

Issue Analysis Form (rev. July 2013)



Date: May 9, 2017
Item: Broadband
Lead Department(s): County Administration
Contact Person(s): Jeffrey Stoke, Deputy County Administrator

Description and Current Status

Prince George Electric Cooperative (PGEC) has established a Fiber-To-The-Home (FTTH) pilot project on West Quaker Road and Prince George Drive to test the business model for providing residential/commercial broadband service. The next step would be extending the service in phases throughout the County. The fiber subsidiary created by PGEC, PGEC Enterprises, is undercapitalized in order to build FTTH connections in the rural community due to the distances between homes/businesses. PGEC Enterprises is requesting a grant from the IDA of \$1,000,000 to help cover the overhead costs for this project.

Government Path

Does this require IDA action?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	June 2017
Does this require BZA action?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
Does this require Planning Commission action?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
Does this require Board of Supervisors action?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	May 23, 2017
Does this require a public hearing?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	

If so, before what date?

The Prince George County Board of Supervisors would allocate \$1,000,000 from taxable bond proceeds to the Prince George County Industrial Development Authority. The IDA would establish a Broadband Expansion Grant in the amount of \$1,000,000 and enter into a contract with the impacted parties.

Fiscal Impact Statement

The County would be allocating \$1,000,000 in taxable bond proceeds to the IDA. Through a contract, PGEC Enterprises would utilize the \$1m to establish a minimum of 500 FTTH connections in Prince George County. There would be a clawback provision in the contract if certain thresholds are not met.

County Impact

For the first time, broadband service (25 Mbps) would be available to at least 500 residents where no reliable or affordable broadband service currently exists. The County and IDA would not be responsible for daily operation and maintenance of the broadband system. The County and IDA would not be responsible for financial business losses of the new system.

Notes

In 1936, the Federal government made available \$50m for rural electric construction which is \$874,753,623 in today's dollars. In 2017, the Federal government made available \$25m for broadband. The lack of funding available and negative return on capital investment has prohibited "last mile" broadband connections in rural areas.

**INDUSTRIAL DEVELOPMENT AUTHORITY
OF THE COUNTY OF PRINCE GEORGE
BROADBAND EXPANSION GRANT
PERFORMANCE AGREEMENT**

Summary of Key Points (*)

Parties to the Agreement:

1. County of Prince George (County)
2. PGEC Enterprises (Enterprises) – fiber company
3. Prince George Electric Cooperative (PGEC) – electric company
4. Industrial Development Authority of the County of Prince George (IDA)

Fiber To The Home Broadband Installation Plan:

PGEC will prepare a Fiber To The Home broadband installation plan for installation of the Fiber Backbone based on the map, entitled “Potential PGEC Fiber Optic Lines and Broadband Customers,” dated April 21, 2017.

The Prince George County Board of Supervisors uses \$1,000,000 from bond issuance to fund the Prince George IDA. IDA will give Broadband Expansion Grant of \$1,000,000 to Enterprises.

Targets for Enterprises:

- Year 1 – 100 new subscribers for broadband (100 aggregate)
- Year 2 – 100 new subscribers for broadband (200 aggregate)
- Year 3 – 100 new subscribers for broadband (300 aggregate)
- Year 4 – 200 new subscribers for broadband (500 aggregate)

Reporting Requirements:

Enterprises will provide an annual report to the IDA of progress on the Targets.

Community Service:

Free connection to broadband for four (4) years for all public facilities owned or operated by the County, including, but not limited to, schools, libraries, and fire stations. Enterprises will also provide the County free connection to any County controlled telecommunications towers to provide potential wireless data transmission for four (4) years.

Clawback:

If Enterprises does not meet the Targets, the IDA can require repayment.

System Specifications:

Broadband speed of at least 25 Mbps up and down with fiber connection.

