

AGENDA
NELSON COUNTY BROADBAND AUTHORITY
October 13, 2015

**THE MEETING CONVENES AT 1:00 P.M. IN THE
GENERAL DISTRICT COURTROOM, OF THE COURTHOUSE, LOVINGSTON**

- I. Call to Order**
- II. Public Comments**
- III. Consent Agenda**
 - A. Resolution – R2015-06** Minutes for Approval
- IV. New/Unfinished Business**
 - A.** Network Operator Report - Blue Ridge Internetworks
 - B.** Treasurer's Report
- V. Other Business**
 - A.** County Administrator's Report
 - B.** Correspondence – Nelson County Cablevision Corporation
- VI. Adjournment**

**RESOLUTION R2015-06
NELSON COUNTY BROADBAND AUTHORITY
APPROVAL OF MEETING MINUTES
(July 14, 2015)**

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

Approved: October 13, 2015

Attest: _____, Secretary
Nelson County Broadband Authority

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>> 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
TOTAL	16,278.84	6,418.00	0.00	437.50	2,048.93	25,183.27

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>
Service				
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>
Total Service	12,268.95	11,280.50	11,300.50	34,849.95
Other Charges				
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>
Total Other Charges	<u>5,368.53</u>	<u>1,692.53</u>	<u>4,370.96</u>	<u>11,432.02</u>
TOTAL	<u>17,637.48</u>	<u>12,973.03</u>	<u>15,671.46</u>	<u>46,281.97</u>

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>
Subtotal	\$ 345,234.36	
General Fund Transfer	<u>\$ 100,000.00</u>	
Ending Balance 6/30/2015	\$ 445,234.36	
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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EXPENDITURE SYNOPSIS -Proposed				
Expenditure by Dept.	FY 14-15 Amended Budget	FY 15-16 Proposed Budget	Increase/Decrease	% Change
Broadband Project				
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%
Network Operations				
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%
Total	\$497,259.00	\$805,081.00	\$307,822.00	61.90%

REVENUE SYNOPSIS -Proposed				
Revenues	FY 14-15 Amended Budget	FY 15-16 Proposed Budget	Increase/Decrease	% Change
Broadband Project				
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%
Network Operations				

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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%
Total	\$497,259.00	\$805,081.00	\$307,822.00	61.90%

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.

DRAFT

BROADBAND FUND @9/30/2015**OPERATIONS**

Beginning Balance 7/1/2015	\$ 406,277.36
July-September 2015 Expenditures	\$ (79,119.71)
July-September 2015 Revenues	\$ 44,958.22
Subtotal	\$ 372,115.87
General Fund Transfer	\$ 150,000.00
Ending Balance 9/30/2015	\$ 522,115.87

Current Year Revenue Exceeds Expense by \$ 115,838.51

EXPANSION PROJECT

Beginning Balance 7/1/2015	\$ 38,957.00
July-September 2015 Expenditures	\$ (137,192.00)
July-September 2015 Revenues	\$ 138,188.80
	\$ 39,953.80

SUMMARY OF FUND BALANCE

Project Funds	\$ 39,953.80
Amortized Installation Fund	\$ 111,915.53
Operational Funds	\$ 450,154.14
Available Bank Balance @9/30/2015	\$ 562,069.67

