



# RIVERSIDE PUBLIC UTILITIES

## Board Memorandum

BOARD OF PUBLIC UTILITIES

DATE: AUGUST 26, 2019

ITEM NO: 8

**SUBJECT:** REQUEST FOR PROPOSAL NO. 1744 PROFESSIONAL CONSULTANT SERVICES AGREEMENT FOR THE FIBER MANAGEMENT SYSTEM SOFTWARE AND PROFESSIONAL SERVICES WITH ENGHOUSE NETWORKS, LLC FOR A THREE-YEAR TERM IN THE AMOUNT OF \$334,750 AND WORK ORDER NO. 1711020 FOR A TOTAL CAPITAL EXPENDITURE OF \$650,000

### **ISSUES:**

Reject as non-responsive the proposal submitted by SSP Innovations, LLC; approve a Professional Services Agreement in response to Request for Proposal No. 1744 for the Fiber Management System Software and Professional Services with EngHouse Networks, LLC, for a three-year term, in the amount of \$334,750; and approve Work Order No. 1711020 for a total expenditure of \$650,000.

### **RECOMMENDATIONS:**

That the Board of Public Utilities:

1. Reject as non-responsive the proposal submitted by SSP Innovations, LLC of Centennial, Colorado, for the Fiber Management System Software and Professional Services;
2. Approve a Professional Services Agreement in response to Request for Proposal No. 1744 for the Fiber Management System Software and Professional Services with EngHouse Networks, LLC, of Markham, Ontario, Canada, for a three year term, in the amount of \$334,750;
3. Authorize the City Manager, or designee, to execute the Professional Consultant Services Agreement, including making minor and non-substantive changes; and
4. Approve Work Order No. 1711020 for a total capital expenditure of \$650,000 for the Fiber Management System Software and Professional Services Project.

### **BACKGROUND:**

Riverside Public Utilities (RPU) operates an advanced broadband fiber-optic cable based network to communicate between its substations and control centers for the operation of our electric grid. Fiber optic cable is normally installed in bundles of 96, 192, 288 or 576 fibers. A typical communication path requires two fibers. As a result, RPU has many locations and paths throughout the City where it owns excess fiber. This excess fiber is not connected to electronic switches at either end, rendering it "dark". RPU can lease some of these excess fibers to third parties who install the electronics and "light" the fiber for communication use.

On April 7, 2014, staff issued a Request for Proposals (RFP) to consulting firms with experience in the preparation of Riverside Public Utilities' (RPU) Utility Fiber Business Model Development. Magellan Advisors LLC (Magellan) was selected for its experience and expertise in fiber business model planning and development. On August 7, 2014, the City entered into a Professional Consultant Services Agreement with Magellan for a Utility Fiber Business Model Development in the amount of \$46,800. As the total contract amount was below \$50,000, the City Manager had authority to execute the Agreement without Board of Public Utilities (Board) approval.

On January 22, 2016 and February 23, 2016, the Board of Public Utilities and City Council, respectively, received Magellan's fiber business plan, conceptually approved the roadmap for dark fiber deployment within the community, and approved implementation of Phase I.

Under Phase I, Magellan recommended that RPU procure Fiber Management System Software. Establishment of a fiber management system will accurately document, track, and report on the fiber designated for broadband applications. RPU would then be able to maintain accurate documentation of its existing network, new network construction and document new network facilities that will be integrated with the City's GIS Technology Upgrade Project managed by the Innovation and Technology Department (IT).

### **DISCUSSION:**

RFP No. 1744 was posted on the City's Online Bid System on October 18, 2017 and closed November 21, 2017. Vendors were required to submit software licensing costs and a schedule of hourly costs to provide professional services.

Staff evaluated the proposals and deemed EngHouse Network, LLC (EngHouse) to be the lowest responsive and responsible proposer. RPU engineering staff evaluated the proposals per RFP No. RPU-1744, Section 6 "Evaluation and Selection Process". EngHouse was ranked No. 1 and provides the fiber asset management and mapping software, including integration services with the City's existing Environmental Systems Research Institute's (ESRI) Geographic Information System (GIS). SSP Innovations, LLC was deemed non-responsive, as it did not meet minimum specified requirements.

