



Port of Walla Walla Broadband Feasibility Study

Abstract

Varying levels of broadband service are available in Walla Walla County. Much of the County's rural communities are defined as underserved by the Federal Communications Commission (FCC). To serve the rural municipalities in this study, a plan has been created that leverages the networks of existing companies and identifies the telecommunications infrastructure that needs to be built to bring urban rate services and pricing to rural markets.



Petrichor Broadband, LLC
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Executive Summary

Walla Walla County consists of very diverse and distinct areas of urban density (Cities of Walla Walla and College Place), as well as rural communities (Waitsburg, Prescott, Burbank and Touchet). A general description of Walla Walla's broadband needs in the three rural municipal areas studied would be classified as underserved as defined by the Federal Communications Commission (FCC). The Burbank and the Walla Walla/College Place municipal areas would be defined as served. Current FCC policies define unserved as areas that do not have access to fixed broadband at speeds of at least 25/3 Mbps. The State's goal of 150 symmetrical by 2028 will require additional fiber infrastructure in most geographic areas of the county.

We recommend an open-access model, where the County builds the necessary fiber infrastructure and leases it to the private sector companies looking to provide services in the County. To date, private sector investment has lagged urban areas in the larger municipal areas of College Place.

Prior Planning Efforts

At the onset of the project, it was important for Petrichor to understand the prior planning efforts that have shaped the conversations around broadband access in Walla Walla County. Petrichor reviewed the most recent broadband feasibility study commissioned for the Port of Walla Walla and prepared by Magellan Advisors in June 2015.

The study recommended the build out of a feeder/distribution fiber network in the Walla Walla Business Corridor (comprising Airport Park, downtown Walla Walla, College Place and areas north of Highway 12) at an approximate cost of \$3.2 million. Over 550 commercial properties were identified in this region. To fund the project, Magellan Advisors recommended investigating potential funding opportunities such as the 9/10th sales tax. The study also advised developing a RFI outlining the Port and Region's vision and goals for bringing high-speed broadband infrastructure to the Walla Walla region and selecting a partner from among the respondents.

These prior planning efforts did not materialize into an expansion of broadband access in Walla Walla County. Today, the Port of Walla Walla is commissioning a new study in light of the COVID-19 pandemic and the digital strains that have been placed on the community.

Project Focus

This project will build on the community clusters of Waitsburg, Touchet, Prescott and Burbank and the urban areas of Walla Walla and College Place. Within these community clusters are identified industry and community needs:

- Waitsburg houses Main Street businesses and a Port-owned industrial park.
- Touchet has several agricultural-service businesses.
- Prescott is a rural community that has an agricultural and community access focus.

- Burbank contains the large heavy industries of Walla Walla County.
- The cities of Walla Walla and College Place are home to a population with diverse business needs. The Port of Walla Walla’s 2020 Economic Development Plan has specifically identified the agricultural and technology services clusters as the Port's priority and targeted industries for recruitment and retention of jobs.



WAITSBURG, WA

Population (2018): 1,188
 Median Household Income (2018): \$50,192
 Largest Industries: Health Care & Social Assistance, Public Administration and Educational Services



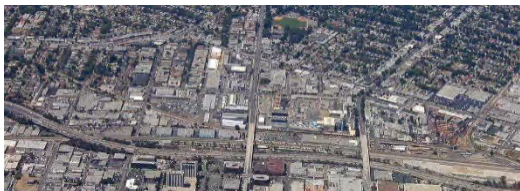
TOUCHET, WA

Population (2018): 509
 Median Household Income (2018): \$78,571
 Largest Industries: Health Care & Social Assistance, Public Administration and Agriculture, Forestry, Fishing & Hunting



PRESCOTT, WA

Population (2018): 308
 Median Household Income (2018): \$35,625
 Largest Industries: Health Care & Social Assistance; Agriculture, Forestry, Fishing & Hunting; and Retail Trade



BURBANK, WA

Population (2018): 3,333
 Median Household Income (2018): \$74,426
 Largest Industries: Transportation & Warehousing, Educational Services and Manufacturing



WALLA WALLA, WA

Population (2018): 32,731
 Median Household Income (2018): \$48,678
 Largest Industries: Health Care & Social Assistance, Educational Services and Retail Trade



COLLEGE PLACE, WA

Population (2018): 9,136
 Median Household Income (2018): \$47,525
 Largest Industries: Health Care & Social Assistance, Educational Services and Retail Trade

Existing Infrastructure

Broadband services vary in all markets in Walla Walla County. It is common to see unserved and underserved constituents in urban areas where blocks away, 1 Gig fiber-to-the premise services are offered.

Current broadband offerings in Walla Walla County provide relatively high-cost services because of monopolistic market forces (low competition and limited customer choice). This creates higher -cost offerings, often providing low bandwidth with inconsistent speeds. This is common in urban and rural areas. While there has been some private sector investment in the deployment of broadband infrastructure in core areas, it has been limited in scope and slow to roll out due to the cost and need for a quick return on investment. There are not extensions of urban rate services to lower density areas, especially outside of Walla Walla city limits. There remains a lack of ubiquitous broadband access and capacity.

WALLA WALLA COUNTY

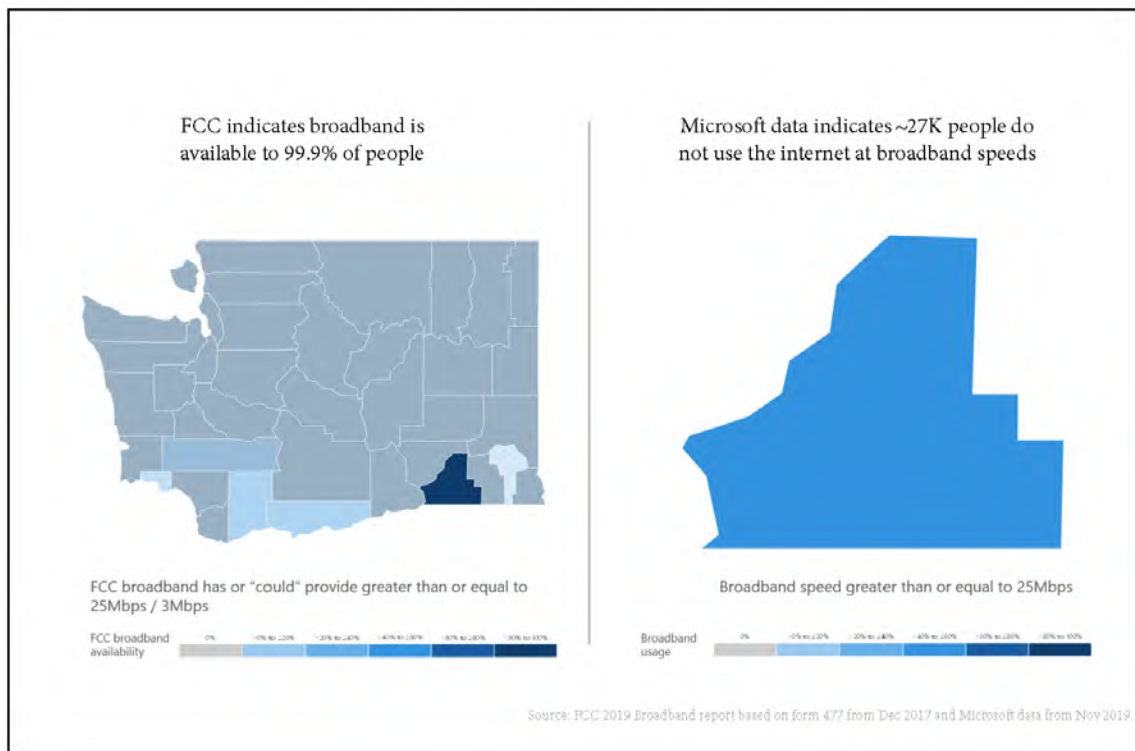


FIGURE 1: COMPARISON OF FCC AND MICROSOFT BROADBAND DATA

The Federal Communications Commission collects data on broadband speeds and areas of deployment. This data is a self-reporting database by telecommunications providers in the area. It is widely accepted that FCC Part 477 mapping is not a true reflection of “on the ground,” real-time observations. The FCC is reworking its mapping in 2021 as Congress has appropriated funding for this purpose. Figure 1 compares 2019 Part 477 broadband accessibility in Walla Walla with the broadband speed data that Microsoft collects from its users. The FCC reporting shows that one percent of Walla Walla County does not receive 25/3 speeds while the data collected by users of Microsoft products shows 27,000 users in Walla Walla County do not use the Internet at 25/3 speeds. This large discrepancy helps explain the vastly different opinions that providers and users bring to the conversation of community broadband availability.

<u>BURBANK</u>	<u>PRESCOTT</u>	<u>TOUCHET</u>	<u>WAITSBURG</u>	<u>PROVIDER</u>	<u>TECH</u>	<u>DOWN (MBPS)</u>	<u>UP (MBPS)</u>
X	X		X	Charter Communications	Cable	940	35
X	X	X	X	Viasat, Inc.	Satellite	100	3
X		X	X	CenturyLink, Inc.	ADSL	100	10
X				Desert Winds Wireless LLC*	Fixed Wireless	100	100
X	X	X	X	Columbia Energy LLC	Fixed Wireless	50	10
X		X	X	Hughes Network Systems, LLC	Satellite	25	3
X				StarTouch Broadband	Fixed Wireless	20	20
X		X	X	PocketiNet Communications, Inc.	Fixed Wireless	10	3
X	X	X	X	VSAT Systems, LLC	Satellite	2	1.3

**FCC maps show speeds of 100/100 Mbps available in Burbank with Desert Winds Wireless LLC, but the provider’s website states speeds of just 25/5 Mbps.*

Figure 2 illustrates the current broadband availability in Walla Walla County. The lighter green sections represent areas with 100 Mbps service, while the darker green/turquoise areas show regions with access to 1 Gig service.

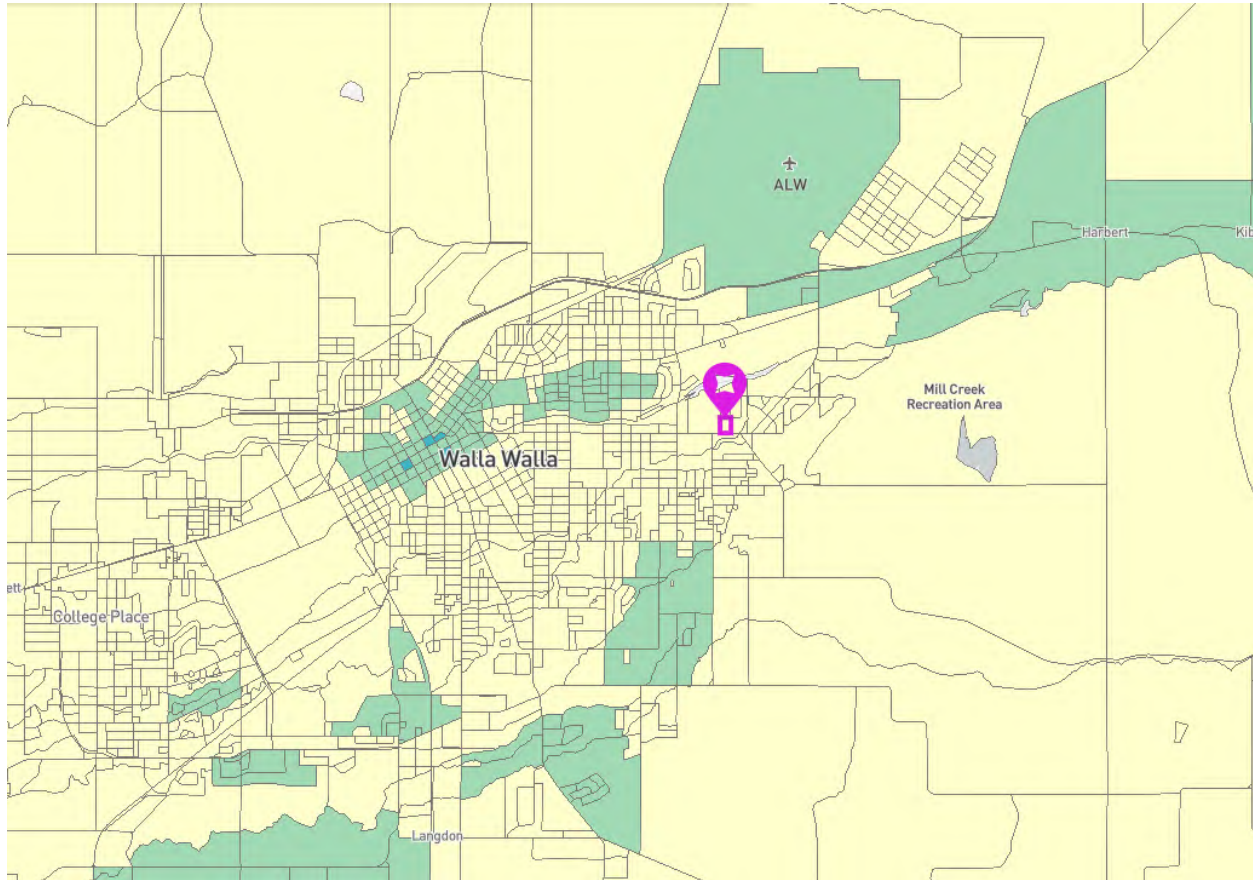


FIGURE 2: FCC PART 477 MAPPING OF WALLA WALLA COUNTY

Figure 3 and 4 show areas of the county in which providers report service of 25/3 Mbps. While Figure 3 utilizes data from the FCC, the map in Figure 4 was derived from aggregated and anonymized data Microsoft collects from users to improve its software and service performance and security.

“Every time a device receives an update or connects to a Microsoft service, we can estimate the throughput speed of a machine. We know the size of the package sent to the computer, and we know the total time of the download. We also determine zip code level location data via reverse IP,” according to Microsoft. “Therefore, we can count the number of devices that have connected to the internet at broadband speed per each zip code based on the FCC’s definition of broadband that is 25mbps per download.”

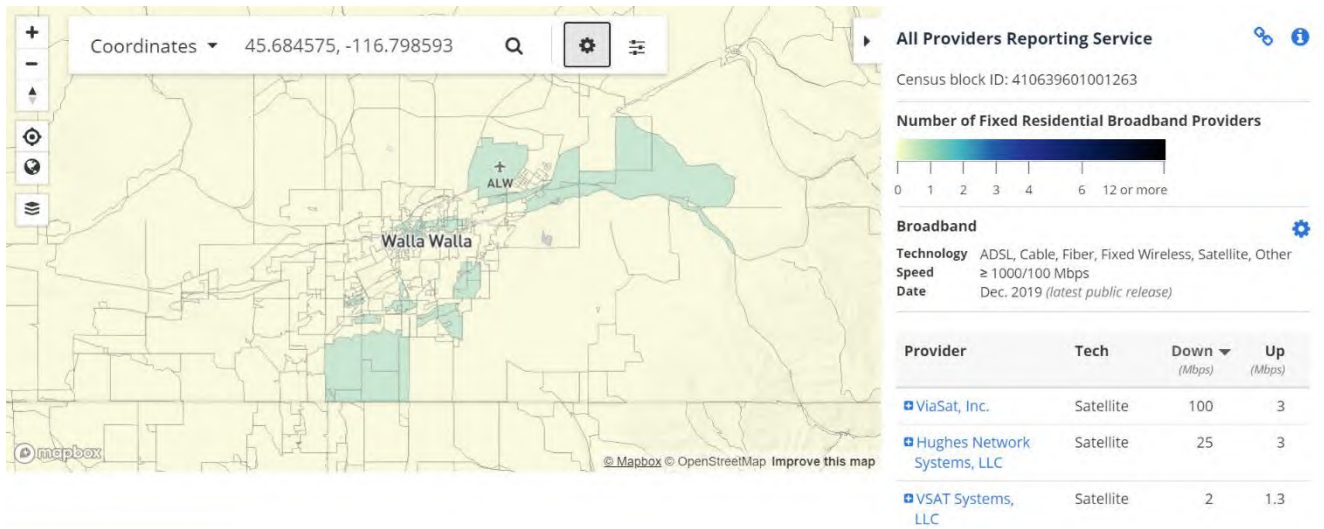


FIGURE 3: FCC BROADBAND MAP OF WALLA WALLA COUNTY

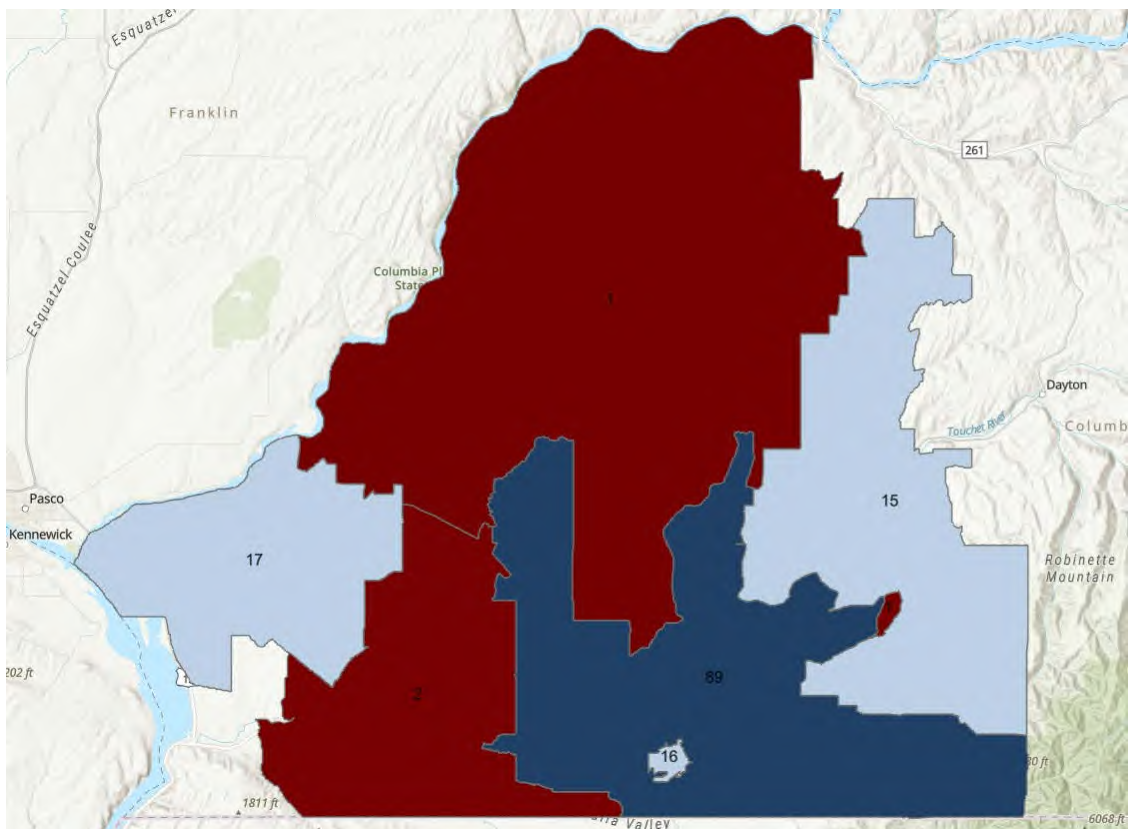


FIGURE 4: PERCENT OF PEOPLE USING INTERNET AT 25/3 MBPS BROADBAND SPEEDS IN WALLA WALLA COUNTY

Local Broadband Needs

Since the creation of the Rural Electrification Administration in 1936, policymakers have known that public investment and policy are necessary to solve the problem of bringing electrification and telecommunications to rural communities. The economics of providing services in rural areas has become increasingly difficult with a declining population base, posing a challenge for telecommunications providers aiming to provide services while seeking a return on investment.

