

July 14, 2015

**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, Lovingson Virginia.

Present:

Thomas D. Harvey, North District  
Alan Patrick, Central District – Chair  
Larry D. Saunders, South District – South  
Stephen A. Carter, County Administrator  
Candice W. McGarry, Secretary  
Debra K. McCann, Treasurer  
Susan Rorrer, Director of Information Systems

Absent:

Thomas H. Bruguire, Jr. West District  
Allen M. Hale - Vice Chair

**I. Call to Order**

Mr. Patrick called the meeting to order at 1:17 PM with three (3) members present to establish a quorum and Mr. Bruguire and Mr. Hale being absent.

**II. Public Comments**

Mr. Patrick opened the floor for public comments and the following persons were recognized:

1. Gary Strong, Horizons Village Nellysford

Mr. Strong noted that BRI had quoted an installation cost of \$36,000 for the Horizons Village neighborhood, which contained forty (40) lots and twenty-seven (27) homes. He noted that many of the people building there planned to work from home. He noted that they were doing a survey of interest and had sixteen (16) Letters of Intent despite the cost to the neighborhood. He then asked if they could prevent people that signed on later from not paying for part of the backbone being installed. He noted they were excited and how important it was to the neighborhood.

2. Marion Kanour, Edgehill Way Faber

Ms. Kanour noted that they were looking at putting in fiber in their neighborhood and four (4) families had entered into a service agreement with Nelson Cable. She noted that in previous meetings, having a website devoted exclusively to Broadband had been discussed; and she was not seeing the word getting out as it should. She noted that they had four (4) houses in one cluster and had determined it was financially feasible to do the installation. She noted that to bring it further, would cost more to the original group and she asked if there was a way for NCBA to address getting the fiber into neighborhoods without punishing those on the front end. She acknowledged that if there was a Homeowners Association, this cost could be spread over the members.

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3. Christa Crocker, Rockfish Lane

Ms. Crocker noted her interest in broadband services at her home and noted the lack of follow up from BRI; so they were moving forward with a service agreement with Nelson Cable. She too asked how the NCBA would address costs of extensions past the original termination point if there were customers wanting to connect later on.

4. Joe Lee McClellan, Lovington

Mr. McClellan read aloud prepared talking points as follows:

- Our Internet equipment has been installed and configured in the Lovington Shelter and is working.
- We have begun to hook up subscribers, including the National Bank and Trust Company, the Nelson County Farm Bureau and our Lovington cable office.
- Region 10, the new Mexican Restaurant, J Cut Barber Shop and Calvary Baptist Church are waiting on installation cost.
- In addition we have signed up six (6) homes in Edgehill and have several more waiting on cost quotes.
- Many homes and businesses have declined the service because the installation cost was prohibitive. I would like to see the NCBA increase their installation discount from \$750.00 to \$1,000.00. We are currently matching the current \$750.00 and are willing to match this higher amount.
- The NCBA needs to be more creative in finding ways to lower the cost of installation. I would like to suggest that the NCBA allow the property owner to dig, install and cover their own ditch. The System Operator would still furnish and splice the fiber cable. In our cable and satellite Internet operation, we have many customers who chose to bury their own "drop" cable to save on installation cost.
- And finally, I will tell you again that BRI and Nelson Cable will be able to connect more subscribers going to Piney River, than down Route 151 through Nellysford, where we already have or will have Cable and Internet service.
- We have installed and acquired an Internet circuit at the Ski Barn to serve Beech Grove and have been contacted about supplying a "Hot Spot" at the Devils Backbone for an upcoming event.

5. Jace Goodling, Afton

Mr. Goodling noted he would like for the NCBA to keep in mind the spirit of the grant funds; to serve unserved and underserved areas. He noted that the areas that were going to be built, were already served by private companies, it was hypocrisy to compete against local businesses, and these funds should be used elsewhere to provide services.

### III. Consent Agenda

#### A. Resolution – R2015-04 Minutes for Approval

Mr. Harvey moved to approve the minutes dated April 14, 2015, via resolution **R2015-04**, and Mr. Saunders seconded the motion. There being no further discussion, Members voted unanimously (3-0) by roll call vote to approve the motion and the following resolution was adopted:

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**RESOLUTION R2015-04  
NELSON COUNTY BROADBAND AUTHORITY  
APPROVAL OF MEETING MINUTES  
(April 14, 2015)**

**RESOLVED**, by the Nelson County Broadband Authority that the minutes of said Authority's meetings conducted on **April 14, 2015** be and hereby are approved and authorized for entry into the official record of the Broadband Authority's meetings.

