

**FACILITIES & COMMUNICATIONS COMMITTEE
JUNE 3, 2015**

**** NOT APPROVED ****

Committee Members Present: D. Pullen, C. Jessup, D. Fanton, K. Graves, A. McGraw, N. Ungermann, C. Crandall (Absent: D. Root)

Others Present: M. Alger, L. Ballengee, D. Button, S. Burt, D. Decker, K. Dirlam, S. Fraser, S. Grusendorf, D. Healy, R. Hollis, T. Hopkins, G. James, K. LaForge, J. Luckey, T. Miner, K. Monroe, B. Riehle, T. Ross, C. Santora, R. Swarthout, R. Whitney (CONXX Guests David Kartchner and Bill Risse)

Media Present: D. Donohue, *Olean Times Herald*

Call to Order: The meeting was called to order at 2:30 p.m. by Facilities and Communications Committee Chairman David Pullen.

Approval of Minutes:

A motion was made by Legislator Graves, seconded by Legislator Fanton, and carried to approve the Facilities and Communications Committee minutes of May 6, 2015.

Facilities-Related Matters

Equipment Room Renovation Project

The Sheriff's Office requested a resolution authorizing the expenditure of County funds for the renovation of the 911 Equipment Room, and transfer of said funds. Allegany County is in the process of upgrading its E-911 System and developing a Wireless Broadband System that will provide an opportunity for all residents of Allegany County to receive broadband internet access. Both the E-911 System and the Wireless Broadband System share a common telecommunications infrastructure and both were made possible through the receipt of grants totaling in excess of \$10 million.

In order to move forward with these projects and receive the grant funds, it is necessary to expand the size, enhance the security, and add new equipment to the 911 Equipment Room. Due to the crucial public safety role served by the E-911 System, and the highly sensitive nature of the equipment going into the 911 Equipment Room, any expansion and renovation of this room must be undertaken in a manner that shields the equipment from electrical and radio interference while also ensuring that the room is not susceptible to outside security threats. It is estimated that the cost of upgrading the 911 Equipment Room will be approximately \$200,000 (See attached material from LaBella). A motion is requested authorizing the expenditure of the funds as well as the transfer of the funds from A1990.429 (Contingency) to H3200.200 (911 Equipment Room Project).

The discussion included information regarding the original \$43,425 request which was earmarked for architectural and engineering studies. It has been estimated that an additional \$160,000 will be needed for construction for a total of about 200,000. This includes not only the renovation, but all the requisite infrastructure as well. Legislator Ungermann inquired how long this new space will be good for. Lt. Grusendorf estimated about 10 years. It was also noted that the equipment room will accommodate not only E-911, but also the Broadband Project. It was also stated that the grant monies cannot be used to pay for construction work. Legislator Pullen asked County Administrator Mitch Alger where the money would come from. Mr. Alger replied that it would come from Contingency. Legislator Burt inquired whether by investing this money at this time, does that mean that the top floor of the County Office Building would no longer be

an option for the 911 operation. No definitive answer was forthcoming. Chairman Crandall indicated that this issue should not come as a surprise to anyone. It has been discussed for a long time. His suggestion was to move this on the "fast track," sending the referral to Monday's (June 8) Ways & Means meeting and have the resolution come off the floor later that day at the Board meeting, thus after approval by that body, 911 could go out for bids for the work. After additional discussion of what needs to be done, who needs to move, recriminations over what might have been done in the past, the committee voted on the issue. The request for funding was approved on a motion by Legislator Graves, seconded by Legislator Fanton, and carried. (Opposed: Legislator Ungermann) It will be referred to Ways & Means on June 8 to determine the source of the funding, and the resolution will come off the floor at the June 8 Board meeting.

Refer to Ways & Means

Following the vote, Undersheriff Kevin Monroe offered kudos to Lt. Shawn Grusendorf, Randy Swarouth, and Matt Evans for their tireless work on this project. Legislators Pullen and Healy concurred.

Communications-Related Matters

CONXX Executive Vice-President David Kartchner updated the Committee, saying that construction on the joint communications projects has begun with a crew working on the Corbin Hill Tower to prepare it for radio installation. He added that there is also a crew working at the warehouse location assembling, configuring, and testing equipment. Mr. Kartchner said that he expects this process to move along fairly quickly barring any unforeseen problems. He went on to say that the 911 room is a concern for CONXX, but he still expects to hit their target dates of going live with significant parts of the network late August, early September timeframe. He added he is pleased with the equipment although the antennas are special order items and are being manufactured right now. He said he expects to see them on site by the end of June.