Broadband is no longer a socially desirable good, but an economic necessity. Without access to broadband, citizens in Walla Walla County cannot participate in the digital economy or take advantage of the opportunity broadband brings for better education, healthcare, civic and social engagement.

Through SSB 5511 (2019), the Washington State legislature set broadband deployment goals for the State of Washington based on the following assumptions:

- (1) Access to broadband is critical to full participation in society and the modern economy;*
- (2) Increasing broadband access to unserved areas of the state serves a fundamental governmental purpose and function and provides a public benefit to the citizens of Washington by enabling access to health care, education, and essential services, providing economic opportunities, and enhancing public health and safety;*
- (3) Achieving affordable and quality broadband access for all Washingtonians will require additional and sustained investment, research, local and community participation, and partnerships between private, public, and nonprofit entities.*

Figure 5 shows Washington State’s Broadband goals¹ for businesses to reach speeds of 25 Mbps upload and 3 Mbps download by 2024 and 150 Mbps symmetric service by 2028. The timeline to meet these goals falls far short of what businesses in Walla Walla County, and arguably all of Washington State, need to become and/or remain competitive and/or expand markets.

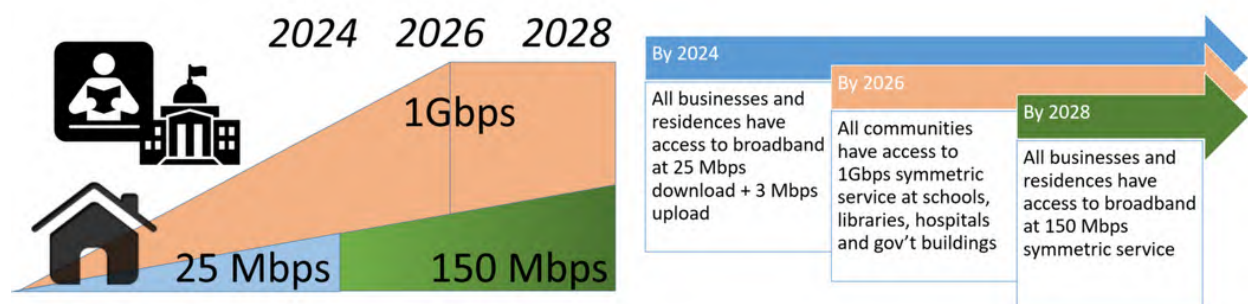


FIGURE 5: WASHINGTON STATE BROADBAND

¹ <https://data.wa.gov/stories/s/Broadband-in-Washington/irv9-b275/>

According to the FCC's Household Broadband Guide,² homes with more than one high-demand application running at the same time need more than 25 Mbps. Any business conducting online transactions, utilizing integrated software systems, and multiple users on high demand applications (such as video streaming, multiparty video conferencing or telecommuting) will clearly not have their broadband needs met through the State's goals. These businesses need 150 Mbps symmetrical broadband services today to stay relevant and compete with businesses that already benefit from urban rate services.

A general description of Walla Walla County's broadband needs in the five municipal areas studied would be classified as underserved as defined by the Federal Communications Commission (FCC). Current FCC policies define unserved as areas that do not have access to fixed broadband at speeds of at least 25/3 Mbps. The FCC set the minimum requirements for broadband services under CAF Phase II for voice and broadband services.³ These minimum requirements for speed, latency, usage allowance and pricing are listed below:

- Broadband at speeds of at least 10 megabits per second (Mbps) downstream and 1 Mbps upstream
- Network latency (the time it takes for a data packet to travel through a network) cannot be higher than 100 milliseconds round trip.
- At least one plan offering with a minimum usage allowance of at least 150 gigabytes (GB) per month or a monthly usage allowance that reflects the average usage of a majority of fixed broadband customers as announced by the Wireline Competition Bureau annually, whichever is higher. Or offering a usage allowance that is at or above the usage level for 80 percent of their broadband subscribers if it is at least 100 GB.
- Service at rates reasonably comparable to rates in urban areas

As stated in the FCC press release on January 30, 2020, "The Rural Digital Opportunity Fund auction will prioritize networks with higher speeds, greater usage allowances, and lower latency. Bidders must also commit to provide a minimum speed more than double than was required in the CAF Phase II auction."⁴ Most of Walla Walla County would be considered underserved by the CAF and RDOF minimum requirements. The FCC's Rural Digital Opportunity Fund (RDOF) Phase 1 auction promised much needed help for 4.5 million rural American households. Unfortunately, our analysis suggests that the \$10 billion awarded will be much less effective than it could be due to funding of short-term and partial solutions, financial incentives for abandoning sparsely populated areas and dubious financial viability. The opaque nature of RDOF post-auction reporting limits public oversight, while long deployment timelines and low penalties exacerbate the shortfalls. While the NRTC awarded area in the map below will deliver 1 GB Internet speeds to the designated census blocks, the rest of the county was awarded to low-orbit

² <https://www.fcc.gov/consumers/guides/household-broadband-guide>

³ <https://www.fcc.gov/consumers/guides/connect-america-fund-phase-ii-faqs>

⁴ <https://www.fcc.gov/document/fcc-launches-20-billion-rural-digital-opportunity-fund-0>

satellite services (Starlink). The 100 Mbps service from this type of service will not meet the Washington State goal of 150/150 Mbps that is set out in Senate Bill 5511.

The SpaceX Starlink service will provide useful competitive pressure in otherwise monopolized broadband markets. The constellation of low-earth orbit (LEO) satellites in early testing appears to deliver broadband speeds adequate to meet the needs of a consumer in 2020. Yet credible analysis suggests that Starlink will struggle to meet its 100 Mbps obligations under RDOF as soon as 2028.⁵ By 2030, though, we project demand for GB speeds will be commonplace, well beyond the capacity of LEO-based solutions. Further, in rugged rural Washington, many households will not be able to receive a Starlink signal due to terrain obstructions.

Fixed Wireless Providers

Fixed wireless providers have issues similar to Starlink in terms of capped performance and terrain obstructions. While the fixed wireless providers will build some fiber to reach towers, the reach will be limited, and capacity constrained by the available frequencies.

Due Diligence Suggestion: We cannot afford to spend a decade rolling out partial solutions that will not meet the long-term needs of the rural residents. We urge the FCC to thoroughly vet the technology plans of these RDOF winners with the perspective on long-term needs of the awarded area.

RDOF Winners - Walla Walla County, WA

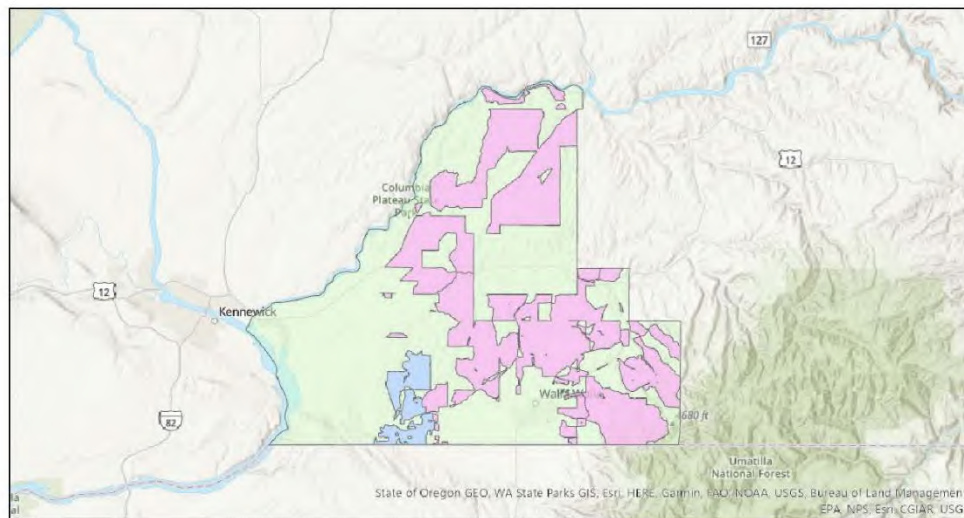


FIGURE 6: RDOF WINNERS IN WALLA WALLA COUNTY

⁵ [Starlink RDOF Assessment, Cartesian, February 8, 2021](#)

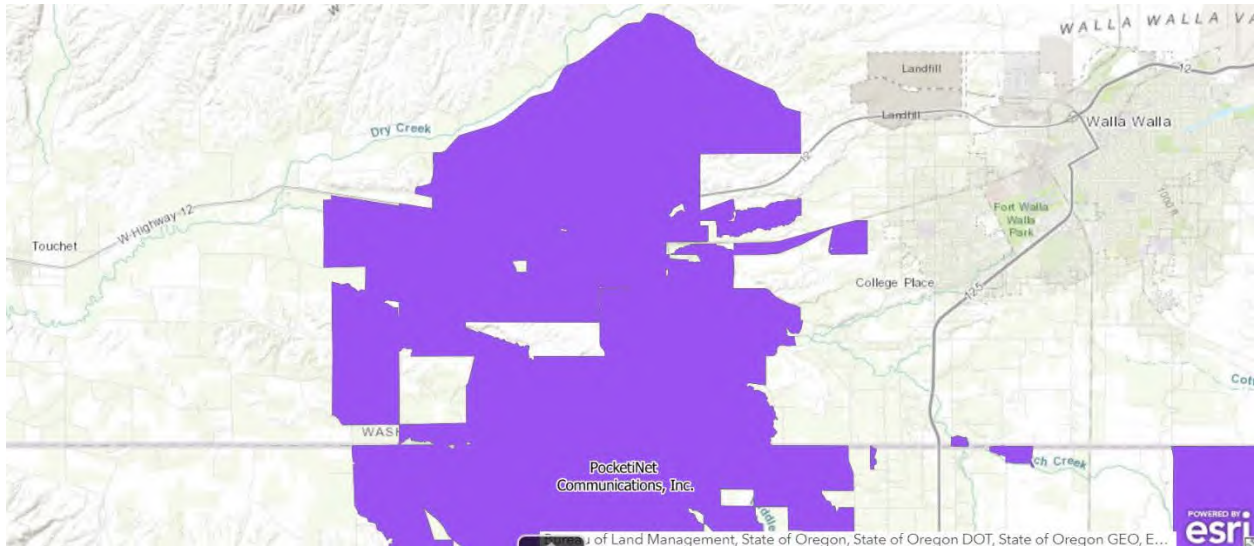


FIGURE 7: RDOF CHALLENGED CENSUS BLOCKS

Figure 7 shows an area of Walla Walla County that was reported to the FCC as a served area and should not be included in the RDOF reverse auction. Comparing this geographic region with the RDOF awarded areas, it is visibly apparent that this area for the most part was not awarded in the RDOF reverse auction. The area above in purple has reported speeds of 25/3 in Part 477 FCC mapping. As Starlink deploys services, this area will eventually be able to buy low-orbit services up to 100 Mbps up grading from 25/3 Mbps speeds. Challenged areas such as these prevent public investment in critical broadband infrastructure.

Figure 8 shows the broadband download speeds survey results collected by the Washington State Broadband Office through April 2021. The State of Washington developed this speed test to help identify gaps in high-speed internet service and areas of broadband infrastructure needs in order to advance the state’s goal of universal broadband access in Washington by 2024.

This data provides a useful comparison to the data available at the federal level through Part 477 FCC mapping. In some instances, federal mapping indicates entire blocks where broadband is available, when in actuality, just a single household in that area may have access.

Washington Broadband Survey Results

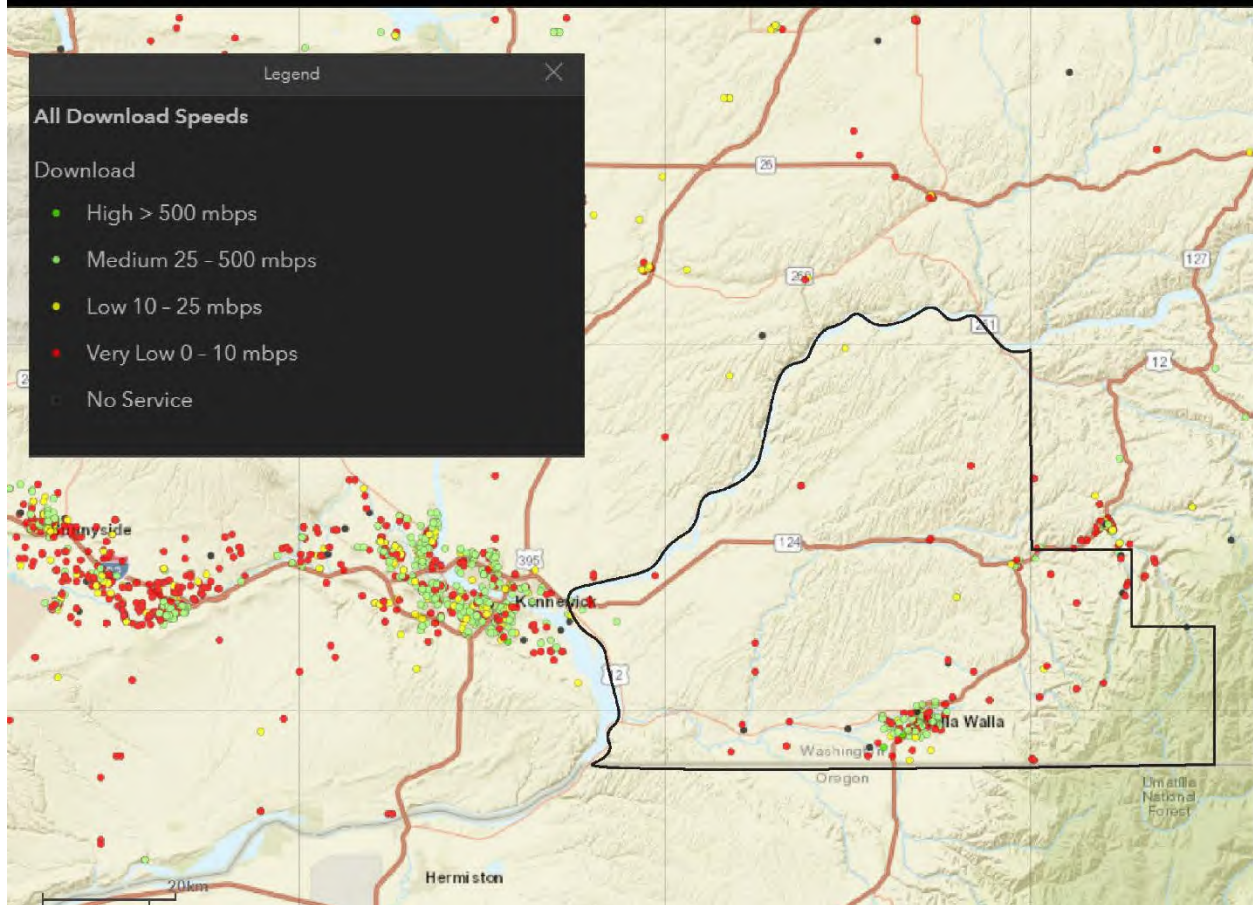


FIGURE 8: WASHINGTON BROADBAND SURVEY RESULTS IN WALLA WALLA COUNTY

Public Meetings

On May 3, 2021, the Port of Walla Walla and Petrichor Broadband, LLC staff facilitated a meeting among the telecommunication and utility providers serving Walla Walla County. Attendees represented such providers as PocketiNet, CenturyLink, Lumen and Charter Communications. Representatives from Walla Walla Public Schools, College Place Public Schools and the Walla Walla Valley Chamber of Commerce were also in attendance. Topics of discussion included public investments in open-access fiber networks, public-private partnerships and federal and state broadband funding programs (Attachment A – Meeting Minutes).

College Place Broadband Needs Assessment

The City of College Place is primarily served by three internet providers: Charter Spectrum, CenturyLink and PocketiNet. Charter Spectrum and CenturyLink utilize copper infrastructure, which poses challenges for reliability due to its age and condition. PocketiNet builds fiber-to-the-premise. However, they will

extend infrastructure to certain neighborhoods only when roughly 50% of their residents sign a petition stating they will subscribe to PocketiNet’s services. Many College Place residents remain unserved, or if they have service, complain about internet downtime and unreliability, according to City Administrator Michael Rizzitiello.

To address the broadband needs of the community, the City of College Place and the Port of Walla Walla have installed over 18,776 feet of empty conduit in the City right-of-way around key business areas. Figure 9 shows conduit placement along major arterials in the community. While the City has offered to lease this asset to providers, there has been no interest at this time. Construction off the conduit to build out distribution in these areas of town is mainly aerial construction, which presents a costly access point in some locations. This conduit route could be mainly used as a trunk or backhaul application to serve anchor institutions and businesses that need a non-collapsed redundant route. The community is attempting to work with providers and position itself to have better offering for broadband to its citizens. Investment in the community’s telecommunications infrastructure has often gone unfulfilled when City road work has involved relocating facilities. Companies have removed their existing lines and have not relocated eliminated services once offered in the community.

The City and Port have identified the need to install conduit with dark fiber to the remaining two square miles of the community.

These partners, along with the College Place School District and Walla Walla University, stand ready to provide a grant match to build a publicly owned dark fiber network throughout the City to be leased out to private providers, according to Rizzitiello.

PUBLICLY OWNED CONDUIT IN CITY OF COLLEGE PLACE

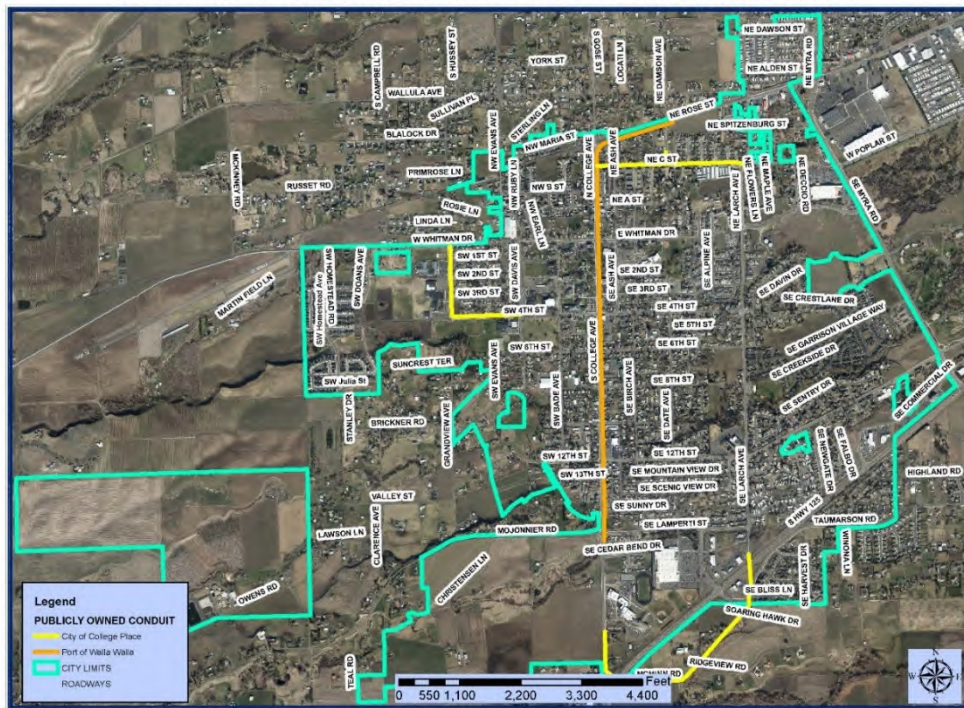


FIGURE 9: PUBLICLY OWNED CONDUIT IN COLLEGE PLACE, WA

Infrastructure Needed to Serve Six Communities

Walla Walla County has a mix of wireless towers and fiber optic cable that includes both private and publicly owned networks. Recent pricing for Internet and transport have become more in line with urban rates and services from existing wholesale service providers. This allows retail service providers more options to offer competitively priced services. Leasing of dark fiber is still not available for the most part; for some retail providers, this is a preferred option that holds back opportunities in the county for urban rate pricing and service offerings.