**IV. New/Unfinished Business**

A. Network Operator Report - Blue Ridge Internetworks

Susan Rorrer presented the following Network Operator report prepared by Blue Ridge Internetworks:

**I. Operational**

**Q2 Installations:**

April	1
May	0
June	5

**Active Circuits:**

Blue Ridge	104
Shentel	3
Nelson Social Services	1
Nelson County Cable	4

TOTAL 112

Pending Installations 20

Ms. Rorrer noted that sixteen (16) of the twenty (20) pending installations were in Pine Needles and Ennis Mountain Subdivisions with four (4) being in Edgehill.

**II. Financial**

Nelson County Broadband Authority  
A/R Aging Summary  
As of July 14, 2015

	<u>Current</u>	<u>1 - 30</u>	<u>31 - 60</u>	<u>61 - 90</u>	<u>&gt; 90</u>	<u>TOTAL</u>
BRI	7,172.39	0.00	0.00	0.00	0.00	7,172.39
Lumos	437.50	0.00	0.00	437.50	0.00	875.00
MBC	1,000.95	600.00	0.00	0.00	0.00	1,600.95

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NCC	1,450.00	1,450.00	0.00	0.00	1,849.76	4,749.76
Shentel	4,368.00	4,368.00	0.00	0.00	0.00	8,736.00
Social Services	250.00	0.00	0.00	0.00	0.00	250.00
Stewart Computer Services	1,600.00	0.00	0.00	0.00	199.17	1,799.17
<b>TOTAL</b>	<b>16,278.84</b>	<b>6,418.00</b>	<b>0.00</b>	<b>437.50</b>	<b>2,048.93</b>	<b>25,183.27</b>

Mr. Saunders noted that receivables from Nelson Cable Company (NCC) were over 90 days old and Ms. McCann noted she had just received the report that day, would check on these, and would report back.

**Nelson County Broadband Authority  
Income Statement by Item  
Accrual Basis April through June 2015**

	<u>April 15</u>	<u>May 15</u>	<u>June 15</u>	<u>TOTAL</u>
<b>Service</b>				
Collo 2RU (Collocation: 2 Rack Units, 20A)	225.00	225.00	225.00	675.00
Collo Full Rack (Collocation: 19" Rack, incl 20A DC)	350.00	350.00	350.00	1,050.00
Collo Power \$250 (Collo Power Fee)	250.00	250.00	250.00	750.00
Collo Power 10A (Collocation: Additional Power, 10A)	437.50	437.50	437.50	1,312.50
Dark Fiber (Dark Fiber Lease)	1,000.95	0.00	0.00	1,000.95
Tier 1 25x5 (Tier 1 25x5 Access Circuit)	2,087.50	2,100.00	2,120.00	6,307.50
Tier 1 50x10 (Tier 1 50x10 Access Circuit)	300.00	300.00	300.00	900.00
Tier 2 25x25 (Tier 2 25x25 Access Circuit)	225.00	225.00	225.00	675.00
Tier 2 Gig (Tier 2 Gigabit)	1,000.00	1,000.00	1,000.00	3,000.00
Tier 3 1G (Tier 3 Private WAN 1 Gbps)	4,368.00	4,368.00	4,368.00	3,104.00
Tier 3 25M (Tier 3 P2P WAN 25 Mbps)	250.00	250.00	250.00	750.00
Tower Lease (Tower Lease Income)	1,525.00	1,525.00	1,525.00	4,575.00
Xconn (Colocation Cross Connect Fee)	<u>250.00</u>	<u>250.00</u>	<u>250.00</u>	<u>750.00</u>
<b>Total Service</b>	<b>12,268.95</b>	<b>11,280.50</b>	<b>11,300.50</b>	<b>34,849.95</b>
<b>Other Charges</b>				
CF Amort (Construction Fee Amortized Pmt)	1,692.53	1,692.53	1,798.96	5,184.02
CF Std (Construction Fee One-Time Pmt)	<u>3,676.00</u>	<u>0.00</u>	<u>2,572.00</u>	<u>6,248.00</u>
<b>Total Other Charges</b>	<u>5,368.53</u>	<u>1,692.53</u>	<u>4,370.96</u>	<u>11,432.02</u>
<b>TOTAL</b>	<b><u>17,637.48</u></b>	<b><u>12,973.03</u></b>	<b><u>15,671.46</u></b>	<b><u>46,281.97</u></b>

