

**Annual Report on the Activities of the
ConnectME Authority**

**Report to the Maine State Legislature
Joint Standing Committee on Energy, Utilities and
Technology**



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EXECUTIVE SUMMARY

In recognition of the critical importance of modern technology for education, health care, and business success in Maine, the Legislature created the ConnectME Authority (Authority) in 2006 as an independent State agency, to develop and implement broadband strategy for Maine. The Authority is governed by a Board which is comprised of members appointed by the Governor or specifically identified and designated by statute.

The goal of the Authority is to facilitate universal availability of high-speed internet service (broadband) by providing a “pipe” where there is no pipe or in some cases, a bigger “pipe” which provides higher-speed broadband, and to increase the “take rate” (adoption) to greater than the national average. Increasing broadband access and take rates is critical to Maine’s economy, tele-health, and distance learning and education.

The Authority increases access and take rates through its efforts to identify areas that do not have broadband access; selecting projects for broadband expansion; funding and administering the projects; providing oversight and assistance for the projects; and adhere to the Authority’s commitment to avoid duplication and encourage cooperative efforts.

The funding mechanism for the Authority is a 0.25% (one quarter of one percent) surcharge on all communications, video and internet service bills which generates approximately \$1.1 million per year. From 2007 through 2015, the Authority has awarded 122 grants totaling nearly \$10 million through a process that solicits, scores, and awards bids from public-private partnerships.

2015 was a significant year for the Authority. The following changes were realized through legislative action.

- An Act To Eliminate the Broadband Sustainability Fee – Terminates the fee and requires remaining funds to be used to support and promote broadband service in unserved and underserved areas.
- An Act to Allow the Establishment of Regional Municipal Utility Districts To Support Telecommunications, Broadband Communications and Energy Infrastructure – Amends the laws governing interlocal agreements to expressly allow an agreement that establishes a regional municipal utility district to provide, or, through public-private partnerships, to support or promote the provision of telecommunications services, broadband services, Internet services or energy generation, transmission or distribution services and to issue revenue bonds in support of any of these activities.

- An Act To Promote Community Broadband Planning and Strengthen Economic Opportunity throughout Maine – Amends the definitions of “communications service” and “communications service provider.” It makes changes to the State’s goals and policies in the Act. It amends the membership of the ConnectME Authority and amends the duties of the authority. It requires the authority to provide funds for broadband planning grants. It abolishes the ConnectME Advisory Council. It requires the authority to establish a triennial strategic plan for broadband service and to report to the Legislature on progress toward meeting the plan’s goals and objectives.
- 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 – This bill was carried over to next session and calls for an increase in Authority funding to expand broadband into rural areas.
- An Act To Establish the Municipal Gigabit Broadband Network Access Fund – This bill establishes the fund within the ConnectME Authority to address the need in the State for access to ultra-high-speed broadband infrastructure that will enhance the State’s competitiveness in national and international economies. To the extent funds are available, the fund must be used to provide grants to communities, regional partnerships and municipalities to support public-private partnerships to support a municipal gigabit fiber-optic broadband network in their regions

The success of ConnectME initiatives is accomplished through collaboration with other Maine State agencies, federal partners, municipalities, and public and private stakeholders. For example, the Maine Municipal Association held a Technology Conference that featured a track specific to broadband in Maine. Broadband Day was held in the Hall of Flags of the State Capitol showcasing various internet service providers’ broadband initiatives, service and use around the state. The Finance Authority of Maine held work sessions to discuss the need for financing and investment in broadband in Maine. Authority staff spoke at multiple events in 2015, in areas such as economic development, tribal outreach, telecommunication events, FirstNet, and broadband community forums.

Maine has taken many important steps and has many achievements to celebrate. Over the past eight years in Maine, access to broadband has increased from 86% with a 40% take rate, to 93% with 75% of Maine households subscribing to some form of broadband service.

However, there are many more steps to take. While 93% of Maine households have access to internet that meets the minimal definition of broadband, only 12% meet the newly defined 10 Mbps symmetric (both up and down) speed the Authority adopted in 2015 for grant funding purposes. In many cases the size of the pipe may not meet the standards needed for business services, tele-health and 21st Century education.

Broadband serves as a key engine of economic growth and opportunity. Reports show that 97% of American consumers looking online for goods and services, start-up

“Expanding access to broadband will jumpstart economic growth and help close the digital divide that stymies opportunities for too many people, particularly those who live in rural states like Maine.” Senator King

entrepreneurs can save \$16,500 in the first year; consumers can save more than \$9,300 a year; and small businesses with a website earn \$675,000 more in annual revenues through the use of high-speed internet.

Yet, 59% of Maine’s small businesses don’t even have a website. The annual sales of Maine’s sole proprietorships and small businesses amount to approximately \$21.7 billion a year. If these enterprises were at the national average, the result would be increased annual sales of nearly \$50 million a year. Businesses frequently need a bigger pipe to take and process their customer’s orders. Smaller pipes can result in delayed or interrupted internet connections.

