



Grant Application — Submitted Application View

NBRC-20-0092 : Town of Swan's Island, Maine, Maine : May 29, 2020

Eligible

General Information

1. Entity Applying for Funding

Name of Entity	DUNS Number	Type of Entity
Town of Swan's Island, Maine	017512091	Local Government

Primary Contact ⓘ Individual preparing the application, and who will be managing the project if awarded, but may not have signing authority.

First Name	Last Name	Organization
Brian	Lippold	Casco Bay Advisors, LLC
Email Address	Telephone Number	
brian@casco bayadvisors.com	207-233-2976	

Address/P.O. Box

2 Streamside Ln
Gardiner, Maine 04345

2. Co-Applicant

Are you applying with another entity?

No

3. & 4. User(s) Information

Authorized Official ⓘ This is the person who has been formally authorized by a Board or other entity to apply for, receive and spend funding on behalf of the organization.

First Name	Last Name	Title
Thomas	Ploch	Chair - Swan's Island Broadband Committee
Email Address	Telephone Number	
thomas@ploch.com	973-632-6836	

Address/P.O. Box

125 Harbor Rd
Swan's Island, Maine 04685

5. State(s) & Congressional District(s)

State(s) that the project is located in

Maine

Congressional District(s) that project is located in

ME-02

6. Amount

State	Amount Needed for Project	Funds Requested from NBRC
Maine	\$3,413,403.00	\$1,000,000.00
Total amount being requested from NBRC for this application:		\$1,000,000.00

7. Previous Funds

Has the applicant previously received funds from the NBRC?

No

8. Local Development District

What local development district is the entity located in?

Eastern Maine Development Corporation

9. Audits

Was the applicant required to submit a single audit in the past 12 months?

No

10. Timeline

Anticipated Start Date

October 01, 2020

Anticipated End Date

December 01, 2021

11. Counties

Select all counties that the project will be in

Hancock, ME

12. Isolated Areas of Distress

If your county is in 'Attainment' it does not qualify for funding unless the project is located in an isolated area of distress:

Not Applicable

13. Project Description

In 300 characters or less, describe what the project is and what it will accomplish; in a concise manner explain both the outputs that will be completed and the intended results (outcome) that are anticipated by the investment. * (e.g. The Project will replace ~1.3 miles of 36" pipe with ~1.3 miles of 48" pipe along Broad Street (output**) improving transmission to the Wastewater Treatment Plant in Cheshire City increasing capacity in order to allow future development and create jobs along Broad Street benefitting all of Beanbag County and extended area (**outcome**)).**

The Project will provide affordable reliable high-speed fiber optic Internet for the entire community improving the ability of residents to diversify an economy based on fishing by enabling residents to work from home, establish home-based businesses, reverse out-migration and attract new residents.

14. Type of Activity

What is the type of activity that will be implemented?

Construction

16. Jobs

Will the project create or retain jobs?

Yes

18. Training

Will the project train individuals as part of a Workforce Development Program?

No

19. Project Location

Briefly describe the surroundings of the location of your project. For example: is it located in a downtown, new development, industrial park outside of village boundaries, or in a vacant building? Additionally, you are required to upload a PDF of a map showing the location of the project site.* If technical assistance or other non-location project, please write "Not Applicable." (50 character limit)

12.4 sq. mi. island 6 mi. off the coast of Maine

20. Project Focus

Please reference at least one of the "Eligible Purposes" outlined in Section A, VII, of the Application Manual. Explain how the project is consistent with this/these funding categories. (2,500 character limit)

This Project meets 2 "Eligible Purposes"

TELECOMMUNICATIONS

The Project includes: a) a microwave system from Bass Harbor in the Town of Tremont across 6 miles of ocean to the Island where it will connect to a new central office via fiber optic cabling, b) securing rights to attach fiber optic cabling to 962 utility poles covering 23.5 miles of roadway, c) fiber optic cabling between the central office and each of 597 potential Internet subscriber locations, d) optical electronic equipment in the central office and at each subscriber location, e) emergency backup generator for the central office, f) bucket truck and tools for an on-island technician, and g) miscellaneous components to deploy symmetrical 1 gigabit per second service to all subscribers. All aspects of the entire network will be owned by the Town of Swan's Island. The central office and fiber optic network have been fully engineered, construction drawings prepared, bill of materials produced, and project costs have been estimated. The microwave system has been designed and costs have been estimated for a turn-key tower site development and permitting, construction and turn-up. All aspects of the network construction will be subjected to a thorough RFP process. The network will be operated and maintained by an experienced network operator / service provider selected through an RFP process.

