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<b>TO:</b>	<b>CHAIR AND MEMBERS PLANNING &amp; ENVIRONMENT COMMITTEE</b>
<b>FROM:</b>	<b>JOHN M. FLEMING MANAGING DIRECTOR, PLANNING AND CITY PLANNER</b>
<b>SUBJECT:</b>	<b>FIBRE OPTIC CONNECTION GRANT PILOT PROGRAM FOR DOWNTOWN LONDON MEETING ON MONDAY, MARCH 23, 2015</b>

<b>RECOMMENDATION</b>
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That, on the recommendation of the Managing Director, Planning and City Planner and with the concurrence of the City Manager and the Managing Director, Corporate Services and City Treasurer, Chief Financial Officer the following actions **BE TAKEN**:

- a) That the proposed by-law attached hereto as Appendix "A" **BE INTRODUCED** at the Municipal Council meeting on March 31, 2015 to adopt the Fibre Optic Connection Grant Program for Downtown London; and,
- b) That the Fibre Optic Connection Grant Program **BE SUBJECT TO** confirmation in writing of the funding contribution from Downtown London/MainStreet London and the London Economic Development Corporation.

<b>PREVIOUS REPORTS PERTINENT TO THIS MATTER</b>
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None

<b>BACKGROUND</b>
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Traditionally, copper phone lines and coaxial cable were the main means of providing Internet services to business customers. Today's businesses require robust, high speed connectivity at a competitive price, and fibre is becoming the preferred means of providing this connectivity to keep and attract businesses, which ultimately helps to drive economic growth.

It is important to note that superior data transfer speeds is what creates the potential for a competitive advantage for the company and a competitive advantage for the community. Fibre-optic technology offers vastly improved broadband speeds needed for high-bandwidth data transfers, cloud computing and emerging applications in a host of business and consumer uses. Fibre is an enabler of future technologies and applications such as ultra-high resolution video and advanced video conferencing and collaboration, intelligent infrastructure such as smart grid, water/wastewater management, smart traffic/street lighting, road condition monitoring, and much more.

The infrastructure currently in place in older parts of the City, such as Downtown, does not have the capacity to process digital files at acceptable speeds for local digital creative services companies to operate at a professional level. This is seen as a barrier for many start-ups and growing companies, as the expense to bring in fibre optic cable to their buildings is cost-prohibitive, thus making for a difficult decision whether to start or grow a business in London's Downtown. Ultimately, fibre connectivity will enable enhanced job and assessment growth in the Downtown core.

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There are presently two long term initiatives on the horizon that are intended to address this situation:

1. The City of London – The London Plan’s Smart City initiative.

The London Plan’s first key direction is to plan strategically for a prosperous city, where 1 of 13 areas of focus is to plan infrastructure for a “smart city” that offers a high quality of connectivity and London-based business advantages. This long term strategy will focus on building a connected city that links all of its citizens, stakeholders, investors, and external partners. The Plan discusses the Fibre optic infrastructure which will form part, where appropriate, of civic infrastructure, public facilities, public spaces and mobility projects.

2. SWIFT- South Western Integrated Fibre Technology project.

SWIFT is a project initiated by the Western Ontario Wardens Caucus (WOWC) in partnership with the South West Economic Alliance (SWEA). It is a regional initiative focused on bringing low cost, high-capacity internet-based services to all communities in Western Ontario. The SWIFT project promises to deliver an ultra-high-speed broadband network across the region between 2016-2019 or later, with a priority focus being given to the smaller centres in the Western Ontario region. This initiative requires very significant senior level government funding, as well as municipal funding contributions in partnering jurisdictions.

Because both of these initiatives are long term strategies, in the near term, the City needs to provide a more short term solution to provide opportunities for creative industry enterprises in Downtown London. As a result, the City, in conjunction with the London Economic Development Corporation and Downtown London/MainStreet London, is proposing the Last Mile/Fibre Optic Connection Grant program. This pilot program would focus on providing financial assistance to property owners and multi-year tenants in designated areas of the Downtown Community Improvement Project Area with high capacity fibre-optic broadband service. This new program would fund 50% of the eligible costs to a maximum of \$20,000 to fund the installation and connection of high capacity fibre-optic broadband service. The target area for this two year pilot program is the central core of Downtown, focused on Dundas and King Streets between Wellington and Ridout Streets.

The Fibre Optic Connection Grant Program is a new program to be added to the suite of incentives currently available to businesses in the Downtown Community Improvement Project Area, and is modelled on those programs. As noted above, the eligible area for this new program is centred on the traditional core of the Downtown where the existing stock of older buildings makes the connection to this high capacity network difficult. In most instances with new construction, these services can be added as the sites are developed.

