



Report to: General Report

Meeting Date: April 8, 2019

SUBJECT:	Telecommunication Company Activities in the City of Markham
PREPARED BY:	Tracey Anastacio, Utility Coordinator, Utilities and Survey, Operations, Ext 2150 Robert Penner, Manager, Utilities and Survey, Operations, Ext 4550
REVIEWED BY:	Morgan Jones, Director, Operations, Ext 4857

RECOMMENDATION:

- 1) That the staff report entitled, Telecommunication Company Activities in the City of Markham be received;
- 2) That the Mayor and Clerk be authorized to execute funding agreements between the City and telecommunication companies to cover the costs to meet service levels as a result of increased permit applications relating to infrastructure upgrade projects, as outlined in this report, provided that the form and content of such agreements are satisfactory to the Commissioner of the Community and Fire Services and the City Solicitor; and
- 3) That 5 additional two year contract staff be hired at the cost of approximately \$332,000 per year, with costs being funded through amounts paid to the City pursuant to a funding agreement and through permit fees recovered from increased permit review applications; and,
- 4) That the Treasurer and Director of Operations be authorized to hire additional temporary staff to address the legislated time requirements for permit review during the period of increased volumes with the costs of such fully recovered through amounts paid to the City pursuant to funding agreement(s) and through permit fees recovered from increased permit review applications;
- 5) That Staff be authorized and directed to do all things necessary to give effect to this resolution.

PURPOSE:

This report seeks to:

To obtain Council authority for the City to enter into funding agreements with telecommunication companies to cover the costs to meet service levels as a result of increased permit applications relating to infrastructure upgrade projects and to enable the provision of resources to meet legislated timelines for permit issuance.

BACKGROUND:

The City has entered into municipal access agreements (“MAAs”) with telecommunication companies that have a statutory right to utilize the City’s boulevard and road networks referred to as “rights-of-way” (“ROW”) pursuant to the Telecommunications Act. The Utilities & Survey Division within the Operations Department review and approve requests from such telecommunication companies to place infrastructure within the City’s ROW. Activities include negotiating MAAs, permit review, pre/post inspections and response to construction activity inquiries.

MAA’s document the conditions that must be adhered to by both the City and the telecommunication companies when dealing with requests to work within the City’s ROW. MAA’s describe conditions of consent, manner of work, emergency work, warranties, indemnification and liability, term, fees, service levels and insurance.

The three major telecommunication companies are Rogers, Bell and Telus. Rogers and Bell are investing heavily in their infrastructure throughout the City of Markham to increase network stability, reliability and performance. This will allow telecommunication companies to meet their customers’ increased digital data demand and provide next generation products (fibre/5G) and services to the City of Markham residents and businesses. The telecommunication upgrades will involve City-wide construction within City ROW including open trenching and directional boring under roads, sidewalks, driveways and boulevards.

Rogers started a seven-year City-wide upgrade in the fall of 2018. As a direct result, application submission volumes from Rogers reached record highs in 2018 almost doubling the quantity received in 2017. It is projected that application numbers will further increase in 2019. At the same time Bell will be initiating some upgrade work in 2019 although at a smaller volume. Telus activities are expected to remain at normal levels.

DISCUSSION:**Impacts to the City of Markham**

The proposed infrastructure upgrades will help to ensure that residents and businesses have access to leading edge telecommunications technology. This will help to make the City continue its reputation as an attractive place to live and do business. Smart City initiatives will be easier to implement with the new technologies available.

The investment by the telecommunication companies will result in job creation in the construction industry within the GTA and Markham.

Construction activities related to the proposed infrastructure upgrades will disturb neighborhoods, occasionally obstruct driveways/ roadways, periodically affect ROW encroachments, (i.e. heated/decorative driveways, sprinkler systems and landscaping) and expose residents to increased levels of noise, equipment, and debris. Above and below ground equipment such as vaults and pedestals will be installed as part of the system implementation. Residents are likely to be concerned and may be upset with the construction activities or location of the new equipment.

The MAA's stipulate that the service levels to process and respond to permit applications of the type Rogers is requiring is 15 business days. With Roger's increased work that has started in the fall of 2018, current staffing levels in the Utilities and Survey Division within the Operations Department are unable to maintain these service levels and there is currently a backlog of permits to review. Therefore, additional contract staff will be required to manage the increased workload.

