

**Southside Network Authority  
Summary Minutes  
September 10, 2021**

The September 10, 2021 meeting of the Southside Network Authority (SNA) was called to order by Vice Chair Andria McClellan at 2:03 PM with the following in attendance:

**Southside Network Authority Voting Members in Attendance:**

Andria McClellan, Vice-Chair, NO	Daniel Jones, PO
Regina Chandler, Alternate SU	Rosemary Wilson, VB
Scott Fairholm, Alternate CH	

**Other Participants:**

Debra Bryan, VB Jay Stroman, CH Edward Shahnazarian, VB Mike Lockaby, Guynn, Waddell, Carroll & Lockaby, PC (via phone)	Frazier Picard, NO Catheryn Whitesell, NO (via phone) Steven DeBerry, SNA Executive Director Matthew DeHaven, CTC Technology & Energy (via phone)
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Vice Chair McClellan asked everyone to please introduce themselves. SNA Executive Director, Mr. Steven DeBerry, welcomed everyone and reminded the members to speak into their mics so the participants listening in by phone would be able to hear the conversation.

Vice Chair McClellan asked Mr. DeBerry to provide an update of the project progress since the last meeting of the SNA. Mr. DeBerry directed the members to the brief in front of them. He reminded everyone that the SNA decided to pursue a dual path strategy by looking at both a traditional construction project as well as Public/Private Partnership (P3) effort. He noted that Ms. Catheryn Whitesell would be providing a cost-sharing update later in the meeting, and Mr. Mike Lockaby would update the SNA on a more detailed timeline for the procurement process.

**Approval of the Minutes**

Vice Chair McClellan directed the SNA members' attention to the minutes of the last meeting that were before them and called for a motion to approve the Minutes of the June 11, 2021 meeting.

Mr. Daniel Jones Moved to approve the minutes of the June 11, 2021 SNA meeting; seconded by Ms. Rosemary Wilson. The Motion Carried.

**Approval of the Agenda**

Vice-Chair McClellan called for a motion to approve the agenda for the meeting. Ms. Wilson Moved to approve the agenda as presented; seconded by Mr. Jones. The Motion Carried.

## **Status Update on Near-term Action Items**

SNA members voted previously to pursue a dual path strategy for funding, constructing, operating, and maintaining the Regional Connectivity Ring that provides options to move the project forward while gathering additional information regarding potential funding strategies. Mr. Steven DeBerry, SNA Executive Director, noted the SNA was making excellent progress on executing the Authority's strategy. He noted nine responses were received in relation to traditional construction pre-qualification RFP; eight were pre-qualified and one company removed themselves because they were more interested in the P3 strategy. The SNA was then in a position to release a Construction Invitation for Bid (IFB). Six of the eight bidders that were qualified actually bid on the project.

Mr. DeBerry also noted that four proposals were received in response to the P3 effort. He stated that he, Mr. Lockaby and Mr. DeHaven completed a detailed executive analysis and were specifically looking at aligning results from the proposals with the priorities that the SNA set as a board, reviewing such things as public safety, education and economic development. Mr. DeBerry noted that the P3 review team is in the process of reviewing the proposals received and have set an initial date of September 17, 2021 to complete the review. Once input is received from the P3 review team, a public meeting will be called, and the team will decide if interviews need to be conducted.

Mr. DeBerry displayed a chart illustrating the costs associated with the six bids. He reminded the SNA members that \$24 million was estimated as the cost of the fiber. Mr. DeBerry noted that they will have to have further review into the assumptions of those companies that bid to ensure the SNA understands how they determined their costs.

Vice Chair McClellan asked for clarification on the information Mr. DeBerry just presented. She noted that one proposer did not bid on the maintenance component and stated that the Authority would have some ongoing maintenance costs. Are the amounts shown annual costs for maintenance? Mr. DeBerry stated the proposers had the option of bidding on the construction only or on maintenance only. Mr. DeBerry asked Mr. DeHaven for confirmation as to whether the figures presented were annual costs. Mr. DeHaven noted that the figures presented were for three years of maintenance; one-third of that figure would represent the annual cost.

