



# City Council

## Staff Report

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TO: Honorable Mayor and City Council

FROM: John Jansons, City Manager

DATE: March 28, 2016

SUBJECT: Support for Assembly Bill 1758 to develop improved broadband services to rural communities.

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**RECOMMENDED ACTION:**

That the City Council consider support for Assembly Bill 1758 and sign a letter encouraging enhanced broadband service to rural communities in an "Internet for All Now" campaign.

**BACKGROUND / DISCUSSION:**

As shown in the attached materials, Assembly Bill 1758, sponsored by Mark Stone (Democrat - Monterey) will extend collection of phone fees for an additional seven years to generate approximately \$350M for the California Advanced Services Fund to support deployment of broadband into underserved areas, like Farmersville, and much of Tulare County.

**COORDINATION AND REVIEW:**

The recommended action was coordinated with the Finance Department, CoBank and previously approved by the City Attorney and City Council.

**FISCAL IMPACT:**

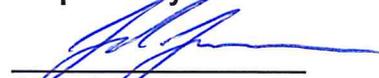
There is no fiscal impact associated with City council support of AB 1758.

**CONCLUSION:**

That the City Council express their support for Assembly Bill 1758 and sign a letter encouraging passage of Assembly Bill 1758 to develop enhanced broadband service to rural communities in an "Internet for All Now" campaign.

ATTACHMENTS: 1) Draft Letter of Support from Farmersville City Council,  
2) AB 1758 Information.

Prepared By:

  
\_\_\_\_\_  
John Jansons  
City Manager



April 11, 2016

**DRAFT**

Assembly Member Mark Stone  
701 Ocean St #318b  
Santa Cruz, CA 95060

**Re: Support for AB 1758**

Dear Honorable Assembly Member Stone:

The City of Farmersville, CA writes to you in strong support of AB 1758.

As a small rural community in eastern Tulare County, Farmersville lacks adequate broadband service in our community. In fact, over one half of our city is unserved by phone or cable tv providers and poor quality, high priced satellite or cellular connections to the internet are all that are available to our families and students.

We know firsthand that the lack of adequate (or for that matter any, broadband) service is a serious hindrance to the educational goals of our students and families and is a barrier to creating prosperity for local residents through economic development of businesses, small or large, who require broadband service to function and be competitive.

That is why, for these reasons, we the undersigned members of the City Council of the City of Farmersville, CA urge passage of AB 1758 in order to achieve high quality internet access for rural communities in California. Should you have any questions of us, please do not hesitate to contact us at 559-747-0458

Sincerely,

\_\_\_\_\_  
Gregorio Gomez  
Mayor

\_\_\_\_\_  
Paul Boyer  
Mayor Pro-Tem

\_\_\_\_\_  
Matt Sisk  
Council Member

\_\_\_\_\_  
Leonel Benavides  
Council Member

\_\_\_\_\_  
Don Rowlett  
Council Member

CC: City Manager  
City Clerk  
Ismael Herrera, Office of Community & Economic Development  
California State University, Fresno



*Home / Issues*

## Internet for All Now Act of 2016 (AB 1758)

Today, it is imperative to have high-speed Internet for employment applications, educational purposes, health services, and other civic activities. Yet, according to the California Emerging Technology Fund (CETF), more than 700,00 California households can't participate in our digital economy because they have no high-speed Internet access.

The Legislature established the California Advanced Services Fund (CASF) in 2008, and authorized \$315 million to be collected in the past 7 years, from a small fee on phone bills, to support deployment of broadband into unserved and underserved areas to help close the Digital Divide. CASF has funded 56 projects and reached 304,835 households. Nevertheless, CASF is out of money for infrastructure deployment with 18 pending projects.

### What This Bill Will Do

AB 1758, the Internet for All Now Act of 2016, authorizes additional collection of funds into CASF. The bill extends the time frame originally from 2020 to 2023 and attempts to help improve the management of CASF. The bill:

- Authorizes \$50M per year for 7 years for total additional funding of \$350M into CASF.
- Maintains funding priorities for last-mile unserved households to achieve the Legislature's goal of 98% deployment and promise to Rural California.
- Recognizes 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 the 98% goal is met in order to remain competitive and align CASF with FCC new speed goals.
- Ensures that \$100 million is used to help those on the wrong side of the Digital Divide learn how to improve the quality of their lives through training and adoption.
- Allocates \$10 million to the California Telehealth Network to leverage more than \$21 million from the FCC Healthcare Connect Fund to get Californian's fair share.

