

**PLAINFIELD LIGHT AND TELECOMMUNICATIONS DEPARTMENT  
UPDATE TO SELECTBOARD AND PROPOSED FY 2023 BUDGET**

**Date:** February 20, 2022

**To:** Hilary Weeks, Rebecca Coletta, Patrick Williamson (Selectboard, as MLP Board)

**C:** Paula King (Town Accountant), Bob Silberberg (Finance Committee)

**From:** Kimberly Longey and Brian Hawthorne

**Re: Mid-FY 2022 Progress Report and Proposed FY2023 Enterprise Fund Budget**

Dear Select Board:

This memo provides a mid-year progress report on Plainfield Broadband’s priorities. It also contains a budget variance update on the current fiscal year, as well as the proposed Enterprise Fund budget for FY 2023.

In July 2021, we provided the Select Board with an overview of our department’s accomplishments in the prior year and outlined goals for FY2022 with the hope and expectation that we’d be held accountable to those goals. Part of accountability includes providing regular updates on our department's operations and recommendations for actions that will affect our operations. Here’s current status:

<b>Plainfield Broadband FY 2022 Priorities (July 2021 - June 2022)</b>	<b>Progress Report as of February 2022</b>
<p><b>1. Increase the Resilience of Plainfield’s Broadband Network Operations.</b> Our objective is to ensure that service interruptions are minimized and customer confidence in the reliability of service is optimized.</p> <ul style="list-style-type: none"> <li>A. Work with WCF and MBI to purchase and install a second backhaul circuit.</li> <li>B. Work with WCF and neighboring towns of Ashfield, Windsor and Cummington to construct interconnection circuits between our towns (infrastructure is already in place for this).</li> <li>C. Establish new intergovernmental agreements as needed.</li> <li>D. Update and disseminate network emergency response and action protocols for use by Highway, Police, Fire and first responders. This is for instances</li> </ul>	<p><b>Partially Complete and Ongoing:</b></p> <p>We have purchased a secondary backhaul circuit and negotiated with MBI to pay for the new circuit on a month to month basis, instead of extending our existing 3 year agreement that expires 8/2/2022.</p> <p>Kimberly and Brian have met monthly with the central region towns and WGE/WCF; with Brian attending more frequent resiliency project design meetings in between; WCF has brought in additional engineering support to assist with the mesh network design, including several pricing and staging options; we are slated to review those designs next week. Once the central cluster of towns agrees to an approach, construction and testing will take about 6 months.</p> <p>We have a conceptual agreement about sharing</p>

<p>of damage to poles and fiber lines or the hub due to automobile accidents, trees, vandalism, or extreme weather events.</p>	<p>backhaul costs amongst six towns, which is likely to save each town money. IGAs for backhaul sharing will be established as needed.</p> <p>We have made no changes to the protocols for emergency response in instances of damage to the broadband network assets (e.g. auto accidents or weather events affect poles, fiber lines) or problems at the hub (intruder, fire, water, etc). We updated the fire chief, police chief and new highway superintendent about the standing response guidelines (which are appended as part of the town's CEMP) in August 2021. We will regularly monitor the need for changes (e.g. if our alarm company changes, or we switch internet service providers) and update accordingly.</p>
<p><b>2. Maintain Strong Fiscal Oversight.</b> Our objective is to produce quarterly Enterprise Fund financial statements and to ensure revenues exceed expenses and to add to the stabilization fund.</p> <ul style="list-style-type: none"> <li>A. Improve Enterprise Fund Financial Management Practices. We need more frequent revenue reports from the Treasurer. Overall financial oversight efforts require coordination with and cooperation from the Selectboard, Treasurer, Accountant, Whip City Fiber and the Broadband Dept Manager and Assistant Manager.</li> <li>B. Pay operating expenses on time.</li> <li>C. Reconcile broadband department records with town's general ledger monthly.</li> <li>D. Maintain oversight of all service providers, negotiating or renegotiation service agreements with an eye for quality of service and best pricing. Key service providers include Whip City Fiber, Hanover Insurance Company, George Propane, tree removal companies, Adrus Power Solution and Dig Safe.</li> <li>E. Convene broadband finance working group as needed, and in particular for issues related to CAFII funding, revisions to drop subsidy, or revisions to service pricing.</li> </ul>	<p><b>Routines Ongoing, Continued Work Needed to Ensure Strong Oversight:</b></p> <p>Kimberly handles the bulk of the financial work for the department and has strong oversight systems in place for contracts, service agreements, review of invoices for accuracy and requests for disbursement of payments.</p> <p>Now that the construction phase of work is over, routine expenditure oversight is taking approximately 8 hours each month and includes coordination with Paula. All invoices have been paid on time, with the exception of one invoice from May 2021 that went missing in the drop off between Kimberly and Paula.</p> <p>Given the turnover in the Treasurer job, and the lag in time in filling the role, we were not able to achieve the goal of monthly revenue and expense reconciliation. Kimberly has arranged for support from WCF accounting team to work with Amelia and Paula to catch up on Stripe account reconciliation and to assist in developing a system that is administratively feasible and effective for the various reconciliations that must occur on a routine basis.</p> <p>Given changes on the Finance Committee and Town Treasurer, and in the context of no need to develop new service pricing or other similar policies, the broadband finance working group has faded away. We seek to replace this advisory role (see MLP board recommendation in this memo).</p>

