

Broadband Study Committee (BSC) Meeting Notes

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Date: April 14th, 2022

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The meeting was held virtually, on Zoom.

Committee Members Present: Sean Powers, Sean Daly, Alyssa Botelho, Cathy Melanson

FAIRHAVEN,
MASS.

Committee Members Absent: Tom McAfee

Town Staff Present: Derek Frates.

Consultants Present

Entry Point -Jeff Christensen (Part time), Bruce Patterson, Devin Cox

Lewis, Young, Robertson & Burningham - David Robinson

The meeting was called to order at 6:35 P.M.

There was a discussion about meeting notes from prior meetings. They need to be issue and approved in a timely manner, per Open Meeting Law.

The committee decided that the minutes from prior meetings that came through as transcribed notes from Zoom audio recording will not suffice and new meeting notes will need to be written by someone who views the meeting recording.

The meeting notes from March 30th were reviewed.

Sean Powers made a motion to approve the notes as written. Sean Daly seconded the motion. Cathy Melanson abstained because she was not at the meeting.

The motion carried with one abstention.

Bob Espindola explained the Community Compact Cabinet (CCC) Municipal Fiber grant application that he reviewed with the Select Board during their April 11th meeting and which is due for submittal prior to the deadline at noon on Friday, April 15th.

He said he would have preferred for the BSC to review the proposal first, before taking it to the Select Board, but timing would not permit that.

Bob Espindola described the nature of the grant, which is to build a pilot similar to what the BSC had contemplated back in October, but for the build out to be directed specifically to underserved population and the Fairhaven Housing Authority likely has a higher percentage of underserved when it comes to internet, than most other areas of Town.

The draft proposal for the grant was for a total budget of \$367K with \$250K coming from the CCC program, \$50K from Mass Broadband Institute (MBI) for "capacity building", outreach, etc. and an amount not to exceed \$37,500 provide by the Town in a match from ARPA funds. The Select Board approved the grant application on the basis that the contribution from the Town would not exceed

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\$37,500 and with the understanding that Bob Espindola would be working with Entry point to refine the scope, budget and schedule of the proposed project prior to submitting the application.

Bruce Patterson (Entry Point) indicated, from his initial review of the budget that he had some concerns about the material cost and availability, specifically the building required to house the equipment, but he said that the scope of the project could be scaled down to fit within the budget proposed in Bob Espindola's draft, if necessary and he was confident a pilot project could fit within the overall budget of \$367K.

Bob Espindola explained that the details of the grant application, scope, budget, support letter, etc., can be found on the Town's website in the packet for the last Select Board meeting.

Bob Espindola suggested that, even though the Select Board already approved submitting the application, it would be helpful to have an official endorsement of the BSC, if the committee were so inclined.

Bob Espindola answered a question from Sean Daly about if we could go for a larger amount of money from MBI. Bob Espindola indicated that the MBI grant request was not due on Friday, so there would be more time to review that but that these funds would not be used for infrastructure and he was not sure if the capacity building would require more than \$50K, but he would discuss further with Josh Eichen from MBI to find out what types of things could be covered by the grant.

Jeff Christensen joined the meeting at this time and explained that MBI had provided a list of eligible things that the MBI funds could be used for to the City of New Bedford and he could provide that list when he gets back to his notes.

Bob Espindola explained that Carol Alfonso, tenant representative on the Fairhaven Housing Authority Board of Directors, was going to submit a letter of support to go along with the grant application.

Sean Powers made a motion for the BSC to support the CCC Municipal Fiber Grant application as outlined by Bob Espindola. Sean Daly seconded the motion. There was no further discussion. The motion carried unanimously.

There was a general discussion about the Town Meeting articles for Broadband.

Bob Espindola explained that Article 34 would be the same as last year's Article 34 and there would be a separate article currently with a placeholder at #35, with language to be determined.

Devin Cox explained that Jeff Christensen had discussed the betterment option with Town Counsel and there were concerns about people being able to Opt-in to a betterment charge. Town Counsel does not believe the current statute allows for that and the Town would have to request special legislation to have that arrangement approved, which could take 1-2 years.

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Sean Powers asked if Taunton, a community who is an MLP and in recent years started to offer Broadband on an opt-in basis. Bob Espindola said he will reach out to Taunton to see what he could find out and pass the information on to Counsel.

Bob Espindola suggested that there should be further discussion with Town Counsel and Bond Counsel on the Town Meeting articles and explained that he has a standing request in with Town Administrator Angie Ellison to set up a meeting with Town Counsel, Bond Counsel and Entry Point to discuss in hopes that it will take place prior to the next BSC meeting. Bob Espindola indicated he would be included in that meeting.

David Robertson (Lewis Young) picked up where he left off from the last BSC meeting, describing the financial model he had been working on, together with Entry Point.

He shared his screen showing an Excel spreadsheet with numerous variables that could factor into the resulting cost to individual subscribers.

He explained that if everything could be boiled down to one critical factor, it would be "Debt Service Coverage".

He indicated this is a very important factor to investors. It is important to price the project as competitively as possible to draw interest from subscribers, but to balance that with a Debt Service Coverage that will entice investors.

He indicated a solid Debt Service Coverage ratio would be about 1.2 to 1.25 and that, depending on the take rate and price point for tie-in and monthly cost factors, this range could be achievable while still saving subscribers money compared to the incumbent provider.

There was a discussion about taxes and about what is included for equipment, such as modems, etc.

Bob Espindola pointed out that, whatever the costs are for this proposed project, the same costs would be required for someone currently subscribing to Comcast, so the important thing is to call out all the details and ensure that the comparison is on an "apples to apples" basis.

There was a discussion about the fact that early discussions with the BSC centered around capital costs for the tie in would eventually be paid for and the monthly cost to subscribers would be reduced by that amount. David Robertson indicated that currently modeling showed this cost carrying out for 20 or even 30 years. Devin Cox suggested thinking of the costs as something you would incur when building a new home and that those costs would stay with the home, even if ownership was transferred.

Bob Espindola indicated he was concerned that if these costs carry out for 20-30 years, there would not be a perceived value in elimination of the infrastructure costs because that is such a long time frame that people would not think of it as much different from what they have now but he said if they were able to eliminate in 7-8 years and see their monthly costs go down by \$25-\$30 per month, as descry bed in the early meetings of the BSC, that would be more meaningful.

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David Robertson pointed out that some elements of cost, like the fiber itself, will have a very long, useful life, but some components, like electronics, may need to be replaced every several years and that needs to be factored into the modeling.

The committee discussed the fact that the concept of separating the infrastructure cost from monthly Operation and Maintenance costs may be complicated under some of the financing models and more discussion needs to take place in this area.

Bob Espindola said these points should be considered in the final model recommended to Town Meeting and they should be considered in the legal discussion about special legislation.

Devin Cox suggested the Town might want to talk to attorney Rick Scobbie who has expertise in Municipal Light Cooperatives, having established a handful of them in Massachusetts.

Bob Espindola asked if Entry Point had a list of which communities had an MLP Cooperative and Devin said they did not but would find out and let the committee know.

David Robertson suggested it would be a good idea to meet again in about two weeks to keep the momentum going. Everyone agreed that was a good idea and settled on a date of April 22nd, at 1:00 P.M.

Sean Powers made a motion to adjourn at 7:57 P.M., Sean Daly seconded. There was no further discussion, the vote passed unanimously.

Meeting notes submitted by Bob Espindola