

Broadband Update

Special Taxation Districts – Public Hearing



January 8, 2019

A Very Brief History of Broadband Efforts...

- Cecil County Broadband Task Force – established by County Council on January 7, 2014. Submitted its report on August 6, 2014.
- Twelve appointed task force members & two staff liaisons.
- Goal of the Cecil County Broadband Task Force:

“Development of a plan to expand affordable, reliable, and high capacity broadband internet access¹ to all County businesses and residents.”

- In 2014, the Federal Communications Commission (FCC) defined “broadband” as having download speeds of at least 4 megabits per second (Mbps) and upload speeds of at least 1 Mbps.

Since then, broadband has been redefined (in 2015 and reaffirmed in 2017) as download speeds of 25 Mbps and upload speeds of 3 Mbps.

2014 Broadband Task Force Recommendations

- 1) CCG name a staff person to lead broadband effort ✓
- 2) Use cable franchise fees to fund broadband initiatives ✗
- 3) Develop County Broadband Master Plan ✗ ✓
- 4) Explore innovative funding sources such as grants, loans, P3's, etc. ✓
- 5) Amend subdivision regs to require conduit installation ✗
- 6) Install broadband conduit in conjunction with other projects ✗ ✓
- 7) "Ensure connectivity to the outside world." ✓

Why were/are we so interested in Broadband?

- Potential to create more jobs (esp. small business);
- Allow residents to participate more fully in the economy;
- Provide greater (and more modern) educational opportunities;
- Enhance public safety; and
- Promote the health, safety, and welfare of the populace.



Broadband Service is a utility that is as important as water, sewer, or electricity. Education, commerce, economic development, and public safety all rely on it!

Before we delve into current broadband efforts, we must first become...



MYTH #1

**Cecil County Government can force
{place your favorite ISP's name here}
to connect your business/home to
broadband.**

False! Other than collecting rent (called franchise fees) for cable in County owned road beds and rights of way, County Government does not regulate broadband providers.

MYTH #2

The County's cable franchise agreements limit service in my area to only {place your incumbent ISP's name here}.

False! The franchise agreements grant all three cable providers (Armstrong, Atlantic Broadband, and Comcast) the ability to place cable/fiber anywhere within the unincorporated portion of Cecil County.

MYTH #3

I know that a fiber line goes right past my home/business. I should be able to connect to it and get service.

Just like a limited access highway has on and off-ramps, access to broadband can only be attained at certain locations.



MYTH #4

All broadband/cable companies do the same thing. So why can't they serve my home/business?

Broadband companies can be divided into three categories – long haul, middle mile, and last mile. All three focus on separate aspects of the market.

All restaurants serve food, but that doesn't mean that one can order Thai food at Pizza Hut...

MYTH #5

{Your favorite large County in MD, DE, or PA} has Verizon FIOS. Verizon would bring it here, too, if someone just told them we need it!

County Government has talked to corporate level Verizon executives numerous times over the past few years. Cecil County is, unfortunately, not densely populated enough to meet Verizon's business models. Verizon does offer wireless service in Cecil County, however.

MYTH #6

I know for a fact that lots of grant money is available to rural areas without broadband. Why can't we get any?

Cecil County staff has applied for:

- 1) Connect America Fund Grants (FCC)
- 2) Comm. Dev. Block Grants (DHCD)
- 3) "Cool and Connected" Grants (FCC)
- 4) MAERDAF Grants (MD Rural Council)

Unfortunately, Cecil County is not "rural" enough to compete with Alaska, Montana, and other areas of the USA (or MD, for that matter).

Additionally, Cecil County Government does not meet eligibility, applicability, and/or payback capacity to qualify for other options.



