

Vermont Telecommunications Authority FY2015 Budget Proposal

House Appropriations Committee

January 30, 2014

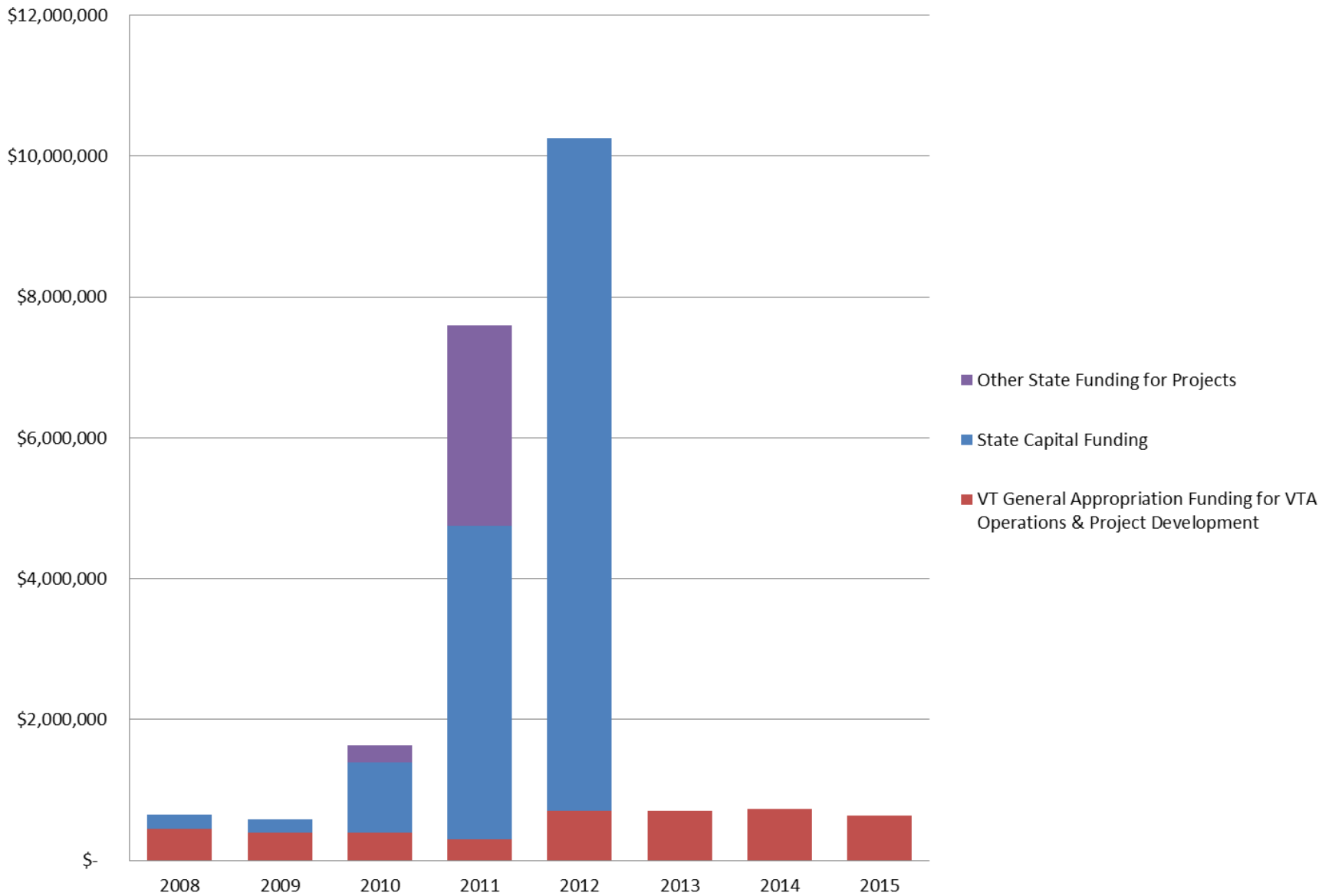
VTA Areas of Activity

- Broadband
 - Grants & Other Financial Assistance
 - Outreach and Information
- Cellular
 - Wireless network equipment leasing, tower development, grants
- Fiber Optic Infrastructure
 - Direct development of “dark fiber” and grants

