



RURAL COUNTY REPRESENTATIVES
OF CALIFORNIA

June 3, 2024

Joe Stephenshaw
Director, Department of Finance
1021 O Street, Suite 3110
Sacramento, CA 95814

Re: Item 8660-062-001 Broadband Loan Loss Reserve Program Elimination – Oppose

Dear Mr. Stephenshaw:

On behalf of the Rural County Representatives of California (RCRC) we must regretfully oppose the Governor's Revised Budget proposal to fully defund and eliminate the Broadband Loan Loss Reserve (BLLR) Program, administered by the California Public Utilities Commission (CPUC). With more than \$433 million in funding applications for projects in 37 jurisdictions already in process for approval with the CPUC, this funding cut means these communities will likely continue to be without reliable and affordable broadband service. RCRC is an organization representing forty member counties governed by one elected supervisor from each member county.

In 2021 the Legislature and Governor made a commitment to finally bridge the digital divide with the enactment of Senate Bill 156, a \$6 billion investment in a state-owned middle mile backbone and high-speed last mile connections to unserved and underserved Californians. Part of this historic investment was the creation of the BLLR program, a \$750 million credit enhancement fund available to local governments, tribes, and non-profits for local broadband infrastructure deployment. As a result, RCRC board members formed a Joint Powers Authority, the Golden State Connect Authority (GSCA) to improve access to quality broadband for all who live in rural counties.

GSCA's model for broadband is open access, last mile, municipal fiber network to all its project areas across the forty member counties. Open access means that GSCA will finance, construct, own, operate, and maintain the network infrastructure and invite providers on to the network to compete for customers. GSCA projects will be financed using a combination of grant dollars and private investment resulting from the issuance of tax-exempt bonds by GSCA. That bond issuance will be securitized by funds from BLLR Program, the presence of which is expected to allow for a rated bond issuance. As soon as the bonds are repaid, GSCA will return the BLLR funds to the state of California.

1215 K Street, Suite 1650, Sacramento, CA 95814 | www.rcrcnet.org | 916.447.4806 | Fax: 916.448.3154

ALPINE · AMADOR · BUTTE · CALAVERAS · COLUSA · DEL NORTE · EL DORADO · GLENN · HUMBOLDT · IMPERIAL · INYO · KINGS · LAKE · LASSEN
MADERA · MARIPOSA · MENDOCINO · MERCED · MODOC · MONO · MONTEREY · NAPA · NEVADA · PLACER · PLUMAS · SAN BENITO · SAN LUIS OBISPO
SANTA BARBARA · SHASTA · SIERRA · SISKIYOU · SOLANO · SONOMA · SUTTER · TEHAMA · TRINITY · TULARE · TUOLUMNE · YOLO · YUBA

Joe Stephenshaw
Budget Item 8660-062-0001
June 3, 2024
Page 2

We recognize the serious budget circumstances facing the state, and the difficult decisions before the Governor and legislature in finding solutions to balance the budget. Through early budget action (AB 106), the BLLR was already reduced by \$175 million. In order to bring reliable connectivity to these historically underserved areas of the state, and leverage additional federal broadband funding expected next year, we ask that BLLR not be eliminated and instead decreased by an additional \$125 million, maintaining the needed \$450 million for broadband projects that have been in process for nearly three years.

We appreciate your consideration and look forward to working together to bring internet to the communities we jointly serve.

Sincerely,

A handwritten signature in black ink, appearing to read "Chris Lopez", written in a cursive style.

CHRIS LOPEZ
Supervisor, Monterey County
Chair, RCRC Board of Directors

cc: Ann Patterson, Cabinet Secretary, Office of Governor Newsom
Jaime Callahan, Senior Counselor on Infrastructure, Office of Governor Newsom
Christine Aurre, Legislative Affairs Secretary, Office of Governor Newsom
Grant Mack, Deputy Legislative Secretary, Office of Governor Newsom