



CLIC ZOOM-CHAT: WEST DES MOINES, IOWA BROADBAND PROJECT

Catharine Rice: Hi, I'm Catharine Rice in, and I am the Project Director for the Coalition for Local Internet Choice, and today's chat is on Why Local Community Officials Should Pay Attention to the West Des Moines Broadband Project with Google Fiber. We're here to learn more about this unique project and what's going on in West Des Moines, because the city is building an open conduit system all the way to every premise in the community and then leasing it to fiber providers. Add to that the first fiber provider, the first ISP is going to be Google Fiber, and you understand why we all want to learn more. So, I have with me today, Jamie Letzring, the Deputy City Manager of West Des Moines, David Lyons, who is a key city consultant on this project, and David Fynn, the Director of Corporate Development for Google Fiber. So welcome, everyone. We have a lot to unpack today. We have about 20 minutes or so. So, let's just jump right in. Jamie, why don't you tell us a little bit about West Des Moines, Iowa, in case our listeners have never visited your innovative community.

Jaime Letzring: Sure. Thank you, Catharine. So, we're a community of about 65,000 people. We experienced quite a vast boom in the early 2000s. We have quite a bit of commercial industry now and several insurance, banking, finance headquarters. We have large employers with the Wells Fargo Home Mortgage and Wells Fargo. Hidemi Food Grocery Stores are also headquartered here in West Des Moines. And we've really been thriving in the last 15 years or so, so we have a very large shopping mall and quite a few shopping restaurants, nightlife locations that are unique to the state of Iowa or sort of what we call the first of that chain in Iowa.

But one thing we don't have all over the city is very good connectivity. So that was something that we began to focus in on a few years ago. And we're still experiencing quite a bit of building and infrastructure here in West Des Moines. We're growing maybe not at the rate that we were originally, but we're still growing. And I suppose it's worth noting that we are also home to quite a few Microsoft data centers. So fiber connectivity conduit has been something that we've learned a lot about through partnership with Microsoft in the last five to 10 years. And that did play a part in our experience and in this particular project.

Catharine Rice So I'm just curious why Westmoreland adopted the conduit approach. I've read that this project kind of developed out of a community visioning process, that it was driven by values like wanting equity for everyone in the community. So, can you tell us why you decided to go with the conduit approach rather than what some communities are trying to do, which is attract another private carrier or do it themselves?

Jaime Letzring: Sure, it's a great question. So, a lot of that initiative came from a visioning our 20-year strategic plan, which was really to have ubiquitous broadband throughout West Des Moines. And I mentioned Microsoft earlier because we learned through some building of infrastructure and roadway projects for those data centers that we were able to spec and bid and supervise the construction of conduit for those projects, linking each of those data center sites with fiber and conduit and fiber pretty efficiently. We did we did that pretty well. And when we step back and looked at the areas where we were pretty core competent, as Dave Lyons would say, infrastructure was at the top of our list, but we did not have any staff trucks, customer service, the manpower and everything that would take to run an Internet service provider. We just really feel here in West Des Moines that we like to stay in the areas that we feel like we belong in. And we have providers that we felt like could really handle the private sector piece of it very well.

We started partnering a couple of years ago on smaller projects similar to this before Google Fiber called West Des Moines at the beginning of 2020. So, it was always our intent to just partner with the private sector. We have a lot of experience and collaboration here in West Point, so that all makes a lot of sense to me.

Catharine Rice: David Lyons, you've worked on this project for quite a while. I read the project's going to cost at least 40 million dollars. Can you talk more about how many miles of conduit you'll be laying? How is this going to be financed? And for goodness sakes, how can you guys possibly afford to do this in the middle of COVID?

David Lyons: Well, first of all, I'd say with a town of sixty-five thousand, a very diverse economic base and a nice growth profile, we're talking millions of feet. Yes, hundreds of miles. We're still actually designing the engineering paths to gain greater efficiencies so that value engineering is helping bring the number of feet down. But it is still a major undertaking.

As far as the payment process, I have to say that it was nice working with a city that has a AAA bond rating and talking to them about financing at a time where the financial markets are looking at historically low interest rates. And it was simply a phenomenal time to go to the marketplace for infrastructure investment, whether any infrastructure investment, particularly this one, because in addition to looking at the high ratings of the city, they had one question. They said, do you think this investment will be a good one?

And I said, well, do you think the Internet's a fad? And they said, no. And I said, then, yes. The other issue was that a lot of people have asked about the COVID issue. Certainly, the pandemic is really hammering local and state governments particularly. But I have to say, I have been very, very pleasantly surprised. The conversation in West Point has not been how do you afford this during COVID, it's been how do you accelerate this?

