physical sciences.

Eligibility: To claim exemption, you must provide a properly completed exemption certificate to your supplier. Sales tax must be charged on all retail sales unless the purchaser provides a properly completed exemption certificate stating the statutory reason for claiming exemption. The vendor must retain the certificate as proof of nontaxable sales. Exemption certificates are prescribed by the Tax Commissioner and can be obtained on the Department of Taxation's website (look for form STECU).

7. Manufacturing Machinery & Equipment Sales Tax Exemption

Overview: Provides an exemption from state and county sales tax for companies that purchase machinery and

equipment for manufacturing activities. Vendor needs a blanket exemption certificate includes machinery, equipment, supplies and fuel used primarily in a manufacturing operation to produce tangible personal property for sales. Provides significant tax savings for companies and individuals that are involved in manufacturing in Ohio.

Eligibility: To claim exemption, you must provide a properly completed exemption certificate to your supplier. Sales tax must be charged on all retail sales unless the purchaser provides a properly completed exemption certificate stating the statutory reason for claiming exemption. The vendor must retain the certificate as proof of nontaxable sales. Exemption certificates are prescribed by the Tax Commissioner and can be obtained on the Department of Taxation's website (look for form STEC U).

8. Warehouse Machinery & Equipment Sales Tax Exemption

Overview: Provides an exemption from all state and county sales taxes for companies that purchase eligible warehousing equipment. Exempts businesses from all state and county sales taxes for purchases of eligible machinery and equipment. Vendor needs a blanket exemption certificate.

Terms: Includes machinery and equipment used primarily (51%) in storing, transporting, mailing or handling inventory in a warehouse, distribution center or similar facility if the inventory handled by the facility is primarily distributed outside Ohio to retail stores owned by the business or affiliated group that owns the Ohio facility or distributed by means of direct marketing. Provides significant tax savings for companies purchasing machinery and equipment for warehousing, distribution and direct marketing activities.

Eligibility: To claim exemption, you must provide a properly completed exemption certificate to your supplier. Sales tax must be charged on all retail sales unless the purchaser provides a properly completed exemption certificate stating the statutory reason for claiming exemption. The vendor must retain the certificate as proof of nontaxable sales. Exemption certificates are prescribed by the Tax Commissioner and can be obtained on the Department of Taxation's website (look for form STEC U).

9. Warehouse Inventory Tax Exemption

Overview: Provides an exemption from the personal property tax on qualifying inventory. This tax exemption will sunset when the personal property tax in Ohio is phased out by 2010. Exemption provides a significant tax savings for companies that have substantial amounts of inventory.

Terms: Inventory brought into Ohio from out of state, held for storage only with no further processing and then distributed back outside of the state, will be subject to a reduced personal tangible property assessment rate. "Held for Storage Only" is a specific standard of eligibility that may preclude

the value of some inventory being shipped directly to customers from qualifying for the reduced assessment rate.

Eligibility: To claim exemption you must do on your tax return.

Ohio Grant Programs

1. Urban and Rural Initiative

Overview: Grant program provides assistance to municipalities and nonprofit economic development organizations in distressed areas for land acquisition, infrastructure improvements, renovation of existing buildings and brownfield site demolition. The project must result in economic reuse or the creation of industrial parks.

Terms: Grants can be awarded in distressed urban and rural areas 25% local match is required \$500 nonrefundable application fee is required at the time of application.

Eligibility: Elected officials of an eligible area must, by ordinance or resolution, designate the applicant, specify the applicant's financial participation in the project; include a marketing strategy, and identify a management plan.

2. 412 Business Development Grant

Overview: The grant from Development can go towards the costs associated with the acquisition and installation of machinery related to the project. The use of state funds may require the payment of Ohio prevailing wage rates as determined by the Ohio Department of Commerce.

Grant awards may be considered only when (1) the project's viability hinges on an award of funds from appropriation item 195-412, Business Development Grants; (2) all other public or private sources of financing have been considered; or (3) the funds act as a catalyst for the infusion into the project of other financing sources.

Eligibility: Applicant must file a financial assistance application with the Ohio Department of Development. Under this grant, the project must create or retain a significant number of jobs for Ohioans.

3. 629 Road Work Grant

Overview: Grant will go to a community to reimburse the community for off-site public roadway improvement that directly relates to the project. Prevailing Wage may apply.

Eligibility: Applicant must be a political subdivision and they must file an application with the Ohio Department of Development. Under this grant, the project must create or retain a significant number of jobs for Ohioans.

Appendix 2

Types of Bondable Projects For State Capital Budget

Type of Project	Issuer of Debt	Chance for Capital Bill Consideration	Source of Debt Payment	Legal Authority
Higher Education- capital improvements, acquisition of real estate	Ohio Public Facilities Commission	High	General Revenue Funds	Art VIII, §2(i)
Parks and Recreation- capital improvements, acquisition of real estate	Treasurer of State	High	General Revenue Funds	Art VIII, §2(i)
Administrative Facilities- housing branches of state government and agencies.	Ohio Building Authority	High	General Revenue Funds	Art VIII, §2(i)
Correctional Facilities	Ohio Building Authority	High	General Revenue Funds	Art VIII, §2(i)
Youth Services Facilities	Ohio Building Authority	High	General Revenue Funds	Art VIII, §2(i)
Cultural & Sports Facilities	Ohio Public Facilities Commission	High	General Revenue Funds	Art VIII
Public Safety Facilities	Ohio Building Authority	High	Highway User Receipts	Art VIII, §2(i)
Common Schools	Ohio Public Facilities Commission	Medium	General Revenue Funds	Art VIII, §2(n)
Natural Resources- projects that enhance the use and enjoyment of natural resources	Ohio Public Facilities Commission	Medium	General Revenue Funds	Art VIII, §2(i0)
Conservation- preservation of greenspace, land acquisition, land management	Ohio Public Facilities Commission	Medium	General Revenue Funds	Art VIII, §2(o)
Mental Health- capital improvements, acquisition of real estate	Treasurer of State	Medium	General Revenue Funds	Art VIII, §2(i)
Higher Education Facilities Commission	Higher Education Facilities Commission	Medium	Fees from Agency	Art VIII, §2(i)

Local Infrastructure- roads, bridges, water systems, solid waste, real property acquisition.	Ohio Public Facilities Commission	Low	General Revenue Funds	Art VIII, §2(k)&(m)
Economic Development- job creation	Ohio Public Facilities Commission or Ohio Department of Development	Low	Net Liquor Profits or Benefited Entity	Art VIII, §14 & 16
Revitalization Projects- brownfield projects.	Ohio Public Facilities Commission	Low	Net Liquor Profits	Art VIII, §2(o)
Ohio Turnpike Commission	Ohio Turnpike Commission	Low	Fees from Agency	Art VIII, §2(i)
Ohio Housing Finance Agency- provide financing and other alternatives for housing	Ohio Housing Finance Agency	Low	Fees from Agency	Article VIII, §2(i)
Underground Storage Tank (PUSTRCB)	Underground Storage Tank (PUSTRCB)	Low	Fees from Agency	Art VIII
Water Development Projects	Ohio Water Development Authority	Low	Benefited Entity	Art VIII
Air Quality Development Projects	Ohio Air Quality Development Authority	Low	Benefited Entity	Art VIII
BWC Facilities	Ohio Building Authority	Low	BWC Cost Fund	Art VIII, §2(i)
State Highway Infrastructure	Ohio Public Facilities Commission	Low	Federal	Art VIII, §2(i)
Transportation Facilities- capital improvements- includes research and development for airports, acquisition of real estate	Ohio Building Authority	Low	Highway User Receipts	Art VIII, §2(i)
Coal Development- research and development of coal technology	Ohio Public Facilities Commission	Low	General Revenue Funds	Art VIII, §15
Highways capital improvements, research and development, acquisition of real estate	Treasurer of State	Low	General Revenue Funds	Art VIII, §2(i)

Appendix 3

Glossary of Broadband Terms

Wireless definitions within this glossary of terms were provided by the CTIA www.ctia.org/index.cfm and the IEEE (American Institute of Electrical Engineers) www.ieee.org/portal/index.jsp?pageID=home.