VTA Funding Sources

- General Appropriations
- Capital Appropriations
- Federal Grants

State Funding to VTA by Fiscal Year



What VTA's General Appropriation Supports

- New Project Development
 - Creating options for getting service in difficult-to-served areas
 - Outreach and negotiation with telecom companies, infrastructure owners, community groups and economic development organizations
 - Grant seeking and developing other opportunities for funding or infrastructure improvement
- Core Operations
 - Financial management and auditing
 - Legal
 - Executive management and general administration
 - Board expenses
 - Subject matter expertise support to Administration, Legislature, and Delegation
 - Office facilities, equipment, supplies, and support services
 - State-required reporting
- Management of requests for licenses to use state property for wireless facilities

VTA Federal Grants

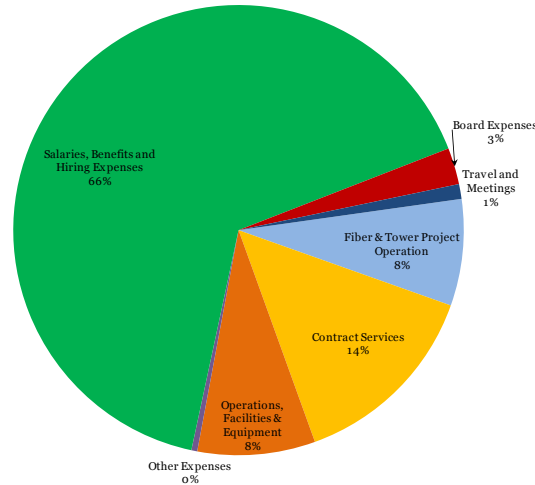
- New Federal Grants through FY14 and FY15
 - Cellular Resiliency Project: Economic Development Administration Disaster Recovery--\$1.6 million
 - The Northern Borders Connectivity Project: Northern Border Regional Commission--\$220,000
- Federal Grants concluding in first half of FY15
 - VT Fiber Connect: National Telecommunications and Information Administration (NTIA)--\$33.4 million
 - State Broadband Data and Development Program: NTIA as a subgrantee to Vermont Center for Geographic Information--\$675,000

Vermont Telecommunications Authority
FY 2014 General Operating Budget Summary

General Funds Budget

Revenue		
Vermont State Appropriation	\$ 735,000	84.3%
Tower Site Rental, Services Provided & Misc.	24,968	2.9%
Broadband Data & Development - Indirect	22,871	2.6%
Bond Program & Dark Fiber Licensure	80,236	9.2%
Interest Income	8,500	1.0%
Total Revenue	\$ 871,575	100.0%
Expenses		
Fiber & Tower Project Operation	\$ 69,140	7.7%
Contract Services	127,053	14.1%
Operations, Facilities & Equipment	76,337	8.4%
Other Expenses	3,819	0.4%
Salaries, Benefits and Hiring Expenses	593,926	65.7%
Board Expenses	23,700	2.6%
Travel and Meetings	9,600	1.1%
Total Expenses	\$ 903,575	100.0%

