Broadband USA Applications Database

Applicant Name: XCHANGE TELECOM CORP.

Project Title: The Brooklyn Broadband Project - Bringing Quality Broadband Connections to Underserved and Inner Cit

Project Type: Comprehensive Community Infrastructure

_______________________ Executive Summary ______________________

Brooklyn is a vibrant and diverse community. Brooklyn was an independent city until its consolidation with New York City in 1898, and continues to maintain a distinct culture, independent art scene, and unique heritage. Many Brooklyn neighborhoods are enclaves where particular ethnic groups and cultures predominate. It includes a diverse population that is 36% African American, 20% Hispanic and 10% Asian, and 37% of the people living in Brooklyn are immigrants. It is the most populous county in New York State and the second most densely populated county in the United States. Sadly, however, there is a darker side to Brooklyn's history. A substantial portion of the telecom infrastructure in Brooklyn has not been upgraded since New York Telephone laid lines in the 1920s. Many telecom cables are down to the last copper pair. Incumbent providers have not upgraded their copper infrastructure in several parts of Brooklyn, instead waiting for the oft-delayed rollout of fiber while patching up the current system in a Frankesteinesque manner. Organizations, homes and business can, in theory, get broadband, but the run down, antiquated infrastructure ensures that the broadband they get is poor quality and the connection that serves them is unpredictable at best. Businesses are relegated to using technologies like DSL that cannot provide them with enterprise-level services, or obtaining special access circuits at enormous costs. Although Brooklyn is the most populous borough in New York, it lags sorely in subscribership, indeed, it is the only New York City Borough and is among the four New York State counties that is under 40% subscribed, notwithstanding the presence of over 30 broadband providers that purport to serve Brooklyn. Poor infrastructure and high costs are to blame. Other than the 'most desirable' parts of Brooklyn, fiber optic broadband is not available to connect many institutions to the Internet, and business level broadband is available only at a premium cost. Because of its lack of adequate infrastructure, Brooklyn lags the country in recovery from the latest recession. Brooklyn's businesses cannot grow when they cannot access, for a reasonable price (and in some cases any price), business level services. Brooklyn is suffering. Its high school dropout rate is over fifty percent higher than the national average (24% versus 15%), and the elementary school dropout rate is twice that of the nation (12% compared to 6%). Almost 700,000 students are in schools that are begging for broadband connections to educate their students. Delivering broadband to Brooklyn's schools would enable them to retain more students and give them a more fulfilling educational experience. Brooklyn's ability to provide employment for its citizens is likewise impaired. Brooklyn has a per capita income rate that is less than 84% of that of the nation, and 75% of the state. 21% of the population lives in poverty-in spite of the fact that Brooklyn's workforce consists of double the amount of persons with graduate level degrees compared to the nation's average. Many Brooklyn neighborhoods suffer from severe
unemployment. The jobs are just not there in Brooklyn, largely because Brooklyn businesses cannot access the latest technologies and Brooklyn cannot support new businesses. Brooklyn is home to some of the region’s most famous hospitals. Yet, the U.S. Department of Health and Human Services has determined that over 54% of census tracts in Brooklyn are medically underserved areas. Broadband could help change this by enabling telemedicine in Brooklyn-based offices. Clinics could open in needy areas allowing doctors and nurses to practice where they are most needed. Yet the current broadband infrastructure cannot support this dream because the level of connections needed are just not available or are too costly for the hospital. Doctors practicing critical medicine cannot leave their critical care up to the chance that the network will go down next time it rains. Xchange Telecom will change this and enable economic growth by constructing an all-fiber network connecting institutions in underserved Brooklyn neighborhoods: Bedford-Stuyvesant, Borough Park, Crown Heights, Flatbush, Gravesend, Kensington, Midwood, Parkville, Prospect Heights, Sheepshead Bay and Williamsburg. These neighborhoods represent a cross-section of the diverse culture and peoples with which Brooklyn is blessed. Xchange’s research and polling shows that some of these neighborhoods are less than 40% subscribed to broadband. These neighborhoods are some of the poorest neighborhoods in Brooklyn, with an average per capita income that is 71% of the national rate. These neighborhoods can support job creation and growth, if only the tools to grow are provided. Xchange Telecom will construct a middle-mile fiber network connecting anchor institutions in these long-neglected areas of Brooklyn. It will serve such world-renowned hospitals as Maimonides, Brookdale, Interfaith and Woodhull. It will connect colleges such as Boricua and Touro to the latest in distance learning and broadband education solutions. It will connect area volunteer ambulance services through innovative technologies such as NG911. Including the area served by the two last-mile components of this project, Xchange will directly connect over 750 community anchor institutions, public safety entities and critical community organizations ’ many who have expressed support and/or are involved with the planning of the network. The middle mile network (including the last mile overlap) will pass more than 330,000 households and 27,000 businesses. Xchange will offer a variety of services that will serve all levels of middle mile customers, from small business packages for smaller institutions and businesses to enterprise level services up to 1 Gbps. Greater capacity will be available on demand. A large part of Brooklyn will also be able to tap into this network through the interconnection points created by these anchor institutions and by the readily split fiber backbone that will be built. Xchange adheres to the FCC’s Internet Policy Statement and does not favor any lawful Internet applications or content over others. It displays its network management policies in a prominent location on its website and provides notice to customers of changes to them. The project will enable connections to the public Internet, and Xchange will interconnect with any provider at technically feasible points on reasonably negotiated rates, terms, and conditions. Thus, the surrounding areas of Brooklyn and other last mile service providers will directly benefit from the creation of this centrally located fiber network. To that end, Xchange has partnered with Elovar Enterprises to provide last mile services in the underserved and economically distressed areas of Central and East Brooklyn. In conjunction with this middle mile network, Xchange will also build an all-fiber last mile network to serve Borough Park and Williamsburg ’ two underserved neighborhoods that have been particularly deprived of telecom infrastructure investment and suffer from low per capita income rates. Borough Park’s per capita income is 55% of the national average and Williamsburg’s per capita income is 43% of the national average. As a 2008 report by the City of New York indicates,
only 26% of all New York City citizens receiving public assistance subscribe to broadband. A disproportionate amount of such citizens reside in Brooklyn and specifically, in Borough Park and Williamsburg, and the broadband subscribership rates in these areas are indeed less than 40%. A last mile network serving these constituents will enable Internet access for all, regardless of their income. This last mile network will serve an area containing over 7600 businesses and 49,000 homes. It is projected that at least 14,500 residential subscribers will subscribe to services offered by Xchange, and at least 2800 businesses and anchor institutions will subscribe to Xchange services Xchange will offer a full range of services to both residential and business customers in the last mile. Xchange has worked hard to ensure that the plans are competitive to the market while offering a last mile plan that will be affordable, ensuring a broader range of customers Xchange Telecom is a for profit corporation, in business since 2002, run by experienced telecom professionals with an average of 20+ years telecom experience. Xchange is a facilities-based CLEC and has unique experience and insight into the communities that will be served. Xchange currently serves over 20,000 customers with both voice and Internet services and thus has the customer base and operating experience to sustain the deployment of this project. This project will cost $62,442,493, of which $24,037,862 represents the last mile component and $38,404,631 represents the middle mile component. This project will create at least 677 jobs.