MINUTES
MIFFLIN COUNTY INTERNET ADVISORY COMMITTEE
MAY 16, 2018
MIFFLIN COUNTY COURTHOUSE, MEETING ROOM B – 3:30 P.M.

ATTENDANCE:

MEMBERS:
Clint Aurand, Armagh Township
Michael Hain, Nittany Media
Barb Harer, South Hills
John Rhone, Wayne Township
Kristen Ritchey, Comcast
Kay Semler, Mifflin County Planning Commission
Michael Tate, GME Communications

OTHERS:
Chastity Fultz, Mifflin County Planning and Development
Bill Gomes, Mifflin County Planning and Development
Brad Kerstetter, Juniata County Planning
Mark Long, Office of Representative Kerry Benninghoff
Robert Postal, Mifflin County Commissioner
Kevin Kodish, Mifflin County Commissioner
Stephen Dunkle, Mifflin County Commissioner
Joseph Mort
Alyssa Burd, The Sentinel
Rick Gordon, USDA
Todd Graybill, Juniata County Commissioner
Mark Partner, Juniata County Commissioner
Alice Gray, Juniata County Commissioner
Emma Winslow, Governor's Office
Mark Smith, Governor's Office
Mark Critz, PA Rural Development
Nick Felice, MCIDC
Michael Tate III
Jeremy Smith, Century Link

Call to Order: Bill Gomes called the meeting to order at 3:34 p.m. and reminded everyone to sign the attendance sheet. Everyone introduced themselves.

Approval of Minutes: Mike Tate motioned to approve January, February and March meeting minutes. Kay Semler seconded the motion. All members voted aye.

PA Broadband Initiative: Mr. Gomes has been speaking with Mark Smith, Executive Director of PA Broadband Initiatives, Governor's Office, for the past month. Mr. Smith has been with the Governor for the past three and a half years in various roles and was a former Bradford County Commissioner.

In March, the Office of Broadband Initiatives was announced. There are currently over 803,000 unserved/underserved residents in Pennsylvania in the lowest income areas, as well as rural areas. The most expensive areas to serve are located in the northwestern portions of the state. The office is conducting a county by county cost analysis. Bradford County is the least served, but also the most expensive at a cost of $48 million to build out service to every resident. There are many challenges to expanding broadband access, including: inadequate last-mile infrastructure, geography, cost and the diversity of providers. Governor Wolf wants to make broadband availability in Pennsylvania a reality. Broadband access is essential to business, education, healthcare and public safety. The governor set some pretty aggressive goals. He would like to see every Pennsylvanian have access to high speed internet by the end of 2022 at speeds of 100 Mbps or more. He would like to maximize investments by bringing the private sector to the table and building partnerships. The state is not interested in going into the broadband business. To meet his goals, a systematic program will be developed to encourage buildout in every census block across the state, technology will be neutral, all providers will be included and federal funding will be leveraged with private sector partnerships.

An incentive program was developed to support bidders in the FCC's Connect America Fund (CAF) Phase II Auction with $35 million of PennDOT funding. The CAF auction is a reverse auction where the lowest price and highest performance wins. The state incentive program will allow providers to bid more aggressively in the auction. PennDOT has a strategic goal to build connectivity along roadways and between facilities. This includes everything from traffic cameras being interconnected statewide to salt sheds, maintenance shops, and vehicles on the highway. PennDOT has a massive infrastructure and connectivity is a concern. They will ask bidders to provide a proposal to offer transportation benefits to PennDOT. In exchange, the state will give them incentive funds to use in the auction. The FCC is auctioning off a subsidy in every eligible census block in the state. The CAF auction census blocks supported cover about 85,000 housing and business units. Even if all of the census blocks are covered in the auction, there will still be over 400,000 unserved/underserved housing and business units. Mifflin County has 940 eligible census block units available in the CAF auction. Minimum commonwealth support for every CAF-II census block group will be offered to qualified applicants who bid and win in the CAF-II auction. The state will decide which census blocks to support and how much support will be offered, some census blocks will be worth more support than others. The state program is only offered to winning bidders of the CAF auction. The state has just closed their preliminary expressions of interest and is accepting full applications. The CAF auction begins July 24th and the governor expects to announce awards in the fall.

Governor Wolf wants to provide access to areas not addressed by the CAF auction as well. Mr. Smith's office has done massive mapping and county by county analyses to determine speeds and providers available along with cost analyses to determine how much it will cost to deliver service to each resident. They need to determine how the state will be willing to fund and what will bring the private sector to the table in a meaningful way in order to deliver on the governor's goals. They are aware that other states have done very well on delivering this kind of promise. Pennsylvania must also take advantage of this as a border state because this is a competitive edge to be able to offer this kind of infrastructure in the state.

Clint Aurand questioned the definition of unserved/underserved to which Mr. Smith responded that above 25 is considered served. Mr. Aurand questioned if quantity will be considered, noting that if service is throttled, then speed does not matter if you cannot get the quantity needed. Mr. Smith stated the governor recognizes some of these challenges and that the need for broadband continues to grow. He added that they have received some pushback from some providers because the requirements of service are greater than they are willing to serve.