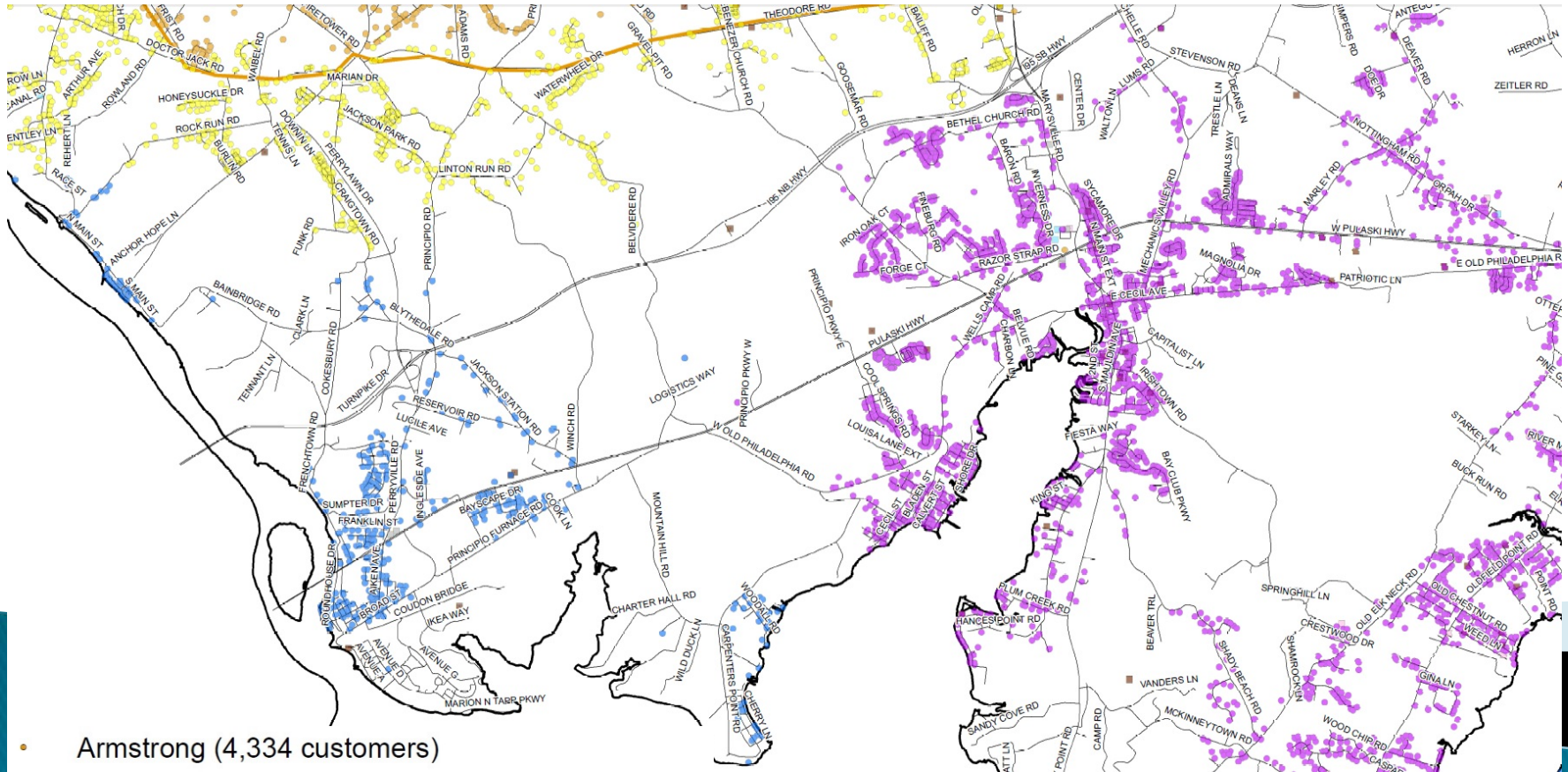
Fall 2017 Broadband Efforts

- In August 2017, the County Executive directed staff to update the County's data and information regarding where broadband is and is not available.