Increases in locate requests, as built plan requests, resident inquiries and unintentional residential service connection damages are anticipated due to the increased construction activities relating to the proposed infrastructure upgrades.

Impact Reduction Strategies

Although not all impacts can be avoided, staff are working with the telecommunication companies to ensure that measures are taken to reduce construction and permit related impacts when and where possible.

Staff have met with Rogers and Bell to discuss their upcoming work and to establish plans to address any potential impacts. Some of the current items that are in place or being implemented are:

- 1) Project Coordination:
The Utilities and Survey Division will review applications against the City's work map prior to approval to ensure telecommunications' proposed work do not conflict with the City's work. The City's inspector will complete pre-inspections to identify site issues with existing infrastructure and to protect the City's assets.
- 2) Communication Plan:
Telecommunications companies are distributing notifications to the affected areas prior to construction by a) mail and doorknockers; b) area sign boards; and c) emails to customers in the area. City staff are tracking project progress on a City map that is distributed weekly to City Departments and will include Council members in the spring 2019. Project information (i.e. Roger's communication, mapping off work underway) will be added to the City's web page.
- 3) Issue Resolution:
Telecommunications companies have been requested to provide a construction hotline (phone number and e-mail addresses) which staff can direct residents and businesses to for resolution. Additionally, when completing work, telecommunication companies must abide by the terms and conditions in both their MAA with the City and the permit specific notes/instructions added by the City during the application review process. The MAA addresses such things as restoration requirements, manner of work, tree protection etc. Permit notes/instructions address specific concerns relating to the proposed work.

4) Equipment Placement:

Telecommunication companies are looking for strategic places to place equipment that will have the least impact to the surrounding areas (i.e. ROW adjacent to side lots, between lot lines). The companies are reaching out to residents who may be impacted by equipment and making them aware of the pending equipment placement. The Utility and Survey Division reviews proposed locations prior to construction and requests revisions when equipment is not in the optimal location.

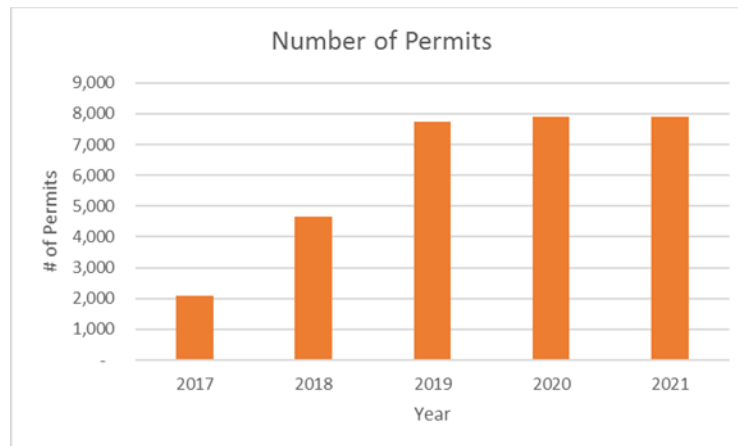
5) Funding Agreements:

Rogers has offered to assist in covering the costs of additional resources for the Utility and Survey division to keep up with the increased level of work relating to the City-wide upgrades.

Staff will implement or adjust impact reduction strategies as required on an ongoing basis.

Determining Resource Requirements

The large telecommunication companies have reached out to the City and indicated that quantity of applications will increase in 2019 and future years. Utilizing the projected increases provided from the companies, staff are anticipating increases in applications as follows:



The total applications anticipated compared to other years are:

	2017	2018	2019*	2020*	2021*
# of Level 1 permits	1,863	4,176	6,876	7,000	7,000
# of Level 2 & 3 permits	217	490	850	900	900
Total # of permits	2,080	4,666	7,726	7,900	7,900
Permit Revenues	\$ 183,632	\$ 227,000	\$ 394,000	\$ 450,000	\$ 450,000

* Projected permits/revenues

Staff anticipate that the City will experience heavy increases in permit applications until 2020 as the infrastructure upgrade project rolls out with a stabilization realized in 2021 to

2023 as projects are underway. Decreases in permit applications are anticipated in 2024 and 2025 as projects wrap up.

With the projected increase in applications, permit recoveries are projected to increase to \$394,000 in 2019 and possibly to \$450,000 in 2020 and 2021.