- Ensures that the most disadvantaged residents living in publicly-subsidized housing will be online and able to participate in the Digital Economy to get out of poverty.
- Provides proven project management tools for the CPUC to enhance efficiency and effectiveness: project management; value engineering; grants management.

Introduced by Assemblyman Mark Stone (D-Monterey Bay), the Internet for All Now Act 2016 (AB 1758) can be read in its entirety [here](#).

## AB 1758 Endorsements

The bill has received the following endorsements as of March 29, 2016:

- Access Sonoma Broadband
- Broadband Alliance of Mendocino County
- California Black Chamber of Commerce (CBCC)
- California Center for Rural Policy
- California State Association of Counties (CSAC)
- California Telehealth Network (CTN)
- Central Coast Broadband Consortium
- County of Sonoma Board of Supervisors
- Monterey County Business Council
- Central Sierra Connect with the Amador Tuolumne Community Action Agency (ATCAA)
- Communications Workers of America (CWA)
- Fresno Regional Workforce Investment Board
- Gold Country Broadband Consortium with the Sierra Planning Organization, Sierra Economic Development District, and Sierra Economic Development Corporation (SEDCorp)
- Humboldt County Board of Supervisors
- Inland Empire Regional Broadband Consortium (IERB)
- La Clinica de La Raza
- Los Angeles County Regional Broadband Consortia (LACRBC)
- Mono County
- San Joaquin Valley Regional Broadband Consortia (SJVRC)
- United Ways of California
- Youth Policy Institute (YPI)

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COMMENT



SHARE

AMENDED IN ASSEMBLY MARCH 17, 2016

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1758**

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**Introduced by Assembly Member Mark Stone**  
*(Coauthors: Assembly Members Eduardo Garcia and Levine)*  
*(Coauthor: Senator McGuire)*

February 2, 2016

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An act to amend Section 281 of, and to add Section 281.1 to, the Public Utilities Code, relating to telecommunications.

LEGISLATIVE COUNSEL'S DIGEST

AB 1758, as amended, Mark Stone. Telecommunications: California Advanced Services Fund.

Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including telephone corporations. Existing law establishes, among other funds related to telecommunications, the California Advanced Services Fund (CASF) in the State Treasury. Existing law requires the commission to develop, implement, and administer the CASF to encourage deployment of high-quality advanced communications services to all Californians that will promote economic growth, job creation, and the substantial social benefits of advanced information and communications technologies, as provided in specified decisions of the commission and in the CASF statute. Existing law requires the commission to give priority to projects that provide last-mile broadband access to households that are unserved by an existing facilities-based broadband provider. Existing law establishes that the goal of the program is, no later than December 31, 2015, to approve funding for infrastructure projects that will provide broadband access to no less than 98% of California households. Existing law authorizes

the commission to collect a surcharge for deposit into the CASF not to exceed \$315,000,000 in total and authorizes the surcharge until 2020.

This bill would extend to December 31, 2023, the time period for meeting the program goal and would specify the threshold speeds to be met in achieving the goal. The bill would also specify as a program goal the achievement of a statewide 90% adoption rate of high-speed Internet access by December 31, 2023. The bill would require the commission to give priority to projects that provide advanced communication services at those threshold speeds to unserved and underserved households until the goal is achieved. The bill would authorize the commission, once that goal is achieved, to prioritize funding for other specified projects. The bill would require the commission and the California Broadband Council, in consultation with relevant state agencies, to develop a plan to implement these provisions in a manner that fosters public-private collaboration. The bill would authorize the commission to allocate up to \$10 million from the Broadband Infrastructure Grant Account in the CASF to a specified nonprofit organization for specified purposes. The bill would make various legislative findings, including findings regarding deployment of broadband speeds of at least 25 megabits per second (Mbps) downstream and 3 Mbps upstream. The bill would establish the High-Speed Internet Access Adoption Account within the CASF and would authorize the commission to award grants to eligible community-based organizations for education and outreach to low-income households to facilitate the adoption of high-speed Internet access by these households. The bill would authorize the commission to collect an additional \$350,000,000, would specify the distribution of the additional moneys among the accounts in the CASF, and would authorize the collection through 2026. By increasing the collection for deposit in the CASF, the bill would constitute a change in state statute that would result in a taxpayer paying a higher tax within the meaning of Section 3 of Article XIII A of the California Constitution, and thus would require for passage the approval of  $\frac{2}{3}$  of the membership of each house of the Legislature.

