

Bringing Broadband to the Antelope Valley



July 29, 2022

CoCoAV

Context & Level Setting

- What we're doing here and why
- Why people in the room have been invited

-Introductions



CCF Digital Equity Initiative

CCF's mission is to lead positive systemic change that strengthens Los Angeles communities.

The **Digital Equity Initiative** is a multi-year project that will seed, grow, and support a digital equity movement in Los Angeles County with the capacity and power to ensure fast, reliable, and affordable broadband for all Angelenos.

calfund.org/digital-equity-initiative



LA DEAL

The Los Angeles Digital Equity Action League (LA DEAL) is the only California Public Utilities Commission (CPUC) approved and funded Regional Broadband Consortium for Los Angeles County. It is co-convened by LAEDC and UNITE-LA.

LA DEAL is responsible for a **collaborative community-driven process to assess and tackle the broadband gaps that exist in communities across the L.A. region**, and seeks to address broadband access in a systemic and equitable way through true community representation and a strong infrastructure of civic leaders representing business, education, nonprofits, and government, *so that underserved and disadvantaged people have equal access to affordable, reliable, and high-speed internet service, and the devices and training to optimize their use.*

www.ladeal.org



The Opportunity: Broadband in the AV



EOY 2020 California Residential Broadband Deployment

Select a Boundary:

- County
- Public Use Microdata Area
- Census Designated Place

Select a Served Speed Benchmark:

- Wireline Broadband 25/3Mbps (non-legacy)*
- Wireline Broadband 25/3Mbps
- Fixed Broadband 25/3Mbps
- Fixed Broadband 100Mbps down

Census Block Served Status

- Served
- Unserved

Sources: Broadband deployment data collected from Internet Service Providers and validated by the California Public Utilities Commission. Data as of 12/31/2020. Household information is based on DOF January 1, 2021 estimate.

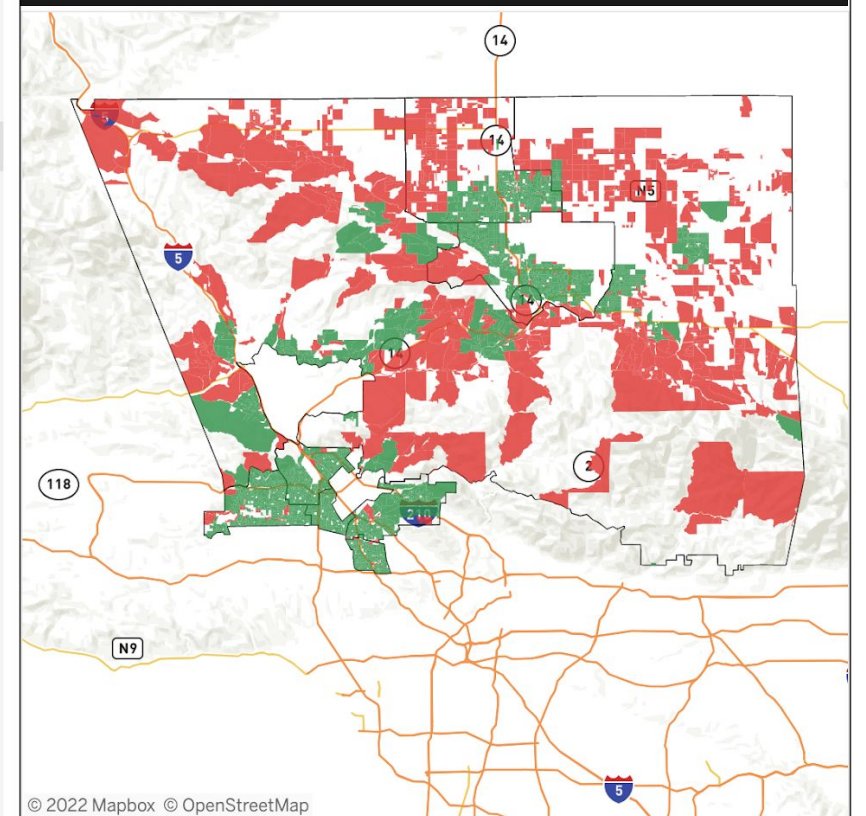
***Non-legacy:** excluding legacy technologies: Digital Subscriber Line and early versions of cable system technology (DOCSIS 2.0 or earlier). Reporting tech codes 40, 42, 43, and 50.

