

South Bay Cities Council of Governments

June 25, 2020

TO: SBCCOG Board of Directors

FROM: SBCCOG Executive Director and Staff

RE: Approval of South Bay Fiber Network Work Order #3 & Change Order #1 for Work Order #2
Numbers to Work Order #3 revised

Adherence to Strategic Plan:

Goal A: Environment, Transportation and Economic Development. Facilitate, implement and/or educate members and others about environmental, transportation and economic development programs that benefit the South Bay.

BACKGROUND

The South Bay Fiber Network (SBFN) has been under construction since November 2019 when the Board approved issuing Work Order #1 for the construction of the Core Ring. In February 2020, Work Order #2 for connection of the first 32 designated sites was approved.

A total of 35 sites were eventually designated for connection to the network. The new network will provide broadband connectivity at a minimum of 1 GB to all 15 South Bay Cities as well as other public agencies and non-governmental organizations.

Project Status - Construction

Planning, permitting, scheduling, and building commenced in December 2019 and has continued (as essential work) during the COVID-19 emergency. To date, the construction of the core-ring is scheduled for “turn-up” and use on or before July 31, 2020. Similarly, connections to the 22 different agencies and 32 sites described in Work Order #2 (since revised to 21 agencies and 28 sites) is on pace for connection during the same time period. Staff anticipates a fully functional network by August 2020.

Site surveys, planning and preliminary drawings have begun in anticipation of funding to complete connections to the remaining sites designated in the initial Funding Agreement Scope of Work. News of the SBFN has generated interest and opportunity for connections to new agencies and site locations – including buildings in Los Angeles Council District 15 and Palos Verdes Transit. Staff anticipates 10 new designations for the next Work Order (see attached proposed Work Order #3 and selected sites cost estimate worksheet).

Project Status – Funding and Accounting

(see attached, “SBFN Measure M, Expenditure, MRC Summary”)

\$4.1 million was allocated for completion of Work Orders #1 and #2. Unanticipated costs (prevailing wages) as well as the opportunity for increasing the scope of work (adding new agencies and sites) became apparent after work had commenced. The SBCCOG returned to Metro to seek additional funds to complete the original scope of work (connection of the 35 sites) as well as add new agencies/sites now interested in joining the SBFN. Metro’s Board approved an additional \$2.5 million as an amendment to the original Funding Agreement at their March 2020 Board meeting bringing the total funding for the SBFN to \$6.9 million.

Changes to Work Order #2 included the removal of 4 sites from the project. The project now has a credit of **\$95,823**. Staff anticipates **11** additional sites for a proposed Work Order #3 with an estimated cost of **\$1.06 million**. Commitment of funds for the first two Work Orders; credit; and, the (proposed) third Work Order would be **\$5.1** million leaving approximately **\$1.7** million as otherwise “uncommitted” or “available” funds for future site connections.

Project Status – Subscription to the SBFN – Monthly Recurring Cost (MRC)

The financial viability of the SBFN is based on agencies subscribing to at least 1 GB of broadband service at \$1000 per month per site. Additional monthly service level pricing is described in the Master Service Agreement between the SBCCOG and ADF. The SBCCOG’s obligation is that participating agencies in the SBFN will purchase a total \$35,000 per month of IT service from ADF’s Internet Service Provider (Race Communications). As of June 17th, the following is the MRC status based on sites that have or will soon be connected as part of Work Order #2; an estimate for MRC based on (proposed) Work Order #3 is also described:

- Under Contract: 18 sites \$23,950
- In Process of Approval: 10 sites: \$ 8,000
- Sub-Total: \$31,950

- 10 Proposed sites (Work Order #3): \$10,000
- Total (September): \$41,950**

RECOMMENDATION:

Staff recommends approval of Change Order #1 to Work Order #2 as a ~~\$102,413~~ **\$95,823.32** credit towards subsequent construction costs associated with the building of the South Bay Fiber Network. Additionally, staff recommends approval of Work Order #3 for non-recurring capital costs to connect ~~10~~ **11** new sites (as described in attached document) to the South Bay Fiber Network. Approval of Work Order #3 and the subsequent connection and service contracts at each location will accomplish the goals set out in the Metro Funding Agreement as well as the contractual obligations between the SBCCOG and its vendor ADF.