



2023 Annual Report to Member Towns

A public meeting to receive comments on this Report and Proposed Budget will be held November 15, 2023. Please see our website for agenda, time and place.

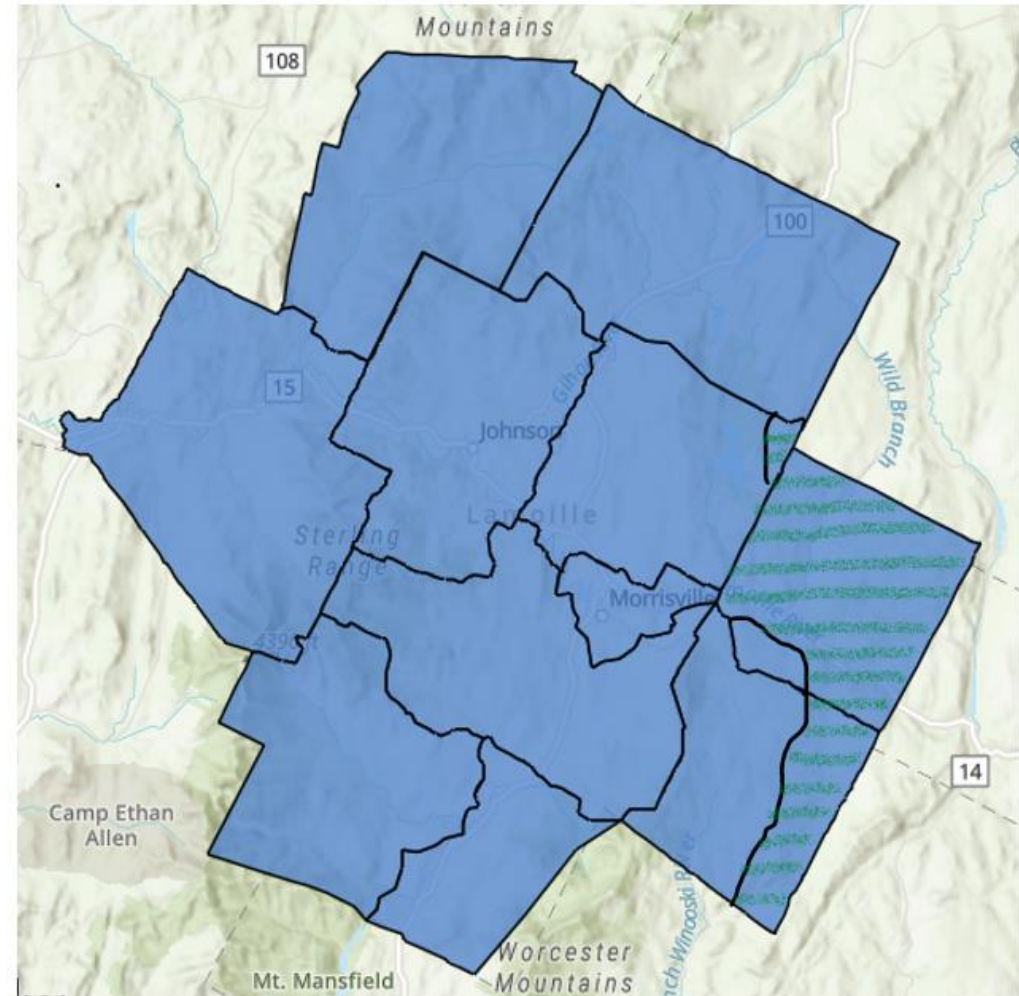
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Lamoille FiberNet CUD

- **Our Vision:** Every home and business in our territory will be connected to fast, reliable internet service.
- **Our Mission:** Prioritize access to unserved and underserved addresses of symmetrical, high speed, and affordable internet service — as soon as possible.
- **Our Strategy:** To use grant funding and public/private partnerships to finance the construction, operation, and maintenance of a cost-effective, robust, and sustainable network, while providing oversight and leveraging our resources to serve our communities' current and future connectivity needs.
- **Our Credo:** Serving community, not profit.

