



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

¹Revenue is based on a monthly royalty of \$50 per subscriber.

²Based on a Connected Communities Program Manager 0.2 FTE.

³Includes 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.

⁴Cost attributed to on-site technical support (truck rolls)

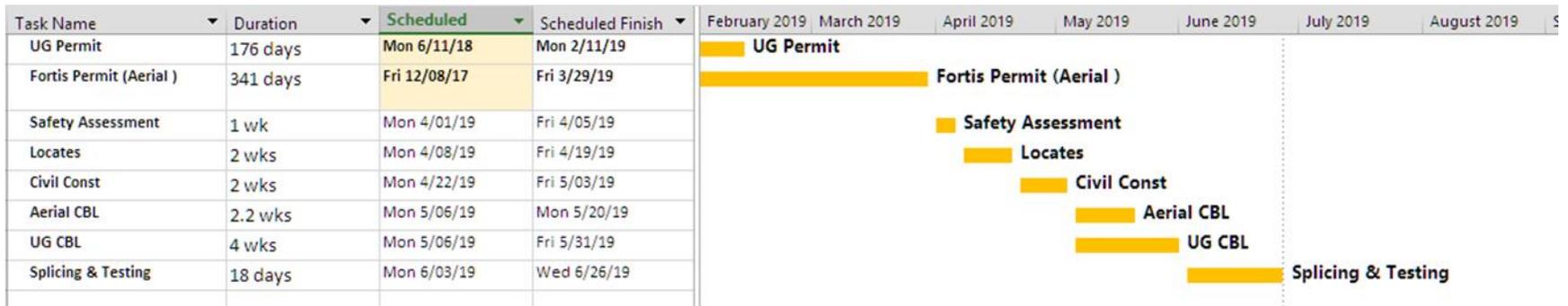
⁵Amortization reflects the capital cost of installing the fiber optic network, fiber drops to end customers, and costs of the consumers electronics required to access services.

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