

**Report on Meeting of Local Business Owners at
Gainesville Regional Utilities on Thursday, November 16, 2000**

Report completed 11/28/00 by Charles Martin, Ph.D.

Goal of Meeting: To provide for local business owners a forum where issues and concerns can be raised and summarized regarding the proposal of GRU to provide web-related services to the Gainesville community.

Moderator: Charles Martin, Ph.D.

GRU Representatives Present: Ed Regan, Tammy Snyder, Dennis Cheves, Greg Winkler, Sheila McDowell.

Note taker: Mary Ellen Crenshaw.

Local Business Persons Present (per sign-in sheet): Jacques Ward, Brian Bess, David Hill, Jason Shindler, Ike Moeller, Jay Villines, Donald Bugos, Bill Weisner, Billy Sneed, Dean Johnson, Kent Tambling, Brett Tambling, Darryl Wright, Brad House, Harald Kegelman, William Luttge, Karin Hyler, Dave Pokorney, Rick Brown, Michael Durham, Bradley Spatz, Rick Mulligan, B. Durham, Paul Martin, A. Hegenbarth, Brad Diuguid, Keith McInnis, Tom Meek.

The meeting was called to order by Charles Martin at 6:05 p.m. and adjourned at 9:20 p.m., with a fifteen-minute break beginning at 7:25.

An Agenda (see Appendix for a copy) was handed out to participants. Charles Martin introduced himself as a local psychologist who has been engaged by GRU (at the instruction of the Regional Utilities Committee), to facilitate the meeting regarding GRU's proposal to provide web-related services to the Gainesville community. He explained the purpose of the meeting is to get an untainted accounting of the issues surrounding GRU's proposal so that issues and concerns can be discussed and summarized for a report that will be prepared for presentation to the Regional Utilities Committee (RUC) of the Gainesville City Commission.

Dr. Martin explained the format of the meeting would include concerns and questions being heard and posed as issues to be presented to the RUC in a written report that participants will have an opportunity to review and make additions to prior to its submission. As issues were voiced, they were recorded on poster-sized paper by the facilitator and posted throughout the meeting room. The issues as recorded on the posted papers are reproduced throughout this report in italics.

Participants were encouraged and challenged to turn concerns, fears and complaints into issues that can be addressed and responded to by the RUC. Participants were told that it would be valuable to identify themes in the issues as the meeting progressed. Thus, when issues were raised more than once it could be clarified that the issue had been raised and recorded.

In this report, overall themes in the issues and themes in the solutions will be first identified. A more in-depth report of the issues and summary will follow.

Themes in the Issues

Theme One: Conflict of interest and roles within city government and GRU which is supported by the city

Including: GRU is supported by city government and cannot be expected to be neutral in this group facilitation process

Including: this group facilitation process and report won't have an impact

Including: city commission and RUC will make decisions based on "electability"

Theme Two: Government shouldn't compete with private business

Including: It is fundamentally wrong to do so

Including: Private business can't fairly compete with government

Including: Government is wrong in believing it can do this business better than private business

Theme Three: Fear/mistrust of GRU being on a "slippery slope" and not limiting their business once income potential is seen

Including: Concerns that agreements or boundaries won't be adhered to (without regulation)

Including: Anger at perception that GRU has "gone behind" private business and taken their customers in the past.

Theme Four: Unsure of business assumptions and models that are driving decision to enter web-related service business

Including: Is there an assumption this business will cover expected monetary shortfalls?

Including: Does the business model take into account community impact?

Theme Five: Fear of loss of customers and ultimately individuals' private business

Themes in the Outcomes/Solutions

Theme One: Difficulty in clarifying solutions without clarification of issue to be solved – what is the business plan?

Including: Without knowing GRU's business model and plan, it's difficult to know how much and what kind of impact solution seeking can have

Including: Posting of GRU business plan so business owners know what the intent is, and consequently, what solution is working toward

Including: Review of GRU business plan, model and assumptions. Would changing some assumptions lead to different outcomes?

