

The Regional Municipality of York

Housing York Inc.
March 5, 2015

Report of the
General Manager

Contracts for Bulk Cable Television Services

1. Recommendation

It is recommended that:

1. The Board authorize Housing York Inc. to enter into agreements totalling \$401,414 with Rogers Communication Inc. for bulk cable television services for 55 and 57 Orchard Heights, Aurora and 51-95 Inverlochy Boulevard, Markham for a period of five years, commencing April 1, 2015 and expiring March 31, 2020.

2. Purpose

This report seeks approval to enter into two contracts to renew bulk cable television (TV) services at 55 and 57 Orchard Heights Blvd., Aurora, and 51-95 Inverlochy Blvd., Markham.

Each proposed contract is a direct purchase with a value exceeding \$100,000, which requires Board approval as per Section 9.2 of Housing York's Purchasing Bylaw.

3. Background

Rogers Communications Inc. (Rogers) has been providing bulk cable TV services at two Housing York locations

Housing York Inc. (Housing York) has had an agreement formerly with Aurora Cable Inc., who were purchased by Rogers in 2009, at 55 and 57 Orchard Heights in Aurora. In addition, Housing York acquired Thornhill Green in Markham, which also had a bulk cable agreement with Rogers. Installation of cabling was undertaken by Rogers when the facilities were built including cable services in the lounge areas at 55 and 57 Orchard Heights.

There are 83 units at 55 and 57 Orchard Heights Place combined and 101 units at Thornhill Green receiving TV cable service. Rogers currently invoices Housing York for bulk cable services and, in turn, Housing York charges these costs to the residents.

Tenants at these locations execute a lease with Housing York with cable TV being supplied as a service.

4. Analysis and Options

Rogers new rates

Rogers is proposing new five-year contracts at these two sites. Table 1 provides a summary of the current rates tenants are paying for cable TV service

Table 1
Tenant Monthly Cable Charge

	2014 (Current)	2015 (Proposed)
Orchard Heights Place 55 and 57 Orchard Heights, Aurora	\$13	\$40
Thornhill Green 51-95 Inverlochy Blvd, Markham	\$35	\$40

Since Rogers took over in 2009, tenants at Orchard Heights Place have significantly benefited from the low monthly rate inherited from the previous cable provider (Aurora Cable). Rogers is aware that the proposed rate is a significant increase for the tenants at Orchard Heights Place.

When meeting with the tenants, Housing York made them aware that the standard rate for the Digital VIP service being offered is valued at \$89.32 per month. A survey was conducted to determine if tenants would like to continue with Rogers at a cost of \$40.00 per month, with a strong majority voting in favour.

Current hardware and cabling was set up and installed by Rogers

Rogers owns the current hardware and cabling at both properties. They have the technology to continue the services without any changes to the current cable distribution system.

The current cabling infrastructure and set-up allows our maintenance staff to easily assist new residents with hook-up to cable boxes, which are standard

throughout. Any other system will require support to be provided entirely to the individual tenants by their selected cable provider.

As well, at 55 and 57 Orchard Heights, through Rogers' cable services, tenants continue to have access to view the building's lobby through a camera.

Limited competitors in the market for bulk cable TV

The only two viable competitors on the market for bulk cable TV are Rogers and Bell Canada. Other cable providers either do not operate within York Region, operate with new technologies and/or do not support cable with distribution boxes that can be controlled and managed within each unit.

A change to Bell Canada to provide bulk cable services to the apartment units would require an upgrade to the properties cabling systems, which would not be cost effective. As well, their newest service platform requires tenants to subscribe to their internet service in order to receive cable television. Staying with Rogers will provide tenants with the option of subscribing to internet service if they choose to.

Opting out of the bulk cable arrangement

Housing York investigated opting out of the current bulk cable arrangement, as these are the only three properties that have this arrangement in place. If Housing York stopped providing cable services to its tenants, and was challenged through the *Residential Tenancies Act*, Housing York may be required to reduce tenant rents by the value of the service being provided over the term of their tenancy.

Communication with residents

Housing York communicated with tenants by hand delivering letters relating the terms of the pre-existing cable agreements and presenting the option of renewing bulk cable for another five years. New terms and pricing were highlighted, clearly noting that all households would need to participate in order to receive the discounted cable rate. A tenant meeting was held at the seniors building, Orchard Heights Place, providing a forum for open feedback and an opportunity to address individual questions.

All tenants were asked to participate in a survey to determine if the majority would want to opt out of a bulk cable arrangement or to renew. All residents were made aware of the standard rate of \$89.32 per month and comparatively the value of our package being offered at \$40 per month.

Staff will work closely with the few tenants that expressed wanting to opt out of the arrangement to better understand their concerns and whether those concerns

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are related to the proposed new charge or overall services being provided by Rogers.

Link to key Council-approved plans

This report pertains to Housing York's operational requirements associated with these two properties and as such does not relate directly to initiatives described in key Council approved plans.

5. Financial Implications

Rogers has provided a bulk contract quotation for supply of cable TV services

The quotation from Rogers is for the "Digital VIP" package for a term of five years. Table 2 outlines the new rates proposed by Rogers. The total cost for both properties on a five-year contract, for 184 units combined, is \$401,414. Housing York pays for the costs of providing these services, with 100% cost recovery from residents.

Table 2
Proposed Cost of Bulk Cable TV Services

Term	Rate Per Unit (Exc. Taxes)	Total Cost Per Month	Total Cost Per Year
Year 1	34.30	\$6,311	\$75,734
Year 2	35.30	\$6,495	\$77,942
Year 3	36.33	\$6,685	\$80,217
Year 4	37.39	\$6,880	\$82,557
Year 5	38.48	\$7,080	\$84,964
		Total	\$401,414

The proposed rate of \$40.00 per unit for 2015 includes Rogers' monthly service charge, applicable taxes and CRTC Local Programming Improvement Fund fees. Housing York will review the monthly rates for subsequent years during the annual rent renewal process.

6. Local Municipal Impact

There are no local municipal implications associated with this report.

7. Conclusion

Housing York will continue providing cable TV services to residents at discounted rates. The proposed contracts with Rogers will provide bulk cable TV services for the next five years.

For more information on this report, please contact Rick Farrell, General Manager, Housing York Inc. at ext. 72091.

The Senior Management Group has reviewed this report.

Recommended by:

Approved for Submission:

Rick Farrell
General Manager

Adelina Urbanski
President

February 18, 2015

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Accessible formats or communication supports are available upon request