Kay Semler questioned which providers are interested in the CAF auction since some of the larger providers are not participating, but Mr. Smith could not share this information per auction rules. She then went on to ask how providers will be attracted to participate. Mr. Smith replied that the auction is open to all providers and noted that New York ran a decent auction. He also added that Verizon declined the CAF funds in New York and Pennsylvania, but went on to bid in the auction in New York. Smaller providers have expressed interest in the CAF auction.

Mr. Gomes asked when the county by county cost analysis would be available. Mr. Smith replied that they are still trying to figure out how to present this information publicly and later stated he would share this information with Mr. Gomes when he is able. Mr. Gomes questioned if there was any discussion of pilot programs. Mr. Smith stated that they are going into this process aggressively since Governor Wolf said he is done studying the issue. The state decided to support CAF auction bidders because it allows the state to become involved in broadband, but decreases public investment. It also places the state in a good position with the FCC since state money is invested to ask for a waiver of use of CAF funds as New York successfully did. In the future, a type of grant program will be utilized. The goal is to partner with the private sector in some way. A survey will be sent to all counties soon to see what is happening with broadband.

USDA Program Update: Rick Gordon, General Field Representative, Telecommunications Program, Rural Utilities Service Rural Development, United States Department of Agriculture attended a meeting of the committee a year ago. Some modifications have been made to the program he presented at that time. There are currently two funding programs and soon to be a third one. The grant program has not worked well for the northeast region of the United States. The loan program is a low interest loan with an 18-year term. The committee was not interested in the loan program previously. Congress has just set up a pilot loan grant program.

Some changes have been made to the grant program to level the playing field. Previously, special consideration points were given to high poverty areas and tribal areas. Since there is a new administration and new rules, special considerations are no longer considered. A 15% equity match is required for the grant program. The grant pays for anything necessary to deliver broadband (25 x 3) to an area that is 100% unserved (less than 10 x 1). A provider could apply for the grant and could offer higher speeds than 25 x 3. The program scores on three areas: community support, management capabilities, and needs and benefits. Needs and benefits is the most difficult to show due to nationwide competition. The program provides up to $3 million in funding.

In the 2018 budget, Congress gave the USDA $600 million to start a broadband loan grant pilot program. Mr. Gordon is expecting approximately 100 projects to be awarded. This will likely be a 50/50 loan grant combination, will be likely geared towards existing companies to apply as opposed to startups, and for 90% unserved (less than 10 x 1) area. It will probably be similar to stimulus light programming (2009 federal program) and may be available in September.

The USDA will work with anybody but a partnership with the three funding programs. The municipality could come in with support of an application. It would need to be fully documented how it would work. The USDA is still trying to figure out what to do with CAF. According to CAF rules, you can become the incumbent local telephone provider in the region if you win the census blocks. The USDA has $690 million for telephone companies for improvements. The 2019 budget has a lot of money for broadband at this point. It is still uncertain if it will survive the budget process. Previously, the USDA received a high number of applications, but was only able to award a small number of projects. The number of awarded projects has continued to rise as funds have grown.

Mr. Gomes stated that there has been discussion as to whether we need a feasibility study. Mifflin and Juniata Counties are not going to participate in the ARC grant application SEDA-COG is preparing. Mr. Gomes has been trying to find out what we need to do in order to go to the next level. Mr. Gordon responded that any program requires a proforma and you have to show the project is sustainable. A feasibility study may or may not get there and is dependent upon the request for proposal (RFP). He also stated that the applicant needs to own and operate the network.

The new program will probably have a match requirement, but it is not certain at this time. The Community Connect program has a 15% match and the loan requires a 10% equity match, which could allow for 100% project funding with equity match. Terms of loans are based on economic life of the product. The USDA does not get into throttling issues.

Design Nine Proposed Work: Andrew Cohen of Design Nine participated via conference call. Mr. Cohen found it interesting that Mr. Smith stated the governor does not want to conduct more studies and noted that this is the sentiment across the country. This seems to relate to studies performed five to ten years ago when studies were trying to convince people that broadband was not just a fad. The challenge now is to figure out where to start, how much is it going to cost and how to fund projects. Mr. Cohen thinks there is a role for local and state government to invest in some infrastructure. It is very expensive for the private sector to expand the infrastructure. Development is accelerated if state, local and federal governments invest in broadband. This could include placing conduit or fiber and leasing it out or putting up a tower and leasing tower space. Mr. Cohen tries to sit down with communities and provide a number of strategies and solutions to help get to the next level of putting something in place.

Mr. Cohen encourages communities to build something and lease it to the private sector since it strengthens the community's position in applying for grants. This also provides historical track record for financial perspectives, as well as capacity to plan, design, build and execute effectively. It is encouraging that the state and federal governments have recognized that more funds need to be available for broadband.

