



Staff Report

CAO

Report To: Committee of the Whole
Meeting Date: March 13, 2017
Report Number: FAF.17.41
Subject: Letter of Support for Packetworks application for Federal "Connect to Innovate" Funding
Prepared by: Troy Speck, CAO

A. Recommendations

THAT Council receive report FAF.17.41 entitled "**Letter of Support for Packetworks application for Federal "Connect to Innovate" Funding**";

THAT Council approves a letter of support for Packetworks' application for Connect to Innovate funding, as drafted and attached as Appendix "B" to report FAF.17.41 by the Town's Chief Administrative Officer.

B. Overview

This report is intended to provide Council with information regarding a letter of support being requested by telecom company "Packetworks" for their application to the Federal government for funding under the federal "Connect to Innovate" program. The funding would be for the purpose of extending backbone fibre-optic infrastructure to the communities of Heathcote and Ravenna.

C. Background

The Connect to Innovate (CTI) program is a federal government program that allocates \$500 million across the entire country to provide high-speed backbone infrastructure to designated unserved communities across Canada. In The Blue Mountains, the program has identified Heathcote and Ravenna as communities where applicants would be eligible for funding to extend backbone high-speed infrastructure. A link to the eligibility map on the program's website can be found on the right-hand side of the page at:

<https://www.canada.ca/en/innovation-science-economic-development/programs/computer-internet-access/connect-to-innovate.html>

The Town's CAO, Director of Finance & IT, Manager of IT and Communications and Economic Development Coordinator all met with Telecom company, Packetworks, on Monday, March 6,

2017. Packetworks has approached The Blue Mountains seeking a letter of support for their application for funding to bring high-speed backbone infrastructure to Heathcote and Ravenna.

The timelines for funding application under CTI are quite tight. The program originally had a March deadline, which we understand has now been extended to April 20, 2017.

D. Analysis

Additional information regarding Packetworks and their application can be found in the presentation attached as Appendix "A" to this report.

Essentially, with a combination of CTI funding (75%) and their own funding (25%), Packetworks proposes to extend backbone fibre-optic infrastructure to a POP (Point of Presence) in each of Heathcote and Ravenna. Once that "backbone" line of infrastructure is in place, Packetworks (or other providers) will be in a position to consider where there is a business case for them to fund and implement the extension of further connections from the "backbone" to homes and businesses around each POP, and/or along the "backbone" line.

We understand that other companies, such as Bell and Rogers do have fibre-optic infrastructure in the area, though Geoff Hogan from the SWIFT project has indicated that, at this time, those companies are reluctant to disclose the exact location of their existing infrastructure. Companies like Bell and Rogers may well decide to make their own applications for the CTI funding, but to date have not approached the municipality for support. And in fact, we understand that municipal support is not a mandatory criteria for the CTI program. Nonetheless, should other companies approach the municipality seeking support for their applications in future, the municipality is not precluded from issuing support for other applications as well.

Packetworks have asked that the Town identify possible prospective "anchor institutions" and/or municipal assets available in the designated communities, or along the path; and consideration of any in-kind contribution the municipality may be able to make, such as a long-term lease for the location of a POP shelter/cabinet and standby power, where available. We are advised that the area of land required for a POP shelter/cabinet would be in the range of 10' x 10' or 12' x 12'.

Staff have considered the matters of prospective "anchor institutions" and possible in-kind contributions. Staff feel the community hall in Ravenna does present an opportunity. Notionally, the Town could provide a long-term lease for a small parcel of the Ravenna Hall lands for a POP shelter/cabinet. This would facilitate the project being proposed by Packetworks. It would also allow the Town to make internet connection available at Ravenna Hall, which is something the Town has been planning. Packetworks representatives have indicated that, as it is a community hall, they could make a case for making internet access at Ravenna Hall available to the municipality free of charge. Such an arrangement would also have the advantage of allowing public users access to the internet on Packetworks network, rather than the municipality's, and the availability of support from Packetworks for users at the hall in the event of any difficulties. In Heathcote, there may be the possibility of setting aside a small portion of land that is part of the municipal park. The Town is not being asked to make a formal, binding commitment at this time.

As such, Staff are recommending that Council approve the Mayor sending a letter of support to Packetworks, as per the draft attached as Appendix “B” to this report.

E. The Blue Mountains Strategic Plan

Goal # 1 Create Opportunities for Sustainable Growth

Objective: Promote a Diversified Economy

Action: Continue to support County efforts for SWIFT (South Western Integrated Fiber Technology) project to provide ultra-high speed broadband internet to all residents and businesses of South Western Ontario at a reasonable cost.

