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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- PILOT UPDATE MEETING ON MONDAY, APRIL 10, 2017</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 Acting City Manager, that:

- a) This report be **RECEIVED** for information;
- b) Civic Administration **BE AUTHORIZED** to return to MainStreet London, \$80,000 from their original \$100,000 contribution to the Fibre Optic Connection Grant Pilot Program; and,
- c) The remaining funds from the original Fibre Optic Connection Grant Pilot Program (\$132,372.50) **BE RETAINED** for future Smart City initiatives, as requested by the program funding partners.

<b>PREVIOUS REPORTS PERTINENT TO THIS MATTER</b>
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May 9, 2016 Planning & Environment Committee Report - One Year Update on Fibre Optic Connection Grant Pilot Program for Downtown London

March 23, 2015 Planning & Environment Committee Report - Fibre Optic Connection Grant Pilot Program for Downtown London

<b>BACKGROUND</b>
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In March 2015 the City, in conjunction with the London Economic Development Corporation and Downtown London/MainStreet London, initiated the Last Mile Fibre Optic Connection Grant (Last Mile) program. The two-year pilot program focuses 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 incentive program provides up to 50% of the eligible costs to a maximum of \$20,000 to fund the installation and connection of high capacity fibre-optic broadband service.

At the beginning of 2016, the City and program partners conducted a one year review that demonstrated the targeted area and eligible businesses for the grant program were too limited and that amendments should be made to the program in order to increase uptake before the program's second year review. As part of the One Year Report, staff recommended a number of changes be made to the second year of the Pilot Program, including:

- expansion of the eligible area to include the entire Downtown Community Improvement Project Area
- expansion of the eligibility of scope to include small businesses that rely on high capacity internet connectivity, and

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- amendments to the program guidelines to better reflect that this program is a partnership between the City and the program partners.

On May 17, 2016 Council approved the recommended program changes and adopted a revised bylaw, with the same end date of April 30, 2017. Please see Appendix “A”: Comparison between Original and Amended Program Boundary

**DISCUSSION**

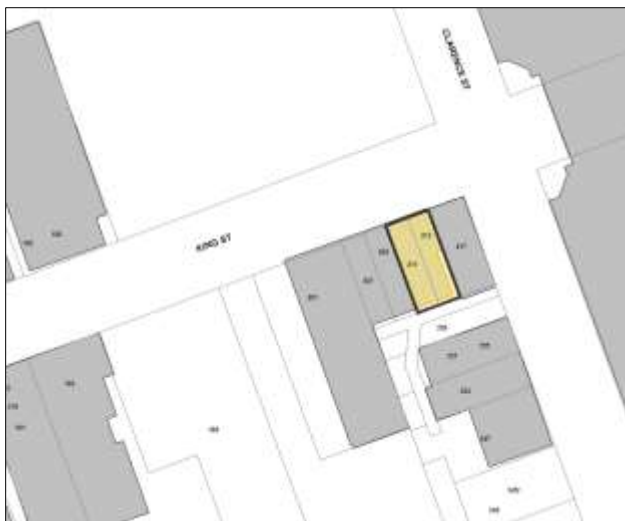
**Relationship to Comprehensive Financial Incentive Review**

February 2016 Municipal Council directed the Civic Administration to undertake a service review to consider and evaluate the range of financial incentives offered through the City’s existing Community Improvement Plan programs.

This pilot program is not included as part of the larger service review. This is because of the unique shared funding partnership of this program, the continued monitoring that has occurred, and the fact that the program has an identified end date.

**Application of the Incentive Program**

To date, the only recipient of the Last Mile Grant was Sandbar Properties, whose tenant web.isod.es, a digital interactive video production company, had a high speed fibre optic connection installed in the iconic former Novacks building located at 211-213 King Street. This same installation was leveraged to provide access to fibre for other Sandbar Properties tenants in the area, namely Vibrafusion Labs, UnLondon and 121 Studios. 121 Studios is home to a variety of creative professionals, start-ups, freelance entrepreneurs and emerging retail businesses in their retail accelerator program. Effectively, this one fibre installation had impact for multiple creative and retail businesses.



*Location Map & Photograph of 211-213 King Street (former Novack’s Building)*

**Learning Through the Last Mile Fibre Optic Grant Program**

The Last Mile program is consistent with Council’s Strategic Plan. Under the Strategic Focus “Growing our Economy”, this program was created to support Diverse and Resilient Economy, Urban Regeneration, and Local, regional and global innovation. This program also supports London’s Community Economic Road Map, with emphasis on two economic priorities: “A City for Entrepreneurs” and “A Supportive Business Environment”.

As stated in the Last Mile Program Guidelines, the purpose of the Grant Program is 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,

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- Provide participating buildings and properties within the identified community improvement areas with high capacity broadband service.

Through the Pilot process the City was able to demonstrate commitment to growing our business community and provide a tool for developing the city as an incubator for entrepreneurship. Although there were not high levels of participation in the Last Mile program, the pilot did provide a mechanism to highlight the need for fibre optic service. The 2-year pilot process allowed opportunities for business and property owners to identify specific needs in the community.

