

**KANDIYOHI COUNTY AND CITY OF WILLMAR ECONOMIC DEVELOPMENT COMMISSION (EDC)
BROADBAND AND ADVANCED TECHNOLOGY COMMITTEE MEETING
MINUTES
August 31, 2015
EDC Board Room, Willmar**

Present: Mark Boeschen, Travis Bonnema, Bruce DeBlicek, Kathy Dillon, Larry Kleindl, Mike Malone, Les Nelson, and Donn Winckler

Excused: Dean Bouta, Linda Kacher, Jean Marthaler, Justin Mattern and David Sisser

Absent: Gary Geiger, Wes Hompe, Leslie Kelly and Jonathan Marchand

Guests: Donna Boonstra and Larry Handlin

EDC Staff: Connie Schmoll, Business Development Specialist

Secretarial: Nancy Birkeland, Legal & Administrative Assistants, Inc. (LAA)

Connie Schmoll called the meeting to order at approximately 12:00 p.m.

MINUTES—

IT WAS MOVED BY Larry Kleindl, SECONDED BY Mark Boeschen to approve the minutes of the July 6 and August 3, 2015 meetings. MOTION CARRIED.

REPORTS

Farmfest Rural Broadband Day. Members who attended Farmfest’s Rural Broadband Day had the following comments:

- the panel seemed optimistic as to obtaining funding in the next legislative session and were disappointed with the last funding
- they felt those who were interested in broadband expansion need to “make more noise” as to funding
- there are funds available, but it is limited as to how much you can get at a time
- a hospital representative indicated a great need for broadband services
- those interested in broadband need to speak with their legislators and indicate how important it is
- state representatives commented there weren’t enough projects requested to support having more funds

See comments attached made by the panel. Committee members felt the lack of state funds is a barrier to communities applying as the application process is cumbersome when so little funds are available. It is believed Swift County will find out if it receives state grant funds around November 15. In the last legislative session, State Senator Matt Schmit attempted to obtain \$100

million for the border-to-border broadband fund and the governor advocated for \$30 million. Funding for broadband needs to be increased, but no one is willing to put a dollar value on it. Approximately \$865 million of state surplus funds was left unallocated after the last session with little given to broadband.

DFL Caucus meeting. Schmoll, Larry Kleindl and Donn Winckler attended the DFL Caucus meeting (see notes attached). There seemed to be a lot of finger pointing; everyone is currently talking about broadband; the stories shared by attendees as to the impact of not having broadband were the most meaningful. The purpose and focus of this meeting was to make sure the caucus knew that businesses do not have adequate broadband and provide them with information. A representative of MVTV attended the meeting and asked for support for its border-to-border grant application. Anne Treacy, who works with the Blandin broadband programs, reported MN is 23rd in the nation for having broadband.

Senator Klobuchar's visit. Schmoll stated Senator Klobuchar's visit was very organized. She asked for bios of everyone who was invited to the meeting and was knowledgeable about the area's information. Notes from the meeting were distributed (see attached). It appeared Senator Klobuchar was somewhat surprised with the information provided by those in the Ag sector. Boonstra stated Senator Klobuchar was very personable, interested in each of the stories presented and plans to bring them to the Senate floor. Haug Implement's technician was very informative on the data he provided. The community should be proud its representatives were able to speak forthrightly and share their frustrations as to broadband issues. Jerrell Stanley of Frontier showed a map with a diagonal line through the county where Frontier will be installing two-string copper DSL lines with CAF (Connect America Fund) funds it received. Schmoll is receiving calls from businesses in the southeastern part of the county voicing frustrations with broadband. Senator Klobuchar is in favor of using funds from the Universal Service Fund, which is funded through fees to home and cell phone users and is unused and available. Mike Malone suggested asking for an annual allotment rather than one-time funds. At one, time, it is believed an estimate of \$1 billion was given to expand broadband in the state.

