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St Albert Broadband / Network Review

Presented by: Gordon Coulman, Director, Innovation and Technology Services, and Travis Peter, Manager, Smart City and Innovation

RECOMMENDATION(S)

1. That the Standing Committee of the Whole move in camera to discuss a confidential matter in accordance with the provisions of section 16 (Disclosure harmful to business interests of a third party), and Section 29 (Information that is or will be available to the public) of the Freedom of Information and Protection of Privacy Act (FOIP) R.S.A. 2000, C.F-25, as amended.
2. That the recommendation in the Confidential Administrative Report be approved and that the Confidential Administrative Report and details of the in camera discussion remain confidential pursuant to Sections 16 and 29 of FOIP.
3. That the Standing Committee of the Whole recommend to Council that Administration continue its advocacy efforts to improve Internet speeds in local business areas, and that the City offer licensed access to municipal fibre-optic infrastructure for third parties on a fee for service basis.

PURPOSE OF REPORT

This report presents Administrative updates on local Internet connectivity and recommendations related to Internet services within local business areas within St. Albert.

BACKGROUND AND DISCUSSION

In June 2016, Standing Committee considered how modern business relies on the Internet to perform the transactions that propel the local, national, and global economy. Canada's low population densities and vast geography have meant that governments and the telecommunication industry have not expanded the quality and reach of Internet services quickly enough to keep pace with modern requirements; as a result, communities are at risk of not fully participating in the new digital economy.

At that time Standing Committee also considered the state of Internet services in St. Albert and the City's efforts to extend its municipal area network. The Standing Committee supported several approaches in this regard:

- a) Municipal Area Network Expansion: Council supported continued expansion of the City's fibre-optic network infrastructure to municipal facilities and fixed assets, as a means to dramatically improve service and realize a return on investment over time.

- *Update: A capital charter was approved for 2017 that will see several new facilities connected to the network, such as Fire Hall 3, the Jack Kraft Public Works facility, and Servus Place. During 2018, the City will focus on the remaining facilities within the connection plan, in addition to linking additional traffic signals and utility infrastructure. As of May 2017, St. Albert Place, St. Albert Business Centre, the Professional Building (HR), Perron Block (IT Services), Charter Place (Communications, Legal) Beaudry Place (several departments), Maloney Place (RCMP), and Transit are connected to the network, along with traffic signals along 2/3 of St. Albert Trail, Bellerose Drive, and Boudreau Road. The expansion of the City's network has been a remarkable success.*
- b) Residential Internet Services: Council supported continued advocacy to industry and government, to compel additional investment and recognition that residential internet services in urban areas must keep pace with modern expectations.
 - *Update: Broadband advocacy has been reflected in Council's Advocacy Strategy, and Administration has continued to actively meet with service providers and share recommendations with other levels of government. A significant indication of success was Shaw Communication's introduction during 2016 of their 150Mbit service to existing and new residential areas. An indication of known industry intention is outlined within the confidential attachment.*
- c) Public / Community Wi-Fi Services: Council supported a continuation of the City's approach to work with industry in no cost partnerships to offer Wi-Fi services in public facilities and open spaces, and to offer Wi-Fi service itself for corporate or other defined purposes.
 - *Update: St. Albert currently has 16 locations that offer public access service by Shaw Communications. In 2017 officials are working to expand to several new public locations. The City's IT Services Department also offers secure corporate network access within municipal facilities, access for municipal contractors and guests, and guest WiFi to Servus Place members and special event vendors.*
- d) Business Parks and Commercial Internet Services: Council provided feedback in this area and directed Administration to review the entire spectrum of potential City involvement in improving Internet services.
 - *Update: Administration has provided recommendations below.*

Business Area Internet Review - Recommendations

As directed, Administration explored the full spectrum of City involvement in the provision of Internet Services in business areas. Recommendations are based on the following key considerations:

- Acknowledging St. Albert's current Internet market conditions and industry investment intentions (as described in the attached confidential administrative report);
- Acknowledging the desire of most local businesses for some City support in improving Internet service access and speeds;
- Acknowledging the will of Council and the direction within the Smart City Master Plan for the City to support local businesses but not to compete with the private sector as a direct Internet service provider, or to create the organization required to offer such a service;
- Creating opportunities for increased market competition and customer access for Internet

service providers; and

- Generating maximum return on investment for the City's network infrastructure while minimizing the City's risk and resource requirements

Considering the above and the results of the review, it is recommended that the City continue to advocate for bandwidth and service area improvement from Internet service providers and support from government, and that the City provide licensed access to existing fibre where sufficient capacity exists. Licensees could include public sector (schools, etc) or private sector (businesses or Internet service providers).

A visualization is attached with the recommendations and additional information on each potential option, and a confidential report is also provided with additional context.

Broadband Advocacy - Update

Administration has been actively connecting with Internet service providers, government officials, and other municipalities to advance the City's advocacy interests in this area. For example, officials in the Intergovernmental Affairs and Innovation and Technology Services departments formed a coalition of municipalities to work cooperatively for improved broadband service within the Capital Region. Areas of consideration include government funding and policy support, encouragement of service provider investment, potential for intermunicipal collaborative initiatives, and the future of the Alberta SuperNet. The coalition of municipalities continues to work together to leverage resources in order to seek government funding and private investment for the purpose of improving Broadband in our communities. The Calgary Regional Partnership has also created a broadband initiative and have commissioned two studies - these were forwarded to Council earlier this year.