Visit our website: <https://lamoillefiber.net>



LFCUD – NEK Service Areas
Area with Green slashed lines are served by NEK

LFCUD Governance: May 2023 - May 2024

Town	Representative	Alternate
Belvidere	Carol Caldwell-Edmonds	
Cambridge	Sam Lotto	Matthew McCabe*
Eden	Carey Earle	
Elmore	Randy Tomlin	
Hyde Park	Michael Rooney	Carol Fano
Johnson	Paul Warden	Jeff Bickford *
Morristown	Jane Campbell	John Meyer
Stowe	Stephen Friedman	
Waterville	Jeff Tilton	Scott Johnson*
Wolcott	Andrew Ross	

Officers (Statutory) Chair: Jeff Tilton, Vice Chair: Andrew Ross, Treasurer: Mark Schilling, Clerk: Lisa Birmingham

Executive Committee: Chair: Jeff Tilton, Vice Chair: Andrew Ross, Jane Campbell, Stephen Friedman, Michael Rooney, Randy Tomlin, Paul Warden

Marketing & Communications Committee: Co-Chairs: Carol Caldwell-Edmonds, Jane Campbell; Jeff Tilton; Bradley Horstman; Paul Warden; Matthew McCabe

Partnership Task Force: Chair: Randy Tomlin, Stephen Friedman, Sam Lotto, John Meyer, Andrew Ross

Staff: Executive Director: Lisa Birmingham, Construction Manager: Fabian Bourgeois

* **New 2023**

2023 Activities, Accomplishments & Next Steps

Accomplishments & Initiatives

- Developed revised Universal Service Plan and updated Business Plan focused on speed to market and affordability
- Negotiated 20-yr + partnership with Consolidated to construct, operate and maintain Fidium fiber network following RFP
- Received Vermont Community Broadband Board approval of additional Preconstruction and Construction grants to fund CCI Partnership and Phase 1
- Raised \$225.8k in local ARPA pledges to support non-standard drops and other construction costs in seven member towns; will be matched by VCBB
- Launched new website and improved capacity to keep constituents informed
- Issued RFQ for financial audits; selected vendor and initiated audits

Next Steps

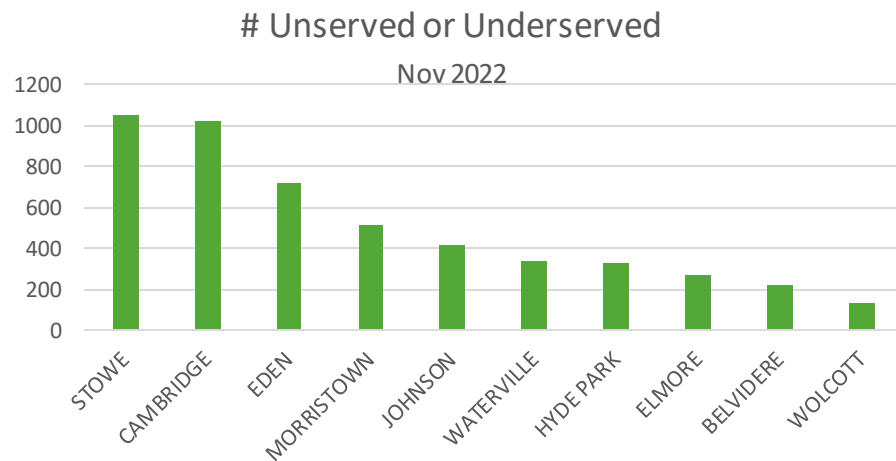
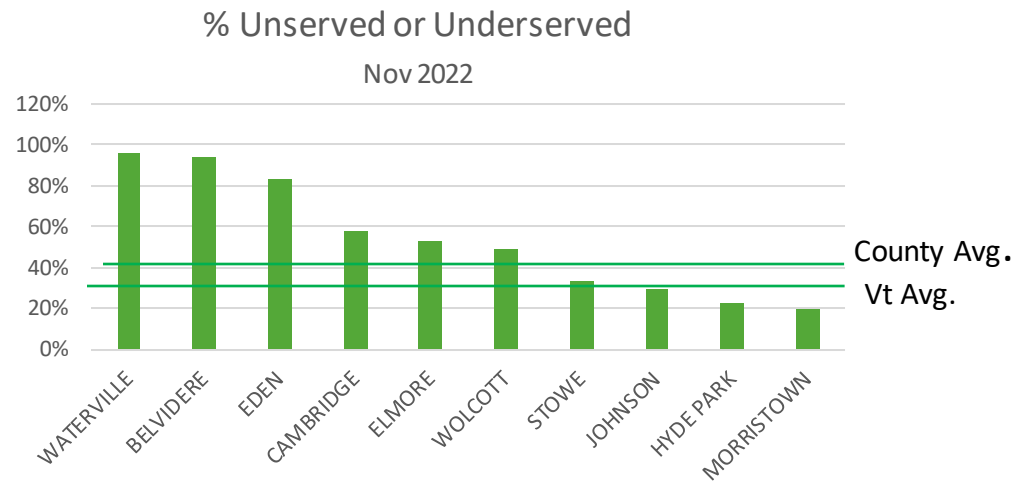
- Finalize grant agreements and CCI contract – Q4 2023
- Finalize Audited Financials – Q4 2023
- Develop detailed design and construction plan – Q1 2024
- Develop outreach plan and process for local ARPA – Q1/Q2 2024
- Begin research to fund and expedite completion of Phase 2 – Q2 2024
- Draft long-term sustainability and governance plan – 2024

