CITY COUNCIL

Work Session Meeting Minutes
March 24, 2025

Mayor Primmer called the work session meeting to order at 6:00pm. Present were Councilors Hayward, Roberts, McCarthy, Linton, and Kelso. Councilors Duron, Myers, and Barron were excused. City Staff in attendance included: City Manager Byron Smith, Assistant City Manager Mark Morgan, City Attorney Rich Tovey, Finance Director Ignacio Palacios, Chief Jason Edmiston, City Planner Clint Spencer, Hermiston Energy Services (HES) General Manager Nate Rivera, and City Recorder Lilly Alarcon-Strong. Also present was Student Advisor Jeanine Heredia.

Municipal Broadband Discussion

Hermiston Energy Services (HES) General Manager Nate Rivera gave information (PowerPoint Presentation) regarding: background on how the City began this digital infrastructure effort; current connectivity issues and needs, as well as future needs in Hermiston and the surrounding area; current providers in the area and what areas have coverage and what areas do not have coverage, as well as issues with current coverage areas to include speed and reliability; working with Strategic Networks Group (SNG) to assist in strategic planning and setting goals as the City investigates this potential project; and FCC service map discrepancies compared to the map commissioned by the City showing the FCC map does not meet the Mbps standards based on eCheckup speed tests.

HES General Manager Rivera spoke regarding open access network and the at-cost business model to connect the City of Hermiston and Umatilla and possibly expanding to other communities in the future and how this infrastructure would help the community's health services, education, small and home based business development; workforce development and training; explained how digital infrastructure networks work; pros and cons of ownership; next steps to continue this effort including presentation and discussion to the City of Umatilla, RFP's, preparing business and economic plans, as well as pursuing many funding options; and more.

The Council asked questions regarding potential costs associated with this project and if those costs would be passed down to the community as some Council members commented that they did not want to add any additional costs to the community. Council members spoke regarding the City previously being Nationally Recognized for its Cloud Coverage in the last 1990's early 2000's because of the Army Depot's CSEPP (Chemical Stockpile Emergency Preparedness Program); and comparing this broadband project to previous home phone long-distance providers.

HES General Manager Rivera answered questions stating he did not want to speculate on costs associated with the project until an RFP was commissioned and received, and stated the plan is to have the project run at-cost to build and operate without taxpayers funding the system and without the City making a profit in order to provide multiple affordable providers. Mr. Rivera stated this presentation was meant to give the Council and update on the project thus far and will return to the Council within 4-6 months after the RFP process for potential Council action.

Adjournment

Mayor Primmer adjourned the work session meeting at 6:54pm and stated the Council will take a short break and then convene for their regular council meeting at 7:00pm.

City of Hermiston

Digital Infrastructure Update – March 24, 2025

HERMISTON OREGON
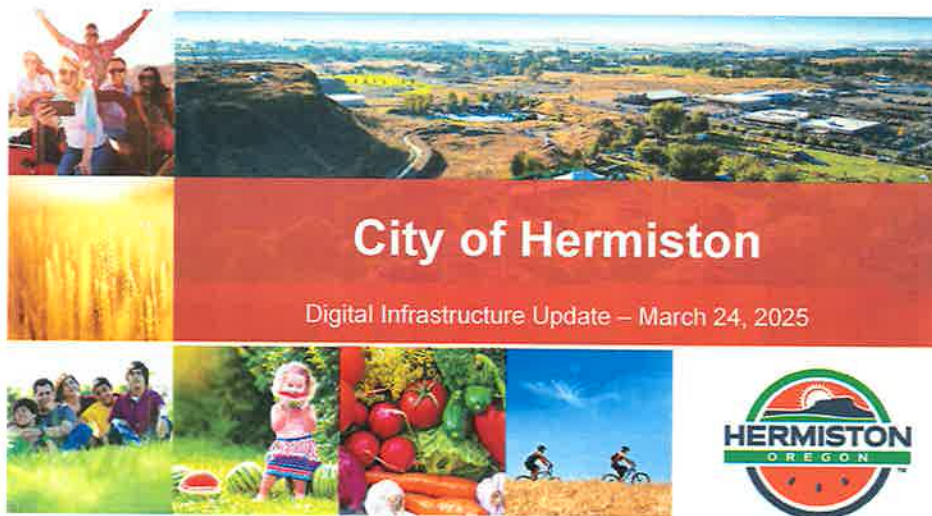
Digital Infrastructure

- Digital Infrastructure Background
- City of Hermiston Efforts
- New Opportunity
- Direction

Digital Infrastructure Background

Plan for City Facilities That Meet Current and Future Needs.

