



Message

Tue, Oct 04, 2016 1:47 PM

From: Katie Stoico <stoico@masstech.org>
To: Christine Hatch <hatch@masstech.org>
Bcc: **Town Administrator**
Subject: MBI Last Mile Policy
Attachments: Attach0.html / Uploaded File 9K
 image001.png / Uploaded File 8K

(Sent on behalf of Peter Larkin - Special Advisor to the Secretary & MBI Board Chair)

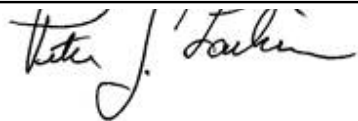
Dear Municipal Leaders:

On September 29th, the MBI Board of Directors and the Executive Committee of the MasTech Collaborative Board of Directors approved a revised [Last Mile Program Policy](#), which updated the previous policy that was approved by these same boards in July of 2015. As you know, the 2015 policy document established the framework with which the MBI would engage with towns as it carried out its goal of constructing a regional, ubiquitous, fiber-to-the-home (“FTTH”) broadband network.

As MBI worked to implement this framework more fully, it became clear that the varying financial capabilities of unserved, Last Mile towns would test the ability of all towns to pursue a uniform solution to expand broadband in the region. In some instances, the Last Mile Program Policy potentially placed limitations on MBI’s ability to support solutions such as a wireless, non-ubiquitous network proposal that would be an option for those towns that could not support a fiber build. Against this backdrop, the Baker-Polito Administration also engaged in an intensive program review that culminated in a meeting of local officials on May 10th, at which the Governor endorsed a revamped objective for Last Mile broadband networks. While not specifically calling for a ubiquitous, FTTH solution, the new approach effectively sought the same goals: affordable, sustainable network projects within town financing capabilities that provide service to at least 96% of residents and provide access to the FCC defined broadband speed of 25/3 mbps.

In response to the new framework for pursuing Last Mile solutions, the MBI developed a revised Last Mile Program Policy to supersede the 2015 policy. The revised policy re-affirms the MBI’s commitment to providing towns with their previously published “construction allocation,” provided that the town’s project meets the goals of the Last Mile program as described above. This policy regarding construction allocations will allow towns to rely on that figure, on which so many towns based their local borrowing votes, while also providing MBI the flexibility to fully support projects without rigid adherence to a single technology solution. To account for the increasing interest from some private providers to offer a solution to towns, the policy changes language around the usage of the *MassBroadband123* Middle Mile network to account for these potential partnerships. MBI has also added new language relative to a town’s selection of vendors to provide greater assurances that towns will create partnerships with vendors who have established track records and solid financial footing. Finally, the revised policy re-affirms MBI’s commitment to regional, cooperative solutions for the operation of Last Mile networks.

Sincerely,

A handwritten signature in black ink that reads "Peter J. Larkin". The signature is written in a cursive style with a large, stylized initial "P".

Peter Larkin
Special Advisor to the Secretary of EOHE
Chairman of the MBI Board of Directors

The Commonwealth of Massachusetts Last Mile Program

In 2014, the Massachusetts State Legislature authorized state capital funds to the Massachusetts Broadband Institute at MassTech (MBI) for a program that develops broadband last mile solutions, including a \$40 Million investment to support Last Mile broadband service in the 45 communities lacking any residential broadband access. The Last Mile Program partners with interested municipalities on innovative, sustainable, locally-led strategies to extend broadband access. In early 2015, Governor Charlie Baker announced his Administration's commitment to supporting the Last Mile Program and partnering with the MBI and participating towns.

Building on that commitment, in May 2016, the Baker-Polito Administration concluded an intensive program review in collaboration with the MBI. The outcome of that review was a new framework for 'Last Mile' broadband projects, one which is centered on a flexible, responsive, and community-based approach to prioritizing affordable and sustainable solutions to the broadband service challenges facing the Commonwealth's 44 unserved communities. The new Last Mile project framework sets baseline performance standards for successful Last Mile projects, and empowers communities to shape finance, operation and technology models for connecting residents to broadband service that meet performance standards. The MBI Last Mile Program Policy has been updated to align with that framework.¹

Last Mile Program Goal

The goal of the Last Mile program is to support the development and construction of sustainable projects for interested towns that reach at least 96% of a community's residents and provide access to broadband speeds of 25/3 mbps, as currently defined by the Federal Communications Commission (FCC). This goal allows for a flexible approach to project models and technologies.

Whenever possible, towns should look to financially established, private sector partners with demonstrated experience in the residential broadband market for broadband solutions without municipal ownership of the broadband assets. This focus would remove the significant financial and administrative burden of owning and operating a broadband network.

