

WARREN COUNTY BOARD OF SUPERVISORS

COMMITTEE: **ECONOMIC DEVELOPMENT**

DATE: **DECEMBER 4, 2007**

Committee Members Present:

Supervisors Monroe
Stec
Mason
Champagne
F. Thomas
Sokol

Committee Member Absent:

Supervisor Girard

Others Present:

Representing Warren County Economic
Development Corporation:
Leonard Fosbrook, President
Peter Wohl, Vice President
Elaine Belmer, Office Manager
Representing CBN Connect:
Howard Lowe, Project Director
Julie West, Project Coordinator
Representing Planning & Community
Development:
Patricia Tatich, Director
Jamie White, Small Business
Development Coordinator
Rob Metthe, Director, Information Technology
Hal Payne, Commissioner of Administrative &
Fiscal Services
Joan Sady, Clerk of the Board
Supervisor Gabriels
Supervisor Caimano
Trip Shannon, Hudson Headwaters Health
Network
Debra L. Schreiber, Legislative Office
Specialist

Mr. Monroe called the Economic Development Committee meeting to order at 10:00 a.m.

Motion was made by Mr. Mason, seconded by Mr. F. Thomas, and carried unanimously to approve the minutes of the November 26, 2007 meeting, subject to correction by the Clerk.

Mr. Monroe apprised that Howard Lowe, Project Director, and Julie West, Project Coordinator, representatives of CBN (Community Broadband Network) Connect, were here to give a Power Point presentation on the concept to Warren County joining Essex, Franklin and Clinton Counties in their pursuit to expand broadband services. *(A copy of the Power Point presentation is on file with the minutes.)*

Privilege of the floor was extended to Mr. Lowe, who briefly explained the Technical Assistance Center (TAC) at SUNY Plattsburgh had been in operation for the past 35 years and provided various kinds of economic development services across upstate New York. While CBN Connect had become known for their data research and analysis and special reports, he said, they were also involved in promoting the tourism industry. Over the

past few years, he stated, their telecommunications infrastructure development had accelerated, in particular, the Community Broadband Network.

In 2000, Mr. Lowe articulated that CBN Connect was initiated by the Clinton, Essex and Franklin Counties Industrial Development Agencies (IDA), as well as the Town of Plattsburgh due to the need to improve infrastructure in their region. After many discussions, he stated, they (CBN Connect) realized there were many deficiencies that had to be addressed in order for broadband services to be installed. In 2002, Mr. Lowe said, the IDA requested assistance from TAC, who worked in conjunction with the Research Foundation of SUNY Plattsburgh. He commented the IDA noticed significant broadband activity occurring within the public sector, primarily in Jefferson, St. Lawrence and Lewis Counties, through the Development Authority of the North Country (DANC), who was constructing a new fiber network. In addition, Mr. Lowe said, Vermont had established an economic development service called North-Link to expand their broadband services. Overall, he said, a trend had developed wherein the public sector was overseeing what the private sector had done to assure that their regions were competitive when it came to having adequate broadband services for citizens, schools, hospitals and businesses.

Mr. Lowe explained that TAC managed the project and the CBN Connect Advisory Board was comprised of individuals from the three counties and the Town of Plattsburgh. He articulated that the Research Foundation owned assets, provided legal and financial support for projects and was established specifically to aid campuses in developing community benefits and even commercial products and services. He noted the CBN Connect Advisory Board consisted of members from both the public and private sectors in their commitment to improving broadband services in Clinton, Essex and Franklin Counties. In addition, the CBN Connect Advisory Board met bi-monthly and had no fiduciary or legal responsibilities, stated Mr. Lowe.

Mr. Lowe related their business concept was to construct a “municipal airport” that would attract businesses who would improve services within their region. He said CBN Connect proposed to build a broadband network utilizing fiber optics and wireless technology that would run throughout the three counties. In order to expand their customer base, he stated, the new “information highway” would be marketed to both new and current service providers. While private service providers traditionally built in profitable locations, Mr. Lowe indicated it was the obligation of the public sector to assure that all citizens had the same opportunities. This Open Assess concept fostered competition and allowed individuals to have choices amongst the private service providers, stated Mr. Lowe.

As part of the broadband initiative, Mr. Lowe said it was the responsibility of CBN Connect to keep the private service providers informed of their plan. Over time, he stated, many providers who were skeptical at first were now becoming supportive of the project.

