

TOWN OF PLAINFIELD

Plainfield, Massachusetts 01070

Town Office: 634-5420 • 634-5406 • Fax: 634-5683

www.plainfield-ma.us



January 27, 2019

Carolyn Kirk, Deputy Secretary
Executive Office of Housing and Economic Development
Commonwealth of Massachusetts
1 Ashburton Place, Room 2101, Boston, MA 02108

VIA email to: carolyn.kirk@state.ma.us

C: Senator Adam Hinds
Representative Natalie Blais
Bill Ennen, Last Mile Liaison, EOHED
Kimberly Longey, Manager, Plainfield Light and Telecommunications Department

Secretary Kirk:

I am writing on behalf of the Town of Plainfield to respectfully request \$386,792 in additional funding from the Commonwealth to bring broadband to Plainfield.

The request is made in context of Plainfield's long standing commitment to significant local investment in lasting broadband infrastructure that will close the digital divide for our small isolated rural community.

We appreciate the entire Baker/Polito administration focus on closing the digital divide for all of Massachusetts, especially your own work to advance those goals. We know that you understand that these "last mile" broadband build-outs in sparsely populated rural communities require additional resources to go the "extra mile".

We see the Administration's allocation of resources to help the private sector step up to solve this problem. The Commonwealth's sizable commitments to Comcast and Charter will help our friends and neighbors in Buckland, Conway, Shelburne, and Worthington as well as more than 20 towns further afield from Plainfield.

Plainfield is encountering the same challenges that private companies experience—with high costs per mile, per pole, and per premise to get this job done. But we are not the same as these multi-billion dollar national companies. We are your municipal partners in completing a municipal solution with an aim to control costs for all involved: including town, Commonwealth, taxpayers and subscribers.

We believe broadband is an essential public utility, not a commodity. All of our cost modelling and operational planning is designed to “breakeven”, with revenue covering expenses and charging taxpayers and subscribers not more and not less than the actual costs of delivering broadband—both for construction of the infrastructure asset and in the ongoing network operations over time.

We see the capital costs to build broadband infrastructure as a shared responsibility between the town and the Commonwealth—much like schools, libraries, bridges and roads. We see the operational costs of the network as a shared responsibility between Plainfield’s taxpayers and the local subscribers to our town’s future broadband services.

We are seeking additional funding from the Commonwealth because the capital costs to construct our town’s broadband network have substantially increased from the \$1.76M ‘cost not to exceed’ estimates provided by the Massachusetts Broadband Institute in February 2015. Those estimates were based on an assumption that the network would be built regionally (rather than town by town) and that 100% of premises would be connected. While the implementation plan for a regional build has changed significantly since 2015, Plainfield’s objective of 100% connectivity for our town has not changed.

We have risen to the additional work and challenges required by the Administration’s change of plans and the resulting delays in time. We continue to steward this project to the best of our ability and with an aim to control costs.

In December 2018 we received the utility company make-ready cost estimates. This was the last piece of a complicated puzzle to ascertain complete pricing for labor and materials to get our project done in 2019. We can predict with confidence that the total project will cost \$2.227M. This is substantially more than the 2015 MBI estimated costs on an “apples to apples” comparison.

The overall increase includes approximately \$81K that Plainfield will incur on behalf of the Town of Windsor, as described in an intergovernmental agreement executed June 2018, in which Plainfield will build a fiber backbone along the western border of our town so that Windsor can reach Windsor residents who are only accessible through roads and utility poles located in Plainfield. Windsor will reimburse Plainfield for these costs. This demonstrates a long-term commitment between our two towns to achieve efficiencies through regional and town-to-town cooperation. Our support of Windsor helps to avoid duplication of costs to both towns. We will continue to do the same wherever and whenever possible and practical with other neighboring towns.

In addition to our efforts to retain regional cooperation, Plainfield has worked hard to reduce and control costs within Plainfield. We removed \$100K for equipment necessary to provide television services. We have contributed at least \$40K of in-kind services for this project by organizing volunteers to clear land for the hub; by using our highway department to build an access road to

the hub; and by retaining services of a local architect to work *pro bono* on the site planning and permitting for the hub. We have saved \$127K in professional and legal services by working directly with WG+E as our owner's project manager and by coordinating carefully with neighboring towns (especially on legal services for procurement, contracting and intergovernmental agreements). Plainfield's MLP Manager and Assistant Manager are contributing dozens of hours weekly - unpaid - to ensure this project's success. We have done our best to contain costs and will continue to do so as we proceed to the construction phase of this work.

