

Llano to Build Fiber Network

After years of planning and unsuccessful attempts, the City of Llano has signed an agreement to bring fiber-based broadband into the city. The city's collaboration with various institutions, interested citizens, and technical experts resulted in a model public/private partnership. "This was truly a unique project and process," said Finley deGraffenried, Llano city manager.

The city had been studying the project since 2004, when then-Mayor Roger Pinckney began talking with various entities about the project. "The thing about it was, the city was not coming 'hat in hand'; we were willing to pay for the project," stated Pinckney. Both the Llano Independent School District and the Llano Hospital had compelling needs—including state-mandated online TAKS testing and medical imaging, according to Pinckney. The city's stake in the project rested on the need for an economic development tool. Over the course of four or five years, the city and the Llano Economic Development Corporation discussed the project with the Lower Colorado River Authority (LCRA), Verizon, and Northland Cable and spent \$50,000 on a study to assess the feasibility of installing fiber to Llano.

By the fall of 2008, the project was stalled. "We were not getting anywhere in finding a viable option," stated current Mayor Mike Reagor, who revived the project after all was thought lost. The city began to hold stakeholder meetings that included elected officials, administrative staff, and I.T. professionals from the hospital, school district, city, and economic development corporation. "It was sometimes cumbersome to have so many people involved, but it certainly was very beneficial to the process and the project," said deGraffenried. The first task the group undertook was drafting a white paper on the current status of the project and the compelling need. "We visited with congressional staffers, the Texas Municipal League, and frankly, anyone who would listen," added deGraffenried.

Coincidentally, a major breakthrough occurred at a Texas Municipal League Small Cities' Problem-Solving Clinic in February 2009. Llano's broadband issue was discussed when a city councilmember from nearby Marble Falls listened and offered to help. Josh Parker, owner of Z-Con Wireless and former Marble Falls city councilmember, reviewed the white paper and began to assess options his company might offer. "It was the spark the project needed. It turned into the first legitimate option the city had seen," said Mayor Reagor, who had attended the small cities' meeting with the city manager.

Crafting a public/private agreement proved to be one of the most challenging tasks of the project. "We had a large group

of stakeholders who all had individual issues that needed to be addressed. Everything from ultimate ownership, control, protection, pricing, redundancy, and reliability had to be addressed," said deGraffenried, who worked on the agreement with Z-Con. "We addressed each issue and crafted a draft agreement that protected all involved," added deGraffenried.

The agreement—signed by the City of Llano, the Llano Economic Development Corporation, and Z-Con—calls for 24 pair of fiber and related equipment to be run into the city, with initial service to the school and hospital. The Economic Development Corporation and the city will receive a revenue stream based on gross revenues of Z-Con to offset the capital outlay of the project.

"Who owned the fiber was a big issue to overcome. The city's position was that we needed to be protected, but did not necessarily need to own the system," said deGraffenried. The resulting agreement gives the city some pricing oversight and ultimately guarantees that the city will own 12 pair of fiber after ten years. "It is clear that the city will own half the fiber. That more than justifies its financial participation in the project," said Economic Development Corporation President Rick Tisdale.

The total cost of the project per the agreement is \$461,682, of which the city granted \$271,682 and the Economic Development Corporation loaned Z-Con \$190,000. In developing a business plan for the project, Josh Parker, owner of Z-Con, estimated his company's input to the project at about 17 percent of the total project cost.

The city sees the fiber installation as a potential boost to the local economy. In reviewing the project and agreement with city council, city staff cited several case studies that indicated the potential benefits of fiber-based broadband to rural economies. "We researched a number of studies and statistics from the Bureau of Economic Indicators, the Benton Foundation, and Applied Economic Studies, and they all indicated the potential benefits of this technology to improve the local economy," said deGraffenried.

The process could certainly be seen as unique, according to Josh Parker. "For a local government and a private provider to make this kind of progress in a relatively short amount of time and to draft a really unique agreement says a lot for the process," said Parker.

The city and Z-Con hope to complete the project in the next three to four months.

For more information about the project, contact Llano City Manager Finley deGraffenried at 325-247-4158, extension 206. ★