To serve the rural municipalities in this study, a plan has been created that leverages the networks of existing companies and identifies the telecommunications infrastructure that needs to be built to bring urban rate services and pricing to rural markets. In developing a plan that utilizes grant and low-interest loan dollars to build infrastructure that can be leveraged by private sector companies providing retail services in Walla Walla County, the risk of investment is kept as low as possible for potential funding agencies to this project. As previously stated, cost-competitive wholesale services are essential for a retail provider to aggregate need or purchasing power to deliver urban rate services to customers. Currently, in many of these communities, the fiber build runs through a town, only stopping to deliver services to anchor institutions such as schools, hospitals and government offices. The company that owns the fiber is not in the retail “fiber to the premise” (FTTP) business. Other companies in the area are not willing to take on the financial investment of the FTTP build in the community. As a result, companies only invest in those communities that demonstrate a reasonable risk and return on investment for the capital they are willing to spend. This can be seen in the evaluation of existing infrastructure. Conversely, when the fiber plant is owned by a municipal entity eligible to receive grants and low-interest loans, a longer return on investment can be accounted for in the business model. Pomeroy, WA is an example of a community that has seen success utilizing an open-access, public-owned fiber-to-the-home build. Currently, there are two wholesale providers and three retail providers selling services in Pomeroy. Two retail service providers are selling 1 GB internet service for \$70.00 per month.

Infrastructure Needed to Serve Rural Residents

Additional fiber extensions could be developed for rural area wireless internet service providers (WISP) use to alleviate backhaul issues. Telecommunications service providers in rural Walla Walla County are using wireless point to access point connections in a hub-and-spoke arrangement to reach rural residences. As more access points are deployed to reach additional customers, a choke point or bottleneck in the system appears. This can be overcome with additional point-to-point microwave radios or by deploying fiber optic cable runs from communities extending into rural areas. The fiber backbone extension deployment has worked well for wireless providers in other parts of the region that are also affected by geographic barriers separating the few rural customers available in Walla Walla County from line-of-sight wireless access points. The business case to support building fiber extensions can be strengthened by partnering with companies in the region who will also lease or purchase part of the fiber route for their own use. More detailed modeling of this approach would require proprietary information from the private sector. These conversations should take place after the county decides to commit

financially to this type of build. The Port of Whitman County is building six fiber extensions in this model, which includes partnerships with two different providers. Some of these providers also serve residents in Walla Walla County and have expressed interest in utilizing this model to improve its network capacity if and when the county is ready.

Broadband Market Analysis

The longer return on investment associated with building telecommunications infrastructure in rural areas is the chief reason hindering private investment. Public infrastructure owners and public dollars are necessary to build infrastructure to solve the rural broadband accessibility problem our country – and Walla Walla County – face. There is a business case with a reasonable return on investment that has been proven over a 20-year time frame in rural Washington State.

The service locations used for revenue projections are based on Vetro fiber mapping software. For the revenue model we used a penetration rate of 50%. The One-Call estimates are based on underground footage. Pole attachments fees are based on the estimated number of pole attachments for the aerial construction. The construction cost estimates are based on a cost of \$2,200 per home passed.

The revenue and expense model assumes that the customers will be on a single fiber from a telecommunications facility located in the community to the premise. Pole attachment fees and locate fees are included as expenses.

Segment	Construction Cost Estimate	Passings
Burbank	\$2,279,200	1036
College Place	\$8,223,600	3738
Prescott	\$321,200	146
Touchet	\$327,800	149
Waitsburg	\$1,056,000	480
Walla Walla	\$26,815,800	12189
	\$39,023,600	17,738

Operating Revenues

Segments	Subscribers	Number of Strands	Run Length (miles)	Monthly Fee	Gross Annual Revenue
Burbank	529			\$20.00	\$0.00
College Place	1908			\$20.00	\$457,854.16
Prescott	75			\$20.00	\$17,883.01
Touchet	76			\$20.00	\$18,250.47
Waitsburg	245			\$20.00	\$58,793.47
Walla Walla	6221			\$20.00	\$1,492,986.73
Totals	9053				\$2,045,767.85

Operating Expenses

Expense	Unit Cost	Units	Quantity	Total Cost
Management Fees				\$306,865.18
Pole Attachment Fees	\$25.00	per pole	5000	\$125,000.00
One Call System and Locate Fees	\$50.00	per mile	10	\$6,000.00
Total Annual Expenses				\$437,865.18

The pro forma shows an annual net revenue of \$1,167,123.53. The following attachments provide additional financial information:

- Attachment B – Loan Amortization Schedule
- Attachment C – Balance Sheet
- Attachment D – Cash Flow Projection
- Attachment E – Income Statement

Policy Structure for Public Ownership and Participation

Framework for Incentivizing Broadband Investment in Walla Walla County

If there are possible opportunities for partnerships to improve rural broadband access in Walla Walla County, these should be explored. These partnerships can accelerate fiber deployment and local broadband market development through public investment in additional fiber infrastructure and strategic last-mile builds to wireless tower sites to serve the geographically hard-to-reach customer. Socially responsible infrastructure investment, ownership and public accountability would bring competition to existing markets and serve the high-cost customers in the rural areas of the county, rather than the high-cost companies our current regulated environment has created. Open-access infrastructure leasing would

support private sector competition, allow multi-service provider environment and encourage better pricing, service quality and access. This activity would also promote additional private sector investment in connectivity. Often, a partnership is necessary to ensure an adequate investment for timely network construction.

Through the exercises conducted as part of this study, including community meetings and discussions with providers, several conceptual models were evaluated to deliver broadband to the hardest-to-serve constituents in Walla Walla County. This activity is beyond the scope of this report. Discussions about that work will be left to individual companies and a possible infrastructure builder if one is identified at a later date. As stated in this report, Washington State set goals to achieve 150 Mbps symmetrical internet service to all its citizens by 2028. Investment of public money, which can take a longer return on investment, will be needed to reach these goals. Federal programs such as Connect America Fund (CAF) and the Rural Development Opportunity Fund (RDOF) have been used by companies to reach customers in Walla Walla County. Neither of these programs will achieve the state's goal of 150 Mbps symmetrical for the county's citizens by 2028. Private sector service providers and utility companies in the region have expressed an interest in working together to solve broadband deployment issues. Communities in Walla Walla County have expressed an interest in aggregating need to build a business case for fiber deployment in their community. A public investment would lower the risk and cost of entry.

Business and Operating Model

The recommended operating model is to build an open-access, free-trade platform for all companies to compete and sell telecommunications services to constituents. Unlike other models, building the necessary infrastructure for all companies to use eliminates the long-term return-on-investment (ROI) that inhibits private sector investment in rural areas. In other areas of Washington State, this model has proven that companies desire to own their individual networks, which they can control and maintain. The ability to lease dark fiber, rather than ride over a public-entity-controlled lit network, provides the control critical to allow companies to offer a service-level agreement to their customers. For that reason, an open-access model where companies always have a choice between lit or dark networks is recommended. In this model, the private sector competes to sell services, while investing in employees and equipment to grow their business in these rural communities.

The first consideration retail providers will address as they consider entering a market is how to create revenue by introducing new revenue streams, differentiation strategies and innovation. Having readily available fiber to use allows providers to differentiate their services and attract customers. Today, increasing numbers of larger and smaller communications providers are expanding their revenue sources to better serve their customers' needs for always-on connectivity. For example, service providers are developing premium content packages with content partners, based on the interests of their target audience. Customized services can be offered to target customer groups, such as work-at-home professionals and gamers who are willing to pay for very high-performance symmetry, latency and uptime. This allows service providers to differentiate their services from competitors, while staying ahead of new developments in technology.

Although communications providers have typically viewed costs exclusively in terms of capital expenses (CapEx) and operating expenses (OpEx), they are now realizing that cost models should not focus on getting the network in place and passing homes or businesses, but also factor in the cost and speed of making individual connections. In a rural area such as Walla Walla County, having the fiber plant already constructed saves time and money for the private sector to deploy. The costs of offering services, equipment, labor, permissions, maintenance and power also need to be considered. Retail providers will consider the total cost of ownership (TCO). Although it might initially look like it makes sense to minimize CapEx when making a buying decision, a high OpEx could negatively impact the profitability of the overall operation. Organizations that see success budget for other factors influencing the overall outcome and are optimized for the future network lifecycle. Many public entities leasing dark fiber have experienced the benefits and economic impacts of having multiple retail providers expand services with competitive pricing in their communities by creating an infrastructure model that works for the retail providers in their CapEx/OpEx modeling.

Risks associated with this model are minimal. The infrastructure is futureproof, and currently there are no limits to the capacity for fiber. The model has been employed statewide and providers in the region have built successful business plans utilizing this type of infrastructure. Termination of fiber leases in other areas have been rare and with a rare exception, a new lease is signed by a competing provider before the cancellation is received. Current risks to be mitigated include the lead time on fiber and materials. At the time of this report, fiber lead times are six to nine months, depending on cable size. It is anticipated that fiber construction across the country will continue over the next several years and increase the demand on both materials and labor.

Municipal and County Procedures, Policies, Rules and Ordinances

There are no requirements that would impede this project or any municipal fiber construction. A sample franchise agreement is attached (Attachment F – Sample Franchise). A few of the towns already partner with providers to facilitate access to municipal structures for wireless facilities, including provision of power at these locations.

Management Plan

Six ports in Washington State formed Petrichor Broadband, LLC to help communities realize their goals of urban rate services in rural communities (Attachment G - Petrichor Broadband Introduction). Petrichor Broadband would like the opportunity to compete for management of the Walla Walla County fiber project. If selected, Petrichor could contract with the Walla Walla County public entities to provide support and management services if needed. These services could include fiber system mapping, construction project management or technical assistance on funding applications. Petrichor Broadband formed under the authority of the Interlocal Cooperation Act (RCW 39.34.030) to jointly provide wholesale telecommunications facilities. Its collective goals include enabling communication services to

unserved or underserved areas; creating economic opportunities, including sustainable community wage jobs; consolidating administrative and operating functions for efficiency; reducing administrative layering; and reducing administrative costs, to the extent consistent with the State of Washington’s legislative policy as set forth in RCW 53.08.370.

Petrichor Broadband brings together a collective experience of over 20 years’ work on broadband policy and construction of broadband infrastructure. Petrichor Broadband currently manages fiber systems for five other port districts. As part of the agreement for operations and management, Petrichor would provide the following services:

- (1) Fiber and facility mapping, including cut sheet documentation;
- (2) One-Call management services;
- (3) An option to contract for locate services in accordance with standards in the industry;
- (4) Emergency restoration management in accordance with standards in the industry;
- (5) Review of construction design;
- (6) Oversight of Network Operations Center (NOC) contracted services; and
- (7) Management of service order summaries with providers (Figure 10)

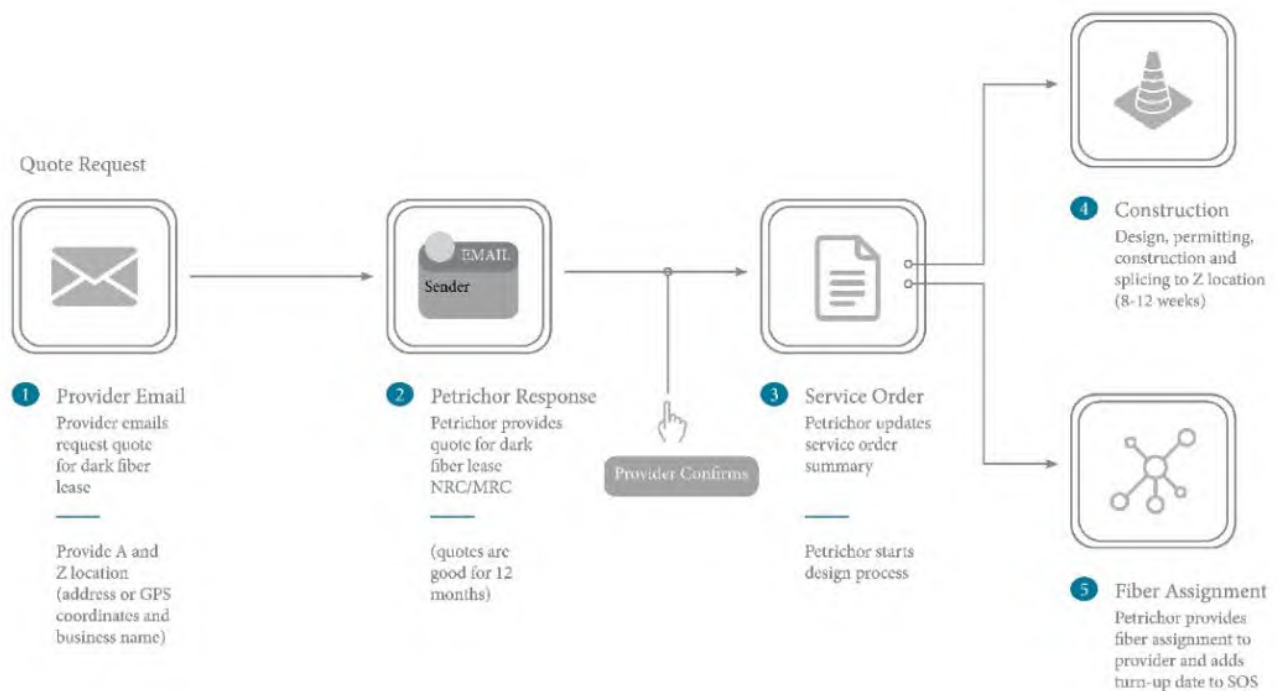


FIGURE 10: FIBER MANAGEMENT WORKFLOW

The Owner would be responsible for administration of billing and collection; and the collection and remittance of applicable taxes as directed by the State of Washington (Attachment H - Sample Agreement

for Fiber Management Services). The costs associated with these services are 15% of the Owner’s gross revenues.

If selected to manage the fiber construction project, Petrichor shall provide the following services:

- (1) Design process overview and recommendations;
- (2) Assistance with permitting, pole contact agreements, and franchise acquisition;
- (3) Invitation to bid documents and process management;
- (4) Construction oversight;
- (5) Mapping of the project as-built;
- (6) Public outreach guidance as needed; and
- (7) On-site meetings or visits as required.

A sample agreement for these services is shown in Attachment I - Sample Agreement for Construction Oversight Services. The cost for these services would be negotiated depending on timeline of the project and the execution of a fiber management contract.

Benefits of Broadband to the Community

Health and Safety Benefits

Improved broadband access across Walla Walla County would greatly benefit the County’s Sheriff’s Office, City of Walla Walla Police, Department of Community Health, Emergency Management Department and Emergency Medical Services by ensuring equal access to essential public health and safety information countywide.

For instance, throughout the COVID-19 pandemic, the Walla Walla County Department of Community Health has been utilizing a central website, www.covidwwc.com, to communicate the latest public health news and announcements. The page shares local information about testing, vaccination clinics, care for individuals who contract the virus, resources for affected businesses and more. The website is available in both English and Spanish.

Acknowledging “concerns raised by many members of the community regarding equitable vaccine distribution,” the Department of Community Health also created a helpline for residents without Internet or computer access. Eligible County residents can leave their name, date of birth and phone number in a message to be referred for an upcoming vaccine appointment. While this is certainly an innovative solution to immediately address the community’s broadband challenges, the need for such a helpline points to the lack of digital equity across Walla Walla County.

Nationally, use of digital communications in government has become widespread during the COVID-19 pandemic and shows no signs of disappearing in the post-COVID world. Therefore, as more governments bring their services online, broadband access will need to become just as ubiquitous.

Education Benefits

In July 2020, the Walla Walla School District launched Walla Walla Online, an online public-school option for students in grades K-12 who require an alternative learning setting for health/safety reasons or may experience better academic success in a distance learning model. The no-cost program provides every student with a Chromebook and internet access support.

Walla Walla Public Schools returned to full-time, in-person instruction for elementary and middle school students on April 26, 2021, but the Walla Walla Online program continues to offer an online alternative for district students and parents. The program is currently accepting new students for the 2021-2022 school year. Nationally, experts say online learning models such as Walla Walla Online will continue well beyond the COVID-19 pandemic.

A 2020 research study by the RAND Corporation found that 20% of U.S. school districts plan to offer fully online learning after the pandemic ends, 10% plan to offer a blended or hybrid model and 7% state they will consider “remote learning in some form.”

Therefore, it is essential that all students in Walla Walla County have access to the high-speed, high-bandwidth internet necessary to not only attend their state required courses, but also pursue lifelong learning beyond the classroom.

Digital Inclusion

With locations in Burbank, College Place, Prescott and Touchet, the four branches of the Walla Walla County Rural Library District provide computers, tablets and free internet access to all patrons. In addition, the Walla Walla Public Library offers computers, tablets, WiFi access and new computer user classes to ensure digital inclusion for its users. WiFi access is also available in the lawn surrounding the library, providing a means to access the internet when the building is closed. As Walla Walla County works to bolster its broadband availability, these libraries could play a role in ensuring that every new broadband connection is coupled with access to a digital device.

Impact of COVID-19 Pandemic on the Study

During the timeline of this study, our nation has been greatly impeded both socially and economically by the COVID-19 pandemic. The usual methods of networking face-to-face and conducting on-the-ground analysis were not able to take place during this timeline. In this new world we live in, conference calls, electronic communications and video conferencing facilitated the work. Despite the challenges posed by meeting restrictions, Petrichor Broadband worked diligently throughout the course of the study to engage with every stakeholder through all means available virtually.

In addition, the timing of the study amid the COVID-19 pandemic underscored the significance of this project in Walla Walla County. The pandemic has upended our familiar ways of conducting business, school and family life. These activities typically conducted in separate spaces have coalesced into our homes, making access to high-speed, high-bandwidth broadband for multiple users more critical than ever



before. It is with this lens that Petrichor Broadband worked to carry out its analysis of broadband gaps in Walla Walla County.

Acknowledgements

Petrichor Broadband, LLC would especially like to thank the Port of Walla Walla Commissioners, the Walla Walla Valley Chamber of Commerce, Walla Walla Public Schools, College Place Public Schools and the telecommunication providers in the Walla Walla region for participating in this study. Their invaluable leadership and persistent vision to improve the broadband in Walla Walla County is greatly appreciated.

Attachment A - Broadband Provider Meeting Minutes

Walla Walla County Broadband Providers Meeting

May 3, 2021

Attendees:

- Pat Reay, Port of Walla Walla
- Joe Poire, Petrichor Broadband
- Wrandoll Brenes, PocketiNet
- James Lee, Century Link/Lumen
- Kristen Stadnik, PocketiNet
- David Namura, Lumen
- Rick Pummel, Walla Walla Public Schools
- Kyle Tarbet, Walla Walla Valley Chamber of Commerce
- Stafford Strong, Charter Communications
- Bob Green, PocketiNet
- Todd Brandenburg, PocketiNet
- Jim Fry, Superintendent of College Place Public Schools

The meeting began at 10:05 a.m. with introductions.

