

January 10, 2017

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 H. Bruguire, 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 1:08 PM with all members present to establish a quorum.

II. Public Comments

1. Sarah Holman, Nellysford

Ms. Holman stated that the Board of Supervisors paid for the High School to have dual enrollment classes through PVCC. She noted that her daughter participated in the program and loved it and she thanked them for that. She then suggested that the Authority needed to work with schools and the School Board on how they could work with the program. She added that in today's world, not having Internet at home was a disadvantage as students in the program still had work to do when school was closed. She added that not having Internet in the county also discouraged participation in this program.

2. Clay Stewart, SCS

Mr. Stewart reported that his business had 13 projects in 13 counties and he now saw the County as a young forest and they were investing into the county's network. He noted that they were marketing and growing every week in fiber installations and augmenting wireless services. He reported that they were adding people daily to the Sugarloaf tower affecting the Faber area to the east. He advised that they had Herds Mountain just over the border in Albemarle and were feeding parts of Afton and Faber from there. He noted that many customers would be added over the next several months with just those two towers.

Mr. Stewart then advised that they were looking forward to the pricing discussion and anything the County could do to help ISPs move forward would be appreciated. He noted that other counties offered free tower space for a particular time and if they provide them with lower costs, it helped them move faster. He

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advised that they could take on the whole county; however it took time and help from the County reduced that timeframe.

3. Joe Lee McClellan, Nelson Cablevision

Mr. McClellan advised that they had interest in serving the Food Lion shopping and they want to decide how to distribute the costs. He added that they were increasing bandwidth in Nellysford and talking with Ms. Rorrer about leasing dark fiber because they were already at 1GB now. He added that they would either need two circuits or dark fiber to handle this issue.

III. Reorganization, Election of Officers, and 2017 Meeting Schedule

- A. Chair
- B. Vice Chair
- C. Secretary
- D. Treasurer
- E. 2017 Meeting Schedule

Mr. Carter noted the proposed slate of officers and meeting schedule as follows:

Chair – Thomas D. Harvey
Vice Chair – Thomas H. Bruguire, Jr.
Secretary – Candice McGarry
Treasurer – Debra McCann

2017 Meeting Schedule – Second Tuesday of January, March, May, July, September, and November at 1pm in General District Courtroom (Just prior to the regular BOS meeting).

Ms. Brennan then moved to accept the slate of Officers and meeting schedule as presented and Mr. Saunders seconded the motion. There being no further discussion, Members voted unanimously (5-0) by roll call vote to approve the motion.

The meeting was then turned over to newly elected Chair, Mr. Harvey.

IV. Consent Agenda

- A. **Resolution – R2017-01** Minutes for Approval

Mr. Hale moved to approve the consent agenda and Mr. Bruguire 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 R2017-01
NELSON COUNTY BROADBAND AUTHORITY
APPROVAL OF MEETING MINUTES
(November 8, 2016)**

RESOLVED, by the Nelson County Broadband Authority that the minutes of said Board meeting conducted on **November 8, 2016** be and hereby are approved and authorized for entry into the official record of the Broadband Authority meetings.

V. New/Unfinished Business

A. Network Operator’s Report

Ms. Susan Rorrer presented the report as follows:

I. Operational

| | |
|--|-----------|
| Total Number of Customers on 8/31/16: | 240 |
| Installations for September and October: | 36 |
| <u>Pending Installations:</u> | <u>84</u> |
| Total Number of Customers on 12/31/16: | 360 |

II. Administrative

Currently working with two neighborhoods who were organizing that would add an estimated 80 customers on the initial neighborhood build.

Issued Net Op RFP on Friday the 5th, would be hearing back in the next 30 days, and would enter into a new contract in next 60 days. Mr. Carter then advised that BRI could resubmit should they choose.

Mr. Bruguere then asked when installing in neighborhoods; were the costs spread among everybody and it was noted that they were.