VTA FY2014 Projected Operating Expenses

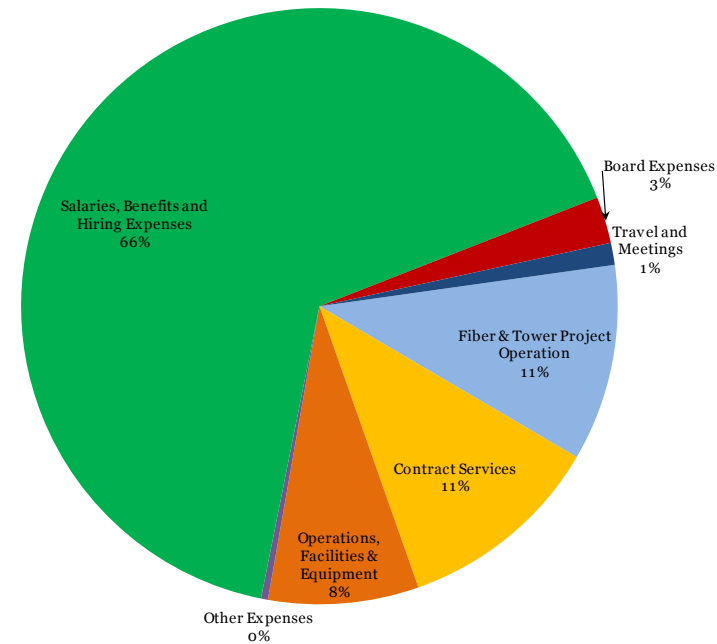


Vermont Telecommunications Authority
FY 2015 General Operating Budget Summary

General Funds Budget

Revenue		
Vermont State Appropriation	\$ 635,000	78.9%
Tower Site Rental, Services Provided & Misc.	22,231	2.8%
Broadband Data & Development - Indirect	5,239	0.7%
Bond Program & Dark Fiber Licensure	133,581	16.6%
Interest Income	8,500	1.1%
Total Revenue	\$ 804,551	100.0%
Expenses		
Fiber & Tower Project Operation	\$ 85,840	10.7%
Contract Services	89,859	11.2%
Operations, Facilities & Equipment	65,565	8.1%
Other Expenses	3,034	0.4%
Salaries, Benefits and Hiring Expenses	530,353	65.9%
Board Expenses	20,300	2.5%
Travel and Meetings	9,600	1.2%
Total Expenses	\$ 804,551	100.0%

VTA FY2015 Projected Operating Expenses



Impact of General Appropriations

- Project Development
 - Developed a range of solutions to reach difficult-to-serve areas for broadband and cellular
 - Obtained federal grant funding
 - Developed commercially-viable contracts for dark fiber, towers, and cellular equipment leasing
- Overall Operations
 - Clean audit / strong financial management
 - Standardized and strengthened oversight of awarded projects
 - Required reports are complete and regularly delivered
 - VTA regularly called on to advise on telecom matters

