



# Broadband Proposal

Franconia Township Board Meeting

August 13<sup>th</sup>, 2019

# History & Education



1886 photo Franconia Train Depot, Franconia, Minnesota

In the early 1880's, the **residents** of Franconia Township **came together for the future of their community**. Instead of continuing to receive their mail via horse and buggy or word of mouth, they instead chose to **provide public infrastructure** accessible via the proposed Franconia Depot at milepost 17 on the railway.

The **investment would improve the lives of the residents and the business community** by providing Franconia Township a depot for transport, a mail stop and access to a telegraph line.

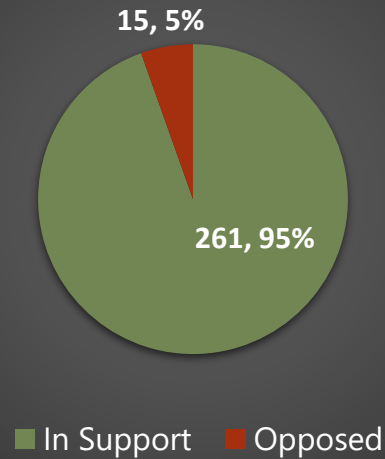
**Residents** of Franconia Township **have a similar opportunity today**.

This past January 2019, a group of Franconia citizen pioneers was formed to put in motion the process to **bring a 21st century fiber optic network to rural Franconia Township**. Taking advantage of **state-wide grant funding up to 45%** of the infrastructure. Our 21st century pioneers are attempting to blaze a trail to provide **reliable affordable internet with speeds up to 1000 up/1000 down**, television and telephone services to all residents of Franconia Township.

Thank you for your time and participation in this Township conversation!

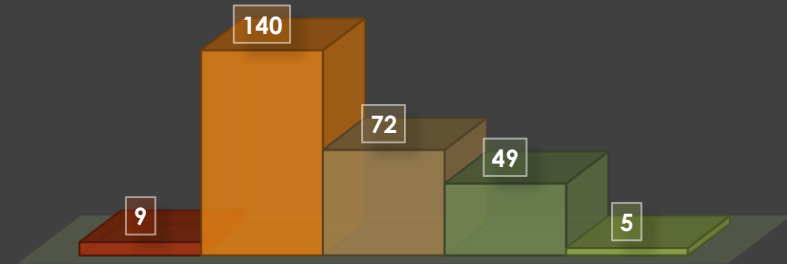
# Survey Data

## Resident Support

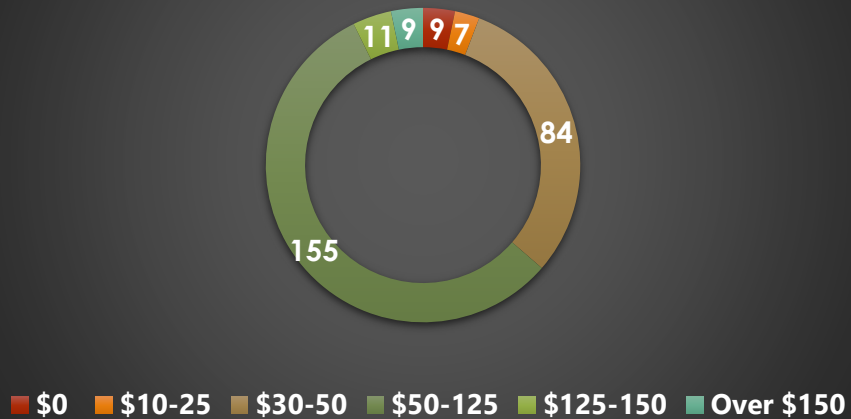


## Satisfaction Levels

- Do not have internet
- Somewhat dissatisfied
- Very satisfied
- Very dissatisfied
- Somewhat satisfied

