



## *House of Representatives Rural Development Council*

### **Highlights – Meeting One**

**Co-chairman Terry England  
Representative, 116<sup>th</sup> District**

**Co-chairman Jay Powell  
Representative, 171<sup>st</sup> District**

Vice-chairman Sam Watson  
Representative, 172<sup>nd</sup> District

The Honorable Patty Bentley  
Representative, 139<sup>th</sup> District

The Honorable John Corbett  
Representative, 174<sup>th</sup> District

The Honorable Matt Hatchett  
Representative, 150<sup>th</sup> District

The Honorable Mack Jackson  
Representative, 128<sup>th</sup> District

The Honorable Dominic LaRiccia  
Representative, 169<sup>th</sup> District

The Honorable Eddie Lumsden  
Representative, 12<sup>th</sup> District

The Honorable Chad Nimmer  
Representative, 178<sup>th</sup> District

The Honorable Clay Pirkle  
Representative, 155<sup>th</sup> District

The Honorable Terry Rogers  
Representative, 10<sup>th</sup> District

The Honorable Ed Rynders  
Representative, 152<sup>nd</sup> District

The Honorable Darlene Taylor  
Representative, 173<sup>rd</sup> District

The Honorable Bill Werkheiser  
Representative, 157<sup>th</sup> District

*Ex-officio Members:*

The Honorable Brooks Coleman  
Representative, 97<sup>th</sup> District

The Honorable Sharon Cooper  
Representative, 43<sup>rd</sup> District

The Honorable Robert Dickey  
Representative, 140<sup>th</sup> District

The Honorable Penny Houston  
Representative, 170<sup>th</sup> District

The Honorable Rick Jasperse  
Representative, 11<sup>th</sup> District

The Honorable Tom McCall  
Representative, 33<sup>rd</sup> District

The Honorable Butch Parrish  
Representative, 158<sup>th</sup> District

The Honorable Don Parsons  
Representative, 44<sup>th</sup> District

The Honorable Jason Shaw  
Representative, 176<sup>th</sup> District

The Honorable Ron Stephens  
Representative, 164<sup>th</sup> District

The Honorable Kevin Tanner  
Representative, 9<sup>th</sup> District

**2018**

Prepared by the House Budget & Research Office

## Meeting One Highlights – Blue Ridge

### *May 15, 2018 – UGA Renaissance Projects and Wine Industry Economic Development*

The first meeting in 2018 of the House Rural Development Council (RDC) focused on several topics including renaissance projects, the North Georgia wine industry, small cell technology and right-of-ways.

The meeting opened with a welcome from Donna Whitener, Mayor of Blue Ridge; Stan Helton, Fannin County Commission Chair; and Christie Arp, Executive Director Fannin County Development Authority. Donna Whitener highlighted the successes of Blue Ridge and noted that the city's unique downtown and attractions make it the epicenter of economic vitality in Fannin County. The city contributed \$109 million to the county's revenue last year. The mayor also indicated that while the residents would be interested in expanded broadband connectivity and may welcome new technology like small cell should it become available in the area, it should be the locally elected officials who control the right-of-way and placement of technology with appropriate input from citizens.

Christie Arp with the Fannin County Development Authority noted that while hospital, retail and other industries, such as unique cut and sew businesses, are vital to the area; tourism is the economic driver. In fact, revenue generated from tourism resulted in \$520 in tax savings per household last year. She also noted that there are more than 5,000 second homes in the county, with more than 1,200 registered as rental homes. According to Ms. Arp, access to broadband is an issue as those with second homes need to be able to access the internet for work and vacationing guests expect to have the internet as a basic amenity. She noted other community highlights including the establishment of a new UNG Blue Ridge campus and also noted that the need for sewer expansion is barrier to development and growth.

Speaker David Ralston then welcomed the council to Blue Ridge. He reminded the council that a person's zip code should not dictate their lot in life and charged the group to continue to find ways to help businesses grow jobs in rural Georgia. The Speaker was delighted with the progress the council made in 2017. The council's list of recommendations culminated in what several media sources dubbed "the most productive legislative session for rural Georgia".

Speaker Ralston highlighted the five major bills that were brought about by the RDC that received passage during the 2018 Session.