Existing law requires a certain amount of moneys from the Broadband Infrastructure Grant Account and the Broadband Revolving Loan Account to be transferred to the Broadband Public Housing Account and requires the commission to award grants and loans from the Broadband Public Housing Account to eligible publicly supported communities. Existing law requires any moneys in the Broadband Public

Housing Account not awarded by December 31, 2016, to be transferred back to the other 2 accounts.

This bill would repeal the requirement to transfer back the moneys in the Broadband Public Housing Account that are not awarded.

Because the provisions of this bill are within the Public Utilities Act, a violation of which is a crime, this bill would impose a state-mandated local program by extending a crime.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: 2/3. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: yes.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. This act shall be known, and may be cited, as the
- 2 Internet For All Now Act of 2016.
- 3 SEC. 2. (a) The Legislature finds and declares all of the
- 4 following:
- 5 (1) The availability of high-speed Internet access, referred to
- 6 generically as “broadband” and including both wired and wireless
- 7 technologies, is essential 21st century infrastructure for economic
- 8 competitiveness and quality of life. Economic studies confirm that
- 9 the use of broadband technologies increases economic productivity
- 10 as a foundation for increased efficiency in organizational operations
- 11 and enhanced profitability in business.
- 12 (2) Broadband infrastructure is also vital to the operation and
- 13 management of other critical infrastructure, such as energy
- 14 generation systems and the power grid, water supply systems, and
- 15 public safety and emergency response networks. There is a need
- 16 for world-class broadband infrastructure throughout California to
- 17 support these major infrastructure investments to protect lives,
- 18 property, and the environment.
- 19 (3) The California Advanced Services Fund (CASF) is a vital
- 20 resource for California to be a national leader and globally
- 21 competitive in broadband infrastructure.
- 22 (b) It is the intent of the Legislature that the Public Utilities
- 23 Commission, after ensuring the development of last-mile

1 infrastructure to provide at least 6 megabits per second (Mbps)  
2 downstream and 1.5 Mbps upstream service for 98 percent of  
3 unserved or underserved households in each region of the state,  
4 do all of the following:

5 (1) Establish the goal for threshold broadband speeds in future  
6 plans and programs of not less than 25 Mbps downstream and 3  
7 Mbps upstream. In establishing the threshold broadband speeds,  
8 the commission should ensure California remains a national leader  
9 and globally competitive on broadband infrastructure while taking  
10 into account all cost-effective strategies.

11 (2) Analyze and publish public data regarding the availability  
12 of broadband service at speeds specified in paragraph (1)  
13 throughout the state.

14 (3) Prepare and submit to the Legislature a plan for achieving  
15 broadband service at speeds specified in paragraph (1) that includes  
16 the following:

17 (A) An analysis of the availability of those threshold speeds for  
18 all consumers.

19 (B) An assessment of the implications of the implementation  
20 of paragraph (1) for the CASF and the required funding needed to  
21 achieve that goal in unserved and underserved areas.

22 (C) A delineation of the strategies and policies that would  
23 achieve that goal in the most cost-effective manner possible,  
24 including whether or not it should be the policy of the state to  
25 encourage fiber deployment for middle-mile projects.

26 SEC. 3. Section 281 of the Public Utilities Code is amended  
27 to read:

28 281. (a) (1) The commission shall develop, implement, and  
29 administer the California Advanced Services Fund program to  
30 encourage deployment of high-quality advanced communications  
31 services to all Californians that will promote economic growth,  
32 job creation, and the substantial social benefits of advanced  
33 information and communications technologies, consistent with  
34 this section and Section 281.1.

