

July 12, 2016

**Virginia:**

AT A REGULAR MEETING of the Nelson County Broadband Authority Board at 1:00 p.m. in the General District Courtroom located on the third floor of the Nelson County Courthouse, Lovingston Virginia.

Present: Thomas H. Bruguere, Jr. West District  
Allen M. Hale – Chair  
Thomas D. Harvey, North District – Vice Chair  
Larry D. Saunders, South District – South  
Gary W. Strong – Central District  
Stephen A. Carter, County Administrator  
Candice W. McGarry, Secretary  
Debra K. McCann, Treasurer  
Susan Rorrer, Director of Information Systems

Absent: None

**I. Call to Order**

Mr. Hale called the meeting to order at 1:00 PM with four (4) members present to establish a quorum and Mr. Harvey joining the meeting shortly thereafter.

**II. Public Comments**

1. Philip D'Ambola, Afton VA

Mr. D'Ambola inquired about the Ting 1GB service that had been previously discussed and Mr. Carter noted that it was still being worked on and took time to implement. Mr. D'Ambola stated that offering this service should be a no brainer since the cost was the same for 50MB service. He then asked if the cost of \$109.95 was set by the NCBA. Mr. Carter advised that this was not set per the NCBA and Mr. D'Ambola stated that the NCBA should go after this service offering.

Mr. Carter explained that the NCBA and staff were working on a planning project and an outcome of that was an overhaul of the rate structure that would encompass a 1GB service offering. Mr. Hale further explained that the NCBA owned the network; but was not the Internet service provider and they were the ones that set the prices. He added that the NCBA charged the service providers to use the network and the NCBA set those costs.

Mr. D'Ambola then stated that he was asking the NCBA to speed up this process so that the service provider can provide the 1GB service for \$20 less per month. He added that he was representing sixteen (16) other people in his area.

Mr. Carter noted that the NCBA was not endeavoring to hold it up. Mr. Hale then asked for clarification on the status regarding the 1GB service from Ting and Ms. Rorrer advised that part of the Design 9 work was to establish a new rate schedule that would allow for the sale of that particular product. She added that this

July 12, 2016

needed to be finalized and moved to public hearing. She noted that in the past, use of the proposed rates had been authorized to be used prior to it being adopted by the NCBA. Mr. Carter added that staff had just gotten the new rate schedule proposed by the consultant and Ms. Rorrer noted that the new schedule would allow any provider to offer the 1GB service.

## 2. Joe Lee McClellan, Lovington

Mr. McClellan agreed that the situation was that the rates would not allow for the 1GB service. He added that he was not sure the network would allow for it and Ms. Rorrer noted that the network was capable of up to 1GB service.

Mr. McClellan then distributed his comments to the Authority members as follows:

- Nelson Cable, is continuing its effort to help the NCBA become self-sustaining.
- Nelson Cable continues to have its employees answer potential Internet customer's questions and to go door-to-door to solicit business and explain the NCBA Network procedure.
- We still need a 24/7 telephone number to call for support in the event of an outage.
- Foster Fuels was recently connected, but we still have many more NCBA Internet customers, who are waiting to be installed by the NCBA contractor. Two are the Calvary Baptist Church and the Ridgecrest Baptist Church, who we submitted several months ago and another is the Lovington Volunteer Fire Department. We do not charge for our portion of the monthly Internet cost to Churches and First Responders, only the NCBA's monthly portion.
- Nelson Cable needs to know of any Special Deals made in subdivisions and backbone extensions. We are having to refund \$2,848.00 to Internet customers who paid us for the installation, based on the NCBA Contractors quote, plus we added \$400.00 for the NCBA cost. We were not aware of the \$1,200.00 that had to be added for the NCBA Backbone. This makes us look bad, when we are not able to provide the correct installation information.
- Nelson Cable needs to know whenever there is a new Internet Provider or one leaves the NCBA Network. We inform potential Internet customers of all their options and we wish to provide complete accurate information.
- Nelson Cable would like to be able to utilize the NCBA's conduit, for its fiber, on the same terms and conditions as any other entity.