Version May 25, 2022

Table by Public Use Microdata Area

	Total Households	Served Households	Unserved Households
Los Angeles County (North Central)--Lancaster City PUMA	34,008	33,248	760
Los Angeles County (East Central)--Glendora, Claremont, San Dimas ..	58,401	55,724	2,677
Los Angeles County (East Central)--La Puente & Industry Cities PUMA	25,752	25,534	218
Los Angeles County (East Central)--Pomona City PUMA	38,899	38,261	638
Los Angeles County (East Central)--West Covina City PUMA	33,187	31,422	1,765
Los Angeles County (North Central)--Lancaster City PUMA	52,695	49,161	3,534
Los Angeles County (North Central)--Palmdale City PUMA	47,766	46,892	874
Los Angeles County (North)--LA City (North Central/Granada Hills & Sylmar) PUMA	42,212	41,467	745
Los Angeles County (North)--LA City (North Central/Mission Hills & Panorama City) PU..	40,063	40,023	40
Los Angeles County (North)--LA City (Northeast/North Hollywood & Valley Villa..	55,544	55,192	352
Los Angeles County (North)--LA City (Northeast/Sunland, Sun Valley & Tujunga..	42,711	42,650	61
Los Angeles County (North)--LA City (Northwest/Chatsworth & Porter Ranch) P..	61,724	60,441	1,282
Los Angeles County (North/Unincorporated)--Castaic PUMA	42,655	35,386	7,269
Los Angeles County (Northwest)--LA City (North Central/Van Nuys & North Sherman..	61,537	61,501	36
Los Angeles County (Northwest)--LA City (Northwest/Encino & Tarzana) PUMA	62,159	61,898	261

Map by Public Use Microdata Area: Los Angeles County (North Central)--Lancaster City PUMA, Los Angeles County (North Central)--Palmdale City PUMA, Los Angeles County (North)--LA City (North Central/Granada Hills & Sylmar) PUMA and 5 more

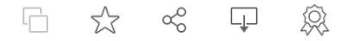


© 2022 Mapbox © OpenStreetMap



Incumbent ISPs in the Region

EOY2020 CA Residential Fixed BB Deployment by [CA Public Utilities Commission](#)



EOY 2020 CA Residential Fixed Broadband Deployment

County:

Technology:

Dn Speed (Mbps):

Up Speed (Mbps):

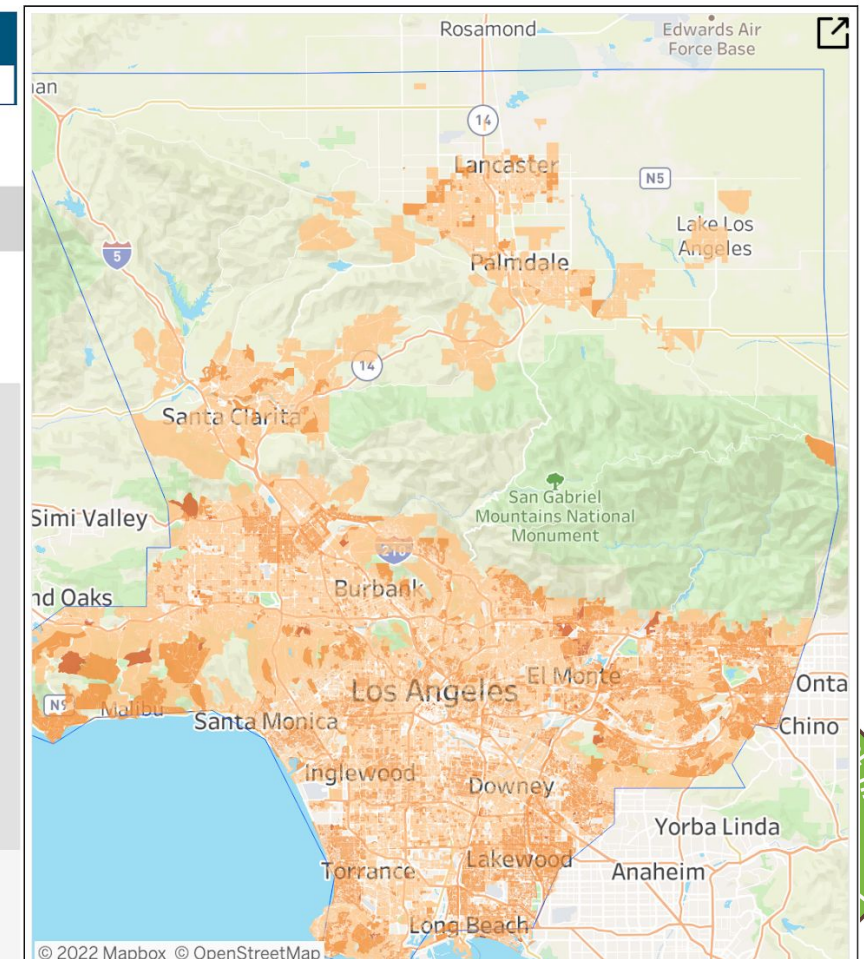
Total Households (Los Angeles)	Total Housing Units (Los Angeles)	Total Population (Los Angeles)
3,382,896	3,614,809	10,044,458