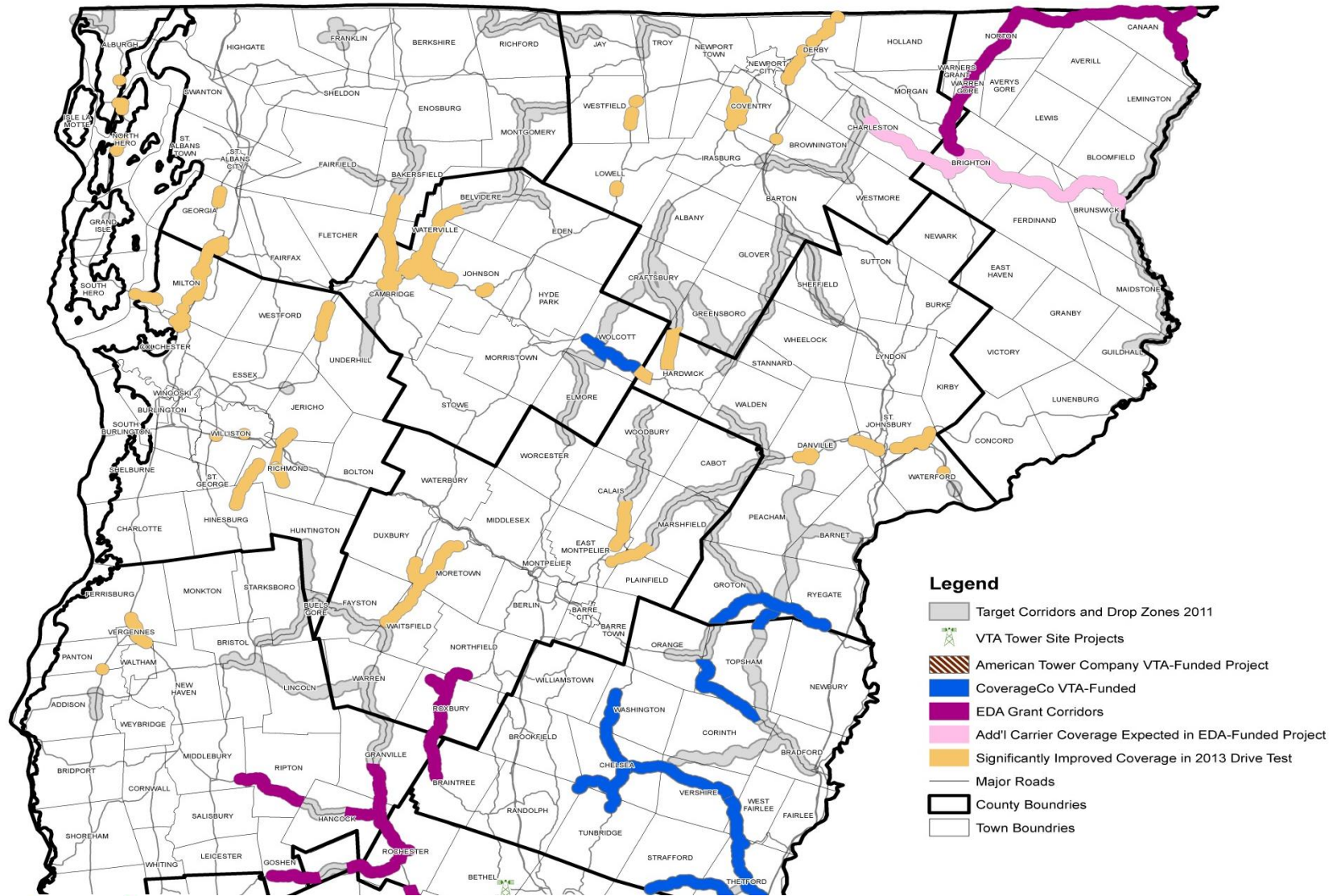
VTA Impact (How Much)

- Broadband
 - Since 2011, awards or assistance in 33 towns
 - Solutions found for all identified unserved addresses not served by non-VTA projects
- Cellular
 - Since 2011, projects targeting all or part of 20 “Target Corridors”
 - Approx. 250 “small cells” deployed or in development
 - Approx. 8 tower sites deployed or in development
- Fiber
 - Since 2011, 207 miles of dark fiber constructed, acquired, or in development
 - Vermont Fiber Connect (lit fiber)
 - Approx. 800 miles new fiber constructed
 - More than 340 “Community Anchor Institutions

