

**PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

Communications Division  
Broadband, Policy and Planning Branch

**RESOLUTION T- 17445**  
**June 12, 2014**

**R E S O L U T I O N**

**Resolution T-17445. Approval of up to \$550,000 in grants to fund both the Broadband Consortium of the Pacific Coast and the North Bay/North Coast Broadband Consortium for two years under the California Advanced Services Fund's Rural and Urban Regional Broadband Consortia Grant Account**

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**Summary**

This resolution authorizes funding for two new CASF Regional Broadband Consortia that will promote the deployment of broadband infrastructure and adoption in unserved and underserved areas of California. Specifically, this resolution would fund the Broadband Consortium of the Pacific Coast, serving San Luis Obispo, Santa Barbara and Ventura counties, for two years at a total cost of up to \$300,000, and also fund the North Bay/North Coast Broadband Consortium, serving Marin, Mendocino, Napa and Sonoma counties, for two years at a total of up to \$250,000. The Commission awards these grants pursuant to California Public Utilities Code Section 281 and Decision (D.) 11-06-038, which approved the implementation of the Rural and Urban Regional Broadband Consortia grant program and the funding of activities that promote broadband deployment, access and adoption.

**Background**

The California Advanced Services Fund (CASF), established in D. 07-12-054, promotes the deployment of broadband infrastructure in unserved and underserved areas. Senate Bill (SB) 1040 (Stats. 2010, c. 317, codified at California Public Utilities (P.U.) Code § 281) extended CASF indefinitely and expanded it to include three accounts: (1) Broadband Infrastructure Grant Account<sup>1</sup>, (2) Rural and Urban Regional Broadband Consortia Account, and (3) Broadband Infrastructure Revolving Loan Account.

The purpose of the Rural and Urban Regional Broadband Consortia Account (Consortia Grant Account) is "to fund the cost of broadband deployment activities other than the capital cost of facilities, as specified by the Commission."<sup>2</sup> SB 1040 also increased the CASF fund from \$100 million to \$225 million, with funding for the Broadband Infrastructure Grant Account increased by \$100 million, while funding for the Consortia Grant Account and the Broadband Infrastructure Revolving Loan Account was set at \$10 million and \$15 million, respectively.<sup>3</sup>

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<sup>1</sup> Senate Bill 1193 (Stats. 2008, c.393) established the CASF as a new universal service program geared towards the deployment of broadband infrastructure in unserved and underserved areas in California.

<sup>2</sup> P.U. Code § 281(d).

<sup>3</sup> P.U. Code § 281(b)(1).

In D.11-06-038 (June 23, 2011), the Commission adopted procedures and guidelines for administering the Consortia Grant program, including the application, evaluation and the selection process. Applicants must submit detailed Action Plans, Work Plans and budgets outlining projects that will promote ubiquitous broadband deployment in unserved and underserved areas and advance broadband adoption throughout California. D.11-06-038 limited consortia grants to only one regional consortium per geographic region to avoid duplication and capped grant funding at \$150,000 per year for each consortium for the first year and a maximum cap of \$450,000 total for three years. The Commission approved 14 consortia when it passed Resolutions T-17349 (December 2, 2011) and T-17355 (February 16, 2012).

D.11-06-038 required the Communications Division (CD) to schedule a new application round seeking proposals for the remaining unencumbered Consortia Grant program funds before the end of the initial Consortia Grant funding period. Previously awarded Consortia Grant recipients were eligible for renewed funding, though staff was instructed to consider, as part of its determination on whether to renew funding, how efficiently and cost-effectively the grantee spent previously granted consortia funds.

On September 26, 2013, CD announced that it would accept applications for the estimated \$965,000 remaining in the CASF Consortia Grant Account. As part of that announcement, CD set a deadline of January 17, 2014, for applications and noted that proposals for new consortia groups covering geographic areas in California that are not represented by the 14 existing Consortia would receive priority consideration.

### **Notice**

The Commission received five applications by the January 17, 2014 deadline. In compliance with D.11-06-038, CD posted the following information regarding the consortia applications on the CPUC's Consortia Grant Account webpage: the proposed consortium's name; contact information; and coverage area by county.