Maine has the oldest median population in the United States. Our elders (and their families) want to stay in their homes and be independent, yet safe. Tele-health utilizes high-speed internet connections to and from the home and health care providers to monitor blood pressure, diabetes, heart conditions, mental and physical health, all while helping provide peace of mind.

With Maine’s rural character, many patients are miles away from health care providers. Patients may be forced to travel many miles at great time and expense to visit their doctors and hospitals. Tele-health reduces the costs of long-term care many-fold by delaying long term care admissions and reducing transportation costs while increasing employment opportunities for individuals and small businesses providing on-line options and medical care. Health care providers and households need a “pipe” big enough to provide these critical services for our at-home and elder populations.

Maine relies on education systems that are capable of distance learning and high-speed broadband that connects our students to global educational opportunities. With a modernizing economy, the access to high-speed internet is critical to the educational needs and Maine businesses.

With broadband comes eGovernment opportunities with “always on and on everywhere” capabilities, including no waiting lines for obtaining licenses and car registrations, connection to labor force needs, digitally mapping growth zones or trails and open space, reporting safety hazards such as pot holes or downed trees, “neighbor helping neighbor” stay-connected systems, citizen participation on-line all with a reduction in transportation time and costs, and pollution or carbon footprint.

In January of 2015, Governor Paul R. LePage praised initial actions by the ConnectME Authority to accelerate efforts to deploy high speed broadband service in Maine. “Maine needs to modernize our infrastructure, and broadband is a significant part of a modern economy. I support the effort to increase the technology that the State supports and appreciate the work of the Public Advocate to push for bring high speed internet to Maine’s

homes and businesses. Broadband access is vital to doing business in today’s world. These sorts of investments open the gate to making Maine more competitive in attracting new businesses, expanding current businesses and creating new jobs.”¹

The Authority continues to support the expansion of broadband into more areas of Maine. In 2016, the Authority will award its tenth round of grants from the ConnectME Fund, based on the newly adopted 10 Mbps symmetric (both up and down) speed. Grant limits are at a maximum of \$100,000 per project, funding no more than 50% of the total project although many of the recent grants have been above those levels.

The following table summarizes the Authority’s grant activities to date:

Grant Round/ Year	# of Grants	Grant Range In Thousands	Total Grants	Total Project Amount In Millions	Household Broadband Availability ²	Increased Broadband Availability ³
1/2007	6	\$38 - \$370	\$739 K	\$1.53	13,836	2.5%
2/2008	5	\$45 - \$533	\$1.19 MM	\$3.89	8,678	1.6%
3/2009	8	\$43 - \$232	\$610 K	\$1.23	4,227	.7%
4/ 2010	22	\$23 - \$114	\$788 K	\$1.51	2,957	.5%
5/2010	12	\$7- \$191	\$1.09 MM	\$1.66	1,545	.6%
6/2011	23	\$5 - \$242	\$1.55 MM	\$2.34	2,296	.4%
7/2012	23	\$23 - \$284	\$2.08 MM	\$3.16	2,049	.3%
8/2013	15	\$6 - \$144	\$1.02 MM	\$1.69	1,034	.2%
9/2014	8	\$12 - \$186	\$749 K	\$1.43	975	.2%
Total	122	\$5 - \$533	\$9.82 MM	\$18.44	37,597	7.0%

Grant dollars per household availability is higher for the last four rounds and is expected to continue to rise, because the areas seeking broadband are becoming more difficult to serve, are more costly and the projects are smaller. A complete list of grants awarded can be found on the Authority’s website:

<http://maine.gov/connectme/grants/awarded-grants.shtml>.

The 2015 ConnectME Authority Annual Report meets the statutory requirement to report on four components: Budget, Investment, Activities, and Market Conditions. The report sets the stage for 2016 and beyond to further its mission to achieve ever higher levels of broadband access and take rates and improve the economic and public benefits of high-speed internet while recognizing the importance of business interests and the competitive

¹ *Governor Encourages Greater Accessibility to Broadband Internet Service, Praises ConnectME Initial Efforts.* (Jan 2015). Retrieved from <http://www.maine.gov/tools/whatsnew/index.php?topic=Gov+News&id=635639&v=article2011>

² Household broadband availability is defined as those houses offered the option of acquiring broadband services from a provider and is also referred to as houses passed.

