

February 28, 2013

Virginia:

AT A REGULAR 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: Constance Brennan, Central District
Larry D. Saunders, South District – Vice Chair
Thomas D. Harvey, North District – Chair
Thomas H. Bruguere, Jr. West District
Stephen A. Carter, County Administrator
Candice W. McGarry, Secretary
Debra K. McCann, Treasurer
Andrew Crane, Information Systems Technician
Susan Rorrer, Director of Information Systems
Baylor Fooks, Blue Ridge Internetworks (Network Operator)

Absent: Allen M. Hale, East District

I. Call to Order

Mr. Harvey called the meeting to order at 6:13 pm, with four Members present to establish a quorum and Mr. Hale being absent.

II. Public Comments

There were no persons wishing to be recognized for public comment.

III. Consent Agenda

Ms. Brennan moved to approve the consent agenda and Mr. Saunders 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 – R2013-02 Minutes for Approval

**RESOLUTION-R2013-02
NELSON COUNTY BROADBAND AUTHORITY
APPROVAL OF MEETING MINUTES
(January 24, 2013 and February 12, 2013)**

RESOLVED, by the Nelson County Broadband Authority that the minutes of said Authority's meeting conducted on **January 24, 2013 and February 12, 2013** be and hereby are approved and authorized for entry into the official record of the Broadband Authority's meetings.

IV. New/Unfinished Business

A. Broadband Infrastructure Project Update

Mr. Carter gave the following project status:

1. The Massies Mill tower was up but some components had not yet been installed; however, this would be done in the next two (2) weeks.
2. The NTIA extension request was approved and signed off on until 6-30-13 and the County would finish the project well within that window.
3. The Network was operational and lease agreements for tower collocations were in process.
4. The revision of the transport rates to Service Providers was on the agenda.

B. Network Operator Report - Blue Ridge Internetworks

Mr. Fooks reviewed the Network Operator report as follows:

I. Operational

Installations: None

Trouble Tickets: Three trouble tickets were created during the reporting period. One ticket remains open pertaining to cooling problems at the Martin's Store shelter. The problem has been referred to Nelson County Maintenance.

II. Administrative

BRI worked with County IT and consultants to develop proposed new rates.

III. Financial

Income:	\$2,487.50
Current AR:	\$ 75.00
Past Due AR:	\$ 0.00
SLA Credits:	\$ 0.00

Mr. Fooks noted that it was a short month and there was not much activity. He noted the three trouble tickets, the administrative work and the financial report.

In response to questions, Mr. Fooks noted that the NCBA customers were the ones that were collocated in the shelters: BRI, and Lumos. He added that the services that were being actively provided on the network were the County facilities which were not being billed.

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C. Revision of Existing Schedule of Rates, Fees, and Charges and Authorization for Public Hearing (R2013-03)

Prior to discussing the revised rates, Mr. Carter noted that staff was still working on finalizing the collocation agreement with MBC and was working with LUMOS on revisions to the existing agreements.

Rates:

Mr. Carter reiterated that staff had worked on revising the rates and in the process had consulted with two recognized experts, Andrew Cohill and Bob Picchi. He added that the IT staff and team had reviewed the Rockbridge County rates and had revised the rate structure focusing on transport rates. He noted that they had been revised into a 3-Tiered system that would enable services to be deployed.

Mr. Carter then explained that the Tier 1 rates were more conducive to providers of service to residents and small businesses, Tier 2 rates were for provision of service to larger businesses: i.e. The County or someone needing more bandwidth, and Tier 3 rates were for the provision of point to point services or cloud services, such as what the School System needed to provide connectivity between schools.

He then noted that the goal was to better enable Service Providers to get services deployed and was an inducement for other providers to look at these rates and see them as attractive to begin offering services. He noted that they looked at the lower end of service provision to make the rates more affordable and maintained the higher end. He added that the aforementioned experts looked at this and thought the rates were reasonable.