Theme Two: GRU shouldn't go into this business beyond sale of transport

Theme Three: Develop models of co-opetition and partnering

Including: Facility solution

Including: Partnering through sharing of costs in ventures

Including: GRU resells private business services

Including: Sharing of talent pool

Theme Four: Clarification of boundaries of business activity with enforceable consequences for breaches

ISSUES

Theme One: Conflict of interest and roles within city government and GRU, which is supported by the city

Including: GRU is supported by city government and cannot be expected to be neutral in this group facilitation process

Including: this group facilitation process and report won't have an impact

Including: city commission and RUC will make decisions based on "electability"

Issue: *This report -- will it be used as a point-by-point summary of issues so counter-arguments can be generated -- "show our cards"*

A participant asked whether the purpose of the meeting was to let GRU know all the issues ahead of time so that they can prepare arguments against them in advance. "Are we showing our cards so that they can win the game?" Facilitator answered the question by stating the Regional Utilities Commission has engaged this report and not GRU, so that the City Commission can take all the issues into account of GRU expanding into providing web-related services. He also stated this question was an issue that would need to be included in the report. Participants were concerned that the outcome of this meeting will just be used as "ammunition" against the business people involved.

Issue: *Concern the RUC is the biggest GRU supporter.*

The question was asked: isn't the RUC the biggest GRU supporter? The RUC is made up of two city commissioners, both of whom the participants feel are big supporters of GRU. The feeling was expressed that if the RUC is the only audience for the report of this meeting, then the meeting is a "joke." In reframing the concern as an issue that can be responded to, the issue is "we need to know that the process is free of conflict of interest" or "we need some evidence that the decisions that are made are not just made by people who are vocal supporters of GRU."

Issue: *Concerned that the audience given to date (e.g., this facilitated meeting rather than a special city commission session that was requested) is biased -- and that the report will fall on "deaf ears."*

This is an extension of the previous concern. A participant expressed there is a lot of animosity that has built up over years among a number of people at the meeting. He said the issues have all been addressed in the past and people are feeling futility over a rehashing of the same issues; that people are only participating in this meeting because it was the only option offered, that they were rebuffed from speaking at a special session city commission meeting.

The participants were concerned that the audience the report will be presented to, the RUC,

rather than a special session, is biased. They felt the meeting was slightly biased because GRU was the site of the meeting. They felt like they're being "relegated to the back room, behind closed doors" in the hopes the issues will go away, and that other people outside this special interest group will never know the facts involved.

The facilitator noted that he does not assume this meeting is the end of participants' options. He expressed that this meeting is one mechanism for having impact, but there may be other routes for them as private business owners. The facilitator reported that he has let GRU know what his ethical responsibilities are and has told them he will objectively bring GRU and the RUC the issues as they arise.

Concerns were then raised as to how the group facilitator got involved, and the cost to the taxpayers for this session. The facilitator explained he got involved because he is a local psychologist who does organizational work and GRU was referred to him through a local business owner. He was engaged by GRU at the edict of the RUC to create a space where there could be an objective rendering made. A participant asked the facilitator if he was aware of the current issue before becoming involved as the facilitator. The facilitator explained he was unaware of this controversy until being hired, which the participants were "not surprised hear".

At the end of the session, one participant asked for some assurance that the issues will be heard this time, as he felt the same issues have been raised many times over the past few years.

Issue: "Electability" -- Belief that decision is made for impact on (the smaller number of) business owners over impact on the greater number (residents)

Participants feel the City is attempting to meet an expected shortfall by entering into the telecommunications field. This issue is facing every municipal utility in the country. The telecommunications business is an obvious way for GRU to expand their revenues due to cable already existing, etc. The City Commission is the board of directors for GRU and participants fear they're basing their decision on electability. The alternative would be to raise taxes on homeowners and business property owners, which would impact 50,000-60,000 people rather than the twenty or so participants attending this meeting. The results need to be weighed as to whether it's better to put a few hundred people out of work, or raise the property taxes of everyone by an incremental amount each year.

Issue: Is government even bound to respond to concerns? Request you respond ethically if not legally bound to.

A participant asked if government is bound by the same parameters as private business owners. It was discussed that government has different types of protections against lawsuits. Is the government even bound to respond to the concerns that are being raised at this meeting? A participant stated "we would implore you to think about this ethically."

Theme Two: Government shouldn't compete with private business

Including: It is fundamentally wrong to do so

Including: Private business can't fairly compete with government

Including: Government is wrong in believing it can do this business better than private business

Issue: *Needs of community are being met by local businesses: ISP, web-hosting, telecom companies.*

A participant brought up that he doesn't feel there is even a need for GRU to expand their services and the whole premise of them doing so is wrong. He feels the right thing to do would be for the City of Gainesville to spend their money elsewhere. Participants feel the needs of the community are already being met by the existing Internet businesses and there's no need for GRU to provide additional services. "Government should promote local businesses, not destroy them."

