



# Administrative Report

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H.9., File # 20-0903

Meeting Date: 5/19/2020

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**To:** MAYOR AND CITY COUNCIL

**From:** CHRISTOPHER BENSON, INFORMATION TECH DIRECTOR

## **TITLE**

APPROVE MASTER PRODUCTS AND SERVICES AGREEMENT WITH RACE TELECOMMUNICATIONS, INC. FOR INTERNET SERVICE PROVIDER SERVICES ON THE SOUTH BAY FIBER NETWORK FOR A THREE YEAR NOT TO EXCEED AMOUNT OF \$135,000 FOR THE TERM MAY 19, 2020 TO MAY 18, 2023.

## **EXECUTIVE SUMMARY**

The agreement with Race Telecommunications, Inc. (Race) for 2Gbps Internet Service Provider (ISP) services and transport services at North Branch Library solidifies the City's participation in the South Bay Fiber Network (SBFN), a project begun in 2016 with the start of the development of a regional fiber-optic master plan - delivered in June, 2017. The City Council demonstrated its commitment to the development of the SBFN in August of 2019 with a Letter of Commitment (LOC) to the South Bay Cities Council of Governments (SBCCOG). Execution of the LOC demonstrated the City's intent to participate. The project has widespread support as 15 South Bay Cities and 6 public agencies also committed to join the SBFN which greenlighted the actual physical build of the network. Presently, nine contracts have been signed committing funds towards making the SBFN a sustainable network.

## **BACKGROUND**

In July, 2016 the South Bay Cities Council of Governments (SBCCOG) partnered with Magellan Advisors to develop a regional broadband fiber-optic master plan paid for with State Economic Development Department funds through the South Bay Workforce Investment Board (SBWIB) and Supervisor Mark Ridley-Thomas' office. This plan, delivered in June, 2017, addressed growing concerns of several economic trends within the South Bay area and concluded that the improvement of broadband availability and increased Internet access speeds through the development of a multi-city fiber optic backbone is imperative to the economic and quality-of-life interests of the members of SBCCOG. This advanced regional technology network, South Bay SMART-net (now SBFN), would provide connectivity throughout the region through a public-private partnership.

The purpose of this project is to construct a regional fiber-optic broadband infrastructure to support enhancements for mobility and accessibility systems and networks that serve South Bay residents through services offered by their municipalities. The network will provide the necessary infrastructure to support:

- Inter- as well as intra-city connectivity improvements
- Transportation systems management

- Enhanced signal synchronization within and between participating cities
- Future transportation systems management applications for Autonomous Vehicles (AV). (High-speed and resilient broadband capacity will be necessary for vehicle-to-network and vehicle-to-vehicle communications for a safe and reliable AV transportation system)
- Transportation demand management applications aiding “trips not taken” which can include: telecommuting (work-from-home for governments), “Smart” City Halls (municipal services for residents could be virtually provided), telemedicine (remote diagnostics, distributed doctor-patient video and audio interactions, transmission of large files, such as MRIs, scans, etc.), distance education (distributed, interactive instruction and video-intensive learning), and others.

The SBFN would be a self-healing network connecting the city facilities of SBCCOG members and other entities who opt to become part of the network to high speed broadband. The SBFN would allow for the building of laterals to city facilities, community anchors, businesses and residences to complete a robust, multi-city broadband infrastructure. After many workshops, meetings, phone calls, interviews and surveys, the SBFN build is under way.

On August 08, 2019 the Redondo Beach City Council completed an LOC to participate in the SBFN. The LOC confirmed the City’s understanding and commitment to the following:

- Connect to the SBFN at a minimum of 1Gbps at \$1,000/month
- Recognize that up-front capital costs for lateral connections will be paid by SBCCOG using approved sub-regional Measure M funds
- Commit to paying recurring costs for either a 3- or 5-year period
- Execute an addendum to the final SBCCOG contract with Race to provide broadband services
- Work with SBCCOG and ADF personnel to:
  - Meet to address and resolve any questions
  - Enumerate buildings and sites to be connected by August 16, 2019
  - Define a timeline for permitting, construction and installation to enable SBFN network connections
  - Assist with expediting necessary permits
  - Jointly agree with SBCCOG the date that ADF will provide initial service to designated sites, expected April-June, 2020

The SBCCOG issued an RFP to build the SBFN and received four responses. With the help of South Bay City Information Technology Directors, interviews were conducted with the proposers and American Dark Fiber, LLC (ADF) was ultimately selected. ADF then surveyed 52 sites to develop a cost for the fiber ring and lateral connections. In May, 2019 the Metro Board authorized the use of \$4.4 million of regional transportation project restricted Measure M funds to pay for the SBFN initial build and to connect participating agencies. The SBCCOG now had an informal commitment of approximately 35 sites across member cities and other agencies, the minimum required to move forward.

