

City of Sanford



**From the Desk of
Steven R. Buck
City Manager**



Memorandum

To: City Council
Subject: Manager's Report for April 7th, 2015
Date: April 7th, 2015

Broadband –

On April 2nd, 2015 I spend the afternoon providing testimony and hearing the testimony of others before the Committee on Energy, Utilities, and Technology in Augusta. Testimony on three pending Legislative Declarations, LD 912, LD 465, and LD 826 was presented to the Committee. Senator Woodsome, Sanford's Senator, chaired the meeting and was pleased to receive the testimony. The following was offered reflective of Sanford's desire to invest in a public-private partnership towards the creation and expansion of broadband to provide an economic advantage to support existing businesses and attract high quality IT based industry:

Testimony in Support of Municipal Broadband and elements of;

LD 912 An Act To Allow the Establishment of Regional Municipal Utility Districts To Support Telecommunications, Broadband Communications and Energy Infrastructure.

LD 465 An Act To Eliminate the Broadband Sustainability Fee.

LD 826 An Act To Promote Maine's Economic Development and Critical Communications for Rural Family Farms, Businesses and Residences by Strategic Public Investments in High-speed Internet.

April 2nd, 2015

Senator David Woodsome

Representative Mark Dion

Members of the Committee on Energy, Utilities and Technology

My name is Steven R. Buck, City Manager of the City of Sanford, and I am offering testimony in favor of legislation to assist municipal investment in the creation and expansion of broadband services through the establishment of public-private partnerships.

The City of Sanford identified the need to increase broadband connectivity as a foundation of economic competitiveness. To this end the City contracted with Tilson Technology Company of Portland to perform a Feasibility Study inclusive of existing infrastructure assessment, existing provider assessment, businesses and or community anchor institutions and their needs, as well as existing potential future providers of ISP services. Four independent business models were developed as a goal, all focused on public-private

partnerships of municipal investment to aid in the future profitable operation of expanded broadband services to be operated by the private providers.

On March 11th, 2015, Sanford launched an RFP sent directly to at least 22 Vendors. Eleven of the initial 22 Vendors have already indicated that they will be replying and the number of respondents is growing. The RFP that Sanford issued is specifically designed to solicit responses from existing providers to identify best business practices and a model for a public-private partnership to expand Sanford's broadband infrastructure, capabilities, cost competitiveness, and saturation of both business and residential markets. The result will be Sanford having taken a lead in the establishment of the new business model and making an investment in infrastructure for long term economic development returns that are currently not being made by the private sector. The City recognizes that the private sector will invest when they recognize a sufficient level of customers to support their business models. Those current business models have not produced sufficient investments in Sanford to provide a competitive edge necessary to attract Information Technology and Software Development companies demanding higher levels of services or to support current businesses in a cost advantageous manner.

The City seeks to partner with respondents to take advantage of existing infrastructure and providers to improve all levels of services. Such improvements can be made by creating an Open Access Non-discriminatory Fiber Network owned and controlled by the City and then utilized by providers to enhance existing services or provide new levels of services not currently available. The system will encourage the expansion of infrastructure in Sanford, expand the capabilities of current providers in Sanford, encourage competition in Sanford, and ultimately result in a broadband system sought after by IT companies and modern business models. From reviewing literature around the U.S. and the world, we know that open access arrangements can be the catalyst for encouraging competition, better consumer choices and lower prices; we want this opportunity and competitive advantage for Sanford, for Maine. This is a vision of the Utilities of the future necessary to compete for economic development and growth. Connection to the Three Ring Binder will be an essential element of Sanford's future broadband system capturing cost competitiveness gained from prior investments.

Given this foundation of Sanford's vision and work, there are a number of beneficial elements contained in the following pieces of proposed legislation:

LD 912 An Act To Allow the Establishment of Regional Municipal Utility Districts To Support Telecommunications, Broadband Communications and Energy Infrastructure.