The proposals are summarized in the table below:

<b>Vendors</b>	<b>City Location</b>	<b>Amount</b>	<b>Rank</b>
<b>EngHouse Network LLC</b>	<b>Markham, ON Canada</b>	<b>\$123,000.00</b>	<b>1</b>
GIS	Decatur, AL	\$152,592.00	2
SSP Innovations, LLC	Centennial, CO	\$47,910.00	Non-responsive
➤ <i>Engineer's Estimate</i>		\$250,000.00	

The proposal is within the engineer's estimated amount of \$250,000.

After RFP No. 1744 was posted, the project was delayed as result of the need to reassess project priorities, due to management staff turnover and retirements. Management and staff reviewed the project and its deliverables, and determined the need for the fiber network management software project is critical to continue the deployment of dark fiber system and services. Additionally, the selected vendor has agreed to hold the pricing as submitted in 2017.

A non-disclosure agreement was needed in order for RPU to release sensitive and confidential information on the fiber network to vendors. RPU staff determined that it would be prudent to provide information only to the selected vendor to avoid disclosing sensitive and confidential information to other vendors not selected. This information was needed to determine the total cost of professional services. RPU negotiated the total cost of professional services with only the selected vendor.

RPU and IT held multiple meetings with EngHouse regarding the technical and commercial terms and conditions before finalizing the software licensing requirements (installation of software, database creation, software maintenance, etc.).

The original bid estimate submitted by EngHouse only included one license for the Production System Software, Professional Services and Technical support as summarized in the table below:

### Original Bid Cost Breakdown

<b>Work Type</b>	<b>Amount (\$)</b>
Production System Software (One License)	\$90,000
Professional Services to Deploy Software and Training	\$15,000
Annual Technical Support	\$18,000
<b>Total</b>	<b>\$123,000</b>

The final consultant cost of \$334,750 is based on negotiations resulting from additional City IT and RPU requirements, including additional number of licenses, a Test Bed Software, and an increase scope for professional services and technical support. The final cost break down after additional requirements and negotiations with EngHouse Network, LCC, is summarized in the table below:

### Final Cost – After Additional City IT and RPU added requirements

<b>Work Type</b>	<b>Amount (\$)</b>
Production System Software (Four Licenses)	\$124,500
Professional Services to Deploy Software and Training	\$15,000
Annual Technical Support	\$24,900
Test Bed for Production System Software	\$43,050
Professional Services to Deploy Test Bed Software	\$3,000
Annual Technical Support for Test Bed System	\$11,800
Professional Services for Database Creation and Migration	\$112,500
<b>Total</b>	<b>\$334,750</b>

The project/fiscal breakdown is as follows:

<b>Project and Fiscal Breakdown</b>		
<b>Work Type:</b>	<b>Performed By:</b>	<b>Amount (\$)</b>
Project Management and Engineering	RPU	\$231,775
Software Licensing and Professional Services	EngHouse Network, LLC	\$334,750
Software Administration and Management	Innovation & Technology Dept.	\$50,000
Contingency (10% of Agreement)		\$33,475
<b>Work Order Total:</b>		<b>\$650,000</b>
<b>Anticipated Start Date:</b>		<b>September 2019</b>
<b>Anticipated Completion Date:</b>		<b>September 2020</b>

The Purchasing Manager concurs that the recommended actions are in compliance with Purchasing Resolution No. 23256.

**FISCAL IMPACT:**

The total fiscal impact is \$650,000. Sufficient funds are available in Public Utilities Citywide Communications Account No. 6130000-470664.

Prepared by: George Hanson, Utilities Assistant General Manager/Energy Delivery

Approved by: Todd M. Corbin, Utilities General Manager

Approved by: Al Zelinka, FAICP, City Manager

Approved as to form: Gary G. Geuss, City Attorney

Concurs with: George Khalil, Chief Innovation Officer

Certifies availability  
of funds: Brian Seinturier, Utilities Fiscal Manager

Attachments:

1. Award Recommendation
2. Professional Services Agreement
3. Presentation