

**Town of Becket
Board of Selectmen Working Meeting
December 28, 2018
1:00 p.m.
Town Hall
557 Main Street, Becket**

Attendees:

Board of Selectmen: William (“Bill”) Elovirta, *Chair*; Michael Lavery, *Vice-Chair*
Nicole Ledoux, *Clerk*

Staff: Beverly Gilbert, *Administrative Assistant*

Broadband Ad Hoc

Group: Jeremy Dunn, Dan Parnell, Cristian Sanchez Bob Gross, Chuck Garman

Others: Steven Reiss, Barbara Craft-Reiss, Amy Alpert, Arthur Alpert, Howard Buxbaum, Doug & Geri Walter, Jon Their, Christ Lynch (Matrix Deign), Michael Ballway (Country Journal)

1. Call to order

Bill called the meeting to order at 1:03 p.m. He indicated that the BOS was recording the meeting.

2. Discussion of Town Owned Network (TON) budget

The Broadband Ad Hoc Group (GROUP) discussed Becket Broadband Owned Network Project Costs. Bob Gross, MLP Manager and GROUP member, stated that the GROUP is confident that we can build a town-owned network for less than the authorized debt approved at the 2015 ATM. Some of the costs factored in were on the basis that they already occurred (costs for the completed design & engineering for laying fiber throughout all the fiber service areas, and costs for the total Make-ready Application process). Westfield Gas & Electric provided much of the other costs based on current contracts that they had bid and based upon their experience. The GROUP built in a 10% contingency (\$268,770.79). Bob indicated that the budget does not include the costs of the drops to connect homeowners into the network. The GROUP listed an estimated \$459,885.17 surplus that may be considered to subsidize the drops to connect subscribers into the network. Jeremy offered that the GROUP has a copy of the completed design which contains the fiber paths to each home. The fiber miles are calculated to the foot and all the estimates to build materials for each of the different thicknesses of the fiber is calculated to the foot, and all of the bolt hangers, hardware and items needed for construction are calculated to the penny. The labor costs for the construction are estimates based on recent labor costs. Jeremy indicated that the town will be receiving invoices from the utilities, and the GROUP is using conservative figures based on the pole counts (\$9,000 per pole plus 20 percent on top of that for the other work). Dan pointed out that based on site visits at Sherwood Forest and Sherwood Greens, the GROUP refined the number of road miles (from 139 road miles to 108 miles). Dan pointed out that Westfield Gas & Electric properly budgeted in the first two phases; their estimates for the design and make-ready application came in under budget. Bob will reach out to Otis to inquire about their experience with Westfield Gas & Electric. Jeremy indicated that some of the others towns are ahead of Becket in the process (including Washington). Jeremy reported that Kent Lew from Washington had indicated that Westfield Gas & Electric’s lowest bid matched what Westfield Gas & Electric had estimated. Bob indicated that the police detail costs will likely be reduced based on that some of

the roads will not require detail, the crews may be smaller, and the \$55 per hour detail pay rate listed is higher than Becket's \$44 hourly detail wage rate. The GROUP advised that the budget presented did not include drop subsidies. A standard drop is estimated to cost \$750. Of the 1,800 households, approximately 1,232 (about 2/3) will have standard drops. About 300 premises (including many Becket Woods' premises) will have more costly drops. Jeremy indicated that the utilities will likely send invoices to the town in January, it will be at least a year for completion of the make ready process and toward the end of the make-ready process, the town would request bids for construction. It is anticipated that the town may consider an article relating to subsidies at the 2020 ATM. Currently, utility companies are working on make-ready for other towns that are ahead of Becket and he imagines construction firms may be busy and since Becket is the largest town, this may result in a delay. Dan indicated that the delay has a positive side to it. The town will benefit from other towns' experiences. From other municipalities, Becket may learn what had worked and specific pitfalls to avoid. Currently, based on the presented budget and a 60% take rate, the per-premise drop subsidy would be \$425.82. The GROUP suggested that until more definitive figures are known, it would be premature to place a broadband related article on the 1-22-19 STM Warrant. The GROUP advised that the town has the money to build the core network, to install the electronics, and to prepare the make-ready. The recommendation of the Broadband Ad Hoc Group is for the town to decide to build the core network, continue taking the steps to design it, installing the electronics in place, and then specifying the subsidies and perhaps voting to fund the amounts (a concrete number would be known) for town-subsidy at a Town Meeting. The budget includes underground distribution but does not include either above or underground drops to the homes. The GROUP calculated the average make-ready costs and the average per mile construction costs for the rest of the town and credited that amount of money to every area including Becket Woods and every area that has underground distribution and the group assumed that if the homeowners wish to have broadband service, then they will provide additional funding. Jeremy advised that this assumption has not been validated but there is money in the budget to subsidize every underground area in town, including Becket Woods at exactly the same cost per mile for construction and make-ready as the rest of the town. The GROUP believes this is a fair way to handle underground. The states' money will cover all the make ready and all the design costs. Jeremy and Bob advised that the turnpike crossing construction costs listed in the budget are realistic numbers. It will no longer be necessary to have the town of Otis service the Shaw Pond area.