35 (2) Recognizing that, in addition to residential households, there  
36 are other types of consumers, including anchor institutions, such  
37 as schools, libraries, community centers, and health and medical  
38 facilities, small businesses and large employers, and research  
39 organizations, all with a range of needs for broadband access  
40 threshold speeds in excess of those specified in Section 281.1, the

1 commission, in administering the program, shall consider  
2 approving funding for last-mile infrastructure projects ~~to reach~~  
3 ~~unserved and underserved households that exceed those threshold~~  
4 ~~speeds, that also provide improvements to those other types of~~  
5 ~~consumers, and that the commission deems~~ *deemed by the*  
6 *commission* to be in the public interest and a cost-effective use of  
7 the moneys in the California Advanced Services ~~Fund~~. *Fund that*  
8 *will reach unserved and underserved households and that will do*  
9 *both of the following:*

10 (A) *Provide broadband access at speeds that exceed those*  
11 *thresholds.*

12 (B) *Provide improvements to those other types of consumers.*

13 (b) (1) The goals of the program are both of the following:

14 (A) No later than December 31, 2023, to approve funding for  
15 infrastructure projects that will provide broadband access at  
16 advertised speeds of 6 megabits per second (Mbps) downstream  
17 and 1.5 Mbps upstream to no less than 98 percent of California  
18 households.

19 (B) No later than December 31, 2023, to approve funding for  
20 education and outreach projects that would facilitate the  
21 achievement of a statewide 90 percent household adoption rate of  
22 high-speed Internet access with no significant population segment  
23 with less than 80 percent adoption. For purposes of this  
24 subparagraph, high-speed Internet access means access to the  
25 Internet at speeds faster than dialup.

26 (2) In approving infrastructure projects, the commission shall  
27 give priority to projects pursuant to Section 281.1. The commission  
28 shall provide each applicant, and any party challenging an  
29 application, the opportunity to demonstrate actual levels of  
30 broadband service in the project area, which the commission shall  
31 consider in reviewing the application.

32 (c) The commission shall establish the following accounts within  
33 the fund:

34 (1) The Broadband Infrastructure Grant Account.

35 (2) The Rural and Urban Regional Broadband Consortia Grant  
36 Account.

37 (3) The Broadband Infrastructure Revolving Loan Account.

38 (4) The Broadband Public Housing Account.

39 (5) The High-Speed Internet Access Adoption Account.

1 (d) (1) All moneys collected by the surcharge authorized by  
2 the commission pursuant to Decision 07-12-054 shall be  
3 transmitted to the commission pursuant to a schedule established  
4 by the commission. The commission shall transfer the moneys  
5 received to the Controller for deposit in the California Advanced  
6 Services Fund. Moneys collected on and after January 1, 2011,  
7 shall be deposited in the following amounts in the following  
8 accounts:

9 (A) Three hundred fifty million dollars (\$350,000,000) into the  
10 Broadband Infrastructure Grant Account.

11 (B) Thirty million dollars (\$30,000,000) into the Rural and  
12 Urban Regional Broadband Consortia Grant Account.

13 (C) Ten million dollars (\$10,000,000) into the Broadband  
14 Infrastructure Revolving Loan Account.

15 (D) In addition to the amount transferred pursuant to  
16 subparagraph (A) of paragraph (7) of subdivision (h), seventy-five  
17 million dollars (\$75,000,000) into the Broadband Public Housing  
18 Account.

19 (E) One hundred million dollars (\$100,000,000) into the  
20 High-Speed Internet Access Adoption Account.

21 (2) All interest earned on moneys in the fund shall be deposited  
22 in the fund.

23 (3) The commission shall not collect moneys, by imposing the  
24 surcharge described in paragraph (1) for deposit in the fund, in an  
25 amount that exceeds one hundred million dollars (\$100,000,000)  
26 before January 1, 2011. On and after January 1, 2011, the  
27 commission may collect an additional sum not to exceed five  
28 hundred sixty-five million dollars (\$565,000,000), for a sum total  
29 of moneys collected by imposing the surcharge described in  
30 paragraph (1) not to exceed six hundred sixty-five million dollars  
31 (\$665,000,000). The commission may collect the remaining balance  
32 of the additional sum beginning with the calendar year starting on  
33 January 1, 2017, and continuing through the 2026 calendar year,  
34 in an amount not to exceed fifty million dollars (\$50,000,000) per  
35 year, unless the commission determines that collecting a higher  
36 amount in any year will not result in an increase in the total amount  
37 of all surcharges collected from telephone customers that year.