Thank YOU for your support!!

Local ARPA Match	Committed	With VCBB Match
Belvidere	\$ 10.9	\$ 21.8
Cambridge	\$ 25.0	\$ 50.0
Eden	\$ 50.0	\$ 100.0
Hyde Park	\$ 25.0	\$ 50.0
Johnson	\$ 50.0	\$ 100.0
Waterville	\$ 50.0	\$ 100.0
Wolcott	\$ 15.0	\$ 30.0
Total Lamoille	\$ 225.9	\$ 451.8

Thank You Collaborators including Lamoille County Planning Commission, Lamoille Economic Development Corporation, Vermont Communications Union District Association, NEK Broadband CUD, Northwest FiberWorx CUD, Otter Creek CUD.

Broadband Status & Proposed Partnership Solution



- Committed by contract to construct, maintain and operate a network and support customer service
- Funded by VCBB grants, local ARPA funds, and CCI's private capital and existing assets
- Supported by community leaders: all 10 selectboards, state senators and state representatives, and Lamoille County Planning Commission

Phase 1 Project	VCBB (ARPA) Grant Funding	Requested w/ Application	Delta*
Precon	\$1,724,479	\$1,369,478	\$355,001
Construction	\$13,864,436	\$13,588,636	\$275,800
Total	\$15,588,915	\$14,958,114	
CCI	\$ 9,814,755		
Total	\$25,403,670		

*Available from original Precon grant and Local ARPA Match Program

USP and Business Plan – Prior v. Revised with CCI

Farther, faster, with less cost and less risk

Phase 1 86% or 4,170 u/u, \$25.4M

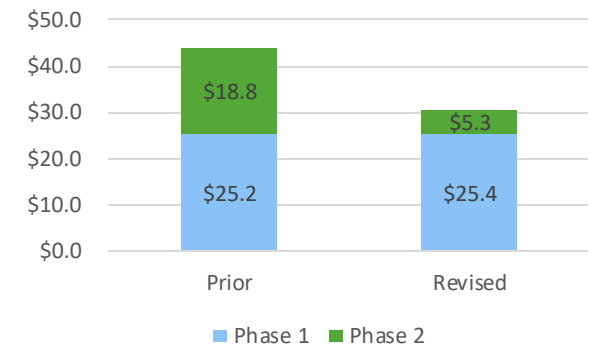
- **All** U/U addresses* in Belvidere, Eden, Elmore, Hyde Park, Johnson, Waterville and Wolcott and all but 5 addresses in Morrisville
- Majority U/U (70%) of Stowe and Cambridge, including chronically U/U (RDOF) areas
- Incentives to complete: 50% holdback until 100% complete; penalty for less than 98% = 2x cost to complete or \$10k/per passing

Phase 2 14% or 663 u/u, \$5.3M

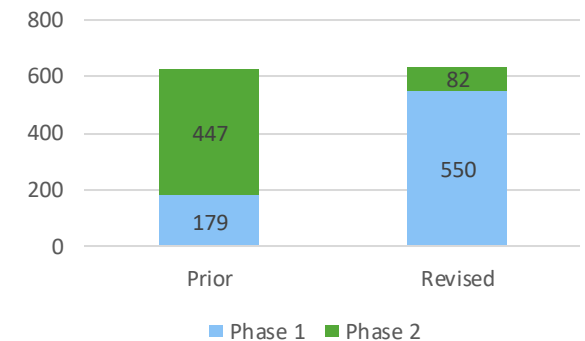
- Anticipate funding through BEAD or other federal programs
- CCI similar financial commitment
- Reserved right to partner with another provider



Cost \$M - 30% Less



Miles P1- 3X more



*As defined by VCBB, unserved and underserved addresses are on-grid E911 addresses with access to wireline internet speeds of *less than* 25 mbps up/3 mbps down, or addresses served only by wireless internet.