Eligible businesses for this grant program include creative industries, digital marketing and gaming, information technology, medical technology, and similar industries. The program proposes that criteria to monitor both the take-up and success of the program be included, and require reporting information from applicants regarding job growth, expansion, and the ratio of London area and external sales. Like the City’s other incentive programs, funds are not disbursed until the eligible works have been completed.

It is intended that this two year pilot program will be funded by the City, Downtown London/MainStreet London and the London Economic Development Corporation. The total contribution will be placed in the Economic Development Reserve Fund, with a corresponding commitment in the fund for the Fibre Optic Connection Grant/“Last Mile” Program for the targeted area identified on Schedule 1 of the attached By-law. As applications are processed and approved, the grants will be paid from the Economic Development Reserve Fund, reducing the balance of the project commitment. Any surplus funding remaining at the end of the two year pilot project will be refunded proportionately, based on the contributions made to the Fund.

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This pilot program is also consistent with Council’s recently adopted Strategic Plan. Under the Strategic Focus “Growing our Economy”, this new program would support Diverse and resilient economy (Fund and partner with the London Economic Development Corporation, Tourism London, London Convention Centre and other community and regional partners to increase economic activity in London), Urban Regeneration (Invest in London’s Downtown as the heart of the City), and Local, regional and global innovation (Use new and emerging technology to improve quality of life and grow London’s economy).

<b>CONCLUSION</b>
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The two-year pilot Fibre Optic Connection Grant Program is intended to attract and retain creative industries in Downtown London. The program recognizes the costs associated with providing this high capacity network to the existing building stock in the Downtown, and, like the City’s other incentive programs, will help to ensure that important heritage building stock is retained.

This program is a unique program in that it will rely primarily on non-City funding. The program can be considered as a joint initiative to support high tech job creation and retention, and is intended to be funded primarily by the London Economic Development Corporation and MainStreet London, with a contribution from the City.

<b>PREPARED AND SUBMITTED BY:</b>	<b>PREPARED AND SUBMITTED BY:</b>
<b>GREGG BARRETT, AICP MANAGER LONG RANGE PLANNING AND RESEARCH</b>	<b>CATHY DZIEDZIC SPECIALIST II CORPORATE INVESTMENTS &amp; PARTNERSHIPS</b>
<b>RECOMMENDED BY:</b>	<b>CONCURRED BY:</b>
<b>J.M. FLEMING, MCIP, RPP MANAGING DIRECTOR, PLANNING AND CITY PLANNER</b>	<b>MARTIN HAYWARD MANAGING DIRECTOR, CORPORATE SERVICES AND CITY TREASURER, CHIEF FINANCIAL OFFICER</b>
<b>CONCURRED BY:</b>	
<b>ART ZUIDEMA CITY MANAGER</b>	

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**APPENDIX "A"**

Bill No.  
2015

By-law No. C.P.-1467(\_\_)-\_\_\_\_\_

A By-law to amend C.P.-1467-175 entitled "A by-law to establish financial incentives for the Downtown Community Improvement Project Areas".

WHEREAS by Subsection 28(2) of the Planning Act, the Council of a municipal corporation may, by by-law, designate such an area as a community improvement project area;

AND WHEREAS by Subsection 28(4) of the Planning Act, the Council of a municipal corporation may adopt a community improvement plan for the community improvement project area;

AND WHEREAS Municipal Council adopted By-law C.P.-1356-234 to designate the Downtown Community Improvement Project Area;

AND WHEREAS Municipal Council adopted By-law C.P.-1357-249 to adopt the Downtown Community Improvement Plan;

AND WHEREAS Municipal Council adopted By-law C.P.-1467-175 to establish financial incentives for the Downtown Community Improvement Project Area;

AND WHEREAS the Official Plan for the City of London contains provisions relating to community improvement within the City of London;

Therefore the Municipal Council of The Corporation of the City of London enacts as follows:

1. Amend Schedule "A" of By-law C.P.-1467-175 entitled "A by-law to establish financial incentives for the Downtown Community Improvement Project Areas", to add the attached Schedule "A" entitled Fibre Optic Connection Grant Program, renumbering pages as required.
2. "Financial Incentives for the Downtown" will be available for eligible projects, subject to annual budget approval, within the Downtown Community Improvement Area;
3. This by-law shall come into effect on the day it is passed.

PASSED in Open Council on March 31, 2015.

Matt Brown  
Mayor

Catharine Saunders  
City Clerk

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First Reading – March 31, 2015  
Second Reading – March 31, 2015  
Third Reading – March 31, 2015

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## Schedule “A”

### “Last Mile”/Fibre Optic Connection Grant Program

#### **1) Purpose:**

The Fibre Optic Connection Grant Program is intended to:

- Provide financial assistance to property owners and multi-year tenants in designated areas for the installation and connection of fibre optic broadband services to eligible premises; and,
- Provide participating buildings and properties within the identified community improvement areas with high capacity broadband service.

