

**Before the  
DEPARTMENT OF COMMERCE  
NATIONAL TELECOMMUNICATIONS AND INFORMATION ADMINISTRATION  
DEPARTMENT OF AGRICULTURE  
RURAL UTILITIES SERVICE  
Washington, DC**

<b>In the Matter of</b>	)	
	)	
<b>American Recovery and Reinvestment Act Broadband Initiatives</b>	)	<b>Docket No. 090309298-9299-01</b>
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**COMMENTS OF THE CITY OF MINNEAPOLIS, MINNESOTA**

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## **EXECUTIVE SUMMARY**

The new broadband stimulus initiatives present the Commerce and Agriculture Departments with a unique opportunity to ensure that all Americans have access to high-speed broadband infrastructure. As the agencies confront the formidable task of awarding stimulus funds, they must give careful consideration to projects that promote innovation and demonstrate sustainability to ensure that federal resources are put to greatest use. In reviewing applications, agency officials must place a premium on projects that adopt innovative approaches to delivering government services and broadband applications to underserved and unserved populations. Such innovation will drive demand for broadband services.

In reviewing broadband grant applications, NTIA must give key consideration to the following factors: an applicant's own validation of its project's long-term feasibility; proposals that promote collaboration among a variety of stakeholders, including public-private partnerships; and using the Obama Administration's technology policy and broadband goals as a tool for measuring success of projects that are awarded broadband stimulus funds.

The City of Minneapolis already has undertaken such innovative steps. In 2006, the City signed a contract with USI Wireless of Minnetonka to deliver cutting-edge broadband technology to city residents, institutions and businesses. USI Wireless is a private company that will own, build and manage the wireless network, making Minneapolis one of the first large cities in the United States to go wireless. Approximately 8,000 customers are now using the network.

When completed, the wireless network will cover all 59 square miles of Minneapolis providing residents, businesses and visitors with wireless broadband access anywhere in the City. The network will allow the City to deliver services more efficiently and effectively than ever before. The broadband network includes benefits to the community that go far beyond what any other city in the country has negotiated.

This network will offer ubiquitous broadband access throughout the city, thereby eliminating "dead zones" or areas of limited penetration by current broadband market providers. The deployment planned for the City of Minneapolis is inclusive and will offer network neutrality through wholesale access for new and existing Internet service providers, as well as for new and existing Hot Spots, allowing them to acquire broadband connectivity at more competitive rates.

Access for individuals, capacity building for non-profit organizations, content and applications development, taken together, constitute a comprehensive strategy for bridging the digital divide. Just as the City of Minneapolis has factored in these criteria to achieve success in its long-term broadband plan, so should NTIA and RUS consider these as necessary features of successful broadband applications.

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**COMMENTS OF THE CITY OF MINNEAPOLIS, MINNESOTA**

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The City of Minneapolis (“the City”) respectfully submits its comments to the Commerce Department’s National Telecommunications and Information Administration (“NTIA”) and the Agriculture Department’s Rural Utilities Service (“RUS”) in response to the March 12, 2009, *Federal Register* joint request for information (“RFI”) to implement the broadband initiatives in the American Recovery and Reinvestment Act of 2009 (“Recovery Act”).

The City of Minneapolis bases the following comments on its experience implementing an innovative approach to broadband deployment. In 2006, the City signed a contract with USI Wireless of Minnetonka to deliver cutting-edge broadband technology to city residents, businesses and institutions. USI Wireless is a private company that will own, build and manage the wireless network, making Minneapolis one of the first large cities in the United States to go wireless. Approximately 8,000 customers are now using the network.

When completed, the wireless network will cover all 59 square miles of Minneapolis, providing residents, businesses and visitors with wireless broadband access anywhere in the City. The network will allow the City to deliver services more efficiently and effectively than ever before. This broadband network also includes benefits to the community that go far beyond what any other city in the country has negotiated.

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providers, as well as for new and existing Hot Spots, allowing them to acquire broadband connectivity at more competitive rates.

Access for individuals, capacity building for non-profit organizations, content and applications development, taken together, constitute a comprehensive strategy for bridging the digital divide. Just as the City of Minneapolis has factored in these criteria to achieve success in its broadband adoption and deployment, so should NTIA and RUS consider these as necessary features of successful broadband applications.

The City of Minneapolis addresses selected questions raised in the RFI that relate to NTIA's Broadband Technology Opportunities Program ("BTOP").

**4a. Establishing Selection Criteria for Grant Awards. What factors should NTIA consider in establishing selection criteria for grant awards? How can NTIA determine that a federal funding need exists and that private investment is not displaced? How should the long-term feasibility of the investment be judged?**

NTIA should give preference to projects that propose creative approaches not only in deploying new broadband infrastructure, but in leveraging existing broadband systems. In underserved areas where some type of broadband service may already exist, creativity and usefulness should be the primary selection criteria.