Ms. Wilson noted that there seems to be a wide gap between bids. Mr. DeBerry noted that CTC, as the SNA's consultant, will be looking more closely at that. CTC will have their engineering team look at the bid prices versus what the SNA asked them to do to ensure they are accurate, and the proposer priced what we asked them to price. Mr. DeBerry reminded the Authority that this is a bid, not a negotiation; but to Ms. Wilson's point, in addition to looking at pricing we are also going to look at the technical specifications. For example, the SNA is not sharing conduit; they are not economies of scale – this is going to be a fully owned and operated fiber ring of the SNA. It might make sense for some to leverage fiber, but that is not what was requested.

An additional component the Authority asked Mr. DeBerry and the consultant to examine is an RFQ for operations and marketing. Mr. Lockaby and Mr. DeHaven have done preliminary work, but as review of the bids and the proposals began, there is some alignment with what

was received from the industry with what the Authority wants to know in terms of maintenance and marketing. Mr. DeBerry stated that he thinks the SNA may want to build on that and later make the decision whether a specific RFP needs to be issued or can elements be pulled from the proposals already received to meet the needs of the of the authority.

Mr. DeBerry introduced Catheryn Whitesell, Norfolk Deputy City Manager, to provide an update of the work of the cost-sharing review team.

Ms. Whitesell reported that the original the five cities budget directors are meeting regularly although they have had to get up to speed on the project itself. Mr. DeBerry and Mr. Lockaby were helpful when they briefed them about the project and its potential. All see the project as a regional business opportunity for the five cities. They are all looking at their specific contribution to construction as an investment, and they are asking questions about the return on that investment going forward.

The five City Managers have met, and all are going to recommend to their councils that this project be funded within the next few months because if the SNA wants to do construction, there is a limited time on the bids. Ms. Whitesell reported that the City Managers are committed to providing funding for their proportionate share. The budget managers understood the importance of this project and are working toward including the project information in all briefings to their councils going forward. Ms. Whitesell noted that they are relying on Mr. DeHaven and Mr. Rotty to provide them with scenarios that clearly identify the assumptions they can bring forward a recommendation to the SNA board on a cost-sharing model.

Vice Chair McClellan thanked Ms. Whitesell for her overview and noted that Ms. Whitesell mentioned a cost-sharing agreement; she asked if there would also be a revenue-sharing agreement. Ms. Whitesell said that is what they are working on now and trying to obtain more information so they can help craft a recommendation to the SNA for a cost- and revenue-sharing agreement.

Mr. Jones asked for clarification on when the City Managers met. Ms. Whitesell said it was three to four weeks ago. They met at the Slover Library, and it is her understanding that all the City Managers were there. Mr. Jones noted he would need to follow-up with his City Manager. Vice Chair McClellan said that she has a tentative meeting with Mayor Glover and will go over this information as well.

Mr. DeBerry introduced Mr. Mike Lockaby to talk about the construction procurement process and the nuances of the P3 IFB. Mr. Lockaby explained that he would briefly go over the continuing portion of the P3 procurement process as well as the invitation for bids process.

Mr. Lockaby noted that the IFB procurement process is very straightforward as an extremely well-drawn path was put forth in detail in the bid package. He reported that the RFQ process prequalified seven of the eight firms (actually prequalified 8 of 9 - one withdrew; 6 of the 8 submitted bids), which means that it was determined these firm had the actual ability to carry out the project. Mr. Lockaby then reviewed the remaining steps in the process:

- Advertisement of a bid package; bid package had unit price specifications as well as detailed bidding instructions.
- The package also included the form of the construction contract and provided that the bid tabulations given for the construction phase must be valid for 90 days (firm 90-day prices).
- SNA received those prices on August 31st; SNA has 90 days to decide to award the or to cancel the contract and reject all bids.
- If decision is to move forward, the Authority would award the contract to the lowest responsive responsible bidder. It has already been determined that six of the bids are responsible; currently determining whether they are fully responsive to the bid request.
- After agreement to contractual terms, SNA will issue a notice of intent to award. Finalize the contract and all other necessary items within 10 days and the notice to proceed is issued.
- Construction contractor has 15 days to produce a Gantt chart with critical project milestones. Construction should be completed within approximately 548 days, depending on allowable excusable delays.

Mr. Lockaby then outlined the P3 process and noted the Authority is currently in the conceptual phase during which each of the localities has 60 days to provide the Authority with their comments on how the project will fit into their comprehensive plans, economic development plans, and capital improvement plans (CIPs). The Authority has a selection team that will be looking closely at the P3 proposals to determine if it is the best value for the authority. The SNA will have 90 days to determine if it goes to the next stage with the P3 partner where the Authority has an actual design and business plan for the next 20 years.