When CBN Connect received their first Federal funding in 2006, Mr. Lowe apprised that Julie West was hired as Project Coordinator. During the first quarter of 2007, he stated,

they applied for and were awarded \$7,648,304 for a telemedicine grant. Mr. Lowe related that these funds had formed the major foundation for CBN Connect in their efforts to expand broadband services. He said it was the desire of CBN Connect to commence construction in early 2009.

Mr. Lowe explained the IDA's and the Town of Plattsburgh initially contributed \$170,000 for the purpose of conducting a feasibility study. In 2006 when TAC took over the project, he indicated, that SUNY Plattsburgh and the Research Foundation donated approximately \$350,000 of in-kind services and cash to support the project. During 2006 to 2007, he said, they started to receive Federal and State funding, as well as monies from SUNY Plattsburgh and the Research Foundation for the purpose of managing the project, business and technical planning, and fund raising. Thanks to the support of Senator Clinton and Congressman McHugh, Mr. Lowe said, they were the recipients of a \$300,000 Housing & Urban Development (HUD) Grant; an additional \$245,000 from the Small Business Administration (SBA); as well as a matching grant of \$250,000 from the Economic Development Agency (EDA) to design the network. Last month when NYS Governor Eliot Spitzer visited Plattsburgh, he said, they were informed that NYS would provide the \$250,000 match. Mr. Lowe said he had some discussions with John Marshall, from the EDA, who agreed to contribute \$3 million to the CBN Connect project, the same amount he pledged to the DANC project. He stated he expected to receive continuous support from their State and Federal officials in their efforts to obtain additional funds to build the network.

Privilege of the floor was extended to Mrs. West who related that the funding they received in 2006 allowed them to conduct a market needs analysis and conceptual design project. She indicated they hired Xit Telecom and Stratum Broadband, companies who had experience with feasibility studies and needs analysis across the United States and Europe. Mrs. West said these two organizations were responsible for determining the location of the fiber backbone within the three-county area, as well as which areas would be best accommodated by wireless services. Upon the compilation of this information, she stated, they provided a list of recommendations and a basis for the CBN Connect Technical Design and Business Plan.

As part of the conceptual design, Mrs. West stated Xit Telecom determined the best location for the fiber ring. She added that upon a review of the availability of poles, they estimated 75% of the fiber would be installed aurally while 25% would be underground, which fell within the national averages. Mrs. West commented it was equally important that CBN Connect work closely with the surrounding broadband authorities to determine the best connection point.

Mrs. West related that wireless service allowed people in remote areas to have internet access, voice over IT, or allowed the tourists or economic development industries the ability to access information on their handheld devices as they entered the region. In order to have cell phone coverage throughout this area, she said, a fiber backbone would be required for carriers to run their network data, and if this utility were run parallel, smaller antennas could be utilized rather than installing towers, which was not a favorable option in the Adirondack Park.

As they develop the network, Mrs. West stated some areas may require fiber to the home service as the best alternative while other regions necessitated wireless. In conjunction with the Adirondack North Country Association (ANCA), she noted, TAC submitted a Smart Communities application to create a “wireless clearinghouse” of all tall structures that could be utilized to house antennas for cell phone providers and emergency services personnel.

Mrs. West explained CBN Connect would provide a single shared infrastructure for carriers to service so citizens could access service that was currently unobtainable. Furthermore, she said, it was the position of CBN Connect to provide the smaller companies with the ability to expand their customer base and to foster higher quality services at reasonable rates amongst the larger entities.

Mr. Lowe apprised this new infrastructure would enable all sectors of society an innovative environment, such as libraries, businesses, emergency services and education. In addition, he stated, the modernization of broadband would help maintain the young professionals in the region rather than having them relocate to larger cities.

If Warren County were to join CBN Connect, Mr. Lowe related that funds had been budgeted to achieve the particular goals of this project. He reported \$40,000 was spent on the needs assessment and concept design; \$30,000 had been budgeted for a business plan that set forth the revenues and expenses; if another County were included in the project, they estimated the network design to cost an additional \$150,000. While he understood the County was pursuing a Smart Growth Grant, Mr. Lowe said, they estimated a \$200,000 contribution by Warren County would fund the needs analysis, conceptual design, business plan and network design. The ultimate cost of this project would depend on the amount of fiber utilized; however, he noted, Warren County would be required to raise at least \$1 million for construction expenses.

Mr. Lowe expounded on some of the benefits to Warren County joining the project which included taking advantage of the establishment of CBN Connect and the experience they had gained. He suggested that Warren County appoint a representative to serve on the CBN Connect Advisory Board. By working with Trip Shannon of Hudson Headwaters Health Network and Glens Falls Hospital, he indicated that Warren County had already been included in the FCC telemedicine project. He briefly noted the relationship of Adirondack Community College (ACC) with SUNY Plattsburgh, as well as the potential for economic development along the north-south corridor and Adirondack Park. Mr. Lowe expected support from their elected officials in seeking capital funding to complete the network.

