

July 10, 2012

Virginia:

AT A CALLED MEETING of the Nelson County Broadband Authority Board at 6:00 p.m. in the Board of Supervisors Room located on the second floor of the Nelson County Courthouse.

Present: Thomas H. Bruguire, Jr. West District - Chair
Constance Brennan, Central District – Vice Chair
Thomas D. Harvey, North District
Larry D. Saunders, South District
Stephen A. Carter, County Administrator
Candice W. McGarry, Secretary
Susan Rorrer, Director of Information Systems

Absent: Allen M. Hale, East District

I. Call to Order

Mr. Bruguire called the meeting to order at 6:00 pm, with four (4) members present to establish a quorum and Mr. Hale being absent.

II. Consent Agenda

Ms. Brennan moved to approve the consent agenda and Mr. Harvey seconded the motion. There being no further discussion, members voted unanimously (4-0) by roll call vote to approve the motion and the following resolution was adopted:

A. **Resolution – R2012-06** Minutes for Approval

**RESOLUTION-R2012-06
NELSON COUNTY BROADBAND AUTHORITY
APPROVAL OF MEETING MINUTES
(April 26, 2012)**

RESOLVED, by the Nelson County Broadband Authority that the minutes of said Authority’s meeting conducted on **April 26, 2012** be and hereby are approved and authorized for entry into the official record of the Board of Supervisors meetings.

III. Public Hearings

A. Establishment of Rates, Fees, and Charges

Mr. Carter noted that the proposed resolution along with a background memo was available there for the public. He then stated that the Authority was conducting a public hearing on the Authority’s rates, fees, and charges for use of the fiber optic backbone and four towers that were part of the project.

He then added that he would then give some background on the rates establishment and how the network would be operated. He added that how to operate the network was the challenge. Mr. Carter noted that the network consisted of 31 miles of fiber optic cable with 288 fiber strands that ran from Colleen down Route 6 to Route 151 up to the old Amoco Fibers site. He noted that the tower locations were: the Rockfish Valley Fire Department, the Martin’s Store substation, Massies Mill, and in Colleen near CVEC.

Mr. Carter noted that in development of the rates, it was proposed that the Authority be a transport provider and not provide services directly. He added that the Authority would provide connectivity to private providers in the hut located at the Courthouse and that the charges were based on being a transport provider. He then reviewed the proposed rates as follows:

Local Access Rates (Rates for Providers to Utilize the Network for Transport to an End User):

Circuit Size	Monthly Cost
0-10 mbps	\$270
>10-25	\$300
>25-50	\$340
>50-100	\$500
>100-250	\$718
>250-500	\$920
>500-1000	\$1040
>1000 mbps	Priced Individually
Point to Point Connections on Network priced at 160% of Local Access Rates (e.g. between two facilities on our network as between Tye River Elementary and the High School would be 160% of the rate between the High School and the central office).	

Non-recurring charges (NRC) are those costs incurred in connection with the installation of the fiber drop and ONT. The customer will be responsible for the payment of these costs on the following terms.

NRC not exceeding \$1500 will be discounted as follows:

<u>Term of Contract</u>	<u>Discount</u>
12 months	none
24 months	10%
36 months	20%
48 months	35%
60 or more months	50%

The undiscounted balance of NRC together with any NRC in excess of \$1500 may be amortized over the term of the original contract.

Collocation Charges for Providers within NCBA shelters:

Quantity	Monthly Cost
2 RU	\$75.

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One-half rack	\$200.
Full Rack	\$350.

All rentals are based on a space available basis. Rental will include access to one 20 amp, 120 volt circuit. The NCBA will in some cases have both-48 volt service, battery backup and generator backup available, access to which will be priced on the basis of customer requirements.