B. Treasurer's Report

Ms. McCann reported the following regarding the Broadband Fund:

**BROADBAND FUND @ 6/30/2015**

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Beginning Balance 7/1/2014	\$ 360,971.37	
July-September 2014 Expenditures	\$ (102,340.15)	
Oct-December 2014 Expenditures	\$ (49,919.54)	
Jan-March 2015 Expenditures	\$ (41,003.38)	Expenditures
April – June 2015 Expenditures	<u>\$ (57,095.45)</u>	<u>\$250,358.52</u>
July-September 2014 Revenues	\$ 31,451.82	
Oct-December 2014 Revenues**	\$ 86,295.07	
Jan-March 2015 Revenues	\$ 71,388.58	Operational Revenues
April – June 2015 Revenues	<u>\$ 45,486.04</u>	<u>\$234,621.51</u>
<b>Subtotal</b>	<b>\$ 345,234.36</b>	
General Fund Transfer	<u>\$ 100,000.00</u>	
<b>Ending Balance 6/30/2015</b>	<b>\$ 445,234.36</b>	
Overall Revenues Exceed Expenditures FYTD by	\$ 84,262.99	
Remaining Balance Amortized Installation Fund	\$ 126,749.69	
Remaining Balance Operational Funds	<u>\$ 318,484.67</u>	
Available Bank Balance @ 6/30/2015	\$ 445,234.36	

She also reported the following regarding the Broadband Network Operating Fund:

The Broadband Project Fund report showed year-to-date expenditures (July – June) of \$250,358.52 for Network Operations, with there being an unencumbered balance of 195,950.48 and a Contingency Reserve remaining of \$50,950.00. The Revenue Summary for the fund showed year-to-date revenues of \$334,621.51 and a balance of \$162,637.49 for the remainder of the year. Ms. McCann Noted that \$100,000 was a contribution from the General fund and revenue less this was noted to be \$234,621.51.

Ms. McCann then reported that the \$193,634.00 year ending balance shown on the revenue report was the amount set aside for amortized installations and upfront costs.

#### C. FY15-16 Broadband Authority Budget (R2015-05)

Ms. McCann reviewed the following relative to the FY15-16 Budget:

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FY16 NCBA Proposed Budget

The overall budget proposed in FY16 reflects an increase of \$339,298 which is primarily due to the proposed network expansion project (338,957).

**Highlights of FY16 proposed expenditures:**

- 1) The proposed budget includes \$338,957 for the proposed network expansion. This is funded primarily with Community Development Block Grant (CDBG) funds including the required local match. Additionally, the Broadband Fund is contributing \$38,957 to cover the full project cost.
- 2) The proposed budget includes an addition of Director stipends and mileage at a cost of \$2025.
- 3) Utility expense reflects a budgetary decrease of \$4,000. Utility expense includes locating services, electric, and VUPS (Miss Utility) costs. The expense in FY15 was less than anticipated and we expect a similar trend in FY16.
- 4) Equipment expense is anticipated to increase by \$10,000 attributed to the purchase of equipment for expected customer base resulting from expansion
- 5) Installation expense includes \$10,000 for installations that will be paid upfront, \$146,550 for amortized installations (6/30 balance in the fund plus anticipated FY16 receipts of \$19,800), and \$37,500 for the discounted expense for which the Authority receives no reimbursement (50 installs at \$750 discount per end user). The installation expense reflects a reduction from FY15 of \$62,084 primarily due to reduction in the remaining funds allocated for amortized connections.
- 6) Tower Lease expense reflects an increase of \$155 in contract payments to RVFD reflective of increased tower receipts.
- 7) New for FY16, the budget includes \$50,000 for development of a network strategic plan.
- 8) The budget includes a contingency of \$55,195.

**Highlights of FY16 revenue projections:**

- 1) The budget incorporates a transfer from the CDBG Fund which includes \$200,000 of grant funding and \$100,000 required matching funds.
- 2) The Transfer from the General fund includes \$100,000 for operations and \$50,000 allocated to the network strategic plan.
- 3) Network access charges are expected to increase by \$29,000. This is based on current customer base and projects SO new end user customer circuits.
- 4) Tower Leases are expected to decrease by \$6,075 based on projected removal of equipment from certain towers.
- 5) Installation reimbursement is expected to decrease from the FY15 budget amount by \$5,700. The FY16 projected is based on FY15 actual receipt of \$36,370 and assumes an increase of about \$4,000 attributed to new connections from the expansion.
- 6) Typically year ending balance represents the anticipated balance of the amortized connection funding. The balance of the fund as of June 30, 2015 is \$126,750. Additional fund balance of \$38,957 is also utilized to offset the network expansion costs that exceed the grant/match funding.

