



INTEGRITY INTO EVERYTHING

ENSURING SUCCESS IN A CHANGING BROADBAND LANDSCAPE: Best Practices for Public-Private Partnerships

INTRODUCTION

Over the last several years, as large national cable and telephone companies have focused their investments in areas with assured returns, there's been a significant increase in the use of Public-Private Partnerships (PPP), particularly at the state and local level, to address the delivery of high-quality broadband networks designed to meet the needs of unserved and underserved communities.

With the growing utilization of PPPs, the definition of Public-Private Partnerships is necessarily expanding and evolving. Historically, municipal entities explored a variety of methods for funding and promoting local projects in accordance with local laws and regulations; these avenues might include the issuance of municipal bonds or other conventional funding mechanisms. Today, state and local municipalities are frequently moving in the direction of forging Public-Private Partnerships to take advantage of the opportunities presented by grants and financial support that's being directed to state and local entities by the federal government.

As an example, with the COVID-19 relief plan passed by Congress in December 2020, the federal government has introduced the NTIA grant, which directs \$300 million to the state and municipal levels for allocation to and promotion of PPP broadband projects that address the rural broadband challenge. This example represents only the leading edge of the continuing changes and implementations of new models on the Public-Private Partnership landscape. For the foreseeable future, growing opportunities should exist to create fertile partnerships with public entities for broadband expansion.

Understanding the changing nature of Public-Private Partnerships, it becomes incumbent upon the Communications Service Provider (CSP) to adopt a functional set of best practices that will serve to increase opportunities for success.



FUTURE
GROWTH

Start with a strong feasibility study:

It's essential to prepare a well-researched feasibility study that outlines your proposed plan. At its core, this study should include:

- A reliable and statistically valid survey.
- A well-thought-out conceptual design, as well as costs to build, operate and maintain the network.
- A solid assessment of the infrastructure in place, including any rights of way
- Multiple proformas that address key variables, such as the financial impacts for pricing points and take rates, the cost of debt, the build cycle, and the project timelines.

Presented clearly, this information, especially with regards to the financial details, is vital to creating a strong relationship with your partners.

Engage the broad discussion around structure of potential partnership:

Entering into a PPP is a big decision not to be undertaken without deep consideration and discussion about the full nature of the potential partnership, as there are many moving parts that need to be addressed with regards to financial and decision-making responsibilities. Public entities are frequently structured quite differently from their private counterparts and it's essential to have a clear understanding of the political dynamics that will frame and affect the partnership—and to be prepared to exercise patience with a system that operates with different efficiencies.

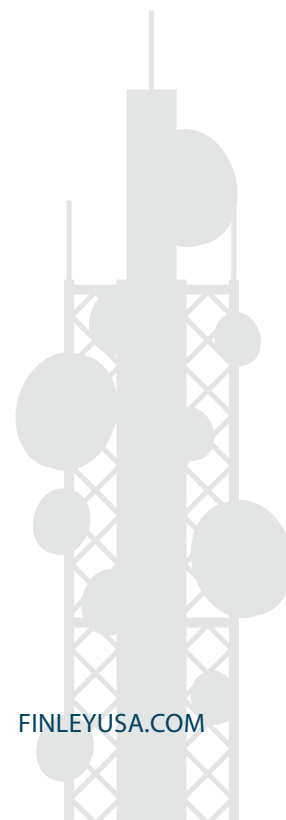
As you cannot have total control of a project of this nature, you may find yourself subject to unexpected forces that challenge the original plan. Therefore, good contingency planning should always be a strong consideration in all your interactions.

Make your company an attractive partner:

Never assume you'll make a good partner simply because you're currently an existing broadband provider—you need to develop a strong plan that outlines the benefits you expect to achieve for yourself and your proposed partner.

Are there specific services you can provide for your partner that will make you more attractive to do business with? Can you provide a much-wanted network extension? Are there schools they want to connect for whom you can address the need? Perhaps you're well-situated to help them achieve some smart city goals. Good partnerships are built on mutually beneficial relationships.

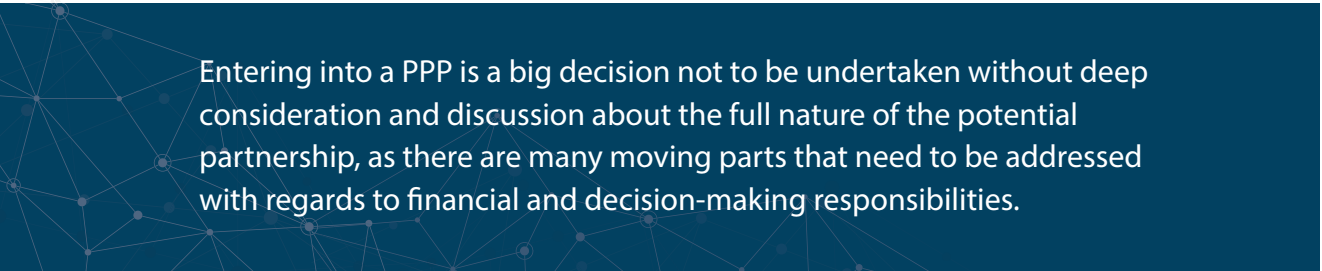
Prepare and become comfortable with selling yourself as a good, strong, and reliable partner. For many, this becomes a stumbling block, as it's not a position they've traditionally needed to take.