³ Based on the 2010 Census for estimates of population and number of households in Maine, obtained from the State Planning Office. Total est. occupied housing units = 562,873, population = 1.328 MM, 2.36 = average household size.

market. With guidance or input from the ConnectME Authority Board, government officials, and Public and Private Stakeholders, the Authority will:

1. As the “Authority” on broadband in Maine, work with the Legislature, Administration, citizens, businesses, and other stakeholders, to thoughtfully review and analyze the bills and proposed bonds that were and are being considered in the 2015-2016 Legislative sessions to make the right choices for the future of broadband in Maine;
2. Draft a detailed, triennial strategic plan for broadband service that includes quantifiable measures of performance to carry out the duties in Section 9204-A to further the goals and policies.⁴ The strategic plan must include, but is not limited to, budget allocations, objectives, targets, measures of performance, implementation strategies, timelines, a definition of “broadband” and other relevant information.
3. Serve as an information conduit in conjunction with the Office of Public Advocate for Maine’s broadband initiatives at all levels and as a point of contact and resource clearing house for households, municipalities, businesses and communications service providers;
4. Conduct 2016 rounds for infrastructure and community broadband planning grants, and monitor and assist grantees to ensure that they have needed resources necessary and meet grant requirements;
5. Participate in the State’s Health Information Technology (HIT) initiatives to integrate health care through the use of Electronic Health Records (EHR) including the use of broadband to provide high speed exchange of data and medical tests which brings more efficient health care and better health outcomes, and tele-health to keep our seniors at home and safe;
6. Manage Maine’s FirstNet State and Local Implementation Grant Program to build and operate the first high-speed wireless broadband network dedicated to public safety;
7. Provide assistance to State agencies including Maine’s Department of Economic and Community Development to empower businesses to take advantage of broadband as the key to the State’s economic future; and
8. Assist Networkmaine (a consortium including the Maine Department of Education, Maine State Library, Office of Information Technology and University of Maine System) with efforts for the Maine School and Library Network to connect every K-12 public school and public library to the internet with high-speed and preferably, fiber-based access.

This report summarizes the Authority’s activities; describes federal activities and initiatives; and outlines the Authority’s ongoing and upcoming activities.

⁴ 35-A, M.R.S.A. §9204(A). <http://www.mainelegislature.org/legis/statutes/35-A/title35-Asec9204-A.html>

INTRODUCTION

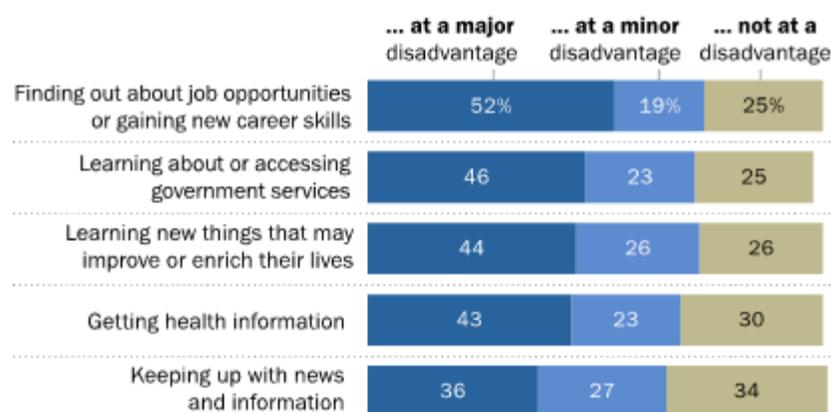
The ConnectME Authority 2015 annual report is divided into four sections: I. Background; II. Summary of Authority and Broadband Activities; III. Ongoing Authority Activities; and IV. Conclusion and Attachments.

I. BACKGROUND

A. The Importance of Broadband

Many think a lack of broadband brings disadvantages

% of all adults who believe those without home broadband are at a disadvantage when it comes to ...



Source: Survey conducted June 10-July 12, 2015. Sample size = 2,001.

PEW RESEARCH CENTER

In 2015, 65% of non-broadband households say not having service is a major disadvantage in one of the five areas listed in the chart above. That compares with 69% among all Americans and 70% for those in households with a broadband subscription.⁵

Broadband serves as a key engine of economic growth and opportunity.

- By leveraging the internet, start-up entrepreneurs can save \$16,500 in the first year.⁶

⁵ Home Broadband 2015 Pew Research Center Retrieved from <http://www.pewinternet.org/2015/12/21/2-the-growing-value-people-place-on-broadband/>.

⁶ *Broadband: The Road to Maine's Future*. The Broadband Capacity Building Task Force Report (December 2013). <http://maine.gov/connectme/grants/ntia/capacity-building.shtm>, pg VI.

- Consumers with broadband at home can save more than \$9,300 a year.⁷
- On average, small businesses that use broadband and have a website earn \$675,000 more in annual revenues than small businesses without broadband.⁸

Ninety seven percent of American consumers look online for goods and services. But 59% of Maine businesses don't even have a website. The annual sales of Maine's sole proprietorships and small businesses amount to approximately \$21.7 billion. If these enterprises achieved the national average in terms of level of web use, the result would be increased annual sales of nearly \$50 million per year.⁹

A second but equally important benefit arising from this strategy is that expanding broadband use in Maine will grow the economy, and lower the cost of government services.

