

# Memo

To: Dianah Neff-Chief Information Office for Mayor John Street

From: Yarrow Sandahl

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RE: Moving Forward with Wireless Philadelphia

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## Summary

Philadelphia, like many urban cities across the country, manages the conflicting interest of remaining a competitive location for business, education and visitors while simultaneously addressing social welfare issues. In an effort to clean up blighted areas and revitalize local business, Philadelphia proposed their Wireless Philadelphia Business Plan in December of 2004. Wireless Philadelphia's purpose is to transform neighborhoods by making high-speed Internet access available and affordable. The initiative aims to help people who are not online gain access with hardware, software, tech support/information, and broadband Internet service.

Wireless Philadelphia has the potential to address social welfare issues such as education, employment, health, and life opportunities for all citizens while strengthening the city's economy. The proposal of Wireless Philadelphia has ignited criticisms from WiFi stakeholders such as Verizon and Comcast. At the same time, Wireless Philadelphia received praise from media outlets that applauded a well thought-out plan to bridge a digital divide and shake up the status quo. Wireless Philadelphia is poised for success. Cities across the nation are attempting to emulate this model in order to distribute a valuable resource with immense cultural and social impacts. With all that is riding on the project success, it is important that city administrators responsible for Wireless Philadelphia address the business backlash, the private-public partnership with Earthlink, and a lack of network partners.

## Business Backlash

Broadband service companies in Philadelphia have responded to Wireless Philadelphia by questioning the role of government. They used their influence to get a bill through the Pennsylvania General Assembly that would prohibit municipal broadband. Although provisions were made for local governments, this marked the beginning of businesses backlash. After their policy efforts failed, business attacked WiFi's service capabilities, the city's use of tax dollars and their efforts to address a digital divide in "poor" communities. Although telecommunication companies are limited dividend companies that are to earn no more than their return on investment (Hansmann, 1987). Yet companies in Philadelphia were benefiting from a "cozy duopoly" and high rates. Businesses saw little justification to government intervention. Philadelphia should not be too determined to pursue policy that business deems detrimental to success without addressing concerns and issues raised by the business community (Theodoulou & Cahn, 1995).

**Recommendation:** A two-part policy solution can improve the relationship between government and business in Philadelphia while providing a framework for approaching future government projects that pose a business threat. Step one is to collect evidence to support the Wireless

Philadelphia case (Bardach, 2005). Start by collecting a body of work that supports Philadelphia's right to regulate utilities. Government regulation of utilities is a response to potential or actual price abuse (Hansmann, 1987). Governments intervene when markets fail to produce an equitable distribution of a resource and often policy is the only tool available to achieve distribution objectives (Steinmann, et.al, 2005). Step two is to make contact with those who disagree and work to gain credibility. Mayor Street or Ms. Neff can broker consensus by reaching out to their critics and sharing evidence supporting a need for Wireless Philadelphia (Bardach, 2005). A case for Wireless Philadelphia does not lie solely in the business plan; it also lies in governments' role to create policies that redistribute resources across class lines (Theodoulou & Cahn, 1995).

### **Public-Private EarthLink Partnership**

Wireless Philadelphia's partnership with EarthLink seems truly beneficial considering EarthLink will shoulder the entire cost of building a network. However, EarthLink will also own the network which takes control and power out of the hands of Wireless Philadelphia and city government. Private firms are usually only willing to provide a public good when it is profitable to them (Steinmann, et.al, 2005).

**Recommendation:** Wireless Philadelphia will need to protect city assets and tax payer dollars by closely monitoring objectives and outcomes of their contract with EarthLink. Project goals and responsibilities need to be clear and aligned. Sufficient oversight, communication of good information, and leadership will prove invaluable (Gormley & Balla, 2004). Philadelphia citizens will be looking at public officials for accountability and results. Ultimately, voters will be looking to blame policy makers if Wireless Philadelphia fails, not EarthLink.

### **Lack of Network Partners**

When policy is imposed it is cumbersome and almost impossible to operate with out collaboration and the help of business (Theodoulou & Cahn, 1995). Bureaucracies work best through inter-organizational networks. Presently, EarthLink is Wireless Philadelphia's only partner. However, to obtain a wide variety of goals that require innovative spirit and creativity, a broader network of partner organizations is required (Gormley & Balla, 2004).

**Recommendation:** Wireless Philadelphia needs to decrease their liability on EarthLink by building a broader network of partners. Government needs to devote resources and efforts these partnerships that aim not just reduce costs but have quality of service in mind. Partnerships can increase opportunities, help to distribute resources, and build community for their citizens. Partnership can also provide creativity in an effort to solve social problems and create a greater range of alternatives and solutions for Philadelphia (Gormley & Balla, 2004).

### **Conclusion**

Wireless Philadelphia's success will impact the city's citizens in a variety of ways. Socially, it will create and build a communal experience. Economically, it will allow equal access to a very powerful resource. Culturally, it creates civic opportunities and an opportunity to express views, thoughts, and ideas that make social integration possible (Dobel, 1999). Wireless Philadelphia needs to address the business backlash, the private-public EarthLink Partnership, and a lack of network partners. There is too much at stake for the citizens of Philadelphia and city across the nation to leave anything to chance.

Reference:

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