Task Force for the Deployment of Broadband in Rural Maryland

I. Introduction and Purpose

The following information seeks to fulfill the first reporting requirement of the Task Force on Broadband Communications Deployment in Underserved Rural Areas as set forth by the passage of House Bill 697 by the 2003 Maryland General Assembly.
The list below serves as a summary overview of Task Force requirements as outlined in Statute:
  a. Review existing data, studies, and previous efforts;
  b. Evaluate research, infrastructure analysis, and best practices;
  c. Develop specific goals that encourage deployment;
  d. Develop proposals and recommendations to enable said goals; and
  e. Oversee implementation of recommendations.

The Maryland Technology Development Corporation (TEDCO) final report to the General Assembly on February 1, 2003 recommended that the State create an entity to review and better understand the dynamics of broadband deployment, access, and usage in Maryland. The Task Force on Broadband Communications Deployment in Underserved Rural Areas was created in April 2003.

The Task Force seeks to facilitate improved access to and the increased usage of high-speed communications in all underserved rural areas of the State in order to ensure that these regions can compete in an information-driven economy. The Task Force encourages local and State officials to see broadband deployment as a basic utility and not as a luxury, which must be incorporated into a broader strategic vision for economic development. The goal of this Task Force is to facilitate the removal of a potential disadvantage for rural communities that on its own will not guarantee increased economic prosperity, but without high-speed communication services a community can not thrive.

The Task Force convened its first meeting on September 18th in Annapolis and has held two subsequent meetings (October 9th and November 5th) to review:
  ➢ current regulatory climate in Maryland;
  ➢ role of existing public network assets, e.g. network.Maryland;
  ➢ existing data from previous studies on broadband access; and
  ➢ new research, infrastructure analysis, and best practices from current studies that are currently in progress.

The Task Force is pleased to report that much progress has already been made. The following "early wins" are an aggregation of recent efforts from all Task Force participants.

December 1, 2003 – Preliminary Report

II. Progress and Action Steps

1) The Department of Budget and Management (DBM) has committed to build an OC-3 155 MB microwave system that connects the nine eastern shore county seats with the western shore. This system will provide network.Maryland services to counties, municipalities and State agencies. The system will be completed by late spring 2004. The network services are Internet, ATM, and State Intranet.
   - ➢ DBM, in conjunction with the counties, must formalize and detail the method of interconnection from the towers to the town centers in Elkton, Centerville, Denton, Chestertown, Easton, Cambridge, Snow Hill, Salisbury and Princes Anne. Each location may require a different solution.

2) DBM is desirous of using network.Maryland, when appropriate, as a means of providing low cost broadband services to State supported business incubators, and newly established or relocating businesses in rural Maryland. DBM does not anticipate or seek to offer services as a common carrier. For these three circumstances the Internet service offering would be provided to TEDCO and the Department of Business and Economic Development (DBED) who in turn could resell discounted network.Maryland service or possibly provide the service as a grant.
   - ➢ TEDCO and/or DBED, in conjunction with the Task Force, should determine the feasibility of executing this program. Concurrent with TEDCO and/or DBED acceptance, DBM will file with the Maryland Public Service Commission (PSC) for approval of this offering.

3) DBM seeks also to make network.Maryland data transport available to enable telemedicine at regional hospitals in rural areas. This service could be available in Hagerstown and Cumberland in the 3rd quarter of calendar year 2004. It could be available in the eastern counties by the 4th quarter of calendar year 2004. (Easton Memorial could be much earlier.)
   - ➢ DBM, Department of Health and Mental Hygiene, hospital executives, and other interested parties, should determine the feasibility and interest level of the potential system during the 1st quarter of 2004. If all parties agree that there is need for such service, and the costs are acceptable, then the method of interconnection would need to be defined and DBM would file with the Maryland PSC for approval to offer the service.