### **Discussion**

CD reviewed the five applications according to the guidelines, requirements, and evaluation criteria adopted in D.11-06-038<sup>4</sup>, using the following categories:

1. Regional consortium representation and endorsements;
2. Regional consortium / members' experience;
3. Action plan;
4. Work plan; and,
5. Budget.

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<sup>4</sup> D.11-06-038, Ordering Paragraph 16, adopted a minimum threshold score of 70 points to be considered for funding.

After CD rated and ranked the initial applications, three applicants met the minimum score of 70 points. One, the Gold Country Tahoe Basin Project application, was considered on the May 15, 2014 Commission agenda. This resolution would approve funding for the other two consortia applications that achieved passing scores. The CASF staff worked closely with the two consortia applicants in this resolution in order to better focus the goals, timelines and areas of emphasis before staff submitted this resolution for Commission approval.

*Broadband Consortium of the Pacific Coast*

The proposed Broadband Consortium of the Pacific Coast (BCPC) is a regional collaborative organization comprised of government, economic development, education, health, business, and other non-profit organizations focused on identifying and implementing measures that will best achieve the advancement and expansion of regional broadband technology across San Luis Obispo, Santa Barbara, and Ventura counties. If approved, the Economic Development Collaborative of Ventura County will serve as the fiscal agent for this consortium.

The Pacific Coast Tri-County area is connected together from north to south by Highway 1 and the US 101 corridor. The area is a mix of rural open space and developed communities that start at San Simeon and San Miguel in the north and extend to Thousand Oaks and Simi Valley in the south with Santa Barbara and Santa Maria nestled in between. The economies of these counties are driven by a mix of technology companies, manufacturing, agriculture, tourism, and the retail-service sectors and are home to California State University Channel Islands, Cal Poly San Luis Obispo, and the University of California, Santa Barbara.

Per the application, consortium partners are motivated to action by agreement that the south-central coast's "regional economic, social, and cultural competitiveness is dependent upon an effective broadband infrastructure."

BCPC's in-depth application reports the consortia would develop through four different phases:

- Phase 1 (Formation) – This phase involved the initial outreach to stakeholder participants in all three counties. This phase was completed prior to the application;
- Phase 2 (Data Collection) – Queries to stakeholders and the development of a database of existing and planned infrastructure will be sought. This phase is already underway and expected to be finished within the first month of the consortium's operation;
- Phase 3 (Strategy Development) – This ongoing process that would begin with the analysis of the collected data in order to identify existing and potential gaps in broadband Internet services in the region. Also as part of this phase, collaborative funding will be sought to address those gaps.
- Phase 4 (Strategy Execution) – This final phase would involve the consortium seeking public and private funds in order to establish and upgrade the infrastructure. The consortium would achieve the growth of broadband infrastructure by building on the successes of the earlier phases and advocating, planning and coordinating responses to the needs that are found.

CD recommends funding for BCPC due to two main factors. Firstly, this consortium would represent more than 1.5 million Californians spread out over 9,600 square miles, all of which have not previously been represented by a CASF consortium. Secondly, this application has significant local

support. Stakeholders in the area sent the Commission more than 65 letters of support in favor of the proposed consortium. Letter writers included residents, public safety personnel, educators (including those from K-12, CSU and UC schools), and business and political leaders, including Assemblymember Das Williams, State Senator Fran Pavley, and US Representative Julia Brownley. CD believes this level of local support indicates a genuine drive and enthusiasm to expand the availability and use of broadband in San Luis Obispo, Santa Barbara and Ventura counties.

*North Bay/North Coast Broadband Consortium*

The proposed North Bay/North Coast Broadband Consortium (NBNCBC) would be composed of Marin, Napa, Mendocino, and Sonoma counties. Per the application, these counties have joined forces because “substandard broadband access threatens the economic health and quality of life throughout the region.” The digital divide is apparent in rural portions of each county, and adoption in fully served areas lags behind state standards.

