

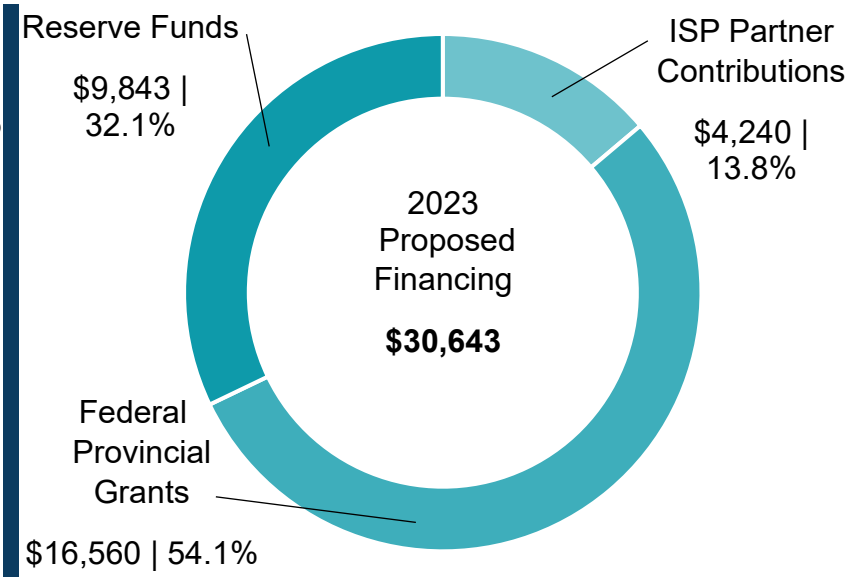
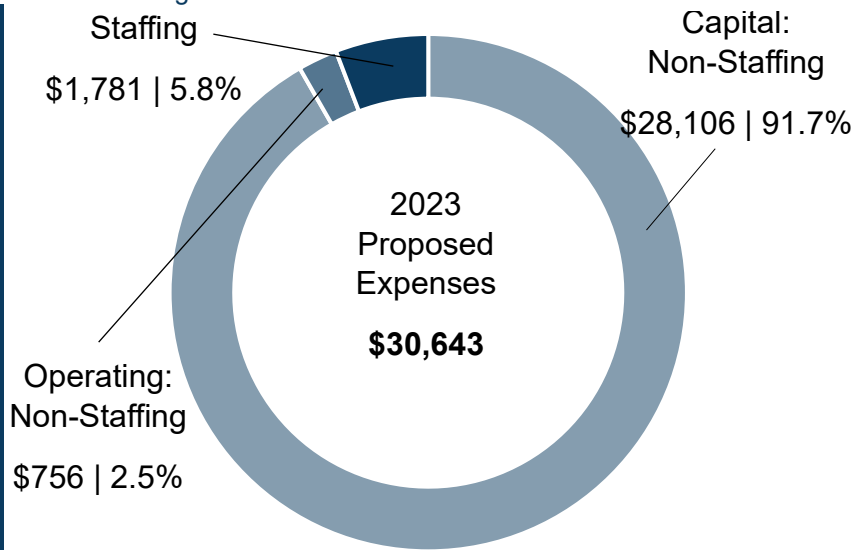


Durham Budget

2023

DURHAM ONENET INC.

The Region's Broadband Municipal Service Corporation - Durham OneNet Inc. - will develop, build and commercially operate a Regional Broadband Network (RBN), enabling Internet Service Providers (ISPs) to deliver improved broadband connectivity to residents and businesses in communities across Durham, while delivering improved Regional services and ultimately driving economic development and innovation across the Region.



Amounts are in \$,000's

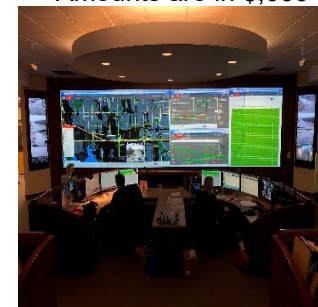


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Major Programs and Services

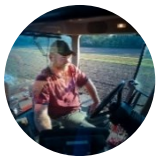
Durham OneNet Inc.