By County | By Internet Service Providers

>> [Click here to enlarge the ISP table](#) <<

EOY 2020 Residential Fixed Broadband Deployment by ISP

DBA	Served HH	Served HU	Served POP	Max Ad Dn	Max Ad Up
Charter Communications Inc	3,269,618	3,487,902	9,634,370	940.00	35.00
Frontier Communications	688,757	728,015	2,112,036	115.00	115.00
AT&T California	513,633	552,456	1,567,124	1,000.00	1,000.00
Cox Communications	43,244	45,974	112,192	1,000.00	1,000.00
GeoLinks	30,136	32,640	81,794	10,000.00	10,000.00
Giggle Fiber, LLC	27,021	28,688	76,296	500.00	25.00
Verizon Wireless	14,604	17,014	30,782	300.00	50.00
Consolidated Smart Broadband S..	12,261	13,920	22,664	500.00	500.00
Race Communications	4,933	5,768	10,014	1,000.00	1,000.00
Catalina Broadband Solutions	1,553	2,277	3,925	50.00	5.00
Comcast Cable Communications ..	754	893	1,240	1,000.00	35.00
FractalVision	450	513	1,089	25.00	5.00
Ranch Wifi	212	224	526	30.00	10.00
Ultimate Internet Access, Inc.	193	221	525	1,000.00	1,000.00
Outback Internet LLC	104	102	248	40.00	15.00



Cooperative Deep Dive

DOUG DAWSON, PRESIDENT, CCG CONSULTING
COCO AV – JULY 29, 2022



Topics Today

- What is a Cooperative?
- Benefits of a Cooperative
- Risks of a Cooperative
- Example – RS Fiber Cooperative
- Funding
- Governance
- How to Get Started – Feasibility Study



What is a Cooperative

A cooperative is a corporation that is owned and controlled by members and provides products, supplies or services. Cooperatives are formed to meet specific member objectives and adapt structurally to the changing needs of members.



Basic Cooperative Structure

- Infrastructure owned by the Cooperative
- Members own the cooperative, but no financial ownership or liabilities accrue to members
- Members elect Board of Directors
- Board of Directors hires a management team



Cooperative Laws

- Regulated by federal law created by the Capper Volstead Act
- California Specific laws found in California Corporate Codes 12200 through 12704



Benefits of a Cooperative

- Operates for the benefit of members
- Democratic approach to ownership
- Benefits to members (in this case broadband for everybody)
- Shields members from ownership liabilities
- Is for-profit but generally operates as a non-profit
- In long run can return profits to owners through lower prices or member dividends



Risks of a Cooperative

- Harder to finance – not attractive for equity investors. This means a challenge for getting started
- Can have slow decision-making
- Is generally taxable
- Must follow specific state laws
- Governing Boards are generally not businesspeople
- Can financially fail



Example – RS Fiber

- Formed by 2 counties, 10 cities, and 17 rural townships. Covers 6,000 households and businesses. 700 square-mile area.
- Broadband cooperative selling retail broadband
- Funding – 25% loan from bond raised by sponsoring governments, commercial loans, some grants.



Thoughts so far? (Next up: \$\$)

Discussion + Q&A



Funding

- Grants
- Member Capital Contribution
- Member Loans
- Preferred Owner Contributions
- Friendly loans
- Bank Loans
- The biggest challenge is raising enough of the first five to then attract the bank loans.
 - Loan Loss Reserve Fund



Governance

- Initially formed by a Steering Committee. This group can form the coop and create initial legal documents. This committee can start the financing process.
- At some point there are members, who then vote to create a Board of Directors. The Board is almost always made up of members.
- The Board will create the official charter and rules.
- The Board would hire a management team to operate the business.



Questions & Ideas?