F. Environmental Impacts

A greater proliferation of the availability of high-speed internet throughout the community increases opportunities for people and business to interact electronically, and less requirement to travel by means that result in the production of GHGs

G. Financial Impact

Potentially none, if internet access at Ravenna Hall can be made available at no cost.

H. In consultation with

Ruth Prince, Director of Finance & IT

Cathy Bailey – Manager of IT

Elizabeth Cornish – Communications and Economic Development Coordinator

SMT

I. Attached

1. Appendix “A” – Presentation re: Packetworks and their proposed funding applications
2. Appendix “B” – Draft letter of support from the Mayor & Council of The Blue Mountains

Respectfully Submitted,

Troy Speck
Chief Administrative Officer

For more information, please contact:
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Connect to Innovate Program

Innovation, Science and Economic Development Canada

March 06, 2017

Connect To Innovate

Packet-Tel Corp.

Town of Blue Mountains

March 06, 2017

packetworks

Who is Packet-tel Corp.?

- Packet-tel Corp. (o/a “Packetworks”) is a privately owned, Waterloo, Ontario based telecom company
- Packetworks recently celebrated it’s 20’t h year in business.
- Recognized by CRTC as non-dominant Canadian Carrier
- ISP, CLEC (Competitive Local Exchange Carrier (2017)) and an Exempt BDU (Broadcast Distribution Undertaking)
- Interconnected with national and regional carriers at 151 Front St., Toronto

Packetworks Management Team

- John Fagg, Chairman/CEO. Founder and Owner of Packet-tel Corp. Extensive business experience through operating, managing in a wide variety of industries.
- Mike Andrews, President. Telecom career spanning 40 years of operational and management experience in telephone, cable TV, Internet and utility construction industries. Former President and CEO of publicly traded Amtelecom Income Fund and municipally owned Bruce Telecom.
- Sorin Chiorean, CTO. Over 25 years of experience designing and managing complex IT networks and supervising diverse technical support teams. Masters in Computer Science and is Cisco Certified Network Professional (CCNP).
- Graham Brown, Director Sales . Experienced in launching new products and product extensions into highly competitive markets. Prior to joining Packet-Tel, ran several business units in pharmaceutical companies including Bristol Myers Squibb and Baxter and lead the Ontario Sales Team at Trudell Medical Marketing Ltd.
- Robert Musty, Director Community Development (Contract).

The Packetworks Model

- We have been designing, building and managing wireless and fibre based broadband networks since 1996.
- Packetworks utilizes wholesale connections from larger carriers to tie business based clients to our managed network.
- Packetworks strategically connects to existing 3rd party POPs (Bell, Rogers, EastLink, etc.) and builds out from there with our own fibre optic and wireless distribution (last mile) networks to provide fast, reliable and cost-effective managed networking solutions to business customers throughout Southwestern Ontario.

Packetworks Fibre Networks

- First significant fibre optic network completed through a Public-Private-Partnership effort with the Town of Tillsonburg under Ontario Rural Connections Broadband Program in 2012.
 - Town of Tillsonburg provided interest free loan repayable over 10 years
 - Network serves the business and industrial areas of Tillsonburg with Gbit high speed Internet and voice services
 - Backbone extension completed in 2015 to nearby rural community of Courtland
 - Now over 30 km of fibre network deployed in the region
- Packetworks also has business focused fibre networks in Region of Waterloo, Grey County
- Client base includes public and private sector such as Hospitals, School Boards, Municipalities, small and medium businesses as well including some multi-national clients.

Packetworks' Fibre to the Home (FTTH)

- Provided limited residential Internet service via wireless up until 2015
- Began diversifying into last mile residential fibre deployments in 2015-16
- 1 Gbps capacity networks providing high transmission rates and scalable capacity with no data caps
- Packetworks is much more than an ISP.
 - Full CLEC (finalizing early 2017) providing local and LD voice services
 - Exempt Broadcast Distribution Undertaking (BDU) providing IPTV services
- Packetworks can offer full triple play of Internet, telephone and television services to our FTTH clients.
- Gbit Fibre optic networks ensure quality & reliability with scalability for the future
- Working to improve connectivity in rural Ontario Packetworks has or is deploying FTTH in five rural communities with many more in planning stages

