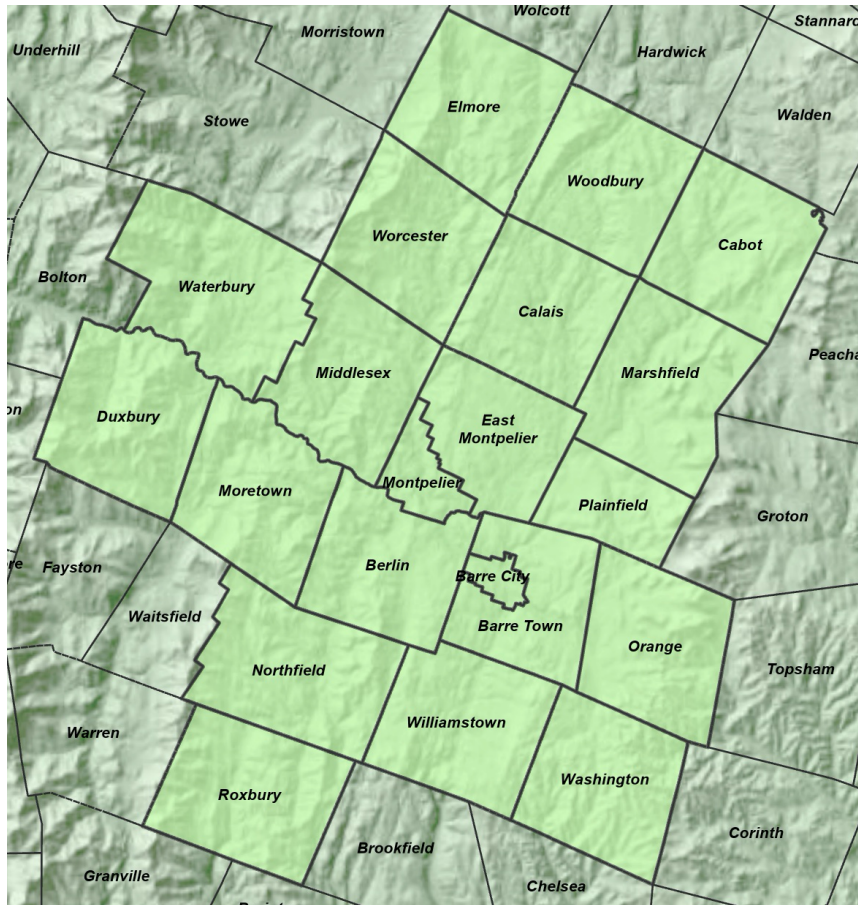




2021 Annual Report



Mission

Providing Central Vermont residents, businesses, and civic institutions with universal access to a reliable, secure, locally owned and governed communications network able to grow to meet future community needs.

cvfiber.net

Introduction

CVFiber is a Communications Union District (CUD) consisting of twenty-one member communities sharing a common vision: the CVFiber Community Network. The network will offer a minimum 100 Mbps symmetrical speed, consist of more than 1,200 miles of fiber, and cost approximately \$50 million.

This 2021 Annual Report presents what CVFiber has accomplished in 2021, our priorities, construction and service plans for 2022, and the 2022 projected Funds and Budget.

2021 Accomplishments

Progress in the construction of the CVFiber Community Network gained traction in 2021.



By year's end we will have completed the pole inventory and high-level designs for seventeen communities; work costing in excess of \$750,000. We engaged the Apex Group, Eustis Cable Enterprises, and Tilson Technology Management in a competitive bid process to expedite the pole inventory work and obtain the best value. Vantage Point Solutions is performing the high-level design.

In July, CVFiber issued an RFP for our network developer and operator. We are currently in negotiations with two qualified teams and expect to have contracted with one of them in December.

In November we will engage an accounting firm and an auditing firm.

2022 Plans

Our target for 2022 is to have service available for 50% of the underserved in the district, constructing over 300 miles of fiber and offering 100/100 Mbps service to more than 3,000 underserved residences and businesses in twelve communities. The underserved includes those who are unserved and those who currently have Internet speeds of less than 25/3 Mbps.

The target for the development of the 1,200-mile CVFiber Community Network is to construct a minimum of 300 miles annually for four years. The following chart reflects the vision for construction of the network in 2022.

The schedule for make-ready, construction and offering service is dependent upon funds, materials, and labor.

CVFiber has the funding in place to pay for the detailed engineering in 2022 for the twelve communities in Areas A and B with a Preconstruction Grant from the Vermont Community Broadband Board's distribution of federal American Rescue Plan Act (ARPA) funds.

CVFiber Community Network Contingent Schedule*										
			Preconstruction				Construction: Phase 1			
			Miles Total	Pole Inventory	High Level Design	Detailed Engineering	Phase 1 Miles	Make-Ready	Construction	Service
Area A	1	Calais	300				150			
	2	E. Montpelier								
	3	Middlesex								
	4	Moretown								
	5	Worcester								
Area B	6	Barre Town	475	2021	2022		160		2022	
	7	Northfield								
	8	Orange								
	9	Plainfield								
	10	Roxbury								
	11	Washington								
	12	Williamstown								

Funding has not yet been lined up for construction in 2022. We are guardedly optimistic that a combination of state and town ARPA fund grants, and the possible use of loan funds will enable us to pay for the projected construction cost of approximately \$8 million.

The growing backlog for fiber and electronics, as well as an increased demand for skilled and well-paid labor, all fueled by billions of dollars in federal funds priming broadband construction nationwide, contribute to the uncertainty of reaching the 300-mile goal in 2022.

