Community Reinvestment Act
&
Zanesville Downtown Wireless Project

Overview
The City of Zanesville’s pre-application to the Appalachian Regional Commission (ARC) has been approved with a $120,500 grant with a one-to-one local match for design and installation of wireless broadband internet. Downtown Zanesville would greatly benefit from having access to high-speed internet services. The City would like to close the internet access gap and provide this accessibility to everyone in the downtown area. We envision this as an attractor for existing and new Zanesville businesses to choose downtown. It is proven that travel tourism and events require access to higher speed internet for their patrons.

Wireless Network and Public Wi-Fi Trends
The most significant trends in public Wi-Fi are the growing demand for connectivity ‘everywhere, all the time,’ the growth in carrier class Wi-Fi services, and the huge proliferation of venues where Wi-Fi is offered.

There is an emergence of a growing number of Smart Cities that use information and communications technology (ICT) to manage their operations and assets, including IT functions, transportation systems, law enforcement, community services, schools and libraries. The internet of things (IoT) is an important and growing part of this initiative.

Cities use wireless networks and public Wi-Fi for operations and for public access to the internet. The more people are connected, the more important connectivity becomes to them. They access more and more information over the internet and become dissatisfied when disconnected. In response to the increased demand for connectivity, many municipalities are providing public Wi-Fi and/or implementing a wireless network.

Concept
The Community Reinvestment Act provision recognizes broadband investment in low income communities as eligible under allocation funding. Introducing higher speed wireless broadband to downtown Zanesville will increase overall investment in the area and help business, opportunity, and participation in the community. Banks can receive credit for contributing funds to the Zanesville Downtown Wireless Project (the “Project”) because it helps the people of downtown enhance access to banking services, social services, health care, workforce opportunities, educational activities, and other important information in general.

CRA Compliance
In 2015, the Federal Reserve Bank issued a policy statement that broadband has become a core utility for households, businesses, and community institutions just as electricity, water, and sewer are essential infrastructures. The availability of broadband service effects how accessible people are to education, employment opportunities, and financial services. Investing in this kind of infrastructure aligns with CRA
requirements because it helps to meet essential community needs. Dependence on internet service is increasing with everyday life, as well as banking services. Considering how many banking services are now available online, it is important to have internet access to achieve equal opportunity to those services.

Activities that revitalize or stabilize a low- or moderate-income geography are activities that help attract new, or retain existing, businesses or residents. CRA Examiners will presume that an activity revitalizes or stabilizes a Low- and Moderate-Income (LMI) geography if the activity has been approved by the local governing board and is consistent with the board’s strategic plan for the revitalization or stabilization of the low- or moderate-income geography. The City’s Comprehensive and “Cool and Connected” Plans lay strategic foundation for making higher speed broadband accessible which meets immediate responsiveness to community needs.

The following is the City’s belief on how this investment will meet the financial institutions compliance with the CRA performance criteria of the community development test.

PROPOSAL

The total costs for the Downtown Zanesville Wireless Project will be $241,000, comprised of $120,500 grant funding and $120,500 matching funds from local resources. The City has submitted, and received responses for, a Request for Qualifications (RFQ) for the partnership for operation and maintenance of a wireless broadband network in Downtown Zanesville.

Following the RFQ submission process, the City has selected its Internet Service Provider Partner, and has begun initial conversations related to the creation of a business plan, which, when developed, will be presented to financial institutions in order to discuss the Project and request investment and/or loan funding to support the Project through local match.

Upon securing funding, this Project will involve securing a design build firm to complete the design of the Wi-Fi network, securing permitting, completing the construction and installation of equipment, and performing system monitoring, as well as network maintenance and upkeep.

We feel this investment meets the Community Reinvestment Act requirements, given that broadband is a form of critical infrastructure which will allow for increased opportunity and growth in the Zanesville downtown for low and moderate-income persons. Specifically:

CRA Test - Investment:

Investing in broadband internet access for downtown Zanesville will contribute to community development needs. This investment is innovative in the fact that the City of Zanesville is partnering with private equity vendors, an internet service provider, as well as federal government agencies, to address an issue that significantly impedes economic and community development. Investment in a wireless network in Downtown Zanesville can support economic development, enhance the branding of connected communities, and support access to the internet for those who do not have the capability to connect at their home.

CRA Test - Services:

The Project will serve a LMI geographic area, and support LMI individuals who reside, work, and visit downtown so that those individuals have increased access to banking services such as online
banking, mobile banking, and remote deposit capture. Banks can then better recognize and benefit from the necessity of an online presence, be better positioned to address the core financial needs of LMI customers, and provide more comprehensive support for LMI individuals than traditional banking methods. This Project will increase opportunities for Downtown Zanesville’s financial institutions to offer a wider range of banking services to this LMI geographic area, as well as contribute to community and economic development strategies.

