



TOWN OF FAIRFAX
STAFF REPORT
April 6, 2016

TO: Mayor and Town Council

FROM: Michele Gardner, Town Clerk *MG*

SUBJECT: Authorize the Mayor to send a letter in support of AB1758, the Internet for All Now Act of 2016

RECOMMENDATION

Authorize the Mayor to send a letter in support of AB1758, the Internet for All Now Act of 2016.

DISCUSSION

Councilmember Coler requested this item be added to the agenda. Assembly Bill 1758 assures continued state funding for rural communities such those in West Marin that have no broadband. It also is an opportunity for funding for "the middle mile" in Fairfax (e.g., the multi-family dwellings along Sir Francis Drake Boulevard).

For more information, please see the attached fact sheet.

FISCAL IMPACT

None

ATTACHMENT

Draft letter
Fact sheet

DRAFT LETTER

April 7, 2016

The Honorable Toni G. Atkins
Speaker of the Assembly
State Capitol, Room 219
Sacramento, California 95814

The Honorable Chad Mayers
Assembly Minority Leader
State Capitol, Room 4144
Sacramento, California 95814

The Honorable Kevin de Leon
Senate President Pro Tempore
State Capitol, Room 205
Sacramento, California 95814

The Honorable Luis A. Alejo
Chairman, Latino Caucus
State Capitol, Room 2117
Sacramento, California 95814

The Honorable Anthony Rendon
Speaker-Elect of the Assembly
State Capitol, Room 5136
Sacramento, California 95814

The Honorable Reginald B. Jones-Sawyer, Sr.
Chairman, California Legislative Black Caucus
State Capitol, Room 4126
Sacramento, California 95814

The Honorable Jean Fuller
Senate Minority Leader
State Capitol, Room 305
Sacramento, California 95814

The Honorable Frank Bigelow
California Legislative Rural Caucus
State Capitol, Room 6027
Sacramento, California 95814

Re: AB1758 – Internet for All Now Act of 2016 – SUPPORT

Dear Speaker Rendon, Senate Pro Tempore de Leon, Senate Minority Leader Fuller, Assembly Minority Leader Mayers, Latino Caucus Chairman Alejo, Black Caucus Chairman Jones-Sawyer, and Rural Caucus Chairman Bigelow:

The Town of Fairfax strongly supports AB1758, the Internet for All Now Act of 2016, and respectfully urges your support to renew and improve management of the California Advanced Services Fund (CASF).

The Internet For All Now Act is essential to ensure that California meets the Legislature’s statutory goal to achieve 98% broadband deployment while focusing first on reaching unserved households and then transitioning to higher-speed networks. AB1758 also sets a new goal of 90% of all households online by 2023 and authorizes funding to assist low-income households get online so that our most disadvantaged residents can be included in the Digital Economy.

The Internet For All Now Act of 2016 will allow a modest \$50M a year for 7 years to be collected into CASF to finish closing the Digital Divide with performance standards and accountability for results. AB1758 is not an increase in fees or taxes—it continues an existing collection that is a few cents per month for telecommunications customers. In contrast, the State of New York appropriated \$500M this year alone for broadband networks.

ATTACHMENT 1

In fact, CASF was established by the Legislature in 2008 by reducing a fee that previously was collected to subsidize telephone service and rededicated it to broadband infrastructure.

The Town of Fairfax greatly appreciates your leadership to help close the Digital Divide in California. Your support will be pivotal in securing passage of AB1758.

Sincerely,

Renée Goddard
Mayor, Town of Fairfax

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Internet For All Now Act of 2016
California Advanced Services Fund
California’s Unique Resource to Close the Digital Divide
An Imperative for Economic Competitiveness and Quality of Life

Digital Divide Persists for Rural Communities and Poor Neighborhoods

- Broadband Deployment: 95.5% (wireline) vs. Legislature’s Goal 98%
- Broadband Adoption: 79% (at home) vs. Proposed Goal 90%
- Digital Divide is the greatest for disadvantaged populations.

| Population – Households | Percent Not Connected | Percent Connected | Percentage by Smartphone Only |
|---------------------------------|-----------------------|-------------------|-------------------------------|
| Statewide | 21% | 79% | 8% |
| Low-Income (<\$20,000 Annually) | 35% | 65% | 16% |
| Spanish-Speakers | 37% | 63% | 21% |
| People With Disabilities | 41% | 59% | 8% |
| Seniors (65 or Older) | 43% | 57% | 1% |
| Non-High School Graduates | 48% | 52% | 18% |

CASF – California’s Unique Resource to Close the Digital Divide

- Legislature established CASF in 2008 and has authorized a total of \$315M to be collected in past 7 years from a small fee on phone bills (few cents/month). Prior to CASF, a larger fee was collected to subsidize rural phone service and about \$300M was collected each year. CASF was a reform for consumers.
- Priority for CASF is last-mile Unserved households (HHs).
- Incumbent broadband providers have “first right of opportunity” to participate in CASF and may protest applications. Industry concerns have been heard.
- Inappropriate applications have been declined by the CPUC.
- CASF has funded 56 projects to reach 304,835 HHs at an average cost of \$1,363 per HH (\$441 CASF). CASF is cost-effective in comparison to the FCC Connect America Fund 2 average subsidy in California of \$2,550 per HH.
- 2 projects account for 77% of the HHs reached and are technically categorized as “Underserved” (CVIN-CENIC 206,764 HHs + Digital 395 28,127 HHs), but clearly are reaching rural communities and are not “overbuilds” competing with incumbents.
- CASF is out of money for infrastructure deployment with 18 projects pending.
- CASF (AB1299) funds for publicly-subsidized multi-unit housing will reach about 20% of the 300,000 attached affordable housing units in California.

Internet For All Now Act of 2016 Prudent and Conservative

- Authorizes \$50M per year for 7 years for total additional funding of \$350M. (State of New York allocated \$500M for this year to compete with California.)
- Maintains funding priority for last-mile Unserved HHs to achieve Legislature’s goal of 98% deployment—keeps the Legislature’s promise to Rural California.
- Recognizes the spectrum of customers along the path for last-mile projects and the need for cost-effective middle-mile with “first right of opportunity” for incumbent broadband providers to help meet the goal.
- Transitions CASF support to higher speeds (25/3 Mbps) after 98% goal is met in order to remain competitive and align CASF with FCC new speed goals.
- Allocates \$10M to California Telehealth Network to leverage more than \$21M from the FCC Healthcare Connect Fund to get California’s fair share.
- Ensures most disadvantaged residents living in publicly-subsidized housing will be online and able to participate in the Digital Economy to get out of poverty.
- Tackles remaining challenge of broadband adoption (using high-speed Internet access at home) for the most disadvantaged to achieve 90% by 2023.
- Provides proven project management tools for the CPUC to enhance efficiency and effectiveness: project management; value engineering; grants management.

| CASF Account | Amount Authorized To Date | Internet For All Now Authority | Total for CASF Over 15 Years |
|-----------------------------|---------------------------|--------------------------------|------------------------------|
| Infrastructure Grants | \$270M | \$160M | \$430M |
| Publicly-Subsidized Housing | \$ 25M | \$75M | \$100M |
| Regional Consortia | \$15M | \$15M | \$30M |
| Revolving Loans | \$5M | \$0 | \$5M |
| Broadband Adoption (New) | | \$100M | \$100M |
| TOTAL | \$315M | \$350M | \$665M |