Issue: *It is inappropriate for GRU (and government) to be in a for-profit business*

A participant stated he feels like it is inappropriate for GRU to be in a for-profit business. "Is it the role of government to enter into the communications business?" Participants don't feel like it is. GRU has eminent domain and the ability to pull permits and dig trenches, all of which make it easy for them to succeed in the telecom business.

When asked why is it inappropriate for government to go into for-profit business, participants stated "because they have no competitors." "Local businesses can't compete with government." "Governments don't go out of business short of armed overthrow." "They don't have a private capital formation, they have public dollar capitalization." "It's not private risk capital."

Issue: *Businesses can now provide services that GRU believes only it can provide.*

Issue: *Assumption: Government will do it better than private business versus private business will do it better than government.*

A participant stated that a private interest could clearly do anything better than a government interest, but there was some disagreement with this statement by other participants. Participants indicated that GRU did state they could "do it better."

Issue: *No government entity should be in a for-profit business; not fair. One cannot compete with government capital formation; impossible. Can't compete with regard to finance/rates. Private business failure leads to increased prices by GRU.*

Issue: *They can undercut prices; preferred rates on equipment; can stay in money-losing*

business; City can raise money, e.g. bonds.

A participant stated businesses feel it is unfair competition because GRU can afford to undercut everyone's prices and questioned why GRU is going to do something that will obviously lose money. Participants feel the burdens of GRU are not the same as business owners, in addition to which GRU gets city contract rates on equipment, which private businesses don't have access to. GRU can always raise another bond issue to make up for any business losses they may suffer to keep their prices low.

Issue: Company that laid cable (supported by government) has advantage.

A participant raised the issue that there is a strand of fiber previously laid that is shared by Shands and GRU. This fiber is a community paid-for infrastructure resource. A participant questioned "how did the fiber get there in the first place and why?" Participants feel this puts GRU ahead in the competitive edge. Participants feel the initial fiber laid by GRU was good for the community but now it's snowballing to where private businesses are having to compete against government.

Theme Three: Fear/mistrust of GRU being on a “slippery slope” and not limiting their business once income potential is seen

Including: Concerns that agreements or boundaries won't be adhered to (without regulation)

Including: Anger at perception that GRU has “gone behind” private business and taken their customers in the past.

Issue: *If this is about money, are there other ways to raise money. Slippery slope. We are concerned the money stream will be explored without check (“heroin-like” rush of income)*

A participant stated the issue is not whether it's a good thing for GRU to provide services, but rather it's all about the money. His question was, is it a reasonable thing for the City to do to go into this business. Is this the best way to raise money for the City to counteract the expected loss of revenues. It's not okay to sell heroin to raise the money, obviously, but the limit needs to be found on what is okay to do to raise the money.

Participants feel like there is no stopping GRU on this slippery slope, that they will continue to exploit the telecommunications business to meet their needs. A participant raised the issue of it being more important to protect the values of the community than to have a quick fix of money.

Issue: *Trust: We don't believe agreements about limits of range of business will be adhered to. Believe that government (GRU) will expand as much as they wish (and will even “do it worse”).*

Participants related a lack of trust regarding GRU; the participants don't feel like they can trust GRU not to continue to delve into additional business areas if given the chance to expand into web-related services. Participants don't think an agreement on limits of the range of the business will be adhered to.

Issue: *Who regulates GRU – who is given regulatory oversight? Government and/or GRU can't regulate the business and be in it. Conflict of interest. We can't compete with regulator.*

A participant raised the issue of who is going to regulate GRU in the ISP/web-related business? He stated the City regulates the ISP businesses and questioned how can the City regulate itself in this business?

A participant from Cox Cable stated they operate under FCC regulations, and they have a franchise with the local government to operate, so basically the City is empowered by the federal government to regulate them. He stated GRU has discussed the option of providing digital television, which would be in competition with Cox. Business members are competing with the City, which creates an inherent conflict. Participants feel they are looking at the big issue of free enterprise.

Issue: Does Sunshine Law apply to GRU.com users? Privacy.

Question is raised: If GRU is owned by government, is GRU internet customer information also open to the public through the Sunshine Law?

Theme Four: Unsure of business assumptions and models that are driving decision to enter business of web-related services

Including: Is there an assumption this business will cover expected monetary shortfalls?
Including: Does the business model take into account community impact?

