

Answering the 'tough questions'

The war over the municipal broadband referendum has officially begun. Mass mailings from SBC arrived in our boxes today (one week past the legal filing cutoff that would have forced them to admit the amount of money spent prior to the election). SBC has opted for the same fear, uncertainty and deception campaign used last year. In the past few months, this issue has been voiced in the media by citizens, both pro and con.

Now we have the marketing weight of a mega-corporation again being thrown into the political process in the Tri-Cities. If the SBC employees living within the corporate city limits of the Tri-Cities (where the referendum question will be on the ballot) were paying for these mass mailings and the impending media blitz, I'd congratulate them on participating in the democratic process. Instead, the bottomless coffers of SBC (filled with ducats from our pockets) are brought to bear — not for the good of the community, but to protect corporate profits, executive perks and bonuses, and squash any challenge to their monopolistic ownership of a piece of our critical infrastructure.

Today's mass mailing challenges you to ask the "tough questions." Fiber For Our Future would like nothing better than for every voter in the Tri-Cities to do just that. If every person reading this letter spent one hour independently researching municipal broadband and decided how they will vote Nov. 2 based solely on that research, FFOF would consider our efforts to have been a success. You won't be receiving a mass mailing from us, as we are truly grass-roots — funded by the contributions of members and supporters.

The first tough question



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that you should ask: What exactly am I voting on? Ignoring attempts at misdirection by opponents, the simple fact is this referendum commits the cities to nothing. It tells the city councils of St Charles, Geneva and Batavia if its citizens are supportive of a municipal broadband utility on the condition that tax dollars are not used to build it.

In Geneva, a non-homerule community, a "yes" vote would grant legal authority for the city to create this utility. This authority does not force Geneva to move forward in any way — but the lack of this authority most certainly prevents them from doing so. Non-homerule status complicates Geneva's ballot by phrasing the questions to meet legal requirements. The prohibition against tax-backed financing of the utility is stated in the ordinance that would be adopted if the referendum questions pass.

Next question: Where's the business plan? Why would a mega-corp like SBC expect us to put the cart in front of the horse? If the referendum passes, if the city councils vote to proceed, then the next logical step would be to interview and consult with a financing adviser. This adviser would assist the cities in updating the feasibility study from 2002, as well as deciding on the proper legal structure and financing method for the utility. Then the creation of a marketable business plan would make sense. The feasibility study done by the combined cities in 2002 proved that the economic viability of this utility legitimizes this referendum.

Next: What investor would spend money if the only

financial goal is to break even? Maybe SBC should go back to accounting 101 and learn that breaking even means you earn enough to pay your expenses, including principal and interest on the private financing used to build the utility. A municipal utility wouldn't need to generate the profits SBC rakes in. After Enron, I'd think a mega-corp would be a bit more careful when talking about accounting issues.

Next: Who pays if the system fails to generate profit? As the previous question shows, SBC already knows that profit isn't the goal. They ask this question to confuse and scare us.

Let's rephrase the question to be: Who pays if the utility fails? Answer: the private investors — maybe.

Assuming that citizens of the Tri-Cities chose not to subscribe to a system that was technologically superior to the competition, locally managed, and competitively priced (one big assumption to my thinking), the utility would reach a point of being unable to make scheduled payments to its investors. At that point, the investors could choose to restructure the debt — or they could choose to repossess the utility and either remarket it as a private concern, or attempt to sell the infrastructure. If the sale price was less than the amount owed, the private investors would take the loss — not the cities, not the taxpayers. This is the nature of capitalism — the investor makes money by assuming risk. The cities would not be trying to make money — thus they would not have to assume the risk.

Finally: Will the promise to use tax dollars eventually be broken? (This is my favorite.) Can anyone guarantee the future? No. However, it would be political suicide for all three city councils to try a stunt like that. The St Charles council (and very soon, the Batavia council) has the

power to move forward with this utility now. The city governments put this issue on the ballot last year because they are averse to taking political risks. They left it to citizens to collect signatures and place this on the ballots this year. If it wins, they can move forward without political risk. If it loses, it's the citizens that lose — again — no political risk.

The Geneva council did place the question on the ballot this year (again, the non-homerule issue) — but only after we presented them with enough signatures to prove we could have put it on the ballot ourselves. It's amazing to me that SBC could ask this question after buying legislation last year in Springfield to circumvent the Citizens Utility Board and get a 70 percent wholesale price increase in a perversion of our laws — a perversion that the state supreme court struck down on review.

Citizens of the Tri-Cities will have to decide the municipal broadband question for themselves on Nov. 2. A "yes" vote will not create a monster as some would have you believe, but it will keep the door to a possible future open. A "no" vote will close that door, most likely for good, and your future will be determined by SBC and Comcast.

Ask one more tough question of these two mega-corps: How much is my monthly bill going to go up next year?

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• *Do you have a Guest View? Mail to Guest View, Kane County Chronicle, 1000 Randall Road, Geneva, IL 60134, or e-mail to editorial@kcchronicle.com.*