Federated Telephone Cooperative conference call. Donn Winckler reported the Region 6 Development Commission informed him Federated Telephone Cooperative (FTC) did its own feasibility study in Swift County to apply for \$5 million from the state border-to-border grant. FTC requires matching funds for its investment. FTC has stated it will not do a feasibility study in Kandiyohi County until it is known if Swift County receives the state grant. Travis Bonnema reported a project from southeast Minnesota to Hutchinson is moving forward with services through Jaguar Communications. Bonnema will find out more information on this project. Kerkhoven and Murdock are not eligible for inclusion in the grant because TDS provides services, which would be the same for communities in Kandiyohi County. FTC representatives attended the DFL caucus and Klobuchar meetings in Morris. It was recommended Kandiyohi County apply to the Blandin Foundation for a \$50,000 grant to complete a feasibility study as soon as able. The required match would be split 50/50 between FTC and Kandiyohi County.

Boonstra stated Kandiyohi Power Cooperative can get funds to cooperate in a grant and is interested. FTC stated there has been a 25% increase in costs to install fiber (20% for prevailing wage and 5% for fiber). Timing is critical once the state grant is received as everyone places a fiber order at the same time so it is difficult to get the materials needed. It is believed grants are

awarded on November 1. An average estimate of \$10,000 per location was given to bring fiber to the home. Bruce DeBlicke stated Entel has fiber to the curb, but not to the home. Mark Boeschen stated the state's broadband map shows Willmar to Pennock and along Highway 23 from Spicer to New London has 100 mg download speeds, which is believed to be Charter's service area. Copper is DSL and is distance sensitive. The committee's message needs to be fiber is what is needed. FTC suggested a payback of 10 years. Bonnema stated Jennie-O Turkey Store uses 100 mg at all of its facilities, which serves it just fine. Upload speeds for farmers are not sufficient. Boonstra commented the county has businesses with cutting-edge technology that will leave if they cannot get adequate broadband service.

Kleindl suggested this committee write a letter to Representatives Tim Miller and Dave Baker and Senator Lyle Koenen asking to keep the Office of Broadband open and to keep funding broadband grants. Kleindl stated Kandiyohi County can bond for broadband, but the impact of a bond would significantly increase property taxes and residents in the served areas would protest. Committee members felt the broadband issue needs to come from the state level rather than county. Boonstra informed the committee she will be in Washington, D.C. in October and is available to testify on the senate floor if Senator Klobuchar needs someone. Kleindl stated the Association of Minnesota Counties has a broadband committee that communicates with legislators. Larry Handlin stated there is also some opportunity to discuss issues at Blandin Foundation's annual broadband meeting.

Schmoll and committee chair Dean Bouta will prepare a letter to the legislators and present it at the next meeting for the entire committee to sign. Look at Jean's computer; work with Dean Bouta. Larry Kleindl might have the letter. On next agenda. There are approximately 21,000 buildings in Kandiyohi County, which includes served areas. The served areas will need to be excluded for the grant application. Boeschen will get the number of buildings in the unserved or under served areas from Matt Runke for the next meeting.

WiFi community grant. Schmoll reported the grant for WiFi hotspots was received and she will complete the necessary reports. Kleindl reported \$3,000 toward matching funds came from Vision 2040.

Hack₂0 grant. Schmoll reported Hack₂0 is September 18-20, which she will attend in order to complete the necessary grant reports. The committee is in need of more project ideas. At present, she believes the only app suggestion is one to track the city of Willmar's yellow bikes and they hope to have three apps created. Handlin commented there was some interest in an invasive species app. It was suggested to include an app for the county's trail system with the yellow bike app. Kleindl believed Vision 2040 was going to submit an app suggestion for new residents to the community. Malone suggested an app for the county's public accesses. Kathy Dillon will ask if the medical community is in need of an app.

UNFINISHED BUSINESS—There was no unfinished business.

NEW BUSINESS

New members. By consensus, Larry Handlin and Donna Boonstra were added as members to this committee.

State grant expression of interest. The state border-to-border grant deadline is December 15 and an expression of interest to be included in the 2016 grant is October 1, 2015. It was the committee's consensus to submit an expression of interest for the 2016 Broadband Infrastructure Grant Program.

NEXT MEETING—The next meeting is **12 noon, Monday, October 5, 2015**, in the EDC board room, Willmar.

ADJOURNMENT—There being no further business,

IT WAS MOVED, SECONDED AND CARRIED to adjourn the meeting.

The meeting was adjourned at approximately 1:00 p.m.

Farm Fest 2015 - Broadband Day

Lisa Hughes, Department of Employment and Economic Development

“Broadband affects where people want to live and where businesses choose to locate.”