Make-ready is the process of preparing poles for the installation of fiber, and, where necessary, replacing poles. This work is time consuming and expensive, costing millions of dollars. We will be working with the Washington Electric Cooperative and Green Mountain Power to complete this work using multiple contractors to accomplish the work as expeditiously as possible.

2021 Grant Funds

CVFiber was awarded \$645,000 in grants funds in 2021 from the state for the purpose of performing pole inventories in the five communities in Area A, and completing a high-level design for the district.

CVFiber Grant History			
Grant	Date	Amount	Purpose
PSD 02240-FY21-CUDH315PreC-01	2021	\$445,000	Area A Pole Inventory & CVFiber High-level Design
PSD 02240-FY21-CUDH315PreC-09	2021	\$200,000	WEC/3CUD High-level Design

In addition, at its October 18th meeting, the Vermont Community Broadband Board awarded CVFiber a \$2.8 million grant to complete the pole inventories in twelve communities to perform detailed design for Areas A and B, and provide administrative support for accounting, auditing, legal, consulting and other services for an eighteen-month period. Fund distribution is anticipated to begin in November.

2022 Budget

The CVFiber Board-approved 2022 Budget is \$15,150,950. This report is also a request for CVFiber member-communities to provide feedback on this budget in writing and/or at the formal budget hearing on November 9th. The Board will adopt the CVFiber 2022 Budget at its regular public meeting on December 14th.

Income

Grants account for approximately 95% of the income for the 2022 budget. These grants include state-distributed grants totaling nearly \$11,000,000, and town ARPA grant contributions totaling \$3,500,000. Grant funds are critical to the timely construction of the network, and contribute to lower costs for our subscribers. The additional 5% of income is derived from anticipated subscription and installation revenues from an estimated 1,954 network subscriptions in 2022 (see Table 1).

Table 1 CVFiber Forecast and Budget Income

CVFIBER 2021 FORECAST and 2022 BUDGET			
		2021	2022
CUSTOMERS		0	1,954
INCOME		2021	2022
A Grants	Forecast		Budget
1	H.315/Other	895,000	
2	ARPA Admin		300,000
3	ARPA	500,000	9,500,000
4	Town ARPA		3,500,000
5	AJPA		1,000,000
6	Subtotal	\$ 1,395,000	\$14,300,000
B Service			
1	Subscriptions	0	697,500
2	Installations	0	153,450
3	Subtotal	0	850,950
C Total Income		\$ 1,395,000	\$15,150,950

ARPA: American Rescue Plan Act

AJPA: American Jobs Plan Act

Expenses

Expenses are categorized as Administration, Preconstruction, Construction, and Operation.

Administration includes those expenses needed to operate the nonprofit municipality CVFiber, which is responsible for the development, operation, and maintenance of a 1,200-mile, \$50 million network offering service to more than 55,000 people, businesses, organizations, and government entities in twenty-one communities in central Vermont.

Preconstruction expenses include those costs incurred before construction and service can begin, including pole inventory, high-level and detailed design, and make-ready work.

Construction expenses include those necessary to manage and install fiber on poles and in conduits, as well as the installation of the electronics in facilities throughout the twenty-one communities that are necessary to connect to the Internet and operate the network.

Operation expenses include that hardware and labor needed to connect premises to the poles, run the network operations center, deliver broadband and voice services to customers, respond to service calls, and maintain the network.

The expenses in the 2022 budget represent our current best judgment based upon studies, the experience of other CUDs, and proposals. We anticipate the engagement of an operator and other professionals, as well as feedback from the communities, will further inform the budget that CVFiber's Board will adopt in December. (See Table 2)

Table 2 CVFiber Forecast and Budget Expenses

CVFIBER 2021 FORECAST and 2022 BUDGET			
EXPENSES		2021	2022
A	Administration	Forecast	Budget
1	Accounting	1,804	40,000
2	Admin/Exec Director		120,000
3	Admin Services	15,000	24,000
4	Advertising	2,500	2,500
5	Audit		30,000
6	Clerk Stipend	1,800	1,800
7	Consulting	50,000	50,000
8	Insurance	520	2,000
9	Legal	40,000	35,000
10	Licensing/Fees	1,500	2,500
11	MS Suite	5,000	6,000
12	Office Supplies	600	5,000
13	Treasurer Stipend	2,400	2,400
14	Website	3,050	5,000
15	Subtotal	\$124,174	\$326,200
B	Preconstruction	2021	2022
1	PM/CM	20,000	15,000
2	Pole Services	750,000	0
3	Design Services	100,000	1,600,000
4	Make-Ready Services	0	1,785,910
5	Subtotal	\$ 870,000	\$ 3,400,910

C	Construction	2021	2022
1	CM (Operator)	0	209,250
2	Fiber Construction	240,000	6,975,000
3	Equipment & Spare Parts	0	1,000,000
4	Subtotal	\$ 240,000	\$ 8,184,250
D	Operations	2021	2022
1	ISP Fee	0	279,000
2	Administration	4,000	25,000
3	Maintenance	0	50,000
4	Marketing	0	50,000
5	Network Operations Center	0	18,000
6	Internet Installation	0	2,325,000
7	Pole Licensing Fees	0	44,000
8	Subtotal	\$ 4,000	\$ 2,791,000
E	RESERVES	2021	2022
		\$ 156,826	\$ 448,590
F	TOTAL EXPENSES	2021	2022
		\$ 1,238,174	\$14,702,360
G	TOTAL INCOME	2021	2022
		\$ 1,395,000	\$15,150,950
H	NET	2021	2022
		\$ -	\$ -