### **III. Consent Agenda**

Mr. Strong moved to approve the consent agenda and Mr. Bruguere 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 – R2016-04 Minutes for Approval**

July 12, 2016

**RESOLUTION R2016-04**  
**NELSON COUNTY BROADBAND AUTHORITY**  
**APPROVAL OF MEETING MINUTES**  
**(May 10, 2016)**

**RESOLVED**, by the Nelson County Broadband Authority that the minutes of said Board meeting conducted on **May 10, 2016** be and hereby are approved and authorized for entry into the official record of the Broadband Authority meetings.

**IV. New/Unfinished Business**

A. Network Operator's Report

Mr. Carter noted that Ms. Rorrer had prepared the following report:

I. Operational

Installations:

May	3
June	4

Active Circuits:

Ting	132
Shentel	3
Nelson Social Services	1
Nelson County Cable	23

TOTAL	159
-------	-----

In Process (Horizons Village) 18 (Service) and 3 (Backbone Only)

Other Pending Installations: 18

II. Administrative

Currently working with five neighborhoods that would add an estimated 100 customers on the initial neighborhood build as well as approximately 12 additional individuals seeking service.

III. Financial

Attached

Ms. Rorrer reviewed the report and noted that some of Horizons Village was turned up and the majority would be within the week. She noted that the eighteen pending installations had signed contracts, but the construction had not been done yet. Ms. Rorrer added that she was working with five neighborhoods and

July 12, 2016

that would add about 100 new customers. She noted that she was also speaking with twelve others who wanted service. She note that there was a lot of activity and most of it was on the original build routes.

Mr. Strong asked if the new neighborhoods included Shannon Farms and Ms. Rorrer noted it did not and Mr. Strong advised he had referred them to her.

Ms. Rorrer then reported that another component of the rate structure overhaul included the use of all of the County's towers for a flat rate of \$2,000 per month. She added that SCS Broadband was interested in getting a sense of whether this would be offered by NCBA and would like NCBA to comment on that strategy. She noted that this change would also be subject to public hearing. Mr. Carter further explained that this would pertain only to wireless ISPs and the strategy was to encourage wireless internet service providers (WISPS) to use all of the towers to enhance the provision of services. He added that this would be cheaper for them as well and would allow them to start out with a fewer number of customers and build out. He noted that they would be limited to a certain space on the towers; however staff had not yet gotten into these details. He noted this was because space maybe reserved for public safety and cellular carriers.

Mr. Harvey asked what the normal rate was for a tower and Ms. Rorrer noted it to be around \$700 per month. It was noted that SCS Broadband claimed that tower rates had come down recently. Mr. Carter then noted having negotiated with AT&T on the Rockfish Tower and that would cost them about \$2,000-3,000 per month. Ms. Rorrer added that pricing was complicated because it was based on how many antennas you had and the cost declined as you moved lower down on the tower.

Mr. Hale noted that the planning work group had discussed this with Design 9 and noted he was in favor of anything that encouraged WISPS to provide services. He then noted that the Board of Supervisors would be asked to endorse this concept and a public hearing would be held.

Mr. Strong noted that any encouragement for WISPS to use more towers was a great opportunity and he saw no downside to it.

Ms. Rorrer advised that there were six or seven towers presently available and this included public safety towers, NCBA towers, and the Gladstone tower. She added that they would reserve the top for public safety and would have to decide if the next spot was saved for cellular carriers. Mr. Harvey noted he agreed with reserving the top for public safety; however he was not sure about reserving the next space for cellular carriers. He added that he did support the proposed concept.

Mr. Carter then advised that they were looking to schedule a workshop on all of these things in August and Mr. Hale noted that with the other things being so complicated, perhaps they could move forward separately on the towers. Members agreed by consensus and Mr. Carter noted that could be put together and advertised. He noted that Design 9's analysis showed that they would not recognize the same amount of revenue immediately, but would over time.

Mr. McClellan stated that they should be charged the same as the WISPS and Ms. Rorrer reiterated the proposed tower pricing strategy.

Mr. Harvey then noted that the Design 9 presentation was forthcoming and Members needed to be brought up to speed.