Develop an effective communication plan:

You can't afford to overlook having a solid communications plan that involves all appropriate stakeholders—a poor communications plan is one of the fastest ways to derail a project. Develop a strategy to execute on good, open, and consistent communication throughout your partnership.

Again, understanding the structure of the partners you're working with is important. For instance, if you're working with a mayor and a city council, you'll need to allow for the fact that these structures change over time, particularly during an election cycle. This means having agreements and processes well-documented in order to weather the structural changes that occur over time, along with the understanding that you'll need to regularly re-educate your partners as new members come to the table and as changing expectations need to be managed.



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Be prepared to respond to an RFI/RFP process:

In finding a good partner to work with, you'll need to be aware that many broadband PPP projects begin with a Request for Information (RFI) or a Request for Proposals (RFP), so it pays to be prepared to engage in that process.

While the specifics of RFIs and RFPs can vary, there are a number of elements you may be expected to provide, for instance:

- Cover letter
- Proposal
- A summary of your experience
- A high-level summary of your technical and operational approach
- A proposed schedule
- Financial and funding requirements
- A list of services you plan to provide
- References
- What gives you the edge over other providers
- What additional benefits do you bring to the table

In some instances, you may also be asked to make a personal presentation—so again, it's important to become comfortable with selling yourself.

Find good vendor partners:

Whether they're planning and consulting partners, material and hardware providers, or operational support vendors, having solid vendor partners who know and understand the Public-Private Partnership landscape are invaluable. Experienced partners will help you foresee challenges and difficulties before they arise—and help you prepare for them. They'll also have a strong understanding of your specific requirements and the timelines you're working with.

Prepare for things that can go wrong:

Finally, it's important to remember that we're working and planning in an actively dynamic environment where change is constant, and success favors those who can adapt. In any Public-Private Partnership, you might expect to encounter one or more of these situations that require flexibility, patience, and strong preparation:

- Regulations can change at either the local or industry-wide level causing disruption.
- Elections can rearrange the political landscape locally and bring in new stakeholders to deal with—things can be proceeding smoothly over an extended period, and then an election cycle can stop progress dead in its tracks.
- Projects funded through municipal bonds can be prone to complexity and uncertainty, for instance a community may plan to fund a project through the issuance of bonds, and then discover that they're currently unable to issue new bonds or to sell them to the market.
- Over time, public sentiment for a project can change - and communities may wind up competing for your attention and fighting to be prioritized.

CONCLUSION

The increasing use of Public-Private Partnerships and the continuing evolution of what constitutes a Public-Private Partnership represents greater expansion opportunities for Communication Service Providers as new federal, state, and local funds become available.

Most importantly, careful and balanced planning is critical. When either the municipal partner or the CSP partner takes precedence, the challenges increase, which can endanger the project.

The ultimate goal is to fill the broadband gap, and every plan should place the customer first. You'll still be able to protect the municipal interest from the public body perspective and create the right incentives to ensure your success, but when the focus shifts away from addressing the needs of the unserved or underserved communities, project-breaking problems are more likely to occur.



BEST PRACTICES FOR PUBLIC-PRIVATE PARTNERSHIPS

For more information on this topic and other services, contact Finley Engineering at 800-225-9716 and ask for Andy Heins, Mark Mrla or Sean Middleton or visit FinleyUSA.com.



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Andy leads strategic discussions and planning with clients across multiple markets and initiatives, from broadband planning, feasibility and implementation to energy integration and planning. He is a veteran of the telecommunications industry and began his career at Finley in early 2009. Prior to joining Finley, Andy was the General Manager of Alma Communications Company in Missouri. While with Alma, he assumed various management and operations roles, and in 2006 deployed the first 100% Fiber-to-the-Home (FTTH) network in the State of Missouri.



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Mark joined Finley 2008 and currently serves as Director, Strategy Operations. Prior to this he was a Business Unit Manager designing, budgeting, scheduling and implementing power, telecommunications and technology projects as well as focusing on tier 1 and 2 carriers, government entities, and national accounts. In addition, Mark coordinates teams and processes for client loan and grant applications for various government programs. Prior to joining Finley, Mark served in various management and technical positions at MidAmerican Energy Company, Gateway, Inc., and owned and operated a private technology consulting company. Mark has served in numerous leadership positions on various community and professional boards of directors and committees. Mark is a certified Project Management Professional (PMP) and is a registered Professional Engineer (PE) in several states.



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Sean joined Finley in 2019 as Director, Strategy Operations. As an accomplished Professional Engineer, he brings more than 23 years of experience to Finley. Sean will use his areas of expertise in electrical engineering, distribution system operations management, and design and maintenance of electrical systems, and consult with Finley energy clients on many of today's regulatory and compliance issues. With his background in the development of broadband networks, he can also assist in helping energy and telecom clients in meeting RUS requirements and standards, staying up to date on legislative funding, provide project management support and techniques, wireless, FTTP and consult on smart grid initiatives.

Sean comes to Finley from Illinois Electric Cooperative where he served as Manager of Engineering and IT. He is a member of the IEEE including the Power, Communication, and Photonic Societies and the National Society of Professional Engineers (NSPE). Middleton previously sat on the Cyber Security Member Advisory Group for the Cooperative Research Network (CRN/ NRECA) and serves on the State Board of Professional Engineers for the IL Department of Financial and Professional Regulation.