38 (e) (1) (A) All moneys in the California Advanced Services  
39 Fund shall be available, upon appropriation by the Legislature, to  
40 the commission for the program administered by the commission

1 pursuant to this section and Section 281.1, including the costs  
2 incurred by the commission in developing, implementing, and  
3 administering the program and the fund.

4 (B) To ensure the most cost effective and timely achievement  
5 of the goals specified in paragraph (1) of subdivision (b), the  
6 commission may award contracts through an open and competitive  
7 process for any of the following services:

8 (i) Project oversight and management of grants awarded from  
9 the Broadband Infrastructure Grant Account to accelerate the  
10 completion of projects without cost increase or overruns.

11 (ii) Engineering review of proposals for grants from the  
12 Broadband Infrastructure Grant Account.

13 (iii) Overall management, distribution of funds from the  
14 Broadband Infrastructure Grant Account to sub-awardees, and  
15 verification of performance by the sub-awardees receiving funds.

16 (C) To avoid delays in ~~cash flow~~, *cashflow*, contracts entered  
17 into pursuant to subparagraph (B) shall include terms for reasonable  
18 and prudent advance payment schedules reconciled to actual  
19 expenditures by contractors, as verified by independent audits.

20 (2) Notwithstanding any other law and for the sole purpose of  
21 providing matching funds pursuant to the federal American  
22 Recovery and Reinvestment Act of 2009 (Public Law 111-5), any  
23 entity eligible for funding pursuant to that act shall be eligible to  
24 apply to participate in the program administered by the commission  
25 pursuant to this section and Section 281.1, if that entity otherwise  
26 satisfies the eligibility requirements under that program. Nothing  
27 in this section shall impede the ability of an incumbent local  
28 exchange carrier, as defined by subsection (h) of Section 251 of  
29 Title 47 of the United States Code, that is regulated under a rate  
30 of return regulatory structure, to recover, in rate base, California  
31 infrastructure investment not provided through federal or state  
32 grant funds for facilities that provide broadband service and  
33 California intrastate voice service.

34 (3) Notwithstanding subdivision (b) of Section 270, an entity  
35 that is not a telephone corporation shall be eligible to apply to  
36 participate in the program administered by the commission pursuant  
37 to this section and Section 281.1 to provide access to broadband  
38 to an unserved or underserved household, as defined in commission  
39 Decision 12-02-015, if the entity otherwise meets the eligibility  
40 requirements and complies with program requirements established

1 by the commission. These requirements shall include all of the  
2 following:

3 (A) That projects under this paragraph provide last-mile  
4 broadband access to households that are unserved by an existing  
5 facilities-based broadband provider and only receive funding to  
6 provide broadband access to households that are unserved or  
7 underserved, as defined in commission Decision 12-02-015.

8 (B) That funding for a project providing broadband access to  
9 an underserved household shall not be approved until after any  
10 existing facilities-based provider has an opportunity to demonstrate  
11 to the commission that it will, within a reasonable timeframe,  
12 upgrade existing service. An existing facilities-based provider  
13 may, but is not required to, apply for funding under this section to  
14 make that upgrade.

15 (C) That the commission shall provide each applicant, and any  
16 party challenging an application, the opportunity to demonstrate  
17 actual levels of broadband service in the project area, which the  
18 commission shall consider in reviewing the application.

19 (D) That a local governmental agency may be eligible for an  
20 infrastructure grant only if the infrastructure project is for an  
21 unserved household or business, the commission has conducted  
22 an open application process, and no other eligible entity applied.

23 (E) That the commission shall establish a service list of  
24 interested parties to be notified of California Advanced Services  
25 Fund applications.

26 (4) Notwithstanding subdivision (b) of Section 270, up to ten  
27 million dollars (\$10,000,000) from the Broadband Infrastructure  
28 Grant Account shall be available for allocation to the California  
29 Telehealth Network, a 501(c)(3) nonprofit organization, for  
30 purposes of leveraging that organization's utilization of the Federal  
31 Communications Commission's Healthcare Connect Fund for  
32 California's medically underserved communities.

