



Municipality of the District of Argyle

Item: Bell and Mainland Telecom request to submit Develop NS – phase 2 application.

Date: June 2, 2020

VISION

We see Argyle as home to a healthy and thriving rural population. Our municipality promotes and supports economic and social opportunities for the region and engages in the active expression of our unique Acadian heritage. We are a place of choice for rural living and are widely recognized for our warm hospitality and joie de vivre. Surrounded by fresh air and cool ocean breezes, we work and play in the great outdoors. People choose to live in Argyle because of our commitment to each other, to our community and to our neighbors. Argyle is a place we are proud to call home.

Background:

In April of 2020, Council was presented a request from Bell to support a CRTC application for Rural broadband internet improvements in the Argyle community (portions) and East Kemptville. The initial request asked Council to invest \$177,125 to support 545 civic addresses in both communities. The support was passed unanimously. At the time of the decision, Council was advised of a second application that could potentially occur in June for the Develop NS phase 2 funding.

Since that decision we have received two interested Internet Service Providers willing to apply for the Argyle area.

The following is what I have received:

Bell: will be looking to service an additional 1,969 civics, in locations shown in the maps attached. Average cost per civic (for municipality) is \$250 for a total investment request of \$492,250. Keep in mind this is in addition to the \$177,125 requested for the CRTC application.

Mainland: Looking at 1,700 civics, including Roberts Island, West and East Pubnico, Argyle. 70 km of Fiber network. There was no specific ask for municipal support on the application, an amount is implied to aid in the application.

Assessment from our WREN lead on the file.

When asked about the Bell proposal, Evan explained that the combination of the CRTC and DNS applications would practically solve substantially all the major rural internet issues in Argyle. Total cost of \$669,375, funded entirely by Gas Tax Funds. Our initial budget was \$400,000, but in a recent email correspondence to Council from CAO Muisse, the \$400,000 was considered insufficient based on newer information. In an email dated April 27th, 2020, CAO Muisse indicates to Council that the cost could approach \$885,000 on the higher end of estimates. Therefore, the Bell proposal is certainly a more affordable option than initially feared.

WREN has no direct engagement with Mainland. Mainland was the successful bidder in Clare. No other partner WREN organization has any fibre investment in their location from Mainland Telecom, so we do not have any information on the quality of install or service. Clare installation is only occurring now in Belliveau's Cove. Our personal engagement with Mainland Telecom has only occurred in the last week or so, with casual conversation on the Pubnico area and the lack of service there.

Not certain of a Mainland investment request, we will address the one we know. A total investment of \$669,375 municipally, while considerable funds, is affordable compared to neighboring investments. In Gas tax terminology, it represents about two years of Gas Tax Revenue. When assuming a useful life of 20 years for the fibre install, the investment is described as \$33,500 per year. Breaking down the figure another layer, it represents a \$17 municipal investment per civic address, per year for 20 years.

In short, Argyle's patience to obtain reliable rural broadband appears to have paid off financially. On the negative, it is a large municipal investment in an asset we will not own or control. It is a considerable municipal investment for a service that, arguably, is one that should be subsidized using federal and provincial funds.

Nevertheless, Argyle Council has long included Rural Internet Broadband infrastructure as a priority to address for its constituents. As it is often the case, a collaborative approach is needed to solve the issue, regardless of any opinion as to whom should be the funder. In the end, if this project is to be successful, it would include funds from the Internet Service Provider, and all levels of government, including us. Otherwise, the application is weakened in the eyes of the major funders. This investment will positively impact a considerable amount of homes, and communities, and for many residents, they will either see a decrease in monthly costs, or a significant increase of service for the same cost. More importantly, a service that is long awaited.

Neighboring communities have had similar, if not larger, investments, depending on their decision to work collaboratively with its other WREN partners, geographic size and geographic disparity (islands, hard to access locations).

Insofar as service reliability is concerned, we have no way to effectively compare the two interested investors. We are not in the position to comment on cost, as that would depend on the service providers, and their intention to sell products or services. These matters are out of our control, and out of our hands. We know that to obtain funding from Develop, a minimum service is required, and is a substantial improvement to our current status in many communities.

One significant point is that Bell is intending to invest in all our neighboring communities, and a support of Bell would allow a continuous fibre build that they have proposed to the WREN, and that we have supported all along. A support of Bell's approach is also a support for our neighbors' plans to build rural broadband. We have held to the approach that a region that works together gets more accomplished, this is a perfect example of that concept in action.

MGA considerations:

Funding Rural internet broadband improvements is an allowable expense in Section 65.

CAO's Recommendation:

Recommend that the Bell application receive a letter of support as well as a funding commitment of \$492,250 from the Municipality in support of their work to bring rural broadband to the following communities: East Kemptville, Tusket, Bellneck, Spring Haven, all Quinans, all Pubnicos, all Argyles, Glenwood, Morris Island, Little River, Comeau's Hill.

Suggested motion:

Move that a letter of support be prepared in favor of Bell's request to apply to Develop Nova Scotia for a major rural broadband improvement impacting 1,969 Civic addresses across our Municipality. The letter of support shall include a financial commitment of \$492,250 from the Municipality of Argyle, and that the funding be secured through Federal Gas Tax Funds.