Prioritizing Affordability

Price of Service & Connection

- **Day 1:** Multiple speed and price options for residential and small **business**; **2G capable**
- Participation in **ACP** and other programs
- **Uniform pricing and products commitments**
- **More extensive drop & free installation commitments** including aerial of any distance where existing communications path and 500' of underground
- **Local ARPA funds** (\$175,000) set aside to help pay for nonstandard drops (those without existing facilities or > 500' underground)



Price by Speed	PRIOR PLAN	1ST YR	2ND YR
50/50	\$70	\$33	\$55
100/100	\$90		
250/250		\$60	\$85
1 Gig	\$119	\$70	\$95
2 Gig		\$85	\$95
Voice	\$25	\$15	\$15

Prioritizing Risk Reduction and Accountability

- CCI co-investing almost \$10M, no need for municipal revenue bond
- Leverage CCI assets to minimize delays/costs associated with make-ready
- CCI scale and experience ensures robust network operations, maintenance and competition
- Highly resilient fiber network, designed to industry standards, supported by experienced workforce
- Fidium already delivering industry-leading customer service in ME, NH and VT
- Future-ready, 10G network built for growth; commitment to keep current with same products as the rest of northern New England
- 20-year service quality, network performance and consumer protection commitments with CUD oversight
- Continuity protections for expiration, change of control, or default
- Affords LFCUD opportunity to focus on adoption and digital equity

LFCUD 2023 Budget v. Projected Year-End

Board Approved Budget Adjustments

- **March 2023** – Minor Gen & Admin adjustments; reduced capital from \$21M to \$6.9M reflecting 1) amount expected to be used in 2023 versus total amount awarded and 2) delayed construction until Q4
- **July 2023** – Aligned budgets to reflect updated plan and construction estimates for Phase 1. Increase in legal fees, audit and accounting fees, reduced capital due to delay in construction; anticipate using \$372k preconstruction grant funding for detailed design in Q4; other wise all construction activities budgeted for 2024

Income/Revenue 2023

- Limited to Preconstruction 06 (ARPA) Grant; \$355,001 awarded but not yet allocated

Note: Expenses and Revenues are projected; this is a draft and unaudited; no assurances provided.

LFCUD 2023 Budget	Projected 2023	Budget	\$ Over Budget
Ordinary Income/Expense			
Income			
Grants - State	\$ 937,455.22	\$ 7,797,651.00	\$ (6,860,195.78)
Investment Income	\$ 127.24	\$ -	\$ (127.24)
Total Income	\$ 937,582.46	\$ 7,797,651.00	\$ (6,860,323.02)
Expense			
General & Administrative			
Advertising and Promotion	\$ 4,155.39	\$ 15,000.00	\$ (10,844.61)
Dues and Subscriptions	\$ 13,829.12	\$ 16,500.00	\$ (2,670.88)
Insurance Expense	\$ 7,959.32	\$ 9,000.00	\$ (1,040.68)
Meetings & Travel	\$ 586.45	\$ 1,200.00	\$ (613.55)
Office Supplies	\$ 247.17	\$ 500.00	\$ (252.83)
Personnel			
Employee Benefits	\$ 24,312.94	\$ 28,704.00	\$ (4,391.06)
Payroll Processing Fees	\$ 1,213.65	\$ 1,092.00	\$ 121.65
Payroll Taxes	\$ 18,197.75	\$ 19,600.00	\$ (1,402.25)
Wages	\$ 231,414.99	\$ 256,000.00	\$ (24,585.01)
Workers Comp Insurance	\$ 3,290.12	\$ 3,000.00	\$ 290.12
Total Personnel	\$ 278,429.45	\$ 308,396.00	\$ (29,966.55)
Postage	\$ 36.40	\$ 500.00	\$ (463.60)
Professional Fees			
Accounting	\$ 33,063.75	\$ 27,750.00	\$ 5,313.75
Auditing Services	\$ 35,000.00	\$ 35,000.00	\$ -
Consulting	\$ -	\$ 2,000.00	\$ (2,000.00)
Legal	\$ 90,211.00	\$ 60,000.00	\$ 30,211.00
Other Professional Services	\$ 1,996.49	\$ -	\$ 1,996.49
Treasurer Stipend	\$ 12,000.00	\$ 12,000.00	\$ -
Total Professional Fees	\$ 172,271.24	\$ 136,750.00	\$ 35,521.24
Rent & Utilities Expense	\$ 9,711.21	\$ 7,680.00	\$ 2,031.21
Supplies	\$ 100.00	\$ 1,500.00	\$ (1,400.00)
Telephone Expense	\$ 1,407.18	\$ 1,440.00	\$ (32.82)
Website & Email	\$ 473.00	\$ 7,710.00	\$ (7,237.00)
Total General & Administrative	\$ 489,205.93	\$ 506,176.00	\$ (16,970.07)
Total Expense	\$ 489,205.93	\$ 506,176.00	\$ (16,970.07)
Net Ordinary Income	\$ 448,376.53	\$ 7,291,475.00	\$ (6,843,352.95)
Other Income/Expense			
Other Expense (Engineering)	\$ 372,130.00	\$ 1,724,749.00	\$ (1,352,619.00)
Capital Costs			
Materials	\$ 76,246.53	\$ 5,566,726.00	\$ (5,490,479.47)
Total Capital Costs	\$ 76,246.53	\$ 5,566,726.00	\$ (5,490,479.47)
Total Other Expense	\$ 448,376.53	\$ 7,291,475.00	\$ (6,843,098.47)
Net Other Income	\$ (448,376.53)	\$ (7,291,475.00)	\$ (6,843,098.47)
Net Income	\$ -	\$ -	\$ (6,860,068.54)