33 (f) Moneys in the Rural and Urban Regional Broadband  
34 Consortia Grant Account shall be available for grants to eligible  
35 consortia to fund the cost of broadband deployment activities other  
36 than the capital cost of facilities, as specified by the commission.  
37 An eligible consortium may include, as specified by the  
38 commission, representatives of organizations, including, but not  
39 limited to, local and regional government, public safety, elementary  
40 and secondary education, health care, libraries, postsecondary

1 education, community-based organizations, tourism, parks and  
2 recreation, agricultural, and business, and is not required to have  
3 as its lead fiscal agent an entity with a certificate of public  
4 convenience and necessity.

5 (g) Moneys in the Broadband Infrastructure Revolving Loan  
6 Account shall be available to finance capital costs of broadband  
7 facilities not funded by a grant from the Broadband Infrastructure  
8 Grant Account. The commission shall periodically set interest rates  
9 on the loans based on surveys of existing financial markets.

10 (h) (1) For purposes of this subdivision, the following terms  
11 have the following meanings:

12 (A) “Publicly subsidized” means either that the housing  
13 development receives financial assistance from the United States  
14 Department of Housing and Urban Development pursuant to an  
15 annual contribution contract or is financed with low-income  
16 housing tax credits, tax-exempt mortgage revenue bonds, general  
17 obligation bonds, or local, state, or federal loans or grants and the  
18 rents of the occupants, who are lower income households, do not  
19 exceed those prescribed by deed restrictions or regulatory  
20 agreements pursuant to the terms of the financing or financial  
21 assistance.

22 (B) “Publicly supported community” means a publicly  
23 subsidized multifamily housing development that is wholly owned  
24 by either of the following:

25 (i) A public housing agency that has been chartered by the state,  
26 or by any city or county in the state, and has been determined to  
27 be an eligible public housing agency by the United States  
28 Department of Housing and Urban Development.

29 (ii) An incorporated nonprofit organization as described in  
30 Section 501(c)(3) of the Internal Revenue Code (26 U.S.C. Sec.  
31 501(c)(3)) that is exempt from taxation under Section 501(a) of  
32 that code (16 U.S.C. Sec. 501(a)), and that has received public  
33 funding to subsidize the construction or maintenance of housing  
34 occupied by residents whose annual income qualifies as “low” or  
35 “very low” income according to federal poverty guidelines.

36 (2) Notwithstanding subdivision (b) of Section 270, moneys in  
37 the Broadband Public Housing Account shall be available for the  
38 commission to award grants and loans pursuant to this subdivision  
39 to an eligible publicly supported community if that entity otherwise

1 meets eligibility requirements and complies with program  
2 requirements established by the commission.

3 (3) Not more than twenty million dollars (\$20,000,000) shall  
4 be available for grants and loans to a publicly supported community  
5 to finance a project to connect a broadband network to that publicly  
6 supported community. A publicly supported community may be  
7 an eligible applicant only if the publicly supported community can  
8 verify to the commission that the publicly supported community  
9 has not denied a right of access to any broadband provider that is  
10 willing to connect a broadband network to the facility for which  
11 the grant or loan is sought.

12 (4) (A) Not more than five million dollars (\$5,000,000) shall  
13 be available for grants and loans to a publicly supported community  
14 to support programs designed to increase adoption rates for  
15 broadband services for residents of that publicly supported  
16 community. A publicly supported community may be eligible for  
17 funding for a broadband adoption program only if the residential  
18 units in the facility to be served have access to broadband services  
19 or will have access to broadband services at the time the funding  
20 for adoption is implemented.

21 (B) A publicly supported community may contract with other  
22 nonprofit or public agencies to assist in implementation of a  
23 high-speed Internet access adoption program.

24 (5) To the extent feasible, the commission shall approve projects  
25 for funding from the Broadband Public Housing Account in a  
26 manner that reflects the statewide distribution of publicly supported  
27 communities.

