

Shutesbury Select Board and Shutesbury Broadband Committee Meeting Minutes
January 21, 2016 Shutesbury Town Hall

Select Board members present: April Stein/Chair, Mike Vinskey, and Michael DeChiara
Staff present: Becky Torres/Town Administrator

Broadband Committee member present: Eric Stocker, Craig Martin, Graeme Sephton, Gayle Huntress, and Steve Schmidt
Ayers Hall-remote participation (reason for remote: vacationing in Florida)

Guests: Shutesbury residents Tom William, and Jim Hemingway

Shutesbury Broadband Committee Co-Chair Gayle Huntress and Selectboard Chair April Stein call the meeting to order at 7:07 pm.

Agenda Review: no changes.

Public Comment Period: Gayle invited the guests to share their concerns. Tom Williams said he was there for fun and that he wants to see Broadband in Shutesbury. Jim Hemingway said we want to see where things are going and that he and Tom will have technical issues.

Gayle updated website on Friday. She will aim to update the website by the middle of every month. Michael Dechiara said you are the best committee as far as that is concerned!

WiredWest Updates

Gayle- WiredWest created a new Outreach/Communication committee. A straw poll with 24 towns replying was done. Overall the purpose of the committee is improving communications between all parties. Next meeting of the new committee is on Monday night.

Our Town Article

Communication in the town newsletter is a priority. Submittal is due tomorrow. Gayle put a draft article up on a screen for the committee to edit. The article was reviewed. A motion was made by Craig to approve the article, second by Graeme. All okay, approved.

“Thoughts about WiredWest”

Gayle put up a draft on the screen for the Selectboard and Broadband Committee to work through. We need to formulate our thoughts, give feed back to WiredWest. The WiredWest Negotiating Team asked specifically for our general response. The Ask was general. We want to capture all of our discussion over the last few months.

Regarding Cooperative Ownership-

- What we feel/ MBI against/some towns against

- Condensed benefits list

The underlying question is what is preventing you from supporting WiredWest or what are your main concerns in signing the WiredWest Operating Agreement.

Gayle- We need to identify what we feel about the whole thing and then how to address for Shutesbury and all the other towns.

Gayle- I went through all of our notes, discussions, Select Board input and tried to put into one letter.

- Pleased
- Not pleased

Graeme- My concern is Leverett has had 3 fiber breaks in the last 2 months. What does the operating agreement say about the extra expenses? Who pays for it?

Craig- WiredWest pays.

Graeme- The Berkshires have so much bad weather. There was a \$15,000, repair in Dudleyville. Bills are not in yet. It can be a lot of money, even with a mild year. How is that handled in WiredWest?

What is WiredWest's estimate of how many breaks there will be in a year in 500 miles of cable? They would be thinking of that, Leverett has 3 miles from the hut with only 3 customers out of service. WiredWest would be 7 miles and more people out of service.

Graeme- There can be no redundancy in the last mile. My concern is there are not enough hubs.

Craig- We have had this discussion.

Michael DeChiara- Leverett, how did they budget?

Are they insured?

- \$5000, or \$10,000 deductible.

Graeme- How does WiredWest calculate the risk on this?

Gayle- Let's not debate models now.

We need to write this letter as if we are going forward with WIREDWEST and we want these concerns addressed. Curb the discussion about models.

Ownership/Operations

Gayle- We need to focus on Large Baskets that come up in the discussions, then specific concerns and then how to alleviate. This is more a blanket thing.

Michael DeChiara- I know you don't want to continue the conversation. What is Graeme saying with more towns, shared equipment we have more exposure? Flip of that is large group has more ability to cover more expenses.

Mike Vinskey- Question. I thought of owners to own the physical cable, huts but these bullet points reference service issues.

Can you own equipment and not own the servicing?

Can you break it out like that?

Or if you own the equipment do you have to own the billing and operations?

Steve- Only makes sense to share if WIREDWEST does in house, or that gets outsourced. Only way to make sense of it is in a coop.

Gayle- Sense?