July 12, 2016

B. Treasurer's Report

Ms. McCann reported the following:

**BROADBAND FUND @ 6/30/16**

**OPERATIONS**

Beginning Balance 7/1/2015	\$ 406,277.36
July-September 2015 Expenditures	\$ (79,119.71)
July-September 2015 Revenues	\$ 44,958.22
October-December 2015 Expenditures	\$ (92,258.60)
October-December 2015 Revenues	\$ 83,166.95
January-February 2016 Expenditures	\$ (34,346.27)
January-February 2016 Revenues	\$ 34,378.61
March-April 2016 Expenditures	\$ (69,618.62)
March-April 2016 Revenues	\$ 64,642.62
May-June Expenditures	\$ (123,678.77)
May-June Revenues	\$ 22,319.01
Subtotal	\$ 256,720.80
General Fund Transfer	\$ <u>150,000.00</u>
Ending Balance 6/30/2016	\$ 406,720.80

Current Year Revenue Exceeds Expenses by \$ 443.44

**EXPANSION PROJECT**

Beginning Balance 7/1/2015	\$ 38,957.00
July-September 2015 Expenditures	\$ (137,192.00)
July-September 2015 Revenues	\$ 138,188.80
October-December 2015 Expenditures	\$ (14,237.50)
October-December 2015 Revenues	\$ 45,377.76
January –February 2016 Expenditures	\$ (26,708.50)
January-February 2016 Revenues	\$ 0.00
March-April 2016 Expenditures	\$ (70,366.50)
March-April 2016 Revenues	\$ 43,659.40
May-June 2016 Expenditures	\$ (44,760.20)
May-June 2016 Revenues	\$ <u>22,351.60</u>
Ending Balance 6/30/2016	\$ (4,730.14)

**SUMMARY OF FUND BALANCE**

Project Funds	\$ (4,730.14)
Amortized Installation Fund	\$ 46,236.80
Operational Funds	\$ <u>360,484.00</u>
Available Bank Balance @ 6/30/2016	\$ 401,990.66

July 12, 2016

Note:	Grant Balance	\$50,422.44
	Project Budget Balance	<u>\$45,692.30</u>
		\$4,730.14

Ms. McCann noted that the May-June expenditures were higher due to installation expenses and the purchase of equipment. Mr. Hale then asked if it was safe to assume revenue will increase with new connections and it was noted that the year to date revenues included the transfer from the General Fund.

Ms. McCann also provided a report that showed the following regarding the Broadband Network Operating Fund:

The Broadband Network Operations report showed year-to-date expenditures (July – June) of \$399,021.97 for Network Operations, with there being an unencumbered balance of \$43,383.03 and a Contingency Reserve remaining of \$55,195.00. The Revenue Summary for Network Operations showed year-to-date revenues of \$249,465.41 and a balance of -\$28,615.41 meaning revenues came in that much more over the appropriated amount in the budget. The report also showed the revenues transferred in from the General Fund of \$150,000 and the transfer in from the CDBG fund of \$399,577.55 and a balance of \$50,422.44. The Year Ending Balance was shown at \$165,707.00.

### C. County Administrator's Report

1. Broadband: A) Expansion Project - Phase 1 (Routes 6 & 151 at Martins Store to Routes 151 and 664) is completed (as of July 1st The project contractor, CCTS, is working to complete installations along Phase 1, including Horizons Village (17-21 connections), Devils Backbone Brewery (connected), Bold Rock Cider (connected). Permit applications to VDOT for Phase 2 (Route 151 north to Albemarle County Line) and Phase 3 (Routes 6 and 151 to Saddleback Lane on Rt. 6) have been submitted and VDOT review comments are being addressed. It is anticipated that work on Phase 2 will begin the week of July 11th. A potential issue with Phase 3 is VDOT may only have a 'prescriptive easement" in the Route 6 project area, which may require obtaining approvals from property owners along the project route.

There are currently 159 service connections, 34 service connections in process and a significant number of interest statements for service and requests for quotes that are also in process. The NCBA's FY 17 Budget projects the addition of 85 new connections. It is quite possible or probable that this is a conservative estimate!

Mr. Carter reported that VDOT approval had been obtained for Phase II, and the County would have to secure easements on Phase III because VDOT only had prescriptive easements there and not a Right of Way as researched by Mr. Payne. He added that if VDOT approved the project it would be with the County confirming that the easements were in place. Mr. Carter noted that documentation had been submitted to VDOT for relocation of the fiber network in that area and they have been asked to cover those expenses.

Mr. Harvey suggested they look at running fiber from where it ended on Route 151 and come down. He also suggested that they go through the old Critzer Family Farms to Saddleback Lane from Route 151.

July 12, 2016

Mr. Carter then wanted to ask permission from NCBA to provide services to Albemarle customers not using the discount or amortization; as he had received several requests for services just across the line.

