

Low risk high reward

Ammon's fiber-optic approach draws praise



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Ty Ashcraft explains how services travel through fiber optics from the hub to the community Feb. 12 at the Ammon Technology Services Building. The city is seeking direction on expanding the network into residential areas.

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When it comes to fiber optics, the city of Ammon is pursuing a high-reward, low-risk strategy.

Christopher Mitchell, program director for the Institute for Local Self Reliance, a nonprofit tracking more than 400 municipal fiber networks, said he is impressed with Ammon's effort.

"They are definitely succeeding. When you take your time and couple the investment with other capital projects, it's very low-risk and there can be a big reward," Mitchell said Friday. "I think they have been very smart about using every opportunity they have. We haven't seen any communities fail that use such a low-risk approach."

The Institute for Local Self Reliance was founded in 1947 to assist communities with local development. It has been dealing with telecommunications for the past nine years and focuses on networks that are paid for by communities, Mitchell said.

Ammon has spent the past three years slowly building its fiber-optic network, which now covers about 30 miles.

If a business requests access to the network, the city provides an estimate of what it would cost to lay the additional fiber to reach the business.

“If you have fiber, it should add value to your property.”

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technology director

There's an upfront fee calculated by the cost of bringing the fiber to the business, which varies depending on the difficulty of the project. The city also collects a monthly maintenance fee that ranges from \$20 for 25 megabytes per second to \$65 for 100 mbps. The business then negotiates a monthly cost with a service provider. That approach has allowed the network to grow without the city accruing debt — a situation unique among municipal fiber-optic networks.

“The plan that the city of Ammon would have going forward may be completely different than any other city,” technology director Bruce Patterson said. “The direction and path going forward needs to be driven by the community. The voters are going to have to support this, and I don't think you are going to see (council members) up here pushing something they don't think the community will support.”

Fiber optics can deliver broadband Internet, cable television, home phone and security systems. Data moves across fiber via infrared light transmitted through thin strands of glass at nearly the speed of light. It also can provide those services from multiple providers through a single fiber-optic line.

In a recent study by Ookla, a Seattle-based software and broadband testing company, eastern Idahoans receive — on average — Internet speeds of 10 to 14 mbps. With fiber optics, customers can get up to 1 gigabyte per second — nearly 100 times faster.

Ammon plans to open its fiber network to multiple providers. Then, consumers can order services a la carte, buying different services from different providers.

“The easiest way to illustrate that is the roads,” Patterson said. “The government builds the roads via taxes. They do not actually provide a service across it. FedEx and UPS do that. We feel that our role (is) to set the table for a competitive environment that gives the consumer choice and drives the price down.” The plan is to expand one neighborhood at a time.

At first, Patterson said, the network likely will reach residents through a pilot project. The plan is to go before the community and identify a neighborhood of about 300 homes where roughly a third of the residents want fiber-optic access.

Ammon resident Jeff Crow supports expanding the fiber network to residential neighborhoods.

“I believe we could get it funded. If it was more widespread, I believe it could bring in more technically savvy people. If we could get enough new people, it could offset the cost. I think it could bring in a more diverse population.”

The city plans on hearing from the community to gauge interest and better understand what direction residents want to go in pursuing the plan. Patterson estimates two years of talking before the city expands its fiber network.

The city hasn't decided how the project will be funded since officials are waiting for direction from the community. Patterson said consumers currently are at a disadvantage by relying on the infrastructure put in place by service providers. If the consumers bring the lines to their houses, Patterson said, they gain the power to negotiate price.

In Patterson's opinion, the best way to finance the project would be to ask voters to approve a 20-year, low-interest bond. But the city won't act without community support, he said.

“If you have fiber, it should add value to your property. You should be able to roll that expense into your property tax and pay the bond back through your property tax. If you do the math, it costs about \$100 a year for 20 years to pay (the bond).”