



COMMITTEE MEETING MINUTES

BROADBAND COMMITTEE

MAY 9, 2022

Christine Husom	District 1
Darek Vetsch	District 2
Mark Daleiden	District 3
Mary Wetter	District 4
Michael Kaczmarek	District 5

DATE APPROVED: MAY 17, 2022

Members Present: Darek Vetsch, Mark Daleiden, Clay Wilfahrt, John Holler, Mark Kellogg, Elizabeth Karels, Heather Lemieux, Zach Breyen, Greg Kryzer, Matthew Fomby

Others Present: Laine Stephan; (Remote): Virgil Hawkins, Schawn Johnson

I. Grant Application Recommendations

Project Administrator Elizabeth Karels started the meeting by clarifying the eligibility requirements that were set forth for applicants. These requirements included the limit that requested county contribution could not exceed 50 percent of the total project cost, the maximum contribution could not exceed \$400,000, projects must use prevailing wage rates, technology had to be designed to meet American Rescue Plan (ARP) requirements, project areas could not be identified as “winning areas” in the Rural Digital Opportunity Fund (RDOF), providers must agree to enroll in a low-income subsidy program, grantees must demonstrate that their workforce meets high safety training standards, grantees must provide a certified document listing violation of federal and state employment laws, and the grantee must be eligible to receive federal funds. Of the 13 applicants, two of the applicants did not meet the eligibility requirements so those applicants were not moved on for scoring. Karels emphasized the committee needed to abide by the presented scoring requirements as they had been published. The scoring criteria included grant funding request amount, city and township contributions, Internet Service Provider (ISP) contributions, project readiness/proposed schedule, the number of passings and the only subjective scoring criteria took into consideration because the project would be best suited for the ARP funding source. Each of these sections had a scoring system that awarded points based on the applicants’ answers.

Communications Specialist John Holler asked if the applicants knew what the scoring criteria was when they applied. Karels confirmed that they did, and it was obvious based on how the questions were answered and the specific amount of funding the applicants requested. Holler asked if there was a way for the applicants to manipulate their numbers to be more appealing to the Committee. Commissioner Darek Vetsch explained that the scoring criteria was very cut and dried and there was no real way to manipulate the numbers. Karels added that unless they were lying on the application, this would not be an issue.

Karels outlined the review process that began with the application review done by Wright County staff, from there the eligible applicants would be scored based on the criteria previously laid out. From the scoring, County staff would then make their recommendations to the ARP Committee. The ARP Committee in turn would review all the ARP-SLFRF funded projects to ensure compliance with ARP-SLFRF and bring to the County Board with its recommendations. The County Board would then review the recommendations and grant awards. The targeted timeframe for the grant award is May 2022.

Karels showed a summary slide that illustrated where the proposed project areas were within the County. According to this information, the Board had the potential to affect 1,645 homes and businesses which included one city, one municipal provider, one co-op provider, and three private providers. The total request for funding from the County was just over \$1.9 million. Karels then broke down each project proposal to include the criteria previously laid out. Ranked first was the City of South Haven which was the only city to put in its own funding in the application. Second was LTD Broadband for Middleville Township. Tied for third was LTD Broadband for Victor and

Stockholm Townships, and LTD Broadband for Stockholm Township alone. Karels explained these are all non-ARDOF areas and LTD Broadband was the ARDOF winner and chose areas outside of the areas it was awarded. Tied for fifth was Windstream Lakedale for Southside and French Lake Townships, and Midco for Silver Creek Township. Karels explained that if the Board were to make the cut off at the \$1.2 million in funding, it would make the cut after sixth place which was Midco for Silver Creek Township. She wanted to continue to explain the remaining applications so the Committee could take all the applicants into consideration before making a decision. Tied for seventh was Meeker Coop for Stockholm Township, and LTD Broadband for Middleville and Cokato Townships. Ninth was LTD Broadband for Victor Township. Tenth was Meeker Coop for French Lake Township. Lastly, eleventh was Buffalo Fiber, which was the city-owned provider, for Buffalo Township.

The Scoring Committee came up with two possible recommendations. The first recommendation was to fund all the eligible projects at \$1.9 million, which was within the Broadband allocation. With the total cost of the projects being \$6.6 million, the County would only pay \$1.9 million which came out to 28 percent of total project cost and serve 1,645 homes and businesses. The second recommendation would be to make the cut off at the \$1.2 million which would service six of the eleven applicants and bring the service population down to 1,095 homes and businesses.

