

**Satellite Residential Internet – Grant or Rebate Program****Report Purpose**

To provide Council with information on grant or rebate programs to further support community broadband.

**Recommendation**

N/A

Administration does not recommend proceeding with this grant program.

**Our Prioritized Strategic Goals**

Goal 1 - Economic Prosperity

Goal 1 Priority - Development of emerging sectors that supports innovation, economic diversification and tourism

**Report**

The total number of residential properties in the urban area west of Highway 21 is estimated at 25,000. The number of residential properties in the rural space is estimated at 10,000.

**Eligible number of Residences**

Determining an accurate number of households that do not have access to the service target is highly subjective and there is no definitive source.

One source is based on actual tests performed by residences and submitted to the Canadian Internet Registration Authority (CIRA) application at 'performance.cira.ca'. Upon reviewing the statistics gathered through CIRA, we could assume that roughly 75% of the 10,000 rural residential properties (which equates to 8,000 residences) and 25% of the 25,000 residential properties in the urban area west of Highway 21 (which equates to 6,250 residences) may not have access to at least 50MB for downloads and 10MB for uploads. These numbers could be considered the maximum number of households that would be eligible for this program.

Another source is based on existing internet service providers (ISPs) who work with the Federal government "Innovation, Science and Economic Development" (ISED) that governs the Universal Broadband Fund (UBF), which is the source of grant money from the federal government. We estimate that roughly 30% of the 10,000 rural residential properties (which equates to 3,000 residences) and 1% of the 25,000 residential properties in the urban area west of Highway 21 (which equates to 250 residences) may not have access to at least 50MB for downloads and 10MB for uploads. These numbers could be considered the minimum number of households that would be eligible for this program.

For the purposes of minimizing financial risk, we suggest leveraging the information collected from CIRA, which is the highest possible estimate of eligible homes (6,250 urban residential and 8,000 rural residential). It is feasible to suggest that a lower percentage of residences would likely leverage this program.



**Potential program costs**

Current out of pocket expenses for a resident to acquire satellite services is estimated at \$850 with a monthly cost of \$140. The subsidy would cover acquisition costs at \$350 leaving the resident to pay for the remaining balance and monthly costs. As identified above, the estimated number of residences eligible is 6,250 urban and 8,000 rural using the CIRA estimated eligible residences; therefore:

- Maximum expenditures for urban residential:
  - \$350 per residence X 6,250 possible eligible residences = \$2,187,500
- Maximum expenditures for rural residential:
  - \$350 per residence X 8,000 possible eligible residences = \$2,800,000

Administrative costs are based on some assumptions:

- The program is active for 3 years
- An estimate of \$25,000 for advertising and mailouts
- A single full-time resource or equivalent would be required to support advertising, establishing the processes, supporting requests, payments, and inquiries from the public. Cost for a single full-time resource is \$50,000 annually.

Estimated total program one-time cost: \$5,100,000

**Municipal scans**

Only one other municipality in Canada currently has this type of program: St. Laurent, Manitoba. St. Laurent is a lake community with a population of 1400. Their program offers a rebate of up to \$875 for each house or cabin with a Starlink system installed.

**Proposed eligibility criteria**

- Step 1: A resident provides administration a request for consideration that shows:
  - Invoice receipt from the ISP for the resident to obtain the new service.
  - A post-installation CIRA based speed test that meets the 50/10 target.
- Step 2: Administration registers locations that have requested funds in this program as a measure of impact and success.

**Feasibility based on impacts to providers**

1. Existing satellite service providers have improved and continue to invest in their service offerings without further incentives from government.
2. Satellite network speeds are slowing as more subscribers sign on. Research has shown that in Canada, service peaked at 100Mbps and has steadily dropped to about 62Mbps with a downward trend globally for that network.
3. This program will increase demand for service and without ISPs being prepared, their existing capacity will likely cause poor internet performance for both existing and new subscribers. Another way of saying this is that plugging too many devices into an electrical circuit may overload the electrical breaker. Without support and coordination with existing providers in advance, this will cause ISPs to not be able to meet the volume of requests, and services will be deferred or rejected.
4. A program such as this may cause negative impacts for ISPs when they apply for federal or provincial grants. Looking at the current criteria for the Universal Broadband Fund (UBF), a single resident in an area that receives satellite internet service will cause a disqualification for the region. If rural Strathcona County is ineligible for grant funding, ISPs will likely pursue areas that are eligible when considering their investment and expansion plans.

**Feasibility based on impacts to Residents**

Validation of eligibility is complex and may cause confusion or confrontation. Some urban residents that are west of Highway 21 that are not receiving access to 50/10 may perceive that this is as a rural-favored program. Existing rural residents (and developers) who have already invested in Starlink or other expensive means to improve their internet services may be upset if they're not eligible. While this is not uncommon with new grants and rebate programs, it is something that should be considered and anticipated.

Recent news related to Starlink is that they are not expanding services to Strathcona County until 2024 at the earliest. Residents will be frustrated if they are delayed or rejected due to an ISPs' capacity issues.

**Alternatives**

- That Council direct Administration to include additional funding amount, as part of the 2023 budget for a total of \$5,100,000 towards a municipal rebate program for residents that supports their initial acquisition costs for satellite internet services.

If Council does not provide direction Administration will continue working with ISPs to support their local investments including support for them to obtain grant funding from other levels of government.

**Council and Committee History**

- June 14, 2022      Council directed Administration to provide a report, for Council's consideration by the end of the third quarter of 2022, including:
- an estimate of the number of residential homes outside the Urban Service area and within the urban areas west of Highway 21 that do not have access to broadband internet speeds of at least 50MB for downloads and 10MB for uploads;
  - the feasibility of, and cost of a municipal grant or rebate program that would provide up to 50% of the equipment cost, with a set maximum of \$350 per residential home towards the set up for residential satellite internet service (such as Starlink) for County residents that do not have access to broadband internet speeds of at least 50MB for downloads and 10MB for uploads; and
  - proposed criteria to apply for the rebate or grant program, such as not having access to fibre optic networks now or in the near future.

**Other Impacts**

**Policy:** n/a

**Financial/Budget:** It is assumed that this project is one-time in nature, and there would be no ongoing or repeating costs in the future however, if this were to change it would have additional impacts to the municipal tax rate and/or municipal reserves. This project has been considered as part of the overall budget need and/or prioritization. Using \$5M of County Reserves to support this project would commit approximately 10% of the current uncommitted reserve balances and would impact the ability to fund other priorities/initiatives.

**Legislative/Legal:** n/a

**Interdepartmental:** n/a

**Master Plan/Framework:** n/a