Mike Vinskey- Under the ownership part, if every town owns it's own, it becomes more expensive. The servicing would be contracted out or WIREDWEST does it. This is confusing to me that you list all these things. Why would the coop owners be better off? But they don't matter, doesn't pertain to physical ownership?

Gayle- Let me reframe. We endorse the coop model and we don't want to own, and this is why, why a coop needs to share ownership.

Mike Vinskey- Two things there. If a town owns the wires they can pull out when they want. I understand a ten year obligation with WIREDWEST. Personally I want to own our own stuff.

Craig- If there is benefit, it is in our best interest that the coop is stable and sustainable. The statement is correct. We want it as stable as possible. If towns pull out, it's not stable.

Mike Vinskey- Why can't you own your stuff, be a member of WIREDWEST, and have a 10 year obligation?

Graeme- Why after 10 years?

Michael DeChiara- How do you obligate a town to use the stuff they own? If Shutesbury owns it, you can rent it—contractual.

Mike Vinskey- If we own it what is our relationship with WIREDWEST?

Michael DeChiara-Mechanism to obligate, could be developed.

April Stein- We are WIREDWEST.

Michael DeChiara- Cheaper and more effective, more stable. Craig what is the mechanism to use the stuff they own?

Mike Vinskey- In for 10 years.

Craig- What does it mean to own it? You can't give up for 10 years.

Eric- WIREDWEST – town is basically loaning the money to WIREDWEST, and then if model works town is paid back. Then we don't pay for it.

Graeme- The fees paid for it, not WIREDWEST, WiredWest subscribers pay for it.

ERIC – If it works, it pays back.

Graeme- A big if. A lot of towns would agree.

Steve- All in the pool, weighing our options, sets the coop up to fail if each town is separate and can pull out when it wants.

Jim- How does this approach sit with MBI's approach?

If the coop model is not allowed we are not enthusiastic about being in WIREDWEST. MBI has not been forth coming.

Michael DeChiara- Again what Steve said, presume we are in the WIREDWEST family. It is talking to the group about our concerns. We are just trying to write a letter.

Craig- After 10 years what does ownership mean? WIREDWEST keeps the wires, service is not interrupted.

Mike Vinskey- Who owns it, if we are paid back by WIREDWEST? At the end of the pay back WIREDWEST would own it.

Eric- That is the model that WIREDWEST would own it.

Steve- There is not return of ownership to the towns.

Michael DeChiara- like the regional school conversation, at 58 years into it. Even if we leave we do not tear down classrooms. We are not all taking little widgets. You can't subdivide the school.

Graeme- There would still be a standing building, and that is the exact same thing as WIREDWEST. We are not anticipating walking away with any windows and doors. We are not dismantling.

Steve- This is what you are being asked to agree to. It is cooperative ownership of the network. Understand this upfront. If not for you, okay you are out.

Mike Vinskey- I am just trying to have it both ways, own it in the coop.

Graeme- The attorney general may trump us on this.

Eric- If you own it you can sell it. Is MBI going to say you can't sell it? How can they?

Gayle- No edits so far. Steve will let it sit for now. It is always a good discussion over and over. If we are part of a coop there is no method to do it half way.

Gayle- Going to first concern, overall health, debt repayment- WIREDWEST financial success. We have no guarantees. The suggestion is that when the new model comes out soon it will show how and why it is viable. Make sure the Wipro consultant is at the table. There is no way they can fix it entirely. There are not guarantees.

Steve- There is a financial concern I have.

Television-

The private companies are warning against it because of over the top solutions.

And in addition by the time we actually have the network even more over the top solutions will be available. The equipment and service is so expensive.

Here we are saying, are you sure you want to do that? Show us the numbers that it will work when we are constructed.

Craig- It is changing (TV), but much slower then you think.

Jim Hemingway- It is ESPN only.

Tom Williams- We don't want the coop put at risk, but at the same time our majority wants it. We want television.

Steve- we don't want to join a risk organization.

Eric- It was Crocker that said it. The cost for providing it, is by the houses passed not on a subscriber basis. A question raised that should be answered.