Issue: *We haven't seen a clear proposal of the businesses they want to be in. Business plan -- what revenues are they looking for? How much willing to put in? What money is replacing what? What are the assumptions? We don't know what we are responding to. What is test of monetary success/failure? Profitability? Can we see business plan? Do Sunshine laws apply to GRU business plan?*

Issue: *If premise is that the city believes revenue will be lost in existing industries by telecom and other businesses (power de-regulation); can be replaced by going into new business (telecomm and web); we believe this is a flawed assumption and money input by city would be otherwise better used.*

One participant brought up that "web-related services" is very vague and questions what it really means and what it might encompass. The premise is there's a concern by GRU and the City that revenue for GRU will be decreasing and they have to find ways to replace lost revenue. Participants would like to see how much revenue the city expects to lose, and a market plan by GRU that would show how they expect to offset the revenue loss. They would like to see actual numbers as to whether the ISP services already offered are recouping the initial investment made. They feel GRU is worried about loss of revenues due to deregulation of the utilities industry and has identified telecommunications as the next logical step to take to recoup some of the expected lost revenues. Since the wires are already existing around the city, providing telecommunications services was an easy step for them to make.

Issue: *Has the City thought of using money spent (on internet service development) in other ways? Are there alternatives to going into (1) Telecomm business (2) Raising property taxes?*

A participant asked "if the issue is to compensate for some revenue lost due to deregulation, why didn't the City come along and start a different business than ISP." The participants feel the City seems to have picked the method of squeezing more revenue out of the ISP market rather than looking at other ways to raise more revenue.

Issue: *Is this the best way to cover the expected shortfall?*

A participant stated there's not enough tax base to support the City so GRU has been looked at to provide revenue for the City to operate. A question to be asked is how do other communities with a large university operate with such a large student population. Do property taxes need to be raised to replace the utility dollars? The money should be replaced the same way other cities deal with this, not by going into the ISP/ web business.

Issue: Taxpayer should be educated sooner rather than later. Revenue replacement assumptions that drive model should be seen. Modeling -- does it include impact on businesses, employment, taxes, or an isolated business analysis.

A participant stated he has been to a couple of meetings on this issue and still has the questions: what exactly does GRU want to do; is there a business plan; how much money do they want to get started, etc. He would like to see a clear proposal from GRU on the businesses they want to be in so the participants can know what they should be responding to. Participants are interested in knowing how much GRU is willing to spend to get things going, and what amount of revenue they expect to generate.

A participant raised the issue of it being more important to protect the values of the community than to have a quick fix of money.

Issue: Revenue replacement – The concern is that GRU will go into business, fail at it, and then ISPs and others will have been pushed out of business.

The original proposal was for GRU to expand their dial-up community. A participant feels like if they get into what they're proposing to get into, he doesn't think they can be profitable with it; that they will put people out of business over it and then eventually fail, wasting everyone's money.

Participants feel GRU will have the ability to lower their prices at any time to knock out existing or future competition. A participant feels like there is a limited market for ISP/web businesses to divide up. Another participant compared this to what Wal-Mart did in small towns: by offering lower prices, they drove small businesses out of town. A participant pointed out that anyone in business would do this if they are able to, because the goal is success, but private industry has some protections in place to prevent this.

A participant stated there is no reason to believe GRU will succeed in the ISP/web-hosting business because lots of people fail, but it would be a double failure because GRU will have driven out many local businesses, which in turn help support other local businesses.

Issue: Look at additional costs (people, community and local business impact) of following this business model.

Participants feel the City should be obligated to look at this in the context of modeling: Does the modeling include in specific terms and objectives what the impact will be on competing businesses and the economic impact on members in the room, employment, taxes, etc.? Is that being factored into the equation, or is this an isolated business analysis of X amount needs to be invested and X amount can be gained through this business? The City is not like a regular business and cannot ignore their impact on the community.

Issue: *We believe that government doesn't attract businesses into this town because government is in these businesses. We believe a "government town" won't hear this concern. Belief – this decision (to go into web-related services) does not invite private businesses, which are needed.*

The question was raised as to why doesn't the City spend its revenue and efforts on attracting businesses to the area that will increase the tax base and negate the need for GRU to enter the ISP/web-related business. A participant stated the City doesn't need to recruit businesses into the community because they have a fund transfer available to draw on. He felt it goes back to commission statement that "it's a government town." He feels using an argument will not carry any weight at all.

