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TO: Colchester Selectboard
FROM: Aaron Frank, Town Manager and Meredith Dolan, Manager's Office Staff
DATE: April 8, 2022
RE: Broadband Update

Issue: Since Act 71 was signed by the Governor in June 2021, Town staff have been carefully considering what opportunities exist for Colchester to leverage the substantial financial resources the State is dedicating to broadband expansion. It has become clear through careful analysis of the legislation and the associated funding and grant programs that there are significant challenges for Colchester to be able to access and benefit from the available funding. Without legislative changes, it is unlikely meaningful progress will be made in improving the availability of high quality broadband service throughout Colchester.

Background: Prior memos on the broadband subject released in September 2021 and January 2022 summarized the Act 71 legislation and its challenges as well as related issues concerning Communication Union Districts.

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[220111_7e.pdf \(clerkshq.com\)](#)

More recently, staff offered testimony about Colchester's broadband challenges to the House Committee on Energy and Technology on March 25, 2022. The full hearing can be viewed at the following link, with Colchester's testimony beginning at minute 38 of the recording.

[House Committee on Energy and Technology 03-25-2022-01 - YouTube](#)

There are several important underlying conditions in Colchester, and in other Chittenden County communities, that are at odds with the current legislation and funding framework:

- Extensive Coverage by Large Internet Service Providers (ISP's) - Consolidated Communications and Comcast have extensive coverage within Colchester and most addresses in the Town are considered "served" with service of at least 25/3 Mbps.
- Small Number of Un/Underserved Addresses - There are fewer than 200 addresses in Colchester that meet the definition of unserved or underserved, which are dispersed among several unconnected pockets throughout the Town.
 - Vermont Community Broadband Board grants can only be used to bring broadband to unserved and underserved addresses

- No Overwhelming Justification for CUD Membership – The current VCBB funding framework strongly favors communities that have elected to join a Communications Union District (CUD). However, the CUD model appears to be a better fit for towns with significant unserved or underserved areas. A CUD is a new layer of regional government requiring expert staffing, general services such as finance, public information, human resources, and ultimately management of capital and operating expenses, and municipal representation. In the case of Colchester, it seems inefficient to create an additional layer of government to address an issue for which state provided public funding would affect less than 200 addresses.

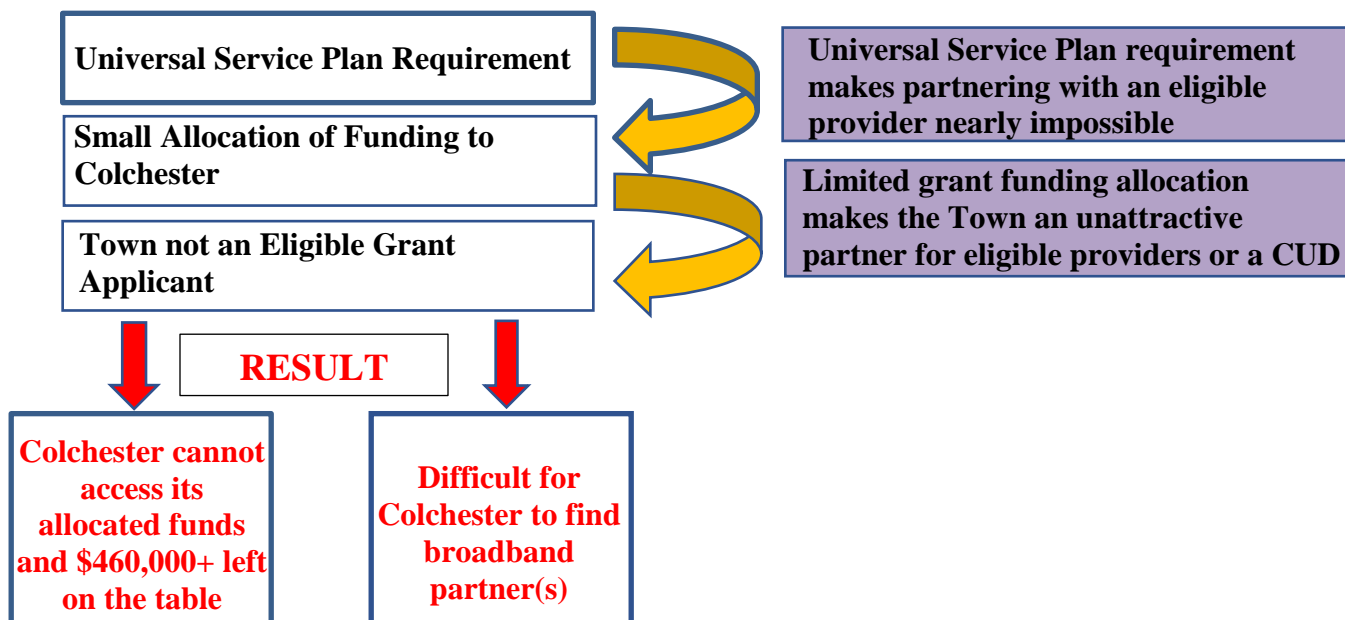
Challenges with Current Legislation/Funding Programs: Over the past several months, Town staff have had multiple conversations with other Chittenden County communities, the Chittenden County Regional Planning Commission, Vermont Community Broadband Board staff, internet service providers, and representatives from Communications Union Districts to fully study and discuss the challenges. Based on those discussion, the following have been identified as the primary impediments to Colchester accessing funding and programs that would expedite broadband expansion.