The Benefits of Increased Broadband

- **Maine becomes a more affordable place to live:** Lower health care inflation, lower education inflation, lower government inflation.
- **The quality of life improves for Maine people:** More individualized health care, more individualized learning, more responsive government.
- **Maine people enjoy more autonomy and choice:** Individuals actively participate in health care monitoring, treatment, and decisions. Learners actively create and implement their own learning agendas. Citizens participate in government decisions at every step, not just at elections.
- **Maine people have a shot at new businesses and jobs:** Business growth accelerates through more and faster connections to the world. Computer and information technology occupations are projected to grow by 22 percent, adding 758,800 new jobs to the U.S. economy from 2010 to 2020.²⁵ Maine's location changes from disadvantage to an advantage as wired businesses place an increasing emphasis on quality of life.
- **Maine gets younger:** We create a culture and economy where young people can work and enjoy life. Quality of life (natural beauty, safety, small-town atmosphere, good schools, good jobs) draws young people from around the globe. Communities that are "wired" for high-speed internet are more attractive to young people to live and work in. Communities lacking broadband internet are simply out of the running.



United States Senator Angus King, a longtime supporter of increasing broadband access and adoption in Maine, states that "In today's world, high-speed Internet is as necessary for success as roads and bridges were one-hundred years ago. With high-speed Internet, a person living in Milo can sell their products to a buyer in Europe. On the other hand, the absence of high-speed Internet in rural areas can be an economic disaster. Now is

⁷ *REPORT: Broadband Delivers Over \$9,300 in Annual Savings to American Consumer* (Oct. 2013). Retrieved from <http://internetinnovation.org/press-room/broadband-news-press-releases/report-broadband-delivers-over-9300-in-annual-savings-to-american-consumers/>.

⁸ *Small Business Saturday*. Connected Nation (Nov. 2013). Retrieved from <http://www.connectednation.org/BlogPost/small-business-saturday>.

⁹ *Broadband: The Road to Maine's Future*. ConnectME Authority, (December 2014). Retrieved from <http://maine.gov/connectme/grants/ntia/capacity-building.shtml>, pg 23.

the time to bring true high-speed connectivity to the doorstep of households and businesses throughout Maine and across the country." ¹⁰

B. The ConnectME Initiative

As early as 1995, the Maine Legislature recognized the value of broadband when it stated:

The Legislature further declares and finds that computer-based information services and information networks are important economic and educational resources that should be available to all Maine citizens at affordable rates. It is the policy of the State that affordable access to those information services that require a computer and rely on the use of the telecommunications network should be made available in all communities of the State without regard to geographic location. ¹¹

In 2006, the Legislature created the ConnectME Authority to develop and carry out its broadband strategy by identifying unserved areas of the state; developing proposals for broadband expansion projects, demonstration projects and other initiatives; administering the process for selecting specific broadband projects; and providing funding, resources and incentives. ¹² In 2007, the Legislature also approved the Authority's major substantive rule that defines the state's broadband strategy and describes how that strategy is to be implemented. In 2015, the Legislature modified the Authority's duties and added new members to the board.

The Maine Legislature established the Authority to further the goals and policies of the State broadband service.

Goals

- Broadband service be universally available in this State, including to all residents and business locations and community anchor institutions;
- There be secure, reliable, competitive and sustainable forward-looking infrastructure that can meet future broadband needs; and
- All residents, businesses and institutions in the State be able to take full advantage of the economic opportunities available through broadband service.

Policies

- Maximize sustainable investment in broadband infrastructure in the State;
- Maximize federal and private resources to support the deployment of broadband infrastructure in unserved and underserved areas of the State;
- Prioritize the use of state resources to assist deployment of infrastructure to provide broadband service in unserved and underserved areas of the State;
- Promote adoption of broadband service by residents, businesses and institutions; and

¹⁰ *Jobs and Economy*. Retrieved from <http://www.king.senate.gov/issues/jobs-and-economy>

¹¹ Title 35-A M.R.S.A. §7101(4). <http://www.mainelegislature.org/legis/statutes/35-a/title35-Asec7101.html>

¹² PL 2005, c. 665.

- Leverage existing infrastructure to extend broadband service.

The Authority consists of a board of seven members, an Executive Director, Associate Executive Director, and Program Director.

Attachment A – Authority Board

II. SUMMARY OF AUTHORITY AND BROADBAND ACTIVITIES

The ConnectME Authority statute requires the Authority to report on four components: Budget; Investments; Activities; and Market Conditions.

A. Budget

The funding mechanism for the Authority is a 0.25% (one quarter of one percent) surcharge on all communications, video and internet service bills for retail in-state service.¹³ It is expected to generate between \$1.0 million and \$1.2 million per year.