**CRA Test Lending:**

Lending to a LMI geographic area will help better meet the needs of LMI individuals consistent with safe and sound banking. The Project will allow individuals to have greater opportunity to consider and secure more complex lending options, as well as enhance the ability of financial institutions to serve to an increased number of LMI customers. As a result, Downtown Zanesville’s banks will have record of lending funds to LMI individuals of different income levels, including providing a higher number of loans overall, more diversity in loan types, and greater amounts of those loans. In addition, banks will be better positioned to provide community development loans to the business owners and artists of Zanesville’s emerging art community, whose increased access to technology will provide more opportunities to access financial lending services.

We feel that investment in the wireless broadband network in Downtown Zanesville meets all of these CRA requirements in that this Project will have a significant impact on the community, as well as allow financial institutions to play an integral role in the Project. Investment in broadband as a critical infrastructure will allow increased opportunity and growth in Downtown Zanesville.

Additionally, in consideration of the fact that a majority of LMI individuals primarily access personal banking services through a mobile phone because it is possible that it is the best available resource for accessing their accounts, it is important that banks recognize this and provide accessible mobile banking services. This option provides banks with the opportunity to offer financial literacy training through mobile use, as well as teaching individuals how to use the bank’s mobile banking application. Having those training opportunities available will allow individuals to learn how to properly use online banking services and utilize them for their needs.

We believe this would attract more investment in Downtown Zanesville, thus providing more opportunity for Zanesville lending institutions to attract new individual and business customers, as well as ensure the retention of existing business and residents.
Lending Institution’s Documentation for Investment in the
Zanesville Downtown Wireless Project

Our Current Area(s) of Focus

I. Background

Due to the detrimental effects of the digital divide on LMI communities in our assessment area, we now using the Federal Reserves’ publication, “Closing the Digital Divide: A Framework for Meeting CRA Obligations”, to help guide our community development strategy. The digital divide disproportionately affects LMI communities, and broadband access is the foundation for much of our work in community development. We met with community leaders who had identified the digital divide as a key impediment to having citizens lift themselves out of poverty and access regional labor market opportunities. For example, to have an impact on workforce development in our assessment area, it was evident that families needed access to the online trainings that were offered through the local community college, as well as access to online job postings and applications. As noted in “Closing the Digital Divide: A Framework for Meeting CRA Obligations,” approximately 80 percent of jobs are posted online, and not having access presents a significant barrier for LMI residents.

II. Our Community Development Focus

Zanesville’s LMI communities are disproportionately affected by the digital divide. As noted by the White House in its “Connect America initiative,” internet adoption rates in the most affluent homes reach 80–90 percent, while the homes with the lowest median incomes have internet adoption rates of around 50 percent.” At (___________) Bank, we are becoming actively engaged in helping change this statistic in our CRA assessment area by supporting the City of Zanesville. This area consists of the Zanesville Downtown.

In the area of workforce development and human capital, we partnered with the City of Zanesville, the Appalachian Regional Commission, other downtown lending institutions, the Muskingum County Community Foundation (a nonprofit), and the Muskingum County Educational Service Center that were bringing wireless services to the downtown core. In addition to contributing to the area’s economic development, critical infrastructure, and downtown revitalization, the Zanesville Downtown Wireless Project creates and enhances the accessibility of current opportunities for accessing educational, financial, social, and workforce training resources, thereby improving social, physical, economic, and human capital in downtown Zanesville and beyond.

We conducted research on our assessment area by meeting with community leaders and used the tools laid out in “The Next Generation Network Connectivity Handbook: A Guide for Community Leaders Seeking Affordable, Abundant Bandwidth” to understand the opportunities for broadband investment in LMI communities. The following is an overview of the broadband gaps we identified, the actions we took and partnerships we formed to close those gaps.

As noted in the Federal Reserve Bank of Dallas report, "Las Colonias in the 21st Century: Progress Along the Texas–Mexico Border," the lack of broadband access in our LMI communities is a factor in keeping people from regional labor market opportunities and breaking the cycle of poverty. We joined a collective impact group in the area with the goal of closing the digital divide in our region.
III. Our Projected Impact

We decided to focus on broadband access in conjunction with our other community development activities because the significant digital divide in our community was an impediment to every other area of community development, including workforce development, small-business development, and access to financial services. The City of Zanesville leadership provided the feasibility study for building the Zanesville downtown wireless network, provided a cost analysis and demonstrated the savings over time, as well as the new income stream the downtown area would gain by investing in the network. The analysis also included the benefits to LMI residents when the partnership of local institutions and local government invests in its broadband infrastructure. The return-on-investment (ROI) is expected to be strong for both our financial institution and the communities in which we invest. The projected financial and social impacts of the investment are presented below.

Social impact on financial institution: Our community development activities entail developing and maintaining strong community partnerships, which are vital to building mutual trust and respect between us and the community. Our community partners will be better positioned to provide vital community development and social services to Downtown Zanesville’s residents, business and property owners, and visitors.

Financial impact on our institution: Our investments in broadband infrastructure are projected to have a neutral/negative impact on our institution in the short term. However, the positive regulatory impact and the financial impact of revitalizing an economy in the Zanesville downtown area where entrepreneurship can thrive, and where all income levels have access to online banking, are projected to generate a positive financial impact in the long term. Specifically, the people we help today will grow into our customers tomorrow.