Staff project it will require 9,906 hours to process the 2019 workload, which is substantially beyond the capacity of the City's existing resources (3,450 hours from 3 existing staff). It is recommended that the Utilities and Survey Division and Waterworks increase their staffing levels to enable the City to meet the MAA service levels and ensure sufficient resources are in place to reduce and manage impacts to the City and residents. Operations is proposing to start with the following additional temporary staff (for two year contracts) and will adjust to meet permit volumes as required:

- 1) Three full time contract staff for Utility & Survey Division for permit review, inspection and administration (\$249,800/year including benefits);
- 2) One Career Edge staff for Utility & Survey Division for Basic permit review, mapping and digital records (\$50,700/year) and
- 3) One Co-op Student for Waterworks for managing the increased locate requests. (\$31,500/year including benefits)

Total additional funds required for the proposed increase in staffing is approximately \$332,000 per year.

The additional contract staffing was not requested during the 2019 budget process as staff were in the process of understanding the impact of the increased workload and negotiating with Rogers to seek additional funding over the standard fees contained in the existing MAAs. The operating budget impacts will be included as part of the 2020 budget process.

Sustainability and Asset Management will not experience a workload increase to provide engineering drawings as the Utility & Survey Division is accepting this responsibility for these projects.

Telecommunication Funding Agreement

Telecommunication companies have reached out to the City and offered to assist in partially covering the cost of additional staff for the duration of their projects. Staff in consultation with other departments and other municipalities will prepare a funding agreement that will outline the terms and expectations between the telecommunication company and the City for the telecommunication company to fund the additional staffing resources required to facilitate the proposed infrastructure upgrades.

The first funding agreement will be with Rogers to cover two full time contract staff for the Utility & Survey Division initially for two years. The agreement will include an option to negotiate payment by Rogers for additional City resources. In discussions Utility & Survey Division has had with representatives with Rogers, Rogers has agreed to enter into a funding agreement which would entail the payment of \$165,000 per year to

the City. This would reduce the anticipated additional staff yearly cost from \$332,000 to \$167,000. The remaining \$167,000 will be offset from recovery of fees from the additional Rogers permit applications.

Staff are required to obtain Council authority prior to entering into agreements of this nature. Staff recommend that authority to execute funding agreements be delegated in order to respond to increased workload relating to infrastructure upgrades by telecommunications companies more efficient and streamlined. Staff recommends that the Mayor and Clerk be authorized to execute funding agreements with telecommunication companies, to provide funding to the City to help meet increased permit applications relating to infrastructure upgrade projects, as outlined in this report, provided that the form and content of such agreement are satisfactory to the Commissioner of Community and Fire Services, and the City Solicitor.

FINANCIAL CONSIDERATIONS AND TEMPLATE: (external link)

	a	b	c=b-a	
	Actual 2018	Projection 2019	2019 Incr. vs. 2018	
Permit Revenues: Rogers	133,000	300,000	167,000	A
Permit Revenues: Others	94,000	94,000	-	
Total Permit Revenues	227,000	394,000	167,000	

Funding Agreement: Rogers		165,000	165,000	B
---------------------------	--	---------	---------	---

Total Incremental Funding from Rogers (C=A+B)			332,000	C
Cost of 5 Additional Staff			(332,000)	D
Incremental Staffing Cost (D=C+D)			-	

As shown in the table above, the cost of the additional staff will be fully recovered from the funding agreement with Rogers and incremental Rogers permit revenues.

The 2019 operating budget for permit revenues is \$216,088.

Operating Budget and Life Cycle Impact

Incremental personnel expenses associated with the additional temporary staff will be offset by incremental revenues in 2019 and will be incorporated as of the 2020 budget process. There is no impact to the Life Cycle Reserve Study.

HUMAN RESOURCES CONSIDERATIONS

Potential impacted departments have been consulted and required resources are detailed in the Additional Resource Costs section above.

ALIGNMENT WITH STRATEGIC PRIORITIES:

The recommendations of this report align with the strategic focus for a Safe & Sustainable Community through the ongoing management of the City's ROW ensuring the telecommunications companies are utilizing the ROW to reduce negative impacts to others and to protect future ROW use.

BUSINESS UNITS CONSULTED AND AFFECTED:

Finance, Legal, Human Resources, Environmental Services and Sustainability and Asset Management have reviewed this report and their comments have been incorporated.

RECOMMENDED BY:

Morgan Jones
Director, Operations

Brenda Librecz
Commissioner, Community & Fire Services

Joel Lustig
Treasurer

Trinela Cane
Commissioner, Corporate Services