Steps taken by County staff:

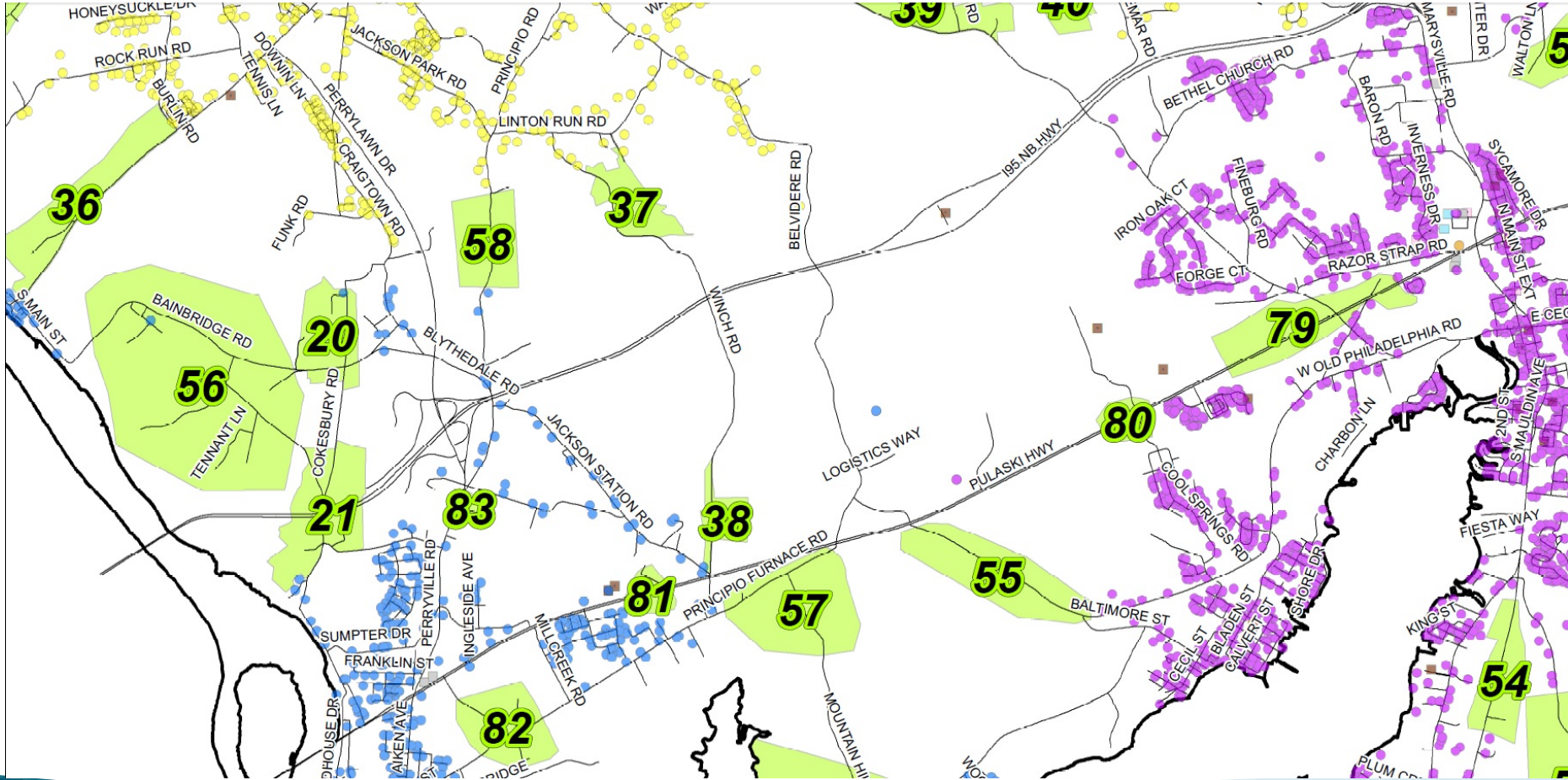
- 1) Use Emergency Subscriber Location (ESL) data to map the locations of all broadband customers.
- 2) Reach out to the public for “crowd sourcing” assistance.
- 3) Communicate with last mile providers.
- 4) Develop a plan to fill in the broadband gaps.

