

MINUTES

BROADBAND COMMITTEE

Wednesday, May 12, 2021

6:30 p.m.

Online Interactive

Committee members present: Adam Fuller, Renee Flanders, Kimberly Grindle, Holly Savage, Michael Ross, and John Gibbons

Others present: Jay Feyler

The purpose of the meeting was to discuss in some depth the two alternatives before us, and to decide on a near-term course of action.

Relevant background:

- The Committee had met with LCI two days earlier, on May 10, to discuss the potential for building out LCI's fiber network to cover the entire town, with connections to all premises.
- The Midcoast internet coalition had held its monthly meeting just before this (May 12) Committee meeting. John covered it for the Committee.

1. The meeting came to order at 6:37 p.m.
2. Adam asked John to recap the results of the Coalition's monthly meeting, which had just concluded. John provided the following summary:
 - Three of the towns (Camden, Rockport, and Thomaston) have an interlocal agreement on the ballot for the June 8 referendum. If the agreements are approved by the voters, the Coalition plans to create a nonprofit utility, the Midcoast Internet Development Corporation, as a legal entity. The corporation will thereafter be the entity that takes all further actions.
 - The first action to be taken by the corporation is to contract with Axiom for an engineering study to define a coherent Phase 1 network, and to lay the groundwork for selecting the towns to be included in the Phase 1 build.
 - There was a general update to all attendees on discussions held by the core members with outside organizations. No actions were taken. (This is the standard format for the Coalition's monthly meetings. There is an information push from the core group, but no decisions are made at the meetings.)
3. Holly asked if it was possible that some towns that wished to be included in the Phase 1 build might be excluded. The answer is yes. The Coalition appears to be focusing on a Phase 1 network that is relatively low in cost, which means a high population density (many potential subscribers per road mile of fiber), relatively easy to finance. It appears

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for example that Lincolnville, a core member of the Coalition from its beginning, and a strongly contributing participant in the Coalition's activities to date, is likely to be excluded, because LCI's fiber network in the town covers 90 percent of the town's road miles. A Coalition network would need to lay its own fiber along the same roads, a so-called "over-build." This complicates obtaining funding from the financial sources (banks, other).

Union, on the other hand, has 34 miles of LCI's fiber along its 83 miles of roads. This is an issue, but not a showstopper for Union.

4. John reported that the Coalition has created a Financing Group from its core members, to explore financing possibilities for its network build. Discussions have been initiated with the Financing Authority of Maine (FAME) about the possibility of guaranteeing loans, which would make the loans easier to obtain.

Also, it is becoming increasingly clear that a lot of grant funding for broadband Internet access is coming out of Washington, and there is increasing recognition among the granting agencies that municipal networks offer distinct advantages over private sector networks. As a result, it is becoming increasingly common for grant funding to be separated into two tranches: one for traditional grants to Internet Service Providers (ISPs) like LCI, and a second for public entities seeking to develop municipal networks.

5. Adam asked if our previous estimate of \$5K - \$10K as our share of the cost of the Coalition's feasibility study with Axiom was still valid. John replied that it would not exceed that range and would probably settle at around \$5K. Renee commented that LCI had given us a quote of the same amount two days earlier, for its own engineering study.

Late update: In a video conference on 5/28 with the Coalition, Debra Hall (the Coalition chair) reported Axiom had confirmed that Union could be included in the feasibility study for a cost share of \$5K.

6. There was a brief discussion of the proposal by the ConnectME Authority to change the criterion for designating an area as "underserved," from the current criterion of a maximum available Internet access speed of less than 25/3 mbps, to a proposed maximum available speed of 100/100 mbps. This would have a major positive impact on Union's ability to seek grant funding. The proposal is currently in a public comment period. ConnectME is getting some major pushback from the ISPs, probably from the cable companies, on the proposed 100/100 criterion.

The proposed criterion would prevent coverage by Redzone from disqualifying us from seeking grants for fiber network extensions in a particular area. LCI had offered the opinion earlier that week that Spectrum would not disqualify us either, because Spectrum could not offer a 100 mbps uplink speed. Renee said that she agreed with that view.

