

7-5-2007

ConnectME Authority Meeting Notes - July 5, 2007

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Recommended Citation

ConnectME Authority, "ConnectME Authority Meeting Notes - July 5, 2007" (2007). *ConnectME Authority Meetings*. Paper 36.
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ConnectME Authority

Minutes of July 5, 2007

Attendance

Authority Members: Dan Breton, Jean Wilson, Mitch Davis

Advisory Council: Fletcher Kittredge, Reggie Palmer

Staff: Michael Mahoney, Phil Lindley, Kelly Arata

Advisory Council – Proposed New Members

Patrick Scully from Bernstein, Shur, Sawyer and Nelson, and Wayne Jortner, Office of Public Advocate, were nominated as two additional members on the Advisory Council. All Authority members present voted in favor.

RedZone Wireless Presentation

Jim McKenna from RedZone Wireless of Rockland gave a presentation to the Authority regarding one solution to the broadband issue. RedZone is a turnkey broadband solution for small and medium-sized towns. Mr. McKenna believes that their solution is in the context of a public-private partnership, and then proceeded to outline the benefits and challenges associated with providing service. He stated that his cost for a T-1 to connect or backhaul to the internet was \$768 per month.

Mitch Davis asked about the timeframe for a customer to receive service. Mr. McKenna stated that service can be up and running in 45 days.

Fletcher Kittredge asked whether RedZone's 3,000 residents eligibility requirement is flexible. Mr. McKenna stated that this eligibility requirement was flexible if the town stepped up its capital contribution. Mr. Kittredge asked for an example relating to people who committed for service. Mr. McKenna stated that Cranberry isle was an example. There are 80 subscribers. This was an extension of the Mt. Desert project which has 500 customers. There are 700 customers in the area that cannot connect due to technical issues.

Fletcher Kittredge asked if there was an NXX problem importing existing numbers for VoIP service. Mr. McKenna stated that there was a problem with this because there is no requirement for number portability in independent telephone company territory.

Fletcher Kittredge asked if RedZone is following TimeWarner's work and recommended doing so. McKenna stated that he was not following this proceeding. Phil Lindley stated that there is a current PUC proceeding with TimeWarner.

Fletcher Kittredge believes that there should be a workshop to get us all together. Mitch Davis stated that all providers seem to be using different technologies.

Jean Wilson asked how RedZone got its business. Mr. McKenna stated that their business is mostly through referrals.

Jim McKenna stated that affordability is important. RedZone receives credit card payments only for its services. If a customer does not pay, then that customer is shut off. They are back on the network after the bill is paid.

Dan Breton stated that RedZone's service costs \$20.00 per month. He wondered if Mr. McKenna knew where their customers were before applying for RedZone's service. Mr. McKenna stated that most of his customers were happy with cable but could not afford it. In addition, Mr. McKenna noted that RedZone does not ask for contracts.

Reggie Palmer asked about the cost for 3,000 people in a community. Mr. McKenna stated that it depended on the number of mesh radios installed, the number of square miles and the terrain. The radios cost \$2,000 to \$3,500 each and 20 to 40 customers can be served from each radio.

Mitch Davis asked how big the equipment was on a house. Mr. McKenna stated that the equipment was a little bigger than his hand. It is flat and beige with battery back-up.

Dan Breton asked what is stopping this explosion of service. Mr. McKenna stated that Maine does not have enough entrepreneurs. Others could do it but it must not be in their background or even lucrative. Mitch Davis noted that some people have done this but failed. Mr. McKenna stated that only three of these companies are venture-capital backed.

Dan Breton stated that the Authority has heard from other providers. The Authority knows that expansion of broadband won't happen if set on one type. The question is, how does the Authority tell people about potential providers? Mr. McKenna stated that RedZone receives one request a week if put in the limelight and one request per day if in the Bangor Daily News. "You have to do it right and not on the cheap." RedZone is currently in planning discussions with two dozen towns.

Reggie Palmer stated that the overlap issue was discussed during one of the Advisory Council meetings. Mr. McKenna wondered if there was a way to deal

with the situation where a broadband service provider is providing service, then another provider comes in with the funds from the Authority to provide service to the same area. There were different places to get funds, such as the Universal Service Fund and the Maine School and Library Network. Dan Breton stated that the Authority needs to get to those that are not served first or will lose political capital.

Advisory Council Report

Fletcher Kittredge stated that the Advisory Council prepared a draft pre-application letter for the Authority's review and adoption. The pre-application will be placed on the Authority's website at <http://www.maine.gov/connectme/> and will be mailed to those interested in getting broadband and to the Maine Municipal Association and ISPs. The Advisory Council recommends press and media outreach to get the word out.