3G - The third generation of mobile communications specified by the ITU promises to offer increased bandwidth and high-speed data applications up to 2 Mbps. It works over wireless air interfaces such as GSM, TDMA, and CDMA.

802.11 Standard - The series of wireless standards developed by the IEEE. Commonly known as Wi-Fi.

802.11a - A wireless networking specification, assigned by IEEE, in the 5-GHz frequency range with a bandwidth of 54 Mbps.

802.11b - A wireless networking specification, assigned by IEEE, in the 2.4-GHz frequency range with a bandwidth of 11 Mbps.

802.11g - A wireless networking specification, assigned by IEEE, in the 2.4 GHz frequency range with a bandwidth of 54 Mbps.

802.16 - A group of broadband wireless communications standards for metropolitan area networks (MANs) developed by a working group of the IEEE.

Access: The technology choices available by which users can connect to the public data network at the level they demand or need (dialup, cable, DSL, ISDN, wireless, etc.)

Access Point - A wireless hardware device connected to a wired network that enables wireless devices to connect to a wired LAN.

Analog - Modulated radio signals that enable transfer of information such as voice and data.

B2B (Business-to-Business): The exchange of products, services, or information between two or more businesses using networked technologies.

B2C (Business-to-Consumer): The exchange of products, services, or information between businesses and consumers over the Internet.

Bandwidth: The amount of data that can be transmitted in a given amount of time over a particular connection.

Base Station - The central radio transmitter/receiver that maintains communications with mobile radiotelephone sets within a given range.

Bits per second (bps) - The number of bits that can be sent or received per second over a communication line.

Bluetooth Wireless Technology - A short-range wireless specification that allows for radio connections (2.4 Ghz) transmitting voice and data between devices (such as portable computers, personal digital assistants, or PDAs, and mobile phones) within a 30-foot range of each other.

Broadband: Data transfer over 200 Kbps. DSL and cable modem services are broadband services.

CDMA (Code Division Multiple Access) - A technology used to transmit wireless calls by assigning them codes. Calls are spread out over the widest range of available channels. Then codes allow many calls to travel on the same frequency and also guide those calls to the correct receiving phone.

CDPD (Cellular Digital Packet Data) - A technology that separates data files into many "packets" and sends them through empty channels of existing voice networks. It allows users to send and receive data from anywhere in a particular coverage area at any time, quickly and efficiently.

Cable modem: A device that enables a personal computer to be connected to a local cable TV line and receive and send data.

Cell - The basic geographic unit of wireless coverage. Also, shorthand for generic industry term "cellular." A region is divided into smaller "cells," each equipped with a low-powered radio transmitter/receiver. The radio frequencies assigned to one cell can be limited to the boundaries of that cell. As a wireless call moves from one cell to another, a computer at the Mobile Telephone Switching Office (MTSO) monitors the call and at the proper time, transfers the phone call to the new cell and new radio frequency. The handoff is performed so quickly that it's not noticeable to the callers.

Dial-up access: Refers to connecting to the Internet via a modem and standard telephone line.

DSL (Digital Subscriber Line): A technology which enables the ordinary copper component of telephone lines to carry data at rates much higher than ISDN.

E-commerce (Electronic commerce): Commercial and non-commercial transactions facilitated through the use of networked technologies.

EDI (Electronic Data Interchange): The transfer of data between companies using computer networks, such as the Internet.

Gbps (Gigabits per second): A measurement of the rate of speed at which data is transferred (e.g., 1 Gbps equals 1 billion bits per second).

GPS (Global Positioning System) - A worldwide satellite navigational system, made up of 24 satellites orbiting the earth and their receivers on the earth's surface. The GPS satellites continuously transmit digital radio signals, with information used in location tracking, navigation and other location or mapping technologies.

GSM (Global System for Mobile Communications) - A technology that works similarly to TDMA by dividing wireless calls into time slots. GSM is most common in Europe, Australia and much of Asia and Africa. But, GSM phones from the United States are not compatible with international GSM phones because they operate on different frequencies.

Hertz (Hz) - The unit for expressing frequency (f), a measure of electromagnetic energy. One Hertz equals one cycle per second.

Hotspot - A place where users can access Wi-Fi service for free or a fee.

Infrastructure: The communication networks that connect users to the Internet.

IT (Information Technology): The broad subject concerned with all forms of technology used to manage and process information electronically.

ISDN (Integrated Services Digital Network): A service that allows for higher data transmission speeds and is capable of handling at least two services over one line simultaneously (i.e., voice and fax or voice and data).

ISP (Internet Service Provider): A company or organization that provides users with connectivity to the Internet.

Kbps (kilobits per second): The rate of speed at which data is transferred (e.g., 1 Kbps equals 1,000 bits per second).

LAN - Local Area Network (LAN) is a small data network covering a limited area, such as a building or group of buildings. Most LANs connect workstations or personal computers. This allows many users to share devices, such as laser printers, as well as data. The LAN also allows easy communication, by facilitating e-mail or supporting chat sessions.

Last mile: The connection from the ISP to the user's desktop.

Mbps (Megabits per second): A measurement of the rate of speed at which data is transferred (e.g., 1 Mbps equals 1 million bits per second).

Megahertz - Megahertz (MHz) is a unit of frequency equal to one million hertz or cycles per second. Wireless mobile communications within the United States occur in the 800 MHz, 900MHz and 1900MHz bands.

Network Interface Card (NIC) - A type of PC adapter card that works without wires (Wi-Fi) or attaches to a network cable to provide two-way communication between the computer and network devices such as a hub or switch.

OC192 (Optical Carrier level-192): An optical fiber line that supports digital signal transmissions at 48 times the base rate of 51.54Mbps or approximately 9.7 Gbps.

PC Card - A credit-card-sized removable peripheral that plugs into a special slot on portable computers (and some desktop models), including Wi-Fi cards, memory cards, modems, NICs, hard drives, etc.

PCI card - (Peripheral Component Interconnect) - A hardware accessory that slots into a PC.

PCMCIA card - (Personal Computer Memory Card International Association) A credit-card sized hardware accessory that slots into a laptop.