The counties proposed as members of NBNCBC share similar experiences in being on the border between developed metropolitan areas and California’s rural northern counties. In the realm of regional telecommunications, the major long-haul optical fiber facilities serving northern California along the coastal counties north of the Golden Gate are laid through the Route 101 corridor. This corridor, with its arterials, ties all four counties together. Conversely, the underserved and unserved broadband areas in Marin, Mendocino, and Sonoma counties mostly transit coastal Route 1.

For the past two years, Mendocino and Sonoma counties have participated in two different CASF regional consortia. In a collaborative effort and endorsed at the supervisorial level the counties forged an informal two-county coalition spanning the two consortia. Working together they have engaged county planning processes to expedite broadband deployment projects that cross county lines, and have learned from each other methods to engage and involve the public in supporting broadband deployment and adoption.

NBNCBC plans to leverage Mendocino and Sonoma’s ongoing broadband planning efforts to include Marin and Napa. Building on a proven base of achievement, broadband planning will be expanded to the entire four-county area. Marin and Napa will be able to build on proven best practices developed and implemented by Mendocino and Sonoma. NBNCBC leadership would be composed of seasoned and knowledgeable people with experience in the delivery of networked telecommunications and promoting its deployment and adoption for many years.

The goals of NBNCBC include the following:

- Conducting “ground truth” surveys in each county. The applicants believe “the substandard broadband problem in northern California has been exacerbated by inadequate detail and misleading information in the national and California broadband databases and maps”;
- Identifying priority areas;
- Developing a Regional Infrastructure Plan and a last-mile conceptual design in each county;
- Working with providers to expand deployment and develop projects; and,
- Progress report assessing adoption needs and availability in each county.

Approving the new activities proposed in the North Bay/North Coast application would require the Commission approve the transfer of Mendocino and Sonoma counties from their current affiliations with the Redwood Coast Connect and Upstate California Connect broadband consortia, respectively, in order to form this new consortium. Both existing consortia have informed CD that they accede to Mendocino and Sonoma counties' desire to join the new consortium.<sup>5</sup>

CD recommends funding NBNCBC for several reasons. Firstly, this consortium would serve more than 960,000 California residents spread out over more than 7,200 square miles – more than 390,000 of which (spread out over more than 1,600 square miles) have not been previously been supported by a broadband consortium. Secondly, the region to be represented by NBNCBC is unique in its makeup because of its rural/urban interface – there are 485 persons per square mile in Marin County, but only 25 per square mile in Mendocino County – and is linked by a common tourism-driven local economy, including a demand for high-speed broadband from visitors and businesses seeking to relocate into the area. Finally, Mendocino County has the largest population of unserved residents in California.

In summary, CD recommends that the Commission award both the Broadband Consortium of the Pacific Coast and North Bay/North Coast Consortium grants to begin serving their regions. These awards – of up to \$300,000 and \$250,000 respectively – will cover the consortia's first-year of operations and allow them to receive CASF funding covering second year operations, subject to satisfactory performance and submission of annual work plans as discussed later in this resolution.

If both this resolution and Resolution T-17440 (authorizing the Gold Country Tahoe Basin) are approved, approximately \$248,000 will remain in the CASF Consortia Grant account for future consortia uses.

### **Consortium Administration**

With the Commission's approval of their applications, BCPC and NBNCBC will need to comply with administrative requirements and guidelines, including those outlined below.

#### Initial Work Plan Adjustments and Project Start Date

If approved, both consortia will commence work on July 1, 2014.

#### Quarterly Progress Reports

Each consortia grantee must submit a written quarterly progress report at the end of each calendar quarter that discusses activities and achievements accomplished. As needed, CD will contact the grantee for follow-up discussions.

#### Year 2 Budget Renewal

To receive approval of the Year 2 budget allowance authorized by this resolution, the consortia approved in this resolution must updated submit work plans for approval by May 1, 2015.

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<sup>5</sup> Both the Redwood Coast Connect and the Upstate California Connect consortia are scheduled to effectively cease operations (other than pre-funded activities) as of Dec. 31, 2014.