(Next up: getting started)



How to Get Started

(Specific order to follow California law)

- Form the initial Steering Committee
- Obtain grant to finance the feasibility study
- Explore initial funding (but steering committee can probably not obligate the cooperative to debt).
- Solicit early members and elect a Board



Feasibility Study

- Legal Feasibility
- Broadband Feasibility
- Funding Plan



Legal Feasibility

Contacted [California Center for Cooperative Development](#)

- Find Cooperative attorney (through CCGD)
- Develop plan and timeline to transition for CoCoAV Steering Committee to a Cooperative
- Identify solicited inaugural members and transition to elected Board of Directors



Broadband Feasibility

Market Demand – Will people join?

- Market price study
- Surveys
- Interviews / Focus Groups



Broadband Feasibility (2)

Cost of Broadband Network

- Engineering Analysis
- Supply Chain analysis
- Leveraging existing assets



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Broadband Feasibility (3)

Operating Structure

- Hire management team or partner with existing ISP
- Retail ISP versus open-access



Broadband Feasibility (4)

Financial Feasibility

- Can the cooperative be profitable?
- Quantifying the financial risks
- Calculating the breakeven penetration
- Staffing analysis
- Low-income broadband plan



Broadband Feasibility (5)

Other Issues

- Benefits of Broadband
- Risks of launching the broadband business
- Timeline
- Marketing plan
- Regulatory hurdles
- Division of labor/balance of inputs + outputs between Cities and unincorporated County



Funding Plan

- Raising member equity
- Grant availability
- City + County contributions
- Non-profit / foundation help
- Loan Loss Reserve Program
 - How to borrow money



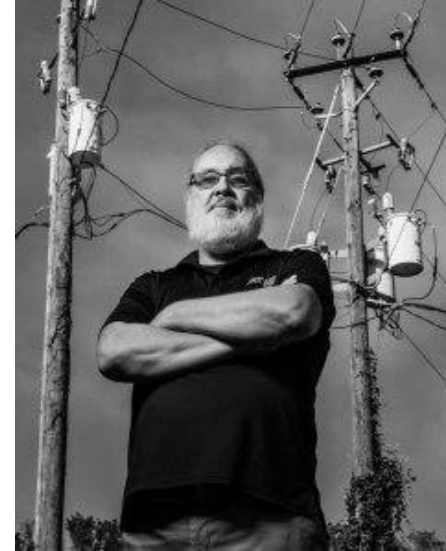
Next Steps

- CoCoAV forms team to pursue grant for feasibility study/studies
 - Must be led in collaboration with a city (more on eligibility for grants later in the agenda)
- Continue process of using the coop concept
- Basic local research through outreach/surveys



Contact Doug Dawson

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Blog: <https://potsandpansbyccg.com/>











Funding Overview

- LATA Grants (will come back to this in detail)
- Federal Funding Account
- Infrastructure Grant Account
- Loan Loss Reserve
- Private Funding



Big Picture: \$\$ for Broadband

Program	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023 >>>
 Digital Equity State Planning Grant \$60M to States planning through an “administering entity” – CA Broadband Council		→				
 Digital Equity State Capacity Grant \$1.44B to States implementation of State Digital Equity Plans and digital inclusion activities				→		
 Digital Equity Competitive Grant Program \$1.25B, inclusion + adoption activities**					→	
 BEAD (Broadband Equity, Access, & Deployment) \$42.45B to States unserved (25/3), underserved (100/20), anchor institutions (gig) 25% match low-cost plan					🙄	→
 Middle Mile Competitive Grant Program \$1B open-access unserved areas	→					
 CASF: Last Mile Programs *Federal Funding Account \$105M for projects in LA County *Infrastructure Grant Account *Public Housing		→				
 Broadband Loan Loss Reserve		🙄	→			
 Local Agency Technical Assistance (LATA) Grant Program		→				

Points of Clarity

- The Department of Commerce's National Telecommunications and Information Administration (NTIA), the Treasury Department and the CPUC (in implementing Treasury Department rules) has indicated preference for public (or publicly-led public/private) projects that serve the public interest.
 - CPUC Federal Account Rules for last mile dollars provide for up to 20 points (out of 130) for applications *"proposing to build a broadband network owned, operated by, or affiliated with local governments, non-profits, Tribes, and cooperatives."*
 - Newly released NTIA rules **require** a broadly available affordable option (ACP).
 - *NTIA and CPUC has indicated clear preference for "future proof" technology (fiber) for new builds.*
- Timelines for Federal Funding Account last mile dollars are very fast: grant applications in 2022-Q3, funds encumbered by Dec 2024, built by Dec 2026.
- Timeline for NTIA BEAD dollars is still **TBD**, but early 2024 *at soonest* for localities to access. Implementation timelines **TBD**.

