

Report of the Broadband Committee

September 30, 2021

Top Line

- Total cost for recommended Axiom project is \$1,340,250
- Town will borrow funds to initiate project (up to \$975,000), augmented by grants
- Axiom will pay for debt service out of subscriber fees
- There will be no further cost to the Town, taxpayers, or non-Axiom customers
- Therefore, the Committee recommends that the Town move ahead with Axiom
- This is the moment to act. The grant money available now will not be there forever, and people are already becoming impatient and finding their own solutions. Those who are unable to do so, because of location or means, will be left behind. Inaction will be very detrimental to Chebeague Island

Process

- The Town appointed the Broadband Committee during the spring of 2021. Members include Michael Porter (chair), Richard Hackel, David Hill, Aaron Julien, Adam Kagan, Hugh Kellam, and Gary Oderda. Justin Poirier served as the Town point of contact.
- The initial process included obtaining information on similar fiber optic systems in Maine and on local, state, and federal funding opportunities.
- Through the summer, the Committee developed a request for proposals (RFP) that was posted on the town website on July 13, 2021 with a response date of 9/10/2021. Shortly after posting it was realized that the response date was incorrect, and within an hour of posting this was changed in an addendum to 8/10/2021. Courtesy emails were sent to potential participants to make them aware of the posting, and a follow up email was sent to notify potential participants that the correct due date was 8/10/2021. Timely

responses were received from Axiom Technologies, Great Works Internet (GWI), and Spectrum.

Need For Broadband

- Most Chebeague residents have DSL internet service provided by Axiom or Consolidated.
- DSL has significant constraints in achieving acceptable speeds and this is made more difficult on Chebeague since the copper wires used are up to 100 years old. This leads to unreliable connections and low speeds both up and down, particularly for residents far from the connection point. Connection speeds also decrease dramatically during the peak season in the summer because everyone shares the same limited bandwidth.
- As we learned through the pandemic, Internet access is critical for schools, businesses and many people who work from home.
- Maine government's criteria for broadband is 100 Megabytes up and down. With a few exceptions for those with connections to the existing fiber, such as the School, Library and the Historical Society, the best speeds most residents can hope for are 7-15 down and 1 up. These speeds are not sufficient to support reliable use of the internet, for tasks such as working from home, telehealth, public safety and many more applications.

Request For Proposals (RFP)

- RFP publicly posted on Town and Maine Municipal Association websites.
- Courtesy emails notifying potential respondents to the RFP were sent to Consolidated, Axiom, GWI, and other local Internet companies.
- Consolidated did not respond by the deadline. They stated they had not received information that the deadline was August 10th, although an email was sent and it was posted to the Town website, as well. The RFP stated that the intent was that the network would be owned by the Town. Consolidated was offered an extension but indicated that they would not submit if the intent was that the Town would own the network. See email included in Appendix.
- Proposals were timely received from Axiom, Spectrum, and GWI.

- The Committee responded to each of the submitters with follow-up questions about their proposals. Further responses were received from Axiom and Spectrum. GWI responded more than two weeks after the deadline had passed.

Summary of Proposals

- The following table summarizes critical components of the three submissions

	Axiom	GWI	Spectrum
Ownership	Town	Town	Spectrum
Total Project Cost	\$1,340,250	Not Stated	\$1,301,539
Project Funding	Town bond plus estimated \$36,540 (ARPA), \$100,000 Cumberland and remainder State of Maine funding. Bond amount will depend on total external funding. Axiom will guarantee bond funding for 20 years,	Town, Grants	Spectrum will self-finance through bonds and other sources
Installation	All signups prior to completion date will be \$0. Axiom will run 22.46 miles of new build plus drops to individual homes.	Contractor. Not Specified.	22.46 miles of new build and 0.97 miles of interconnections mileage, exclusive of cost of final drops to customer locations, paid by subscribers.