Legislator Pullen told the Committee that last November the voters of New York State approved the Smart Schools Project. He said that there have been several meetings which CONXX and some County officials have attended. The schools are directed to provide internet service to the home of every student (essentially the same mission Allegany County has undertaken to provide service to every residence in the County). He and others have met with personnel from Cattaraugus/Allegany BOCES and WNYRC (resource center for WNY education). These entities are looking at what Allegany County can do. He hastened to say that no decisions or commitments have been made at this time. His reaction, he said, is that Allegany County is not out of the running to provide the signal to the local schools. It was noted that the signal must be strong enough to meet the needs of the students. Mr. Pullen believes we have demonstrated to them that we can provide the capacity and be an adequate resource for the schools and their students. At this time, there is nothing we can count on; they're looking at doing a study to determine number of residences involved, locations, what is available to them, etc. Currently, that data is not available. What our project shows is that we can provide them an option. Other than their building a duplicating system, they don't have an option because they could not possibly afford to wire fiber to every residence.

Mr. Kartchner added that at the start of discussions with the schools, they were focused on whether the Allegany County System would have the capability for the students. By the end of the discussion, all indications were that we satisfied them and that, yes, this system has the needed capabilities.

He went on to say that fiber isn't going to do the job; in fact, they acknowledged that fiber is not the solution. There may be areas they choose to run fiber where there is a concentrated population area, but the bulk of the Allegany County population lies outside the population

centers in the County, and there is no way to run fiber. Also during these conversations, they addressed issues such as network expansion, capacity, more clients on system, and all questions have been addressed to their satisfaction. In fact, we introduced them to some additional capabilities they had not considered that may open up additional funding mechanisms that will bring more dollars into Allegany County from outside to help fund this, and these dollars will stay in the County depending on how we structure the business plan. Mr. Kartchner said he felt encouraged that we have so much of our discussion focused on how we put things together so we can use available funding and maximize dollars that can be spent on connecting students. Legislator Healy inquired whether we have as yet identified the mid- and/or last-mile providers for this project. Legislator Pullen said we are talking about developing a Local Development Corporation—the mid-mile—which would manage the Broadband portion of what's on the towers, and it would have contracts with the last mile providers.

Legislator Pullen noted that long-term, this system cannot add additional operating expenses to the school districts; they are under a tax cap and cannot exceed their tax cap without having a vote and super majority approval by the voters/taxpayers as part of that, so they have a very hard tax cap with which to comply. So they have Smart Schools Bond Act money, but what we put in place cannot be an ongoing burden to the schools, but it must resolve the mandate posed by the state. This (Allegany County's System) will be something that will not create a burden for them; it creates an opportunity for them. The schools may decide to go a different route, "but if we are not the only game in town, we are one of the better games in town," he said.

Legislator Pullen then directed the conversation toward the creation of the Local Development Corporation, saying that at the last meeting, we had talked about moving forward, but that the County does not want to be operating a Broadband company. We have talked about what has been done in other counties, he said, citing Ontario County which established A Local Development Corporation. This allows government to set up a not-for-profit to manage a business. The question is how would that business get up and running. One possibility is to offer a loan from Allegany County for start-up capital. Based on that, we needed a business plan. While investigation who could help the County develop such a plan, Mr. Pullen was put in touch with Shane Fraser, a local man, educated at Houghton College and Alfred, now living in North Carolina. Mr. Fraser agreed to work with Allegany County and prepared a business plan after talking to Legislator Pullen, CONXX, County Attorney Tom Miner, and others. Mr. Fraser prepared a business plan, and shared it with Committee members.

The plan shows the financials of the LDC borrowing from Allegany County and how it will be repaid. Briefly, he said, a \$400,000 loan from the County would assist the LDC with expenses during the first three years while it locates last-mile providers who will install the equipment and provide ongoing service and maintenance. The LDC will not install, etc., but simply work with the last-mile providers to help offer internet to every residence in Allegany County which is the ultimate goal.

Using conservative numbers, what follows is a brief summary of the plan: operational costs for the first year would include some legal services to draft contracts between different providers we'll be using, services of a technician on a contract basis, and office furniture and supplies. The plan allows for two employees, a director and a part-time administrative assistant.

