
Port of Olympia Citizens Advisory Committee Broadband Access Sub-Committee

Memorandum

To: Port of Olympia Commissioners
From: Cameron Wilson & Deborah Pattin

Findings Regarding the Port's Role in Expanding Access to Broadband Internet in Thurston County

Scope of Work:

This task would focus on efforts to expand broadband access throughout Thurston County and what role the Port might play in this effort. The POCAC may investigate how other Ports such as Port of Columbia, Port of Skagit, and Port of Whitman County have addressed this issue. In addition, the POCAC can draw upon efforts underway by Thurston County, Thurston County EDC, and WA State Department of Commerce.

Efforts Undertaken:

The subcommittee reached out to the Ports of Columbia, Skagit, and Whitman County to find out how they had tackled the concept and what the status was of their respective plans for providing broadband access to their respective communities. The following input was received:

Port of Columbia: A feasibility study was conducted in 2019, and completed in early 2020. The cost to the Port was \$30,000, and they contracted with a local Internet Service Provider (ISP) to perform the feasibility study. The results of that study led the Port to determine that it would be in the best interest of the Port as well as the residents of Dayton to have the Port install and own the infrastructure from the main "co-location" center (to be located in a building built on Port property and from whom the Port would collect rent for the warehouse space) all the way to the individual "drops" at each premises. However, they determined that the Port did not want to act as an ISP directly, but would instead partner with an ISP who would actually "light up" the fiber. The ISP would then, in addition to leasing the "co-location" building, pay the Port \$20/month/premises that chose to sign up. Currently, they are awaiting a grant from CERB in the amount of \$2,000,000 which would pay for the infrastructure needed to bring the service to 1,300 premises. That translates to just over \$1,500 per premises in initial infrastructure costs. To scale up this same approach to serve Thurston County would be significantly more expensive – Port of Olympia staff would need to determine how much grant money could possibly be made available, as well as to determine the number of possible premises that could be served under this model.

Port of Skagit: The Port of Skagit started the process of bringing broadband internet capability in 2007/2008. They own a small marina, and have a business park located on Port-owned property. One of the biggest complaints from the tenants of their business park was that they were all stuck

with insufficient dial-up internet. The Port of Skagit sought and obtained some grant money and then looked to nearby Mt. Vernon to manage the process. Subsequently, they received word from the surrounding rural communities that private broadband companies couldn't profitably bring broadband infrastructure to reach, and so the Port decided to build the "backbone" into rural areas. They then decided to use some of their existing tenants who happened to be ISPs, who lease out use of the "backbone". The anticipated ROI to the Port of Skagit from the revenues generated by these leases is estimated to be approximately 20 years. Until very recently, they had only been providing service to the commercial tenants of the business park. Also recently terminated their operating agreement with Mt. Vernon, and have pivoted to an "Open Access Wholesale Leasing" business model now. They have the ability to stick with just operating the backbone, or for more money, can opt to take the service all the way to the end user. They have been operating under this model for approximately one year now. After the initial infrastructure expense, the ongoing operating expenses are roughly covered by the operating income. Importantly, the upfront costs of establishing this "backbone" were significantly offset by the local PUD who, when upgrading the local potable water system, made the decision to also run conduit for this type of product all the way to the "doors" of the end users. This foresight saved the Port a substantial amount of additional upfront build-out costs. Port of Skagit broadband "by the numbers":

- 1,253 rural homes have fiber to their premises now in a shared operating deal with the PUD who brought the fiber to those rural homes during water system upgrade.
- Most are receiving 1 Gig service for less than \$70 per month
- 56 "strands" of the "backbone" are currently leased.
- Initial Capital Expenditure was \$3,200,000, or roughly \$2,500/rural residence served – and would have been far higher if not for the foresight of the PUD to provide the "end run" infrastructure.

Port of Whitman County: Multiple attempts to reach the Port of Whitman County for info about their broadband program were unsuccessful. The following information is taken from their website:

- "The Port of Whitman County has long recognized that high-speed internet service is essential for our rural communities to prosper. Reliable broadband allows families and businesses to enjoy our small-town amenities here on the Palouse, while competing in an increasingly connected global market.
- To that end, we've installed hundreds of miles of dark fiber optic cable since 2000.
- In the mid-1990s, our Port Commission and staff dreamt of connecting all of Whitman County to high bandwidth internet access. Yet, federal boundary and reimbursement rules prevented the county's five telecommunications companies at the time from offering modern services. In addition, the Port of Whitman County lacked the legal authority to build the infrastructure itself. Seeing no difference between investing in transportation and investing in broadband infrastructure for economic development, the Port began lobbying for new state broadband legislation in 1998.
- Success came two years later with the state's "Bridging the Digital Divide" project. In 2000, Substitute Senate Bill 6675 was signed into law. The landmark bill authorized ports and public utility districts to build broadband infrastructure and offer wholesale telecommunications services. Enacted, it became [RCW 53.08.370](#).

- The Commission immediately amended its Comprehensive Plan, stating its intention to carry out its newfound broadband authority.
- Since then, the Port has built out over 300 miles of dark fiber in a network ranging from the City of Spokane in the north to the City of Clarkston in the south, facilitating better prices and services for port tenants and businesses across Whitman County.
- Today, the Port continues to advocate for legislation that will enhance telecommunications services across our county and state. In 2020, we joined five other ports in Washington state in forming Petrichor Broadband

Petrichor: Of particular note, it has come to our attention that several WA Ports have joined together to form a “coalition” of sorts, to provide consulting and network management services for many public agencies. This organization is called “Petrichor”, and if the Port of Olympia does decide to pursue a possible broadband project in Thurston County, Petrichor would be an organization well worth involving in discussions early on.

Other regional interests and their pursuit of broadband expansion in Thurston County:

- Thurston County PUD
- Nisqually and Chehalis Tribes
- Thurston Economic Development Council
- Thurston Regional Planning Council
- Port of Olympia

Conclusions:

As of this writing, significant progress has already been made by the Nisqually and Chehalis tribes, who have signed a contract with an IPS to provide 5G service along the route between the two reservations. A \$2,000,000 (two million) grant has been awarded and another \$4,000,000 (four million) grant is expected.

Additionally, the Thurston PUD has undertaken a survey of households, schools, businesses, hospitals, and first responder agencies within the county. The PUD is considering a tax levy, if needed, to assist in providing affordable broadband to underserved areas.

The Thurston County Commissioners are expected to approve the allocation of \$5,000,000 (five million) of the County’s American Recovery Act funding to go towards broadband. The various members of the Broadband Action Team (BAT) are entering into a Memorandum of Understanding (MOU) and will be effective upon signing by the designated representatives of each organization. There is also a Thurston Broadband Action Team “Structure and Function” document which describes the participants, intent, mission, strategy, and results of the Broadband Action Team.

Given all of this, the Broadband Access Sub-Committee finds that the Port of Olympia’s role in expanding broadband access to Thurston County residents would best be suited to supporting these

other agencies in their projects which are already well underway. Support could mean direct financial support, opportunities for an ISP to locate its “co-location” building on Port owned property, as well as coordinating and prioritizing easements/access for installation of fiber infrastructure to premises located on Port owned property.

The Port of Olympia, as a signer of the Memorandum of Understanding, will continue to be an active participant in the Thurston Broadband Action Team.