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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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**Prepared by:**

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Chief Information Officer  
IT Solutions

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**Recommended by:**

Todd Harrison, CPA, CMA  
Commissioner/Treasurer  
Corporate Services

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**Submitted by:**

Ron Tripp, P.Eng.  
Acting, Chief Administrative Officer

**Appendices**

Appendix 1          NRBN Application Proposal



Niagara Regional Broadband Network  
Better Internet is Here!

January 21, 2020

Niagara Region  
Stuart Hendrie Chief Information Officer  
Regional Municipality of Niagara  
1815 Sir Isaac Brock Way  
Thorold, ON L2V 4T6

Re: CRTC Broadband Fund Hybrid Fibre Optic/Fixed Wireless Proposal from NRBN

Dear Mr. Hendrie:

Please find attached proposal for your consideration. We very much appreciate Niagara Region's willingness to consider this important project to provide rural residents and small businesses in underserved and unserved areas of Welland, Port Colborne, Fort Erie and Niagara Falls. NRBN has been providing residential service to residents of Niagara using fixed wireless and more recently Fibre-to-the-Home (FTTH) services which means this proposal will enable NRBN to expand those services to areas that we do not currently provide coverage. Thank you for your support.

Warm regards,

**Geoff Heinen**

President



## 1 NRBN'S REGIONAL STRATEGY TO FILL BROADBAND GAPS



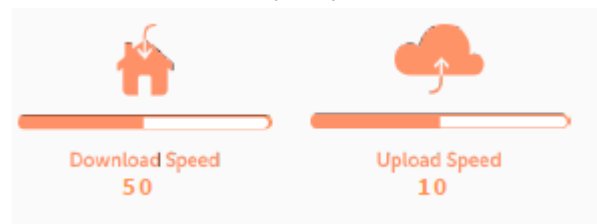
NRBN is municipally-owned and operated by Niagara Falls and Niagara on the Lake. NRBN has been in business for nearly 20-years supporting the community with our ultra-reliable high-capacity fibre optic connectivity to public sector and large commercial enterprises. NRBN has an extensive fibre-optic network throughout Niagara with over 700 route kilometers of fibre cable. We deliver critical connectivity on behalf of national carriers which has led to more competition, better service and lower rates for our customers.

NRBN now plans to bring this successful business model to bear on providing broadband Internet connectivity and other IP services to residents throughout the region, most particularly to unserved and underserved rural areas. In 2019 NRBN launched a pilot Fibre-to-the-Home (FTTH) project delivering residential service as well as launching rural residential fixed wireless broadband services from 4 tower locations in the Niagara region. Our residential service offering continues to grow in 2020 and this Broadband Fund proposal will enable NRBN to expand ubiquitous broadband coverage out to the rural areas of the region where these projects would not normally be viable.

## 2 CRTC BROADBAND FUND SUMMARY

NRBN believes that every resident in Niagara deserves reliable access to the Internet. Currently, for many rural residents and businesses, FTTH and highspeed fixed wireless Internet connectivity is not available. Therefore, the funding from the CRTC Broadband Fund will play an important role in bridging the digital divide, so that these rural residents and businesses may better contribute to and benefit from our regional economy and society.

Consequently, NRBN is currently submitting a funding application to the [Canadian Radio-television and Telecommunications Commission \(CRTC\) Broadband Fund](#). NRBN plans to provide under-served communities with affordable, scalable and reliable Fibre-to-the-Premise (FTTP) and fixed wireless services to meet and exceed the 50/10 Mbps universal service objective established by the CRTC for this funding program. NRBN will continue to make investments throughout the Region to serve the needs of rural residents and businesses beyond the funding program.



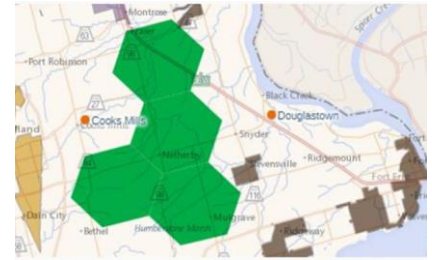
Broadband Fund eligible projects include: transport, access, and mobile wireless infrastructure. The funding application is due to the CRTC by March 27, 2020. Some \$750M has been allocated to this fund, throughout Canada, \$100M is to be spent in 2020. About \$1.7 billion over 13 years has been set aside in 2019 Federal budget for broadband so there will be future funding opportunities.



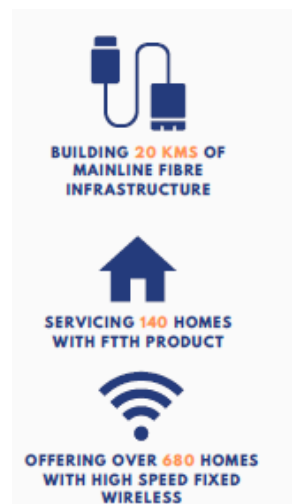
The more supplemental funding from other sources (Region, Municipalities, Private) the higher a project is rated by the fund reviewers. CRTC is looking for efficient use of funds and lower cost per home subsidies. Residential Internet monthly recurring charges to subscribers must be comparable to urban areas (in this case St. Catharines), for 5 years, with additional plans for low-income families according the Broadband Fund Application Guide.

