

Los Angeles



Department of Water & Power

ERIC GARCETTI
Mayor

Commission
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WILLIAM W. FUNDERBURK JR., *Vice President*
JILL BANKS BARAD
MICHAEL F. FLEMING
CHRISTINA E. NOONAN
BARBARA E. MOSCHOS, *Secretary*

RONALD O. NICHOLS
General Manager

October 21, 2013

The Honorable City Council
City of Los Angeles
Room 395, City Hall
Los Angeles, California 90012

Honorable Members:

Subject: Authorizes Optical Fiber Lease Agreement No. FO-727-03/2013 and Short Form IRU-01 Lease Agreement No. FO-728-03/2013 with Qwest Communications Company, LLC

Pursuant to Charter Section 606, enclosed for approval by your Honorable Body is Resolution No. 014 073, adopted by the Board of Water and Power Commissioners on October 16, 2013, approved as to form and legality by the City Attorney, which authorizes execution of Optical Fiber Lease Agreement No. FO-727-03/2013 and Short Form IRU-01 Lease Agreement No. FO-728-03/2013 with Qwest Communications Company, LLC, to provide the Indefeasible Right of Use of certain components of LADWP's fiber optic network. As directed by the Board, transmitted to you are supporting documents.

If there are any questions regarding this item, please contact Ms. Winifred Yancy, Manager of Intergovernmental Affairs and Community Relations, at (213) 367-0025.

Sincerely,

Barbara E. Moschos
Board Secretary

BEM:sar

Enclosures: LADWP Resolution
Board Letter
CAO Report
Agreement No. FO-727-03/2013
Agreement No. FO-728-03/2013

Los Angeles Aqueduct Centennial Celebrating 100 Years of Water 1913-2013

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Telephone: (213) 367-4211 www.LADWP.com

c/enc: Mayor Eric Garcetti
Councilmember Felipe Fuentes, Chair, Energy and the Environment Committee
Gerry F. Miller, Chief Legislative Analyst
Miguel A. Santana, City Administrative Officer
Rafael Prieto, Legislative Analyst, CLA
William R. Koenig, Chief Administrative Analyst
Winifred Yancy

WHEREAS, the Optical Fiber Lease Agreement No. FO-727-03/2013 (Master Agreement) and Short Form IRU-01 Lease Agreement No. FO-728-03/2013 (IRU-01 Agreement), between the Los Angeles Department of Water and Power (LADWP) and Qwest Communications Company, LLC. d/b/a Centurylink QCC. (Qwest), grants to Qwest the Indefeasible Right of Use (IRU) of certain components of LADWP's fiber optic network which generates revenue that shall be deposited into LADWP's Power Revenue Fund; and

WHEREAS, the Master Agreement and IRU-01 Agreement will replace Agreement Nos. FO-528-04/2008, FO-529-04/2008 and FO-530-04/2008 authorized by Resolution No. 008-271 on June 19, 2008, all of which expired on July 6, 2013; and

WHEREAS, the Board of Water and Power Commissioners find that the optical fibers to be leased are not presently needed for LADWP purposes and the execution of the lease will not interfere with LADWP operations; and

WHEREAS, the term of the Master Agreement is ten (10) years and the IRU-01 Agreement is one (1) year with automatic yearly renewal up to the tenth anniversary, subject to any market rate adjustment set by LADWP pursuant to City Charter Section 607 (b), both of which will commence on July 7, 2013.

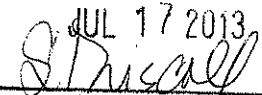
NOW, THEREFORE, BE IT RESOLVED that the proposed Master Agreement and IRU-01 Agreement, approved as to form and legality by the City Attorney and filed with the Secretary of the Board, between LADWP and Qwest, be and the same are hereby approved and ratified.

BE IT FURTHER RESOLVED that the President, or the Vice President of the Board, or the General Manager, or such person as the General Manager shall designate in writing, and the Secretary, the Assistant Secretary, or the Acting Secretary of the Board be and they are hereby authorized and directed to execute said Master Agreement and IRU-01 Agreement, for and on behalf of LADWP.