Because of COVID this work from home distance learning telehealth? I had a perfect conversation the other day. A person said, you know, you have to understand I don't have direct access. I have a track phone that means I can work with the city eight hours a day. You get to work with them 24 hours a day. So that's a pretty stark reminder that it really isn't a question of whether this is going to occur within a community. It's how soon can it occur. And I think West Des Moines was pretty much tired of waiting.

Catharine Rice: I'm going to come back to you, Dave in just a second, but that's a perfect segue to move to David Finn from Google Fiber. I'm really interested in knowing what Google Fiber's role is going to be here. How did you guys find out what West Des Moines was planning? What piqued your interest? What's your role going to be? And really, what do you find exciting about this?

David Finn: Well, let me first say how we heard about what Jamie and Dave were sort of orchestrating in in the city of West Des Moines. We had heard that there was a group of leaders in West Des Moines who basically wanted everybody in their city to have the best Internet possible, and they were not content to sit back and wait for it to happen by itself. We heard that they just were not content with the status quo and they believed that they needed to do something and they were taking concrete direct action to really improve the lives of everybody in their in their community. And they wanted to do something transformational and they wanted to do anything that could be consistent with the values of the community, but allow everybody to basically have this fundamental tool for life in the 21st century. And that's great Internet service. So, we heard about that. And then we you know, we got in touch with them. We used the Internet to find them. And we sat down with them and we saw pretty quickly that some of the values they had were very consistent with ours.

First, they really believed that world class Internet is something everybody should have. And they also believed that it needed to be accessible to every person and every business in the community. And that was really important to us at Google Fiber. The second thing was they were very clear that they wanted this to be an open and competitive network and that very much squared with ours. We think it's really important that the Internet service business be really, truly competitive. That where there is competition, products improve, reliability improves, prices improve.

And we thought their approach to competition really squared with ours. And then I think the next part of it that was really exciting was that their view of how to make this possible was one that was if we felt it leveraged what cities are really great at building infrastructure. You know, cities build bridges and highways and roads and sidewalks. That's what they do. They're really good at it. They know how to do permitting and they know how to think about the right of way. I remember in our first conversations, the way Jamie and Dave talked about the right of way was way above my capability. And I think it spoke to their core competencies. At the same time, I think, as Jamie and Dave just sort of referred to a few minutes ago in terms of the way they approach the open conduit, they also believed that there were some things that they thought a company like Google Fiber could do better, or at least wasn't the core competency of the city.

And so, when it comes to kind of you know, we're proud of our award-winning customer service. We know the Internet. We're an Internet company born in the Internet who serves people around the world, great Internet products. And we focus on operational excellence, on logistics. And really customer service is core to who we are. So, if you combine what's so good about what a city does with what a company like ours can do, I think you can come together and you can make magic happen.

So, I think we saw pretty quickly that there was kind of a meeting of the minds on that, and then it came down to just working really hard to work out the details. And I think, you know, what West Des Moines did with the model they've kind of rolled out here, I think is potentially really exciting for all of America, frankly, because I think it opens the door to more people having open, reliable, fairly priced fast Internet. And whether you're in a small community or a large community, an urban community or a rural community or anything in between, they're showing that it's possible for world class Internet to go to more people.

Catharine Rice: So that was actually my follow up question, if you thought that this could be replicated in other areas of the country. And it sounds like that's a big yes.

David Finn: Yeah, I think it is a big yes. I would say, you know, our experience is there are lots of models that can work to bring great Internet service to people and different models are going to be right for different communities. But I do think that what's exciting about this model is that it kind of avoids, it shows that the traditional kind of dilemma for cities, which are communities of any size, either wait for the incumbent cable companies and telephone companies to step up their game and provide faster, more reliable, more open and reasonably priced Internet service instead of waiting for them to do that, that's one choice. Or the other choice which a number of communities have taken, which is to go into the business themselves. Actually, you see a number of cities around the country. And frankly, I think a lot of us salute those communities like Wilson, North Carolina. Chattanooga, Tennessee. Lafayette, Louisiana. Fort Collins, Colorado. These are communities that have said we are going to finance, build and run our own Internet service businesses. That's not, that's a challenge. That's not an easy task. And between those two, you have so up to now, I think a lot of cities have felt that those are the two choices. Wait or do it yourself. And I think as Des Moines is showing, there is this third alternative, which is to say we do some things really well. We're going to put in conduit or we're going to put in fiber in the case of West Des Moines, put in conduit and then we're going to open it up for lease to the private sector to then provide great customer service and run the business.

So, I think this third option gets you out of that kind of binary: Wait or run, running the business yourself. And that's, I think, appealing and makes it possible for communities all over the country again, rural or urban, big or small. And I do hope and not just for Google Fiber, but for other Internet service companies who really want to deliver great service and reasonably priced Internet. I think it opens the door for way more great Internet to be available to way more Americans all over the country.

