



Legislation Text

File #: 18-1889, **Version:** 1

Broadband Ad Hoc Committee, in coordination with the Chief Administrative Office, recommending the Board:

- 1) Approve and authorize the Purchasing Agent, or designee, to sign Amendment 3 of Agreement 248 with NEO Fiber, doing business as NEO Connect, to increase the not to exceed amount by \$23,993 to \$149,993 and extend the term to June 30, 2019, utilizing the remaining dollars available from the Economic Development Administration (EDA) grant, with a 50% general fund match, for further work as directed by the Board, related to the Broadband Needs Assessment and Feasibility Study in El Dorado County;
- 2) Approve and authorize the Purchasing Agent, or designee, to sign Agreement 3598 with NEO Fiber, doing business as NEO Connect, for on-call consulting and as needed staff support related to Broadband efforts in the County, with a not to exceed amount of \$10,000, effective upon execution for a term of one year; and
- 3) Authorize the Purchasing Agent, or designee, to execute any contract amendments for Agreements 248 and 3598 which do not increase the total amount or term of the Agreements, and contingent upon approval by County Counsel and Risk Management.

FUNDING: Agreement 248: \$23,993 (50% EDS Grant Funds, 50% Economic Development/General Fund match); Agreement 3598: \$10,000 (Economic Development/General Fund).

DISCUSSION / BACKGROUND

On September 18, 2018 NEO Connect presented the Broadband Feasibility Study report to the Board of Supervisors, Financial Considerations, County of El Dorado Broadband Models. The report focused on financial analysis and options related to implementing a Broadband strategy in El Dorado County (Legistar #18-1289).

Based on direction from the Board during the presentation on September 18th, NEO Connect provided a list of tasks related to the Feasibility Study that require further research and analysis in order to finalize and fine tune funding options and fiscal impact of deploying a gigabit fiber strategy throughout El Dorado County:

- 1) Complete financial modeling of various levels of property tax assessment, up- front payments and/or monthly payments (\$3,400),
- 2) Research and finalize all assumptions used in the financial model, including providing addition model results of various take rate percentages, revenue and operating expense assumptions, underground vs. aerial construction where it is feasible to construct using existing poles, and capital costs vs. operational expenses (\$9,520),
- 3) Validate construction methodologies (i.e. aerial vs. underground), strand lash, permitting, make ready expenses and other capital cost assumptions, including meeting with pole owners, Caltrans and construction firms to verify assumptions used in the capital cost estimates (\$8,373),
- 4) Travel associated with #2 and #3 noted above (\$2,700).

The County has spent \$126,000 of the \$150,000 grant funding available from the EDA for a

Broadband Feasibility Study. The grant has a 50% County general fund match. Amendment 2 of contract #248 will add approximately \$24,000 to the contract to allow for spending up to the \$150,000 allowed by the EDA grant. It will also extend the contract term until June 30, 2019, to match the grant termination date approved by the EDA. This work will result in further validation of the data in support of final recommendations and will be used for a future grant application which may assist in implementation of Broadband in El Dorado County.

The amount for the on-call consulting and staff support would be an increase in County cost of \$10,000, recommended to be funded within the Economic Development budget. This contract is recommended to address questions and issues related to the various aspects of Broadband implementation as they arise, including coordination with agencies on Dig Once Policy projects, because NEO Connect has the required expertise.

Grant opportunities:

The US Department of Agriculture (USDA) Rural Development program provides loans and grants to help expand economic opportunities and create jobs in rural areas. In August 2018, the agency announced that an additional \$600 million will become available to expand rural broadband infrastructure in unserved rural areas and tribal lands. So far, a Rural Broadband Access Loan and Loan Guarantee Program has been announced.

The California Advanced Service Fund (CASF) provides grant funding to "priority areas" within California that have locations with significant population and no broadband service. Neo Connect has identified "priority areas" within the County that may qualify for grant funding from CASF.

Grants may also become available from the Economic Development Administration (EDA) to provide broadband access for unserved and/or underserved regions.

In order to prepare for the grant application process, the County needs to complete several tasks, including a high level engineering and route ride-out of Broadband backbone and Priority Areas (estimated to cost approximately \$42,000), research of the grant rules and process, evaluation of eligible areas, and potentially further engineering and preparation for writing a grant application.