The 122 grants awarded from 2007 through 2015, total nearly \$10 million. The ConnectME fund balance on June 30, 2015, was \$1,717,568. Going forward, from that amount, plus upcoming assessments (approximately \$1.1 M/YR), approximately \$800,000 is committed for awarded grants not yet completely funded; and Authority operating expenses. Attachment B reflects the Authority's financial status as of 6/30/2015.

The Broadband Sustainability Fee, established in 2009 at the inception of the federally-funded "Three Ring Binder" project, was intended for funding broadband projects by Incumbent Local Exchange Carriers (ILECs) within their territories in Maine. The Maine Fiber Company, owner of this dark fiber infrastructure, collected a fee per fiber strand per mile per month from those who purchase or lease the fiber. Collected fees were deposited into the Broadband Sustainability Fund. Qualifying ILECs submit requests for funds to the ConnectME Authority. To date, nearly \$684,000 has been disbursed for broadband expansion projects. The current Fund balance is nearly \$88,000, with over \$400,000 in delinquent accounts. This delinquency is being addressed in a Superior Court case (State of Maine and ConnectME Authority v. Biddeford Internet Corp., d/b/a Great Works Internet, Docket #BCD-CV-2014-56). An Act to Eliminate the Broadband Sustainability Fee was passed by the 127th Legislature.¹⁴

The ConnectME Authority is a component unit of the State of Maine and as such falls under Title 5 Section 1547 requirements to provide audited financial statements to the State of Maine Controller's Office. The ConnectME Authority contracted with Macpage LLC of Augusta to perform the required audits.

¹³ Also included are retail revenues received or collected from mobile communications services (i.e. cellular telephone) that voluntarily agree to be assessed by the Authority.

¹⁴ An Act to Eliminate the Broadband Sustainability Fee. Retrieved from http://legislature.maine.gov/bills/display_ps.asp?snum=127&paper=HP0304&PID=1456

Macpage LLC's Financial Report 2015 states that the financial statements present fairly, in all material respects, the respective position of the governmental activities and major fund of the Authority, as of June 30, 2105, and the respective changes in financial position for the year ended in accordance with accounting principles generally accepted in the United State of America. In regard to the Authority's federal awards, the schedule of expenditures is fairly stated in all material respects in relation to the basic financial statements as a whole.

Attachment B - ConnectME Authority Balance Sheet

B. Investments

The ConnectME Fund is administered by an independent fiscal agent who manages the assessment process, invests the unused funds and makes payments as directed by the Authority. The fund administrator operates under contract at the direction of the Executive Director.¹⁵ Interest generated by the fund is added to the fund balance.

C. Activities

Grant applications are reviewed by the Executive Director, the Associate Executive Director, the Program Director and an industry expert. The applications are scored on the four criteria specified in the statute and rule: cost-benefit; community support; project scope; and project value. The public-private partnership concept is considered in the review, yet "getting the most for the money" is also a high priority because of the limited funds available. The Authority developed grant scoring guidelines to assist applicants. In 2015, the Authority revised the Broadband Grant Scoring Guide to reflect a 10 Mbps symmetric (both up and down) speed.

Authority members and staff participated in a day long planning session in March of 2015. Members of the public attended as observers and provided comments at a later date. Board members, who participate as volunteers, increased the frequency of meetings, establishing a recurring monthly commitment.

Attachment C – Broadband Grant Scoring Guide

D. Market Conditions

The Authority is pleased to have a recently appointed member of the Department of Economic and Community Development on the Authority board. This appointment solidifies the work that has taken place over the past years to incorporate broadband into the state's economic development initiatives and state broadband policy. Under newly adopted sections

¹⁵ The quarterly assessments are paid to an independent fund administrator the month after the end of each quarter. Rolka Loube Saltzer Associates (RLSA) is the fund administrator for the ConnectME Fund as well as the Maine Universal Service Fund and the Maine Telecommunications Education Access Fund.

9211 and 9217 of the Authority's statute, funding may be available for providing broadband to attract, create and grow the State's economy and market the products and services of businesses in the State in national and international markets.¹⁶ Regional community organizations that are providing local or regional economic development programs expanding the availability of broadband series in unserved and underserved areas are entitled to apply for community broadband planning grant funds.¹⁷

The nation has seen a surge in municipally owned broadband networks. In other states, legal proceedings have given communities the right to choose their broadband future. The landscape is ever-changing in regard to providers, communities and the Federal Communications Commission defining the rules that will lay the groundwork for communications infrastructure.

Several Maine communities have initiated broadband solutions over the last year and many are poised to do so in 2016. Financing for projects encompass several models.

