

City of Lawrence, Kansas  
Application for Economic Development  
Support/Incentives



| Applicant Contact Information |                                                                 |
|-------------------------------|-----------------------------------------------------------------|
| Name:                         | Kristie Adair                                                   |
| Title:                        | Owner/Operator                                                  |
| Organization:                 | Community Wireless Communications Co. ( DBA: Wicked Broadband ) |
| Address 1:                    | P.O. Box 3532                                                   |
| Address 2:                    | Lawrence, KS 66047                                              |
| Phone:                        | (785) 840-7989                                                  |
| Email:                        | kris.adair@wickedbroadband.com                                  |
| Fax:                          | (785) 331-2086                                                  |

| Economic Development Support Requested                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |        |          |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|----------|
| City Incentives                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Amount | Term 1 Y |
| <p><i>Other (Please Describe):</i></p> <p>Wicked Broadband would like the following incentives to facilitate the expansion of 1 Gigabit Per Second Fiber-Optic Internet service in Lawrence, KS.</p> <ol style="list-style-type: none"> <li>1. Waiver of first \$20,000 in franchise fees each year for the next 5 years retroactive to Q3 2012.</li> <li>2. Permission to co-locate splice cases in City of Lawrence hand holes at locations where Wicked Broadband currently leases City of Lawrence fiber, or connects to existing City of Lawrence fiber.</li> <li>3. Permission to splice fiber leased from the City using in-house resources. As with the City's current contractor, this activity would be done under the supervision of City of Lawrence staff.</li> <li>4. A 30 year lease of one buffer tube (12 count ) of single mode fiber (SMF) in the fiber-optic cable connecting City Hall with the Law Enforcement Center at \$10.</li> <li>5. A 30 year lease of two buffer tubes (24 count) of SMF on each new fiber-optic cable installed by the City of Lawrence in the next 120 months at \$10.</li> <li>6. A one time Infrastructure grant of \$500,000.</li> </ol> |        |          |

| Project Information                                                                                                                                                                                                                                                                               |                                                               |   |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------|---|
| Name of Company Seeking Incentive(s):                                                                                                                                                                                                                                                             | Wicked Broadband                                              |   |
| Project Type (check one):                                                                                                                                                                                                                                                                         | Expansion:                                                    | X |
|                                                                                                                                                                                                                                                                                                   | New Facility:                                                 |   |
| Company Type (check one):                                                                                                                                                                                                                                                                         | Existing Local Company:                                       | X |
|                                                                                                                                                                                                                                                                                                   | Out-of-Area Company Locating Locally:                         |   |
| Current Company Address:                                                                                                                                                                                                                                                                          | 2321 Ponderosa Drive, Lawrence, KS 66046                      |   |
| Location of Proposed New Facility/Expansion Project:                                                                                                                                                                                                                                              | One neighborhood of approximately 1,000 households. Site TBD. |   |
| Operations Start Date at the Expansion or New Facility:                                                                                                                                                                                                                                           | Fall '13                                                      |   |
| Industry NAICS # for the New or Expanded Facility (6-digit code):                                                                                                                                                                                                                                 | 517110                                                        |   |
| Describe the Primary Industry the New or Expanded Facility Will Support:                                                                                                                                                                                                                          |                                                               |   |
| All information centric industries. Thus encompasses or soon will encompass most business enterprises - software, logistics, retail, publishing, advertising, accounting, legal services, banking, etc. The proposed system also transports residential services including voice, video and data. |                                                               |   |

#### Describe the Company's Plans to Develop or Expand in the Community:

Wicked Broadband is Lawrence's only locally owned Internet Service Provider (ISP) and provides the fastest retail service currently available in the local community.

