



City of Culver City

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Staff Report

File #: 21-963, **Version:** 1

Item #: C-6

CC - (1) Approval of an Amendment to the Existing Agreement with HP Communications to Support Fiber Maintenance and Continued Lateral Build-out (Engineering and Construction Services) for Culver Connect (Municipal Fiber Network); and (2) Authorization to the City Manager to Amend the Contract Expenditure Amount Not-to-Exceed the Approved Budget for the Network (Fund 205).

Meeting Date: May 24, 2021

Contact Person/Dept: Michele Williams
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Fiscal Impact: Yes ☒ No ☐

General Fund: Yes ☐ No ☒

Public Hearing: ☐ **Action Item:** ☒ **Attachments:** ☐

Commission Action Required: Yes ☐ No ☐ **Date:**

Public Notification: (E-Mail) Meetings and Agendas - City Council (05/20/2021); Scott Swendner, Project Manager HP Communications (05/17/2021)

Department Approval: Michele Williams (05/13/2021)

RECOMMENDATION

Staff recommends the City Council (1) approve an amendment to the existing agreement with HP Communications to support fiber infrastructure maintenance and continued lateral build-out (engineering and construction services) for Culver Connect (Municipal Fiber Network); and (2) authorize the City Manager to amend the contract expenditure amount not-to-exceed the approved budget for the Network (Fund 205).

BACKGROUND

Culver Connect is the City's municipal fiber open access network. It was constructed to provide high speed, high quality internet service to the business community, the school district and for municipal operations. On June 27, 2016 City Council awarded a contract to HP Communications (the lowest responsive and responsible bidder), for the construction of the Municipal Fiber Network (Network). On July 11, 2016 City Council approved a contract change order with HP Communications to support network design enhancements and to perform fiber infrastructure maintenance. On November 14,

2016 City Council approved a construction contract with HP communications for lateral construction of the Network. In July 2018 HP Communications completed construction of the Network backbone and Culver Connect was deemed operational. Since this time, HP Communications has continued to provide fiber infrastructure maintenance, fiber infrastructure locates, and has constructed network laterals.

DISCUSSION

The City has been pleased with the fiber maintenance and lateral construction performed by HP Communications. They are familiar with the Network and have been exceptionally responsive to the ongoing needs of the City as the operation of Culver Connect continues to evolve.

In March 2021, the City transitioned to a new network operator, Onward. In addition to Onward being the network operator they are also an Internet Service Provider (ISP). They have partnered with the City and will be providing internet service to the business community utilizing the Culver Connect network infrastructure. Onward will also share ISP revenue with the City as part of its operating agreement.

Laterals must be constructed to locations where Onward will provide internet service. Customers who contract with Onward will pay for the cost to construct the fiber lateral connection over the term of the contract which is typically 36 months. The City will pay the upfront cost for the lateral and will recover the investment over time as dictated by the customer's contractual agreement.

In an effort to facilitate the lateral build-out, staff recommends utilizing HP Communications to provide engineering services in addition to construction and ongoing fiber maintenance. The contract value for the HP Communications agreement cannot be specifically determined as it will be driven by the customer demand. Staff recommends authorizing the City Manager to amend the contract expenditure amount as deemed appropriate not-to-exceed the approved budget for the Culver Connect Network (Fund 205).

HP Communications has continued to honor the pricing schedule submitted with their initial contract that was awarded in fiscal year 2016/2017. It should be noted that authorization to amend this agreement will extend the contract through June 30, 2022. In compliance with the Culver City Municipal Code, the expiration of the new term will mark five years working with this vendor and staff would need to competitively bid for these services.

It should be noted, on November 14, 2016, the City Council granted the City Manager the administrative authority to negotiate and execute agreements and instruments for the installation, construction, development, operation and/or maintenance of the Network within a total amount not-to-exceed the approved budget for the Network. Although this amendment falls within that authority, staff is seeking City Council's approval at this time since the original HP Communications agreement and subsequent amendments have all been approved by City Council.

FISCAL ANALYSIS

Approving an amendment to the HP Communications contract to include fiber infrastructure maintenance, fiber locates, engineering and construction of laterals would result in an expenditure that does not exceed the approved budget for the Network (Fund 205 Municipal Fiber Network Fund) as authorized by the City Manager. The expenditure will be paid from the following accounts: Acct # 20524500.600200, 20524500.619800, and 20580000.730100.PT003, 20580000.730100.PT004, and 20580000.619800.PT004.

Given the lateral development strategy in partnership with Onward to provide internet service, the City would be reimbursed for the lateral investments over time. All fiber infrastructure will continue to be owned by the City and will remain a city asset. The City will also receive a revenue share from all ISP customer contracts.

ATTACHMENTS

None.

MOTION

That the City Council:

1. Approve an Amendment to the existing agreement with HP Communications to support Fiber Infrastructure Maintenance, Fiber Locates, Engineering Services and Lateral Construction for Culver Connect (Municipal Fiber Network);
2. Authorize the City Manager to amend the contract expenditure amount with HP Communications not-to-exceed the approved budget for the Network (Fund 205);
3. Authorize the City Attorney to review/prepare the necessary agreements; and
4. Authorize the City Manager to execute such documents on behalf of the City.