To date, 15 cities and 6 additional public agencies have committed to become the first SBFN

members. The cities of Carson, El Segundo, Gardena, Hawthorne, Hermosa Beach, Inglewood, Lawndale, Lomita, Manhattan Beach, Palos Verdes Estates, Rancho Palos Verdes, Redondo Beach, Rolling Hills, Rolling Hills Estates and Torrance, in addition to the SBWIB, LA BioMed, Beach Cities Health District (BCHD), LA Metro and LA County Public Works are participating in the project. On April 2<sup>nd</sup>, the City of El Segundo became the first of the 15 South Bay cities to connect.

Presently, nine contracts have been signed for a total of \$13,500 towards the network's monthly revenue goal of \$35,000 per month in service contracts, according to the SBFN Spring 2020 Newsletter. \$35,000 per month is needed to make the SBFN a sustainable network.

Staff recommends connecting 2 sites to the SBFN: City Hall and North Branch Library. The City Hall connection can provide all City Departments and already connected offsite locations with Internet services and will complement the City's current 2Gbps Spectrum Internet Connection. North Branch Library was selected due to the proximity to the Artesia business corridor. The North Branch Library site will not be active initially and is not needed to provide services to the City. It is a connection point to the SBFN for future use.

### **COORDINATION**

Participation in the SBFN and the services agreement with Race was coordinated with Race, SBCCOG, City Councilmember Horvath, and the City Manager's office. The Race agreement was approved as to form by the City Attorney's office.

### **FISCAL IMPACT**

Funding for the FY19-20 cost of ~\$2,900 for 2Gbps Race SBFN Internet Provider Services will be provided by the Information Technology Internal Service Fund via the IT Department's FY19-20 core annual operating budget. Future annual costs will be budgeted for in their respective fiscal years.

The 3-year cost for 2Gbps Race services, if no additional services are added, is ~\$106,488. The \$28,512 additional contract not to exceed amount is available if the City decides to increase the service level. For example, increasing Internet connection bandwidth from 2Gbps to 10Gbps costs an additional \$750 per month. The cost of various service levels is identified below:

Dedicated Internet	Monthly	3 Year	With North Branch
1 Gbps	\$ 1,000	\$ 36,000	\$ 68,400
2 Gbps	\$ 2,000	\$ 72,000	\$ 104,400
10 Gbps	\$ 2,750	\$ 99,000	\$ 131,400
Transport Services	\$ 900	\$ 32,400	

Once the SBFN service is up and operational, the existing backup Internet service the City receives from Frontier Communications will be cancelled resulting in a \$5,112 reduction in yearly expenses; \$15,336 over the 3-year agreement.

For its primary Internet access needs, the City is currently under contract with Spectrum for 2Gbps Business Class Internet Services at a rate of \$3,160/month, plus \$80/month for 42 Static IP

addresses. There are 2 years left in the current 5-year agreement. This service could be cancelled at the end of the term which would reduce ISP costs by ~\$38,800 per year. However, given the mission critical nature of our Internet connection, which provides access to a myriad of hosted applications, there is a benefit to multiple, independent connections to the Internet.

By committing now to SBFN Internet Services at City Hall and North Branch Library transport services, regional transportation project restricted Measure M funds will be used to pay for the construction of the lateral connections to the SBFN. If the City chooses to connect sites at a later date, or opts out of the commitment at this time, it will be responsible for all future lateral construction costs. The City Hall lateral connection cost is valued at \$63,441; North Branch Library at \$22,669 for a total of \$86,110.

Funding		Expenditures	
\$ 135,000	IT Internal Service Fund	\$ 72,000	3-Year Internet Service (2Gbps)
		32,400	3-Year North Branch Library Transport
		2,088	Taxes and Fees
		\$ 106,488	Total 3-Year Internet Services and Transport
		28,512	Optional Future Expansion of Services
\$ 135,000		\$ 135,000	Total Not to Exceed

**APPROVED BY:**

*Joe Hoefgen, City Manager*

**ATTACHMENTS**

Race Master Products and Services Agreement  
 Redondo Beach SBFN Letter of Commitment  
 SBFN Spring 2020 Newsletter  
 Race Certificate of Insurance