Mr. Hale suggested that if phase II was running to the County line, they could cut over to Route 6 from there and this should be evaluated to see if it would be quicker. Mr. Carter advised that there was a great deal of interest on Route 6 for service and Mr. Harvey agreed even though the route he suggested would be quicker. Mr. Carter reported that the run to the County line would take 2-3 days and the one up to Saddleback Lane would take a couple of weeks. He then added that staff had submitted plans to VDOT and have had to address comments three times; which took more time than if they provided all of their comments at once. Mr. Harvey added that this needed to be addressed with VDOT.

B) Broadband Planning Project - The project remains in process (longer than anticipated). Specific outcomes which will be action recommendations to the NCBA include: 1) re-structuring of the current fee/rate schedule, 2) improvements to the overall tower network, 3) market demand (based) growth model, 4) unbundling network operations from retail services.

The project may entail additional strategies as an outcome of 1) possible agreement with Shentel for the company's use of the local middle mile (fiber) network and 2) a forthcoming announcement from CVEC of the ability of broadband service providers to utilize the Cooperatives infrastructure free of make ready expenses (i.e. no cost) to deploy broadband services.

Mr. Carter noted that improvements to the overall tower network included adding some equipment that would cost about \$100,000. He also noted that Design 9 had outlined using a strategy of expanding where the demand was aggregated.

Mr. Carter noted that in terms of network operations, an RFP would likely be issued and Ting may or may not respond. Mr. Harvey then asked for clarification on the process of getting service. Mr. Carter noted that the Network Operator was supposed to handle this; however Ms. Rorrer took many calls and all inquiries coming in to the Tourism Office were sent to all of the ISPs. He added that Ting had an online system that took interest and then quotes were solicited from the installer, CCTS and they worked with the customer directly.

Mr. Carter emphasized that there were a lot of good things happening and it was a lot to keep up with. He added that Ting still had the largest customer base; however with the change in ownership they were being run from Canada.

Mr. Carter then reported that Shentel had approached the County several times with proposals and now they were proposing an IRU with the County to install their fiber in the County's conduit. He advised that the initial proposal was for \$2 per foot and now they were offering \$4 per foot; which was close to half a million dollars. He noted that he had submitted their proposition to NTIA and they had answered questions and sent back a list of things the County would need to address in order to seek either a waiver or approval to negotiate an agreement with Shentel. He added that staff would have to bring this back and he thought the offer should be increased; however it was subject to negotiation. He then supposed that if the offer was half a million or more, it may be worth entertaining and could be beneficial to expansion. He noted that there should be no disruption in service while they pulled their fiber into the conduit. He reiterated the need to evaluate the feasibility of the offer and to work on it with NTIA. He noted that Shentel wanted to be

July 12, 2016

able to provide fiber connectivity to its newly acquired Ntelos towers, to its headquarters, and over to Amherst; serving larger clients on route.

Mr. Strong noted he would like to see NTIA's comments and Mr. Carter noted he would share them with the Members. Mr. Carter advised that if NTIA required details then Shentel will have to be specific about what they wanted to do.

Mr. Harvey suggested that they put as much effort into wireless as they have fiber since it was the fastest way to reach the most people and those that would never get fiber. Mr. Hale noted he agreed completely and he thought they should consider Shentel's offer so they could have the funding to expand. He added that he thought they should expand in Shipman and in Faber and noted that there was a wireless tower on the Shipman water tower now serving people that the fiber backbone would enhance.

Mr. Strong advised that a hybrid approach has been discussed with Design 9. He noted that SCS Broadband (wireless) could not provide services in heavily wooded areas and in some cases it may be possible that they could run fiber from the tower to those in areas with a lot of trees.

#### D. Approval of FY17 Budget

Ms. McCann reviewed the highlights of the FY17 NCBA Proposed Budget as follows. She noted that the overall budget proposed in FY17 reflected a decrease of \$296,329 of which \$288,957 was due to the substantial completion of the network expansion project.

