

Lincolnton Broadband Committee
Minutes
June 21, 2022
Lincolnton Town Office

Members present in the town office: Josh Gerritsen, Cheryl Nevius, Steven Koltai, Steve Hand, Jay Philoon, Dave Perkins

Members present remotely: Arlene Jurewicz Leighton, Michael Kosowsky

Members absent: Jordan Barnett-Parker

The meeting was called to order at 6:00pm by Josh.

There was no public comment.

Motion to approve the minutes of the May 26, 2022 meeting was made by Dave and seconded by Jay. The motion passed unanimously.

Discussion with Mark Ouelette, Axiom

Mark said he is almost finished with the feasibility study. He said that costs are increasing exponentially -- more than double the previous quote a few months ago -- and that means major changes to the project. He now modelled a \$4M bond, leaving \$2M that must be raised elsewhere, and this makes the project riskier. And there would still be a high level of competition from LCI, which may make take rates challenging; the project is still viable but much more challenging.

He's challenging his construction contractor, whose quote is now \$70K/mile, up from the earlier \$30K/mile, but he thinks the numbers are realistic. Maybe there are places we can save \$1M, maybe we can get big grants, but probably not enough to get back to the \$3.5M of last draft.

Mark believes this makes LCI more attractive as a partner, as we may be able to accomplish everything we want, but we'd lose control. We may be in a better position if we set up to get grants. He spoke to Steven K. and about what to do if the town has too few unserved for a grant, and Mark thinks we can suggest to LCI that we'll try to get to MCA for a grant to pay for drops in currently served areas, which means they can eliminate the \$1000 - \$2500 upfront customer fee. Mark thinks LCI's pricing of 100/100 for more than \$100 is too high; Axiom can provide it at \$60. If you can get that price, decouple the phone service, normalize symmetric service, drop the metering of speeds -- an outdated approach -- and get service everywhere, maybe that's enough to be comfortable without community ownership. Axiom would be happy to put together an LCI oriented document outlining what they see as the approach, and help with the mapping.

Mark thinks he's about done and is happy with the report, and in terms of our contract, he's happy to stick with us as long as we want him to. The final document is not the end of the relationship. He'll bill for the final piece, but he'll continue to work with us.

Jay asked if any of the resources we've talked about -- MCA, Peggy Schaffer, the Island Institute, ... -- could be helpful in approaching LCI? Mark said they can be helpful on the margins: we want to be able to say to LCI that we think we can get a grant for the unserved and for the drops, so working together we can grow your customer base, and those resources can help us get there. Steven K. added that the Island Institute's Kendra Jo Grindle, who supported our grant, is now at MCA. Steven K. likes the approach of finding subsidy to increase the Lincolnville take rate: it might be only 30% now because of the high cost of the initial connection and the high monthly cost, but the latter already has government subsidy, so asking for subsidy for the drop cost is a good, new idea. Steven K. also likes Mark's suggestion of going to the authorities rather than waiting for them to send out their rules, but Mark isn't sure how easy it will be to approach MCA, though he points out that the MCA did require Axiom state, in one of their models, that they will never charge an installation fee.

Dave asked if Mark knows anything about the deal between LCI and Hope. Mark responded that he didn't, but he has heard that Bremen is disturbed by the pricing LCI gave them.

Dave asked about operating costs, and Mark said they are not in the report, but he can show them to us. Mark likes to build in \$100K profit per year because of all the unknowns, and after the recalculation, ours looks less than that.

Josh said that at \$6M he doesn't think we'll get the town support we need. What does Mark think the deal-breakers should be when we talk to LCI? For Josh: price, speed, universal, agreement on pricing over time. Mark: the availability of fiber is the necessity, eg. so you can say "come to Lincolnville", and you should explain to LCI that the town will be your partner -- will endorse and support you -- but to do so you have to have a more reasonable price, eg. 100/100 under \$100, because Mark thinks our community can afford that, given the available government subsidies. Josh asked that Axiom write a four page summary of what makes sense in talking to LCI.