28 (6) In reviewing a project application under this subdivision,  
29 the commission shall consider the availability of other funding  
30 sources for that project, any financial contribution from the  
31 broadband service provider to the project, the availability of any  
32 other public or private broadband adoption or deployment program,  
33 including tax credits and other incentives, and whether the applicant  
34 has sought funding from, or participated in, any reasonably  
35 available program. The commission may require an applicant to  
36 provide match funding, and shall not deny funding for a project  
37 solely because the applicant is receiving funding from another  
38 source.

39 (7) To provide funding for the purposes of this subdivision, the  
40 commission shall transfer to the Broadband Public Housing

1 Account twenty million dollars (\$20,000,000) from the Broadband  
2 Infrastructure Grant Account and five million dollars (\$5,000,000)  
3 from the Broadband Revolving Loan Account.

4 (i) (1) (A) Notwithstanding subdivision (b) of Section 270,  
5 moneys in the High-Speed Internet Access Adoption Account shall  
6 be available for the commission to award performance-based grants  
7 to eligible not-for-profit, community-based organizations, schools,  
8 and libraries to increase high-speed Internet adoption by  
9 low-income households by providing public education and outreach  
10 programs that are culturally appropriate and in relevant languages  
11 on digital literacy training, assistance with selecting a high-speed  
12 Internet provider, and subscription to high-speed Internet access.

13 (B) The commission shall develop criteria for awarding grants  
14 and determine the process and methodology for verifying  
15 high-speed Internet access based on new subscriptions by  
16 low-income households.

17 (C) The commission may award one or more contracts for the  
18 overall management of grants to eligible not-for-profit  
19 community-based organizations, schools, and libraries to increase  
20 high-speed Internet adoption among low-income households at a  
21 cost not to exceed 10 percent of the amount of grants awarded.

22 (2) To avoid delays in ~~cash flow~~, *cashflow*, contracts entered  
23 into pursuant to paragraph (1) shall include terms for reasonable  
24 and prudent advance payment schedules reconciled to actual  
25 expenditures by contractors, as verified by independent audits.

26 (j) (1) The commission shall conduct two interim financial  
27 audits and a final financial audit and two interim performance  
28 audits and a final performance audit of the implementation and  
29 effectiveness of the California Advanced Services Fund to ensure  
30 that funds have been expended in accordance with the approved  
31 terms of the grant awards and loan agreements, this section, and  
32 Section 281.1. The commission shall report its interim findings to  
33 the Legislature by April 1, 2020, and April 1, 2022. The  
34 commission shall report its final findings to the Legislature by  
35 April 1, 2024. The reports shall also include an update to the maps  
36 in the final report of the California Broadband Task Force and data  
37 on the types and numbers of jobs created as a result of the program  
38 administered by the commission pursuant to this section and  
39 Section 281.1.

1 (2) (A) The requirement for submitting a report imposed under  
2 paragraph (1) is inoperative on January 1, 2022, pursuant to Section  
3 10231.5 of the Government Code.

4 (B) A report to be submitted pursuant to paragraph (1) shall be  
5 submitted in compliance with Section 9795 of the Government  
6 Code.

7 (k) (1) Beginning on January 1, 2018, and annually thereafter,  
8 until January 1, 2027, the commission shall provide a report to the  
9 Legislature that includes all of the following information:

10 (A) The amount of funds expended from the California  
11 Advanced Services Fund in the prior year.

12 (B) The recipients of funds expended from the California  
13 Advanced Services Fund in the prior year.

14 (C) The geographic regions of the state affected by funds  
15 expended from the California Advanced Services Fund in the prior  
16 year.

17 (D) The expected benefits to be derived from the funds expended  
18 from the California Advanced Services Fund in the prior year.

19 (E) The amount of actual high-speed Internet access adoption  
20 due to the funds expended from the California Advanced Services  
21 Fund in the prior year.

22 (F) The amount of funds expended from the California  
23 Advanced Services Fund used to match federal funds.

24 (G) An update on the expenditures from California Advanced  
25 Services Fund and broadband adoption levels, and an accounting  
26 of remaining unserved and underserved households and areas of  
27 the state.

28 (H) The status of the California Advanced Services Fund balance  
29 and the projected amount to be collected in each year to fund  
30 approved projects.

31 (2) A report to be submitted pursuant to paragraph (1) shall be  
32 submitted in compliance with Section 9795 of the Government  
33 Code.

