



## Public Utilities

*City of Arts & Innovation*

**Date:** June 8, 2017

**To:** John A. Russo  
City Manager

**From:** Girish Balachandran  
Public Utilities General Manager

**Subject:** ***CONTRACTING FOR PROFESSIONAL SERVICES (EXCESS OF \$50,000)***

Under the provisions of the Administrative Manual, 02.004.00 *Contracting for Professional Services when fees are in excess of \$50,000*, the department is requesting to contact a single qualified consultant for:

**Project:** Dark Fiber Implementation

**Consultant:** Stephen Blum DBA Tellus Venture Associates, Pacifica, CA

**Justification:**

- ☐ a. In cases of ☐ emergency or ☐ immediate need for services;
- ☐ b. The services required are so special and unique as to be provided by only one qualified consultant as documented by a single source memorandum (attached); or
- ☒ c. It is determined to be in the best interests of the City. (see attached email)

Kevin Milligan, for

Girish Balachandran  
Public Utilities General Manager

  
Signature

**Approved:**

  
John A. Russo  
City Manager

6/8/17  
Date

Include this approval with the contract

**Milligan, Kevin**

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**From:** Balachandran, Girish  
**Sent:** Thursday, June 08, 2017 10:09 AM  
**To:** Russo, John A.  
**Cc:** Myers, Carlie; Milligan, Kevin  
**Subject:** Dark Fiber Plan Implementation - Tellus Venture Associates: need CM concurrence

John

We have utilized Steve Blum over the last year to help us implement our Dark Fiber implementation plan (\$92K contract expiring this month). Due to the delay in our rate plan we won't be hiring full-time staff until some time in 2018 at the earliest. In order to keep this project moving, I'd like to continue using Steve Blum. In addition to Dark Fiber, he would also assist us with the Small Cell attachment policy development (total of \$175K for next year). I've updated you on the need for his assistance via a verbal update at our one-on-one and am now requesting your email confirmation in order to document the waiver of the formal consultant selection procedure.

I am requesting your approval to waive the formal consultant selection procedure and award Professional Services Agreement to Stephen Blum, DBA Tellus Venture Associates.

More details in email below re selecting him last year. If you would like to discuss this or have questions, I will be back in the office this afternoon. If you are agreeable, please reply all.

Thanks  
Girish

Sent from my iPad

Begin forwarded message:

**From:** "Milligan, Kevin" <[KMILLIGAN@riversideca.gov](mailto:KMILLIGAN@riversideca.gov)>  
**Date:** June 8, 2017 at 9:46:55 AM PDT  
**To:** "Balachandran, Girish" <[Girish@riversideca.gov](mailto:Girish@riversideca.gov)>  
**Subject:** FW: Dark Fiber Plan Implementation - Tellus Venture Associates: need CM concurrence

Girish,  
Carlie is requesting CM concurrence (via email) to process Board report.

**Specific request to waive the formal consultant selection procedure and award Professional Services Agreement to Stephen Blum, DBA Tellus Venture Associates.**

You'll recall we did not perform a separate RFP process for the implementation work, and instead relied on the original selection process that yielded Magellan Advisors for the development of the Business Plan and identified Tellus Ventures as a high potential for follow-up work. John approved of this for the first contract (\$92,000) expiring this month. Need his okay to proceed with 2017/18 FY work in the

amount of \$174,000. Late in 17/18 FY (following rate plan adoption) we will be recruiting and on-boarding a permanent staff member to conduct this work.

The November 14, 2016 Board report authorizing the agreement with Tellus Venture Associates contained the following justification:

*In July 2014, staff engaged the national consulting firm Magellan Advisors (Magellan) to develop a fiber business plan and roadmap for enhanced broadband communications in Riverside. In November 2015, the Board approved Phase 1 of Magellan's draft report which outlined a three-phased plan for enhancement of RPU's business practices and expansion of our dark fiber offering.*

*During the competitive proposal evaluation, Stephen Blum dba Tellus Venture Associates, a sole proprietorship, was identified by the screening and selection committee as the most qualified firm to implement the Utility Fiber Business Model. Tellus Venture Associates was then solicited by Staff to provide a proposal to provide an extension of staff necessary to implement the Board approved Fiber Business Model.*

The draft June 26 Board memo contains the following:

*Use of Tellus as an augmentation to staff has worked well over the past 6 months and staff recommends continuation through Q1 2018. Staff has negotiated a Professional Services Agreement with Tellus Venture Associates for the continued implementation of Magellan's Fiber Business Model in the amount of \$175,000. In addition, we would tap the consultant's expertise on pole attachments for small communication carriers as it closely relates and integrates with the ongoing fiber communication work.*

*The City may waive the formal selection process for professional services and directly negotiate with a consultant if the City Manager finds that it is in the best interests of the City to do so. (City Administrative Manual Number 2.004, Section 3c.) Here, because of the quality of the previous services provided Tellus and Tellus's specialized knowledge of the City's dark fiber network, the City Manager has made such a finding and waived the formal consultant selection process.*

Kevin

Kevin S. Milligan, P.E.  
Utilities Deputy General Manager  
Riverside Public Utilities

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Riverside, CA 92501  
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M - 951-640-2576  
[kmilligan@riversideca.gov](mailto:kmilligan@riversideca.gov)

**Milligan, Kevin**

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**From:** Church, Jolene  
**Sent:** Tuesday, June 06, 2017 2:51 PM  
**To:** Ference, Cathy; Milligan, Kevin  
**Subject:** FW: Tellus Board report

Below is the concurrence.

*Jolene Church*  
**City of Riverside Public Utilities**  
**Administrative Services Manager**  
**Office of the General Manager**

3750 University Ave., 5<sup>th</sup> floor  
Riverside, CA 92501  
(951) 826-2127 desk

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**From:** Dewey, Dave  
**Sent:** Friday, May 26, 2017 1:29 PM  
**To:** Church, Jolene  
**Subject:** FW: Tellus Board report

FYI....

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**From:** Raymond, Adam  
**Sent:** Friday, May 26, 2017 7:40 AM  
**To:** Myers, Carlie; Dewey, Dave; Magee, Bobby; Hatheway, Ben  
**Cc:** Lopez, Moises  
**Subject:** RE: Tellus Board report

Carlie,  
Thanks for the draft report. I am in concurrence, pending documentation of City Manager's Approval. Dave/Bend, please ensure that documentation, if received, is included in the requisition for these services.  
Thank You,  
Adam

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**From:** Myers, Carlie  
**Sent:** Friday, May 26, 2017 7:28 AM  
**To:** Raymond, Adam <[ARaymond@riversideca.gov](mailto:ARaymond@riversideca.gov)>; Dewey, Dave <[DDEWEY@riversideca.gov](mailto:DDEWEY@riversideca.gov)>; Magee, Bobby <[BMaGee@riversideca.gov](mailto:BMaGee@riversideca.gov)>; Hatheway, Ben <[BHatheway@riversideca.gov](mailto:BHatheway@riversideca.gov)>  
**Cc:** Lopez, Moises <[MLopez@riversideca.gov](mailto:MLopez@riversideca.gov)>  
**Subject:** FW: Tellus Board report  
**Importance:** High

Still needs PSM concurrence, see revised report language and be advised of Susan's updated directions to RPU.