Catharine Rice: So, I'm going to hop back to Dave Lyons because, you know, you all have been talking about competition and choice and innovation that comes from that. So, I just have to ask you, Dave, you know, the city spending city money on infrastructure and an open access approach is really going to remove a lot of barriers to entry into the community. So, what has been the reaction of the incumbents, if any?

David Lyons: You want to see the scars now? (laughter) I'm just what I would say is, first of all, the West Des Moines did things a little differently. It's been working with all the carriers over the last two years. So they knew West Des Moines had this as a high priority. In fact, the first thing we did was in total collaboration with all the carriers, and that was to streamline all the regulations and processes and reduce cost and speed time to market. That put us squarely in the good column with all the carriers for additional investment. And we've seen that.

The second thing we did is we built strategies, as Jamie alluded to earlier. We piloted. So, when the city was putting in a new arterial green belt and there was no infrastructure, it began putting in a joint conduit just like it would any of the other utilities, although it's called a utility. So, we already have the ability to do some pilots in licensing conduit.

However, when it came to the fact that the city was going to actually unleash complete competition in the community through major investment, there was a split. Larger number of carriers, primarily the small and the niche carriers, love it. Obviously, it speeds their time to market, allows them to innovate. The larger legacy carriers that have a significant amount of assets in the ground already didn't like it as much. But it's funny that the only thing that they're really objecting to is what we call a validation period.

This is new. It's difficult. The city's putting it in. Google Fiber is willing to test it and assure the process and feed back to us. Is it accomplishing all its objectives? Are there pinch points, et cetera? And once the system is validated, it's completely open. It's such a good idea. Every carrier wants in day one, hour one. And we're trying to figure out how to balance the fact that, you know, we don't want 12 carriers in there and then have to tear it out because we have a pinch point or we don't want people pulling on top of other people's wires. You can only logistically operate one carrier at a time.

So, I'm pleasantly surprised. They're not pleased as far as the largest legacy carriers, because this does reduce barriers to entry to their markets. However, again, the biggest argument is, is how quickly they're allowed to get into the city's conduit. So, we're working our way through it. Eating the elephant, one bite at a time.

Catharine Rice: So, I guess as we close out, I'd like to go back to you, Jamie, and maybe tell us kind of where you are in this implementation and any lessons learned you would like to share with the audience?

Jaime Letzring: Many lessons. Wow. We could do a whole another hour on just lessons.

Catharine Rice: (laughter) All right. We'll do a part two, then.

Jaime Letzring: Yeah. One lesson we learned when we were just that comes to mind right away. We were in Iowa. We have a harsher winter than maybe Google Fiber has experienced in any of their other markets. And I chuckle at this one because we have so many days to respond to installing a drop to a premise that requests that after we've moved out of the construction of that neighborhood. We have about seven or so days to get in there and get that installed for someone. And it occurred to me as I was sitting at practice one night and the weather was turning colder, I was thinking, "Oh, no, what are we going to do when there's three feet of frost? How are we going to get those in in seven days? And when I talked to some of the Google Fiber folks, they apparently talked to some of the people in Kansas City who said "we don't know, we've never had that experience before." So, we'll have to work that out. But that was one that just came to mind as a learning that we didn't think of when we were drafting the agreement.

So, there's things that we're finding, kind of making a list. Both sets of both groups of folks are kind of making that list to come back and readdress some things that we are still learning together. But we are. Right now, we're advertising to our residents and businesses that they can sign up to join the conduit network for free. And we've done postcards, a press release, some, a little bit, of social media. We have been kind of out there advertising for about a week now, and we have around twenty-five hundred folks that have signed up so far. So, we feel like we'll see that increase as we start going a little bit more door to door. We've hired a company to do that. And then our design firm, engineers that we've selected from the metro area of the Des Moines metro area are busy designing. We'll go to bid for our first segment yet this fall with a delivery date by spring of twenty-one.

And then it's really just repeating that five or six more times for the next two and a half years. It's an aggressive schedule, no doubt about it, and it'll be kind of a mess around here for a little while. So we have a whole nother communication plan involving construction that we're working on right now because we want people to feel very informed about what's happening in their neighborhood, when to expect something. We want it to be a good experience for our residents just as we handle any road project that may take place in your neighborhood.

And I definitely know that Google Fiber wants it to be a pleasant construction experience for their customers as well.

Catharine Rice: Well, our time is up. I want to thank all of you for taking time out and in this COVID, and reminding everybody that you all are trying to do this during a pandemic. It's not like it was a pandemic! So, hats off to you.

We'll will be posting this on our website and have some contacts so folks can get a hold of you all. And also, as David Finn reminded me, today was the day that CLIC published our public-private partnership white paper with Benton publishing it for us. And we were thrilled about that. And that includes a number of examples, including West Des Moines. And that will also be on our blog post.

So, thank you to you all. This is tremendous and I hope we come back and interview you again as this thing unfolds. Thank you for taking your time.