

The Cost of Southport-owned Fiber Optic Network

- The objective is a project fully paid for by subscribers, not taxpayers.
- Because the town generates revenue from internet subscribers, the true cost is much less than \$2.48M.

Who pays for what?

Installing the Network.....	Town of Southport
Operating the Network.....	Internet Service Provider
Maintenance & Repairs downed lines,etc.	Internet Service Provider
Damage due to storms.....	Internet Service Provider

What Should You Expect?

- Free hook up and installation to your home or business during the construction period.
- Subscriber pricing comparable to current Spectrum pricing with:
 - better download/upload speeds,
 - symmetrical service (*upload/download at same speed*),
 - better reliability engineered for Southport's future,
 - better customer service.
- No price increases. Prices are expected to decrease.
- Wired internet connection included at no additional cost.
- 30% of all subscriber fees are returned to the town as owners of the network.

Owning the network gives town control over who operates it,
for how long, what speeds are offered and for what prices.

What to expect from a “Yes” vote?’

1. Request for Proposal drafted by the Town for Internet Service Provider's bids.
2. Bids from Internet Service Providers to include rate cards for accurate comparison.
3. Seeking grants & other funding sources to lower construction costs.
4. The Select Board will make the final decision on whether to move forward or pursue alternatives.

What are the risks?

- **Subscribers are critical to success. A risk is that the # of subscribers falls short.**
 - SBC anticipates a minimum of 50% of Southport households to subscribe.
 - To mitigate the risk, financial projections started with 30%.
- **During the construction year, Town will owe bond P&I without subscription revenue.**
 - Grants and other funding sources can defray this taxpayer liability.
- **Some residents may not be able to afford subscription fees.**
 - An Affordability Fund should be established to ensure all residents have fair and equal access to high-quality Internet.
- **Cost to hook up a home after the free period during construction year.**
 - If you missed the free hook up offer during construction, the Town will work closely with the Internet Service Provider to provide future opportunities to hook up service at a lower cost.
 - Town could use some of the revenues to offset these costs.

Competitor Offerings

- Offer rates on shared connections. Meaning one customer impacts the quality of others.
 - Because of this, they use language to promise speeds of “up to”, “or higher”, “individual experience may vary”.
- **Consolidated Rates** (<https://www.consolidated.com/residential/internet/local-maine-plans>)

Internet Speeds (Mbps - down/up)	Price	Price w. Wifi
10 / (not advertised)	\$33.04	(not advertised)
25 / (not advertised)	\$44.04	(not advertised)
50 / (not advertised)	\$56.04	(not advertised)

- **Spectrum Rates** (<https://www.spectrum.com/browse/content/ratecard>)

Internet Speeds (Mbps - down/up)	Price	Price w. Wifi
200 / 10	\$74.99	\$79.99
400 / 20	\$94.99	\$99.99
30 / 4*	\$17.99	\$22.99

* Member of household must be recipient of national subsidy program

Town-proposed Rates

- Negotiable with the Internet Service Provider we hire to operate the network.

Internet Speeds (Mbps - down/up)	Price	Price w. Wifi
50 / 50	\$59.99	\$64.99
100 / 100	\$69.99	\$74.99
200 / 200	\$109.99	\$114.99
500 / 500	\$149.99	\$154.99

Scenarios

- 30% of subscription fees go to Town as revenue
- Based on current Maine Municipal Bond Bank Rates
- Zero price increases in subscription fees.
- Zero increased subscriptions after Year 5.

\$2,000,000

- **30% subscribers in Year 1** increasing up to 50% by Year 5
- Construction Year P&I: **\$124,833.30** (38% total cost)
- Revenue Gap after construction: **\$202,045.07** over Y2-Y20
- Net Revenue for Town after Bond paid in full:
 - 20-yr: **\$120,081.22**
 - 30-yr: **\$1,320,893.42**

Speed	Y1 Subs.
50/50	100
100/100	111
200/200	50
500/500	5

\$2,000,000

- **50% subscribers in Year 1** with 0% increases in subscriptions
- Construction Year P&I: **\$124,833.30** (100% total cost)
- Revenue Gap after construction: **\$0** over Y2-Y20
- Net Revenue for Town after Bond paid in full:
 - 20-yr: **\$290,234.24**
 - 30-yr: **\$1,621,354.76**

Speed	Y1 Subs.
50/50	83
100/100	200
200/200	150
500/500	10

\$1,800,000

- **30% subscribers in Year 1** increasing up to 50% by Year 5
- Construction Year P&I: **\$112,349.74** (58% total cost)
- Revenue Gap after construction: **\$82,941.12** over Y2-Y4
- Net Revenue for Town after Bond paid in full:
 - 20-yr: **\$238,176.36**
 - 30-yr: **\$1,438,988.56**

Speed	Y1 Subs.
50/50	100
100/100	111
200/200	50
500/500	5

Revenue Gap Strategies

- Apply any grants and private donations to P&I payments during the construction year.