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<b>EXPENDITURE SYNOPSIS -Proposed</b>				
<b>Expenditure by Dept.</b>	<b>FY 14-15 Amended Budget</b>	<b>FY 15-16 Proposed Budget</b>	<b>Increase/Decrease</b>	<b>% Change</b>
<b>Broadband Project</b>				
Professional Services	\$0.00	\$0.00	\$0.00	0.00%
Engineering Services	\$0.00	\$0.00	\$0.00	0.00%
Construction	\$0.00	\$300,000.00	\$300,000.00	0.00%
Project Inspection	\$0.00	\$0.00	\$0.00	0.00%
Equipment	\$0.00	\$0.00	\$0.00	0.00%
Land, Right-of-way, etc.	\$0.00	\$0.00	\$0.00	0.00%
Contingency	\$0.00	\$0.00	\$0.00	0.00%
<b>Network Operations</b>				
Network Operator	\$81,600.00	\$81,600.00	\$0.00	0.00%
Director Fees & Mileage	\$0.00	\$2,025.00	\$2,025.00	
Repair & Maintenance	\$7,400.00	\$7,400.00	\$0.00	0.00%
Professional Services	\$10,000.00	\$10,000.00	\$0.00	0.00%
Office Supplies	\$300.00	\$300.00	\$0.00	0.00%
Insurance	\$2,500.00	\$2,500.00	\$0.00	0.00%
Utilities including locates	\$34,000.00	\$30,000.00	-\$4,000.00	-11.76%
Equipment	\$35,000.00	\$45,000.00	\$10,000.00	28.57%
Installations	\$256,134.00	\$201,531.00	-\$54,603.00	-21.32%
Service Contracts	\$10,000.00	\$10,000.00	\$0.00	0.00%
Tower Lease	\$9,375.00	\$9,530.00	\$155.00	1.65%
Network Strategic Plan	\$0.00	\$50,000.00	\$50,000.00	100.00%
Contingency	\$50,950.00	\$55,195.00	\$4,245.00	8.33%
<b>Total</b>	<b>\$497,259.00</b>	<b>\$805,081.00</b>	<b>\$307,822.00</b>	<b>61.90%</b>

<b>REVENUE SYNOPSIS -Proposed</b>				
<b>Revenues</b>	<b>FY 14-15 Amended Budget</b>	<b>FY 15-16 Proposed Budget</b>	<b>Increase/Decrease</b>	<b>% Change</b>
<b>Broadband Project</b>				
BTOP Award (NTIA)	\$0.00	\$0.00	\$0.00	0.00%
CDBG Fund Transfer	\$0.00	\$300,000.00	\$300,000.00	0.00%
General Fund Transfer	\$0.00	\$0.00	\$0.00	0.00%
Year Ending Balance	\$0.00	\$0.00	\$0.00	0.00%
<b>Network Operations</b>				

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Transfer from General Fund	\$100,000.00	\$150,000.00	\$50,000.00	50.00%
Network Access Charges	\$70,000.00	\$99,000.00	\$29,000.00	41.43%
Fiber Leases	\$4,000.00	\$4,000.00	\$0.00	-100.00%
Tower Leases	\$83,625.00	\$77,550.00	-\$6,075.00	-7.26%
Installation Reimbursement	\$46,000.00	\$40,300.00	-\$5,700.00	-12.39%
Year Ending Balance	\$193,634.00	\$134,231.00	-\$59,403.00	-100.00%
<b>Total</b>	<b>\$497,259.00</b>	<b>\$805,081.00</b>	<b>\$307,822.00</b>	<b>61.90%</b>

Following presentation of the budget, Mr. Saunders moved to approve resolution **R2015-05**, Approval of FY15-16 Budget and Mr. Harvey seconded the motion. There being no further discussion, Members voted unanimously (5-0) by roll call vote to approve the motion and the following resolution was adopted:

**RESOLUTION R2015-05  
NELSON COUNTY BROADBAND AUTHORITY  
APPROVAL OF FY15-16 BUDGET**

**RESOLVED**, by the Nelson County Broadband Authority that the FY15-16 Budget is hereby approved as amended, as applicable, at the July 14, 2015 Broadband Authority meeting.