Mr. Carter then noted that staff had prepared a resolution for going to public hearing and that this would be a seventy (70) day process including two public notices with the hearing to be held sixty (60) days following publication of the second notice. He added that the resolution included the overall rate structure; however only the change to the transport rates to providers would be advertised. He noted that in addition, he had consulted with the County Attorney who was comfortable authorizing the proposed rates on an interim basis until formally approved. Mr. Carter then clarified that if they went ahead with the resolution, the Authority could use these rates now for service providers and he recommended the Authority give it favorable consideration.

Mr. Harvey then suggested that the Tier 2 rates for 50x50 Mbps service be changed from a monthly rate of \$200 to \$150 which would be more in line with the steps between the other speeds of services within the Tier and Ms. Brennan agreed. When asked his opinion, Mr. Fooks noted that the primary use of this level of service or the 100x100 Mbps would be to serve DSL equipment and he indicated that he agreed with the change. It was noted that the cost per MB would be about \$3.00. Members then agreed by consensus to make this change.

Mr. Bruguere then moved to approve resolution **R2013-03** Revision of Existing Schedule of Rates, Fees, and Charges and Authorization for Public Hearing and Ms. Brennan seconded the motion.

Mr. Harvey then reiterated that this included the change in the Tier 2, 50x50 Mbps service from \$200 per month to \$150 per month.

Mr. Carter added that staff had a pro-forma that would change based on this revision; however with the unrevised rate, year one showed a loss of \$45,000 and year two a profit of \$119,000.

Mr. Harvey then called for the vote and Members voted unanimously (4-0) by roll call vote to approve the motion and the following resolution was adopted:

**RESOLUTION R2013-03
NELSON COUNTY BROADBAND AUTHORITY
REVISION OF ESTABLISHED SCHEDULE OF RATES, FEES AND CHARGES AND
AUTHORIZATION FOR PUBLIC HEARING**

WHEREAS, Pursuant to §15.2-5431.25 (B) and (C) of the Virginia Wireless Service Authority Act, the Nelson County Broadband Authority may fix and revise rates, fees and other charges after a public hearing at which all of the users of such facilities; the owners, tenants or occupants of property served or to be served thereby; and all others interested have had an opportunity to be heard concerning the proposed rates, fees and charges; and

WHEREAS, after the adoption by the authority of a resolution setting forth the preliminary schedule or schedules fixing and classifying such rates, fees and charges, notice of a public hearing, setting forth the proposed schedule or schedules of rates, fees and charges, shall be given by two publications, at least six days apart, in a newspaper having a general circulation in the area to be served by such systems at least 60 days before the date fixed in such notice for the hearing.

NOW, THEREFORE, BE IT RESOLVED, by the Nelson County Broadband Authority that the revised schedule fixing and classifying proposed rates, fees, and charges is as follows:

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

Class of Service		Speed (Mbps)	MRC
<u>Tier 1</u> Last Mile (E7 to ONT)		25x5	\$ 25
		50x10	\$ 50
<u>Tier 2</u> Last Mile or Service Provider Middle Mile (OLT to ONT/OLT)		25x25	\$ 75
		50x50	\$ 150
		100x100	\$ 300
		250x250	\$ 700
		500x500	\$ 850
		1,000x1,000	\$ 1,000
<u>Tier 3</u> Private WAN	Two Site WAN "P2P" (ONT to ONT)	25	\$ 250
		100	\$ 800
		500	\$ 1,280
		1,000	\$ 1,660
	Three or More Site WAN "Cloud" (per node)	100	\$ 500
		500	\$ 800
		1,000	\$ 1,040

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.
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. Redundant CC power (-48 volt) will be available as well. The Collocation charges include up to 20 amps of DC power. Additional DC power, subject to availability, will be priced at \$6.25 per amp in 10 amp increments.

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).

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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 80 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.

These rates apply to towers operated by the NCBA. Rates for towers leased by the NCBA may be subject to approval by the lessor.

