

July 14, 2020

Virginia:

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

Present: Jesse N. Rutherford, East District – Chair
Gary W. Strong, Central District – Vice Chair
Thomas D. Harvey – North District
Stephen A. Carter, County Administrator
Grace Mawyer, Secretary
Candice W. McGarry, Treasurer
Susan Rorrer, Director of Information Systems

Absent: Larry D. Saunders – South District
Thomas H. Bruguire, Jr. – West District

I. Call to Order

Mr. Rutherford called the meeting to order at 1:05 PM with three (3) Members present to establish a quorum and Mr. Saunders and Mr. Bruguire being absent.

II. Public Comments

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

III. Consent Agenda

A. Resolution – R2020-02 Minutes for Approval

Mr. Strong moved to approve resolution **R2020-02** Minutes for Approval and Mr. Harvey 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:

**RESOLUTION R2020-02
NELSON COUNTY BROADBAND AUTHORITY
APPROVAL OF MEETING MINUTES
(January 14, 2020)**

RESOLVED, by the Nelson County Broadband Authority that the minutes of said Authority meeting conducted on **January 14, 2020** be and hereby are approved and authorized for entry into the official record of the Broadband Authority meetings.

IV. New/Unfinished Business

A. Proposed FY 2021 Budget Approval

Ms. McGarry reviewed the following Broadband Fund information:

**BROADBAND
FUND**

BROADBAND FUND					
EXPENDITURE SYNOPSIS -PROPOSED					
	FY 19-20	FY 20-21			
Expenditure by Dept.	Amended Budget	Proposed Budget	Increase/Decrease		% Change
Network Operations					
Network Operator	\$70,000.00	\$9,600.00	-\$60,400.00		-86.29%
Director Fees & Mileage	\$2,040.00	\$1,650.00	-\$390.00		-19.12%
Repair & Maintenance	\$8,270.00	\$4,000.00	-\$4,270.00		-51.63%
Professional Services	\$15,000.00	\$5,000.00	-\$10,000.00		-66.67%
Advertising	\$0.00	\$0.00	\$0.00		0.00%
Office Supplies	\$300.00	\$200.00	-\$100.00		-33.33%
Insurance	\$2,500.00	\$1,000.00	-\$1,500.00		-60.00%
Utilities including locates	\$30,000.00	\$4,000.00	-\$26,000.00		-86.67%
Equipment	\$75,000.00	\$7,500.00	-\$67,500.00		-90.00%
Installations	\$5,827.00	\$0.00	-\$5,827.00		-100.00%
Service Contracts	\$7,500.00	\$7,500.00	\$0.00		0.00%
Permit Fees	\$0.00	\$0.00	\$0.00		0.00%
Tower Lease	\$9,530.00	\$10,674.00	\$1,144.00		12.00%
Contingency	\$253,170.00	\$933,317.00	\$680,147.00		268.65%
Total	\$479,137.00	\$984,441.00	\$505,304.00		105.46%
REVENUE SYNOPSIS -PROPOSED					
	FY 19-20	FY 20-21			
Revenues	Amended Budget	Proposed Budget	Increase/Decrease		% Change
Network Operations					
Transfer from General Fund	\$0.00	\$0.00	\$0.00		0.00%
Network Access Charges	\$278,633.00	\$28,000.00	-\$250,633.00		-89.95%
Fiber Leases	\$4,004.00	\$4,004.00	\$0.00		0.00%
Tower Leases	\$100,000.00	\$142,212.00	\$42,212.00		42.21%
Installation Reimbursement	\$96,500.00	\$95,000.00	-\$1,500.00		-1.55%
Year Ending Balance	\$0.00	\$715,225.00	\$715,225.00		100.00%
Total	\$479,137.00	\$984,441.00	\$505,304.00		105.46%

¹ Staff proposes that \$750,000 in County General Fund contributions made to the Broadband Fund from FY15-19 be transferred back to the General Fund. While these funds are currently a part of the General Fund, for accounting purposes, they are considered "proprietary" fund balance of the Broadband Authority and are not considered part of the unassigned General Fund balance that falls under the purview of the Board of Supervisors. Should the proposed transfer occur, the Broadband Authority's FY21 contingency would be \$183,317 with the potential to carry-over funds of \$218,092 from FY21 to FY22.

