

**City of Culver City, California
Agenda Item Report**

Meeting Date: <u>05/13/13</u>		Item Number: <u>A-2</u>	
CITY COUNCIL AGENDA ITEM: Approval of a Professional Services Agreement with CTC Technology & Energy (Kensington, MD) for a Fiber Network Feasibility Study in an Amount Not-to-Exceed \$71,500.			
Contact Person/Dept.: Michele Williams/IT		Phone Numbers: (310) 253-5950	
Fiscal Impact: Yes ☐ No ☒		General Fund: Yes ☒ No ☐	
Public Hearing: ☐		Action Item: ☒ Attachments: ☒	
Commission Action Required: Yes ☐ No ☒		Date: <u>N/A</u>	
Public Notification: Agendas and Meetings – City Council (05/07/13) and Joanne Hovis, President of CTC Technology & Energy Consulting (05/08/13).			
Department Approval: Michele Williams (05/01/13)		City Attorney Approval: Carol Schwab (by H. Baker) (05/07/13)	
Chief Financial Officer Approval: Jeff Muir (by M. Noller) (05/07/13)		City Manager Approval: John M. Nachbar (05/07/13)	
<u>RECOMMENDATION:</u> Staff recommends the City Council approve a professional services agreement with CTC Technology & Energy (an engineering and business consulting firm) in Kensington, MD for a fiber network feasibility study in an amount not-to-exceed \$71,500. <u>BACKGROUND:</u> The term “broadband” is used to describe high speed and high quality Internet access which unlike “dial-up” modem access is always available and delivers speeds exceeding 4 Mbps (megabits per second). This is the minimum speed for defining broadband as set by the Federal Communications Commission (FCC) in 2010. Broadband access can be delivered via various media but fiber optic cable (fiber) is considered the fastest infrastructure for broadband access because it has the ability to transmit data across long distances at high transfer rates. For the most part, private companies have traditionally been responsible for deploying the infrastructure required to provide Internet access to communities. However, they have not invested in the infrastructure to deliver high speed broadband (speeds greater than 100 Mbps) via a fiber network. Experts agree that these companies have not invested in the infrastructure because there is no significant profit to be gained from upgrading service for an existing customer base. Providing a faster or even a more reliable connection does not necessarily result in additional revenue. In an effort to satisfy this unserved need, local governments are analyzing the benefit of investing in broadband/fiber infrastructures.			

City of Culver City, California
Agenda Item Report

There is common consensus that a community's economic development has a direct connection to its public infrastructure. The following is an excerpt from the National Broadband Plan which was sponsored and authored by the FCC:

"Like electricity a century ago, broadband is a foundation for economic growth, job creation, global competitiveness and a better way of life. It is enabling entire new industries and unlocking vast new possibilities for existing ones. It is changing how we educate children, deliver health care, manage energy, ensure public safety, engage government, and access, organize and disseminate knowledge."

One of the benefits of investing in a broadband infrastructure is economic development stimulus by supplying high speed Internet access to businesses who have that requirement. This typically includes businesses in the entertainment, video gaming and social media industries. Communities offering high speed broadband have been viewed as holding a competitive edge by providing a service that is not typically available in neighboring areas. Businesses that require extensive bandwidths for conducting business are able to capitalize on the community's infrastructure investment.

In exploring benefits, the risks and deterring factors must also be evaluated. Providing a sustainable network infrastructure for commercial use will demand a significant capital investment and analysis should be performed to calculate potential tangible and non-tangible returns.

DISCUSSION:

In discussions with current and potential Culver City businesses, questions related to availability of high speed broadband routinely arise. During such a discussion, the City Manager was made aware of a successful broadband project in the City of Santa Monica. The City Manager engaged the Directors from Community Development and Information Technology to initiate discussion and additional research. Santa Monica made a capital investment to run city-owned fiber throughout the City. This has turned into an ongoing source of revenue by leasing dark fiber and providing lit services to city businesses. Staff from Culver City and Santa Monica are exploring partnership possibilities which could result in Culver City businesses benefiting from a fiber infrastructure as well.

Staff recommends that before initiating a project of this magnitude, thorough analysis should be performed to identify its feasibility and to analyze if there is a potential business model that would result in positive returns for the City. This type of analysis will be beneficial even if the City pursued a partnership with Santa Monica or decided to implement a different business model.

City of Culver City, California
Agenda Item Report

Staff identified CTC Technology & Energy (CTC) as a reputable consultant in this field. The firm was established in 1983 and primarily works with government entities. One of their core missions is to assist agencies with analyzing feasibility and determining economic projections for deploying a fiber network. Their employees have expertise with the entire process including the technical design of the network, business model development and implementation of the resulting plans.

CTC has worked with the cities of Los Angeles (Department of Water & Power), Palo Alto, Portland (Oregon), the City and County of San Francisco, Seattle, and Washington, DC. They have also provided consulting services to the State of New Mexico, State of Maryland, and the University of Illinois.

Staff contacted client references from the City and County of San Francisco, the State of Maryland and the State of New Mexico. These agencies conveyed very positive experiences regarding the respective work performed by CTC. While each project was unique, it was apparent that the vendor is experienced in the area of fiber network infrastructure planning and has a thorough knowledge of the various business model alternatives that are suitable for public entities.

As a matter of policy, CTC maintains a non-biased/neutral position. They are not associated with any private vendor within the telecommunications industry nor do they sell any equipment nor bid on any construction contracts.

Staff recommends contracting with CTC to perform a Fiber Network Feasibility Study. The proposal (attachment 1) provided by CTC details the following high-level contractual deliverables:

1. Onsite Strategy Sessions
2. High Level Design for Network Infrastructure to Meet the City's Goals
3. Business Model and Strategies to Support Potential Network Development
4. Financial Model that will identify Opportunities and Risks
5. Finalized Project Report that summarizes Findings and Recommendations

Exclusion from Bidding Requirements

This procurement is excepted from the bidding requirements per Culver City Municipal Code Section § 3.07.085 as the proposed contract is for professional or personal services.

FISCAL ANALYSIS:

Contracting with CTC Technology & Energy would result in an expenditure of \$65,000. Staff also recommends a 10% contingency for change orders to the contract which would be approved by the City Manager.

City of Culver City, California
Agenda Item Report

There is sufficient funding budgeted in the Capital Improvement Fund – Information Technology Improvements and Acquisitions (42080000.619800.PZ388) for a total amount not to exceed \$71,500.

This expenditure is intended as an investment that will ultimately be offset by potential future revenues, in addition to the economic potential and advantages gained.

MOTION:

That the City Council

1. Approve a professional services agreement with CTC Technology & Energy for a Fiber Network Feasibility Study in the amount of \$65,000; and,
2. Authorize the City Manager to approve contract change orders for additional services in an amount not-to-exceed ten percent (10%) of the contract if deemed appropriate (\$6,500 for a total not-to-exceed amount of \$71,500); and,
3. Authorize the City Attorney to prepare/review the necessary documents; and,
4. Authorize the City Manager to execute such documents on behalf of the City.