- Isleboro: Bond \$3 Mill.
- Sanford: Public/private partnership - \$1.5 Mill.
- Rockport: University of Maine System funding / Rockport TIF - \$60K
- Rockland area: In research stage - \$18.6 Mill. to include Rockland \$7.6 Mill., Owls Head \$4.3 Mill., Rockport \$7.9 Mill.
- Ellsworth: Northern Border Regional Commission Grant / Ellsworth TIF - \$308K
- South Portland: Capital Improvement Program - \$260K
- Portland: RFP released, cost TBD
- Old Town-Orono: Northern Border Regional Commission Grant / University of Maine System – RFP released, cost TBD

In addition to the cities listed above, many other Maine municipalities have begun stakeholder meetings. Authority staff is contacted on a weekly basis to attend informational meetings, supply information, map data points and provide guidance. The Maine Municipal Association has included broadband sessions at their conferences as well as delivering testimony at legislative hearings regarding the need for broadband.

III. ONGOING AUTHORITY ACTIVITIES

The opportunities and responsibilities for the Authority in 2016 include expanded participation in federal and state initiatives, working with regions, communities and municipalities planning for broadband expansion. Looking at the mid and long term, perhaps the most important role for the Authority will be to continue to serve as a conduit and resource for Maine's broadband initiatives at all levels and across state agencies.

¹⁶ 35-A, M.R.S.A. §9211-A. Municipal Gigabit Broadband Network Access Fund

<http://www.mainelegislature.org/legis/statutes/35-A/title35-Asec9211-A.html>

¹⁷ 35-A, M.R.S.A. §9217. Community Broadband Planning <http://www.mainelegislature.org/legis/statutes/35-A/title35-Asec9217.html>

A. Monitoring and Release of Next Grants Round

The Authority will monitor and assist all grant awardees to ensure that they have the resources necessary to complete their projects as required by the grant award.¹⁸ The Authority decided in 2015 to wait until the completion of the newly required triennial strategic plan before launching a tenth round of infrastructure grants.¹⁹ Grants awarded to date: <http://maine.gov/connectme/grants/docs/9/GrantsAwardedNineRounds.pdf>

Oversight

Authority staff will continue to work closely with grantees to ensure they have the resources they need to accomplish their project goals as efficiently and effectively as possible. The progress of the projects supported by the Authority is tracked through a monitoring and reporting process. The grant recipients document the expenditure of Authority funds to ensure that the funds are used only for appropriate purposes. Three reporting forms were developed with the assistance of the Council:

- Notice of Commencement – This requires a schedule of project milestones and the expected completion date. Each vendor for the funded project is identified on the form along with appropriate reports and documentation such as invoices and purchase orders.
- Progress Report – This provides a project update to demonstrate to the Authority that the funded project is on track. The Executive Director monitors each project's progress and use of funds.
- Final Completion Report – This is a final report that documents the completion of the project with attached financial spreadsheets and a listing of the communities newly served with broadband service as a result of the project.

Implementing the 2015 Tenth Grant Round

For the tenth grant round, the Authority estimates that \$1 million will be available and is again requesting smaller, focused proposals. A suggested grant limit for each project is \$100,000, funding no more than 50% of the total project, but these limits will be applied flexibly where warranted for proposals providing exceptional benefits. The Authority looks for creative solutions for expanding affordable broadband service to the unserved areas of Maine, encouraging more targeted solutions, making projects more manageable and easing oversight. The tenth grant round is expected to take place in early spring and will be the first round funded under the new 10x10 symmetrical requirement.

B. Connect America Fund

¹⁸ Complete list ConnectME Authority Awards.

<http://maine.gov/connectme/connectgrants/docs/GrantsAwardedSevenRounds.pdf>

¹⁹ <http://www.mainelegislature.org/legis/statutes/35-A/title35-Asec9218.html>

Connect America Fund, or CAF, subsidizes the expansion of broadband service to the country's rural areas. The Federal Communications Commission developed CAF as a part of its mandate to expand broadband in high-cost service areas, which are often rural parts of the county.²⁰ FairPoint Communications will receive \$13.3 million in federal funds annually for six years to expand broadband Internet service in rural Maine. Accepting those CAF funds commits the company to expanding broadband Internet service in 35,500 underserved locations, which the FCC defines as census blocks. That service must offer download speeds of at least 10 megabits per second and upload speeds of 1 megabit per second, and less than 100 milliseconds of latency. It also requires the company to offer this service at affordable prices.²¹

C. FirstNet

The FirstNet State and Local Grant Program (SLIGP) is a \$121.5 million formula-based, matching grant program administered by the National Telecommunications and Information Agency (NTIA).²² The program is designed to assist regional, state, local, and tribal government entities as they plan for a nationwide public safety broadband network. The Authority has been awarded \$1,045,904 in federal funding and is providing match of \$262,244. Work by FirstNetME began in the fall of 2014, focusing on planning, consultation, education and outreach activities, defining coverage needs and user requirements. This work will continue in 2016 and additionally, FirstNetME will focus on data collection, network hardening and resiliency requirements.