1. LD 912 adds prescriptive powers to municipalities under Title 30-A Chapter 115 Interlocal Cooperation §2203 Joint Exercise of Powers specifically listing the increased powers of Telecommunications, Broadband, Internet, and Energy generation and distribution.
2. LD 912 further provides for the capacity to issue revenue bonds in support of the creation of such cooperative utilities.
3. LD 912 not only grants the prescriptive powers to municipalities to create such utility districts, it preserves such rights as will reasonably be challenged by the legacy entities currently granted virtual monopolies by either the PUC or Franchise Agreements. Modern business investments are best protected by an adaptive aggressive business model and not by governmental protections that hinder competition. LD 912 ensures the ability to partner and compete.

4. There are a number of Municipalities currently exploring public-private partnerships towards the creation and exercise of a best business model to expand and make more competitive broadband infrastructure and services. LD 912 will allow for Interlocal cooperation towards linking these efforts to capture further economies of scale. For example, Sanford proposes to build 9 miles of fiber optic cable to connect to the Three Ring Binder. That cable will pass through the Town of Wells and offer close connectivity to West Kennebunk. LD 912 will allow for these initial Communities to share in the creation and operation of this infrastructure. Once completed, Sanford's fiber optic loop will also be available to provide future connectivity to our neighbors to the north and west of Sanford.

5. LD 912 also provides for Interlocal cooperation in energy generation and distribution. Sanford will benefit from this prescriptive right as it continues to work on establishing a Photovoltaic Solar Array to generate electricity to be distributed to Sanford based businesses. It is foreseeable that the ability to cooperate interlocally could expand this concept for the mutual benefit of multiple jurisdictions.

LD 912 assures that public-private partnerships that will be the impetus of such build outs are provided for and preserved. I strongly urge all Maine Legislators to support LD 912 in recognition of the investments waiting to be made by local governments and the value of their Interlocal cooperation that will propel Maine forward.

LD 465 An Act To Eliminate the Broadband Sustainability Fee.

The redirect of the broadband sustainability fee to support municipal efforts to expand services into underserved areas would be very beneficial. Through the Feasibility Study, Sanford identified the need to construct a Dark Fiber loop internally to serve the 80 plus anchor institutions and then the residential customers. The estimated investment in that Dark Fiber loop is over \$960,000. In order to make a connection to the Three Ring Binder, the City needs to invest over \$440,000 of additional resources to achieve cost competitive backhaul options. This is an indication of the level of investment necessary to establish a higher level of service, a competitive edge, and the investment necessary to make a meaningful public-private partnership. Sanford is focused on the partnership aspect, not in creating duplicative services, but rather investing to enhance the ability of multiple business models to meet their business and profit objectives. Sanford businesses and residents will benefit from such investment.

LD 826 An Act To Promote Maine's Economic Development and Critical Communications for Rural Family Farms, Businesses and Residences by Strategic Public Investments in High-speed Internet.

The City of Sanford can support this Bill in recognizing that the expansion of broadband capabilities anywhere in the State benefits all of the State. The City also supports LD 826 from the perspective that as the infrastructure necessary to support the most rural areas of our State are constructed and or enhanced, all regions through which this infrastructure passes has the opportunity to connect, enhance, or otherwise partner to gain the full advantage of this improved infrastructure. The City recognizes this concept by the State to be the same Sanford has developed for itself, invest in the necessary infrastructure with the return being increased economic development of high quality jobs and development.

There are a number of future Bills still under development LR 1510(01) *An Act To Establish the Municipal Gigabit Broadband Network Access Fund* as well as the Gideon/McCabe Bill LD 879 *An Act To Ensure High-Quality Telecommunications Services for Maine Consumers and Businesses*. The City will continue to monitor these Bills as potential future leveraged funding sources and or the ability to further partner with service providers or other municipalities towards achieving Sanford's goals.

Energy or Solar Photovoltaic Array –

Representative Mastraccio continues to work with the Reviser's office on the drafting of a Pilot Project piece of legislation for Sanford towards the future construction of a Solar Photovoltaic Array to generate electricity for the benefit of the Municipal and School facilities. The build out would be atop the closed Landfill off Rushton Street and or a Brownfield site in Sanford. Administration has provided an initial review of LR 1369 (01) after consulting with our project partners in development. The goal is to increase the allowable Net Metering aspect for the City's operations as well as a consideration for distribution for the sale of locally generated power to Sanford businesses. There are several other Solar and or Net Metering Bills yet to be printed as advised by the Public Advocates Office. The City will continue to work with Representative Mastraccio and Senator Woodsome on these develops to support the City's goal of a Solar Array.