Personal Area Network (PAN) - A casual, close-proximity network where connections are made on the fly and temporarily. Meeting attendees, for example, can connect their Bluetooth-enabled notebook computers to share data across a conferenceroom table, but they break the connection once the meeting is over.

Personal Digital Assistant (PDA) - is a digital handheld device that is can transmit data and services such as paging, data messaging, computing, telephone/fax, email, etc. possible.

Radio Frequency (RF) - Any frequency within the electromagnetic spectrum associated with radio-wave propagation.

Repeater - A device that receives a radio signal, amplifies it, and retransmits it in a new direction. Repeaters are used in wireless networks to extend the range of basestation signals, thereby expanding coverage—within limits—more economically than by building additional base stations.

Roaming - The ability to move from one access point coverage area to another without losing connectivity.

RSA (Rural Service Area) - One of the 428 rural markets across the United States, as designated by the FCC.

Satellite Broadband - A wireless high-speed Internet connection provided by satellites. Some satellite broadband connections are two-way—up and down. Others are one-way, with the satellite providing a high-speed downlink and then using a dial-up telephone connection or other land-based system for the uplink to the Internet.

Spectrum Allocation - Process whereby the federal government designates frequencies for specific uses, such as personal communications services and public safety. Allocation is typically accomplished through lengthy FCC proceedings, which attempt to accommodate changes in spectrum demand and usage.

T1: Dedicated phone connection providing maximum speeds up to 1.544 Mbps.

TDMA (Time Division Multiple Access) - A technology that transmits information by dividing calls into time slots, each one lasting only a fraction of a second. Each call is assigned a specific portion of time on a designated channel. By dividing each call into time 'packets,' a single channel can carry many calls at once.

Telecommunications: Refers to all types of data transmission, from voice to video.

Unlicensed Spectrum - The government sets up general rules, such as the power limits on devices, and then allows any device that meets those standards to operate (unlicensed) in that spectrum.

Usage: The extent to which business, government and household users utilize the Internet access and infrastructure available to them.

Voice-Over IP (VoIP) - Technology that supports voice transmission via IP-based LANs, WANs, and the Internet.

Wide Area Network (WAN) - A network that connects computers and other devices across a large local, regional, national, or international area.

Wi-Fi Alliance - A coalition of wireless-industry leaders committed to the open interoperability of 802.11 IEEE standards.

WiMax Forum - A coalition of wireless-industry leaders committed to the open interoperability of all products used for broadband wireless access based on 802.16 IEEE standards.

Wireless - Use of radio-frequency spectrum to transmit and receive voice, data, and video signals for communications.

Wireless access: A communications system in which radio-frequency or infrared waves carry a signal through the air, rather than along a wire.

Wireless Internet Service Provider (WISP) - An organization providing wireless access to the Internet.

World Wide Web (www): The system of Internet servers and users that support documents formatted in the HTML language.



Exhibit A
Central Ohio Community Fiber Projects

Dublin, Ohio. Dublink is a 120-plus mile system of conduit and fiber optics. The fiber conduit system provides significant broadband capability, is owned by the City of Dublin and is focused in its commercial districts. It also accommodates many competitive telecommunications providers. Dublin has, for 14 years, leveraged Dublink to: promote telecommunications competition; interconnect City owned facilities and manage its own IT backbone saving the City \$350,000 per year; enter into dark fiber leasing arrangements that will earn the City \$2.3 million in revenues over ten years; enter into economic development agreements with a fiber lease component that resulted in the retention, expansion and/or attraction of over 2,000 jobs with \$31,000,000 in revenues to the City during the life of the fiber lease agreements; establish the Central Ohio Research Network (CORN) in partnership with the Ohio Academic Resource Network (OARnet) and the Ohio Supercomputer Center (OSC); provide a backbone in support of a City-wide wi-fi system; interconnect its fiber into multiple data centers and cloud computing facilities; earn national and international recognition for its advanced thinking and use of broadband. The City's return on a \$5 million investment has been far surpassed.

Westerville, Ohio. Westerville created a City-owned data center and fiber system named WeConnect. The data center and fiber system operate as a public/private partnership with Data Recovery Services. Westerville invested over \$6 million and has won numerous awards for the WeConnect project. It is considered the first community-owned data center in the country.

Consolidated Rural Electric Co-op, Delaware OH. CEC won a stimulus grant that was among the first broadband stimulus awards to be announced by the Whitehouse. Consolidated Rural Electric Co-op successfully operates a 97-mile, 96 fiber optic system in Marion and Delaware Counties.

Coshocton County, OH. Coshocton County was in desperate need of a high-quality broadband solution for the county businesses and residents, especially in the rural areas. Coshocton entered into a public/private partnership to utilize County assets for telecommunications programs.

The City of New Albany. New Albany has spent over \$1 million to build and operate six fiber systems with American Electric Power. The 96 fibers owned by New Albany are managed by a private entity, BlueMile, in a revenue sharing arrangement that involves the New Albany Economic Development Corporation.

Additional Bus Parks

Park Location	Ave Number of Businesses	Ave # Employees	Total Employees	Ave Data Circuit MB Size - 10 Mb	Cost Revenue	Managed Svcs Revenue
Centerville Business Parkway	25	50	1,250	25	\$ 16,500	\$ 31,250
Centerville By Bigger rd	25	50	1,250	25	\$ 16,500	\$ 31,250
Centerville East Franklin Business Park	25	50	1,250	25	\$ 16,500	\$ 31,250
Centerville - Additional Businesses	300	10	3,000	10	\$ 57,000	\$ 75,000
Misc Katering Businesses	300	10	3,000	10	\$ 57,000	\$ 75,000
Total Circuit and Managed Services Revenue / Month					\$ 163,500	\$ 243,750

2014 2015 2016 2017 2018 2019

Total Circuit Revenue at \$25 x employees w 9,750 employees
 Total Potential revenue/mo
 Assume a 5% services take rate Per year
 Community revenue share at 20% - Annual

Managed Svcs revenue
 % penetration

\$ 48,870.00 \$ 97,740.00 \$ 146,610.00 \$ 195,480.00 \$ 244,350.00 \$ 293,220.00

\$ 163,500 \$ 243,750 \$ 407,250 5% per year \$ 4,887,000

\$ 244,350.00 \$ 488,700.00 \$ 733,050.00 \$ 977,400.00 \$ 1,221,750.00 \$ 1,466,100.00