III. Financial

Attached

B. Treasurer’s Report

Ms. McCann reported the following:

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BROADBAND FUND @ 12/31/16

OPERATIONS

| | |
|---------------------------------------|----------------------|
| Beginning Balance 7/1/2016 | \$ 406,277.36 |
| July-August 2016 Expenditures | \$ (60,401.45) |
| July-August 2016 Revenues | \$ 42,493.00 |
| September – October 2016 Expenditures | \$ (86,536.59) |
| September – October 2016 Revenues | \$ 58,085.84 |
| November-December 2016 Expenditures | \$ (131,699.99) |
| November-December 2016 Revenues | \$ 45,729.33 |
| Subtotal | \$ 274,390.34 |
| General Fund Transfer | \$ <u>100,000.00</u> |
| Ending Balance 12/31/2016 | \$ 374,390.34 |

Current Year Revenue Exceeds Expenses by \$ (32,329.86)

EXPANSION PROJECT

| | |
|---|---------------------|
| Beginning Balance 7/1/2016 | \$ (4,730.14) |
| July-August 2016 Expenditures | \$ (18,244.75) |
| July-August 2016 Revenues | \$ 30,436.94 |
| September – October 2016 Expenditures | \$ (5,073.00) |
| September – October 2016 Revenues | \$ 12,406.43 |
| November-December 2016 Expenditures | \$ (66,772.05) |
| November-December 2016 Revenues | \$ - |
| Ending Balance 12/31/2016 | \$ (51,976.57) |
| Pending CDBG grant funds | \$ 7,579.07 |
| Fund Balance applied to Project Change Orders | \$ <u>44,397.50</u> |
| | \$ - |

SUMMARY OF FUND BALANCE

| | |
|-------------------------------------|----------------------|
| Project Funds | \$ - |
| Amortized Installation Fund | \$ (18,908.92) |
| Operational Funds | \$ <u>341,323.29</u> |
| Available Bank Balance @ 12/31/2016 | \$ 322,414.37 |

Operations:

Ms. McCann explained that the November – December expenditures were higher due to additional installations - paid for 40 installs.

Expansion Project:

Ms. McCann noted that the expansion project was out of operating funds in addition to what was originally allocated to finish the project.

Fund Balance:

Ms. McCann noted that the Amortized Installation fund was currently over expended; however this was a revolving number as the Authority was getting money in but was paying it out faster.

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 – December) of \$278,638.03 for Network Operations, with there being an unencumbered balance of \$142,065.97 and a Contingency Reserve remaining of \$69,524.00 The Revenue Summary for Network Operations showed year-to-date revenues of \$146,308.17 and a balance of \$142,886.83. The report also showed the revenues transferred in from the General Fund of \$100,000.00 and a transfer in from the CDBG fund of \$42,843.37 and a balance of \$7,578.63. The Year Ending Balance was shown at \$100,611.00.

C. County Administrator's Report

I. NCBA Organizational Meeting: The Authority's 1-10-17 agenda includes the annual organization meeting, which consists of the election of a chairman, vice-chairman and the appointment/designation of secretary and treasurer positions. The proposed slate includes: Chairman – Thomas D. Harvey; Vice-Chairman: Thomas H. Brugiare; Secretary – Candy McGarry; and, Treasurer – Debbie McCann.

II. Broadband Expansion Project: The CDBG and County funded 8.1 mile, middle mile network expansion project is complete (as of November 2016). County staff will meet with VA-DHCD staff on 1-11-17 for a project compliance and project close out meeting, which will provide for the official close out of the CDBG (e.g. grant) component of the project.

III. Broadband Planning Project: Design Nine, the planning project's consultant firm, has completed a final project report, inclusive of build out plans and related cost estimates. The final project outcomes were received on 1-6 and will be distributed to the NCBA and Board of Supervisors the week of 1-9.