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7. There was a brief recap of the Committee’s meeting with LCI two days earlier, which had been convened for the purpose of exploring the potential for encouraging LCI to build out its fiber network and make connections to all addresses in the town, with financial support from the Town to supplement LCI’s capital as an inducement.

The proposed change at ConnectME opens a variant of the option with LCI. Previously we had discussed the issuance of a bond, to be repaid out of a surcharge on subscriber fees, to fund the Town’s share of joint LCI/Town funding to build out the LCI network. A change in the criterion for “underserved” areas would allow us to seek to seek grant funding in place of a bond issue (or perhaps with a much smaller bond issue).

At this point, John recapped the two options in front of us and suggested that we discuss our initial views on the pros and cons of each.

Adam said that in his view the Coalition offers a better long-term product, with its open-access network and competing service providers, but that the Coalition was just getting started; there was no credible plan for how they were going to get the network up and running quickly, and it is well known that there is a shortage of skilled technicians among all of the companies statewide that build fiber networks and make connections. With kids in virtual classrooms now, a better long-term product may be less useful to the citizens than a just-adequate product sooner, and LCI might be able to do it quicker.

John argued that he did not accept LCI’s argument that it couldn’t find trained fiber installation technicians to hire, and that many other industries with similar problems had figured out how to train the technicians that they needed when they couldn’t hire them off the street. Renee said she agreed with Adam, and based on her experience working with Charter, these technicians take an extended period to train, and even untrained employees are hard to find nationwide right now.

There was a brief discussion of the time required to run the fiber on the poles. The Coalition has a lot of miles to cover in Phase 1, from Camden and Rockport to Thomaston. On the other hand, LCI claims to have run 100 road miles of fiber in Lincolnville, Appleton, and Hope in just two months under the Cares Act grant. But there were only a few hundred connections (to the homes with kids in virtual classes) under that grant, and the connections took more than two months. LCI has a poor reputation for customer service in responding to fiber connection requests. There has been speculation that its strategy has been to prioritize running fiber on poles, to deter competition from entering its areas, and to let connections lag because it can charge just as much for DSL now, for customers who have no other option, as it will be able to charge for fiber. The dominant criticism of LCI everywhere is poor customer service in responding to customer requests for fiber connections.

Renee, on Sennebec Road, said she has been on their fiber installation wait list for at least six months. Adam has had a similar experience on Barrett Hill Road. Michael on Rt. 131 has seen “nothing.” John added that in response to a direct question, LCI said its wait list

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for fiber connections was 30 to 45 days. Adam commented that we must be “the unlucky four.”

Holly asked if there are other fiber service providers in the area besides LCI. John responded that LCI is the only current provider in Union, but GWI, Pioneer, and Unitel are all in the immediate area, and are accessible to the Coalition.

The discussion shifted to the Committee’s view of the best near-term course of action.

Adam asked if paying our \$5K share of the Coalition’s feasibility study was enough to get us into the Phase 1 network. The response was no. The Phase 1 towns will be selected at the conclusion of the feasibility study, very likely on the basis of a cohesive design for the resulting network, the cost, and the ease or difficulty of securing financing.

Adam then expressed the view that the best course of action at this point might be to pursue both approaches: the feasibility study with LCI, resulting in a scoping of the tasks and cost of building out the LCI fiber network and making connections; and the feasibility study with the Coalition, resulting in the selection of the Phase 1 towns. John said that this is likely to be OK as long as we do not take any action that would make it more difficult for the Coalition to include Union in the Phase 1 build. Participating in a feasibility study with LCI would probably not inhibit us from becoming a Phase 1 town. Participating in an extension of the LCI fiber network by endorsing an LCI grant application would inhibit us.

Late update: At the time of this discussion, ConnectME envisioned opening the window for the second round of grant applications in July. It has since delayed the window opening to September, for reasons associated with the proposed change in the criterion for “unserved” areas. This gives us more time to pursue both options in parallel.

John requested a quick poll of the Committee for a gut check on which way we are leaning (only a gut check, and not a firm stance).

