

Informational Handout for Broadband Service in Middlefield MA by Select Board 11/27/2018

Town Owned with Whip City Fiber as Project Managers

Comcast Owned and Operated

Whip City fiber has an all fiber network thus the backbone of the network is fiber and the connection from the node to the residence is also, fiber.

Cost and Financing for 100% of residence

The cost of internet to the town for 1 GBPS plus phone is estimated at \$1,524,677.00. The states contribution is \$545,000.00 leaving a town balance of \$979,677.00. This amount would need to be borrowed with additional funds for contingency. The Select Board recommends a debt authorization of \$1,300,000. The debt service should ultimately be the responsibility of the subscribers. But the debt will be passed on to the tax payers if the subscriber base is inadequate. Legally the town will hold the debt and be responsible for payment. The borrowing of 1.3 million will be through notes that are bid by banks each year for 15 years. The first 10 years the rates are variable and the last 5 are fixed. The town's financial adviser suggested we use 3.5-6% for an average rate over the term. Middlefield will be legally responsible for the full debt for the entire life of the debt. If there isn't enough subscriber revenue to cover the debt service cost Middlefield must find another revenue source (e.g. property tax) to cover any debt. Note: We will not receive any revenue from the subscribers until the system is on line approximately 18-24 months from start of construction.

Comcast has a hybrid network consisting of a fiber backbone which connects the nodes of the network to each served. The node is an allocation fed by fiber and from which individual residence are served and a coaxial cable from the node to each residence.

Cost and Financing for 96% residence

The cost of internet to the town for variable packages of 15 MBPS-2GBPS plus phone, TV and other options is \$1,276,480.00. The states contribution is \$776,000.00 and Comcast contributed \$268,800 leaving a balance of \$231,680. The state would pay the town's balance directly to Comcast and we pay the state back over 10 years at a fixed rate of 3.5%. There is no cost to the tax payers until Comcast has built the system and reaches 96%. Build time is 18-24 months.

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<p><u>What Does It Cover</u> The town would own the entire network, fiber on the poles, electronics required to transmit data over the fiber both at the subscriber premises and in the hut. It would own the right of way on all utility poles used by the network and any additional poles required.</p> <p><u>Management and Construction</u> The town's Municipal Light Board (MLB) would be responsible for making sure the job was done well. The town would hire a firm like WGE to provide construction management.</p> <p>WGE would hire an outside firm after being selected through a municipal bidding process to construct the network, along roads and run fiber to each house.</p>	<p><u>What Does It Cover</u> Comcast would build the network and retain ownership over all assets.</p> <p><u>Management and Construction</u> Comcast would manage construction</p>
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<p><u>How will Construction Start</u> The town must vote at a meeting to authorize the borrowing of 1.3 million. It is advisable to authorize on the high side in case unexpected expenses arise. We don't have to borrow the 1.3 if we don't need it. It's for authorization only.</p> <p>The Select Board feels the town would have to conduct a survey with a \$125.00 signup fee for people to commit during a 90 day sign up campaign before any build out is considered. The fee would be refundable if the subscriber count was not viable.</p> <p><u>How much of the town will be covered</u> The goal is to pass 96% of all premises with hopes of 100%. Since WGE sends the construction work out to bid that will not be fully known until the bids come in.</p> <p><u>How much will it cost to run fiber/cable from road to house</u> Under 300 feet if aerial or empty conduit there is no additional cost. Over 300 feet is the responsibility of homeowner. If aerial approximately \$1/foot, underground case by case.</p> <p>After initial construction period there is an additional \$1500. Per home.</p> <p><u>How fast is the connection</u> 1 GBPS</p>	<p><u>How will Construction Start</u> The Select Board must sign a cable franchise agreement with Comcast. This agreement is required by law but only covers the TV services which Comcast will provide. Comcast and the state must sign an agreement in regards to financing which has already been negotiated.</p> <p><u>How much of the town will be covered</u> The goal is to pass 96% and have negotiations on the 4%.</p> <p><u>How much will it cost to run fiber/cable from road to house</u> Under 250 feet if aerial or empty conduit there is no additional cost. Over 250 feet is the responsibility of the homeowner. If aerial approximately \$1/foot, underground case by case.</p> <p>After initial construction Comcast offers each resident a \$1400. construction credit.</p> <p><u>How fast is the connection</u> 15 MBPS-2 GBPS</p>