

**CITY OF LOS ANGELES**  
INTER-DEPARTMENTAL CORRESPONDENCE

Date: June 4, 2015

To: The Mayor  
The Council

From: Miguel A. Santana, City Administrative Officer  for  
Ted Ross, Interim General Manager Information Technology Agency 

Subject: **CITYLINKLA INITIATIVE FOR DEPLOYMENT OF ADVANCED BROADBAND SYSTEMS – REQUEST FOR PARTICIPANTS (RFP)**

### SUMMARY

The Information Technology Agency (ITA) requests authority to release a Request for Participants (RFP) for the CityLinkLA Initiative for Deployment of Advanced Broadband Systems in the City of Los Angeles. CityLinkLA (previously referred to as Los Angeles Community Broadband Network or LACBN) is a Citywide initiative designed to make high-speed internet access available throughout Los Angeles. CityLinkLA is envisioned to be a public-private partnership that will result in a fiber and wireless network that will provide high-speed internet access to anyone, anywhere in the City.

The goals of the initiative are as follows:

- Ensure that every home and every business in Los Angeles can access an advanced communications network that will provide a high-speed, high quality connection to the internet, including outdoor Wi-Fi in the developed areas of Los Angeles;
- Ensure that areas of the City that are currently underserved receive prompt, quality service and the opportunity for basic no/low cost broadband – bridging the “digital divide”;
- Ensure that the City is served by an open network so that no one is prevented or blocked from taking full advantage of the internet’s capabilities; and
- Ensure that every Angeleno can enjoy the benefits of broadband regardless of income or the area in which they reside.

In November 2013, Council instructed ITA to develop a Broadband RFP with a list of available assets and services that would entice a vendor to provide a build-out of some level of free broadband services to all City residents (C.F. 13-0953). In 2014, the City engaged Best, Best & Krieger LLP (BBK) to develop this RFP and Runyon Saltzman Einhorn, Inc. (RSE) to further this effort and to ensure feedback from the public was collected. RSE developed and published a microsite, convened stakeholders and focus groups, conducted outreach to industry and the media, developed a communication plan, and served as an effective project resource. Among other things, RSE set up videoconferences with industry leaders and representatives of

nonprofit organizations concerned with broadband deployment and members of the working group to discuss what steps the City could take to develop an RFP most likely to attract responses.

The City released a Request for Information (RFI) in the Spring of 2014 to assist in the development of the RFP by seeking feedback from potential proposers to ensure the City would be able to craft an RFP that has the best opportunity to produce a viable result. The City received over 35 responses to the RFI and determined that the two primary requirements from industry are:

1. A list of City assets that could be made available to providers selected through the RFP as part of the build-out; and, more importantly
2. That the City create a process that allows for expediting of permits for this effort to deploy broadband facilities throughout the City.

## **REQUEST FOR PARTICIPANTS**

The City seeks proposals from entities that are willing to enter into contracts with the City to deploy advanced Wi-Fi and wireline infrastructure and address the digital divide and community needs by providing for a level of free services to the members of the public. For purposes of the RFP, the City has been divided into four quadrants. Proposers may submit a proposal for one or more quadrants. Proposals will be evaluated and proposers selected quadrant by quadrant.

A working group, comprised of representatives from the City Attorney, ITA, the Mayor's Office, Council District 3, and the City Administrative Officer (CAO) have worked with BBK and the departments most impacted by this effort to identify and work through issues related to the RFP. To minimize obstacles to construction and permitting for large-scale telecommunications projects on City property and on the public right of way, several departments, including Building and Safety (DBS), Planning, the Public Works Bureaus of Engineering (BOE), Street Lighting (BSL), Sanitation (BOS), and Street Services (BSS), Transportation (DOT), Department of Water and Power (DWP), Recreation and Parks (RAP), and Housing and Community Investment, were brought in to participate in this effort. The working group has identified areas of City support that would encourage the build-out of the necessary infrastructure to provide world-class, high-speed Internet access across the City.

### City Support requested in the RFP

- Establishment of a Digital Infrastructure Permitting Group (Permitting Group) combined with a single point of contact for large-scale telecommunications infrastructure construction projects was identified as the most critical incentive for the deployment of an advanced broadband system. To respond to the highlighted need for a streamlined permitting process, additional staff would likely be required in 11 City departments (DBS, City Attorney, GSD, ITA, Planning, Bureau of Contract Administration, BOE, BSL, BOS, BSS, and DOT). The 2015-16 Adopted Budget provides \$1.0 million in the Unappropriated Balance to establish such a group. The City anticipates that the ongoing costs of the Permitting Group will be borne by those using its services. It is

recommended that the CAO report back on a short-term and long-term staffing plan for the Permitting Group to ensure the proper allocation of positions to achieve the goals of the CityLinkLA initiative.

