



Franklin Regional Council of Governments

Comprehensive Economic Development Strategy (CEDS) Committee

Date:	December 15, 2015
Time:	3:30 p.m.
Location:	12 Olive Street, Greenfield, MA
Duration:	1.5 hours
Facilitator:	Gary Dillensneider, Chair

CEDS Committee Attendees:

- Gary Dillensneider, Chair, Franklin County Community Development Corporation
- Art Schwenger, Town of Heath
- John Ryan, Town of New Salem
- Martha Field, FRCOG Executive Committee
- Mike McCusker, Town of Buckland
- Walter Ramsey, Town of Montague
- Patricia Crosby, Franklin Hampshire Regional Employment Board
- Carmela Lanza-Weil, Greater Shelburne Falls Area Business Association
- Ann Darling, Franklin Regional Planning Board
- Carolyn Shores Ness, Town of Deerfield
- Nan Riebschlaeger, Town of Wendell
- Ann Hamilton, Franklin County Chamber of Commerce
- Jonathan Edwards, Town of Whately

FRCOG Staff:

- Peggy Sloan, Planning Director
- Jessica Atwood, Economic Development Program Manager
- Alyssa Larose, Land Use Planner

Guests

- MJ Adams, Northampton resident
- Fernando Fleury, Town of Greenfield
- Eric Nakajima, Massachusetts Broadband Institute

1 – Welcome and Introductions: Gary Dillensneider, Chair

The meeting was called to order at 3:32 p.m. by Chair G. Dillensneider. A round of introductions followed.

2 – Vote to elect CEDS Committee officers

J. Atwood stated that at the last CEDS Committee meeting it was announced that there would be officer elections. J. Atwood reported that G. Dillensneider and N. Riebschlaeger have agreed to serve

another term as officers, if elected. J. Atwood asked if there were any other nominees for officers. There were none. C. Shores Ness MOVED to elect G. Dillensneider as Chair and N. Riebschlaeger as Vice-Chair of the CEDS Committee. M. McCusker SECONDED. The motion PASSED unanimously.

3 – Vote to Approve the May 28, 2015 CEDS Minutes

A. Schwenger MOVED to approve the May 28, 2015 minutes. C. Shores Ness SECONDED. The motion PASSED unanimously.

4 – CEDS Program Updates – Draft Franklin County Business Development Resource Guide – Jessica Atwood

J. Atwood provided an overview of the Economic Development Administration (EDA) Planning Partnership Grant, which funds staff time for the CEDS Program. The contract is for the period of July 1, 2015 through June 30, 2016. This is the 10th consecutive Planning Partnership Grant received by the FRCOG. J. Atwood reported that the Economic Development Governing District Board (EDD) met in November 2015, at which they revised their Board bylaws to reflect changes in Federal regulations.

J. Atwood gave a PowerPoint presentation on the Draft Franklin County Business Development Resource Guide. Copies of the draft were also distributed. The Guide is meant to be a resource for new and existing businesses not familiar with the business technical assistance resources available in the area. It identifies resources by type of assistance, and includes demographic and economic data about the region. The guide is based on previous resource guides developed for West County and North County. J. Atwood asked for feedback from the Committee on what is useful or not useful. J. Atwood stated that she will also share the draft with the organizations identified in the guide to get feedback or updates. Discussion followed.

J. Edwards noted that tax credit program information is important even for small businesses, and should be included. Any State incentives should be included. J. Atwood responded that she will include these resources. A. Hamilton noted that the local page could be organized as sub-regions. P. Crosby stated that the workforce training fund should be added under the Franklin Hampshire Regional Employment Board entry. A question was asked about whether the guide should include data and resources in surrounding counties. J. Atwood noted that the guide includes organizations from outside Franklin County that serve Franklin County and beyond, however, she can incorporate more of these resources as appropriate.

J. Atwood presented the regional profile page, which is a snapshot of the county with data sourced from the American Community Survey and other sources. There was a request to include data from neighboring counties as well. She noted that she can create a separate page with neighboring data to provide context for the greater region.

J. Atwood stated that she is trying to keep the resource guide under 10 pages so that it is a reasonable size to print out. She would like feedback from the Committee by January 15, 2016.