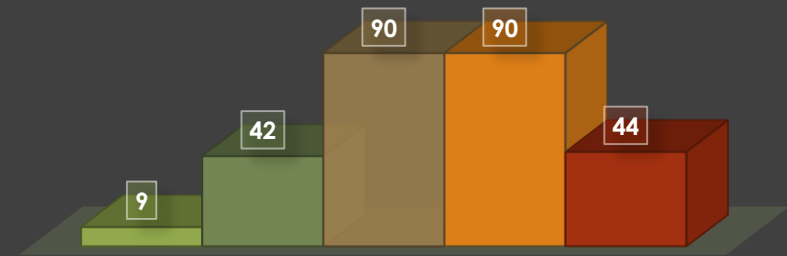


## Current Monthly Internet Cost



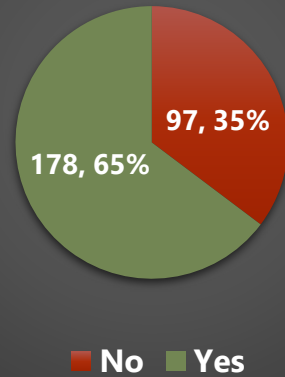
## How often does your internet go down?

- Never
- Rarely
- Once or twice a month
- A few times a week
- Multiple times per day



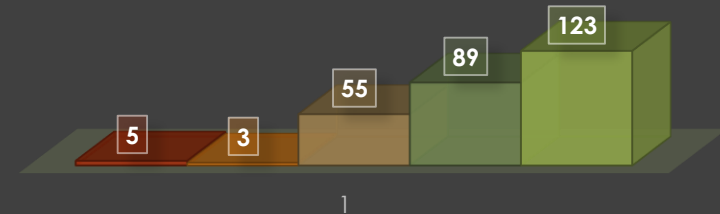
# Survey Data

Are you concerned lack of fiber will hurt future home sales?

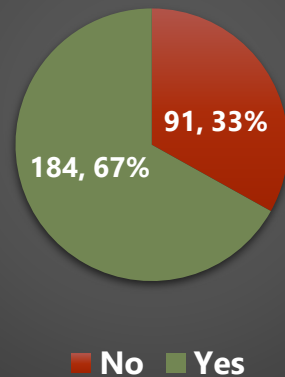


How likely is it you would subscribe to new service?

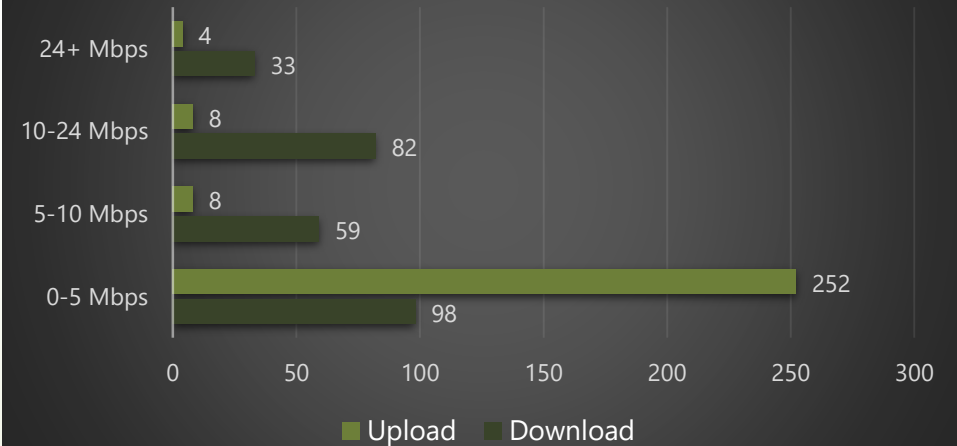
- Definitely not sign up
- Probably not sign up
- I'd consider it
- Most likely would sign up
- Yes I'd definitely sign up