Another participant stated he feels the town is in desperate need of economic opportunities and he sees businesses pulling out of the City. His question is why aren't we using the power of GRU to draw folks in, let them become tax paying businesses and job providers. Participants agree we have a tremendous skill base in the community to draw on, and this is one of the best resources the community has to offer. Wages are depressed because lots of workers are available and the City can take advantage of this to draw in new businesses.

A participant offered that there is a new business on the east side of town called Senetec and he sees this as attracting additional businesses to the area. He feels there are good examples in the community where private and public have worked together to make things happen.

Theme Five: Fear of loss of customers and ultimately loss of participants' private businesses

Although this was not directly stated repeatedly as an issue, the theme is inherent in the many statements that the local ISPs and others would be pushed out of their businesses.

Issue: *Fear they are duplicating our services. They (GRU) want to take our Internet customers – (they) “said it.”*

Issue: *Our businesses will go under.*

A participant stated at the last meeting on this issue, the mayor stated “this is a government town.” He further stated back in the energy crisis in the 70s, GRU went into the business of buying and selling appliances, hurting local businesses who were already providing this service. Now it's ISP and web-related services, and who is next?

Another participant questioned why did GRU get out of the appliance business and could this have an impact on the decision on whether they should enter the ISP/web business.

A participant from UF stated there have been services made available to UF and the City that would not have been available at the time they were requested without the participation of GRU. He suggested participants discuss cooperative competition for private and public, and stated his concern that people are present at the meeting to protect their own turf, not because they can really offer everything GRU would be able to offer.

OUTCOMES/SOLUTIONS

Participants are personally worried about loss of their business(es), and some participants strongly argued on principle that government shouldn't compete with private business. Given this, and the other themes noted before, there was some difficulty on the group's part moving from raising of concerns and issues to preferred outcomes and potential solutions. Anger and frustration made it difficult for some participants to fully invest in generating solutions. Clearly, when there is an assumption that GRU should not be competing with private business, there is no incentive to generate solutions or alternatives.

Content that reflects concerns includes – Participants feel if the assumption by the City is that local providers will cooperate with them, that is a wrong assumption. If that is part of the business plan, this could create problems for GRU. The viability of GRU of being in this business has been raised in the newspapers, with it being seen as very viable, but a participant raised the issue that GRU could be wiped out with the passing of a bill in Tallahassee.

Facilitator commented on the process, noting that there seemed to be a vocal minority among the participants that were having trouble generating possible solutions because it was difficult to trust GRU and the city. In response, a participant stated that trust is not the key issue, but boundaries and the money problem are key. Another participant stated he “knows exactly what government will do in the future and it will involve continuing to move into private enterprises and put them out of business.”

Facilitator challenged participants to set aside the feeling of “I hate what is happening, I don't want it to happen,” and to look at possible outcome/solutions. One participant suggested it was time to move on to the assumption that GRU is in the business to help other small businesses and create some solutions based on that assumption. Many participants challenged that assumption and noted that GRU is not out to help their business. Some participants offered the sentiment that “given the assumption that this will move forward, how do we work with it?”

When participants did offer ideas, they appeared in some themes.

Theme One: Difficulty in clarifying solutions without clarification of issue to be solved – what is the business plan?

Including: Without knowing GRU's business model and plan, it's difficult to know how much and what kind of impact solution seeking can have

Including: Posting of GRU business plan so business owners know what the intent is, and consequently, what solution is working toward

Including: Review of GRU business plan, model and assumptions. Would changing some assumptions lead to different outcomes?

Possible Solution: *Bring the business plan into the open. In looking at the business plan – can local expertise can help make informed decisions about impact on local business and community?*

When the discussion moved to possible solutions, participants continued to question whether there is a business plan available so that the problem can be properly defined. Participants feel GRU has an advanced strategic planning department which should allow for the whole process to be thought out extensively. A participant wonders what assumptions are being made, and what the driving strategy is. Without this information, participants feel it is hard to propose solutions. Presumably this has been looked at, and perhaps the telecommunications industry is the only way to proceed to replace threats of loss to current revenue.

Participants feel the revenue imbalance issue is something most people don't understand and it's a difficult problem to address. Participants wonder: Why the unwillingness to release information on revenue shortfalls and plans to deal with them? Revenue shortfalls among utilities are not uncommon. They wonder if the City might be overspending on other services beyond the essentials of fire, police, etc.

Participants questioned: Are there business assumptions that might be changed that would lead to a different outcome? Are there different factors that could be considered in the business model that could challenge the viability of the current model? What are additional costs within the community that are associated with following that model, because we're dealing with a municipality and those issues cannot be ignored. Participants feel these answers cannot be found without seeing a true business plan from GRU.

