

Town of Readfield  
Budget Committee

Special Meeting  
September 8, 2021

MINUTES

The Readfield Budget Committee held a special meeting on Thursday, September 8, 2021. The meeting was convened on site at Giles Hall but included remote access via Zoom for those not able to attend in person. The meeting was noticed on the calendar on the Town's website. Committee members in attendance included: Andrews Tolman, Chairman; Rebecca Lambert; Ed Sims; Martin Hanish (via Zoom); and Ellen Schneider (via Zoom). Eric Dyer, Town Manager, was present at the meeting. Kathryn Woodsum was also present as an interested party.

The meeting was convened by Tolman at approximately 6:30 pm.

Dyer provided the Committee members with a high-level overview of the work that the Town has been engaged in around the broadband issue. This work has been going on for several years, but has gained momentum in the past year, with the convening of a Broadband Committee, tasked with fleshing out options for improving broadband access for residents. This group comprises representatives from several towns interested in exploring options cooperatively, with an eye toward benefits that might be realized by pursuing a collaborative approach. This effort has been aided by the support of Casco Bay Advisors, acting as consultants to the group.

The group has considered a number of potential options spanning from long term contracts between a town or groups of towns for ISP service to the formation of a broadband utility owned by participating municipalities. Most recently, the Town of Wayne has decided to stop its participation in the group exploration effort, deciding it is most advantageous for that town to seek a long-term contractual relationship with a third-party broadband vendor. The Town of Leeds has also stepped back into a "listening" stance and rather than taking an active role in the Committee work, is observing. Leeds is also exploring long-term third-party ISP arrangements for its residents.

Dyer reviewed Articles 2, 3 and 4 for the Budget Committee members. He noted that the Articles proposed for the warrant are intended to provide maximum flexibility to the Broadband Committee and to the Readfield Selectboard, allowing for development of alternatives to proceed in an expeditious manner. Article 2 would allow the pursuit of a long-term contractual arrangement with an ISP – not unlike the options both Wayne and Leeds are exploring. The authority conferred by Article 2 would not extend to broadband in the schools.

Article 3 would give the Selectboard the authority to pursue grants and other funding to help offset the costs of establishing a community broadband system.

Article 4, in contrast, is a bonding question. Bonding would be required if the Town decided it best to pursue a broadband option where the Town (or consortium of towns) has ownership of the broadband infrastructure; this community ownership option would extend to the schools. As laid out in the draft Article, the bond issue would be for \$5 million with a 20-year term at an interest rate of just over 2%. Dyer explained that the impact on the mil rate of this type of borrowing would be approximately 1 mil.

Per Dyer, Article 3 was drafted to be intentionally general, as all alternative options are not yet fully developed. It is intended to give confer broad negotiating authority to the Selectboard, as they narrow down alternatives. For instance, it will provide the Town with a stronger bargaining position when negotiating with third-party vendors, if it is clear that the Town has the authority to walk away and, instead, pursue an ownership option as opposed to a contractual relationship with a vendor.

Per Dyer and Woodsum, the Articles also represent an opportunity to further gauge the appetite and interest of Readfield's residents to pursue a community-wide broadband service. While the vote earlier this year showed overwhelming support for this initiative, attaching a dollar cost to it might tamp down enthusiasm. If the voters approve the Articles, however, the Town will be poised to take advantage of a spring 2022 bond issue – if infrastructure ownership is the chosen path forward – as opposed to putting off bonding until late in 2022, losing time while costs continue to rise.

Dyer explained that the \$5m bond value includes the base cost plus a generous contingency for cost overruns; that contingency is, as reported by Dyer, between 20% and 25%.

There followed a discussion between Members, Dyer and Woodsum of various considerations including how the public would be provided clear information regarding the broadband initiative and the meaning and implications of each proposed Warrant Article. The discussion included consideration of potential risk to the Town, should one of the ISPs successfully seek legislation to block municipal broadband initiatives. While this has happened in other states, Dyer views the likelihood of this happening in Maine at this point in time, very low. There are several Maine municipalities that already have such municipal broadband systems and momentum around them is growing. Still, there remains some risk that legislation could be passed that would block Readfield's initiative subsequent to bonding. In that case, Dyer believes that some of the money might be recovered through the sale of equipment.

The Budget Committee needs only consider its recommendations regarding the "money question" which is embodied in Article 4. Schneider offered a motion that the Budget Committee recommend support of the Article. Lambert provided a second.

Discussion of the motion followed. Hanish expressed concern that he lacked the information necessary to make an informed decision regarding his support of the Motion and indicated that if a vote were to be called at this meeting, he would vote in opposition. Hanish expressed some concern that tangential costs related to the project (like maintenance, for example) would creep into the Town budget. Not having a full understanding of those costs gave him pause when considering support of a funding question for the project. Dyer and Woodsum clarified that those costs like maintenance, etc., would be subsumed by subscriber fees.

Hanish asked Dyer to provide documentation that lays out the budget impact of the proposed/potential borrowing on the Town's budget. Dyer explained that Readfield's current annual debt service load is \$200k; that will drop to \$100k by 2024. The annual debt service associated with a \$5m, 20 year borrowing at 2.1% would be \$310k. Under current valuation levels, the tax rate is 0.34 mils for every \$100k, translating to an approximate 1 mil increase in taxes over current levels *if* Article 4 were approved and *if* the Town proceeded to development of a municipally owned broadband infrastructure project.

Hanish and others expressed their on-going concern about a lack of information, despite the provision of the debt service numbers provided by Dyer. They wanted to see documentation in the form used during the regular budget process when debt service is considered, before finally deciding on the question.

Tolman called the question on the Table, to move the discussion ahead. The motion failed with a vote of 2-3.

This vote necessitates a second special meeting of the Budget Committee to reconsider the question in light of additional information. It was decided that the second meeting would be held on Tuesday, September 14 at 6:30 pm.

There being no other business, the meeting was adjourned at approximately 7:50 pm.

Respectfully submitted,  
Ellen Jane Schneiter