

**Bringing
Beaver Island Fiber
to Homes and Businesses
Community Forum
June 12, 2025**



Presented by the Beaver Island Association's
Broadband Committee and the township's Joint
Telecommunications Advisory Committee



Our direction from Peaine/St James Townships



5/5/25: FTTH recommendation at joint meeting

- Explained State Broadband Grant
- Investigate feasibility and affordability
 - Create a Development Plan
- Inform/gain input from the community
 - 6/12/25 Community Forum
 - Community Forum date in August TBD
- Complete Development Plan in fall 2025
- Present results at a future joint meeting
 - If cost/benefit for island, both boards will consider owning a fiber network
 - If they agree, they will place millage on a ballot, likely November 2026
 - If millage passes, townships uses municipal funding protocols (bonding) to front load construction costs
 - If project proceeds, townships create an authority who hires an Internet Service Provider and contractor
 - Construction in Spring 2027



Fiber to the Home Update

JTAC/BIA Recommendations to Peaine and St James Townships
At a Joint Townships' Board Meeting on May 5, 2025



Joint Telecommunications Advisory Committee:
Seven Citizens/Twp Officials who consider and advise on telecom to the Township Boards: Led by Kevin Boyle
Beaver Island Association: Led by Dick Mulvihill

Broadband Update

- Won't the under-lake fiber project bring fiber to my house?
- What happened to BEAD?
- What about Starlink?
- Is fiber coming to the school and library?
- PFN is building a fiber connection from the UP to the LP that passes through the Island. They are not providing service directly to island locations.
- Federal Communications Commission funding sources given to TDS preclude the island from BEAD funds
- Starlink can work at some locations and for some budgets.
- A USF E-rate (money you pay within your internet billing) project by Merit will help connect key island locations with fiber this summer.

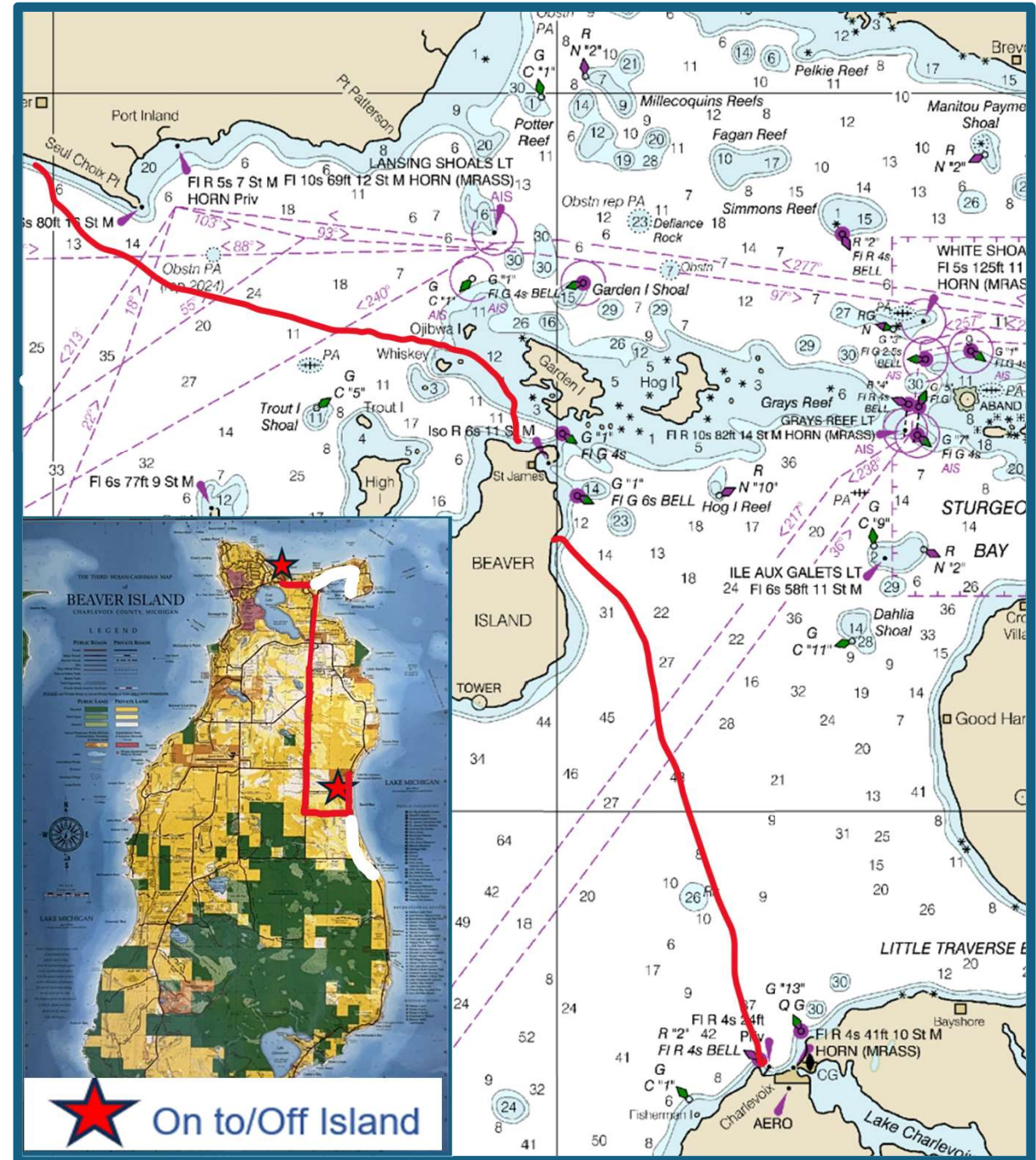
Work Underway!