We've matured from "Where are the broadband lines?" To "Where are the broadband customers?"



- Armstrong (4,334 customers)
- Armstrong Telecommunications (2,045 customers)
- Atlantic Broadband ESL (1,042 customers)
- Comcast (10,524 customers)

We identified 80+ areas lacking broadband service



For each area, we used the County's GIS to:

- 1) Count the # of homes & businesses located therein;
- 2) Determine the # of homes/businesses per mile (density);
- 3) Calculate an estimated average cost to serve

<https://cecilmaps.ccgov.org/arcgis/home/webmap/viewer.html?webmap=a795c0ca215147fb87a0d482548832ad>



Area Lacking Broadband/Cable Service 4760-4828 Pulaski Hwy & Simmons Ln, Perryville, MD 21903



In addition to maps, we have tabular data for each specific area...

Map ID	Area	# of homes and/or businesses	Homes Per Mile	Est. Cost (45K per mile)	Est. Cost (60K per mile)	Est. Cost per home (45K average)	Est. Cost per home (60K average)
6	Booth Rd (north of bridge)	2	3.71	24,290	32,386	12,145	16,193
69	Wards Hill Rd & Sassafras Rd	20	3.79	237,699	316,932	11,885	15,847
71	Augustine Herman Hwy (4900-5900 block)	23	3.94	262,926	350,568	11,432	15,242
74	Stemmers Run Rd	15	3.99	169,261	225,682	11,284	15,045
3	Fingerboard Schoolhouse Rd	32	4.47	322,074	429,432	10,065	13,420
70	Christopher Rd, Worsell Manor Rd, and areas north	47	4.54	466,364	621,818	9,923	13,230
67	Middleneck Rd	38	4.56	375,170	500,227	9,873	13,164
62	Woods Rd	6	4.66	57,955	77,273	9,659	12,879
68	Joe Meltz Rd & Edgar Price Rd	25	4.70	239,190	318,920	9,568	12,757
30	Iron Hill Rd, Chestnut Hill Rd & Dixie Line Rd	9	4.95	81,818	109,091	9,091	12,121
40	Calvary Ln (east side)	5	5.16	43,636	58,182	8,727	11,636
75	Sandy Bottom Rd (400-1000 block) and Knight House Ln	22	5.64	175,568	234,091	7,980	10,640

We know exactly where wired broadband service is and isn't in Cecil County!

The studies are done! It is now time for action!

Our Broadband “Rules of Engagement”

1. Cecil County Government is not an internet service provider (ISP), and we do not want to be.
2. Cecil County Broadband Budget for FY 2019 = \$0
3. The private sector has numerous ISPs and their goals are identical to the County’s - *Reach as many homes and businesses as possible.*
4. Broadband expansion is expensive - Installing one mile of fiber averages \$45,000 to \$60,000.

Public – Private Partnership

The Economics of Broadband Expansion

All last mile providers we spoke with are continually looking for areas to ***economically*** expand into.

Each firm has a business payback model that examines the cost to do so.

The model factors the number of homes served, the cost to serve the homes (which varies by distance, and type of installation – aerial vs. underground) and the time involved to recoup costs.

The problem = Expansion into currently unserved areas does not make economic sense.



What is the customer contribution model?

- 1) The provider determines the cost to provide service to an area;
- 2) Then determines how much their business model dictates they can spend on the expansion; and
- 3) Any remaining costs must be borne by the customers.

For example:

Dove Ln and Osprey Way (at end of Oldfield Point Rd)

- ***To serve nine homes cost \$33,900.***
- ***Comcast spent \$23,000;***
- ***The customers contributed \$10,900.***

Customer contribution costs vary from one area to another.

Why? There are unique factors associated with each build (i.e. space on existing utility poles, presence of bedrock/streams, the distances of homes from the road, etc.)

Our plan to fill in the broadband gaps

1. *Use GIS to serve as the “analytics agency” for our ISP friends in the private sector*
 - Help detect the “quick wins;”
 - Identify the small pockets of unserved areas;
 - Facilitate any necessary permitting.