<p><b>3. Support the Completion of the Municipal Network.</b> Our objective is to facilitate the installation of an intranet connecting each of the 5 town buildings, enabling overall reduction in costs for internet and phone service and improving the public's access to town staff and town services.</p> <ul style="list-style-type: none"> <li>A. Work with the town accountant and Selectboard to determine appropriate funding source.</li> <li>B. Work with Buildings Committee and Novus Insight on rewiring of town office telecommunications, purchase/ installation/configuration/support of WAN hardware in each town building.</li> <li>C. Coordinate between Novus Insight and WCF on purchase/installation/configuration/support of firewall in broadband hub, testing and switchover to town WAN.</li> <li>D. Work with Novus Insight to specify, procure, install, configure, and support IP-based telephone systems over town WAN.</li> <li>E. Work with the town accountant and buildings committee to identify existing phone lines discontinue after switchover and testing</li> </ul>	<p><b>Partially Complete; Telephone Systems Remain Still to Do:</b></p> <p>Brian took the lead on this project; with an aim to leverage capital investments in the municipal ring to construct an internal municipal network that would reduce costs of internet and phone for the town hall, library, town offices, police station, public safety building, and highway garage.</p> <p>Much progress has been made and departments are seeing cumulative reduction of \$250 a month in internet costs.</p> <p>Outstanding work all relates to the telephone system, and we acknowledge a lag time in support for that work.</p> <p>We will also note that the town must maintain support for handling town staff IT troubles (whether that is problems with hardware, software, connectivity or training). Neither Kimberly nor Brian are qualified or available to provide routine IT support to town staff. The town's current IT provider is Novus.</p>
<p><b>4. Actively Promote Plainfield Broadband Services.</b> Our objective is to add ten paying subscribers to the network in FY 2022.</p> <ul style="list-style-type: none"> <li>A. Work with the Building Commissioner and area Real Estate Agents to develop marketing/info materials for new home builders and buyers.</li> <li>B. Maintain accessible information on the departments page on the town website and on Plainfield's page on WCF website.</li> <li>C. Send at least 4 Plainfield Broadband updates to subscriber lists with topically timely information.</li> <li>D. Hold at least 1 educational event.</li> <li>E. Work with WCF on periodic marketing and outreach efforts, targeting those premises that have cold drops.</li> </ul>	<p><b>Ongoing:</b></p> <p>Through regular updates on the broadband page on the town's website, and on the WCF website, as well as through the "EveryThing Plainfield" facebook page; we have provided information about pricing, collections policies, and the availability of Lifeline and Emergency Broadband Benefit to eligible subscribers.</p> <p>Between July 2021 and January 2022 we added 5 new customers. WCF has also supported changes to customer accounts for an additional 10 premises (e.g. account holder death requiring name change on account; new tenant in rental property, or transfer of ownership of a premise resulting in change in subscriber).</p> <p>Local real estate agents are well informed about the broadband offerings in Plainfield.</p> <p>We have not been able to do any educational/outreach work with our building inspector.</p> <p>While we were not able to hold a community educational event in person due to COVID, our</p>