Mayor's Coalition:

During the April 3rd meeting, the Coalition provided and update on or discussed the following:

Revenue Sharing – neither Party supports the complete elimination of Revenue Sharing in the second year of the Biennial Budget as proposed, yet the likely outcome cannot yet be predicted.

Governor's Tax Reform Budget Proposal – Again, it is too early yet to provide any level of prediction as to the balance to be struck across the multiple areas currently under consideration.

School funding EPS – Parties are divided on the level of annualized increase towards Essential Programs and Services (EPS). One Party favors \$20 M and the other \$49 M per year increase. The Senate recently voted down a change to the treatment of Teacher Retirement, i.e. who pays what percentage.

Fire Service Fee – was supported by the Coalition and MMA, yet is receiving opposition from the Non-Profits and is likely to face further opposition as it moves forward.

Workforce Development – there is a Bill still under development that the Coalition continues to follow to allocate funding for educational programming that directly addresses known deficiencies in the current workforce needs of large manufacturing bases.

The Coalition also met with the Commissioner David Bernhardt of MDOT and discussed the Department's funding needs, funding gaps, and the MPI program where by municipalities can request to participate with the Department in a 50/50 blend of State and Local funding on priority projects.

Workforce Development – An Administrative Team from the City, Growth Council, and School met with the CEO of Pratt & Whitney for a discussion on their workforce needs and how Sanford's current and future integrated Academic and Career Technical Education programming will meet that need. The exchange was very beneficial and opportunities to

expand the relationship identified. The meeting concluded with a tour of the state of the art one million square foot manufacturing facility. It becomes immediately apparent as to why technical training and math skills are so important to today's manufacturing. It was a truly amazing opportunity to work with one of our areas top employers.

EB-5 –

Administration continues to work towards the establishment of an EB-5 immigration Regional Center to access foreign investment capital as previously defined. It is less likely that the effort will be funded through County Government this year as the effort was invigorated too late in the budget development timeframe. Both the York County Managers as well as the York County Economic Development Directors continue coordinated work to identify a best model to establish a York County wide Regional Center. Progress will be reported as further developments occur.

FY 15-16 Budget Development –

The Budget Committee has concluded with their development of the FY 15-16 Budget with an estimated impact to net taxation of less than 1.97%. The Budget Committee will present their budget recommendations to the City Council at the April 21st, 2015 Council Meeting. The Council will have until May 8th, 2015 to complete any revisions and publish a Public Hearing Notice for a subsequent presentation assumed for the May 19th, 2015 Council Meeting. Budget Validation for both the School and Municipal portions of the Budget will occur on June 9th, 2015.

Brownfield Development –

Administration is currently interviewing two Firms to perform remediation actions on Tax map J29 Lot E at the intersection of High Street and Heritage Crossing. The resulting actions will be the creation of a public parking lot at this intersection complete with storm water treatment and a permanent cap of the site. Total Project Budget is \$200,000 from USEPA Brownfield Clean-Up Grant and the City's required \$40,000 match. Area Wide Assessment funds also from the EPA were used for the initial assessment to qualify the site for the Clean-Up Grant.

Broadband Coalition Membership –

Below is a Press Release issued on April 6th, 2015 noting the formation of the "*Maine Broadband Coalition (MBC) is an informal federation of public policy professionals, educational institutions, businesses, non--profit organizations and individuals who care deeply about Maine's economic future.*"

Maine Broadband Coalition

www.MaineBroadbandCoalition.org
MaineBroadbandCoalition@gmail.com

April 6, 2015

New coalition advocates for “ultra---fast” Internet in Maine *Multi---year effort begins with “flood of broadband bills” in Augusta*

MEDIA CONTACT:

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(Rockport, Maine) Maine may have experienced a crucial turning point last summer, when a commentator for Bloomberg Television in New York City compared the state to a “developing nation,” citing in particular the poor quality and speed of its Internet services.

The critique reverberated loudly around the region, and today a collection of Maine businesses, municipalities and non---profit organizations responded by announcing that they have formed the Maine Broadband Coalition (MBC). Their goal is to help state policy leaders map out a sensible solution to the problem.