Tower Access:

Location on Tower	Price per Month per Customer
Top thirty feet in 10 foot sections	\$275 per antenna for first three antennas (includes cables and ancillary equipment such as tower mounted amplifiers) \$150 per additional antenna installed by the same lessee.
Next thirty feet in 10 foot sections	\$175 per antenna for first three antennas (includes cables and ancillary equipment such as tower mounted amplifiers) \$90 per additional antenna installed by the same lessee.
Remaining access in 10 foot sections	\$50 per antenna (includes cables and ancillary equipment such as tower mounted amplifiers)

All tower access charges are in addition to a site access fee of \$200 per month. Site access fee entitles lessee access to electric power (contracted for by lessee) and ground space for cabinet (10 square feet). Shelter collocation charges and local transport charges are additional as are lease space for placing shelters, generators or other equipment. Items not specifically addressed will be priced on an individual basis.

Preference will be given to providers wishing space higher on the towers. The NCBA may limit the size of antennas or duration of leases for antennas located below the top 60 feet.

Tower leases will be accepted based on maximum allowable loading of a tower. If, in the sole discretion of the NCBA, an analysis of the structural integrity of the tower is deemed necessary, then the costs of the analysis will be borne by the lessee.

Dark Fiber Leases:

The NCBA will have a limited number of fibers available for dark fiber leasing at a rate of \$1250 per leased fiber per mile for durations longer than 60 months. Leases for 60 months or less will be priced at \$1550 per month. Fiber will not be leased for periods of less than 24 months. These leases will be subject to prior allocation for other uses and are made at the discretion of the NCBA board.

Increase in Rates:

Rates are firm for a contract or lease term which does not exceed five years.

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For contract and lease terms exceeding five years, payments shall be adjusted every year commencing with the first annual anniversary of the lease Commencement Date and thereafter on the subsequent anniversaries of that date (the Adjustment Date). Such adjustments shall be for the purpose of reflecting the increase, if any, in the cost of living. The adjustment, if any, shall be calculated based upon the United States Department of Labor, Bureau of Labor Statistics Consumer Price Index for All Urban Consumers (CPI-U) for the South, Size D-Nonmetropolitan (less than 50,000) (the "Index").

The Index published as of the most recent month prior to the Adjustment Date shall be compared with the Index twelve (12) months immediately preceding. On the Adjustment Date the annual payment shall be increased by the percentage equal to the change, if any, in the Index between the two specified months. The Adjusted payment shall then become the new Base payment for the following twelve month period and be used to calculate the next annual payment adjustment.

Penalty and Interest:

Any sum due NCBA and unpaid by the due date shall be assessed a 10% penalty and carry interest at the rate of 12% *per annum*.

Mr. Carter then noted that as for the nonrecurring charges, the Authority would own the lateral connections and there were associated installation costs much like for water/sewer laterals there was a cost per foot.

Mr. Carter then summarized by saying that the Authority would not provide services directly and for a private company to do so they would have to pay transport fees based on how many MB delivered to their customer. There would be nonrecurring charges for the installation of fiber drops and collocation charges for locating in the hut at the Courthouse and the other tower huts. He reiterated that there were proposed rates for locating on a tower and leasing dark fiber, and provisions for increasing the rates.

Mr. Carter noted that the County's consultant, ICON Engineering, worked to develop the rates to be self supporting and not subsidized. He added that it was still uncertain as to when the network would be self supporting; however that was the goal and the premise that staff was working from. He noted that the pro forma financials matched up to the FY13 budget adopted by the Board of Supervisors.

Mr. Carter further explained that in developing the rates, staff tried to be competitive with area providers and had several companies of various sizes look at the rates such as a large for profit company, a non-profit company, and a smaller company, and that they all have indicated that the rates were fair and competitive. He noted that in the future, they could look at making them more affordable even though they were below the rates that they were charging. Mr. Carter reiterated that the challenge was that the fiber network initially would not serve a multitude of customers and would more likely serve businesses that wanted more bandwidth. He added that the objective was to serve residential customers from the towers and that the proposed rates would put a service provider in a good position to provide services. He added that he thought that these charges would be comparable to those of Verizon.