MAJOR ACCT#	DESCRIPTION	BUDGET AMOUNT	APPR. AMOUNT	CURRENT AMOUNT	Y-T-D AMOUNT	ENCUMBRANCE AMOUNT	UNENCUMBERED BALANCE	REMAIN.
94100	***Broadband Network***							
3140	Engineering	.00	.00	14,300.00-	.00	.00	.00	.00
	Broadband Network	.00	.00	14,300.00-	.00	.00	.00	.00
94200	***Network Operations***							
1011	Remuneration-Broadband Authority	1,875.00	1,875.00	.00	225.00	.00	1,650.00	88.00
3002	Professional Services (NetOp)	81,600.00	81,600.00	6,420.00	19,700.00	.00	61,900.00	75.85
3003	Professional Services	10,000.00	10,000.00	2,047.50	3,560.00	.00	6,440.00	64.40
3004	Repair & Maintenance	7,400.00	7,400.00	.00	100.00	.00	7,300.00	98.64
3005	Insurance	2,500.00	2,500.00	.00	2,342.00	.00	158.00	6.32
3006	Utilities Including Locates	30,000.00	30,000.00	315.40	3,626.73	.00	26,373.27	87.91
3009	Installation Expense (Discount)	37,500.00	37,500.00	.00	12,600.00	.00	24,900.00	66.40
3010	Installation Expense	10,000.00	10,000.00	1,950.00	9,250.30	.00	749.70	7.49
3011	Installation Expense (Amortized)	146,550.00	146,550.00	.00	17,835.60	.00	128,714.40	87.82
3012	Service Contracts	10,000.00	10,000.00	.00	1,910.64	.00	8,089.36	80.89
5401	Office Supplies	300.00	300.00	.00	.00	.00	300.00	100.00
5501	Travel (Mileage)	150.00	150.00	.00	35.88	.00	114.12	76.08
7007	Equipment	45,000.00	45,000.00	1,930.83	7,933.56	.00	37,066.44	82.36
8112	Tower Leases	9,530.00	9,530.00	.00	.00	.00	9,530.00	100.00
8500	Network Strategic Plan	50,000.00	50,000.00	.00	.00	.00	50,000.00	100.00
	Network Operations	442,405.00	442,405.00	12,663.73	79,119.71	.00	363,285.29	82.11
94500	***CDBG EXPANSION 2015***							
3140	Design Drawings	25,580.00	25,580.00	14,300.00	14,300.00	.00	11,280.00	44.09
3160	Construction	308,377.00	308,377.00	.00	.00	.00	308,377.00	100.00
3170	Permit Fees & Misc.	5,000.00	5,000.00	.00	.00	.00	5,000.00	100.00
8203	Materials	.00	.00	66,732.00	122,892.00	.00	122,892.00-	100.00-
	CDBG EXPANSION 2015	338,957.00	338,957.00	81,032.00	137,192.00	.00	201,765.00	59.52
	Broadband Network	781,362.00	781,362.00	79,395.73	216,311.71	.00	565,050.29	72.31
999000	***Contingency***							
9901	Contingency Reserve	55,195.00	55,195.00	.00	.00	.00	55,195.00	100.00
	Contingency	55,195.00	55,195.00	.00	.00	.00	55,195.00	100.00
	Contingency	55,195.00	55,195.00	.00	.00	.00	55,195.00	100.00
	--FUND TOTAL--	836,557.00	836,557.00	79,395.73	216,311.71	.00	620,245.29	74.14

10/07/2015 *GL060*
 FUND #-114 ***Revenues-Broadband Network***
 -D E T A I L-

NELSON COUNTY
 REVENUE SUMMARY
 7/01/2015 - 9/30/2015

PAGE 1
 TIME 10:43
 -D E T A I L-

MAJOR ACCT#	DESCRIPTION	BUDGET AMOUNT	APPR. AMOUNT	CURRENT AMOUNT	Y-T-D AMOUNT	BALANCE	% REMAIN.
999	***Revenues-Broadband Network***						
1502	***Revenue from Use of Property***						
0020	Fiber Leases	4,000.00	4,000.00	.00	1,000.95	2,999.05	74.97
0030	Tower Leases	77,550.00	77,550.00	1,525.00	3,050.00	74,500.00	96.06
	Revenue from Use of Property	81,550.00	81,550.00	1,525.00	4,050.95	77,499.05	95.03
1620	***Charges for Services***						
0001	Network Access Charges	84,000.00	84,000.00	7,259.67	27,374.24	56,625.76	67.41
0100	Other Network Charges	15,000.00	15,000.00	587.50	3,712.50	11,287.50	75.25
	Charges for Services	99,000.00	99,000.00	7,847.17	31,086.74	67,913.26	68.59
1899	***Installation Reimbursements***						
0110	Installation Upfront Payments	10,000.00	10,000.00	.00	4,393.19	5,606.81	56.06
0115	Installation Amortized Payments	30,300.00	30,300.00	1,829.42	5,427.34	24,872.66	82.08
	Installation Reimbursements	40,300.00	40,300.00	1,829.42	9,820.53	30,479.47	75.63
	Revenue from Use of Property	220,850.00	220,850.00	11,201.59	44,958.22	175,891.78	79.64
3201	***Grants & Transfers***						
4101	***Non-Revenue Receipts***						
4105	***Transfers***						
0100	Transfer from General Fund	150,000.00	150,000.00	.00	150,000.00	.00	.00
0503	Transfer from CDBG Fund	300,000.00	300,000.00	38,188.80	138,188.80	161,811.20	53.93
	Transfers	450,000.00	450,000.00	38,188.80	288,188.80	161,811.20	35.95
	Non-Revenue Receipts	450,000.00	450,000.00	38,188.80	288,188.80	161,811.20	35.95
9999	***Year Ending Balance***						
0001	Year Ending Balance	134,231.00	165,707.00	.00	.00	165,707.00	100.00
	Year Ending Balance	134,231.00	165,707.00	.00	.00	165,707.00	100.00
	Year Ending Balance	134,231.00	165,707.00	.00	.00	165,707.00	100.00
	--FUND TOTAL--	805,081.00	836,557.00	49,390.39	333,147.02	503,409.98	60.17