	<p>online customer communications and outreach did result in strong response to availability of the Emergency Broadband Benefit, providing a \$50 subsidy to monthly internet bills beginning in July 2021. 16 subscribers are receiving support through this federal program, which is going to transition to an ongoing program beginning March 1, 2022, and providing a \$30 monthly subsidy. We also have 6 subscribers receiving the \$9.25 monthly subsidy; there is some overlap between these two groups.</p>
<p><b>5. Respond to the unplanned and unexpected; resolve problems and obstacles quickly and effectively.</b></p>	<p><b>Ongoing:</b></p> <p>Both Brian and Kimberly remain accessible and responsive to the Select Board, town staff, other department heads, and the general population.</p> <p>We are seen as leaders in the region and are regularly approached by other town MLP Managers or Selectmen to answer questions about MLP operations, to provide examples of operating policies or procedures, and to help solve problems. We receive the same support in-kind when we request help or advice. Since July we've helped our 5 immediate neighboring towns as well as Leyden, Colrain, Northfield, Wendell, Shutesbury and New Salem.</p> <p>Our proactive network monitoring systems have resulted in zero town-wide service outages this fiscal year, with the exception of planned maintenance, scheduled for 1AM and frequently lasting for less than 1 hour.</p> <p>Whip City Fiber's technical support team has handled 94 tech support requests so far this fiscal year, with resolution time less than 1 hour; and with typical tech problems being questions about OOMA phones; lost passwords, router rebooting, and concerns about hacked computers. Many questions center on trouble with computer hardware (not the internet service) and while WCF is not contracted to support those types of help-desk requests, they often will help the caller and resolve the problem over the phone. Our customers report overwhelming satisfaction with WCF service and some take the time to write to Kimberly about how pleased they are.</p> <p>Our biggest current challenge is completion of the network resiliency work. Our next biggest challenge will be continuing to ensure necessary equipment and bandwidth to meet the ever-increasing demands and band-width loads placed on our town's network.</p>

### **Capital Project Close-out**

The \$2,181,432 construction of the town-wide broadband network was completed in March 2020, with substantial completion in December 2020 of 326 customer premises connections (82% of total 397 premises in town, including 276 active service subscribers and 50 cold drops). After securing \$739K in state grant funding, and \$91,406 in reimbursement from Town of Windsor and commercial customers, the town's portion of the project costs was \$1,300,837.

The town authorized total borrowing of \$1,530,000 in two separate town meetings (\$1.13M authorized in 2015; and 400K authorized in 2019). During the course of the construction period, Plainfield's Treasurer Allan Kidston borrowed \$1.4M, in two notes of \$955K and \$445K. Upon project completion and receipt of all outstanding state grant funds, lump sum principal repayment of the loans were made.

Future capital expenditures for upgrades to the network, including equipment replacement, are planned as part of the operating budget. Extraordinary future capital expenditures related to the broadband network may also be paid with broadband stabilization funds (account established at 2021 annual town meeting, and with planned future town meeting approved deposits to that fund with any retained earnings from broadband operations). Some capital expenses related to network resiliency will be paid in FY2022 and FY2023 using ARPA funds.

***Recommendation: Now that construction of the network is complete, it is probably a good time for the town to vote to rescind the \$130K borrowing authorization remaining from the prior town meeting votes.***

### **Resiliency and Redundancy Project**

In context of a region wide service outage in March 2021 that caused a 9 hour interruption of internet service for Plainfield and 6 other towns; we have been working with our neighboring town MLP Managers and Whip City Fiber and MBI to solve problems related to MBI middle mile network configuration and to enact changes to how we connect to the middle mile, and to our neighboring towns. We are working to ensure redundancy in network connections (multiple pathways of our town point of interconnect and to the world wide web) and resiliency in case of future damage to any sections of our local or regional last mile and middle mile networks. This has proven to be a lengthy design process involving many hours of time with our neighboring towns of Ashfield, Chesterfield, Cummington, Goshen and Windsor and with a variety of engineering experts working within and for Whip City Fiber.

Immediate and short term solutions were enacted within months of the initial problem (e.g. increasing bandwidth, installing failover switches to route internet traffic out on multiple pathways). Longer term resiliency work involves creating a mesh network with interconnections

to each of our neighboring towns at multiple locations, and upgrading some equipment in our hub. This project is expected to continue into FY 2023 and we are using a portion of ARPA funding to pay for it.