ASSETS**Current Assets**

Checking/Savings	\$	202,047
Prepaid Expenses		4,628

Total Current Assets 206,675

Capital Assets

Preconstruction Costs/Materials		484,247
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Total Capital Assets 484,247

TOTAL ASSETS \$ 690,922

LIABILITIES & NET POSITION**Liabilities****Current Liabilities**

Accounts Payable		27,425
Accrued Expenses		5,266
Deferred Revenues		151,991

Total Current Liabilities 184,682

Total Liabilities 184,682

Net Position

Invested in Capital Assets, Net of Related Debt		484,247
Restricted		21,993

Total Net Position 506,240

TOTAL LIABILITIES & NET POSITION \$ 690,922

LFUCD Balance Sheet

As of September 30, 2023

**This is a current draft and unaudited; no assurances provided.*

LFCUD	Projected 2023	Proposed 2024
Ordinary Income		
Grants – State	\$ 937,455	\$ 14,766,785
Other Income- Local ARPA		\$ 125,800
Investment Income	\$ 127	\$ -
Total Income	\$ 937,582	\$ 14,892,585
Expense		
General & Administrative		
Gen & Admin	\$ 26,814	\$ 61,300
Total Personnel	\$ 278,429	\$ 250,000
Total Professional Fees	\$ 172,271	\$ 89,000
Misc. & Office	\$ 11,691	\$ 13,400
Contingency (8%)	\$ -	\$ 36,000
Total General & Administrative	\$ 489,206	\$ 450,000
Net Ordinary Income	\$ 448,377	\$ 14,442,585
Other Income/Expense - Phase 1 Budget		
Other Expense - Engineering/Design	\$ 372,130	\$ 519,478
Local ARPA Drop/Other Construction*	\$ -	\$ 75,800
Materials and Labor	\$ 76,247	\$ 13,847,307
Total Capital Costs	\$ 76,247	\$ 13,847,307
Total Other Expense	\$ 448,377	\$ 14,442,585
Other Income (Grants)	\$ (448,377)	\$ (14,442,585)
Net Income (Surplus)	\$ -	\$ -

- **State Grants** include:
 - Local APRA match – \$225,800 approved – use restricted to seven contributing towns
 - Act 71 VCBB Preconstruction Amendment – \$1,369,478 approved – use restricted to non-capital costs
 - Act 71 VCBB Construction Grant – \$13,588,636 approved – use restricted to Act 71 construction terms
- **Local ARPA** Pledges from 7 towns = \$225,800; remaining \$100,000 budgeted for 2025
- No 2023 surplus or deficit is expected
- Consolidated contract, covering construction, operations and maintenance services, is expected to be executed in Q4 2023

Proposed
2024
Budget