

Council Meeting Staff Report

January 24, 2023

Agenda No.: A.

Indexes (Council Goals):

Presenters: Jerry Smith

Legislative File: 16497-23

Title

Broadband Community Survey and Community Broadband Network Project Updates and Possible Action

Recommended Action

I move that Council adopt a policy position that broadband is a basic essential service and direct the County Manager to pursue a procurement for an open access network operator to assist with the final network design, and potentially to build the infrastructure, that would enable the fiber to premise Community Broadband Network (CBN) project to proceed.

County Manager's Recommendation

The County Manager recommends that Council approve proceeding with the CBN project as requested.

Body

The notion of improving the community's access to high-speed internet services was studied in 2012 resulting in the 2013 Community Broadband Network (CBN) Study by Crestino Telecommunications Solutions. At the time, no further implementation action was taken due to the high cost and other infrastructure funding priorities. However, since that time the community's desire for improved internet connectivity persists and has heightened with the shift of more students doing remote learning and people tele-working and businesses offering their services and goods online - both during the Covid-19 pandemic and into the foreseeable future.

Council authorized \$500,000 in the County's fiscal year 2022 budget to update the CBN study to identify and estimate necessary and/or potential investments in broadband infrastructure and evaluate service delivery options within the County. A service agreement was executed in March 2022 with Columbia Telecommunications Corporation (CTC) dba CTC Technology and Energy. CTC's and staff's presentation is included as Attachment A.

Since the last update to Council on June 28, 2022, CTC has implemented the Community Survey, as well as facilitated stakeholder interviews and a public meeting this past October. The Attachment A presentation includes the summary survey results, updated costs to build the necessary CBN infrastructure, describes what an open access network is and what models exist to establish implementation partnerships.

The recommendation for next steps of the project is to pursue a procurement for an open access network operator and potentially a development partner that would enable the fiber to premise CBN project to proceed. The general scope parameters of the procurement would be:

- Provide open access fiber and equipment network maintenance, Internet Service Provider (ISP) access management, billing, and general customer services
- Preference for County owned fiber
- Potential option for private investment financing
- Ensure adequate ISP participation

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- Propose a cost recovery model including anticipated take rate, and fees for maintenance and infrastructure capital replacement (ROI strategy)
 - Offer reliable, high-speed service at an affordable rate comparable to or better than other marketplaces with multiple ISPs

It would be efficient to have an open access operator that could also participate in final infrastructure design, building and/or offer financing options for the fiber and equipment infrastructure; but it may end up being separate procurements.

Also, it is important to note that the 60% take-rate, or participation, used as a design assumption for cost estimating, is a high number to achieve. Often, people are not proactive in **changing** from their current provider, and their current provider may offer incentives to stay with their service when competitive services are available.

These efforts to improve broadband access within the County have been progressing simultaneously with the County exploring middle-mile (2nd fiber off the hill) partnerships with neighboring communities and funding opportunities as a separate yet coordinated endeavor.

Alternatives

Council could choose not to proceed to the next step of implementing the CBN plan.

Fiscal and Staff Impact/Planned Item

The cost estimate to build the infrastructure for a CBN is estimated to be \$34M for a 60% take-rate, however fiscal impacts are uncertain until an open access network operator and potential builder is selected, and adjustments to the estimate should be factored in when the market conditions change. Any participation of the County in funding infrastructure will require debt of some source, either through a general obligation bond, new GRT tax increment and related debt, or a private party financier.

Attachments

A - Community Broadband Network Study Update Presentation

B - CTC Broadband Strategic Plan - Final Draft