In the beginning of 2016, Maine, and all other states, will present their specific network needs to FirstNet. The FirstNet plan will then be put out for bid to ascertain the cost of building out the National Public Safety Broadband Network. When the total cost has been determined, FirstNet will present to each state Governor the cost of building out their respective state network. At this point that the Governor will have 90 days to opt-in or opt-out of participation.

The grant is projected to run through August of 2018. Subsequent phases are yet to be announced as the overall FirstNet initiative is expected to span many years.

D. Networkmaine

The Authority participates in the Networkmaine Coordinating Council, an established unit within the University of Maine System created by the restructuring of its communications and network services group, Networkmaine. It was created in 2009 to provide the public entities served with greater involvement in shaping the future of Maine's research and education network, Maine Research and Education Network (MaineREN.)

²⁰ Connect America Fund <https://www.fcc.gov/general/connect-america-fund-caf>

²¹ FairPoint to receive federal funds to expand broadband service in rural Maine. Retrieved from <http://www.pressherald.com/2015/08/18/fairpoint-to-receive-federal-funds-to-expand-rural-broadband-service/>

²² State and Local Implementation Grant Program. NTIA Retrieved from <http://www.ntia.doc.gov/category/state-and-local-implementation-grant-program>

The primary focus of Networkmaine is the design and operation of MaineREN and services developed to support education, research, public service, government, and economic development. In addition to servicing higher-education and research, Networkmaine provides schools and libraries in the state with Internet connectivity at little or no cost through the Maine School and Library Network project.

E. E-rate

After a successful Request For Proposal process in the Winter of 2014-15, 99% of the 880 schools and libraries that participate in MSLN have been connected over fiber-optic cables at 100 Mbps and up to 1 Gbps speeds. Previously only 39% of schools and libraries were connected at 100 Mbps and greater. In addition, the average bandwidth increased from 187 Mbps to 515 Mbps per school and from 62 Mbps to 288 Mbps per library with no increase in overall cost. All but 7 locations (3 libraries, 4 schools) have fiber installed in order to receive connections between 100 - 1,000 Mbps. (Backhaul to some islands will be microwave based with the "last mile" on the islands being fiber.)

These advancements were made possible by the goals set by the ConnectEd Initiative, the 2014 modernization of the E-rate program (2.0) and over two decades of bipartisan, public-private efforts at a local, state, federal level.

F. NTIA State Broadband Initiative Program

During the five-year period of the State Broadband Initiative grant, during which \$4.9M in federal funds were expended, the Authority conducted various activities, including:

- Preparation a 2011 broadband needs assessment to establish a baseline of broadband availability and use in Maine, including barriers to adoption of use of broadband, as well as strategies to increase awareness and adoption of broadband. This report was updated in 2013 and has served as a basis for broadband planning by the ConnectME Authority Board and others;
- Creation, bi-annual updating, and maintenance of maps of broadband coverage in Maine based on service-provider information. This information was routinely geo-coded into a street-level statewide inventory of wired and fixed-wireless high-speed internet service;
- Formation of a broadband capacity building task force charged with identifying ways in which to enhance, through demand, the adoption and utilization of broadband in Maine. A report with recommendations was prepared and submitted to the legislature, as well as distributed widely within Maine; and
- Technical assistance through education. Numerous adult education programs in Maine incorporated use of broadband in the program curriculum, from basic computer use skills to more advanced means for using information technologies.

All commitments were met or exceeded and the grant was successfully closed in April of 2015.

IV. CONCLUSION AND ATTACHMENTS

The history of the Authority has shown that interest in broadband growth in Maine is taking place at an exponential level. The first session of Maine's 127th Legislature saw over 20 bills proposed relating to broadband. Economics, healthcare, education, telecommunications infrastructure and civic engagement are seen as the major drivers toward broadband adoption. Looking forward to 2016, studies and research point to digital inclusion and cost as areas that require increased attention.

Attachment A – ConnectME Authority Board Members

Attachment B – ConnectME Balance Sheet

Attachment C – Broadband Grant Scoring Guide

Attachment A - ConnectME Authority Board

Authority Members:

1. Jean Wilson, Chair, Senior Vice President at L.L. Bean
2. Greg McNeal, Chief Technology Officer for Maine State Government
3. Ralph Johnson, Regional Chief Information Officer, MaineHealth
4. Dick Thompson, Chief Information Officer for University of Maine System
5. Bruce Williamson, Commissioner, Maine Public Utilities Commission
6. Susan Woods, Associate Chief of Staff, Research & Informatics at VA Maine Healthcare System
7. Denise Garland, Deputy Commissioner, Maine Department of Economic and Community Development

