

Mass Priorities Issue Guide

TO: Town Administrators and Residents of Fairhaven
FROM: Christopher Thrasher, Mass Priorities Policy Director
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RE: Mass Priorities

FAIRHAVEN BROADBAND IS A MISPLACED PRIORITY

At a time when Fairhaven faces a \$2.2 million dollar budget deficit, it's imperative to understand the implications of Article 11. Article 11 asks for two significant financial commitments from Fairhaven residents regarding a government-owned municipal broadband network. First, it seeks approval to borrow \$20,645,527 to build the network. Second, it suggests setting up a Municipal Fiber Enterprise Fund, allowing for further increases in spending beyond the initial borrowed amount in the years to come. With the town already facing significant fiscal challenges, the proposal to fund an unneeded pet project—a potential municipal broadband network—is an example of misplaced priorities.

\$20M + ???

The proposed borrowing of up to **\$20,645,527** for the potential municipal broadband network (Article 11A) does not account for potential cost overruns or ongoing maintenance expenses, common issues with municipal broadband projects.¹ These unforeseen costs could exacerbate the town's financial strain.

\$2.2M

The Town Administrator has publicly stated that Fairhaven is grappling with a **\$2.2 million budget deficit**. Committing to such a large-scale project under these circumstances could deepen financial woes.²



CRUCIAL TOWN DEPARTMENTS ALREADY FACE DRASTIC BUDGET CUTS AND FEE INCREASES

In an effort to address the deficit, all town departments have been asked to **raise fees and prepare for budget cuts**, with essential services like Schools, Police, Fire, and Public Works expected to bear the brunt of these reductions. Dedicating funds to a new broadband network could divert crucial resources from these vital services.³



FAIRHAVEN RESIDENTS ARE ALREADY FEELING ADDED FINANCIAL PRESSURE

The recent decision to implement a \$100 trash fee is already placing additional financial burdens on Fairhaven families.⁴ Adding the cost of a municipal broadband network could further stretch residents' budgets, impacting their ability to afford basic necessities.

¹ <https://www.cagw.org/reporting/government-owned-networks>
²⁻⁴ <https://fairhavenneighborhoodnews.com/fairhaven-bpw-institutes-trash-fee/>

MUNICIPAL BROADBAND NETWORKS ARE UNNEEDED, UNWANTED, AND RISKY.

There are cautionary tales from other Massachusetts towns, such as Braintree, where municipal broadband ventures have led to significant financial losses borne by taxpayers. These examples highlight the risks associated with government-owned networks and underscore the need for careful consideration and robust safeguards.

RISK TO TAXPAYERS

The experience of other municipalities in Massachusetts shows that the financial risks of municipal broadband networks often fall squarely on the shoulders of taxpayers, with little to no recourse if the venture fails to meet expectations.

OPPORTUNITY COST

The substantial investment required for the broadband network could be allocated to other critical infrastructure projects with more immediate and tangible benefits to the community, such as road repairs, water system upgrades, or educational enhancements.

COMPETITION VS. NECESSITY

While the idea of introducing competition in the broadband market is appealing, it is essential to differentiate between desirable projects and those that are necessary, especially when fundamental services and fiscal health are at stake.

IMPACT ON TOWN'S CREDIT AND BORROWING CAPACITY

Engaging in a large-scale borrowing initiative could affect Fairhaven's credit rating and future borrowing capacity, potentially increasing the cost of financing for other necessary projects down the line.

UNPROVEN REVENUE GENERATION

The assumption that the potential municipal broadband network would generate sufficient revenue to cover its costs and contribute to the town's budget is speculative and not guaranteed, posing a significant financial risk.

EVOLVING TECHNOLOGY RISKS

The rapid pace of technological advancement could render the potential municipal broadband network obsolete sooner than anticipated, potentially requiring additional investment to upgrade or replace the system to stay competitive.

THIS WARRANT ARTICLE WRITES A BLANK CHECK WITH NO REAL PLAN FOR IMPLEMENTATION.

THE FINANCE COMMITTEE HAS NOTED THE LACK OF DETAILED PLANNING

The Finance Committee's agreement that the articles for the broadband network are not adequately prepared and their lack of support in their current form indicates insufficient planning and potential for significant implementation challenges.

SHORT TIMELINE FOR DECISION-MAKING

The tight three-week timeframe to finalize details before the warrant must be posted is not conducive to thorough analysis or community engagement, increasing the risk of oversight and rushed decisions.

CONDITIONAL BORROWING CRITERIA UNCERTAINTY

The suggestion that borrowing for the project might be contingent on acquiring a certain number of subscribers or other yet-to-be-determined criteria introduces significant uncertainty into the project's viability and financial stability.

THE BOTTOM LINE: MUNICIPAL SPENDING MUST PRIORITIZE ESSENTIAL TOWN NEEDS

Given the current fiscal challenges, including the cessation of federal COVID and stimulus funds, it is more critical than ever to prioritize spending on essential infrastructure, affordable housing, and community safety. The proposed broadband network does not align with these pressing needs.

SAY NO TO TOWN-OWNED BROADBAND NETWORKS