The group has established a web site (www.MaineBroadbandCoalition.org), and published its first YouTube video (<http://bit.ly/1xDFJUT>). Supporters of the coalition testified on several bills last week in front of the legislature’s Joint Committee on Energy, Utilities and Technology. According to its web site, “An important goal of the MBC is to assemble cogent, fact---based information to help public policy makers and Maine citizens make the best choices about building a robust and productive information technology infrastructure — decisions we are all facing right now. We welcome one and all to this effort.”

Some legislators have marveled at the number of broadband bills ----- well more than thirty ----- that have been introduced during the current legislative session. But Alan Caron, President of Envision Maine (www.envisionmaine.org), said he’s not surprised by the “flood of broadband bills” that the legislature and the governor’s staff are studying.

“More and more people are seeing that if we build ultra---fast Internet networks, all across the state, more people will come here,” Caron said. “More young people will stay and our entrepreneurs and businesses will compete with anyone in the world. If we don’t make those investments now, we’re going to continue to pay the price with a weak economy, falling further behind.”

Carla Dickstein is the senior VP for research and policy development at CEI (www.ceimaine.org) an organization founded in Wiscasset that bills itself as “a national

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leader in rural business development.” Dickstein said MBC has been organizing for several months, but is not limiting its lifespan to the current legislative session.

“This group has come together very quickly, and in the end I expect it to be very broad, diverse, and to endure for several years. Building a world---class infrastructure for Maine is truly comparable to what rural electrification was in the 1920s and 1930s; it’s a monumental undertaking,” Dickstein said.

Dickstein said MBC is recruiting supporters from municipalities, business and industry, research labs, social justice organizations, educational institutions, libraries, healthcare and agriculture.

The “founding supporters” of the Maine Broadband Coalition include AARP Maine, The Aroostook Partnership for Progress, Axiom Technologies, Blue Marble Geographics, CEI, Cornerstone Communications, Dream Local Digital, Envision Maine, Full Circle America, Grow Smart Maine, GWI, Health Info Net, The Island Institute, Maine Center for Entrepreneurial Development, Maine Farmland Trust, Maine Fiber Company, Maine Mayors’ Coalition, Maine Media Workshops + College, Mobilize Maine, NBT Solutions, Networkmaine, Northern Maine Development Commission, Pioneer Broadband, Piscataquis County Economic Development Council, Sanford Regional Economic Growth Council, Small Business Advocate (ME Secretary of State), Town of Isleboro, Town of Orono, Town of Rockport, City of South Portland, and the Washington County Fiber Initiative.

Maine Broadband Coalition (MBC) is an informal federation of public policy professionals, educational institutions, businesses, non---profit organizations and individuals who care deeply about Maine’s economic future. For more information visit www.MaineBroadbandCoalition.org.

LINKS:

[“State says 80 percent of Mainers ‘unserved’ by broadband,” Whit Richardson, Portland Press Herald: <http://bit.ly/1sLsr6a>](http://www.pressherald.com/story/news/2015/03/26/state-says-80-percent-of-mainers-unserved-by-broadband/3311173)

[“Maine’s Big Problem: Why Is Internet Service So Bad?” Bloomberg Television: <http://bloom.bg/1qb8Rx7>](http://www.bloomberg.com/news/2015-03-26/maine-s-big-problem-why-is-internet-service-so-bad-2.html)

[“Maine’s Slow Internet Service Rivaling Developing Nations,” Bloomberg Television: <http://bloom.bg/Wc0161>](http://www.bloomberg.com/news/2015-03-26/maine-s-slow-internet-service-rivaling-developing-nations-2.html)

County Budget Committee Caucuses –

Caucuses to elect municipal and public representatives to membership on the York County Budget Committee are scheduled for Wednesday, April 15, 2015 at 6:30PM in the Alfred Town Hall.

There are five (5) districts in York County. Each district has 2 elected municipal offers to represent and 1 member from the public or 3 members for each District, 15 total members. Only Elected Officials may vote to seat the candidates for the 15 seats to the Committee.

Sanford is in District 4 combined with Alfred, Lyman, Shapleigh, and Waterboro. There is one vacant Elected Official seat and one vacant Public Official Seat to be elected at the Caucus.