- **Funding Allocation & Project Costs:** It is anticipated that nearly \$300 million will be provided for broadband expansion statewide, which will be distributed through grants issued by the Vermont Community Broadband Board (VCBB). To distribute these funds, VCBB developed a formula to allocate the funds by town based on “uncabled” road mileage. Using this formula, Colchester will only be eligible for a very small fraction of the statewide total, approximately \$460,000. *Because Colchester has a significant amount of infrastructure from Consolidated Communications and Comcast, it is eligible for relatively little in VCBB grant funds*

Several entities have provided cost estimates to bring broadband to all of the unserved and underserved locations in Colchester. A large town-wide project that would assure at least 100/100 Mbps service to each unserved and underserved address would require significant overbuild of the existing Comcast and Consolidated Communications infrastructure and is projected to cost between \$7-13 million. For construction projects being funded by VCBB construction grants, VCBB anticipates grant funds will cover about 60% of project costs. Applying those percentages to Colchester would suggest the Town needs an allocation of \$4.2-7.8 million in order to be comparable to other broadband projects around the state. Rather, the current allocation of \$460,000 only represents 3.5-6.5% of the estimated project cost, which is far less than what many other communities throughout Vermont have to access to. *Colchester has little to offer in terms of grant funding to help either an ISP or a CUD develop an attractive business case in/with Colchester, which puts Colchester at a substantial disadvantage when trying to find a broadband partner.*

- Universal Service Plan:** In order to access VCBB grant funds, a Universal Service Plan (USP) for the entire town must be developed, which requires a single plan to explain specifically how each unserved/underserved address will be provided access to 100/100 Mbps service. Providing broadband to the small number of unserved/underserved locations as quickly as possible is not likely to be accomplished with a single large Town-wide construction project. Rather, addressing the pockets of need on a one-by-one basis seems to be the most feasible approach to achieve improvements quickly. Based on Colchester's conversations with eligible service providers, the most likely approach to improve service for Colchester's unserved/underserved addresses in a short timeframe will involve multiple parties, not a single entity pledging to do it all. *The requirement for a Universal Service Plan in order to access VCBB grant funds is incompatible with what appears to be the most likely and advantageous approach to expand broadband to unserved and underserved areas in Colchester as quickly as possible.*
- Grant Eligibility:** Act 71/VCBB strongly favors communities that have elected to join a Communications Union District (CUD). Individual municipalities cannot apply for VCBB grants to fund broadband projects. The only eligible grant recipients are "eligible service providers," which are defined as a) a Communications Union District, b) a small communications carrier, or c) an Internet Service Provider working with a Communications Union District to expand broadband to unserved and underserved locations. *The exclusion of municipalities as an eligible applicant and the preference for CUD participation limits the Town's ability to directly access resources to expand broadband availability.*

Summary of Challenges



Possible Solutions

Considering the above challenges, staff developed the following list of potential solutions:

- **Funding Allocation:** Acknowledge that the current VCBB funding allocation formula based on “uncabled” road miles does not reflect the realities of the cost of broadband expansion in Chittenden County. Re-work the allocation formula to better reflect that even though Chittenden County communities have existing infrastructure, costly extensive overbuild is required to bring broadband to all unserved and underserved addresses.
- **Universal Service Plan:** Modify the Universal Service Plan requirement to allow for individual projects within a community to be funded individually as long as there is an acknowledgment and documentation of the town-wide need.
- **Eligible Applicants:**
 - Allow municipalities that are not CUD members to be VCBB grant applicants/recipients. This will allow a municipality to take the lead on behalf of its residents if it determines that is the best way to expedite a project.
 - Allow communities who have not joined a CUD but have existing Consolidated Communications and Comcast infrastructure to partner directly with those ISPs and provide them access to the Town’s allocated grant funds. This will allow the most efficient use of existing infrastructure, will avoid excessive overbuild, and will help expedite broadband expansion. One possible approach would be to put the Town’s VCBB funding allocation towards the existing Line Extension program (LECAP), which was recently successful in bringing Comcast service to a Colchester neighborhood.

More immediately, at the March 25, 2022 meeting of the House Committee on Energy and Technology, Committee Chair Briglin suggested an openness to receiving suggested legislative changes before the end of this year’s session that could improve the broadband options for Towns facing challenges, such as Colchester. Staff has had an initial discussion with other Chittenden County towns and the Chittenden County Regional Planning Commission regarding potential legislative changes that could offer additional options. Staff is in the process of gathering additional information from regulators and service providers in order to develop a specific legislative proposal.