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STAFF REPORT

TOWN COUNCIL MEETING OF SEPTEMBER 11, 2012

To: Town Council

From: Town Manager

Subject: Presentation by Sierra Economic Development Corporation (SEDCorp) regarding regional rural broadband service and the role of the Gold Country Broadband Consortium (GCBC)

Date: August 27, 2012

RECOMMENDATION:
Receive and file.

DISCUSSION:
The Sierra Economic Development Corporation (SEDCorp) has received a new grant award intended to help northern California counties move closer to the goal of expanding high-speed internet access to rural areas. SedCorp was awarded a one-year, $150,000 grant to launch public-private partnerships aimed at increasing digital access and use in Nevada, Placer, El Dorado, Sierra and eastern Alpine counties. The new partnership, the Gold Country Broadband Consortium (GCBC) was formed to leverage regional, state and national resources as an investment in improving and expanding broadband and access.

The initial kick-off meeting of GCBC was March 29, 2012.

On occasion, Town staff has received various concerns regarding the cost and speed of internet access in the rural areas of Loomis. The extent of the area and the degree to which fast, reliable internet service is available in the rural areas of Loomis is unknown, and efforts are being undertaken to determine if there is a critical mass to demand an expansion of service.

Brent Smith, CEO of SEDCorp will be making the presentation. Tom Caroll, Vice President of the Sacramento Region of Wave Broadcasting, will also be at the meeting and available to answer questions.

CEQA :
The proposed presentation is exempt from CEQA.

FINANCIAL IMPLICATIONS:
There is no financial impact to the Town

Reprint from Sacramento Bee Article:

Phone companies lose broadband subscribers for 1st time By PETER SVENSSON AP Technology Writer Last modified: 2012-08-13T20:59:25Z
Published: Monday, Aug. 13, 2012 - 1:58 pm NEW YORK -- Phone companies are losing the high-speed Internet game. In the second quarter, the landline phone industry lost broadband subscribers for the first time, as cable companies continued to pile on new household and small business customers, thanks to the higher speeds they offer in most areas.
The flow of subscribers from phone companies to cable providers could lead to a de facto monopoly on broadband in many areas of the U.S., say industry watchers. That could mean a lack of choice and higher prices.
Phone lines, designed to carry conversations, and often decades old, are poorly suited to carry Internet signals compared to the heavily shielded cables that carry TV signals. That means cable companies find it much easier and cheaper to provide fast Internet service compared to the digital subscriber lines, or DSL, that phone companies provide in most areas.
Cable providers now offer download speeds of 100 megabits per second in many areas, about 20 times faster than DSL.
The country's largest Internet service provider is cable company Comcast Corp., with 18.7 million, followed by AT&T, with 16.4 million Verizon Communications Inc., the country's second-largest phone company, has replaced its phone lines with optical fiber in some areas, letting it compete on speed with cable. But expanding service is expensive, so Verizon has stopped adding new areas to its FiOS build-out.
AT&T Inc., the largest phone company in the U.S., has taken a more conservative approach to optical fiber, building it out to neighborhoods but not all the way to homes. The Internet signal is still carried the last stretch, into the home, on a phone line. This build-out is less costly than Verizon's, but doesn't let AT&T compete with the fastest cable connections.
The AP's tally of reports from the eight largest phone companies in the U.S. shows they collectively lost 70,000 broadband subscribers in the April to June period. Meanwhile, the top four public cable companies reported a gain of 290,000 subscribers.
AT&T accounted for the bulk of the loss - 96,000 subscribers - while other companies on average added a few thousand subscribers.
The second quarter is a traditionally weak one for all broadband providers, since college students cancel their subscriptions before heading home for the summer.
The picture for phone companies is less dire when considering the last 12 months, a period during which they added nearly 600,000 subscribers. However, cable companies added more than three times as many.
Phone companies were early in hooking up people to the Internet, and grabbed a lead in the broadband build-out of the early 2000s. The tide turned in 2008, and cable companies have been adding subscribers at the expense of phone companies since then.
Now, phone companies account for 43 percent of U.S. homes connected to broadband, according to Leichtman Research Group, with cable connecting the rest.

Analyst Craig Moffett at Sanford Bernstein called the decline in broadband a "body blow" to phone companies, which have been using broadband to offset a long-running loss of subscribers to regular phone service. Now, both are declining, he noted.

Susan Crawford, a professor at Cardozo Law School in New York and a former assistant to President Obama on telecommunications, has argued that a looming cable monopoly in three-quarters of the country is "the central crisis of our communications era." She suggests that the U.S. follow the example of countries that have forced cable providers to allow other companies provide Internet service over their cables. The service-providers would compete with each other and provide some choice to the consumer, she says.

The industry has resisted this type of arrangement in the past, insisting that freedom from regulation provides them with an incentive to invest in their systems and upgrade speeds.