Mitch Davis wondered if it was possible to allow applicants to email the pre-application form back to the Authority. Phil Lindley stated that they would look into that issue.

Fletcher Kittredge stated that there is not enough money to do a lot of grants. It would be a shame to make people wait. If an applicant misses the first round, then there will be another round that won't be too long after this initial deadline.

Fletcher Kittredge stated that the Advisory Council nominated him as the chair and Reggie Palmer as the Deputy Chair.

Dan Breton asked if there was any other way that the Authority could help the Advisory Council. Fletcher Kittredge stated that the Council just needs the Authority to tell them what projects to do next. Phil Lindley stated that they need to discuss more of the process regarding pre-applications, such as how to grade and apportion the points.

Reggie Palmer stated that the Advisory Council just needs a nod from the Authority that they are comfortable with what the Advisory Council is doing. Dan Breton stated that he is fine with what the Advisory Council has done so far. Mitch Davis and Jean Wilson also expressed their support.

Fletcher Kittredge asked if there was any problem sending the pre-application out soon with a response deadline. The Authority members present decided that the pre-application deadline would be 30 days from the date of issuance, and then the Authority would have two weeks to review and make awards by the beginning of September.

Dan Breton asked if the Authority could do an email response for a decision on an application. Phil Lindley stated that the Advisory Council will meet again on

July 10, 2007 and will approve a draft application for the Authority's review by the following week. The Authority could then meet mid- to late August.

Reggie Palmer recommended that the scoring and decisions should be made in public.

Fletcher Kittredge recommended that letters could be sent in response to pre-applications and applications. Phil Lindley questioned whether the Authority wanted to put a cap on the awards because of the limited funds. Dan Breton was interested in having a check-off box on the pre-application so that an application could be kept alive for the next round.

Reggie Palmer recommended that a subset of the Authority members (non-industry related) could review and screen the applications. Dan Breton agreed with this recommendation.

Synopsis of Meeting with Commissioner Copps

Dan Breton stated that Commissioner Copps laid out what he wanted at the federal level in regards to broadband. Several points:

- More things should be done at the federal level
- He is pleased with the Authority's concept and the way it is moving forward
- The FCC is looking for ways to gather more data
- The Universal Service Fund could be used for things like this.

Fletcher Kittredge stated that at the recent NECPUC Symposium, Sharon Gillett, Commissioner at the Massachusetts DTC made a presentation on broadband. Mr. Kittredge recommended that the Authority invite Commissioner Gillett to give a presentation during one of its next meetings. In addition, Mr. Kittredge recommended that the Authority receive presentations from Reggie Palmer's group (Telephone Association of Maine) and from Andy Hinckley.

Administrative Issues

Executive Director

Phil Lindley, Acting Executive Director, stated that the Authority needs to decide if the Executive Director will be a state employee or an independent contractor. The Authority members present discussed the various avenues to pursue. There was a question as to whether the Authority needed emergency legislation to allow the Authority to direct hire the Executive Director. The Authority decided to move forward to hire an Executive Director as a state employee position if possible.

Delegation to the Executive Director

Phil Lindley asked whether the Authority would like to delegate to the Executive Director the authorization to issue funds for operating expenses and approved awards disbursement. Mitch Davis stated that there should be a limit as to what should be signed for. The Authority members present agreed that there should be a \$10,000 limit.

ConnectME Fund Administration

Phil Lindley stated that Solix will bill the Fund for its administrative services on a monthly basis for one year (\$55,450.00) with approval now with the caveat to go out to RFP later. Mr. Lindley stated that this fee includes start-up costs for this year only so that the annual fee will be lower for the second year.

Minutes of the Meeting of May 21, 2007

The Authority members present voted to approve the draft Minutes as is.

Authority's Telephone Line

Phil Lindley believes that the Authority's telephone line does not appear to be cost effective for the amount of telephone calls received. The Authority members present voted to authorize disconnection of that line. Mr. Lindley recommended that all telephone calls be directed to his extension at the Public Utilities Commission. Mr. Lindley will also make that change on the Authority's website.

Letter from Chairs of the Utilities and Energy Committee Regarding LD 1767

On June 14, 2007, Senator Philip Bartlett and Representative Lawrence Bliss issued a letter to Dan Breton, Chair, relating to LD 1767, An Act to Encourage Community Network Development. In this letter, the chairs outlined their request for the Authority to encourage the development of community networks in the State with a report back date of January 15, 2008.

Phil Lindley stated that the Authority could roll this issue into its annual report to the legislative committee. Dan Breton stated that the Authority should apply for federal funds. RUS funds are out there.

Next Meeting

The Authority did not set an exact date for its next meeting but it will be around mid- to late August.