Oconee finalizes broadband deal with OneTone

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Parties now awaiting final federal approval

BY STEVEN BRADLEY
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WALHALLA — The president of the company now overseeing Oconee's $15 million broadband network pointed to manpower and experience as two reasons he thinks the project will succeed in areas where it has previously faced stumbling blocks.

Scott Loggins, of Seneca-based OneTone Telecom, said county leadership "has done a great thing in bringing this key piece of infrastructure to Oconee."



Moulder

"We believe that over the past few years our hard work, investment and dedication to the project helped make our organization a clear choice and that this type of arrangement was needed for the long-term success of the project," Loggins told The Journal in an email Thursday.

While the deal awaits federal approval, county council took the final steps locally to hand over control of its 252-mile broadband network to OneTone in hopes of recouping nearly $6 million in losses from the project.

Council unanimously passed third and final reading of an ordinance to approve the contract with OneTone and execute a network master agreement between the two parties, as well as first and final reading of a memorandum of understanding to allow OneTone to begin managing the network immediately.

"This would allow a sooner turnover with the understandings as they stipulated in the memorandum of understanding as we wait on the feds," county administrator Scott Moulder said at Tuesday's council meeting.

While the Fiber Optics Creating

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Unified Solutions project has proven to be a drain on the county's general fund, it has also seen more than a few complaints in terms of accessing the network from citizens, many of whom have said they could see the network cable from their doorstep but have been unable to get connected.

Loggins pointed to "a full staff dedicated to running the broadband network" and more than 20 years experience in telecommunications as evidence his company could alleviate those issues.

"Managing the day-to-day operations of this network in the private business sector versus the county government sector will give us a definite advantage in network expansion, customers served and the ability to reach out to other telecommunications carriers that previously were reluctant in utilizing the assets because of the long-term uncertainty," he said.

Bob Graves, the president of the Hidden Harbor Homeowners Association, who has repeatedly spoken in favor of the deal, commended the county and OneTone at the public hearing "for aggressively moving forward to bring much-needed broadband services to residences and businesses in our county that currently don't have that."

"Clearly I'm fully supportive of the service agreement that we have discussed before, as well as the proposed memorandum of understanding in order to waive any kind of issue related to the (National Telecommunications and Information Administration and the National Oceanic and Atmospheric Administration) action at this point," he said. "And that would allow OneTone, as I understand it, to immediately begin working on network expansion and service implementation for all of those folks in the county."

In exchange for the lease of network assets and other considerations, OneTone will pay Oconee lease fees for a 20-year period, totaling $6.3 million and beginning with an initial down payment of $200,000 on Sept. 1.

After the initial down payment, the next payment wouldn't be due until the fourth year of the agreement, at which point OneTone would make the first of six annual payments of $316,000 over years four to nine.

The largest payment would be $4.1 million due in the 10th year, which would bring the cumulative total at that point to $6.2 million put back in the county's coffers.

OneTone would then pay $10,000 annually in lease fees over the next decade before finishing the deal with a $1 final payment in 2035.

A five-year total of the FOCUS project's financials compiled and obtained by The Journal in April revealed an additional shortfall of more than $900,000 on top of nearly $5 million the project had been advanced from the county's general fund budget, bringing the total net loss for the history of the project to more than $5.8 million.

OneTone has succeeded in bringing broadband internet to some of the more rural areas of the county, including the Lake Cherokee community in Tamassee, which Loggins told the county zoning board in 2014 was a site that is "dear to me."

That project, among others, has led to OneTone gaining a reputation as a last-mile pioneer in the county.

"Our entire organization is excited and thankful for this opportunity and looks forward to continuing to help the citizens and businesses of Oconee County with their telecommunication needs," Loggins said Thursday.

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