A Region-owned Municipal Services Corporation (MSC) that builds value for the Region through collaboration with other levels of government and the private sector, and strengthens the individual and collective position of Region-owned and other assets. Durham OneNet Inc. is responsible for developing, building and commercially operating the Regional Broadband Network by extending the existing network built for traffic operations and building new network opportunities to various Regional sites and communities.

Strategic Priorities

For 2023 key priorities and planned actions focus on:

Economic Prosperity



Develop and expand the Regional Broadband Network and establish partnerships to enable the delivery of broadband services in unserved and underserved communities across the Region, positioning Durham Region as the location of choice for business



Leverage the Regional Broadband Network to enhance communication and transportation networks to better connect people and move goods more effectively, supporting a full-service broadband network across the Region

Service Excellence



Leverage senior government programs and establish partnerships with private sector companies to build high-quality, high-speed broadband infrastructure, enabling the Region and internet service providers to deliver exceptional quality services and value

Strategic Priorities Continued



Work with private sector partners to build the expertise and skilled workforce to design, construct and commercially operate a fibre broadband network interconnecting Region sites, enabling the Region to deliver innovative, modernized services

Key Targets for 2023

- Continue to expand Durham OneNet's operational capabilities to build and manage the Regional Broadband Network
- Complete construction of the initial phase of our joint internet service provider build, Project Genesis, comprising approximately 75 km of backbone infrastructure through 6 communities enabling the delivery of the most advanced broadband capabilities to approximately 800 underserved premises
- Finalize engineering designs and initiate construction of the remainder of Project Genesis with our internet service provider partner comprising approximately 105 km of backbone infrastructure through 8 additional communities enabling broadband capabilities to approximately 700 underserved premises
- Broaden partnerships with internet service providers to deliver broadband services to additional underserved areas in Durham
- Initiate the integration of the existing traffic fibre network into the Regional Broadband Network
- Expand customer connections including Regional and Area Municipal sites in-line with the Regional Broadband Network build-out
- Full onboarding of newly established independent Durham OneNet Inc. Board


Financial Details: Summary by Account (\$,000's)

Provides the gross expenditures and revenues - including both operating and capital - and the resulting net property tax requirement

	2022 Estimated Actuals	2022 Approved Budget	2023 Proposed Budget	Variance	
				\$	%
Expenses					
Operating Expenses					
Personnel Expenses	239	727	1,187		
Personnel Related	-	-	40		
Communications	23	30	90		
Supplies	18	78	-		
Computer Maintenance & Operations	-	50	168		
Professional Services	134	62	180		
Financial Expenses	17	13	38		
Operating Expenses Subtotal	431	960	1,703	743	77.4%
Internal Transfers & Recoveries					
Staffing Charges	108	440	600		
Lease and Material Charges	366	133	268		
Recovery from Broadband Capital	-	(429)	(628)		
Internal Transfers & Recoveries Subtotal	474	144	240	96	66.7%
Gross Operating Expenses	905	1,104	1,943	839	76.0%
Capital Expenses					
New	28	28	-		
Major Capital	6,700	6,700	28,700		
Capital Expenses Subtotal	6,728	6,728	28,700	21,972	326.6%
Total Expenses	7,633	7,832	30,643	22,811	291.3%


Financial Details: Summary by Account (\$,000's)

Provides the gross expenditures and revenues - including both operating and capital - and the resulting net property tax requirement

	2022 Estimated Actuals	2022 Approved Budget	2023 Proposed Budget	Variance	
				\$	%
Revenues and Financing					
Operating Impact Stabilization Reserve Fund	(905)	(1,104)	(1,943)		
Operating Revenue Subtotal	(905)	(1,104)	(1,943)	(839)	(76.0%)
Capital Financing					
Capital Impact Stabilization Reserve Fund	(2,128)	(2,128)	(7,900)		
Partner Contributions	-	-	(4,240)		
Canada Community - Building Fund	(3,000)	(3,000)	-		
Federal Grant	(1,067)	(1,067)	(11,040)		
Provincial Grant	(533)	(533)	(5,520)		
Capital Financing Subtotal	(6,728)	(6,728)	(28,700)	(21,972)	(326.6%)
Total Revenues and Financing	(7,633)	(7,832)	(30,643)	(22,811)	(291.3%)
Property Tax Requirement Durham OneNet Inc.	-	-	-	-	0.0%


