

Agenda Report

October 19, 2015

TO: Honorable Mayor and City Council

FROM: Department of Information Technology

SUBJECT: AUTHORIZATION TO ENTER INTO A CONTRACT WITH HENKELS & McCOY, INC. TO PROVIDE LABOR AND MATERIALS FOR FIBER OPTIC CABLE INSTALLATION

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 June 9, 2015, submitted by Henkels & McCoy, Inc., in response to Specifications LD-15-01 for provision of labor and materials for fiber optic installation for the Department of Information Technology (DoIT), rejecting the other bid for fiber optic installation; and
3. Authorize the City Manager to enter into a contract with Henkels & McCoy, Inc. for a period of five (5) years or until \$2,000,000 is expended, whichever occurs first.

BACKGROUND:

The City's fiber optic backbone, installed in 1998 and 1999, has become a vital resource supporting City business operations and generating revenue through leases and services to local institutions, telecommunications firms, and businesses. In recent years, potential uses for City fiber connectivity have outgrown capacity in the existing fiber network. In FY 2015, the Departments of Information Technology (DoIT), Water & Power (PWP), Transportation, and Public Works and the City Manager's Office Economic Development Division conducted a fiber network and services strategic

planning process to assess City fiber network requirements, evaluate alternatives to meet those requirements, and make recommendations about implementing improvements.

The planning process identified strong demand for expanded fiber connectivity for a variety of City business needs, including:

- reliable, high bandwidth connections to City facilities, supporting City use of powerful technology tools to deliver services to constituents, increasing staff productivity, and eliminating ongoing costs for less reliable and lower bandwidth leased lines
- secure links to automate infrastructure across Pasadena (e.g., water and power system infrastructure, traffic signals and cameras not already connected to fiber, and video surveillance systems)
- high speed connections to key economic development targets, augmenting the City's business attraction and retention toolkit

Relative to these needs, the strategic plan identified a state of scarcity in the City fiber optic backbone – with fewer than 10 percent of the backbone's fiber strands available for future applications – and a lack of fiber in areas of Pasadena beyond the existing fiber ring. The plan recommended a three-pronged fiber expansion program, to be phased in over several years:

1. doubling (at a minimum) the capacity within the existing fiber backbone,
2. extending the fiber network to areas beyond the existing backbone, as laid out in the fiber strategic plan, and
3. making "last mile" links to a variety of City facilities and infrastructure once there are fiber resources nearby.

The fiber expansion program was incorporated in the City's FY 2016 – 2020 Capital Improvement Program through the City Fiber Network Expansion project (71212). DoIT and its partner departments began planning earlier this year for implementation of the first phase of the fiber expansion program. DoIT previously requested and received approvals from the City Council for award of several contracts to support the fiber expansion implementation, related to contract fiber engineering and splicing and testing services, and purchase of fiber optic cable and materials. Recognizing the increased requirement for oversight of the fiber expansion projects as well as maintenance of a fiber growing network, DoIT will also come forward to City Council with a future FY2016 budgetary request to augment current fiber staffing and maintenance.

To address anticipated fiber expansion installation requirements, DoIT and PWP included fiber installation activities in PWP's Specification LD-15-01, which solicited bids for both Overhead, Underground & Substation Electrical Construction (Item I) and Fiber Optic Cable Installation (Item II). This was a logical combination, as both the electrical construction and fiber installation work will take place in and around the power conduit

system, and both activities share the same requirements related to firm and worker qualifications, safety, and traffic control.

The Notice Inviting Bids for Specification LD-15-01 was issued on May 14, 2015. The Notice was published in *The Pasadena Journal* and posted on the City website. Specifications were mailed to 33 businesses on the Purchasing Division's vendor list, and 11 bidders attended the pre-bid meeting. Prospective bidders were allowed to bid on one or both items (electrical construction and/or fiber optic installation). Two bids were received for the electrical construction scope of work, and PWP recommended and received authorization for award of the Overhead, Underground & Substation Electrical Construction (Item I) contract to low bidder E.E. Electric at the City Council's August 17, 2015 meeting.

Three firms submitted bids for the Item II Fiber Optic Cable Installation work. The following bids were received on June 9, 2015:

1. Henkels & McCoy, Inc.	Pomona, California	\$401,450.50
2. Vantage Utility Services	Upland, California	\$437,472.50

The third bidder, VCI Construction, Inc., subsequently withdrew its bid.

The bid submitted by Henkels & McCoy, Inc. for fiber optic installation is the lowest responsive bid. Staff recommends award of a fiber optic installation contract for a period of five years or until \$2,000,000 is expended, whichever occurs first. The recommended not-to-exceed amount reflects staff's estimate of the maximum amount of work that may be required over the course of the five year term. Actual payments will be based on the amount of work requested by DoIT and satisfactory performance by the contractor. The contract does not guarantee any minimum level of work or compensation over the term of the proposed contract.

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

Henkels & McCoy, Inc. has not been awarded any contracts by the City in the past 10 years.

COUNCIL POLICY CONSIDERATION:

The proposed contract with Henkels & McCoy, 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 with Henkels & McCoy, Inc. 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. The proposed action relates to installation of fiber optic cable in existing communications and power conduit systems, with little or no alteration to those existing conduit systems.

FISCAL IMPACT:

The maximum cost of the proposed contract award action will be \$2,000,000 over five 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 \$400,000 of the cost will be spent during the current fiscal year, and the remainder of the cost will be spent over the next four fiscal years. DoIT staff will monitor spending against this contract. Work will not be authorized unless sufficient funding is available each fiscal year in the appropriate capital and operating budgets.

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 for the proposed fiber installation contract:

City Fiber Network Expansion – CIP 71212	\$1,800,000
IT Fiber Related Projects Operating Budget Account	\$ 200,000
Total Sources	\$2,000,000

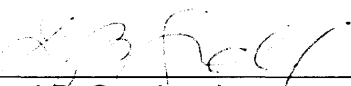
The following table presents a project summary:

Proposed contract	\$2,000,000
Contract administration	\$ 100,000
Total Fiscal Impact	\$2,100,000

Respectfully submitted,


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