

Municipal Telecommunications Process in Iowa

Building a community fiber broadband network is a complicated process and requires due diligence on the part of leadership. In general, the process includes the following steps:

1. **Referendum.** Under Iowa law, establishing a new city utility, including one for telecommunications, requires a referendum to be held that gives the city legal authority to proceed. Approval of that referendum is by a simple majority. The city cannot advocate for a yes vote in this referendum, so in most cases a citizen group is organized and registers as a political campaign for purposes of promoting the referendum's approval.
2. **Feasibility.** If a referendum is approved, the next step is to evaluate the feasibility of such a utility. A full feasibility study includes a number of elements designed to help leaders make an informed decision about whether to build a local network. Elements include some measurement of public interest in such a project; a preliminary system design and cost estimate; and a financial plan. A full feasibility study is likely to cost \$60,000-\$80,000. Another option is to divide feasibility into two phases:
 - a. **Pre-Feasibility:** aka Community Broadband Engagement and Education. During this phase, citizens are educated about the concept of a community fiber broadband network and asked to provide feedback on the concept through group meetings, one-on-one conversations, and a community survey. The goal of this phase is to determine if there is enough interest in the concept to invest in a full feasibility study. Pre-feasibility cost: less than \$20,000. Recent Iowa examples include New Hampton, Maquoketa, and Charles City.
 - b. **Financial Feasibility:** during this phase a consulting firm with experience in both engineering and financials is hired to create a design for the system; to estimate the cost of building the system; estimate financial performance based on anticipated take rates measured during the pre-feasibility study; and provide a detailed financial plan. Financial feasibility cost: \$40,000-\$60,000. Recent Iowa examples include Waverly (now under construction), Decorah, and Vinton.

3. **Design.** If the feasibility study gives leaders confidence that a community fiber broadband network is in the best interests of the community, they will want to hire a company to do a final design and prepare documents necessary to take the project to bid.
4. **Financing.** A financing plan must also be put into place. This is usually done at the same time the network design and bid documents are being prepared. The information gathered during the feasibility study will greatly assist with this step, which will also involve the services of financial advisors and attorneys.
5. **RFP for construction.** After a design is completed and financing methods have been outlined, a Request for Proposal would be issued for actual construction of the network.
6. **Construction.** A company would be chosen to install the network and deploy services. Since Adair is a smaller community, actual construction would likely be accomplished in a single construction season.
7. **Service activation.** As the network is completed, it's time to hook up customers.