Financial Details: Summary by Program (\$,000's)

Provides the total operating expense, capital expense, subsidy, other revenue and the resulting property tax requirement for each major program and service

	2022 Estimated Actuals	2022 Approved Budgets					2023 Proposed Budgets					Variance	
		Operating Expenses	Gross Capital	Subsidy Funding	Other Funding	Approved Budget	Operating Expenses	Gross Capital	Subsidy Funding	Other Funding	Proposed Budget	\$	%
Durham OneNet Inc.													
1 Durham OneNet Inc.	-	1,104	6,728	(1,600)	(6,232)	-	1,943	28,700	(16,560)	(14,083)	-	-	
Durham OneNet Inc. Subtotal	-	1,104	6,728	(1,600)	(6,232)	-	1,943	28,700	(16,560)	(14,083)	-	-	0.0%
Property Tax Requirement Durham OneNet Inc.	-	1,104	6,728	(1,600)	(6,232)	-	1,943	28,700	(16,560)	(14,083)	-	-	0.0%

Financial Details: Summary of Capital (\$,000's)

Provides a summary of the current year capital budget, nine-year capital forecast and proposed financing summarized by asset type. See Appendices for specific capital projects

 Durham Budget	2023	2022 Approved Budget	2023 Proposed Budget	Forecast					Forecast Total
				2024	2025	2026	2027	2028-2032	
Durham OneNet Inc.									
Capital Expenditures									
Information Technology Infrastructure		6,728	28,700	17,900	13,200	11,100	5,100	15,000	62,300
Capital Expenditure Subtotal		6,728	28,700	17,900	13,200	11,100	5,100	15,000	62,300
Capital Financing									
General Levy		-	-	-	-	-	-	-	-
Capital Impact Stabilization Reserve Fund		2,128	7,900	12,700	13,200	11,100	5,100	15,000	57,100
Partner Contributions		-	4,240	1,060	-	-	-	-	1,060
Canada Community-Building Fund		3,000	-	-	-	-	-	-	-
Federal Grant		1,067	11,040	2,760	-	-	-	-	2,760
Provincial Grant		533	5,520	1,380	-	-	-	-	1,380
Capital Financing Subtotal		6,728	28,700	17,900	13,200	11,100	5,100	15,000	62,300
Total Capital Durham OneNet Inc.		6,728	28,700	17,900	13,200	11,100	5,100	15,000	62,300

* The 2025-2032 Capital Forecast identifies financing from the Capital Impact Stabilization Reserve Fund; it is anticipated that senior government grant funds will be applied each year as opportunities arise and partnerships with internet service providers are developed.

Details of Budget Changes

On December 22, 2021 Regional Council approved the establishment of the Region’s Broadband Municipal Service Corporation, Durham OneNet Inc. The 2023 Budget is largely consistent with the business case adopted by Regional Council through Report 2021-COW-32. The 2023 capital budget reflects the approved senior level grant funding and private sector partnerships to advance the building of high-speed broadband infrastructure across the Region. During 2023 Durham OneNet Inc. will work with internet service providers to ramp up service revenue. Total 2023 net budget is approximately \$4 million less than the original business case.

Staffing Details

Durham OneNet Inc.	Full Time Equivalents (FTE's)
2022 Approved Complement	6.0
Proposed New Positions	
Financial Analyst	1.0
Project Manager	1.0
Total Proposed New Positions	<u>2.0</u>
Durham OneNet Inc. Subtotal	8.0
Total Complement: Durham OneNet Inc.	8.0

Looking Forward

Demand for bandwidth continues to increase – accelerated by the COVID 19 pandemic – and has become an essential service through which students access online education, individuals access healthcare, employees work remotely, and businesses service and reach their customers and suppliers.

