

February 18, 2020

Joint Committee on Ways and Means
900 Court Street NE, Room H-178
Salem, OR 97301

RE: Business Oregon response to the Oregon Broadband Office budget note

Attention: The Honorable Senator Betsy Johnson, Co-Chair
The Honorable Senator Elizabeth Steiner Hayward, Co-Chair
The Honorable Representative Dan Rayfield, Co-Chair
The Honorable Senator Fred Girod, Co-Vice Chair
The Honorable Representative David Gomberg Co-Vice Chair
The Honorable Representative Greg Smith, Co-vice Chair

Senators Johnson, Steiner Hayward, Girod, and Representatives Rayfield, Gomberg, and Smith:

Please accept the following information submitted by Business Oregon in response to the 2019 Budget Note to provide “a plan for the broadband program” to the Joint Committee on Ways and Means during the 2020 Legislative Session.

The following documents are attached:

- *Oregon Broadband Office Strategic Plan*, by the Oregon Broadband Office, January 30, 2020 [Strategic Plan]
- *Oregon Statewide Broadband Assessment and Best Practices Study*, by Strategic Networks Group, Inc., prepared for the Oregon Business Development Department, January 31, 2020 [Broadband Assessment]

The budget note stated the plan should include the following:

1. Detailed information on areas in Oregon lacking broadband infrastructure, including identified gaps, barriers, and solutions to broadband deployment in underserved areas.

The attached Broadband Assessment provides a map of broadband service availability on page 26, data on broadband infrastructure by Senate District on pages 88–94, and data on broadband infrastructure by County on pages 94–101. Fixed broadband services are provided by multiple technologies: DSL, Fixed Wireless, Cable and Fiber with varying transmission speeds from 10 Mbps (millions of bits per second) to multiple Gbps (billions of bits per second).

In general, Oregon’s urban areas are served by multiple broadband internet service providers at speeds of 25 Mbps download and 3 Mbps upload or better – which are the speed levels the FCC uses to define

basic broadband. Rural and frontier areas of the state are served by fewer providers and typically at slower speeds of at least 10 Mbps download and 1 Mbps upload; or they are unserved.

- 5 percent of Oregon's population live in areas that do not have basic broadband (at least 25/3 Mbps).
- While 95 percent of Oregon's population live in areas that have basic broadband, that is concentrated in urban areas. Only 54 percent of all Oregon census blocks have basic broadband access, reflecting the rural-urban digital divide.
- 41.6 percent of rural households subscribe to basic broadband or faster.
- 64.1 percent of urban households subscribe to basic broadband or faster.

Population Density is the primary reason for the lack of broadband infrastructure and service availability in rural and frontier areas of the state. Private sector service providers need to earn a return on their investments. Rural areas have smaller and less dense populations with fewer prospective paying customers. Rural areas have higher costs of construction to cover large service territories of varied terrains including mountains, forests, deserts, plains, and coastline, as well as having expansive federal- and state-owned lands. Broadband in rural areas is the latest type of infrastructure to suffer because of the perennial population-density-business-case challenge of supporting infrastructure investment.

The Oregon Broadband Office will develop programs scaled to available funds to address broadband infrastructure deployment and the adoption and utilization of broadband for economic and community development as presented in the Strategic Plan on pages 8–14.

Programs include:

- *Rural Broadband Capacity Improvement Program* to support broadband planning, engineering, and/or infrastructure deployment projects targeting unserved and underserved rural areas.
- *Digital Literacy, Security and Inclusion Program* to provide support to projects to improve digital literacy, cybersecurity, and the digital inclusion of unserved and underserved populations
- *Broadband Outreach Program* to engage stakeholders; elected officials, government officials, healthcare providers, educators, businesses, agriculture and other community leaders, and broadband service providers to plan and find solutions

2. Best practices to promote and coordinate public-private partnerships.

A strategy for improving the business case for investment in broadband infrastructure is through partnerships between governmental, public sector, and private sector organizations that provide a balance of risk, mutual interest, mutual benefit and control as described in the Broadband Assessment on pages 62–63.

Oregon Telephone Corporation, Inc. engaged in a public-private partnership with the intergovernmental Grant County Digital Network Coalition to successfully apply for a \$6 million grant for a fiber network project in Grant County from the USDA ReConnect Program. The Grant County Digital Network Coalition includes the city of John Day, city of Seneca, and Grant County.

