

BROADBAND PUBLIC DEVELOPMENT AUTHORITY

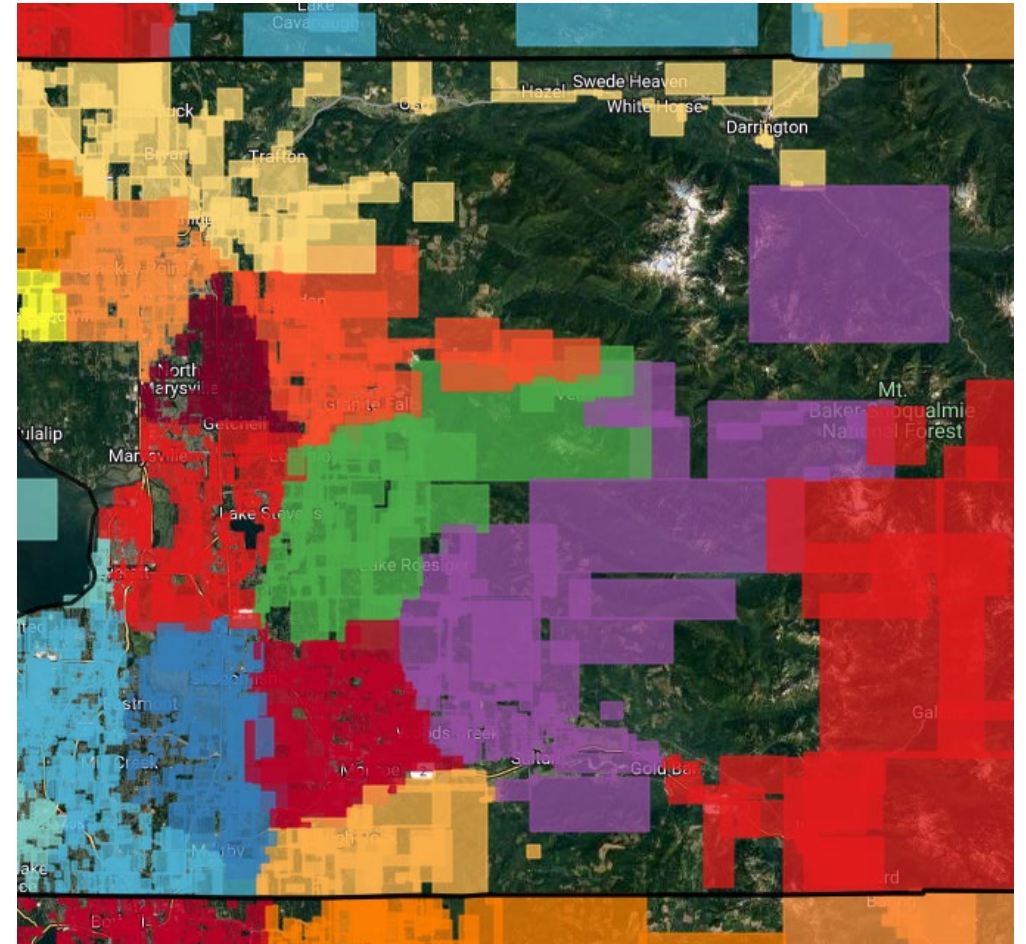
Ensuring Internet for All in Snohomish County

What is a Public Development Authority (PDA)?

- Cities, towns, and/or counties form public development authorities (PDAs), sometimes known as "public corporations," to **assist in administering federal grants** or local programs, enhance governmental efficiency and **service provision**, and/or **improve a municipality's general living conditions**.
- PDAs are special purpose quasi-municipal corporations that are primarily authorized under RCW 35.21.730-.759, which allows local governments to create or contract with "public corporations, commissions, or authorities."
- PDAs are subject to the general laws regulating local government, including bid laws; open public meetings and records; the municipal code of ethics; annual financial reporting requirements; and audits.
- RCW 35.21.745 requires any city, town, or county that creates a PDA to control and oversee the PDA's operation and funds to ensure that the PDA is reasonably accomplishing its purposes and to correct any deficiencies.

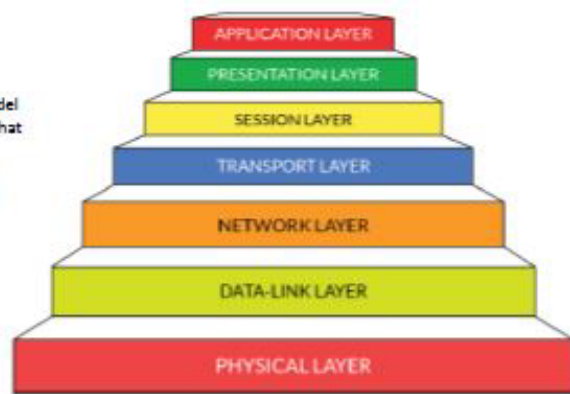
Why is it needed?