Such selection criteria should be consistent with the Administration's technology goals of creating greater transparency to, and access by, the public to government agencies and services, and promoting innovation in the way government delivers key information and services to its citizens.

NTIA should also include criteria that, at the very least, assess an applicant's ability to enhance citizen participation and use, but that does not rely solely on broadband penetration in awarding a grant. In other words, criteria should be means test based on the likelihood of the greatest citizen participation across all users.

Other important criteria that NTIA should factor into its application review are the use of next generation technologies (i.e., Web 2.0); and applications that leverage current capital investment to greater effect in communities where some type of broadband deployment has occurred, but where competition is either nonexistent or limited and the cost of broadband services prevents its adoption.

NTIA should refrain from prescribing criteria for determining whether a federal funding need exists and private investment is not displaced. Rather, applicants should be given the opportunity to argue that "but for" federal investment in the applicant's project, broadband would not be deployed to a given area. NTIA should assess an applicant's argument in favor of federal funding on a case-by-case basis.

In addition, applications that propose inter-agency collaboration, partnering arrangements (i.e., with the private sector and non-government organizations) should be given preference. Such arrangements, by their nature, would encourage, rather than displace, private investment. Indeed, the City of Minneapolis has determined that a public-private partnership was the most cost effective and efficient approach to addressing broadband deployment.

In determining the long-term feasibility of broadband investment, NTIA should measure the usefulness of broadband services and applications to consumers. In other words, NTIA should focus on how broadband infrastructure is used by the community in which it is deployed. Thus, the value of broadband connectivity should be a long-term metric. NTIA should direct applicants to demonstrate their own measure of long-term feasibility. Projects that can prove long-term feasibility should be given priority over applications that merely demonstrate short-term viability. Low “but-for” scoring with high long-term feasibility will probably indicate strong likelihood of private sector displacement (i.e., the market can get there first).

**4b. What should the weighting of these criteria be in determining consideration for grant and loan awards?**

NTIA should place great emphasis on the following criteria: an applicant’s creativity and innovation; its ability to demonstrate widespread and effective use of broadband by the populations the applicant intends to serve; and initiatives that leverage partnerships, either inter- or intra-agency government partnerships, collaboration between the public and private sector or other cooperative arrangements that leverage a range of resources.

NTIA should favorably weigh projects that demonstrate long-term feasibility beyond the term of the federal stimulus grant.

**4c. How should the BTOP prioritize proposals that serve underserved or unserved areas? Should the BTOP consider USDA broadband grant awards and loans in establishing these priorities?**

Congress clearly intended for the BTOP program to “provide improved access to broadband service to consumers residing in underserved areas of the United States.”<sup>1</sup> In prioritizing proposals for underserved areas, NTIA must give priority to urban centers that have a demonstrated record of deploying broadband services to non-traditional, vulnerable communities and citizens.

Although areas without service also deserve consideration, RUS program loans and grants are more suited to targeting unserved markets.

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<sup>1</sup> The American Recovery and Reinvestment Act of 2009, Pub. L. No. 111-5, § 6001(b)(2) (2009).

**4d. Should priority be given to proposals that leverage other Recovery Act projects?**

Applications that seek to leverage other Recovery Act projects may yield the negative effect of unnecessarily enriching programs that have sufficient resources through other stimulus funding. However, applicants should not be negatively impacted just because they demonstrate interest in other Recovery Act programs. As a result, this factor should not be given priority. Rather, NTIA should give it no weight at all, viewing it neither as an advantage or disadvantage.

**4e. Should priority be given to proposals that address several purposes, serve several of the populations identified in the Recovery Act, or provide service to different types of areas?**

As mentioned earlier, NTIA should prioritize projects that address several purposes and serve several populations identified in the Recovery Act.

There are situations where service to a diversity of areas may not address specifically underserved or unserved but still warrant federal ARRA attention. For example, areas where smarter energy grid deployment would be enhanced by dollars through the NTIA BTOP program should not be negatively reviewed solely on a scale of successful delivery to underserved or unserved populations.

**4f. What factors should be given priority in determining whether proposals will encourage sustainable adoption of broadband service?**

Priority should be given to proposals that maximize adoption either through capital investment or, for areas where deployment is more advanced, prioritize proposals where government and the public interface in a way that meets the Administration's goals of transparency, accountability and innovation.

