

**REPORT TO ELECTORAL AREAS COMMITTEE
MEETING OF WEDNESDAY, MAY 14, 2025**

SUBJECT **Connected Coast: Last Mile Network Infrastructure Contribution Agreement**

ISSUE SUMMARY

To consider the Last Mile Network Infrastructure Contribution Agreement with City West Cable & Telephone Corporation for a high-speed internet fibre optic landing site on Galiano Island and last mile high speed internet on Saturna and Galiano Islands through the Connected Coast Network Partnership.

BACKGROUND

Connected Coast is a backbone fibre project that brings high speed internet accessibility via a subsea fibre optic cable to rural and remote communities along the BC coast - from north of Prince Rupert to Haida Gwaii, south to Victoria and around Vancouver Island. The project is fully funded and approved by the Government of Canada's Connect to Innovate (CTI) program, Indigenous Services Canada, and the Provincial Connecting British Columbia program, as administered by Northern Development Initiative Trust (NDIT).

The Connected Coast project is a joint venture partnership between City West Management Corporation (CWMC) a wholly owned subsidiary of the City of Prince Rupert, and the Strathcona Connected Coast Network Corporation (SCCNC), a wholly owned subsidiary of the Strathcona Regional District.

Connected Coast includes fibre transport landing sites on Salt Spring, Pender, and Saturna Islands. The original program excluded the establishment of landing sites on Galiano and Mayne islands, and the funds did not include any local community last mile projects to connect individual households and businesses to the backbone broadband infrastructure.

Connectivity Planning in the Southern Gulf Islands

In early 2020, the CRD Board received the report [Connecting SGI: Connectivity Planning for the Southern Gulf Islands](#), a community based assessment of the limitations of the current lack of connectivity and the potential for better, faster, more reliable internet to support the social, economic, and sustainability goals of the Southern Gulf Islands. The CRD then engaged TANEx Engineering to conduct a [current state analysis](#) that identified service gaps and opportunities, as well as identified where Connected Coast landing sites should be located to best support existing internet service providers in the Southern Gulf Islands. This work demonstrated how improved connectivity is a fundamental need for Southern Gulf Islands communities to attract and retain young families, support low carbon economic development, and to improve access to social, educational, government, and health services. It also provided technical guidance to support informed decisions on the location of new broadband infrastructure.

At the January 08, 2020 Electoral Areas Committee and CRD Board meetings, the following resolution was passed:

That staff be directed to seek partnerships with one or more Internet Service Providers and pursue funding for the design and implementation of the Southern Gulf Islands Connectivity Plan.

In January 2021, the Connected Coast partners approached the Capital Regional District seeking support for applications to the Federal Universal Broadband Fund and the Provincial Economic Recovery Intake, (ERI) programs to fund additional landing sites on Galiano and Mayne, and to bring last mile fibre internet to whole SGI EA, including Mayne, Pender, Saturna and Galiano Islands. The CRD Board passed resolutions to write a letter of support on January 13, 2021:

- 1. That the Board approve a letter of support for the Strathcona Regional District and the Connected Coast project for their efforts to secure all necessary permits within the CRD, including design and tenure agreements for landings, Points of Presence and Rights of Way. Where possible, identification of the best landing sites should be informed by the connectivity design plan currently underway for the Southern Gulf Islands Electoral Area.*
- 2. That the Board Chair write a letter in support of the City West applications to the Federal Universal Broadband Fund (UBF) and the Provincial Economic Recovery Intake (ERI) programs for construction of last mile fibre to the home projects in the communities of Mayne Island, Galiano Island, Saturna Island, and North Pender Island.*
- 3. That the Board approve in principle that funding beyond the 90% threshold will be provided by the communities to be served by last mile projects, subject to successful service establishment and voter assent, and to mutual agreement to the terms of any required partnership agreements.*

The Connected Coast team was partially successful and received funding approvals for a new landing site on Galiano and last mile development for Galiano and Saturna Islands (but not for Mayne and Pender Islands which were technically deemed to be already served with high-speed internet).

City West has subsequently offered a contribution and revenue sharing agreement to the CRD. With a capital contribution of no more than 5.145% of the overall Network Infrastructure Costs up to a maximum of \$495,500.00 CRD will receive a 10.29% share of Annual Net Project Revenues over a period of 30 years. The CRD has received a \$495,500 grant from the Provincial Rural Economic Diversification and Infrastructure Program to support the capital contribution to this partnership through the Southern Gulf Islands Community Economic Sustainability Service.

ALTERNATIVES

Alternative 1

The Electoral Areas Committee recommends to the Capital Regional District Board:

That the Last Mile Network Infrastructure Contribution Agreement with City West Cable & Telephone Corporation be approved and that the Chief Administrative Officer be authorized to execute the agreement.