Cost to Town	Cost to the town would be approximately \$50,000 (currently appropriated fund balance). This assumes that grant funding is obtained for approximately \$500,000.	Not clear. It is assumed that the Town would be responsible for installation. Proposal states that an agreement to lease the fiber would be established.	Installation \$0. Bulk plan would have Town be responsible for paying for service to 486 homes at \$29.95/mo or \$14,555 per month plus taxes. Town would be responsible for billing users and collecting. Non-bulk plan the town would have no ongoing cost.
Risks	The Town assumes responsibility for payment for the bond if Axiom defaults but insurance or other providers can mitigate this risk.	The Town assumes responsibility for payment for the bond if GWI defaults but insurance or other providers can mitigate this risk.	Without competition, customers are subject to changing terms and fees without competition.
Speeds Available (download/upload)	50/50, 100/100, 500/500	125/125, 250/250, 500/500	200/10, 400/20, 1000/35
Subscriber Cost	\$59.99, \$79.99, \$109.99 depending on speed. Former DSL customers may choose to keep old speeds at old rates for a year or so.	\$54.95 per month for 250/250 but this does not include funding of network installation	\$74.99, \$94.99, \$134.99 depending on speed
Seasonal Use	Cost would decrease to \$20 per month for 6 months per year and full cost for the remaining 6 months	Not Stated	Seasonal residents could suspend service once per year at an undisclosed cost

Timeline	12-14 months from funding	Not Stated	One year from receipt of all permits and pole attachment approvals
Throttling/Data Caps	No	No	None currently. Guarantees no data caps until 5/2023
Maintenance	Maintained by Axiom. Town owns and insures system (est. yearly cost (\$8000-\$10,000) , the cost of which may be absorbed by the revenue returned by Axiom after year two.	GWI will work with a contractor hired by the town for maintenance	Spectrum owns its network and maintains it.
Comment		GWI is interested in being the network operator and ISP	Asymmetrical speeds don't meet federal definition of broadband. Proposal says that they have the ability to provide 1 gig symmetrical. Not clear what a standard drop is and what charges would be for non-standard drop

Bonding (Axiom and GWI only)

- Bonds would be needed to cover construction costs for Axiom and presumably GWI. The Bond Bank would be used to obtain funding for what couldn't be obtained from grants.

- It is anticipated that the amount needed for bonding would be \$840,000 or less, but since the amount is unknown, consideration should be given for obtaining bonding at a level of \$975,000.
- Bonds would be issued to the Town but in the Axiom proposal would be paid off entirely by Axiom over a period of 20 years.
- In the event that Axiom does not fulfill its contractual responsibility to pay off the entire bond, the Town continues to own the fiber optic network which has substantial value. Other ISPs may provide service over an existing network, including GWI who has offered to lease the fiber optic network with that cost passed on to customers.
- The Committee is exploring the possibility of obtaining insurance (perhaps from Finance Authority of Maine (FAME)) as protection against any default on the part of the Internet Service Provider (ISP).

Recommendation

- The Committee recommends that the Town approve moving ahead with Axiom.
- The Committee plans to schedule a public meeting to inform the community.

Town Action

The Committee asks the Town to consider taking the following actions:

- Schedule a date for a Town Meeting or referendum to approve bonding authority. The committee suggests the maximum bonding authority be \$975,000. With anticipated local, state, and federal grants, it is expected that the actual amount of bonding would be less than this amount. If sufficient grant funding is not obtained to cover additional costs above \$975,000 moving ahead with the project would not occur without additional approval.
- Authorize the application for grants from ConnectMaine, Cumberland County, and federal sources. The grant window is scheduled to open by/on November 24, 2021. ConnectMaine is targeting November for confirming un(der) served areas, of which we believe Chebeague Island is one. Which means that the Broadband Availability Map must be done by October 20 based on industry data and grant tracking reports.
- Awarding of infrastructure grants is targeted for February or March of 2022.

Supporting Documents

Under separate cover, the Broadband Committee has assembled the following documentation:

- a. Formation of Broadband Committee
 - i. Charge
 - ii. Committee Goals
- b. Broadband FAQs
- c. Request for Proposals
 - i. Initial
 - ii. Follow-up
- d. Responses
 - i. Axiom
 - ii. GWI
 - iii. Spectrum
- e. Follow-up Responses
 - i. Addendum to RFP
 - ii. Axiom
 - iii. Spectrum
- f. Email Exchange with Jeff Nevins, Consolidated Communications
- g. Conversation with Mark Ouellette, Axiom Technologies

The Report of the Broadband Committee and Supporting Documents may be downloaded from <http://www.chebeague.org>. Please click on the link to “2021 Broadband” in the light green section to the right on the home page.

These documents may also be found on the Town Website, <https://www.townofchebeagueisland.org> under News and Announcements.

Also available at chebeague.org and the Town Website are the Committee’s “Broadband FAQs,” which addresses many questions raised during the course of the Committee’s work. All documents will be available to view at the Library.