

New Mexico Communities Building On-Ramps to Information Superhighway

By Finance New Mexico

Just as public utilities and the interstate highway system made New Mexico more accessible and habitable over the past century, the internet — today's information superhighway — is what links the state's entrepreneurs with potential customers and partners around the world.

In a state with far-flung rural villages and growing urban hubs, such infrastructure enhancements as fast and reliable internet service determine whether residents are isolated or engaged and whether enough taxable revenue can be generated through economic development to improve public safety and community amenities.

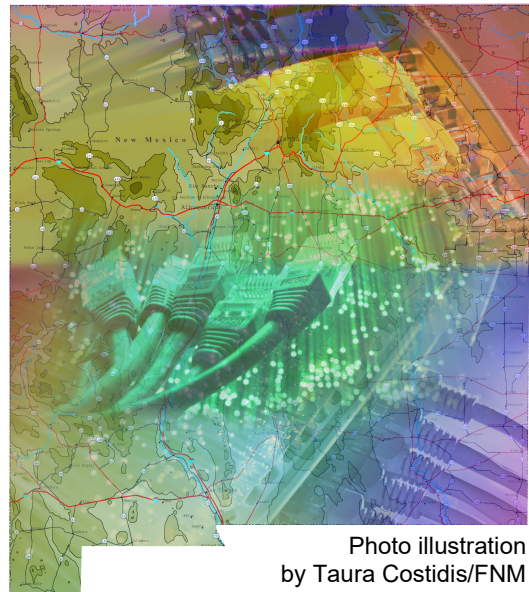


Photo illustration
by Taura Costidis/FNM

With that in mind, New Mexico municipalities are getting creative in their pursuit of broadband service, and many are finding that collaboration is essential to procuring this indispensable collective asset.

Pick a Partner

Larger urban communities with hundreds of thousands of potential customers have little trouble attracting broadband service providers. It's a different story in communities where one company has a monopoly on phone lines through which broadband fibers run.

The state Department of Information Technology (DoIT)'s *Community Broadband Master Plan Guidebook* (http://www.doit.state.nm.us/broadband/reports/NM_Broadband_Guidebook_v1_1_final.pdf) acknowledges the inherent risk "that a new broadband project ... will not be able to attract enough customers or earn enough revenue to continue operating." But a community that does nothing risks stunting its economic potential.

Among Existing Models Are:

Public-private partnerships — Communities can build links to existing fiber optic cables owned by public or private utilities and become internet service providers, or they can team up with a private company to provide service that affordably meets the population's needs.

Rather than managing its own system, the City of Santa Fe chose to invest \$1 million to connect a 2-mile fiber optic cable to Century Link’s Santa Fe-to-Albuquerque service line. Because multiple carriers are using the 2-mile section, prices have dropped and speeds have increased in areas served by the city’s hubs.

Other communities have expanded internet by securing E-Rate grants that provide federal funds to connect public schools to the internet. As the line is installed, municipalities build towers along the route and thus allow the public wireless internet access. When a broadband line was installed from Albuquerque to the Jemez Pueblo school under an E-Rate grant, neighboring Zia Pueblo joined the project and paid its pro-rated share, thus reducing the cost to both pueblos. In such setups, other customers can participate by paying a pro-rated share.

Business collaborations — Multiple neighboring businesses can combine buying power to improve their appeal to private providers, according to the “Broadband for Businesses Study” (http://www.doit.state.nm.us/broadband/reports/FINAL_CTC%20Report%20-%20NM%20Broadband%20for%20Business%20Policy%20Cons%20-%2020170117.pdf). This involves developing a request for proposal to solicit bids from vendors who compete to offer the lowest per-unit pricing and reduced nonrecurring charges. Likewise, nonprofit businesses have partnered with municipal governments to initiate broadband service when such access aligns with their organizational mission.

Setting a Course

Communities contemplating a broadband initiative should consider what bandwidth is needed to serve existing and predictable needs and what the project will cost. The “Broadband for Businesses Study” estimated that businesses in underserved commercial corridors pay between \$1,000 and more than \$5,000 for broadband access. The statewide average is about \$2,000 if adjacent broadband providers expand to a bulk customer base.

If a community has a specific project and wants to know if it can be accomplished with existing funds, DoIT’s Office of Broadband and Geospatial Initiatives, which coordinates broadband activities, can offer its perspective (<http://www.doit.state.nm.us/obgi.shtml>).

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