2022 Broadband Investments Background on CPUC Responsibilities



Last Mile Initiatives and Supporting Programs

1. Local Agency Technical Assistance - \$50 million total (a) (b)

- Purpose: Help prepare local governments & Tribes for broadband infrastructure investments.

2. Loan Loss Reserve - \$750 million

- Purpose: enable local governments & nonprofits to secure financing for broadband infrastructure.

3. Federal Funding Account - \$ 2 billion

- Purpose: Funding for last-mile broadband infrastructure projects.

4. California Advanced Services Fund (CASF) ~up to \$150 million per year

- Purpose: assist with broadband infrastructure deployment & adoption in public housing, Tribes, & unserved areas.

(a) More funds may be allocated, if necessary, consistent with Public Utilities Code Section 281(d)(4)

(b) Included in \$2 billion Last-Mile Initiative

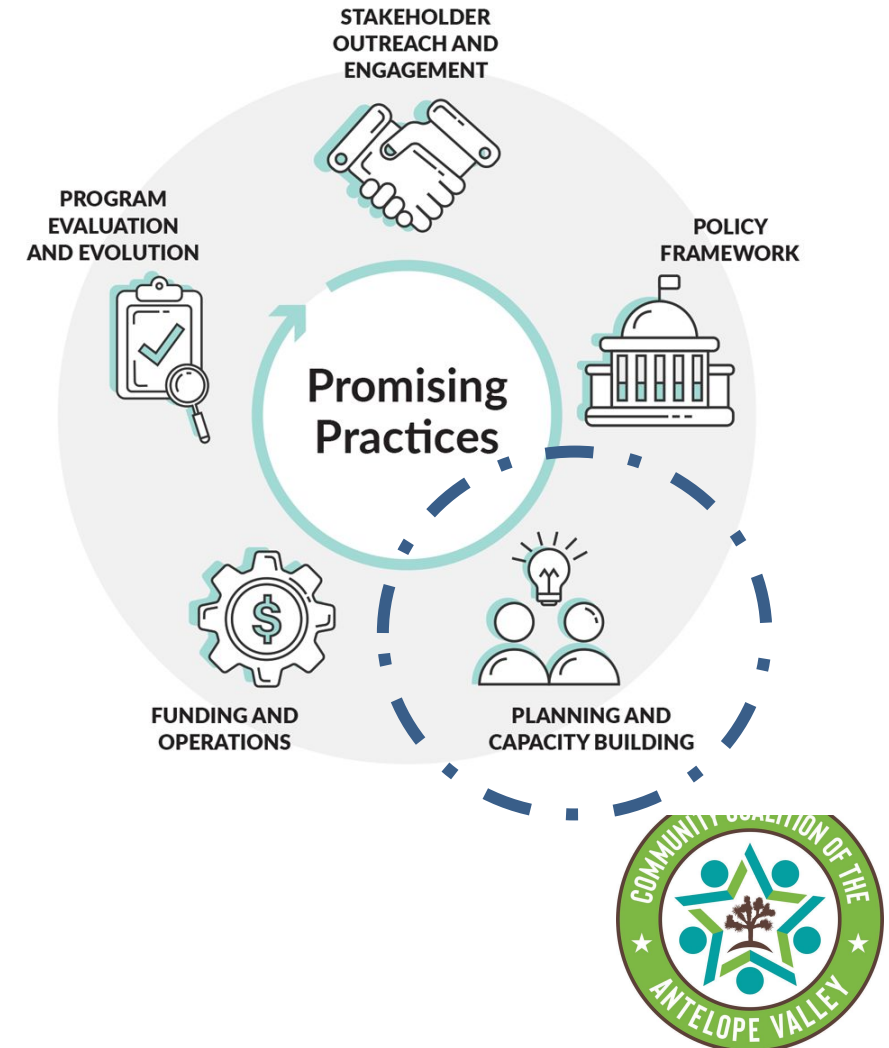
Middle-Mile Locations

- Identify routes & priority areas using public process.
- Report mapping & analysis to the California Department of Technology for use in program implementation & project development.