Mr. Cohen has grant writing experience back to the early 1990s with successfully funded projects, including Community Connect Grants, ARC grants and other state and local level opportunities. It is good to have a financial and business plan along with a technical design in order to compete with grants. Mr. Gomes stated the goal of the committee is to find out how to get to the next level. Mr. Cohen responded that you need to identify where the need is greatest and then doing something, even if it is relatively modest.

Commissioner Rob Postal noted Mr. Cohen's proposal to visit the County and questioned what the product would be from that visit. Mr. Cohen responded that one day on the ground would provide a workshop to learn more about what is available, where the County wants to go and areas of need. He would provide a memo with what he heard and what he thinks is possible. Developing a strategy, could take 3-4 months to develop. Commissioner Gray questioned what the product would be from the $37,000 study Mr. Cohen is proposing. Mr. Cohen noted this could be adjusted to meet time constraints and budget. The time period would identify pilot projects, whether fiber or wireless, detailed technical specifications for the project, high level cost estimates, prepare a financial proforma, and funding and ownership recommendations. Commissioner Gray questioned if all of this is necessary to have providers bring internet service.

Michael Hain stated that his company, Nittany Media, has built fiber where it is economically feasible. They built to be sustainable. Mr. Hain feels we are ahead of a lot of other areas according to his perspective. As

part of the Internet Advisory Committee, he discovered that infrastructure to rural residents is a problem. Mr. Gomes reiterated that we need direction on the next step and how to access funding. Mr. Gordon added that you need to figure out what direction you want to go in. The question is whether you want to hire somebody or do it in-house. Mr. Gomes added that if Mr. Cohen comes for a day, this will help determine this. Mr. Hain acknowledged that Mr. Cohen has a broader scope to look at the issue.

FCC and CAF II Update: Mr. Hain noted that the list of applicants is public. Commissioner Postal added that the areas affected by the CAF auction are not all inclusive of gaps. Juniata County has less CAF money available since Century Link participated in the funds, while Mifflin County has more since Verizon did not. The CAF money is defined by census blocks, but addresses can be skipped over when providing service. This does not ensure every address in the census block will have access to broadband. Only certain addresses in a census block are required to have service according to the CAF criteria. A question was raised as to where things stand with copper replacement. Jeremy Smith of Century Link added that it is cheaper to put up fiber rather than copper. Century Link is trying to utilize copper where they can for the last mile. He also stated that Century Link is not replacing copper.

Provider Follow-up: Brad Kerstetter of Juniata County asked where things stand now versus one year ago and what the providers are doing.

Kristen Ritchey of Comcast stated that Comcast has expanded the construction allowance for a new residential customer from $2,500 to $4,000 and $7,500 for businesses. She also added that in order to apply for some of the funding sources discussed, a company has to be USF certified and Comcast is not. Comcast does participate in eRate.

Mr. Hain thought Nittany Media was doing well a year ago until he found out there was poor service to residents. In order to address some of the problems in Union and Wayne Townships, his company acquired the Zampelli system and is upgrading the service to provide broadband. They have since discovered there is more involved than they originally thought and are having to rewire houses. All areas with access to TV cable service now have access to broadband throughout the county. He added that some areas are better served with fixed wireless because fiber is too expensive, but wireless is limited. He acknowledged that his company has not done a good job at marketing since many people do not know what is available to them. Nittany Media recently added a survey with their billing and asked their customers if they needed or wanted better internet service than they have presently. Approximately 68.5% of respondents said they do want more. This survey included parts of McVeytown, Wayne Township and parts of Snyder County.

Mr. Smith stated that Century Link is expanding, even with fiber without CAF build. They have upgraded Liverpool, Millerstown and Mifflintown. People are eating up his ports wanting the bonded speed, which decreases the number of residents he can serve. As far as CAF build, they are approximately 96% covered. They are holding off the last builds at the moment.

Mike Tate stated that latency is still an issue and the biggest complaint. Mr. Gomes stated that if we don't make an investment in this, we are not helping ourselves. He realizes the commercial side is well covered, but the residential side still needs help. Mr. Kerstetter thanked the providers for doing a tremendous job and asked them how the committee can help with performance. He would like to see a report to share what they have accomplished as an overview. Mr. Hain asked for help identifying areas where they are falling short. Mr. Tate added this is why surveys are needed. Mr. Hain questioned whether wireless is a viable alternative and noted that Nittany Media does not throttle or put any limitations on service. Mr.

Tate added that the new cell tower in New Lancaster Valley will help with wireless service since space is being leased to AT&T.

Webpage Design: Joseph Mort, student at South Hills, designed a webpage for the committee with limited resources. The page includes the mission statement. Mr. Gomes asked if the page could be completely on one page rather than scrolling to see the full page. Mr. Mort is not able to do this. He needs some further help from CJ Bobeck because he is as far as he can go. A request was made to be able to add minutes and have someone be able to download future meeting minutes. Mr. Mort will look into this. The site can be viewed at http://mifflincountyiac.org/.

Other Business: None

Next Meeting: The next meeting will be held Wednesday, June 20th.

Adjournment: The meeting adjourned at 5:15 p.m.