The cash flow projections for the plan include first year total expenses of \$248,891; second year expenses of 242,000, third year approaches the break-even point, and by the fourth year, the LDC is making a profit and can begin to pay back the loan at an interest rate of three percent. The first loan payment will be made January 1, 2019, and by January 1, 2024,

the loan will be officially paid off. At the end of the loan, revenues will come from monthly subscribers. For each subscriber, the providers will pay \$10 per month to the LDC.

Legislator Pullen indicated that the plan makes a lot of assumptions. He added that the school districts (as discussed earlier) are not included in these projections. Mr. Kartchner added that this business plan deals ONLY with residential customers...no businesses, hospitals, etc.

Legislator Burt inquired how the loan will work from the County to the LDC.

Mr. Pullen responded that it's a loan which will be repaid although an interest rate has yet to be negotiated. Other counties (such as Ontario County) have lent money to LCDs.

County Attorney Tom Miner suggested that the County may want to use the mechanism of partnering with the IDA, but options will be investigated prior to any decision. He added that he hasn't had any conversations with the IDA, but he feels that mechanism could work. He went on to say that because he was seeing the plan for the first time, he hadn't had the opportunity to fully consider how such an arrangement might work.

Legislator Pullen said that LCD will not serve as the last-mile provider; its job will be to contract with those entities. It was stated that County Planner Kier Dirlam would be attending a meeting in Albany the following week where he would learn more about and perhaps interact with last mile providers. Mr. Pullen said the difference between Allegany County and other Broadband systems is that we are providing a much cleaner, less expensive option to the last-mile providers because we are building the backbone for them, so they have less to do. If we do have trouble locating such providers, CONXX has acted as the last-mile provider for other entities. It is not what they like to do, but they have done it in some situations where they installed these systems.

Legislator Pullen said his main goal is that the Committee move forward on this to keep to the "go live" deadline of August/September.

Chairman Crandall said that Committee should move the project forward to Ways & Means and have W&M identify the vehicle by which this will work best. This is the arm that allows us NOT to be the last-mile provider which is, we agreed, what we don't want to do.

Legislator Ungermann asked, "Who pays the taxpayer back if it doesn't work?"

Legislator Pullen said it would be a default in that situation, and that is the risk. There are no guarantees. However, he said, in his opinion that is unlikely to happen, particularly given the conservative numbers that were used in the plan.

County Treasurer Terri Ross said that she was not comfortable at this time and without further perusal of the plan with putting her name on a \$400,000 loan and wants to be sure of the legality of same.

Mr. Miner said that although he was just seeing this plan for the first time, he questions whether we go direct with lending these funds. There may be other mechanisms perhaps the same mechanism we used when we went for the pipeline process. However, he added, there are several steps that would have to be done so that it's correct, but I don't see it as an impossibility. "It's just a matter of dotting our i's and crossing our t's," he added.

He said "I don't think we are ready to say yes, this is it and how we're going to do it, but this Committee needs to know that to make this thing a going proposition, the start-up money has to come from somewhere. We need to figure out how much money is the County comfortable with and how are going to go about correctly, legally, making that money available to this public/private partnership.

Legislator Jessup opined that he doesn't think this project in the IDA mission to do this. Additionally, if the IDA sets up the LDC, then the County loses control, so I think this is the best way as the LDC will be under the control of the County. It seems to be the safest way to go.

Legislator Pullen noted that the Committee seemed uncomfortable with offering a motion to accept the business plan at today's meeting.

Legislator Fanton suggested that Committee members be given more time to review the plan at least until the July meeting.

Legislator Ungermann said "Let's see if any last-mile providers come forward."

Legislator Pullen indicated that this is a "chicken and egg" situation because we have no one to negotiate with any last-mile providers at this time; that's what the LDC would do. Mr. Pullen went on to suggest that Committee members review the plan and email any questions/concerns to him ASAP so he knows what he needs to present. He said he would not be happy if people come back next month and there is more delay.

Chairman Crandall told Committee members to make sure that the Treasurer and County Attorney have some direction to get this thing together so that we can review it, not a month from now, but sooner if possible, maybe at a special meeting or one of our Monday meetings because "I don't think we can wait a month."

Legislator Pullen said he would work with the Treasurer and County Attorney to identify exactly how this will work that would be legally viable and maybe we can talk with our fiscal advisor on what the requirements would be on that.

Adjournment

There being no further business to come before the committee, the meeting was adjourned at 4:18 p.m. following a motion by Legislator Graves, seconded by Legislator Jessup, and carried.

Respectfully submitted,
Cynthia Santora, Secretary to the Clerk of the Board
Allegany County Board of Legislators