

**REPORT TO ELECTORAL AREAS COMMITTEE
MEETING OF WEDNESDAY, JANUARY 13, 2021**

SUBJECT **Connected Coast Proposal for the Southern Gulf Islands**

ISSUE SUMMARY

To consider a letter of support to the Strathcona Regional District and City West for applications to the Federal Universal Broadband Fund, (UBF) and the Provincial Economic Recovery Intake, (ERI) which, if successful, will add additional Connected Coast landing sites on Galiano and Mayne Islands and deliver last mile internet to Mayne, Pender, Saturna and Galiano Islands.

BACKGROUND

Connected Coast is a backbone fibre project that will bring 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).

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

The Connected Coast project is a joint venture partnership between CityWest 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. The partners have approached the Capital Regional District seeking support for applications to the UBF and ERI programs to fund the 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 Provincial Economic Recovery Intake (ERI) is a BC funding program with \$90M for projects up to \$10M in costs. The program has a 90/10 community funding split (90% Provincial funding) that allows for stacking of other resources such as community works funds, reserves, borrowing and other grants. The ERI fund has a monthly intake with the condition that all infrastructure be constructed by October 31, 2021.

The Universal Broadband Fund (UBF) is a federal funding program with \$1.8B in allocated funding for projects with a funding split of 75/25 (75% Federal funding), and 90/10 for First Nations applications. The UBF program has a submission deadline date of February 15th, 2021 with a construction completion date of December 31, 2026.

The Connected Coast partners propose to add Galiano and Mayne landing sites and to bring fibre to the home solutions for the SGI Island communities within the CRD. They requesting the CRD fund the remaining 10% of the project costs as a local contribution, which they estimate at a \$2.7M. While not included in the proposal letter, Connected Coast has suggested a profit sharing

agreement with the CRD similar to those they are negotiating with other communities, where 20% of the last mile revenues could be returned back to the Regional District.

The Connected Coast team has completed a desktop analysis of the costs per SGI community:

<i>Island/Area</i>	<i>Homes</i>	<i>Total</i>	<i>Cost/Home</i>	<i>Est. Community contribution</i>
Galiano	1,265	\$7,317,103	\$5,784	\$731,170
Mayne	1,211	\$5,486,686	\$4,531	\$548,669
North Pender	1,711	\$6,695,165	\$3,913	\$669,517
Saturna	558	\$3,193,197	\$5,723	\$319,319
Port Renfrew	107	N/A	\$4,000 - \$5,500	TBD
Jordan River	54	N/A	\$4,000 - \$5,500	TBD

The breakdown of costs for each site includes the supply of materials and labour for a fibre to the home installation as well as landing sites on Mayne and Galiano Island, (\$100,000/landing). If the landings are not built in parallel with the Connected Coast project and are requested after the project completion, the contractors estimate for this work is between \$500,000 and \$750,000 per landing as there would be a significant amount of additional labour, mobilization and fibre required.

Schedule

The Connected Coast project will be built in phases, with deployment of fibre and landing site construction for Phase One anticipated to start in spring/summer 2021. Development of the Connected Coast sub-sea fibre project will work its way from North to South. Landings sites for the Southern Gulf Islands are forecasted to be installed sometime in 2022.

If the last mile funding applications are successful, the partners will initiate the development process right away. The ERI fund has a monthly intake with the condition that all infrastructure be constructed by October 31, 2021. The UBF program has a submission deadline date of February 15th, 2021 with a construction completion date of December 31, 2026.

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 report 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.

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.

The CRD has currently engaged TANEx Engineering to conduct phase two of the connectivity plan for the Southern Gulf Islands. TANEx is providing a high level service delivery strategy with recommendations for a delivery plan to bring broadband services to the underserved areas on each island. The study is 50% complete and includes a current state analysis that identifies service gaps and opportunities, as well as identifies where Connected Coast landing sites should be located to best support existing internet service providers in the Southern Gulf Islands.