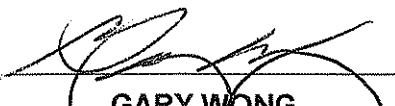
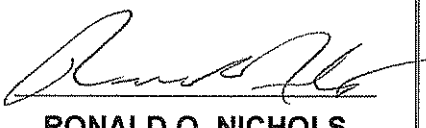
I HEREBY CERTIFY that the foregoing is a full, true, and correct copy of a Resolution adopted by the Board of Water and Power Commissioners of the City of Los Angeles at its meeting held OCT 16 2013


Secretary

APPROVED AS TO FORM AND LEGALITY
MICHAEL N. FEUER, CITY ATTORNEY

JUL 17 2013
BY 
SYNDI DRISCOLL
DEPUTY CITY ATTORNEY

LOS ANGELES DEPARTMENT OF WATER AND POWER (LADWP) BOARD APPROVAL LETTER

TO: BOARD OF WATER AND POWER COMMISSIONERS	DATE: October 3, 2013
<div style="display: flex; justify-content: space-around;"> <div style="text-align: center;">  GARY WONG Assistant General Manager Systems Support Division </div> <div style="text-align: center;">  RONALD O. NICHOLS General Manager </div> </div> <hr style="width: 50%; margin-left: 0;"/> <hr style="width: 50%; margin-left: 150px;"/>	SUBJECT: <p align="center"> Optical Fiber Lease Agreement No. FO-727-03/2013 and Short Form IRU-01 Lease Agreement No. FO-728-03/2013 with Qwest Communications Company, LLC. d/b/a Centurylink QCC. (Qwest) for Lease of LADWP Optical Fibers </p>
	FOR COMMISSION OFFICE USE: RESOLUTION NO. _____
CITY COUNCIL APPROVAL REQUIRED: Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	IF YES, BY WHICH CITY CHARTER SECTION: 606

- New Contract
- Replacement Contract
- Amendment to Existing Contract

PURPOSE

Transmitted for approval by your Honorable Board is a Resolution, approved as to form and legality by the City Attorney, recommending execution and ratification of Optical Fiber Lease Agreement No. FO-727-03/2013 (Master Agreement) and Short Form IRU-01 Lease Agreement No. FO-728-03/2013 (IRU-01 Agreement) with Qwest:

- Optical Fiber Lease Agreement No. FO-727-03/2013
- Short Form IRU-01 Lease Agreement No. FO-728-03/2013
- Communication Transport Services Agreement

The Master and IRU-01 Agreements will replace Agreement Nos. FO-528-04/2008, FO-529-04/2008 and FO-530-04/2008, which expired on July 6, 2013. Contract renewal negotiations between LADWP and Qwest began in January 2013. Due to overall cost reduction reasons, Qwest elected to lease three out of six currently leased circuits. As negotiations continued, Qwest signed copies of the Master and IRU-01 Agreements were received well after July 6, 2013. Service was continued in anticipation of this renewal based on staff communication with Qwest.

Type of Service:	<input checked="" type="checkbox"/> Dark Fiber <input type="checkbox"/> Ethernet <input type="checkbox"/> SONET <input type="checkbox"/> Video
Service Descriptions:	2 Fibers between <u>5510 Lincoln Boulevard, Playa Vista, California</u> and <u>12800 Culver Boulevard, Los Angeles, California</u> 2 Fibers between <u>12800 Culver Boulevard, Los Angeles, California</u> and <u>10201 West Pico Boulevard, California</u>

	<u>2 Fibers</u> between <u>10201 West Pico Boulevard, Los Angeles, California</u> and <u>600 West 7th Street, Los Angeles, California</u>			
Term/Duration:	IRU-01 <input type="checkbox"/> Initial Term and <input type="checkbox"/> Maximum Term	Master Agreement <input type="checkbox"/> Fixed Term		
IRU-01 Renewal Option:	<input type="checkbox"/> Month-to-Month	<input checked="" type="checkbox"/> Yearly	<input checked="" type="checkbox"/> Automatic	
Termination:	LADWP's Sole Discretion: <u>180 days</u>	Qwest's Sole Discretion: <u>180 days</u>		
Revenue:	Annual <u>\$177,576</u>	One-Time Fee Not Applicable	Minimum <u>\$177,576</u>	Maximum <u>\$1,775,760</u>

FISCAL IMPACT STATEMENT

- Cost-of-Service Provisioning
 All circuits were previously provisioned under earlier agreements therefore there is no additional cost for these replacement agreements.
- Anticipated Revenue for the Power Revenue Fund
 The IRU-01 Agreement will generate for the Power Revenue Fund an annual revenue of \$177,576 and total revenue of \$1,775,760, if the full term is realized.