34 SEC. 4. Section 281.1 is added to the Public Utilities Code, to  
35 read:

36 281.1. (a) For the purposes of this section, the following terms  
37 mean the following:

38 (1) “Last-mile infrastructure” means the segment of the Internet  
39 infrastructure that provides Internet connectivity to end users, such  
40 as residential households, anchor institutions, and local businesses.

1 (2) “Middle-mile backhaul infrastructure” means the segment  
2 of the Internet infrastructure that connects the last-mile  
3 infrastructure to the backbone infrastructure of the Internet.

4 (3) “Program” means the California Advanced Services Fund  
5 program.

6 (4) “Unserved households” and “underserved households” have  
7 the same meanings as in commission Decision 12-02-015.

8 (b) (1) Until the goal specified in subparagraph (A) of paragraph  
9 (1) of subdivision (b) of Section 281 is achieved, the commission,  
10 in administering the program, shall give priority to last-mile  
11 infrastructure projects that provide advanced communication  
12 services at or above the advertised speeds required under the goal  
13 to unserved or underserved households. Recognizing that  
14 cost-effective, last-mile infrastructure projects are dependent upon  
15 affordable middle-mile backhaul infrastructure that may be  
16 deployed through underserved or unserved areas either by  
17 incumbents providing access to existing middle-mile backhaul  
18 infrastructure at reasonable prices as determined by the commission  
19 or by the project applicant constructing essential middle-mile  
20 infrastructure as part of the project, the commission shall consider  
21 applications for projects that provide for the development of  
22 last-mile infrastructure serving unserved and underserved  
23 households that include the development of middle-mile backhaul  
24 infrastructure to which the last-mile infrastructure connects.

25 (2) (A) The commission shall give additional priority to  
26 applicants that are incumbents with existing middle-mile backhaul  
27 infrastructure proposing to deploy last-mile infrastructure to  
28 provide services to unserved and underserved households, if the  
29 incumbent submits an application no later than March 31, 2017,  
30 and the proposal is deemed cost effective by the commission

31 (B) The commission shall require the incumbent to complete,  
32 no later than December 31, 2018, the construction of the project  
33 given priority pursuant to this paragraph.

34 (3) In applying for funding for the program, an applicant shall  
35 demonstrate the cost-effectiveness of the last-mile infrastructure  
36 at the threshold speeds specified in subparagraph (A) of paragraph  
37 (1) of subdivision (b) of Section 281.

38 (c) Once the goal specified in subparagraph (A) of paragraph  
39 (1) of subdivision (b) of Section 281 is reached, the commission

1 may prioritize funding pursuant to the program for any of the  
2 following:

3 (1) Last-mile infrastructure projects providing advanced  
4 communication services at advertised speeds of at least 25 Mbps  
5 downstream and 3 Mbps upstream to unserved and underserved  
6 households and at appropriate speeds to anchor institutions and  
7 other customers in the vicinity of those households.

8 (2) Upgrades to broadband connectivity for other critical  
9 infrastructure systems not in the vicinity of residences.

10 (3) Last-mile infrastructure projects of statewide public  
11 significance, including projects related to public safety and  
12 emergency response, such as providing broadband connectivity to  
13 and among county fairgrounds as staging areas for emergency  
14 responses, wildfire fighting, and disaster evacuations.

15 (d) It is the intent of the Legislature to enact legislation to  
16 establish a transparent public process to analyze and designate a  
17 project as having statewide significance for purposes of paragraph  
18 (3) of subdivision (c).

19 (e) The commission and the California Broadband Council shall,  
20 in consultation with relevant state agencies, develop a plan to  
21 implement this section in a manner that fosters public-private  
22 partnership collaboration in an open and transparent process.

23 SEC. 5. No reimbursement is required by this act pursuant to  
24 Section 6 of Article XIII B of the California Constitution because  
25 the only costs that may be incurred by a local agency or school  
26 district will be incurred because this act creates a new crime or  
27 infraction, eliminates a crime or infraction, or changes the penalty  
28 for a crime or infraction, within the meaning of Section 17556 of  
29 the Government Code, or changes the definition of a crime within  
30 the meaning of Section 6 of Article XIII B of the California  
31 Constitution.