### 3 CRTC BROADBAND FUND COVERAGE AREAS

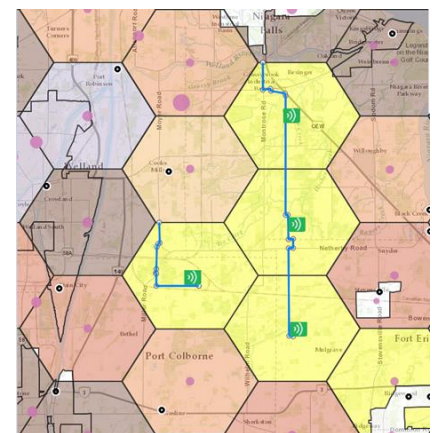
Each Broadband Fund hexagon represents 25 sq. kilometers of inhabited area which are currently without fixed wireline or wireless broadband access that meets the CRTC universal service objective of 50/10 Mbps. Orange dots represent communities that require high-capacity transport. Hexagons identified by the CRTC and selected by NRBN for this application cover the rural areas of Welland, Port Colborne, Fort Erie and Niagara Falls.



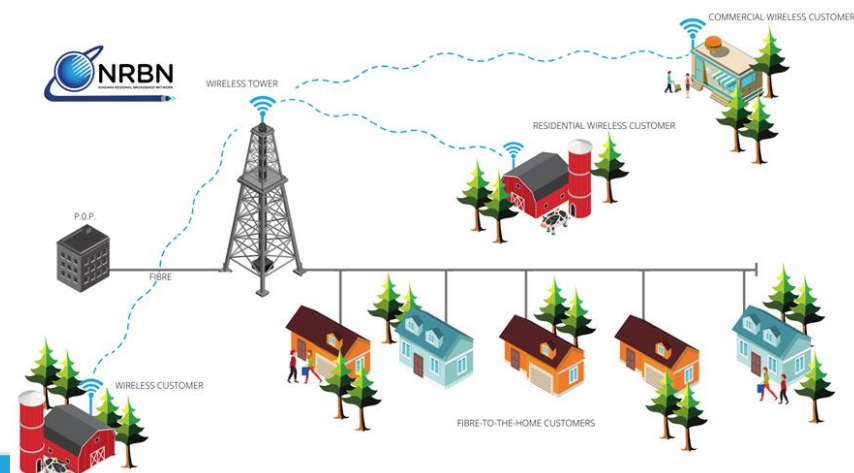
### 4 FTTH/WIRELESS SOLUTION FOR COVERAGE AREAS



If the funding application is successful, NRBN's initial hybrid Fibre-to-the-Home (FTTH)/Wireless solution will begin in the Cooks Mills area with NRBN offering 4 fixed high-speed wireless towers and construction of FTTH. Over 20 Km of mainline FTTH infrastructure will be built that feeds homes passed on the route as well as every tower.



Service to homes passed will be ~140, with FTTH. All remaining dwellings, ~680, will be serviced by reliable high-speed wireless access. Total coverage of ~820 dwellings throughout all 4 hexagon, which are all the dwellings in the hexes, thereby providing ubiquitous coverage.





## 5 FTTH/WIRELESS SERVICES AND RATES

The following are the rates for residential fixed wireless and FTTH that meet the universal service objective at rates comparable to St. Catharines and rates for low-income residents.

### Residential Fixed Wireless and Fibre-to-the-Home Pricing

<b>FAST 50</b>	<b>50/10</b>	download /upload + Unlimited usage Free Wi-Fi	<b>\$70.00</b>
<b>FAST 50</b>	<b>50/10</b>	download /upload + Unlimited usage Free Wi-Fi	<b>\$70.00</b>

### Residential Fixed Wireless and Fibre-to-the-Home Low Income Pricing

<b>FAST 10</b>	<b>10/5</b>	download /upload + Unlimited usage Free Wi-Fi	<b>\$10.00</b>
<b>FAST 10</b>	<b>10/10</b>	download /upload + Unlimited usage Free Wi-Fi	<b>\$10.00</b>

## 6 TOTAL COSTS TO BUILD THE FTTH/WIRELESS NETWORK

The total cost for NRBN to build the hybrid FTTH/Wireless network is about \$4 million.

“The CRTC determined in Telecom Regulatory Policy 2018-377 that funding will be provided under the Broadband Fund only for eligible costs, which include costs that are directly associated with project activities such as engineering and design, environmental scans and assessments, and the purchase and installation of equipment and infrastructure (including the provisioning of backhaul capacity and other one-time access-driven costs).”<sup>1</sup>

## 7 FINANCIAL CONTRIBUTION REQUEST FROM NRBN TO NIAGARA REGION

The request to Niagara Region is for \$400,000 equal to about 10% of the total eligible project costs.

In addition, NRBN is requesting a letter of support for the project. Niagara Region's support will greatly increase the attractiveness of our proposal by demonstrating to the CRTC review committee that there is strong community support for our project and the project partners are sensitive to the CRTC's requirement to spend their limited funding dollars most efficiently as possible.

## 8 SUPPORT FROM OTHER REGIONAL PARTNERS

To date NRBN has received many letters of support from municipalities, CIO Consortium members and the public as follows:

<sup>1</sup> <https://crtc.gc.ca/eng/Internet/guid.htm>, page 37.





- City of Niagara Falls
- Town of Niagara on the Lake
- Niagara Health
- Town of West Lincoln
- Town of Lincoln
- Spark Niagara

NRBN will continue to solicit letters of support from remaining potential partners and will update Niagara Region on the status of the letters of support on March 26 prior the Regional Council meeting on March 27. The Broadband Funding application is due March 28.