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**Subject:** CRTC Broadband Fund

**Report to:** Corporate Services Committee

**Report date:** Wednesday, March 11, 2020

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## **Recommendations**

That staff **BE AUTHORIZED** to redirect funding previously committed to the application of Connect to Innovate (CTI) program to fund an application to the federal CRTC Broadband Fund, not to exceed a contribution of \$400,000.

## **Key Facts**

- Improving digital infrastructure (broadband internet) within Niagara region is one of the strategic initiatives identified by Regional Council.
- On November 13, 2019, the Government of Canada's Canadian Radio-television Telecommunications Commission (CRTC) announced a second call for applications to the "Broadband Fund" with additional geographic areas not included in the first call announced in June 3, 2019. This program aims to assist in (i) funding continuing access to the basic telecommunications services that form part of the universal service objective, and (ii) closing the gaps in connectivity across Canada. \$750M is allocated to this fund throughout Canada with \$100M to be spent in 2020
- In eligible geographic areas, projects to build or upgrade fixed access infrastructure, transport infrastructure, mobile wireless infrastructure, or any combination of these, will be eligible.
- Niagara Regional Broadband Network (NRBN) intend to submit an application to the program and have approached Niagara Region, as well as other municipalities in Niagara, seeking support. According the evaluation criteria, the more supplemental funding from other sources (Region, Municipalities, Private) the higher a project is rated.
- NRBN's application is to build \$4,000,000 of infrastructure in eligible areas in Niagara and they are seeking \$400,000 in funding from Niagara Region.
- Deadline for funding applications is March 27, 2020.

## Financial Considerations

On February 9, 2017, Regional Council approved participating with local telecom provider Niagara Regional Broadband Network in submitting an application to the Connect to Innovate (CTI) program to bring broadband to underserved communities (report CSD19-2017). Council had committed up to \$1.4 million to deliver up to \$10 million in broadband infrastructure. Unfortunately, on February 3, 2020, we were notified by NRBN that the application was not approved.

|                                   | 2018      | 2019      | 2020      | 2021      |
|-----------------------------------|-----------|-----------|-----------|-----------|
| <b>CTI Application Commitment</b> | \$200,000 | \$400,000 | \$400,000 | \$400,000 |

NRBN's proposal is to build approximately \$4 million in new broadband infrastructure in eligible areas (See appendix A for more details) and have requested a financial contribution of \$400,000 (approx. 10%) in support of their application.

A portion of the funds (\$400,000) that were initially committed to the CTI application would be repurposed to support this new application for funding. These costs would only be incurred if the application to the CRTC Broadband Fund was approved.

If a partial component of the CRTC Broadband Fund application is approved Niagara Region's contribution costs would drop accordingly.

## Analysis

Broadband providers will typically only invest where there is an economic benefit to their organization's shareholders. This has resulted in significant gaps in broadband availability outside of well populated areas; a trend that will only continue to increase the digital divide without concentrated efforts by various levels government. The following is a quote from the Government of Canada Press Release on the program:

*"All Canadians should be able to participate in the digital economy. We are now accepting additional funding applications to improve access to broadband Internet and mobile wireless services in all underserved regions of Canada. Prospective applicants are encouraged to work with partners and to submit high-quality projects that will make a real difference in the lives of Canadians no matter where they live."* Ian Scott, Chairperson and CEO, CRTC

In addition to the Region's current commitment to SWIFT, the CRTC Broadband Fund opportunity will help accelerate the deployment of broadband throughout the region.

While the CRTC Broadband Fund is complimentary to the SWIFT initiative, it differs in the way the funds are allocated. SWIFT has a wide range of stakeholders (15 rural

municipalities in southwestern Ontario, as well as the Town of Caledon, City of Orillia, and Niagara Region) who are sharing in SWIFT funds whereas the CRTC Broadband Fund would be specific to projects in Niagara region.

The proposal being brought forward by NRBN targets eligible areas in Welland, Port Colborne, Fort Erie and Niagara Falls (See appendix A for more details).

### **Alternatives Reviewed**

The Region could pursue the funding opportunity directly however the program requires that applicants have at least three years' experience deploying and operating broadband infrastructure in Canada. The Region would not meet this requirement.

The Region could competitively seek a partner to build, own and manage the network through an RFP process. The timeline from the announcement of the CRTC Broadband Fund program to the application deadline did not allow adequate time to develop and issue an RFP, meet with respondents, score the responses, select an appropriate vendor, negotiate contracts then develop the CRTC Broadband Fund application proposal.

The Region could choose not to pursue this funding opportunity. This could result in funding being directed to competitor regions outside of Niagara.

### **Relationship to Council Strategic Priorities**

Expanding broadband infrastructure and capacity for residents and businesses in rural areas has been identified as a key initiative under Council's Strategic Priority of "Supporting Businesses and Economic Growth".

### **Other Pertinent Reports**

- CAO 18-2015
- CAO 13-2016
- CSC SWIFT - Niagara Region Presentation November 9 2016
- CSD19-2017
- GM 02-2018

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**Appendices**

Appendix 1           NRBN Application Proposal