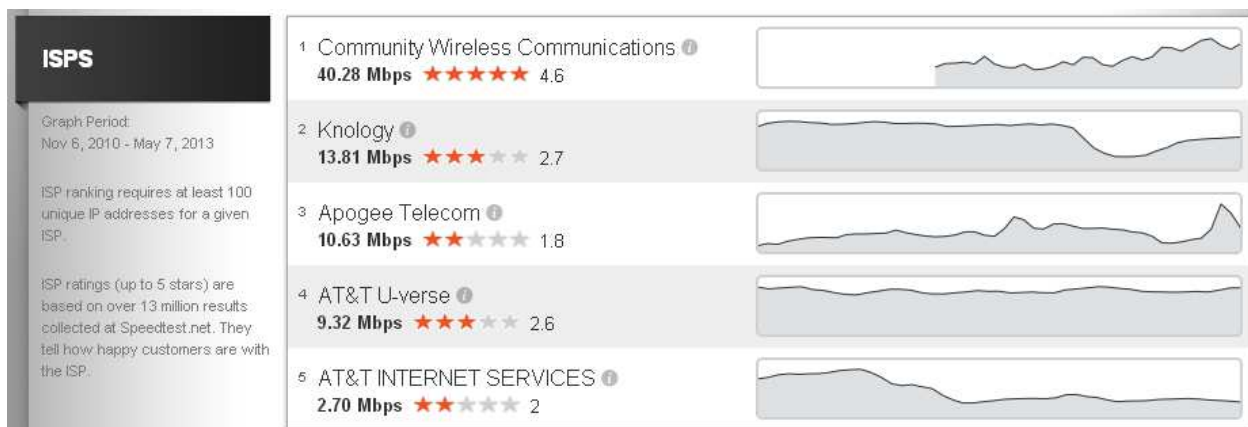


Figure 1: Lawrence Download Index - netindex.com retrieved May 8, 2013 12:53 PM

The company is in the process of constructing a 1 Gigabit Fiber-To-The-Premises (FTTP) system that will mark Lawrence as a leader in High-Speed Data Services. When completely implemented, the service will provide Internet speeds on par with the Google Fiber project being constructed in Kansas City, KS.

The City's own consultant has identified broadband offerings in Lawrence as "costlier, slower and more limited than in other comparable communities."<sup>1</sup> Since broadband is a key enabler for modern business, this means the cost of doing business in Lawrence is higher. This is a strong disincentive to businesses considering a move to Lawrence. It is also a strong incentive for start-up companies to move to locations like downtown Kansas City where broadband offerings are much faster and much less expensive.

According to the City's consultant, "A number of studies show a significant positive effect on economic growth by the increase of broadband speeds"<sup>2</sup>. The City's consultant goes on to point out that in one study, GDP increased 0.3 % when broadband speeds double; and the effect is repeatable.<sup>3</sup>

What does that mean? By bringing Internet speeds to the community that are 100x faster than the current product, there is the potential to increase the GDP of the target community by as much as 1.8%. Assuming a city wide roll-out, **in Lawrence that would mean adding \$61 Million to the local economy annually.**<sup>4</sup>

Wicked Broadband is building a system that solves this problem. The company's proposed system will provide service at speeds of up to 100x what the average customer is getting today.

The pricing for this product has been set at a disruptive level, which will bring the cost-per-megabit down to a level that is in-line with international standards and with other communities in the United States that have built gigabit FTTP systems.

In addition to bringing Internet speeds to the community that are 100x faster than what is commonly available, Wicked Broadband is innovating in several ways:

1. The company is installing a wireless access point along with each and every FTTP installation. This AP is managed by the company and runs on a segregated network.
2. The company is providing business class services, a product that is currently unavailable through Google Fiber.
3. The company is installing four (4) fibers at each site, but it only using two (2) to deliver service. This extra capacity will be available to other providers who wish to enter the community and compete to deliver service.

These innovative measures have some substantial advantages for the local community:

1. The wireless access point has the potential to be a game changer when it comes to universal access to City, County, Kansas University, the Library and USD 497 resources.

One of the wireless SSIDs on this access point can be run as a community access network that will allow anyone with a WiFi enabled device to connect. If implemented, anyone within range of one of the company's thousands of access points will have access to the Information Technology resources of participating entities.

If USD 497 chooses to participate, students who live in households without High-Speed Internet would be able to access resources at their school directly through the community access network.

The same could be true of the Public Library, the City of Lawrence website, the Douglas County website as well as computing resources at the University of Kansas.

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<sup>1</sup> "Enhancing Broadband in Lawrence, A Range of Strategic Options", Page 2, ctc technology & energy, April 2013.

<sup>2</sup> *IBID*, Page 37.

<sup>3</sup> *IBID*, Page 41.

<sup>4</sup> Based on a 1.8% increase to a baseline \$3,412M economy. Baseline from <http://econpost.com/gdp/lawrence-kansas-gdp>, retrieved May 8, 2013 at 1:49 PM

2. By providing business class services at attractive prices, Wicked Broadband opens the door for businesses in the community to innovate and provide more data-centric services. An excellent example of this is the company's first Wicked Fiber business customer, Scanning America.

At Scanning America, Tim Hunsinger and his team take physical documents and turn them into digital files. This makes them searchable and much easier to use. In addition to making the documents easier to search and use, this process frees up substantial physical storage space.