5 - Update on the Massachusetts Broadband Institute's Last Mile Project – Eric Nakajima

J. Atwood introduced Eric Nakajima, Executive Director of the Massachusetts Broadband Institute (MBI). A round of introductions followed. J. Atwood noted that the CEDS Committee has periodically over the years invited the MBI to come speak.

E. Nakajima began with an overview of the MBI and its programs. The MBI was created in 2008 after citizen advocacy about the broadband gaps in Central and Western MA. The first gap identified were towns with no service, which becomes more acute over time. What “broadband” means has evolved over time as speeds have increased. E. Nakajima continued that after the recession, the Federal government created a program to fund middle mile projects through the American Recovery and Reinvestment Act. Massachusetts was successful in receiving a grant and constructed a 1,200 mile middle network, which goes to 120 towns. It connects 78 towns that have existing service and all 45 towns that didn't have any broadband. That infrastructure was completed last year and is now providing service to just under 500 institutions.

E. Nakajima reported that in 2014 the State legislature allocated funding for last mile projects to MBI. The legislature indicated a priority for finding solutions for unserved and underserved communities. The MBI has taken on this mission through two programs. E. Nakajima provided an overview of these programs.

He explained that the Broadband Extension Program is working to close the gap in underserved communities. The MBI did extensive analysis working with local town cable committees and data provided by existing cable operators to identify gaps. They found that 10 communities had broadband coverage below the prevailing regional average. Almost no community in the state has 100 % coverage. MBI found that the average for the region was 96% coverage. The MBI set this as a target for towns that are below average to reach or surpass 96% with the money available. The MBI developed an RFQ in July to find providers capable of doing the construction and providing the service. MBI received two responses, from Comcast and Matrix. They are currently seeking additional information from both providers to determine the nature of coverage, etc. In January they will have proposed coverage maps from each company.

The ten towns in this program are Buckland, Shelburne, Conway, Northfield, Gill, Montague, Hardwick, Chester, Huntington, and Pelham. There are competing proposals to serve Montague and Hardwick. MBI is currently engaging these towns to understand preferences, and hope to finalize agreements with one or the other provider by the end of January. Depending on the provider's schedule, build out would be within 24-36 months. E. Nakajima asked if the Committee had any questions. Discussion followed.

The question was asked if the ten communities were also providing funding. E. Nakajima responded that no funds will be necessary from the benefiting subscribers, with the possible exception of people with very long driveways. Towns are not anticipated to provide a contribution. A town may decide to contribute to close the gap to 100%. E. Nakajima stated that the MBI is open to this but this is not the current deal. The question was asked about the minimum coverage. E. Nakajima responded that each individual town will meet at least 96% coverage, but the ambition is to get as far past 96% as possible.

The question was asked why those 10 communities, and not other underserved communities in the State. E. Nakajima responded that it has been discussed whether there should be a general State subsidy. But the intent was to close the gap in towns deeply below average. The MBI identified other towns outside of this region, but there were already efforts underway there.

E. Nakajima stated that the unserved communities are under a separate program. He continued that there are 44 of these communities and that the lion share of MBI's efforts and resources are being devoted to these communities. E. Nakajima presented an overview of the broadband program to build out infrastructure in unserved towns. The majority of towns in Franklin County are looking for fiber to the home networks, and most of these towns are affiliated with Wired West. A handful of towns are exploring alternatives. MBI has been doing a desktop analysis of the cost of capital construction for a fiber to the home network. This is a very expensive proposition which would cost approximately \$109 million or upwards, depending on assumptions. MBI has \$40 million available. A great amount of investment would be needed by the private sector, but there has not been much interest. In general, MBI is looking to see if towns are interested in borrowing funds to implement this. Wired West has been a strong advocate on how to deploy a fiber system in the region. MBI is bringing folks on board who have a background in the industry. E. Nakajima then asked if there were questions from the Committee. Discussion followed.