Cellular Infrastructure Being Deployed



Cellular Target Corridor Status

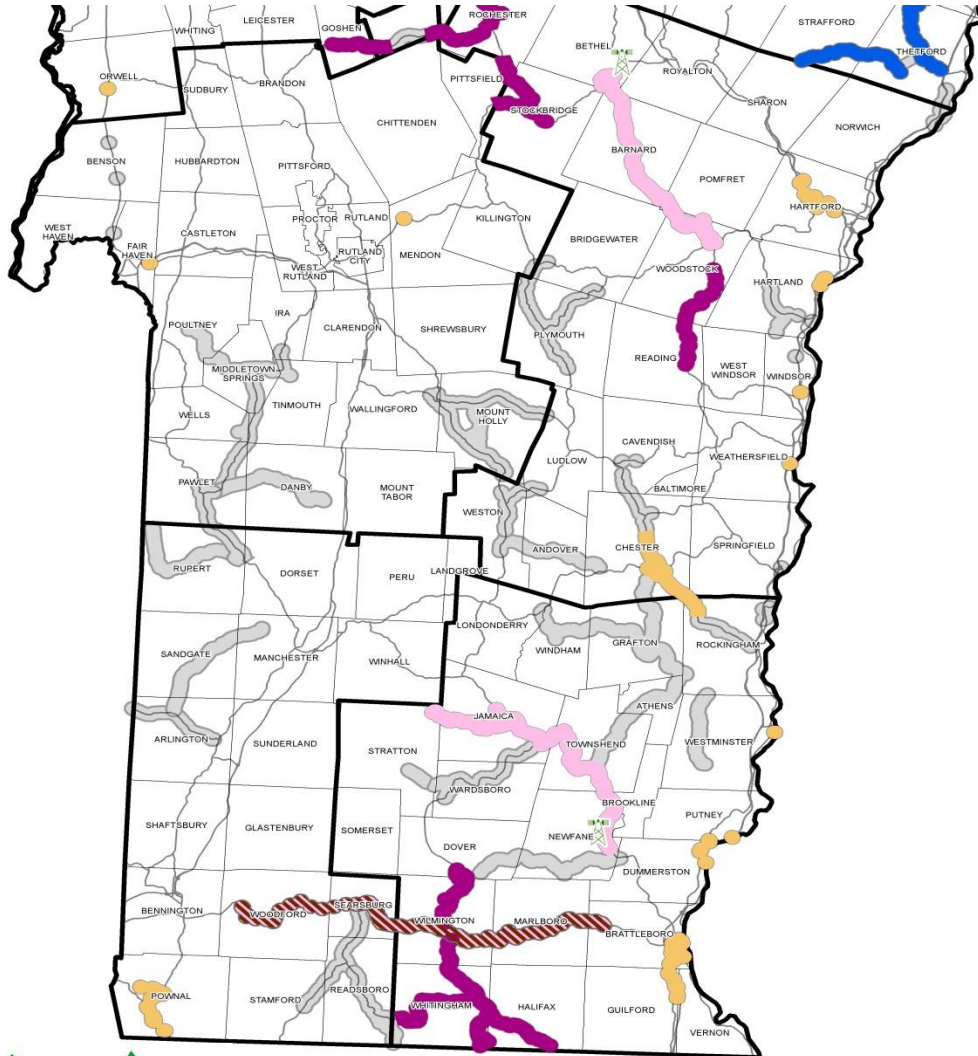


Presented by Christopher Campbell,
Executive Director, and Frank Reynolds, Director of
Financial Management