Ms. McGarry noted that the Broadband Fund is considered an audited proprietary fund within the General Fund budget, so there does not need to be any kind of public hearing on the Broadband budget, and it is annually approved by the Nelson County Broadband Authority.

Ms. McGarry stated that the FY21 fund budget is balanced at \$984,441, which is an increase of 105.46% from FY20. She noted this is largely attributed to reduced expenditures from the fiber network transfer to CVSI and a healthy fund balance. She advised that all expenditure categories are decreasing due to the Authority's expenses only being related to maintaining its wireless network operations, which is primarily the towers. The tower lease expenditure is increasing by 12% in accordance with a contractual obligation which provides for reimbursement to the Rockfish Valley Fire Department of 25% of the base annual tower lease revenue received from AT&T. Not including the Contingency, operational expenditures are anticipated to be \$51,124. She noted that the Contingency Reserve of \$933,317 consists of carry-over of the unspent FY20 Contingency of \$253,170, Carry-Over of \$462,055 in anticipated FY20 Revenues over Expenditures, and \$218,092 in anticipated FY21 Revenues being more than Expenditures.

Regarding the revenue side, Ms. McGarry noted that FY21 Revenues are proposed to be \$984,441, utilizing a Year-Ending Balance of \$715,225. This is comprised of \$253,170 in anticipated unspent FY20 Contingency and anticipated FY20 Carry-Over of \$462,055 in FY20 Revenues over Expenditures.

Ms. McGarry advised that Network Access charges for fiber are anticipated to decrease by \$250,633 or 89.95% due to the transfer of the fiber network to CVSI. Tower leases (including colocation charges) are expected to increase by \$42,212 or 42.21% primarily due to a new tower lease with Verizon at Martin's Store. She added that not including the Year-Ending Balance, FY21 operational revenues are anticipated to be \$269,216. She then noted that as amortized installation costs are recovered, the revenue from Installation Reimbursements will decline until all contracts are paid off. The balance of amortized installation receivables is anticipated to be \$213,026 at June 30, 2020.

Ms. McGarry noted that given the healthy fund balance of the Broadband Authority, Staff proposes that \$750,000 in County General Fund contributions (transfers) made to the Broadband Fund from FY15-19 be considered for transfer back to the General Fund. While these funds are currently a part of the General Fund, for accounting purposes, they are considered "proprietary" fund balance of the Broadband Authority and are not considered part of the unassigned General Fund balance that falls under the purview of the Board of Supervisors. Should the proposed transfer occur, the Broadband Authority's FY20 contingency would be \$183,317 with the potential to carry-over funds of \$218,092 from FY21 to FY22. The \$750,000 would then become unassigned General Fund balance.

Regarding the proposed \$750,000 transfer, Mr. Rutherford referred to internet needs during the Covid-19 pandemic and noted that he believes that money should remain in the Broadband Authority so as not to

July 14, 2020

dilute the importance of the Authority and allow them to make some aggressive moves in the coming months.

Mr. Strong supported Mr. Rutherford's idea and noted that during this pandemic, a lot of people, especially small businesses and students who can't go back to university or classes, need to have internet access. He noted that citizens are underserved in the county, and it should be a top priority in Nelson County to expedite or do whatever they can to finish out broadband to the rest of the county, partnering with whomever they can partner with to do that.

Mr. Harvey advised there is a lot of aggressive progress going on currently, and during the next few years, close to 85% of the county will be covered. He stated that AEP had been a holdup, but supposedly is no longer, adding they have been redoing lines and putting up taller poles. He added that CVEC/CVSI has to satisfy their customers first, but they are trying to blend them, and they have gotten access to a lot of places.

Mr. Rutherford reiterated his suggestion of leaving the \$750,000 in the Broadband Authority budget.