Alternative 2

That this report be referred back to staff for additional information.

IMPLICATIONS

Financial Implications

The CRD's capital contribution of no more than 5.145% of the overall Network Infrastructure Costs up to a maximum of \$495,500 will be funded by a grant from the Provincial Rural Economic Diversification and Infrastructure Program (REDIP). The REDIP grant was approved for \$495,500.

Under the agreement, CRD will receive a 10.29% share of City West Annual Net Project Revenues over a period of 30 years. This revenue will be used to promote economic development in the SGI EA through the Southern Gulf Islands Community Economic Sustainability Service.

Service Delivery Implications

The main points of the Last Mile Network Infrastructure Contribution Agreement are as follows:

- City West is responsible for all costs in respect of the design, build, construction and installation of the Network Infrastructure.
- City West will pay 100% of all Operating Costs and Overhead Charges associated with the operation, maintenance, repair and management of the Network Infrastructure.
- City West will be entitled to deduct all annual Operating Costs and Overhead Charges.
- City West will retain sole ownership of the Network Infrastructure.
- With its capital contribution, the CRD will receive share of net revenues for 30 years.

Section 275(1)(c) of the Local Government Act provides that a Regional District may operate the service of providing capital financing for high-speed internet service to an area without access to high-speed internet service, and the Board of the Capital Regional District considers that the provision of high-speed internet service is essential to the promotion of economic development within the Southern Gulf Islands Electoral Area.

The CRD Board recently amended Bylaw No. 4594, "Economic Development Service Establishing Bylaw (Southern Gulf Islands) Establishing Bylaw No. 1, 2024," to enable the service to:

- Provide capital financing for high-speed internet service within the Service Area; and
- Use of revenue earned under an agreement with the recipient of capital financing for high-speed internet service to fund economic development initiatives within the Service Area.

The amendments to the bylaw were done alongside similar bylaw amendments for the Salt Spring Island and Juan de Fuca Economic Development services. The changes enable coordination and promotion of economic development and represent a modernization of the delivery of economic development services in the electoral areas to broaden the available projects within the scope of the services.

The partnership agreement with City West will generate revenue for the Southern Gulf Islands Community Economic Sustainability Commission to further its work coordinating and promoting economic development within the Southern Gulf Islands Electoral Area.

Social Implications

City West has a pending partnership with GAIA on Galiano Island, a local nonprofit internet service provider. The relationship is like others in the Connected Coast program where City West

becomes the supplier, but the local Internet Service Provider (ISP) delivers the service. City West was not successful in reaching agreement for partnerships with other ISPs in the Southern Gulf Islands. However, Connected Coast landing sites are publicly funded and required by way of the CTI agreement to be open access for other internet service providers (ISPs) to use the fibre to distribute broadband to their subscribers.

City West is also advancing a cost sharing agreement with TSAWOUT First Nation for the Saturna Island service area, as part of the reconciliation aspects of the Connected Coast project.

Internet connectivity is a fundamental necessity to enable the Southern Gulf Islands' communities to diversify the demographic profile of the islands and achieve economic, social, and environmental sustainability into the future. Better, faster, and more reliable internet will support the social, economic, and sustainability goals of Saturna and Galiano Islands, and the revenue share enabled through this agreement will benefit the SGI Community Economic Sustainability Commission's capacity to promote economic development throughout the entire Electoral Area.

CONCLUSION

The proposed contribution agreement provides for a capital contribution and revenue share for CRD as part of the Connected Coast high speed internet project, enabling broadband infrastructure and high-speed internet services for the SGI communities of Galiano and Saturna Islands.

RECOMMENDATION

The Electoral Areas Committee recommends to the Capital Regional District Board:
That the Last Mile Network Infrastructure Contribution Agreement with City West Cable & Telephone Corporation be approved and that the Chief Administrative Officer be authorized to execute the agreement.

Submitted by:	Justine Starke, MCIP, RPP, Manager, Southern Gulf Islands Electoral Area
Concurrence:	Stephen Henderson, Senior Manager, Real Estate and Southern Gulf Islands
Concurrence:	Kristen Morley, J.D., General Manager, Corporate Services & Corporate Officer
Concurrence:	Varinia Somosan, CPA, CGA, FCMA, Acting GM Finance & IT / Deputy CFO
Concurrence:	Ted Robbins, B. Sc., C. Tech., Chief Administrative Officer

ATTACHMENT(S)

Appendix A: Last Mile Network Infrastructure Contribution Agreement with City West City West Cable & Telephone Corporation.

Appendix B: Bylaw 4594 Economic Development Service Establishing Bylaw SGI