

Agenda Report

June 1, 2015

TO: Honorable Mayor and City Council

FROM: Department of Information Technology

SUBJECT: AUTHORIZATION TO ENTER INTO A PURCHASE ORDER CONTRACT WITH KARISH INDUSTRIES, INC. FOR FIBER OPTIC CABLE, INNERDUCT AND MICRODUCT

RECOMMENDATION:

It is recommended that the City Council:

1. Find that the following proposed action is exempt from the California Environmental Quality Act ("CEQA") pursuant to State CEQA Guidelines Section 15301 (Existing Facilities) and Section 15303 New Construction or Conversion of Small Structures; and
2. Accept the bid dated April 6, 2015 submitted by Karish Industries, Inc. in response to the specifications to furnish fiber optic cable, innerduct and microduct, reject all other bids received, and authorize the issuance of a purchase order contract with a total not-to-exceed amount of \$645,940. The purchase order contract will have a one-year term and an option for a one-year extension for the unexpended balance, subject to the approval of the City Manager.

BACKGROUND:

The City's 25 mile fiber optic backbone, installed in 1998 and 1999, supports the City's voice and data networks, utility operations, and external customers. In FY 2016, the Department of Information Technology (DoIT) – working with the Departments of Water & Power and Transportation, and the City Manager's Office Economic Development Division – will begin implementing the first phases of the fiber expansion program identified in the FY 2015 fiber network and services strategic planning process. The expansion program will increase the capacity and reach of the City fiber optic network to meet growing needs for connectivity.

Anticipating the material requirements to implement the first two years of the fiber expansion program, DoIT recently prepared bid specifications for the fiber optic cable and related innerduct and microduct (in which the fiber optic cable will be installed for

protection). The bid specifications were prepared in accordance with Section 4.08.070 of the Pasadena Municipal Code. The project was advertised in the *Pasadena Star News* on March 23, 2015, and the Notice Inviting Bids was also posted on the City website. The bid specifications were downloaded by 44 vendors, five of which submitted bids for the project.

The following bids were received on April 7, 2015:

1. Karish Industries, Inc.	Orange, California	\$737,630.84
2. Performance Utility Supply, Inc.	Corona, California	\$820,644.08
3. Wesco Distribution, Inc.	Cerritos, California	\$826,764.90
4. OneSource Distributors, Inc.	Garden Grove, California	\$855,872.14
5. Exsell Sales Associates, Inc.	Glendale, California	\$1,008,352.46

Karish Industries, Inc. was the lowest responsive bidder that met all requirements of the specifications. Staff recommends that the City Council authorize a purchase order contract for the required fiber optic cable, innerduct and microduct materials to Karish Industries, Inc. in an amount not to exceed \$645,940. Since issuance of the bid specifications, DoIT has continued preliminary engineering for the fiber expansion implementation, including review of the material requirements. Based on updated estimated requirements, DoIT recommends award of the purchase order contract with a base value of \$587,218, and a 10% contingency allowance.

The proposed purchase order contract will have an initial one-year term, with one optional one-year extension subject to the approval of the City Manager. The purchase order contract value will be as follows:

Base Bid	\$587,218
Contingency Allowance	<u>58,722</u>
Total Not-to-Exceed Amount	\$645,940

Karish Industries, Inc. has not previously provided materials or services to the City.

The proposed contract complies with the Competitive Bidding and Purchasing Ordinance P.M.C.4.08 and the rules and regulations promulgated thereunder.

COUNCIL POLICY CONSIDERATION:

This contract with Karish Industries, Inc. promotes the City Council's goal to improve, maintain and enhance public facilities and infrastructure by contributing to maintenance and expansion of the City's fiber optic backbone, a critical resource supporting ongoing City and customer business operations.

ENVIRONMENTAL ANALYSIS:

The proposed purchase order contract is exempt from the California Environmental Quality Act (CEQA) in accordance with Section 15301 (c) Existing Facilities and Section

15303 New Construction or Conversion of Small Structures. Section 15301 (Existing Facilities) exempts actions relating to existing facilities or structures where there is negligible or no expansion of the use. Section 15303, Class 3, consists of construction and location of limited numbers of new, small facilities or structures; installation of small new equipment and facilities in small structures; and the conversion of existing small structures from one use to another where only minor modifications are made in the exterior of the structure. Part (d) of this Section specifies that the exemption includes "water main, sewage, electrical, gas, and other utility extensions, including street improvements, of reasonable length to serve such construction." The proposed action relates to purchase of fiber optic cable, innerduct and microduct that will be installed in existing conduit systems. This is a minor alteration to the City's existing conduit systems and involves minor construction of facilities (e.g., installation of fiber optic cable).

FISCAL IMPACT:

The total cost of this action will be \$645,940. Funding for this action will be addressed by the utilization of existing budgeted appropriations in Capital Improvement Program Budget account number 71212 (City Fiber Network Expansion) and in Operating Budget account number 8114-408-399100 (IT Fiber-Related Projects). It is anticipated that the cost will be split evenly between the 2016 and 2017 fiscal years.

The following table presents a summary of the sources of funds that will be used:

City Fiber Network Expansion – CIP 71212	\$581,346
IT Fiber Related Projects Operating Budget Account	\$64,594
Total Sources	\$645,940

The following table represents a total project summary:

Base Bid	\$587,218
Contingency Allowance	58,722
Total Fiscal Impact	\$645,940

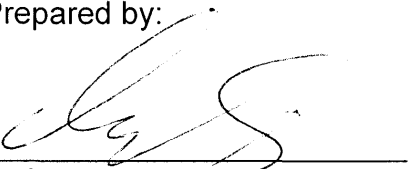
The anticipated impact to other operational programs or capital projects as a result of this action will be minimal.

Respectfully submitted,



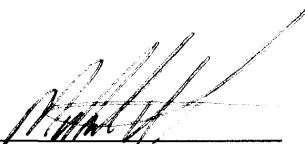
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