



CITY OF HAMILTON
PUBLIC WORKS DEPARTMENT
Engineering Services Division
and
CORPORATE SERVICES DEPARTMENT
Legal and Risk Management Services Division

TO:	Chair and Members Public Works Committee
COMMITTEE DATE:	January 13, 2020
SUBJECT/REPORT NO:	Telecommunications Industry Investments in the City (PW20003/LS20001) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Gord McGuire (905) 546-2424 Ext. 2439 Michael Kyne (905) 546-2424 Ext. 4716
SUBMITTED BY: SIGNATURE:	Gord McGuire Director, Engineering Services Public Works Department
SUBMITTED BY: SIGNATURE:	Nicole Auty City Solicitor Legal Services and Risk Management

RECOMMENDATION(S)

- (a) That the General Manager of Public Works or designate be authorized to execute, on behalf of the City, an agreement with Bell Canada ("Bell") to facilitate Bell's expansion of its fibre optic network throughout the City of Hamilton (the "Project"), in a form acceptable to the City Solicitor;
- (b) That, in accordance with the City's Budgeted Complement Control Policy, the addition of temporary FTEs to the complement of the Engineering Services Division, for up to 60 months, all at Bell's cost, be approved to facilitate the completion of the Bell's Project such that there is no impact on the tax levy;

- (c) That, where appropriate, the General Manager of Public Works or designate be authorized to execute, on behalf of the City, similar agreements based on this Bell agreement with other providers of telecommunication services to facilitate the expansion of fibre optic networks throughout the City of Hamilton, each such agreement being in a form acceptable to the City Solicitor; and
- (d) That, for all such agreements with the providers of telecommunications services, the addition of temporary FTEs to the complement of the Engineering Services Division, for up to 60 months, in accordance with the City's Budgeted Complement Control Policy, all at cost to the appropriate telecommunications services provider, be approved such that there is no impact on the tax levy.

EXECUTIVE SUMMARY

Bell Canada ("Bell") has proposed, and City staff are supportive of, an initiative whereby Bell would implement a significant expansion of its fibre optic telecommunications network throughout the City of Hamilton over approximately the next five years (the "Project"). While this infrastructure will be owned and operated by Bell for its commercial purposes, this Project is consistent with the City's objective of increasing and improving connectivity throughout the City of Hamilton. However, the scope and magnitude of the Project is such that City staff would not be able to adequately respond with existing resources. For context, under this Project, Bell proposes installing a significant amount of fibre optic infrastructure per year—a marked increase from its historical 10 km per year.

As a result, this agreement will require Bell to fund additional staff to be hired by the City for the purposes of issuing permits, conducting field inspections as well as any other tasks required for the normal facilitation of this work. This extraordinary approach is required because of the large volume of work proposed to be completed over a relatively short time—currently anticipated to be approximately five years.

In order that the City may respond promptly to similar proposals made by other telecommunication companies, this report also proposes that authority be delegated to the General Manager of Public Works to enter into similar agreements on the same terms with those other telecommunication companies.

Accordingly, the recommendations in this report seek authorization for the General Manager of Public Works to:

- a. execute an agreement with Bell, and, if required, other telecommunication companies making similar proposals, to retain the staff necessary to adequately respond to Bell's Project and similar proposals at cost to the appropriate telecommunication company; and

- b. approve temporary increases in complement for up to 60 months to support this Project and similar projects notwithstanding the 24-month limit in the City's Budgeted Complement Control Policy.

Alternatives for Consideration – See Page 6

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: It's intended that Bell will bear all costs associated with this Project. As such, the City should bear minimal costs of implementation.

Staffing: Initially, the City will hire four new staff, at Bell's cost, to respond exclusively to the Project. Once the Project is activated, Bell and City staff will jointly review the suitability of this complement on a quarterly basis, and may add or decrease complement, again at Bell's cost, proportional to work volumes.

Legal: Legal Services has been consulted with respect to this initiative and will be involved in the negotiation and drafting of the agreement with Bell.

HISTORICAL BACKGROUND

As part of the work of the Mayor's Intelligent Community Task Force (MICTF), the City of Hamilton identified the importance of effective community-wide digital infrastructure. Generally, digital infrastructure includes a variety of types of connectivity to service the community, including, but not limited to access to high speed internet, broadband, fibre, cable, DSL, LTE, 5G, and Low Power Wide Area Networks.

The City also recognizes that insufficient digital infrastructure increasingly poses a barrier to economic investment, community satisfaction and digital inclusion.

Working in partnership with the Hamilton Chamber of Commerce's Digital Infrastructure Task Force, the City identified gaps in digital infrastructure across the community. Subsequently, the City worked with the telecommunications industry to increase investment in the digital infrastructure in the broader community.