Michael DeChiara- Tension between wants and viability of the network. The decision will embody that tension unlike a commercial entity. Agree with Becky that it is evolving.

Steve- Continue monitoring cost and demand of television. We know our residents want it.

Mike Vinskey- Point of TV is to attract more subscribers. A business decision to gain subscribers. I am not sure it is a real concern. The number crunchers have to be

looking at it. To me it does not seem to be. It already will be looked at no matter what.

Steve- We want to put out as a Big Bucket worry. We want it!

Craig- That is a good new sentence. Declining TV revenue projections are part of the model.

Craig- To be successful we, WIREDWEST need enough large towns. We don't want to sign on without critical mass. Have member towns commit ahead and have the numbers run that the founding 13 towns sign. Suggest a letter of intent, prior to signing.

Mike Vinskey – I am concerned about how many people tied up in decision making. We are concerned about decisions getting tied up. Do an addendum, a description of outsourcing.

December 1, 2015 announcement from MBI was disconcerting. There is chatter and worry that WiredWest is falling apart. We want to see MBI/WIREDWEST publically commit to a working relationship together.

Steve- We want more public appearances together. Ask for x, y and z.

Tom Williams- "Expediency," I sense a lot of frustration in town. If I was a member of the board, I would want to put a date on resolution between MBI and WiredWest or we will do something different.

Steve- Lucy and the football, year after year. And she does it year after year. MBI got bad press. So they are contrite and met with WIREDWEST. I am fearful MBI will continue to block WIREDWEST. Concerned with the whole WIREDWEST undertaking.

Craig- I think there is a misunderstanding in the community that WiredWest is delaying the build but it is MBI that is delaying the build.

Jim Hemingway- Becky you don't think the RFP is significant?

Becky- The RFP does not allow for a cooperatively owned regional fiber network.

Steve- I am concerned about start up costs and its financial cost. How the start up costs are covered. MBI is funding the beginning build costs, then the towns. My concern is MBI's attitude toward WIREDWEST. They may not allow startup costs, and restricted revenue will result.

Gayle- I think that will be covered in the new business plan.

Craig- It is worth mentioning because, it will have a significant impact if not resolved.

Graeme- That would be state money going to a private company.

Craig- No, it is a municipal interest, publically owned, not a private company.

Mike Vinskey- That concern should be a separate bullet.

Eric- Should be part of financial/business plan piece. Problem is that in particular we are concerned about start up costs and also as a financial health concern.

Mike Vinskey- Separate thing, should not be lost in business model.

WiredWest plans to cover start up costs from the town contribution, which will eventually need to be paid to MBI. MBI could demand payment before WIREDWEST had enough revenue to cover its operating costs.

Gayle- How to alleviate?

Steve- As another source of revenue for the start up costs, or an agreement with MBI upfront. If they would be agreeable to waiting for their payment for their build cost.

April- An agreement between MBI and WiredWest.

Craig- MBI needs to recognize the legitimate need WIREDWEST has for start up costs.

Gayle- You have a number of detailed questions that do not go in general questions.

Steve- Under another source for start up costs.

Other general questions

We want to know the specifics of flow of money from the town to MBI.

How do we get the project we will pay for?

Craig- WIREDWEST is overseeing the project. That is the attraction of WIREDWEST.

Jim Hemingway- I am concerned about the procedure of a design engineer, their legal responsibility to control the project.

Graeme- There are good and bad engineers.

Jim Hemingway- We will be well protected by MBI.

Mike Vinskey- Back ground of member towns matters.

Gayle- back to Ownership

We have an assumption of agreement to coop ownership rather than each town able to have individual ownership of infrastructure.

Craig- Benefits of a coop only occur if there is coop ownership. No use in grouping Wendell, New Salem, and Shutesbury if there is no state funding for a cooperatively owned network.

April -And it won't happen any faster if it is not a cooperatively owned network.

Mike Vinskey- ISP by WIREDWEST. I always understood we are great with WiredWest being its own ISP but we are okay if it is not.