- Use of City property assets that could be made available to selected proposers through the RFP was identified as another critical requirement for the CityLinkLA initiative. The City has identified more than 100 properties where “fiber hubs” or “central offices” can be placed. Each such hub is roughly 12’ x 30’ and would serve about 20,000 homes or businesses. The use of City property would enable the hubs to be placed without the need for discretionary authorization, such as a conditional use permit provided that public benefits criteria set out in Section 14.00(A)(6) of the Los Angeles Municipal Code are met. The properties would be offered to selected proposers for a rate that could be as low as \$3 per sq. ft.
- Use of the existing fiber optic network managed by the Department of Water and Power. Use of this network could reduce the cost burden to potential new vendors. As part of a bulk lease, the Department of Water and Power is willing to provide access to fiber at a bulk, wholesale price escalating over the term of the lease.
- Access to the City’s storm water drainage system. The storm water drainage system could be utilized for fiber installation to allow providers to minimize delays particularly around highways. Space within the system would be leased at \$.25 per linear foot.
- Access to City street light standards with appropriate power supplies at favorable bulk rates for placement of Wi-Fi devices. BSL currently charges \$750 per pole as a fee for use of the pole. It is estimated that approximately 20,000 pole placements may be required in a full build-out.
- Access to park property for placement of Wi-Fi infrastructure would permit wireless providers to reach some of the most highly trafficked and occupied areas of the City. The Board of Recreation and Park Commissioners conceptually approved the use of parkland for this purpose on April 15, 2015. The final locations and installation conditions will be subject to final approval by the Board in accordance with a master lease agreement to be developed.
- Work with the selected proposer/s to jointly brand and promote the initiative and to coordinate with other City efforts to bridge the digital divide. The City has developed a robust data base of useful resources to assist proposers in developing a meaningful proposal.

### Proposal Evaluation

Contracts may be awarded to those proposers that best satisfy the goals of the CityLinkLA initiative and that best assure that the wireline and Wi-Fi aspects of the initiative will be served. The City may award contracts to multiple proposers.

The RFP will be evaluated on two levels. The first level includes a review of financial, technical, and legal capabilities of building and operating the network proposed and is considered "pass/fail." If a proposal meets the requirements of Level I, it will automatically proceed to Level II and be scored by an Evaluation Panel. The Evaluation Panel will rate proposals on scale of 100-point base points with bonus points provided for proposals serving full quadrants. Bonus points consist of three points awarded for each full quadrant a proposer offers to serve for a total of up to 112 points. The proposals will be evaluated on the following criteria:

Adequacy of Solutions and Soundness of Approach	60 points possible
Digital Inclusion Proposal	20 points possible
Capabilities of Organization and Personnel	10 points possible
Implementation Plan	10 points possible
Bonus for Full-quadrant Services	12 points possible
	Total 112 points possible

The City, at its option, may reject any and all proposals submitted in response to this RFP, or waive any informality in a proposal when to do so would be to the advantage of the City or its taxpayers.

### **ADDITIONAL CONSIDERATIONS**

In addition to the City support identified above, several related matters require further legislative action as described below.

#### Street Damage Restoration Fee (SDRF)

The City's SDRF imposes a one-year moratorium on excavations in newly paved streets. The current SDRF does not allow exemptions. The City Council has requested a study that would expand the moratorium to three years, increase the fee associated with waiver of the moratorium to recover the full cost of the impact, and provide authority to the Board of Public Works to grant exemptions to the moratorium (C.F. 14-1571). A report on this item was recently considered by the Public Works and Gang Reduction Committee and included an amendment to add a categorical exemption to the SDRF for large-scale telecommunication projects. Council action will be required to amend the SDRF.

#### Local Business Preference Program (LBPP)

Pursuant to Section 10.47 of the Los Angeles Administrative Code (LAAC), "the City has a proprietary interest in leveling the playing field among those entities competing for City contracts." It is recommended that as the Awarding Authority, the Council find that it is in the best interest of the City to award a contract without consideration of the provisions of the LBPP as an anticipated outcome of the infrastructure resulting from this RFP will most likely result in a business entity that satisfies the intent of the LBPP. Waiving this requirement will not only level the playing field but also expand it. A waiver will guarantee the greatest level of competition among entities willing to enter into contracts with the City to deploy advanced wireline and Wi-Fi digital communications networks since entities that are not by definition

“local businesses” will not be dissuaded from submitting proposals. In the long-run, the infrastructure resulting from this RFP will most likely result in a business entity that satisfies two conditions required under the LBPP: at least 50 of its full-time employees perform work within the boundaries of the County at least 60 percent of their total, regular hours worked on an annual basis or at least half of the full-time employees of the business work within the boundaries of the County at minimum of 60 percent of their total, regular hours worked on an annual basis.