Joe Poire of Petrichor Broadband provided opening remarks. He addressed the 2015 broadband study conducted by Magellan in Walla Walla County, the state of broadband during COVID-19 and available federal broadband funding. He asked, “How can public money and the private sector work together to lower the cost and deliver broadband in Walla Walla County, statewide and nationally?”

Pat Reay, Executive Director of the Port of Walla Walla, explained the challenges of provisioning Walla Walla County with broadband, and stated the County’s broadband goals exceed the state standards. He stated the Petrichor Broadband study will focus on public investments that can be deployed, rather than simply identifying and mapping deficiencies.

Bob Green of PocketiNet posed the question, Why would I make investments in broadband when the County is planning on building this infrastructure?

Todd Brandenburg of PocketiNet stated there is an incredible influx of people moving to Walla Walla County, where they can work at home and maintain an excellent quality of life. He said his primary concern is how the public and private sectors can partner on open-access networks. He stressed an open-access, non-discriminatory build that treats all providers equally. To make a sound decision for the future, investments should focus on fiber, he said.

Stafford Strong stated it may be best for the County to partner with private providers. He noted Charter Communications’ infrastructure is currently capable of 1 Gig symmetrical service, as included in the state broadband goals. However, the possibility exists that increasing the upload speeds would diminish the download speeds. Mr. Strong expressed that he is ready to partner in areas where Charter Communications cannot build currently or the business case does not exist.

Mr. Poire stated the current Public Works Board (PWB) broadband funding program does not provide an effective loan program. Therefore, Petrichor Broadband wrote a 100% grant application for the Kalispel Tribe.

Mr. Strong noted the majority of the PWB funding in the last cycle went toward grants, rather than low-interest loans. He is hopeful the funding program will be more successful this year.

Mr. Brandenburg stated we need to consider fiber as we do roads and bridges. Dollars should go to public entities such as local governments, rather than the private sector, in order to create open-access infrastructure and utilize public-private partnerships.

Mr. Reay said the private sector has a lower risk tolerance. The Port can make investments that can create the pathway for broadband to facilitate competition and availability for customers.

Kyle Tarbet said the Walla Walla Valley Chamber of Commerce encourages proactive expansion of broadband to make the region a better candidate for grant funding and remote working.

Rick Pummel of Walla Walla Public Schools stated about 20% of the student population does not have a computer at home or internet connectivity in the district's latest study. As a result, the district purchased WiFi hotspots. However, they are not as reliable as a wired connection for Zoom calls. The state has temporarily and in part funded a charter connection for some homes this school year. The district needs to be equipped to go fully remote at any time. Yet the challenge remains, How can we do this when some students lack broadband?

Jim Fry, the Superintendent of College Place Public Schools, stated teachers who never before used technology in the classroom now use it as their primary tool to issue assignments, grades, etc. This will forever change education, he said.

Mr. Poire stated the study conclusion will focus on how Walla Walla County can position itself for public money and provide open-access infrastructure that ensures the private sector receives a reasonable return on investment so they can continue innovating. He said the ports' track record of maintaining carrier-grade infrastructure for the past 20 years will be the best prediction for the next 20.

Mr. Green asked about the progress of the study.

Mr. Poire stated the study includes a description of needs and construction estimates.

Wrandoll Brenes of PocketiNet commented that government does not always coordinate effectively and gave the example of RDOF. He stated the ports need to coordinate with the counties.

The meeting concluded at 11:25 a.m.

Attachment B - Loan Amortization Schedule

CERB Loan Debt Service					
Loan	\$ 3,823,113.38				
Term (yrs)	20				
Rate	2%				
Amortization Schedule					
Payment	Payment	Principal	Interest	Total Interest	Balance
1	\$19,340.49	\$12,968.64	\$6,371.86	\$6,371.86	\$3,810,144.74
2	\$19,340.49	\$12,990.25	\$6,350.24	\$12,722.10	\$3,797,154.48
3	\$19,340.49	\$13,011.90	\$6,328.59	\$19,050.69	\$3,784,142.58
4	\$19,340.49	\$13,033.59	\$6,306.90	\$25,357.59	\$3,771,108.99
5	\$19,340.49	\$13,055.31	\$6,285.18	\$31,642.77	\$3,758,053.68
6	\$19,340.49	\$13,077.07	\$6,263.42	\$37,906.20	\$3,744,976.61
7	\$19,340.49	\$13,098.87	\$6,241.63	\$44,147.82	\$3,731,877.75
8	\$19,340.49	\$13,120.70	\$6,219.80	\$50,367.62	\$3,718,757.05
9	\$19,340.49	\$13,142.57	\$6,197.93	\$56,565.55	\$3,705,614.48
10	\$19,340.49	\$13,164.47	\$6,176.02	\$62,741.57	\$3,692,450.01
11	\$19,340.49	\$13,186.41	\$6,154.08	\$68,895.66	\$3,679,263.60
12	\$19,340.49	\$13,208.39	\$6,132.11	\$75,027.76	\$3,666,055.22
13	\$19,340.49	\$13,230.40	\$6,110.09	\$81,137.85	\$3,652,824.81
14	\$19,340.49	\$13,252.45	\$6,088.04	\$87,225.90	\$3,639,572.36
15	\$19,340.49	\$13,274.54	\$6,065.95	\$93,291.85	\$3,626,297.82
16	\$19,340.49	\$13,296.66	\$6,043.83	\$99,335.68	\$3,613,001.16
17	\$19,340.49	\$13,318.82	\$6,021.67	\$105,357.35	\$3,599,682.33
18	\$19,340.49	\$13,341.02	\$5,999.47	\$111,356.82	\$3,586,341.31
19	\$19,340.49	\$13,363.26	\$5,977.24	\$117,334.05	\$3,572,978.05
20	\$19,340.49	\$13,385.53	\$5,954.96	\$123,289.02	\$3,559,592.52
21	\$19,340.49	\$13,407.84	\$5,932.65	\$129,221.67	\$3,546,184.68
22	\$19,340.49	\$13,430.19	\$5,910.31	\$135,131.98	\$3,532,754.50
23	\$19,340.49	\$13,452.57	\$5,887.92	\$141,019.90	\$3,519,301.93
24	\$19,340.49	\$13,474.99	\$5,865.50	\$146,885.41	\$3,505,826.94
25	\$19,340.49	\$13,497.45	\$5,843.04	\$152,728.45	\$3,492,329.49
26	\$19,340.49	\$13,519.94	\$5,820.55	\$158,549.00	\$3,478,809.55
27	\$19,340.49	\$13,542.48	\$5,798.02	\$164,347.02	\$3,465,267.07
28	\$19,340.49	\$13,565.05	\$5,775.45	\$170,122.46	\$3,451,702.02
29	\$19,340.49	\$13,587.66	\$5,752.84	\$175,875.30	\$3,438,114.36
30	\$19,340.49	\$13,610.30	\$5,730.19	\$181,605.49	\$3,424,504.06
31	\$19,340.49	\$13,632.99	\$5,707.51	\$187,313.00	\$3,410,871.07
32	\$19,340.49	\$13,655.71	\$5,684.79	\$192,997.78	\$3,397,215.37
33	\$19,340.49	\$13,678.47	\$5,662.03	\$198,659.81	\$3,383,536.90

34	\$19,340.49	\$13,701.27	\$5,639.23	\$204,299.03	\$3,369,835.63
35	\$19,340.49	\$13,724.10	\$5,616.39	\$209,915.43	\$3,356,111.53
36	\$19,340.49	\$13,746.97	\$5,593.52	\$215,508.95	\$3,342,364.56
37	\$19,340.49	\$13,769.89	\$5,570.61	\$221,079.55	\$3,328,594.67
38	\$19,340.49	\$13,792.84	\$5,547.66	\$226,627.21	\$3,314,801.84
39	\$19,340.49	\$13,815.82	\$5,524.67	\$232,151.88	\$3,300,986.01
40	\$19,340.49	\$13,838.85	\$5,501.64	\$237,653.53	\$3,287,147.16
41	\$19,340.49	\$13,861.91	\$5,478.58	\$243,132.10	\$3,273,285.25
42	\$19,340.49	\$13,885.02	\$5,455.48	\$248,587.58	\$3,259,400.23
43	\$19,340.49	\$13,908.16	\$5,432.33	\$254,019.91	\$3,245,492.07
44	\$19,340.49	\$13,931.34	\$5,409.15	\$259,429.07	\$3,231,560.73
45	\$19,340.49	\$13,954.56	\$5,385.93	\$264,815.00	\$3,217,606.17
46	\$19,340.49	\$13,977.82	\$5,362.68	\$270,177.68	\$3,203,628.35
47	\$19,340.49	\$14,001.11	\$5,339.38	\$275,517.06	\$3,189,627.24
48	\$19,340.49	\$14,024.45	\$5,316.05	\$280,833.10	\$3,175,602.79
49	\$19,340.49	\$14,047.82	\$5,292.67	\$286,125.78	\$3,161,554.97
50	\$19,340.49	\$14,071.24	\$5,269.26	\$291,395.03	\$3,147,483.74
51	\$19,340.49	\$14,094.69	\$5,245.81	\$296,640.84	\$3,133,389.05
52	\$19,340.49	\$14,118.18	\$5,222.32	\$301,863.15	\$3,119,270.87
53	\$19,340.49	\$14,141.71	\$5,198.78	\$307,061.94	\$3,105,129.16
54	\$19,340.49	\$14,165.28	\$5,175.22	\$312,237.15	\$3,090,963.88
55	\$19,340.49	\$14,188.89	\$5,151.61	\$317,388.76	\$3,076,775.00
56	\$19,340.49	\$14,212.54	\$5,127.96	\$322,516.72	\$3,062,562.46
57	\$19,340.49	\$14,236.22	\$5,104.27	\$327,620.99	\$3,048,326.24
58	\$19,340.49	\$14,259.95	\$5,080.54	\$332,701.53	\$3,034,066.29
59	\$19,340.49	\$14,283.72	\$5,056.78	\$337,758.31	\$3,019,782.57
60	\$19,340.49	\$14,307.52	\$5,032.97	\$342,791.28	\$3,005,475.05
61	\$19,340.49	\$14,331.37	\$5,009.13	\$347,800.41	\$2,991,143.68
62	\$19,340.49	\$14,355.25	\$4,985.24	\$352,785.65	\$2,976,788.43
63	\$19,340.49	\$14,379.18	\$4,961.31	\$357,746.96	\$2,962,409.25
64	\$19,340.49	\$14,403.14	\$4,937.35	\$362,684.31	\$2,948,006.10
65	\$19,340.49	\$14,427.15	\$4,913.34	\$367,597.65	\$2,933,578.95
66	\$19,340.49	\$14,451.20	\$4,889.30	\$372,486.95	\$2,919,127.76
67	\$19,340.49	\$14,475.28	\$4,865.21	\$377,352.16	\$2,904,652.48
68	\$19,340.49	\$14,499.41	\$4,841.09	\$382,193.25	\$2,890,153.07
69	\$19,340.49	\$14,523.57	\$4,816.92	\$387,010.17	\$2,875,629.50
70	\$19,340.49	\$14,547.78	\$4,792.72	\$391,802.89	\$2,861,081.72
71	\$19,340.49	\$14,572.02	\$4,768.47	\$396,571.36	\$2,846,509.70
72	\$19,340.49	\$14,596.31	\$4,744.18	\$401,315.54	\$2,831,913.39
73	\$19,340.49	\$14,620.64	\$4,719.86	\$406,035.40	\$2,817,292.75
74	\$19,340.49	\$14,645.01	\$4,695.49	\$410,730.89	\$2,802,647.75
75	\$19,340.49	\$14,669.41	\$4,671.08	\$415,401.96	\$2,787,978.33
76	\$19,340.49	\$14,693.86	\$4,646.63	\$420,048.60	\$2,773,284.47

77	\$19,340.49	\$14,718.35	\$4,622.14	\$424,670.74	\$2,758,566.12
78	\$19,340.49	\$14,742.88	\$4,597.61	\$429,268.35	\$2,743,823.23
79	\$19,340.49	\$14,767.45	\$4,573.04	\$433,841.39	\$2,729,055.78
80	\$19,340.49	\$14,792.07	\$4,548.43	\$438,389.81	\$2,714,263.71
81	\$19,340.49	\$14,816.72	\$4,523.77	\$442,913.58	\$2,699,446.99
82	\$19,340.49	\$14,841.42	\$4,499.08	\$447,412.66	\$2,684,605.58
83	\$19,340.49	\$14,866.15	\$4,474.34	\$451,887.01	\$2,669,739.42
84	\$19,340.49	\$14,890.93	\$4,449.57	\$456,336.57	\$2,654,848.50
85	\$19,340.49	\$14,915.75	\$4,424.75	\$460,761.32	\$2,639,932.75
86	\$19,340.49	\$14,940.61	\$4,399.89	\$465,161.21	\$2,624,992.15
87	\$19,340.49	\$14,965.51	\$4,374.99	\$469,536.19	\$2,610,026.64
88	\$19,340.49	\$14,990.45	\$4,350.04	\$473,886.24	\$2,595,036.19
89	\$19,340.49	\$15,015.43	\$4,325.06	\$478,211.30	\$2,580,020.76
90	\$19,340.49	\$15,040.46	\$4,300.03	\$482,511.33	\$2,564,980.30
91	\$19,340.49	\$15,065.53	\$4,274.97	\$486,786.30	\$2,549,914.77
92	\$19,340.49	\$15,090.64	\$4,249.86	\$491,036.16	\$2,534,824.14
93	\$19,340.49	\$15,115.79	\$4,224.71	\$495,260.86	\$2,519,708.35
94	\$19,340.49	\$15,140.98	\$4,199.51	\$499,460.38	\$2,504,567.37
95	\$19,340.49	\$15,166.21	\$4,174.28	\$503,634.66	\$2,489,401.16
96	\$19,340.49	\$15,191.49	\$4,149.00	\$507,783.66	\$2,474,209.66
97	\$19,340.49	\$15,216.81	\$4,123.68	\$511,907.34	\$2,458,992.85
98	\$19,340.49	\$15,242.17	\$4,098.32	\$516,005.66	\$2,443,750.68
99	\$19,340.49	\$15,267.58	\$4,072.92	\$520,078.58	\$2,428,483.11
100	\$19,340.49	\$15,293.02	\$4,047.47	\$524,126.05	\$2,413,190.08
101	\$19,340.49	\$15,318.51	\$4,021.98	\$528,148.04	\$2,397,871.57
102	\$19,340.49	\$15,344.04	\$3,996.45	\$532,144.49	\$2,382,527.53
103	\$19,340.49	\$15,369.61	\$3,970.88	\$536,115.37	\$2,367,157.92
104	\$19,340.49	\$15,395.23	\$3,945.26	\$540,060.63	\$2,351,762.69
105	\$19,340.49	\$15,420.89	\$3,919.60	\$543,980.24	\$2,336,341.80
106	\$19,340.49	\$15,446.59	\$3,893.90	\$547,874.14	\$2,320,895.21
107	\$19,340.49	\$15,472.33	\$3,868.16	\$551,742.30	\$2,305,422.87
108	\$19,340.49	\$15,498.12	\$3,842.37	\$555,584.67	\$2,289,924.75
109	\$19,340.49	\$15,523.95	\$3,816.54	\$559,401.21	\$2,274,400.80
110	\$19,340.49	\$15,549.83	\$3,790.67	\$563,191.88	\$2,258,850.97
111	\$19,340.49	\$15,575.74	\$3,764.75	\$566,956.63	\$2,243,275.23
112	\$19,340.49	\$15,601.70	\$3,738.79	\$570,695.42	\$2,227,673.53
113	\$19,340.49	\$15,627.70	\$3,712.79	\$574,408.21	\$2,212,045.83
114	\$19,340.49	\$15,653.75	\$3,686.74	\$578,094.95	\$2,196,392.08
115	\$19,340.49	\$15,679.84	\$3,660.65	\$581,755.61	\$2,180,712.24
116	\$19,340.49	\$15,705.97	\$3,634.52	\$585,390.13	\$2,165,006.26
117	\$19,340.49	\$15,732.15	\$3,608.34	\$588,998.47	\$2,149,274.11
118	\$19,340.49	\$15,758.37	\$3,582.12	\$592,580.60	\$2,133,515.74
119	\$19,340.49	\$15,784.63	\$3,555.86	\$596,136.46	\$2,117,731.11

120	\$19,340.49	\$15,810.94	\$3,529.55	\$599,666.01	\$2,101,920.17
121	\$19,340.49	\$15,837.29	\$3,503.20	\$603,169.21	\$2,086,082.88
122	\$19,340.49	\$15,863.69	\$3,476.80	\$606,646.01	\$2,070,219.19
123	\$19,340.49	\$15,890.13	\$3,450.37	\$610,096.38	\$2,054,329.06
124	\$19,340.49	\$15,916.61	\$3,423.88	\$613,520.26	\$2,038,412.45
125	\$19,340.49	\$15,943.14	\$3,397.35	\$616,917.61	\$2,022,469.31
126	\$19,340.49	\$15,969.71	\$3,370.78	\$620,288.40	\$2,006,499.60
127	\$19,340.49	\$15,996.33	\$3,344.17	\$623,632.56	\$1,990,503.27
128	\$19,340.49	\$16,022.99	\$3,317.51	\$626,950.07	\$1,974,480.28
129	\$19,340.49	\$16,049.69	\$3,290.80	\$630,240.87	\$1,958,430.59
130	\$19,340.49	\$16,076.44	\$3,264.05	\$633,504.92	\$1,942,354.15
131	\$19,340.49	\$16,103.24	\$3,237.26	\$636,742.18	\$1,926,250.91
132	\$19,340.49	\$16,130.08	\$3,210.42	\$639,952.59	\$1,910,120.83
133	\$19,340.49	\$16,156.96	\$3,183.53	\$643,136.13	\$1,893,963.88
134	\$19,340.49	\$16,183.89	\$3,156.61	\$646,292.73	\$1,877,779.99
135	\$19,340.49	\$16,210.86	\$3,129.63	\$649,422.37	\$1,861,569.13
136	\$19,340.49	\$16,237.88	\$3,102.62	\$652,524.98	\$1,845,331.25
137	\$19,340.49	\$16,264.94	\$3,075.55	\$655,600.54	\$1,829,066.31
138	\$19,340.49	\$16,292.05	\$3,048.44	\$658,648.98	\$1,812,774.26
139	\$19,340.49	\$16,319.20	\$3,021.29	\$661,670.27	\$1,796,455.06
140	\$19,340.49	\$16,346.40	\$2,994.09	\$664,664.36	\$1,780,108.65
141	\$19,340.49	\$16,373.65	\$2,966.85	\$667,631.21	\$1,763,735.01
142	\$19,340.49	\$16,400.94	\$2,939.56	\$670,570.77	\$1,747,334.07
143	\$19,340.49	\$16,428.27	\$2,912.22	\$673,482.99	\$1,730,905.80
144	\$19,340.49	\$16,455.65	\$2,884.84	\$676,367.83	\$1,714,450.15
145	\$19,340.49	\$16,483.08	\$2,857.42	\$679,225.25	\$1,697,967.08
146	\$19,340.49	\$16,510.55	\$2,829.95	\$682,055.20	\$1,681,456.53
147	\$19,340.49	\$16,538.07	\$2,802.43	\$684,857.62	\$1,664,918.46
148	\$19,340.49	\$16,565.63	\$2,774.86	\$687,632.49	\$1,648,352.83
149	\$19,340.49	\$16,593.24	\$2,747.25	\$690,379.74	\$1,631,759.59
150	\$19,340.49	\$16,620.89	\$2,719.60	\$693,099.34	\$1,615,138.70
151	\$19,340.49	\$16,648.60	\$2,691.90	\$695,791.24	\$1,598,490.10
152	\$19,340.49	\$16,676.34	\$2,664.15	\$698,455.39	\$1,581,813.76
153	\$19,340.49	\$16,704.14	\$2,636.36	\$701,091.75	\$1,565,109.62
154	\$19,340.49	\$16,731.98	\$2,608.52	\$703,700.26	\$1,548,377.65
155	\$19,340.49	\$16,759.86	\$2,580.63	\$706,280.89	\$1,531,617.78
156	\$19,340.49	\$16,787.80	\$2,552.70	\$708,833.59	\$1,514,829.99
157	\$19,340.49	\$16,815.78	\$2,524.72	\$711,358.30	\$1,498,014.21
158	\$19,340.49	\$16,843.80	\$2,496.69	\$713,854.99	\$1,481,170.41
159	\$19,340.49	\$16,871.88	\$2,468.62	\$716,323.61	\$1,464,298.53
160	\$19,340.49	\$16,900.00	\$2,440.50	\$718,764.11	\$1,447,398.53
161	\$19,340.49	\$16,928.16	\$2,412.33	\$721,176.44	\$1,430,470.37
162	\$19,340.49	\$16,956.38	\$2,384.12	\$723,560.56	\$1,413,513.99