**BUSINESS DEVELOPMENT

The sole industry of the community is currently fishing, which has been negatively impacted by global warming, whale protection and COVID-19. Deployment of affordable, reliable high-speed Internet is key to diversifying the economy and requires diversification to enable the development and growth of new and existing businesses. Most all residents and businesses are struggling with the limited Internet service currently available in the community where more than 70% of potential subscriber locations are below the FCC definition of broadband. We have numerous stories of opportunities lost, real estate sales falling through, and job offers declined, due to the current Internet service. In the current situation with COVID-19, we see overloaded networks hampering our students and the community from accessing the educational and business opportunities now only available on-line.

The Town of Swan's Island will inventory jobs within the community when the Project is initiated and update the inventory on an annual basis in order to document job-creation and retention.

15. Infrastructure

Will the activity result in infrastructure?

Yes

17. Water/Sewer Service

Will the project improve water or sewer service?

No

21. Economic Impact of the Project

Provide justification that the outcomes anticipated by the NBRC investment will result in positive economic growth for the region, and cite what the basis is for the justification. (2,500 character limit)

Explain how the project may assist in any of the following:

- Create and/or retain jobs
- Raise per capita income
- Lower poverty in the region
- Lower regional unemployment
- Low regional outmigration rates

Except for the generations old fishing trade, there is little to keep young people on Swan's Island. Children that are raised on Swan's Island must leave for High School and any further education or training. Once gone, unless they intend to fish, there is little to bring them back to the community.

By providing high-speed affordable Internet, we expect to create employment opportunities beyond fishing. We expect to be able to allow multiple and diverse incomes in families that currently depend solely on fishing, by enabling non-working spouses and seasonal workers to generate income from home-based businesses and telecommuting opportunities. Seasonal residents have told us they will stay longer and possibly convert to year-round residency if they are able to work from their homes on the island. New residents are more likely to be attracted to our community to occupy the 26% of homes that are currently vacant, increasing the number of homeowners able to telecommute from the Island.

Our current service often times requires individuals trying to telecommute to travel to the Town Library in order to adequately participate in teleconferences or send and receive large files from remote locations. There is a business in the community who has contracted for a dedicated internet connection costing hundreds of dollars a month in order to run his business. Another seasonal resident, with generational ties to the Island and a business owner in another state, rarely visits because their home is in an area with such low speeds, they cannot maintain a reliable connection with their business.

Providing these opportunities through high-speed Internet is expected to lower unemployment, increase earning potential and thereby lower the poverty level. Most importantly, it will give young people opportunities to create their own business or telecommute to off-island locations. It will lower out-migration which is a vital concern to the residents and the viability of our local school.

Currently, our community K-8 school has an enrollment of approximately 35. Increasing enrollment is vital for the continuation of local schooling. Availability of affordable, reliable high-speed Internet on other nearby islands such as Islesboro, has attracted new families with school age children and has been key to enabling existing families to remain. We believe similar results can be attained on Swan's Island and actually reverse the current out-migration trend.

22. Outcomes of the Project

What are the outcomes of your project? This question gets at what problem you are trying to solve with the proposed project.

Outcomes are different than outputs. Outputs are the linear miles of trail built or number of culverts replaced, or the products or services delivered. Outcomes or performance measures are the performance or changes as a result of the outputs. It is a quantifiable indicator used to assess the project objectives.

These should be measurable and obtainable not aspirational. Check off between 2-4 outcomes of your proposed project. The list provided is not all-inclusive but is provided to be helpful. If your outcomes are not listed, select 'other' and provide a measurable outcome that can be assessed 3 years after the project is completed that will determine the success of your project. For further explanation, reference the Application Manual.

of businesses with improved profits

of jobs created

of new businesses created

% increase in student enrollment

Other

23. Work Plan

Provide a work plan that outlines the project consistent with the budget that is being submitted. List the tasks that will be completed in order to achieve the desired outcomes in question #22. If you have an excel document, you may upload this in the "Document Upload" section once you complete all application questions. Please label it as Work Plan.

See Excel Spreadsheet labeled "Work Plan"

24. Regional Plan

Provide a link to the regional plan, comprehensive economic development plan, or other regional planning document that supports the project, and explain how the project is consistent with the goals of that plan. * (If unaware of a planning document within your region contact your Local Development District, found in the Application Manual). *(500 character limit)*

In Q1-2019, 258 residents responded to a survey for a new Comprehensive Plan. See detailed results at www.swansisland.org/index.php/island-information/swans-committees/comprehensive-planning-committee. The survey found Internet is the top goal for the Island with 81% support for developing an Internet solution and its the most important infrastructure project for the future of the community. At the March 2020 Town Meeting, voters approved to fund up to 25% of the costs of a broadband network.

