

# South Bay Cities Council of Governments

June 27, 2019

TO: SBCCOG Board of Directors

FROM: SBCCOG Steering Committee

RE: Implementation of the Regional Broadband Initiative

## **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**

For the last three years with the help of funding from the South Bay Workforce Investment Board and Supervisor Mark Ridley-Thomas' office, the SBCCOG has led an initiative to bring a fiber network to the South Bay that would allow cities to get faster internet access at lower prices. With the technical assistance of Magellan Advisors, a feasibility study was conducted which led to a request for proposals, issued in June 2018.

Four (4) firms responded to the RFP. With the involvement of the city IT Directors, the American Dark Fiber team (ADF) was unanimously selected. They proposed providing a ring passing all of the South Bay City Halls as well as laterals connecting each site to the ring. ADF surveyed 52 sites based on city interest in order to develop a cost for the ring and laterals. Price negotiations have been underway with ADF for the last 5 months.

Two costs were identified:

- A. A monthly cost which the SBCCOG wanted to be at least the same or less than what cities are currently paying for their internet services.
- B. A capital cost to assemble the ring from wholesale providers, close the gaps with new construction and build the laterals.

The SBCCOG did not believe that as interested as the cities were in this project, they would have the funding to cover the capital cost. Since a fiber network will be required for real-time traffic management, a range of road sensors, connected vehicles and many other important transportation applications, SBCCOG applied to Metro for Measure M Sub-regional funds to cover all of the capital costs for agencies participating in the initial "Phase 1" part of the project. Our request was for \$4.4 million, which included additional services for legal services and program management. After several months of negotiating with Metro, our request was approved at the April Metro Board meeting. Additionally, Metro has asked that our ring network be connected to the regional traffic network so that agencies on the ring will be able to have real-time traffic data as soon as the project is implemented – an additional bonus!

As far as the monthly cost, we have agreed on a minimum of 1 gigabit of service for \$1000/month and this price will go down if more than 55 sites participate. A minimum of 35 sites are required for the project to move forward.

SBCCOG is now confirming the final sites and addresses with each city and several outside agencies – the South Bay Workforce Investment Board, Beach Cities Health District, LA BioMed, West Basin Municipal Water District, LA Metro and the County Department of Public Works.

In order to hold the prices for this project, ADF is requiring a \$100,000 deposit which is non-refundable but credited to the first progress payment. SBCCOG has the funds for this deposit in our account and will bill Metro for reimbursement.

Metro has issued a Letter of No Prejudice to the SBCCOG for this project which allows us to expend eligible expenses in advance of the required funding agreement. Development of the funding agreement is in process but will not be complete for at least another month.

The final draft provisions of a Letter of Intent to be signed by the SBCCOG and ADF are still under review by legal counsel as of this writing. It is anticipated that the full provisions of the Letter of Intent will be discussed at the meeting.

Subject to approval of recommendations below, SBCCOG will be moving forward to negotiate a contract between SBCCOG and ADF. Cities will join in on the core contract, via rider or addendum, form of which has not yet been determined.

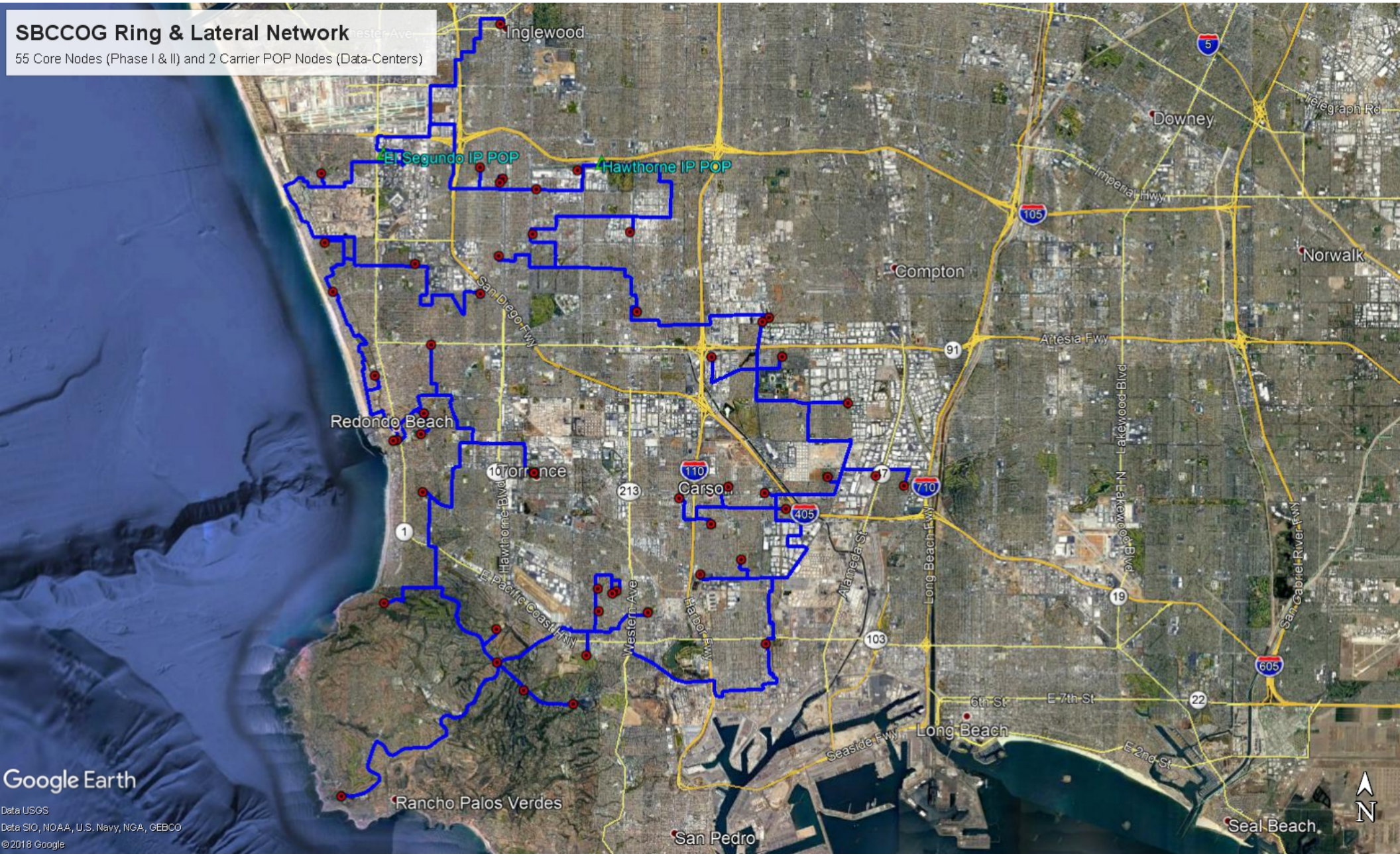
**RECOMMENDATION:**

Approve the Letter of Intent provisions including the \$100,000 deposit from the SBCCOG to extend current pricing beyond June 30, 2019. This is a non-refundable deposit that will be credited against the first core Smart-Net ring progress payment.

Additionally, approve including in the SBCCOG expenses for this project the cost of legal services from Michael Jenkins and his firm, Best, Best & Krieger, at a cost of \$250/hour. These services would be paid for from the Measure M Multi Year Subregional project funding as they will be required to implement the project.

# SBCCOG Ring & Lateral Network

55 Core Nodes (Phase I & II) and 2 Carrier POP Nodes (Data-Centers)



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