

MEMORANDUM

To: Jim Chaousis, City Manager
From: Audra Caler-Bell, Community & Economic Development Director
Date: September 23, 2015
CC: Mayor Isganitis, Cr Clayton, Cr Geiger, Cr MacLellan-Ruf, Cr Pritchett
Re: High Speed Broadband Plan and Network Design Study

The purpose of this memo is to provide a summary to the Council on the findings of Tilson Technology's report for Rockland, Rockport and Owl's Head on options for increasing high speed broadband availability and accessibility.

Premise:

Determining how we can improve access to the fastest speed technologically available at the lowest price possible

Current speeds offered, even in the most well serviced parts of town, are not fast enough or are too expensive to allow Rockland to be digitally competitive nationally

The private sector is not going to fix this problem for us (assumed going into this study but proved in the findings of the report) – there is no financial incentive for them to do so

Rockland's primary goal in improving access to high speed broadband is community and economic development – other goals, though important, are secondary

Key Findings:

There is currently a high level of support for Rockland to explore a municipal solution for improving access to high speed broadband and dissatisfaction with the current services provided

Rockland residents are interested in much faster speeds but they are price sensitive and like bundled services (internet, tv & phone on one bill)

Fiber to the premise is the only technology capable of offering the speed (1 gigabit per second) and reliability required

The only financing structure that will keep prices low and the network solvent is a municipal or private subsidy

The business model most likely to achieve this involves the municipality owning the assets and committing to pay for them

The total cost of building out a network that will reach every premise in Rockland is \$7,654,530, while building a backbone network would be \$1,022,650

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There should be no expectation that if Rockland makes this investment they will receive revenue from network operations (unless they impose charges on premises passed that cannot be avoided by choice – like with the municipal sewer)

The economic impact of broadband speeds doubling in Rockland would be: a \$3.3 million increase in wages, \$78,229 in additional sales taxes, \$237,600 in increased property taxes and \$228,690 in increased state incomes taxes by 2020. Over a 10 year period the increased economic output would represent \$9.8 million.

Key Policy Decisions:

What is Rockland's goal in terms of improved access? For example: fiber to key areas in the city, fiber to every premise, using this as leverage to improve TWC coverage, etc.

If the goal is to improve fiber access (to any extent) what model do we want to use to achieve this (municipally owned and operated utility, city owned and leased wholesale network, another public private partnership model)?

How are we going to fund this or to what extent are we willing to subsidize this?

Recommendations from REDAC

1. Council should make a commitment to actively supporting the goal of providing **all** premises in Rockland with access to the fastest broadband speed technologically available at the lowest price possible.
2. The City should thoroughly explore the financial implications of a model where the City provides every premise in Rockland with access to fiber (1 gig per second speeds) and builds a fee into property taxes for the availability of this service and charges additional fees for usage. However, residents and business can choose whether or not to take advantage of this service or purchase internet access from another provider. Financial modeling would include determining what the lowest possible fee per premise would be based on different projections for take rates of users who choose to take advantage of this service.
3. Council should pay particular attention to communicating the findings of this study and the implications of various options for moving forward. In particular messaging should focus on providing access to high speed broadband in the context of other municipal services and reasons why subsidizing this project will be essential for achieving the goal outlined in point 1.

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