



DATE: January 28, 2020

TO: Mayor and City Council

FROM: Deputy City Manager
Director of Public Works

SUBJECT: Adopt a Resolution Awarding a Contract to Vellutini Corporation dba Royal Electric Company for the Hayward High-Speed Fiber Optic Network Installation Project (Phase 1), Project No. 07275, in the Amount Not-to-Exceed \$2,407,944.

RECOMMENDATION

That Council adopts a Resolution (Attachment II) awarding a contract to Vellutini Corporation dba Royal Electric Company for the Hayward High-Speed Fiber Optic Network Installation Project (Phase 1), Project No. 07275, in the Amount Not-to-Exceed \$2,407,944, for the total project, including contingencies.

SUMMARY

The Fiber-Optic Master Plan outlines the design and development of a high-speed fiber optic network loop through the Industrial Corridor of Hayward. This project, known as “Highspeed Hayward” will connect Hayward’s existing science, technology, and engineering sectors to high speed gigabit networks while serving as another amenity to attract new business investment to the City.

Phase 1 of the project will add 3.4 miles of new conduit and cabling along with supporting pull boxes at an estimated total project cost of \$4,218,392. Future Phases 2 & 3 will add an additional 7.6 miles of conduit and cabling to complete the high-speed fiber optic network “loop”. Attachment III provides a map showing the locations of each phase and the “loop.” This project is funded by a grant from the Economic Development Agency (EDA).

Staff is recommending the award of the construction contract to Vellutini Corporation dba Royal Electric Company in the amount of \$1,614,442 and authorizing the expenditure of up to \$2,407,944 for the total project, including contingencies for the construction of the Hayward High-Speed Fiber Optic Network Installation Project Phase 1.

BACKGROUND

The City’s Industrial Corridor is home to more than 5,100 businesses that employ nearly 47,500 workers. This corridor 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.

Given the importance of the Industrial Corridor, the City has made it a priority to enable greater fiber-based connectivity for its numerous businesses located in the corridor and for attracting new business. To achieve this, the City intends to deploy a municipally owned high-speed fiber optic network to serve existing and future businesses within the corridor.

On April 25, 2017, Council approved the appropriation of General Fund money and City right-of-way land value contributions¹ to fulfill the EDA grant match requirements. At that time, the total project cost was estimated at \$5,489,648 with an EDA grant of 50% (\$2,744,824). The City's 50% match consisted of \$2,185,765 in City right-of-way valuation and \$559,059 of General Fund contributions, totaling \$2,744,824.

On July 18, 2017, Council approved and adopted the Fiber-Optic Master Plan² formulated by staff and the City's fiber optic technology consultant, CTC Technology and Energy. The Fiber-Optic Master Plan serves as a visionary document that sets the overarching goals and objectives for deploying a fiber-optic network in the City. The Fiber-Optic Master Plan defined and evaluated potential fiber optic network routes. These routes were used as preliminary design requirements for this project.

On June 26, 2018, Council awarded a Professional Services Agreement to Kimley-Horn³ for the design and preparation of construction documents for the proposed 11 miles of new conduit and cabling for construction bidding purposes.

On August 21, 2019, EDA approved the City's proposed re-scoping of the project to construct only Phase 1. The project budget of \$4,218,392 for Phase 1 is funded by a \$2,744,824 grant by the U.S. Department of Commerce - EDA and a 35% (\$1,473,568) match by the City. The City match consists of \$1,146,000 in City right-of-way valuation in addition to \$327,568 of City funds. Construction documents for Phase 2 & 3 are completed; however construction of Phases 2 & 3 won't start until funding can be obtained.

On November 19, 2019, Council approved the plans and specifications and call for bids, and bids were opened on January 7, 2020⁴. The City received six bids, ranging from \$1,614,442 to \$6,377,991 (includes two bid alternate items) as summarized in the bid tabulation (Attachment IV). The lowest responsible bidder was Vellutini Corporation dba Royal Electric Company, in the amount of \$1,614,442.