The city of Eugene, Technology Association of Oregon, Lane Council of Governments, Eugene Water and Electric Board, and private sector companies DFN, Emerald Broadband, Hunter Communications, Peak Internet, Wave, and XS Media are partnering to provide high capacity / high speed broadband services over fiber in Eugene. Public sector entities build and own the infrastructure, which is then leased and used by private sector providers to deliver service to end users. This improves the business case for the private sector providers and the economic case for the community.

The Oregon Broadband Office will facilitate public private partnerships and other strategies through outreach to engage community stakeholders: elected officials, government officials, healthcare providers, educators, businesses, agriculture and other community leaders, and broadband service providers to facilitate communications to engage in planning and to develop relationships and solutions.

3. Identified federal and private broadband funding opportunities.

Federal

The importance and value of broadband is recognized by the federal government as a national public policy issue. There are multiple federal broadband funding programs available as is noted in the Broadband Assessment on pages 64–65, with more being proposed. The National Telecommunications and Information Administration maintains a comprehensive guide to [fifty federal broadband funding programs](#).

The application process for federal funding is complex and most programs require matching funds. Eligible prospective applicants often do not have the capacity and resources to successfully apply. They need help with preparing funding program applications and with access to matching funds.

Private

Private sources of funding include philanthropic foundations, financial institutions, venture capitalists/angel investors, and cooperatives.

Triple play (voice, internet and video) internet service provider Willamette Valley Fiber (WVF) began providing service in Dallas Oregon in 2019 with a fiber-to-the-home network. WVF is being operated by MINET, a municipal ISP that is owned jointly by the neighboring cities of Monmouth and Independence but the fiber infrastructure was financed through private sector investment.

One of the most promising prospective solutions for rural broadband is the electric cooperative. Douglas Fast Net (DFN), a for-profit telecommunications subsidiary of Douglas Electric Cooperative, was created to bring advanced telecommunications to Roseburg and the surrounding areas of Douglas County. It has become a leader in fiber-optic voice and data services and was one of the first providers

in Oregon to offer internet speeds up to 1 gigabit per second (Gbps) to the rural residential market. DFN has invested nearly \$25 million with more than 1,450 miles of fiber-optic network that offers broadband internet access to a population of approximately 56,000 in sixteen cities and towns across southwest Oregon.

4. Criteria developed to prioritize and maximize the state's investment in broadband service infrastructure.

Criteria for broadband infrastructure funding will be guided by the statute governing the Oregon Broadband Fund. Those criteria as introduced in HB 4079 (2020) are as follows:

- a. Regarding the geographic area that a proposed project will serve, the department shall:
 - i. Give first preference to proposed projects that will serve unserved areas. Defined as areas where the fastest terrestrial service available is capable of speeds lower than 10 Mbps download and 1 Mbps upload (10/1).
 - ii. Give second preference to proposed projects that will serve underserved areas. Defined as areas where the fastest terrestrial service available is capable of speeds greater than 10 Mbps download and 1 Mbps upload (10/1), but less than 25 Mbps download and 3 Mbps upload (25/3).
- b. Regarding the customers that a proposed project will serve, the department shall:
 - i. Give first preference to proposed projects that are eligible to receive funds from the Connecting Oregon Schools Fund (COSF). The COSF was created to provide state matching funds (10:1) for K-12 schools to obtain funding from the Federal Communication Commission's Universal Service Fund E-Rate Program. COSF is not currently funded.
 - ii. Give second preference to proposed projects that will provide broadband service access to public libraries. Public libraries are a broadband internet access provider of last resort for individuals that do not otherwise have access to broadband.
 - iii. Give third preference to proposed projects that will provide broadband service access to residential customers. Residential broadband access is key to providing the economic and community development benefits of broadband infrastructure.

In addition to the criteria outlined in HB 4079 regarding projects, additional preference will be given to proposals that provide regional diversity, diversity of size and type of applicant, to maximize the distribution of the available program funds across the state.

Submitted by:

Chris Cummings, Interim Director, Business Oregon

Oregon Broadband Office

Chris Cummings
Acting Director, Business Oregon
February 18, 2020



Oregon Broadband Office Budget Notes 2019

Business Oregon was directed to submit a plan for the broadband program to the Joint Committee on Ways and Means during the 2020 Legislative Session

- Broadband Plan
- Information on Oregon's broadband infrastructure, best practices, funding opportunities, and funding criteria

Oregon Broadband Office Budget Notes 2019

Business Oregon is pleased to submit:

- *Oregon Broadband Office Strategic Plan*
- *Oregon Statewide Broadband Assessment and Best Practices Study, prepared by Strategic Networks Group, Inc.*

[Both can be found in OLIS]

Oregon Broadband Office Strategic Plan

- This strategic plan is designed to carry out the mission and directives charged to the Oregon Broadband Office.
- The scope of activities that the Office will ultimately undertake will be enabled, or limited, by the resources available.