The program bridged the gap in fibre optic services until the private sector caught up and committed to meeting the needs of business owners for affordable installation of fibre optic connections. This program also acted as a catalyst in that it gave a local private company the confidence to invest fibre optic technology and commit to distributing fibre throughout the core. Ultimately the City and program partners have deemed the Last Mile program to have been a successful financial incentive program in that it was able to stimulate private investment for the improvement of the Downtown Area.

While the Last Mile Fibre Optic Program was not included in the City-wide Community Improvement Plan (CIP) and related Incentive Program review, it is important to note that the City does not currently have a City-wide CIP which this incentive program can be applied to. Further, CIP Programs are restricted to the boundaries of the specific community improvement program areas. The Last Mile Fibre Optic Program is restricted to the Downtown CIP project area. To provide a wider area of application, an alternative mechanism for implementing a program to support the provision of fibre optic services may be appropriate. Both Downtown London and London Economic Development Corporation have indicated support for funding future fibre optic related programs.

**Public/Private Investment - Start Communications**

The fibre optic connection grant served an important purpose - to test market readiness for fibre optic in the downtown core and to stimulate interest in private investment in fibre optic installations. In an environment when a variety of service providers had the opportunity to work with the downtown business community to address their needs for fibre, Start Communications stepped forward to take a leading role in these installations. Start has installed 10 kilometres of their own fibre to better address the demand for services in the downtown neighbourhood, offering competitive pricing to both residents and businesses downtown and aligning their staff and marketing programs to complement this work.

*“Start.ca has been in London for over 20 years and we’re committed to being part of the community. Investing in our own fibre infrastructure was a logical next step because we saw a need for connectivity that wasn’t being met, for both residential and business users. As a leader in fibre installation in the city’s core it’s important to us because we want London to have the best internet experience possible, and of course, that means fibre.”*

--Peter Rocca, President and CEO, Start.ca

**Program Partners Recommendation**

This pilot program was unique in that it relied primarily on non-City funding. The program was a joint initiative intended to support high tech job creation and retention, and was funded by the London Economic Development Corporation (LEDC) (\$100,000), MainStreet London (\$100,000) and the City of London (\$20,000), for a total of \$220,000. To date, only \$7,628 has been accessed from this fund, leaving a balance of \$212,372.

The program funding partners agreed that any surplus funding remaining in the project account at the end of the two year pilot project would be refunded proportionately, based on the contributions made to the project. After further discussion, LEDC and the City of London have agreed to leave all of their portion of their contribution in the project account. MainStreet London has requested to be reimbursed for \$80,000 from their original \$100,000 contribution. They are eligible for a rebate of approximately \$96,500.

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After reimbursing MainStreet London, the balance in the project account would be \$132,372. The program partners recommend that this balance to be retained by the City to be made available to fund potential future Smart City initiatives.

<b>CONCLUSION</b>
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The two year fibre optic connection grant pilot program for downtown London (Last Mile Program) allowed the City and its program partners to demonstrate commitment to growing our business community and provide a tool for developing the city as an incubator for entrepreneurship. Although there were not high levels of participation in the last mile program, the pilot did provide a mechanism to address the need for fibre optic service in the Downtown. The 2-year pilot process allowed opportunities for business and property owners to identify specific needs in the community.

In the end, the City and its program partners have deemed the last mile program to have been successful, as it filled a gap in fibre optic services in a moment in time, which was able to stimulate private investment. Soon after the program initiation, the private sector, more specifically Start Communications, came in and committed to meeting the needs of business owners for affordable installation of fibre optic connections. As such, there is no need to continue with the last mile program as the fibre optic last mile gap is being filled by the private sector.

**Acknowledgements**

This report was prepared with the assistance of Janette MacDonald, CEO & General Manager and Kathy McLaughlin, Manager, MainStreet Programs with Downtown London, and Kapil Lakhotia, President & CEO and Larry MacKinnon, Director of Business Development with the London Economic Development Corporation.

<b>PREPARED BY:</b>	<b>PREPARED BY:</b>
<b>AMANDA-BREA WATSON, MCIP, PLANNER II URBAN REGENERATION</b>	<b>CATHY PARSONS MANAGER ECONOMIC PARTNERSHIPS</b>
<b>SUBMITTED BY:</b>	<b>SUBMITTED BY:</b>
<b>GREGG BARRETT, AICP MANAGER LONG RANGE PLANNING AND RESEARCH</b>	<b>KATE GRAHAM DIRECTOR, COMMUNITY AND ECONOMIC INNOVATION</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 ACTING CITY MANAGER</b>

- cc. **Kapil Lakhotia, President and CEO, LEDC**  
**Janette MacDonald, CEO and General Manager, Downtown London**  
**Alan Dunbar, Manager, Financial Planning & Policy, Finance & Corporate Services**

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**Appendix "A": Comparison between Original and Amended Program Boundary**

- Original Fibre Optic Connection Zone indicated by the orange dotted line
- Full Downtown CIP Project Area is indicated by the black line.