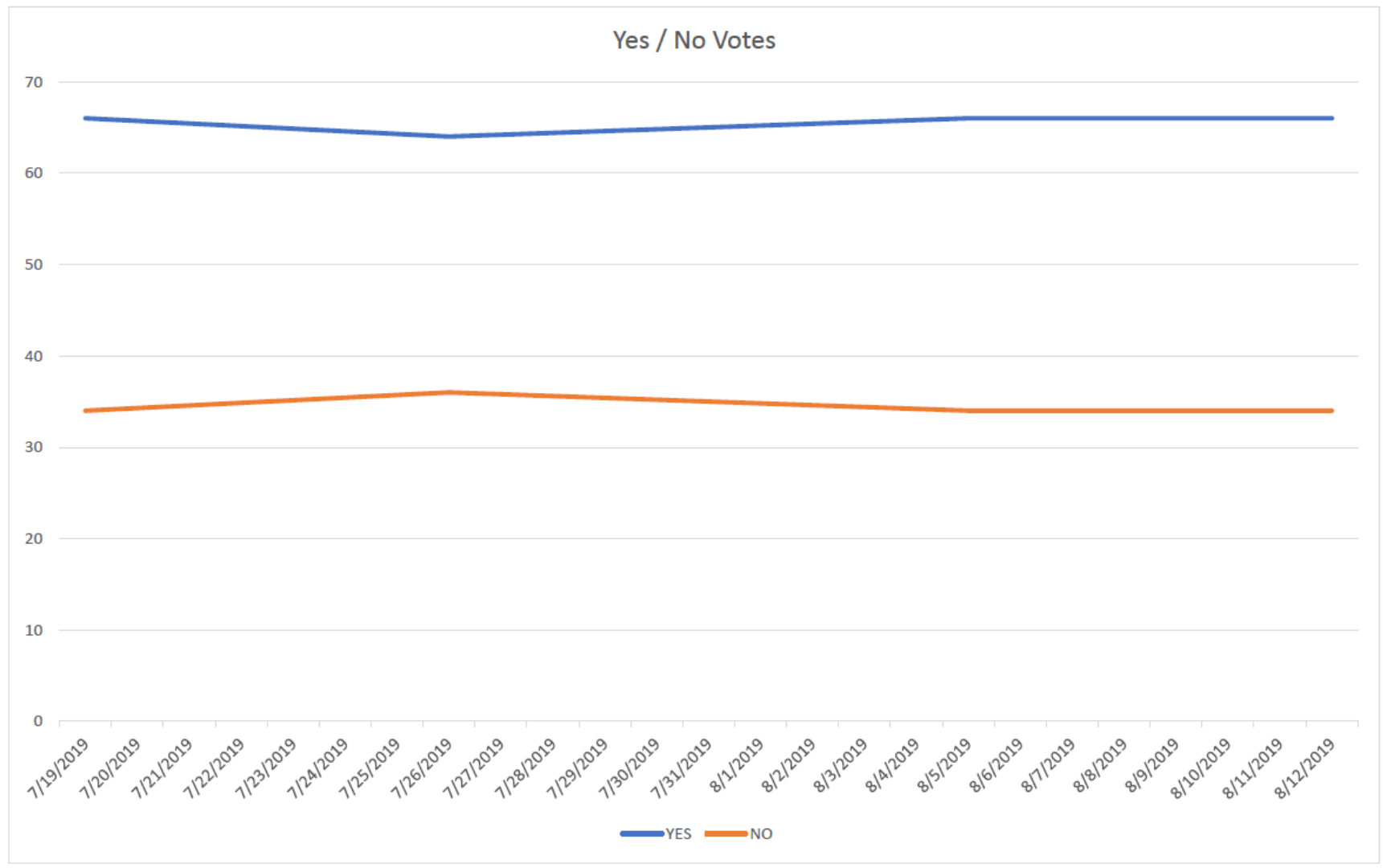
Would you be willing to invest \$20-30 per month via tax increase?



Current Bandwidth



# Survey Trends



# Funding & Financials

## Sources of Funds

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<b>Township/Bonds</b>	\$1,705,000
<b>State Grant</b>	\$1,313,202
<b>CTC Contribution</b>	\$396,419
<b>Total Project Costs</b>	<b>\$3,414,621</b>



