

To: Olin Woods, Chair and Members of the  
Yolo County Local Agency Formation Commission

From: Elizabeth Castro Kemper, Executive Officer  
Elisa Carvalho, Assistant Executive Officer

Date: September 28, 2009

RE: Broadband Internet Service and Funding Information for Community Service  
Districts

## **Recommended Action**

Receive information on efforts to notify Community Service Districts (CSDs) of federal stimulus funding opportunities and requirements for Broadband Internet Service provision through LAFCO.

## **Reason for Recommended Action**

The California Special District Association and CALAFCO developed the attached information sheet for CSDs and LAFCOs on broadband powers, stimulus funding, and application timelines. The information sheet encourages interested CSDs to work closely with their LAFCO in order to achieve a timely activation of broadband power to take advantage of grants.

The American Recovery and Reinvestment Act (the federal stimulus plan) has allocated several billion dollars for building broadband and internet services. Those grants are now becoming available in California. CSDs that would like to take advantage of these grants, but do not have the authority to provide broadband service, can apply to LAFCO to activate that power.

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**Background**

LAFCO staff forwarded the information sheet to the four CSDs in Yolo County: Knights Landing, Esparto, Madison, and Cacheville. Cacheville CSD was initially interested and Yolo LAFCO staff held a brief meeting with the District secretary to discuss requirements for applying to LAFCO for the service. The Cacheville CSD has since declined to pursue the project because it is not in their charter and their resources are limited.

Attachment:

Information sheet: It takes Two to Tango



*It Takes Two to Tango:  
CSDs and LAFcos, bringing broadband Internet to rural areas*



As of January 2009, community services districts (CSDs) were authorized to provide broadband (high-speed) Internet services to their community under very specific circumstances. This fact sheet has four intentions:

- Raise awareness among LAFcos that this new power exists and prepare them for requests from CSDs to activate broadband Internet service;
- Help CSDs understand the process and prepare their application to LAFco to activate this power;
- Let CSDs and LAFcos know that there is federal stimulus money and state matching funds available for CSDs to start these projects; and,
- Urge LAFcos and CSDs to work together because of the strict timelines established by the federal government for grant application and disbursement, to ensure that rural communities can take advantage of this once-in-a-lifetime opportunity.

#### **CSDs and broadband**

Authorization to provide broadband (*California Government Code §61100 (af)*) was granted in 2008. Like other latent powers, CSDs have to first gain permission from a local agency formation commission (LAFco) to activate the service. The law states that:

- A CSD can only provide that service if there is no private entity able or willing to provide that service; and,
- If a private entity does come and decides to provide high-speed Internet service, the CSD must either 1) sell its facilities and services to that entity, or 2) lease the operation of those facilities and services to that entity.

#### **Federal stimulus funds and matching state grants**

The American Recovery and Reinvestment Act of 2009 (ARRA) allocates over \$7 billion for various broadband related projects, including the expansion of high-speed Internet to unserved and underserved communities. CSDs are eligible to apply for this money.

- First round of applications are due August 14, 2009.
- Awards for the first round are announced on November 7, 2009. There will be a total of three rounds of applications and awards.
- All awards must be made by September 30, 2010.
- Legislation signed into law expands an existing pot of \$100 million to entities that provide broadband service (including CSDs) to use as matching grants for their ARRA-awarded money.

#### **The need to move quickly**

*This is a rare opportunity for CSDs to access millions of dollars—at no cost to themselves or their constituents—to bring high-speed Internet into their unserved areas.* If eligible CSDs and LAFcos do not act quickly, the CSDs can stand to lose this opportunity. Without these federal stimulus dollars and matching state grants, the initial costs for facilities and equipment may be extremely high, making it cost-prohibitive to provide this service to unserved rural communities.

Eligible and interested CSDs and LAFCoS are encouraged to work together on the request for new powers so the district can meet the deadlines established by the federal government.

The first step is for interested CSDs to immediately contact their LAFCo executive office and arrange a meeting to discuss an application to activate a latent power. The LAFCo staff will assist CSDs with explaining the process and the information necessary to prepare the application. Because many LAFCoS only meet monthly or bi-monthly, the meeting process should begin as soon as possible.

#### **Important legislation relating to CSDs and broadband Internet**

- *SB 1191 (Alquist, 2008)*: Sponsored by CSDA, SB 1191 authorizes CSDs to provide broadband Internet services and facilities if there is currently no private Internet provider in the area. If a provider does come in at a later point, the CSD must lease or sell the service and facilities to that provider at fair market value. This bill was based on a recommendation by the governor's California Broadband Taskforce. This bill was signed into law and went into effect January 2009.
- *The American Recovery and Reinvestment Act of 2009*: Among other economic stimulus projects in ARRA, over \$7 billion was designated for broadband Internet expansion into underserved and unserved communities, and for broadband mapping. The funds will be distributed in a grant process, and all awards will be given out by September 2010.
- *AB 1012 (M. Perez, 2009)*: Supported by CSDA, AB 1012 requires the State Chief Information Officer to be the entity to review proposals and prioritize which will receive the federal stimulus money for broadband expansion, in an open and transparent process. CSDs have to participate in this process to receive federal money. This bill is currently in the Senate Appropriations Committee and is expected to be passed by the Legislature and signed by the governor, to go into effect immediately.
- *AB 1555 (M. Perez, 2009)*: Under current law, the California Advanced Services Fund (CASF) is available to only telecommunications companies to expand broadband into rural areas. Supported by CSDA, AB 1555 makes the CASF available to all entities providing broadband Internet service (including CSDs), for purposes of the matching grant requirement for ARRA funds. This bill was passed and signed into law in July 2009, to take effect immediately.

#### **Contact information**

For more information about the items in this fact sheet, please contact:

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