Oregon Broadband Office Strategic Plan: Programs

- Rural Broadband Capacity Improvement Program
- Digital Literacy, Security and Inclusion Program
- Broadband Outreach Program

Criteria to Prioritize and Maximize State Investment

- Criteria for funding will be guided by statute governing the Oregon Broadband Fund. Criteria is in HB 4079.
 - For locations, **first** preference to projects that address unserved areas. **Second** preference to underserved.
 - For customers, **first** preference to projects eligible for Connecting Oregon Schools Funds (COSF). **Second** preference to projects that provide access to public libraries. **Third** preference to residential customers.

Criteria to Prioritize and Maximize State Investment

- In addition to the criteria outlined in HB 4079 regarding projects, additional consideration will be given to proposals that provide:
 - regional diversity
 - diversity of size of applicant
 - diversity of type of applicant

Intended to maximize the distribution of the available program funds across the state.

Oregon Broadband Office Strategic Plan: Staffing

- Currently staffed with 1 FTE, our Telecommunications Strategist.
- Business Oregon will fill additional positions as funds are available.
 - A Manager, 1-2 Field Outreach and Technical Assistance Specialists
 - Pooled FTE for administrative support, mapping and data analytics, procurement and contracting support, accounting support and information systems support

Specific Budget Notes

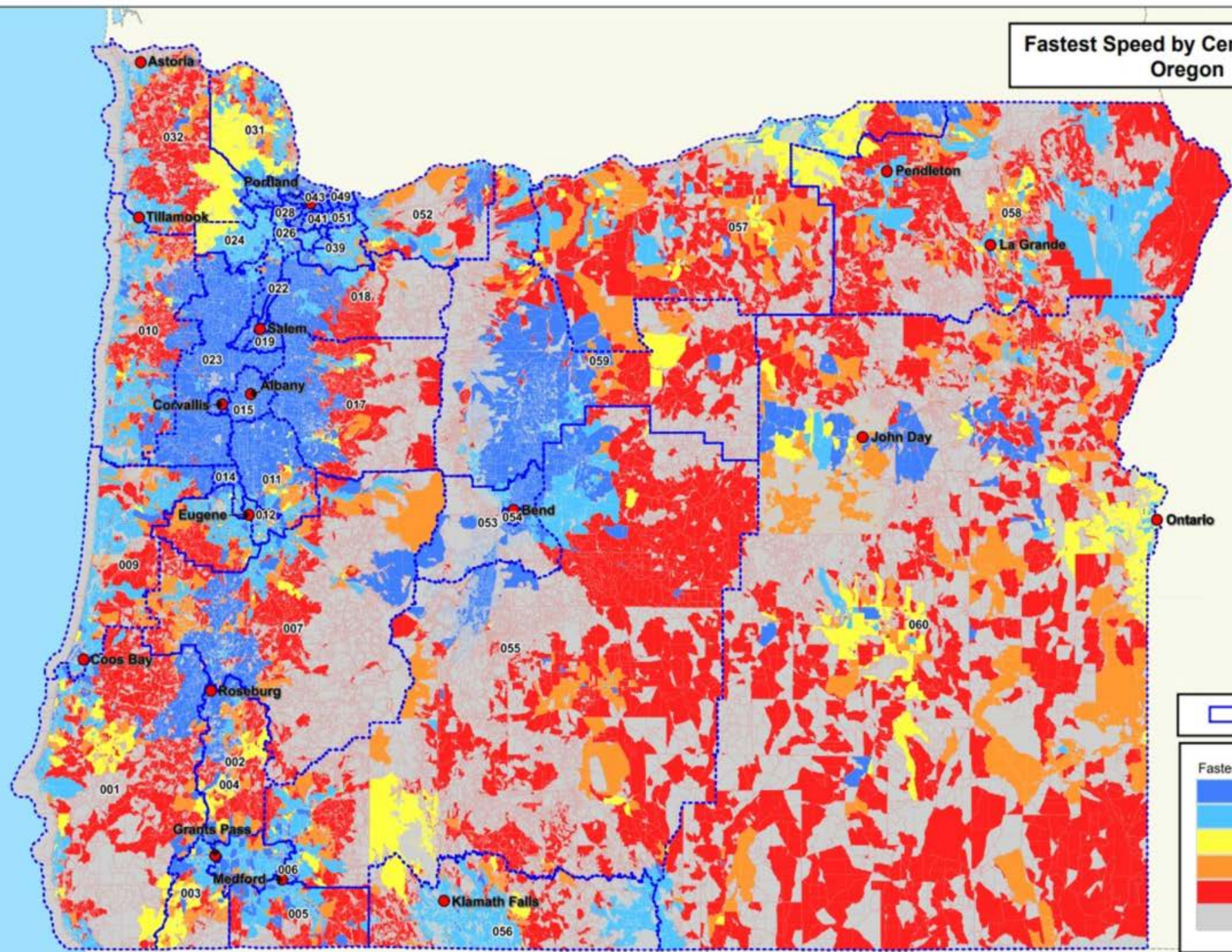
- Detailed information on areas in Oregon lacking broadband infrastructure, including identified gaps, barriers, and solutions to broadband deployment in underserved areas.
- Best practices to promote and coordinate public-private partnerships.
- Identified federal and private broadband funding opportunities.
- Criteria developed to prioritize and maximize the state's investment in broadband service infrastructure