- SB 402, sponsored in the House by Rep. Jay Powell, provides for the deployment and expansion of broadband services;
- HB 876, by Rep. John Corbett, prohibits cities and municipalities from preventing the use of wood as construction material provided the wood meets Georgia State Fire Code and other standards;

- HB 735, by Rep. Patty Bentley, establishes a tax credit for maintenance expenditures on Class III (short-line) railroad to improve freight logistics networks and support Georgia ports;
- HB 769, by Rep. Rick Jasperse, was an omnibus healthcare bill that establishes the Rural Center for Health Care Innovation and Sustainability; provides for the establishment of micro-hospitals; provides a grant program for insurance premium assistance for physicians practicing in underserved rural areas; and increase the tax credit for rural hospital organizations to 100 percent; and finally
- HB 951, by Rep. Jason Shaw, creates the Center for Rural Prosperity and Innovation to provide a central information and research hub for rural leadership training and best practices.

In closing, Speaker Ralston reminded the council that Blue Ridge, like all rural communities, “wants our kids to grow up here, be educated here and find a good-paying job here”. The council’s efforts to make that possible in every rural community across the state are greatly appreciated.

Chairman Terry England then provided the council with some of the highlights of the Amended FY 2018 and FY 2019 budgets that impact rural Georgia. These adds are intended to spur economic development and address health and education needs, to include funds for: the expansion of airport runways in 13 communities; the creation of a deputy commissioner to promote rural development; a market study of professional and masters level degrees offered in rural Georgia and potential gaps; additional beds for Behavioral Health Crisis Centers; and premium assistance for physicians in underserved counties. In all, the Amended 2018 budget included 26 items for rural initiatives in economic development, education, workforce development and health and human services totaling \$53.5 million. The FY 2019 budget included 57 items for rural initiatives totaling more than \$70 million.

Laura Meadows and Danny Bivins with the Carl Vinson Institute of Government discussed the Georgia Downtown Renaissance Partnership and the assistance they provide to communities. Danny Bivins specifically discussed the details on the upcoming project with McCaysville, Georgia and its twin city of Copperhill, Tennessee. He also walked the council through how the institute guides the community on developing the plan. The institute uses tools such as interviews, focus groups and surveys to help a community determine where they are now. Visualization tools like design renderings help a community decide where they are going and what they want. Finally, an implementation plan with short and long term goals is developed. Mr. Bivins noted that it is imperative that communities know and feel that this product is the local community’s plan, and not that of the Carl Vinson Institute.

A delegation from Clarksville, Georgia including Mayor Barrie Aycock; City Manager Barbara Kesler; and the Director of the Downtown Development Authority, Mary Beth Thornton, all recounted how the Carl Vinson Institute of Government and the Georgia Downtown Renaissance

Partnership helped the city rebuild the historic downtown after a fire destroyed several businesses in 2014. The institute helped them engage the community to determine how they envisioned a rebuilt downtown. The city also used the opportunity to address other short and long term projects that were needed to enhance the city and further build out the tourist destination that the city already was prior to the fire.

When asked about potential barriers other communities may experience trying to replicate the success of Clarksville and how a redevelopment is implemented when there is not an area that has a tourist draw, Danny Bivins replied that the institute helps communities focus on the assets that they do have. They try to help a community determine its underperforming assets and how to improve them. Examples of other successful efforts included a renovation of a depot room in Chickamauga so visitors would have a public restroom, something the city previously did not have.

The next section of the meeting focused on the wine industry and the role that it plays in the North Georgia economy. The council heard from Christina Ernst, owner of Southern Tours/VIP Wine Tours, who several years ago created a business that married the local wine industry with tourism. The business has grown from one luxury coach to six coaches serving more than 2,200 customers last year. The University of Georgia (UGA) Small Business Development Center has provided marketing and financial advice that has been helpful in growing the business. Ms. Ernst echoed comments made earlier in the meeting about the lack of reliable cell phone service in the area and noted that her customers have noticed dropped calls and a lack of cell phone service in the area.

Larry Lykins of Cartecay Vineyards and past president of the Georgia Wine Producers Association noted how important it was for Georgia to fund a viticulture position in the Cooperative Extension Program. While the program had been supporting the wine growers in Georgia, none of the extension agents were experts in grape production. Having the expertise of a viticulturist has already provided a direct benefit to Georgia wineries. Support includes multiple workshops on pruning and spraying methodology which impacts production.