Mr. Lowe explained CBN Connect had some concerns with Warren County joining CBN Connect, such as whether there would be adequate and timely funding; whether the County had sought an opinion from their service providers; and the impact the County had on the momentum of the project. While it made sense to include Warren County in the CBN Connect partnership, Mr. Lowe said they were not too eager to add other counties.

If Warren County joined CBN Connect, Mr. Lowe indicated a funding source must be identified for the needs analysis and conceptual design studies, business plan and engineering design. He said these funds must be provided to the Research Foundation of SUNY/TAC. As a member of CBN Connect, he recommended a liaison be appointed for the coordination of the project, as well as a representative be appointed to serve on the CBN Connect Advisory Board.

Mr. Lowe apprised the Committee members of a presentation given by Peter Schultz, who co-invented fiber optic technology, at the Lake Placid High School on Tuesday, December 18, 2007 at 7:00 p.m.

Mr. Monroe briefly introduced those individuals that were in attendance, Rob Metthe, Director, Information Technology Department; Trip Shannon, Hudson Headwaters Health Network; Peter Wohl, Vice President, Economic Development Corporation; and Pat Tatich, Director, Planning & Community Development. Mr. Monroe said it was his understanding that Ms. Tatich was compiling the necessary information for the Smart Growth Grant and recommended including the business plan as part of the application.

In response to an inquiry by Mr. Champagne, Mrs. West explained that a significant amount of the fiber optics was used "long haul" and did not service many of the smaller communities. She further stated that being able to utilize this fiber was questionable; however, if there was existing fiber available, she said, CBN Connect would research those alternatives first. Mr. Monroe queried whether the service providers were susceptible to sharing, as many companies became territorial. Mrs. West apprised that the cell phone providers were set up as separate entities and did not have the mechanisms whereby they could offer a lower rate service in exchange for sharing the cost of installation. While this was a new concept for many of the service providers, she said, they quickly realized that it had a financial impact on their organization.

A discussion ensued.

Len Fosbrook, President, Economic Development Corporation, queried whether there were legal contracts amongst the other three counties. Upon the completion of the first feasibility study, Mr. Lowe stated the three IDA's and the Town of Plattsburgh suggested a new entity be formed or an umbrella be created for the project. He said he anticipated the Research Foundation creating a new 501(c)3 not-for-profit corporation that would eventually become a stand-alone facility with its own Board of Directors.

Mr. Champagne queried whether a proposal had been compiled that identified the local share. Mr. Lowe replied that it became clear from the inception of this project that the significant funds required for this project would come from the Federal authorities and not generated by the counties. Currently, he said, he hoped to fund this project utilizing State and Federal funds and possibly some other opportunities through the business plan. Mr. Lowe indicated the DANC network built an \$18 million backbone with the schools as their anchor tenant and still operated in the black for the past two years. Unlike CBN Connect, he said, DANC would provide services to their customers. Mr. Monroe said it was his understanding the funding from the schools provided the

collateral for the debt, as the counties were requested to guarantee the debt. When Governor Spitzer was elected, Mr. Lowe indicated, he had promised significant changes to improving broadband services throughout New York State. Through the Office of Technology (OFT), he said, Governor Spitzer was expected to announce a new grant program that would assist in the expansion of these services. In response to an inquiry by Mr. Caimano, Mrs. West replied that despite the changes in technology, she did not anticipate fiber becoming obsolete as it had a life expectancy of 40 years. If satellite technology improved, Mr. Caimano said fiber would become obsolete. Mr. Lowe commented their neutral capability of fiber would provide the best transmission of media for decades to come.

If DANC were operating in the black, Pat Tatich, Director, Planning & Community Development, asked for the terms of debt and Mr. Lowe responded he did not have that information. She further queried whether DANC had a contract with Fort Drumm and Mrs. West replied that DANC had received a Federal Communications Commission (FCC) grant for telemedicine to connect the health care providers with those who referred patients to the Syracuse area.

In response to an inquiry by Mr. Champagne, Mrs. West commented it was not cost effective for providers to run the wire and Verizon had made a decision not to expand or upgrade services in the three county area. The needs analysis would reveal the areas that required service and whether the area providers would be willing to use CBN Connect to expand their services; however, she reminded the Committee that the cable companies were not regulated by the FCC.

