



# Town of China, Maine

## November 2, 2021 Referendum

### Broadband Ballot Question

#### Summary Information

**Introduction.** If you vote “yes” on the **Broadband Ballot Question**, you will be *supporting*, in order,

- 1) *signing up sufficient customers* to pay for the Project over time,
- 2) *applying for grants* to pay Project costs not covered by the Bond (borrowing) and
- 3) *giving the Select Board the final say* on whether to start Project construction and to borrow to pay for it.

If you vote “no” on the Broadband ballot question, it seems *less likely that there will be any significant improvement of internet service* in the Town in the reasonably foreseeable future.

**Broadband high-speed internet service** will provide, throughout the Town, faster delivery (upload) and receipt (download) of continually increasing amounts of electronic content.

#### SUMMARY INFORMATION TOPICS

1. The Project Infrastructure
2. The Bond and The Grants
3. Customers, Revenues and Expenses
4. Underserved and Unserved Areas
5. Technology
6. Competition
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**1. The Project Infrastructure.** Fiber optic cable will be strung on a sufficient number of electric power poles in order to bring Broadband internet service to every home, business and organization in the Town that signs up for it. Also, there will be a building in which Broadband content will be received from outside the Town and distributed to customers within the Town. The useful life of the fiber optic cable is estimated to be 30 to 40 years.

**2. The Bond and The Grants.** The *Project* is estimated to cost \$6,485,850. The *Bond* would pay \$5,608,700 (or 86%) of that amount and *grants* would pay \$877,150 (or 14%) of that

amount. *Grants* are available now and *competition* for grants among Maine municipalities *is growing* and will likely continue to do so. Grant commitments would be obtained prior to Bond (borrowing) and starting Infrastructure acquisition and creation (construction).

**3. Customers, Revenues and Expenses.** *Prior to borrowing and construction, sufficient customers will pay for*, and commit to take, multiple years of the Broadband internet service to be provided by the Project. The following service tiers for the following charges are projected.

Service (Mbps)	Year-Round Resident	Seasonal Resident
50/50	\$54.99/mo	\$560.99/yr
100/100	\$64.99/mo	\$662.99/yr
500/500	\$149.99/mo	\$1,529.99/yr
Gig/Gig	\$199.99/mo	\$2,039.99/yr

Below are revenue and expense projections for the first full 5 years of Project operation.

Town Fiscal Year (July 1- June 30)	Total # of homes served (Year-Round and Seasonal)	Revenue	Expenses	Available to pay bond debt service and as surplus*
2025	834 (35% & 40%)	\$751,650	\$436,150	\$315,500
2026	948 (40% & 45%)	\$817,316	\$494,012	\$323,303*
2027	1,061 (45% & 50%)	\$886,812	\$551,875	\$334,938*
2028	1,175 (50% & 55%)	\$978,802	\$591,737	\$387,066*
2029	1,288 (55% & 60%)	\$1,070,792	\$649,599	\$421,194*

At an estimated maximum interest rate of 3.2% and with an estimated maximum term of twenty-five (25) years, the *total estimated Bond interest* is \$2,210,656, the total estimated Bond repayment and interest is \$7,819,356 and the *estimated annual payment* is \$315,500 (not including lesser payments due in fiscal years ending June 30, 2023 and June 30, 2024). According to Town records, there are *approximately 2,300 properties which could utilize Broadband internet service.*

For the full spreadsheet and more financial information, go to <https://Chinabroadband.net>

**4. Underserved and Unserved Areas.** The State ConnectMaine Authority (CMA) has defined “*broadband service*” as a two-way, always-on, communications service that provides access to public data networks and the internet, without usage limits and meets certain other criteria. CMA also defines an “*underserved area*” as one in which “broadband service” exists but internet customers cannot receive a minimum of 50/10 Mbps (download/upload speeds). An “*unserved area*” is one which is without “broadband service.” It is estimated that within the Town approximately 115 (5% of) addresses are “unserved” and approximately 575 (25%) are “underserved.” The widely known proposal to increase the “underserved” threshold to 100/100 Mbps would put the entire Town in that classification if the Project were not carried out.

**5. Technology.** Fiber optic technology has been in use throughout the world for some time now and has proven sturdy, reliable fast and easy to upgrade. One thickness of a human hair (and there are many such fibers in a cable) can carry more data than 4,000 of the top-speed copper lines used by DSL (land line telephone) and cable television companies. Satellite and 5G services are not as reliable in rural areas like China because of long transmission distances, obstacles that can block the signal and susceptibility to adverse weather conditions.

**6. Competition.** In the early 1990’s, a predecessor of the current cable television provider was granted a monopoly to provide cable television service throughout the Town. Through a series of mergers and acquisitions the current cable television provider has evolved to also provide internet service to approximately 1,700 China addresses. The Town Project would provide significant competition which will be helpful to all internet service customers.

**7. Development History.** In early 2017 the Select Board appointed a Broadband Committee (CBC) to consider how to provide Broadband internet service to “unserved” and “underserved” areas. In 2020 *Mission Broadband* was hired to assist CBC. After meetings with the current cable television provider, the current landline telephone company and a specialty provider, CBC, with the approval of the Select Board, solicited and received proposals from the current cable television provider and two other companies. After fruitless negotiations with the current cable television provider regarding its largely non-responsive proposal, the CBC, with the approval of the Select Board, declared its intent to work with *Axiom* Technologies (Axiom), one of the other companies, to develop further its proposal for the Project which, as set

forth in the Broadband Ballot Question, is to be owned by the Town, built by contractors and operated and maintained by contractors.

**8. Construction, Operation and Maintenance.** It is expected that *Axiom*, a Maine based company, will oversee construction by *Hawkeye* Connections, also a Maine based company. All customer service, revenue collection and Project operation and maintenance is expected to be carried out by *Axiom*.

**9. Benefits.** Telemedicine, education, at home work and other business applications, buying and selling, social connections, gaming and entertainment all require the higher Broadband upload and download speed and capacity that the Project is expected to provide.

**10. Risk Factors, including Taxation.** All estimates, projections and assumptions in this Summary Information have been made on the best information available and are believed to be reliable, but no representation whatsoever is made that any estimate, projection or assumption is correct. So far as any statement in this Summary Information may involve any matter of opinion, whether or not expressly so stated, it is intended merely as such and not as a representation of fact. Failure of contractors to carry out their obligations could have an adverse effect on timely customer revenue collection. Construction and operation of the Project could be adversely affected by labor or material shortages or weather events which in turn could adversely affect timely receipt of customer revenue. Adverse customer revenue effects could result from failure to attract and retain Project customers and from pricing and service policies of the current cable television provider, the current landline telephone company or any other provider of internet service within the Town. *Without limiting the foregoing, no assurance is given that, after any Bond borrowing and start of construction, money raised from Town real estate taxation will not be required, under certain circumstances, to pay principal of and interest on such Bond or Project operating and maintenance expenses.*

More detailed information available on the website at <https://ChinaBroadband.net>

This Summary Information was prepared by the *China Broadband Committee* with input from the *China Selectboard* and its distribution at Town expense was approved by them.

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