PFN's federal NTIA Middle Mile grant will bring redundancy to Michigan's fiber network by constructing underwater and underground fiber cable from Gulliver to Charlevoix. Their schedule:

- 2025: Complete geotechnical and environmental studies (nearly completed)
- 2025-2026: Complete design and material purchases
- 2026-2027: Construction

Merit Engineering (MI universities organization) is constructing a fiber network from the Font Lake Tower to the school, library, health center, and CMU Boathouse and Biological Station plus placing some of the conduit for PFN

- Universal Service Fund (in our phone bills)
- 2025 construction; some possible in 2026



But what about
improved service to
Island homes and
businesses



What has worked

Island Projects

- **Electricity** – Rural Electrification Administration; Gillespie family ran first power plant (now Amvets Park); later GLE
- **Telephone** – USCG Cable, Gallagher/Tidmore/Hodges home first phone, BI Telephone Co, later TDS
- **Sewer** – St James Township
- **Internet** – First delivered by BICS



First power pole set on Beaver Island
Along Michigan Avenue, next to the Whiskey
Point Lighthouse

What we've considered

- **Continuing with TDS**

- Unreliable, high-cost service
- Performance promises repeatedly unfulfilled
- FCC funding sources are legally challenged
- FCC funding is for 100/20 service by 2038. This funding may be cut off, given ongoing federal funding reductions.
- Funding sources given to TDS preclude the island from BEAD funds
- Service to small communities like ours is understandably not a priority

- **Engaging other Providers**

- GLE has been approached about extending their fiber project to the Island on numerous occasions, but they have declined
- BI market is not large enough to attract a for-profit provider to invest in the construction

- **Using other Services**

- Satellite service has limitations
 - Too many trees
 - Bandwidth limitations
 - High-cost service
- Wireless from Verizon or AT&T
 - Limited service area
 - Bandwidth limitations