#### **Highlights of FY17 proposed expenditures:**

- 1) The proposed budget anticipates only \$50,000 in remaining expense for the network expansion project.
- 2) The proposed budget includes an increase of Director fees and mileage in the amount of \$1,050 primarily due to more frequent meetings.
- 3) Professional Services reflects a budgetary increase of \$5,000 primarily due to legal expense.
- 4) The proposed budget includes \$4,000 for Advertising and marketing the network.
- 5) Utility expense reflects a budgetary increase of \$15,000. Utility expense includes locating services, electric, and VUPS (Miss Utility) costs. The actual expense in FY16 was approximately \$43,000 and we expect a similar trend in FY17.
- 6) Equipment expense in FY16 was approximately \$35,000 but with an increased customer base of approximately 85 customers from the network expansion, the FY17 proposed budget amount is \$45,000.
- 7) Installation expense includes \$25,000 for installations that will be paid upfront, \$86,549 for amortized installations (6/30 balance in the fund plus anticipated FY17 receipts of \$37,549), and \$63,750 for the discounted expense for which the Authority receives no reimbursement (85 installs at \$750 discount per end user). The overall installation expense reflects a reduction from FY16 of \$18,751 primarily due to reduction in the remaining funds allocated for amortized connections offset by anticipated 85 new

July 12, 2016

installations. The balance in the amortized fund at 6/30/16 is approximately \$49,000 as compared to \$126,750 at 6/30/2015. In FY16, NCBA disbursed \$93,370 from the amortized connection fund. At some point in FY17, NCBA will likely need to consider other sources of funding to upfront the amortized costs or re-evaluate offering this connection incentive.

8) In FY16, the budget included \$50,000 for development of a network strategic plan. Approximately \$28,000 has been expended, and the remaining \$22,000 is included in the FY17 proposed budget.

9) The budget includes a contingency of \$69,524.

**Highlights of FY17 revenue projections:**

1) The budget incorporates a transfer from the CDBG Fund which reflects the remaining grant funds due the county (\$50,423).

2) The Transfer from the General fund includes \$100,000 for operations.

3) Network access charges are expected to increase by \$35,125. This is based on the current customer base and projects 85 new end user customer circuits.

4) The budget for Tower Leases is expected to increase by \$10,971 based on current leasing of tower space.

5) Installation reimbursement is expected to increase from the FY16 budget amount by \$22,249. The FY17 projected is based on 20 new upfront paid installations (\$25,000) and current amortized customers (\$28,800) with 65 anticipated new amortized installations (\$8,749).

6) Typically year ending balance represents the anticipated balance of the amortized connection funding. The balance of the fund as of June 30, 2016 is \$49,000. Additional fund balance of \$22,000 reflects funding for the strategic plan carried over to FY17. The remaining local match for the CDBG grant in the amount of \$29,611 is also included in the year ending balance. Total fund balance incorporated into the FY17 budget is \$100,611.

Ms. McCann then advised that the budget was a working document and did not require appropriation. She noted that any unforeseen budgetary matters could be addressed as the year progressed.

Mr. Hale then called for a motion to approve the budget and Mr. Bruguiere moved to approve the budget as presented. Mr. Strong seconded the motion and there being no further discussion, Members voted unanimously (4-0) by roll call vote to approve the motion.

**E. Proposed Lease of County Owned Conduit Space**

This subject was considered under the County Administrator's report.

**V. Other Business (As May Be Presented)**

Mr. Saunders inquired if staff had followed up on a service request from Centenary Road and Mr.

July 12, 2016

Carter noted that Ms. Rorrer had been out of the office the previous week and Mr. Crane had left the person a message. He advised that he would follow up. Mr. Hale then noted that in follow up to the marketing effort, staff should endeavor to provide timely answers to questions. Ms. Rorrer and Mr. Carter noted that there was a lot of communication that went on and sometimes it was not a quick process.

**VI. Adjournment (Possible Continuation for a Workshop with Design Nine)**

Mr. Hale asked if Mr. Carter had a date to continue to and Mr. Carter advised that the meeting could take a couple of hours and he suggested the Authority have a called meeting after conferring with everyone and Design 9. He noted that the public hearing on the rates would not be the following month as it was a lengthier process. Mr. Strong then advised he would not be available from August 18<sup>th</sup> to August 26<sup>th</sup>. Mr. Carter noted he would speak to Dr. Cohill and see if he could include his presentation in the September meeting. Mr. Hale noted that they needed a time when the whole Board could be involved and he would look forward to a possible called meeting.

Mr. Saunders then moved to adjourn. There being no second, Mr. Hale called for the vote and at 2:05 pm, Members voted unanimously by voice vote to approve the motion and the meeting adjourned.