Netting Research Park Company	www.nettingresearchpark.com Products / Service	Employees	Data Circuit M/S Site - Ideal	Cost Revenue	Managed Svcs Revenue
ATK Aerospace Structures - Military Programs	Radar and sensing technologies	105		50 \$	660
Booz Allen Hamilton	Managerial Consulting	400		100 \$	995
BWI Group	Automotive Suspension Engineering	135		25 \$	470
Chally	Employment testing and management productivity tools	40		10 \$	120
Chapel Romanoff Technologies, LLC	Network services, electronic safety and security, system design & integration	100		50 \$	660
Community Tissue Services	Human tissue processing, distribution, marketing, and research and development	165		100 \$	995
Comerstone Research Group	Research and Development	15		10 \$	190
Dayton Area Graduate Studies Institute (DAGSI)	Scholarships for graduate engineering students	2		5 \$	129
Dayton Clinical Oncology Program	Cancer Research Clinical Trials	21		50 \$	660
Defense Acquisition University/Midwest (DAU)	Continuing Education for Acquisition Services	93 / 1,000 Students		100 \$	995
The Greenlee Group	Developer of IT-enabled business process	40		10 \$	190
Kodak Company	High speed digital printers	585		100 \$	995
Learning Center operated by Sinclair Community College	Information Technology Training	8 / 1,500 Students		100 \$	995
Miami Valley Research Foundation	Owner/Developer of Miami Valley Research Park	6		10 \$	190
Montgomery County Environmental Services Department	Administrative and Engineering Offices	200		100 \$	995
Mound Laser and Photonics Center	Laser Micro/Nano Fabrication	40		50 \$	660
MZA Associates	Advanced Optical Design	12		10 \$	190
Peer Media Technologies	Internet Security	25		50 \$	660
Reynolds and Reynolds Co	Integrated information management solutions	1,350		100 \$	995
S&K Technologies	Airplane Structural Integrity	5		10 \$	190
Sawley Solution Services	Strategic Planning & Transformation	32		50 \$	660
Schneider Electric North America Operating Division	Photoelectric and Ultrasonic sensor development	60		10 \$	190
Southwestern Ohio Council for Higher Education	Higher education consortium	8		10 \$	190
Strategic Leadership Associates, Inc.	Creates organizational vision and strategy	4		10 \$	190
TSI Graphics, Inc.	Editorial and design services for the educational book publishing industry	10		50 \$	660
Wilmet/Hale	Law Firm Business Service Center	250		10 \$	190
Woolpert, Inc.	Engineering, geospatial and related services firm	200		100 \$	995
Wright State University Aerospace Medicine	Emergency program	7		10 \$	190
Wright State University Boonshoft School of Medicine Department of Community Health	Administrative Office	3		10 \$	190
Wright State University Center for Healthy Communities	Administrative Office	4		10 \$	190
Wright State University Center for Global Health Systems, Management and Policy	Improve management, economic performance, quality and education in health systems	13		50 \$	660
Wright State University Lifespan Health Research Center	Family Health Research	40		50 \$	660
Wright State University Substance Abuse and Related Disability Issues	Research, development and training for persons with disabilities	20		50 \$	660

	3200	\$	17,369	% penetration	2014	2015	2016	2017	2018	2019
Managed Svcs revenue	at \$25 x employees	\$	80,000							
Total Potential revenue/mo		\$	97,369	5% per year						
Assume a 5% services take rate Per year		\$	1,166,428		\$ 58,421.40	\$ 116,842.80	\$ 175,264.20	\$ 233,685.60	\$ 292,107.00	\$ 350,528.40
Community revenue share at 20% - Annual		\$			\$ 11,684.28	\$ 23,368.56	\$ 35,052.84	\$ 46,737.12	\$ 58,421.40	\$ 70,105.68

Line Item Changes to Local Budgets
Details attached

	2014	2015	2016	2017	2018	2019 Total
Projected Costs w/o Changes						
Separate GIS Systems	\$ 40,960	\$ 26,690	\$ 28,025	\$ 29,426	\$ 30,897	\$ 32,442
						\$ 188,439
Separate Phone Systems	\$ 75,415	\$ 88,415	\$ 79,625	\$ 80,176	\$ 80,755	\$ 81,363
						\$ 485,749
Separate Server Rooms	\$ 27,800	\$ 27,800	\$ 27,800	\$ 27,800	\$ 27,800	\$ 27,800
Annual Costs	\$ 144,175	\$ 142,905	\$ 135,450	\$ 137,402	\$ 139,452	\$ 141,605
						\$ 118,200
						\$ 792,388

	2014	2015	2016	2017	2018	2019 Total
Projected Costs w Merged Networks						
Separate GIS Systems	\$ 33,500	\$ 19,425	\$ 20,396	\$ 21,416	\$ 22,487	\$ 22,487
						\$ 139,711
Separate Phone Systems	\$ 30,000	\$ 30,000	\$ 25,815	\$ 26,146	\$ 26,493	\$ 26,858
						\$ 165,312
Separate Server Rooms	\$ 10,500	\$ 10,500	\$ 10,500	\$ 10,500	\$ 10,500	\$ 10,500
Annual Costs with Merged Networks	\$ 74,000	\$ 60,225	\$ 56,711	\$ 58,062	\$ 59,480	\$ 59,845
						\$ 368,023
Annual Line Item Savings w Merged Network	\$ 70,175	\$ 82,680	\$ 78,739	\$ 79,340	\$ 79,972	\$ 81,760
						\$ 472,665

Community Revenue Share from Sales

Kettering Research park	\$ 11,684	\$ 23,369	\$ 35,053	\$ 46,737	\$ 58,421	\$ 70,106
Other Kettering and Centerville Businesses	\$ 48,870	\$ 97,740	\$ 146,610	\$ 195,480	\$ 244,350	\$ 293,220
						\$ 1,026,270

Annual Savings and Revenues Projected \$ 130,729 \$ 203,789 \$ 260,401 \$ 321,557 \$ 382,743 \$ 445,085 \$ 1,744,305

Merged Network Management Costs

Projected Financing of \$400,000 @ 5% 10yrs	\$ 4,243	\$ 4,243	\$ 4,243	\$ 4,243	\$ 4,243	\$ 4,243
Projected 3rd Party Management Costs	\$ 3,000	\$ 4,000	\$ 5,000	\$ 6,000	\$ 6,000	\$ 6,000
Projected Network Maint	\$ 2,000	\$ 3,000	\$ 3,500	\$ 3,500	\$ 3,500	\$ 3,500
Total Monthly Network Management Costs	\$ 9,243	\$ 11,243	\$ 12,743	\$ 13,743	\$ 13,743	\$ 13,743

Total Annual Network Costs \$ 110,916 \$ 134,916 \$ 152,916 \$ 164,916 \$ 164,916 \$ 164,916 \$ 893,496

6 Year ROI

195%

Line item Changes to Local Budgets

Details attached

	2014	2015	2016	2017
Projected Costs w/o Changes				
Separate GIS Systems	\$ 40,960	\$ 26,690	\$ 28,025	\$ 29,426
Separate Phone Systems	\$ 75,415	\$ 88,415	\$ 79,625	\$ 80,176
Separate Server Rooms	\$ 27,800	\$ 27,800	\$ 27,800	\$ 27,800
Annual Costs	\$ 144,175	\$ 142,905	\$ 135,450	\$ 137,402

	2014	2015	2016	2017
Projected Costs w Merged Networks				
Separate GIS Systems	\$ 2,014	\$ 2,015	\$ 2,016	\$ 2,017
Separate Phone Systems	\$ 30,000	\$ 30,300	\$ 25,815	\$ 26,146
Separate Server Rooms	\$ 10,500	\$ 2,700	\$ 10,500	\$ 10,500
Annual Costs	\$ 42,514	\$ 35,015	\$ 38,331	\$ 38,663

Annual Savings w Merged Net \$ 101,661 \$ 107,890 \$ 97,119 \$ 98,739

2018	2019	Total
\$ 30,897	\$ 32,442	\$ 188,439
\$ 80,755	\$ 81,363	\$ 485,749
\$ 27,800	\$ 27,800	\$118,200
\$ 139,452	\$ 141,605	\$ 792,388