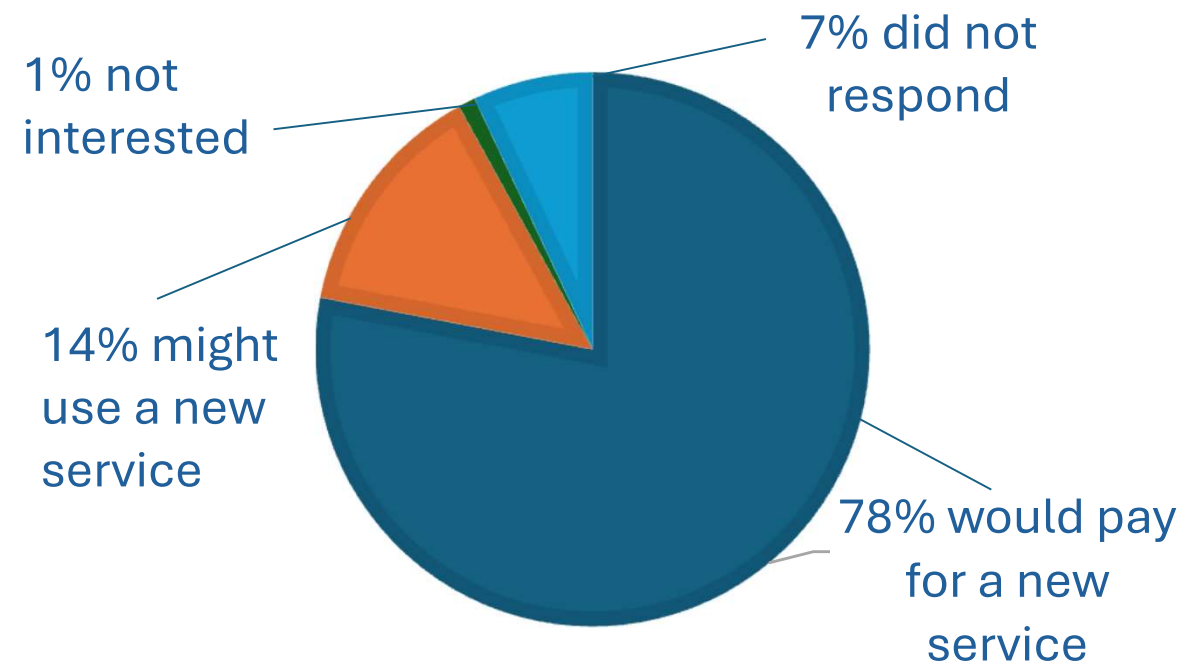


What you've told us

2021 Broadband Survey

- 96% reported they want better broadband
- 87% reported have someone who works from home using broadband
- 74% reported they have school age children who struggle with broadband to complete homework

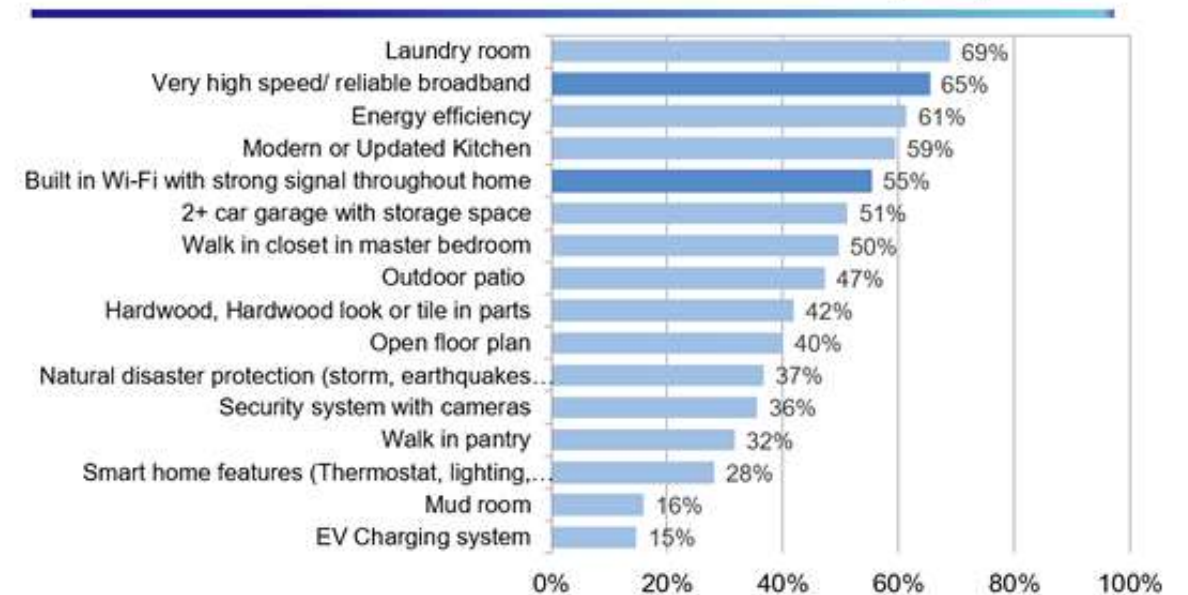
“Would you be interested in new broadband service at your home?”