Factoring in the Windsor reimbursement, and our local in-kind contributions, Plainfield's broadband network will—if built in 2019—cost \$2.147M. This is an increase of 22% from MBI's 2015 estimate of \$1.76M. The primary drivers for this cost increase are related to the distribution network construction phase (from the hub and passing every premise).

We believe it is appropriate and reasonable for the Commonwealth to consider this request for "extra mile" funding because the drivers of the total project cost increases are largely centered on the distribution network construction. Many of these increases are due to errors and omissions in the 2015 MBI cost estimates—the basis of our town's 2015 borrowing of \$1.13M and the Commonwealth's 2017 award of \$650,000.

Here is a summary of the total project costs estimates:

Total Broadband Network Build	Total Costs	Notes
MBI 2015 estimated costs	\$1,760,000	per "Cartesian model" which assumed regional build. Passing every premise and connecting 100% of Plainfield premises. Includes television.
Current estimated costs for Plainfield network	\$2,146,792	as verified by recent procurements/contracting, and subject to change once final make ready and drop costs are known. Stand-alone town build, no television
Current estimated costs for Windsor backbone cable	\$80,624	Plainfield will build infrastructure to help Windsor access Windsor residents only accessible from poles and roads in Plainfield. Costs are from make-ready invoices, construction contract, and bill of materials; costs to be paid by Windsor through intergovernmental agreement
Total current estimated costs	\$2,227,416	
Cost Overages for Plainfield Network	\$386,792	22% percent higher than MBI estimates

Here is a summary of the drivers of the cost increases:

Cost Component	Cost increase (decrease)	+increase or -decrease as % of MBI estimate		Major Drivers
Network to the curb (including current make-ready estimate and hub)	\$405,414	+41%	cost/mile	Increased cost/mile Additional strand miles Additional premises Additional poles Net of \$10k not needed for Plainfield portion of video head-end (Windsor backbone cable excluded from this)
		+10%	miles	
		+36%	overall cost	
		72%	Portion of total cost increase, including professional services savings	
Customer connect (curb to interior)	\$107,997	-8%	cost/drop mile	Decreased cost/mile Additional premises Longer curb to premise distances Premises w/ overhead strand Underground labor Interior CPE and Labor Net of \$90k reduction not needed for video CPE
		+34%	miles	
		+9%	premises	
		+34%	overall cost	
			Portion of total cost increase	
Professional services	-\$126,619	-42%	overall cost	Cost savings from WGE as compared to what MBI would have charged (does not factor in additional savings from substantial in-kind professional services from volunteer labor by MLP team and other town departments and private citizens)
Overall Change in costs since 2015	\$386,792	+22%	total cost	Network to the Curb and Professional Services costs represent 72% of total cost increase

We can and will provide more in-depth capital project cost modelling upon request.

The alternative to receipt of additional state funds for our broadband project—any such funds would be targeted to the network distribution cost only—is that Plainfield will have to absorb the cost overruns for the distribution network and pass those costs onto the customer connection phase of this project.

Without additional state support, we will have to charge Plainfield property owners a connection fee of at least \$1K and up to \$10K per premise to bring fiber from the street into the home. This up front and out of pocket fee will present a huge barrier to Plainfield residents to take service on our network and will likely result in a decreased “take rate”.

As you know, take rate is essential to the viability of any long-term broadband network operation—public or private. Mitigating barriers to Plainfield’s take rate is at the top of our minds. With just 363 potential customers in Plainfield, any disruption—be it large or small, or positive or negative—can and will affect whether we achieve success or experience failure in long term operations.

The Commonwealth’s increased support to Plainfield will help us build the network we need on a stronger public foundation and will ensure parity in the state’s investment in the private and public last-mile solutions.

We would like to meet with you in person at your convenience to discuss this request for additional financial support. Time is of the essence, as our project is scheduled to begin construction this spring.

Thank you for your consideration of this request.

Sincerely,

A handwritten signature in black ink, appearing to read "Howard Bronstein". The signature is fluid and cursive, with the first name "Howard" and last name "Bronstein" clearly distinguishable.

Howard Bronstein, Chair
Plainfield Board of Selectmen