

Proposal for Co-operative Internet Service

What's the proposal?

To co-operate in order to reduce our monthly costs of Internet service.

Why co-operate?

Co-operation can result in potential system cost savings in excess of \$2,500.00 per month, which would mean lower monthly charges for residents.

Where?

Our main building at 200 Arlington Street. Any building developed on Preston Avenue could be added later.

How?

Future residents have indicated they wish to have Internet access in all the common areas of the building, including the basement and courtyard. We currently have no way of paying for this service. Installing a building wide system would solve this problem, and more.

While many of us already have some sort of discount for services, taking a co-operative approach would result in larger savings and could create an opportunity for revenue generation for the co-op as a whole. Funds raised could be used for common area equipment, furnishings, supplies and other future needs.

Cost to the Co-op

Internet access in each individual suite plus common area coverage could be provided through a five year leasing agreement at approximately \$1800.00 month. One vendor, Epic Solutions, presented information at our 1 Mar/17 Initial Residents' Meeting. Two other vendors, Wi-Band and Hub, are currently interested in bidding.

The system would be provided by MTS Professional Mach III with Internet Download speed of 150mbps and upload speed of 15mbps; Cisco Meraki Access Points, Switches and Firewalls.

The leasing agreement would include 5 years of support and licensing. Professional services for hardware configuration, set up, and deployment are also included. Once the capital costs are paid by the lease (5 years), the co-op's costs drop dramatically to around \$600.00 per month. The life length of equipment is projected at 7-9 years, after that point leasing a new system would be contemplated.

Cost to Residents

At our recent Initial Residents' Meeting, it was noted that everyone present expected to use the Internet once living in OGHC. As such, I suggest that a conservative prediction would be a 50 suite participation rate.

Internet service in Winnipeg typically costs around \$70 per month. If the co-op charged \$50.00 per month per suite, which would be a \$20 per month saving for each resident, we would generate \$2500.00. This would not only cover the costs of providing Internet coverage in all the common areas (estimated at \$700.00 per month) but also result in \$700.00 per month revenue to the co-op community. If we had 100% participation (all 60 suites), we could either lower the per suite rate to

\$40 per month, or increase the co-op's revenue for common area use. [Note that, as per the figures above, costs could drop as low as \$10.00 per resident after the five year lease expires.]

Bulk Purchasing of Internet Service through SHAW

An alternative to installing our own system is to purchase our Internet in bulk. In Winnipeg, SHAW is the only provider of such an opportunity. Their rates come in the form of a five year contract which begins at \$33.08 a month and increases at 5% per year to \$40.20 per year at the end of the contract when a new bulk deal will be offered. [Note: It was implied at our members' meeting that market rates would prevail after five years. That is not the case. A new contract is offered about six months before the end of the old one – at present, we do not know what the rates would be].

SHAW bulk purchasing does not include any public space Wi-Fi access, and is predicated on a participation rate of near 100% of residents. If 50 suites paid \$50 per month, we would be able to cover the common areas of the building but we would not generate revenue for the Coop as a whole. If we had 100% participation of the residents, revenue would be generated at a rate of almost \$800 per month.

SHAW also provides similar bulk purchasing opportunities for both Cable TV and phone service. These start at \$26.24 and \$10.00 per month respectively, rising at 5% per year over 5 years. These rates would be available even if we did not use bulk purchasing for our Internet service, but would also require a very high participation rate.

Brief Comparison

Both options require a significant level of participation, estimated at 50 or more of the 60 suites.

Both systems will require us to collect monthly payments from residents and make one payment per month for the co-op as a whole. We have been assured that, with the co-op's approval, this can be done easily by adding the payment required to the monthly housing charges for every resident who opts in. Unless people collude to share passwords, service will be limited to those who pay for it.

Greater savings are available through the comprehensive in-house system than through SHAW. These savings become significantly greater after five years.

Bulk purchasing through a well-known provider is more familiar and does not carry some of the risks inherent with leasing our own equipment. While renewal is more costly, it is also simpler.

Next Steps

The Board has asked Glenn Morison to continue to provide leadership in this area. He can be contacted for questions and clarifications. Glenn@morison.ca or [204-298-7859](tel:204-298-7859).

A more formal assessment of resident support and service preferences will follow, most likely in the form of an email poll.

Developing a "scope of work" document is suggested if we choose the "integrated system" approach. A consultant would be hired to do this and the document would be the essence of our tendering process. The same consultant would be likely be engaged to provide a recommendation on the bids received. Installation would be complete prior to occupancy.

FAQs + Questions Asked by Initial Residents

Are these prices secured? SHAW locks in their prices for the five years. The networked solution could have upgrade costs but all other costs are included in licensing agreement. This would be detailed in bidding,

How visible would this system be? The wiring would all be invisible to the eye except for a small portal in each suite. This would be installed at a late point in construction. For the networked solution, some central monitoring equipment, the size of a VCR, would be held in the co-op's electrical room.

What if people did not pay? We are presenting this as a co-operative venture, hoping people will co-operate. Individual service could be cut off for non-payment.

Will we have enough bandwidth to satisfy demand? We were told that the system offered by Epic could handle streaming video (eg watching HD Netflix) by 83 devices at once. Well beyond our needs. The speculations for SHAW are the same as regular home service.

What if I already have a bundle or preference in the provider? Our pricing model is lower than what known offers can provide. However, residents could choose to independently use any provider.

What about system safety and security? A state of the art firewall would be employed by the integrated system.

Have we made any commitments to this plan? No. The level of interest from residents needs to be determined before we go any further.

Whose idea is this? Glenn Morison (Finance Committee Co-chair) presented the proposal to the Finance Committee which recommended this approach to the board. The proposal was received with enthusiasm by the initial residents present on 1 March 2017, and they asked the board to continue explorations.