The Last Mile Program benefits from the *MassBroadband 123* Middle-Mile Network, a \$90

¹ The MBI Board of Directors and the Mass Tech Executive Committee approved this Last Mile Program Policy at the September 29, 2016 meeting of the respective boards. The policy approved on September 29, 2016 serves to supersede and replace the previous Last Mile Program Policy, promulgated by a vote of the MBI Board of Directors and the Mass Tech Executive Committee at the July 30, 2015 meeting of the respective boards.

million state-federally-funded public network that is state of the art, highly resilient and redundantly built. Currently, *MassBroadband 123* enables unserved towns and hundreds of public facilities to connect to the internet. Unserved towns that seek financial and planning support from MBI for their Last Mile projects must build off of and utilize *MassBroadband 123*, unless the parties (MBI and the town) deem an alternative solution to be warranted.

Because the linchpin of the Last Mile program is sustainability, the MBI will work to support the technological solution which best aligns with the financial capabilities of the town, its taxpayers and the end-user customers. While widespread coverage and access to speeds of 25/3 mbps are the goal of a sustainable network, this goal must be balanced against the borrowing capacity of the town, the ensuing tax burden on its residents, and the subscription rates that those same taxpayers must pay to obtain service.

Last Mile solutions built by or with the support of MBI must exhibit sufficient financial, operational and technical merit as to warrant the initiation of construction. MBI will work with municipalities to provide guidance and technical assistance to develop solutions which are technically pragmatic, financially feasible and operationally sustainable.

Allocation of \$40 Million in State Funds

The MBI Board of Directors and the Mass Tech Executive Committee approved town allocations of the \$40 million for unserved towns at the January 29, 2015 meeting of the respective boards. This allocation methodology divided the available funds into two pools, up to \$18 million for professional services and \$22 million for construction.

The construction portion of the funding is a direct offset to the cost of broadband network construction for a town, whether that town chooses to partner with MBI for its network build, or if it seeks to build its own network without MBI providing professional services to the town. The professional services allocation continues to be intended to cover planning, design, engineering, program management, legal, and other direct costs incurred by MBI and is not available to be paid out directly to towns.²

MBI and the Baker-Polito Administration are acutely aware of the reliance towns have placed on these allocations in the development of town projects and town borrowing projections. In light of the goals articulated in this Last Mile Program Policy, and in light of the reliance of towns on the previously established allocations, MBI and the Baker-Polito Administration adopt, through this policy statement, an approach to these allocations that will balance the changing landscape for project funding and the need for town clarity, while respecting the original goals of the allocation formula.

A town is eligible for up to its construction allocation if its project meets or exceeds the goals of the Last Mile Program Policy: The network must be sustainable, attain at least 96% residential coverage of the town residents and the network must offer speeds capable of providing the FCC

² One exception is that towns that choose to go it alone may apply for a grant from the \$18 million allocation to cover their pole survey costs up to a maximum per pole cost of \$25.

standard definition for broadband of 25/3 mbps (megabits per second) speeds to each customer. This policy is independent of any technology a town utilizes for its project.

In the event that a town's project is not expected to meet these goals, a majority of the town Selectboard may request in writing that the MBI Board Chair consider special factors or circumstances that should warrant an exception to this policy.

Additionally, to qualify for up to its construction allocation, a town must demonstrate that any vendor it selects has demonstrated experience in the residential broadband market and a solid financial foundation. MBI will also procure through a Request for Qualifications a list of qualified providers to assist towns in making this selection, though a town may use its own process and need not utilize MBI's list. The town must demonstrate that the process is in conformity with all applicable procurement laws and otherwise consistent with generally accepted good business practices.

In instances where a town seeks a partnership with a private provider where the town will not own all of the broadband assets, the construction allocation will be available to offset the cost of the network construction provided that the requirements concerning network speed, network coverage and vendor selection, as described above, are satisfied.

In the event of cost overruns on professional services during the course of a project which is managed by MBI, the MBI will bear the risk of that overrun. In the event of cost overruns on construction during the course of a project, the town will bear the risk of that overrun.

Importance of Regionalization

The MBI remains committed to providing opportunities for towns to associate and join together for any component of network operation that is mutually beneficial. The MBI sees clear benefit and opportunity in coordinating procurements and sharing services, operators and vendors wherever possible. Further, the MBI supports the design, construction and operation of networks to allow for towns that initially build independent networks to join with a multi-town network for purposes of shared services and economies of scale in the future. Multi-town networks will (i) create a stronger, more resilient broadband infrastructure and (ii) accrue the efficiencies, benefits and savings associated with voluntary cooperation among towns. The focus of these associations should be flexibility and efficiency, allowing towns to join and leave any association, dependent on the terms of the contracts that bind these towns together. These rural, unserved towns have a strong tradition of collaboration and shared services, and the creation of broadband networks presents an opportunity to continue and strengthen this tradition. MBI and the Commonwealth are fully supportive of towns cooperating; however, the formation and governance of these collaborations will be at the discretion and the purview of the towns.