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# HALDIMAND COUNTY

## Report FDS-02-2019 Broadband Internet in Haldimand County – Pre- Qualification Results Review

For Consideration by Council on September 23, 2019

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### OBJECTIVE:

To provide information of Pre-Qualification results on prospective bidder's proposals for installation and facilitation of broadband internet services within Haldimand County, and to receive Council approval on the recommendations made in this report.

### RECOMMENDATIONS:

1. THAT FDS-02-2019 Broadband Internet in Haldimand County – Pre-Qualification Results Review report be received;
2. AND THAT the Revised Budget as outlined in FDS-02-2019 Broadband Internet in Haldimand County – Pre-Qualification Results Review be approved;
3. AND THAT a single source purchase up the amount of \$100,000 plus applicable taxes be approved for third party consultation services.

**Respectfully submitted:** Mark Merritt, CPA, CA, General Manager of Financial & Data Services

**Approved:** Craig Manley, MCIP, RPP, Chief Administrative Officer

### EXECUTIVE SUMMARY:

On June 27<sup>th</sup>, 2019, Haldimand County staff presented a report to Council with the Corporate Priorities for the 2018-2022 Council Term. One of the priorities identified was an initiative for High Speed County Wide Broadband Internet. The objective of the initiative is for "County facilitation of private sector investment to provide this key infrastructure required for economic prosperity and to attract business and residents". Council approved a two step process being (1) the identification of interested providers and (2) a Negotiated Request for Proposals process to select a provider.

The Request for Pre-Qualification (RFPQ) was issued on July 16, 2019 by Haldimand County to prospective bidders to submit proposals in order to identify and shortlist a sufficient number of experienced and qualified service providers for the installation and facilitation of broadband internet services across Haldimand County. The RFPQ closed to potential bidders on August 30, 2019.

Of the four (4) submissions received, three (3) bidders met the benchmark score of 70% required to move on to the Negotiated Request for Proposal stage. This stage will allow the County to concurrently negotiate with up to three bidders based on a set of parameters to ensure the County receives the best service at the best value. Due to the complexity of the technical implications, inherent risks, Internet Service Providers (ISPs) varied approaches to implementation and financial impacts/incentives; there is a need for third party consultation to facilitate objective decision making and to assist staff with the necessary technical understanding of the project. As a result, staff are recommending a budget amendment to establish a budget for up to \$100,000 to allow for the appropriate expertise to manage the NRFP process from start to the conclusion of an agreement with the successful Internet Service

Provider. The target date to have an agreement in place has not changed and it is anticipated that an agreement will be presented to Council for approval in January of 2020. Staff will keep Council and the public up to date on the progress of this projects through regular updates and press releases.

## **BACKGROUND:**

On June 27<sup>th</sup>, 2019, Haldimand County staff presented a report to Council with the Corporate Priorities for the 2018-2022 Council Term. One of the priorities identified was an initiative for High Speed County Wide Broadband Internet. The objective of the initiative is for “County facilitation of private sector investment to provide this key infrastructure required for economic prosperity and to attract business and residents”.

Broadband Internet in Haldimand County project was identified vital for the following reasons:

- There are areas of the County with limited/no internet service providers
- Presence of large number of home-based businesses that do not have high speed internet
- Large farming operations require high speed internet access for daily operations
- Will help address social inequalities in the communities where lack of high speed internet is impacting students and residents abilities to access information or services
- Increases competition in areas where internet access is available
- Help retain and attract business in Haldimand County

It was determined that a two step procurement process would provide the most efficient approach to identify qualified Internet Service Providers (ISPs) to develop, maintain and operate a County wide high speed internet service. Step one - initiate a Request for Pre-Qualification (RFPQ) process to identify interested, qualified ISPs that have experience in developing and providing internet service, especially in underserved rural areas. Step two – issue Negotiated Request for Proposal (NRFP) process to the pre-qualified ISPs.

The RFPQ closed to potential bidders on August 30, 2019 with four submissions received. This report will outline the results and further recommendations for the Broadband Internet project.

