

Agenda Report

TO: HONORABLE MEMBERS OF THE CITY COUNCIL

FROM: CITY MANAGER

SUBJECT: AUTHORIZATION OF PURCHASE FROM HENKELS & McCOY, INC.
TO PERFORM INSTALLATION, FUSION SPLICING, TESTING AND
CERTIFICATION OF THE CITY'S FIBER OPTIC BACKBONE SYSTEM

RECOMMENDATION

It is recommended that the City Council: i) accept the bid dated February 4, 1999 submitted by Henkels & McCoy, Inc. to perform installation, fusion splicing, testing and certification of the City's fiber optic backbone system; ii) reject all other bids; and iii) authorize the Purchasing Administrator to issue a purchase order for an amount not to exceed \$187,408.

BACKGROUND

On December 8, 1997, City Council approved a business plan which proposed the construction of a fiber optic backbone. As discussed further below, staff has determined that it is necessary to contract out a majority of the installation of the fiber optic backbone. The proposed contract award is for installation of 18 miles of the 25-mile backbone, as well as fusion splicing, testing and certification (which were anticipated to be contracted in the December 1997 plan).*

Five bids were received and opened on February 5, 1999. The bid results were as follows:

Henkels & McCoy, Inc.	\$170,371
Herman Weissker, Inc.	\$207,617
HCI, Inc.	\$220,000
AMI Electrical & Telecom, Inc.	\$223,770
Vista Network Integration Services, Inc.	\$299,884

*Water and Power Department crews have already installed approximately 7 miles of the fiber optic backbone.

Henkels & McCoy, Inc. was fully responsive to the City's bid specifications. The firm has submitted the required Affirmative Action forms. The proposed purchase order agreement is in compliance with the Affirmative Action in Contracting Ordinance P.M.C. 4.09 and the Competitive Bidding Ordinance P.M.C. 4.08.

The proposed contract includes a base amount of \$170,371 and a contingency of 10 percent, for a total not-to-exceed amount of \$187,408. The contingency is prudent to given the possibility of encountering unforeseen requirements during installation of the fiber.

Project Schedule Changes

The original schedule for completion of the fiber optic backbone and related business arrangement with a private sector telecommunications firm(s) has been modified given:

- changes to the proposed route to pass the maximum number of Water and Power and city facilities, reducing the need for the Water and Power Department to install additional fiber in the future to connect facilities
- a shift in the composition of the route from half overhead/half underground to primarily underground, requiring additional efforts to field check the route and conduct pre-installation planning
- the opportunity to secure two long-term customer contracts with JPL-affiliated businesses

In addition, a variety of projects have been competing for the use of Water and Power crews and equipment, including installation of a new power transmission line between substations in East Pasadena, and setting transformers and pulling cable for vaults serving new customers and shopping centers on Foothill Boulevard and Fair Oaks Avenue. This has necessitated contracting out much of the backbone installation.

The contracting process also affected the project schedule, given time required to prepare specifications, provide sufficient response time for bidders, and analyze bids.

Attachment A shows the original and revised project schedules.

FISCAL IMPACT

City Council authorized a budget of \$1.8 million for the project. Staff estimates that the project will be completed within budget. Funding for the subject contract award is available from savings realized by not using Water and Power Department labor and equipment.

On the revenue side, securing long-term contracts with Raytheon and OAO Corporations, two JPL subcontractors, for dark fiber leases will result in roughly \$34,000 in unanticipated annual revenue.

Respectfully submitted,

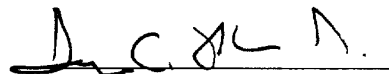

AK CYNTHIA J. KURTZ
City Manager

Prepared by:


Lori B. Sandoval
Technical Planning Manager

Approved by:


Robert K. Person
Assistant to the City Manager/Information
Services Technology Administrator


George C. Wilson, Jr.
Director of Power Delivery