

Agenda Report

November 2, 2015

TO: Honorable Mayor and City Council

FROM: Department of Information Technology

SUBJECT: AUTHORIZATION TO ENTER INTO A CONTRACT WITH HHS CONSTRUCTION, INC. FOR FIBER OPTIC SPLICING, TESTING, AND EMERGENCY TROUBLESHOOTING FOR THE CITY'S FIBER OPTIC NETWORK

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 15061 (B)(3); General Rule; and
2. Authorize the City Manager to enter into a contract with HHS Construction, Inc. for a period of two years or until \$155,000 is expended, whichever occurs first; and
3. Grant the proposed contract an exemption from the competitive selection process of the Competitive Bidding and Purchasing Ordinance pursuant to Pasadena Municipal Code Section 4.08.049 (B), contracts for which the City's best interest are served.

BACKGROUND:

The City's 25 mile fiber optic ring is a critical network backbone supporting the City's voice and data networks, utility operations, and external customers. The City has competitively bid and contracted for fiber optic splicing, testing, emergency troubleshooting services, and related materials since the backbone was installed in the late 1990s. These services support ongoing use of the backbone and repair of the network should there be a fiber break. The City has contractual obligations to its fiber customers to respond to and remedy any service interruptions. Contract fiber splicing, testing, and troubleshooting services are a primary resource for response to a fiber network disruption.

In addition, contract fiber splicing and testing services are an important element supporting expansion of the City fiber network. Following an FY2015 fiber strategic planning process, the Departments of Information Technology (DoIT), Water & Power (PWP), Transportation, and Public Works and the City Manager's Office Economic Development Division are working together to implement the first phases of a fiber expansion program, which will involve increased fiber splicing and testing requirements in the coming years.

To meet these fiber splicing, testing, and emergency troubleshooting requirements, DoIT completed a competitive bid process earlier this year and received City Council authorization to award a contract to the low bidder on May 11, 2015 and rejecting the remaining bids.

Unfortunately, the selected vendor has been unable to perform required splicing, testing and troubleshooting work in a competent manner, causing time-consuming and costly delays, and resulting in significant risks to ongoing maintenance and reliability of the City's fiber network. As a result, DoIT has concluded that the vendor currently under contract is not qualified to meet the City's requirements. Given the critical role of the fiber network in supporting City business operations and contractual obligations to City fiber customers, DoIT provided the vendor 15-day notice of termination of the contract on October 19, 2015.

Staff recommends authorizing a replacement contract with the next lowest bidder, HHS Construction, Inc., and granting the proposed contract an exemption from the competitive selection process of the Competitive Bidding and Purchasing Ordinance pursuant to Pasadena Municipal Code Section 4.08.049 (B), contracts for which the City's best interest are served.

HHS was the second lowest bidder in the competitive bid process completed earlier this year, submitting a bid proposal just \$147.37 higher than the low bidder. The firm has agreed to honor its pricing from that bid proposal. DoIT is confident that HHS will be able to perform the required work, as the firm has been under contract with the City previously, and has demonstrated the required training, staffing levels, preparedness and understanding of the complexities and support requirements of Pasadena's fiber network.

Award of a contract to HHS with the recommended exemption will allow the City to leverage the recently completed bid process that involved review by multiple departments and required several months from inception through award and execution of the contract. Neither the City's requirements nor the competitive market for these fiber services have changed since the bid process earlier this year.

The proposed contract will be in place for a period of two years or until \$155,000 is expended, whichever occurs first. The recommended not-to-exceed amount is based on estimates of work that will be required during the next two years, and on HHS' pricing for that work.

As noted above, HHS has provided fiber splicing, testing and troubleshooting services to the City previously. The City spent approximately \$165,000 with HHS under two previous contracts between May, 2011 and June, 2015. Each contract resulted from a competitive bid process in which HHS was the low bidder. Additionally, HHS is currently providing these services under a short term \$10,000 purchase order, issued with a best interest exemption to provide emergency troubleshooting and support to fiber customers until a permanent contract is approved and executed.

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:

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

ENVIRONMENTAL ANALYSIS:

The proposed contract is exempt from the California Environmental Quality Act (CEQA) per section 15061 (b)(3), the General Rule. The General Rule can be applied when it can be seen with certainty that the activity will not have a significant effect on the environment. The proposed action relates to services for connection, maintenance, and emergency troubleshooting of fiber optic cable that has been previously installed.

FISCAL IMPACT:

The total cost of this action will be \$155,000 over two years. Funding for the proposed contract will be addressed by the utilization of existing budgeted appropriations in Capital Improvement Budget account number 71212 (City Fiber Network Expansion) and in Operating Budget account number 40814013-811400 (IT Fiber-Related Projects). It is anticipated that \$45,000 of the cost will be spent during the current fiscal year, and the remainder of the cost will be spent over the next two fiscal years.

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


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

City Fiber Network Expansion – CIP 71212	\$124,000
IT Fiber Related Projects Operating Budget Account	\$ 31,000
Total Sources	\$155,000

The following table presents a project summary:

Proposed contract	\$155,000
Contract administration	\$ 15,000
Total Fiscal Impact	\$170,000

Respectfully submitted,


PHILLIP LECLAIR
Chief Information Officer
Department of Information Technology

Prepared by:


Lori B. Sandeval
Telecom & Regulatory Administrator

Approved by:


MICHAEL J. BECK
City Manager