Analytics Succeeds on a Small Scale

Since June 2018, broadband service has been extended to:

- 13 homes on Joy Drive (North East);
- 7 homes on Walton Ln (North East);
- 6 homes on Black Hill Rd (North East) ;
- 4 homes on Windmill Ct (Elkton); and
- 31 residences in the area consisting of Cloud Ln., p/o Cara Cove Rd., and the 2200-2400 block of Turkey Point Rd. in North East.

And it is in the works for:

- 9 homes on Huminski Rd (Elkton);
- 15 residences on Rock Church Rd (Elkton);
- 21 residences on Cat Swamp Rd and p/o Barksdale Rd (Elkton)

But something else is needed on a larger scale...

Special Taxation Districts

- A special taxing district is a **voluntary** request from a certain number of citizens in a finite area to have an additional tax imposed to pay for a specific need.



Why would this be requested?

- Providing broadband to unserved areas costs \$\$\$
- A special taxation district would move an area to the “top of the list” and indicate a willingness to have service.
- **Remember...Cecil County Broadband Budget for FY 2019 = \$0**
- **Remember...Cecil County cannot force any ISP to connect your home or business to broadband...It is a purely economical decision.**
- At the current rate of expansion, it may take years to serve the roughly 2,400 unserved customers.
- A year ago – 2,509 unserved residences and businesses.
- **The “analytics expansion” has gotten 106 homes (4.2%) connected (or planned to be connected) since then.**

Can a Special Taxation District be imposed without citizens requesting its establishment?

NO!

- 2/3rd of property owners within an area must petition for formation of a district.
- The County Council would then vote – ***at a public hearing*** – to approve or disapprove the request.

What is the cost?

- The cost will vary based on the customer contribution required for each project.
- **Remember...** There are unique factors associated with each build (i.e. space on existing utility poles, the distances of homes from the road, etc.)

How often will the tax be collected?

- The amount created by the special taxing district will be collected with the annual billing for property taxes.
- **Once the debt established by the customer contribution is retired, the special taxation district will expire.**

To summarize...

- 2/3rd of property owners within an area **voluntarily** petition for formation of a district.
- County Council – ***at a public hearing*** – approves or disapproves the petition.
- County Government front funds the project.
- Over the course of many years (5, 10, 15, etc.), the County adds an additional charge to the property owners' tax bill.
- Once funds are repaid, the special taxation district ceases to exist.



Have Special Taxation Districts been used before in Cecil County?

Yes, in Cecil County, there have been three special taxation districts:

- 1) **Crystal Beach (1980)** – Private roads were improved to modern standards and dedicated to the County.
- 2) **Octoraro Lakes (1984)** – Private roads were improved to modern standards and dedicated to the County.
- 3) **Winding Brook (2001)** - Pays for the costs of trash collection, mowing of common areas, and general maintenance in the district.

See <https://ecode360.com/9894135>
for details...



Why do we need to amend existing law?

House Bill 1562 (2008) limited the use of Special Taxation Districts in Cecil County to:

- 1) Properties within the Comprehensive Plan's growth area; and
- 2) Requires 100% approval of all property owners within the proposed district.