4) Verizon has accelerated the roll-out of its Digital Subscriber Line (DSL) service in rural Maryland, which has greatly improved broadband access opportunities for small businesses (1-20 employees). However, DSL is only one piece of a rural broadband deployment solution as the technology cannot provide service to all communities and the technology is not a practical solution for larger companies. Verizon should be commended for taking an aggressive stance on its promise to expand DSL services in rural Maryland. An announcement of new services in 26 Eastern Shore communities was made on October 31, and Southern and Western Maryland can expect similar roll-outs in early 2004.
   - ➢ The Task Force will continue to work with, and seek ways to incentivize, Verizon and other telecommunications providers, as well as cable providers, to ensure that all rural areas of Maryland have access to broadband services.

5) Verizon has filed and obtained approval for Federal Communications Commission tariffs that price Asynchronous Transfer Mode (ATM) service in the rural counties at the same rate as the urban centers of the State by removing the mileage charges usually incurred by

rural business. This is a two-year experimental tariff and applies to new businesses or businesses relocating to Maryland.

> ➢ Verizon should develop a marketing plan to make counties and municipalities aware of this option, and create a quarterly reporting mechanism for the Task Force to analyze opportunities and results.

6) The Tri-County Council for Western Maryland, in partnership with TEDCO, the Appalachian Regional Commission, and the U.S. Economic Development Administration, contracted TLA Associates (after a competitive bid process) to conduct a comprehensive mail survey of all businesses of at least 10 employees in the region; face-to-face interviews with local businesses to assess demand; best practices for broadband deployment in rural America; develop feasible business cases for providers; and provide a final report with executable solutions.

7) The Tri-County Council for the Lower Eastern Shore and the Mid-Shore Regional Council in partnership with the counties of Queen Anne, Kent, and Cecil, DBED, and TEDCO, contracted TLA Associates (after a competitive bid process) to conduct a comprehensive mail survey of all businesses of at least 10 employees in the region; face-to-face interviews with local businesses to assess demand; best practices for broadband deployment in rural America; develop feasible business cases for providers; and provide a final report with executable solutions.

> ➢ (Please note: both TLA reports are due by the end of this calendar year.)

8) The Tri-County Council for Southern Maryland, in partnership with Charles County Tech Council, Calvert County Tech Council, Calvert County Economic Development Commission, Calvert, Charles, and St. Mary's Chambers of Commerce, the Patuxent Partnership, and TEDCO, conducted a broadband demand-aggregation survey and analysis of all businesses in the region.

> ➢ The Task Force will continue to review all new information that is provided via the Tri-County Councils and their ongoing efforts. The Task Force will seek to incorporate all relevant findings and proposals into its recommendations where applicable.

9) The Task Force will provide public access to all of its proceedings at http://www.marylandtedco.org/Post_eReadiness/BBTF_introduction.html .

III. Next Steps

A. At the fourth meeting of the Task Force, to be held in Annapolis on TBD… the Task Force will develop specific recommendations in preparation for its next reporting deadline.

B. By January 15, 2004, the Task Force will provide an interim report on private sector access and its preliminary recommendations for a statewide broadband communication plan.