163	\$19,340.49	\$16,984.64	\$2,355.86	\$725,916.41	\$1,396,529.36
164	\$19,340.49	\$17,012.94	\$2,327.55	\$728,243.96	\$1,379,516.41
165	\$19,340.49	\$17,041.30	\$2,299.19	\$730,543.16	\$1,362,475.11
166	\$19,340.49	\$17,069.70	\$2,270.79	\$732,813.95	\$1,345,405.41
167	\$19,340.49	\$17,098.15	\$2,242.34	\$735,056.29	\$1,328,307.26
168	\$19,340.49	\$17,126.65	\$2,213.85	\$737,270.14	\$1,311,180.61
169	\$19,340.49	\$17,155.19	\$2,185.30	\$739,455.44	\$1,294,025.42
170	\$19,340.49	\$17,183.78	\$2,156.71	\$741,612.15	\$1,276,841.64
171	\$19,340.49	\$17,212.42	\$2,128.07	\$743,740.22	\$1,259,629.21
172	\$19,340.49	\$17,241.11	\$2,099.38	\$745,839.60	\$1,242,388.10
173	\$19,340.49	\$17,269.85	\$2,070.65	\$747,910.25	\$1,225,118.25
174	\$19,340.49	\$17,298.63	\$2,041.86	\$749,952.11	\$1,207,819.62
175	\$19,340.49	\$17,327.46	\$2,013.03	\$751,965.14	\$1,190,492.16
176	\$19,340.49	\$17,356.34	\$1,984.15	\$753,949.30	\$1,173,135.82
177	\$19,340.49	\$17,385.27	\$1,955.23	\$755,904.52	\$1,155,750.56
178	\$19,340.49	\$17,414.24	\$1,926.25	\$757,830.77	\$1,138,336.31
179	\$19,340.49	\$17,443.27	\$1,897.23	\$759,728.00	\$1,120,893.05
180	\$19,340.49	\$17,472.34	\$1,868.16	\$761,596.15	\$1,103,420.71
181	\$19,340.49	\$17,501.46	\$1,839.03	\$763,435.19	\$1,085,919.25
182	\$19,340.49	\$17,530.63	\$1,809.87	\$765,245.05	\$1,068,388.62
183	\$19,340.49	\$17,559.85	\$1,780.65	\$767,025.70	\$1,050,828.78
184	\$19,340.49	\$17,589.11	\$1,751.38	\$768,777.08	\$1,033,239.67
185	\$19,340.49	\$17,618.43	\$1,722.07	\$770,499.15	\$1,015,621.24
186	\$19,340.49	\$17,647.79	\$1,692.70	\$772,191.85	\$997,973.45
187	\$19,340.49	\$17,677.20	\$1,663.29	\$773,855.14	\$980,296.24
188	\$19,340.49	\$17,706.67	\$1,633.83	\$775,488.97	\$962,589.58
189	\$19,340.49	\$17,736.18	\$1,604.32	\$777,093.28	\$944,853.40
190	\$19,340.49	\$17,765.74	\$1,574.76	\$778,668.04	\$927,087.66
191	\$19,340.49	\$17,795.35	\$1,545.15	\$780,213.19	\$909,292.31
192	\$19,340.49	\$17,825.01	\$1,515.49	\$781,728.67	\$891,467.31
193	\$19,340.49	\$17,854.71	\$1,485.78	\$783,214.45	\$873,612.59
194	\$19,340.49	\$17,884.47	\$1,456.02	\$784,670.47	\$855,728.12
195	\$19,340.49	\$17,914.28	\$1,426.21	\$786,096.69	\$837,813.84
196	\$19,340.49	\$17,944.14	\$1,396.36	\$787,493.04	\$819,869.70
197	\$19,340.49	\$17,974.04	\$1,366.45	\$788,859.49	\$801,895.66
198	\$19,340.49	\$18,004.00	\$1,336.49	\$790,195.99	\$783,891.66
199	\$19,340.49	\$18,034.01	\$1,306.49	\$791,502.47	\$765,857.65
200	\$19,340.49	\$18,064.06	\$1,276.43	\$792,778.90	\$747,793.59
201	\$19,340.49	\$18,094.17	\$1,246.32	\$794,025.22	\$729,699.42
202	\$19,340.49	\$18,124.33	\$1,216.17	\$795,241.39	\$711,575.09
203	\$19,340.49	\$18,154.53	\$1,185.96	\$796,427.35	\$693,420.55
204	\$19,340.49	\$18,184.79	\$1,155.70	\$797,583.05	\$675,235.76
205	\$19,340.49	\$18,215.10	\$1,125.39	\$798,708.44	\$657,020.66

206	\$19,340.49	\$18,245.46	\$1,095.03	\$799,803.48	\$638,775.20
207	\$19,340.49	\$18,275.87	\$1,064.63	\$800,868.10	\$620,499.33
208	\$19,340.49	\$18,306.33	\$1,034.17	\$801,902.27	\$602,193.01
209	\$19,340.49	\$18,336.84	\$1,003.66	\$802,905.92	\$583,856.17
210	\$19,340.49	\$18,367.40	\$973.09	\$803,879.02	\$565,488.77
211	\$19,340.49	\$18,398.01	\$942.48	\$804,821.50	\$547,090.75
212	\$19,340.49	\$18,428.68	\$911.82	\$805,733.31	\$528,662.08
213	\$19,340.49	\$18,459.39	\$881.10	\$806,614.42	\$510,202.69
214	\$19,340.49	\$18,490.16	\$850.34	\$807,464.76	\$491,712.53
215	\$19,340.49	\$18,520.97	\$819.52	\$808,284.28	\$473,191.56
216	\$19,340.49	\$18,551.84	\$788.65	\$809,072.93	\$454,639.72
217	\$19,340.49	\$18,582.76	\$757.73	\$809,830.66	\$436,056.96
218	\$19,340.49	\$18,613.73	\$726.76	\$810,557.42	\$417,443.23
219	\$19,340.49	\$18,644.75	\$695.74	\$811,253.16	\$398,798.47
220	\$19,340.49	\$18,675.83	\$664.66	\$811,917.83	\$380,122.64
221	\$19,340.49	\$18,706.96	\$633.54	\$812,551.36	\$361,415.69
222	\$19,340.49	\$18,738.13	\$602.36	\$813,153.72	\$342,677.55
223	\$19,340.49	\$18,769.36	\$571.13	\$813,724.85	\$323,908.19
224	\$19,340.49	\$18,800.65	\$539.85	\$814,264.70	\$305,107.54
225	\$19,340.49	\$18,831.98	\$508.51	\$814,773.21	\$286,275.56
226	\$19,340.49	\$18,863.37	\$477.13	\$815,250.34	\$267,412.20
227	\$19,340.49	\$18,894.81	\$445.69	\$815,696.03	\$248,517.39
228	\$19,340.49	\$18,926.30	\$414.20	\$816,110.22	\$229,591.09
229	\$19,340.49	\$18,957.84	\$382.65	\$816,492.87	\$210,633.25
230	\$19,340.49	\$18,989.44	\$351.06	\$816,843.93	\$191,643.81
231	\$19,340.49	\$19,021.09	\$319.41	\$817,163.33	\$172,622.72
232	\$19,340.49	\$19,052.79	\$287.70	\$817,451.04	\$153,569.94
233	\$19,340.49	\$19,084.54	\$255.95	\$817,706.99	\$134,485.39
234	\$19,340.49	\$19,116.35	\$224.14	\$817,931.13	\$115,369.04
235	\$19,340.49	\$19,148.21	\$192.28	\$818,123.41	\$96,220.83
236	\$19,340.49	\$19,180.13	\$160.37	\$818,283.78	\$77,040.70
237	\$19,340.49	\$19,212.09	\$128.40	\$818,412.18	\$57,828.61
238	\$19,340.49	\$19,244.11	\$96.38	\$818,508.56	\$38,584.50
239	\$19,340.49	\$19,276.19	\$64.31	\$818,572.87	\$19,308.31
240	\$19,340.49	\$4,282.13	\$32.18	\$818,605.05	\$15,026.18

Attachment C - Balance Sheet

Balance Sheet	Year										
	0	1	2	3	4	5	6	7	8	9	10
ASSETS											
Current Assets											
Cash	\$ 6,796,646.00	\$ 25,398.79	\$ 53,751.71	\$ 85,088.29	\$ 119,438.37	\$ 156,832.09	\$ 197,299.89	\$ 240,872.50	\$ 287,580.97	\$ 337,456.66	\$ 390,531.24
Fixed Assets											
Land	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Facilities	\$ 6,796,646.00	\$ 6,796,646.00	\$ 6,796,646.00	\$ 6,796,646.00	\$ 6,796,646.00	\$ 6,796,646.00	\$ 6,796,646.00	\$ 6,796,646.00	\$ 6,796,646.00	\$ 6,796,646.00	\$ 6,796,646.00
TOTAL ASSETS	\$ 6,796,646.00	\$ 6,822,044.79	\$ 6,850,397.71	\$ 6,881,734.29	\$ 6,916,084.37	\$ 6,953,478.09	\$ 6,993,945.89	\$ 7,037,518.50	\$ 7,084,226.97	\$ 7,134,102.66	\$ 7,187,177.24
LIABILITIES											
Current Liabilities											
	\$ 160,228.28	\$ 163,462.38	\$ 166,761.76	\$ 170,127.74	\$ 173,561.66	\$ 177,064.89	\$ 180,638.83	\$ 184,284.91	\$ 188,004.58	\$ 191,799.33	
Long-Term Liabilities	\$ 3,823,113.38	\$ 3,505,826.94	\$ 3,342,364.56	\$ 3,175,602.79	\$ 3,005,475.05	\$ 2,831,913.39	\$ 2,654,848.50	\$ 2,474,209.66	\$ 2,289,924.75	\$ 2,101,920.17	\$ 1,910,120.83
Total Liabilities	\$ 3,823,113.38	\$ 3,666,055.22	\$ 3,505,826.94	\$ 3,342,364.56	\$ 3,175,602.79	\$ 3,005,475.05	\$ 2,831,913.39	\$ 2,654,848.50	\$ 2,474,209.66	\$ 2,289,924.75	\$ 2,101,920.17
NET WORTH											
Cash Contribution	\$ 1,699,161.50	\$ 1,699,161.50	\$ 1,699,161.50	\$ 1,699,161.50	\$ 1,699,161.50	\$ 1,699,161.50	\$ 1,699,161.50	\$ 1,699,161.50	\$ 1,699,161.50	\$ 1,699,161.50	\$ 1,699,161.50
Grant Proceeds	\$ 1,274,371.13	\$ 1,274,371.13	\$ 1,274,371.13	\$ 1,274,371.13	\$ 1,274,371.13	\$ 1,274,371.13	\$ 1,274,371.13	\$ 1,274,371.13	\$ 1,274,371.13	\$ 1,274,371.13	\$ 1,274,371.13
Retained Earnings	\$ 182,456.95	\$ 371,038.14	\$ 565,837.11	\$ 766,948.96	\$ 974,470.42	\$ 1,188,499.87	\$ 1,409,137.37	\$ 1,636,484.68	\$ 1,870,645.28	\$ 2,111,724.45	
Total Net Worth	\$ 2,973,532.63	\$ 3,155,989.58	\$ 3,344,570.77	\$ 3,539,369.73	\$ 3,740,481.58	\$ 3,948,003.04	\$ 4,162,032.50	\$ 4,382,670.00	\$ 4,610,017.30	\$ 4,844,177.90	\$ 5,085,257.07
TOTAL LIABILITIES AND NET WORTH	\$ 6,796,646.00	\$ 6,822,044.79	\$ 6,850,397.71	\$ 6,881,734.29	\$ 6,916,084.37	\$ 6,953,478.09	\$ 6,993,945.89	\$ 7,037,518.50	\$ 7,084,226.97	\$ 7,134,102.66	\$ 7,187,177.24

Attachment D - Cash Flow Projection

Cash Flow	Year		Year		Year		Year		Year		Year		Year	
	0	1	2	3	4	5	6	7	8	9	10			
CASH RECEIPTS														
Income from Sales														
Cash Sales	\$ -	\$ 347,544.00	\$ 351,019.44	\$ 354,529.63	\$ 358,074.93	\$ 361,655.68	\$ 365,272.24	\$ 368,924.96	\$ 372,614.21	\$ 376,340.35	\$ 380,103.75			
Total Cash from Sales	\$ -	\$ 347,544.00	\$ 351,019.44	\$ 354,529.63	\$ 358,074.93	\$ 361,655.68	\$ 365,272.24	\$ 368,924.96	\$ 372,614.21	\$ 376,340.35	\$ 380,103.75			
Grant Proceeds	\$ 1,274,371.13	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
Loan Proceeds	\$ 3,823,113.38	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
Equity Capital Investments	\$ 1,699,161.50	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
Total Cash from Financing	\$ 6,796,646.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
Other Cash Receipts	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
Total Cash Receipts	\$ 6,796,646.00	\$ 347,544.00	\$ 351,019.44	\$ 354,529.63	\$ 358,074.93	\$ 361,655.68	\$ 365,272.24	\$ 368,924.96	\$ 372,614.21	\$ 376,340.35	\$ 380,103.75			
CASH DISBURSEMENTS														
Operating Expenses	\$ -	\$ 165,087.05	\$ 162,438.25	\$ 159,730.67	\$ 156,963.08	\$ 154,134.22	\$ 151,242.78	\$ 148,287.46	\$ 145,266.91	\$ 142,179.75	\$ 139,024.59			
Capital Purchases	\$ -	\$ 6,796,646.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
Loan Principle	\$ -	\$ 157,058.16	\$160,228.28	\$163,462.38	\$166,761.76	\$170,127.74	\$173,561.66	\$177,064.89	\$180,638.83	\$184,284.91	\$188,004.58			
TOTAL CASH DISBURSEMENTS	\$ -	\$ 7,118,791.21	\$ 322,666.52	\$ 323,193.05	\$ 323,724.85	\$ 324,261.96	\$ 324,804.44	\$ 325,352.35	\$ 325,905.74	\$ 326,464.66	\$ 327,029.17			
NET CASH FLOW														
Opening Cash Balance	\$ -	\$ 6,796,646.00	\$ 25,398.79	\$ 53,751.71	\$ 85,088.29	\$ 119,438.37	\$ 156,832.09	\$ 197,299.89	\$ 240,872.50	\$ 287,580.97	\$ 337,456.66			
Cash receipts	\$ 6,796,646.00	\$ 347,544.00	\$ 351,019.44	\$ 354,529.63	\$ 358,074.93	\$ 361,655.68	\$ 365,272.24	\$ 368,924.96	\$ 372,614.21	\$ 376,340.35	\$ 380,103.75			
Cash Disbursements	\$ -	\$ 7,118,791.21	\$ 322,666.52	\$ 323,193.05	\$ 323,724.85	\$ 324,261.96	\$ 324,804.44	\$ 325,352.35	\$ 325,905.74	\$ 326,464.66	\$ 327,029.17			
Ending Cash Balance	\$ 6,796,646.00	\$ 25,398.79	\$ 53,751.71	\$ 85,088.29	\$ 119,438.37	\$ 156,832.09	\$ 197,299.89	\$ 240,872.50	\$ 287,580.97	\$ 337,456.66	\$ 390,531.24			

Attachment E - Income Statement

Income Statement	Year									
	1	2	3	4	5	6	7	8	9	10
INCOME										
Fiber Leases	\$ 347,544.00	\$ 351,019.44	\$ 354,529.63	\$ 358,074.93	\$ 361,655.68	\$ 365,272.24	\$ 368,924.96	\$ 372,614.21	\$ 376,340.35	\$ 380,103.75
GROSS PROFIT	\$ 347,544.00	\$ 351,019.44	\$ 354,529.63	\$ 358,074.93	\$ 361,655.68	\$ 365,272.24	\$ 368,924.96	\$ 372,614.21	\$ 376,340.35	\$ 380,103.75
EXPENSES										
Interest Expense on 2% loan	\$ 75,027.76	\$ 71,857.64	\$ 68,623.54	\$ 65,324.16	\$ 61,958.18	\$ 58,524.26	\$ 55,021.03	\$ 51,447.09	\$ 47,801.01	\$ 44,081.34
Management Fees	\$ 52,131.60	\$ 52,652.92	\$ 53,179.45	\$ 53,711.24	\$ 54,248.35	\$ 54,790.84	\$ 55,338.74	\$ 55,892.13	\$ 56,451.05	\$ 57,015.56
Pole Attachment Fees	\$ 32,500.00	\$ 32,500.00	\$ 32,500.00	\$ 32,500.00	\$ 32,500.00	\$ 32,500.00	\$ 32,500.00	\$ 32,500.00	\$ 32,500.00	\$ 32,500.00
Locate Fees	\$ 2,927.69	\$ 2,927.69	\$ 2,927.69	\$ 2,927.69	\$ 2,927.69	\$ 2,927.69	\$ 2,927.69	\$ 2,927.69	\$ 2,927.69	\$ 2,927.69
R&M	\$ 2,500.00	\$ 2,500.00	\$ 2,500.00	\$ 2,500.00	\$ 2,500.00	\$ 2,500.00	\$ 2,500.00	\$ 2,500.00	\$ 2,500.00	\$ 2,500.00
TOTAL EXPENSES	\$ 165,087.05	\$ 162,438.25	\$ 159,730.67	\$ 156,963.08	\$ 154,134.22	\$ 151,242.78	\$ 148,287.46	\$ 145,266.91	\$ 142,179.75	\$ 139,024.59
NET PROFIT	\$ 182,456.95	\$ 188,581.19	\$ 194,798.96	\$ 201,111.85	\$ 207,521.46	\$ 214,029.46	\$ 220,637.50	\$ 227,347.30	\$ 234,160.60	\$ 241,079.17

Attachment F - Sample Franchise

Ordinance No.
TOWN OF SPANGLE WASHINGTON

AN ORDINANCE OF THE TOWN OF SPANGLE, WASHINGTON, GRANTING A NONEXCLUSIVE TELECOMMUNICATIONS FRANCHISE TO THE PORT OF WHITMAN AND OTHER MATTERS PROPERLY RELATING THERETO.