- Since 2020, Hermiston City staff has been researching Fiber Broadband Infrastructure options due to connectivity issues in Hermiston, and the surrounding area.

- Currently, few City facilities are served
  - **Multiple providers over various types of infrastructure.**

Digital Infrastructure Background

City Facilities That Meet Current and Future Needs.

- Even before the pandemic, broadband issues with availability, speed, and reliability were identified as barriers to staff and departments collaborating and deploying new technology within the city.

- These problems were exacerbated by the pandemic and continue to deepen issues of providing services to the citizens of Hermiston.

- This situation creates an opportunity for Hermiston to develop and deploy a more comprehensive solution for broadband access to the city.

Digital Infrastructure Background

City Facilities That Meet Current and Future Needs.

- The staff has worked with Strategic Networks Group (SNG) to assist in strategic planning as we investigate connecting the City of Hermiston.

- This work created a Digital Infrastructure Roadmap for the City of Hermiston to assist in long-term planning to maximize infrastructure investment(s) within the city.

SNG

- Founded in 1998, Strategic Networks Group (SNG) helps communities and regions transform their economies through broadband, digital infrastructure, and smart community services.

strategic
networks group
advancing economies in a digital world

- SNG's mission is to help clients benefit from technology investments. They assess whether economic growth and community benefits outweigh the costs of broadband and digital infrastructure investments.

  - The Oregon Statewide Broadband Assessment and Best Practices Study
  - Broadband Economic Feasibility: Ammon Municipal Fiber.
  - Broadband Impact and Market Assessment: Custer County.
 - Broadband Market Assessment: City of Highland, Illinois.

Goals

| Top Five Goals	Score
1 New Opportunities for Work and Economic Growth	91.3%
2 Access to Robust and Competitive Broadband	88.4%
3 Expanded Online Education and Training Opportunities	87.0%
4 Remote and Better Integrated Access to Health Services	79.7%
5 Improved Monitoring and Management of Clean Water and Sanitation	78.3%

Issues & Needs

Top Five Issues and Needs	Score
1 Expanding Local Workforce Skills	79.7%
2 Retaining and Attracting Businesses and Population	79.7%
3 Increasing Good-Paying Job Opportunities	75.4%
4 Stimulating Local Business Growth and Innovation	75.4%
5 Improving Emergency Services Response (Health, Fire, Police)	60.9%

FCC Reported Served with Broadband

FCC data shows Hermiston is fully served with 25/3 **Mbps** (https://broadbandmap.fcc.gov/)
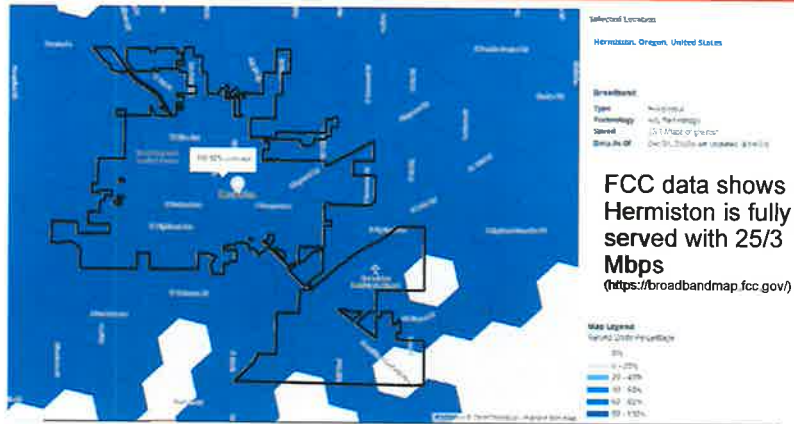
## FCC Broadband Data Discrepancies
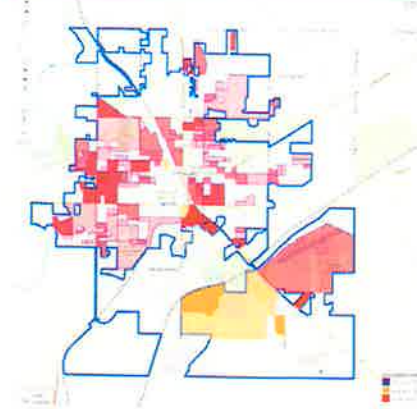
Deeper analysis of FCC's data reveals census blocks with partial coverage, where deeper shading shows higher percentage of unserved households per census block

