



*City of Arts & Innovation*

# City Council Memorandum

**TO: HONORABLE MAYOR AND CITY COUNCIL**      **DATE: FEBRUARY 23, 2016**

**FROM: PUBLIC UTILITIES**      **WARD: 1**

**SUBJECT: FIBER USE LICENSE AGREEMENT WITH COUNTY OF RIVERSIDE – WORK ORDER NO. 1423746 FOR \$325,000 – AGREEMENT WITH THE COUNTY OF RIVERSIDE INCLUDING REIMBURSED CAPITAL COST IN THE AMOUNT OF \$302,246 AND MAINTENANCE PAYMENTS IN THE AMOUNT OF \$14,280 PER YEAR FOR THREE YEARS**

## **ISSUES:**

The issues for City Council consideration are to approve Work Order No. 1423746 to build a fiber optic cable network to connect three County of Riverside Facilities and approve the Fiber Use License Agreement with the County of Riverside.

## **RECOMMENDATIONS:**

That the City Council:

1. Approve Work Order No 1423746 for \$325,000;
2. Approve the Fiber Use License Agreement with the County of Riverside; and
3. Authorize the City Manager, or his designee to execute, the Fiber Use License Agreement with the County of Riverside.

## **BOARD RECOMMENDATIONS:**

The Board of Public Utilities approved this item at their regular meeting on January 22, 2016

## **BACKGROUND:**

Riverside Public Utilities (RPU) owns and maintains an extensive network of fiber optic lines and equipment that provides voice, data, electric system protection, and control services to RPU facilities. 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”. Currently, RPU leases some of these excess fibers to third parties who install the electronics and “light” the fiber for communication use.

The County of Riverside (County) requested to license a portion of RPU's fiber optic network to provide communication services to three key data facilities. To satisfy this request, RPU concluded the engineering and identified the fiber optic network routes to connect the County's facilities. The total project cost to complete the system addition and the network extension to the County facilities is \$325,000. Pursuant to the proposed agreement, the County will make an initial one-time payment in the amount of \$302,246 to reimburse the capital cost to extend the fiber optic network and install the access points. In addition, the County will pay RPU an annual lease rate of \$14,280 for the three year term. The Fiber Business Plan to be considered by the Board and City Council includes recommendations for standardized rates for fiber service. The three year term of this Agreement will facilitate transition to any new rate plan in the future. The Fiber Business Plan also contemplates future buildout of the City's fiber network in the Hunter Park area. This construction of fiber facilities at the County's expense supports that goal.

RPU previously entered into similar Fiber Use License Agreements with other private and public entities such as Charter Communications, AT&T Internet Services, MetroFi, UCR, and others. The proposed Fiber Use License Agreement (Agreement), to license 27.70 miles of fiber optic network, was submitted to the County of Riverside Board of Supervisors for review and approval. On November 19, 2015, the County's Board of Supervisors approved and executed the Agreement.

Work Order No. 1423746 includes engineering, design, equipment procurement, construction, installation, testing and commissioning of the fiber optic network. Engineering, design, and testing will be performed by RPU staff. Construction and installation of the fiber optic network will be performed by RPU staff and contractors.

The project breakdown is proposed as follows:

<b>Project Breakdown</b>	
Engineering Performed By: RPU	\$80,000 (25%)
Material and Equipment Procured By: RPU	\$41,000 (13%)
Fiber and Equipment Installation Performed By: RPU	\$151,000 (46%)
Fiber Termination/Testing/Project Contingency Performed By: RPU	\$53,000 (16%)
Anticipated Start Date:	March 2016
Anticipated Construction Duration:	Three months
Coordination Required With:	Public Works & County of Riverside
Reimbursements from the County of Riverside:	\$302,246

### **FISCAL IMPACT:**

The County will make a one-time payment in the amount of \$302,246 to reimburse the capital cost to extend facilities to their locations. The agreement also specifies three annual maintenance payments of \$14,280 for a total of \$42,840. The total project cost is \$325,000 including additional non-reimbursable engineering and testing costs.

Sufficient funds are available in the City-Wide Communication Network Account No. 6130000-470664.

Prepared by: Girish Balachandran, Utilities General Manager  
Certified as to  
availability of funds: Brent A. Mason, Finance Director/Treasurer  
Approved by: John A. Russo, City Manager  
Approved as to form: Gary G. Geuss, City Attorney

Attachments:

1. January 22, 2016 Board of Public Utilities Meeting Minutes
2. Fiber Use License Agreement