1/30/2014



Cellular Target Corridor Status

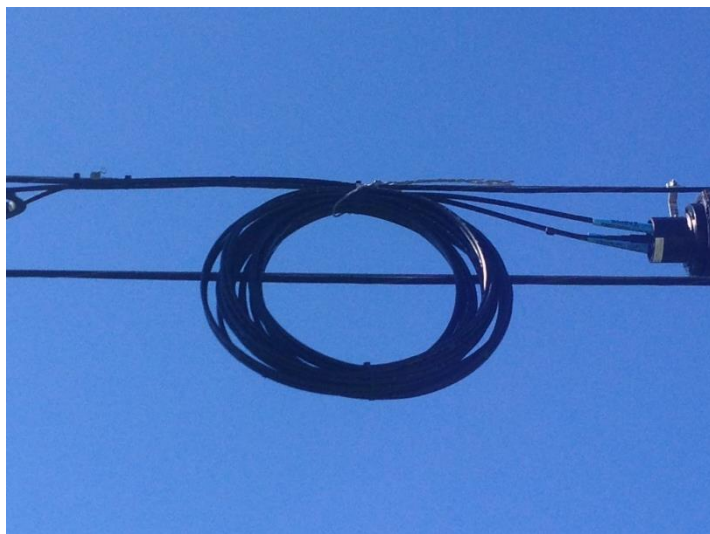


Legend

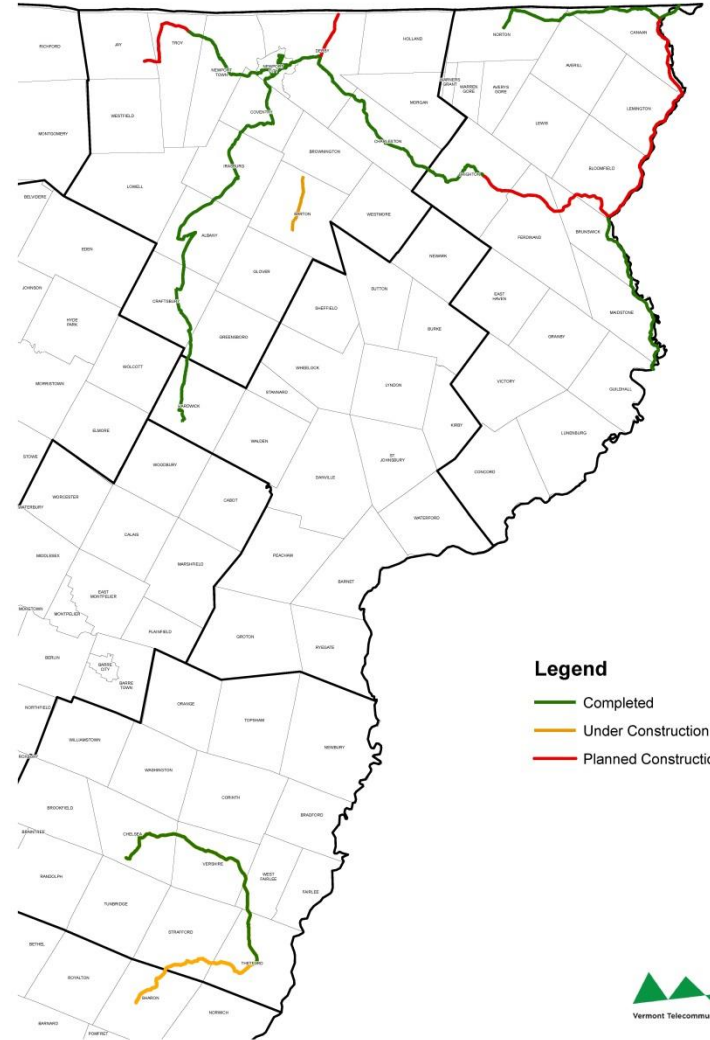
-  Target Corridors and Drop Zones 2011
-  VTA Tower Site Projects
-  American Tower Company VTA-Funded Project
-  CoverageCo VTA-Funded
-  EDA Grant Corridors
-  Add'l Carrier Coverage Expected in EDA-Funded Project
-  Significantly Improved Coverage in 2013 Drive Test
-  Major Roads
-  County Boundaries
-  Town Boundaries



Dark Fiber



Dark Fiber Networks: NEK Fiber Network and Orange County Fiber Connector January 2014



VTA Impact (How Well)

- Broadband
 - Controlled costs
 - Improved targeting of unserved addresses
 - Better benchmarking of grant funding amounts proposals
 - Found ways to work with diverse service providers to improve options
 - Enhanced reporting and oversight of projects to encourage successful completion
- Cellular
 - Found ways to expand coverage for all four national carriers
 - Cultivated entry of new cell carriers focused on rural coverage
 - Controlled costs
 - Small cells for targeted coverage
 - Built on federal grant funding for VTel Wireless
 - Leveraged investment by tower companies
- Fiber
 - License agreements signed with a variety of service providers to use dark fiber
 - Identified and developed projects with both a broadband and cellular benefit

Examples of who is benefitting

- Broadband
 - Unserved homes and businesses getting service
 - Businesses and institutions getting more “high broadband” services
- Cellular
 - Rural residents
 - Business operators
 - Traveling public / Tourists / tourism-dependent businesses
 - Rural first responders

FY2015 Program of Work Highlights

- Completion of committed federal grant projects
- Oversight of broadband projects finishing in 2014
- Additional cellular projects: towers and small cells & supporting “backhaul”
- Business Broadband Improvement Districts

Impacts of Proposed Budget Changes

- \$100,000 reduction in General Appropriation from FY 2014 – a 14% cut;
- Result will be:
 - Additional staff costs absorbed into capital or grant-funded projects (if available) and/or
 - Workforce reduction