



To: Planning Committee **Date:** March 6, 2002
From: Lauren Melville **File:** -
 Manager, Policy & Research
Re: **Proposed Business Agreement between the City of Richmond and Telus**

Staff Recommendation

1. That staff be directed to bring forward a text amendment to permit walk-in-closets (wics) that house high-speed internet infrastructure in the School and Public Use (SPU) Zoning District of the Zoning and Development Bylaw 5300.
2. That staff proceed to negotiate agreements with Telus for the installation of wics on City lands as a revenue opportunity and bring back the individual agreements to Council through Committee for consideration.

Lauren Melville
Manager, Policy & Research

Att. 1

FOR ORIGINATING DIVISION USE ONLY		
ROUTED TO:	CONCURRENCE	CONCURRENCE OF GENERAL MANAGER
Engineering	Y <input checked="" type="checkbox"/> N <input type="checkbox"/>	
Law	Y <input checked="" type="checkbox"/> N <input type="checkbox"/>	
Parks Design, Construction & Programs ..	Y <input checked="" type="checkbox"/> N <input type="checkbox"/>	
Zoning	Y <input checked="" type="checkbox"/> N <input type="checkbox"/>	

Staff Report

Origin

Presently Telus and Shaw Cable are the two main internet service providers in Richmond. Over the last year, Shaw Cable has been making rapid gains on the market. As a result, Telus has been aggressively trying to provide improved high-speed internet service to their customers.

The increased demand for internet use will eventually cause Telus's current facility located at Williams Road and No. 1 Road to become overloaded. It is estimated by Telus that it will cost \$20 million to upgrade the site. Rather than upgrading the site, they would like to decentralize their operations. To this end, Telus representatives have approached staff with a business proposal that could result in revenue opportunities and/or amenities for the City.

As part of Telus's proposal, they would like to acquire space on City lands to install wic stations which house ADSL high speed internet connections. The wics resemble walk-in-closets and are approximately 1.8 m (6 ft) to 3.0 m (10 ft) in height. They range in width from 2.4 m (8 ft) to 6.3 m (20 ft), and in depth from 5.2 m (17 ft) to 9.1 m (30 ft). A picture of a wic is shown on Attachment 1. In order to accommodate their growth needs, they anticipate they could need 9 to 10 wics in Richmond. There is also opportunity to reduce the size of the wic. However, a reduction in size would result in the need for considerably more wics in Richmond to meet Telus's capacity requirements in certain areas.

The purpose of this report is to provide background information on the proposal and to receive direction as to whether Council wishes staff to negotiate agreements with Telus for the installation of the wics on City lands.

Findings of Fact

The City of Coquitlam has allowed Telus to locate large wics in single-family homes as a principal use.

In Portland Oregon, Telco Hotels are permitted which contain very large wics that house multiple internet and telecommunications providers. However, Portland has recently established a moratorium to deal with the placement of the Telco Hotels. Although they are designed to fit into the character of the street, it has been Portland's experience that there is little human activity around the buildings. Currently, Portland is considering changing their regulations to require a mix of land uses in Telco Hotels such as retail units on the ground floor rather than having the switch stations as the principal use. Portland staff are also reviewing the zones in which the Telco Hotels are permitted. Presently there are Telco Hotels situated in the pedestrian-oriented area of the downtown core.

The District of North Vancouver is allowing Telus to install wics on City property.

Rather than wics, Telus has located "stingers" which resemble large traffic control kiosks on municipal road right-of-ways in Surrey and Abbotsford.

Since they are not considered a building they do not require any building permits. Considerably more “stingers” are needed to provide the same level of service as a wic, and neither of these two cities receives any rent revenue for them.

Analysis

When the representatives from Telus approached staff they were initially interested in purchasing single-family homes in established neighbourhoods to house the wics. The staff team reviewed this request, but believe that it is inappropriate to utilize single-family homes to house the switch stations for liveability reasons. Firstly, the property would need to be fenced for security and a large area would need to be paved to accommodate commercial trucks. Secondly, the houses would remain unoccupied other than visits from Telus service workers which in the staff team’s opinion does not help to build stronger neighbourhoods. Thirdly, staff also anticipate that residents may have concerns with the potential impact on property values. Fourthly, the inclusion of a wic in a single-family home does not provide a revenue opportunity for the community at large.

Staff believe that it would be more appropriate to utilize City lands for the installation of the wics provided that all urban design and liveability concerns are addressed and that revenue is obtained. Such an approach would enable the City to have better control over the design and integration of the wics in Richmond.