**4g. Should the fact that different technologies can provide different service characteristics, such as speed and use of dedicated or shared links, be considered given the statute's direction that, to the extent practicable, the purposes of the statute should be promoted in a technologically neutral fashion?**

Technology neutrality, taken to its extreme, would warrant equal treatment for telephony services as for fiber services. However, in certain environments, such as remote or hard-to-serve areas, agency officials should consider applications in a technologically neutral fashion because such applications may provide the only solution for broadband deployment, even if the speeds offered by the selected technology may be slower than another technology offering that is not feasible to deploy, given its cost of deployment or the topography of an area.

**4h. What role, if any, should retail price play in the grant program?**

It seems unavoidable that government intervention into emerging markets will have the effect of shifting retail pricing in the direction of demand side elasticity when supply is in fulfillment of a government request. However, if the goal is to communalize demand, then it may be advisable to create a utility pricing assurance model in to future deployment geographies to assure private participants of a minimum price.

**7a. Grants for Innovative Programs to Encourage Sustainable Adoption of Broadband Service: The Recovery Act directs that not less than \$250,000,000 of the BTOP shall be awarded for grants for innovative programs to encourage sustainable adoption of broadband services. What selection criteria should be applied to ensure the success of this program?**

Innovative programs that encourage sustainable adoption of broadband services should be a critical component of the BTOP program, because such projects offer the greatest possibility of success. Indeed, the Obama Administration has recognized the transformative power of technology and innovation to improve the lives of Americans by affording them greater access to, and enhancing the transparency of, government information and services. As a result, the BTOP program offers an unprecedented opportunity for innovation.

However, NTIA cannot apply traditional grant metrics to measure the success of such programs. Instead, sustainable adoption of broadband services should consider the Administration's goals of transparency, accountability and innovation. Perhaps NTIA would be best served by adopting the Administration's description of broadband goals as the scoring tool.

For example, selection criteria may consider whether a given project would do the following: create a new level of transparency to open up government services and information to citizens; deploy a modern communications structure and better use of wireless spectrum; improve America's competitiveness; better prepare children for a 21<sup>st</sup> century economy and adults for a changing economy through access to job training, education and lifelong resources online; employ technology to lower health care costs through electronic health records; or modernize public safety networks to promote interoperability, broadband access and effective communications among first responders.

**7b. What measures should be used to determine whether such innovative programs have succeeded in creating sustainable adoption of broadband services?**

Creative measurement may result in transparency in spending by allowing communities to rank their own success in creating sustainable adoption of broadband

services. Measuring broadband penetration and the number of broadband users alone will not provide a complete picture of success. NTIA must combine those measures with an assessment of programmatic use or application development. Inter-agency or inter-departmental cooperation could be ranked higher than would be sole applicants (may deter private sector unjust enrichment without stifling innovation).

**14a. Measuring the Success of the BTOP: The Recovery Act permits NTIA to establish additional reporting and information requirements for any recipient of grant program funds. What measurements can be used to determine whether an individual proposal has successfully complied with the statutory obligations and project timelines?**

NTIA should establish a peer-review system based on traditional scaling methodologies (1 to 5) that measure fulfillment of the Recovery Act's statutory obligations. Projects that fall below a certain scoring threshold (e.g., with 5 being the lowest score) have to improve performance based on original proposal goals. Where proposal goals fall short of the agreed-upon scoring threshold, new goals should be formulated and required going forward.

**14b. Should applicants be required to report on a set of common data elements so that the relative success of individual proposals may be measured? If so, what should those elements be?**

While NTIA may find it useful to collect common data elements of individual proposals, the agency should not use such data to measure the relative success of these proposals, but rather to share best practices and lessons learned. Given the likely diversity of proposals, it may be difficult to craft common data elements and compare comparable metrics across proposals.

**15. Please provide comment on any other issues that NTIA should consider in creating BTOP within the confines of the statutory structure established by the Recovery Act.**

In evaluating proposals, NTIA should adopt the Administration's culture of innovation and identify projects that use technology to create more transparent access to government services through broadband deployment and that connect citizens to education, healthcare, emergency responders and other important community institutions. Innovation has become important to the Administration because success in many policy areas, including health care information, homeland security, energy and emergency response may largely be determined by the nation's ability to develop and deploy information technology.

Indeed, the City of Minneapolis, has used innovative approaches in broadband deployment and adoption to solve its challenges, such as providing essential services and information to its citizens, streaming video of important meetings, providing traffic

information and Amber Alerts, as well as the ability to make city employees more effective by providing them the means to access the Internet out in the field.

As a result, NTIA officials should prioritize applications for broadband deployment that adopt innovative solutions and broadband sustainability in keeping with the Administration's goals, and the statutory obligations of the Recovery Act. Innovative broadband services and solutions, in turn, will drive demand and broadband adoption.

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