#### **2) Funding:**

The Fibre Optic Connection Grant Program will be funded in an amount determined by the City of London and its program partners, Downtown London/MainStreet London and the London Economic Development Corporation (LEDC), which will be placed in an identified reserve fund. Promotional costs will be a charge to this fund. Grants will be payable upon the completion of an approved project subject to the performance criteria detailed in this program description.

Should there not be adequate funding to meet demand for the grant program, eligible applications will be held and processed in chronological order of their application date as funding becomes available.

#### **3a) Eligible Areas:**

The Fibre Optic Connection Grant Program applies to:

- All properties within the Downtown Community Improvement Project Area Fibre Optic Connection Zone (see Schedule 1).

#### **3b) Eligible Uses:**

The Fibre Optic Connection Grant Program applies to:

- Buildings containing a use/user that require high capacity fibre optic service to successfully undertake its business operations. Eligible uses include creative industries, digital marketing and gaming, information technology, medical technology and similar industries.
- Where the use is not defined, the Applicant shall provide information to the City demonstrating how the use meets the eligibility criteria for this program. The City shall review the information to determine eligibility.

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**4) Eligible Fibre Optic Connection Improvements:**

Eligible Fibre Optic Connection improvements in the Downtown Community Improvement Project Area Fibre Optic Connection Zone would include:

- Costs associated with the installation and connection of the “last mile” of fibre optic service from its nearest mainline/public realm connection to the eligible building and/or user.
- Professional fees at the discretion of the City and/or its program partners.

**5a) Eligibility for Grant (owner/tenant):**

To be eligible for a Fibre Optic Connection Grant, the applicant must meet all conditions detailed in this program description and the associated grant agreement, including:

- the applicant must submit a complete Fibre Optic Connection Grant Program application. This shall include the following information:
  - description of the company/products and/or services
  - number of current employees
  - area of existing space use (sq.m./sq.ft.)
  - percent London Region sales
  - percent sales beyond London Region/export sales
  - projected employment after 1 year/2 years/3 years
  - projected space expansion after 1 year/2 years/3 years
- the applicant may be the registered owner of the property for which the application is being submitted, or a tenant of the property with a multi-year lease with a minimum term of three years;
- where the applicant is a tenant of the property, the applicant must provide confirmation in writing that the property owner is aware of, and in support of, the connection and installation of fibre optic cable to the building;
- all mortgages and loans must not exceed 90% of the value of the property;
- all City of London realty taxes must be paid in full when the grant is issued;
- there must be no other outstanding debts to the City of London;
- the applicant must not have defaulted on any City-sponsored loan or grant program in the past;
- the intended use/user of the fibre optic connection is a targeted use as defined in this program description;
- the applicant must sign a grant agreement which will identify the terms and conditions of the grant.

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**5b) Eligibility for Grant (Structure):**

Eligible structures for the Fibre Optic Connection Grant Program would include:

- any discrete building held in one ownership in the identified program area. Within a contiguous group of buildings, a discrete building will be interpreted as any structure which is separated from other structures by a solid party wall. The entirety of a multi-unit building, which contains separate units with condominium status, will be considered one building for the purpose of this program;
- Each discrete building on each property is eligible for a grant. Separate applications must be submitted for each discrete building on a single property;
- There must be no City of London Building Division orders or deficiencies when the grant is issued.

**6a) General Terms of the Grant:**

- The Fibre Optic Connection Grant Program will be a one-time grant. Applicants can apply only once under the program to discourage staged improvements over multiple years.

**6b) Grant Amount:**

A onetime grant will be issued to cover the lesser of:

- 50% of the cost of the eligible works per building;
- A maximum of \$20,000 per building as of the date of adoption of the Fibre Optic Connection Grant Program.

While more than one building on a single property may be eligible for a grant, grants will not exceed 50% of the cost of the eligible works that related to each discrete building.

The Fibre Optic Connection Grant is a onetime improvement grant. Applicants can only apply once per distinct building under the incentive to discourage staged improvements over multiple years.

**6b) Grant Security:**

The grant is payable upon the completion of an approved project subject to the performance criteria detailed in this guideline.

**6c) Grant Disbursements:**

The grant shall be paid to the applicant upon receipt of invoices for completed work and inspection of the completed improvements by the staff of the City of London or staff of the program partners.



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The grant agreement will be signed by the City upon the completion of the work. There will be no progress payments. The grants will be disbursed after the completion of work and the signing of the grant agreement.

