

Surry County Comprehensive Improvement Grant Project Update & Status Report

Near the very end of the construction part of the Broadband project, a number of constituents have called or stopped by the office to ask questions about construction status, and costs for service. Additional inquiries by constituents have been for data plans with unlimited bandwidth. The inquiries for specific subscriber information are concerning because they evidence that some do not have a clear understanding of the project's model. To help clarify the model and the proposed implementation plan a review of the 2009 Surry County Broadband Implementation Plan is provided. The plan was commissioned by the Surry County Board of Supervisors and funded by the County and the Virginia Department of Housing and Community Development. It provided a model and framework for implementation of the local Broadband program by outlining an approach to address the availability of reasonably priced internet services

countywide. The 2009 plan recommended that the County pursue broadband services by connecting either a fiber based or microwave link to a lower cost provider with a presence in an adjacent county. This approach was and remains standard in rural areas with a broadband presence, like the southwest part of the State of Virginia. While this was our plan in 2009, time, relationships and opportunities changed our implementation plan favorably. Surry County was able to barter, trade and partner with Mid Atlantic Broadband Communities, Incorporated, who had both a presence in the County, and significant fiber network throughout the Commonwealth of Virginia. We were able to co-locate our fiber hub with Mid-Atlantic Broadband Communities,



Inc. thereby negating the need for the microwave link to connect to an internet service provider in an adjacent community. Our data can be transported across the Surry County owned network to the Mid-Atlantic Broadband Communities, Inc. network and to the World Wide Web. The network development costs, just under one million dollars, was undertaken to bring lower cost wholesale Internet services to the County and advance our public safety communication needs. All the infrastructure to facilitate the data transport now exist locally, a tremendous coup for the community, an improvement far and above our original vision

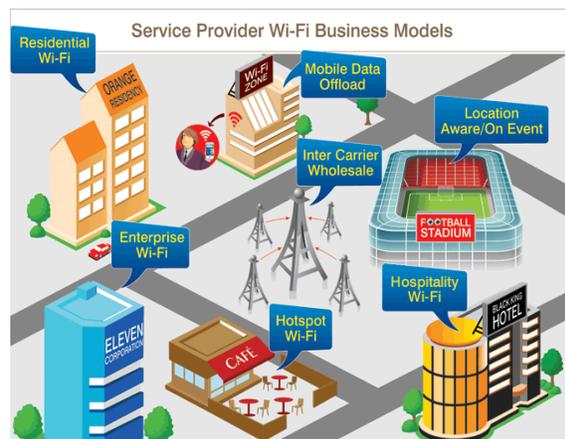
and a direct result of our relationship with Mid-Atlantic Broadband Communities, Inc.

Fiber is very costly. That fact, combined with limited population densities, contribute to the reluctance of private fiber based or wireless providers absorbing the costs necessary to offer subscriber services in the County. The cost of fiber, coupled with budgetary realities, is the reason why we embarked upon a phased approach to the Broadband project. The first phase of the project was planned to reach the greatest concentration of business and municipal locations

within the County while subsequent phases of the project, envisioned for funding through both local dollars and grant awards, would reach additional end-users.

Because of the limited number of customers connected directly to fiber, the ability to develop an agreement with a wireless provider(s) is a critical part of the viability of the implementation plan. This is the crucial next step in the Broadband Project Implementation Plan. In the next few months, the County will publish a Request For Interest (RFI) seeking wireless internet providers. We are hopeful that one or more respondents will come forward that can offer subscription internet services. The County could negotiate access to the fiber infrastructure and tower, and reduced data transport fees. In return for these concessions, we are hopeful that the County and the wireless provider(s) can contractually agree to lease rates below market in exchange for subscriber subsidies and revenue generation to cover the costs of operation and sustainability of the fiber network and electronics gear.

A frequent question is, what data speeds will be available on the network. The current FCC definition of broadband service transmission is a minimum speed of 200 Kbps. This speed is below what is typically offered over wireless (minimum 1 Mbps) and below the capabilities of fiber. The County network is capable of offering speeds of 1Gbps or greater. Surry County is not able to answer questions regarding subscriber costs and bandwidth restrictions. These decisions will be made as part of the business model developed by prospective wireless providers. We can influence these decisions in our lease negotiations and are hopeful that these discussions will be timely, productive and fruitful.



We will keep you abreast of these discussions as they progress. In the interim the project's specific milestones include the construction of a 350' communication tower, accessory equipment, and the deployment of 23,300 linear feet, approximately four miles of fiber optic cable, traversing and area commencing along Rolfe Highway/State Route 31, extending along Commerce Drive/Surry Industrial Park and continuing along Rolfe Highway/State Route 31 to the intersection of Rolfe Highway/State Route 31 and Colonial Trail East/State Route 10, thru the Town of Surry, and terminating in the vicinity of 697 Colonial Trail East, the Dollar General store. Additionally, end user terminations were installed for eleven community service facilities and four business entities.

In November 2013, Surry County's fiber network was lit and now offers circuits to its fiber. The network has greater reliability, increased bandwidth, and costs that are significantly lower than a T1(1.Mbps) line, the method two of our community's largest employers used before transferring service to the County network. The local network offers more bandwidth that is dedicated per subscriber, with greater reliability, for less cost. Surry County government operations, the Surry Library, Windsor One and Edwards Ham are now all serviced by the network. The County's wireless network will be facilitated by the fiber based network that will truncate at the tower base. Wireless services are forthcoming and anticipated to be online and offering subscriptions to residential customers in 2016.