

Minutes of the Joint Meeting of the Heath MLB and Heath Select Board  
August 31, 2021 at 5 pm

Present:

- MLB Members: Art Schwenger, Anne Emmet, David Gordon, Bill Fontes, with Ned Wolfe joining during meeting
- Select Board Members: Robyn Provost-Carlson, Brian DeVries, Sue Lively
- Hilma Sumner, Town Coordinator
- Finance Committee Guests: Tom Lively, Will Emmet, Alice Wozniak,
- Other Guests: Jan Carr

Called to order approximately 5:05

Robyn opened by reviewing Agenda

**Review of Budget, Expenses and Current Financial Standing**

Robyn asked David to present the MLB report. David had emailed two Excel files to Select Board members and MLB members earlier in the day. The two files were named "Heath BB funds tracking - Summary - 08-31-2021" and "MLP Cash flow projection - 8-30-21". Those files were forwarded to attending Finance Committee members prior to David beginning his presentation.

Broadband Project Status Update

David described the history of how we arrived at current state and summarized the work completed to date on the broadband project. The hanging of fiber for the distribution network is complete except for three houses in Charlemont. FSA-3 splicing and testing has begun with FSA-4 to follow. We have 383 sign-ups for service and, of those, 160 installations have been completed in FSA 1 & 2. A review of billings for installations (drops) shows that the costs of overhead installations are very close to estimates and costs for underground installations have averaged less than estimates. This gives us confidence that the actual cost for yet to be completed installations will fall within budget.

The original budget for installations was about \$695,000. That assumed a 100% take rate. Based on the 383 applications for service to date, the MLB will use \$450,000 as the estimated cost of installations in planning cash flow. This amount includes a 10% contingency for unanticipated installation costs.

There were no questions.

First Spreadsheet - Heath BB funds tracking - Summary - 08-31-2021

David explained that the worksheet was based on the August report sent by Sheila to the Select Board, but it is updated with all invoices to date. He went down the Spreadsheet line by line beginning with current funds, followed by anticipated revenue. The two together provide funds available for the project. There were no questions on that section.

David went through the budgeted costs and bills paid to date line by line.

- Robyn asked about Triwire Labor numbers on the 8-9-21 report, which were larger than shown on this worksheet. After some discussion, David concluded that the difference was due to retained funds being inadvertently included in the earlier report. He said he

would verify that and get back to the Select Board. [Note: David emailed attendees the next day verifying that this was the source of the difference.]

- Brian questioned additional engineering charges, that show significant overage from the original estimate. David explained that the increase in scope (including additional materials) was at least partially caused by changes in design for Mohawk Estates. Brian noted that summary was over \$50k and asked if change orders had been approved. David explained the confusion of nomenclature. WGE use of change order reflects completion of work. They use “out of scope” on the invoices to show additions to the original estimates. He said that he planned to look at earlier invoices to determine the cause of the “out of scope” additions and would report back to the Select Board.
- Robyn asked whether the project was exceeding the appropriated amount. She is concerned that as an open-ended contract we need to ensure that it stays within the appropriated amount. David stated that the MLB is confident that the project would stay within the appropriated amount, because the cost for installations is projected to be reduced from \$695,000 to \$450,000.

No other questions.

#### Second Spreadsheet “MLP Cash flow projection - 8-30-21”

David went through the spreadsheet line by line. He explained that we are confident of the numbers, but unsure of the dates. He cautioned that the CAF II funds will probably not be received until FY 23. He pointed out two highlighted yellow lines representing an addition to the project that will address important redundancy issues with the backhaul provider, MBI. As residents become reliant on broadband for E911 calls, the MLB feels that it is critical to ensure the highest possible reliability.

- Brian asked if the redundancy improvements would drive us over the original design cost? David acknowledged that the design for improved resiliency of the network is out of scope of the original project, but said that it would not cause the project to cost more than the original estimate because the project will be well under budget due to the reduced expenses for installations.
- David pointed out the possible cash flow problem due to the delay in receiving some state and federal reimbursements. David suggested using available ARPA funds, since construction related invoices for Broadband are certainly eligible. Use of ARPA funds to reimburse broadband expenses would let MLB pay back into stabilization fund. Brian said cash flow can be addressed through borrowing in anticipation.

Select Board and FinComm thanked David.

#### Further discussion on finances.

- Tom Lively said that FinComm will review these worksheets. FinComm already knows that we have more expenses than funds. David offered to attend the FinComm meeting to go over worksheets.
- Art emphasized that use of ARPA funds to reimburse expenses covered by the stabilization funds will benefit the entire town by allowing those stabilization funds to be available to the town sooner. He informed the board that Charlemont is using nearly all of their ARPA funds to pay for broadband construction.
- Alice stated that Stabilization was a savings account. It is not paying debts or affecting taxes. Colrain making lots of money..Shouldn't replace town funds with town (ARPA) funds.
- Alice questioned whether stabilization funds were being used only for installations, as intended by town vote. David stated that the worksheets do not show which accounts

are being used to pay which invoices, but that all installations are grouped under the SERV invoices and the total cost for installations will exceed \$200,000.

- Will asked whether we can rely on the \$100,000 in CAF II funds in 2022. David said we can rely on the \$100,000. It is in escrow with Westfield Gas & Electric (WGE) which has been selected to administer CAF II. However, we can not rely on receiving it in 2022. The money will only be available after all western Massachusetts towns complete their broadband builds. The MLB has submitted a question to WGE to ask when we can expect to receive the \$100,000. Jan said that after the first \$100,000, we are due to receive \$56,000 per year for nine years. Distribution is based on census areas.

### **DocuSign Process**

Robyn wants the MLB to continue to review and approve invoices, but wants the Select Board to review before she signs. Art expressed concern about the delay if the Select Board is only meeting every two weeks. Robyn asked if the vendor can invoice at regular intervals. Robyn wants a paragraph with each invoice to explain what it's for, whether it's in the budget and whether there are any concerns.

### **Invoices and Billing**

Hilma said that she and Sheila discussed the billing process in June for the dozen or so customers with installations over \$3,000. It was planned that information would come to her and she would invoice, to be paid to town. David said that the MLB has since decided on a different approach. The MLB has developed a letter/release process, as we want to be sure of payment before we authorize work. Sue wondered about the accounting of payments. David said that Sheila has approached the accountant to determine which account the payment should be deposited to.

There was discussion of whether the Town or the MLP should issue bill. Hilma says the accountant will not care who sends the bill. Robyn emphasized the importance that installation bills get paid out of the same account that the checks are deposited to. Robyn asked that Hilma, Accountant and Sheila work out the process.

### **ARPA Funding**

ARPA funding was discussed during the review of finances.

### **Buildout Progress Update**

David had provided an update during the review of finances.

### **Scheduling Regular Meetings/Ongoing Communications**

- Art and Brian prefer to meet as needed
- Sue suggested regularly scheduled meetings that can be canceled if not needed
- Proposed short update meeting monthly, with representative from MLP

The meeting was adjourned at approximately 6:46 pm

Respectfully submitted by David Gordon based largely on notes by Anne Emmet