ALTERNATIVES

Alternative 1:

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

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 Chair write a letter in support of the CityWest 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.

Alternative 2:

That the Electoral Areas Committee request staff report back on other opportunities for improving broadband in the Southern Gulf Islands as may be recommended by the Connectivity Design Plan currently underway by TANEx Engineering.

IMPLICATIONS

This project supports CRD Board priorities and the corporate plan priorities for Economic Development of Rural Areas (4b-2): “to advance economic development and plans through commissions;” and (4a-1): “support CRD Board on building an advocacy strategy to ensure all occupied properties have the opportunity to access high-speed internet services.”

The combination of the Connected Coast landing sites and last mile fibre to the home would bring a high speed, reliable broadband solution for SGI communities and would address long standing deficiencies in the region. Residents and businesses would gain access to 1Gbps down/upload speeds that will put these communities on a level playing field with homes and businesses in urban areas such as Victoria and Vancouver.

The Connected Coast proposal meets federal and provincial funding requirements and offers an economy of scale that will be attractive to the funders and lends confidence in the viability of the proposal.

The Federal UBF program has a submission closing date of February 15, 2021. In order to include the additional landing sites for Mayne and Galiano Island, as well as last mile infrastructure applications for the SGI communities, community support by way of resolution is required as part of the application submissions.

There are other providers in the region that are capable of providing broadband improvements to the SGI. At the time of writing, the CRD has not been approached by other ISPs for letters of support to pursue these funding programs. More information is required to understand if support for this application would preclude the CRD from supporting applications for funding from other ISPs in the future.

The request for a CRD community funding contribution of \$2.7m cannot be confirmed at this time. To borrow or raise funds from the Southern Gulf Islands Electoral Area, a service would need to be established via a successful voter assent process.

There are many details outstanding that would need to be confirmed and agreed to in a partnership agreement with the Strathcona Regional District and City West. Some of these considerations include:

- Connected Coast landing sites are publically 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. The CRD would want to assure the additional landing sites on Mayne and Galiano are governed by the same open access principle and policy.
- If the last mile applications are successful, they will also be publically funded and the public interest should therefore be a driving factor in service decisions. The CRD's interest would be to ensure each of the SGI communities have equal access to affordable, high speed internet at affordable rates. This can be achieved through service fee caps and/or open access to encourage competition in the market.
- A revenue sharing agreement could benefit the local community. The details of such an agreement would need to be negotiated prior to proceeding.

CONCLUSION

The *Connecting SGI* Report demonstrates that 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.

The Strathcona Regional District and CityWest are requesting a letter of support from the CRD Board and the CRD Board Chair for applications to the Federal Universal Broadband Fund (UBF) and the Provincial Economic Recovery Intake (ERI). In conjunction with the Connected Cost project, which will bring sub-sea fibre infrastructure to the Southern Gulf Islands' of Pender and

Saturna (as well as Salt Spring Island), the proposal will enable fibre landing sites on Mayne and Galiano, and bring last mile fibre to the home throughout the SGI. If successful, this project will bring much needed broadband solutions to the SGI. The CRD has been asked to provide a 10% community contribution to the project.

Support for this proposal can be offered in principle by the CRD Board, pending successful service establishment and voter assent process and mutual agreement to the terms of one or more partnership agreements.

RECOMMENDATIONS

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

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 CityWest 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.

Submitted by:	Justine Starke, MCIP, RPP, Manager, SGI Service Delivery, Corporate Services
Concurrence:	Kristen Morley, J.D., General Manager, Corporate Services & Corporate Officer
Concurrence:	Nelson Chan, MBA, CPA, CMA, Chief Financial Officer
Concurrence:	Robert Lapham, MCIP, RPP, Chief Administrative Officer

ATTACHMENT(S)

Appendix A: Letter from David Leitch, Strathcona Regional District

Appendix B: *Connecting SGI: Connectivity Planning for the Southern Gulf Islands*