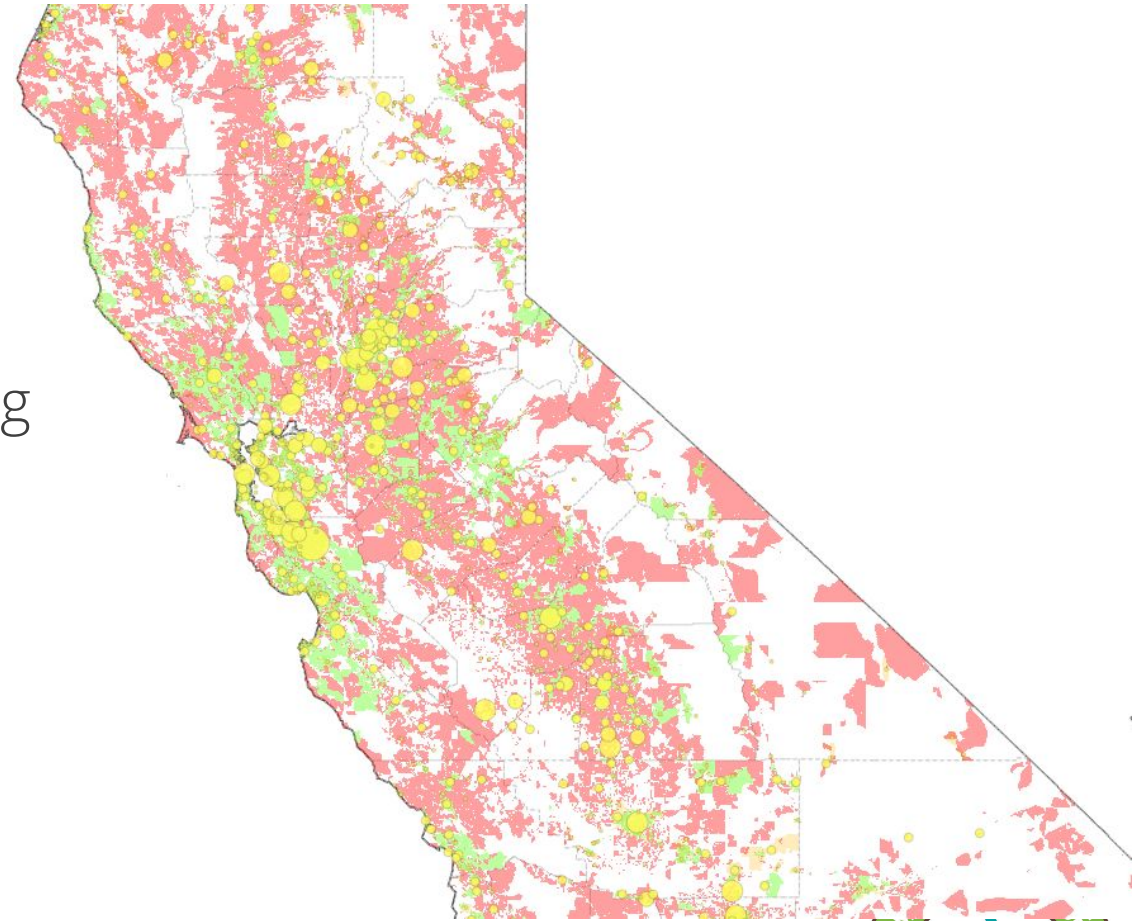
Local Agency Technical Assistance (LATA)

- \$50 million for technical assistance grants to local agencies, with \$5 million set-aside for Tribes.
- Funding can be used:
 - For other public other public organizations for costs to plan and prepare to deploy broadband infrastructure
 - For environmental, permitting, engineering and design activities.
- **Timing** – Application posted **June 28, 2022**.
 - Rolling application; first come, first served.
 - Funds must be expended by **December 31, 2024**.
- **Actions** - identify your needs and prepare to apply.
- [More information](#)



Last Mile Federal Funding Account

- The new \$2 billion [Federal Funding Account](#) is for last-mile broadband infrastructure grants.
- These funds must be encumbered by **Dec 2024** federal deadline, and spent (i.e., projects built) before **Dec 2026**.
- **Next Step:** Publishing of Proposed Funding Areas
 - CPUC is preparing priority areas for funding.
 - Potential applicants can register to access proprietary detailed information (e.g., location fabric, business case information, etc.).
 - Will include digital equity information.
- **Action** – get ready to apply or to support those who will apply to provide service to your constituencies.



