

DATE: February 9, 2022

FILE: 1700-02/2022/560

TO: Chair and Directors
Electoral Areas Services Committee

FROM: Russell Dyson
Chief Administrative Officer

Supported by Russell Dyson
Chief Administrative Officer

R. Dyson

**RE: Denman and Hornby Islands High-Speed
Internet Contribution Service 2022 - 2026 Proposed Financial Plan**

Purpose

To introduce the 2022 – 2026 proposed financial plan and workplan highlights for the Denman and Hornby Islands high-speed internet contribution service, function 560.

Recommendation from the Chief Administrative Officer:

THAT the proposed 2022 – 2026 financial plan for the Denman and Hornby Islands High-Speed Internet Contribution Service, function 560, be approved.

AND THAT the Comox Valley Regional District Board direct staff to bring forward a bylaw to establish in 2022 a future expenditure reserve for the Denman and Hornby Islands High-Speed Internet Contribution service, function 560.

Executive Summary

The Denman and Hornby Islands high-speed internet contribution service was established in 2021 following elector approval through a referendum conducted in November.

- The service purpose is to contribute capital funds for high-speed internet service on the islands, and to use revenue earned under an agreement with the recipient of capital financing to provide grants and others forms of assistance that benefit residents and community organizations within the service area.
- The Comox Valley Regional District (CVRD) will enter into a contribution agreement with CityWest, a City of Prince Rupert owned corporation. CityWest will construct, own and operate the high-speed internet infrastructure on the islands.
- 2022 is the inaugural year for taxing properties within Area A Denman / Hornby defined area for the service. Presuming the CVRD is able to borrow for its contribution to CityWest for the high-speed internet project, the majority of taxation will go towards the resulting annual debt servicing costs. If the contribution is not required until 2023, the requisition will be re-allocated into a reserve contribution to support the future debt.
- The estimated residential tax rate in 2022 is \$0.0550 per \$1,000 of taxable assessed value, resulting in a tax impact of \$33 for a home assessed at \$600,000.
- CityWest is working with its construction contractors to determine timelines for installation and eventually offering the service to the islands.

Prepared by:

J. Warren

James Warren
Deputy Chief Administrative Officer

Government Partners and Stakeholder Distribution (Upon Agenda Publication)

Hornby Island Economic Enhancement Corporation	✓
Denman Works!	✓
CityWest	✓

Background/Current Situation

In 2019 and 2020 the Hornby Island Economic Enhancement Corporation in collaboration with Denman Works! studied the potential for a high-speed internet service on Hornby and Denman Islands. The CVRD project page documents the background information and research.

www.comoxvalleyrd.ca/islandsinternet

In partnership with CityWest, a telecommunications provider and subsidiary of the City of Prince Rupert, grant funding has been obtained for 90 per cent of the installation costs of last mile infrastructure on the islands. In a November 2021 referendum, voters on the island agreed to cover the remaining 10 per cent of installation costs. The CVRD service that results from the referendum will allow the CVRD to contribute capital funds for high-speed internet service on the islands, and to use revenue earned under an agreement with the recipient of capital financing to provide grants and others forms of assistance that benefit residents and community organizations within the service area.

CityWest is currently finalizing its construction schedules and timelines with an aim to begin installing the infrastructure in 2022. As further details are provided on the milestones, CityWest will be engaging with residents to provide subscriptions for the high speed service. Further, the CVRD and CityWest will enter the contribution agreement that awards CityWest with the capital funding and also provides 20 per cent of the revenue earned to the CVRD for grants and others forms of assistance that benefit residents and community organizations within the service area.

Financial Plan Overview

As 2022 is the inaugural year the high-speed internet contribution service is to be provided, the budget table illustrates the anticipated revenues and expenditures for 2022 only. The service itself is very straightforward and the vast majority of expenses are intended to cover debt servicing costs. If the CVRD does not borrow funds for its 10 per cent share of the capital project in 2022, the funds will be placed in reserve until such time as the borrowing is in place and debt payments are made.

There are no personnel costs directly associated with this service.

	#560 Denman and Hornby Islands High-Speed Internet Contribution		
	2021 Budget	2022 Proposed Budget	Increase (Decrease)
Operating			
Revenue			
Requisition	0	92,842	92,842
Prior Years Surplus	0	0	-
	\$ -	\$ 92,842	\$ 92,842
Expenditures			
Operating	0	500	500
Debt Charges	0	92,342	92,342
	\$ -	\$ 92,842	\$ 92,842

At subsequent meetings and in subsequent financial plans, policy will be introduced that plans for and administers the revenue share. In the initial few years, CityWest has projected that its focus will be installing the infrastructure and registering service subscribers. The revenue share is also anticipated for subsequent years.

Strategic Considerations: Strategic Drivers and Regional Growth Strategy

CVRD Board Strategic Drivers:							
Fiscal Responsibility	✓	Climate Crisis and Environmental Stewardship and Protection	✓	Community Partnerships	✓	Indigenous Relations	

This service supports the Board’s drivers in that

- Grant funding and the contribution partnership reduces the financial impact on property owners and promotes partnerships with community organizations.
- While digital technologies consume energy which generates greenhouse gas emissions, the provision of high-speed internet access to rural communities can realize reduced travel-related emissions due to increased opportunities for telecommuting, teleconsultations and other means to avoid or reduce travel.
- Connectivity promotes community cohesion, dialogue and information sharing

CVRD Regional Growth Strategy (RGS) Goals:							
Housing	✓	Ecosystems, Natural Areas and Parks	✓	Local economic development	✓	Transportation	✓
Infrastructure	✓	Food Systems	✓	Public Health & Safety	✓	Climate Change	✓

Many of the RGS goals can be supported through better connectivity, information sharing and civic participation.

Intergovernmental Factors

The service is possible through the 90 per cent provincial grant funding.

Citizen/Public Relations

In November 2021 voters approved this service. Construction milestones will be shared with the community as they are determined, and CityWest will engage directly with the community to register subscribers as the last-mile infrastructure is installed. More information is available on the CVRD’s project page: www.comoxvalleyrd.ca/islandsinternet