Mr. Monroe asked whether New York State had considered creating an entity similar to the cable commission, or potentially expanding the cable commission to include franchise fees for internet services, which would be a source of revenue for municipalities. According to Mr. Lowe, he said, some people believe the cable companies were becoming dinosaurs as the capability of the internet had far exceeded just email. He stated citizens would soon be able to access ESPN or CNN directly through the internet. Mr. Lowe related that Governor Spitzer was expected to appoint a council to investigate broadband access across New York State. While he was unsure of the roles and responsibilities of the council, he said, they would be instrumental in improving broadband expansion.

Rob Metthe, Director of Information Technology, asked whether the needs analysis would reflect the views and opinions of the Warren County businesses, hospitals, schools and service providers, as well as the financial liability to the County. He commented that CBN Connect had put forth an attractive option that the County was considering; however, he queried whether the needs analysis would determine County involvement and the time frame involved. Mr. Lowe responded an executive summary of their needs analysis was included in the CBN packet. He explained that CBN Connect was currently focused on a PILOT (payment in Lieu of Taxes) project; in January they would commence working on their business plan; and thereafter, he anticipated the network design phase to be completed by Summer 2008. Within the next sixty to ninety days, Mr. Lowe stated, he would anticipate a decision by Warren County because once the technical design

phase had commenced, CBN Connect would need to know whether there were four counties involved in the project.

If Warren County joined CBN Connect, Mrs. West stated the needs analysis requested by the County must be performed at the same level of detail and expertise to coincide with their business plan and engineering designs. She encouraged Warren County to consider contracting with the company that designed their conceptual plan and wireless maps, as they far exceeded their expectations. Mr. Monroe said he was concerned about the time frame when he considered the Smart Growth Grant deadline and RFP processes.

As a point of clarification, Mr. Gabriels asked Mrs. West to explain the difference between the proposal by CBN Connect and the service provided by DANC. He queried whether CBN Connect had a back-up plan should the carriers ultimately decide not to participate in the broadband expansion project. If enough providers chose not to become involved, Mr. Lowe replied the project would need to be re-evaluated. He said DANC never intended to serve the end users; however, he noted, upon the completion of the CBN Connect project, all hospitals and colleges would have state of the art service.

If Warren County became a partner of CBN Connect, Mr. Lowe said it was important that all potential funding be procured within the next six months to eliminate any project delays. If the County were favorable in advancing the TAC project with SUNY Plattsburgh, Ms. Tatich suggested identifying the needs analysis consultant as part of the Smart Growth Grant application. Mrs. West requested that CBN Connect determine which consultant would provide the needs analysis so the network remained one project rather than two.

Mr. Gabriels queried whether there were similar organizations in surrounding counties, such as Saratoga, Albany or Rensselaer, that Warren County could become affiliated with. Mrs. West apprised there was infrastructure in Albany and Saratoga Counties; however, she said, when reviewing the Independent Optical Network (a consortium of cell phone companies), there was a gap in this region. Mr. Monroe noted the significant progress that CBN Connect had made on this project, which was a major advantage to Warren County joining the three counties.

After an informal poll of the Committee members, the general consensus of the Committee supported Warren County's involvement in the CBN Connect project.

Mr. Lowe said he anticipated most residences and major institutions to have fiber optic services or its equivalent over the next couple of decades. He expected an individual who required the opinion of a medical expert to visit a hospital and receive realtime medical care. Trip Shannon, of Hudson Headwaters Health Network, stated that within the next twelve to eighteen months when the infrastructure was in place, emergency room visits, hospital visits and nursing home stays would be significantly reduced.

In response to an inquiry by Mr. Metthe, Mrs. West replied the feasibility study was a duplication of the needs analysis. Since the County anticipated submitting a Smart

Growth Grant application, Mr. Monroe suggested partnering with CBN Connect through the needs analysis.

A general discussion ensued.

Mr. Fosbrook stated that despite the completion of the needs analysis, the County could not commit to the project as there was another decision to be made until the entity had been formed. Mr. Monroe said CBN must decide whether they welcomed Warren County's involvement.

Motion was made by Mr. Champagne, seconded by Mr. Sokol and carried unanimously that Warren County include the agency who will perform the needs analysis in the Smart Growth Grant application for the County broadband project, subject to County Attorney approval.

There being no further business to come before the committee, on motion by Mr. Mason and seconded by Mr. F. Thomas, Mr. Monroe adjourned the meeting at 11:45 a.m.

Respectfully submitted,

Debra L. Schreiber
Legislative Office Specialist