Dark Fiber Leases:

The NCBA will have a limited number of fibers available for dark fiber leasing at an annual rate of \$1250 per leased fiber per mile for durations longer than 60 months. Leases for 60 months or less will be priced at an annual rate of \$1550 per leased fiber per mile. 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.

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*.

BE IT FURTHER RESOLVED, that the Nelson County Broadband Authority does hereby authorize a public hearing to be held on the proposed revised schedule of rates, fees, and charges as soon as is practicable as prescribed by §15.2-5431.25 (B) of the Virginia Wireless Service Authority Act and

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hereby resolves that the proposed revised schedule of rates, fees, and charges shall be in effect for the interim period until formally approved.

V. Other Business (As May Be Presented)

Introduced: General Discussion

In response to questions, Mr. Fooks noted that they had hundreds of potential customers calling to be hooked up and Mr. Stewart noted that he also had received many calls and would begin installations on Monday off of his privately owned Afton tower. Mr. Stewart then noted that he could begin using the NCBA Rockfish tower as soon as the lease agreement was signed. Additionally, Mr. Stewart noted that his operations could be active two weeks after leases were signed and Mr. Fooks noted that BRI would hit the ground running the following day.

Mr. Carter then noted that the impending challenge was fiber build out. Mr. Fooks noted that BRI would finance the fiber construction over three (3) years for customers and see if it worked. He added that they would have to get construction bids for each customer and then they could give the quotes to customers for financing the drop. He noted that BRI would not own the cable to the house and that NCBA would own it; noting that there were a lot of reasons this made sense.

Ms. Brennan then inquired as to what happened if someone did not pay and Mr. Fooks responded that was their risk; however they knew what to do when bad debt situations occurred. He noted that the NCBA ONT would be retrieved from the premise; however the fiber drop would remain in place.

Rental situations were discussed and Mr. Fooks noted that the obligation rested with whoever signed their agreement; which in Charlottesville, property owners provided the installation for renters and the agreement was with them. Mr. Carter added that the Authority would want the agreement to be with the owner; like what was done with the Piney River Three water and sewer system. He noted that there was not an ongoing connection fee involved.

Mr. Fooks noted that paying the installation up front would also be an option and personal financing of the drop could be a consideration for the customer.

Mr. Carter then noted that there may be the potential for grant funding for this and that staff would look harder to see if the County could assist with this.

In response to questions, Mr. Fooks clarified that bandwidth was the quantity of data and speed was how fast the data moved; however they were oftentimes used synonymously. Additionally, both Mr. Fooks and Mr. Stewart noted that they would have to add employees to be able to meet the current demand for services. Mr. Stewart indicated he would be hiring three (3) new installers between now and June depending upon the adoption rate and BRI would be adding one (1) installer.

Mr. Harvey then clarified that the new rates did not affect tower leases and Mr. Carter reiterated that there may be some reconsideration of these rates as it moved forward and staff would bring back revisions if necessary. Mr. Harvey noted that each tower had different customer potential and he suggested that the rates should be tied to this. Mr. Carter noted that in Mr. Picchi's assessment of the

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rates, he noted that the tower pricing was very attractive even with the access charges. Mr. Harvey reiterated that these charges may be a deterrent to getting services out to everybody.

Mr. Stewart noted that his calculations of profit and loss have been done for each tower and he briefly described this. Mr. Saunders noted that he thought that the profitable towers and the unprofitable ones would balance each other out.

Mr. Stewart then noted that SCS would need community relays to make it work. He added that moving to other parts of the County was a concern; however the message they were disseminating was that they were moving forward and could spread fairly quickly.

Mr. Carter then reported that he and staff had spoken with the General Manager of Wintergreen and the outcome was an understanding that they wanted additional bandwidth on the mountain and they agreed to work on it and plan for expansion. He added that it was reiterated to them that the NCBA was not willing to swap fiber with Nelson Cable and that this approach would not likely pass muster with the NTIA.

IV. Adjournment

At 6:45 pm, Mr. Bruguire 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.