### Affirmative Action

LAAC Section 10.8.4K. requires that a contractor shall submit an Affirmative Action Plan at the time a bid or proposal is submitted. The RFP would enable Affirmative Action Plans to be submitted before award of contract, if applicable. Council action is required to enable a change in the timing of the submission of the Affirmative Action Plan.

## **CITYLINKLA INITIATIVE PARTNERS**

### DWP

On May 5, 2015, the Board of Water and Power Commissioners considered and approved a resolution to support the CityLinkLA initiative. The RFP may impact DWP in several areas:

1. **Long-term lease of excess DWP fiber** - The RFP would offer the selected proposer the opportunity to lease fiber from DWP at escalating rates, subject to execution of a contract. The rate schedule would assume a ten-year contract.
2. **Use of Streetlights** - The successful proposer may enter into a contract with the City through BSL for use of street lights to support Wi-Fi devices. DWP may need to enter into an agreement (or memorandum of understanding) that permits BSL to allow authorized wireless devices on streetlights to tap into power so long as DWP is compensated on a reasonable basis for the power used.
3. **Land assets** - DWP may make land assets available for placement of “central offices” or hubs that house telecommunications and fiber interface equipment where space is available and useable for that purpose consistent with the department’s security and other requirements.
4. **Access to poles** - DWP would provide access to poles at regulated rates.
5. **Overlapping** - For an entity that leases fiber from DWP, DWP may enter into an overlapping arrangement that will permit that entity to pay for fiber added to an existing strand to increase capacity, subject to an engineering determination that affected poles and cable can support the overlap.

### Metropolitan Transportation Authority (Metro)

On April 16, 2015, the Executive Management Committee of the Los Angeles County Metropolitan Transportation Authority (Metro) authorized the optional participation of Metro in the CityLinkLA RFP. Metro has identified candidate sites that may be suitable for network facilities and rights of way that may contain excess fiber subject to approval of the Metro Board.

### **CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA)**

CEQA review is not required at this time because issuance of an RFP does not qualify as a Project under CEQA. CEQA will be performed when required, before the City enters into any binding commitment that would have an actual or foreseeable effect on the environment.

### **NEXT STEPS**

The RFP attached is substantially complete subject to final City Attorney review and incorporation of any conforming or clarifying changes required.

Successful conclusion of this process requires a designated negotiator and clearly defined deal points. The working group has proposed that the CAO serve as the lead negotiator. It is important that the successful vendor(s) do not “cherry pick” areas of higher income when determining which areas to service, but provide quality service in all areas of the City. The CAO is prepared to incorporate the City support resources identified above to negotiate the best contract to promote the goals of the CityLinkLA initiative to provide high-speed Internet citywide.

It is recommended that the CAO and ITA report to the Mayor and Council at the conclusion of those negotiations with recommendations relative to the execution of one or more contracts and the results of this RFP.

### **RECOMMENDATIONS**

That the Council:

1. Authorize the Information Technology Agency to:
  - A. Release the Request for Participants (RFP) – CityLinkLA Initiative for Deployment of Advanced Broadband Systems in the City of Los Angeles substantially as attached, subject to City Attorney review and approval;
  - B. Take the necessary steps to manage the RFP process, receive proposals, convene an Evaluation Panel, and make recommendations to the authorized contract negotiator;
2. Authorize the City Administrative Officer to serve as the lead contract negotiator with one or more proposers recommended to provide the Deployment of Advanced Broadband Systems in the City of Los Angeles;

3. Instruct the Information Technology Agency and the City Administrative Officer to report to the Mayor and Council with results of the RFP and with recommendations relative to the execution of one or more contracts as a result of the RFP;
4. Find that it is in the best interest of the City to award a contract without consideration of the provisions of Section 10.47 of the Los Angeles Administrative Code, Local Business Preference Program, as an anticipated outcome of the infrastructure resulting from this RFP will most likely result in a business entity that satisfies the intent of the Local Business Preference Program;
5. Request the City Attorney to prepare and present an ordinance amending Section 10.8.4 of the Los Angeles Administrative Code to enable respondents to the RFP to submit Affirmative Action Plans before award of contract, if applicable;
6. Direct the City Administrative Officer to report back on a short-term and long-term staffing plan for the Digital Infrastructure Permitting Group; and,
7. Authorize the City Administrative Officer to make technical corrections as necessary to implement the intent of the Council action.

#### **FISCAL IMPACT STATEMENT**

There is no impact to the General Fund in 2014-15. The 2015-16 Adopted budget includes \$1 million in the Unappropriated Balance for the Digital Infrastructure Permitting Group. The annual cost of the positions expected to be assigned to the Digital Infrastructure Permitting Group is about \$2 million. The City may also experience reduced revenue in the short term from the negotiation of favorable rates (Street Lights pole fee). The full cost impact will be unknown until responses have been received and negotiations undertaken.

#### *Attachment*

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