A suggestion was made to post the business plan and other plans on the GRU web site. An employee of GRU offered that while there is some generic discussion on this issue on GRU's web site, changes are continually happening to the plans and it is not practical to keep it totally updated.

Some participants expressed the feeling of "fighting over the same dollar" with GRU competing with existing businesses. They feel new businesses need to be brought into the community from

which to generate revenue from an expanded tax base.

Possible Solution: *Solve what issue? Can't generate solutions if we don't know what we are solving. Web-hosting, bandwidth, revenue. Bring business plan into sunshine. Could "potentially" lead to constructive models of co-opetition if we knew what GRU and city wanted to do.*

A participant asked what is the incentive to bring their business to GRU with the possibility of GRU taking over their customers. Some regulations need to be in place to prevent this from happening. Participants wondered if GRU is just going to provide a facility and be an enabler, or are they going to be providing a product? Web hosting can be sold all over the world. Is GRU going to be selling services just in Gainesville or all across the country?

A participant expressed the feeling "we are going to miss out on things if we don't work together with GRU."

A participant stated a carrier neutral facility would be great but how would this generate money for the City and keep people in business? There needs to be something in it for GRU. The future is more than just web services, and development ramifications need to be looked at and considered. He felt people are too worried about losing their business and are not looking to the future.

Possible Solution: *As we look at business plan, it may become clear that GRU can/will need to go into a business "like" what they are doing. How will we deal with that (fact)? We will need to move to a model of co-opetition*

A participant pointed out it makes sense to counteract the expected revenue shortfall for GRU by expanding into the telecom and web-related business and that's reality and everyone has to deal with that.

Theme Two: GRU shouldn't go into this business beyond sale of transport

Possible Solution: *GRU should get out of this business (web-related services). Just stop and generate other revenue.*

This is solution is based on the assumption that government shouldn't be in competition with private business. Thus, GRU and the city should limit GRU's involvement to the sale of transport only.

Theme Three: Develop models of co-opetition and partnering

Including: Facility solution

Including: Partnering through sharing of costs in ventures

Including: GRU resells private business services

Including: Sharing of talent pool

Possible Solution: Is there a facility solution -- "Progress Park" model. GRU could be an enabler. Local business can be virtual web-hosting facility.

If the goal is to advance web-related services to the community, how can participants cooperate with GRU in promoting this? Participants feel GRU is going to have to change in order for cooperation to work with local businesses. GRU's mission statement is that they will not duplicate services already available in the city, but participants feel they have already done this.

One barrier to cooperation that was expressed is that some businesses already have the hardware in place and GRU would need to buy them out of their hardware to make things fair. This solution was not seen as practical or preferred by most participants.

Another possible solution raised was for GRU to resell other businesses' services. GRU could be an enabler for high tech services. Participants stated this idea had previously been proposed and had been quickly shot down by GRU.

Possible Solution: If GRU is in the business of doing good for my business, then partnership is an option, e.g. follow model of shared cost input of Shands and GRU where Shands brought money to the partnership -- "co-opetition"

A participant from Shands expressed the partnership aspect is very applicable here. One participant from Shands said their partnership with GRU helped everyone out by lowering prices from BellSouth and others. This participant stated they approached BellSouth and Cox to bring a solution to them but no one was able to help them out until GRU stepped forward and partnered with them. He feels the lessons here are cooperation and working together.

Possible Solution: Models of co-opetition to consider include: (1) Carrier neutral exchange point, (2) Cox can provide internet data center, (3) Buy us (private business owners) out of our hardware, (4) GRU could re-sell private business's services, (5) Co-location facility

A participant expressed the need to come up with ways to cooperate with GRU, and to leverage their abilities and their strengths to help local businesses.

Possible Solution: Further models include: (1) Businesses as a collective can bring revenue to GRU so they can stay in wholesale business, (2) GRU sell some of their retail business to ISPs while they stay in transport, (3) Co-provide talent at a competitive rate and share a talent pool,

(4) GRU could provide infrastructure, and local businesses could provide services.

A participant expressed the feeling that to generate the kind of revenue GRU needs, just providing a high tech facility for businesses to use would not generate the revenue needed. They would probably end up taking over the business from local competitors to generate the revenue needed.

A participant suggested one solution might be for GRU to provide transport Internet access only and sell some of their retail business to ISPs. Some participants already use GRU for some transport services, while their business provides the content, the programming, and the web hosting services.

