

Municipal Wireless Business Models



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Is it financially feasible?

Deployed		
Sunnyvale, Santa Clara, Cupertino	MetroFi	Free, ad supported with paid tier (few takers)
Tempe	MobilePro	Fee based wholesale
Lexington, Colorado Springs, Hillsboro	Skytel	Free now but biz model is fee based
In Progress		
Anaheim, Milpitas, Philadelphia	Earthlink	Fee based, tiered pricing
San Francisco	Earthlink/Google	Free with paid tiers
Mountain View	Google	Free
Brookline	Galaxy/MobilePro	Fee based WiFi + 4.9GHz govt tier
Portland, Aurora	MetroFi	Free WiFi + paid 4.9GHz govt tier

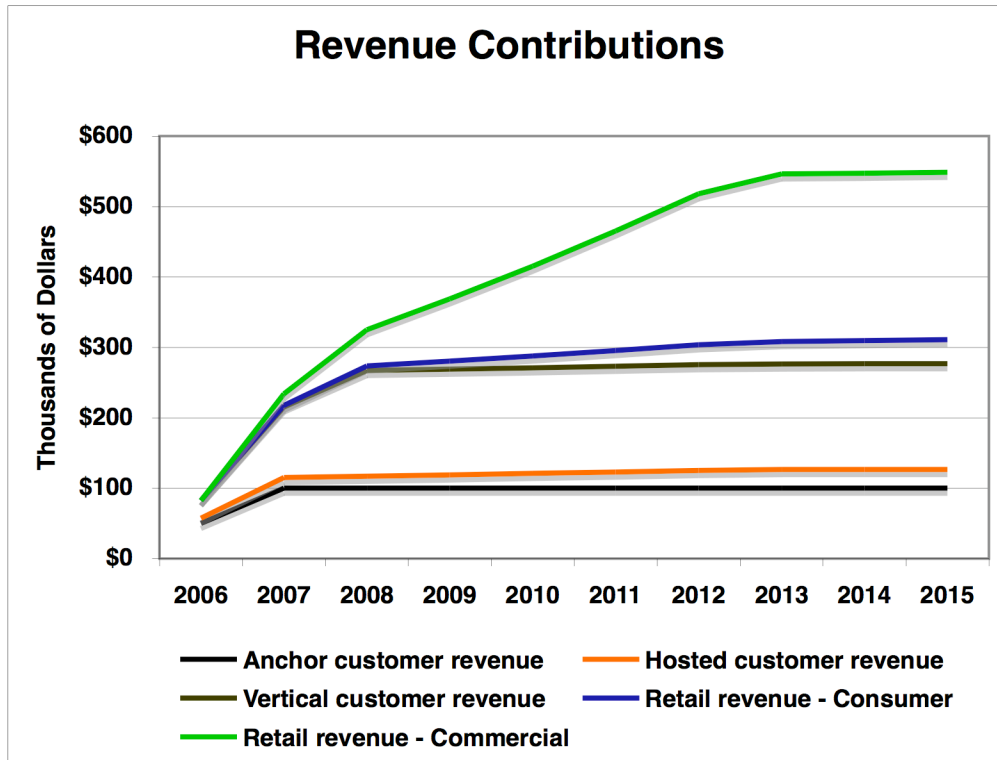
Free sounds good, but it's not reality...

It's about the business model

- ❑ Anchor tenants make Folsom business case
 - ❑ Substitution opportunity - Folsom \$35K
 - ❑ Intel has plant in Folsom
 - ❑ SMUD, Verizon, college also interested
 - ❑ Vertical markets - 2 hospitals in Folsom
 - ❑ Hot spot, hosting, ad hoc segments
- ❑ Lompoc - bottom up consumer demand exists
 - ❑ \$20 price point quantitatively tested
 - ❑ Competition lags, but now motivated to catch up

“Never appeal to a man's ‘better nature.’ He may not have one. Invoking his self-interest gives you more leverage.” RAH

Folsom model puts revenue first



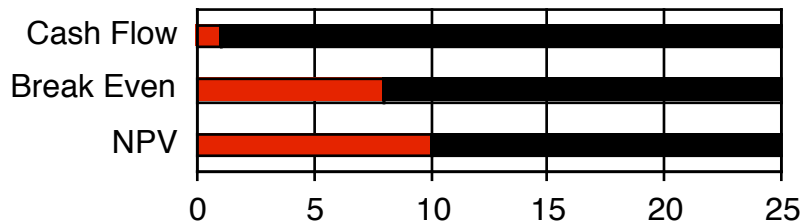
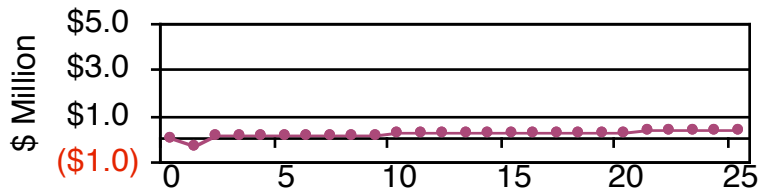
- Four scenarios
 - Standalone business
 - Local consortium
 - ISP partner
 - Membership
- Self supporting with user buy-in
 - Capex \$100K-\$200K
- Partners create growth
 - ISPs need options
 - Specific sectors, such as health care
 - Open to new ventures

Allows existing businesses to expand & develop, creates opportunities for new businesses, improves service for all.

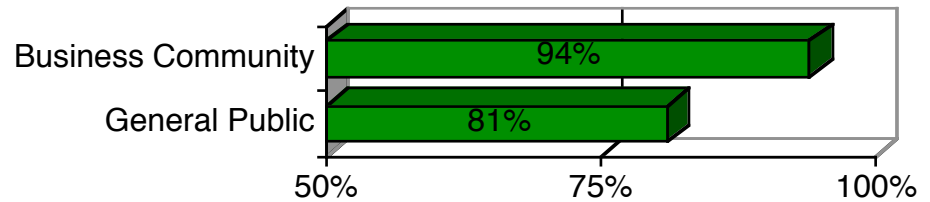
Is a Municipal WiFi Utility Feasible for Lompoc?

Capital funding required:	\$1.2 M
Year 15 metrics:	
Annual revenue	\$1.3 M
Operating surplus	\$0.3 M
Subscribers	5,100
Internal rate of return	12.2%

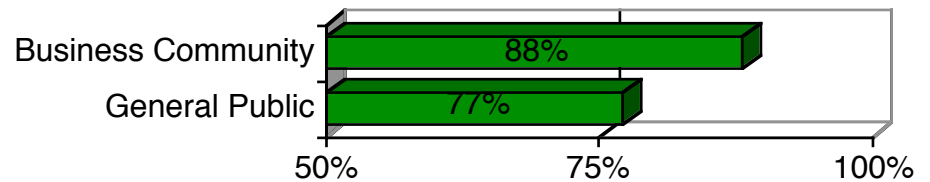
Operating Profit/(Loss)



Agree: Build it



Agree: Good for Economic Development



Financially justified?	✓
Economically advantageous?	✓
Serve a public purpose?	✓