



Council Workshop  
Council Chambers  
September 5, 2017  
7:00 p.m.

1. Call to Order
2. Modification to or Adoption of Agenda
3. Adoption of Minutes
  - 3.1 June 19, 2017 Council Workshop - Page 1
4. Broadband Feasibility Report - Page 3
5. In-Camera
  - 5.1 Advice From Officials – FOIPP Section 24(1) (g)
  - 5.2 Intergovernmental Relations – FOIPP Section 21(1)
  - 5.3 Local Public Body Confidences - FOIPP 23(1)(a)
6. Adjournment

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Council Workshop  
Council Chambers  
June 19, 2017  
6:00 p.m.

**In attendance:** Mayor Terry Leslie, Councillors: Paul Isaac, Cheri Funke, Myron Thompson (arrived late), Verna McFadden, Chris Vardas (arrived late), and Nolan Blatchford

**Staff in attendance:** Linda Nelson, CAO  
Vic Pirie, Director of Finance and Administration  
Cynthia Robey, Legislative Executive Assistant

**1. Call to Order**

Mayor Leslie called the Council Workshop to order at 6:00 p.m.

**2. Modification to or Adoption of Agenda**

Councillor Isaac moved that the Town of Sundre Council adopt the June 19, 2017 Council Workshop Agenda, as presented. **Carried**

**3. Adoption of Minutes**

Councillor Funke moved that the Town of Sundre adopt the June 5, 2017 Council Workshop Minutes, as presented. **Carried**

Councillor Vardas arrived at 6:03 p.m.

**4. Canadian Association of Petroleum Producers - presentation**

Council welcomed Mr. Cam Sorenson, Community Engagement Advisor, and Mr. Chris Montgomery, Manager of Exploration and Production, Communications and Engagement.

A power point was presented which covered the following topics:

- Introduction
- Shale Revolution
- Statistics – Crude Oil and Natural Gas prices, Upstream Capital Investment in Canada
- Statistics – Total Wells Drilled in Western Canada
- Current Challenges
- Cost Structure
- Markets
- Climate Policy
- Forecasts

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Initials



Council Workshop  
Council Chambers  
June 19, 2017  
6:00 p.m.

Councillor Thompson arrived at 6:30 p.m.

Mayor Leslie called a recess at 6:48 p.m.

The Council Workshop resumed at 6:54 p.m.

Councillor McFadden moved that the Town of Sundre Council go into In-Camera at 6:54 p.m. **CARRIED**

**5. In-Camera**

Councillor Vardas left the meeting at 7:00 p.m.

Councillor Vardas returned to the meeting at 7:01 p.m.

Labour – Arena – FOIPP Section 17  
“Vision for Sundre” – CAO presentation

Councillor Blatchford moved that the Town of Sundre Council come out of In-Camera at 8:32 p.m.  
**CARRIED**

**6. Adjournment**

Councillor Isaac moved that the Town of Sundre Council conclude the Workshop at 8:32 p.m.  
**CARRIED**

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Mayor

I hereby certify these minutes are correct.

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Chief Administrative Officer

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Initials

**Item 4**

**Update on Broadband Feasibility  
For The  
Town of Sundre**

**Prepared for September 5, 2017 Council Workshop**

Department of Economic Development  
Department of Corporate Services

At the June 26, 2017 Council meeting, Council received a presentation by Banister Research and Consulting on the outcome of a public consultation process involving the residents, property owners and businesses located within the Town of Sundre. Following the presentation, Council received an RFD regarding the Public Engagement Report prepared by Banister Research and Consulting and possible next steps.

To recap, the results of the public consultation process indicated significant statistical support for broadband infrastructure in general (residential and commercial support on average was 75% in favour) and a corresponding average of residential and commercial support of 75% for a publicly owned infrastructure that wholesalers access through a Town owned network to integrated service providers (ISPs).

Based on the results of the public consultation process, administration recommended that Council continue the feasibility study by contacting Fortis regarding a possible pole survey report. Determining the cost of utilizing existing Fortis poles is a crucial next step in determining the cost and feasibility of a Town owned network structure.

Council passed two motions at the June 26<sup>th</sup> Council meeting as follows:

Motion No. 218/17

Councillor Thompson moved that the Town of Sundre Council accept the report on the 2017 Town of Sundre Broadband Demand Study by Banister and Consulting, as information.

