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TECH AND THE CITY

NYC Will Continue to Lag in Broadband

BY BRADY DALE | 2/25 5:37PM

It's no secret that the buzziest sector of New York's economy has been tech, which has made its way to the number two spot in the city's portfolio of industries, according to a report by South Mountain Economics, prepared for the Bloomberg Technology Summit. However, as the city works to make itself globally competitive in innovation, it isn't even close to competitive in terms of access to the Internet worldwide. Across the board, public dollars appear to be key in moving fast broadband. So, will New York City invest in the sort of municipal broadband network that the far faster U.S. cities, like Ephrata, Wash. and Chattanooga, Tenn., have built?

"I think it's unlikely," David Bronston, special counsel at Phillips Lytle, told *Commercial Observer* via email. "As just a back-of-the-envelope comparison in geographic size and population to Chattanooga, you are talking about a \$10-to-\$20 billion cost for New York City to build a high-speed network." Bronston's legal practice specializes in telecommunications. Additionally, Chattanooga, Bronston explained, had the advantage of building on top of publicly owned utility lines. The same goes for Cedar Falls, Iowa, the city that President Obama recently visited to speak about the value added by municipally owned broadband networks.

In fact, across the United States, it has been rare for the bigger cities to build their own networks. However, it may be that the assumptions about doing it are off. For example, it might not be necessary for a city to build a network for the whole city at once. One big city biting off a small but important chunk of its footprint is the city of Cleveland, which put up about a third of the cost for a local nonprofit to build a 100 GB network (the bulk of it was covered by the federal government). The network is strictly commercial and it only covers a small part of town, but it's a very important part, with world-famous hospitals, universities and much of the local start-up scene. It's also 100 times faster than the broadband networks, like Google Fiber, that have been getting attention lately.

Even Google Fiber doesn't cover all of a city at once, and New York City is catching on to this piecemeal approach. A small, Red Hook-based ISP, Brooklyn Fiber, will soon be building a 1 GB symmetrical, commercial network in Sunset Park, as *Crain's* previously reported. A spokesman for the NYCEDC confirmed that funding for this network was provided in part by an RFP circulated last year called Connect IBZ. The fact that it's a symmetrical network is important. That means uploads are as fast as downloads, which is key in a city where so much rich media content gets made.

The average download speed in Manhattan may be 52.3 Mbps, according to NetIndex, but uploads are a weak 17 Mbps, which is lousy for a city that wants to be known as a leader in the movie and video industries at every level.

The total cost for the new network in Sunset Park is \$3.5 million. The NYCEDC confirmed that similar projects in other parts of New York City would be coming very soon, which squares with Mr. Bronston's view on broadband's trajectory here, where he said the city was more likely to pursue public-private partnerships to improve access.

If it did try to build its own network, he was confident existing providers would resist. "Commercial fiber providers and cable television companies in New York City pay the city for access to the public rights of way, with payments probably totaling well over \$150 million," Mr. Bronston wrote.

Which may illustrate another way in which assumptions about what the city could try may be off. In Stockholm, when city officials became frustrated with access of fiber to the home, the city built an infrastructure of ducts for running fiber, open to all ISPs with transparent pricing, as Harvard Law School professor Susan Crawford explains on her website. So there may be ways in which the city could invest in better infrastructure without competing with ISPs.

While it's true that New York City's size makes building a better Internet here vastly more expensive than it is for a Chattanooga or even a Kansas City, it also has economies of scale in its favor. This Thursday, the FCC will consider preempting state laws that forbid municipally owned networks. In other words, there may be many more Chattanoogaes moving ahead of Gotham soon.