Attachment B – ConnectME Balance Sheet

ConnectME Authority

Balance Sheet – Government Fund

June 30, 2015

	Special Revenue Fund
ASSETS	
Cash and cash equivalents	\$ 1,826,728
Accounts receivable	327,297
Due from other governments	115,030
Other receivable	15
Total Assets	<u>\$ 2,269,070</u>
LIABILITIES AND FUND BALANCE	
Liabilities	
Accounts Payable	\$ 82,694
Accrued Liabilities	6,963
Total Liabilities	<u>\$ 89,657</u>
Deferred Inflows of Resources	<u>481,845</u>
Fund Balance	
Restricted for:	
Advanced communications technology Infrastructure	<u>1,717,568</u>
Total Liabilities and Fund Balance	<u>\$ 2,269,070</u>

Attachment C – Broadband Grant Scoring Guide

Revised August 28, 2015

The application evaluation process will allow the ConnectME Authority to evaluate all applications submitted during a particular application period set by the Authority. The scoring of applications is based on a 100-point scale. A project with a total score of less than 50 points may not be funded. Applications will be judged using the following four scoring categories, as described in the Authority rule:

Cost-Benefit. This category is worth **35** points.

The cost-benefit scoring is based on relevant factors, **including, but not limited to, the amount of funding requested from the Authority per customer eligible to be served by the project, with lower funding per customer receiving a higher cost-benefit score.** Applicants should demonstrate financial viability by providing pro-forma financial statements and detailed business plans.

Grant dollars requested/customer eligible to be served	Points
Less than or equal to \$500	25
\$501-\$1,000	20
\$1,001-\$1,500	15
\$1,501-\$2,000	10
\$2,000-\$2,500	5
Greater than \$2,500	0

A maximum of ten additional points will be added to the C-B score for any application requesting a 50% or less grant for the proposed project. A sliding scale will be used for those grant applications above 50% ($\leq 50\%$ = 10pts; 51% - 60% = 5pts; $>60\%$ = 0 pts.)

Community Support. This category is worth **20** points.

The community support score is based on relevant factors, including, but not limited to, evidence of community support for the project and the percentage of the geographic area to be covered by the proposal that will be served by the proposed project. Strong consideration (and higher point value as shown in the table below) will be given to those applications that include petitions or listings of a significant number of the available households and businesses expressing a strong desire to subscribe to broadband service provided from the proposed project.

Support as a percent of homes/businesses passed by project	Points
100%	20
50% - 99%	15
25% - 49%	10
<25%	5

Project Scope. This category is worth **30** points.

The project scope score is based on relevant factors prioritized below:

1. The relative increase in the highest available advertised download “speed” or bandwidth compared to the existing internet service in the area to be served by the proposed project. This factor provides more points to projects that provide the greatest increase in download speeds. For example, a project providing speeds in excess of 25 Mbps (Tier 6) in an area where the highest available download speeds for internet access was 1.5- 3 Mbps (Tier 2) would provide an increase of 4 Tiers, and would receive 15 points. For purposes of the chart below, internet access speeds of <768 Kbps would be equivalent to “Tier 0.”²³

Increase in Download Speed Relative to Existing Services Providing Internet Access	Points
Increase of 5 Tiers	20
Increase of 4 Tiers	15
Increase of 3 Tiers	10
Increase of 2 Tiers	5
Increase of 1 Tier	0

2. The **number of potential customers** to be served or households passed by the project. For example, a project that proposes to provide broadband service to 100 households will receive more points than a project that will provide service to 25 households.

Point values for the number of potential customers to be served by the project: 100 or more = 10 points; and less than 100 as a percentage of 10 points (e.g. 87 = 9 points, 46 = 5 points, 12 = 1 point, etc.).

3. The grant applicant’s financial commitment to the project (cash, in-kind, donations, etc.).

Project Value. This category is worth **15** points.

The project value score is based on relevant factors, including, but not limited to, the estimated retail price per customer to receive service from the proposed project and any other details of the project that may benefit customers in the area proposed to be served by the proposed project. For example; more points will be awarded for a higher number of businesses and/or health care facilities in the project area that do not have access to broadband service; and lower scores for relatively higher retail prices; and higher or lower scores depending on other factors such as the type of construction required. **Applicants should use this category to introduce elements of their project that may be significant and not incorporated in one of the other three categories.**

²³ Basic Broadband Tier 1, 768 kbps to 1.5 Mbps; Broadband Tier 2, 1.5 Mbps to 3 Mbps; Broadband Tier 3, 3 Mbps to 6 Mbps; Broadband Tier 4, 6 Mbps to 10 Mbps; Broadband Tier 5, 10 Mbps to 25 Mbps; Broadband Tier 6, 25 Mbps to 100 Mbps; Broadband Tier, 7 Greater than 100 Mbps. As defined by the Authority, May 12, 2011.