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**SUBJECT: M-DCPS/WLRN EDUCATIONAL BROADBAND SERVICES (EBS)
WIRELESS FINAL REPORT**

COMMITTEE: INNOVATION, EFFICIENCY AND GOVERNMENTAL RELATIONS

LINK TO DISTRICT

**STRATEGIC PLAN: IMPROVE INTERNAL AND EXTERNAL COMMUNICATIONS
THROUGHOUT THE DISTRICT**

Background

As the licensee of EBS spectrum, the School Board is under a federal mandate to convert the service from analog to digital. At the March 14th, 2007 School Board Meeting, School Board Member Ms. Ana Rivas Logan proffered and the Board approved Revised Agenda item H-4. which was for staff to deliver a final report on this topic at the August 1st, 2007 Board meeting. This report covers the details behind the federal mandate, the options open to the District at this time, and all other information requested by the Item; it has been submitted to the Board under separate cover. The report specifies best utilization of the EBS spectrum for M-DCPS' children, teachers, parents and administrative/support providers.

Summary

In production of this report, it was necessary to answer several key questions:

- What is the value of the EBS spectrum asset that M-DCPS currently possesses?
- What possible opportunities are there in the use of this asset?
- What are the cost implications and financing alternatives of the conversion and subsequent usage of the spectrum?

To answer the question of value, the District contracted with BIA Financial, the most experienced appraisers of EBS spectrum nationwide. For the 12 channels on the South Florida EBS spectrum that M-DCPS has sole possession of, BIA conservatively estimated a present value of \$50.6 million, with a revenue stream of around \$250 million over 30 years. These values increase to \$83.8 million and \$410 million, respectively, when discussing all 20 channels for which M-DCPS has sole proprietorship or joint partnerships with other entities.

To explore the best possible uses of the new network, M-DCPS:

- Met with staff from 14 internal departments to identify many possible educational applications and any possible future efficiencies;
- Issued a Request for Information (RFI) to outside organizations to learn current best practices in utilizing wireless networks and transitioning to digital technology – 13 responses have been received to date (a strong statement as to the interest other entities have in partnering with M-DCPS in using this asset);

- Worked with Miami-Dade County to better understand its Wireless Initiative and find any possible synergistic opportunities.

The cost to comply with the FCC mandate has been estimated at \$10 million by WLRN, which manages the frequencies. In addition, if the Board were to choose to fund any new educational applications on the EBS spectrum, an additional investment to cover capital and operational costs will be required.

To finance these costs, the district has three options:

1. Use District capital funds to cover the initial conversion cost of \$10 million, a figure which is already accounted for in the Five-Year Capital Plan. Subsequently, M-DCPS would negotiate with an outside partner to lease excess capacity at an amount robust enough to cover reimbursement of the initial expenditure, ongoing maintenance of the network, and funding of education-related initiatives.
2. Immediately enter into negotiations with outside vendors to lease any network excess capacity, prior to the District making the initial conversion investment. According to BIA and counsel, this could undermine the District's position at the negotiating table.
3. Enter into an agreement with Miami-Dade County in regards to sharing operations of the EBS Spectrum, and its excess capacity, with the newly formed non-profit I-Coast (the organization through which the county currently proposes managing the wireless network). To generate the necessary revenue, I-Coast in turn could sell broadband to the community at-large or structure a similar lease to an outside vendor as discussed in Option #2. At the time of publication, I-Coast has yet to share its revenue model with District staff.

Conclusions

- M-DCPS is in possession of a very valuable asset, with a conservatively estimated present value of the 12 channels held solely by the District at over \$50 million with a revenue stream of around \$250 million over 30 years.
- A number of organizations, beyond just Miami-Dade County/I-Coast, are eager to partner with the District in the use of this asset. The difference between these entities is that Miami-Dade County is asking the District to provide the asset at no cost, while the other organizations would enter into a lease with M-DCPS that would provide a significant amount of revenue towards the education of the children in South Florida.
- The Board should pursue all possible avenues to strengthen its future position at the negotiating table with any potential partner. By taking the necessary steps to strengthen its position, M-DCPS will be ideally situated to generate the maximum possible benefit from this asset for the use in improving the education of the students in Miami-Dade.

RECOMMENDED: That The School Board of Miami-Dade County, Florida:

1. Authorize the Superintendent to take all necessary steps to effectuate the Board's full control of the development, use, and potential revenues associated with the EBS Spectrum including but not limited to:
 - a. Renegotiating and amending current contracts with Friends of WLRN and SFITV;
 - b. Negotiating any additional agreements with other public and/or private entities for purposes of financing the development and operations of an M-DCPS wireless network; and
 - c. Bring back further recommendations to the Board at its November 2007 meeting
2. Authorize the digital conversion required by the FCC at a cost not to exceed \$10 million.

FMN/er