IV. Network Operator RFP: County staff have completed and issued (i.e. advertised) a request for proposals to solicit proposals for network operation services. The RFP ad was placed in the 1-5 edition of the Nelson County Times and also posted to the County's website. The RFP will also be forwarded directly to several companies that have previously expressed interest in providing this service to the Authority/County. Formal notice will also be issued to Ting to provide for conclusion of the current contract with Ting to provide Network Operations services (Ting will also be forwarded the RFP issued on 1-5 to enable the company to consider submittal of a new net op proposal).

V. NCBA Rate Schedule: The Authority is scheduled to conduct a public hearing at 6 p.m. on 1-10-17 to consider public input of proposed revisions to the Authority's current rate schedule(s). County and Design Nine staffs have worked collaboratively on the proposed revisions and recommend approval of the new rate schedule by the Authority (inclusive of additional changes – see the cover memo on this subject included in the agenda with the proposed rate schedule).

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VI. Network Expansion/Growth: County staff will report on 1-10 to the Authority on the growth in service connections since July 2016. The network has realized significant expansion over the course of the past six months with the current number of network subscribers projected to exceed 500+ within the ensuing 90-120 days approximate. As noted, staff will report on this subject on 1-10, inclusive of current and projected subscription levels.

VII. Financial and Net Operator Reports: The 1-10 agenda includes the current financial report, as completed by Debbie McCann, Treasurer. The network operator report will be presented at the meeting on 1-10 by Susan Rorrer.

VI. Other Business (As May Be Presented)

Introduced: Introduction of Denise Tousseau

Mr. Harvey introduced Denise Tousseau as resident who lived on the back end of Tanbark Road that had been a sparkplug in putting together a form of information needed from people interested in signing up for internet service. He added that there were now sixty people interested in that area. He added that they had worked closely with Danny of CCTS who had figured up the cost to install the backbone down Tanbark at \$52,000. He advised that they then got the number of interested people and took the \$750 discount from the County and the \$750 discount from the ISP for a \$1500 credit per person. He noted that each connection would be done for the same fee and with those numbers it made it work. He noted they were getting ready to issue contracts and were figuring out how to disseminate information to providers so landowners could select the ISP they wanted. Mr. Harvey noted that they were in the process of doing Greenbury and were trying to pick up at Saddleback up to Mountain Road and around. He noted that they had the numbers there to make it work and could add another fifty plus. Mr. Harvey then noted that the biggest hold up was providing a cost to people; as it was hard for people to commit without knowing a final cost. He noted that typically the cost was \$54.95 for a basic package and \$7-8 over 5 years to pay for the backbone.

Ms. Tousseau confirmed that people were hesitant when they thought they had to pay for the whole installation cost.

Mr. Strong then inquired as to the longest driveway and it was noted to be 900 feet. He added that people in his subdivision would not agree to that arrangement and Ms. Tousseau noted that having that arrangement up front has really helped. Mr. Harvey added that the cost is really shared in building the backbone and that scenario would not work in every situation. He noted that Horizons Village was deep with long driveways and that Twin Ridge had eleven connections that may get a several hundred dollar charge on top of the backbone costs. Ms. Rorrer also noted that Tanbark Drive had a large number of homes sitting close to the road.

Mr. Harvey echoed Ms. McClellan's comments that the kids in the County had to have the service. He added that they needed to promote the wireless side and hopefully the Pine Ridge subdivision in Faber could now be served.

Mr. Hale then asked if NCBA installed the backbone once commitments were obtained and Mr. Harvey advised that \$1500 puts in the backbone and pays for the drops and CCTS figures out how far the drop is. He noted that the fiber was 96 strand and direct buried.

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Mr. Hale noted that he saw how that would work in Afton, however for most roads in the county it was a much more challenging proposition as homes were typically more spread out. Mr. Harvey agreed and noted that they needed to go from Lovington to Shipman and Mr. Hale noted that wireless service was now available in those areas.

Introduced: Public Hearing Overview

Mr. Carter advised that he would like to overview the public hearing information to be considered during the evening session.