Why fiber?

- Mainland communities with which we compete have fiber now
- Fiber can be efficiently upgraded to higher speeds; wireless cannot
- Buried fiber is resilient
- Projections show it can deliver better service for less cost

**Most Desired Single Family Home Amenities
2023 Features Rated Very Important**



What are we doing?

Creating a Beaver Island Fiber (BIF)
Development Plan

We need to be able to check
these boxes to present results
to both townships' boards.

BIA has a \$43,000 grant from
the State's Office of Rural
Prosperity to hire two firms to
help create this plan.




Affordable?



Feasible?

How do we make BIF affordable?



Previous estimate was
\$9.3 million

Remaining info presumes
cost is the same

Cut costs with a community
owned system that is
projected to deliver **better
service at less cost**

Confirm the cost estimate
with more detailed
engineering plan from ACD

Confirm market demand and
price sensitivity with
additional research
(including a survey tonight)

How do we pay for it?

With taxes plus general and revenue bonds and subscriber fees.

How much will that cost you? We'll get to that, and the projected answer may surprise you.

- 30-year millage raises \$3.3M via November 2026 Ballot (if approved).
- Townships issue General Obligation Bonds in early 2027 to fund \$3.3M of the construction w/reimbursement from the 30-year property tax.
- Subscribers charged monthly service fee.
- Townships issue Revenue Bonds in early 2027 to fund \$6.0M of the construction w/reimbursement from the service fees.



How do we make it feasible?

Save you money.

Positive cash flow projected at 21 months

- Accelerate payments for General Obligation Bonds
- Once paid, eliminate millage
- Accelerate payments of Revenue Bonds
- Once paid, reduce service fees to only cover general maintenance, administration, and future updates
- As funding allows, consider reduced costs for homes with school age children and low-income households

How much will it cost me?

This analysis uses a **property taxable value of \$200,000** in each township to calculate a monthly millage cost.

70% of the fiber is estimated to be used in **Peaine Township**, resulting in a **1.5 mill** allotment. **30% of the fiber** is estimated to be used in **St James Township**, resulting in a **0.7 mill** allotment.



To calculate your monthly millage cost using a property taxable value other than \$200,000, multiply your property's taxable value by:

- 0.000125 for property located in Peaine Twp
- 0.000060 for property located in St James Twp

You can find your 2025 taxable value on your Assessment document which was mailed to property owners in late February 2025. Your taxable value will change each year depending on inflation and other criteria.

If the use rates (the 70/30 percentages) change, the monthly millage cost will change.



Personal Finances

Entry Service

100 Mbps

Peaine Township

- Monthly Service Fee: \$50
- Monthly Tax Fee: \$25
\$200,000 value property
- **Total Monthly Fee: \$75**

St James Township

- Monthly Service Fee: \$50
 - Monthly Tax Fee: \$12
\$200,000 value property
 - **Total Monthly Fee: \$62**
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Personal Finances

Basic Service

400 Mbps

Peaine Township

- Monthly Service Fee: \$60
- Monthly Tax Fee: \$25
\$200,000 value property
- **Total Monthly Fee: \$85**

St James Township

- Monthly Service Fee: \$60
 - Monthly Tax Fee: \$12
\$200,000 value property
 - **Total Monthly Fee: \$72**
- 



