



Otter Creek

communications
union district

2022 Annual Summary and Proposed Budget

During 2022, the Otter Creek Communications Union District (OCCUD) completed a high level engineering study and business plan. These documents allow OCCUD to move forward in an informed manner, not going blind into conversations with potential partner-providers. Additionally, these documents affirmed the business case (based on cost and time efficiencies) for OCCUD to partner as opposed to standup an ISP (internet service provider) on its own.

As OCCUD moved forward, it issued Requests for Proposals (RFPs) for potential partner-providers as well as for project management support. These RFPs, while issued along the same time frame, were closed and processed at different times. The RFP for project management was closed and confirmed in June, identifying AO Consulting LLC as the provider for project management services. The RFP process to identify one or more partner-providers closed in August with negotiations beginning in the same month.

As conversations with potential partner-provider(s) continue, OCCUD hopes to have one or more contracts signed before the close of 2022 with cost and timeline confirmed. As such, the following proposed budget for 2022-2023 includes numbers for general operating needs and not the buildout.

OCCUD received \$30,000 grant funding from Vermont Community Foundation in 2020 that has been carefully used to cover some operational expenses. In 2021, OCCUD received \$126,000 grant funding through Vermont's H315 CUD Capacity Building Grant Program, funds from which OCCUD also continues to apply towards operational expenses and which funded the engineering study. In July 2022, OCCUD was fortunate to also be awarded funding through Vermont's Act 71 PreConstruction Grant funding. This award of \$441,000 will allow OCCUD to cover expenses that were previously paid for by the past two grants and sustain those expenses for 18 months. This is critical to ensure OCCUD has full capacity to successfully move forward from identifying its partner-provider(s) through to complete buildout.

Proposed 2023 Budget Overview

To support the OCCUD with its goals and strategy over the next 12 months, it has and will need to retain the expertise and services such as:

- a full time project manager
 - OCCUD anticipates needing a full time project manager as construction ramps up. It currently is contracted with a project manager for part time services. Having gone through an RFP process to identify a contractor for these services, OCCUD found that contractors providing project manager services have a potential fee range of \$120 to \$200 per hour. Estimating at the rate of \$120 per hour for full time work over 12 months results in a potential cost of \$207,360 and a potential cost as low as \$57,600 if the project manager works as few as 10 hours per week. For the sake of budgeting, the high end will be used in this proposed budget. A project manager ensures that the CUD pushes forward towards its goal of universal high speed internet access for member towns by applying for funding, managing grants, overseeing reporting, coordinating meetings, updating website content, document management, town and partnership management, and pulling together any resources or parties necessary to drive work towards completion.
- legal services
 - Throughout all of this process, concerted need for legal presence will be in demand. This involves a substantial investment. The investment in legal services is undoubtedly absolutely necessary and having the funds available to pay for it if necessary as well. An estimated cost of \$11,000 was provided by Primmer Piper Eggleston & Cramer in 2021 for needs such as this, which was anticipated to last for 6 months. Taking this historical estimate combined with the recent expense the CUD incurred to have two RFPs given a legal review as a means to gauge current costs and applying it to a 12 month timeframe, OCCUD estimates a potential need for \$34,000 in possible legal expenses.
- an accountant
 - OCCUD currently has an accountant contracted for a monthly fee of \$695. These services are a critical support for fiscal oversight and management. Should the same business and rate be retained for 18 months, this cost would be \$8,340.
- technical support for its website
 - Technical support and hosting fees for OCCUD's website are \$1,200 a year.
- strategic support for its partnership development
 - When negotiations and discussions of potential contracts such as a likely PPP begin, the OCCUD must also have experts in the field alongside them. Bringing on a consultant that has that expertise and experience to shepherd the organizational formation and contract development is critical as that expertise does not currently exist in the volunteer board base that is working to get the CUD up and running. To this end, the OCCUD received a proposal of services from CTC Consulting – a consultant who has experience and expertise working not only in this field but also in Vermont. This proposal and cost estimate was received in 2021 as part of OCCUD's H315 grant application. CTC would be providing support to include:
 - Evaluation of public private partnership proposals and business terms (technical and business parameters).
 - Negotiation of one or more definitive public private partnership agreements
 - Additional business planning or financial modeling as needed.

- CTC's experience in Vermont both with the State as well as with individual CUD's would greatly supported a business outcome that is informed by and connected to state level work and that of other CUD's. They provided a proposal with a blended rate of \$180/hr. The OCCUD estimates a potential need of 200 hours of support, resulting in the estimated cost of \$36,000.

Funding will additionally be needed expenses such as Google voice, Zoom, Front Porch Forum, cost of insurance, banking fees, and estimated annual VCUDA fees. These fees can be broken down as depicted in the table below:

Proposed Expenses

Project Mngmt	\$120/hr @ 36hrs/wk	\$207,360.00
Legal	est. \$34,000	\$34,000.00
Strategic Support	\$36,000	\$36,000
Accounting	\$695/mo	\$8,340.00
Website	\$1200/mo	\$1,200.00
Google Voice	\$12/mo	\$144.00
Google LLC	\$60/mo	\$720.00
Zoom	\$150/yr	\$150.00
Bank	\$3/mo	\$36.00
Insurance	\$600/yr	\$600.00
VCUDA	\$9500/yr	\$9,500.00
		\$298,050.00