



Town of Middlefield Communications Committee

Open meeting: May 22, 2015

Committee members present:

Howard Knickerbocker
Joe Kearns
Steve Harris

Others attending:

Joe Boudreau
Paul Dunlevy
Alex Lak
Tom Wisnauckas

Minutes:

Meeting called to order at 7:00 pm.

Approved previous meeting's minutes as read.

Approved edited version of Axia Letter of Intent for submission to Selectboard with the recommendation that the Selectboard will pass it on to Town Counsel for review.

WiredWest (WW) & MBI:

- WW invaluable in raising awareness and helping to secure \$50M in state last mile funding, but concerns were raised re ongoing activities.
- It is impossible to apply iterative range testing and other sophisticated techniques to simplistic, continually changing WW model.
- WW fails to account for new usage trends such as mobile communications and new forms of media vs "live" TV.
- Management changeover at MBI has led to definitive split between MBI & WW:
 - MBI is now urging towns to retain ownership of last mile infrastructures, vs signing them over to WW cooperative.
 - MBI & WW had dueling town meeting warrant articles.
 - WW was looking to obtain startup financing including back salaries from general MBI funds, but that is no longer likely.

- WW would like to act as middleman, allocating state funds to their own operations and MBI construction, but that too is unlikely.
- WW would like to play a lead role in last mile network design & construction. Again, unlikely to happen.
- Despite the split with WW, MBI has yet to provide clear leadership.

Bond financing issues:

- Few towns appear aware of risks.
- WW proposed “State House Notes” are not bonds but relatively short term financing for smaller projects used to avoid the need for bond counsel and a financial adviser.
- Few towns qualify for the “State Qualified Bond Program”.
- Towns were given misleading assurances of eligibility from WW and Franklin Council of Governments.
- Repeated issue of one-year state house notes a temporary fix, as it would require conversion to long-term financing after five years.
- WiredWest is an especially great concern, as there is no limit to town liabilities and towns are unlikely to recover assets in event of failure.
- While the DOR is concerned re town borrowing risks, it is unclear whether they will assume a proactive role.

General issues & concerns:

- Make ready costs a huge unknown that we would have to work with MBI to minimize.
- All taxpayers on hook whether they take service or not.

WiredWest fiber last mile proposal:

- Would expose towns to open-ended liability, vs Axia or Crocker.
- By joining new WW cooperative, towns would be locked in for life with no opportunity to switch in the event of failure or better offers from other ISPs.
- Building a maintenance and operations organization from scratch could prove extremely costly.
- Unlike other ISPs, WW would not be full-service organization. For example, they would provide only part-time customer support vs 24/7 365 coverage that requires staff of five to cover a one-person slot.
- No rate guarantee – WW has already said that they can raise initial advertised rates in the event of revenue shortfall.
- Appear to have exaggerated reliance on TV & phone revenues, based on “pledge cards”.

Axia's May 13 Fiber to the Premises presentation:

- Point-to-point fiber channel topology.
- Would invest \$600 per premise, plus invest in & install required electronics.
- Invest in & install fiber drops to premises & equipment as customers sign up.
- Invest in required MassBroadband 123 backhaul services.
- Provide network management, maintenance & customer support.
- Town to raise *all additional capital* beyond last mile funding from state.
- Exclusive provider of internet services for 20 years with 20-year renew option.
- Free access to other ISPs wishing to provide phone or TV.
- Residential customers sign up for two years of service:
 - One time setup fee of \$100
 - 100 Mbps \$49 per mo
 - 1 Gbps \$69 per mo
 - WiFi included.
- Need to resolve Axia system eligibility for town's share of the \$18m MBI has designated for professional services.
- Can a customer surcharge be applied to help pay off bonds? (Would require demand curve analysis and Axia agreement.)
- Town ownership would have little meaning since Axia would be exclusive internet provider for up to 40 years.
- Will Axia be able to raise user fees after two years?
- Axia to make detailed estimate following receipt of letter of intent.

Crocker's May 20 ISP presentation:

- Crocker has 50+ year history, starting as regional answering service.
- Crocker has more middle mile customers than all other ISPs combined, providing economies of scale.
- Seeking to extend Leverett model to other last mile communities.
- Offering: 1 GB internet \$25 per mo; comprehensive phone service \$29 per mo.
- Combined service for \$45 per mo.
- 24/7 365 customer support.
- User surcharge can be added by law for up to 8% of capital costs. (Leverett has \$50 MLP surcharge, totaling \$320k per year, which is passed back to town.)
- MBI would build town's last mile infrastructure.

- Town would bear all construction costs beyond state allocation.
- Considers WiredWest business model unrealistic – they have no idea of all that is involved as ISP.
- Crocker has tried to work with WiredWest but WW not interested.
- Crocker claims to lower fees as wholesale costs go down.
- Crocker looking into how to form “light” version of municipal cooperative to manage municipal requirements in common, such as insurance while keeping town ownership of assets. (Was noted that this should be MBI, not ISP role.)
- Outside premises connection (as per Verizon phone & DSL) would cost \$600 more but simpler to service.
- Crocker to provide cost estimates to Communications Committee based on info received on road miles, pole & house locations.
- Crocker to provide further details beyond those in PowerPoint.

Miscellaneous:

- Arrange June meeting with Leverett to review their fiber network and Crocker experience.
- There is a need to examine alternate or hybrid solutions with MBI.
- Comcast may be reluctant to accept last mile cable subsidies.
- It is difficult to build a self-sustaining last mile network that covers 42% of the middle mile territory, but serves only five percent of the 1M+ middle mile population.
- While fiber technology will not become obsolete per se, customers may be lost to disruptive technologies such as low orbiting satellites, drones, or 5G wireless.
- Far more analysis, and time, is needed before bringing last mile options & recommendations to town meetings.
- Towns should apply for MBI planning grants.

Meeting adjourned at 8:50 pm.