



# Article 48

## FUNDING FOR TELECOMMUNICATIONS OPERATION

**ARTICLE 48.** To determine whether the Town will vote to raise and appropriate, or transfer from available funds in the Treasury, or authorize the Town Treasurer with the approval of the Board of Selectmen, to borrow by the issuance of bonds or notes under the provisions of Chapter 44 of the Massachusetts General Laws, the sum of \$1,000,000.00, or any other sum, to be expended under the direction of the Town Manager for the purpose of beginning to provide telecommunication services to Concord residents and businesses, including broadband internet services and telephony, said funds to be used for, equipment, contract services and other functions necessary to begin offering telecommunications services for a fee, the cost of such services to be paid for by the users of such services, or take any other action relative thereto.



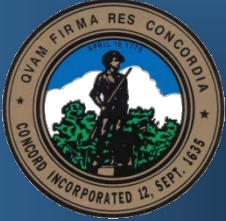
# Article 48

## Funding for Telecommunications Operation

### Purpose

- Authorizes the Town to borrow funds to expand CMLP's telecommunications operations in order to provide high speed Internet service to business and residential subscribers. Those funds are to be repaid through fees charged to users of the service.
- The funds will be used to:
  - Procure equipment and services needed to launch a broadband data service to be operated by the Concord Municipal Light Plant (CMLP).
  - Pay expenses related to connecting customers to the fiber optic network, such expenses are recovered over time through the rates.
- Neither Tax or Electricity revenues will be used to fund or repay expenses related to telecommunications operation.

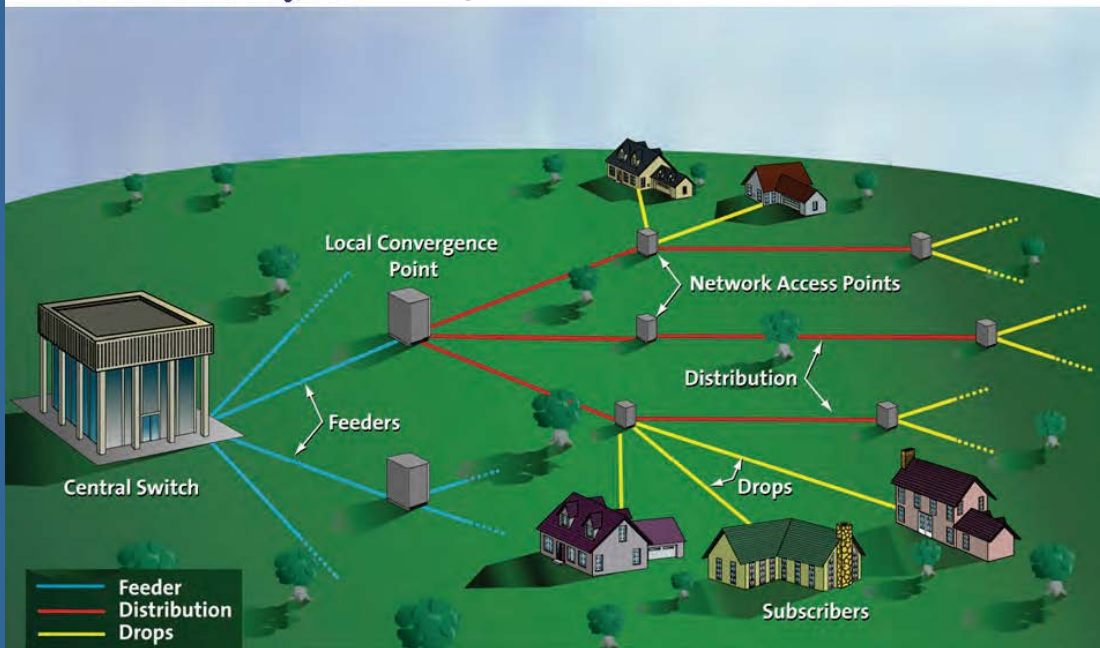
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## Funding for Telecommunications Operation Background

### CMLP Fiber Optic Network

#### *Generic Layout Gigabit Passive Optical Network*



Graphic: Corning Incorporated



- Construction completed in 2012
- Includes everything except “Drops”
- Supports “Smart Grid” already
- Already has some customers
- Has vast additional capacity

### Additions for High Speed Data Service:

- Additional high capacity “upstream” connection to the Internet
- Additional central switch location equipment to handle data traffic
- Business Administration and Service Management processes



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## Funding for Telecommunications Operation Use of Funds

- **Startup Expenses**
  - ✓ \$250,000 to \$300,000 for equipment and service startup expenses
- **Customer Installations:**
  - ✓ \$500,000 to fund the 500 customer drops
  - ✓ Each new customer requires a new connection which can cost up to \$2000 to install. \$1,000 on average.
  - ✓ Installations will be done only in response to customer orders.
  - ✓ Above 500 the installations can be funded by telecommunications revenues
- **Contingency for demand**
  - ✓ \$200,000 Enables faster build out should demand exceed forecast.



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## Funding for Telecommunications Operation Service Offering

CMLP will offer High Speed Internet Data to business and residential customers.

- **Provides another option where only one exists today**
  - A variety of speeds will be available
  - Top speeds of up to 1 gigabit per second are possible
  - Expands on existing CMLP programs
- **Increases competition within Concord**
  - Rates will compare favorably to other suppliers
  - Voice, Video and other Services can be accessed by customers through the data connection. (e.g. Vonage, Netflix, Hulu, Gmail, etc. - see handout)





# Article 48

## Funding for Telecommunications Operation Benefits of Broadband

- **Economic:**
  - Consumers in communities with municipal options pay less for telecommunications than those that do not have the option.
  - Property Values, Business Activity, Occupancy
- **Supports electric utility operations**
  - Depreciation, Data Collection, Control Operations
- **Supports municipal operations**
  - Data Networks are critical to Town Operations creates the opportunity to have key skills in house



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## FUNDING FOR TELECOMMUNICATIONS OPERATION

### Questions?

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