The IRU-01 Agreement was priced based on the current FOE Dark Fiber tiered pricing structure. No Consumer Price Index (CPI) adjustment was applied because the Communications CPI for Urban Consumers has not increased since this pricing structure was established. The IRU-01 Agreement has the following annual market rate adjustment built in:

Market Rate Adjustment Type:	<input checked="" type="checkbox"/> Market Pricing	<input type="checkbox"/> CPI	<input type="checkbox"/> Fixed Pricing
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TYPE OF INSURANCE COVERAGE(S)

- Insurance Not Applicable / Not Required
- OR**

<u>Type of Coverage</u>	<u>Amount</u>
<input type="checkbox"/> Workers' Compensation	\$1,000,000
<input type="checkbox"/> General Liability	\$1,000,000
<input type="checkbox"/> Automobile Liability	\$1,000,000

CUSTOMER INFORMATION

- Qwest is a large telecommunications carrier. Qwest provides local service in 14 western states in the United States.
- Qwest is an existing FOE customer and is current with all payments required by previously executed agreements. A summary of their agreements to date is as follows:

AGREEMENT NO.	DESCRIPTION	TERM	EXPIRATION DATE	ANNUAL REVENUE
FO-528-04/2008	Optical Fiber Lease Agreement	5 Years	July 6, 2013	Not Applicable
FO-529-04/2008	IRU-01	3 Years with option to renew up to 5 Years	July 6, 2013	\$101,136
FO-530-04/2008	IRU-02	3 Years with option to renew up to 5 Years	July 6, 2013	\$114,307
FO-543-08/2008	IRU-03	3 Years with option to renew up to 5 Years	July 6, 2013	\$80,400
Total Annual Revenue				\$295,843

Per City Charter Section 606, Los Angeles City Council (City Council) approval is required when leases with one (1) customer exceed five (5) years. Optical Fiber Lease Agreement No. FO-727-03/2013 and Short Form IRU-01 Lease Agreement No. FO-728-03/2013 with Qwest Communications Company, LLC d/b/a Centurylink QCC, has a maximum term of ten (10) years, therefore City Council approval is required. Accordingly, the City Administrative Officer report dated September 10, 2013 is attached.

RECOMMENDATION

It is recommended that your Honorable Board adopt the attached Resolution authorizing execution of Optical Fiber Lease Agreement No. FO-727-03/2013 and Short Form IRU-01 Lease Agreement No. FO-728-03/2013.

HH:mgr:vnc

Attachments

e-c/att: Ronald O. Nichols
Richard M. Brown
Aram Benyamin
James B. McDaniel
Philip Leiber
Gary Wong
Matthew M. Lampe
Kenneth W. Kinsey

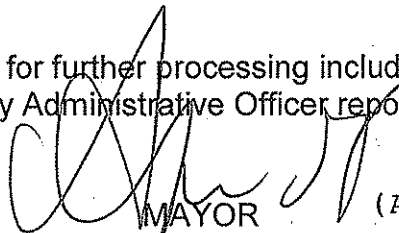
0150-10062-0000

TRANSMITTAL

TO Ronald O. Nichols, General Manager Department of Water and Power	DATE SEP 13 2013	COUNCIL FILE NO.
FROM The Mayor	COUNCIL DISTRICT NA	

RESOLUTION AUTHORIZING THE EXECUTION OF AN OPTICAL FIBER USE LEASE AGREEMENT AND SHORT FORM INDEFEASIBLE RIGHT OF USE (IRU) LEASE AGREEMENT WITH QWEST COMMUNICATIONS COMPANY, LLC DBA CENTURYLINK QCC.

Approved and transmitted for further processing including Council consideration.
See the City Administrative Officer report attached.


