

## Broadband Committee/MLP Board - JUNE 2020 Report

In January we were just installing broadband to the last homes in Shutesbury when the first reports of Covid19 started coming in from China. Within three months it was apparent that broadband service was even more critical than we had anticipated to facilitate education, work and livelihood, health, information and social connections.

With so many people using the network it's been a great test of its overall capacity and we're happy to report that the network has performed beautifully. Even during peak usage we have more than enough bandwidth and during recent widespread power outages the network stayed active. We have generators to run all the equipment and constant system monitoring and redundancy to make sure this critical service is available whenever residents need it.

Broadband does have an item on the Town Meeting warrant to approve our enterprise fund annual budget.

An enterprise fund is budget-within-a-budget and is designed to manage the finances of any special municipal services which charges a fee to users. Broadband is different from other town departments because it generates its own revenue.

Thanks to our 87% take rate of Shutesbury households using the service, we have enough money in our budget to not only operate sustainably but also to pay the town back for construction debt with no impact on taxes. You will notice the debt service line in our annual budget to do this.

There is a second and final portion of construction debt that we will need to decide how to handle next year when that loan is due. But the first half of the incurred debt will be paid using subscriber fees so it does not impact taxes.

You may notice the second largest line item in our budget is for maintenance and upkeep. This is a projected estimate of what we will need to pay for maintenance and repairs using available data from similar networks.

We do carry insurance on all the lines and equipment, but a very large ice storm, hurricane, wind storm or other event could cause tens of thousands worth of damage - in addition to the every-day repairs that a network needs. This is why the maintenance budget is a big portion of the budget; we want to make sure we have enough to handle any unexpected network needs without raising your monthly subscriber rates.

At the end of the fiscal year if there is money left over from our projected budget it will go into an earned revenue account in our enterprise fund that is designed to manage excess funds. We can then use these funds for emergency maintenance reserves, system upgrades or to lower rates. Any excess revenue earned from broadband fees cannot be used for non-broadband purposes, such as to buy a fire truck or support town's general funds. This is state law regarding enterprise fund operations.

There is lots of great information and answers to common questions posted on our website. <https://www.shutesbury.org/broadband/faq>

If you have questions or concerns please contact us at [broadband@shutesbury.org](mailto:broadband@shutesbury.org).  
Thanks for your continued support of our very own ShutesburyNET municipal broadband network.

**Gayle Huntress**

Town of Shutesbury

Municipal Light Plant Manager

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