2018	2019	Total
\$ 2,018	\$ 2,019	\$ 139,702
\$ 26,493	\$ 26,858	\$ 165,611
\$ 10,500	\$ 44,700	\$ 63,000
\$ 39,011	\$ 73,577	\$ 368,314

\$ 100,441 \$ 68,028 \$ 424,074

ICEMILLER WHITEBOARD LLC

Via Hand Delivery

October 28, 2013

Ms. Nicole Bent
Program Manager
Office of Redevelopment
Ohio Development Services Agency
77 S. High Street
Columbus, OH 43215

RE: Response to LGIF Completeness Review
Applicant - City of Oakwood
Project Name - S-CFWN
Application Number - G07-004

Dear Nicole:

Item #2 – Project Budget

The sources of funds have been corrected to balance (please note attached correction)

Items # 5,6,7 – The Memorandum of Understanding between the co-applicants is attached with all signature pages

Item #9 – We believe the applicant and the population is correct

Please let me know if there is any confusion with the information submitted so it can be addressed before the deadline. My telephone number is 614-348-8971

Sincere regards,

ICE MILLER WHITEBOARD LLC



Jeff Gamrath
Ice Miller Whiteboard

Lead Applicant	Oakwood	Round 7
Project Name	S-CFWN	Type of Request: Grant

Project Budget

Use this space to outline all sources of funds and the uses of those funds. Both sections should include all funds related to the project, including in-kind match contributions. Use the project budget narrative on the next page to justify the project budget. Indicate the line items for which the grant will be used.

Sources of Funds

LGIF Request: \$100,000

Cash Match (List Sources Below):

Source: Oakwood	\$5,000
Source: Centerville	\$5,000
Source: Kettering	\$5,000
Source:	

In-Kind Match (List Sources Below):

Source:	
Source: Kettering IT Research	\$1,500
Source:	

Total Match: \$16,500
Total Sources: \$116,500

Uses of Funds

	Amount	Revenue Source
Consultant Fees:	\$46,000	Grant
Legal Fees:	\$15,000	Grant
Other: Network Plan/Eng	\$39,000	Grant
Other: Application Prep		
Other: Oakwood	\$5,000	
Other: Centerville	\$5,000	
Other: Kettering	\$5,000	
Other: Kettering IT Resea	\$1,500	
Other:		
Other:		

Total Uses: \$116,500

Local Match Percentage: 14.16%

* Please note that this match percentage will be included in your grant/loan agreement and cannot be changed after awards are made.

Local Match Percentage = (Match Amount/Project Cost) * 100 (10% match required)
<input checked="" type="checkbox"/> 0-39.99% (1 point) <input type="checkbox"/> 40-69.99% (3 points) <input type="checkbox"/> 70% or greater (5 points)

Section 4 Financial Information

MEMORANDUM OF UNDERSTANDING

WHEREAS, the City of Oakwood, City of Kettering, City of Centerville, Centerville City School District, Washington-Centerville Public Library, Kettering Public Schools, Oakwood City School District and Wright Memorial Public Library (the "Parties") have filed an application for a Local Government Innovative Grant; and

WHEREAS, the parties have entered into this Memorandum of Understanding for the purpose of facilitating and implementing the goals of the grant application.

NOW THEREFORE, the parties to the Local Government Innovative Grant application have agreed to collaborate to do the following:

1. Develop, build and operate, in conjunction with private partners, a fiber optic system utilizing and connecting existing fiber optics owned by the three cities.
2. Enhance the economic development of the three communities and to create sufficient revenue to sustain the collaboration and the operation of the proposed fiber system.
3. To aggregate demand for telecommunications services, and when possible, support each other's data and information technology needs utilizing the proposed fiber system for that purpose.
4. To cooperate in the creation of a mutually agreed-upon entity, for example a new council of governments; a 501(c)(3) corporation; an existing council of government; a port authority; or to create a series of contractual commitments to each other to perform the actions set forth in the above paragraphs.
5. The lead applicant is the City of Oakwood.
6. This collaboration will be enhanced and informed by the results of the LGIF grant award.
7. The parties intend to expand the proposed fiber optic system to other Miami Valley Communications Council communities, if feasible and mutually agreed upon.

Nothing in this Memorandum of Understanding is intended to be legally binding. This document is an outline of how the parties intend to collaborate should the LGIF grant be awarded.

This Memorandum of Understanding may be executed in counterpart originals.

By: _____

City of Centerville
Gregory B. Horn
City Manager

Date: _____

10-22-13

MEMORANDUM OF UNDERSTANDING

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By: 
City of Oakwood
Print Name: Norbert S. Klopsch

Date: Sep 30, 2013

Its: City Manager

By: _____
City of Kettering
Print Name: _____

Date: _____

Its: _____

By: _____
City of Centerville
Print Name: _____

Date: _____

Its: _____

By: _____
Centerville City School District
Print Name: _____

Date: _____

Its: _____

By: _____
Washington-Centerville Public Library
Print Name: _____

Date: _____

Its: _____

By: _____
Kettering Public Schools
Print Name: _____

Date: _____

Its: _____

By: *Kyle Ramey*
Oakwood City School District
Print Name: *KYLE RAMEY*

Date: *9-30-13*

Its: *SUPERINTENDENT*

By: *Debra M Schenk*
Wright Memorial Public Library
Print Name: *Debra M Schenk*

Date: *9/30/13*

Its: *INTERIM DIRECTOR*

By: _____
City of Kettering
Print Name: _____

Date: _____

Its: _____

By: _____
City of Centerville
Print Name: _____

Date: _____

Its: _____

By: _____
Centerville City School District
Print Name: _____

Date: _____

Its: _____

By: _____
Centerville-Washington Public Library
Print Name: _____

Date: _____

Its: _____

By: _____
Kettering Public Schools
Print Name: _____

Date: _____

Its: _____

By: KS Philb
Oakwood City School District
Print Name: Kevin S. Philb

Date: 9/24/13

Its: Treasurer/CFO

By: _____
Wright Memorial Public Library
Print Name: _____

Date: _____

Its: _____

By: _____
City of Kettering
Print Name: _____

Date: _____

Its: _____

By: _____
City of Centerville
Print Name: _____

Date: _____

Its: _____

By: _____
Centerville City School District
Print Name: _____

Date: _____

Its: _____

By: _____
Centerville-Washington Public Library
Print Name: _____

Date: _____

Its: _____

By: James J. Schoenlein
Kettering Public Schools
Print Name: James J. Schoenlein

Date: 9-19-13

Its: _____

By: _____
Oakwood City School District
Print Name: _____

Date: _____

Its: _____

By: _____
Wright Memorial Public Library
Print Name: _____

Date: _____

Its: _____

By: _____
City of Kettering
Print Name: _____

Date: _____

Its: _____

By: _____
City of Centerville
Print Name: _____

Date: _____

Its: _____

By: _____
Centerville City School District
Print Name: _____

Date: _____

Its: _____

By: *Randell P. Bowling*
Washington-Centerville Public Library
Print Name: *RANDELL P. BOWLING*