As a result, Scanning America uploads over 1 Terrabit of digital data from their offices each week.

By bringing Tim and his team our innovative Business service, we enable him to upload documents to the Internet at 50 Mbps. This level of service would have cost substantially more through one of Lawrence's incumbent providers.

3. By building several parallel fiber networks simultaneously, Wicked Broadband can provide a competitive landscape where households have several choices for Internet, Television and Telephone service.

This parallel approach pre-installs infrastructure for future competitors and removes the need to build multiple overlapping fiber networks in our community.

This is the first phase of a multi-year project that will result in the company expanding this fiber network to 100% of neighborhoods with sufficient interest.

| Capital Investment Information for New Facility or Expansion                                                                                                                                                          |                                              |                              |             |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------|------------------------------|-------------|
| Estimated Size of New Facility ( <i>square feet</i> ):                                                                                                                                                                |                                              | N/A                          |             |
| Estimated Size of Land for New Facility ( <i>acres</i> ):                                                                                                                                                             |                                              | N/A                          |             |
| <b><i>For the new or expanded facility, enter the amount the company anticipates spending for initial and subsequent investments in land, buildings and improvements (do not include machinery or equipment):</i></b> |                                              |                              |             |
| Year                                                                                                                                                                                                                  | Buildings & Other Real Property Improvements | Land                         | Total       |
| 1                                                                                                                                                                                                                     | \$1,000,000                                  |                              | \$1,000,000 |
| Total                                                                                                                                                                                                                 | \$1,000,000                                  |                              | \$1,000,000 |
| Will land be leased from the City or County (Y/N):                                                                                                                                                                    |                                              | Y                            |             |
| If yes, Monthly Lease Rate for Land:                                                                                                                                                                                  |                                              | 5% Gross Revenue (~\$975/Mo) |             |

| Local Utility Expenses                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                |                                                         |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|---------------------------------------------------------|
| Utility                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Current Local Monthly Expenses | Projected Local Monthly Expenses <i>at New Facility</i> |
| Gas                                                                                                                                                                                                                                                                                                                                                                                                                                                             | \$40                           | \$40                                                    |
| Electricity                                                                                                                                                                                                                                                                                                                                                                                                                                                     | \$1,018                        | \$1,500                                                 |
| Phone                                                                                                                                                                                                                                                                                                                                                                                                                                                           | \$0                            | \$0                                                     |
| Cable                                                                                                                                                                                                                                                                                                                                                                                                                                                           | \$0                            | \$0                                                     |
| Operating Expenditures                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                |                                                         |
| For Expansion Projects, Current Annual Operating Expenses at Existing Facility:                                                                                                                                                                                                                                                                                                                                                                                 |                                | \$238,580                                               |
| Annual Operating Expenses after Expansion/Relocation:                                                                                                                                                                                                                                                                                                                                                                                                           |                                | \$387,000                                               |
| % of Additional Operating Expenses Anticipated to be Spent Locally:                                                                                                                                                                                                                                                                                                                                                                                             |                                | 95%                                                     |
| Exports                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                |                                                         |
| % of Revenues at the new Lawrence Facility Anticipated to Come from Non-Local Sources.                                                                                                                                                                                                                                                                                                                                                                          |                                | (See Below)                                             |
| <p>NOTE: It is important to note that while we are not exporting a product, we ARE keeping an existing revenue stream from being exported. i.e. the companies currently providing services (as slow and unreliable as these services are) are exporting close to 100% of the revenue they are generating.</p> <p>By building out this FTTP system and putting it in production, we are recovering this revenue and bringing it BACK to the local community.</p> |                                |                                                         |

| Environmental Information                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |               |     |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|-----|
| Will the new facility meet Energy STAR criteria? (Y/N)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |               | N/A |
| Will the project seek or be designed to LEED certification standards? (Y/N)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |               | N/A |
| <i>If yes,<br/>please indicate level:</i>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Certification |     |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Silver        |     |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Gold          |     |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Platinum      |     |
| <p><b>Please describe environmentally friendly features of the project:</b></p> <p>The project uses active fiber instead of coax cable. As a result it demands far less utility power than other technologies (i.e. Cable TV, Copper Phone Service). This results in overall utility power savings and a corresponding reduction in green house gas emissions.</p> <p>Most of the infrastructure for the project will be installed underground, eliminating visual pollution from poles and wires.</p> <p>Excess capacity installed during the project will be available to other communications providers, eliminating the need to build duplicate and redundant infrastructure.</p> |               |     |

**Please describe anticipated positive environmental impacts resulting from the project:**

The installation of ultra-high speed Internet facilitates enables teleconferencing, cloud computing access and remote access to work facilities. This enables members of the community to work from home. This has the potential to save substantial environmental impact for commuters.

