

**Broadband Internet
Frequently Asked Questions
January 20, 2021**

This is document will be continuously updated to reflect new questions/concerns from the community

Why didn't Goshen apply for CARES Act money in the Summer of 2020?

Goshen was not eligible to apply due to a short application and expense window versus where the town was in identifying need, Requests for Information (RFI), and Requests for Proposals (RFP).

How many providers/vendors did the town try to connect with for this project?

Seven RFI's were sent out to the following providers: Comcast/Xfinity, Consolidated, Eversource, Liberty Utilities, NH Electric CoOp, TDS, and Until.

How many providers responded to the RFI? And how many offered a plan that covered the whole town?

Three providers responded that they were interested in applying for the RFP. Of the three that responded, Consolidated offered a whole-town approach.

How much is this going to cost?

The proposal came back at \$780,125 for a town-wide solution, which will be paid by raising a bond.

Will this impact my taxes?

No and maybe. The provider (CCI) will pay back the bond through a bond recovery fee that will be paid by subscribers, not taxpayers. If you are not a subscriber to the service, you will not pay the fee. If the provider fails, then there would be a tax impact.

If the provider fails, what will the tax impact be?

The tax impact will be less than \$1 added to the millage rate (overall tax rate). It is estimated that for about every \$80,000 added to expenses the rate goes up \$1. To pay back the bond with interest will be less than that each year.

If the provider is going to pay back the bond, then why do we need a bond?

- The provider does not directly pay for this type of project cost. This is an internal business decision made with many factors that are not necessarily exclusive to Goshen.
- The bond is to cover the costs of the project and allows the provider to begin work more quickly than if they had to budget for the project over a number of years.
- The bond allows for a lower interest rate over a longer time period which is a lower budget impact.

Will this impact the value of my property?

Yes. This will add value to your property and depending on the speeds you are currently receiving that is expected to be as high as 3.3%. You do not need to be subscribing to the service for your property value to increase, the option simply needs to be available. The chart below shows the effect on the town as a whole and percentage to internet speed dynamic.

Broadband Speed Available	Number of Locations	% Effect on Prices	Total Property Value Change
0 to 20 Mbps	316	3.3%	\$2,741,562.91
25 to 45 Mbps	167	1.4%	\$614,669.55
50 to 100 Mbps	41	0.7%	\$75,453.45
100 Mbps and higher	0	0.0%	\$0.0
TOTALS:	524		\$3,431,685.91

If my property value goes up, won't my tax rate go up?

No. The tax rate is impacted by several things namely expenses. Your tax rate goes up when the total valuation decreases or when expenses increase, or when revenue decreases and combinations of those factors. The equation used for the determining the tax rate (millage rate):

- $\text{Voted Appropriations (minus) All Other Revenue (divided by) Local Assessed Property Value} = \text{Rate}^*$
- $\text{Rate (multiply by) 1000} = \text{Tax Rate/Mil Rate}^*$

In the example below you can see that with no change to the expenses and adding in for increased value rates drop. The full impact will something the Budget Committee and Select Board will consider.

	Municipal Tax Effort	Municipal Valuation	Municipal Tax Rate	County Tax Effort	County Valuation	County Tax Rate	Local Education Tax Effort	Local Education Valuation	Local Education Tax Rate	State Education Tax Effort	State Education Valuation	State Education Tax Rate	Total Tax Effort	Total Tax Rate
2019	\$684,513	\$72,770,087	\$9.41	\$205,528	\$72,770,087	\$2.82	\$988,933	\$72,770,087	\$13.59	\$146,345	\$71,065,337	\$2.06	\$2,025,319	\$27.88
2019+VC	\$684,513	\$76,201,773	\$8.98	\$205,528	\$76,201,773	\$2.70	\$988,933	\$76,201,773	\$12.98	\$146,345	\$74,497,033	\$1.96	\$2,025,319	\$26.62
													Overall rate is lowered:	-\$1.26
2020	\$697,428	\$82,975,721	\$8.41	\$208,549	\$82,975,721	\$2.51	\$853,623	\$82,975,721	\$10.29	\$141,964	\$80,482,381	\$1.76	\$1,901,564	\$22.97
2020+VC	\$697,428	\$86,407,407	\$8.07	\$208,549	\$86,407,407	\$2.41	\$853,623	\$86,407,407	\$9.88	\$141,964	\$83,914,067	\$1.69	\$1,901,564	\$22.06
													Overall rate is lowered:	-\$0.91
Value Change:	\$3,431,686													

Am I required to buy into this service?

No. The choice to receive broadband services is up to you and not required.

Can I keep my current service?

Yes, and you do not need to change your service options if broadband arrives. Additionally, there is no change to current costs and if you are receiving service from another provider, you can continue to receive that service.

What costs will the town incur for this process?

The provider will pay for our legal fees associated with this process and the bond fee. There should not be any out-of-pocket expenses for the town.

Can we pay the bond back early?

No, this is condition of the bond bank and not the provider.

What if the recovery fee starts to bring in more money than is needed to pay back the bond?

The provider reviews the recovery fee with the Board of Selectmen every other year. If they are projected to have excess funds, the provider lowers the recovery fee. Once the recovery fee is lowered it cannot be increased.

I heard other providers are providing installation for free and not requiring a bond. Why can't we do that?

- Goshen needed a solution that supported the whole town, CCI's proposal does that. Other providers do not have timelines yet and roll out is at their discretion.
- CCI has successfully built out the FTTP network in Chesterfield and its construction is nearly complete in Westmoreland (in less than one year).
- The Town of Goshen will own the Town Funded Network facilities; CCI will have an exclusive right to operate them for the benefit of our residents for 20 years at contracted prices which will be fixed for 5 years. Afterwards, the Town may enter a contract with any other entity to operate the network. Other providers will own the FTTP network that they build, and their pricing is at their discretion.

Does choosing one provider for the town mean we cannot have other provider options?

No. If another provider brings service to town, that is allowed and encouraged. Competition is good.

How much will the new service cost?

The cost will be lower than current rates and it is expected that a customer can jump up at least two tiers of service before there is a price increase over their current rate.

What happens if the technology is obsolete in 10 years instead of the 20-year bond period?

- This is a fiber network that the provider doesn't see changing over the next 20 years.
- The equipment the provider will be installing will be able to grow with demand over time. For example, last year it was 1G, this year they will most likely will be moving to 2G, in a couple of years it could be 5G, etc.
- This model works (zero cost to town) because the provider believes there is longevity in the technology that will be used.

What is the timeline for this project?

- It is in the best interest of both the Town of Goshen and the provider that the network is built as quickly as possible. A timely build brings fiber subscribers on to the network which begins paying the bond recovery fee.
- As a reminder, CCI will begin paying the bond (principal & interest) from the day the bond is released, even if that occurs before building begins.
- Goshen can expect to see from the time construction begins 26 to 38 weeks of build time, with everyone that wants fiber service receiving the service by week 38.

Are the board or committee continuing to look for alternative funds?

Yes, and we are hopeful that with the newest federal aid package there will be opportunities to reduce or remove the need for the bond.