Josh asked if LCI charges the same for DSL and fiber, what is their incentive to move people from DSL to fiber? Steve H. said that DSL has a limited lifespan and they'll want to age it out. Mark said that DSL has exorbitant support costs; once fiber is in place, it works, but DSL doesn't. And fiber is a better experience for the customer.

Steve H. said he thought the unserved area is maybe 15%. Mark said that's still a big enough number to be grant-worthy. Steve H. said a lot of us don't like the coupling of the phone line, but LCI gets subsidy for it, and asked how others are dealing with it. Mark said Unitel, for example, is looking at decoupling to be more competitive.

Mark added that we have to be ready for next funding round; this will be friendliest situation we'll ever have, as the next big tranche might be middle mile or wireless.

Michael asked that given the current high cost of fiber, does wireless make sense as a cheaper way to reach the unserved, or as a competitive alternative approach when talking to LCI? Mark replied that wireless is still expensive and an inferior product, and the underserved areas are going to be the hardest to reach. Steven K. said no one thinks wireless is a viable, credible alternative for much of our town, so it wouldn't be seen in a negotiation as an alternative.

Dave said LCI will want to get past the discontent in Lincolnville, the town where it began. Steven K. said unfortunately there's no need for urgency on their part, except to the extent that it's hot right now. Josh asked that the four page negotiation summary lay that out.

Jay asked if there will be resistance at LCI to negotiating a better deal with us than with Hope. Mark said that the state reacted to previous funding rounds by adding points if you offer 100/100 for \$60, so we know what the state thinks is reasonable. Steve H. said every town in the US will have different prices from its neighbors. Unlike for example Sweden, with a national plan, we have a feudal system. Mark suggested talking to Christa Thorpe about reaction to pricing in Bremen.

Mark asked about our data collection status. Steve H. said we've covered approximately 75% of the town. Mark said they can overlay E911 data on the roads we found unserved, but as a second document so they can first finish the document they are working on.

Steve H. asked how to address the drop cost, and can Axiom include that in their document. Mark replied figure \$1000 for 250ft drop; Axiom charges that, even though some are longer and some are shorter. Mark said people ask three questions: how much will it cost, how does it get to my house, and when will I get it. Some may ask what will it cost the town, but not many.

Discussion of telephone pole survey

Steve H. said the document was updated as of 5pm before the meeting.

Discussion of LCI Conversation

Josh said at the next select board meeting he'll present that we want to negotiate with LCI and will verify we are authorized to do so. Will also check if presenting updates to the select board can be done in executive session. Asked if the committee was ready to vote on who should represent us. Jay suggested it would be better to wait for the Axiom summary, and Dave pointed out we have two selectmen on the committee, so they might make sense.

Discussion of the Survey Flyer

Arlene said she when she talks to people about connectivity, they often say "I already have broadband", so in the flyer she attempts to highlight quality of access and have folks think about

future needs, using the definitions of unserved and underserved. After attending the "Women in Broadband" meeting she adopted the language "broadband speed" rather than "internet speed". Cheryl asked if that excludes DSL and satellite in peoples' minds; "internet" is the broader concept. Arlene replied that at that meeting, "internet" is the data, "broadband" is the road it travels on. There were many comments and suggestions on the flyer language.

Arlene said the flyer will fit on half a page and asked about reimbursement and distribution. She spoke with Lynda Clancy at the PenBay Pilot who said she could run it for free, and Lynda also got Arlene in touch with their advertising department who quoted various options, eg. \$260 for 13 weeks, \$50 for box ad, leaderboard for \$125. Dave offered to distribute the flyers. Consensus was we won't pay for advertising, that Arlene make 125 copies, and that we will all chip in to reimburse for the copying. Josh said he will finalize the language with Arlene.

Action Items

Josh and Steve H. will present to the select board concerning negotiations with LCI

Next meeting: Thursday 7/14, 6pm, town office

Motion to adjourn was made by Steve H. and seconded by Steven K. The motion passed unanimously. The meeting was adjourned at 8:07pm.

Respectfully submitted,

Michael Kosowsky