Currently, none of the Zoning Districts in Richmond’s Zoning and Development Bylaw 5300 allow the installation of wics as a permitted use. Thus, if Council supports the installation of wics on City lands, a text amendment would need to be made to the School and Public Use Zone (SPU) of the Zoning and Development 5300. Although wics are not a permitted use, there are currently four wics already located in Richmond from which the City does not receive any revenue. These existing wics were installed after all the development approvals were completed. Since in most cases, they were enclosed within buildings after the approval process, it is difficult to control their installation.

Telus has identified nine areas in which they would like to install new wics. Staff have reviewed the areas with Telus representatives. In order to address urban design concerns and to avoid graffiti, staff believe that the wics should be enclosed within a building and should not be the principal use. The sites should also have parking and well-established access driveways so that additional paving is avoided.

Some of the possible City sites located within the areas identified by Telus are listed below. The properties listed are included just as an example of potential sites. A further analysis of the opportunities and constraints of various sites would need to be undertaken if Council directs staff to proceed further with the proposal. Examples of potential sites include:

1. Steveston Park within an addition to one of the buildings on site or incorporation into the new No. 1 Road South Drainage Pump House that is slated for construction in 2002.
2. Thompson Community Centre within an addition.

3. Within an addition to the washrooms along River Road just to the north of Savage Road. Care in the siting and design would need to be taken in order to preserve future views and access to the waterfront.
4. Within an addition to the pump house located at the northern end of Shell Road or within the proposed field house in King George Park.
5. Within a new caretaker's suite in McLennan North Park.
6. Within an addition to the Fire Hall located on No. 4 Road or the Field House in McNair Park.
7. Within a new field house jointly paid for by Telus and possibly a cell phone service provider in Hugh Boyd Park.

Although Telus representatives are open to considering the placement of a wic in Hugh Boyd Park, they would prefer that the wic in this area be located on a church property in West Richmond. Rent revenue from Telus would be provided to the church. Staff have concerns with this, because it could set precedence as places of worship are zoned for assembly purposes rather than commercial services and are not subject to taxation.

Staff believe an agreement for the placement of wics on City lands should be based on the following criteria:

1. Improved internet service and infrastructure to Richmond residents and businesses.
2. Telus to pay market rent and all utilities.
3. The wics must be enclosed in a building or within a new addition to a building, so that they do not detract from the appearance of a site or become graffiti targets. Careful attention must be paid to the long-term master plans of sites and to ensuring that the architectural integrity of a building or view corridors are not compromised. On some sites the size of the larger wics may need to be reduced even if this results in the need for more wics in the vicinity. This will need to be examined on a site-by-site basis as part of the site selection process and urban design review.
4. Telus to cover all the design, permits, capital construction and installation costs.
5. In addition to re-instating any walkways, roads or open spaces that are disturbed during installation, there may be opportunities for additional beautification improvements as part of a smart sequencing strategy. For example, if a sidewalk is disrupted to install a particular wic there may be opportunities to underground Telus overhead wires or to plant trees. The City recently negotiated a similar agreement with Telus on No. 3 Road.
6. Tall Ship Sponsorship.

7. Participation in a Municipal Access Agreement which would address management, cost compensation and the liability associated with occupancy and use of municipal roads that may be needed to connect the wics.

Telus representatives agreed in principle with the above agreement criteria except for the Municipal Access Agreement. Although Telus representatives do not disagree with the "concept" of a Municipal Access Agreement, they have indicated that they are unable to agree to any details of the agreement until such time that the results of the appeal of CRTC 2001-23 (Ledcor vs. Vancouver) are known later this year. Staff believe that the municipal access agreement involving municipal right-of-ways can be dealt with separately from the business agreements for the wics.

Thus, staff are seeking direction from Council to bring forward a text amendment to the School and Public Use District Zone, and to proceed with negotiations with Telus based on the above six criteria. This recommendation is based on the following anticipated benefits:

- The creation of new revenue opportunities for the City.
- The opportunity to have amenities such as caretaker's suites or beautification improvements for example constructed at no cost to the City.
- The opportunities to better control the design and integration of the wics into Richmond.
- The potential to enhance internet connections to Richmond residents and businesses.

Given that the sites will involve construction on City lands, staff would bring forward the individual agreements to Council through Committee for approval. In addition to City owned property, if Council chooses to allow wics on private property as well, staff recommend that this be dealt with on a site-by-site basis through the rezoning process rather than blanket text amendments to individual Zoning Districts. However, the installation of wics on private property will not result in new rent revenues for the City.

Conclusions

Telus has approached staff with a revenue opportunity for the City. Staff are seeking direction to proceed with negotiations provided that the criteria identified in this report is met.

Financial Implications

There is an opportunity to achieve market rent and funding for community amenities such as caretaker suites with this proposal.



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Manager – Policy & Research

ATTACHMENT 1 -
PICTURE OF WIC