In response to questions regarding who would own the fiber drops to the residence or business, Mr. Carter noted that the Authority would; which would enable people to switch providers more readily. He noted that expansion beyond that would be done by private service providers not the Authority initially.

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He noted that this may be revisited in the future when it was not so cost prohibitive. Mr. Carter added that there was currently no funding in place to provide any build out of the network by the Authority.

Mr. Carter then noted that the towers could provide service within a three (3) mile radius and several hundred would be able to subscribe and that industry standards indicated that 40% would. He added that the Authority wanted service providers to build out the residential network and the Authority would make the drop installations. He noted that there were vaults installed throughout the fiber run and optimally a company would build out from these rather than the Authority providing individual drops to people. He added that the vaults were also where the providers would splice into the fiber. In summary he noted that the Authority would probably allow the providers to build out, but that the Authority would complete the installation and charge the nonrecurring installation charges to the providers. He added that the County owned network but the Authority was the operator. He concluded by noting that there were companies willing to collocate in the County's facilities, however the rates needed to be in place in order for them to be able to do that.

Following Mr. Carter's opening remarks, Mr. Bruguere opened the public hearing and the following persons were recognized:

1. Carlton Ballowe, Faber

Mr. Ballowe noted his confusion about the rate structure. Mr. Cater explained that these were costs for transport across the network and was not what the end customer would pay but rather what the service providers would be charged. He noted that these costs could be passed on to end subscribers.

Mr. Ballowe stated that he did not see how this was competitive with other providers and that these costs seemed prohibitive. He noted that he did not understand the tower charges per antenna, which providers would need 3-4 minimum, and then would have to pay for traffic on the trunk with not all taking the service. He reiterated that he did not see how it was competitive.

Mr. Bruguere noted that this would be up to the service providers and Mr. Harvey added that they have to start somewhere and it could be adjusted in the future.

2. Joe Dan Johnson, Arrington and Director of IT for the School Division

Mr. Johnson noted that the Authority was not selling bandwidth to individual clients but in groups. He noted that the schools would need over 200 MBS over the next two years and that they were maxing out at 75 MBS now. He added that a number of clients could be served on 500 MBS. He reported that a cost of \$25 per MB was reasonable now and the Authority would need to look at selling bandwidth per MB. He added that the cost would not be horrible for someone to buy 100 MB; and it would not be an unusual cost considering the cost of a T1.

Mr. Johnson then noted that build out of the system would require an agreement between the provider and the Authority and the Authority may want to say they should purchase bandwidth from them.

He then noted that the Authority may want to ask if it could charge differently to cell providers vs. fixed wireless providers. He added that backhaul and speed was wrapped into the same number but was not

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the same. He then suggested that the Authority may want to consider trading backhaul fiber for bandwidth.

Mr. Carter noted that they would have to bridge that gap and Mr. Johnson noted that they could have access to Shentel and Ntelos at the High School now.

Mr. Johnson then noted that he promoted an Active network versus a Passive one and Mr. Carter advised that the equipment purchased was active with the capability to do passive. He noted that Passive systems had certain wiring restrictions etc.

Mr. Johnson then reiterated that the High Top tower should be included in the overall system in order for the Authority to take advantage of other opportunities to provide services. He noted that they could serve hundreds from that location at a reasonable rate. He then noted his concern that they were slow getting started in providing service to the home.

Mr. Carter noted that the High Top tower was in play as soon as the Nature Conservancy signed the lease agreement and that rates were tiered to allow for smaller fixed wireless providers. He added that it was a continuous discussion that once the rates were in place, they would be reevaluated as it moved forward.

3. David Hight, Roseland

Mr. Hight noted that Roseland had no cell service or broadband to speak of. He added that if it weren't for Stewart Computer Services they would be in the dark ages. He noted that Massies Mill had no communications to speak of and that Nelson was becoming a have and have not County. He noted that he thought the Authority was overlooking a wonderful historic precedent set by the REA and how they built out. He then noted that the Broadband system has been unnecessarily complicated and that the fiber was the backbone but if it were not used it was no good. He concluded by noting that the idea should be to keep the rates as low as possible to serve the most possible.