A. Schwenger asked how long it will take to get broadband to these towns, given MBI's actions to try to scuttle the Wired West effort. It was noted that broadband is the single most important economic development tool for small towns, and without it towns are quite handicapped. E. Nakajima responded that on the construction side, MBI has been working hard on procurement for design and engineering services, but are a couple months behind. A lot of the delay had to do with making sure procurements were done right. MBI is now in the position to go to market in the new year with RFPs. They already have pole survey companies starting work very soon. A handful of towns, Colrain, Wendell, Otis, and Alford, have entered into contracts, and will likely go to market in the first quarter to do surveying. Those four towns may be the first "construction cluster." The overall outlook is 24 to 30 months for make ready and construction, with an overall project timeline of 38 to 42 months. E. Nakajima noted that he understands why people are angry and deeply concerned that the MBI is trying to make it more difficult for these towns to get broadband. There are significant areas of disagreement with Wired West, but MBI will be meeting with the Wired West Executive Committee to resolve the issues, and in developing a process that will be fair and transparent to towns. MBI has had many meetings with Wired West. The issues have focused on managing financial risk, enterprises, and different ways to do that. People disagree on some of these points. However, the need to help towns get broadband is so significant that we need to figure it out.

P. Sloan asked if Eric could outline the fundamental issues MBI is trying to address with Wired West. E. Nakajima responded that there are two things subject to discussion. The first is the long term governance structure, and under what terms agreements with towns are executed. Municipal Light Plants (MLP) must join on a permanent basis to own the system jointly through an LLC and operate it jointly in perpetuity. The issue is that towns signing up are making a permanent decision on how to run their cooperative at a time when they have the least information in terms of market, risks, and trade-offs. MBI's position would prefer supporting Wired West with a model in which towns have a right to withdraw their infrastructure, or alternatively where towns own the infrastructure and lease it long term to Wired West. The other question is how viable is the business plan, how are services delivered, and how positive or negative are the assumptions. MBI's analyst saw some holes in the plan. MBI is going

to sit down with Wired West to go through different business plan scenarios. The governance structure is more difficult; however we hope to proceed in a constructive way.

A question was asked whether the middle mile was finished, and who is Wired West. E. Nakajima responded that the middle mile is finished. Wired West is a cooperative of Municipal Light Plants (MLPs) in the region. Towns each had to create an MLP in order to borrow money and own broadband infrastructure. The Wired West Board is made up of one representative from each town MLP, and is composed of unserved and underserved communities. Eventually it will be made up of only the towns that have invested funds.

A question was asked whether Wired West would contract with Eversource or Comcast. E. Nakajima stated that Wired West currently proposes to develop in house capabilities to operate the system, while outsourcing some things, like TV, for example. MBI questions whether an in-house start-up is the best way to proceed. An alternative would be to outsource the operation initially, learn about the market being served, and then gradually build in-house services.

A question was asked about how the Crocker proposal fits in. E. Nakajima answered that Crocker is currently the ISP for Leverett, and they see an opportunity to expand into surrounding towns. Crocker is not intending to govern the system, but just operate it.

A question was asked whether MBI was seeking more funding for the “last inch,” to get the service into a house and used. E. Nakajima responded that the MBI would be happy to advocate for more money to defray the borrowing cost to the towns. MBI has taken on grants to provide assistance to small businesses to help integrate broadband into operations, and would like to find ways to expand broadband utilization. E. Nakajima continued that the ability to pay has not been talked about and should be addressed.

A Committee member commented that there is a difference between getting fiber to the house, and actually connecting and using it. In Leverett each individual household had to get the wire into the house and it cost over \$100 to do that. E. Nakajima stated that in unserved communities, the program would bring it into the home. In underserved communities, one current proposal would do a full install, the other would require the subscriber to invest in the final install. E. Nakajima continued that this raises the question of what is the burden on the households.

A Committee member commented that communities partnering has tended to be profitable and that the hope is that MBI will look for solutions to incorporate the cooperative mechanism. Hopefully the model can be used. E. Nakajima responded that he is not happy about where things stand. Even though MBI has had towns approach them with proposals individually, they still think there are things that can be done better on a regional cooperative basis.

A question was asked whether Mr. Nakajima feel there are solutions to use the Wired West model. E. Nakajima answered yes, that the MBI is trying to bring forward alternatives for Wired West to make it work.

J. Atwood thanked Mr. Nakajima for coming to the meeting.

6 - Other Business, Adjourn

J. Atwood stated that she will send out an email with the proposed next meeting date.

A. Hamilton MOVED to adjourn the meeting at 4:55 p.m. P. Crosby SECONDED the motion. The motion PASSED.

Respectfully submitted by:



Gary Dillensneider, Chair