

RESOLUTION

ROCK COUNTY BOARD OF SUPERVISORS

Ad Hoc Broadband Committee
INITIATED BY



7/7/2022
DATE DRAFTED

Establishing the Broadband Project Budget and Amending the 2022 Budget

WHEREAS, Rock County is in need of establishing the budget for the Broadband project in partnership with Bug Tussel Wireless in the total amount of \$16.5 million with funds coming from three primary funding sources: ARPA (lost revenue provision), PSC Grant and Revenue Bonding.

NOW, THEREFORE BE IT RESOLVED by the Rock County Board of Supervisors assembled this 14th day of July, 2022, authorize the establishment of a budget for the Broadband project. The total project costs will be \$16.5 million with the amount of County-provided funds of \$6.5 million, which includes \$2 million dollars from the Public Service Commission's Broadband Expansion Grant Program, and \$4.5 million in ARPA funds. The ARPA funds shall be from Lost Revenue which will be repaid to the County over the life of the project. The remainder of of the total project funds shall be from Industrial Revenue Bonding with Bug Tussel LLC 1 as the borrower, and shall be in the amount of \$10.0 million. The project funds shall be used as follows:

A. Middle Mile Fiber (Includes Janeville - Beloit Connection)	\$10,000,000	<u>\$10,900,000</u>
B. Fixed Wireless	\$ 4,500,000	<u>\$3,600,000</u>
C. Bond Issuance Costs	\$ 2,000,000	
 Total Project Expense	 \$16,500,000	

BE IT FURTHER RESOLVED that the 2022 budget be amended as follows:

Account	Budget	Increase (Decrease)	Amended Budget
Source of Funds			
19-1980-0000-42100 ARPA Funds	\$18,352,967	\$4,500,000 <u>\$3,600,000</u>	\$22,852,967 <u>\$22,952,967</u>
19-1980-6227-42200 PSC Grant	-0-	\$2,000,000	\$2,000,000
Use of Funds			
19-1980-6227-67180 Middle Mile Fiber	-0-	\$6,500,000 <u>\$5,500,000</u>	\$6,500,000 <u>\$5,500,000</u>

FISCAL NOTE:

The revenue bonds will be issued for 30 years. Bug Tussel Wireless will be responsible for the payback of these bonds. These bonds will not go against the County's debt limit and do not need to be budgeted for. They will be shown as a contingent liability in the notes to the financial statements and not in the financial statements themselves. If the ARPA funds come from the County's lost revenue allowance, Bug Tussel Wireless will pay back the County for the ARPA funding over a 30 year period.

Sherry Oja
Finance Director

LEGAL NOTE:

This resolution establishes the general parameters of how the County's Broadband project shall be funded. As an amendment to the adopted 2022 County Budget, this Resolution requires a 2/3 vote of the entire membership of the County Board pursuant to § 65.90(5)(a), Wis. Stats.

Richard Greenlee
Corporation Counsel

ADMINISTRATIVE NOTE:

This resolution amends the 2022 County budget to use ARPA funds and the PSC grant for the broadband project. In conjunction with the resolution authorizing the issuance of bonds, it establishes the budget for the broadband project. The \$4.5 million in ARPA funding is intended to come from the lost revenue/general government operations provision of ARPA so as to allow it to be repaid to the County by Bug Tussel. The County Board will need to take additional action to approve an agreement governing the repayment of ARPA funds.

These \$4.5 million in ARPA funds, in conjunction with a \$2.0 million grant from the PSC and \$3.5 million in borrowing, would fund a \$10.0 million middle mile fiber project encompassing a fiber ring, largely through the rural areas of the County, and a connection between Beloit and Janesville. While this Beloit-Janesville connection has been referred to as a community area network (CAN) project, it is more appropriate to consider this Beloit-Janesville connection as simply additional middle-mile fiber subject to the same terms and conditions as the fiber ring.

Josh Smith
County Administrator

Committee Action

Planning & Development Committee

Planning & Development Committee recommended this resolution as presented in the Planning & Development committee meeting packet as presented for approval by unanimous voice vote.

Finance Committee

Finance Committee recommended this resolution as presented in the Finance Committee packet as presented for approval by unanimous voice vote.

Executive Summary
Establishing the Broadband Budget and Amending the 2022 Budget

The County has made significant progress towards planning for expansion of broadband throughout Rock County in partnership with Bug Tussel Wireless LLC and needs to establish a project budget.

The total project budget is \$16.5 million dollars, as per the amended Initial Revenue Bond resolution that added a Janesville – Beloit Connection (similar to a Community Access Network or CAN) and as revised by the Ad Hoc Broadband Committee meeting of July 6, 2022, as follows:

Revenue	Middle Mile Fiber	Fixed Wireless	Total
ARPA (Lost Revenue)	\$4,500,000	\$0	\$4,500,000
PSC Grant	\$2,000,000	\$0	\$2,000,000
Revenue Bonding	\$3,500,000	\$6,500,000	\$10,000,000
Total Revenue	\$10,000,000	\$6,500,000	\$16,500,000
Adjusted Total Revenue (Excluding Revenue Bonding)	\$6,500,000	\$0	\$6,500,000

Expenditures

Middle Mile Fiber - Including Beloit – Janesville Middle Mile	\$10,000,000
Fixed Wireless/Towers	\$4,500,000
Bond Issuance Costs	\$2,000,000
Total Expense	\$16,500,000
Adjusted Total Expense (All Middle Mile Fiber) (Excluding Items funded by Revenue Bonds)	\$6,500,000

Given the revenue bonds will be processed through Fond du Lac County, the budget amendment excludes the revenue bond amounts.

Per the partnership with Bug Tussel Wireless, as further detailed in separate agreements, the County will be repaid over a 30-year period” for the ARPA monies and 40 basis points (i.e., “commission) for sponsoring the revenue bond segment.