



## **ENTWISTLE FIBER**

FEBRUARY 26, 2019

# CONTEXT

- Original project was approved in the 2017 capital budget
- Council workshop was held May 9, 2017 to discuss the preliminary business case as prepared by an external consultant
- February 27, 2018 Council approved the Smart Parkland Action Plan which included completing 2 or more fiber pilots.
- This project had a projected completion date of Q4 2018
- Due to delays from the utility distributor the project was not started in 2018
- Contract for fiber install was reviewed and cost savings were realized
- A high level financial analysis was completed based on limited information available at this time

# HIGH LEVEL FINANCIAL ANALYSIS

- Customer base consists of the number of serviceable lots within the hamlet of Entwisle
- Consulted with a service provider to generate revenue and expense estimates
- The projected annual operating position was calculated across a variety of scenarios
- A comprehensive risk analysis was not able to be completed at this time.

## Households that Consented to a Fiber Drop on Installation (52 Subscribers)

| Projected Annual Operating Position                               |                     |
|---|---------------------|
| <b><u>Revenue</u></b>   |                     |
| Royalties from Service Providers <sup>1</sup>                     | \$ 31,200           |
|   | <u>\$ 31,200</u>    |
| <b><u>Expenses</u></b>  |                     |
| Salaries, wages, benefits <sup>2</sup>                            | \$ (26,228)         |
| Contracted and General Services <sup>3</sup>                      | \$ (68,453)         |
| Repairs and Maintenance (Fiber Optic Infrastructure) <sup>4</sup> | \$ (10,309)         |
| Amortization <sup>5</sup>   | <u>\$ (33,813)</u>  |
|   | \$ (138,803)        |
| <b>Surplus/(Deficit)</b>  | <b>\$ (107,603)</b> |

<sup>1</sup>Revenue is based on a monthly royalty of \$50 per subscriber.

<sup>2</sup>Based on a Connected Communities Program Manager 0.2 FTE.

<sup>3</sup>Includes fees associated with the Fortis joint use, backhaul local point of interconnect (Telus), Calix annual support, Calix flow analyze +, network support services, and bandwidth required for TV delivery.

<sup>4</sup>Cost attributed to on-site technical support (truck rolls)

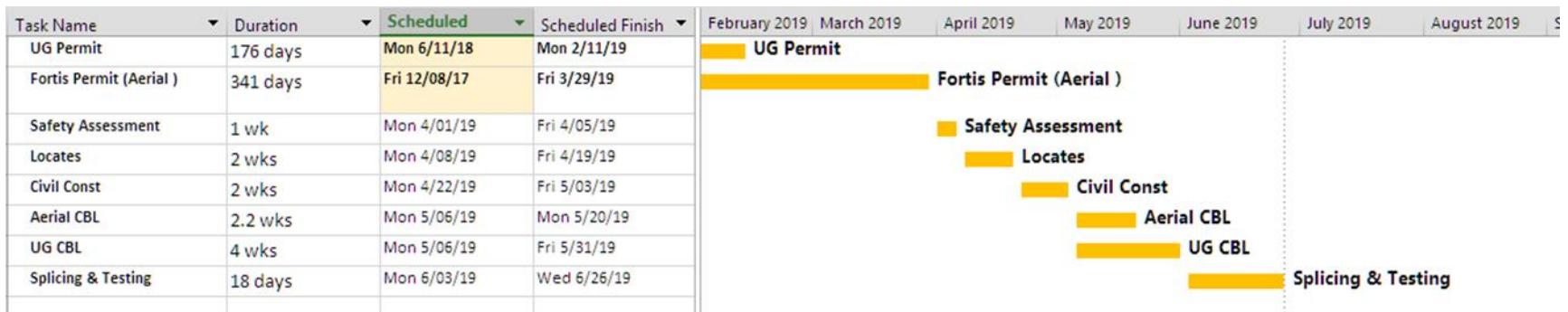
<sup>5</sup>Amortization reflects the capital cost of installing the fiber optic network, fiber drops to end customers, and costs of the consumers electronics required to access services.

# KEY FINDINGS

- The County will be responsible for all of the infrastructure costs
  - Repairs and maintenance of the main fiber
  - Replacement of infrastructure at the conclusion of its life
  - Repairs and supply of all infrastructure in the residence (e.g. modems, cable boxes)
- The financial viability of the project is largely dependent on:
  - Royalty rate agreed upon with service providers
  - Subscriber uptake
- The County will need to subsidize the cost of the fiber network
- The demographics of the hamlet Entwistle are such that it may not be attractive to larger service providers

# NEXT STEPS

- Administration will continue to refine its estimates as more information becomes available.
- The current schedule is outlined below:



## QUESTIONS