Oregon Broadband Infrastructure

Basic broadband speed is defined by the FCC as 25 Mbps download and 3 Mbps upload. Referred to as “25/3”.

- Future Ready (100Mbps or better)
- Basic Broadband (25/3)
- Underserved (between 10/1 and 25/3)
- Unserved (10/1 and under)
- Unconnected

Fastest Speed by Census Blocks Oregon



State House Districts

Fastest Speed by Census Blocks

- Future Ready
- Basic Broadband
- Underserved (<25/3)
- Unserved (<10/1)
- Unconnected
- Unpopulated CBs

Oregon Broadband Infrastructure

- 5% of Oregon's population live in areas that do not have basic broadband (at least 25 Mbps Download/3 Mbps Upload).
- May appear low, but only 54% of all Oregon census blocks have basic broadband access, reflecting the rural-urban digital divide.
- Only 41% of rural households subscribe to basic broadband or faster, versus 64% in urban.

Best Practices to Coordinate Partnerships

- To drive investment in broadband infrastructure, we need partnerships between governmental, public sector, and private sector organizations.
 - Provides a balance of risk, mutual benefit, and control
 - Further addressed in Broadband Assessment pp. 62-63

Identify Federal and Private Funding

- *Federal*


Multiple programs, but complex application processes and matching requirements. Eligible applicants often don't have the capacity or resources to pursue.

- *Private*

Foundations, banks, venture, and co-ops.

Questions?

www.broadband.oregon.gov



an Oregon state agency

[Search](#)

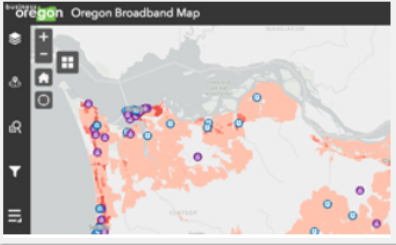
OREGON BUSINESSHOW WE CAN HELPGLOBAL CONNECTIONSINNOVATE & CREATEECONOMIC ANALYSISINFRASTRUCTUREABOUT US

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Oregon Broadband

- [Oregon Broadband Office](#)
- [Broadband Map](#)
- [Broadband Advisory Council](#)
- [Rural Broadband Capacity Program](#)
- [Outreach & Strategic Planning Project](#)
- [Connections Telecommunications Conf](#)

Interactive Broadband Map



Use the interactive map to locate broadband providers, community anchor institutions like schools and libraries, and more.

[GO TO THE MAP ►](#)

OREGON BROADBAND OFFICE

Oregon has a world-class telecommunications infrastructure extending throughout the state. Multiple fiber optic backbone networks with diverse routing provide excellent network reliability and connectivity delivering reliable high-capacity digital services throughout the state. Broadband internet access is widely available for businesses and residents.

The Oregon Broadband Office was established in December 2018, by Governor Brown's Executive Order, to promote access to broadband services for all Oregonians in order to improve the economy and quality of life. The office will

- support and coordinate efforts with the Oregon Broadband Advisory Council;
- develop and maintain a broadband map as a platform for data collection to track the availability of broadband services and measure progress as well as other related information and provide public access to the data;
- develop broadband investment and deployment strategies; manage and award funds allocated to the office for broadband projects
- Advocate for public policies that remove barriers, promote and coordinate solutions, support and promote broadband planning.

Read the [executive order](#) for a full list of activities the office will undertake.

Resources

Broadband Office

- [Executive Order 18-31](#)
- [Interactive Broadband Map](#)

For Information & Assistance Contact

- Telecommunications Strategist, 503-508-0178

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