Under the assumption this will happen, a participant suggested GRU could provide talent to local businesses at a competitive rate, such that if a business has a big project and can go to GRU for help on short-term jobs, there would be a shared talent pool that could produce revenue for GRU.

Participants agreed it makes sense to run the fiber on current poles and right of ways that already exist. A participant suggested if GRU were to provide infrastructure services to ISPs, this would help everybody. He stated he would rather have his money staying in the area with GRU than keep paying out of town companies like BellSouth and others.

Theme Four: Clarification of boundaries of business activity with enforceable consequences for breaches

Possible Solution: *Clarify where boundary is on businesses GRU is in. Solution to “slippery slope.” Needs to be “bite” to rules so trust can happen. Rules need consequences. Outside regulatory body that enforces consequences so trustworthy co-opetition can happen. Mechanism for defining boundaries.*

Solution of GRU doing nothing beyond sale of transport was also driven by concern that they “don’t know when to draw the line,” and thus it was difficult to talk about exactly what services should GRU stop providing or where to set the boundary.

A participant raised the issue of regulation and control: how are boundaries defined and how are they maintained? Participants feel boundaries for GRU need to be put in place and managed, and that is not currently happening. They feel distinctions need to be made on GRU’s boundaries. A participant questioned whether Sunshine Laws are applicable to this issue. A GRU representative offered that electronic privacy issues of customers are not applicable under the Sunshine Laws.

The question was raised: Can we define boundaries, make distinctions on where a government subsidized company can go? Private business boundaries are defined by profit goals; government boundaries are usually much more flexible.

A participant commented that GRU has previously stated that every Internet user in the community is a potential client for GRU. Another participant suggested that Cox Cable could be said to be in the same position, but it was pointed out that Cox is not a government agency and therefore can be dealt with differently.

The issue of a lack of trust regarding GRU was a continual stumbling block to discussions. Participants expressed the feeling that a set of boundaries need to be established and punishments need to be set for breaking the boundaries, so that the boundaries will not be broken in the future. **Trust cannot happen until this is done.** A participant offered “It’s one thing to set up rules but when they are continually broken, the rules have no meaning.”

IN CLOSING

When a participant asked a GRU employee present at the meeting if it is safe to say that GRU is not absolutely locked in to providing web related services, the GRU employee answered "if we are locked in, would we be having this meeting?" He noted that GRU is not offering web hosting services today, but that they are waiting to see the outcome of this meeting and deliberation. He feels people have very differing understandings of what GRU is doing or have considered as plans. He further commented that GRU is looking into other avenues of revenue building, not just web based revenues, but the position that the City can't be in any kind of web-service business stops all conversation and that's not the direction GRU wants to go in. He closed by saying that GRU is looking forward to getting the report of this meeting and having further discussions.

Appendices

- (1) Copy of initial invitation letter sent to local business owners
 - (2) List of who was invited
 - (3) Copy of follow up letter sent to business owners
 - (4) List of participants
 - (5) Copy of meeting agenda
-

Appendix (1) – Copy of initial invitation letter sent to local business owners

From: <SNYDERTJ@gru.com>

To: <bdurham@kdtech.com>; <billy@gator.net>; <brad@mainstreetsoftworks.com>;
<brett@acceleration.net>; <djbugos@csi-florida.com>; <djohnson@cjco.net>;
<fiberop@gator.net>; <jazz@atlantic.net>; <kegel@fdt.net>; <lmaddox@kdtech.com>;
<martin@capt.org>; <mdurham@kdtech.com>; <mp@atlantic.net>; <rick.mulligan@cox.com>

Subject: Pending Workshop

Date: Wednesday, November 01, 2000 1:10 PM

October 31, 2000

Dear Colleague:

The Regional Utilities Committee of the City Commission recognizes that some telecommunications business owners (including Internet Service Providers) would like a forum in which to discuss Gainesville Regional Utilities' proposal to provide retail web hosting services to the Gainesville community. The Committee has charged GRU with providing a forum where concerned parties can be heard. The Committee is currently seeking an objective summary of issues and concerns, not a resolution, in this matter.

We would very much like your participation in a third party facilitated meeting where issues and concerns can be raised. From that meeting there would be a compilation and summary of those issues into a report that would be delivered to the Regional Utilities Committee.