Uncovered this by:

- Counting the number of served locations in every census block
- Filtering out business-only service
- Updating with latest FCC and broadband provider data
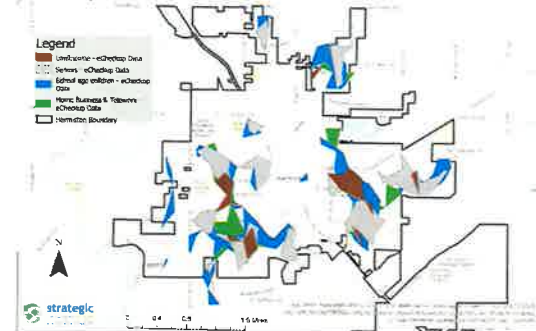
eCheckup Download Speeds
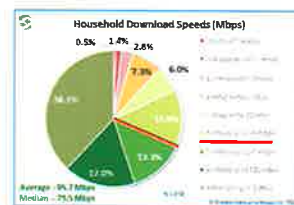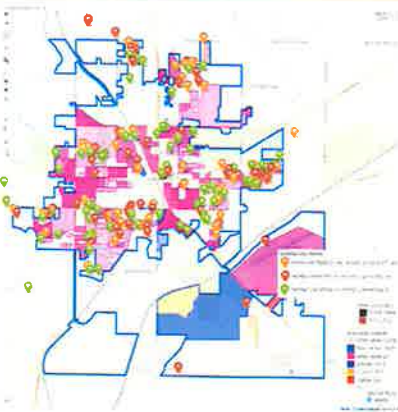
Almost one third of households/business do not meet FCC 25/3 Mbps standards based on eCheckup speed tests

Digital Inclusion Analysis

eCheckup Respondents : Hermiston, OR

Aggregrate Areas of Low Income, Seniors, School-aged children, and Home business & Teleworkers

- GIS analysis data for digital inclusion planning and network commercialization
- Map shows low income (brown), seniors (grey), school-aged children (blue), and home business and teleworker (green).
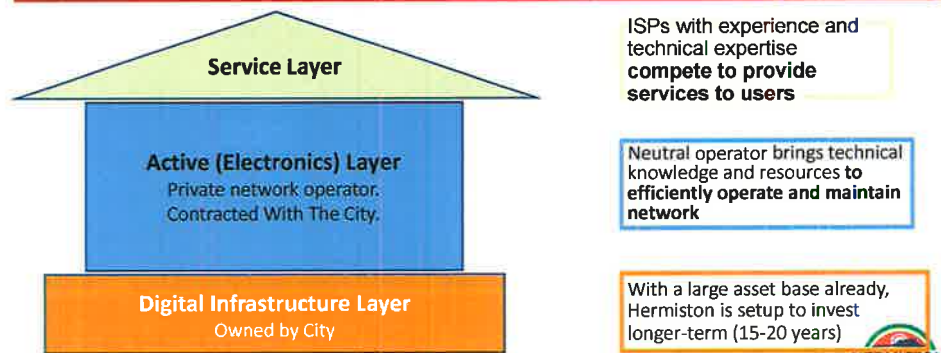
Open Access Network

1. **Staff Explored Open Access Networks.**
   1. City Owned Infrastructure.
   2. At-Cost Business Model To Connect Hermiston.
   3. Cities Build Infrastructure (like roads) To Allow Third Party Offerings.
      1. Internet Service Providers.
      2. City/County/State Service Access.
      3. Anchor Institution Access
         1. Health Services
         2. Education
         3. Workforce Development/Training
         4. Small Business Development

How Digital Infrastructure Network Works

Digital Infrastructure – one common fiber network **utility**

- Is built to be "open" to many uses (public and private)
- Links the internet to **every premise and building** in Hermiston
- Is owned by City of Hermiston – **to ensure local sovereignty over digital future**

Structural separation of digital infrastructure, operations, and service delivery.

- One experienced wholesale open access entity connects providers, operates and maintains the network 24/7/365.
- Service providers use the digital infrastructure to provide choice of diverse services at competitive rates delivered to every premise.

An economic development platform is created by the public and private sectors

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Separation of Digital Infrastructure

Service Layer

Active (Electronics) Layer
Private network operator.
Contracted With The City.

