

Background Notes from the Mayor's Desk - January 2018

Happy New Year everyone :)

January 2018 brings a return to business with a very significant decision to be made by Council in January regarding the provision of improved broadband service for better health care, business connection through e-commerce opportunities, and better high speed internet service for everyone.

Option 1 – the “Public” Option

Council will consider two scenarios. The "public" option would see the Town of Sundre taking on the responsibility of laying fibre as a utility to be "leased" to internet service providers like Telus, Shaw, O-Net, or any other service provider, to allow you to have the choice of what you need for internet, TV and telephone service. The fibre would be paid for by those service providers "renting space" on that fibre. If only approximately 33% of households and businesses sign up with any service provider to deliver service to your home or business, there would be an operational surplus (profit) in about 5 years that would be used to repay the Town's reserves. After about 10 years, the operational surplus could be used to go toward reducing taxes, or to help pay for future projects within the town. The "public" option is one supported by a majority of those who responded to an extensive public survey conducted last year. It means the Town would be able to promote competition and better rates for you. A 33% sign-up rate is the estimated penetration rate required to breakeven and generate a modest surplus. A "best case scenario" would see more than 33% sign up, profits being realized sooner, and considerable revenue to the public for decades to come. A "best case scenario" would see growth and development in our community as we would be a community of choice for anyone who can work, or do business, from anywhere that has high speed internet service. A "best case scenario" would see many of the fees you pay for a service we all use anyway, staying in the community to support taxes and community projects. Construction could begin as soon as late this year.

There are risks to the Town of Sundre taking on this project in that there would be borrowing of over \$3 million, which affects our debt ratio and may affect our ability to do major projects in our future. For instance, if there is not a 33% sign up; if technology changes; or if unforeseen problems cause the cost of the project to go up, the idea of "profits" being used to support taxes and pay for future projects falls short. Taxpayers may be left to "foot the bill" if the project is not successful.

Option 2 – the “Private” Option

Option 2 is the "private" option, which would see a private company coming in to take all the risk, and the profits, to lay the fibre to provide better broadband service to you. The "private" option is much simpler. There would be no financial risk to the Town ratepayers. There would be no worry for any of us about a 33% sign-up rate to pay for the project. The "private" company takes on all the risks. No private company would take that on if they did not believe there was a strong business case to invest in Sundre.

The downside of a "private" option is that improved service is delayed further into the future. When a private company owns the fibre, they control who is allowed to provide service and for what cost. Money you pay for service leaves the community as profits of the company. Competition for best prices for service is controlled by the private company. The "best case scenario" for a "private" option is that improved broadband service would be ready within 2-3 years at competitive rates that meet your needs, with no risk to you as a taxpayer.

Council has reviewed hundreds of pages of documentation regarding this upcoming decision. We have looked at our operational budget, and will be reviewing our 5-year capital budget prior to discussion about a "broadband" decision. Please plan on attending the Council meeting January 15th if you are interested in the discussion and debate on this project.

As always, please call me at 403-559-7352 if you want to discuss this, or any other topic.

Terry Leslie, Mayor
Town of Sundre