There being no other persons, wishing to be recognized, the public hearing was closed.

Mr. Bruguere then noted that this was all very technical and that staff had done a good job of trying to understand it. He added that it was more involved than electric or pipeline, that a tower would be in Massies Mill and the goal was to have a cell provider there as well for enhanced communications. Mr. Bruguere then asked the public to please bear with the Authority and the Board of Supervisors and that they were doing something for citizens that other businesses wouldn't do. He added that they were trying to find service providers and that hopefully rates to individuals will be competitive. He then assured the public that they were working in the best interest of the County. Mr. Harvey reiterated that their goal was to get the best service out to as many people as possible at the lowest rates possible.

IV. New/Unfinished Business

A. Broadband Infrastructure Project Update

Mr. Carter stepped through a project update provided by Icon Engineering as follows:

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OVERALL PROJECT STATUS: The broadband construction project has approximately seven months remaining in the allowable period for drawing grant monies from the Federal government. The status of major portions of the project is as follows:

1. An order has been placed for electronics (last month) that will provide service to all of the anchor tenants and up to 96 total customers (readily expandable). Delivery and installation is expected with weeks.
2. Approximately four miles of conduit (of 28 total) remains to be placed by the outside plant (OSP) contractor, MasTec. The portion of the OSP network between Nelson and Colleen will be complete within one or two weeks.
3. The network is expected to be turned up and operational (Colleen to Lovington) in either late July or early August. Beta testing will start immediately.
4. Negotiations are in the advanced phase with two different providers collocating in the Nelson County shelter facility during the initial startup period. Both will be able to provide broadband services to customers either direct or from member service providers who will now be able to reach Nelson County via long haul network interconnections.
5. An RFP has been issued for two towers with a response date of mid-July. Negotiations should start for a turn-key vendor by early August.
6. An RFQ has been issued for a network operator with a due date in mid-July. Depending on the projected costs, negotiations with a potential operator or for support for County staff operating a network should start in late July.
7. A contract has been let for a company to perform locates on an as needed basis along the network.
8. There were no respondents to an RFP for outside plant maintenance and installs. Icon will solicit bids from potential vendors throughout the month.
9. An RFQ for a roadway to the tower site at Martin Store received only one response. Because of concerns that the disturbed area would exceed 10,000 square feet, County staff made the decision to develop an E&SC plan for that roadway (and tower site). The plan has been completed and is under review by the Thomas Jefferson Soil and Water Conservation District. They have responded with what appear to be minor comments. Subject to resolution of those comments, the procurement process for the roadway will continue.
10. A third tower, planned for the Massie's Mill area has gone through several phases of potentially selected sites that were ultimately rejected for various reasons (long distance to power, limited visibility to another tower in Colleen, and various other reasons). A final set of seven sites has been selected which are being forwarded to the County for further review and negotiations. The final sites are located in a narrow band that has visibility between Colleen and Massies Mill along a cut between ridges generated by Highway 56 or are located on agricultural sites west of and higher than Massies Mill.

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Mr. Carter then assured the Authority Members and the public that this project was continuous work throughout the day by staff and was a high priority.

He then noted that staff would like the adoption of the rates that day but that it could wait until the July 26, 2012 regular meeting. He then added that sooner was better. Members of the Authority then agreed by consensus to wait until the Authority met again on July 26, 2012 to decide on the rates to allow for Mr. Hale's input and no action was taken.

V. Other Business (As May Be Presented)

There was no other business considered by the Authority.

VI. Adjournment

At 7:00 pm, Ms. Brennan moved to adjourn and Mr. Saunders seconded the motion. There being no further discussion, Members voted unanimously by voice vote to approve the motion and the meeting adjourned.