



September 28, 2017

Margaret Anderson Kelliher, Chair
 Honorable Members
 Governor's Broadband Task Force
 St. Paul, MN

Dear Chair Anderson Kelliher and members of the Governor's Broadband Task Force,

The organizations signed on to this document represent a broad coalition of statewide and community interest groups, particularly in rural areas. Our organizations represent people and organizations that live and work in rural Minnesota. They know access to quality broadband services has never been so important. The vitality of our communities is directly affected by access to affordable high-quality broadband services.

This letter offers recommendations and comments from rural communities for your consideration as you develop and adopt your recommendations to the Governor and Legislature.

Our recommendations are:

1. **Fund the Border-to-Border Broadband Grant Program:** The grant program is essential to reaching the state broadband goals and allowing providers to extend and improve networks in the hardest to reach places in Minnesota. This program was not funded for fiscal year 2019, but there remain significant portions of Minnesota, especially low-density rural areas, that lack broadband service. The amount requested by all applicants continues to exceed the money available in the fund, showing the providers' continued interest in participating in this program.

We are further concerned that some policy makers may seek ways to diminish state investment in broadband, believing lesser technologies are adequate for rural residents and businesses. We continue to support the current requirement that funded projects must meet the scalability requirements and work

towards the 2026 state goal. We recommend the task force emphasize that state investment in broadband should continue to fund future-resilient technology that meets the current scalability standards.

2. **Provide multi-year funding for the Grant Program:** Providers have found it challenging to complete the complex task of blending engineering, finance, partnership agreements and community support into a competitive application in the time allowed by the single-year funding model. Stable biennial funding, incorporated into DEED's base funding, would give confidence to providers and communities alike to continue to plan and build partnerships and prepare effective project proposals.
3. **Modify the Challenge Process:** The challenge process remains an obstacle to delivering the best network possible to communities. The Challenge Process is overprotective of incumbent providers and discourages non-incumbent providers from participating in the program over concerns their efforts will be undermined. The process does not require the incumbent to install the same or better service as proposed by the applicant, rather it allows a challenger to improve service – not to 2026 speed goals – but just enough to prevent a grant, to the detriment of the community. If a provider is not meeting a community's needs, they should not be allowed to place undue burdens on access to state grants.
4. **Remove or Increase the \$5 million cap on projects:** The \$5 million grant cap per project may limit applications for project that propose to cover larger areas, including entire counties. Larger projects may allow for more cost-efficient network planning and construction.
5. **Increase the match offered by the Grant Program:** The 50% maximum grant level is increasingly insufficient to attract providers due to the high costs and project risks of building networks in Minnesota's hardest-to-serve rural areas. OBD should be allowed to implement a sliding scale system in which the grant amount could be more than 50% based on deployment factors such as population density, terrain, the capabilities of the network proposed, and the expected consumer benefit.
6. **Emphasize the importance of the Office of Broadband Development:** DEED's Office of Broadband Development (OBD) provides a critical link between communities and providers, documenting successful infrastructure project design and management. They are critical to implementation of the Grant Program and mapping activities. We fully recognize that 2018 is not a budget year and that the office is funded through next year. We believe the task force should emphasize the office should be maintained in the future and enhanced to include a role in promoting the adoption and use of broadband so that the highest possible value is gained from broadband infrastructure investments.

Thank you for your work on behalf of the citizens of Minnesota and for your consideration of this input.

Sincerely,

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League of Minnesota Cities (LMC)

Emily Murray
Association of Minnesota Counties (AMC)

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Minnesota Association of Townships (MAT)

Dan Dorman
Greater Minnesota Partnership (GMNP)

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