



CITY OF GLENDALE, CALIFORNIA  
REPORT TO THE:

Joint  City Council  Housing Authority  Successor Agency  Oversight Board

March 27, 2018

**AGENDA ITEM**

Report: Approval of Alternative Project Delivery Method for the Glendale Water and Power's Utility Fiber Optic Business Plan's Proposed Fiber Network Design, Engineer and Build Project

1. Resolution authorizing the City Manager, or her designee, to use the Engineer, Procure, Construct (EPC) Alternative Project Delivery Method for the Utility Fiber Optic Business Plan's Proposed Fiber Network Design, Engineer and Build Project and authorizing issuance of a Request for Proposals (RFP) to prospective EPC Contractors

**COUNCIL ACTION**

Public Hearing  Ordinance  Consent Calendar  Action Item  Report Only

Approved for 3/27/18 calendar

**ADMINISTRATIVE ACTION**

Submitted by:  
Stephen M. Zurn, General Manager - GWP

Philip Lanzafame, Director of Community Development

Jason Bradford, Interim Chief Information Officer, ISD

Prepared by:  
Craig R. Kuennen, Business Transformation/Marketing Administrator

Approved by:  
Yasmin K. Beers, City Manager

Reviewed by:  
Michael J. Garcia, City Attorney

Robert P. Elliot, Director of Finance *MK*

Signature

*Stephen M. Zurn*

*Philip Lanzafame*

*Jason Bradford*

*Craig R. Kuennen*

*Yasmin K. Beers*

*Michael J. Garcia*

*Robert P. Elliot*

## **RECOMMENDATION**

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It is respectfully recommended that the City Council authorize the City Manager, or her designee, to use the "Engineer, Procure, Construct" (EPC) Alternative Project Delivery Method for the Utility Fiber Optic Business Plan's Proposed Fiber Network Design, Engineer and Build Project and authorize Glendale Water & Power to issue a Request for Proposal (RFP) to prospective EPC Contractors.

## **BACKGROUND/ANALYSIS**

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On June 2, 2015, City Council authorized the City Manager to enter into a PSA with Sequoia Telcom Associates (STA) to review the current fiber market in general and, in Glendale specifically, develop a Fiber Optic Business Plan for the City of Glendale. STA was selected by GWP for this work through a competitive RFP process.

On August 30, 2016, the Glendale Fiber Committee (comprised of the General Manager of GWP, Chief Information Officer, and Directors of Finance and Community Development) presented the results of the Plan to City Council. The Plan recommended that GWP increase its presence in Glendale's telecommunications market with a service offering for business customers marketed/sold (a) directly to the end user customer and (b) indirectly through resellers and other service providers. The recommended service offering includes Dark Fiber, Switched Ethernet, and Direct Internet Access.

On May 2, 2017, City Council authorized the City Manager to enter into a PSA with STA to provide GWP with Fiber Optic Business Plan implementation support services. The recommendation of the Plan is to follow a two-phase implementation schedule. The next step in this Plan is to issue an RFP to identify firms that are qualified to submit proposals for the design, engineering and construction of the expansion and enhancement to the existing Fiber Optic Network.

GWP and the Glendale Fiber Committee recommend using the EPC Project Delivery Method rather than the traditional "Design-Bid-Build" Method, primarily due to the high level of technical complexity of the Fiber Network Project. EPC procurement is an "alternative project delivery method" under the City's Alternative Project Delivery Method Ordinance (Chapter 4.13 of the Glendale Municipal Code.) The Ordinance requires an Alternative Project Delivery Method to be authorized by the City Council before an RFP may be issued, utilizing the Alternative Project Delivery Method. GWP and the Glendale Fiber Committee recommend the City Council to authorize the use of the EPC procurement method for the Fiber Network Design, Engineer and Build Project and authorize GWP to issue an RFP to identify a qualified EPC contractor for that project.

Under the traditional method of Design-Bid-Build, this project would require multiple procurement, contract negotiations, and approval processes which, along with additional administrative processes and project coordination, would significantly extend the project's delivery date. In contrast, the EPC Project Delivery Method is streamlined. The EPC procurement method means the City would enter into one contract for the detailed design and engineering, providing equipment, installing the fiber cables and associated equipment, and being responsible for the testing and commissioning of the Fiber Network Expansion with defined schedule and cost, and liquidated damages for failing to meet schedule or performance.

The benefit of having early contractor involvement will improve the schedule, cost, quality and functionality of the Project by having one firm accountable for the detailed design and engineering, providing equipment, installing the fiber cables and associated equipment, and being responsible for the testing and commissioning of the Fiber Network Expansion with defined schedule and cost, and liquidated damages for failing to meet schedule or performance. This process allows the contractor to coordinate the engineering effort with the construction that allows for an accelerated schedule and reduced cost for the Project. In addition, it places the responsibility for schedule, cost, and quality with one contractor with oversight by GWP.

