

A regular meeting of the Albemarle County Broadband Authority was held on January 17, 2018, at 5:06 p.m., at the East Rivanna Volunteer Fire Company, 3501 Steamer Dr., Keswick, Virginia

PRESENT: Mr. Bucky Walsh, Mr. Mike Culp, Ms. Liz Palmer, Mr. Rick Randolph and Mr. Bill Fritz

ABSENT: Mr. Landon McDowell

Also Present: Mr. Andy Herrick

Agenda Item No. 1. Establish Quorum and Call to Order.

Mr. Walsh established a quorum and called the meeting to order.

---

Agenda Item No. 2 Approval of Agenda

Mr. Walsh **moved** to accept the agenda. The agenda was **approved** by a unanimous vote.

---

Agenda Item No. 3 Approval of December 20, 2017 Minutes

Mr. Randolph **moved** to approve the minutes with changes

Mr. Culp **seconded**.

The minutes were **approved** by a unanimous vote.

---

Agenda Item No. 4. Public Comment

There was no public comment.

---

Agenda Item No. 5. Old Business

Mr. Culp noted that the Governor had announced that the County was awarded \$470,000 in funding for the Greenwood area.

Mr. Culp stated that the Department of Housing and Community Development has yet to issue the contract and that the County is a party to in the agreement. Until the contract is signed, the funds are not available.

Mr. Culp stated that previously the grant funds were in a lump sum and this may happen again. The County will also have to have a contract with Comcast.

Mr. Walsh asked if the two contracts may be under development simultaneously.

Mr. Culp stated that could occur but the Department of Housing and Community Development contract must be completed first.

Mr. Randolph asked if grant applications in the future will be submitted on behalf of the Albemarle Broadband Authority or the County.

Mr. Culp stated that the Albemarle Broadband Authority will be making submittals but the appropriate financial paperwork must be in place with the Department of Housing and Community Development.

Mr. Randolph asked if County funding of the Albemarle Broadband Authority makes it better for grant applications.

Mr. Culp stated that this does help because it demonstrates that the Albemarle Broadband Authority is solvent.

Ms. Palmer stated that part of creating the Albemarle Broadband Authority was to give an advantage in applying for grants.

Mr. Walsh noted that the County had received half of all the funds available in the state.

Mr. Randolph noted that Mr. Culp needs to carefully keep track of the time spent doing the work of the Albemarle Broadband Authority and his job with Information Technology. This is important for the Board of Supervisors and the County Executive as both need to know the volume of work involved.

Ms. Palmer stated that Mr. Culp needs to let the Board of Supervisors know if the Albemarle Broadband Authority work is becoming a staffing issue.

Mr. Culp agreed with the previous statements and appreciates the need to track time.

Ms. Palmer stated that she had discussed how grants are done and how the funding is determined with Mr. Culp. Mr. Culp is going to go Richmond to try and determine how the funding decisions are made by the State.

Mr. Culp stated that we currently don't know how the decisions are made. The Greenwood work had been done and submitted previously. The Howardsville work was only done this year. It might be that Greenwood was scored higher because it was its second submission.

Mr. Randolph stated we might want to contact other localities to see if there is a pattern of granting funds on the second attempt. Mr. Randolph encouraged Mr. Culp to use himself and Ms. Palmer for help finding out how grants were awarded.

---

Agenda Item No. 6 New Business

Agenda Item No. 6a Albemarle County as Albemarle Broadband Authority Fiscal Agent

Mr. Herrick stated that the Albemarle Broadband Authority could use a memorandum of agreement with the County to have the County provide fiscal agent services. Mr. Herrick noted that the Public Recreational Facilities Authority has a similar agreement and the one that has been prepared for the Albemarle Broadband Authority is based on that agreement. The only blank in the agreement is when the agreement starts.

Mr. Randolph suggested we use the current date and as soon as the Board of Supervisors approves.

Mr. Randolph **moved** to authorize Mr. Walsh to sign the agreement.

Ms. Palmer **seconded**.

The motion was **approved** by a unanimous vote.

Agenda Item No. 6b. Central Virginia Electric Cooperative Broadband Discussion.

Mr. Gary Wood of Central Virginia Electric Cooperative (CVEC) introduced himself and stated that CVEC is proposing to provide broadband system wide with a proposed break even in eleven years. The investment included \$110 million in fiber.

Mr. Wood stated that CVEC would start in higher density areas first as a proof of concept.

Mr. Wood stated that CVEC is looking at an 80/20 split in funding. Some funding may come from the State Economic Development Authority but the project may not have enough job creation to qualify.

