



**SUBJECT: Halton Digital Access Strategy implementation**

**TO: Corporate Services, Strategy, Risk & Accountability Cttee.**

**FROM: City Manager's Office**

Report Number: CM-21-22

Wards Affected: All

File Numbers: 155-03-01

Date to Committee: September 14, 2022

Date to Council: September 20, 2022

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**Recommendation:**

Receive and file city manager's office report CM-21-22 providing an update regarding the Halton Digital Access Strategy review; and

Approve, in principle, an implementation plan for a one-window plan to support the implementation of 5G technology in Burlington, as part of a region-wide approach, "Halton Digital Access Strategy Implementation Plan"; and

Delegate authority to the City Manager to negotiate and present for future Council consideration, the governance framework, associated multiyear financial plan, including incremental net revenue forecast, and related operating and other agreements in consultation with the Executive Director of Legal Services and Corporation Counsel and the Chief Financial Officer; and

Forward a copy of this report to the Town of Halton Hills, the Town of Milton, Town of Oakville, Halton Region and Burlington Hydro, for their information.

**PURPOSE:**

**Vision to Focus Alignment:**

- Increase economic prosperity and community responsive city growth
- Support sustainable infrastructure and a resilient environment
- Deliver customer centric services with a focus on efficiency and technology transformation

## Background and Discussion:

### Summary

- On April 21, 2021, Regional Council adopted Halton Digital Access Report No. [ST-05-21](#) which authorized the development of a Halton-wide Digital Access Strategy. The strategy will further the work to promote enhanced broadband services in both the rural and urban areas. Also, to establish a framework process to deal with requests from national and regional telecommunications companies to utilize municipal vertical infrastructure assets including streetlight poles (in their advancement of 5G plans).
- On December 15, 2021, Regional Council received Report No. [ST-08-21](#), re: “Digital Access Strategy Report” which provided an overview of the economic benefits of widespread 5G access. In addition, it provided an overview of Halton Region’s commitment to 5G technology to ensure residents and businesses have access to the internet services required to support both the economy and quality of life.
- The Digital Access Strategy promotes enhanced broadband services in both the rural and urban areas through a framework in which the Region, the Local Municipalities and Hydro Companies can leverage requests by telecommunication services providers to deploy wireless 5G device attachments on vertical streetlights and hydro poles throughout Halton Region.
- The Digital Access Strategy also calls for a unified broadband service using fibre (FTTH/P) technology, which ensures that the Region and the Local Municipalities are appropriately positioned to allow residents and businesses to benefit from 5G technology.
- Regional Report No. ST-08-21 (December 15, 2021) re: “Digital Access Strategy Report”, directed Regional staff to report back with details of the Hydro Companies’ proposal to provide a “one-window” service whereby telecommunication services providers could access the vertical streetlights and hydro poles of the Region, the Local Municipalities and the Hydro Companies through a centralized permitting service.
- Since the spring of 2021, the Halton CAOs have directed the research into a better understanding of the role and value of the existing vertical streetlight and hydro poles in the deployment of 5G. During the course of this research, staff has determined that several telecommunications service providers support a one-window approach which would help support their 5G deployments.

- On April 7, 2022 staff presented report, [CM-01-22](#) to the Environment, Infrastructure and Community Services Committee providing an update concerning the region's Digital Access Strategy Report.
- On March 4, 2022, the Halton CAO's met with senior representatives from the telecommunications (telecos) companies – Rogers, Bell, Telus and Cogeco. The discussion centered around Halton's Digital Access Strategy and telcos feedback based their respective 5G business plans. Overall, there was a positive response to the Halton strategy for 5G implementation; and, there was agreement that a streamlined approach to permitting and deployment of municipal infrastructure would be beneficial with a potential HUG coordination.
- On July 13, 2022, Regional Council approved "Halton Digital Access Strategy Implementation Plan", report no.: ([DI-02-22/LPS69-22](#)) which directed Regional staff to proceed with the implementation plan for a one-window approach to support the implementation of 5G technology across Halton. Staff will report back to Regional Council for final approvals by early 2023.