### **ARPA Funds**

In October 2021 the Plainfield Select Board approved Plainfield Broadband's request for authorization to access \$53,100 in American Rescue Plan Act (ARPA) Coronavirus Local Fiscal Recovery Funds (CLFRF) funding for broadband related expenses between March 1, 2021 and December 31, 2024. This request was in context of the total town allocation of \$197,000 from CLFRF, and further context that broadband infrastructure is an eligible use of these funds (but not normal operations or debt service).

To date we have obligated \$25,994.59 of broadband related ARPA funds. We expect the remaining \$27,105.41 to be expended in coming months as per the resiliency project described above.

***Request: If the Select Board anticipates that any of Plainfield's ARPA funding allocation cannot be used elsewhere in town, we request to be informed and included in discussion, as we can likely identify additional broadband-related infrastructure uses.***

### **Proposed FY 2023 Broadband Enterprise Budget**

***Request: We seek Select Board approval of the department's proposed \$342,778 FY2023 budget prior to submission to the Finance Committee.*** Key budget assumptions:

- Costs are estimated conservatively, meaning low for revenue and high for expenses.
- Presentation is "break-even" with revenues from operations covering all direct costs for staffing, internet service provisions, network operations and maintenance, and broadband department operations. An allowance for contingency/unforeseen costs is included in the direct expenses.
- Indirect costs for the broadband department are \$70,000 and include principal and interest payments on the sums borrowed by the town as general obligation debt related to the construction of the broadband network.
- While there are some other "indirect" costs associated with the broadband department (e.g. snow removal at the hub, hub related insurance covered through town's general buildings policy, and some central staffing time; these are not presented here. The town regularly absorbs indirect costs from all other departments (e.g. fire, highway, police) and does not have an established indirect cost methodology, and does not have a practice of charging any department for indirect costs. Indeed, while Plainfield Broadband had previously included non-debt related indirect costs in prior budget presentations, the department was never charged for those items. Therefore, until such time that the town

establishes a standard indirect cost allocation method and practice, we will omit these items from the budget presentation.

- **Revenues \$342,778:**

- User fees are estimated at \$340,378 and assume no change in current service pricing. We estimate serving 281 residential customers and 7 business customers in FY 2023.
- Per agreement between Plainfield and Windsor, Windsor reimburses Plainfield Broadband for allocated costs related to 112 utility poles on the west side of town. This is related to a “backbone” of fiber Plainfield constructed on behalf of Windsor to enable Windsor to reach premises in Windsor only accessible through Plainfield. Any extraordinary costs associated with repair or maintenance of that backbone are billed directly if/when they occur.

- **Expenses total \$342,778:**

- Staffing, \$10K allowance:
  - After conducting a review of compensation for MLP Managers in our surrounding towns, we have carried an allowance of \$4K stipend for both the Manager and the Assistant Manager, \$8K total (an increase from the \$2K stipends paid in FY 2018, and the \$3K stipends paid annual starting in FY2019 through this current fiscal year). For comparison, Cummington compensates its MLP Manager at \$12K per year; Chesterfield compensates its MLP Manager at \$6K and Assistant Manager at \$3K (for total of \$9K); Ashfield has compensated the MLP Manager at \$6K and is now looking to fold in the bulk of the MLP Manager functions into the central town staffing. Goshen is still formulating a budget proposal, though is intending to increase from the current \$3K stipend.
  - We have also included an allowance of \$2K to provide direct compensation to the Treasurer and/or the Town Accountant for financial work related to the broadband enterprise.
- ISP/NO, \$157,857, this covers the monthly charges from Whip City Fiber to provide internet and telephone services to subscribers, including taxes and fees.
- Operations, Repairs and Administration \$161,921
  - This includes estimated costs or backhaul, pole bonds, fiber and related plant insurance, hub related electricity, propane and generator maintenance, network monitoring and emergency restoration, maintenance/repairs, new customer connections, Lifeline/ACP program costs, legal, outreach, and office expenses
    - Network repair/maintenance costs are estimated at \$1,400 per mile of our 41 miles of network.
    - Equipment depreciation is estimated at \$1K per month

- Our current drop policy provides some subsidy to new customers for costs to connect their premise to the network (Plainfield broadband will pay up to \$1K for full service or up to \$485 for upgrade from a cold drop to full service). We have assumed \$5K for new subscriber connections this year.
    - Monthly backhaul costs are expected to be reduced from the current of \$3,300 per month once the central town cluster resilience project is completed (timing TBD)
  - Extra/Unforeseen \$13,000
    - We have carried \$8K as contingency for unanticipated network operations costs and \$5K for unanticipated broadband department administration costs.
- **Indirect Costs, \$70,000**
  - Assumes \$65K principal payment and \$5K interest payment on notes in October 2023).
  - PLEASE NOTE: This indirect cost does not include any transactions related to the \$430,680 federal CAFII grant to the town of Plainfield to offset costs of debt, and to be paid in 10 installments. We anticipate funds will begin to flow in September of October 2022, and per prior Select Board policy funds will be used to pay down the principal of the broadband loans.