MAYOR (Ana Guerrero)

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: September 10, 2013

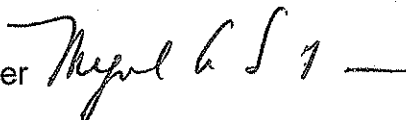
CAO File No.: 0150-10062-0000

Council File No.:

Council District:

To: The Mayor

From: Miguel A. Santana, City Administrative Officer



Reference: Communication from the Department of Water and Power dated August 2, 2013; referred by the Mayor for report on August 13, 2013

Subject: **RESOLUTION AUTHORIZING THE EXECUTION OF AN OPTICAL FIBER USE LEASE AGREEMENT AND SHORT FORM INDEFEASIBLE RIGHT OF USE (IRU) LEASE AGREEMENT WITH QWEST COMMUNICATIONS COMPANY, LLC DBA CENTURYLINK QCC.**

SUMMARY

The Department of Water and Power (DWP; Department) requests approval of a proposed resolution which authorizes the Department to execute a proposed Optical Fiber Lease Agreement No. FO-727-03/2013 (Master Agreement) and an associated Short Form Indefeasible Right of Use (IRU) Lease Agreement No. FO-728-03/2013 with Qwest Communications Company, LLC dba Centurylink QCC (Qwest). Qwest is a large telecommunications carrier providing local service in 14 western states in the United States. The proposed agreements replace similar agreements with Qwest that began in July 2008 and expired in July 2013.

Qwest has leased segments of the optical fiber system since 2008 and plans to continue using it for telecommunication purposes, including telephone, data, and video services.

The Master Agreement sets the general terms and conditions for exclusive optical fiber system leases whereas the specific business terms are identified in the subordinate Indefeasible Right of Use (IRU) lease agreement. Approval of the proposed resolution establishes a new Master Agreement with a term of 10 years commencing July 7, 2013 through July 6, 2023, and authorizes a one-year subordinate IRU with automatic annual renewal up to the tenth year. The Master Agreement and IRU can be terminated by either DWP or Qwest with 30 days written notice. Pursuant to City Charter Section 607(b), both the Master Agreement and IRU are subject to market rate adjustment as determined by DWP. In accordance with Charter Section 606, Council approval is necessary for entering into lease agreements that exceed five years. The City Attorney has approved the proposed resolution and agreements as to form and legality.

The Department states that it expects to receive \$177,576 annually in revenue for the Power Revenue Fund based on service rates included within the IRU. The pricing schedule for the IRU is set at the market-rate based on a price survey. Future price adjustments will be negotiated

periodically, subject to the provisions in the IRU, to reflect the market rates; although, in no case will the period between adjustments exceed five years, in accordance with Charter Section 607(b). Since the optic fiber circuits were already set up under the previous agreement, no additional connection cost will be incurred.

Upon review of the attached DWP request, it is the opinion of this Office that the items can be approved as the requested action appears to be reasonable and in accordance with City policies and procedures.

RECOMMENDATION

That the Mayor:

1. Approve the proposed resolution which authorizes the Department of Water and Power to execute an Optical Fiber Lease Agreement No. FO-727-03/2013 and an associated Short Form Indefeasible Right of Use Lease Agreement No. FO-728-03/2013 with Qwest Communications Company, LLC dba Centurylink QCC for the exclusive use of segments of the DWP-owned Optical Fiber system; and
2. Return the proposed resolution to the Department for further processing, including Council consideration.

FISCAL IMPACT STATEMENT

Approval of the proposed Agreement will result in \$177,576 annually in revenue for the Power Revenue Fund. There is no impact on the City's General Fund. Future price adjustments will be negotiated periodically, subject to the provisions in the IRU, but in no case will the period between adjustments exceed five years, in accordance with Charter Section 607(b). The proposed Agreement complies with the Department's adopted Financial Policies.

TIME LIMIT FOR COUNCIL ACTION

Pursuant to Charter Section 606, "Process for Granting Franchises, Permits, Licenses and Entering Into Leases," unless the Council takes action of disapproving a franchise, permit, license, or lease that is longer than five years within 30 days after submission to Council, the document will be deemed approved.

MAS:RPR:10140053

Attachments