### **Digital Access Strategy**

The Regional Council April 2021 adopted Report No. ST-05-21 which authorized the development of a Digital Access Strategy, including:

- Broadband Digital Readiness Report:
  - Preparing implementation for Halton Region and the local municipalities - urban and rural.
  - Sizing next generation broadband network infrastructure.
- Benefits and Implementation plan:
  - Halton Region-wide 5 year digital access implementation plan.
- Strategic and commercial reports:
  - Individual reports for each of the local municipalities and Halton Region.

A consultant was subsequently retained - Nordicity Group Limited, to prepare the Digital Access Strategy. This work proceeded under the direction of Halton CAO's and was led by a staff team comprised from local municipalities and Nordicity. The staff team also worked with three staff subgroup teams from: Legal, Engineering and Finance.

The Nordicity Digital Access Strategy Report dated, November 23, 2021 was presented along with a Regional staff report which was approved by Region of Halton at their meeting on December 15, 2021.

A fully integrated broadband network, inclusive of all urban and rural areas, is critical and essential infrastructure to create a reliable internet service for Burlington and to accommodate strong economic development.

## **Telecommunications Process**

The previous report (CM-01-22) identified significant socioeconomic benefits for Burlington residents, and all of Halton, through the accelerated deployment of the telecommunications services providers' 5G networks.

To date, telecommunications services providers have generally implemented their networks across all poles and right of ways throughout Halton, regardless of ownership. Amongst the four Halton Municipalities and the Region and the four Halton Hydro Companies, no one organization currently owns more than 17 per cent of the total amount of vertical streetlights and hydro poles in Halton. With respect to 5G, if the Region, the Hydro Companies and Local Municipalities undertook to provide permitting individually and only with respect to their own vertical streetlights and hydro poles, the telecommunications services providers would have to approach each party separately, facing varying permitting and licencing requirements, as well as varying processes and timelines.

A "one-window" permitting service model whereby the telecommunications services providers would apply through a centralized permitting service has the potential to help the telecommunications services providers expedite their 5G implementation plans across Halton Region.

## **Municipal Services Corporation Opportunity**

Given the distributed ownership of vertical streetlights and hydro poles (i.e. that no one party owns more than 17 per cent of the total assets), it will be important to establish the appropriate governance to deliver a "one-window" approach to support 5G deployment.

These are a number of the key principles considered for developing a governance structure:

- ownership of the virtual streetlight poles and other applicable municipal infrastructure is not to be transferred;
- municipalities and Hydro Companies will license rights to the one-window service to manage telecommunications services providers' access to vertical streetlight and hydro poles;
- 5G equipment and maintenance must not interfere with the primary purpose of the vertical streetlight or hydro pole;
- each vertical streetlight or hydro pole owner will be represented;
- fees charged to telecommunications services providers should be based on rates that at a minimum must cover all operating costs associated with one window service and allow for full cost recovery for the owner of the vertical streetlight or hydro pole.

A Municipality can create a Municipal Services Corporation through the provisions of the *Municipal Act, 2001*. The shares of a Municipal Services Corporation can only be owned by a municipality or a group of municipalities. A Municipal Services Corporation can only provide a system, service or thing that a municipality is entitled to provide, which would include the 5G pole attachment permitting service described in this report.

Through the provisions of the *Municipal Act, 2001*, a Municipal Services Corporation, owned by the Region together with each of the Local Municipalities, could be established to operate the “one-window” services consistent with the above key principles.

A Municipal Services Corporation can provide these centralized 5G permitting and management services, including:

- initial permit application and on-going access licenses for telecommunications services providers’ use of poles for 5G attachments;
- municipal and Hydro Company licenses to manage 5G pole attachment rights to the Municipal Services Corporation; and,
- services to the telecommunications services providers including engineering, installation, maintenance and removal of cell attachments.

In addition, the proposed structure could allow the Municipal Services Corporation to provide additional services beyond 5G, including a “one-window” approach for all non-5G telecommunications permits. By delegating the authority to the Municipal Services Corporation to issue non-5G permits, the Municipalities would gain the benefit of offering a “one-window” approach to a broader range of telecommunications permitting.

Overall, a Municipal Services Corporation approach should create favourable conditions for the rollout of 5G across Halton Region. This will accelerate the delivery of benefits in connectivity for local residents and businesses with the associated economic and social benefits.