Date: *20 SEP 13*

Its: *PRESIDENT, BOARD OF TRUSTEES*

By: _____
Kettering Public Schools
Print Name: _____

Date: _____

Its: _____

By: _____
Oakwood City School District
Print Name: _____

Date: _____

Its: _____

By: _____
Wright Memorial Public Library
Print Name: _____

Date: _____

Its: _____

By: Mark Schwefermano
City of Kettering
Print Name: MARK SCHWEFERMANO

Date: 10/21/13

Its: CITY MANAGER

By: _____
City of Centerville
Print Name: _____

Date: _____

Its: _____

By: _____
Centerville City School District
Print Name: _____

Date: _____

Its: _____

By: _____
Washington-Centerville Public Library
Print Name: _____

Date: _____

Its: _____

By: _____
Kettering Public Schools
Print Name: _____

Date: _____

Its: _____

By: _____
Oakwood City School District
Print Name: _____

Date: _____

Its: _____

By: _____
Wright Memorial Public Library
Print Name: _____

Date: _____

Its: _____

By: _____
City of Kettering
Print Name: _____

Date: _____

Its: _____

By: _____
City of Centerville
Print Name: _____

Date: _____

Its: _____

By: Tam Henderson
Centerville City School District
Print Name: Tam Henderson

Date: 10/24/13

Its: Superintendent

By: _____
Washington-Centerville Public Library
Print Name: _____

Date: _____

Its: _____

By: _____
Kettering Public Schools
Print Name: _____

Date: _____

Its: _____

By: _____
Oakwood City School District
Print Name: _____

Date: _____

Its: _____

By: _____
Wright Memorial Public Library
Print Name: _____

Date: _____

Its: _____

~~740-279-4098~~

Dayton Daily News Saturday, September 14, 2013

B | LOCAL & STATE

News: localnews@daytondailynews.com or 937-225-2211 | Delivery: daytondailynews.com/subscribe or 937-222-5700

Wright State police chief refutes claims.
B4

FOR SUBSCRIBERS

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■ Looking for a church in the area? Check out our worship directory.

■ Hall of Famer Hal McCoy breaks down last night's Reds game.

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LOCAL IMPACT

Cities apply for joint grant

Kettering, Centerville, Oakwood may link fiber-optic networks.

By Terry Morris
Staff Writer

The cities of Kettering, Centerville and Oakwood have applied for a joint \$100,000 grant from Ohio's Local Government Innovation Fund to study the outcome of linking their municipal fiber-optic networks.

The city-owned systems, which are both below ground and above, currently connect

computer, telephone and other systems for each community's government buildings, schools, service centers, police agencies, public utilities and other operations.

Uniting them, with a possibility of adding other area cities in the future, could increase efficiency, reduce information technology costs and create revenue in the three Montgomery County cities, which have a combined popu-

lation of almost 90,000.

Oakwood city manager Norbert Klopsch said the cities believe "this valuable infrastructure could be put to much greater use" because it has considerable extra capacity. "Fiber can handle an enormous amount of data. The findings of this study would tell us a lot more about the benefits of moving forward with this."

Centerville manager Greg Horn said it's "an issue we've talked about off and on for several years among ourselves and the other eight member cities of the Miami Valley Com-

munications Council," which also includes Germantown, Miamisburg, Moraine, Springboro and West Carrollton.

"Some of us have been more immediately interested due to our geographic proximity," said Horn. "The grant would allow us to refocus and expedite the process. We're already doing some things together, such as sharing our police databases."

Ohio 48 - Far Hills Avenue in Oakwood and Kettering, Main Street in Centerville - connects the three cities.

Networks continued on B4

Move could increase efficiency

Networks

continued from B1

The main trunk of Oakwood's underground fiber-optic cable runs just below Far Hills.

"Our governor and leaders in Columbus have told us often that we need to work togeth-

er more and share services," he said. "We might learn whether this will be funded by last October. We could get started on it as early as December."

Horn said the cities could combine servers, phone systems and security systems while linking traffic systems, community libraries, schools and courts.

"Using this to create revenue is not driving this so much as reducing redundancies and being more efficient, but there might be an opportunity to offer back-up capability for private facilities," he said.

"A century ago, cities were trying to hook up their streets so you didn't go from four lanes in one, to two lanes and then one in another. This is just a different type of highway."

Oakwood installed its system in the mid-to late 1990s during an overhaul of traffic signals in the city.

City manager Norbert Klopsch said it replaced an unreliable system that relied on World War II-era copper wiring.

Contact this reporter at 937-225-2377 or email Terry.Morris@coxinc.com.

**MINUTES
OAKWOOD CITY COUNCIL WORK SESSION
SEPTEMBER 16, 2013**

The council of the city of Oakwood, Ohio, met in a work session on Monday, September 16, 2013 in the conference room of the Oakwood Municipal Building, 30 Park Avenue. The Mayor of the city, William Duncan, presided. Council members in attendance were Mayor William Duncan, Vice Mayor Steve Byington, Stanley Castleman, Rob Stephens and Anne Hilton. Staff in attendance were City Manager Norbert Klopsch and Law Director Rob Jacques.

Mayor Duncan called the pre-council work session to order at 6:30 p.m. The meeting began with a discussion in council chambers regarding upgrades to the dais monitors. Thereafter, council moved to the conference room and Mayor Duncan led a discussion on the following agenda items:

- **STATUS REPORTS:** Mayor Duncan noted that there are no status reports scheduled for the formal meeting this evening.
- **VISITORS:** Mayor Duncan mentioned that the following four visitors are scheduled to attend the formal meeting this evening:
 - Bob Borchers: Mayor Duncan will read a proclamation recognizing Bob's 21 years of service as crossing guard of Five Points.
 - David Miller, Ohio Auditor of State: Mr. Miller will recognize the Oakwood Finance Department and Finance Director Cindy Stafford for receiving the Auditor of State Award for 2012 Financial Reporting.
 - Jeff Sorrell, Life Enrichment Center: Mr. Sorrell will address council on the Life Enrichment Center and how the city's bike donations will be used.
 - Allan G. Stevens, Feed Ohio: Mayor Duncan will present a proclamation supporting the Feed Ohio program. Mr. Stevens will explain the mission of Feed Ohio.
- **LEGISLATION:** Council discussed the following two items of legislation to be introduced at the formal meeting this evening:
 - Resolution re: Existing Property Tax Amounts and Rates
 - Ordinance re: Updates To Traffic and General Offenses Codes
- **COUNCIL COMMITTEES**
 - **LAW & MINUTES, Mrs. Hilton**
 - **Golf Carts:** Mr. Klopsch noted that there are at least two golf carts currently being operated on public streets in Oakwood. City Attorney Rob Jacques reviewed Ohio law regarding licensing requirements. To the best of our knowledge, the golf carts currently being operated in Oakwood are in full compliance. Mr. Stephens commented on a red golf cart observed on the west side of Oakwood. Mr. Klopsch will see that our Safety Department verifies that it is properly licensed.