25. State Planning

How does the project fit into a statewide economic development plan? * For a list of State Plans and/or contacts see the Application Manual or contact the Program Manager within your State. *(500 character limit)*

The Project supports 2 of the 7 Strategies in the Maine Economic Strategy 2020-2029 thru Strategy D - Ubiquitous Connectivity and Strategy E – Provide Supporting Infrastructure. Both will help Maine's vision to grow the average annual wage by 10%, increase what we sell per worker by 10%, and attract 75,000 people to Maine's talent pool. This Project will position Swan's Island to contribute by increasing our participation, attract new people and convert our shrinking labor force into a gain.

26. Strategic Plan

Explain how this project will help advance the goals and/or explain how the project could contribute to meeting the performance measures outlined in the NBRC Strategic Plan. (500 character limit)

Advances

- Objective 1.1 by modernizing essential infrastructure for business development
- Objective 1.2 by increasing access, affordability and use of high-speed Internet

Supports

- Regional & State economic development planning
- Entrepreneurship and business creation
- Improved upload/download speeds and reliability

Contributes to performance goals

- 441 of NBRC goal of 10,000 households and businesses with access to improved infrastructure
- 3:1 NBRC investment leverage

27.—32. Revolving Loan Fund

Are you requesting to use funds for a Revolving Loan Fund (RLF)?

No

Project Financing

33. Project Financial Overview

Total Project Costs <i>(This is the total project costs including what you are requesting from NBRC)</i>	\$3,413,403.00
NBRC Requested Amount	\$1,000,000.00
Match <i>(This is total project cost minus NBRC request)</i>	\$2,413,403.00

34. Budget

All projects will fill out the Standard Form 424cbw.

Please upload the correct Standard Form to the required documents section of the Document Upload page.

35. Identify Match

For detail of match (cost sharing) requirements and what qualifies as match, see Application Manual, Section A, XVII. List all funding sources, their status (has the funding been approved and/or committed, pending—what is the notification date?), and what is the type of match (cash, loan, grant, in-kind, etc.)? * Please include any letters of commitment, approval, etc to the additional documents section of the document upload page. If not all of your funding sources are known at this time, you can write "TBD" in the Funding Source column. Please note the total match amount should equal the "Match" row in #33.

Funding Source	Type	Notification Date	Status	Amount
ConnectMaine Authority	State	05/27/2020	Pending	\$425,000.00
Town of Swan's Island	Applicant	03/02/2020	Secured	\$863,403.00
USDA or EDA	Federal		Unknown	\$1,125,000.00
Total Match Amount				\$2,413,403.00

36. Capital Investments

Will there be any capital investments made by private companies? If yes, please attach participation agreements or letters of commitment if available in the additional documents section of the Document Upload page.

No

37. Administration

Include 5% for the first \$100,000, and 1% for funds in excess of \$100,000 for investment administration. This amount will be reduced from your NRBC award. You will be required to use a Local Development District to administer your investment unless you are a State entity, or from the state of Vermont. **Include this in your budget** even if you don't currently have a relationship with an LDD. Include this amount in the 'consultant' line item in the SF 424cbw. See Application Manual for more detail.

38. Sustainability

How will the investment be sustained over time? * (e.g. A water infrastructure project has been completed with NBRC funding in the Town of Somewhere. The Town of Somewhere has included future maintenance and service of the facility in their budget, and has an established Capital Improvement Program to ensure that maintenance and issues will be covered). A project is not deemed sustainable if it is dependent on future grants to meet its intended purpose). (1,500 character limit)

We have developed a very conservative detailed 5-year financial pro forma to support the Project and to ensure the Project can be operated sustainably and predictably. There are a number of variables that will impact sustainability that have been factored into the pro forma with sensitivities including:

- Take rate
- Final debt service amount
- Interest rates
- Actual construction costs
- Service pricing
- Inflation

Our model assumes worst case construction costs and contains a 10% contingency on all major components of the project. We have assumed a worst case 4% interest rate and 3% inflation rate. We have mirrored the actual results from Islesboro which is similarly situated in terms of competitive environment and remote location and have assumed a take rate less than what Islesboro has achieved. With this level of conservatism and service pricing less than what residents are currently paying for substandard DSL service, the network can operate sustainably without ongoing public subsidy for the duration of the pro forma.

Our goal, however, is to price service at no more than 50% of what residents are currently paying in order to ensure affordability for all. Should ongoing public subsidy be required to operate sustainably while ensuring affordability, the residents are committed to creating a balance between affordability and Town funding of any operating shortfall.

39. Property

Will property or equipment be purchased with NBRC or matching funds for the project? * (Note: an appraisal will be required prior to any land transaction taking place, signed off on by an MAI (Member Appraisal Institute) Appraiser or a Certified General Appraiser).