According to the City's consultant: "dependable, high-speed Internet access greatly improves the ability to work from home, or telework. This is often touted as the "most transformative" and "biggest environmental benefit" of FTTP. Indeed, telework confers a wide array of primary and secondary emissions benefits, which could provide significant cost savings to the City and its residents by reducing vehicle-operating expenses, the amount of time spent traveling, road repairs, and traffic congestion. In addition, by decreasing miles driven and gasoline burned, telecommuting benefits the environment and reduces greenhouse gases (GHG) by lowering auto emissions. Where telework occurs full time, it can reduce construction demand for office space and related electricity use. Indeed, the American Consumer Institute estimates that simply doubling the number of full-time teleworkers (to 20 percent) could reduce national GHG emissions almost 600 million tons over the next 10 years due to reduced auto use, business energy conservation, and reduced office construction.

"Universal, affordable, and robust broadband" is a "necessary prerequisite" for telework. In market research conducted by CTC in 2008 in San Francisco, for example, 67 percent of respondents reported that they needed higher speeds than cable modem to telework and 70 percent of respondents indicated that they would telework more if there were sufficient speed. Other studies support this finding. Indeed, fiber networks have quadrupled the amount of time employees spend working from their homes."<sup>5</sup>

**Please describe anticipated negative environmental impacts and planned remediation efforts:**

None

**Additional Community Benefits**

**Describe Other Local Economic Benefits Resulting From Project:**

According to the City's consultant, "*A number of studies show a significant positive effect on economic growth by the increase of broadband speeds*"<sup>6</sup>. The City's consultant goes on to point out that in one study, GDP increases 0.3 % when broadband speeds double; and the effect is repeatable.<sup>7</sup>

What does that mean? By bringing Internet speeds to the community that are 100x faster than the current product, there is the potential to increase the GDP of the target community by as much as 1.8%. Assuming a city wide roll-out, **in Lawrence that would mean adding \$61 Million to the local economy.**<sup>8</sup>

This project sets Lawrence up to be a leader in the next generation broadband technology. It also positions Lawrence to compete effectively with Johnson County and Wyandotte County where Google Fiber is building networks with similar speeds.

In Kansas City, the installation of this type of system has spurred entrepreneurship and launched several growing start-up companies. It has also resulted in Kansas City being considered a leader in technology and the growing concept of the "Silicon Prairie".

Lawrence can be a part of this excitement. The availability of ultra-high speed Internet for businesses

<sup>5</sup> "Enhancing Broadband in Lawrence, A Range of Strategic Options", Page 67, ctc technology & energy, April 2013.

<sup>6</sup> *IBID*, Page 37.

<sup>7</sup> *IBID*, Page 41.

<sup>8</sup> Based on a 1.8% increase to a baseline \$3,412M economy. Baseline from <http://econpost.com/gdp/lawrence-kansas-gdp>, retrieved May 8, 2013 at 1:49 PM

will encourage entrepreneurs in fields like bio-science, information technology, robotics and logistics to keep their businesses here.

If the community can bring support to the project and coalesce around the concept, there is also the potential of planting the seeds of a startup community here in Lawrence.

Long term economic growth depends not on attracting established businesses, but through growing our own industrial base through local entrepreneurship.

Direct economic benefits include keeping our utility dollars here in Lawrence. Right now all of our data utilities, AT&T, Knology and Apogee are based out of state. This project will enable us to keep those dollars in our local community.

Ultimately our community's primary economic activity is providing retail, housing, utility and entertainment services to the students and staff at the University of Kansas. This project will help to keep those utility dollars in our local community.

Finally, there are numerous as yet undiscovered applications for gigabit fiber. As entrepreneurs and residents discover new applications, this system will give them access to the local infrastructure necessary to support next generation technologies.