### **Next steps**

Upon approval of this report, in order to implement the recommendation, staff, working jointly with the Region and Local Municipalities, will do the following:

- finalize the business case to confirm the benefits of the approach described in this report;
- confirm the participation of the Town of Halton Hills, the Town of Milton and the Town of Oakville (Halton Region has already confirmed participation);
- confirm participation of the Hydro Companies;

- determine the operating model and governance structure for the Municipal Services Corporation and in conjunction with that:
  - negotiate a shareholder's agreement and other necessary governance agreements between the Region, the Local Municipalities, the Hydro Companies and the Municipal Services Corporation
  - negotiate the license agreements and other necessary operating agreements amongst: (a) the Region, the Local Municipalities and the Municipal Services Corporation; and (b) the Hydro Companies and the Municipal Services Corporation
- develop the permit and licencing agreements between the Municipal Services Corporation and telecommunications services providers
- develop any required agreements with service providers who will assist in the installation, maintenance and removal of 5G attachments
- ensure the statutory requirements for establishing a Municipal Services Corporation are met, including:
  - Business case study\_ - A municipality must adopt a business case study before it establishes a municipal services corporation either alone or with one or more other municipality. The business case will be finalized based on the benefits of accelerating the deployment of 5G technology in Burlington. There are many factors that will influence the business case including the speed of deployment of 5G technology in each municipality and in Halton generally, the extent to which the telecommunications services providers choose to use the existing municipal pole infrastructure (versus infrastructure they build), the market rate for services, and status of Provincial and Federal legislation related to the deployment of 5G.
  - Asset transfer policies - A municipality must adopt and maintain policies on asset transfers to corporations. It is anticipated that the asset transfer policies with respect to the Municipal Services Corporation will be fairly simple given that one of the key principles recommended above is that the ownership of the pole infrastructure would remain with the individual municipalities and the Hydro Companies. The asset transfer policy will address the potential for the transfer of financial assets to address start-up costs, but otherwise will be general in nature.
  - Public participation – a municipality must consult with the public about the proposal to establish the municipal services corporation prior to such corporation's establishment. There are no specific rules governing the nature of the public consultation. Given the scoped focus of the proposed

Municipal Services Corporation and the low risk involved, it is anticipated that the public consultation will focus on notification of the availability of the business case, when available, and an opportunity for the public to submit comments related to the business case. It is anticipated that this consultation will occur in late 2022 or early 2023.

Following the satisfactory completion of statutory preparations and negotiations of documents, as outlined in this report, for the creation, operation and governance of a Municipal Services Corporation, and the confirmation of business viability through stakeholder discussions and analysis, a report to establish a Municipal Services Corporation to support a “one-window” service model is expected to be forwarded to Regional Council by early 2023 with recommendations for next steps. In accordance with this report recommendation, the City Manager in consultation with the City Solicitor will report back on Burlington’s position and recommendations to City Council.

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## **Financial Matters:**

### **Total Financial Impact**

There is potential for incremental annual revenue generation opportunity from the use of municipal vertical infrastructure assets as the mounting system for 5G small cell deployment. Future revenue streams are subject to confirmation and will be reviewed and developed working closely with the CFO.

### **Source of Funding**

Halton Region has collaborated with all area municipalities and fully funded the Halton Digital Access Strategy initiative including external consulting work to-date.

The costs associated with the formation of the Municipal Services Corporation have been budgeted by Halton Region. As such, there are no financial implications associated with this report to the City.

### **Other Resource Impacts**

Using a one-window approach to 5G deployment will minimize the requirement for staff involvement in a permitting process.

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## **Climate Implications**

Providing reliable broadband services facilitates many opportunities including efficient remote working and reducing the load on transportation networks.

### **Engagement Matters:**

Information regarding the Region staff report DI-02-22 (Halton Digital Access Strategy Implementation Plan) was circulated to Council members in July 2022.

The staff working group and CAO meetings will continue for the Strategy Implementation Plan.

The formation of a Municipal Services Corporation requires public notice.

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### **Conclusion:**

Report CM-21-22 provides information on the status of the Halton Digital Access Strategy Implementation Plan for a one-window approach to support the implementation of 5G technology across Halton and makes recommendations for implementation and next steps. Staff will continue to work with our Halton colleagues, to determine an operating model and governance structure for a Municipal Services Corporation.

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Respectfully submitted,

Mike Greenlee

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### **Report Approval:**

All reports are reviewed and/or approved by Department Director, the Chief Financial Officer and the Executive Director of Legal Services & Corporation Counsel.