Need broadband with adequate speeds to increase “brain gain” (the 30 to 49 year olds that return to small towns after having lived in the metro areas since graduating from high school).

“83 million millennials have taken over the workforce and for them, broadband is a way of life.”

“All small communities struggle. . . . If we do not get this done, we move further behind.”

Dave Glehar of SpecSys

Currently using 8 different options for internet connection – need fiber optics

“In an environment where it is increasingly difficult to keep good employees, we need high speed internet to compete in securing and retaining employees.”

Kent Kelly, General Manager of Fortune Transportation

“Without the options we located and implemented for high speed internet, we would have simply moved our company elsewhere”

Paul Lanoue, Farm Business Management Instructor at Mn West Technology Campus

T1 lines costing farmers \$500 per month. To have ROI they need connection – need to transfer data, get information to those who can interpret the data.

Every farmer creates a \$1 million impact on the economy

Getting basic coverage to everyone is most important.

Jason O’Flanagan, North American Field Marketing and Sales Support Manager for Advanced Technologies Solutions Group FUSE Technologies

“FCC has money for rural America but the rules are much too difficult.”

95% of lines are in 35% of the land mass. (I believe he was referring to lack of lines in rural- agricultural areas) yet, only the army has higher technology data requirements than precision agriculture technologies today.

Jerry Johnson, Founder & CEO, Superior Edge

Big Data – Farm Equipment producing and using big data and drone generated data – 160 acre field can produce 1000 images. Smarter machines with more sensors equal an urgent need for high speed internet.

Mike Macrie, Sr. Vice President and Chief Information Officer Land O Lakes

Can analyze all U.S. farmland. A program was purchased from FRANLE. Large files with imagery need high speed internet to make it work.

August 13, 2015 **DFL Caucus talks Broadband in Willmar:** Focus on more money in next legislative session

The DFL Caucus (Representatives Paul Thissen, Paul Marquart and Erin Murphy) met with folks in Willmar today to talk about broadband. Similar to their meeting in Morris earlier this week the trend for all participants seemed to be disappointment in the 2015 allocation for Minnesota broadband funds and a drive to push for more next year.

There were about 20 people – elected officials, one provider (MVTV), economic developers, educators, someone who lives 2 miles outside of Willmar and can't get online and lots of folks from the Broadband committee.

Folks talked about the troubles they've had trying to improve broadband in the area. They praised the initiative of independent and local providers but expressed exasperation with the larger providers in the area that are not based in Minnesota. They have had bad experience with those companies making very incremental upgrades – but they seem to feel those upgrade are tokens more than investments in the area.

The mood was optimistic starting with the visiting legislators: We're going to have a budget surplus. Broadband might be a good fit. We want to learn more about challenges and opportunities.

Read on for more details – also the folks in Willmar created a helpful sheet on Broadband in Rural areas that highlights need of agriculture – including the traceability of food, which isn't something that gets a lot of discussion in the Twin Cities.

MVTV – 80 percent of customers are rural. We see that cities are pretty well served but rural areas aren't. We have 13 sites in Kandiyohi County, which means spots on towers offering fixed wireless service to surrounding areas.

Challenges to improve services in the area:
Demographics

Lakes – people want to work remotely Ag – no access County is serviced by 3 telcos TDS, Century Link, & Frontier. We aren't a priority they get grants but it feels like a token. Other funding sources help but we see progress in other rural areas with local independent providers.

Funding has gone down. Companies are willing to invest but they need predictable funding with reasonable expectations.

Precision ag needs better broadband. But it's a low population density.

Public-private works with the local, independent providers but not the national providers.

We have a strong educational network. We too have difficulty getting national providers to engage.

Comments from local Resident: She lives 2 miles outside of Willmar and can't get online. They will not upgrade because we only have 3 houses on our block and have different providers. We use Verizon hotspot.

Wireless needs wires to backhaul. As we grow, we need fiber pops to the towers. We deal with the providers that have been mentioned. The independents have done a good job. The price cap rules have provided opportunities for them

It costs \$8,000-25,000 per mile to install fiber.

How do you use technology to support people? You can do it but it requires broadband – even for informal support. Also can have a big impact on carbon footprint.