Following the work of the Task Force, the telecommunications industry has identified a willingness to address gaps in digital infrastructure in Hamilton. As such, the City, primarily through the Digital Office and Public Works Engineering Services, took an active role in working with the sector to improve processes and relationships.

- **Current Status**

After close to a year of discussion, Bell is preparing to move forward to full implementation of an investment that Public Works acknowledges will be the largest digital infrastructure investment in the City's history.

This represents a significant opportunity for the City from an economic development perspective, as well as for the community which is looking forward to enhanced internet connectivity and speeds.

The primary terms of the proposed agreement with Bell include:

- a. Bell's commitment to significantly expand its fibre optic telecommunications network within the City of Hamilton at a rate significantly larger than its current rate of installation; and
- b. the City's commitment to initially hire four new staff who will be exclusively dedicated to the reviews, approvals and inspections necessary to adequately support Bell's Project which complement can be adjusted periodically to respond to work volumes, all at Bell's cost.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

The City's Budgeted Complement Control Policy.

RELEVANT CONSULTATION

- Mayor's Intelligent Community Task Force
- City Manager
- Financial Services Division
- Economic Development Division
- Legal Services Division
- Human Resources Division

ANALYSIS AND RATIONALE FOR RECOMMENDATION(S)

As part of the City's discussions with the telecommunications industry where City staff sought input on how to better enable investment in the City, feedback was provided regarding processes implemented in other Ontario municipalities.

Examples included continuing to encourage openness to new technologies, omnibus approvals, an on-line portal for monitoring/updates and the use of dedicated teams. Public Works has worked actively over the past several years to proactively implement continuous improvements to its delivery model including the permitting process and has enabled new technologies and delivered an on-line portal for the industry.

As the City focused on building positive relationships with the industry, Bell acknowledged the effort and approached the City to make significant investments in upgrading its existing infrastructure throughout the City.

The orders of magnitude increase in the volume of work contemplated in this Project significantly outweighs the City's current capacity to service the effort. The model currently used to deploy this infrastructure requires Engineering Services staff to issue permits, complete inspections and provide approvals and related services. The costs associated with the deployment of private sector digital infrastructure are currently recovered by the City through the permitting process.

The orders of magnitude increase in works volumes contemplated for this Project requires the City to increase its capacity. As indicated, Bell proposes installing significant volumes of fibre optic infrastructure per year—a marked increase from its historical 10 km per year.

The model that has been successfully deployed in other municipalities with major, targeted, time limited investments features a dedicated team that exclusively supports, and is directly assigned to, the initiative and is funded through recoveries from the telecommunications providers.

Staff supports this model. As such, Bell would work with the City to deploy a dedicated project funded team to support the Project. This model would be available to all other service providers contemplating similar significant investments to facilitate success. This is an opportunity for the City to enable better service for residents and businesses through significant private sector investment without the cost being borne by the taxpayer. The City will continue to work with any other members of the telecommunications industry who wish to upgrade their infrastructure for the benefit of the entire community.

The development of the City's Digital Transformation and Smart City Strategy and the work of the Mayor's Intelligent Community Task Force identified that digital infrastructure is a critical component of a community's infrastructure today and in the future.

This particular infrastructure is increasingly viewed as the next fundamental utility, with the expectation that businesses and residents will make decisions about where to invest and locate based on availability. This initiative represents an important opportunity for Hamilton to increase and improve its digital infrastructure without adversely impacting the levy.

By virtue of prior Council approvals, and a 2016 Municipal Access Agreement between the City and Bell, City staff currently have broad authority to review, inspect and approve the normal infrastructure investments made by Bell and other

telecommunications providers. However, given the scope, length and magnitude of this Project—including the retention of additional and dedicated City staff for extended periods at Bell's cost—staff are seeking specific authority to execute the agreements, and hire the staff, necessary to adequately respond to this initiative and similar initiatives from other telecommunication companies.

- **Next Steps**

On receipt of Council approval, City staff intend to:

- a) negotiate, execute and implement the agreement with Bell outlined in this report; and
- b) respond to similar opportunities presented by other providers of telecommunication services based on the same model underlying this agreement with Bell and report back to Committee/Council as appropriate.

ALTERNATIVES FOR CONSIDERATION

Bell's initiative represents an innovative and unique opportunity for the City to facilitate the installation of significant amounts of telecommunications infrastructure at minimal additional cost to the City. The anticipated volume and speed of installation is such that the City could not adequately support this initiative with existing resources. Accordingly, staff do not believe that there exists a viable alternative if this Project is to be successful.

ALIGNMENT TO THE 2016 – 2025 STRATEGIC PLAN

Community Engagement and Participation

Hamilton has an open, transparent and accessible approach to City government that engages with and empowers all citizens to be involved in their community.

Economic Prosperity and Growth

Hamilton has a prosperous and diverse local economy where people have opportunities to grow and develop.

APPENDICES AND SCHEDULES ATTACHED

None