

*We are a welcoming, active and business-friendly rural  
foothill community built on California's rich gold rush history*



**City Manager's Report**  
**September 24, 2024, City Council Meeting**  
**Prepared by: Steve McCargar, Senior Management Analyst**  
**Item #: 12.4**

**Subject:** Receive a presentation on the proposed Last Mile Grant CPUC Recommendation and consider an RFQ for Internet Service Providers for the Broadband Fiber Program.

---

**Recommendation:** Receive a presentation on the proposed Last Mile Grant CPUC Recommendation and authorize staff to release an RFQ for Internet Service Providers for the Broadband Fiber Program.

**Purpose:** To review the results of the City's recommended grant award for Broadband Fiber and to begin the process of obtaining services to implement the program.

**Strategic Plan Strategy:** Broadband

Establish and expand Broadband to all businesses, services, and residents to support a localized live/work environment within the City.

**Background:** The City of Placerville is set to receive up to \$20,198,943 from the Last Mile Federal Funding Account from the CPUC (CA Public Utilities Commission). This funding is part of a larger initiative to provide broadband infrastructure to unserved areas across California. The Placerville Broadband project will bring high-speed internet access to an estimated 264 unserved addresses, which includes approximately 469 unserved units and an estimated unserved population of 1,301 residents. In total, about 2,145 people in Placerville are expected to benefit from the project.

The initiative is part of California's broader effort to extend broadband services to underserved communities, stemming from the Budget Act of 2021 and Senate Bill 1561, which allocated \$2 billion for last-mile broadband projects. The Placerville Broadband project will deploy approximately 40 miles of underground fiber infrastructure, offering symmetrical speeds of up to 1 gigabit per second. The project will be open access, allowing multiple service providers to offer competitive services.

The project's benefits include enhanced access to emergency services, public safety communications, telehealth, and internet-based applications. The project also meets various affordability and performance standards, including offering low-cost plans and participation in the Lifeline program. Additionally, it will connect to California's Middle-Mile Broadband Initiative, further enhancing connectivity for Placerville residents.

**Discussion:** In order to evaluate and gain maximum customer participation, staff seeks to send a RFQ (Request for Qualifications) to multiple Internet Service Providers (ISP's). The purpose of the

RFQ is to establish a competitive, open-access broadband marketplace in Placerville by initially selecting two qualified internet service providers (ISPs) capable of offering 1 Gbps or greater service using the City's new municipally owned fiber optic infrastructure. This initiative will drive economic development and improve digital access for residents and businesses.

### Goals:

**Competitive Broadband Market:** Develop a system where multiple ISPs compete to offer high-speed internet services to residents and businesses. ISPs will provide customer service, marketing, and IP services on the city's open-access network. Critical to overall success, we'll be seeking ISP's willing to initiate customer outreach and obtain commitments so that we can attain the highest possible "take-rate". (percentage of committed subscribers)

### Core Strategies:

1. **Provider Selection and Negotiation:**
  - **Evaluation:** An Evaluation Committee will review ISP qualifications based on business operations, marketing, support operations, and network architecture.
  - **Negotiation:** Two ISPs will be selected to negotiate system startup terms, ensuring alignment with city ordinances and avoiding anti-competitive practices.
2. **Technical Framework:**
  - **Layer 2 Open-Access Network:** The City will provide Layer 2 infrastructure for providers, requiring ISPs to use technologies such as DHCP for automated customer onboarding.
  - **Middle Mile Services:** Direct Internet Access (DIA) of up to 10 Gbps will be offered to providers during the startup phase, with the option for BGP routing.
3. **Economic Development and Sustainability:**
  - **Citywide Expansion:** Fiber infrastructure will be extended to all properties requesting installation, with between 250-500 new passings monthly starting in July 2025.
  - **Economic Opportunities:** The project aims to bolster local businesses and foster opportunities in education, healthcare, public safety, and government services delivery.

### Options:

1. Approve the RFQ outlined.
2. Approve the RFQ with modifications.
3. Do not approve the RFQ at this time and provide further direction to staff to either discontinue the project or delay the project to a future date.
4. Take other Action.

### Environmental:

This program does not qualify as a project under the California Environmental Quality Act (CEQA) and therefore no Environmental Statement is necessary.

**Cost:** There will be minimal costs to the city (postage) for the issuance of the RFQ.

**Budget Impact:** Any costs associated with the RFQ can be absorbed within the existing budget..



---

M. Cleve Morris, City Manager

Attachments

A: Draft RFQ

B: Presentation