8 October, 2015

To: Nelson County Broadband Authority
From: S. Carter
Re: Report for October 13, 2015 Meeting

Please be advised of the following pertinent information for the Authority's consideration on 10-13:

- 1. Current Customer Base:** 136 Connections with 1 Connection in Process = 137 Total Connections.
- 2. Financial Report:** The FY 15-16 year to date summary of revenues and expenditures is included in the agenda document. D. McCann, Director of Finance and HR, will summarize this report to the Authority on 10-13.
- 3. CDBG Grant/County Funded 8 Mile Expansion Project:** Construction start up (Phase 1 – Routes 151 & 6 to Routes 151 & 664) has been delayed due to VDOT permit requirements. Revised drawings and specifications (from the project contractor) will be submitted to VDOT by October 9th or early in the week of October 12th. A ten week build is projected and will be followed by the two additional phases (Rt. 151 at network's current norther terminus to County line on Route 151 and, Rt. 151 & 6 to Route 6 and intersection of Saddleback Farm). An end of year project completion is still possible albeit the project may now extend into early 2016.
- 4. Nelson County Public Schools:** A five year dark fiber lease (2 strands) is being completed with Shentel to enable the company to provide greater bandwidth to the public school's local area network (from NCHS/NMS to both Rockfish and Tye River elementary schools and to the central administration office within the Courthouse). The dark fiber lease will be revenue generating, approximately \$20,000 additional income per year, than the current revenue from leasing of circuits from the network to serve the school division.
- 5. Additional Service Providers:** County staff has had recent meetings with Shentel and Lumos (Residential Small Business – RSB Division) staff to discuss the two companies becoming service providers on the NCBA network. While Shentel provides services to the NC School Division it does not utilize the local network beyond this service. Lumos provides service to the County's local government but is not an ISP on the local network. Final decisions by both companies are pending.
- 6. Meeting with Ting:** County staff will meet with representatives of Ting (which purchased Blue Ridge Internetworks within the past year) on 10-22. The purpose of the meeting will be to discuss possible changes in Ting's services as Network Operator to the NCBA network and Ting's interest in providing 5/5 and symmetrical gigabit plans services to end users (customers), which may require revision to the Authority's rate schedule(s) to accommodate these service levels.

7. Negotiating Neighborhood Builds to Achieve Expanded Customer Base: Attached are two financial projections (Edgewood Park and Horizons Village) for the Authority's review and approval consideration. The premise(s) of this information is that the NCBA will share in the expense of expanding the local network into residential neighborhoods/subdivisions, as a means of achieving an expanded customer base. The investment by NCBA in the neighborhood build out(s) would be recovered within a five year period and those properties that do not initially participate in the network build would be subject to payment of the same amount of the lateral installation cost (the expansion of the network from the middle mile backbone into the neighborhood/subdivision, excluding the installation of the service connection from the lateral expansion to the end user) at such time as these properties would decide to request service from an ISP provider on the NCBA network.

To date, County staff has been meeting with representatives of Edgewood Park (Messrs. Dick Averitt and Howard Ellis) and Horizon Village (Gary Strong) to work to incorporate these two subdivisions into the NCBA network. The input from the two residential communities is the NCBA should also share in the cost of expanding/extending the local network in order to increase the Authority's overall customer base. The present concern with the Authority incurring additional expense to share the cost to expand the network into neighborhoods/subdivisions is, simply put, having the financial capacity to do so. Therefore, it is critically important, if the Authority is amenable to the strategy(s) contained in the attached financial analyses that the Authority is able to recover the investment (albeit over time) from revenues realized from the increase in the network's customer base and do so within an appropriate period of time, which at present is "considered" to be no more than five year (this comports to the five year ability of customers to amortize their installation costs). Assuming that the Authority can at minimum recover its financial outlay(s) within five years and have the potential for additional revenue (that would be realized from revenues paid by customers who did not initially agree to establish service through the neighborhood/subdivision expansion project and would, therefore, be subject to pay the same share of the lateral installation cost, which would be additional revenue to the Authority).