Mr. Harvey then moved to approve the proposed Broadband Budget as presented and Mr. Strong seconded the motion. It was clarified that as presented, the \$750,000 stays in the Broadband Budget. There being no further discussion, Members voted unanimously (3-0) by roll call vote to approve the motion.

B. SCS Broadband Request (Tower Leasing)

Mr. Rutherford referred to a letter sent recently by Mr. Stewart of SCS Broadband pertaining to tower leasing fees.

Mr. Strong noted that lowering the fees as requested by Mr. Stewart would be a good idea in being consistent with the Authority's desire to get as much possibility for coverage in the county as they can. However, he noted he has heard from several people that the service provided by SCS is not good. He suggested including some kind of condition if the Authority were to approve something like this.

Mr. Harvey noted that they do not want to jeopardize leases that they have with others, such as Verizon and AT&T.

Mr. Carter stated that presently, SCS is paying \$2,000 a month for access to three towers, and previously, the County had a more substantive rate structure that was reduced at the request of SCS, so that it was just a flat fee for use of all the County's towers they elected to utilize. He noted that the Authority could approve reducing the rate, subject to formal authorization, to a suggested \$250 per tower or another chosen rate, or they could leave it alone. He stated that this rate structure could be crafted so it just pertains to WISPs, not to the others.

Ms. Rorrer noted that the \$2,000 covers five towers, however, the Colleen tower can't be utilized, and the Rockfish tower is saturated. She suggested choosing a per tower option, adding that the County does have some costs associated with operating those towers, such as providing electricity.

July 14, 2020

Mr. Rutherford noted that the Authority could consider putting a daylight, or in other words, an ending date waiving for six months or something like that. Mr. Strong concurred with this idea. Ms. Rorrer noted that the Authority would have to have a public hearing to modify the rate schedule, and Mr. Carter added that the advertisement requirements for the Broadband Authority are more stringent.

Mr. Rutherford suggested sending an inquiry out to SCS asking how they could get a quantifiable result. Mr. Carter noted that Staff could request, on behalf of the Board, how many customers are being served by each tower, and then they could evaluate in respect to the costs SCS is paying.

Mr. Harvey asked who owns the Colleen tower, and Mr. Carter stated CVEC, adding that it was originally scheduled to be owned by the County, but CVEC constructed it, so the monies that the County received federally were used for installation of the middle mile network.

Mr. Strong suggested not going forward with a public hearing just yet, and instead ask Mr. Stewart what this does for SCS in terms of serving the population. Mr. Rutherford agreed, adding that it would be good to have something quantifiable in how the Authority can contribute. Mr. Carter noted that Staff can send SCS some questions, copy the Board, and bring the response to the next meeting. Mr. Harvey agreed and stated it needs to be performance based. Mr. Strong agreed.

Mr. Rutherford suggested the Broadband Authority also meet in August.

Ms. McGarry noted it may be good to also ask Mr. Stewart if this would reduce any costs to those customers. Mr. Rutherford concurred. Ms. Rorrer noted that she is not sure how decreasing those costs would increase the numbers served in those areas.

Mr. Harvey referred to Sugarloaf Mountain and asked what would happen if CVEC agreed to letting the County put a tower up there and moving radio equipment to that tower. He stated CVEC owns 150 acres up there, and the ideal, much higher site is where the fire tower was, which has since been removed. He noted that internet up there would reach a lot of people, especially going down toward the Faber area. Mr. Harvey suggested this as something that could be looked at. It was noted that the County maintains a generator up there. Mr. Carter this would be more of a County project potentially in partnership with CVEC and maybe Albemarle. The Authority requested County Staff to write up a proposal about this subject for consideration at a later meeting.