Mr. Lockaby explained that another option is to proceed with the IFB path to construct the ring and then the Authority would build partnerships itself (i.e., find a contractor who can operate, maintain and market). A third option would be a hybrid of the two approaches.

Vice-Chair McClellan thanked Mr. Lockaby for his comments and asked him to confirm that for the IFB, the SNA has 90 days from August 31st to approve or reject the bids, and for the P3, each locality has 60 days to respond to how it fits into their individual comprehensive plans, economic development plans, etc. Mr. Lockaby replied affirmatively and added that the pricing is firm for that time period, and he noted that the Authority could potentially make a decision during the November meeting. Mr. Lockaby noted that he sent a letter to the City Managers asking for their comments within 30 days. If comments are received within the 30-day period, the Authority may be able to make its decision.

Mr. DeBerry asked Mr. Lockaby if the P3 bids had been forwarded to the City Managers with copies to their legal teams. Mr. Lockaby confirmed and also noted that the P3 proposals with the confidential information redacted, are available for review on the HRPDC website.

Mr. DeBerry outlined the next steps in the coming months for the Authority. He noted that staff continues to pursue the dual track strategy as directed by the SNA as well as examine a number of potential grants and strategic partnerships. He mentioned the American Rescue Plan (ARP) and how the State will distribute those funds through VATI. Staff has briefed the

State three times, and Mr. DeBerry believes the State fully understands the Authority's project but needs to determine how the SNA's project fits within the State's policy.

Ms. Wilson stated that the VATI funds are substantial – approximately \$700 million – and these are funds that the SNA should aggressively pursue. She noted that ARP monies could be utilized for other programs, but the VATI money would be a once-in-a-lifetime opportunity. Ms. Wilson asked Ms. Debra Bryan to speak to this.

Ms. Bryan noted that there is approximately \$700 million in the program that cannot currently be used based on the program's current policy. The VATI program is for unserved and underserved areas. The Department of Housing and Community Development administers the program, and their hands are tied as to how they can currently assist the SNA through its current policy guidelines. Ms. Bryan stated that every year during the VATI program, there is an opportunity for localities to weigh in on what the following year's guidelines should be. There are some aspects that cannot be changed and would require the General Assembly action. Ms. Wilson reported that Virginia Beach is making this issue a part of their legislative package for the next General Assembly session. Vice Chair McClellan also mentioned the HRPDC is including it as part of its legislative priorities. Ms. Bryan noted that she is working with all the legislative liaisons in Hampton Roads to make it part of a regional agenda so they are all speaking with the same voice on the legislative ask.

Vice Chair McClellan voiced her frustration with the VATI process. Although it is well-intentioned process that connects the most remote, rural areas. However, the number of residents who are without internet service in the region is not because the fiber does not exist, it is an affordability issue. She asked if there is data from the municipalities to support this. Mr. DeBerry stated that Mr. DeHaven would be helping the SNA with this. He further noted that many of the internet service providers (ISPs) that serve the area will report that there is fiber in a particular area and therefore the residents are covered. However, that does not mean it is affordable. Vice Chair McClellan said the Norfolk City Manager has reported that 25% of the homes in Norfolk do not have access to high-speed internet because of affordability.

Mr. DeBerry noted that the VATI grant that the City of Suffolk and the Counties of Southampton and Isle of Wight are working on have a good handle on the number of homes in those areas and have developed a good methodology. Perhaps they can be asked to share that methodology.

Ms. Chandler mentioned this is her third year working on the VATI grant, and this year the City of Suffolk is partnering with Southampton and Isle of Wight. Based on the analysis this year, this will be a \$37 million project. VATI will commit to 80% of the project, but as previously mentioned, VATI like to see those percentages higher. They want the three localities to be in at least 50%; this makes the application more attractive. Ms. Chandler noted the three localities added in-kind services and stated that applicants can get creative to make the applications more appealing.

Vice Chair McClellan mentioned that she would be participating in a webinar with Civic Leadership Institute and Lead RVA. She will provide them an update on the SNA work to date.

## **Old/New Business**

There was no old or new business to come before the SNA. Vice Chair McClellan announced the next meeting is scheduled for October 8, 2021.

## **Adjournment**

With no further business to come before the Southside Network Authority, the meeting adjourned at 3:05 PM.

Respectfully submitted,

Robert A. Crum, Jr.  
HRPDC Executive Director  
Recording Secretary