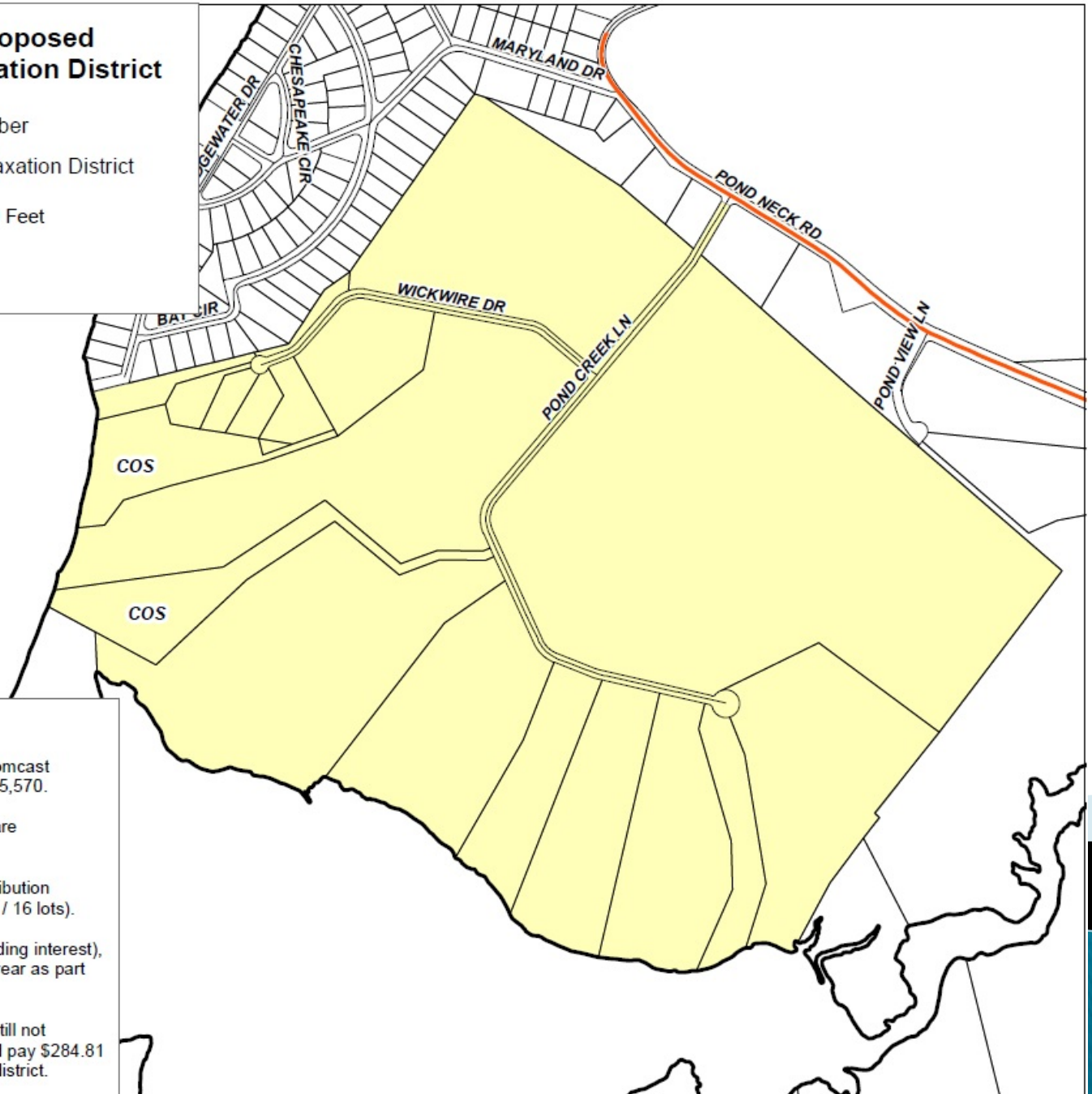
We would like to get this changed back to the pre-2008 regulations for creating a special taxation district.

(i.e. anywhere in Cecil County, 2/3rd resident approval).

Sunset Pointe - Proposed Broadband Special Taxation District

- Existing Comcast Fiber
- Proposed Special Taxation District

0 500 1,000 Feet



Notes

1. The customer contribution to have Comcast install broadband in Sunset Pointe is \$45,570.
2. Sunset Pointe contains 16 lots (four are vacant, 12 are improved).
3. \$2,848.12 represents each lot's contribution towards meeting the total cost ($\$45,570 / 16$ lots).
4. Spread over five years (and not including interest), each lot owner would pay \$569.63 per year as part of the special taxation district.
5. Or, taking a ten year approach (and still not including interest), each lot owner would pay \$284.81 per year as part of the special taxation district.

Questions? Comments?

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