An Ordinance granting a franchise (the “franchise” to the Port of Whitman, a municipal corporation organized under the laws of the State of Washington (hereinafter referred to as “Grantee”). To locate, construct, operate and maintain poles, wires, fiber optics line, underground cables and appurtenances over, under, along and across all of the Grantor’s rights of way and public property in the Town of Spangle, State of Washington, and setting forth conditions accompanying the grant of Franchise; and,

WHEREAS, the Grantor duly fixed the time and place for hearing said application and due and timely notice of said hearing on such application was given pursuant to statute and ordinance, and hearing on said application having been held as prescribed by law, and the Grantor having been fully advised in the premises and having determined that it is in the public interest to grant such Franchise in the manner herein set forth; and,

WHEREAS, Grantee is authorized to engage in the business of providing wholesale telecommunication services to customers consistent with applicable laws and regulations, and Grantor has determined it is in the interest of the persons and businesses in this jurisdiction to have access to Grantee’s services; and,

WHEREAS, the Town Council has determined that it I sin the best interest of and consistent with the convenience and necessity of the Town to grant a Franchise within the confines of the Town to the Franchisee, and on the terms and conditions hereinafter set forth.

NOW THEREFORE BE IT ORDAINED BY THE TOWN COUNCIL OF THE TOWN OF SPANGLE, WASHINGTON, as follows:

ARTICLE I. DEFINITIONS

For the purpose of this Franchise the following terms, phrases, words, and their derivations shall have the meanings given herein. When not inconsistent with the context, words used in the present tense include the future, words in the plural number include the singular number, and words in the singular number include the plural number, and the use of any gender shall be applicable to all genders whenever required. The word “shall” is mandatory and “may” is permissive. Words not defined shall be given their common and ordinary meaning.

- A. “Town” is the Town of Spangle, Washington, a town in the State of Washington.
- B. “Town Council” shall mean the governing body of the Town.
- C. “Franchisee” means the Port of Whitman, the grantee of rights under this Franchise ordinance or its lawful successor, transferee or assignee.

- D. "Easement" shall be limited to those Rights-of-way owned or controlled by the Town.
- E. "Facilities" means any and all fiber optic line, equipment and related appurtenances in any way comprising a part of the System.
- F. "*Force Majeure*" means any delays caused by reason of (1) civil commotion; (2) riots; (3) Acts of God and nature, including but not limited to floods, earthquakes, ice storms and tornadoes; (4) strikes or labor unrest; (5) the inability to secure materials; and (6) any other event or circumstances reasonable beyond the control of the Franchisee.
- G. "Franchise" means the initial authorization, or renewal thereof, issued by the Town, whether such authorization is designated as a franchise, permit, license, resolution, contract, certificate, agreement, or otherwise, which authorizes the construction or operation of the System in, on and under the Town's Rights-of-Way.
- H. "Franchise Area" shall mean the area within the Town limits of the Town of Spangle, Washington, including areas annexed during the term of this Franchise.
- I. "Rights-of-Way" or "Right-of-Way" means the surface, the air space above the surface, and the area below the surface of any public street, highway, lane, path, alley, sidewalk, boulevard, drive, bridge, tunnel, easement or similar property in which the Town holds any property interest or exercises any rights of management or control and which, consistent with the purposes for which it was acquired or dedicated, may be used for the installation and maintenance of the System. No reference in this Franchise to a "Right-of-Way shall be deemed to be a representation or guarantee by the Town that interests or other rights in such property are sufficient to permit its use for the installation and maintenance of the System, and the Franchisee shall be deemed to gain only those rights which the Town has the right and power to give and only to the extent necessary to carry out the purposes of this Franchise.
- J. "System" means the poles, wires, fiber optic lines and all necessary or desirable appurtenances for the purpose of a wholesale communications business in accordance with applicable Law.

ARTICLE II. GRANT OF FRANCHISE

SECTION 1. Grant.

- A. There is hereby granted to the Franchisee a non-exclusive right, privilege, and Franchise to have, acquire, construct, reconstruct, maintain, use and operate within the corporate limits of the Town, the System and to have, acquire construction, reconstruct, maintain, use and operate in, over, under, along, and across the present and future Rights-of-Way all necessary or desirable wires, cables, underground conduits, manholes and other structures and appurtenances in connection with the System.
- B. Limited Rights. This Franchise is intended to convey limited rights and interests only as to those Rights-of-Way in which the Town has an actual interest. It is not a warranty of title or interest in any Right-of-Way; it does not provide the Franchisee with any interest in any particular location within the Right-of-Way; and it does not confer rights other than as expressly provided in the

grant hereof. This Franchise does not deprive the Town of any powers, rights or privileges it now has, or may later acquire in the future, to use, perform work on or to regulate the use of and to control the Town's Rights-of-Way covered by this Franchise, including without limitation the right to perform work on its roadways, streets or appurtenant drainage facilities, water and waste water facilities including construction, altering, paving, widening, grading or excavating such streets.

SECTION 2. Term.

- A. The Franchise granted hereunder shall be for a term of twenty-five (35) years from and after the effective date of this ordinance, unless otherwise lawfully terminated in accordance with the terms of this Franchise.

SECTION 3. Franchise Subject to Other Laws.

This Franchise is subject to and shall be governed by all applicable provisions of law. Notwithstanding any other provisions of this Franchise to the contrary, the Franchisee shall at all times comply with all laws and regulations of the state and federal government or any administrative agencies thereof. Provided, however, if any such law or regulations shall require the Franchisee to perform any service, or shall permit the Franchisee to perform any service, or shall prohibit the Franchisee from performing any service, in conflict with the terms of this Franchise, Town ordinance, or any regulation of the Town Council, then as soon as possible following knowledge thereof, the Franchisee shall notify the attorney for the Town of the point of conflict believed to exist between such regulation or law and regulations of the Town Council, the Town's ordinance or this Franchise.

SECTION 4. Other Franchises.

This Franchise shall not be construed as any limitation upon the right of the Town to grant to other persons rights, privileges, or authorities similar to the rights, privileges, and authorities herein set forth, in the same or other Rights-of-Way, public ways or public places. The Town specifically reserves the right to grant at any time during the term or this Franchise or renewal thereof, if any such additional Franchises as it deems appropriate, upon similar material terms and conditions to this Franchise.

SECTION 5. Waivers.

- A. The failure of the Town on one or more occasions to exercise a right or to require compliance or performance under this Franchise, or any other applicable law shall not be deemed to constitute a waiver of such right or a waiver of compliance or performance by the Town, nor shall it excuse the Franchisee from complying or performing, unless such right or such compliance or performance has been specifically waived in writing by the Town.
- B. No waiver by the Town of any breach or violation or any provision of this Franchise or any ordinance shall be deemed to be a waiver or a continuing waiver by the City of any subsequent breach or violation of the same or any other provision. Neither the granting of the Franchise, nor any provision herein, nor any action by the Town hereunder shall constitute a waiver of or a bar to the exercise of any governmental right or power of the Town, as provided for under state and federal law, including without limitation the right of eminent domain.

- C. No waiver of any provisions of this Franchise shall be effective unless authorized in writing by the Town.

SECTION 6. Franchise Acceptance; Prior Franchise Superseded and Repealed.

- A. Upon adoption of this Franchise and acceptance hereof by the Franchisee, the Franchisee agrees to be bound by all the terms conditions contained herein, which acceptance shall constitute an absolute and unconditional acceptance of the Franchise and promise to comply with and abide by all its provisions, terms and conditions. The Franchisee's signature at the end of this Franchise shall constitute compliance with this section.
- B. By accepting the Franchise, the Franchisee: (1) acknowledges and accepts the Town's legal right to issue and enforce the Franchise; (2) accepts and agrees to comply with each and every provision of this Franchise; and (3) agrees that the Franchise was authorized pursuant to processes and procedures consistent with applicable law, and that it will not raise any claim to the contrary.

SECTION 7. Police Powers.

In accepting this Franchise, the Franchisee acknowledges that is rights hereunder are subject to the police powers of the Town to adopt and enforce general ordinances necessary to the safety and welfare of the public, and the Franchisee agrees to comply with all generally applicable laws and ordinances enacted by the Town pursuant to such power that do not alter the Franchisee's material obligations under this Agreement.

Any conflict between the provisions of this Franchise and any other present or future lawful exercise of the Town' police powers shall be resolved in favor of the latter, except that any such exercise that is not of general application in the jurisdiction or applies specifically to the Franchisee or which contains provisions inconsistent with this Franchise shall prevail only if upon such exercise, the Town finds an emergency exists constituting a danger to health, safety, property or general welfare or such exercise is mandated by law.

SECTION 8. Permits Required.

In addition to this Franchise, in order for the Franchisee to be allowed to occupy or use the Rights-of-Way of the Town, the Franchisee shall obtain all other required authorizations, certificates, licenses and permits, in accordance with federal, state and local law. The Town shall not unreasonable withhold any permits requested by the Franchisee as determined by applicable law.

ARTICLE III. STANDARDS FOR USE OF RIGHT OF WAY

SECTION 1. Uses of Rights-of-Way.

- A. Non-exclusive Grant. This grant for the use of all Town Rights-of-Way is nonexclusive and does not establish priority for use over other franchise holders, permit holders and the Town's own use or public property. Additionally, Franchisee shall respect rights and property of the

Town and other authorized users of the Rights-of-Way. Disputes between the Franchisee and other entities over the use of the Rights-of-Way shall first be submitted to the Director of Public Works of the Town for possible resolution.

- B. Interference with Persons and Improvements. The Franchisee's System shall be located, erected and maintained so that none of its facilities shall endanger or interfere with the lives of persons, or interfere with any improvements the Town may deem proper to make, or unnecessarily hinder or obstruct the free use of Rights-of-Way or other public property. The Town shall have power at any time to order and require the Franchisee to remove and abate any pole, wire, cable, or other structure that is dangerous to life or property, and in case Franchisee, after notice fails or refuses to act within a reasonable time, the Town shall have the power to remove or abate the same at the expense of the Franchisee.
- C. Relocation of the Facilities. In the event that at any time during the period of this Franchise the Town shall elect to alter or change the grade of any Right-of-Way, the Franchisee, upon reasonable notice by the Town, shall begin removing and/or relocating as necessary, its poles, wires, cables, underground conduits, manholes and other fixtures at the Franchisee's expense, provided if Franchisee's wires, cable, or other fixtures are placed within or attached to conduit, poles, or appliances owned or maintained by others, such as utility poles of a public utility pursuant to a pole attachment agreement, Franchisee shall undertake such removal or relocation in cooperation with the public utility. If Franchisee fails or refuses to act within thirty days (30), of notice from the Town the Town shall have the power to remove or abate the same at the expense of the Franchisee.
- D. Interference with Utilities. The Franchisee with the consent of the Public Works Director shall place poles, equipment or other fixtures in such a manner that does not unreasonable interfere with existing gas, electric or telephone facilities, traffic control signalization, street lights, fire alarm lines or communications lines, or obstruct or hinder in any manner the various utilities serving the Town.
- E. Additional Easements. If additional private easements are necessary it shall be the Franchisee's responsibility to secure the same. The grant of this Franchise is limited to the Town's control of its Rights-of-Way and does not extend to any other public or private property.
- F. Cooperation with Building Movers. The Franchisee shall, at the request of any person holding a building-moving permit issued by the Town, temporarily raise or lower its wires to permit the moving of buildings. The expense of such temporary removal, raising or lowering of wires shall be paid by the person requesting the same, and the Franchisee shall have the authority to require such payment from such person in advance. The Franchisee shall be given not less than four (4) calendar days advance notice to arrange for such temporary wire changes.

G. Construction and Maintenance; Excavation

1. Engineering plans for construction in Rights-or-Way shall be submitted to the Town prior to construction.
2. Except in an emergency, the Franchisee shall comply with generally applicable Town ordinances, policies and rules pertaining to notification when excavating pavement in any Right-or-Way.

H. Coordination or Placement of Manholes. The Franchisee shall coordinate the placement of its manholes, if any, with the affected Town Departments.

I. Movement of Facilities During Emergencies. During emergencies, the Town may move the Franchisees Facilities, but shall first make reasonable attempts to notify the Franchisee.

J. Payment of the Town's Locate Costs. The Franchisee shall only pay for the Town's locate costs that specifically relate to the Franchisee and so long as those costs are not already included in the permit fees. The Franchisee shall be required to obtain verifiable locates prior to any digging, trenching or excavation.

K. Acquisition of Facilities. Upon the Franchisee's acquisition of Facilities in any Right-or-Way, or upon the addition or annexation of any area in which the Franchisee owns or operates any Facility, the Franchisee shall, at the Town's request, submit to the Town a statement describing all Facilities involved, whether authorized by the Franchise, permit, license or other prior right, and specifying the location of all such Facilities to the extent the Franchisee has possession of such information. Such Facilities shall immediately be subject to the terms of this Franchise.

L. Disconnecting Use of Facilities. Whenever the Franchisee intends to discontinue using any Facility within the Rights-or-Way, the Franchisee shall submit for the Town's approval a complete description of the Facility and the date on which the Franchisee intends to discontinue using the Facility. The Franchisee may remove the Facility or request that the Town permit it to remain in place. Notwithstanding the Franchisee's request that any such Facility remain in place, the Town may require the Franchisee to remove the Facility from the Right-of-Way, or modify the Facility as a condition of its remaining in place to protect the public health, welfare, safety or convenience, or otherwise serve, the public interest. The Franchisee shall complete such removal or modification in accordance with a schedule to be mutually agreed upon in no event shall Franchisee fail to remove said facility within ninety (90) days of written demand by the Town. Until such time as the Franchisee removes or modifies the Facility, or until the rights to and responsibility for the Facility are accepted by another Person having authority to construct and maintain such Facility, the Franchisee shall be responsible for all necessary repairs and relocations of Facility, as well as maintenance of e Right-or-Way, in the same manner and degree as if the Facility were in the active use, and the Franchisee shall retain all liability for such Facility.

M. Hazardous Substances.

1. The Franchisee shall comply with all applicable local, state and federal laws, statues, regulations, ordinances and orders concerning hazardous substances relating to the Franchisee's System in the Rights-or-Way.
2. The Franchisee shall maintain and inspect its System located in the Rights-of-Way. At any time, the Town may inspect the Franchisee's Facilities in the Rights-or-Way to determine if any release of hazardous substances has occurred, or may occur, from or related to the Franchisee's System. In removing or modifying the Franchisee's Facilities as provided in this Franchise, the Franchisee shall also remove and properly dispose of all residue of hazardous substances related thereto.
3. The Franchisee shall indemnify and hold the Town harmless against any and all liability, claims, costs, and expenses, of any kind, whether direct or indirect, incurred by the Town arising out of a release of hazardous substances caused by the Franchisee's System in the Rights-of-Way.

- N. Completion of Work by the Town. On failure of the Franchisee to commence, pursue or complete any work required by law or by the provisions of this Franchise or any applicable permit to be done in any Right-or-Way, within the time prescribed and to the satisfaction of the Town, the Town may at its discretion cause the work to be done. The Franchisee shall pay to the Town the reasonable costs of the work in the itemized amount reported by the Town to the Franchisee within thirty (30) days after receipt of the itemized report.

SECTION 2. Use of the Franchisee Facilities.

The Town shall have the right, at no cost, during the life of this Franchise, to make additional use, for any public purpose, of any poles or conduits controlled or maintained exclusively by or for the Franchisee, providing that such uses do not unreasonably interfere with the operations of the Franchisee.

SECTION 3. Joint Use of Poles, Trenches, and Conduits.

- A. The Franchisee may be required to attach its wires to poles owned and maintained by another person or entity, or to permit the wires of another person or entity to be attached to the poles owned by the Franchisee, upon reasonable terms and for just compensation. All of the Franchisee's requirements pertaining thereto must be in accordance with applicable law.
- B. Lines shall be located on poles in compliance with applicable safety standards and shall not interfere with the erection, replacement, operation, repair, or maintenance of the wires and appurtenances of the persons or entities occupying the poles.
- C. The Franchisee may be required by the Town to share trench space with another person or entity for the placement of facilities underground. Compensation to the Franchisee as well as terms or sharing trench space shall be resolved between the affected entities. Ducts, cables, or wires shall

be placed in tranches in compliance with applicable safety standards and, pursuant to the space allocation plan of the City.

SECTION 4. Changes for Governmental Purposes.

- A. Whenever by reason of changes in the grade of any Right-of-Way or in the location or manner of construction any water pipe, gas pipe, sewer or other underground or overhead structure for any governmental purpose whatsoever, it shall be deemed necessary by the Director of Public Works of the Town to remove, alter, change, adapt, or conform the underground or overhead facilities of the Franchisee, such alterations or changes shall be made as soon as practicable by the Franchisee an begin within thirty (30) days of notice from the Town, without claim for reimbursement or damages against the Town; provided, however, if said requirements impose a financial hardship upon the Franchisee, the Franchisee shall have the right to present alternative proposals for the Town's consideration, provided, further if Franchisee's wires, cable, or other fixtures are placed within or attached to poles, conduits, or appliances owned or maintained by others, such as utility poles of a public utility pursuant to a pole attachment agreement, Franchisee shall undertake such removal, alteration, change or adaption in cooperation with the public utility. Franchisee shall be reimbursed for the costs of such removal or alteration on the same terms and conditions as other utilities. Except for Franchise revocation or termination of System abandonment, the Town shall not require Franchisee to remove its facilities entirely from a Right-or-Way unless suitable alternatives are available for relocation at a reasonable cost. If Franchisee fails or refuses to begin such alterations or changes within such thirty (30) day period Franchisee the Town shall have the power to remove or abate the same at the expense of the Franchisee, all without compensation or liability for damages to the Franchisee.
- B. In cases of emergency the Town may require relocation of the Franchisee's facilities at the Franchisee's expense in the event the emergency creates an immediate threat to the public safety, health and welfare.

SECTION 5. Work by Others.

- A. The Town reserves the right to lay, and permit to be laid, sewer, electric, phone, gas, water, and other pipelines, cables, conduits and related appurtenances, and to do and permit to be done any underground or overhead work in, across, along, over, or under a Right-of-Way or other public place occupied by the Franchisee. The Town also reserves the right to construct new streets and to alter the design of existing streets. In performing such work, the Town shall not be liable to the Franchisee for any damages so occasioned by nothing herein shall relieve any other person or entity from the responsibility for damages to the facilities of the Franchisee.
- B. In the event that the Town subsequently authorizes someone other than the Franchisee to occupy space under the surface of a Right-of-Way, such grant shall be subject to the rights herin granted or heretofore obtained by the Franchisee In the event that the Town shall close or abandon any

Right-of-Way which contains existing facilities of the Franchisee, any conveyance of land within such closed or abandoned Right-of-Way shall be subject to the rights herein granted of heretofore obtained by Franchisee; provided that the Franchisee may be ordered to vacate any land so conveyed if an alternate route is practicable and if the Franchisee is reimbursed by the person to whom the property is conveyed for the reasonable costs of service disruptions, removal and relocation of facilities.

- C. If the Town shall require the Franchisee to adapt or conform its facilities or in any way or manner to alter, relocate, or change its facilities to enable any other entity or person, except the Town, to use, or use with greater convenience, said Right-or-Way, the Franchisee shall not be bound to make any such changes until such other entity or person shall have undertaken, with good and sufficient bond, to reimburse the Franchisee for any costs, loss, or expense which will be caused by, or arise out of such change, alteration, or relocation of Franchisee's property; provided, however, that the Town shall never be liable for such reimbursement.

SECTION 6. Construction Provision.

