

Oneida County Broadband Expansion Opportunity

OCEDC

5/19/2022

Introduction

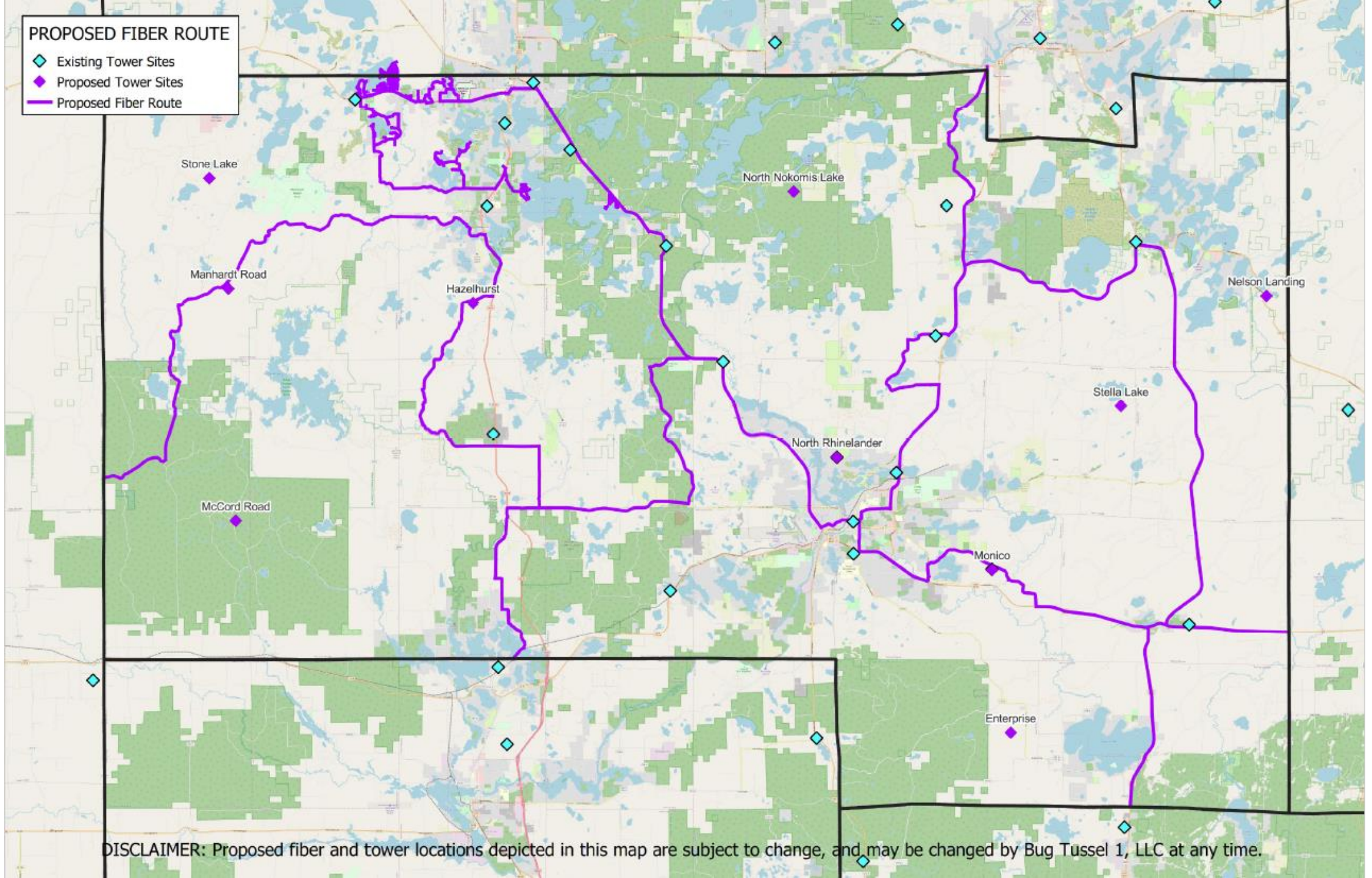
- Oneida County is one of 13 Central and Northern Wisconsin counties working towards expanding broadband infrastructure, particularly to rural unserved and underserved residents and businesses
- Five counties have already committed with \$70,000,000 in bond guarantees, and construction is well underway (Marathon, Fond du Lac, Waushara, Calumet, Jackson)
- The eight counties targeted for the second round include Oneida, Jefferson, Wood, Rock, Clark, Green Lake, Forest, and Oconto
- The Internet Service Provider is Bug Tussel backed by parent corporation Hilbert Communications, a large Midwest communications company

Project Scope – Bug Tussel/Hilbert

- Provide 225 miles of “open” middle mile fiber throughout Oneida county for local Internet Service Providers (ISPs) to use to reach rural customers
- Provide fiber strands in that middle mile bundle specifically owned by Oneida County, available for any County purpose
- Provide significant last mile fiber hook ups and improved fixed wireless service at an affordable price with good speed and reliability
- Provide 6 additional 300’ cell towers with space for up to four cell providers each, greatly improving county cell service and first responder communications – including reserving 10’ of space exclusively for the use of Oneida County (First Responder or other) at no cost
- Use the fiber network to connect multiple towers across Oneida County to improve fixed wireless coverage and speed, as well as cell coverage throughout Oneida County
- Provide a revenue stream to the county for the 30-year life of the project

PROPOSED FIBER ROUTE

- ◆ Existing Tower Sites
- ◆ Proposed Tower Sites
- Proposed Fiber Route



DISCLAIMER: Proposed fiber and tower locations depicted in this map are subject to change, and may be changed by Bug Tussel 1, LLC at any time.