Digital Infrastructure Layer
Owned by City

ISPs with experience and technical expertise **compete to provide services to users**

Neutral operator brings technical knowledge and resources **to efficiently operate and maintain network**

With a large asset base already, Hermiston is setup to invest longer-term (15-20 years)

Delivery of services by private sector, with local stewardship over digital infrastructure

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Pro's and Con's of Ownership

Ownership	Pro's	Con's
Traditional private sector Internet Service Providers (ISPs) Pro's and Con's of Digital Infrastructure Ownership	• City of Hermiston does not need to deal with broadband – someone else will	• No guarantee that 100% of premises will be connected. • No control over timelines for build-out. • No recourse for City of Hermiston with service levels or quality. • Taxpayer funds could subsidize one private sector provider and limit competition. • Will still require oversight of franchise agreements.

Digital infrastructure (ownership of infrastructure by broadband utility, or special purpose vehicle)	• Sovereignty of Hermiston's digital future
	  o encouraging competition
	  o setting priorities and timelines for build-out across Hermiston.
	  o ensuring all premises are connected
	  o Incentivizing customer service
	• Reduced costs in serving Hermiston's municipal and community anchor sites.
	• New revenue streams from digital infrastructure.
		• Oversight costs of broadband utility

Pivot to Address Demand Side of Broadband

Broadband availability is often the primary focus, however ...

Availability ≠ Adoption ≠ Utilization

Economic Growth is Driven by Utilization

Utilization ➡ Community Benefits

City Efforts

- Discussions With Many Providers Over Last 10 Years
  - **Many Promises... Few Deliverables**
- City Has Explored Region Options
  - **Lot of Interest... Little, To No Traction**
- City Continues to Lag in Digital Connectivity

Next Steps for Digital Infrastructure

1. **Staff is prepared to solicit Requests For Proposals (RFP) for a Network Operator to design, build, operate, and maintain a fiber based digital Infrastructure utility.**
   1. Partner with SNG
      1. Broadband Service Area Mapping
      2. Manage Process for Selection of Network Construction & Operations.

2. **City of Umatilla Discussions to Partner on Effort**
   1. Benefits Both Cities as we have similar needs.
   2. Increased number of connections helps leverage initial investments.
   3. Motivated Partner with possible willingness to share effort and costs.

Next Steps for Digital Infrastructure

1. **City of Umatilla**
   a) Meeting With Their City Council on April 1.
2. **Cities of Hermiston and Umatilla Could Form a Partnership To Build and Operate Open Access Digital Infrastructure Network.**
   a) RFP Process To Select Network Operator.
      a) Design, Build & Operate Open Access Network For The Cities of Hermiston & Umatilla.
      b) Connect Every Municipal, Residential, Business and Community Anchor Tennent Within City Limits.
3. **Prepare Business and Economic Plan, Governance Model, Funding Model.**
4. **Pursue Funding (Revenue Bond, Grant Funding, and Private Investment).**

City of Hermiston Digital Infrastructure
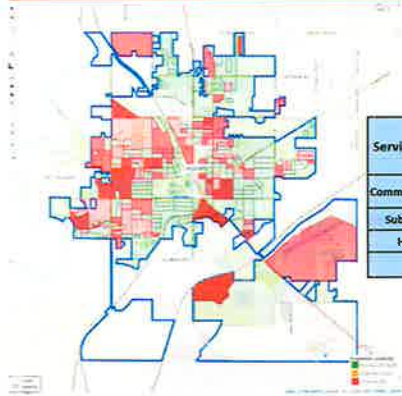
Service Category	BSLs (Total Premises)	Unserved and Underserved Locations	Total Fiber Cost Estimate	Avg Cost Per Premise
Commercially Viable	6,229	94	$12,346,155	$1,982
Subsidy Viable	361	92	$2,466,843	$6,833
High Cost	15	11	$1,281,222	$85,415
Totals	6,605	197	$16,094,220	

City of Umatilla Digital Infrastructure

Service Category	BSLs (Total Premises)	Unserved and Underserved Locations	Total Fiber Cost Estimate	Avg Cost Per Premise
Commercially Viable	1,745	73	$3,811,011	$2,184
Subsidy Viable	226	125	$1,372,043	$6,071
High Cost	11	5	$987,949	$89,814
Totals	1,982	203	$6,171,003	

Questions

Where Life is Sweet