



IMIT-2019-007 Smart City Contract Update

Date	03/02/2020
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Subject	Update on 10gb Smart City Contract
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REPORT N°

1) **NATURE/GOAL :**

To inform Council on the status of the 10gb Smart City Initiative.

2) **DIRECTIVE/PREVIOUS POLICY :**

On April 1, 2019 Council approved the start of negotiations with Smart City Capital and their partners Jacobs and Nokia.

3) **DEPARTMENT'S RECOMMENDATION :**

THAT Report No. IMIT-2019-007 in regards to the status of the 10gb Smart City Contract, be received as information.

QUE le rapport No. IMIT-2019-007 au sujet du statut du contrat Smart City 10go soit reçu à titre d'information.

4) **BACKGROUND :**

- In November 2018, the consortium selected Clarence-Rockland to socialize their unique market offering based on the following criteria:
 - Jacobs (formerly CH2M HILL) had an 18 year relationship with the City as a trusted advisor;
 - Only cities that had applied for the challenge, but were not short listed;
 - Only cities that were severely under served by current Internet Service providers;
 - Only cities that were of small to medium size (10,000 to 100,000).

Once the criteria was applied, the consortium went down the list until a partner was selected. As such, Clarence-Rockland was selected.

- In February 2019, the consortium submitted a proposal to the City titled "Market Driven Strategy for Canada's first 10gb Smart City";
- In April 2019, Council provided approval to the Administration to begin negotiations.
- Reviews and negotiations began shortly after.

5) **DISCUSSION :**

In May 2019, the City began to review the proposal and negotiate a contract with the consortium to start the implementation of their proposal.

Although some minor progress has been made, many issues remain such as the actual structure of the contract which both the City and our legal counsel feel is not strong enough given the scale of the contract. Over the last several months we have been proceeding on good faith, but we cannot keep incurring legal costs for reviewing each version of the current contract they produce.

On November 30, 2019 they were informed that the City no longer supported the current structure of the contract and that it needed to be redrafted. They requested one final attempt at fixing the contract, which was reviewed internally and by our legal counsel. Although a few positive amendments were noted, the structure was unchanged.

On January 24, 2020 they were given an ultimatum that included stipulations around payment of our current legal fees as well as repeating the need for a complete redraft of the contract by a firm of our choosing and at their cost.

6) **CONSULTATION:**

None at this time

7) **RECOMMENDATIONS OR COMMENTS FROM COMMITTEE/ OTHER DEPARTMENTS :**

None at this time

8) **FINANCIAL IMPACT (expenses/material/etc.):**

Current legal costs incurred by the City are approximately \$30,000.

9) **LEGAL IMPLICATIONS :**

None at this time

10) **RISK MANAGEMENT :**

The City remains committed to avoiding exposure to undue risk which is why it is taking such a strong stance regardless of the investments they are promising.

11) **STRATEGIC IMPLICATIONS :**

The City understands the important role High Speed Internet plays in its economic development. Should negotiations be unsuccessful, the

City will continue to work with other companies to improve access to high-speed Internet for Clarence-Rockland's citizens.

- 12) **SUPPORTING DOCUMENTS:**
None