Motion No. 220/17

Councillor Isaac moved that the Town of Sundre Council direct Administration to approach Fortis to obtain the information concerning the status of a pole-survey by the end of September 2017 and report the findings back to Council.

It should be noted that prior to approving Motion No. 220/17, Motion No. 219/17 was put forward but was defeated.

Motion No. 219/17

Councillor Funke moved that the Town of Sundre Council direct Administration to discontinue pursuing broadband fibre optics at this time.

Following the Council meeting, administration contacted Fortis regarding completing at no cost a high level review of the poles within the Town of Sundre and possible pole replacement requirements.

Fortis provided a high level overview providing a best case/worst case estimate. In determining the estimate, Fortis used 900 poles broken into different classes. The best case estimate was \$1,322,900 and worst case estimate was \$1,930,660.

Upon receiving this information, administration requested a meeting with Fortis to review their estimate. Prior to the meeting, administration reviewed the estimate with Mr. Craig Dobson of Taylor Warwick. The meeting with Fortis occurred on August 9<sup>th</sup>.

At the meeting, Fortis acknowledged that the initial estimate was very conservative and historically in other communities approximately 20% of the poles would need to be replaced. Main justification for replacing existing poles is that engineering standards have changed, and many of the poles, which supported Monarch infrastructure, would no longer be allowed under today’s standards. Two items of significance came out of the meeting:

- 1) Fortis estimate of 900 poles included poles outside the boundaries of the Town of Sundre as well as rural areas within Town that would not require servicing, meaning the actual total would be closer to approximately 600 poles.
- 2) Fortis in calculating the cost did not take into consideration any rebuilt factor regarding pole replacement. Basically, the older the pole being replaced the less the cost to the Town. The rebuilt factor is a sliding scale based on the age of the pole from 20% to 70%.

Following the meeting Fortis forwarded to administration the Rebuild Benefit Factor scale. Using the information provided by Fortis, administration was able to estimate the rebuild benefit factor for the Town at 44%. With the Rebuild Benefit Factor calculated administration determined a revised cost for pole replacement.

The following table compares estimates by Fortis with a revised estimate calculated by administration.

	Best Case	Worst Case	Average
Fortis Estimate	\$1,300,000	\$1,900,000	\$1,600,000
Number of Poles	900	900	
Cost per Pole	\$1,444	\$2,111	\$1,778
Actual Poles	600	600	
Actual Estimate	\$866,400	\$1,266,600	\$1,066,500
Rebuild Benefit	44%	44%	
Cost with Rebate	\$381,216	\$557,304	\$469,260

None of the costs identified in the above table was included in the capital cost estimate provided to Council at the February 27<sup>th</sup> Council meeting. The cost estimates provided to Council indicated debenture borrowings of \$2,742,519 (which includes a 20% cost contingency) would be required to develop the broadband infrastructure for the Town. Under this scenario it would take approximately three years to begin to produce an operational surplus excluding debt servicing and approximately six years to produce an operational surplus

including debt servicing. Using the Town's worst case scenario would result in an additional \$560,000 in debenture debt borrowings and it would take approximately eight years to produce an operational surplus including debt servicing.

Currently our debt limit is \$12,593,587 of which the Town is currently utilizing \$4,566,390, which includes the \$1,000,000 debenture for the Centre Street project. If the Town proceeds with the Broadband project an additional \$3,302,159 will be required to be borrowed against the Town's debt limit. Such borrowings will utilize approximately 26% of the current debt level. Although it does not constrain projected debenture borrowings in the 2017 – 2021 approved capital plan, it may constrain future borrowings beyond 2021 or for projects that may be identified in a proposed 2018 – 2022 capital plan.

Council must now decide on whether to proceed with completing a pole survey. In the meeting with Fortis in August, they informed administration that it would take several months, once the pole survey was completed by the Town, before Fortis would be able to finalize the results and determine the actual numbers of poles that would be required to be replaced, and the cost for such replacement. Cost estimates for the pole survey is approximately \$110 per pole or \$66,000 for 600 poles. Such funding would be through reallocation of infrastructure reserve funding. These costs would be included in the capital costs of the project and eventually returned back to the infrastructure reserve.

An RFD will be brought forward for Council's decision at the Council meeting of September 11, 2017.