We've tried working with incumbents – the give the company line. "We're doing improvements" The smaller companies will talk to us. Some want a big anchor tenant. To the West there has been built out and we're hoping it reaches us. The providers out there have no interest.

The bigger companies respond to stockholders and have quicker ROI requirements. The cooperative and smaller models are OK with a slower turn around.

There is a financial gap that the State can support. The costs are going up and that's part of why we were disappointed in the cuts to the Broadband Fund, not a decrease. The various branches really indicated that there would be an increase but it didn't happen. We were very surprised and disappointed with the funding. And now the costs go up and we'll need more funding later.

The two most important things the legislature can do in Minnesota is transportation and broadband.

To keep young people in the area we need broadband. Doesn't matter how you define youth – 8 to 48!

It's not enough to just have two people. It's not just about the haves and the have-nots. It's about the totality.

What are the costs of not having broadband across of the State of Minnesota?

Existing companies have cherry picked. Next line might cherry pick again – but there will always be fruit at the top of the tree that needs services.

The video streaming is killing the industry. Netflix is 35% of traffic – video services make up another 35% - business happens on the other 30%. That's true in rural and urban.

The State can put out a 50/50 grant. There are smart people who will make that work. TV doesn't make money any more. Content charges are going up. That will hit the wall as people access content through the Internet. Internet is subsidizing phone and TV – where video and TV used to support broadband/data.

One of the problems in the legislators is that many rural legislators were quiet. We heard in Morris that the State needs to support 60 percent of costs to install broadband. The State needs to support it. Broadband is a necessity.

We have been pushing for \$30-50 Million/year for broadband.

We had \$800 million left on the table after last sessions. We could have put more into broadband. Why didn't we?

Lack of broadband drives down market value for homes. BUT farmers can't move. We hear from farmers that people are putting data on flash drives and driving it into town to process. We can't process over wireless connections.

Traceability is a big issue to contain/deal with avian flu. The data involved is huge timing need is immediate. We need broadband to transmit & process.

RITA is working to teach kids but students have issues with access tools/homework/curriculum remotely. We're having the same issue in K12. Wireless access in busses has been great to fill a need but e-rate doesn't support it and it's a Verizon hotspot.

Graduates can jobs if they want them and are qualified. Some are staying around. They want to live by the lake but they don't have connectivity there. Brainerd is having the same issue.

We want to collect and tell stories of need in rural areas at the capital!

KANDIYOHI COUNTY AND CITY OF WILLMAR ECONOMIC DEVELOPMENT COMMISSION (EDC)
BROADBAND MEETING WITH U.S. SENATOR AMY KLOBUCHAR
MEETING NOTES
August 18, 2015
Kandiyohi County Health & Human Services Building, Willmar

U.S. Senator Amy Klobuchar was in Kandiyohi County for a “Connecting Minnesota” listening session on broadband services in rural Minnesota. Senator Klobuchar’s goals for the meeting include finding out what is wrong, what services the area has and what solutions are suggested. Approximately 24 individuals attended representing local business, health care, education and government.

The following are comments made at the meeting:

Roger Imdieke, Kandiyohi County Commissioner and business owner—a doctor who lives on a lake in the northern part of the county cannot get broadband and is unable to do business from his home.

Nate Hultgren, Hultgren Farms—their farm needs reliable Internet so that precision farming equipment, such as irrigation equipment, can communicate with computers. They lose contact with their machines.

Sam Romain, Integrated Solutions Consults, Haug Implement—Haug is using Century Link, which they feel is the best available technology in Willmar. They are doing aerial imaging of fields to help farmers apply fertilizer and chemicals. However, they are unable to transfer the data in-house as there is a “choke point” that makes it challenging to get the time sensitive data to the farmers. Farmers often will bring their laptops to a location in Willmar, such as a restaurant with WiFi or use their cell phone as a hotspot to download the data.

Tony Aseben, Chief Information Officer, Affiliated Community Medical Centers (ACMC)—ACMC transmits medical data from its locations and the cost per month differs widely between their locations:

- \$9.95 per month for the Willmar clinic
- \$ 110.00 per month for the New London clinic
- \$120.00 per month for the Litchfield clinic

Steve Renquist, EDC Executive Director—offered a suggestion to borrow funds for infrastructure similar to what was done with the Rural Electrification Act and RCA. Senator Klobuchar stated the Federal Communications Commission is looking at methods of releasing funds.