***Recommendation: It may be prudent for the policies around broadband debt service to be codified by Town Meeting. The town of Ashfield took this approach and has a model warrant article. The debt was issued as general government/general obligation debt.***

### **Broadband Stabilization**

In FY 2020 we generated \$17,542 in excess revenues from operations; this sum was certified by DOR in the fall of 2020 and the May 2021 annual town meeting voted to establish a broadband stabilization fund, and to transfer these retained earnings to it.

In FY2021 we generated \$106,233 in excess revenues from operations; which was certified by DOR in the fall of 2021. We will seek town meeting approval in May 2022 to transfer that balance to the broadband stabilization.

These retained earnings are a result of slightly higher than anticipated revenues and substantially lower than anticipated maintenance and repairs costs in each of the two prior years.

***Notice: We have revised our target balance for the broadband stabilization fund to \$300,000 (up from initial target of \$85K) to be commensurate with the network assets of \$1,575,135. Achieving and maintaining this level of stabilization will ensure reasonable ability for Plainfield Broadband to conduct routine upgrades to equipment and to handle***



***insurance deductibles, or extraordinary capital costs without incurring broadband debt. This in turn, will help us keep service pricing stable and as low as possible for subscribers.***

### **MLP Governance and Staffing - Next Generation**

Now that Plainfield Broadband is entering its 4th year of operations, Kimberly and Brian believe we should begin planning for next generation governance and staffing of the work.

While the ad-hoc broadband finance working group functioned well and served its purpose, we can anticipate a variety of policy-level decisions facing the Broadband Enterprise in future year(s), for example:

- service offerings and pricing strategies including the potential to lower monthly pricing as operating costs are lowered and as stabilization targets are met.
- Overseeing adoption of new network management, maintenance and upgrade plans and policies, including methods of financing same (internal through operations, from draws on stabilization or through enterprise issued debt).
- Hiring and supervising future MLP staff, when current staff retire from this role.

As we follow what several towns around us are doing; we've learned that most have already or are about to shift away from the Select Board serving as MLP Board, and are instead setting up separate MLP boards with sole responsibility of overseeing the MLP department, as distinct from the other general governance responsibilities of the town.

MLP Boards can be elected or appointed or a hybrid. Qualifications for service on the board will be strong financial acumen; prior business expertise, preferably in the technology sector; commitment to providing best quality of service to current and future subscribers at the lowest reasonable price; and ability to work across other local and regional governing bodies and boards to ensure collaboration and support. The Board would probably need to meet a minimum of 3 and not more than 6 times each year. In Chesterfield they went with an appointed board, with 1 Select Board member, 1 Finance Committee member and 3 "at large". In Cummington it is an elected board that includes 1 Finance Committee member and 4 at large. Windsor is still forming it's governance structure, but is moving to a separate MLP board.

***Recommendation: We believe it is in Plainfield's best interest to establish a separate MLP Board prior to the start of FY2023, with the necessary votes to set this standard governance structure up be taken at the coming annual town meeting.***

### **Summary and Next Steps:**

Our near term next steps are:

- 1) Discuss this report with you at the February 22 Select Board meeting and gain approval to move ahead with submission of the budget as conceived to the finance committee.
- 2) Present the FY 2023 budget to the finance committee on March 2, 2022
- 3) Continue collaboration with town staff, Finance Committee and Select Board to shape necessary broadband related warrant articles for annual town meeting.
- 4) Continue to work with town staff and Whip City Fiber accounting team to reconcile Stripe account and other data from 2019 to present and to revise systems to keep reconciliations current.
- 5) Continue work to advance the resiliency project timeframes and outcomes.

Kimberly will attend the upcoming Select Board and Finance Committee meetings. And is happy to answer questions before, during or after the meetings.