- Adam said we should pursue both options through the respective feasibility studies, but if he had to choose at this point, it would be the municipal network.
- Renee said she was leaning toward going with LCI.
- Holly said she thought we should pursue both options to the next step and did not have an opinion at this point on which way we should go.
- Michael said he agrees with Adam that there is a lot about the Coalition that makes him nervous, and his gut tells him LCI.
- Kim said she had no opinion at this point, and that we just do not have enough information. In that context, John said that his biggest concern about the Coalition is that they do not have even rough estimates of cost and schedule at this point, after working for two years.
- Holly added that she thinks the townspeople might be more interested in some visible progress with LCI in the short term, than a better solution with a municipal network somewhere in the future.

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- John commented that he sees no sign whatsoever that LCI can build out its fiber network in Union faster than the Coalition could. It seems very clear at this point that LCI is seeking to expand its network through grants, as a substitute for using its own capital; and we have no leverage at all on how fast they will move, either in road miles of fiber on poles, or (especially) in connections. Holly added that we would have no leverage on price either.
- Renee asked if we thought we would have any more leverage over the Coalition than we would over LCI. Adam offered that the Coalition would have no incentive to seek or allow high prices for services delivered over the network and would have every incentive to satisfy the participating towns on the schedule for fiber installation and for making connections.
- Adam said that in his view there is no doubt that the Coalition offers a better product, but he said that the absence of any schedule estimate really hurts their credibility at this stage. On the other hand, he has no doubt that LCI, if it is successful with grant applications, will string fiber on the poles quickly, but he does not believe that LCI will be in any hurry to make connections from the poles to the premises. That is the single biggest complaint that we hear about LCI all over their territory. John added that LCI has told us that it costs them an average of \$1,200 to connect a customer to fiber on the poles, and considering what they are charging their current customers for DSL service and what they will be able to charge for fiber, the incentive to speed up the connections just isn't there. We will have no control.
- Adam said that the biggest single problem with the Coalition, in his view, is the lack of even a rough schedule.
- John said that the latest grant applications that LCI submitted (for work in Hope and Appleton, where the fiber networks are 90 percent built out) were for connections. If we could get LCI to apply for a connections grant in Union, and make connections to the fiber that is already on the poles, that would be viewed as real progress. The Hope and Appleton grant applications, if they are successful, would need to be completed within two years. Renee added that those grants also included provisions for waiving the \$100 customer fee, extending the length of the standard connection from 259 ft to 599 ft, and waiving the requirement for a years-long contract.
- Adam said that if we commit to the engineering study with LCI, then after the study is complete and before a grant application is submitted, there is a window during which we could negotiate conditions as in Hope and Appleton. And we could try to negotiate a response time to connection requests, like 60 days.

John said it sounds like the members of the Committee are generally of the view that we should proceed to the next step (the engineering studies with both LCI and the Coalition) while we try to work out with LCI the conditions for supporting their grant application, and with the Coalition our selection as a Phase 1 town. And we need to be careful not to burn our bridges with either one while we take the next steps and see what we can work out. There was a consensus among the members on this course of action.

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There was a brief discussion of why LCI had offered at the May 10 meeting to split the cost of their proposed engineering study with the Town, after telling us at the March 9 meeting that they normally fund the engineering studies themselves. There was some speculation about what the reasons behind the apparent change of position might be.

Late update: in a subsequent discussion with LCI's Alan Hinsey, I asked about this. He said there was a difference in scope. LCI pays for its own engineering studies to support specific grant applications. This one is aimed at scoping the task of building out the network townwide and connecting all the premises. He said, "You asked what you could do to get a buildout started."

The members confirmed that what we were all agreeing to was to pursue both alternatives through the next step: the respective engineering studies, at a cost to Union of \$5K each. John will discuss with the Coalition what Union needs to do to in order to be selected as a Phase 1 town. John cautioned that the Coalition would react negatively to any action that we take with LCI that in the Coalition's view will increase the cost of extending the municipal network to Union.

There was a brief discussion of the need for outreach to the citizens to inform them that their dissatisfaction with their current service is recognized; that we are trying to address the problem; and to inform them of the two alternatives that we are pursuing.

The meeting was adjourned at 8:22 p.m.

Respectfully submitted,

John Gibbons
Secretary