

Plainfield Broadband Handout

Public Information Session May 3, 2022 7 p.m.

Annual Town Meeting May 7, 2022 1 p.m.

FY 2023 Broadband Enterprise Operating Budget

All direct network operating expenses are covered by subscriber revenues and by fees from the town of Windsor per an intergovernmental agreement. Direct expenses include stipends for the manager and assistant manager, and town financial staff (total \$10K); costs to serve each customer (\$157,857); backhaul, pole bonds, insurance, maintenance/repairs \$161,921); and an allowance for unforeseen costs \$13,000. The total estimated costs for FY 2023 of \$342,778 are included in the Enterprise Fund Budget recommendation.

Indirect expenses include principal and interest repayment of broadband-related loans (\$70,000) which is appropriated in the General Fund budget for the town and is presented in the Enterprise Fund Budget recommendation to provide the complete financial picture for the enterprise.

Other Broadband-related Financial Items

Payment of FY 2021 invoice

An invoice in the amount of \$1,522.56 from Whip City Fiber, received in May 2021 (prior to last fiscal year close), was not paid in FY2021 because of miscommunication about eligibility for this expense to be reimbursable by federal ARPA grant funds. This bill can and should be paid out of FY 2022 operating budget, but requires town meeting approval to do so.

Broadband Enterprise Fund Stabilization:

Our community is running a \$300K/year enterprise providing essential infrastructure that utilizes \$1.6M in physical assets. Town meeting established a broadband stabilization fund in May 2021 for the purpose of funding the operational and capital expenses of the broadband enterprise, and town meeting voters must approve any contributions to or withdrawals from stabilization funds.

We propose to add \$107,386.86 from FY 2021 retained earnings—as certified by the Department of Revenue—to the broadband stabilization fund. Doing so helps build a financial cushion for the broadband department to cover costs such as insurance deductibles, unusual maintenance/repairs, equipment replacement, and uncollected revenue.

Close out of Capital Project Borrowing Authorization

The network design, engineering, “make ready”, construction, and subscriber connection work began in 2017 and was substantially completed in January 2021. While state politics, weather, and COVID-19 impacted the construction schedule, we were able to complete the project under the \$2,267,000 budget. We also secured additional grant funding to reduce the total amount borrowed below the \$1,530,000 that was authorized by town meeting in 2015 and 2019. Now that the project is complete, it is prudent to remove the unused \$130,000 of borrowing authorization that was not required. Town meeting voters must approve this action.

Establishing a Board to Oversee the Broadband Department

Plainfield Light and Telecommunications Department is entering its 4th year of operations, and it is time to plan for the next generation of governance and staffing. While the former ad-hoc broadband finance working group functioned well and served its purpose, we anticipate a variety of policy decisions facing the Broadband enterprise in future years:

- 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.

Most towns in the region have already shifted, or are about to shift, from having the Select Board oversee the Municipal Light Plant (MLP) enterprise and are instead setting up separate municipal light boards (“MLP Boards”) with the sole responsibility of overseeing the MLP enterprise, as distinct from the other general governance responsibilities of the town.

MLP boards can be elected or appointed or a hybrid. Following the model of the Plainfield Buildings Committee, we are proposing a five-member board, with three members appointed by the Town Moderator, and one member each from, or appointed by, the Selectboard and the Finance Committee. Town meeting must approve the creation of this governance structure.

Qualifications for service on the MLP 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 with other local boards and committees across the region to ensure collaboration and support. The MLP Board would likely meet a minimum of 3 and not more than 6 times each year.