### Payment Process

As previously addressed in D.11-06-038, grantees may request reimbursement of start-up costs equivalent to a maximum of 10 percent of the award. All subsequent requests for reimbursement must be submitted with the Quarterly Progress Report and must be supported by receipts, invoices, and other financial documentation.

### Non-Compliance

Should the grant recipients fail to meet performance goals, the recipient must reimburse some or all of the Consortia Grant Account funds that were received. CD may withhold grant payments if the consortia grantee does not comply with any of the requirements in this resolution.

### **Comments on Draft Resolution**

In compliance with P.U. Code § 311(g), on May 9, 2014 the CD emailed a notice letter to parties on the service lists of Rulemaking (R.) 10-12-008 and R.06-06-028, CASF applicants, and telecommunications carriers registered with the Commission of the availability of the draft of this resolution for public comments at the Commission's web site <http://www.cpuc.ca.gov/PUC/documents>. This letter also informed parties that the final resolution adopted by the Commission will be posted and available at the same web site.

CD received one comment, from Thomas W. West, the Consortium Manager for the proposed North Bay/North Coast Broadband Consortium. Mr. West noted that because the NBNCBC had requested and expected a grant of \$297,296 over two years, “the proposed reduction of \$47,296 over the two years will negatively impact the NBNCBC's ability to successfully complete the two annual work plans.”

Mr. West wrote that a further review of NBNCBC's proposed budget indicated that the proposed consortium could operate if the Commission increased CASF award to \$280,000 over the two years. The proposed consortium would save about \$8,600 annually in cost savings from its originally requested \$148,648 annual budget by eliminating website maintenance, reducing costs associated with data analysis and mapping, and by reducing its allocations for personnel and consultants in each of its four counties. Therefore, the group “respectfully requests the Commission to approve a grant of up to \$280,000 for the North Bay/North Coast Broadband Consortium (up to \$140,000 per year).”

While it is within the Commission's discretion to increase this award beyond CD staff's recommendation, it chooses to maintain the \$250,000 two-year award for a number of reasons. First, Mendocino and Sonoma counties have already benefitted from being prior members of existing consortia. For example, the Redwood Coast Connect Consortium annually provides \$20,000 to the Economic Development and Financing Corporation of Mendocino County in order to promote broadband deployment in that County. Also, while the NBNCBC comments noted how it would allocate its funding under a \$280,000 grant, it did not justify the specific activities associated with the additional \$30,000 requested funding. It is not clear what would not be accomplished absent the funding that would jeopardize promoting broadband deployment within its region. The NBNCBC could consider reduced funding for goal no. 5, which focuses on an adoption report, since the proposed consortium itself does not intend to provide adoption services.

Finally, the Commission notes that if this resolution is approved as originally written, only \$248,000 will remain in the Broadband Consortia Account. The Commission will soon be in a position to fund new consortia activities in counties still unrepresented by a CASF consortium. Removing an additional \$30,000 from that amount would limit the Commission's ability to fund new projects or consortia that assist in reaching our goal of awarding by December 31, 2015, funding for infrastructure projects that will provide broadband access to 98 percent of households in California.

