

## Municipality Of Chatham-Kent

### Finance, Budget & Information Technology Services

#### Administration

**To:** Mayor and Members of Council

**From:** Gord Quinton, MBA, CPA, CGA  
Chief Financial Officer / Treasurer

**Date:** May 23, 2020

**Subject:** CRTC Broadband Fund Application Support

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#### **Recommendations**

As part of its previously approved \$6.5 million investment in fibre backbone facilities (“Funds”) for Chatham-Kent in 2018, it is recommended that:

1. Chatham-Kent (a) endorse and support TekSavvy’s Solutions Inc.’s application to the CRTC Broadband Fund with a letter of support and the commitment of \$2.7 million for backbone fibre facilities within Chatham-Kent and (b) approve the commitment of the remaining Funds to TekSavvy to build additional backbone fibre facilities within Chatham-Kent in accordance with a plan presented to Council and Administration in Closed Session. The specific locations are confidential and subject to a non-disclosure agreement and have been shared with Council and the Municipality’s administration.
2. Prior to any distribution of funds, Chatham-Kent enter a binding legal agreement with TekSavvy Solutions Inc. on the terms of the investment to the satisfaction of the Chief Legal Officer and Chief Financial Officer.

#### **Background**

The Canadian Radio-television and Telecommunications Commission (CRTC) is currently accepting applications for the second round of the *Broadband Fund – Closing the digital divide in Canada*. The goal is for Canadians at home, work or on the road, to have an internet connection with access to broadband speeds of at least 50 Mbps download and 10 Mbps upload and access to unlimited data. The deadline for applications in June 1, 2020.

In 2018, Council approved investing \$6.5 million to Canada’s “Connect to Innovate” program application, which at the time was a joint application between Entegrus and TekSavvy. The application was not approved. Currently, Entegrus is not investing in fibre connectivity in Chatham-Kent.

Council remains committed to investing a total of \$6.5M on fibre connectivity projects. TekSavvy has approached administration with a proposal to apply to the CRTC Broadband Fund and to leverage approximately \$2.7M of the \$6.5M municipal funds as the application would be strengthened with municipal support. TekSavvy has also presented administration with a plan for the remaining previously allocated Funds.

### **Comments**

TekSavvy has approached administration with a proposal to apply to the CRTC Broadband Fund for potential project in rural and smaller communities of Chatham-Kent. Chatham-Kent has been asked to support the investment of the backbone fibre network that is essential to connect rural areas.

The funds will only be provided on the condition that TekSavvy make application to the CRTC and, regardless of success with the CRTC, build backbone fibre facilities within Chatham-Kent which would allow providing fibre internet to homes and businesses in those communities. In addition, the funds will be paid conditional on Teksavvy offering internet service direct to businesses and homes in the communities where the backbone is built and to eventually make this backbone fiber facilities open-access.

Administration would work with TekSavvy on a binding legal agreement detailing the use and additional terms of the funding.

### **Areas of Strategic Focus and Critical Success Factors**

The recommendation in this report supports the following areas of strategic focus:

Economic Prosperity:

Chatham-Kent is an innovative and thriving community with a diversified economy

A Healthy and Safe Community:

Chatham-Kent is a healthy and safe community with sustainable population growth

People and Culture:

Chatham-Kent is recognized as a culturally vibrant, dynamic, and creative community

Environmental Sustainability:

Chatham-Kent is a community that is environmentally sustainable and promotes stewardship of our natural resources

The recommendation in this report supports the following critical success factors:

Financial Sustainability:

The Corporation of the Municipality of Chatham-Kent is financially sustainable

Open, Transparent and Effective Governance:

The Corporation of the Municipality of Chatham-Kent is open, transparent and effectively governed with efficient and bold, visionary leadership

Has the potential to support all areas of strategic focus & critical success factors

Neutral issues (does not support negatively or positively)

### **Consultation**

The Chief Legal Officer and CAO were consulted.

### **Financial Implications**

Chatham-Kent will invest funds to assist in the construction of fibre backbone infrastructure. The terms of the investment will be negotiated into the legal agreement to the satisfaction of the CLO and CFO.

The \$6.5 million is inclusive of approximately \$500,000 committed to permitting for these and other fibre projects. Also an additional approximate amount of \$500,000 has been committed for under river crossings for fibre. The totals of these commitments will be deducted from the total commitment of \$6.5 million.

Administration will return to Council with a recommendation of the source of funding within three months after the 2019 year-end financial reporting is complete.

Prepared by:

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Gord Quinton, MBA, CPA CGA  
Chief Financial Officer

Attachment: none

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