TORONTO

STAFF REPORT
ACTION REQUIRED
with Confidential Attachment

Extending the Use of the Dark Fibre Licence Agreement to the Municipalities, Universities, Schools and Hospitals (MUSH) Sector

Date:	July 14, 2008
To:	City Council
From:	Deputy City Manager and Chief Financial Officer
Wards:	All
Reason for Confidential Information:	This report involves the security of the property of the City.
Reference Number:	P:\2008\InternalServices\I&T\cc08008I&T (AFS #8120)

SUMMARY

The purpose of this report is to present to City Council the outcome of the discussions held with Toronto Hydro Telecom Inc. (THTI) on the possibility of extending the proposed Memorandum of Understanding (MOU) Schedule B "Dark Fibre License Agreement" to the Municipalities, Universities, Schools and Hospital Sector also know as MUSH.

RECOMMENDATIONS

The Deputy City Manager and Chief Financial Officer recommends that:

1. This report be received for information.

2. City Council direct that the information in the Confidential Attachment not be disclosed in order to protect the financial interests and competitive position of the City.

Financial Impact

There is no financial impact from this report.

The Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact information.

DECISION HISTORY

At its meeting of June 26, 2008, Executive Committee recommended the adoption of Report EX22.16 entitled "Agreement between Toronto Hydro Telecom Inc. and the City of Toronto for the Provision of Telecommunication Services" and also requested City staff to explore with Toronto Hydro Telecom Inc. (THTI) the possibility of including "MUSH" partners (i.e. Universities, Schools and Hospitals) activities within the permitted uses for the dark fibre under the agreement and submit a report directly to the July 15, 2008 Council meeting on the results of those discussions.

ISSUE BACKGROUND

The Memorandum of Understanding (MOU) negotiated with THTI and THC (Toronto Hydro Corporation) contains three schedules. Details of this agreement are largely contained within the confidential attachment to item EX22.16.

The Dark Fibre Licence Agreement is for the provision of four strands of unlit or un-activated fibre on a best efforts basis on the current THTI network, and four dedicated fibre strands on the pending School Board(s) and City network build out. The recommendation of staff is that the Dark Fibre Licence Agreement be used to support various public policy initiatives as discussed in the report.

On July 3, 2008, communication was sent by City I&T staff to the President of Toronto Hydro Telecom Inc. seeking clarification if the proposed MOU or parts of it could be extended to the MUSH Sector. THTI responded back to the City and their position is outlined in the Confidential Attachment to this report. It is recommended that the Confidential Attachment not be disclosed in order to preserve the confidentiality of those discussions and the competitive position of the City.

From the City's perspective it is not clear that there is in fact any actual interest or benefit to be had from the option in this case for MUSH sector involvement. The City has not been approached by any MUSH sector partner in this respect and staff is in fact advised that those entities have already made provision for their own network needs. Staff is also not convinced that it would be in the City's interest to include MUSH sector involvement given that the dark fibre to be allocated under the agreement will be primarily required by the City for its own purposes, including the wide array of public policy initiatives described in the report currently before Council.

In addition, it must be noted for the information of Council that many members of the MUSH sector are currently members of ORANO which is a non-for-profit entity that owns and operates the Ontario Research and Innovation Optical Network (ORION). This is Ontario's ultra high-speed research and education network which connects all of Ontario's universities, most colleges, several medical and other public research facilities and a growing number of school boards to one another and to the global grid of research and education networks. Stretching 5,800 kilometres over 21 communities throughout Ontario, ORION connects over one million Ontario researchers, scientists, students, teachers and staff to critical infrastructure for research, education and innovation.

CONTACT

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SIGNATURE

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Joseph P. Pennachetti
Deputy City Manager and Chief Financial Officer

ATTACHMENT

Attachment 1: Confidential: Extending the Use of the Dark Fibre Licence Agreement to the Municipalities, Universities, Schools and Hospitals (MUSH) Sector