

Agenda Report

February 22, 2016

TO: Honorable Mayor and City Council

FROM: Department of Information Technology

SUBJECT: AUTHORIZATION TO ENTER INTO A PURCHASE ORDER 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. Accept the bid dated January 27, 2016 submitted by HHS Construction, Inc. in response to the specifications to furnish labor and materials for splicing, testing, and troubleshooting of fiber optic cable, reject all other bids received, and authorize the issuance of a purchase order contract with a total not-to-exceed amount of \$392,988. This contract will have a three year term.

BACKGROUND:

The City's fiber optic ring serves as the network backbone supporting City voice and data networks, communications for utility operations, and fiber services to external customers. The City has competitively bid and contracted for fiber optic splicing, testing, emergency troubleshooting services and related materials since the late 1990s. These services support ongoing use of the backbone and repair of the network should there be a fiber break. The City also has contractual obligations to its fiber customers, which are met consistently, to respond within four hours to a service interruption. Contract fiber splicing, testing, and troubleshooting services are a primary resource for response to a fiber network disruption.

In addition, these fiber splicing and testing services are necessary for implementation of the multi-year fiber expansion program developed through the 2015 fiber network and

services strategic planning process. The City Fiber Expansion Project in the Capital Improvement Program projects spending of approximately \$5 million to deploy additional fiber network resources across the city over the next five years. Fiber splicing and testing requirements will increase as the fiber expansion program is carried out.

DoIT prepared bid specifications for these services in early 2015, and the City Council authorized award of a two year contract to the low bidder in May of that year. However, the low bidder was unable to perform required splicing, testing, and troubleshooting work in a competent manner, and DoIT terminated the contract in early November, 2015. HHS Construction, Inc. has been performing critical fiber splicing, testing, and troubleshooting services under a \$24,000 purchase order since the November contract termination, bridging the gap until completion of a new formal bid process.

Concurrently, DoIT updated and re-issued the fiber splicing, testing and troubleshooting bid specifications to include requirements for three rather than two years of fiber expansion. With the assistance of the Finance Department, the project was advertised in the *Pasadena Journal* on January 14, 2016, and the Notice Inviting Bids was posted on the City website. The bid specifications were downloaded by 31 vendors, four of which submitted bids for the project. The vendor whose contract was terminated last year did not submit a bid.

The following bids were received on January 27, 2016:

1. HHS Construction, Inc.	Ontario, California	\$357,262.16
2. VCI Construction, LLC	Upland, California	\$523,512.34
3. Crosstown Electrical & Data, Inc.	Irwindale, California	\$525,599.46
4. High-Light Electric, Inc.	Riverside, California	\$1,121,000.00

Bidders submitted unit pricing for specified fiber splicing, testing, and troubleshooting tasks and related materials, with grand totals calculated based on the estimated requirements for the various types of work and materials over the next three years.

HHS Construction, 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 splicing, testing, and troubleshooting services to HHS Construction, Inc. in an amount not to exceed \$392,988 for a three year term.

The contract value will be as follows:

Base Bid	\$357,262
Contingency Allowance (10%)	<u>35,726</u>
Total Not-to-Exceed Amount	\$392,988

HHS Construction, Inc. has been the lowest responsive bidder in several previous fiber splicing competitive bid processes. The City has expended \$133,618 with the company since 2011.

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 contract with HHS Construction, 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 contract is exempt from the California Environmental Quality Act (CEQA) per section 15061 (b)(3), the General Rule. The General Rule can be applied where there 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 \$392,988. 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 40814013-811400 (IT Fiber Related Projects). It is anticipated that \$65,000 of the cost will be spent during the current fiscal year. The remainder of the costs will be spent during the 2017 and 2018 fiscal years.

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

City Fiber Network Expansion – CIP 71212	\$353,689
IT Fiber Related Projects Operating Budget Account	\$39,299
Total Sources	\$392,988

The following table represents a project summary:

Base Bid	\$357,262
Contingency Allowance	\$35,726
Contract Administration/Inspection	\$25,000
Total Fiscal Impact	\$417,988

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

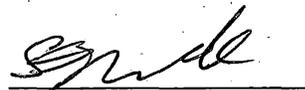
Respectfully submitted,


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