

CITY OF HARTSVILLE, SOUTH CAROLINA
SPECIAL MEETING MINUTES
OCTOBER 19, 2009

Present: Mayor McFarland
Mayor Pro-Tem Andrews
Councilmember Braddock
Councilmember Graham
Councilmember Shirley
City Attorney Driggers

Staff:
City Manager Pennington
City Clerk/Admin Services Director Skipper
Deputy Clerk DuBose
DEEPS Director Clemons
Finance Director Douglas
Parks & Leisure Services Director Gardner
Police Chief Kemp

Press

Absent: Councilmember Wilson

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Mayor McFarland called the meeting to order and asked Councilmember Braddock lead in the invocation and pledge to our flag.

PRESENTATION – FIBER OPTIC BROADBAND FEASIBILITY STUDY

Vern Myers, Planning Commission Chair, the Comp 2020 Plan Committee made a presentation at the October Worksession but in order to give more information Dave Stockton from Uptown Services is here to present more detailed information.

Dave Stockton, Uptown Services, LLC is a small boutique consulting firm specializing in municipalities. They work with wireless and broadband services, conducting approximately 50 studies, and does implementation work as well. The federal stimulus made funds available to assist in greater broadband across the country. There were originally three rounds of grants but possibly there may now only be two rounds, the second round is coming up at the end of 2009 or beginning of 2010. The federal government provides an 80% grant with no payback to construct the system and the City matches the other 20%. The program will come and pretty fast and is a once in a lifetime opportunity. This study will give the City a feasibility study and the documents needed for the grant application, it is a very comprehensive process. There are no guarantees on grant approval but he believes Hartsville would have a good chance of receiving funding. Uptown Services, LLC completes the grant application and all accompanying documents with collaborative work from the City. The City of Aiken applied during the first round of grants. The City of Wilson, NC put in this system before the grants were available and has been up and running for a year and a half; they are trying to get 30,000 subscribers and currently have 20,000. Wilson is a larger market than Hartsville but Uptown Services has worked with smaller market cities before.

Councilmember Shirley if this goes through the City would be competing with Time Warner and would have to have staff to run, construct and setup the service.

Dave Stockton the construction company would lay the lines, which would take approximately six to nine months. The field techs for the City would make the subscriber connections either aerial or underground.

Councilmember Shirley how would the City's service cost compete with Time Warner's?

Dave Stockton typically City service costs about 10% less. The benefits are better product, lower price, and local customer service.

Mayor Pro Tem Andrews how long will the study take to complete?

Dave Stockton it would be put on the fast track and completed very quickly. The study would have to already be well underway by the time the deadline is announced or we won't meet the deadline, for the August deadline work began in March.

Councilmember Braddock who owns the system and the day-to-day operations?

Dave Stockton the City of Hartsville. There are rules and the feds want the system up and running in three years. Relatively speaking it is tough to get a grant but once the funding is awarded you are good to go.

Mayor Pro-Tem Andrews what criteria are used to determine who gets funding?

Dave Stockton the RUS program has a detailed set of criteria; the Department of Commerce criteria are not as detailed; this is what most cities are going after and what Hartsville will go after also.

There are qualifying components, due diligence with the financials, and requirement that if not for the grant the City would not be doing the project. The grant focuses on community, conservative in the financials, and that the city is not going to sell the system. He believes Hartsville has a good chance.

Mayor Pro-Tem Andrews the information stated areas underserved or un-served. The City has Time Warner service.

Dave Stockton the definitions may be redefined to loosen up the regulations.

Councilmember Braddock how quickly would the system be outdated and how easy is it to upgrade?

Dave Stockton fiber is glass using light and lasers to send data. The electronics at the base and at the homes would need to be upgraded but the fiber is very high capacity and capable of handling a lot of data. The upgrade would be to the electronics, not the fiber line.

Mayor Pro Tem Andrews are the negotiations with networks for television done by the City of by a contractor?

Dave Stockton Wilson did direct deals by talking to the networks but can use a consortium that has existing deals.

Mayor Pro-Tem Andrews are there any channels exclusive to only certain companies?

Dave Stockton no, that is illegal.

Mayor Pro-Tem Andrews if we are supposed to have the Florence or Myrtle Beach "local" stations could we also carry the Columbia station?

Dave Stockton you have to carry the local stations first but if the second station is substantially viewed you can also carry that one.

Mayor McFarland is installation done in house?