### **FISCAL IMPACT**

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If the Proposed Project is authorized by City Council, based upon the current schedule for the Proposed Project, it is anticipated that the fiber network expansion would be completed in three phases with major delivery milestones in or about August, 2019, August 2020, and August, 2021. No major impacts to the public are anticipated.

The preliminary cost estimate for the proposed EPC Contract is \$3,500,000 which includes the design, engineering, fiber cable, equipment supply, installation, testing and documentation in GWP management systems. Upon Council's approval of the project award, a Resolution of Appropriation will be requested to provide project funding.

The approval of an alternative procurement methodology and authorization to issue a Request for Proposal for an EPC Contractor is not a "project" subject to the requirements of the California Environmental Quality Act (CEQA).

### **ALTERNATIVES**

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Alternative 1: The City Council may approve the recommendation presented herein and adopt a Resolution approving the EPC Alternative Project Delivery Method for the Fiber Network Design, Engineer and Build Project.

Alternative 2: The City Council may decline to adopt a Resolution approving the EPC Alternative Project Delivery Method or decline to authorize the issuance of an RFP.

Alternative 3: The City Council may consider any other alternative not currently proposed by staff.

### **CAMPAIGN DISCLOSURE**

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Not Applicable.

### **EXHIBIT(S)**

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Exhibit 1: City Manager's approval of Alternative Project Delivery Method dated March 7, 2018.

RESOLUTION NO. \_\_\_\_\_

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GLENDALE, CALIFORNIA  
AUTHORIZING THE ENGINEER, PROCURE, CONSTRUCT (EPC) PROJECT DELIVERY  
METHOD FOR THE PROPOSED FIBER NETWORK DESIGN, ENGINEER AND BUILD  
PROJECT AND AUTHORIZING THE ISSUANCE OF  
A REQUEST FOR PROPOSALS**

**WHEREAS**, pursuant to City Council's direction, Glendale Water & Power is pursuing the implementation of the Fiber Optic Business Plan (Plan); and

**WHEREAS**, the next step in the Plan is to issue a Request for Proposals (RFP) to identify firms that are qualified to submit proposals for the design, engineering and construction of the expansion and enhancement to the City's existing fiber optic network (the proposed project), and

**WHEREAS**, GWP proposes to issue an RFP to solicit proposals for an Engineer, Procure, Construct (EPC) Contractor for the proposed project; and

**WHEREAS**, the EPC project delivery method is an "alternative project delivery method" under Chapter 4.13 of the Glendale Municipal Code, requiring City Manager and City Council approval prior to preparation or issuance of an RFP utilizing the EPC project delivery method, and

**WHEREAS**, GWP recommends using the EPC project delivery method rather than the traditional "Design-Bid-Build" method, primarily due to the expected time and cost savings and the complexity of the proposed project; and

**WHEREAS**, on March 7, 2018, the General Manager of GWP submitted a memorandum to the City Manager describing the proposed project and stating the following reasons and justifications for the proposed method of project delivery: (1) the proposed project has a high level of technical complexity and requires expertise that city staff does not have, and benefits from early contractor involvement; and (2) proceeding with the EPC procurement method will improve the proposed project's schedule, cost, quality and functionality by having one firm be accountable for the detailed design and engineering, providing all required equipment, installing the fiber cables and associated equipment, and being responsible for the testing and commissioning of the fiber network expansion, with defined schedule and cost, and liquidated damages for failing to meet schedule or performance, and allowing the contractor to coordinate the engineering effort with the construction, which allows for an accelerated schedule and reduced cost for the proposed project, and

**WHEREAS**, the City Manager reviewed the memorandum and on March 14, 2018, approved the use of the EPC project delivery method for the proposed project, and a copy of such City Manager approval is attached to the General Manager of GWP's March 27, 2018 report to the City Council; and

**WHEREAS**, the proposed project satisfies one or more reasons under GMC Section 4.13.060(A) and one or more justifications under GMC Section 4.13.060(B) for the use of an alternative project delivery method.

**NOW, THEREFORE, BE IT RESOLVED** by the City Council of the City of Glendale as follows:

Section 1. The foregoing recitals set forth hereinabove are true and correct are a basis for authorizing the use of the EPC alternative project delivery method for the proposed project.

Section 2. The General Manager of Glendale Water & Power, or her designee, is hereby authorized to prepare and issue a Request for Proposals for an EPC Contractor for the proposed project.

Section 3. The City Council does not hereby grant approval of the proposed project or the award of any contract for an EPC Contractor. The approval or disapproval of the proposed project and the award of an EPC Contract are subject to the City Council's approval.

Section 4: The City Council hereby finds that adoption of this Resolution is not a "project" under the California Environmental Quality Act, because the Resolution does not involve any commitment to a specific project which may result in a potentially significant physical impact on the environment, as contemplated by Title 14, California Code of Regulations, Section 15378(b)(4).