- A. Standards. The Franchisee's System constructed within the Town shall comply with all applicable federal, state and local laws.
- B. Tree Trimming and Removal. To the extent permitted by law, the Franchisee shall have the authority after obtaining any consent legally required from any affected property owner to trim trees or other natural growth overhanging any of its Cable System in the Town so as to prevent branches from coming in contact with the Franchisee's wires, cables, or other equipment. The Franchisee shall be permitted to charge persons who own, or are responsible for, such trees or natural growth for the cost of such trimming, (except the Town) proved that similar charges are assessed by and paid to the utilities or the Town for Tree trimming. The Franchisee shall reasonable compensate the Town or property owner for any damages caused by such trimming, or shall, at its own cost and expense, reasonable replace all trees or shrubs damaged as a result of any construction, operation or maintenance of the System. The Franchisee shall make reasonable efforts not to harm such trees or shrubs. Any pruning or removal or trees or shrubs in the Town shall comply with practices outlined in the American National Standards Institute, Ind., (ANSI) Tree Care Operations – Tree, Shrub, and Other Woody Plant Maintenance - Standard Practiced and Town Code Provisions, including licensing and permitting provisions.
- C. Inspections. The Town shall have the right to inspect all construction and installation work performed by the Franchisee pursuant to this Franchise as it shall find necessary to ensure compliance by the Franchisee. Such inspection shall be in accordance with the provisions of this Franchise.
- D. Restoration of Town Property. The Franchisee at its own cost and expense and in the manner approved by the Town shall replace and restore all Town property, including Right-or-Way, which is disturbed by the Franchisee's construction, installation, maintenance or operation of its Facilities, in accordance with the Town's Design Standards and the Standard Construction

Specifications. Nothing herein shall prevent the Town from charging the Franchise its usual and customary fees or general applicability for inspection of such restoration or replacement work. The Franchisee shall be solely responsible for protecting the public health, safety and welfare on such Town property from the time of disturbance until proper restoration. Failure of the Franchisee to replace or restore such Town property within a reasonable time period after written notification by the Town shall entitle the Town to cause the proper restoration to be made at the Franchisee's expense. The Franchisee shall pay to the Town the cost thereof, in the itemized amounts reported by the Town to the Franchisee, within thirty (30) days after receipt of such itemized report. Such payment shall not excuse a breach of the Franchise caused by the Franchisee's failure to commence, pursue or complete the required work.

- E. Restoration of Property. Whenever the Franchisee shall cause or any person acting on its behalf shall cause any disturbance, injury or damage to any private property or Town property by or because of the installation, maintenance or operation of its Facilities, such disturbance, injury or damage shall be remedied fully by the Franchisee at its expense. Further, the Franchisee shall, at its own cost and expense, replace and restore the respective property in accordance with the Town's Design Standards and Standard Construction Specifications within a reasonable time of the disturbance, injury or damage. Nothing in the paragraph shall be construed as requiring the Franchisee to replace or restore any trees, shrubs lying within the public utility easements, provided, however, that the Franchisee shall make reasonable efforts not to harm such trees and shrubs, and other property.
- F. Construction Necessary For Operation. Subject to applicable laws, regulations and ordinances of the Town and the provisions of this Franchise, the Franchisee may perform all construction necessary for the operation of its System. All construction and maintenance of any and all Facilities within the Right-of-Way incident to the Franchisee's Cable System shall, regardless of who performs the construction, be and remain the Franchisee's responsibility.
- G. Joint Trenching and boring. The Franchisee may make excavations in the Rights-of-Way for any Facility needed for the maintenance or extension of the Franchisee. Prior to doing such work, the Franchisee shall give the appropriate notice to the Town and the notification association in accordance with applicable law (namely the Northwest Utility Notification Center). When obtaining a permit, the Franchisee shall inquire in writing about other construction currently in progress, planned or proposed, in order to investigate thoroughly all opportunities for joint trenching or boring. Whenever it is possible and reasonable practicable to joint trench or share bores or cuts, the Franchisee shall work with other providers, licensees, permittees, and franchisees so as to reduce so far as possible the number of street cuts within the Town. If the Franchisee reasonably anticipates that trenching will encounter tree roots, the Franchisee shall consult with the Town prior to trenching.
- H. Emergency Repairs. In the event that emergency repairs are necessary to any part of its System, the Franchisee shall immediately notify the Town of the need for such repairs. The Franchisee may initiate such emergency repairs, and shall apply for appropriate permits within seventy-two (72) hours after discovery of the emergency. The Franchisee shall comply with all applicable

Town regulations relating to such excavations or construction, including the payment of permits or license fees.

I. Location of Facilities. The Franchisee shall be a member of the Northwest Utility Notification Center. After any Town department, franchisee, licensee, permittee notifies the Franchisee of a proposed street excavation, in accordance with the rules applicable to such a member, the Franchisee shall, at the Franchisee's expense:

1. Mark on the surface all of its locatable underground Facilities within the area of the proposed excavation;
2. Notify the excavator or any unlocatable underground Facilities in the area of the proposed excavation, or
3. Notify the excavator that the Franchisee does not have any underground Facilities in the vicinity of the proposed excavation.

J. Restoration of Streets. If the Franchisee excavates the surface of any Right-of-Way, the Franchisee shall be responsible for restoration of the Right-of-Way in accordance with generally applicable regulations of the Town.. The Town may, after providing notice to the Franchisee, resurface any opening made by the Franchisee in the Right-of-Way, and the expense thereof shall be paid by the Franchisee. The Town may, after providing notice to the Franchisee, remove and/or repair any work done by the Franchisee which, in the determination of the Town, is inadequate or unsatisfactory. The cost thereof, including the costs of inspection and supervision, shall be paid by the Franchisee. All of the Franchisee's work under this Franchise, and this Section, in particular shall be performed and completed in strict compliance with all generally applicable rules, regulations and ordinances of the Town.

K. Reservation of Town Rights. Nothing in this franchise shall prevent the Town from construction or establishing any public work or improvement. All such work shall be done, insofar as practicable, so as not to obstruct, injure or prevent the use and operation of the Franchisee's System. However, if any of the Franchisee's System unreasonably interferes with the construction, maintenance or repair of any public improvement, the Franchisee's System shall be removed or replaced.

Any and all such removal or replacement shall be at the expense of the Franchisee. Should the Franchisee fail to remove, adjust or relocate its Facilities by the date established by the Town's written notice to the Franchisee, the Town may affect such removal, adjustment or relocation, and the expense thereof shall be paid by the Franchisee.

L. Building Codes.

1. The Franchisee shall strictly adhere to all building and zoning codes currently or hereafter in effect. The Franchisee shall arrange its lines, cables, and other appurtenances, on both public and private property, in such a manner as to cause no unreasonable

interference with the use of said public or private property by any person. In the event of such interference, the Town may require the removal or relocation of the Franchisee's lines, cables, and other appurtenances from the property in question.

2. All plans for aerial crossings near existing or proposed traffic signals, signs, flashers, or other traffic control devices shall be submitted to the Town for approval. No crossings shall be permitted that obstruct traffic signals or other official traffic control devices.

M. Undergrounding and Overhead Construction.

1. Preference for Underground Installation. In all sections of the Town where the cables, wires, utilities or other like facilities are placed underground, the Franchisee shall place its wires, cables, utilities or other like facilities anywhere in the Town shall be changed from an overhead to an underground installation, the Franchisee shall, convert its facilities to an underground installation. If Franchisee's wire, cable, utilities or other facilities are to be placed underground in a common trench or bore shared by others, Franchisee shall share equally the expense of the trenching and/or boring in proportion to the number of joint users. The Franchisee shall pay for all cable, wire conduit, or facilities installed for the Franchisee's own use. If the Franchisee owns the aerial supporting structures, the additional incremental cost of undergrounding compared to the aerial inlocation will be paid by the Town. Where no overhead poles, exist, all wires and facilities shall be constructed underground.
2. Overhead. In the areas of the Town where electrical or telephone systems are installed on poles above ground, the Franchisee shall have the option of installing its System in like manner above ground or, alternatively, underground.

N. Rights-of-Way Occupancy.

1. Nothing in this Franchise shall give the Franchisee the right to attach its Cable System to structures or poles owned by the Town without consent of the Town.
2. The Franchisee shall:
 - a. Locate and install all transmission lines, equipment and structures so as to cause minimum interference with the rights and reasonable convenience of property owners;
 - b. Keep and maintain all transmission lines, equipment and structures in a safe condition, and in good order and repair;
 - c. Employ professional care;

- d. Place any fixtures in any Right-of-Way in such manner as not to interfere with the usual travel of the Right-or-Way or cause unsafe conditions of any sort,
 - e. Submit a traffic control plan to the Town for approval and receive such approval at least 48 hours prior to commencing construction except in the case of emergency. Such traffic control plan shall be available for public inspection on the construction site at all times; and
 - f. Notify adjacent property owners, businesses, residents, and others specified by the Town prior to construction and major maintenance projects.
3. The Franchisee shall not make street cuts or curb cuts unless absolutely necessary and only after a permit has been obtained from the Town under such conditions as the Town shall in its sole discretion determine.
 4. Before beginning any excavation or other construction activity on a Right-or-Way which crosses or abuts any private property, the Franchisee shall clearly mark and delineate with flags, stakes or non-polluting water-soluble spray paint the boundaries of that Right-of-Way where it abuts or crosses private property. After such excavation or other construction activity, the Franchisee shall restore such property to not less than the Town's standards.
 5. The Franchisee shall locate, mark and map any of its installed System for the Town at no expense to the Town. The Franchisee shall install underground warning tape with a metallic tracer at least twelve (120 inches above all feeder and trunk lines and above all fiber optic cable.

O. Stop Work.

1. On notice from the Town that any work is being performed contrary to the provisions of this Franchise, or in an unsafe or dangerous manner as determined by the Town, or in violation of the terms of any applicable permit laws, regulations, ordinances, or standards, the work may immediately be stopped by the Town.
2. The Town shall issue a stop work order which shall be:
 - a. In writing or, in the case of an emergency, verbally given;
 - b. Given to the individual doing the work, or posted on the work site;
 - c. Sent to the Franchisee by overnight delivery at the address given herein;
 - d. Indicate the nature of the alleged violation or unsafe condition; and

- e. Establish conditions under which work may be resumed.
- P. Franchisee's Contractors. The Franchisee and its contractors shall be licensed and bonded in accordance with the Town's ordinances, regulations and requirements for any contractors working in the Rights-or-Way. Any act or omission of any contractor of the Franchisee which violates any provision of this Franchise shall be considered an act or omission of the Franchisee for the purposes of this Franchise.
- Q. Private Property. Except in the case of an emergency involving public safety or service interruption to a large number of subscribers, the Franchisee shall give reasonable notice to the property owners or legal tenants prior to entering upon any private premises, and said notice shall specify the work to be performed; provided that in the case of construction operations, such notice shall be delivered or provided at least forty-eight (48) hours prior to entry. If any damage is caused by any Franchisee activity or omission, the Franchisee shall reimburse the property owner one hundred percent (100%) of the cost of the damage or replace the damaged property. In the case of an emergency, the Franchisee shall attempt to contact the property owner or legal tenant in person, and shall leave a door hanger notice in the event personal contact is not made.

ARTICLE IV. ADMINISTRATION AND REGULATION

SECTION 1. Transfer of Ownership or Control.

- A. This Franchise shall not be assigned or transferred, leased or disposed of either in whole or in part by voluntary sale or involuntary sale, merger, or consolidation, either legal or equitable or any right, interest or property therein, pass to or vest in any person, or entity without prior written consent of the Town Council, which consent shall not be unreasonable withheld. No consent will be required for a transfer in trust, mortgage, or other hypothecation as a whole or in part to secure an indebtedness.
- B. The Franchisee shall promptly notify the Town of an actual or proposed change in, or transfer of, or disposition of or acquisition by any other party of, control of the Franchisee. The word "control" as used herein is not limited to major stockholders but includes actual working control in whatever manner exercised. Every change, transfer, or acquisition of control of the Franchisee shall make the Franchise subject to cancellation unless and until the Town Council shall have consented thereto, which consent will not be unreasonable withheld. For the purpose of determining whether it shall consent to such change, transfer, disposition, or acquisition of control, the Town Council may inquire into the qualifications of the prospective controlling party, and the Franchisee shall assist the Town Council in any such inquiry.
- C. The proposed assignee must show its legal and technical qualifications and its financial responsibility as determined by the Town Council and must agree to comply with all the provisions of the Franchise. Unless the Franchisee and the Town Council otherwise agree on an extension of time, the Town Council shall be deemed to have consented to a proposed transfer or assignment in the event it has not acted within ninety (90) days of notice.

- D. The consent or approval of the Town Council to any transfer of the Franchise shall not constitute a waiver or release of the right of the Town in and to the Rights-of-Way, and any transfer shall by its terms, be expressly subordinate to the terms and conditions of this Franchise.
- E. By its acceptance of this Franchise, the Franchisee specifically agrees that any such transfers occurring without prior approval of the Town Council shall constitute a violation of this Franchise by the Franchisee. In no event shall a transfer of ownership or change of control be approved without the successor in interest becoming a signatory to this Franchise.
- F. Within 20 days of any transfer or sale and upon request, if approved or deemed granted by the Town, the Franchisee shall file with the Town a copy of the deed, agreement, or other written instrument evidencing such sale or transfer of ownership or control, certified and sworn to as correct by the Franchisee.
- G. Standards. The Town may inquire into legal, technical and financial qualifications of the prospective controlling party or transferee, and the Franchisee shall assist the Town in so inquiring. The Town may condition said sale or transfer upon such terms and conditions as it deems reasonably appropriate; provided, however, the Town shall not unreasonable withhold its approval and any such terms and conditions so attached shall be related to the legal, technical, and financial qualifications of the prospective controlling party or transferee and to the resolution of outstanding and unresolved issues of noncompliance with the terms and conditions of this Franchise by the Franchisee.
- H. Common Control Exemption. Notwithstanding anything to the contrary in this Section, the prior written approval of the Town Council shall not be required for any sale, assignment or transfer of the Franchise, the System or ownership to an entity controlling, controlled by, or under the same common control as the Franchisee.

ARTICLE V. FINANCIAL AND INSURANCE REQUIREMENTS

SECTION 1. Liability Insurance.

- A. General Requirement. The Franchisee must have adequate insurance during the entire term of the Franchise to protect against claims for injuries to persons or damages to property which in any way relate to, arise from or are connected with this Franchise or involve the Franchisee, its agents, representatives, contractors, subcontractors and their employees.
- B. Verification of Coverage. If requested, the Franchisee shall furnish the Town with certificates of insurance and endorsements or a copy of the page of the policy reflecting blanket additional insured status. The certificates and endorsements for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. The certificates and endorsements for each insurance policy are to be on standard forms or such forms as are

consistent with standard industry practices. The Franchisee hereby warrants that its insurance policies satisfy the requirements of this Franchise.

- C. Other insurance. The Franchisee shall also provide Workers Compensation Insurance as required by Washington law.
- D. Insurance - No Limitation. The Franchisee's maintenance of insurance policies required by this Franchise shall not be construed to excuse unfaithful performance by the Franchisee or to limit the liability of the Franchisee to the coverage provided in the insurance policies or otherwise to limit the Town's recourse to any other remedy available at law or in equity.

SECTION 2. Indemnity.

The Franchisee shall, at its sole cost and expense, indemnify and hold harmless the Town, Town Council, and any officers, employees and agents who have acted in their official capacities, boards, and commissions, (collectively referred to as the "City" in this Section) and shall pay all damages and penalties which the City may be legally required to pay as a result of any act or omission by the Franchisee in the operation of the System throughout the term of this agreement. Such damages and penalties shall include, without limitation, damages arising out of the copyright infringements, and the construction, erection, operation, maintenance and repair of the System, whether or not any act or omission complained of its authorized, allowed or prohibited by this Franchise. If legal action is filed against the Town, to recover for any claim or damages as a result of any act or omission by the Franchisee in the operation of the System, the Franchisee, upon notice to it by the Town, shall defend the Town against the action. The Franchisee shall have the right to defend, settle, or compromise any claims arising hereunder. In the event of a final judgment being obtained against the Town as a result of any act or omission by the Franchisee in the operation of the System, the Franchisee shall pay the judgment and all costs and hold the Town harmless therefrom. Nothing in this Franchise shall be interpreted to abridge or otherwise affect the Town's right to intervene or participate in any suite, action or proceeding involving any provisions of this Franchise. The Franchisee shall pay all expenses incurred by the Franchisee and the Town in defending with regard to all damages as set forth in this Section. These expenses shall include, without limitation, all out-of-pocket expenses, reasonable attorneys' fees, witness and discovery costs and the reasonable value of any services rendered by the Town Attorney and its office, and any other agents and employees of the Town.

The Franchisee will not be required to indemnify the Town for negligent act of the Town of its officials, boards, commissions, agents, or employees. The Town will indemnify and hold the Franchisee harmless from any claims or causes of action arising from any acts by the Town involving the Town's use of the access channel(s) or emergency alert system.

ARTICLE VI. ENFORCEMENT AND TERMINATION

SECTION 1. Forfeiture and Termination.

- A. In addition to all other rights and powers retained by the Town under this Franchise or otherwise, the Town reserves the right (after notice and the opportunity to cure as provided by Subsection C, below) to forfeit and terminate the Franchise and all rights and privileges of the Franchisee hereunder in the event of a material breach of this Franchise's terms and conditions. A material breach by the Franchisee shall include, but shall not be limited to the following:
1. Violation of any material provision of the Franchise or any material rule, order, regulation or determination of the Town Council made pursuant to the Franchise;
 2. Attempt to evade any material provision of the Franchise or practice any fraud or deceit upon the Town;
 3. The Franchisee abandons the System or terminates the System's operations;
- B. The foregoing shall not constitute a breach if the violation occurs but it is without fault of the Franchisee or occurs as a result of circumstances beyond the Franchisee's control. The Franchisee shall not be excused by mere economic hardship nor by misfeasance or malfeasance of its director's officers or employees.
- C. The Town shall make a written demand that the Franchisee comply with any such provision, rule, order, or determination under or pursuant to this Franchise. If the violation by the Franchisee continues for a period of thirty (30) days following such written demand without written proof that the corrective action has been taken or is being actively and expeditiously pursued, the Town Council may appoint a hearing examiner to take under consideration the issue of termination of the Franchise. The Town shall cause to be served upon the Franchisee, at least twenty (20) days prior to the date of such hearing, a written notice of intent to request such termination and the time and place of the hearing. Public notice shall be given of the hearing and issue(s) which the Town Council or hearing examiner is to consider.
- D. The Town Council or hearing examiner, if appointed, shall hear and consider the issue(s) and hear any person interested therein, and determine in its discretion, whether or not any violation by the Franchisee has occurred. The Franchisee shall be entitled to participate fully in the hearing process, including a presentation or evidence and questioning of witnesses, so that the record will include all information pertaining to the alleged violation.
- E. If the Town Council or hearing examiner, if appointed, shall determine the violation by the Franchisee was the fault of the Franchisee and within its control, the Town Council or hearing examiner, if appointed, shall determine if the violation can be cured. If the violation cannot be cured, the Franchise may be forfeited or terminated. If the violation can be cured, the Town Council or hearing examiner, if appointed, shall specify the action or actions to be taken by the Franchisee to cure the violation and set a compliance date. If there is no compliance within the

period stated, then the Town council may terminate the Franchise. Such determination shall be subject to judicial review.

SECTION 2. Foreclosure.

Upon the foreclosure or other judicial sale of all or a substantial part of the System, or upon the termination of any lease covering all or a substantial part of the System, the Franchisee shall notify the Town of such fact, and such notification shall be treated as a notification that a change in control of the Franchisee has taken place, and the provisions of this Franchise governing the consent of the Town Council to such change in control of the Franchisee shall apply.

SECTION 3. Receivership.