The third party being engaged to facilitate this meeting is a local psychologist, Charles Martin, Ph.D., who is experienced in facilitating group work in business environments. Dr. Martin will have a transcriptionist on site to record the comments of the meeting participants. Again, the goal of this session is not to make a decision or to come to conclusions about the best course of action. Rather, the meeting is solely to provide an opportunity for all parties to be heard, and for all issues to be collected and summarized by the facilitator in a report for the Regional Utilities Committee.

We would very much like you to participate in this meeting. We have set aside three potential dates for an evening meeting (November 9, November 14, or November 16) from 6:00p to 9:00p. If you are interested in attending, please let us know which date(s) would work for you, and we will find a date that works the best for the parties involved. If you did not get a copy of this letter mailed directly to you, please contact us so that we may send

you confirmation of the meeting date and location. You may contact our offices at 334-3400 ext 1260 or via email at snydertj@gru.com.

We look forward to the meeting and believe it will serve all of the parties involved and will provide constructive data for the Committee to review.

Sincerely,
Ed Regan
Strategic Planning Director

w:\u0070\grucom\grunet\isp workshop.doc

Appendix (2) – List of who was invited

Appendix (3) – Copy of follow up letter sent to business owners

From: SNYDERTJ@gru.com

Sent: Thursday, November 09, 2000 1:46 PM

To: bdurham@kdtech.com; billy@gator.net; brad.spatz@cox.com;
brad@mainstreetsoftworks.com; brett@acceleration.net;

brown@shands.ufl.edu; damon@lw.net; djbugos@csi-florida.com;
djohnson@cjco.net; dp@ufl.edu; fiberop@gator.net; jazz@atlantic.net;
jshindl@yahoo.com; kegel@fdt.net; laurier@jmco.com; lmaddox@kdtech.com;
martin@capt.org; mdurham@kdtech.com; mp@atlantic.net;
rick.mulligan@cox.com

Subject: Workshop at GRU

November 9, 2000

Dear Colleague:

You were recently invited to attend a workshop which will be facilitated by Charles Martin, Ph.D., regarding GRU's proposal to provide retail web hosting services. We were very pleased with the response and have finalized arrangements.

The majority of responses indicated that Thursday, November 16 was most desirable. Therefore, the workshop will be held on November 16, 6:00p-9:00p in the Multi-Purpose room of the GRU Administration building located at 301 SE 4th Avenue. Please contact our office if you need directions or have any questions.

We look forward to seeing you on November 16.

Sincerely,

Ed Regan
Strategic Planning Director

Tammy J. Snyder
Executive Assistant
352/334-3400 ext 1271
352/334-3151 FAX

Appendix (4) – List of participants

Moderator: Charles Martin, Ph.D.

GRU Representatives Present: Ed Regan, Tammy Snyder, Dennis Cheves, Greg Winkler, Sheila McDowell.

Note taker: Mary Ellen Crenshaw.

Local Business Persons Present (per sign-in sheet): Jacques Ward, Brian Bess, David Hill, Jason Shindler, Ike Moeller, Jay Villines, Donald Bugos, Bill Weisner, Billy Sneed, Dean Johnson, Kent Tambling, Brett Tambling, Darryl Wright, Brad House, Harald Kegelman, William Luttge, Karin Hyler, Dave Pokorney, Rick Brown, Michael Durham, Bradley Spatz, Rick Mulligan, B. Durham, Paul Martin, A. Hegenbarth, Brad Diuguid, Keith McInnis, Tom Meek.

Appendix (5) – Copy of meeting agenda

AGENDA

November 16, 2000

Topic: Gainesville Regional Utilities (GRU) has proposed providing web-related services to the Gainesville community.

Goal of meeting: To provide for local business owners a forum where issues and concerns regarding the proposal can be raised and summarized. The goal of this meeting is to gather information, not to come to a resolution. Resolution will happen with the Regional Utilities Committee (RUC) and the Gainesville City Commission.

Outcome of meeting: Facilitator to render a summary account of those issues in a report that would be delivered to, and addressed by, the Regional Utilities Committee and the City Commission.

6:00 Introduction and ground rules

- Render concerns as issues that can be addressed
- Take turns.
- Everyone gets heard.
- All issues are collected and rendered in a summary report that you will see (and have a chance to make additions to) before it is presented to the RUC.

6:15 In this meeting we want to answer, as a group, the following questions as best we can:

- What is our understanding of the challenge?
- What are the issues as we see them?
- What are the solutions as we see them?

Break

8:45 Summary and closing

9:00 End of meeting

