



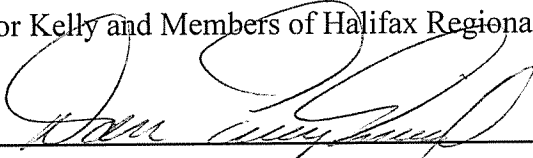
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Halifax Regional Council
March 27, 2007

TO: Mayor Kelly and Members of Halifax Regional Council

SUBMITTED BY:


Dan English, Chief Administrative Officer


Geri Kaiser, Deputy Chief Administrative Officer

DATE: March 22, 2007

SUBJECT: RFP # 06-046 Award: Connecting HRM - Rural Broadband

ORIGIN

Capital Project CID0093 - Connecting HRM, approved in 2006/07 Capital Budget.
February 27, 2007, Information Report to Council on Rural Broadband

RECOMMENDATION

It is recommended that:

1. Council authorize the award of RFP 06-046, Connecting HRM - Rural Broadband, to Aliant, the highest scoring proponent for a total cost of \$2,468,717 (no HST is applicable) from capital account CID00903 as outlined in the Budget Implications section of this report.
2. Council authorize the award of RFP 06-046, Connecting HRM - Rural Broadband, to Eastlink for broadband service to citizens in Peggy's Cove and West Dover for a total cost of \$150,000 (no HST is applicable) from capital account CID00903 as outlined in the Budget Implications section of this report.
3. Staff continue to work with interested community partners to explore future opportunities to support the expansion of broadband service further into rural HRM.

BACKGROUND

The project “Connecting HRM – Rural Broadband” in Halifax Regional Municipality is a federal-provincial-municipal initiative aimed at extending high-speed internet (“broadband”) access deeper into rural regions of HRM that are currently without high-speed access and are likely to remain without this service.

Halifax Regional Municipality (HRM) and its non-government partners, including Eastern Halifax Regional Municipality Partnership Council and Greater Halifax Partnership (GHP) formally HRDA, will enable the selected private industry partner to build, manage, market and maintain a broadband internet system to be used by businesses, institutions, organizations and residents throughout rural HRM.

This project is designed to create opportunities for residents and businesses in rural HRM currently unserved by broadband. Residents and business in rural HRM have access to low speed dialup internet. Residents and business have been very clear in their communication with HRM that access to broadband is important to the economic and social development in rural communities.

The following list identifies project stakeholders:

- Citizens of HRM within all/portions of the 45 communities to be served
- Atlantic Canada Opportunities Agency (Federal)
- Halifax Regional Municipality (Municipal)
- Greater Halifax Partnership (Local Non-government)
- Eastern HRM Partnership Council (Local Non-government)
- Aliant, Eastlink (Private Industry Partners)

DISCUSSION

HRM released an RFP in April of 2006 for broadband service to rural HRM. Three submissions were received as follows:

- Eastlink
- Aliant
- AirFire/Altimax

A committee composed of representatives from HRM, ACOA and Industry Canada evaluated the RFP based on the criteria listed in Attachment 1 - Summary of Evaluation. The submission from AirFire/Altimax was rejected as it did not fulfil the requirements of the RFP. The final scoring for all proponents meeting the requirements is as follows:

Company	Score (max 100)
Aliant	83.7
EastLink	60.3

Aliant's existing network infrastructure has allowed it to achieve the highest score for deployment of broadband equipment in the eastern portion of HRM. EastLink currently has extensive broadband coverage throughout the western portion of HRM. The allocation between Aliant and EastLink is based on the greatest overall penetration to unserved homes within HRM that is achievable for the funding available, and by leveraging each vendor's existing infrastructure. Aliant and EastLink have agreed to this apportioning of the broadband award.

This project will extend broadband access within rural portions of HRM to include all or portions of 45 communities, extending high-speed service from Musquodoboit Harbour to the outer limits of HRM boundaries on the Eastern Shore, and to Peggy's Cove on the western boundary. Once contract negotiations with Aliant and Eastlink are complete, the implementation phase of the infrastructure build will ensue over the subsequent nine months.