Dave Stockton can do it in house or contract with installation company for initial installations.

Councilmember Braddock does Wilson require a set contract length?

Dave Stockton for business service there is a contract but not for residential service.

Mayor McFarland what if there is a business at the home?

Dave Stockton it is still considered residential but they can subscribe to the higher tier.

Councilmember Braddock are there any exclusions on grant money use at start up?

Dave Stockton the study could be refunded by the grant. If the City does television the money could not be used for set top boxes. The City could include trucks if used to build the network but usually the contractor does this so we've left them out of previous proposals.

Mayor Pro-Tem Andrews what about on the phone side?

Dave Stockton you are looking at a lot of regulations and expense including half a million dollars for equipment. The City could contract with a company and bundle all the services using the contractor's phone service. The City would need to look at offering phone service but not fully investing in it as would with the internet and cable.

Mayor Pro-Tem Andrews isn't there currently a discussion at the FCC with bundling and menus?

Dave Stockton everyone wants a la carte bundled package and there is a lot of discussion at the FCC. The industry is saying no we don't need it but consumers are saying yes we do. There are valid arguments on both sides. If the rules change then the City would adjust.

Mayor Pro-Tem Andrews asked if there is any legal or financial input or questions.

City Manager Pennington as far as the contract for the study, where will the money come from? We can't sign the contract until the money is allocated in the budget and we can't find it. If other funding sources are available we need them to come forward before the contract can be signed.

Finance Director Douglas the budget has been cut drastically already. Where does the money come from? Also the 20% match would obligate us to our full debt ratio which is a big concern.

City Attorney Driggers there are regulations on phones but what about internet?

Dave Stockton internet is not regulated as much as phone service.

City Attorney Driggers is the service used as an annexation incentive or is it provided to those who live outside the city limits?

Dave Stockton usually the service is only provided inside the city limits but there are examples where service expanded into the county.

City Attorney Driggers what area would the study cover?

Dave Stockton inside the city limits only.

City Attorney Driggers is an expansion of the system into the county included in the study?

Dave Stockton it could but houses per mile diminishes outside the city limits.

City Attorney Driggers Camden put up wireless service using antenna instead of fiber optic. Would you put all the eggs in the fiber optic basket and not also put in wireless?

Dave Stockton in a community with the density of Hartsville fiber would be the focus and would take long term leap ahead even though it is more expensive. Wireless does not have as much band width. Also, what if you apply and they approve only the wireless portion? There really is no communication from the feds so need to be careful.

City Attorney Driggers are there any cost in addition to the \$50,000?

Dave Stockton travel is extra. The estimated cost of travel is \$2,000.

Mayor Pro-Tem Andrews is there any legislation prohibiting using cable as an annexation incentive?

Dave Stockton he is not aware of any.

Mayor Pro-Tem Andrews in the previous presentation it was mentioned if a trunkline stops at the city limits and a neighboring area wants service they can "hook on" to ours.

Dave Stockton yes, a new area would save money by tapping into the City's lines and the City would lease back to that agency.

Mayor Pro-Tem Andrews what is the financial issue?

Finance Director Douglas currently \$1.88 million is the maximum debt we can issue without a vote of the citizens by referendum because the debt would have to be paid back by property taxes.

City Manager Pennington VC3, our IT consultants, is also looking at this issue. This is a professional contract so we may have to put it out for bids.

Dave Stockton usually don't have to do open bid for professional services.

Mel Pennington, Planning Commission Member, the reason for the resolution is to make this a priority in order to get private funding help moving. The study will find out exactly what the debt would be. A priority needs to be set and need to get moving before the option is gone.

Mayor Pro-Tem Andrews does not want this idea to die but doesn't see how to do it if we can't find the money for the study.

Mayor McFarland have we had enough time to think about the options and find the money?

RES 44-09: DECISION ON PROPOSAL FOR FIBER OPTIC BROADBAND FEASIBILITY STUDY – TABLED UNTIL THE NOVEMBER 10, 2009 COUNCIL MEETING.

Motion to table until the November 10, 2009 Council meeting and instruct staff to report on funding from private at entities at that meeting: Andrews; Second: Shirley; Carried: All ayes.

MOTION TO ADJOURN – APPROVED.

Motion: Andrews; Second: Shirley; Carried: All ayes.

Adjournment at 5:40pm.

David L. McFarland, Mayor

ATTEST: _____
Sherron L. Skipper, CMC
City Clerk