## **ANALYSIS:**

County staff evaluated four proposals on September 5<sup>th</sup>, 2019 in accordance with the criteria listed in the RFPQ including: Company Profile and Experience, Human Resources (Capacity); Finance Resources, Work Plan (i.e. Methodology / Timelines) and Coverage Area. Evaluation was completed by staff from Financial & Data Services, Information Systems, Engineering & Capital Works and Legal & Support Services. Three bidders met the benchmark score of 70% including KWIC Internet, Metroloop Inc., and Xplornet. Bell Canada did not meet the benchmark score.

Due to the complexity of the technical implications, inherent risks, ISPs varied approaches to implementation and financial impacts/incentives; there is a need for third party consultation to facilitate objective decision making and provide technical expertise to assist staff with a clear understanding of the project and implications. The County does not have the internal required expertise in the following areas:

1. Negotiated Request for Proposal (NRFP) process from start to finish, including negotiations. NRFP is a non-binding procurement process whereby Haldimand County can elect to negotiate concurrently with multiple qualified bidders. Agreement creation will take place in consultation with the preferred bidder(s). Tactic is necessary based on project complexity where the intricacies and efficacy of differing technological approaches is blurry or unknown. Third party

knowledge is essential to ensure expert resources are employed from bid document development to contract execution;

2. A review of the Technical Requirements, including the understanding of the infrastructure and technology offered in the Proposals. These requirements will incorporate the adequacy, upgradability, growth, stability, continuity of infrastructure and service.
3. A complete and objective Financial Review of the monetary commitment, health, and support required from all parties. Through the RFPQ process, it was evident that various levels of financial support will be requested during the NRFP process. As the details of these requests is unknown at this time, a financial review will be required to evaluate the financial impacts on the County is unknown. The underlying goal is to limit the County’s financial commitments while ensuring the highest quality of service is maintained.

Expert knowledge in the broadband internet field has been determined and will be sought through single sourcing based on the technical requirements identified in this report.

### **FINANCIAL/LEGAL IMPLICATIONS:**

Although the development of a County Wide Broad Internet service is a major priority identified for this term of Council, no funds have been identified in the capital or operating budgets to accommodate any costs associated with this initiative as the Term of Council priority process was subsequent to the budget process.

Given the diversity and complexity of the three qualified submissions received during the RFPQ process, the development of the NRFP and subsequent evaluations of the submissions received will be imperative ensuring the best service is obtained at the best value to the County. A review of similar processes by other municipalities attempting to facilitate private sector investment in internet services to underserved areas have indicated that very specialized technical and financial services are required to: develop the NRFP document, manage the resulting negotiations and evaluate the final technical/financial impacts and development of a legal agreement. Staff have reached out to these municipalities and determine the resources used and preliminary estimates of the costs related to these services.

Based on this review, the initial estimated costs for third party consultation (both technical and financial) is estimated at \$100,000. As these services are provided on a cost-hour basis, this is a very preliminary estimate. The 2019 Tax Supported Capital Budget and Forecast did not include an estimate related to this expenditure, as a result, an amendment is required as follows:

	<b>Current Approved Budget</b>	<b>Proposed Revised Budget</b>
<b>Expenditures</b>		
Consulting Fees	\$0	\$100,000
<b>Total Expenditures</b>	<b>\$0</b>	<b>\$100,000</b>
<b>Financing</b>		
CRR – General	\$0	\$100,000
<b>Total Financing</b>	<b>\$0</b>	<b>\$100,000</b>

The County will be reviewing and facilitating any applicable grant applications to Provincial and Federal levels of government.

Additionally, at this time, no financial incentives from Haldimand County to assist any ISPs to facilitate this project have been included in the County’s budgets. Any required financial incentives requested through the NRFP process will be evaluated during the process and will require approval by Council at

the conclusion of the NRFP process. It is staff's intent through the NRFP process to minimize any financial impacts to the County during the implementation of this project.

### **STAKEHOLDER IMPACTS:**

The ultimate development of a County wide, high speed broadband internet service will have far reaching impacts for all Haldimand County residents, existing businesses and potential economic development across the County. High speed, reliable internet service is a necessity to ensure the County is competitive both locally and globally as well as ensuring social equality for its residents.

### **REPORT IMPACTS:**

Agreement: No

By-law: No

Budget Amendment: Yes

Policy: No

### **ATTACHMENTS:**

None.