Federal Funding Account

- 100% public funding for **last mile infrastructure**
 - Wireline broadband service at or above 100Mbps symmetrical; 100/20 Mbps if symmetrical isn't practicable
 - Preference for no data caps; max min data is 1000 GBs/month
 - Middle mile is OK if it is "needed to achieve last mile connections"
 - Open access
 - 18-24 month completion window (CEQA exemption dependent)
 - 5-year pricing commitment
 - Participate in Affordable Connectivity Plan (ACP or successor)
- Applications due every 6 months, with 6 months review
 - 14-day objection window
- Federal dollars = subject to Dept of Treasury Final Rule
- Encumbered by Dec 31, 2024; spent by Dec 31, 2026. (ARPA FRF)



FFA Rules + Application Guidelines

Evaluation criteria:

- Matching funds (10 points) - % + variety of sources
- Technology choice – fiber preference (10 points)
- Publicly owned, operated, “or affiliated with” (20 points)
- Offers Lifeline (10 points)
- Commitment not to raise prices for 10 years (10 points)
- \$40 50/20 Mbps generally available offering (20 points)
- Serve “entire priority area” (20 points)
- Applicant capacity + performance (10 points)
- “Well planned project with reasonable budget that shows it will deliver speeds and service proposed and will be sufficiently robust to meet increasing demand” (10 points)
- Leverage statewide middle mile (10 points)

Full rules: <https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M470/K481/470481278.PDF>



Broadband Public Housing Account

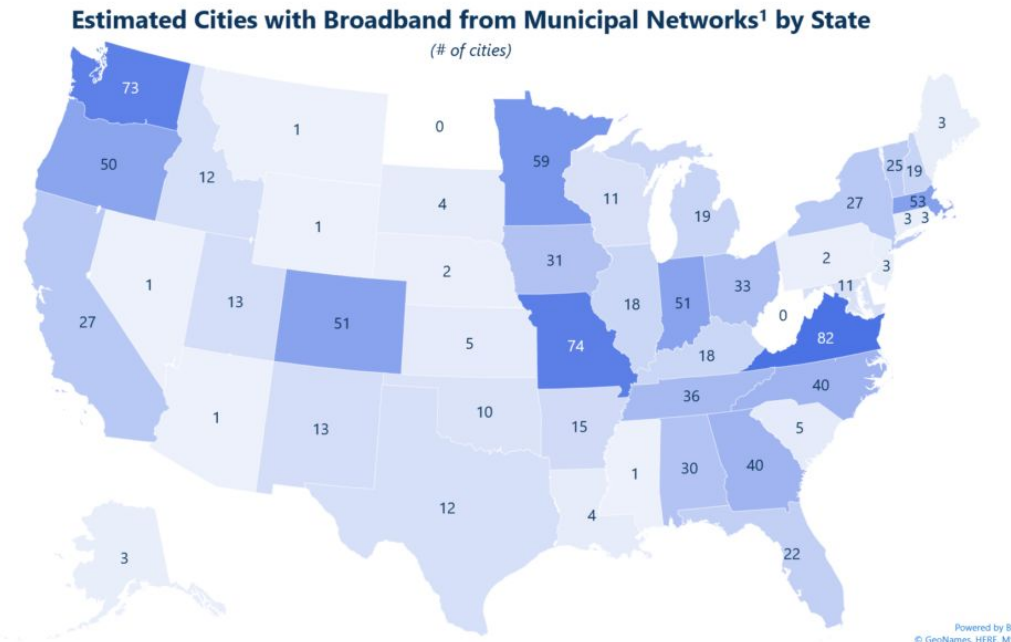
- The revamped [Broadband Public Housing Account Grants](#) will provide grants to connect qualifying low-income housing, such as publicly supported housing communities, with infrastructure to provide free internet service.
- **Timing** – Applications due July 1 and January 1 of each year.
- **Action** – Assess broadband needs of publicly supported housing communities AND other low income housing. Prepare applications or support entities that will apply.



CASF Public Housing Account project Housing Authority of the County of Kern – Green Gardens Main Distribution Frame room

Loan Loss Reserve Fund

- \$750 million Loan Loss Reserve Fund to support development of public broadband networks.
 - A form of **credit enhancement**, or a type of insurance, that helps lenders control for the risk that loans will not be repaid. This new funding will provide collateral to local governments for bond financing.
 - [The US Department of Energy operates a similar loan loss reserve program.](#)
- [Program Webpage](#)
- **Timing** – proposal for input by August 2022, comments and workshops to follow.
- **Actions** – engage in the implementation and consider becoming a party to the proceeding.