In its report to the City of Lawrence, ctc technology & energy says *"the literature available on broadband and economic development does suggest a causal relationship between broadband and economic development."*

*High-speed broadband is an economic enabler for businesses. From the standpoint of most businesses, broadband has ceased to be a luxury and has become crucial to business functionality.*

*According to a 2011 survey of building owners and property managers, broadband access is one of the most important decision factors for commercial real estate siting—after price, parking, and location. Similarly, a national survey found that 77 percent of economic development professionals believe that to attract a new business, a community must have broadband of at least 100 Mbps; in other words, they believe that economic development without broadband is essentially inconceivable.*

*The high speeds that fiber provides can facilitate economic development by:*

- 1. Enabling small business creation and growth*
- 2. Enabling job creation and the enhanced, multiplied economic activity that accompanies it*
- 3. Supporting businesses with very high bandwidth needs, such as digital media and software development*
- 4. Attracting and retaining businesses of all sizes*
- 5. Enabling workforce education*
- 6. Enabling telework and distributed work*
- 7. Stimulating economic activity*
- 8. Enhancing the City's reputation for visionary and pioneering projects*
- 9. Promoting major development initiatives such as revitalization zones"<sup>9</sup>*

The City's consultant goes on to lay out two compelling case studies, one right next door in Kansas City and the other in Chattanooga, TN.

<sup>9</sup> "Enhancing Broadband in Lawrence, A Range of Strategic Options", Page 38, ctc technology & energy, April 2013.

<sup>10</sup> *IBID*, Page 41.



#### **“4.2.1 KANSAS CITY**

*Despite industry warnings about lack of demand, a recent survey showed 60 percent of those qualifying for Google Fiber were very interested in adopting the service.<sup>49</sup> Though the network is not yet fully activated, signs of increased economic activity in Kansas City have in fact emerged.*

*According to the Washington Post, “about a dozen start-ups have launched in the first neighborhood to get Google’s 1-gigabit-per-second service” as of January. Early evidence suggests that much of the significant use of the gigabit speeds are by technology companies. For example, the company EyeVerify, a security software developer, relocated its office to one of Google’s “fiberhoods”—designated neighborhoods that attained Google’s quota of interested customers; the company founder has stated that Google Fiber is allowing the business to operate far more efficiently. EyeVerify deals with very large data files—detailed scans of eyes for security identification—so it demonstrates how the gigabit network opens the door for better application use. It is, of course, a very specialized market that uses such applications, suggesting that the economic development created by gigabit capacity may be heavily focused on the technology sector.*

*Indeed, Kansas City is gaining the reputation as a magnet for startup businesses in the tech industry, and just the draw of the new “prairie” has created some interesting economic incentivizing. Grassroots initiatives include the Kansas City Startup Village and the unconventional “Homes for Hackers,” a temporary housing option for tech developers looking to start a business in Kansas City. Homeowners can volunteer their Google Fiber-connected properties to these aspiring entrepreneurs, who can live rent-free for three months while they work on their projects with gigabit speeds.*

*It is easy to see that Google Fiber has become a point of pride in the local culture, which is important when competing with places more commonly thought of as magnets for startups, such as Palo Alto.*

#### **4.2.2 CHATTANOOGA**

*On the public networking side, Chattanooga has had an operational gigabit network since 2010. The network model, provided by the community-owned Electric Power Board (EPB), is heavily application driven. The City itself has adopted the use of many new applications, including a 16 megabit-per-second (Mbps) WiFi service for government use, which uses the gigabit network as backhaul; uploading and sharing 3D scans of buildings and facilities among City public works personnel; and criminal investigations utilizing remote collaboration by the City police force.*

*In the private sector, Chattanooga has, like Kansas City, shown encouraging signs of becoming a tech incubator; the gigabit hookup allows businesses that perform high-end simulations, like Chattanooga’s SimCenter Enterprises, to work among major corporate and research collaborators worldwide. The network “enables a small company in a mid-sized city to become the center of a world of supercomputers, international research teams and corporate giants.” Chattanooga is also openly vying to become a small computer gaming enclave, and gamers and game developers have taken notice.”<sup>9</sup>*

*According to the City’s consultant, economic growth from projects like this take two forms, “the first being the short-term economic stimulus caused by the deployment, and the second being the creation of new businesses and increased productivity. The latter type of economic boost is what can be sustained over the long-term. According to multiple sources, the cost-savings and production boosts that ultra-fast networks can bring depend on how readily businesses adopt service, and then adapt their practices to leverage the new capacity. In other words, it is only after businesses purchase the service and have it for long enough to change their organizational and strategic practices to make use of the new applications available to them that they will begin to see a true ROI.”<sup>10</sup>*

## **Describe Other Quality of Life Benefits Resulting From Project:**

The proposed network will provide not only economic benefits, but has the potential to provide quality of life improvements to a variety of Lawrence stake holders:

### **Retirees**

Again, according to the City of Lawrence's own consultant: *"Another significant, emerging application for high bandwidth broadband is the area of "aging in place" and other means of using technology to support seniors in their homes. In 2005, 12 percent (35 million) of the U.S. population was over 65. By 2030, that number will rise to 21 percent (71 million). This growing demographic also represents a rapidly growing segment of the broadband market. In fact, the Pew Internet and American Life Project reports that the largest increase in Internet use since 2005 occurred in the 70 to 75 year-old age group, with online use for this age group increasing from 26 percent in 2005 to 45 percent in 2009. Broadband use has increased by about half for Americans ages 12 to 24, roughly doubled for 25 to 64 year-olds, and more than tripled for seniors 65 and older. Notwithstanding this dramatic increase, broadband use by seniors 76 and older remains relatively low, at only 16 percent. By contrast, 61 percent of those aged 50 to 64 have broadband at home. Broadband use will undoubtedly continue to rise as younger users age. This provides a tremendous opportunity for extending the benefits of broadband access.*

*Broadband promises a range of applications that can benefit an aging population. In particular, broadband access can lower medical costs and prevent hospitalization through home-based monitoring; extend employment opportunities through telework; and foster ongoing relationships by allowing homebound seniors to connect to the outside world. These benefits translate to dramatic savings in Medicaid and Medicare expenses for the federal and state governments, reduced demand for limited space in hospitals and long-term care facilities, and increased income and savings for residents. Because 60 percent of U.S. healthcare spending is on seniors, initiatives that target this population translate to significant government savings."<sup>11</sup>*

### **Public Safety**

As a stake holder in the construction of the Wicked Fiber network, the City of Lawrence has the potential to make use of both the fiber network and the proposed public access network for emergency response.

As the fiber project builds density (Google is seeing 30% adoption with 60% indicating interest), the WiFi coverage in the selected neighborhoods will become ubiquitous. This opens up opportunities for public safety users to make use of the network day-to-day or during emergencies.

We can also develop a set of Quality of Service rules that can be quickly implemented in the event of an emergency (i.e. Tornado), to give responders priority on the network.

### **Public Schools**

As was demonstrated in our Freenet Kids proposal in 2008, we are very excited about the prospect of using our network resources to benefit the students at USD 497.

We envision a community where students have ubiquitous access to network resources and can use laptops, tablets and even mobile phones to access educational content, classroom assignments and cloud storage.

If USD 497 chooses to participate in the project, students who might not otherwise have Internet access can reap substantial benefits from making use of the network.

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<sup>11</sup> "Enhancing Broadband in Lawrence, A Range of Strategic Options", Page 69, ctc technology & energy, April 2013.

Wicked Broadband has always been committed to making the Internet available to low income families and to households that wouldn't otherwise have Internet access. Lack of financial resources has always always been the challenge in deploying more open access for our community.

Our organization also has the ability to provide ultra-high bandwidth connections to Lawrence Public Schools. According to the City's consultant *"The U.S. Department of Commerce has found that schools require connections of 50 to 100 Mbps per 1,000 students.<sup>78</sup> Education technologists recommend even greater capacity; in an environment where students are bringing up to three devices each to school, some recommend that schools provide 300 to 600 Mbps per classroom, which delivers a few megabits per student to support video learning.*

*The State Educational Technology Directors Association (SETDA) recommends that by the 2014–15 school year, each school have at least 100 Mbps Internet per 1,000 students and staff (service to the public Internet) and at least 1 Gbps for each 1,000 students and staff connecting the schools to each other and to their district building (intranet service).<sup>12</sup>*

USD 497 is not currently able to provide this level of service to all of its schools and certainly not to the homes of all of its students. The district has also struggled over the past several years with the reliability of its leased capacity.

If the district is interested in pursuing enhanced access through this project, we can make dark fiber available to interconnect the schools. The district can then move traffic to the Internet either through our upstream link or through another provider such as KanREN.

### **Public Library**

According to the City's consultant, *"Public libraries serve a variety of functions. They offer desktop workstations for Internet use, technical training, and access to locally relevant content. Public library Internet access is used for an array of reasons—job seeking, educational research, travelers looking to keep in touch with their families, and emergency information. Libraries play a key role in providing access, assistance and training through e-government sites and services. Public libraries also provide a safety net during disasters when Internet access may be limited elsewhere.<sup>114</sup> In light of this wide array of services, "the role of the public library as a stable Internet provider cannot be overestimated."*

*Public libraries, however, are facing significant capacity constraints. Bandwidth requirements are growing as public use expands and matures, but libraries are unable to keep up. As Bertot, McClure, and Jaeger report:*