During the question and answer session with Bruce Cutler, UGA Small Business Center Area Director; Cain Hickey, UGA Cooperative Extension Specialist for Viticulture; and Larry Lykins, Cartecay Vineyards, it was revealed that the bureaucracy of the three-tier system still impacts Georgia farm wineries and that some level of streamlining is needed for farm wineries reporting and tax filings with the Department of Revenue. Labor for harvesting grapes was also an issue this year as there was a shortage of migrant labor and the fall harvest has a very small window.

### ***Small Cell Technology - Use and Compensation for Right-of-ways (HR 1698)***

The meeting then shifted to a discussion and presentations about small cell technology and right-of-ways. Georgia Power and the Electric Cities of Georgia addressed what their portion of the electric industry is doing in relation to small cell collocation, regulation and legislation.

Small cells are essentially antennas attached to vertical infrastructure that off-load capacity and exponentially increase wireless speeds.

Allen Bell, the joint-use manager for Georgia Power, deals with what is attached to Georgia Power utility poles. He told the council that Georgia Power has a long history of allowing the telecommunications industry to use its poles, going back a century with telephone lines, 40 years for cable lines, and five years for broadband fiber.

In that history, there have been times when regulatory agency has had to get involved, such as when the cable industry emerged in the 1970s. On the other hand, such as when Google wanted to expand in the state, Georgia Power has been able to work out agreements without regulation.

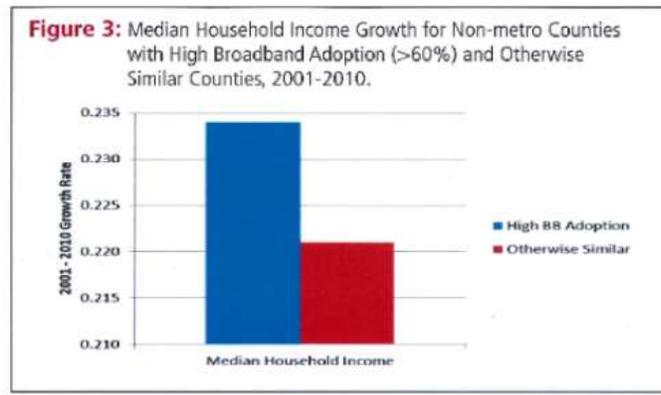
Bell testified that Georgia Power understands that small cells are a collocation issue and an economic development issue for the state and Georgia Power itself; the electric industry needs broadband for economic growth, so the company is anxious to get broadband into the rural areas it serves. Moreover, there are approximately 300 small cells already on Georgia Power poles, primarily in metro areas. The company has an incentive to negotiate, according to Mr. Bell, and it is anxious for these small cells to be placed on its facilities in a practical manner. Georgia Power's main concern is the reliability of their system. During the 2018 legislative session, Bell said they had some safety concerns with the deployment on the right-of-way and some electrical issues, so they asked to be exempted from the small cell legislation, including House Bill 533. In addition to the safety concerns, Bell said the Federal Communications Commission already regulates Georgia Power. Therefore, Georgia Power is going to continue to ask to be exempted from any future small cell legislation.

Daryl Ingram represents the 52 Electric Cities of Georgia, a majority of which are in rural Georgia. Ingram stated that many of the pole attachment agreements that are in place have been in place for nearly a century, with necessary modifications made over time. The Electric Cities are currently working on a statewide model agreement for small cells and are also negotiating with a couple of companies, including AT&T.

Ingram mentioned that congestion on the poles are a potential problem. In municipal areas, the poles are approximately 125 to 175 feet apart, with longer spaces in more rural areas. Since current small cells have to be placed within 500 to 1,200 feet of each other, Ingram said a carrier will need to place a small cell on every three to six poles. While that is not a problem unto itself, it does become a problem of congestion when multiple carriers plan to place small cells in the same area. This is why the Electric Cities are looking to use joint-use agreements to make everything predictable for the industry and the cities.

Ingram warned the council that as new technology emerges, it is important to think about what technology will be going onto poles next. Additionally, he said it is important that the electric industry has the ability to manage their assets, including poles, due to the new electric innovations that are placed on the pole.

The final speaker of the day reminded the council that the 20<sup>th</sup> century was built around concrete, steel, and oil; however the “21<sup>st</sup> century will be built more around concrete, steel, and data.” Jason O’Rourke, vice president of Public Policy and Federal Affairs of the Georgia Chamber of Commerce, told the committee that “data is the new oil”.



