

communication networks of Counties, Cities, and Towns who pay fees and receive federal grants to cover operational costs. This bill would shut them down by limiting their service areas and imposing restrictive rate-setting and financial limitations; it will also make them ineligible for Homeland Security, ARRA and Farm grants.”

The NC League of Municipalities states, “both of these bills are designed to restrict the ability of cities to own and operate cable, video programming, telecommunications, and broadband services. The League is opposed to the legislation.”

Telecommunications industry leaders and trade associations have also spoken out against the bills (see attached).

While Asheville does not have any current plans to pursue municipal broadband, these bills may have unintended consequences that could impact operations or cause fiscal harm. Given Asheville’s recent experiences with legislation with unintended consequences that caused significant potential expenses and led to the loss of a critical public safety asset valued at \$4.5M in today’s dollars to rebuild (Video Service Competition Act of 2006), staff recommends that this legislation be opposed.

Fiscal Impact: These bills could have a negative fiscal impact in two ways. First, the City’s ability to accept grant dollars or engage in communication system interlocal agreements would likely be negatively impacted because of the City’s practice of underwriting public safety communications expense with leases to the private sector. Second, if City Council wished to engage in broadband economic development activities to boost the tax base, such as a public-private partnership to build a high speed broadband system similar to Google Fiber, such an action would be significantly more difficult to accomplish than it is today.

Recommendation: City staff recommends City Council adopt a resolution opposing House Bill 129 and Senate Bill 87.

Attachments:

- (1) Resolution
- (2) HB 129, SB 87 (first editions)
- (3) Information from SEATOA
- (4) Letter from Industry

RESOLUTION NO. 11-____

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ASHEVILLE TO OPPOSE HB-129 AND SB-87, "LEVEL PLAYING FIELD/LOCAL GOV'T COMPETITION"

WHEREAS, the City of Asheville owns and operates a vital public safety communications system; and

WHEREAS, the City may, from time to time, need or desire to lease unused portions of the communications system, and use the proceeds to underwrite the costs of building and constructing the system; and

WHEREAS, the ability to operate a telecommunications system is a potentially important public service that local governments should be able to provide to their citizens; and

WHEREAS, the Southeastern Telecommunications Officers and Advisors Association as well as the North Carolina League of Municipalities strongly opposes these bills; and

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF ASHEVILLE THAT:

1. The City strongly opposes House Bill 129 as well as Senate Bill 87.
2. The City Manager, with the assistance of the City Attorney, is authorized to convey this resolution to the North Carolina General Assembly and to submit written comments as appropriate in support of this resolution.
3. This resolution shall be effective on and after its passage.

Read, approved and adopted this 8th day of March, 2011.

City Clerk

Mayor

Approved as to form:

City Attorney