*Libraries may be struggling to meet demands as a result of a combination of factors such as the limits on physical space in libraries, the increasing complexity of Internet content, the continual costs of Internet access and computer maintenance, the inherent limitations of the telecommunications grid, and the rising demands for bandwidth, processing speed, and numbers of workstations, among other factors. (John Carlo Bertot, Charles R. McClure, and Paul T. Jaeger, 2008, "The Impacts of Free Public Internet Access on Public Library Patrons and Communities," Library Quarterly 78, no. 3, at 297.)*

*In recent years, libraries have expanded wireless access to allow for a larger number of users at limited workstations. While this allows more users to get online, it also creates additional traffic on limited bandwidth."<sup>13</sup>*

If Lawrence Public Libraries choose to participate in this project, we will work with them to facilitate enhanced bandwidth, a much more robust Wi-Fi network for the new library and to allow access to library resources from the public access network.

<sup>12</sup> "Enhancing Broadband in Lawrence, A Range of Strategic Options", Page 45, ctc technology & energy, April 2013.

<sup>13</sup> *IBID*, Page 55.

**General Public –**

Finally, there is the issue of enhanced quality of life for the general public. Internet access is no longer a luxury. Accessing the Internet is not an idle past time where we go to look at funny pictures of kittens and flame posters on the LJWorld forum.

The Internet has become an essential utility. High-speed Internet access is essential for work, for education and for entertainment.

The change from broadband to ultra-high speed Internet service promises to bring the same benefits as the transition from dial-up to broadband.

When broadband was first developed dial-up providers surveyed their customers to determine if they would pay to access their e-mail at 40x the speed. Most of them said “no”, which is why we all aren't using high-speed Internet from AOL.

It turns out, however, that these ISPs were asking the wrong question. The question they should have been asking was, “what new applications could you use with high-speed Internet?”. The answers, we have found, are endless. From Netflix streaming to Facebook to YouTube to online banking to real-time gaming to Skype, the applications have been endless.

The transition from broadband to ultra-high speed Internet promises the same leap forward. Our project puts Lawrence on the leading edge of this revolution and will enable local businesses and entrepreneurs to leverage this new technology well before it is available in the rest of the nation.

| Employment Information                                                                                   |       |           |                         |           |                         |           |                         |        |                         |
|----------------------------------------------------------------------------------------------------------|-------|-----------|-------------------------|-----------|-------------------------|-----------|-------------------------|--------|-------------------------|
| Construction Employment for New Facility or Expansion                                                    |       |           |                         |           |                         |           |                         |        |                         |
| # Full-Time, Construction Jobs:                                                                          |       |           |                         |           |                         |           |                         | 35     |                         |
| Average Annual Salary for Full-Time, Construction Workers<br>(during construction period):               |       |           |                         |           |                         |           |                         | \$18   |                         |
| Construction Period (months):                                                                            |       |           |                         |           |                         |           |                         | 6      |                         |
| For Expansion, # of Full-Time Employees Currently Working in Lawrence:                                   |       |           |                         |           |                         |           |                         |        |                         |
| New Employment Resulting from Project                                                                    |       |           |                         |           |                         |           |                         |        |                         |
| Net New<br>Jobs<br>(full-time,<br>permanent)                                                             | Year  | #<br>Jobs | Avg<br>Annual<br>Salary | #<br>Jobs | Avg<br>Annual<br>Salary | #<br>Jobs | Avg<br>Annual<br>Salary | # Jobs | Avg<br>Annual<br>Salary |
|                                                                                                          | 1     | 2         | 47,500                  |           |                         |           |                         |        |                         |
|                                                                                                          | 2     |           |                         |           |                         |           |                         |        |                         |
|                                                                                                          | 3     |           |                         |           |                         |           |                         |        |                         |
|                                                                                                          | 4     |           |                         |           |                         |           |                         |        |                         |
|                                                                                                          | 5     |           |                         |           |                         |           |                         |        |                         |
|                                                                                                          | 6     |           |                         |           |                         |           |                         |        |                         |
|                                                                                                          | 7     |           |                         |           |                         |           |                         |        |                         |
|                                                                                                          | 8     |           |                         |           |                         |           |                         |        |                         |
|                                                                                                          | 9     |           |                         |           |                         |           |                         |        |                         |
|                                                                                                          | 10    |           |                         |           |                         |           |                         |        |                         |
|                                                                                                          | Total | 2         | 47,500                  |           |                         |           |                         |        |                         |
| Anticipated # of Employees to Be Relocated Locally as a Result of the Project                            |       |           |                         |           |                         |           |                         |        |                         |
| # of Net New Full-Time Employees Anticipated to be Relocated From<br>Outside of Kansas:                  |       |           |                         |           |                         |           |                         | 0      |                         |
| # of Net New Full-Time Employees Anticipated to be Relocated from<br>Outside of Lawrence/Douglas County: |       |           |                         |           |                         |           |                         | 0      |                         |
| # of Local, Full-Time Jobs Anticipated At End of Incentives Period:                                      |       |           |                         |           |                         |           |                         | 6      |                         |