### Findings

1. Pursuant to P.U. Code section 281(d), the purpose of the Rural and Regional Urban Consortia Account (Consortia Grant Account) is "to fund the cost of broadband deployment activities other than the capital cost of facilities, as specified by the Commission." Pursuant to P.U. Code section 281(b)(1), the Consortia Grant Account contains \$10 million.
2. In D.11-06-038 (June 23, 2011), the Commission adopted procedures and guidelines regarding the Consortia Grant Account's application, evaluation, and selection processes.
3. Applicants must submit detailed action plans, work plans and budgets outlining projects that will promote ubiquitous broadband deployment in unserved and underserved areas and advance broadband adoption throughout California.
4. Five prospective consortia applicants submitted proposals by the January 17, 2014 deadline.
5. CD reviewed each application according to the guidelines, requirements, and evaluation criteria adopted in D.11-06-038, which include regional consortium representation and endorsements, regional consortium's members' experience, action plans and work plans, and budget.
6. Staff rated and ranked the applications to determine eligibility for Consortia grants. Three applications scored sufficiently to merit consideration. The Commission considered the Tahoe Basin Project's application at its May 15 meeting. This resolution recommends approval of the other two projects that met CD's mandated minimum score.
7. D.11-06-038 limited consortia to only one regional consortium per geographic region and capped grant funding at \$150,000 per year for each consortium for the first year and a maximum total cap of \$450,000 for three years.
8. This resolution would approve the application of the Broadband Consortia of the Pacific Coast, serving the residents of San Luis Obispo, Santa Barbara and Ventura counties, all of which were unrepresented previously by CASF consortia.
9. This resolution would also approve the application of the North Bay/North Coast Consortium, serving the residents of Marin, Mendocino, Napa and Sonoma counties. Approving the new activities proposed in the North Bay/North Coast application would require the Commission to transfer Mendocino and Sonoma counties from their current affiliations with the Redwood Coast Connect and Upstate California Connect broadband consortia, respectively, in order to form this new consortium.
10. CD staff recommends approving both the grant and the transfer of counties from other consortia because the North Bay/North Coast Consortium scored well and the affected existing consortia

accede to Mendocino and Sonoma counties' desire to join the new consortium. Furthermore, this resolution presents the Commission with a unique opportunity to leverage the existing capabilities and leadership in Mendocino, Sonoma, Marin and Napa counties to provide new economic development opportunities in the area and also contribute to the Commission's legislatively-mandated goal of awarding by December 31, 2015, CASF infrastructure projects that will serve 98 percent of households in California.

11. This resolution approves up to \$300,000 in CASF Consortia Grant funding for the Broadband Consortium of the Pacific Coast (up to \$150,000 per year) and up to \$250,000 for the North Bay/North Coast Broadband Consortium (up to \$125,000 per year), both over a two-year span beginning July 1, 2014.
12. In compliance with P.U. Code § 311(g), on May 9, 2014 the CD emailed a notice letter to parties on the service lists of Rulemaking (R.) 10-12-008 and R.06-06-028, CASF applicants, and telecommunications carriers registered with the Commission of the availability of the draft of this resolution for public comments at the Commission's web site <http://www.cpuc.ca.gov/PUC/documents>. This letter also informed parties that the final resolution adopted by the Commission will be posted and available at the same web site.
13. CD received one comment, from Thomas W. West, the Consortium Manager for the proposed North Bay/North Coast Broadband Consortium, requesting that the Commission approve a grant of up to \$280,000 (up to \$140,000 per year) for the consortium. The Commission chooses to maintain the two-year funding of up to \$250,000 for this consortium for the reasons discussed in the Comments section.

**THEREFORE, IT IS ORDERED that:**

1. The Commission award \$300,000 in CASF Rural and Urban Regional Consortia Grant Account funding for the Broadband Consortium of the Pacific Coast, with the Economic Development Collaborative of Ventura County as its fiscal agent. This award is for up to \$150,000 per year, for two years.
2. The Commission award \$250,000 in CASF Rural and Urban Regional Consortia Grant Account funding for the North Bay/North Coast Broadband Consortium, with the Sonoma County Economic Development Board as its managing agency and fiscal agent. This award is for up to \$125,000 per year, for two years.
3. The Commission approve the removal of Mendocino and Sonoma counties from the existing Redwood Coast and Upstate California broadband consortia, respectively, and those counties' inclusion in the North Bay/North Coast Broadband Consortium.
4. Operations for the two new consortia named in this resolution will begin on July 1, 2014.
5. To receive Year 2 of the budget allowance authorized by this resolution, the consortia shall submit Work Plans for approval by May 1, 2015.
6. The disbursement of funds shall be subject to the requirements set forth in D.11-06-038 including the submission of periodic progress reports and supporting documentation for payment reimbursement.

This Resolution is effective today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on June 12, 2014. The following Commissioners approved it:

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PAUL CLANON  
Executive Director