The Edgewood Park and Horizons Village neighborhoods are poised to move forward with these two lateral expansion projects, which would result in approximately 34 total new network connections (15 in Edgewood Park and 19 in Horizons Village). Both of these expansions would be completed once the middle mile network is expanded from Martins Store (Routes 6 and 151) to the intersection of Routes 151 and 664, which, as noted, herein, should begin construction later this month (October).

The considerations for the Authority include: 1) Approval of the two lateral expansion projects based upon the projections completed by County staff (which may require modification once the ability to provide service to these neighborhoods is in place). 2) Continuing to approve such lateral expansions on a case by case basis or providing County staff authority to complete such negotiated expansions based upon no net financial loss to the NCBA network. 3) Possibly revising the rate structure or development of a policy that provides specific criteria for the continued expansion of the local network into neighborhoods/subdivisions in which the Authority, as may be necessary, shares the expense of the lateral expansion from the backbone but recovers this cost through revenues realized from an expanded customer base.

Subject to the Authority's review, staff recommends favorable consideration of the two network lateral builds to Edgewood Park and Horizons Village.

8. Network Expansion Plan and NCBA Planning Session: A Request for Proposals (RFP) is pending completion. Staff has discussed the tasks, which are multifaceted, that would be included in the planning project but this work is pending completion but will be accomplished within FY 15-16 (and as soon as possible). A pending decision is the \$30,000 planning grant funding request made to VA-DHCD. It is anticipated that the Department will decide on the County's grant application within the ensuing several weeks. If successful (which is very uncertain) the total available funding for the network planning project would be \$80,000, all of which may or may not be required.

With respect to the Authority's request to conduct a session to discuss short and long range planning, staff's recommendation is to schedule this meeting later in FY 15-16 (perhaps in December) to enable many of the subjects that are presently in process to either be concluded or brought to a point in which the Authority's participation is required. Staff's consideration in this position is that Authority will be better positioned to discuss the status, present and future, of the NCBA in the ensuing months of FY15-16 rather than at present (there are many things in process that when outcomes are final will better position the Authority to have a more meaningful planning session).

9. Letter from Nelson County Community Cablevision: The letter from the local cable company is included under correspondence in the agenda document. Staff (S. Carter) has not responded to the letter and staff does not concur with the statements made in the letter. Staff can provide comment, as may be necessary, to the Authority on the company's correspondence, and is prepared to respond to the letter if the Authority deems it necessary.

10. Other: Input, questions, etc. from the Authority or from staff (at the meeting on 10-13).

Thank you for your consideration.

Attachments: Edgewood Park Neighborhood Build & Horizons Village Neighborhood Build

Edgewood Park Neighborhood Build

22 Developed Lots (Homes)

Assuming a Take Rate of 70% (15 customers)

Total Lateral Build Cost: \$25,124

Total Per Customer Share of Lateral Build Cost: \$1,142

Edgewood Park neighborhood gets connection agreements from 15 customers.

15 customers initially connect and pay \$17,130 of the total build cost.

NCBA invests \$7,994 in completing the neighborhood build.

It is assumed that NCBA will eventually recover most, if not all, of its investment as the remaining 7 customers connect to the network and are charged an equal share (\$1,142) of the total lateral build cost.

In addition, NCBA begins receiving \$25.00 per customer (from the service provider) in revenue upon connection of the customer.

Even if no new customers connect to the network in this neighborhood:

- NCBA recovers the maximum out of pocket expense for the discount offering (\$750 per customer) in 2.5 years.
- NCBA recovers the \$7,994 investment in an additional 21.3 months.
- All NCBA investment is recovered through revenue in 51.3 months or 4.3 years.

Total Cost of Installation to the Customer (does not include the monthly fee for services):

Share of Lateral Installation Cost: \$1,142

Customer Drop Installation Cost: \$1,284

Total Installation Cost Per Customer: \$2,426

Total Installation Cost Less \$750 NCBA Discount: \$1,676 (**\$750 discount currently requires 5 year contract with Service Provider.)

Total Monthly Installation Payment per Customer: \$27.93 (Assumes 5 year contract.)