Project Benefits

- Provide rural residents across Oneida County access to broadband, many of which are currently unserved or underserved (estimated initial 5,000 residential and business to have access)
- Improve cell coverage across Oneida County (which also provides internet access) as well as greatly improving first responder communication county wide
- Improves the economic infrastructure climate for attracting new, low environmental impact businesses (protect tourism while increasing economic activity)
- Expand work from home opportunities, increasing the number of residents that can participate in the workforce (critically important with the current lack of Child Care resources)
- Enhance Oneida County sales tax revenue via increased seasonal usage of existing properties (by expanding broad band access) – one study estimates \$18 million in additional spend in Oneida County by seasonal residents annually with good broadband access
- Provides the County over \$100,000 per year in right of way and basis points fees

Project Costs

- Oneida County would not have any cash outlay other than provide ARPA dollars to lower the bond guarantee amount and provide consulting resources
- Oneida County would guarantee bonds equivalent to the amount of the cost of the infrastructure installed within Oneida County
- Oneida County would retain the infrastructure installed within Oneida County as collateral for the bond guarantee

Project Risks

- Bond guarantees - TBD

OPTION 1 - SUCCESSFUL GRANT AWARD

Suggested Preliminary Budget:

Fiberoptic Construction	224.5 miles		\$	13,847,500
Tower Construction			\$	2,460,000
Cost of Issuance			\$	2,000,000
TOTAL COST OF PROJECT				\$ 18,307,500

Sources of Capital:

Public Service Commission Grant	\$	2,465,500	
Oneida County -- ARPA Funds	\$	1,500,000	2.5% fixed rate 30 year ROW agreement
BTW Bond backed by Oneida County	\$	14,342,000	40 basis points for guarantee

Revenue to Forest County:

	Annual	Monthly
Monthly payments on ROW Agreement	\$ 71,121.76	\$ 5,926.81
Average Annual Payment on BTW Bond backing	\$ 36,216.83	\$ 3,018.07
Total Payments to Oneida County	\$ 107,338.59	\$ 8,944.88

TOTAL AMOUNT PAID TO ONEIDA COUNTY				\$ 3,220,157.67
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OPTION 2 - NO GRANT AWARDED

Suggested Preliminary Budget:

Fiberoptic Construction	224.5 miles		\$	13,847,500
Tower Construction			\$	2,460,000
Costs of Issuance			\$	3,000,000
TOTAL COST OF PROJECT				\$ 19,307,500

Sources of Capital:

Public Service Commission Grant	\$	-	
Oneida County -- ARPA Funds	\$	1,500,000	2.5% fixed rate 30 year ROW agreement
BTW Bond backed by Oneida County	\$	17,807,500	40 basis points for guarantee

Revenue to Forest County:

	Annual	Monthly
Monthly payments on ROW Agreement	\$ 71,121.76	\$ 5,926.81
Average Annual Payment on BTW Bond backing	\$ 44,968.01	\$ 3,747.33
Total Payments to Oneida County	\$ 116,089.77	\$ 9,674.15

TOTAL AMOUNT PAID TO ONEIDA COUNTY				\$ 3,482,693.06
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Project Cost and Funding

Financing Structure – Conduit Financing

- Tap into existing bond created by Fond Du Lac County (\$240M) for the purpose of building a middle mile fiber backbone throughout rural Wisconsin
 - Five counties already committed via Inter-Government agreements of \$70M (Fond Du Lac, Marathon, Waushara, Calumet, Jackson)
- Structure is as follows:
 - Fond Du Lac County holds the primary bond (through a commercial trustee)
 - Bug Tussel responsible for period payments as money is withdrawn for construction through revenue generated from the installed infrastructure
 - Hilbert Communications (Bug Tussel parent company) as primary responsible for entire bond
 - Counties secure their portion of the bond as secondary responsible, with installed county infrastructure secured as collateral to the county
- Depending on success of securing PSC and ARPA funding, Oneida County would guarantee somewhere between \$14-18Million to effect buildout
- ***Oneida County would receive right of way (ROW) payments and bond guarantee points totaling over \$3Million over the 30-year life of the bond***

What is Conduit Financing – High Level

- Conduit financing is a means for private companies, nonprofit organizations (NPO), and public entities to raise capital via tax-exempt municipal bonds to fund large-scale projects that typically benefit the general public. Such projects can include hospitals, airports, industrial and housing projects, public facilities, and schools.
- The debt of the bond is secured by the revenues from the project that the debt finances and the cash flow from the revenue-generating project is used to pay the bondholders.
- While not the same, the concept is like what OCEDC and Oneida County did with the Expera/Ahlstrom-Munksjö project several years ago, using BCPL money guaranteed by the County. Oneida County does not provide dollars directly, just guarantees the financing through others with the infrastructure installed as collateral.