Mike Vinskey- Can we go back to network operations? Educate me. I am okay with what it is. It is critical that WIREDWEST be the ISP.

Gayle- not critical

Becky – important

Mike Vinskey- mixed view point

Gayle- Broadband Committee do you want to invite Crocker and HG&E to Shutesbury? Bill Stathis has offered to come.

Michael DeChiara- What is the goal?

Gayle- Education

Steve- I found it informative, bigger presentation now.

Jim Hemingway- I highly recommend.

Craig- Talking with Wendell, found misrepresentation by Bill Stathis. It took me a couple rounds with Doug Tanner to sort out the numbers Bill presented. Crocker is taking the Leverett model based on building costs. It shows some towns will be charged \$150. The people in Wendell were misunderstanding. Crocker showed network costs only. The Crocker ISP charge was not included.

Jim Hemingway- That is all the more reason to get them here to quiz them. And listen to what they have to say.

Craig- They reduced the numbers from Leverett, since MBI is calling for a g-pon build for the new network build.

Jim Hemingway- If anybody can take apart a presentation it is you, Craig.

Craig- Not just the format. It is games being played.

Michael DeChiara- Format of the meeting? Not listening to long information-exchange the whole time.

Craig- No, it is the fundamental things that favor the coop model that they cannot answer. Are you going to be around in 6 years? What is your pricing going to be in 6 years?

Graeme- I would be interested in their 3-year pricing.

Craig- Crocker took the Leverett MLP model charges, adjusted on capex and how it relates to opex. They did not put in what their offering will be.

Steve- Will you offer a lower price service fee for lower service?

Craig- The rest of the analysis we can do our selves.

Mike Vinskey- I think of the big picture of the town. You told the town you would look at the different options. From the sounds of it, it will not work but at least people can say that you looked into it .

Eric- Agree that there is no harm. Worst case your plan does not make sense for us.

Michael DeChiara- The best thing is that the people who have questions come up on more solid ground. Get past it.

Craig-
The lamppost effect, no one knows!
Classic science.

Walking down the street at night. You see a guy on his hands and knees. He is looking for his keys. You ask can you help him look. In talking with him you learn he lost the keys over there but that the light is better over here.

We are not asking Crocker the questions that matter. Will they be there in 10 years? Are there any guarantee that Crocker won't sell out to Verizon?

April- Not every body has heard that?

Graeme- It looks bad not bringing them here.

Mike Vinskey- People are sitting at home asking why don't we have broadband?

Steve- And Leverett has broadband and Leverett has Crocker.

Craig- I want to have a chance to ask Graeme questions on his presentation. My questions are not about what Graeme proposed. They are about costs of technology.

Michael DeChiara- WIREDWEST, the most knowledgeable and most passionate.

Graeme- They will compete with who ever they can compete with.

Tom- You said you do not have a plan B.

Craig- We said that we do have a plan B.

Tom- Do not confuse facts with actions.

April- What are you afraid will happen? They will spin magic?

Craig- It is a distraction for the real questions.

Craig- What happens if he says I will charge you ½ what we are charging Leverett. Those are just loss leaders, Bingo – Crocker has customers.

Gayle- Let's wrap up, put up discussion for a week. We have a couple of options. Next week we will discuss the Quabbin side network.

Meeting times scheduled for next week, 6-8 pm Thursday, 1/28/16.

Craig- The network diagrams do not answer anything for us. I had no questions about that. You are good. It is the operational things that we did not get to.

Q. Where does the risk lie in the Leverett plan?

Graeme- It is with Leverett.

Eric- The critical thing for me is that, Shutesbury does not want to own the network.

Graeme- You as a person will own the risk on 200 poles. As part of WIREDWEST it is the risk on 60,000 poles.

Documents and Other Items Used at the Meeting:

1. Our Town newsletter article
2. WiredWest Response Letter from Selectboard and Broadband Committee
3. Mike Vinsky, Comments and Questions about WiredWest organization

Respectfully submitted,

Becky Torres

Shutesbury Town Administrator