- We have approximately 18,000 broadband serviceable locations (BSLs) in Snohomish County.
- There is \$1.23 billion in BEAD funding available to the state.
- Private internet service providers (ISPs) have already addressed most of the “low hanging fruit” in the county
- A broadband PDA can serve as the *provider of last resort*.

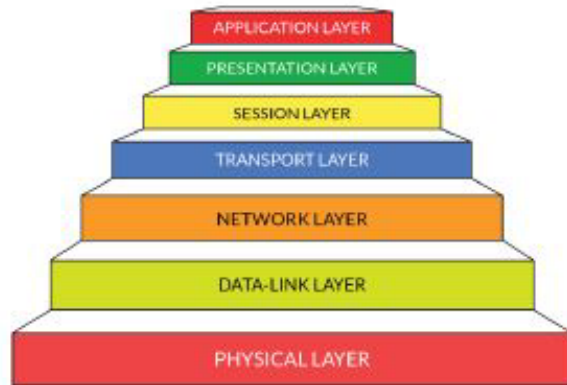


What could a broadband-focused PDA do?

*Open Systems Interconnection model (OSI model) is a conceptual model that provides a common basis for the coordination of standards elements used in integrated data systems and interconnection



Private Ownership Model
ISPs own all seven layers of broadband infrastructure and serviceability to subscribers. This has worked well until now where the gap areas do not have the subscriber base to justify ISP capital funds and ROI.



Open Access Model
Public Sector entities own and manage the physical and connection layers of broadband infrastructure to allow for any number of service providers/ISPs to onboard to enhance subscriber experience without large capital outlay. ISPs continue to have profit opportunity from robust service plans to end users.

- Leverage grants, partnerships, and other fund sources to build fiber infrastructure that would be owned by the PDA and leased to an ISP.
 - No large capital outlay for a private ISP, especially important for smaller ISPs.
 - ISP provides service to end users.
 - Contract for operation and maintenance.
 - Revenue generated makes the PDA self-sustaining.
 - Excess revenue could be distributed or reinvested in further infrastructure.

Spokane County as a Comparison

- Spokane County's BroadLinc is a model.
 - Established by the Spokane County Board of Commissioners
 - Initial start up funding through ARPA.
 - BroadLinc applies for broadband funding on behalf of all jurisdictions, which means collective support instead of internal competition.
- What are some lessons learned from Spokane County?
 - Needs appropriate resources.
 - An opportunity to partner with cities and towns.
 - The governing board should be strictly representative of jurisdictions.

How could the County intersect?

- Have Council and Executive representation on the PDA Board.
 - MSRC notes that “entities that create them [PDAs] often do not monitor operations.”
- Create agreements between the County and the PDA to support the latter in its infancy.
 - MSRC notes that “often PDAs and PFDs operate and compete as if they are a private business. They are not.”
 - There is existing, invaluable subject matter expertise within several departments:
 - IT
 - ORR
 - Finance/Purchasing
 - Public Works

What are other alternatives?

- Some counties rely almost solely on ISPs.
 - Pros: The private sector already operates in this space and can build and maintain a network.
 - Cons: ISPs have openly admitted they will not proceed in areas that are not cost-beneficial. There are some areas that will simply never get fiber.
- Some counties chose to become internet purveyors.
 - Pros: Full control of where fiber is provided; full return on investment.
 - Cons: Cost of establishing a new line of business; full liability and risk.
- Some counties rely on their PUD or their port authority.
 - Pros: Lots of existing infrastructure to leverage; already established to provide utility or utility-like service.
 - Cons: The impacts to rate payers can be significant; SNOPUD has already assessed the viability and its Board decided against increasing their role.

Potential Next Steps

Assuming Council interest, recommended next steps are:

- Draft an ordinance creating a PDA to bring through the Executive to Council.
 - Have already spoken with the PA's Office.
 - We have a copy of Spokane County's.
- Develop additional materials as part of the ordinance's ECAF:
 - Complete a formal business plan and submit along with the ordinance for Council consideration.
 - Our current broadband enhancement study's assessment of the viability of a PDA.
- Begin formally socializing the idea with cities and towns.
 - Many of the cities and towns already participate in the various broadband conversations.
- This could be done before the first round of BEAD becomes available (projected mid- to late- 2024).

Additional Information for Consideration

- Anticipate needing Council support for using ARPA funds appropriated for broadband.
- Recommend we adopt a mindset of a trial period of three years (2024-2026) to determine the long-term feasibility and plan to revisit as PDAs often exist for finite times/purposes.