IV. Working Framework for the Development of Task Force Recommendations

1. The Task Force will work to develop a multi-year strategy for the deployment of broadband communications in rural areas that complements existing private and public sector efforts. T o measure the progress that is being made towards rural broadband communications deployment and utilization, the Task Force will develop specific metrics that can be incorporated into the Rural Maryland Council's Rural Progress Index.
2. The Task Force seeks to ensure that rural Maryland has a voice before the Maryland PSC.
3. Given the many demands on limited public resources, the Task Force always seeks to give first priority to market-driven, technology-neutral recommendations.
4. The Task Force understands that alternative models of deployment, such as non-profit cooperatives and municipal-owned networks, may be necessary where private investment is unattainable. The Task Force will encourage these initiatives on a case-by-case basis and as a solution of last resort.
5. The Task Force will encourage private sector proposals to DBM's open Request for Proposal (RFP) number <u>2017-Resource</u>. *The State of Maryland is soliciting proposals to offer the use of its existing communications infrastructure and real estate, highways, roads, bridges and other rights of way and assets (hereinafter called "rights-of-way") for the mutual benefit of the people of the State of Maryland. The State desires to have a high performance communications system and/or infrastructure installed along these rights-of-way. The State wishes to receive communications equipment, services, or cash in exchange for non-exclusive use of these rights-of-way, space on existing facilities and/or real estate to build new facilities. Additionally, the State wishes to receive revenue by sharing in any returns gained from excess capacity built into the "system"; e.g., additional bandwidth, spare fibers and/or inner ducts, etc. Please refer to Section 2 of this solicitation for detailed specifications.*
6. The Task Force will continue to monitor all existing public assets in the State, including network.Maryland, UMATS, BERNET, and SAILOR to ensure that these networks are providing the maximum return on taxpayer investment, and that the networks are being utilized by as many end-users as possible given the limitations of technology, government regulation and access to capital.
7. The Task Force has examined existing roadblocks to deployment in the State, including:
    a. Lack of available capital for investment (public and private);
    b. Regulatory uncertainties at the federal level (Federal Communications Commission);and
    c. Local rights-of-way, zoning, and planning.
   The Task Force will continue to monitor these issues and any others of direct relevance that may impede deployment of services to rural areas.
8. The Task Force seeks to assist, facilitate, and encourage local and regional initiatives (public and private) that aggressively seek federal funding opportunities to finance new deployments. A few examples include, but are not limited to: U.S. Department of Agriculture – Rural Utilities Service; U.S. Department of Commerce – Economic Development Administration and National Telecommunications and Information Administration; U.S. Department of Homeland Security; and the U.S. Department of Education.

9. The Task Force will organize an Ad Hoc financial committee, consisting of Task Force members and members of the Panel of Advisors to the Task Force, to review and assess recommendations on taxation, funding, procurement, and other possible incentives to speed deployment. Models adopted in other States that are under review, include:
    a. Michigan
    b. North Carolina
    c. Virginia
10. The Task Force will work closely with rural Regional Councils to develop low-cost demand side promotional initiatives that encourage businesses to learn more about the benefits of high-speed networks and to utilize broadband to improve their productivity and increase their exposure in the global marketplace.

V. Attachments

A. The official Task Force members and their attendance at Task Force meetings as of November 18, 2003 can be found in Appendix #1.

B. A detailed overview of the Task Force requirements as set forth in legislation can be found in Appendix #2.

C. A final agenda from each of the three official meetings that the Task Force has convened can be found in Appendix #3.
(Please goto website at
http://www.marylandtedco.org/Post_eReadiness/BBTF_introduction.html)

ATTACHMENT #1

"Task Force on Broadband Communications Deployment in Underserved Rural Areas"
Attendance for 2003 Meetings

Location	9:30 am - 1:30 pm, Miller Senate Office Building, Annapolis	9:30 am - 1:30 pm, Miller Senate Office Building, Annapolis	9:30 am - 1:30 pm, Miller Senate Office Building, Annapolis
DATE	**Sept. 18**	**Oct. 9**	**Nov. 5**
Task Force Member & Representation	**Present?**	**Present?**	**Present?**
Del. John Donoghue (West)	no	no - substitute Mary Anne Kuehn	no - substitute Mary Anne Kuehn
Del. Sally Jameson (South)	no	yes	yes
Del. Mary Roe Walkup (East)	no	yes	yes
Sen. Donald Munson (West)	yes	yes	yes
Sen. Mac Middleton (South)	no	no - substitute Donna Brown	yes
*Sen. E.J. Pipkin (East)	yes	yes	yes
Jeff Blank, Allconet (West)	no	yes	yes
David Howard, College of Southern Maryland (South)	no	yes	yes
Eastern Shore Technical Representative **TBD**	no	no	No
Ellis Kitchen (DBM)	yes	yes	No
Chris Foster (DBED)	yes	yes	No
Chairman Ken Schisler (PSC)	no - substitute Tracey Stokes	no - substitute Tracey Stokes	no - Jerry Hughes
Renée Winsky (TEDCO)	yes	yes	Yes
Stephen McHenry (RMC)	yes	yes	No
Frank Shap, Garrett County Economic Development (TCCWMD)	no	yes	No
Susan Ockert, Tri-County Council for Southern Maryland (TCCSMD)	yes	yes	Yes
John General, Chesapeake Bay Regional Technical Center for Excellence (MSRC)	yes	yes	Yes
Diana Nolte, Delmarva Tech Support (TCCLES)	yes	yes	yes

