

27...October 2, 2021

Hello again! Here's an update.

Some of you may have read an article in yesterday's Weekly Packet, describing Sedgwick's and Brooklin's desire to enter into an interlocal agreement to establish a municipal utility for the purpose of building better broadband "with no tax impact on residents or businesses". The plan, as we understand it, is to raise necessary capital by 1) having those towns or the new utility borrow money to fund required local contributions, or 2) receiving an adequate amount of grant money to do the job without investment of municipal dollars. If it sounds too good to be true, it probably is.

Your broadband committee has carefully evaluated this type of utility since 2018. The bottom line is, borrowing funds without committing the general credit of the towns (such as via "revenue bonds") requires the entity issuing them to have a track record of successful operations, so projecting the funds for repayment is straightforward (or else, who would buy the bonds? And what is the interest rate needed to attract investors?) In other towns where a stand-alone municipal broadband utility has been implemented, the bond issuing entity either is an established development authority (e.g. Calais), or is building an expansion of a successful network that was originally started with private investment (e.g. ValleyNet in Vermont). Alternatively, it is possible the bonds could find a market if the full faith and credit of the Towns is backing the bonds ("general obligations"). In that case, if the "take rate" projections don't work out as anticipated and revenues do not cover costs, there would indeed be tax ramifications to the towns, as the bonds would be indistinguishable from other municipal obligations. Also to be considered is the fact that our towns, without dense population, are expensive to serve: as the cost to the consumer goes up, the take rate goes down.

As far as grant money is concerned, so far we have not seen any granting agency offering to pay 100% of the capital cost: there is always a matching requirement that has to be raised locally. If that match is from an equity investor, their return on investment requirements have to be factored into the cost of capital. The municipal bond rate is cheaper.

All towns in the Blue Hill area are aware that the state broadband agency (ConnectME) has recently submitted an application for funds from the Department of Commerce (NTIA program), which the state would then apply to Consolidated Communications' proposal to build out fiber to the premises throughout 8 towns. A decision on this application is due this fall. Before the state and CCI made this application for federal funds, four towns worked together to issue an RFP for building universal broadband throughout Brooksville, Blue Hill, Penobscot and Deer Isle. We are right now in the process of evaluating responses from six highly qualified firms. Everyone is aware that the NTIA funding may come through, in which case the towns' role would be to ensure that CCI's performance is adequately guaranteed in its contract with ConnectME. If the funding does not come through, we have a ready

pool of companies that we will have “vetted” as potential partners in a quest for financing. If it proves advantageous for Brooksville to enter into any sort of interlocal agreement at that time, with any town or group of towns, we can do so.

Interestingly enough, 91% of 275 respondents (thus far) to the broadband survey we recently sent out to all Brooksville building owners, have said that they support spending local tax dollars on better broadband, if it becomes necessary. This is a realistic assessment, and we are proud of the wisdom shown by our citizens. The unfortunate thing for all of us in rural areas is that the importance of broadband as an essential public service (like electricity and phone) was not recognized at least a decade ago. But it wasn't, and here we are. Your broadband committee is committed to staying on top of the situation.

In other news, the Town Comprehensive Plan committee has recently posted its findings on our sister webpage of the town website. Go to Brooksvillemaine.org, choose “Government” from the drop down menu, click on Comprehensive Plan Committee, choose the Summary, and scroll to page 19, summary of Chapter L, “Broadband”. If you have the time, please check out also the Frequently Asked Questions. The plan will be needing a town vote of support, next March.

So long for now. Always happy to receive your questions and comments!

Abbie