DISCUSSION

¹ <https://hayward.legistar.com/LegislationDetail.aspx?ID=3028622&GUID=54F5291B-D384-4DF6-9B64-AE13875D0159&Options=&Search=>

² <https://hayward.legistar.com/LegislationDetail.aspx?ID=3103126&GUID=AB6A99B7-6804-43D1-A9B4-3C353E69C824&Options=&Search=>

³ <https://hayward.legistar.com/LegislationDetail.aspx?ID=3537874&GUID=76352DA1-9C41-45C2-8099-0EC97CEAA7DC&Options=&Search=>

⁴ <https://hayward.legistar.com/LegislationDetail.aspx?ID=4244334&GUID=D9C19814-EEF9-4F84-A0FE-103B734E03A3&Options=&Search=>

This project includes three phases that will link critical services to support business activity and growth by utilizing 9 miles of the existing City conduit network and adding 11 miles of conduit and cabling for a dark fiber network. A dark fiber optic network is a City-owned and maintained conduit and fiber optic cabling that is “dark,” or un-used, until a private partnership is established to “light,” or utilize, the fiber optic network. The private partner will be responsible for installing and maintaining all required network electronics, customer equipment, marketing, and customer contracts. Phase 1 will add 3.4 miles of new conduit and cabling along with supporting pull boxes at an estimated total project cost of \$4,218,392. Future Phases 2 & 3 will add an additional 7.6 miles of conduit and cabling to complete the loop. Attachment III provides a map showing the locations of each phase.

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

ECONOMIC IMPACT

This project, known as “Highspeed Hayward” will connect Hayward’s existing science, technology, and engineering sectors to high speed gigabit networks while serving as another amenity to attract new business investment in the City.

FISCAL IMPACT

On April 25, 2017, Council approved the contribution of \$559,059 of General Fund money and \$2,185,765 of City right-of-way valuation to fulfill the EDA match requirement at that time. On August 21, 2019, EDA approved the City’s proposed re-scoping of the project to construct only Phase 1. The Phase 1 estimated project costs total \$4,218,392 and requires a 35% City match. For Phase 1, the City will contribute \$1,146,000 in right-of-way valuation in addition to \$327,568 of City monies. Funding for this work specifically will come from the General Fund contribution to the grant, which has already been appropriated and allocated by the Council to Fund 731, Project 07275.

The estimated project cost is as follows:

Design and Prepare Construction Documents	\$380,000
Phase 1 - Construction Costs	\$1,614,442
Phase 1 – Inspections	\$88,448
City Match Right-of-Way Security Interest Contribution	\$1,146,000
Administrative Costs	\$113,000
Title Work, Appraisals & Miscellaneous Items	\$83,000
Contingencies	<u>\$793,502*</u>
Total	\$4,218,392

** The contingency is higher than normal for this project due to the nature of the proposed work and uncertainty of potential field conflicts. The federal grant agency agrees.*

STRATEGIC INITIATIVES

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

SUSTAINABILITY FEATURES

This project requires directional underground boring instead of traditional open trench construction, which satisfies the following General Plan policies:

- NR-2.3 Emissions Reduction
- NR-2.4 Community Greenhouse Gas Reduction
- PFS-7.5 Municipal Waste Reduction

PUBLIC CONTACT

Immediately after the construction contract is awarded, a preliminary notice explaining the project will be posted and distributed to all residents and businesses along the affected streets. After the construction work has been scheduled, signs on barricades will be posted seventy-two hours prior to commencement of work indicating the date and time of work, along with the impacted parking spaces.

NEXT STEPS

If Council adopts the attached resolution and approves the plans and specifications, and call for bids, the tentative construction schedule of the project is as follows:

EDA Approval of Award of Construction Contract	January 22, 2020
Council Award Contract	January 28, 2020
Begin Construction	February 24, 2020
Complete Construction	September 2020

Prepared by: Alex Tat, Associate Civil Engineer
Kathy Garcia, Deputy Director of Public Works

Recommended by: Jennifer Ott, Deputy City Manager
Alex Ameri, Director of Public Works

Approved by:



Kelly McAdoo, City Manager