Carroll/Frederick Local Gov't Representative – **TBD**	no	no	no
John O'Neill, Director of Administration, Harford County	no - substitute Bill Wheeler	no - substitute Bill Wheeler	no - substitute Bill Wheeler

* = Task Force Chairman

ATTACHMENT #2 - Broadband Task Force Requirements

Reporting Deadlines	**December 1, 2003** Preliminary Report and draft plan	**January 15, 2004** Interim Report and Recommendations for Private Sector Access	**December 1, 2004** Progress Report and follow-up Recommendations	**June 30, 2005** Final Report
Review	X			
a. Consider developments and best practices in regions of the country where broadband communications are being deployed in rural communities				
b. Review the broadband networking infrastructure in those areas	X			
c. Review the direct and indirect benefits and costs associated with the networks	?			
Evaluation				
a. Evaluate the resources, infrastructure, and cost structures now in place or available in the various rural regions of the State for developing or obtaining access to broadband communications	X	X		
b. Evaluate the feasibility of using existing or alternative legal mechanisms and infrastructure to support the economical development of broadband communications in rural areas of the State	X	X		
c. Evaluate the utility of several applications where broadband communications would benefit rural areas, such as applications relating to agriculture, medicine, and education	X	X		
d. Evaluate any other matters that the Task Force considers pertinent to establishing effective broadband communications in the rural areas of the State				
Develop Goals				
a. Develop economically competitive access to broadband communications by the public and private sectors in each rural area of the State		X	X	
b. Increase the availability of broadband communications access throughout the rural areas of the State to address issues of universal service in unserved and underserved communities		X	X	
c. Development and expansion of practical applications for the enhancement of economic development, and other public benefits		X	X	

	1	2	3	4
d. Develop affinities and interconnection among the governmental units in the State, educational institutions, and private industry		X	X	
e. Establish other goals that the Task Force determines to be in the public interest	X	X	X	X

Develop Proposals and Recommendations

	1	2	3	4
a. Review government policies for the promotion, development and economically competitive use of broadband communications	X	X		
b. Identify sources of funding and support, including leveraging of State and federal resources	X	X	X	
c. Encourage private and public participation in the development and use of broadband communications in rural areas, including demand aggregation and resource leveraging to enhance economic and technological development	X	X	X	
d. Examining other pertinent issues	X	X	X	X

Implementation of Recommendations

	1	2	3	4
a. Implement the recommendations of the Task Force			X	X
b. Submit legislation for possible introduction in the 2004 or 2005 session of the General Assembly to implement the recommendations of the Task Force				
c. Submit budget provisions and amendments for inclusion in the State budgets for fiscal years 2005, 2006, and beyond to implement the recommendations of the Task Force	X	X	X	
d. Submit programmatic changes in State procurement and other areas that might be adopted by regulation to implement the recommendations of the Task Force	X	X	X	

In Addition

a. DBED, in assisting the Task Force, is strongly encouraged to identify existing and potential demand in underserved rural areas of the State, in consultation with local government officials, businesses, and existing regional and local consortia involved with high-tech economic development

b. DBM, in assisting the Task Force, is strongly encouraged to explore expansion of high-speed telecommunications transmission capacity, including fiber-optic cable and competing technologies… associated with State and local economic development, by expansion of the State backbone and network... or through other public-private cooperation with commercial providers, and is strongly encouraged to explore alternative models for delivering these services in underserved rural areas

c. DBED, in consultation with DBM and in coordination with recommendations of the Task Force, is strongly encouraged to facilitate the expansion of high-speed communication services and facilities into underserved areas of the State by matching existing and significant potential demand with private and public providers of these services and facilities