C. Treasurer's Report

Ms. McGarry reported the following:

Broadband Operations @ 6/30/2020

Beginning Balance 7/1/19	\$ 686,319.34
July -June 2020 Expenditures	\$ (139,891.17)
July-June 2020 Revenues	<u>\$ 609,899.83</u>

July 14, 2020

Subtotal		\$ 1,156,328.00
General Fund Transfer 7/1/2019		<u>\$ -</u>
Available Balance at June 30, 2020		<u>\$ 1,156,328.00</u>

Accounts Receivable Aging Summary as of June 2, 2020

Current	\$ 13,137.32	
1-30 days	\$ 10,820.60	<u>\$ 23,957.92</u>
31-60 days	\$ 153.41	
61-90 days	\$ 1,726.38	
> 90 days	\$ 3,597.65	<u>\$ 5,477.44</u>
Total	<u>\$ 29,435.36</u>	<u>\$ 29,435.36</u>

Note: \$23,957.92 is Current to 30 days and \$5,477.44 is >90 days

Balance of Amortized Installations at June 30, 2020 **\$ 213,026.11**

Revenues & Expenditures

On a preliminary Cash Basis, end of FY20 revenues of \$609,899.83 exceeded expenditures of \$139,891.17 by \$470,008.66. Fiber and Tower Lease revenue exceeded the budgeted amount by \$139,007 primarily due to greater than expected tower lease receipts of \$85,191. Total lease revenue for the year was \$243,011.36 and charges for services was \$235,743.73. Additionally, amortized payments for installations exceeded the budgeted amount by \$36,144.74 and provided a total of \$131,144.74 in receipts. FY20 Expenditures for network operations of \$139,891.17 were \$86,075.83 less than budgeted primarily due to less than anticipated expenditures of \$27,159 for Network Operator charges and \$51,998.84 in equipment. Additionally, \$0 of the \$253,170 Contingency Reserve was utilized in FY20.

D. County Administrator's Report

Mr. Carter provided the following update:

Mr. Carter noted that County Staff are still occasionally fielding some inquiries for service and handling follow-up on some of the former network installations, but basically, the County's involvement has considerably slowed.

Mr. Strong referred to people in a current BRI environment who may start building and want to set up service, and he asked who they would call. Mr. Carter stated Firefly. Ms. Rorrer also advised that anyone who would want to switch would have to pay off the amortized charges.

July 14, 2020

Mr. Carter advised that the Firefly website gives a status of where they are with their construction project, which areas they're working in, and also customer numbers to date.

Mr. Rutherford noted that the Authority's total disposable cash is about \$1.1 million and asked if that number is expected to go up in the next six months. Mr. Carter stated the Authority would still be getting payments from the towers and amortization.

V. Other Business (As May Be Presented)

Mr. Rutherford reported on his and Mr. Harvey's meeting yesterday with CVEC/Firefly about their plans and aspirations. He noted he is hopeful and grateful for the efforts that they have going on as they have been very aggressive in seeking grants especially in specific areas that are unreached. He stated he believes there is a potential that the Board could have conversations with them about how the APCO customers could potentially be reached and how that could be expedited. He inquired if the Board is looking to utilize the funds as incentive money or if a bidding process would need to be involved. Mr. Carter noted he would need to do some research, adding he suggests the Board decide to work primarily with Firefly, and if they decide to make an allocation to them, then that is their decision. He added he does not think this is a competitive situation if they are trying to enhance services and Firefly is who they want to work with.

Mr. Harvey noted that AEP's focus is on upgrading their whole system, and they are making sure that the upgrades will allow Firefly to fit on the poles. He added AEP is no longer interested in doing internet like they were in the beginning. He reiterated that CVEC is willing to go to the harder to reach areas, and they have money to do most of it, but they first have to satisfy their Board members, who want their customers served.

Mr. Rutherford advised that the plan of action moving forward includes having more discussions with CVEC and County Staff to see what potential could exist for connectivity. Mr. Strong agreed and noted this should be the main focus of a proposed August meeting. The Authority decided to meet in August before the regular BOS meeting, adding they would have to continue this meeting as they are only scheduled to meet every three months this year.

VI. Adjournment

At 1:48 PM, Mr. Harvey moved to adjourn and continue the meeting until Tuesday, August 11, 2020 at 1:00 PM and Mr. Strong seconded the motion. There being no further discussion, Members voted unanimously (3-0) by roll call vote to approve the motion and the meeting adjourned.