Ms. Rorrer then advised that the public hearing had been advertised for in October and staff wanted to overview changes for the rate schedule. She then reviewed proposed revisions that were provided at the previous meeting noting that the service tiers were better defined and more descriptive. She then noted those changes. Ms. Rorrer then noted that the dark fiber lease option had been removed in accordance with the recommendation of Design Nine based on the current status of the network and demands on fiber. Mr. Carter added that he did not think it was in the best interest of NCBA to do this. He noted it had been debated by staff and Design Nine's most recent input was to table it for now and it could be added in the future.

Ms. Rorrer then advised that should the NCBA wish to keep it, there were recommended changes in pricing and terms for that; such as a minimum term of 5 years and a minimum of two fibers leased.

Mr. Strong noted that leasing dark fiber may or may not be in their best interest. He added what weighed heavily was how many fibers installed were actually usable and noted it would be helpful to know that every installed fiber was usable. He added that any spare fibers could be used quickly if this were offered. Ms. Rorrer noted that there would be a limit on the number of dark fibers that could be leased. She added that according to CCTS, the NCBA had twelve (12) fibers tied up for the VDOT ring, and the rest were available. She noted the original backbone had 288 count fiber and using GPON, they could get more use. It was also noted that the NCBA could add cabinets between towers and double the fiber count again. Mr. Strong asked if there were any construction anomalies that used fiber and Mr. Beam noted not really; however there were likely some bad fibers. He added that the backbone was primarily in conduit and subdivisions were not done in conduit to reduce costs.

Ms. Rorrer advised that they could get a better handle on that in the future using a fiber management tool.

It was then noted that after advertisement of the rates, staff continued to review and discuss them and there were two additional revisions provided and Ms. Rorrer noted these.

She noted that in Tier 2, the hope was that more business customers would choose this. She noted that staff added a Residential GPON 50/10 Mbps that was in the original rates and was now retained; with a \$50/month charge for that circuit.

Mr. Strong then questioned doubling the Gigabit residential price while cutting the upload speed and Ms. Rorrer noted that to be based on input from Ting and they were providing a rate more reflective of what

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should be charged per Design Nine. It was noted there was concern that the gigabit price was so close to the 25/5 rate; that the gigabit was premium and should be priced higher.

Mr. Strong then asked if there were any equipment upgrades required to provide this and Ms. Rorrer noted there was not really; however they may things required on the providers' side that would incur them costs. Mr. Andrew Crane noted that there would not be anything additional for NCBA to provide. Ms. Rorrer then noted that previously mentioned frame drops were due to who was pushing data out and not the network the data was riding.

Mr. Carter then spoke to the questions regarding the gigabit service, and noted that when he spoke to Design Nine, Ting was insistent that they wanted to provide the service and provide it at a premium price. He added that staff had wanted to be helpful with that; and now the Vice President of Ting has said they would not be providing this for over a year. Given that, Design Nine advised not to lowball the gigabit price because it was more advantageous to the Authority. He then noted that nobody would probably use that much and staff went with the consultant's recommendation. He added that if someone wanted it that much, they should pay a higher price for it. Mr. Strong agreed and noted that it made more sense with the 50/10 back into the schedule. Mr. Carter advised that the rates could always be revised again if demanded. He then noted that Design Nine had said that if the business GPON option was slightly lower, they may get a few more subscribers.

Mr. Hale noted he thought the proposed changes were good and made a lot of sense and Mr. Carter added that staff was comfortable in moving forward with it.

VII. Adjourn and Continue until 6:00 PM, January 10, 2017 for the Conduct of a Public Hearing on the Proposed Schedule of Wholesale Rates, Fees, and Charges.

**CONTINUED SESSION
6:00 P.M. – NELSON COUNTY COURTHOUSE**

- I. Public Hearing: Proposed Schedule of Wholesale Rates, Fees, and Charges** to receive input from all of the users of the Nelson County Broadband Authority's (NCBA) Network facilities; the owners, tenants or occupants of property served or to be served thereby; and all others interested on the proposed NCBA schedule of wholesale rates, fees and charges as publicly advertised.
- II. Other Business (As May Be Presented)**
- III. Adjournment**