Section 5. This Resolution shall take effect immediately upon its adoption.

Adopted this \_\_\_\_\_ day of \_\_\_\_\_, 2018.

\_\_\_\_\_  
Mayor

ATTEST:

\_\_\_\_\_  
City Clerk

APPROVED AS TO FORM  
*Christina Lopez*  
\_\_\_\_\_  
PRINCIPAL ASSISTANT CITY ATTORNEY  
DATE *March 22, 2018*

STATE OF CALIFORNIA            )  
  ) SS  
COUNTY OF LOS ANGELES        )

I, Ardashes Kassakhian, Clerk of the City of Glendale, certify that the foregoing Resolution No. \_\_\_\_\_ was adopted by the Council of the City of Glendale, California, at a regular meeting held on the \_\_\_\_\_ day of \_\_\_\_\_, 2018, and that same was adopted by the following vote:

Ayes:

Noes:

Absent:

Abstain:

\_\_\_\_\_  
City Clerk

CITY OF GLENDALE  
INTERDEPARTMENTAL COMMUNICATION

RECEIVED  
MARCH 14 2018  
PM 1:48

**TO:** Yasmin K. Beers, City Manager

**FROM:** Stephen M. Zurn, General Manager, GWP

**DATE:** March 7, 2018

**SUBJECT: Request for Approval of Alternative Project Delivery Method:  
Proposed GWP Fiber Network Expansion Project**

In April 2018, Glendale Water & Power intends to issue a Request for Proposal (RFP) for Design and Construction of the GWP Fiber Network Expansion Project (Proposed Project), using the Engineer, Procure and Construct (EPC) project delivery method.

The City's Alternative Project Delivery Ordinance (GMC Chapter 4.13) requires City Manager and City Council approval to use an alternative project delivery method, such as EPC procurement, before an RFP for such a project can be issued.<sup>1</sup>

GWP respectfully requests approval to use the EPC procurement method for the Proposed Project.

**Project Background**

The Proposed Project, if authorized by City Council, would expand and enhance GWP's existing fiber optic network to provide expanded service capabilities to internal City and Utility users and support the sale of commercial services to businesses in Glendale.

The proposed expansion to the Fiber Network would significantly expand the quantity of fiber in terms of both route miles and fiber count. The fiber network would increase coverage of City facilities and potential business customers. A ring architecture would be used to enable very-high-reliability services that are required by City users, business customers and carrier customers. The proposed network would also include new state-of-the-art network electronics that will be delivered under a separate contract. The project is expected to make extensive use of City conduits, pole space and rights-of-way to achieve the most economical solution. The preliminary cost estimate for the proposed EPC Contract is \$3,500,000 which includes the design, engineering, fiber cable, balance of plant equipment supply, delivery and unloading of materials, installation, commissioning, testing and documentation in GWP management systems. If the Proposed Project is authorized by City Council, based upon the current schedule for the Proposed Project, it is anticipated that the fiber network expansion would be completed in 3 phases with major delivery milestones in or about August, 2019; August 2020, and August, 2021. At this time, GWP has not identified potential design, constructability, maintenance, repair or operational issues that would affect the Proposed Project. No major impacts to the public are anticipated.

**Reasons and Justifications for the Proposed Project**

As required by Section 4.13.070 of the Glendale Municipal Code, GWP submits the following reasons and justifications for the Proposed Project.

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<sup>1</sup> Per GMC § 4.13.070

**Reason(s):**

Proceeding with the EPC procurement method is in the best interest of the City because the Proposed Project:

- 1) Has a high level of technical complexity.
- 2) Requires expertise that city staff does not have.
- 3) Benefits from early contractor involvement.

**Justification(s)**

Proceeding with the EPC procurement method would improve the schedule, cost, quality and functionality of the Proposed Project by having one firm be accountable for the detailed design and engineering, providing all required equipment, installing the fiber cables and associated equipment, and being responsible for the testing and commissioning of the Fiber Network Expansion with defined schedule and cost and liquidated damages for failing to meet schedule or performance. This process allows the contractor to coordinate the engineering effort with the construction that allows for an accelerated schedule and reduced cost for the Project. In addition, it places the responsibility for schedule, cost, and quality with one contractor with oversight by GWP and the City's Engineer.

If you have any questions or need additional information regarding the Proposed Project or the proposed EPC procurement method for the Proposed Project, please contact me.

Sincerely,

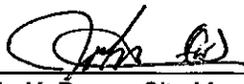
  
Stephen M. Zurn  
General Manager, GWP

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Approval granted     Approval denied

Approval granted with the following condition(s): \_\_\_\_\_

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\_\_\_\_\_  
Yasmin K. Beers, City Manager

3/14/18  
\_\_\_\_\_  
Date