Packetworks' Current Residential FTTH Deployments

Community	Homes Passed	Year of Initial Deployment
Alma	240	2015
Embro	260	2016
Pike Lake	400 (150 year round)	2016
Maryhill	240	2016
Wallenstein	60	2016
Dutton	560	2017 (planned)
Bloomingtondale	90	2017 (planned)
Winterbourne	124	2017 (planned)

Packetworks Residential Offering

Service	Description	Monthly Rate (plus HST)
Internet Services 15	15 Mbps Symmetrical no data caps	\$59.95
Internet Services 100	100 Mbps Symmetrical no data caps	\$99.95
Standard Voice Service	Includes Local service, MRS, V911, standard feature set of Call Forward, Voice Mail, Per Call Name and Number Blocking and includes Canada-US calling with exclusions including Alaska, NWT, Yukon, Nunavut, and the SILEC territories.	\$24.95 Per Line
Skinny Basic TV	25 TV channels incl. CDN and US Networks, Weather and 45 Radio Stations	\$24.95
Standard Basic TV	Includes Skinny Basic services plus Sports Packs 1 & 2	\$39.99
Internet & Voice Bundle 15	15 Mbps plus Voice	\$79.95
Internet & TV Bundle 15	Includes 15 Mbps Internet and Standard Basic TV	\$99.94
Internet, Voice and TV Bundle 15	Includes 15 Mbps Internet, Voice and Standard Basic TV	\$119.94
Internet & Voice Bundle 100	100 Mbps Internet plus Voice	\$109.95
Internet & TV Bundle 100	Includes 100 Mbps Internet and Standard Basic TV	\$139.94
Internet, Voice and TV Bundle 100	Includes 100 Mbps Internet, Voice and Standard Basic TV	\$149.94
TV Theme Packs	Standard Theme Packs	\$4.95 ea.
	Premium Theme Packs	\$7.95 ea.
	Movie Theme Packs	\$16.95 ea.

Connect To Innovate Program

- \$500 Million allocated to provide high-speed backbone to designated unserved communities across Canada (and to a lesser extent last-mile but only in northern and remote areas).
- 2 eligible communities identified within Blue Mountains
 - Heathcote 30 homes
 - Ravenna 20 homes
 - Backbone Build Costs for Fibre from Packetworks' Experience
 - \$38K-\$42K per km buried
 - \$15K-\$18K per km aerial



19.6 Km backbone from Thornebury - \$0.82M

Packetworks and Last-Mile

- CTI program does not extend to last-mile in the Blue long Mountains communities
- Packetworks would consider completing last-mile FTTH builds in the communities if backbone funding is secured.
 - Extremely long backbone and low density of the eligible towns is challenging business case
- Build Costs for Last Mile Fibre from Packetworks' Experience
 - \$3,200-\$3,500 per home buried
 - \$1,800-\$2,500 per home aerial
- Heathcote and Ravenna FTTH Build approx. \$175,000

Looking for Support from of Blue Mountains

- Letter of support
- Impact Statement – What impact would high speed fibre network have on quality of life, economic impact, business growth, development, home based business growth and overall impact on the Town
- Identify prospective anchor institutions and other Municipal assets available in the designated community or along path
- Consideration of in-kind contribution such as long term land lease for location of POP shelter/cabinet and standby power where applicable

Connect to Innovate Program Questions?

Contacts

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March 06, 2017



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March 13, 2017

To: Whom it May Concern

Re: Connect to Innovate program

The Town of The Blue Mountains is aware of, and supports, Packetworks' application to the "Connect to Innovate" program for funding of new high-capacity backbone connectivity of 1 Gbps into eligible communities within our municipality. Funding of this application will result in a truly transformative step for our communities and the municipality.

Affordable broadband access at world-class speeds is critical to the future of residents and businesses in The Blue Mountains. Gigabit access has become a necessary tool for education, health care, economic development, agriculture and overall quality of life.

The demand for broadband connectivity will continue to grow. All residents, no matter where they live – in an urban centers or in rural areas – need and deserve appropriate access to online services.

Council for The Blue Mountains recognizes that we need to provide a strong and unified voice in support of significant broadband funding and building of this infrastructure. Growing the information economy will contribute to business retention, education and provide residents with access to information.

The Blue Mountains strongly supports the application by Packetworks for funding from the "Connect to Innovate" program. The purpose of the funding is to build and maintain backbone broadband fiber-optic infrastructure to the identified eligible communities. The Town of The Blue Mountains also supports Packetworks commitment to provide Fiber to the Home, Fiber to the Business, and Fiber to the Farm last mile connections in these and other communities.

Sincerely,

Mayor John McKean
The Town of The Blue Mountains