Holler asked the two commissioners on the committee, Vetsch and Commissioner Mark Daleiden, if they knew if the Board had an idea of what they wanted to do regarding funding for this project. Vetsch said that it came down to doing this in one shot or breaking it up and having to go through this application process again in a second round of grant funding. He said that either way they will be doing this a second time. Karels recommended that they do all the applicants now as they have the interest from the ISPs, the time, and the funding available. Assistant Finance Director Heather Lemieux and Business Analyst Zach Breyen seconded this recommendation. Lemieux said that on the finance side of things she preferred that it was clean, and this could be accomplished by funding all the applicants at once. Information Technology Director Matthew Fomby expressed that his only concern was that the amount of funding per unit was so much greater in the Buffalo Township proposal than the rest of the proposals. Buffalo was asking for \$7,400 per unit from the County, while the next highest request per unit was \$3,000. Fomby added that Buffalo Township was only asking to support 25 houses and added that this did not sound like a good use of the funds. Karels pointed out that when this proposal was compared to the Dig Once project, this current proposal was a much better option. Fomby was still concerned that the cost per unit was simply too much higher than the rest to justify the cost per unit. Daleiden pointed out that there would be a development to the east of the proposed service area, and this brought the potential to service more houses in the future. Breyen added that during his conversation with the ISP, it expressed the potential that it could branch off and serve the rest of the future development of that area. Vetsch pointed out that if the committee took too much consideration into the high cost per unit, a lot of the rural areas of the county would never be serviced. Karels added that Buffalo Township would never be eligible for state funding. Daleiden asked about utilizing towers in this specific area instead of fiber. Karels said it was not feasible in the area to use towers for this purpose. Assistant County Administrator Clay Wilfahrt asked if there was a way to fund this project for less money. Fomby responded that it was not likely based on how spread out the homes were and that the ISPs would not want to fund this because of how expensive it is per unit. Wilfahrt added that this was exactly why the Committee should consider including this proposal. Vetsch and Breyen both pointed out that this was what the funding for this project was intended for, these areas and homes that would never be covered due to the high cost. Vetsch suggested the Committee bring the funding cap down to \$1.8 million. Karels said that cap was not a concern because the Committee was already underspending on the funds. Lemieux pointed out that the budget time frame would be coming up quickly and that there needed to be a decision made. There was a discussion about the likelihood for the land to the east of this proposal, in Buffalo Township, be built up and the fiber used in the future in this development. Vetsch noted that, from an economic development standpoint, this could be a great opportunity. Technology Services Manager Mark Kellogg asked about the potential of Buffalo Township coming back to the Committee to ask for more funding when this development was built up. Karels said this could happen and they would need to wait to see if it would have funding at the time that it asks for the additional funds. Vetsch pointed out that if the Committee waited for the development to start this project, they could be waiting six to seven years. He added that starting this project presumptively could spark the development to begin sooner and that he could justify the expense. Karels said that CenturyLink had a large service area north of Lake Constance, which was

north of the proposed service area for Buffalo Township and that this could provide more opportunity down the road as well.

Assistant County Attorney Greg Kryzer asked County Highway Engineer Virgil Hawkins if the large cost was due to the construction around the lake and asked if the roundabout would get in the way of the conduit. Hawkins explained that the Highway Department had just taken this project over and that he was not very familiar with that area. Daleiden asked if it was a good idea that the project wait for the road expansion. Hawkins said that this expansion would occur in 2024 and added that the conduit would have to be moved again if it was put in now. Vetsch suggested that there be more discussion on this proposal because of the need to align it with the Highway Department's planning. Karels said that for the time being the Committee would not set up Buffalo Township in this round of grant proposals. She added that she would discuss this with Buffalo Fiber and try to plan the project in conjunction with the planned highway construction and road expansion. Karels asked if Hawkins knew the length of the plan. Hawkins said it was on the 5-year plan for 2024 but that the scope of the project was not a firm plan yet. Hawkins said there would be a highway plat done if the County does widen the road.

Vetsch added that he had been contacted by some areas of the County that wanted to know if the Committee would offer another grant application with a 60-to-90-day window. He explained that this was because it was difficult for the cities and townships to get together with the ISPs in the timeframe they had with the current grant opportunity. Karels confirmed that there are two Requests for Information (RFIs) posted with two-month turnarounds. She said she would be happy to connect with these individuals in order to help them navigate to the correct ISPs for their area. Karels said the upcoming RFI was not sent to cities and townships, just ISPs. Vetsch explained that there was a delay from the citizens getting their needs to the townships, and that this was where the issue with the 60-day window was. There was more time needed for the cities and townships to have a discussion. Karels requested that this be something the commissioners put out in their meetings with the cities and townships. Karels added that there was more opportunity to fund projects with the funding the Broadband Committee had available to allocate. Holler asked where the \$1.2 million number came from for the current projects. Karels said this number was an arbitrary decision and it was reiterated that there could be more funding for other projects and proposals in the future.

Holler brought the conversation back to the road construction and asked Hawkins if the plan was to widen the road. Hawkins said that had not been decided but that he would like to see it widened and repurposed to provide shoulders. Karels asked when there would be a decision made on the scope of this project and Hawkins said a decision would be made within a year.