| Employee Benefits                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                               |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|
| Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | After Expansion or Relocation |
| % of Employees with Company Provided Health Care Insurance                                                                                                                                                                                                                                                                                                                                                                                                                                      | (DoD/Employer Provided)       |
| % of Health Care Premium Covered by Company                                                                                                                                                                                                                                                                                                                                                                                                                                                     | \$197.50/Mo                   |
| % of Employees with Company Provided Retirement Program                                                                                                                                                                                                                                                                                                                                                                                                                                         | 0%                            |
| Will You Provide Job Training for Employees? (Y/N)                                                                                                                                                                                                                                                                                                                                                                                                                                              | Y                             |
| <p><i>If Yes, Please Describe:</i><br/> All full time employees taking positions with the company at the end of this expansion project will be trained in splicing and putting fiber-optic cable into production. We also provide on-the-job training to administrators and customer support technicians.</p>                                                                                                                                                                                   |                               |
| What is the Lowest Hourly Wage Offered to New Employees?                                                                                                                                                                                                                                                                                                                                                                                                                                        | ~\$15                         |
| What Percentage of Your New Employees Will Receive this Wage?                                                                                                                                                                                                                                                                                                                                                                                                                                   | 0                             |
| Will You Provide Additional Benefits to Employees? (Y/N)                                                                                                                                                                                                                                                                                                                                                                                                                                        | Y                             |
| <p><i>If Yes, Please Describe:</i><br/> For full time employees, the company provides compensation for use of personal cellular phone, free Internet access, paid child care, two weeks paid vacation, one week sick time, flex time and a challenging work environment with real responsibility.</p> <p>Full time employees are eligible for insurance through the Department of Defense or through their spouse's insurance. The company pays the employee's portion of these premium(s).</p> |                               |

| Disclosures                                                                                                                   |   |
|-------------------------------------------------------------------------------------------------------------------------------|---|
| Company Form of Organization: Kansas Corporation                                                                              |   |
| Company Principals:<br>Kristie Adair<br>Joshua Montgomery                                                                     |   |
| List all subsidiaries or affiliates and details of ownership:                                                                 |   |
| Subsidiary : None                                                                                                             |   |
| Principals: None                                                                                                              |   |
| Has Company or any of its Directors/Officers been involved in or is the Company presently involved in any type of litigation? | Y |
| Has the Company, developer or any affiliated party declared bankruptcy?                                                       | N |
| Has the Company, developer or any affiliated party defaulted on a real estate obligation?                                     | N |
| Has the Company, developer or any affiliated party been the defendant in any legal suit or action?                            | Y |
| Has the Company, developer or any affiliated party had judgments recorded against them?                                       | Y |
| If the answer to any of the above question is yes, please explain:                                                            |   |
| The company lost a civil suit with a landlord in 2008. The resulting judgment was paid in full.                               |   |
| The company is currently the plaintiff in a civil case in Douglas County related to a breach of contract.                     |   |

*Note: Applicant may be required to provide additional financial information for the project and company.*

When you have completed this form to your satisfaction, please sign and send, along with applicable application fee(s) to:

**City of Lawrence**  
**Attn: Economic Development Coordinator**  
**6 East 6th Street**  
**Lawrence, KS 66044**  
**Fax: 785-832-3405**  
**Email: [bcano@lawrenceks.org](mailto:bcano@lawrenceks.org)**

| Application Fees                          |         |
|-------------------------------------------|---------|
| Tax Abatement                             | \$500   |
| Industrial Revenue Bonds (IRB)            | \$1,000 |
| Community improvement District (CID)      | \$2,500 |
| Neighborhood Revitalization Area (NRA)    | n/a     |
| Transportation Development District (TDD) | n/a     |
| Tax Increment Financing (TIF)             | n/a     |
| Other                                     | n/a     |

I hereby certify that the foregoing and attached information contained is true and correct, to the best of my knowledge:

Applicant/Representative: Kristie Adair

(Please Print)

Signature: Kris Adair

Date: May 9, 2013