The digital divide that exists in Durham Region and across Canada is too large for individual actors to solve on their own - the private sector has been primarily focused on densely populated urban areas and communities where acceptable rates of return can be more readily realized while some rural Region sites have had to rely on more traditional low-speed connectivity solutions at relatively high prices.


In the underserved non-urban areas, multiple entities including all levels of government and the private sector, need to continue to collaborate to address the digital divide.

Durham OneNet Inc., in collaboration with other entities, will enable Durham's residents, businesses, and institutions to access fast, reliable and affordable broadband services so that they may fully participate, compete and thrive in the 21st century by:

- Building the backbone infrastructure to interconnect Region sites and, by making it available, enable private sector internet service providers to deliver enhanced broadband services to communities;
- Continuing to expand and grow the Regional Broadband Network to communities across the Region;
- Strengthening partnerships with upper tiers of government and the private sector to expand and operate the Regional Broadband Network; and
- Making the Regional Broadband Network commercially available to private sector internet service providers enabling them to accelerate the delivery of retail broadband services to unserved and underserved communities.

Appendix A: 2023 Capital Projects (\$,000's)

Provides financing details for capital projects proposed in 2023. See Appendix B for the comprehensive 2023 capital budget and 2024-2032 forecast

		Quantity	New / Replacement	2023 Proposed Financing							2023 Proposed Budget	Approved Funding Prior to 2023	Proposed 2024-2032	Total Project to 2032		
Partner Contributions	Reserve/ Reserve Funds			Industrial DCs	Institutional DCs	Commercial DCs	New Residential DCs	Subsidy /Grant	Debtenture	General Levy						
Durham OneNet Inc.																
Information Technology Infrastructure																
1 Backbone				2,800	5,400	-	-	-	-	12,800	-	-	21,000	6,000	32,100	59,100
2 Dedicated Last Mile (Internet Service Provider)				1,440	-	-	-	-	-	3,760	-	-	5,200	-	1,300	6,500
3 Network Access Builds				-	1,500	-	-	-	-	-	-	-	1,500	600	12,800	14,900
4 Networking Equipment				-	1,000	-	-	-	-	-	-	-	1,000	100	4,100	5,200
Information Technology Infrastructure Subtotal				4,240	7,900	-	-	-	-	16,560	-	-	28,700	6,700	50,300	85,700
Total Capital Durham OneNet Inc.				4,240	7,900	-	-	-	-	16,560	-	-	28,700	6,700	50,300	85,700

Appendix B: 2023-2032 Capital Forecast (\$,000's)

Provides a listing for all projects within the 2023 budget and nine-year capital forecast. See Appendix A for financing details for capital projects proposed in 2023.

		Expenditure Category	2023 Proposed Budget	Forecast					Forecast Total
				2024	2025	2026	2027	2028-2032	
Durham OneNet Inc.									
Information Technology									
1 Backbone	Pre-Construction	2,135	1,571	1,256	1,071	-	-	3,898	
	Construction	18,865	12,529	8,744	6,929	-	-	28,202	
	Total	21,000	14,100	10,000	8,000	-	-	32,100	
2 Dedicated Last Mile (Internet Service Provider)	Pre-Construction	312	78	-	-	-	-	78	
	Construction	4,888	1,222	-	-	-	-	1,222	
	Total	5,200	1,300	-	-	-	-	1,300	
3 Network Access Builds	Pre-Construction	298	392	613	674	638	983	3,300	
	Construction	1,202	1,108	1,587	1,526	2,262	3,017	9,500	
	Total	1,500	1,500	2,200	2,200	2,900	4,000	12,800	
4 Networking Equipment	Pre-Construction	199	261	279	276	44	248	1,108	
	Construction	801	739	721	624	156	752	2,992	
	Total	1,000	1,000	1,000	900	200	1,000	4,100	
5 Potential Network Enhancements	Pre-Construction	-	-	-	-	440	2,480	2,920	
	Construction	-	-	-	-	1,560	7,520	9,080	
	Total	-	-	-	-	2,000	10,000	12,000	
Information Technology Subtotal		28,700	17,900	13,200	11,100	5,100	15,000	62,300	
Total Durham OneNet Inc.		28,700	17,900	13,200	11,100	5,100	15,000	62,300	