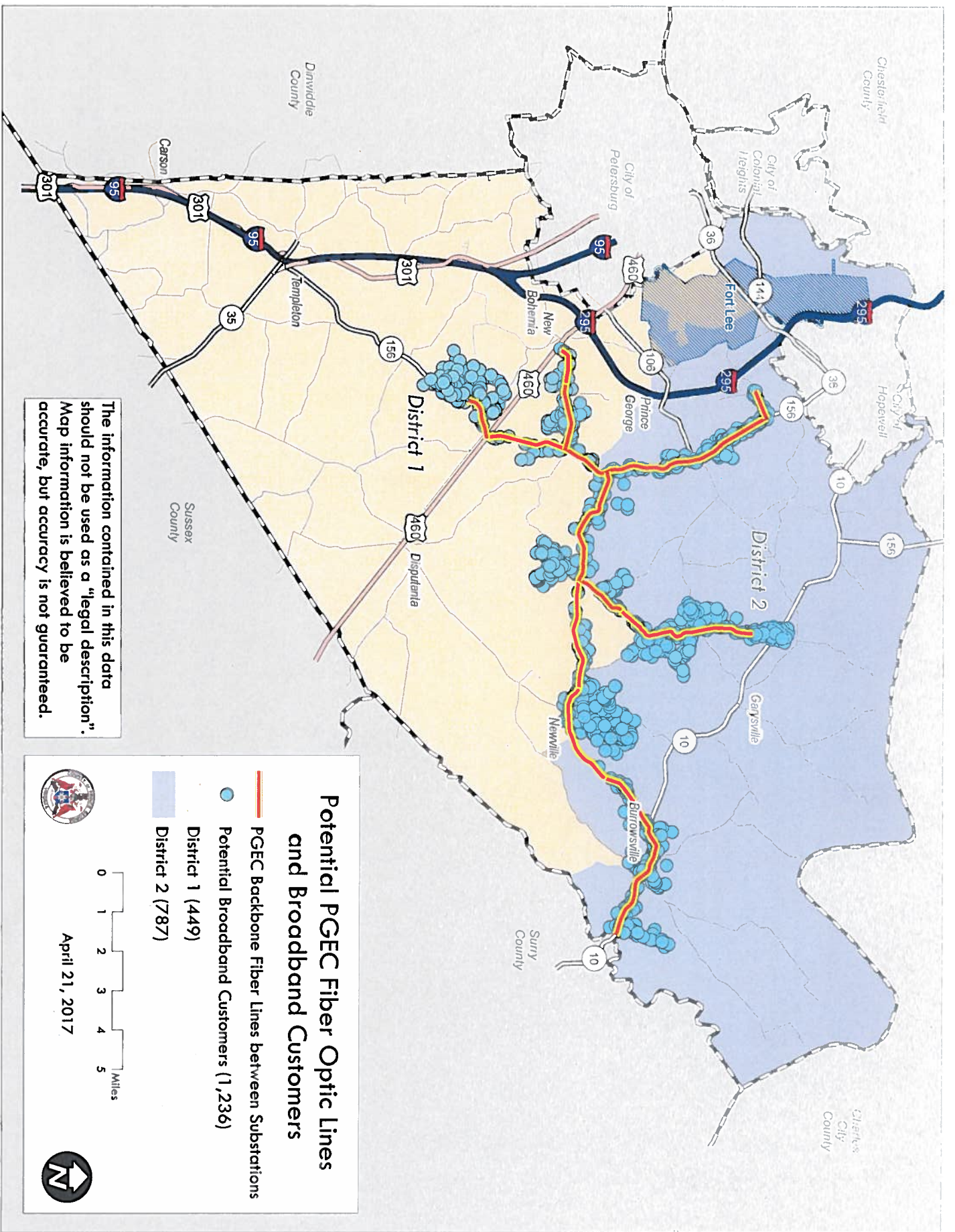
Price point starting at \$82/month with wireless router lease.

No data cap on usage.

Four year guarantee of fiber broadband service.

Residential, commercial, industrial, governmental and non-profit connections are allowable. Each physical connection counts as one (1) subscriber.

(*) Please note: The County is still negotiating details relating to the clawback guarantee, community service obligations for PGEC, and cost of monthly service to County facilities.



The information contained in this data should not be used as a "legal description". Map information is believed to be accurate, but accuracy is not guaranteed.

Potential PG&E Fiber Optic Lines and Broadband Customers

- PG&E Backbone Fiber Lines between Substations
- Potential Broadband Customers (1,236)
- District 1 (449)
- District 2 (787)



April 21, 2017