The Town shall have the right to cancel this Franchise one hundred twenty (120) days after the appointment of a receiver, or trustee, to take over and conduct the business of the Franchisee, whether in receivership, reorganization, bankruptcy or other action or proceeding, unless such receivership or trusteeship shall have been vacated prior to the expiration of said one hundred twenty (120) days, or unless:

- A. Within one hundred twenty (120) days after the election or appointment of a receiver or trustee, such receiver or trustee shall have fully complied with all the provisions of this Franchise and remedied all defaults hereunder; and,
- B. Such receiver or trustee, within said one hundred twenty (120) days, shall have executed an agreement, duly approved by the court having jurisdiction in the premises, whereby such receiver or trustee assumes and agrees to be bound by each and every provision of this Franchise.

SECTION 4. Bankruptcy.

The Town shall have the right to cancel this Franchise immediately should the Franchisee liquidate, become insolvent, make a transfer for the benefit of creditors, or reorganize and enter into an arrangement for the benefit of creditors or file a voluntary petition in bankruptcy; or an involuntary petition in bankruptcy is filed against the Franchisee and is not dismissed within one hundred twenty (120) days after the filing.

SECTION 5. Removal of System.

At the expiration of the term for which this Franchise has been granted, or upon its lawful termination or revocation as provided herein, the Franchisee shall forthwith, upon notice by the Town, remove at the Franchisee's own expense all designated portions of the System from all Rights-of-Way within the Town, and shall restore said Rights-of-Way in accordance with the Town's Design Standards and Standard Construction Specifications; provided, however, the Franchisee shall have the right to sell its physical plant to a subsequent franchisee, subject to the Town approval as provided in Article IV, Section 2, in which case said plant need not be removed and the Franchisee shall continue to operate the

System during such interim period prior to the sale. If the Franchisee fails to commence removing or operating its Facilities within thirty (30) days of request and proceed diligently with the removal, the Town may perform the work at the Franchisee's expense. Any property of the Franchisee remaining in place in any Right-of-Way one hundred eighty (180) days after the expiration, termination or revocation of this Franchise shall be considered permanently abandoned and may become the property of the Town at the Town's discretion.

ARTICLE VII. MISCELLANEOUS PROVISIONS

SECTION 1. Notices.

All notices from the Franchisee to the Town pursuant to this Franchise shall be to the Mayor, Town of Spangle, City Hall, Spangle, WA 99031, or to another person as designated by the Town. All notices to the Franchisee pursuant to this Franchise shall be sent to:

Port of Whitman
302 N Mill Street
Colfax, WA 99111
Attn: Executive Director
Fax: 509-397-4758

or to such other person or address as designated by the Franchisee. The Franchisee shall maintain with the Finance Director, throughout the term of the Franchise, an address for service of notices by mail. The Franchisee shall also maintain with the Town, an office address and telephone number for the conduct of matters related to this Franchise during normal business hours. A new address and telephone number of the office shall be furnished to the Finance Director within fifteen (15) days after any change thereof.

SECTION 2. Time Limits Strictly Construed.

Whenever this Franchise sets forth a time for any act to be performed by the Franchisee, such time shall be deemed to be of the essence, and any failure of the Franchisee to perform within the allotted time may be considered a material violation of this Franchise and sufficient grounds for the Town to invoke any relevant remedy. However, in the event that the Franchisee is prevented or delayed in the performance of any of its obligations under this Franchise by reason of *force majeure*, the Franchisee's performance shall be excused during the force majeure occurrence and the Franchisee thereafter shall, under the circumstances, promptly perform the affected obligations under this Franchise or procure a substitute which is satisfactory to the Town.

SECTION 3. Cumulative Provision.

The rights and remedies reserved to the Town and the Franchisee by this Franchise are cumulative and shall be in addition to and not in derogation or any other rights or remedies which the Town and the Franchisee may have with respect to the subject matter of this Franchise, and a waiver thereof at any time shall have no effect on the enforcement of such rights or remedies at a future time.

Further, either the Town or the Franchisee may seek any legal or equitable relief allowed by law provided that if both parties agree, the Town and the Franchisee may seek methods of alternative dispute resolution.

SECTION 4. Compliance with Federal, State, and Local Laws.

The Franchisee, its contractors, subcontractors, employees, and agents shall comply with all applicable federal, state, and local laws, rules, and regulations issued pursuant thereto. The Franchisee and the Town have carefully reviewed this Franchise and believe that all provisions hereof are enforceable and in full compliance with all applicable local, state, and federal laws and regulations in effect on the date of execution. If the Franchisee shall discover that any significant aspect of the operation or of any provision of the plans, specifications, or configurations of the Franchisee's System is contrary to or inconsistent with any applicable law, ordinance, rule, or regulation, the Franchisee shall promptly report such fact to the Town in writing. The Franchisee and the Town shall also be entitled to all rights and be bound by all changes in applicable local, state, and federal law which in addition to all other rights and powers retained by the Town under this Franchise or otherwise, the Town reserves the right (after notice and the opportunity to cure as provided by Subsection C, below) to forfeit and terminate the Franchise and all rights and privileges of the Franchisee hereunder in the event of a material breach of this Franchise's terms and conditions. A material breach by the Franchisee shall include but shall not be limited to the following: h occur subsequent to the date of this Franchise. The Franchisee and the Town acknowledge that their rights and obligations under this Franchise are explicitly subject to all such changes.

SECTION 5. Captions.

The captions to sections and subsections contained herein are intended solely to facilitate the reading thereof. Such captions shall not affect the meaning or interpretation of the text herein.

SECTION 6. Construction of Agreement.

This Franchise shall be governed, construed, and enforced in accordance with the laws of the State or Washington (as amended), and any other applicable local, state, and federal laws, rules, regulations, legislation, or orders (as such now exist, are later amended or subsequently adopted).

SECTION 7. No Joint Venture.

Nothing herein shall be deemed to create a joint venture or principal-agent relationship between the parties, and neither party is authorized to, nor shall either party act toward third persons or the public in any manner which would indicate any such relationship with the other.

SECTION 8. Entire Agreement.

This Franchise and all attachments represent the entire understanding and agreement between the parties hereto with respect to the subject matter hereof and supersede all prior oral and written

negotiations between the parties. This Franchise can be amended, supplemented, modified, or changed only by an agreement in writing which makes specific reference to this Franchise or to the appropriate attachment and which is signed on behalf of both parties.

SECTION 9. Actions of The Town or The Franchisee.

In any action by the Town or the Franchisee mandated or permitted under the terms hereof, it shall act in a reasonable, expeditious, and timely manner, Furthermore, in any instance where approval or consent is required under the terms hereof, such approval or consent shall not be unreasonably withheld.

SECTION 10. Severability, Preemption, and Precedence.

- A. If any section, subsection, sentence, clause, phrase, provision, or portion of this Franchise is for any reason held invalid or unenforceable by any court of competent jurisdiction, or any state or federal regulatory agency having jurisdiction thereof, the remainder of this Franchise shall not be affected thereby, and each remaining section, subsection, sentence, clause, phrase, provision, and portion of this Franchise shall be valid and enforceable to the fullest extent permitted by law.
- B. In the event that federal or state laws, rules or regulations preempt a provision or limit the enforceability of a provision of this Franchise, then the provision shall be read to be preempted to the extent and for the time required by law. In the event such federal or state law, rule or regulation is subsequently repealed, rescinded, amended or otherwise changed so that the provision hereof that had been preempted is no longer preempted, such provision shall thereupon return to full force and effect, and shall thereafter be binding on the parties hereto, without the requirement of further action on part of the Town or Franchisee, and any amendments to this Franchise negotiated as a result of such provision being preempted shall no longer be of any force or effect with respect to that provision.

SECTION 11. Venue.

Any action concerning a dispute arising under this Franchise shall be convened in Whitman County, Washington.

SECTION 12. Interpretation.

As a further condition of this Franchise, the parties acknowledge that this Franchise shall be deemed and construed to have been prepared mutually by both parties.

SECTION 13. Attorneys' Fees.

In the event that either party shall take action, whether judicial or otherwise, to enforce or interpret any of the provisions of this Franchise, the prevailing party shall be entitled to recover from the other party all expenses which it may reasonable incur in such action, including attorneys' fees and costs, whether incurred in a court of law or otherwise.

SECTION 14. Effective Date.

This Franchise shall be in full force and effect five (5) days after publication as required by law, and acceptance by the Franchisee.

PASSED BY THE TOWN COUNCIL OF THE TOWN OF SPANGLE, this _____ day of _____ 2011.

TOWN OF SPANGLE

Mayor

ATTEST:

Approved as to Form:

Town Attorney

Accepted this _____ day of _____ 2011, subject to applicable federal, state and local law.

PORT OF WHITMAN

By: Joseph R. Poire, Executive Director

STATE OF WASHINGTON

COUNTY OF WHITMAN

On _____, before me, a Notary Public in and for said State, personally appeared Joseph R. Poire, known to me to be the Executive Director of the Port of Whitman that executed the within Instrument, know to me to be the person who executed the within Instrument on behalf of the corporation therein named as Franchisee and acknowledged to me that such corporation executed the within Instrument pursuant to its by-laws or a resolution of its directors.

WITNESS my hand and official seal:

Notary Public In and for the State of Washington
Residing at: _____, Washington
My commission Expires: _____

Petrichor Broadband LLC

Petrichor Broadband LLC is a publicly owned corporation formed by six public port districts with over 20 years' experience creating open access networks. Petrichor works with other ports, tribes, counties, cities, public utility districts, industrial development zones and the Washington State Broadband Office to expand broadband access to underserved communities across Washington State. To accomplish this goal, we provide fiber optic planning and design, network management and local, state and federal policy development services.

We promote publicly owned, open-access, free trade platforms for the private sector to sell services. This public-owned infrastructure allows competition in markets where investments have not been made by the private sector, bringing urban-rate-priced services to all markets.

To serve rural customers, Petrichor members leverage public sector investment to build co-location and outside plant infrastructure for lease to telecommunications providers. Petrichor members also partner on joint builds with telecommunications service providers, lowering the costs to build and creating redundant networks in communities.



The founding members of Petrichor Broadband include Port of Kalama, Port of Ridgefield, Port of Bellingham, Port of Skagit County, Port of Pasco and Port of Whitman County.

This open-access model allows companies to choose between purchasing lit services or leasing dark fiber. In developing this model, ports learned repeatedly that companies desire to own individual networks, which they control and maintain. The ability to lease dark fiber provides companies the control necessary to offer a service-level agreement to their customers. By leasing the dark fiber plant to retail service providers at a price point that allows competitive retail pricing to consumers, this model facilitates economic development. The private sector competes to sell services, while investing in employees and equipment to grow their business in unserved communities.

Petrichor performs feasibility and planning studies for all entities based on this model. Consulting services include funding applications, design services, project management and fiber mapping and management.

Attachment H - Sample Agreement for Fiber Management Services

**INTERLOCAL COOPERATION AGREEMENT
FOR TELECOMMUNICATION SERVICES**

THIS INTERLOCAL COOPERATION AGREEMENT ("this AGREEMENT") entered into by PETRICHOR BROADBAND, LLC, a Washington interlocal limited liability company permitted by RCW 39.34.030, (hereinafter "PETRICHOR"), and the _____, a municipal corporation of the State of Washington, (hereinafter the "_____").

RECITALS

WHEREAS, PETRICHOR is a Washington interlocal limited liability company consisting of the following Ports as members: Port of Bellingham, Port of Kalama, Port of Pasco, Port of Ridgefield, Port of Skagit County, and Port of Whitman County; and

WHEREAS, the Port of Whitman County is the named Manager for PETRICHOR; and

WHEREAS, PETRICHOR contracts with public and private entities for the planning, development and operation of local and regional telecommunication facilities; and

WHEREAS, the PORT owns and operates telecommunication infrastructure ("the Facilities"), within and without its district for its own use and to provide wholesale telecommunication services within Asotin County; and

WHEREAS, the _____ has or intends to construct a fiber optic telecommunication network, which is the subject matter of this agreement (herein the "_____"); and

WHEREAS, this Agreement provides for certain services to be provided by PETRICHOR to the PORT in exchange for fees and revenue sharing as set forth below and the mutual benefits to be derived;

NOW, THEREFORE, IT IS HEREBY AGREED AS FOLLOWS:

INTERLOCAL COOPERATION AGREEMENT
FOR TELECOMMUNICATION SERVICES

(_____)

1. Management, Services and Expenses:

a. PETRICHOR shall provide the following services for the Facilities which are subject to the revenue sharing provisions of this Agreement:

- (1) Fiber and facility mapping, including cut sheet documentation;
- (2) One-Call management services;
- (3) _____ Will or _____ will not contract for locate services in accordance with standards in the industry;
- (4) Emergency restoration management in accordance with standards in the industry;
- (5) Review of construction design; and
- (6) Oversight of Network Operations Center (NOC) contracted services.

PETRICHOR may contract with third parties for the services to be provided.

b. _____ shall provide the following services for the Facilities which are subject to the revenue sharing provisions of this Agreement:

- (1) Administration of billing and collection;
- (2) Collection and remittance of applicable leasehold tax as directed by the State of Washington and franchise fees; and
- (3) Provide financial reports displaying monthly invoiced amounts by customer.

c. Expenses for the Facilities subject to the Revenue Sharing provisions of this Agreement will be allocated as follows:

- (1) Fiber and facility mapping, including cut sheet documentation will be provided by PETRICHOR;
- (2) One-call and locate services expenses shall be paid by the PORT;

(3) Emergency restoration service charges and expenses shall be paid by the PORT;

(4) Administration, billing and collection will be provided by the PORT; and

(5) NOC contracted services will be overseen by PETRICHOR and expenses shall be paid by the PORT.

2. Revenue Sharing and Fees:

All revenue derived from the _____ Facilities shall belong to the _____ and payment therefrom shall be as follows:

a. Commencing January 1, _____, payment for services will be on a revenue share basis whereby PETRICHOR will receive fifteen percent (15%) of monthly revenue, or Ten Thousand and no/100ths Dollars (\$10,000.00) per year, whichever is greater, derived from the Facilities, payable within thirty (30) days of month end. If at the end of the year, the total revenue paid to PETRICHOR is less than Ten Thousand and no/100ths Dollars (\$10,000.00), the _____ shall pay the difference between the revenue paid and Ten Thousand and no/100ths Dollars (\$10,000.00) within thirty (30) days.

b. The term "Revenue" as used in the Revenue Sharing provisions of this Agreement shall mean the gross amount invoiced/derived from the wholesale lease or grant of use of fiber optic lines. Non-reoccurring fees, fees for power charges, co-location fees, leasehold taxes, and franchise fees, shall not be considered Revenue for purposes of Revenue Sharing.

3. Leases and Contracts:

a. This Agreement shall apply to the wholesale lease or grant of use of the _____'s Facilities.

b. Lease, contracts, and agreements, to which this Agreement applies, shall be leases, contracts, and agreements of the PORT. Said leases, contracts, and agreements shall conform to and be consistent with the Master Service Agreement attached as EXHIBIT "A,"

or such other agreement as mutually agreed upon by PETRICHOR and the PORT.

c. No lease or contract subject to this Agreement shall extend beyond a period of twenty years from the date of execution, except as expressly authorized in writing by both parties. The Revenue from any leases, contracts, or agreements made during the term hereof and subject to this Agreement that have a termination date extending beyond the termination of this Agreement shall, belong to the PORT.

d. All rates, fees and charges for the use the Facilities shall be as mutually agreed upon with the goal of meeting each entity's revenue expectations. The initial rate structure is set forth in EXHIBIT "B".

e. Nothing herein shall be deemed to require the PORT to enter any lease, contract, or agreement for the use of its telecommunication lines or facilities.

f. Nothing herein shall prohibit the _____ from charging non-reoccurring fees for construction, relocation, or capital improvements to its Facilities, which fees shall not be considered Revenue, but will belong to the PORT.

4. Taxes, Fees and Assessments: The collection and payment of all taxes, fees, and assessments shall remain the responsibility of the PORT.

5. Term: The term of this Agreement shall begin January 1, _____, and terminate on the 31st day of December _____ (the "Initial Term"). Upon expiration of the Initial Term, this Lease shall automatically and successively renew for additional terms of one (1) year each, unless either party notifies the other in writing of its intent to terminate this Lease by giving one hundred eighty (180) days' notice prior to the end of the Initial Term, or any renewal thereof.

6. Development of Additional Facilities: It is understood and agreed that the _____ may wish to add to or expand its telecommunication fiber system, and nothing herein shall be deemed or considered as a restriction or prohibition on future development. However, any subsequent Interlocal Agreements which result in the management of additional fiber not owned by the PORT will require PETRICHOR's written consent.

7. Ownership on Termination: Upon termination of this Agreement and its non-renewal, all lines and facilities within the Clarkston Network shall remain the sole property of the PORT.

8. Relocation: In the event relocation of the Facilities which are subject to the Revenue Sharing provision of this Agreement is necessary, relocation costs and expenses shall be the sole responsibility of the PORT.

9. Annual Meeting: The _____ and PETRICHOR shall meet annually in the month of _____ at a date, time and location mutually agreeable to discuss financial reports, planning and budgeting.

IN WITNESS WHEREOF, the parties enter into this Agreement the _____ day of _____, _____, and the undersigned represent that he or she is authorized to sign this Agreement.

PETRICHOR BROADBAND, LLC, a _____, a municipal Washington interlocal limited liability company: _____ corporation of Washington

By _____
Port of Whitman County, Manager

By _____,
Executive Director

Attachment I - Sample Construction Oversight Services

AGREEMENT FOR PROJECT ADMINISTRATIVE SERVICES

THIS AGREEMENT ("this AGREEMENT") entered into by the PETRICHOR BROADBAND, LLC, a municipal corporation of the State of Washington, ("PETRICHOR"), and the ENTITY, a municipal corporation of the State of Washington, ("ENTITY").

RECITALS

WHEREAS, PETRICHOR owns and operates telecommunication facilities within and without its district for its own use and to provide wholesale telecommunication services within its district; and

WHEREAS, ENTITY owns and operates telecommunication facilities ("the Facilities"), within ENTITY County for its own use and to provide wholesale telecommunication services within its district; and

WHEREAS, ENTITY intends construct _____ ("the Project"); and

WHEREAS, this Agreement provides for certain services to be provided by PETRICHOR to ENTITY for a one-time fee as set forth below and the mutual benefits to be derived;

NOW, THEREFORE, IT IS HEREBY AGREED AS FOLLOWS:

1. Management Services:

a. PETRICHOR shall provide the following services for the Project:

- (1) Design process overview and recommendations;
- (2) Assistance with permitting, pole contact agreements, and easement acquisition;
- (3) Invitation to bid documents and process management;
- (4) Construction oversight;
- (5) Mapping of the project as-built;
- (6) Public outreach guidance as needed; and
- (7) An annual average of twelve on-site meetings or visits by Port of Petrichor personnel.

b. Project Expenses

All project expenses shall be paid by ENTITY.

2. Fees:

a. Payment for services will be made in _____ payments of _____ due upon invoice.

3. Term: The term of this Agreement shall begin _____ and terminate upon completion of the services to be provided but no later than the _____.

4. Ownership: Petrichor shall acquire no ownership or property interest in the Project lines or facilities.

IN WITNESS WHEREOF, the parties enter into this Agreement the _____ day of _____, _____, and the undersigned represent that he or she is authorized to sign this Agreement.

PETRICHOR, a municipal corporation of the State of Washington:

By _____
Executive Director

ATTEST:

By _____

ENTITY, a municipal corporation of the State of Washington:

By _____
Executive Director

ATTEST:

By _____