Bob Gross indicated that the Broadband Ad Hoc Group anticipates that later on in the process they may meet with potential subscribers to conduct a walk-through at the property in order to provide an estimate of what the drops would cost.

The group indicated that the Selectmen will need to provide a policy about town subsidy for maintaining and operating the network. Dan stated that because the availability of broadband service will increase real estate values, he thinks it would be sensible to pay a portion of debt relating to the broadband project through the town's real estate taxes. Jeremy indicated that the network could potentially sustain itself through subscribers.

Bob Gross indicated that individuals who need trenches for their drops, may elect to hire a private contractor which likely may be less expensive than if they used the town's contractors.

It is illegal to wire Fiber and electric in the same conduit.

Discussion ensued about underground construction. Jeremy pointed out that the road mileage listed on the Calculation of Underground Construction Costs & Town Subsidy document is based on the design footage, not the road footage.

Chris Lynch stated that one of the risks of a town-owned network is that the town may incur significantly higher costs if it encounters ledge during construction. Jeremy stated that beyond the per mile town subsidy to homeowners for underground installation, the extra cost would not be the town's responsibility, and homeowners may decide to use short-poles if they prefer not to pay the additional cost for blasting ledge.

The GROUP indicated that there is money in the budget to subsidize the per mile construction at the same costs per town. The homeowners associations will need to come up with \$362,091.86. The town will subsidize \$216,106.46.

Bob Gross advised that town Counsel had told him that the town has the authority to enter into agreements with those parties saying that they will agree to pay for the costs over the subsidies offered.

3. Comparison of TON and Matrix

The GROUP discussed a document entitled Total Cost of Subscribers Over 20 year period (Town Owned Network compared with Matrix Proposal). Dan Parnell indicated that the Town Debt needed should be changed from \$413,659 to \$407,000. During this comparison, all debt is being paid by subscribers. The comparison indicates that Matrix will cost subscribers an additional \$39.19 per month. Jeremy indicated that over 20 years, a Matrix owned system compared to a town-owned system, would cost the subscribers an additional \$2,400,000 for the lowest tiered service, and an additional \$7,200,000 for the highest tiered system. The town-owned network is based on the WiredWest proposed pricing which is being honored by Westfield Gas & Electric for towns not going through WiredWest.

Chris Lynch stated that he is disappointed that he was never consulted in advance of these numbers before the recommendation was made

Chris Lynch stated that Matrix's proposal for construction is based upon 140 miles of road. He stated that until yesterday, he was not provided with the revised mileage which is 109 miles.

4. Decision and possible vote on Matrix proposal

Bob Gross explained that after working on the budget, the group determined that since no additional funds are needed, there is no need to go before Special Town Meeting for a vote, nor for a decision about Matrix. Town Counsel had advised that although the Board of Selectmen has the authority to enter into a proposal with Matrix as long as it does not incur debt that exceeds what is authorized, they strongly recommend that the town go through an RFP process. Jeremy indicated that although Chris Lynch indicated that his proposal may change based on the mileage, the group's recommendation to the BOS would not change with the modifications. The GROUP favors a town-owned network because the town would have more control, and it is cheaper for the townspeople to build our own network. Jeremy stated that Matrix is a for-profit organization that has to make profit and has to pay taxes. The town does not have to do either.

Chris Lynch stated that entrusting this project to Matrix would be putting this into the hands of professionals, and there would be no increase to the taxpayers. He cautioned that the town may need to request additional funding if it selects a town-owned network.

Jeremy responded by saying that while there is no guarantee, the GROUP is confident that the network can be built with money left over for the amount that is stated in the documents discussed. Jeremy stated that the firm Westfield Gas & Electric, is also a firm comprised of professionals: Westfield Gas & Electric has built their own network and has given the same timeframe estimate as has Matrix for the construction (1 mile per day) so once the make-ready is done. Dan Parnell indicated that regardless of the construction firm affiliated with the broadband project, the Town of Becket will have to wait its turn for the utilities to create the make-ready before the construction can commence.