Yes

40. Ownership

Who will own any property or improvements resulting from the investment? * Please provide the procedure, or instruments that will be put in place, to maintain public control. Elaboration on this may be found in the Application Manual. *(1,500 character limit)*

The Town of Swan's Island will own any required land via fee title for the central office and tower location on the Island. Tower land in Bass Harbor in the Town of Tremont will be via a long-term lease or fee title. All fiber optic cabling will be owned by the Town of Swan's Island and deployed via long-term Pole Attachment Lease Agreements with the pole owners, under terms governed by both FCC and Maine PUC regulations. Where fiber optic cabling transits private property, long-term easements will be acquired. All optical / electronic equipment will be owned by the Town of Swan's Island.

41. Financial Need

Describe efforts to fund this project with other sources. List other sources that have been applied for and what the status is of those funds. What local efforts have been made to fund the project? Please outline why NBRC funds are needed and how the project may or may not move forward without NBRC funds. * (e.g. The project will take longer because additional fund raising will need to happen, the project would need to be staged, the project would not move forward, etc.) *(1,500 character limit)*

After >4 years of attempting to entice TDS to improve its existing DSL service, it is clear the Town is on its own, and as a result, at the March 2020 Town Meeting, voters committed to funding up to 25% of the Project Cost, in spite of the high taxes they already pay. At the same time, they are poised to launch a fund-raising campaign to off-set up to half of the Town commitment in order to lower the tax burden of the project.

The State of Maine is looking forward to an application for \$425,000 of the total Project cost if the \$15M Broadband Bond is approved by voters on July 14, 2020. See attached letter of support.

This NBRC grant is the 1st federal grant we have pursued, but we plan to also apply for other federal grants such as from the EDA or USDA. Without NBRC, our committed funds will be 37.5% of the total Project. With NBRC, we will have received commitments for 67% of the project, pushing us over the tipping point of 50% and making it much more likely to successfully attract a large charitable donation or additional grants. When we reach full funding, we will have leveraged our local funds 4:1, state funds 8:1, NBRC funds close to 3:1 and the remaining funds 3:1.

Without the NBRC grant request, the Project will still move forward and it will just take much longer to raise capital. In the interim, the economy of Swan's Island will continue to decline, children will not move back to the Island, the fishing industry and family incomes will continue to decline.

Documents

SF 424 - Application for Federal Assistance	SF424 Signed.pdf
SF 424cbw - Budget	424-cbwNBRC_20190424.pdf
SF 424d - Assurances for Construction	FS-424d Signed.pdf
SF LLL - Disclosure of Lobbying Activities	Disclosure of Lobbying Activities Signed.pdf
NBRC Form 1001 - Debarment, Suspension Cert	Debarement-signed.pdf
NEPA Documentation	NEPA CATEX Signed.pdf
Maps (Project Location)	Map of Swans Island.pdf
Letters of Recommendation	NBRC Swans Letter of Support.pdf
Additional Document	SIB Engineering Map.pdf
Additional Document	Swans_Island_Survey_Executive_Summary.pdf
Work Plan	Work Plan.pdf

Authorization/Resolution

The NBRC requires this resolution by the applicant's legal authority providing authorization to the executive to make and sign this application to Northern Border Regional Commission. The resolution indicates the executive's permission to sign any and all NBRC investment documents that bind the applicant. Legal authorities include: selectboards and councils for municipalities; commissions for counties; state authorized officials or boards for states; boards of directors or trustees for non profits.

By signing this application, applicant acknowledges and affirms the following statements:

- The applicant is not legally organized as for-profit entity, LLC, Sole Proprietorship, Individual or any other entity excluded from receiving federal grants or awards;
- The applicant has no outstanding federal debts, liens or encumbrances;
- The applicant is in good standing with its single audit requirements, if applicable;
- Any conflicts of interest have been disclosed in writing prior to the submission of this application;
- No application preparation or consultant fees shall be paid from NBRC awarded funds;
- Submission of this application does not constitute a contract or guaranteed funding from NBRC;
- Local Development Districts (LDDs), serving as project administrators shall be entitled to fees amounting to 5% of the first \$100,000 and 1% thereafter, of the total NBRC awarded amount, unless the applicant is a state entity;
- No expenses are eligible for reimbursement prior to the execution of the **Notice to Proceed**;
- That Notice to Proceed will not be issued until match funding has been secured and documented;
- The project must be located within the NBRC service area and be a direct benefit to the area;
- All applicable state laws pertaining to contracting, procurement, and bidding process shall be adhered to; and
- The project does not relocate a business from one region to another;
- You have the legal authority to sign any and all NBRC Investment documents, to submit this application for funding and accept funds for the purposes outlined in this application;
- To the applicant's knowledge, the statements and information contained in this application are true and correct.

I acknowledge that I am the Authorized Official for this application and I affirm the above statements.

Thomas Ploch
Name

05/29/2020
Date