



VIEWPOINT

ON PUBLIC ISSUES

July 24, 2007 • No. 90 • ISSN 1936-1491

Lessons from Toledo Wireless Debacle

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Summary

Marc Kilmer examines the lessons to be learned from Toledo's experience with a city-wide wireless system. He concludes that it is a waste of taxpayer money and inhibits innovation in the delivery of internet services.

Main text word count: 703

There is an oft-repeated saying that those who forget history are doomed to repeat it. Unfortunately, it seems that when it comes to technology projects, many city officials are determined to continue repeating the mistakes of the past. The recent fiasco in Toledo regarding a “free” wireless network is only the latest example of this.

City-wide wireless Internet systems have been the hot new accessory for city officials for the past couple of years. Reminiscent of children in a middle school, if one city sets up a wireless network then elected officials in other cities think they must have one, too. Since there are numerous problems with city-wide wireless technology and there are few (if any) examples of systems that live up to expectations, this rush for wireless seems more about vanity than necessity. After all, city officials do not want to be the uncool kids whose city is “low tech,” right?

As with other technology ventures, a rush to use city funds to pursue the latest technological fad leads to problems. In Toledo, it led to the resignation of the city's IT director and an inability of city officials to show exactly how the system would be financed. Toledo residents can take a little bit of comfort from the fact that this type of mismanagement is not unique to their city; it happens in other places where similar schemes are being considered.

Take the case of Lebanon, Ohio. In the 1990s the city decided to jump aboard the technology bandwagon. Instead of wireless Internet, city officials decided to begin operating a government-run cable, phone, and internet system. This prompted a recall election and numerous lawsuits. It also wasted millions of dollars of city residents' money. Last year, realizing how badly their technology experiment was going, the city sold it to Cincinnati Bell.

Of course, defenders of the Toledo plan will point out that their proposed wireless system was different. It was to be owned by a private company. All this company was asking was that the city promise to pay it a few million dollars for services it would use over the next five years. The city itself would not own or operate the system.

City-wide wireless Internet systems are becoming a hot new fad for city officials. However, there has been little proof that such a system even works.



This is true, but it does not change the fact that involving government in these technology schemes is a bad idea. For one, if the wireless system is such good technology, then why does the company need the large chunk of money from the city? Why can't the company build the system and then, if its product is good, the city can then purchase the capacity it needs?

MetroFi, the company offering service to Toledo, used to conduct business this way. But it found that it was not making money. This has something to do with the limitations of wireless technology. It simply does not work very well yet. People have trouble connecting, it is often slow, and it is prone to weather damage. In short, without government subsidies, it is unlikely a city-wide wireless network would turn a profit. There is just not a market for it.

Because of this, you have companies seeking to sell city governments on the need for wireless. After all, these officials are not spending their own money. And when you are spending someone else's money, you are not as careful as when you are spending your own. Clever businessmen are seeking to take advantage of this fact when marketing wi-fi systems.

Some in the city government, however, took their job as guardians of taxpayer money seriously. They raised questions about the plan. There was not a rush to embrace this unproven technology. That made the mayor mad. Instead of realizing that the lack of support may indicate that this was a bad idea, he reportedly decided to attack other city officials for not doing enough to promote the plan.

Eventually, the mayor relented. He now says he will look for a plan that will not involve any taxpayer money. The taxpayers of Toledo should breathe a sigh of relief that the mayor finally saw the light. Other cities have not been so lucky. Hopefully Toledo's example can serve as a lesson to other cities looking to implement a similar system.

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