July 17, 2015
12 Old Turtle Place
Nellysford, VA 22958

Susan Rorrer
c/o Nelson County Broadband Authority
P.O. Box 336
Lovingston, VA 22949

RE: Horizons Village Community Fiber Optics Build-Out

Dear Susan:

As promised, Horizons Village hereby presents to you 16 signed letters of intent from property owners who wish to procure fiber optic services to their home. A couple of these letters are from property owners who have not yet built a home on their lot, but would still like to participate in funding of the neighborhood backbone during the initial build-out. There are several other property owners who we believe would have signed a letter of intent and didn't, but plan to do so later. As we mentioned at the last Broadband Authority meeting, Horizons Village needs a plan, in cooperation with Nelson County, for how to insure that later clients share in their part of the neighborhood backbone costs after it is installed.

As you develop a plan for how to connect these 16 property owners and for others to share in the backbone costs, we hope that you will take into account all possible means for reducing our neighborhood backbone costs. It appears to us that the rather large cost of this component of our build-out is a determining factor in others being reluctant at this time to participate. There may be ways for lot owners who have not yet built a home to amortize their costs even though they will not initially get service. Additionally, there may be ways to cost-share our backbone with service providers depending upon a fixed term contract of some length. Also, we learned of a discount-matching program offered by Nelson Cable Company that could apply to some of our clients. We trust that you will seek to minimize costs in whatever ways that seem reasonable to the NCBA and the County Administration. We strongly believe that the number of connections would increase dramatically should the cost of the neighborhood network be reduced; several lot owners have expressed their strong desire to connect if this can be achieved.

We look forward to interacting with you as you develop fiber costs for our community. We suspect that you will have questions as you proceed. In the end, we hope that you will be able to present us with individualized estimates for each of the 16 letter-signers that take into account each of their circumstances, their driveway lengths, and their share of the neighborhood backbone. Please feel free to contact any of us below who constitute the Horizons Village Fiber Optics Task Group. Thank you and we look forward to your responses,



Dave Bennett

dkbenn2@mac.com

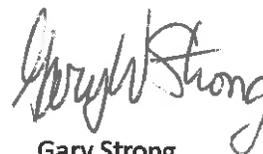
434-361-1538



Mike Johnson

mikej338@gmail.com

703-509-0333



Gary Strong

gwstrong@gmail.com

434-361-213

Horizons Village Neighborhood Build

24 Developed Lots (Homes)

19 Letters of Intent to Connect to the Network (80%) (3 have been added since original count of 16)

16 Vacant Lots

Total Lateral Build Cost: \$36,097

Total Per Customer Share of Lateral Build Cost: \$1,504

Horizons Village neighborhood gets connection agreements from 19 customers.

19 customers initially connect and pay \$28,576 of the total build cost.

NCBA invests \$7,521 in completing the neighborhood build.

It is assumed that NCBA will eventually recover most, if not all, of its investment as the remaining 5 customers connect to the network and are charged an equal share (\$1,504) of the total lateral build cost.

In addition, NCBA begins receiving \$25.00 per customer (from the service provider) in revenue upon connection of the customer.

Even if no new customers connect to the network in this neighborhood:

- NCBA recovers the maximum out of pocket expense for the discount offering (\$750 per customer) in 2.5 years.
- NCBA recovers the \$7,521 investment in an additional 15.8 months.
- All NCBA investment is recovered through revenue in 45.8 months or 3.8 years.

Total Cost of Installation to the Customer (does not include the monthly fee for services):

Share of Lateral Installation Cost: \$1,504

****Average Customer Drop Installation Cost: \$1,814**

Total Installation Cost Per Customer: \$2,568

Total Installation Cost Less \$750 NCBA Discount: \$1,818 (**\$750 discount currently requires 5 year contract with Service Provider.)

Total Monthly Installation Payment per Customer: \$30.30 (Assumes 5 year contract.)

**Distance for drops varies between 200 and 1300 feet. How cost will be allocated per customer is to be determined.



**NELSON COUNTY
CABLEVISION CORPORATION**

PO Box 395 – 380 Front Street, Lovingson, Virginia 22949
 Billing & Sales - PO Box 219 - 2771-A Rockfish Valley Highway, Nellysford, VA 2958
 Phone (434) 263-4805 – Fax (434) 226-0117
www.nelsoncable.com

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SEP 21 2015

COUNTY ADMINISTRATOR'S
OFFICE

September 18, 2015

Stephen A. Carter, Administrator
 Nelson County Board of supervisors
 PO Box 356
 Lovingson, VA 22949

Dear Mr. Carter,

Enclosed is a copy of the letter that I recently sent to Allen Patrick, Chairman, Nelson County Broadband Authority dated September 12, 2015.

