

Municipal Service Corporations: Experiences in Service Delivery - Halton's 5G Approach

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Introduction

- ▶ Halton Digital Access Services Corporation (“**HDASC**”) is a corporation incorporated under the *Business Corporations Act* (Ontario) in accordance with Section 203 of the *Municipal Act, 2001* (Ontario).
- ▶ Each of the Region of Halton, the City of Burlington and the Towns of Oakville, Halton Hills and Milton are 20% shareholders
- ▶ HDASC has a nine-person Board of Directors for governance, and a general manager for operations:
 - ▶ The Board of Directors consists of the CAOs of each of the municipalities plus a senior executive from each of the local hydro companies of Burlington, Oakville, Halton Hills and Milton;
 - ▶ Although the local hydro companies are not shareholders in HDASC, they are key stakeholders, and the cooperation of all nine stakeholders is required to make the operation work.

Introduction

- ▶ HDASC's purpose is to provide “one-window” shopping to telecommunication companies (“**Telecoms**”) for the deployment of 5G throughout Halton Region:
 - ▶ Telecoms have indicated they would like to access Halton Region's streetlights and hydro poles (“**Vertical Assets**”) to place microcell transmitters on the Vertical Assets to increase 5G bandwidth;
 - ▶ **How it works:** Telecoms approach HDASC. HDASC coordinates with the municipalities and hydro companies to provide access to Vertical Assets.

The 5G Challenges

- ▶ **Telecoms perspective:** How to roll out 5G in a way that is quick, efficient and cost effective:
 - ▶ Telecoms repeatedly emphasized that a “one-window” coordinated approach would make it easier for them to plan and execute 5G deployment across the entire Halton Region (as opposed to a piecemeal approach of dealing with each of Burlington, Oakville, Milton, Halton Hills and Halton Region individually).
- ▶ **Municipal perspective:** How to encourage 5G rollout (and gain its benefits) while both maintaining some control over the process and protecting vital municipal Vertical Assets:
 - ▶ License agreements between the municipalities and HDASC and the Telecoms and HDASC are key for finding the balance of giving Telecoms access to Vertical Assets, yet making sure these Vertical Assets are protected.

Cooperation is Key!

- ▶ “One-window” approach requires the cooperation of five municipalities and four local hydro companies:
 - ▶ Through this cooperation, the Telecoms can plan and execute larger scale, inter-municipal 5G deployment;
 - ▶ Provides one-stop shop for all municipal and hydro permits and fees no matter where in Halton the project is located (even across municipal lines).
- ▶ Creating HDASC allows the key stakeholders to approach this in a business-like manner (e.g. hire a dedicated general manager, set attachment rates that permit the corporation to be self-sustaining, etc.).

Section 203 - *Municipal Act, 2001*

- ▶ Section 203 permits a municipality to establish a corporation, subject to regulations.
- ▶ Corporation is established under the *Business Corporations Act* (Ontario) in the same manner a private corporation would be established.
- ▶ The corporation can only be established to provide a system, service or thing that a municipality is permitted to provide.

Section 203 - *Municipal Act, 2001*

- ▶ O. Reg. 599/06 is the applicable governing regulation.
- ▶ Fairly extensive regulations, but key provisions are:
 - ▶ Must adopt a business case study before establishing the corporation;
 - ▶ Must adopt and maintain a policy on asset transfers to corporations; and
 - ▶ Must consult with the public about the proposal to establish the corporation.

Section 203 - *Municipal Act, 2001*

- ▶ With respect to consulting with the public, the Regulation does not provide much guidance.
- ▶ Halton Region, along with its fellow shareholders, Burlington, Oakville, Halton Hills and Milton, jointly presented the business case online and invited comments from the public over a three-week period:
 - ▶ The online consultation was supported by digital and print advertising to promote engagement;
 - ▶ Comments were collated and analyzed, then presented to the various Councils as part of the approval process;
 - ▶ Common approach to Council Reports & recommendations.

Resources & Logistics

- ▶ Joint retainer to provide legal advice to the five municipalities (Hydro companies retained their own legal counsel) and to engage business plan/financial modelling expertise.
- ▶ Hired a consultant to lead the project and coordinate resources and reporting.

Resources & Logistics

- ▶ Used a committee structure:
 - ▶ 5G Steering Committee – Governance
 - ▶ Municipal CAOs and Hydro CEOs
 - ▶ Legal Working Group
 - ▶ Lawyers (or representatives) from each of the municipalities
 - ▶ Implementation Team – Operational
 - ▶ Senior staff from key stakeholders
 - ▶ Eyes and ears of the 5G Steering Committee
 - ▶ Engineering Working Group – Permits
 - ▶ Engineers/Permitting staff from the key stakeholders

HDASC is Born

- ▶ Reports to each of the 5 municipal councils in late spring – authority to create the corporation and delegation of authority to execute all required documents.
- ▶ Inaugural board meeting held July 21, 2023.
- ▶ Board is comprised of senior staff members of each of the 9 key stakeholders.

Lesson Learned & What Happens Next

- ▶ Setting up an MSC can take a long time:
 - ▶ In Halton's case, a little over two years from project conception to incorporation;
 - ▶ Significant staff time from each of the key stakeholders.
- ▶ Although intended to be mostly self-sufficient, significant ongoing support is required:
 - ▶ Needs a champion from each of the key stakeholders and commitment from stakeholders' senior leadership. Needs ongoing resources (staffing).
- ▶ HDASC is continuing the process of negotiating license agreements with Telecoms.
- ▶ HDASC is working to design a permitting process that will allow Telecoms efficient and cost-effective access to Vertical Assets anywhere in Halton Region.

Questions & Discussion

Thank You

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