**15 Year Tax Abatement Bond**  
**3.2% interest**

50% covered by outside sources

# Tax Impact Analysis



**Residential Homestead**  
(468 parcels)



**Agricultural Homestead**  
(227 parcels)



**Agricultural Land**  
(68 parcels)



**Seasonal/Recreational**  
(33 parcels)

Average  
Increase

**\$163.27/Year**  
**\$13.61/Month**

**\$122.20/Year**  
**\$10.18/Month**

**\$64.36/Year**  
**\$5.36/Month**

**\$88.79/Year**  
**\$7.40/Month**

Max  
Increase

**\$207.10/Year**  
**\$17.26/Month**  
**\$300,000+ TMV\***

**\$393.99/Year**  
**\$32.83/Month**  
**\$1,000,000 TMV\***

**\$213.96/Year**  
**\$17.83/Month**  
**\$1.43 Per  
Acre/Year**

**\$285.89/Year**  
**\$23.82/Month**  
**\$400,000+ TMV\***

\*TMV = Taxable Market Value

# Financial Benefits & Return on Investment



## Property Values

Home values increase by an average of 3.1% based on access to fiber broadband

**\$9300 value on \$300,000 home!**



## Service Costs

CTC pricing 20% less on average than existing providers

**\$15-30 savings per month!**



## Time

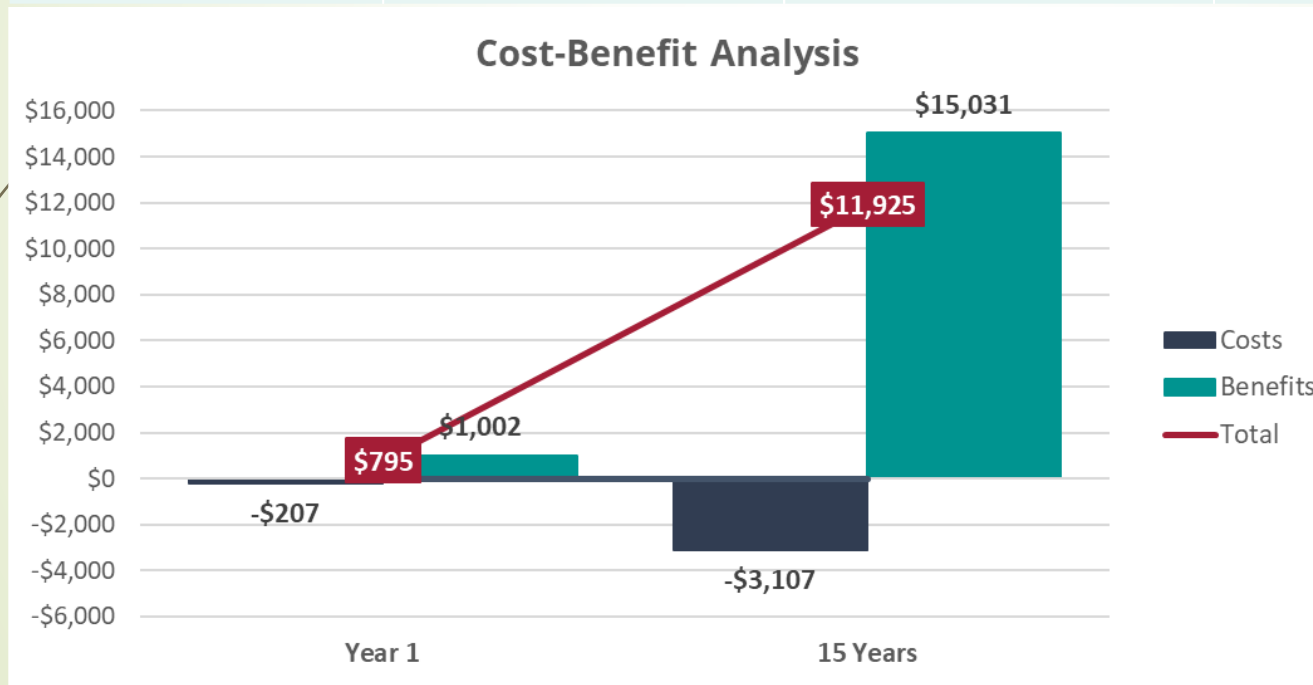
Base package 5x faster than current max speed available. Max option 41x faster

**\$2.46 per hour in time waiting for 1 GB data download** (@\$25 per hour)



# ROI Breakdown (\$300,000 Residential Homestead)

ROI Summary - 15 Year Projection				
Fiber Investment (PV)	Fiber Benefit (PV)	Net Present Value (NPV)	Payback (Years)	Return on Investment
<b>\$3,107</b>	<b>\$15,031</b>	<b>\$11,925</b>	<b>3.9</b>	<b>384%</b>



## ROI Per Year



**\$795**

Fiber Benefit = \$620 (Property Appreciation) + \$264 (Service Cost Savings) + \$118 (Time Savings) x 15 Years



Thank You!