O’Rourke shared a study from Cornell University that showed that non-metro areas with high broadband adoption have higher economic growth than similar communities with little broadband adoption; however, there must be enough people asking for enhanced speed to justify the investment from providers. Furthermore, as speeds and networks are enhanced, broadband consumption will change. “The future of data access and how people consume data is going to be built around people consuming it all over the place, not just at home,” O’Rourke stated.

The Georgia Chamber would like to see a statewide standard for small cell, including permitting processes, fee schedules, and the regulatory process. It will allow the providers to know on a long-term timeline where they can go and how much it will cost. Also, it will help modernize the fee structure, which is currently tied to a specific local government, due to the increasing amount of consumers using data away from home.

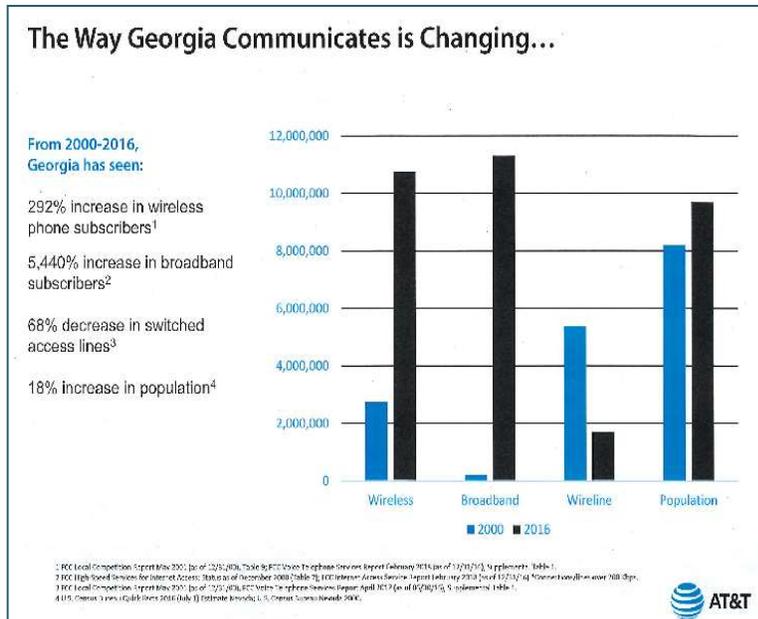
O’Rourke encouraged the council and General Assembly to investigate modernizing franchise fees to reflect the true cost of administering the right-of-way and resist regulating and de-incentivizing the “key input in the modern economy”. Taking down the barriers will allow competition to thrive, and he added that markets like cable still continue to grow into new places. Finally, he noted that these rural areas will probably be served later than areas with more people, where the fastest return on investment is.

### ***May 16, 2018 – Small Cell Technology - Use and Compensation for Right-of-ways (cont.)***

Industry leaders and local government representatives spoke to the council about the necessities and challenges facing small cell technology expansion. Verizon lobbyist Bob Davis and AT&T lobbyist Kevin Curtain addressed the challenges the industry has faced when applying for

permits to attach or “collocate” small cells to local-government-owned utility poles or other vertical infrastructure.

Small cells are crucial to future technologies, such as smart cars and smart cities, in addition to 5G technology for cellphones. Moreover, small cells help off-load the growing burden on macro-towers as data usage dramatically increases. Fifty percent of Georgians, Davis said, are now without landlines. Furthermore, each home is now averaging 4.7 connected devices and there has been a 300 percent increase in wireless subscribers between 2000 and 2016.



In response to what the industry says are extreme delays and costs in permitting, industry leaders have requested legislation that would ensure access to the right-of-way, streamline the permitting process, and create a fee structure for small cell attachments and pole construction. Verizon, according to Davis, has approached 50 local governments in the state over the last three years and have only one agreement to show for it. The company wants to eliminate some of these obstacles and create a more predictable environment.

Curtain said an Accenture study showed there would be a large economic impact due to small cell deployment, with Davis adding that capital flows to the path of least resistance. Over the next seven years, Accenture estimates telecommunications operators are expected to invest about \$275 billion in infrastructure and create up to three million jobs nationwide.

