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FOR INFORMATION CALL

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Ald. Jim Bohl
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Why The Big Delay In Wi-Fi Deal?

Ald. Bohl Calls For End to "Hand Holding" of Midwest Fiber Networks

As national demand for wireless fidelity Internet technology (Wi-Fi) continues to flourish, the City of Milwaukee's approach of sitting on the sidelines and holding Midwest Fiber Networks' hand is costing the city dearly, Ald. Jim Bohl said today.

"Perhaps the time has come for the city to move on and consider deals with other interested parties capable of delivering this fast-growing high tech service," said Ald. Bohl, who was the primary sponsor of the Midwest Fiber Networks (MFN) Wi-Fi deal that was approved by the Council on January 18, 2006.

According to a recent research study commissioned by IBM, the North American market for wireless broadband services was valued at just over \$1 billion in 2005 and projected to rise to nearly \$9 billion in 2010. The 2005 value was reflective of the fact that more than 16 million wireless networks existed at the end of last year. Wi-Fi service is seen as technology innovation vital to the communication needs of a growing number of businesses, particularly in the high tech sector.

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Wi-Fi: Time For Hand Holding to End/ADD ONE

The January 2006 Milwaukee Common Council-approved term sheet called for allowing Milwaukee-based MFN to own and operate a citywide wireless network system. The proposal called for an open network that would eventually allow several Internet service providers (ISP) to compete to provide Wi-Fi service to city residents. At the time of the Council approval, it was believed that Milwaukee could become the first large city in the nation to have a citywide operational Wi-Fi system. In the meantime, city negotiations with MFN continue to lag, bringing a sense of frustration to city leaders, said Ald. Bohl. "While aldermen were told the official deal would be completed in a matter of weeks after the term sheet's approval by the Council, nine months has gone by and I'm not certain we're any closer to inking this deal," said Ald. Bohl.

After the Council's approval of a Wi-Fi term sheet, negotiations continued to languish as MFN failed to secure sufficient financial backing to make the \$20 million private investment required to provide this technology to the city.

In light of MFN's foot-dragging, on June 20, 2006 the Council approved a resolution for immediate adoption allowing the Department of Administration (DOA) to negotiate Wi-Fi contracts with other Internet providers. The city has hosted negotiations with Cellnet Technologies and Earthlink, among other providers. Both providers have indicated a willingness to sign a deal with the city and to quickly begin implementation of wireless Internet service. A provision added by DOA to the original term sheet approved by the Council sought to protect MFN's interest in being the first provider allowed to construct Wi-Fi service in each neighborhood across the city may be a sticking point, however.

At the end of July, an announcement was made that the MFN-city impasse had been broken and that the deal was as good as complete. But now a little-known, little-used protection clause granted unilaterally to MFN by city Department of Administration negotiators has stalled the deal further, and many in city government are wondering if the deal will ever get done.

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Wi-Fi: Time For Hand Holding to End/ADD TWO

“Granting this protectionist provision to MFN was a big mistake and has only served to delay our negotiations with other providers,” Ald. Bohl said.

“As far as I am concerned, MFN has overstayed its welcome with the city on this deal,” said Ald. Bohl. “We’ve already provided them with one deadline that has come and gone, and the time has come to provide them with a short window to finalize the deal, or we move on.”

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