Aliant will become the owner and operator of the broadband infrastructure in eastern HRM, and will be responsible to manage installations, provide network, capacity and trouble management, deliver a 24-hour per day customer help desk, and provide marketing, training and billing services directly to customers. Following project implementation, HRM and the federal and provincial governments will be without any operational or administrative responsibilities.

Eastlink currently provides extensive broadband coverage in western HRM. HRM staff will contract Eastlink to extend its service into 2 unserved communities in western HRM. EastLink will be responsible to provide all operations and maintenance support to this infrastructure.

In the longer term, staff will continue to work with community partners to explore future opportunities to allow the broadband service to penetrate further into rural areas. Future expansion would be based on either the extension of the infrastructure obtained through this RFP, or enabling wireless Internet Service Providers (ISPs) to deploy equipment with the advantage of having access to the network infrastructure provided through this RFP. The Province of Nova Scotia has committed to high speed broadband for all unserved areas of Nova Scotia by 2009. HRM will work with provincial partners to ensure we are informed of the results of the Province's pilot project, and opportunities and plans for HRM.

Funding Agreements with ACOA and Infrastructure Canada

The total cost of the project is \$4.5 million with \$1.1 million in funding from ACOA's Innovative Community fund, \$1.5 million from the Federal/Provincial Municipal Rural Infrastructure Fund (MRIF) and the balance of \$1.9 million from private industry partners, Aliant and Eastlink.

BUDGET IMPLICATIONS

Capital project CID00903 - Connecting HRM (Rural Broadband) was approved in the 2006/07 budget. All funding is from external sources and will therefore not result in a surplus or deficit to HRM.

Based on submissions to the Request for Proposal, the project will cost approximately \$4.5M. Contributions from Private Industry Partners, Aliant and Eastlink, equal \$1,895,811. Additionally, federal contributions are approved from Atlantic Canada Opportunities Agency's Innovative Communities Fund (ICF) and the Canada-Nova Scotia Municipal Rural Infrastructure Fund (MRIF).

Budget Summary:	<u>Capital Account No. CID00903, Connecting HRM (Rural Broadband)</u>	
	Cumulative Budget Available	\$2,618,717
	Less: Funding Required	<u>\$2,618,717</u>
	Uncommitted Budget	0

There will be no operating costs to HRM or the federal and provincial governments. All operating costs will be borne by the internet service providers.

FINANCIAL MANAGEMENT POLICIES / BUSINESS PLAN

This report complies with the Municipality's Multi-Year Financial Strategy, the approved Operating, Capital and Reserve budgets, policies and procedures regarding withdrawals from the utilization of Capital and Operating reserves, as well as any relevant legislation.

ALTERNATIVES

1. HRM may choose to forego participation in this initiative. This is not recommended.

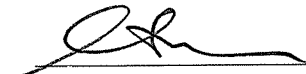
ATTACHMENTS

Attachment 1 - Summary of Evaluation

Additional copies of this report, and information on its status, can be obtained by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

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Finance Approved: 
Catherine Sanderson, Senior Manager, Financial Services 490-1562

Attachment 1 - Summary of Evaluation

	Criteria	Weight	Aliant	Eastlink
1	Penetration/Civic Addresses	30	18.9	20.9
2	Net Cost*	25	25	0
3	Consumer Price	5	5	5
4	Technical Design, Performance	15	12.8	13.1
5	Project Management, Schedule	10	8.5	8.5
6	Understanding of Project, Quality of Submission, References	15	13.5	12.8
	Total	100	83.7	60.3

* Aliant is the recommended proponent for eastern HRM and received full points in cost category for lowest bid at \$2,468,717 (EastLink cost for eastern HRM was \$11,850,182.) EastLink is the recommended proponent for western HRM at a cost of \$150,000.