Personal Finances

Standard Service

1000 Mbps

Peaine Township

- Monthly Service Fee: \$70
- Monthly Tax Fee: \$25
\$200,000 value property
- **Total Monthly Fee: \$95**

St James Township

- Monthly Service Fee: \$70
- Monthly Tax Fee: \$12
\$200,000 value property
- **Total Monthly Fee: \$82**

How you can save money

| Internet Service Provider (ISP) | Speed (Mbps) | Monthly Tax | | Monthly Service Fee | Total Monthly Price | | Savings/ Month (100 Mbps) | | Savings/ Month (400 Mbps) | | Savings/ Month (1000 Mbps) | |
|---------------------------------|--------------|-------------|------|---------------------|---------------------|------|---------------------------|------|---------------------------|------|----------------------------|------|
| | | P | SJ | | P | SJ | P | SJ | P | SJ | P | SJ |
| Advance Comm. and Data | 100 | \$25 | \$12 | \$50 | \$75 | \$62 | | | | | | |
| | 400 | \$25 | \$12 | \$60 | \$85 | \$72 | | | | | | |
| | 1000 | \$25 | \$12 | \$70 | \$95 | \$82 | | | | | | |
| TDS | 25/3 | \$0 | \$0 | \$135 | \$135 | | \$60 | \$73 | \$50 | \$63 | \$40 | \$53 |
| Starlink | 120 | \$0 | \$0 | \$120 | \$120 | | \$45 | \$58 | \$35 | \$48 | \$25 | \$38 |

To calculate your monthly millage cost using a property taxable value other than \$200,000, multiply your property's taxable value by 0.000125 for property located in Peaine Twp, multiply your property taxable value by 0.000060 for property located in St James Twp.

A handout of this slide is available for you. It will be distributed at the end of this program.

How do we operate a community owned system?



Townships establish a BIF
authority


BIF Authority hires and
manages an experienced ISP
and a Contractor

- On Island call center and service workers
- Metrics to confirm ISP is providing
 - Timely service
 - Quality service
 - Failing ISP can be replaced



What about reliability?

Are there other benefits to consider?
Other risks?

- Current estimate envisions buried cable
 - Fiber systems are generally easier to maintain and update
 - Islanders will be responsible for delivery of service to their neighbors
 - Burial of some electrical cables to enhance power reliability may be part of the project
 - Additional island jobs may be created
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We have used island funded utility and municipal financing before

ISLAND'S EXPERIENCE IN FUNDING UNIQUE UTILITY/MUNICIPAL PROJECTS

| | |
|------|--|
| 2000 | \$4.3 million was authorized by MPSC for a new GLE Generator Plant and 3 phase underwater cable. Islanders were to pay \$10.25 as a monthly surcharge on their electrical bills and increased hook up service fees for 30 years. Surcharge has been discontinued. |
| 2001 | St James Township secured a bond through the Community Development Block Grant program to help fund the reconstruction of the downtown area roads. The power lines were buried as part of this project. These bond costs were funded by St James Township taxpayers. |
| 2004 | Peaine Township took out a USDA Loan to fund the East Side Fire Hall Construction. The Fire Department and EMS pays monthly rental fees to Peaine Township who uses these funds to repay this loan. The loan will be paid off in 2034. These rent costs are funded by Island taxpayers. |
| 2025 | St James Township is negotiating with PFN to secure no-cost broadband services for Island Anchor Institutions in lieu of payments for their use of a township communication hut at the Font Lake/St James Tower. Three towers were offered to the two townships by the benefactor responsible for their construction. St James Township accepted ownership of the Font Lake Tower so there were/are no taxpayer costs associated with this communication hut, or tower construction. |

Both townships have engaged a legal firm to guide the municipal funding options/decisions for broadband funding. They hired the same attorney who helped with the 2001 and 2004 projects. The legal firm is compensated through the issued bonds, so the townships are not incurring costs before bonds are secured.

**We welcome your
input and questions**

