

April 10, 2009

Before the

DEPARTMENT OF COMMERCE
National Telecommunications and Information Administration

DEPARTMENT OF AGRICULTURE
Rural Utilities Service

FEDERAL COMMUNICATIONS COMMISSION

Joint Request for Information) NTIA Dkt. No. 090309298-9299-01
American Recovery and)
Reinvestment Act of 2009)
Broadband Initiatives)

COMMENTS AND PROPOSED BUSINESS MODEL
WASHINGTON STATE DEPARTMENT OF NATURAL RESOURCES

Summary and Comments

Washington State Department of Natural Resources (DNR) is submitting a business model demonstrating a cost effective buildout for broadband coverage to large geographic areas of Washington State and within an aggressive project completion date. Contained are definitions (both described and implied) in response to questions raised in NTIA's "Notice: American Recovery and Reinvestment Act of 2009 Broadband Initiatives."

Washington State Department of Natural Resources (DNR), with over three million acres of land, located mainly in rural areas of the State, has the capability to partner with one or more national or regional tower companies to roll out sixty(60) new or upgraded sites within 36 months. These sites at a minimum would have one broadband internet provider and one cellular carrier.

Target sites have population densities averaging 2,500 inhabitants and/or are tourist dependent communities that are unserved or underserved broadband coverage areas. (Defined as: no carrier service or poor service metrics. And/or internet service not exceeding 2 Mgps download and 1 Mgps upload, and without capacity to provide 20/10 Mgps for targeted sites including schools and medical facilities, and/or where customer costs exceed \$20 per Mgps.)

For approximately 28 years each site will provide free: a) internet broadband service to portions of the underserved or unserved communities, and b) a web based community portal for the community and local emergency services.

DNR currently manages a robust Communications Site program that includes facilities and towers on more than 100 sites across the State. DNR also administers land and facility leases as well as master lessee agreements for several thousand leases and co-location customers. Our customer base is extremely diverse and includes public schools, universities, utilities, cellular, broadband providers, County, State and Federal public safety agencies, backbone providers and others.

As a Trust Land Management agency, lease income from these sites directly benefit our Trust beneficiaries, mainly the common school construction fund, public universities, and county governments.

DNR is submitting this model into the Federal Register as an example of how a private-public partnership could use NTIA grants under the Broadband Technology Opportunities Program (BTOP) to significantly upgrade broadband service to rural and remote sections of Washington State. Selected sites are located in currently unserved or underserved broadband areas and have a 10% or less likelihood of being developed in the next 10 years.

At the end of a formal bidding process, DNR would enter into a 30 year agreement with one or more national or regional tower companies with the following features:

- BTOP grant(s) for 80% of the cost to build the sites would be sought by DNR.
- The tower company would provide 20% of the cost.
- DNR would locate and provide the land base for all sites
- The agreement would require build-out of all sites by December 31, 2012.
- Tower companies would be responsible for each site being fully operational and fully functioning within six months of completion and all sites by July 1, 2013.
- Internet company will provide the following speeds, where free of interference: 10 megabits per second downstream and 5 megabits per second upstream within five miles of site, 3 & 1.5 within five to fifteen miles of site, with a oversubscription rate of less than 33 to 1.
- Free internet bandwidth for the life of the 30 year agreement to any organization with qualifying BTOP grant criteria such as schools, hospitals, emergency services, and community centers. The free internet service would be limited to 20% of installed capacity, with a minimum of two sites served with 15 megabits per second downstream and 5 megabits per second upstream, each. Adjustments to free internet service criteria could be made based on providing more end users, with smaller pipeline needs. "Receive/send" hardware at these sites to be provided at 65% of commercial rates.
- Internet company will provide free web based community portals. Requirement is limited to server placed at tower and as a functioning part of the internet service.
- For use of the trust lands the tower company would pay DNR a yearly % of the gross revenue generated by the sites.
- As the landowner, DNR would take 15% of site development costs for all road access surveys, road engineering design, road construction compliance, archeological surveys, timber removal, environmental studies, NEPA, State SEPA, Commerce's EHP environmental review, County pre-approval process (where applicable), administrative oversight, grant accounting, and easements for utilities.
- Thirty of the easiest to construct sites would be completed by August 2010 and operational by December 31, 2010.
- DNR would seek a grant reflecting full site development costs of \$410,000 per site. Many of these sites will require extensive development with up to five miles

of underground utilities and access development in remote areas. The actual cost range for developing these sites is \$220,000 to \$650,000.

- In 2010 DNR will seek an additional grant for sites requiring extensive utility and/or backbone development, and/or where DNR has yet to acquire the property. Proposed sites are likely to include other Washington State agencies with property management or ownership in favorable locations.
- DNR would be neutral on which carrier(s) and which internet provider(s) the tower company placed at these sites.

DNR has considerable experience in acquiring, managing, and tracking federal grants in diverse programs including forest health, aquatics, recreation, and forest fire programs.

Site by site funding and grant acquisition would be expensive for remote areas. DNR partnering with a tower company will provide a lowest cost solution for build-out of remote sites within the stated timeframe, and insure construction of these sites that otherwise would not likely occur in the next 10 years.

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