

Executive Summary

The meeting primarily focused on discussing the financial aspects and challenges of the Town's Network, including storm damage costs, insurance options, and budget allocations. The ABA team presented detailed analyses and suggestions for managing expenses, setting aside reserves, and exploring potential partnerships or cooperatives with other entities. The discussion also touched on climate change impacts, ongoing discussions, and the importance of community involvement, with some personal anecdotes.

Presenters: W. Don Hudson, Ken Hnottavange -Telleen and Vince Capone

Next Steps:

- 1) ABA Commissioners will continue exploring network insurance options with state officials, MMA, insurance brokers, and other municipalities.
- 2) Don Hudson will prepare monthly financial status reports for the Select Board.
- 3) Vince will draft an article about the network's current situation for the Arrow newsletter.
- 4) ABA Commissioners are to pursue multiple options simultaneously for the network's future (e.g., potential sale, insurance, partnerships, co-ops).
- 5) Vince will continue discussions with the Axiom owner about potential future scenarios.
- 6) ABA Commissioners will continue communicating with Town residents about the Network's current situation and risks through various channels.
- 7) ABA Commissioners to reassess the network's financial picture at the end of the next fiscal year.

Topic By Topic Summary

Resolving Audio Issues

Paul Kalkstein and Vince discussed via chat the issue of no audio during the meeting, which was resolved. The ABA will partially fund the Town's effort to install a new multimedia communications suite in the Town Hall to enhance online communications with residents.

Storm Damage Costs

Ken Hnottavange-Telleen then presented a detailed analysis of the costs associated with storm repairs using data from the CMP. He suggested setting aside a budget of \$32,000 annually for repairs, with the possibility of additional funds needed for catastrophic events. Ken also highlighted the need to consider subscriber outage days as another impact of storm damage.

Town's Insurance and Storm Damage Plans

Don Hudson discussed the town's lack of insurance for the Network's aerial components and the reason for its self-insurance. He mentioned that the town had considered joining the Public Utilities Risk Management Association but found the costs too high for the policy restrictions. He also noted attempts to insure via the high-risk casualty insurance market, and the cost vs. per-event deductible made the policy too expensive for the protection offered.

Vince discussed the possibility of the town setting aside money for storm damage and equipment replacement reserves. Vince also highlighted the importance of building relationships with contractors for emergency repairs, including emergency services. Don Hudson then provided a financial update and a 5-year financial projection.

Network Financials and Equipment Budget

Don Hudson discussed the network's financials, highlighting that the most expensive year has passed, with \$1.2 million spent on building the network in fiscal year 2024. The ABA Network receives 45% of the revenue for this year and next year; this revenue share will drop to 40% in fiscal year 2027. He also discussed the professional services budget, which includes a federally mandated single audit costing around \$40,000.

Don also discussed the equipment reserve budget of \$19,000 per year, which is set aside for replacing Central Office equipment as needed. He mentioned that the cost of storm damage repairs could be deducted from the equipment reserve in an emergency. He also noted that the network has the least expensive internet subscriber cost of any Axiom system ever built.

To ensure sufficient cash reserves, 85% of the generated revenue must be set aside for repairs or equipment replacement, leaving a meager 15% for all the remaining overhead expenses. Regular maintenance and any damage repairs reduce funds dedicated to the reserves.

Without significant storm events and an increase of the basic subscription rate to \$59.99 in fiscal year 2027, ABA's working capital would be down to \$10,640 after 5 years. The Equipment reserve would have a balance of approximately \$100,000 and \$125,000 in the damage reserve. If, during the five years, a significant storm event costs \$80,000 in repairs, the ABA working capital would be **- 11,247.00** with approximately \$100,000 in the equipment reserve and only \$35,000 in the storm damage reserve.

Financial Sustainability and Cooperative Options

Don Hudson discussed the financial sustainability of the Town's Network, acknowledging the need for a reserve to cover potential damages. He suggested that insurance and possibly forming a cooperative with other small entities are possible solutions for reducing risk. The network would be more financially sustainable if a reasonable insurance option could be found.

Vince highlighted the importance of volunteer hours and the potential strain on the Town's pool of volunteers. He mentioned the possibility of a loan from Bath Savings and the need for a town meeting to reauthorize it. Vince Capone also discussed the potential for a co-op with other towns in a similar situation, suggesting that the Main Connectivity Authority could provide a list of publicly owned enterprises they are funding.

Addressing Climate Change and Town Planning

Vince discussed the Town's challenges due to climate change, including increased potential storm damage and saturated soils from increased rainfall, resulting in more downed trees. He highlighted the need for the Town to plan for these changes and the potential for insurance to mitigate risks. Vince also mentioned ongoing discussions regarding potential buyers and partners, emphasizing the importance of protecting the Town's interests. Don Hudson suggested that the Town consider all options, including insurance, and that there should be more clarity regarding the State of Maine's intention to support insurance of the small town Networks.

Vince encouraged the community to stay informed and to discuss their concerns and ideas with the Town officials.