



BOROUGH OF KUTZTOWN

Incorporated in 1815

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Kutztown Municipal Authority

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TriCity Broadband Information for Elected Officials, City Staff and Residents

The TRUTH of the matter:

Dear Elected Officials, City Staff and Residents;

The Borough of Kutztown and its Fiber Optic to the Home deployment is **not** as reported by some, a failure. Our launch officially occurred August of 2002 and we are approaching our 500th customer and 1000th billed Service. In less than 1 year we are within 95% of our target, 25% market share that we anticipated would occur after 1 year of service. Today we have built to housing complexes and rental apartments, ready to serve our College market when school begins in the Fall.

Kutztown Objective

- | | |
|---|--------------|
| • Encourage Economic development and growth in this Community. | Accomplished |
| • Reduce the overall End-User monthly expense for Voice, Video and Data Services | Accomplished |
| • Create additional Revenue stream to keep taxes low. | Accomplished |
| • Keep the residents and business money in the Community, working for the Community. | Accomplished |
| • Allow choice, open the door for advanced services where broadband is a requirement. | Accomplished |

Why build a system where services already exist?

Kutztown’s original plan focused on building a “Distribution System” whereby private enterprise could provide their services at a scale un-comparable to the existing 50-year-old infrastructure. Our goal was to be the “hub” for converged services. The Fiber Optic Technology allows multiple services across the same infrastructure without large investments in the field. The only **failure** that occurred was the lack of cooperation by the large telephone and television service providers. We advertised looking for business alliances to help with this build and become the service provider of choice. Instead, we were forced to build our own television system. A local ILEC/CLEC read about our build and contacted us about telephone services. They did not know how this would work, the concept of not owning the lines to the home was new to them, but after numerous meetings and planning sessions everyone felt comfortable to make a go of it.

Kutztown key points

- The public was ready for a change and we addressed their concerns.
- Government should share the responsibility in economic growth.
- Government should be a major employer for a community.
- Competitive systems create a “check and balances” for the end user.
- Fund the project with taxable bonds to allow private enterprise business alliances.
- We are in touch with our customers to serve their immediate needs.

Reported results

Landlords now have the ability to rent bedroom space rather than entire apartments. Each renter can have a separate billing account for voice, video and data.

- Routers allowing multiple shared computer usage without limitation, users have flexibility.
- Residents assist with Television content request
- Our FREE computer education program to HU customers is stronger than we anticipated.

Home businesses pay reasonable fees to operate as a "home based business"

Some users have reported a savings of up to \$60 per month, due to the elimination of extra phone lines, premium Television Cost, Internet monthly fees.

Personal rewards and benefits

I see it and hear it everyday. Residents once against government bringing services into the community now support the effort. The overall benefit is beginning to take shape earlier than we anticipated.

New student housing now builds toward meeting our fiber specifications, which enhances the Kutztown University Student ability to use broadband off-campus.

State of Pennsylvania

In line with the direction of the Pennsylvania Department of Community and Economic Development, Kutztown's efforts have been recognized as a leader in Information Technology for 2003. We have been awarded the Governor's award for Information Technology. This is important because the state of Pennsylvania has a goal to keep College Graduates working in Pennsylvania. Economic growth and broadband deployment are a priority.

Personal Note

Private Business and Government can move this Country into the 21st Century by cooperating with each other. Governments and private Business can compliment each other. We are finding this now, Kutztown is forming new business alliances with security companies, internet gaming companies, Virtual Private Networks, and advanced television services. Government can be the "hub" or "gateway" needed to reach the home. Why is this important? Because private business cannot build to replace the current infrastructure currently strangling the rural communities. A private company will not build the technology solution which allows multiple service provisioning across the same media.

When Kutztown started in 2000, there were 10-15 interested communities looking into Fiber-To-The-Home. Today there are over 200. We have had visitors from Michigan, Massachusetts, Alabama, Georgia, Pennsylvania and others all looking into Economic Growth and Development by building similar infrastructures. These builds would not be happening if communities were happy and content with current services and offerings. Monopolized services have no place in today's world. Communities must take the lead to encourage advancement in technology or they will continue to get "what is available by the single service provider".



Frank P. Caruso
Director of Information Technology
The Borough Of Kutztown