The study also showed the expected economic impact for some Georgia cities, including Blue Ridge, Dahlonega, and Dublin. Blue Ridge, with a population of 1,391, is expected to receive a \$1 million network investment that will net 13 new jobs and \$2 million in GDP growth. Dahlonega, with nearly 6,500 people, is expected to add \$10 million to its GDP and 60 new jobs with a \$5 million network investment. A more highly-populated city, such as Dublin with 16,000 people, is expected to add 150 jobs and see an increase of \$25 million in GDP following a \$13 million network investment.

Regular small cells have a range of 500 to 1,200 feet, according to Davis, which limits their potential as a rural solution. 5G small cells have an even more limited range of approximately 250 feet to 750 feet; however, Curtain spoke to the Council about AT&T’s proprietary small cell

technology, AirGig, which is clamped onto power lines to create gigabit speeds. While the technology is being tested, AT&T expects to make commercialization decisions on the product in 2019 and if AirGig is successful, Curtain says it will greatly impact rural Georgia's broadband expansion efforts.

In response to the industry's call for a statewide permitting process, Director of Governmental Relations for the Georgia Municipal Association Tom Gehl argued the industry is really asking for a statewide overlay preventing local governments from charging what they think is reasonable rental rates to access public property. He noted that local governments are not the obstacles but are accommodating the technology where it needs to go to make the maximum profit for the industry. He added that local governments are unfairly called obstacles when small cells are not actually a current solution for lack of coverage in rural Georgia. Small cells currently work to boost coverage in the most densely populated areas, and to highlight that point, he gave statistics on Atlanta's permitting applications, as of May 11, 2018:

- 621 small cell permits have been approved
- 61 permits are working through the process
- 10 permits have been denied due to location concerns
- AT&T has 179 approved small cell permits and 16 permits in processing
- Verizon has 21 approved small cell permits and 45 in processing
- Crown Castle, a wholesale provider, has 348 approved, with none pending.

Gehl concluded that cities must maintain their ability to control siting of new poles due to the infrastructure already in the right-of-way, adding that any legislation must mandate collocation if it is possible.

Todd Edwards, representing the Association County Commissioners of Georgia, said many of the state's counties would not mind a statewide process so they would not have to create their own ordinance, as the technology is fairly new. He added, however, that they would require a balanced process, which has not yet been agreed upon in private meetings between the industry and local governments. He echoed Mr. Gehl's testimony that there have not been permit requests in rural counties yet, only in metro areas where the right-of-way is already congested.

Edwards also pointed out that House Bill 533 would have allowed new poles of up to 50 feet, in addition to other ancillary equipment to the small cell of undefined size. He stated that rural counties would be more than happy to accommodate small cells because they do not have the crowded right-of-way that metro counties do, which makes HB 533 more of a "metro" bill.

In conclusion, Edwards also requested that all pole owners should be included in any solution or legislation, including electric membership corporations (EMCs) and the Department of Transportation (DOT).

Stephen Loftin, with the Georgia Cable Association, spoke to the council about franchise fees and state taxes. He stated that all the different services that access the right-of-way pay different types of fees, and these fees may need to be assessed now that all of these technologies have converged.

If the state wants more wireline broadband, a solution may be to lower the cost to enter the right-of-way and spread it over as many customers as possible to incentivize deployment and be neutral on the type of technology.



Finally, Blake Doss, a policy analyst with the House Budget and Research Office, spoke to the council about what other states have done regarding small cell legislation. Approximately 20 states have passed some type of small cell legislation.

He noted some of the common themes in legislation include: application fee caps; undergrounding or historic district protections; and detailed reasons for denying applications.

An industry favorite, Oklahoma's legislation places several caps on fees, which may be adjusted by 10 percent every five years:

- Right-of-way access - \$20 per small cell per year
- Collocation - \$20 per pole per year
- Application/Permit fees - \$200 each for the first five small cells and \$100 for each additional small cell
  - Consolidated applications may include up to 25 small cells.
- New pole fees - \$350 per pole

A local government favorite, Colorado's legislation only places a cap on pole attachments, which would result in an approximate \$200 fee per pole according to the state's fiscal note.

Furthermore, Colorado's legislation allows the local government 90 days to process a complete application for a small cell. In comparison, Oklahoma's legislation stated an application is deemed complete if a provider is not notified of deficiencies within 20 days. Then, the application is deemed approved within 75 days absent any action by the local government.