



# VIEWPOINT

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## Wasting Money on Municipal Wireless

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### Summary

Municipal wireless services have caused many problems across the country including government censorship, cost overruns and customer dissatisfaction, slow service speeds, and bureaucratic delay. Instead of focusing on supplying internet service themselves, governments should focus on providing a regulatory climate that encourages private sector investment in wireless service.

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A recent report suggests that in the next four years, \$3 billion will be spent to build and operate municipal wireless Internet services. While many promote these government ventures as an economic and social good, the reality is that municipal wi-fi does not offer the benefits promised by government officials. The problems that many cities face with their government-run wireless services should give pause to Ohio cities thinking of using taxpayer money to set up similar systems.

From San Francisco to Philadelphia, with many cities in between (including Cleveland), there seems to be a widespread desire by elected officials to use public money to provide “free” or low-cost wireless Internet service. Esme Vos, founder of Muniwireless.com and a leading proponent of municipal wireless, explained the rationale. “Cities and counties throughout the country—and around the world—have begun to get it: Public wireless networks are an essential part of local quality-of-life and public-policy strategies.”

Really? Examples from around the nation point to the pitfalls that taxpayers face when cities enter the wi-fi business:

- *Cost overruns and customer dissatisfaction:* In Chaska, Minnesota, the starting the municipal wireless network cost 50% more than planned and a host of customer complaints followed.
- *Slow service speeds:* In St. Cloud, Florida, the large number of users for the city’s free wireless service led to significant congestion. For many people, the service was so slow that it became unusable unless they bought a wireless “bridge.”
- *Bureaucratic delay:* San Francisco has been debating whether to offer wireless service for over two years. Because the government is seeking public input, it must sift through numerous demands from citizens, including those that Google, the city’s service provider, transport people to the zoo in “Google buses” and pay for the electricity required to run their computers.



Municipal wireless? Not if you hate slow service speeds.

These are only a few examples of how wireless service has failed to live up to elected officials' promises. Why did this happen?

There are many reasons, and most are rooted in the fact that government—not public demand—is driving these projects.

Taxpayers are saddled with “unanticipated” costs that should have been expected all along. Simply put, there is no need for government to act. While governments promoting municipal wireless say that there is a dire need for them to provide high-speed Internet, the facts do not support this claim. Seventy percent of Ohio homes have Internet access already, and half of those have high-speed access. Thirty percent of Internet users without high-speed access plan to upgrade within a year, indicating that it is not a problem for most people to obtain such service.

As these numbers show, high-speed Internet is both readily available and affordable. There is no reason for the government to offer wireless service where private companies already offer Internet service, both wired and wireless. But cities still offer wi-fi, hoping to appear to be on the cutting edge of technology. When these wireless systems cost more than expected, fail to attract users, or experience problems with quality, cities go to taxpayers to bail them out.

Compounding cities' problems is the fact that many of their decisions are based on the political concerns of a few, not on what consumers really want. Take the censorship in Culver City, for example. If a vocal group in a city (or even outside the state) does not like how people are using the Internet, it can pressure the government running the system to control what people do online. This type of political pressure will always affect government-run businesses.

Plans for government-run wireless service may seem attractive to the public. But where these systems have been tried, citizens can find that their problems outweigh their benefits. Instead of focusing on supplying Internet service themselves, governments should focus on supplying a regulatory climate that encourages private sector investment in wireless service. Consumers and taxpayers will be better served by this approach than by wasting taxpayer money on a “free” service.

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*(Marc Kilmer is a policy analyst with the Buckeye Institute for Public Policy Solutions, a research and educational institute located in Columbus, Ohio. More information is available at [www.buckeyeinstitute.org](http://www.buckeyeinstitute.org). Permission to reprint in whole or in part is hereby granted, provided the author and his affiliation are cited.*

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