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

*Introduced: Status of Strategic Plan*

Mr. Carter noted that the County's grant submittal for the \$75,000 DHCD planning grant was not successful and staff would have a debriefing on this. He added that DHCD had an annual planning grant program and they had suggested that the County apply for that. He noted that he has asked them if the County could roll-over its previous application to this one. He noted that a scope of work would be put together and they could have a special meeting to discuss it when ready. He noted that this would become a focus now that the budget had been approved and staff would pursue the \$30,000 in planning grant funds to add to the \$50,000 included in the budget.

Mr. Patrick noted it was important to proceed on this as quickly as possible and to look at the issues that were being brought up. He added that should be a big part of NCBA's effort going forward.

*Introduced: CDBG Fiber Expansion:*

Mr. Carter reported that the County had completed the Environmental Review related to the project and that as of July 7, 2015, the County was under contract with DHCD. He noted that the County was ready to proceed and that CCTS, the project contractor, was in the process of securing the required VDOT permits. He noted that CCTS had to finish some degree of drawings and then they could get started, hopefully in the next ten (10) days. He added that the first leg would take 6-8 weeks and would likely be finished in December.

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Mr. Patrick thanked staff for a job well done; noting that these projects were more complicated than it seemed; having state and federal requirements to comply with.

*Introduced: Neighborhood Fiber Installation Costs*

Mr. Harvey inquired as to whether or not there was a policy on how to apply fiber installation costs to those who were beyond the initial group within a neighborhood.

Mr. Carter noted that this was the situation in the Paul's Creek Subdivision and the Homeowner's Association (HOA) had dealt with that in that instance. He noted that staff would have to work on this as it was becoming more of an issue and it would be a priority to keep the front end subscribers from carrying the burden of those that did not sign up right away. Mr. Patrick noted this was a different issue if there was no HOA to pay the upfront costs.

Ms. Rorrer noted that once there was a finalized number of those participating in the initial build, then they could look at the cost and remaining properties and then on a case by case basis, they could determine what would be paid and what would happen if those remaining properties signed on in the future. Mr. Carter added that they did not currently have a connection fee that would be a pro-rata share of the network, which would be adding costs to installations and staff wanted to minimize the costs; not add to them.

Mr. Harvey noted that this would be based on the initial cost to install the fiber; assuming everyone would hook up. Mr. Rorrer noted that on the Paul's Creek build, there was a set fee they would pay; which was established once they knew who would be the customer base. She added that they could review all of the factors to come up with this.

Mr. Harvey noted that the biggest issue with people doing their own installations, was quality control which could become expensive. Mr. Carter noted that over time, costs may be able to be lowered if this was done in house by NCBA staff. He noted that staff may be looking at this and that last mile cost was the hurdle to overcome.

Mr. Patrick noted that it was important to look at the options there. He noted that installation costs would be more expensive in a rural area and he hoped to solve this problem with the strategic plan.

Mr. Harvey noted that the County had many subdivisions in the area that could do this. He noted that in getting to the Pine Needles subdivision, they went through other property and got easements to do it. He added that in other cases, there were neighborhoods that had people that have organized these builds. He added that he thought the NCBA needed to have a workshop sometime.

It was asked how customers in a subdivision would be served, if more than one service provider wanted to serve them. Mr. Carter noted that multiple customers could be served off of one fiber and Mr. Patrick added that multiple service providers could serve one home because the NCBA owned the fiber. Ms. Rorrer noted that on any given build, it was the NCBA's network and if a given neighborhood wanted BRI or NCC they would have that choice; which was the benefits of an open access network. Mr. Carter explained that the County owned up to the ONT and inside the house was the customer's responsibility. Ms. McCann likened this to water and sewer line connections.

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Ms. Rorrer explained that CCTS, the installer, was providing the outside plant services and the customer worked through the service provider to get the install done. She added for Members to keep in mind that the customer was contracting with NCBA for connectivity to the network and then a provider for services.

Members and staff discussed having a workshop and including wireline and wireless internet service providers. Mr. Harvey noted he wanted to get the wireless program going. He noted that the County may need more providers to keep it competitive; however if there were too many, it would not be worth doing for anyone.

Mr. Saunders noted he agreed that a workshop was needed to discuss the issues and Mr. Patrick asked for staff to put together a workshop and get service providers together. Mr. Carter noted he would work with Mr. Patrick on this and Mr. Harvey noted that this would be open to the public but would have invited participation.

## **VI. Adjournment**

At 2:00 PM, Mr. Saunders moved to adjourn and Mr. Harvey seconded the motion. There being no further discussion, Supervisors voted unanimously by voice vote to approve the motion and the meeting adjourned.