- PUBLIC PROPERTIES, Mr. Castleman.
 - LGIF Grant for Fiber Optic Study: Mr. Klopsch reported that the grant was submitted on Monday. The city should be informed by sometime in November whether the grant is awarded. If so, work may begin as early as December.
 - Wright Library Historical Designation Request: Mr. Klopsch explained that an application was submitted on behalf of Wright Library to add that facility to the National Register of Historic Places. Wright Library has requested a letter of support from the city. As no objections were noted, Mr. Klopsch will see that a letter is prepared.

- SAFETY & TRAFFIC, Mr. Stephens
 - Countywide Radio System Upgrade: At 7 p.m., Chief Alex Bebris joined the work session to provide a report on a project underway to upgrade the countywide radio system. It will be a major project whereby all old analog systems will be replaced with new digital systems. The current system is comprised of two stations, one owned by Montgomery County and one by the city of Dayton. The replacement radio system would be a single combined unit. The current system is approximately 25 years old and at the end of its useful life. There are two countywide committees established, one to focus on the radio system design and the other on how the system would be funded. Currently, planning for the new system is expected to take place in 2014 with implementation in 2015.

- STREETS & ALLEYS, Mr. Stephens
 - Shroyer Road Upgrade: Mr. Klopsch noted that Shroyer Road was last resurfaced in 2003 and that Oakwood will be joining the city of Kettering in a joint project application for a Ohio Fiscal Year 2019 resurfacing project. Legislation for this application will be presented at the October 7 council meeting.

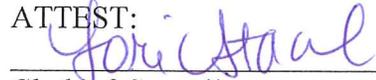
- MISCELLANEOUS
 - Mailbox in Business District: Mr. Klopsch commented that staff is working with the Wright Brothers Post Office to have a new drive-up mailbox installed on the west side of Far Hills Avenue just north of Dell Park. Currently, there are three mailboxes on the east side of Far Hills within the Business District but none on the west side.
 - Rotary Awards: Mr. Klopsch mentioned that the Oakwood Rotary Club will recognize the following 2013 award recipients at its meeting this Friday morning:
 - Civic Leadership Award – Dave Dickerson
 - Community Service Award – Mike Wenclewicz

There being no other business, Mayor Duncan adjourned the pre-council work session at which time council moved to the formal meeting.



Mayor

ATTEST:



Clerk of Council

MINUTES
OAKWOOD CITY COUNCIL WORK SESSION
AUGUST 19, 2013

The council of the city of Oakwood, Ohio, met in a work session on Monday, August 19, 2013 in the conference room of the Oakwood Municipal Building, 30 Park Avenue. The Mayor of the city, William Duncan, presided. Council members in attendance were Mayor William Duncan, Vice Mayor Steven Byington, Stanley Castleman, Rob Stephens and Anne Hilton; Staff in attendance were City Manager Norbert Klopsch and City Attorney Rob Jacques.

Mayor Duncan called the council work session to order at 5 p.m. and began the meeting by providing an overview on the status of House Bill 5, the Ohio General Assembly's quest to rewrite the municipal income tax code. House Ways and Means Committee Chairman Beck is continuing to strive for a compromise between the proponents of House Bill 5 and local governments throughout Ohio. Compromise discussions are ongoing and action on the bill is expected within the next few months.

Mayor Duncan then led a discussion on the following agenda items:

- COUNCIL COMMITTEES
 - FINANCE, Mr. Castleman.
 - September BRC Meeting: Mr. Klopsch reviewed a draft agenda for the September 10 and 11 citizen Budget Review Committee meetings.
 - PLANNING & ZONING, Mr. Byington
 - Ridgewood & Glendora Alley: Mr. Klopsch updated council on the status of an alley vacation request. The property owner at 410 Ridgewood has completed significant clean-up of his rear property. The next step is to develop a revised garage plan. Thereafter, it is hoped that neighboring property owners will support the alley vacation.
 - First Friday Outdoor Band: Mr. Klopsch commented that the outdoor band requested as a temporary use on Friday, August 2 performed without complaints. A similar request is expected for the September 6 First Friday event. This request will likely again come from Flyboy's Deli. As this will likely become an on-going monthly request, Mr. Klopsch intends to have the Planning Commission review it for acceptance within our Community Business District zoning code.
- PUBLIC UTILITIES/WATER WORKS/SEWER, Mr. Castleman
 - Fiber Optic Infrastructure: Mr. Klopsch provided an update on the project underway to prepare a Local Government Innovation Fund grant application.
 - Refuse Programs: Mr. Klopsch reported that a letter was mailed last week to all Oakwood residential property owners explaining recent changes to the city's refuse programs. So far, there has been little response. Staff will continue to monitor the yard debris collection program and will consider adjustments as may be warranted.

- REGIONAL AGENCIES
 - MAYORS & MANAGERS, MAYOR DUNCAN
 - Beggars Night: Mr. Klopsch noted that the September 11 Mayors & Managers meeting will include a discussion on Beggars Night. Specifically, area Mayors and Managers will consider a recommendation from the Issues Committee to conduct Beggars Night on October 31 of each year, regardless of the day of the week on which it may fall. Mr. Klopsch suggested that there may be some lengthy debate on this issue.

- MISCELLANEOUS
 - Nov 13-16 NLC Congress & Expo: Mayor Duncan noted that the 2013 Conference will take place in Seattle, Washington. Given the city's financial challenges, no council members are planning to attend.
 - Sep 26-27 OML Conference: Council discussed the 2013 OML Conference. Vice Mayor Byington commented that he may be attending.
 - Council Dais Monitors: Mr. Klopsch explained that staff is reviewing options for installing new flat screen monitors at the dais...monitors that would be installed on top of the table rather than under the tabletop. This will make it easier for persons at the dais to view computer and video presentations.
 - Bicycle Donations – Life Enrichment Center: Mr. Klopsch explained that the city will be donating found and unclaimed bicycles to the Life Enrichment Center. A representative from the center will attend the September 16 council meeting to provide an overview of their organization's mission.

There being no other business, Mayor Duncan adjourned the work session at 6:20 p.m.



Mayor

ATTEST:



Clerk of Council

MINUTES
OAKWOOD CITY COUNCIL WORK SESSION
AUGUST 5, 2013

The council of the city of Oakwood, Ohio, met in a work session on Monday, August 5, 2013 in the conference room of the Oakwood Municipal Building, 30 Park Avenue. The Mayor of the city, William Duncan, presided. Council members in attendance were Mayor William Duncan, Stanley Castleman, Rob Stephens and Anne Hilton. Excused absent was Vice Mayor Steve Byington. Staff in attendance were City Manager Norbert Klopsch, Law Director Rob Jacques and Public Works & Engineering Director Kevin Weaver. Also attending was *DDN* reporter Terry Morris.

Mayor Duncan called the pre-council work session to order at 6:30 p.m. and led a discussion on the following agenda items:

- **EXCUSED ABSENCE** – Mayor Duncan noted that Vice Mayor Byington is traveling out of state and is excused absent this evening.
- **STATUS REPORTS:** Mayor Duncan noted that there are no status reports scheduled for the formal meeting this evening.
- **VISITORS:** Mr. Klopsch reported that there are no scheduled visitors for the formal meeting this evening.
- **LEGISLATION:** Council discussed the following four items of legislation to be introduced at the formal meeting this evening:
 - Resolution to authorize certification of delinquent charges for cutting noxious weeds.
 - Ordinance amending Chapter 931.06 Littering with Garbage and Refuse.
 - Ordinance to repeal existing Chapter 733, Peddlers and Solicitors, of the Oakwood Business Regulations Code and to adopt a new Chapter 733, Peddlers and Solicitors.
 - Ordinance to repeal existing Chapter 151, Disposal of Property in the Possession of the City, and to adopt new Chapter 151, Disposal of Property in the Possession of the City.

