



DATE: June 26, 2018

TO: Mayor and City Council

FROM: City Manager
Interim Director of Public Works
Director of Information Technology

SUBJECT: Hayward High-Speed Fiber Optic Network Installation Project –
Award of Engineering Services Contract to Kimley-Horn & Associates, Inc.

RECOMMENDATION

That Council adopts the attached resolution executing a professional services agreement with Kimley-Horn & Associates, Inc., (Kimley-Horn) in the amount of \$345,267 and authorizing the expenditure of up to \$380,000 for the total project, including additional services for the preparation of Final Design Plans, Specifications, and Estimate of the Hayward High-Speed Fiber Optic Network Installation project.

SUMMARY

The City is committed to growing its existing business and attracting new business to the Industrial Corridor. The development of a high-speed fiber optic network infrastructure loop will connect Hayward's advanced industries to high-speed gigabit networks. This project will link critical services to support activities by utilizing nine (9) miles of existing City conduit network and adding eleven (11) miles of new conduit and cabling for a fiber network in accordance with the City's adopted Fiber Master Plan.

BACKGROUND

The City's Industrial Corridor is home to more than 5,100 businesses that employ nearly 47,500 workers. It is expected to grow as an economic and employment center and evolve to achieve a healthy balance of traditional manufacturing and information and technology-based uses. Enabling greater fiber-based connectivity for the businesses located in the corridor is a Council priority. To achieve this, the City intends to deploy a municipally owned fiber optic network.

On April 25, 2017, Council approved and accepted Economic Development Agency Grant No. 07-01-07286: Hayward High-Speed Fiber Optic Network Installation Project. Council concurrently appropriated the necessary matching funds and authorized the City Manager to take all necessary actions associated with the grant.

On July 18, 2017, Council approved and adopted the Fiber Master Plan recommended by staff and CTC Technology and Energy. The Fiber Master Plan serves as a visioning document that sets the overarching goals and objectives for deploying a fiber-optic network. The Fiber Master Plan defined and evaluated potential fiber optic network routes used as preliminary design requirements for this project.

DISCUSSION

This project is federally funded from a \$5,489,648 grant by the U.S. Department of Commerce's Economic Development Administration (EDA). The project proposes to install eleven (11) miles of fiber optic conduit and cabling with supporting pull boxes to expand the City's existing fiber optic network. Pull boxes will be installed at appropriate intervals to provide access points for businesses wishing to connect to the system. All new conduits will be located within the existing City public right-of-way, Union Pacific Railroad, and Caltrans property per the attached Project Map.

On December 15, 2017, a Request for Proposals (RFP) was developed and issued for this project. On January 19, 2018, three (3) proposals were received and evaluated on a point system basis (1-100, with 100 being the best possible score) based upon an understanding of the proposed work, and education, training, experience, past-performance, capabilities, detailed approach to tasks, personnel, and workload of the proposed team. The proposal scores ranged from 58 to 91. Kimley-Horn of Oakland, California, submitted the highest ranked proposal with an average score of 91 and an original cost proposal of \$446,514. Commstructure Consulting of Oregon City, Oregon, submitted the second ranked proposal with an average score of 76. The cost proposal amount includes costs for the design and preparation of 100% plans, specifications, and engineer's estimate for advertisement of the project for construction bids. City staff worked closely with the consultant to reduce costs and negotiated a reduction of the overall costs to \$345,267. The cost reductions included optimizing the scope of work items and reduction of excessive project coordination, site visits, and meeting costs.

Staff recommends that Council approve the professional services agreement with Kimley-Horn in the amount of \$345,267. Further, staff recommends that Council authorize the City Manager to expend up to \$380,000 to include approved additional services. The additional services amount is set at \$34,733 (10% of contract cost).

The project is categorically exempt under Section 15303 (d) of the California Environmental Quality Act Guidelines for the new construction of small structures.

The EDA Grant requires the City to take appropriate mitigation measures, during construction, to ensure any displacement of soils do not enter storm water drainage canals in the nearby vicinity.

ECONOMIC IMPACT

There is potential for job growth and additional economic activities in the community related to this project.

The City must report, as a requirement of the grant, to the EDA the number of new jobs attributable to this project 3 years, 6 years, and 9 years following the completion of this grant.

Staff assessed demand for broadband connectivity in the commercial sector. The City's Economic Development Division has collected survey and interview data through the Business Visitation Program since September 2014. Research indicates that there is demand for broadband connectivity for small to medium-sized businesses within the advanced industries sector. Firms in the biotechnology, construction and engineering, information and business services, and manufacturing sectors expressed a need for such service to help them grow and remain competitive.

The ability to add this infrastructure to Hayward's Industrial Corridor will serve as a competitive advantage over other communities. Improved broadband connectivity in the City's industrial areas will support business attraction efforts. While the existence of a high-speed fiber optic network is only one of many site selection factors (such as lease rates, building configuration, traffic patterns, etc.), being able to market Hayward's broadband connectivity to the business community at-large helps satisfy one site selection criterion and strengthens the City's reputation as a center for innovation and growth.

FISCAL IMPACT

The \$5,489,648 EDA Grant requires a 50% local match which is \$2,744,824. The City contributed right-of-way with a value of \$2,108,117. The remaining match of \$636,707 will come in the form of a contribution from the General Fund. This contract amount counts towards the remaining \$633,707 in match needed for the grant. This contribution has already been appropriated and allocated by the Council in Fund 731, Project 07275, and will be used to fund this work.

The estimated project cost is as follows:

| | |
|--------------------------------|------------------|
| Professional Services Contract | \$345,267 |
| Contract Contingency | <u>\$34,733</u> |
| Total | \$380,000 |

STRATEGIC INITIATIVES

This agenda item is a routine operational item and does not relate to one of the Council's Strategic Initiatives.

SUSTAINABILITY FEATURES

The action taken for this report will not result in a physical development, purchase or service, or a new policy or legislation. Any physical work will depend upon future Council action.

PUBLIC CONTACT

Any questions or comments regarding this project should be directed to: John Stefanski, Project Manager, at John.Stefanski@hayward-ca.gov or Alex Tat, Project Engineer, at Alex.Tat@hayward-ca.gov. No public contact has been necessary to this point in the project. As the project progresses towards construction, staff will design the appropriate outreach and engagement plan to alert potentially impacted community members.

NEXT STEPS

If Council adopts the attached resolution and awards the contract, preparation of the design documents is as follows:

| | |
|-----------------------------------|---------------|
| Begin Design | July 2018 |
| Begin Construction (Tentative) | February 2019 |
| Complete Construction (Tentative) | July 2019 |

Prepared by: John Stefanski, Management Analyst II
Alex Tat, Associate Civil Engineer

Recommended by: Adam Kostrzak, Director of Information Technology
Alex Ameri, Interim Director of Public Works

Approved by:



Kelly McAdoo, City Manager