The Fibre Optic Connection Grant Program is a onetime grant. To be eligible for the grant, the applicant must meet all conditions detailed in this program description and associated grant agreement, including:

- Any City of London Incentive Loans must be in good standing with no arrears owing;
- All City of London realty taxes must be paid in full;
- There must be no outstanding debts to the City of London;
- The applicant must not have defaulted on any City-sponsored loan or grant program in the past; and
- There must be no City of London Building Division orders or deficiencies.

**6d) Grant Repayment Provisions:**

Not applicable.

**6e) Transferable Grants:**

At the discretion of the City, grants may be transferable to a new building owner or tenant providing the new owner or tenant meets with, and agrees to, the Terms and Conditions of the grant program. The new owner or tenant must submit a new application under the Fibre Optic Connection Grant Program.

**7) Additional Rehabilitation and Demolition:**

Not applicable.

**8) Relationship to other Financial Incentive Programs:**

It is intended that the Fibre Optic Connection Grant Program will complement other incentive programs offered by the City of London. Property owners may also qualify for financial assistance under those programs specifically detailed on Schedule 2. However, the funding from these programs cannot be used to subsidize the property owner’s share of the total cost of the improvements under the Fibre Optic Connection Grant Program.

**9) Procedures:**

The following procedures must be completed in entirety prior to the disbursement of funds under the Fibre Optic Connection Grant Program.

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**9a) Grant Application:**

The applicant is required to complete a Fibre Optic Connection Grant Program application form and submit the form to the City of London.

***The Fibre Optic Connection Grant Program will not apply retroactively to works completed prior to the approval of the Grant application by the City of London.***

**9b) A “Complete” Application:**

The applicant is required to submit a detailed estimate of the costs of eligible works to be completed. The cost estimate should be supported by two quotations by qualified contractor/service provider. Cost estimates should be consistent with the estimate noted on any required accompanying Building Permit.

The Managing Director, Planning and City Planner, or designate, may require any drawings of the works to be undertaken, product illustrations or other materials associated with the connection and installation of the fibre optic connection. If a Building Permit is required for the contemplated works, the application shall be attached to the application form. It should be noted that some connection and installation projects may require drawings to be prepared by a qualified architect or engineer (as required for any associated Building Permit).

**9c) Relationship of the Improvements to Design Guidelines:**

Not applicable.

**9d) Planning Division Inspection**

Following the submission of the grant and prior to its approval, the Planning Division will inspect the building to review its condition and the proposed improvements. The Planning Division will make arrangements for a title search of the property and check on tax payment records.

**9e) Final Determination of Eligible Improvements and Eligible Uses:**

The final determination as to how much of the proposed work is eligible for funding under the Fibre Optic Connection Grant Program, or if the proposed use is an eligible use will be made by the City of London or program partner. The City of London or program partner may require further drawings, cost estimates, or other items of information relating to the proposed works before approval of the grant is issued.

**9f) Grant Approval – Approval Expires in One Year :**

Once all eligibility criteria and conditions are met, and provided that funds are available in the supporting Reserve Fund, the City of London will approve the Fibre Optic

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Connection Grant. If an application is refused, the applicant may appeal the decision to Council through the Planning and Environment Committee.

***Approval by means of a letter to the applicant will represent a grant commitment. Grant commitments will be valid for one year and will expire if the work is not completed within that time period. The City of London may, at its discretion, provide a written grant commitment extension of up to one year. It is important to note that the consideration of such an extension will require a written request from the applicant detailing the reasons the extension is being sought.***

**9g) Inspection of Completed Works:**

The grant will be paid to the applicant upon receipt of invoices for all completed work and after the City inspection of all completed improvements has taken place. The City will inspect the work completed to verify that the proposed improvements have been completed as described in the application. The grant amount will relate to the invoices showing the actual costs of completed work and not the estimated costs as described in 9b) above.

**9h) Annual Reporting**

The Applicant shall consent to an annual meeting after year 1, year 2 and year 3 with representatives of the London Economic Development Corporation to review the information provided as part of the Fibre Optic Connection Grant Program application as described in section **5a) Eligibility for Grant (owner/tenant).**

**9i) Grant Payment:**

The Fibre Optic Connection Grant Program is a onetime grant incentive.

Prior to the disbursement of the grant, the City of London will ensure that the provisions of Section 6c) Grant Disbursements have been satisfied. Having confirmed that the terms of conditions of Section 6c) have been met, a grant agreement will be signed by the City and the applicant.

**10) Commencement of Program:**

The Fibre Optic Connection Grant Program will commence on April 1, 2015. The program shall terminate after two years (April 30, 2017), unless extended by the City of London and the program partners. Letters of financial commitment shall expire in one year of the date of the letter, and in no case shall extend beyond April 30, 2018.

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