Mr. Castleman requested assistance in introducing the items. Mr. Stephens will introduce two items and Mrs. Hilton two items. Mayor Duncan asked if any changes were made to the Peddlers and Solicitors ordinance since the first reading on July 15. Mr. Klopsch explained that two paragraphs were added explaining the justification for exempting canvassing and youth fundraising from certain provisions of the new code.

- **COUNCIL COMMITTEES**
 - **PUBLIC PROPERTIES, Mr. Castleman.**
 - **Acorn Bikeway:** Mr. Klopsch explained that the new bikeway just east of Acorn Drive is nearing completion and that a ribbon cutting event will take place next week. He explained that the city of Dayton has asked Oakwood to assume responsibility for some of the annual maintenance along this corridor. Mr. Klopsch presented a map of the area and suggested that Oakwood discuss with Dayton the possibility of moving the corporation line

so that the bikeway and Firwood Well Field are located within Oakwood's corporate boundary. Mr. Stephens asked if the city had done a cost estimate on performing the maintenance requested by Dayton. Mr. Klopsch responded that an estimate was prepared and determined to be \$12,000 annually. The annual cost could double to \$24,000 if the corporation line is moved and Oakwood assumes all maintenance responsibility. Mr. Klopsch will engage in additional discussion with city of Dayton officials on this potential corporation line move.

o PUBLIC UTILITIES/WATERWORKS/SEWER, Mr. Castleman

- Refuse Program Changes: Mr. Klopsch presented a draft letter to be sent to all residential property owners in Oakwood within the next two weeks. The letter explains several changes made to the city refuse collection and disposal programs. Public Works Director Kevin Weaver explained how the city is saving approximately \$100,000 annually by collecting yard debris on a monthly schedule rather than bi-weekly. Mr. Klopsch noted a previous conversation with Councilmember Stephens where it was suggested that the city might consider returning to a bi-weekly schedule during the three peak volume months of the year...May, June and July. Staff will continue monitoring the program and looking for ways to best operate under the new schedule.
- Fiber Optic Infrastructure: Mr. Klopsch explained that he has been in discussions with the city managers of Kettering and Centerville regarding a joint project to study options for putting to better use the publicly owned fiber optic infrastructure in the three respective communities. The three cities have a proposal from a consultant to assist with this project. The financial commitment is \$5,000 per city. Included in the project would be preparation of a grant application to be submitted for consideration under the new Local Government Innovation Fund program. Mr. Klopsch added that \$10,000 is included in the 2013 budget for this type of consulting and all of that money is still available. Council expressed support for the project.

o MISCELLANEOUS

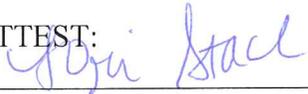
- Ice Cream Social: Mr. Klopsch noted that the annual Ice Cream Social event is from 3:30 p.m. to 7 p.m. on Sunday, August 18.

There being no other business, Mayor Duncan adjourned the pre-council work session at which time council moved to the formal meeting.

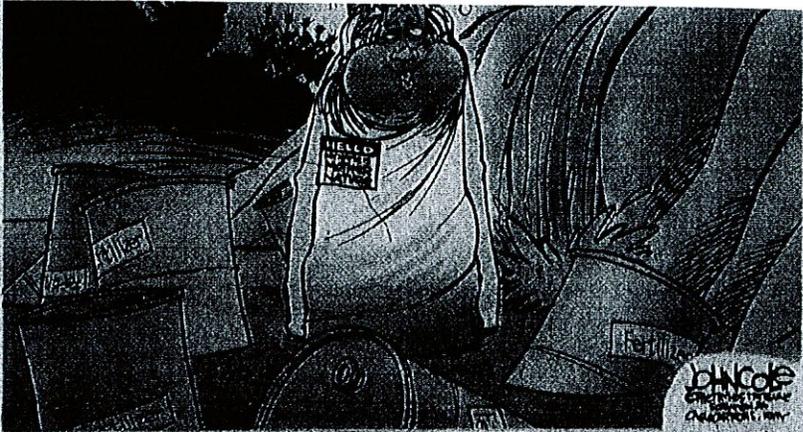


Mayor

ATTEST:



Clerk of Council



Enjoy cartoons by Nate Beeler at Dispatch.com/beeler.

Short takes

Tutoring cheat deserves sentence

Two years after revelations that a federally funded program meant to provide tutoring for poor students was being used as a cash cow by sham organizations that provide little if any instruction, one such opportunist has been brought to justice.

Ashkir Ali, 46, of the North Side, faces a two-year mandatory prison term and up to five additional years after pleading guilty to falsifying invoices and stealing student identities to list on those invoices.

It's an appropriate consequence for theft from the public and deception of parents who thought their children were going to receive help in math and reading.

All that wasn't the only company to be accused of cheating the program. An investigation by the state auditor's office into the program continues.

Problems with the Supplemental Educational Services provision of the federal No Child Left Behind law were built in from the start. The program was designed poorly with virtually no quality controls.

Before long, school districts began hearing complaints of

"tutoring sessions" that consisted mostly of playing video games and of sessions taking place in unsafe buildings.

All was paid \$100,000 by Columbus City Schools. Although it wasn't included in the charges, he also is accused of billing South-Western City Schools for \$20,000, without tutoring a single student.

The travesty is a textbook example of what happens when government programs make piles of money available with little planning or oversight.

State should keep focus on innovation

The new \$250 million Straight A Fund established by the state was intended to inspire Ohio schools to think big to come up with new approaches to education. Some schools, though, seem to be approaching it as another way to fund mundane items; offi-

cialists are right to point out that this isn't the way this taxpayer money is meant to be spent.

"I think some of (the districts) thought, 'We can use this to buy buses,'" said John Charlton, spokesman for the Ohio Department of Education, referring to at least one proposal that would use Straight A funds to purchase two propane-fueled buses. "That's not the intention of the program."

A one-time infusion of government money often is seen as a way to plug a budget hole. But without the requirement to innovate and come up with ways to keep projects going once the initial money runs out, funds could be frittered away with little lasting benefit.

"Some of these applications are going to be weeded out because they are not sustainable," Charlton told *The Dispatch*.

Applying such standards is only fair to the taxpayer. It also will be better for Ohio schoolchildren in the long run by promoting ideas that have lasting impact, and should help winnow the large number of applicants vying for grants. In all, 570 applications were submitted, seeking \$868 million; in central Ohio alone, 64 districts sent in 95 proposals asking for a combined \$126 million.

The Straight A Fund is a good idea, but will only pay off if its original intent is maintained. Charlton is right to remind schools that this is seed money to spur innovation, not maintain the status quo.

Columbus
Dispatch

11/10/2013

AR