The City's Manager of Intergovernmental Affairs has also addressed the Alberta Urban Municipalities Association (AUMA) Mayor's Caucus and Infrastructure and Energy Committee to share the City's perspectives on broadband. Earlier in 2017 Councillor Heron and the Smart City and Innovation Manager addressed the Parliament of Canada's Standing Committee on Infrastructure and Communities. One of the key recommendations provided to the Standing Committee was to support ubiquitous connectivity within and between communities. This recommendation was well received, and is expected to be a continued emphasis within the CRTC and Government of Canada Smart City policies and initiatives.

STAKEHOLDER COMMUNICATIONS OR ENGAGEMENT

As part of Administration's review, several engagement activities were performed:

- Meeting with regional telecommunication providers, interested businesses and residents, and other stakeholders to consider options, plans, and implications;
- Engaging regional municipalities in shared advocacy planning and intelligence sharing;
- Conducting a current state assessment of business area connectivity (conducted by IBI Group and considered by the Standing Committee in June 2016);
- Conducting a large Smart City consultation of over 2,000 stakeholders on the topic of connectivity (conducted in 2015/2016 and reflected in the Smart City Master Plan); and
- Working with other municipalities across the region, province, and nation to understand their

approaches and recommendations.

IMPLICATIONS OF RECOMMENDATION(S)

- a) Financial:
- Direction from the Standing Committee will shape the need for future capital charters and operating business cases via the budget process.
- b) Legal / Risk:
- The options relative to business area connectivity have different levels of risk and legal implications. If Council directed that the City offer its own Internet utility, a fulsome legal analysis would be required.
- c) Program or Service:
- Options chosen will affect numerous City services and infrastructure, including:
 - Ability to implement and improve services requiring significant bandwidth (ex: Intelligent traffic systems, sensors, video conferencing and surveillance, many Smart City initiatives).
 - Economic development efforts, including business attraction, retention, economic diversification.
 - Assessment increases within business parks resulting from new or renovated buildings.
 - Support to additional networks such as digital radios, automated water metering infrastructure (AMI), utilities (SCADA), etc.
- d) Organizational:
- Recommendations resulting in significantly changed or new services would require a resource review.

ALTERNATIVES AND IMPLICATIONS CONSIDERED

If Council does not wish to support the recommendation, the following alternatives could be considered:

- a) Do Nothing (receive the report as information).
- If Council takes no action at this time, Administration will continue to advocate for improvement in business areas (until the priority is removed from Council's Advocacy Strategy) but will not offer businesses licensed access to the City's fibre optic network infrastructure.
- b) Provide alternate direction to Administration related to the broadband requirements for the City, residents, public spaces, or business areas.
- Administration would move forward based on Council's direction, and prepare amended implications for consideration.

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Committee/Department: Innovation and Technology Services, Strategic Services

General Manager: Michelle Bonnici

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Spectrum of City Involvement in Business Area Internet Service Improvement

Recommendation 1



Recommendation 2



PROPOSED CITY ACTION					
Do Nothing - Take no involvement on Internet in local business areas, leaving the matter to market forces	Advocate for improvement – Encourage (both alone and in collaboration with others) providers to invest, and compel support from other govts	Act as matchmaker between businesses and providers - Meet with businesses, conduct demand studies, etc. to encourage investment	License access to <u>existing</u> City fibre network – Leverage network to offer service providers and others with licensed access to more easily reach customers	License access to <u>expanded</u> City fibre network – Invest in more City network segments in business areas and/or connect to properties to offer providers better access and license options	Compete as an Internet Service Provider – Connect City's network directly to businesses and compete as internet service provider, review inclusion of residential
EXPECTED ECONOMIC OUTCOME					
Internet service and current / future economic development may not improve	Longer term benefit and improvement potential, but uncertain	Longer term benefit and improvement potential, but uncertain	Offers some support for service providers to improve outcomes in short and long term	Offers strong support for service providers to improve outcomes in short and long term	Ensures services improvement in business areas and economic outcomes now and into the future
RESOURCES AND COSTS					
No direct cost to City, no Administrative time required	Minimal direct cost to City, moderate Administrative time required	Some direct cost to City to conduct studies, moderate Administrative time required	No additional capital cost for City network, some ongoing cost to maintain service levels for licensees, moderate Administrative time required	Moderate cost to invest in expanded City network (est. \$2 million for bus. parks depending on partnerships), moderate Administrative time required similar to licensing existing network	Cost for network expansion in bus. parks same as previous option (est. \$2 million), but property connections and ongoing operating costs depends on business model
CORPORATE RISKS					
No direct risk to City	No direct risk to City	Some risk of raising local expectations related to City involvement	Minor risk to ensure quality of service for partners	Moderate risk to ensure quality of service, attract and retain licensees	High risk to compete with providers and generate revenue
REVENUE POTENTIAL					
No revenue potential	No revenue potential	No revenue potential	Moderate revenue potential via licensing fees	Higher revenue potential via licensing fees to offset costs, but not if others build infrastructure	High revenue potential via user and license fees, potential to supplement tax req. over time
MUNICIPAL PRACTICES AND TRENDS					
Examples: Many Trend: Declining	Examples: Many Trend: Increasing	Examples: Some Trend: Stable	Examples: City of Calgary, City of Red Deer Trend: Increasing	Examples: City of Coquitlam, City of New Westminster Trend: Increasing	Examples: Town of Olds, Town of Stratford Trend: Increasing