Dean Bouta, Bennett Office Products and chair of the EDC Broadband and Advanced Technology Committee—the county’s demographics vary from Ag to the south and telecommuters to the north, who need higher upload speeds and symmetrical fiber connections. Kandiyohi County is presently served by three major telcos. The smaller telcos must compete with the larger ones and they are not getting any of the federal funds—only the metro area has access.

Ken Warner, President, Willmar Lakes Area Chamber of Commerce—stated the issue is intergovernmental.

Butch Haug, Haug Implement—Haug uploads its data via AgPixel of Des Moines, Iowa. The issue is getting the information back timely for the farmers to apply fertilizer and chemicals as needed. Competitively, they are doing better than others in their field.

Larry Kleindl, Administrator, Kandiyohi County and member of the EDC Broadband and Advanced Technology Committee—Healthcare workers in rural areas are unable to upload their data and have to wait until their return to their office to do it, which is inefficient and essentially doing the work twice.

Brad Hanson, Operations Manager, Willmar Ambulance Service—they monitor patients at home, but WiFi is inadequate for vital signs data and video chats between the doctor and patient. Cell phone transmission from the ambulance to the hospital is also bad, as well as for law enforcement. The NextGen system needs help.

Betty Strehlow, Vice President of Academic Affairs & Student Services, Ridgewater College—Ridgewater has a concern for students who learn off campus as learning management software is required, as well as video access in order to complete their assignments. Ridgewater received a federal technology/RITA (Research and Innovative Technology Administration) grant from the U.S. Department of Transportation to help students access the Internet anytime/anywhere; however, this is not possible with the current Internet access and speed issues.

Harlan Madsen, Kandiyohi County Commissioner and EDC Joint Powers Board chair—Broadband needs to be treated the same as roads and bridges and as an investment for our people. Need cooperation between the government, the public and the private sector. Senator Klobuchar stated the U.S. Senate passed a six-year bill for increased funding for Minnesota for three years.

Donna Boonstra, EDC Joint Operations Board member and Kandiyohi Power Cooperative board member—Minnesota was rated by CNBC as the top state for business, but rural Minnesota is having a difficult time doing business and is unable to do online webinars and YouTube often stops loading and you have to wait to see a complete video.

Pete Royer, Little Crow Telemedia—Small telcos are having to plow around large providers. They were an outlet for K-12 schools to get connected, but are not offering as much as before as they spent a lot on plowing in fiber. In 1999, they were saving \$20,000 month with a cooperative. They used a grant from the United States Department of Agriculture to provide video codec services to school music classes being streamed from Minneapolis. The local phone companies stepped to the forefront to assist the schools.

Bruce Peterson, Planning and Development Director, City of Willmar—the city of Willmar takes its responsibility as a regional hub very seriously. It used a local option sales tax for its new industrial park to include robust broadband to grow the local economy and fill the industrial park.

State Representative David Baker—appreciated hearing the stories given and looks forward to partnering with the federal government to push the state to do more.

Jerrell Stanley, Local Manager Central Minnesota, Frontier Communications—stated he is in the DSL business and the issues are real and 100% correct. It helps to separate the types of services: WiFi, wireless and DSL. The CAF (Connect America Fund) Phase II is extremely exciting. Maps of the areas Frontier will upgrade with its CAF monies will be available in two weeks. Return on investment is part of the issue. The green areas of the Kandiyohi County map (approximately the southeast half) are eligible for CAF funds. Frontier will use \$27 million of CAF funds to expand services in unserved areas of Kandiyohi County to 10 mg download/1mg upload, which is the first step in offering some connectivity.

John Pohlman, Jennie-O Turkey Store—Jennie-O Turkey Store would like to link its 160 farms to the Internet for such things as training, but there is a lack of DSL cable and fiber is cost prohibitive. There are data cap issues and overages are expensive.

Gary Jamison, Chief Financial Officer, Jennie-O Turkey Store—they have 170 company-owned farms and 180 partially-owned farms and would like to do training over the Internet; however, they encounter dead spots for cell phones and broadband. They have 50 farms up and running, but had to hunt to find a provider, Altera, that could do it.