Vetsch asked about the Rockford Township application and why it was not on the list. Karels said it was mainly due to the areas they requested were in RDOF areas. She explained that the township could not connect with an ISP. Karels added that the township planned to apply for the Border-to-Border Grant. For now, the Committee could not address the RDOF areas since they do not want to potentially duplicate benefits. Daleiden read the article Holler had handed out at the beginning of the meeting and pointed out that it raised some concerns. The article talked about the ISP chosen and some of the follow through issues other communities had previously had with this specific ISP. Karels said that LTD Broadband was the ISP winner in the county and that this provider was traditionally a wireless provider. This project for the county would be the ISP's first fiber installation of this scale and that was where the concerns stemmed from. The current grant would be a reimbursement grant, which would allow more auditing of work before the funds would be allocated. Karels said the committee could write language into the grant to address a longer expiration period but that it needed to be obligated by 2024 and spent by 2026. If the ISP were to sit on the money and draw out the construction period, it would not get the funding reimbursement. This process would safeguard against LTD Broadband dragging its feet and allow the committee to re-encumber it if this happened. Daleiden asked when RDOF projects would happen and Karels responded that it would be within 10 years. It was restated that the RFIs that were sent out were due back to the committee by Tuesday, July 5 and Tuesday, July 12.

RECOMMENDATIONS:

Buffalo Township would not be added in the grant funding, due to the potential for road expansion in 2024. Karels will meet with Buffalo Township to provide options and discuss coordinating with the highway expansion for this project.

II. Dig Once Recommendation

Karels wanted to confirm that everyone understood the recommendation they would be making to the County Board for the first round of funding with the intention of dropping the CIP. Vetsch agreed with this recommendation, and it was thought that the cost outweighed the potential benefits of putting in the conduit. Daleiden thought that the dig recommendation is too expansive and did not want to put something in the ground that no one will use. He thought there needed to be better conversation when new roads were being constructed so the ISPs can be aware and a part of the conversation to utilize this timeframe. Breyen added that directional drilling may be a more cost-effective and safe way to go about this project as there was no guarantee that people would utilize the conduit. Daleiden asked if Sherburne County has had anyone using the fiber that it put in the ground. Fomby argued that someone would use the conduit and fiber because it is cheaper to have it there when it is needed rather than start from nothing when it is needed. He thought that if they put it in the ground, it would potentially be used in the next 5-10 years. Fomby added that his thought is that everything would eventually be wireless.

Karels suggested revising the Dig Once policy. Daleiden agreed and reiterated the need to talk to providers as well. Breyen said the ISPs would need to be the one to lay it down in the future and agreed with Daleiden on this matter.

RECOMMENDATION: Not go forward with Dig Once policy until the language in the policy is revised.

III. Fiber Infrastructure RFI Update

Holler asked Karels if she was concerned about the article he had referenced earlier. Karels had not had a chance to read it but did express a concern that the negative input may have come from competing ISPs. Daleiden thought it would be a concern but thought this could be mitigated by requiring LTD Broadband to provide receipts in order to be paid. Karels suggested implementing more site visits and other operations to mitigate this concern. Vetsch suggested adding in a deadline of December 2023 and thought adding an audit would be helpful. Kryzer suggested partnering with Buffalo's ISP. Vetsch suggested that the committee tie the grant projects together and Karels expressed a wish to add language into the grant that allowed the county to back out at any time. There was a need to confirm whether this would be legally allowable. Daleiden suggested only approving the 2022 and 2023 projects and Vetsch added that they could tell the rest of the applicants that had subsequent projects to reapply in the next round. There was discussion that applicants would need time for planning before implementation of grant funds and cutting those projects would create unrealistic timelines. Fomby suggested that the committee add language to the grant that specified the applicants would need to at least start by 2023.

Kryzer suggested accepting another round of grant applications in September through December. Karels pointed out that eliminating the 2024 applicants would eliminate two more applicants. Karels said it was \$400,000 the committee would be saving by creating this deadline. Lemieux suggested that these funds could be reallocated. Karels added that the committee knew it had obligated funds already for Broadband Committee projects in the future. Fomby pointed out that if there were projects that did not meet the 2022 or 2023 deadlines the committee would then know the applicants could not complete the 2024 projects planned. Fomby asked if there was a legal hold up due to the need to wait and see if the applicants broke ground or not to withdraw funding. Kryzer confirmed this was a legal issue and there needed to be proof of breaking the timeline to break the contract. Vetsch pointed out that if the committee saw that the 2022 projects were not on track, the committee would not be able to do anything to pull funding for the 2024 projects. It would then have to wait years to break contract and reallocate the funds. Lemieux pointed out that it was \$400,000 and this would not be a major concern as it was a small amount of funding in comparison to other county projects. Kryzer suggested only

approving projects done by 2023. Karels argued that this was an unrealistic timeline due to supply chain issues. Vetsch suggested getting started on another round of grant applications in the fall of 2022.

RECOMMENDATIONS:

Schedule the next Broadband Meeting for 11:00 am Monday, June 6, 2022.

Formalize the second round of grants for the Fall of 2022.

The Broadband Meeting adjourned at 12:24 p.m.

Minutes submitted by Laine Stephan, Office Manager – Administration