Mr. Wood stated that the design team has not been selected. CVEC cannot directly provide the service because of state regulations. CVEC will create a subsidiary to provide the service.

Mr. Wood noted that funding in the form of grants to offset the capital cost will be sought. Also to be investigated is a refund of taxes to help with cash flow for the first four to five years.

Mr. Wood stated that CVEC expects one in ten business will connect to the service.

Mr. Walsh asked what kind of competition CVEC will have in Albemarle County.

Mr. Wood stated that a 35% uptake rate is planned. The estimated cost of monthly service will be \$49.99 for 100Mb and \$79.99 for 1Gb. CVEC expects one in four DSL customers will take up service and 1 in 10 fiber customers will take up service.

Mr. Wood stated that 36,000 homes and business are in the CVEC network. 900 have fiber currently; therefore not much competition is expected.

Ms. Palmer asked for clarification on County numbers.

Mr. Wood clarified that there are 3,600 customers in the County and 36,000 in the CVEC network, and 900 out of the 36,000 have fiber. Mr. Wood does not believe any CVEC customers in Albemarle currently have fiber.

Mr. Wood stated that the service is planned for a five year build out.

Ms. Palmer asked how the Albemarle Broadband Authority can work with CVEC to help with the Albemarle buildout.

Mr. Wood stated that the build out is based on cost to install, density and cost to serve. Lowest cost to serve will be served first. Higher cost to serve areas need bigger incentives.

Mr. Wood explained that the system is built out from a substation. All of a substation is built out before moving on to the next substation. Small areas will not be built out separately from the substation build out.

Ms. Palmer asked about the cost in Albemarle.

Mr. Wood stated they have done some of that work and some parts have significant densities.

Mr. Culp stated that the take rate in the western part of the County will likely be over 35%.

Mr. Wood noted they were still doing surveys.

Ms. Palmer noted that the Red Hill area was just recently upgraded.

Mr. Culp stated that area is one of the CAF funding areas.

Ms. Palmer stated that Midway is a Verizon area with poor service.

Mr. Culp asked if we come up with incentives and later CVEC gets funding for the Midway area would CVEC return the incentive.

Mr. Wood stated yes. CVEC is not trying to double dip.

Mr. Wood noted that CAF funding is done by census block but the CVEC service area is set by the State. CVEC can go outside of the service area for fiber. However, they would not have easements and pole access, which increases the cost.

Ms. Palmer asked if an area is just too expensive will CVEC just not go.

Mr. Wood stated that the plan is to go everywhere. No public announcement has been made yet that the service is planned but that is coming soon.

Mr. Walsh noted that the CVEC board has announced a first year commitment.

Mr. Wood stated that if the costs are too high they will stop but he doesn't believe that will be the case. Other cooperatives have installed fiber successfully. The project needs to get thru one year and then the board will be comfortable with the additional work. Other cooperatives have done it year by year and that is an option also for CVEC.

Mr. Wood stated that the first work should start in the third quarter of 2018.

Mr. Wood noted that cables will be above or below ground depending on what is existing. Most equipment is currently overhead so new equipment will also be mostly overhead.

Ms. Palmer asked if undergrounding of equipment is proposed.

Mr. Wood stated no plans generally. Case by case decision is made when rebuilding a section of line.

Mr. Culp asked if there were any easement issues.

Mr. Wood stated that there are no easement issues if they stay in the existing CVEC easements.

Mr. Wood stated that because CVEC is a nonprofit an 11 year breakeven is not a big issue.

Mr. Wood stated that 20% of the \$110 million investment is the goal for incentives. Buildout will be based on cost of service. Incentives lower the cost of service.

Mr. Culp asked who would ask for incentives.

Ms. Palmer stated that the Broadband Authority makes recommendations to the Board of Supervisors.

Mr. Wood stated that March or April 2018 is when CVEC decides where to start designing. CVEC does not have to have incentives to start the design work. CVEC is looking at an \$11 million investment in the County and would be looking for \$2.2 million in incentives.

Mr. Wood estimated that 2/3 of the County could be served in the first few years and all of the County by the end of the program. Incentives move projects up the list. By the end of the year CAF funding will be known.

Mr. Wood stated that it would help in knowing what the Broadband Authority needs to make recommendations on incentives.

Ms. Palmer asked how many homes each substation would serve in Albemarle County.

Mr. Wood stated he would provide that information.

---

Agenda Item No. 7 Other Matters

There were no discussion items.

---

Agenda Item No. 8 Adjourn

Mr. Walsh adjourned the meeting at 6:25 p.m.