Jeremy stated that the state will not give the Town of Becket any more money until it takes Matrix off the table and the town will have to pay the make-ready invoices as soon as they come which should be in weeks and we do not want to pay a few of them and then run out of money. He stated that we want to know we have money to pay all invoices.

Bill stated that he appreciates the technical expertise of the GROUP, and the time they have devoted. He stated that he is inclined to accept the advice of the GROUP.

Michael praised the GROUP for doing an excellent job, and for putting together the figures. Michael stated that his biggest concern is how the town's various subsidies will be handled and how the overall subsidy may impact the town's debt. He thinks it is in the interest of the townspeople for this project to be moved along and having a high speed internet is what the town wants. Michael asked if it would be possible to work with Matrix after Make-ready is completed. Jeremy indicated that the town may solicit proposals for the construction.

Bill made a motion to remain with a town-owned proposal for broadband as presented by the Broadband Ad Hoc Group. Nicole seconded. Michael stated that in order to vote on this motion, he would want additional information relating to the costs, as well as more information about how underground will be handled. Nicole seconded. Motion carried with Michael abstaining.

5. Discussion of warrant for Special Town Meeting

The Broadband Ad Hoc Group stated that its recommendation is not to include an article relating to Broadband at the upcoming Special Town Meeting.

6. Review Anticipated Drop Costs by categories and overall budget impacts

This was discussed during agenda item 2.

7. TON drop policy and subsidy

In the past, the BOS voted on a policy. The Broadband Ad Hoc Group recommends delaying any changes on the TON drop policy until this project goes out to bid and additional cost information is known.

8. Review Underground Construction Costs, current credit calculation, and impact on Homeowner Association Groups

Jeremy stated that he agrees with Michael's point that we need to come up with a process for the different homeowner and association groups of which the number of the premises belonging to each of the groups vary. Bill stated that he would welcome the GROUP to suggest a process. Dan stated that the group may begin discussions to facilitate planning with the homeowner and association groups. Questions that may be asked include: 1) Do they want service? 2) Is there conduit that they may access? 3) To save on costs, would they consider an above ground solution (short-pole)? Dan also suggested that the GROUP approach those with estimated hook-up costs

over \$5,000. Bob Gross recommend that he contact town counsel to see what process they would want the town to utilize with homeowner associations and individuals (deposits, contracts). Per Howard Buxbaum's request, the GROUP will send a letter to the Becket Woods Prudential Committee c/o Ed Farman with a copy to Howard Buxbaum to arrange for a meeting.

9. Discussion of informational sessions

The town had sent tax stuffers announcing that the GROUP will have Informational Sessions in January. Chris Lynch indicated that he had planned to attend the informational sessions to discuss Matrix's proposal. The GROUP explained that the STM Warrant will not include any articles regarding broadband, and the town will stick with its original plan as voted at the May 2015 ATM to build its own broadband network.

10. Any Other Business

Nothing was discussed under this agenda item.

11. BOS intends to go into Executive Session under MGL Chapter 30A: Section 21 (a) 2 to conduct strategy sessions in preparation for negotiations with nonunion personnel or to conduct collective bargaining sessions or contract negotiations with nonunion personnel, and BOS will review and vote to approve the December 19, 2018 Executive Session meeting minutes

At 3:23p.m. Bill moved to go into executive session under MGL Chapter 30A: Section 21 (a) 2 to conduct strategy sessions in preparation for negotiations with nonunion personnel or to conduct collective bargaining sessions or contract negotiations with nonunion personnel, and BOS will review and vote to approve the December 19, 2018 Executive Session meeting minutes. Nicole seconded. Roll call: Bill Elovirta – yes, Michael Lavery – yes, and Nicole Ledoux – Yes.

12. Board of Selectmen to adjourn the meeting

Michael moved to adjourn. Bill seconded. Motion carried unanimously. At 3:30 p.m. Bill adjourned the meeting.

Date Approved: 1-16-2019

Respectfully submitted,
Beverly Gilbert, *Administrative Assistant*



William Elovirta, *Chairperson*

Documents discussed at the meeting:

- Calculation of Underground Construction Costs & Town Subsidy
- Becket Broadband Owned Network Project Cost
- Potential Additional State Subsidy for make Ready Cost Overages
- Summary of Contingencies
- Calculation of Underground Construction Costs & Town Subsidy
- Total Cost for Subscribers Over 20 year period