The Nelson County Web Site states that the Mission Statement for the Nelson County Broadband Authority is “to provide a state of the art high-speed network backbone generally through the center of Nelson County from north to south, providing the ‘highway’ for private providers to enhance and expand broadband internet service in the county.

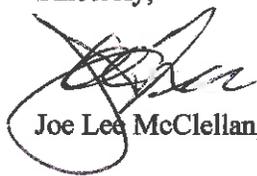
Last year we extended our Wintergreen fiber line, north on Route 151, over a mile, to connect to the Nelson County Broadband Authority (NCBA) Network at Route 6, so we could obtain less costly internet service at Lovingson and be able to serve the more sparsely inhabited areas beyond Wintergreen Resort and Nellysford, VA.

The county more recently obtained a State Grant, which the County has to match with Nelson County Taxpayer funds. The funds for this Grant and local taxpayer funds is to extend the NCBA line on Route 151 through Nellysford, where we already serve 3.95 miles of this 5.59 mile extension and we are currently in the process of completing the remaining 1.64 mile portion.

I do not understand the rationale of overbuilding our system and soliciting our current customers, including Wintergreen Resort, which contradicts the above mentioned “mission statement”. However, since the NCBA is determined to “overbuild” us, we have made several offers to the NCBA, to reduce their cost for this project, so funds can be used elsewhere in the county where there is no or very limited Internet service and where we, as an Internet Provider on the NCBA Network will actively solicit subscribers, as mentioned in the enclosure.

I am sending this information to you for your consideration and action as you determine.

Sincerely,



Joe Lee McClellan, President

Enclosure



PO Box 395 – 380 Front Street, Lovingson, Virginia 22949
Billing & Sales - PO Box 219 - 2771-A Rockfish Valley Highway, Nellysford, VA 2958
Phone (434) 263-4805 – Fax (434) 226-0117
www.nelsoncable.com

September 12, 2015

Alan Patrick, Chairman
Nelson County Broadband Authority
PO Box 44
Nellysford, VA 22958

Re: Nelson County Local Innovation Grant, Route 1

Dear Mr. Patrick,

Mathew Clark, Area Land Development Engineer, and Jeffery B. Kessler of the Virginia Department of Transportation suggested that "Due to the limited available space within the wright-of-way along this corridor, VDOT requests the two utilities explore the possibility of working together, or even sharing resources".

We are connected to the NCBA Network at Route 6 and have already installed 2" conduit, with fiber cable, from Route 6 to Route 613. From Route 613 to Route 751 our fiber line is not always adjacent to Route 151. Our Contractor has begin installing 2" conduit with fiber cable from Route 751 to Route 664. Our plan is to continue our line up Route 664 to the Wintergreen Gate House, where we have fiber, to make a "redundant loop" in our network and to serve homes, businesses and subdivisions along the route with Digital High Definition TV, Internet and VOIP telephone. The NCBA Network only offers Internet.

I have considered how we may accommodate each others needs and offer the following options:

1. We will lease to the NCBA space in our conduit along Route 151 at the same terms as the Verizon Telephone Company, so the NCBA can install its own fiber in our conduit and make its Network available to its Internet Providers.
2. At the August 11, 2015 Board of Supervisors Meeting, I announced in the "public comments", that Nelson Cable would make available, access to its system along Route 151, to the other Internet Providers on the NCBA Network, at competitive (those of the NCBA) rates.

I also announced at the same time, that Shentel had purchased nTelos and Nelson Cable are in discussions concerning their leasing our fiber to certain locations, within and adjacent to Wintergreen Resort to serve their and other Cell Towers.

Nelson Cable has connected or is in the process of acquiring almost two dozen Internet subscribers on the NCBA Network. Nelson has hired a salesperson to go door-to-door, soliciting new Internet subscribers on the present NCBA Network and the two (2) planned extensions, Numbers 2 and 3. This sales person is scheduled to start just as soon as the Lockin event is over.

I am putting forth my best efforts to assist the NCBA and I hope the NCBA will seriously consider the above offers so that taxpayer funds can be used else where in the County to serve citizens who have no Internet service.

Sincerely,

Joe Lee McClellan, President

Copy to: Interested Parties