Post-grant activities could include developing an outreach strategy and community education plan including marketing and financial analysis support, planning and implementation of a phased construction approach or pilot project, including a competitive process for selection and negotiation of agreements with Internet Service Providers (ISPs), meetings with other infrastructure owners of fiber, and negotiations of Indefeasible Right of Use (IRU) and dark fiber lease agreements.

Prior Board Action and past activity related to Broadband:

On September 1, 2015, following a presentation on the state of Broadband infrastructure in the County, the Board established a Broadband Technical Advisory Committee to work on broadband issues and appointed two Board members to that Ad Hoc Committee (Legistar #15-1020).

On January 12, 2016, the Board adopted Resolution 013-2016, approving the submittal of an application for an Economic Development Agency (EDA) Planning Program and Local Technical Assistance Program Grant for the purposes of completing a Broadband feasibility study (Legistar #16-0006).

On September 27, 2016 the Board authorized acceptance of a \$75,000 grant award from the Economic Development Administration (EDA) Planning Program and Local Technical Assistance Program for the purpose of conducting a Broadband feasibility study in El Dorado County, and committed \$75,000 for the purpose of the 50% County match required by the grant. The resolution states that improved Broadband service fits strongly within the County's Economic Development Strategic Plan and that building Broadband capacity in El Dorado County is "a way to create and retain jobs, educate and retain students, and position the County in the 21st century economy."

A technical advisory group was assembled to assist with technical expertise in the area of Broadband policy and infrastructure. This group includes members from non-profit organizations with special interests in Broadband technology and stakeholder community members.

A Request for Proposal (RFP) for a Broadband Needs Assessment and Feasibility Study was launched and subsequently awarded on April 25, 2017 to NEO Connect, a Colorado-based consulting firm specializing in Broadband planning and analysis (Legistar #17-0442). A subgroup of the technical advisory group and the Ad Hoc Committee participated in the RFP evaluation process. A contract was negotiated and executed with NEO Connect, with an effective date in late September of 2017.

Between September 2017 and September 2018 NEO Connect initiated regular bi-weekly meetings with members of the Ad Hoc Committee and technology advisory group to discuss the status of Broadband in the community, both in the Lake Tahoe basin and on the west slope. The first priority item is the approval of policy revisions that will better prepare the County for Broadband development, including a "dig once" policy that would allow for the installation of fiber conduit when a trench is open for streets, developments, and other construction projects.

During the week of January 16th-19th NEO Connect conducted several stakeholder community group meetings as part of the outreach component of the Feasibility Study project. These groups included El Dorado County residents and professionals from various community stakeholder groups including education and libraries, public safety, healthcare, and business.

On January 23, 2018, NEO Connect presented to the Board of Supervisors a summary of their efforts so far, including the current broadband environment and infrastructure in El Dorado County, and results of surveys and community engagement. The presentation also included examples of policies and ordinances that facilitate broadband deployment, such as "dig once" or "shadow conduit" policies (Legistar #18-0077).

On June 26, 2018 NEO Connect presented to the Board of Supervisors further progress on the Feasibility Study project, a Broadband Planning and Roadmap report, which included a discussion of various levels of County investment, initial financial modeling and best options for the County to explore further (Legistar #18-0950).

ALTERNATIVES

Should the Board decide not to approve this item, further action on the Broadband Feasibility project will be deferred and approved EDA grant funding of approximately \$24,000 (\$12,000 County match) would not be utilized.

OTHER DEPARTMENT / AGENCY INVOLVEMENT

N/A

CAO RECOMMENDATION

It is recommended that the Board approve this item.

FINANCIAL IMPACT

A \$150,000 budget (\$75,000 EDA grant, \$75,000 General Fund/Economic Development budget) was established for the Broadband Feasibility Study effort. Sufficient funds have been budgeted specifically to complete the Feasibility Study. The amount for the on-call consulting and staff support would be an increase in County cost of \$10,000, recommended to be funded within the Economic Development budget using existing Professional and Specialized Services appropriations.

CLERK OF THE BOARD FOLLOW UP ACTIONS

N/A

STRATEGIC PLAN COMPONENT

Economic Development-Infrastructure to improve and maintain competitiveness
Good Governance-Infrastructure

CONTACT

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