Sources: Form 477, US Census Data, Muninetworks.org Expert Interviews, AV&Co. Research & Analysis

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Source: [Altman Solon](#)

Private Funding

- Connect Humanity – grants, equity financing, loan financing
- Bank Loans
- Bank New Market Tax Credit funding
 - i.e. U.S. Bancorp Community Development Corporation (USBCDC)

From 2011 through the first quarter of this year, U.S. Bancorp Community Development Corporation (USBCDC), the community investment and tax credit division of U.S. Bank, has invested more than \$60 million in New Market Tax Credit equity in the project, and there is more to do. With total costs close to \$300 million and climbing, USBCDC’s investments represent roughly 20% of the project’s capital, all of it necessary to allow this critical infrastructure to reach communities years, or even decades, sooner than otherwise feasible.

<https://www.usbank.com/about-us-bank/company-blog/article-library/usbcdc-investment-helps-deliver-critical-broadband-to-first-nation-communities.html>



Local Agency Technical Assistance (LATA) Grant Program Details



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Eligibility: “Local Agencies”

- Joint Powers Authority
- City
- County, including county service area
- Community services district
- Public utility district
- Local education agency
- Electric cooperative
- Sovereign tribal government (also, Tribal Technical Assistance)



CoCoAV-specific Guidance from CPUC

- Big picture: CoCoAV's LATA Grant application is very welcome and/but will go to "resolution" for approval.
 - Application should be rooted in/submitted by one of the cities
 - Coop in lieu of JPA will be allowable, but is part of what will send it to resolution since coops aren't specifically identified in the administrative manual
 - Resolution = voted on by the Commissioners with a 30 day comment period (versus approved by the staff)



More Eligibility

- Collaboration across agencies is encouraged
 - Approval for applications from separate agencies in overlapping geographic jurisdiction is "by resolution"
 - Cities do not have overlapping jurisdiction with the county
 - Requirement: support letter from the county or "other relevant political subdivision (such as a city council) detailing efforts toward collaboration"
- "... reasonably expected to result in broadband infrastructure projects that will be designed to provide service to unserved or underserved households and businesses that are designed to, upon completion, reliably meet or exceed symmetrical 100 Mbps"



More Eligibility

- “Unserved and underserved households or businesses” means one or more households or businesses that are not currently served by a wireline connection that reliably delivers 25/3 Mbps.
 - Areas without “reliable” service may *technically* have 25/3 Mbps service that is provided by legacy technologies (i.e., DSL and older cable networks) or the existing provider has demonstrated poor service quality.
- The unserved or underserved locations need not be the only locations served by the proposed project.

Definition of “Technical Assistance”

- Reimbursement for the cost of work products “in pursuit of the provision of service to unserved and underserved communities.”
 - Examples:
 - Environmental, feasibility, and engineering design studies
 - Needs assessments, market analysis studies
 - Mapping
 - Broadband strategic plans
 - Business plans
- Reimbursement of incremental staff hours
- Reimbursement of admin costs (up to 15% of total requested)

“Reimbursable Work Product” (RWP)

- Final report, study, or agreement resulting from eligible TA activities.
- Multiple RWP’s per application is OK, up to a total of \$500K per local agency, per fiscal year.
- Reimbursement is rolling, as each RWP is completed.
- Submit invoices/supporting documentation showing the costs of each individual work product when completed.
- RWP must also be submitted to CPUC.



LATA Information for Grantees

New information is now available from the Local Agency Technical Assistance grant program:

- [Grantee Administrative Manual](#)
- [Grant Application](#)
- [Detailed PowerPoint Presentation with Overview of How to Apply for Funds](#)
- **Webinar Aug 2nd!** [Register here](#)



CPUC Broadband Survey for Local Governments

- Please participate in the CPUC Broadband Survey for Local Governments!
- The survey assesses each community's broadband assets, broadband needs, and interest in state grant programs.
- Survey responses will inform program development and outreach.
- **Survey Link:**
<https://www.surveymonkey.com/r/X8WWRHX>



How to Engage the CPUC

- Contact: statewidebroadband@cpuc.ca.gov
- LA DEAL is LA County's CPUC Consortia
- CCF + Statewide pooled philanthropy offering technical assistance for participation in rulemaking
- Subscribe to the [Broadband Deployment](#) and [California Advanced Services Fund](#) Proceedings to receive updates on program implementation.



Q + A



Next Steps and Commitments

- Identify a subgroup to support with LATA Grant app
 - Identify additional contractor (Doug), Co-Op engineering, grant partner, etc.
- CCF Commits:
 - Identify bridge funding
- CoCoAV Commits:
 - Tabling and outreach for market study
 - Funding Co-Op Formation

Contact + Resources

LA DEAL:

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CCF Digital Equity Initiative: calfund.org/digital-equity-initiative

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CA Broadband for All: broadbandforall.cdt.ca.gov

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