

City of Watsonville
Public Works And Utilities

M E M O R A N D U M



DATE: August 27, 2013

TO: Carlos J. Palacios, City Manager

FROM: Steve Palmisano, Interim Director of Public Work and Utilities
Mark Lamoreaux, Information Technology Manager
Robert Berry, Project Manager

SUBJECT: Approval of Plans and Specifications and Calling for Bids for the
Citywide Fiber Optic Project, Phase 1, Project No. ST-13-07



AGENDA ITEM: September 10, 2013

City Council

RECOMMENDATION:

It is recommended that the City Council approve a resolution approving plans and specifications and calling for bids for the Citywide Fiber Optic Project, Phase 1, Project ST-13-07. Bids will be opened at 11:00 A.M. on Tuesday, October 8, 2013.

DISCUSSION:

Background. The City currently receives fiber optic data services at no cost as part of the original franchise agreement with Charter Communications. However, on June 30, 2014 this franchise agreement will expire and the service will no longer be free.

The fiber optic system provides data and communication services at many City and other public facilities, and provides essential technology services throughout the City. Some of the more critical systems include internet access, data connection, security systems, and gate controls for all City facilities. It also includes wireless access for the public at City facilities, and a wireless system used by the Police Department to access secure data at remote locations throughout the City.

City staff has identified two options to address the loss of this free fiber optic service.

1. The City can choose to build its own fiber optic system, or
2. The City may continue utilizing the Charter fiber optic system through a lease agreement.

Staff recommends investing in a Citywide fiber optic system as the most cost-effective solution, as discussed below.

The Proposed Project. The Citywide Fiber Optic project would involve running new fiber optic lines to critical locations throughout the City. This would be completed by upgrading existing conduits and

utility boxes and installing new conduits by directional boring. Once Phase 1 is completed, new fiber optic lines would be installed to the following locations:

- Watsonville High School
- Veterans Building
- Fowle Reservoir
- Freedom Library
- Fire Station 2 / Watsonville Airport

Estimated Project Cost:

Project Phase	Scope of Work	Estimated Cost
Phase 1 (September 2013)	Running new conduits to critical locations; Repairing and upgrading existing conduits and utility boxes that were previously installed for other uses such as traffic signals.	\$300,000
Phase 2 (January 2014).	Installation of new fiber optic lines from the City Information Technology office to Fowle Reservoir, Watsonville High School, the Veterans Building, the Airport and Fire Station 2.	\$180,000
Total Cost		\$480,000

Lease Option. An alternative to the City installing its own fiber optic system is to lease the service with Charter Communications under a new pricing schedule.

Charter provided quotes for two levels of service.

1. The Reduced Level of Service would provide the absolute minimal communications and data needs for the City, and could result in a reduction in a number of services, such as eliminating security cameras at a number of locations.
2. The Current Level of Service provides the same level of service that the City currently has, would support current and future technology needs, and would provide an equivalent level of service as compared to the Citywide Fiber Optic Project.

Lease Options	1 year	5 years	10 years	15 years	20 years
1. Charter Lease: Reduced Level of Service	\$43,115	\$215,575	\$431,150	\$646,725	\$862,300
2. Charter Lease: Current Level of Service	\$149,153	\$745,764	\$1,491,530	\$2,237,295	\$2,983,060

Recommended Alternative. The proposed Citywide Fiber Optic project is recommended as the most cost-effective solution. In addition, it would provide a valuable communications and data infrastructure asset to the community. The project would pay for itself within 11 years, based on current lease prices from Charter. Alternatively, if the City chose to lease this service from Charter, these costs would continue into perpetuity.

In addition, staff has already started discussions with several entities that are interested in leasing surplus fiber optic capacity that would be available as a result of this project, including the Santa Cruz Metro, Cruzio, and Salud Para La Gente. This additional revenue would result in a shorter cost-recovery period.

STRATEGIC PLAN:

This project supports the strategic goal of improving the City's infrastructure.

FINANCIAL IMPACT:

The cost of Phase 1 is estimated to be \$300,000, and the cost of Phase 2 is estimated to be \$180,000, for a total project cost of \$480,000. The project requires a budget appropriation of \$480,000, and would be initially funded by the Library and Water Enterprise funds, although each of the City departments would contribute a proportionate share of the project costs based on benefit and use. A more detailed funding plan will be presented at a future meeting, as part of the Council's decision to authorize the project for construction.

ALTERNATIVES:

Council can choose not to approve the Citywide Fiber Optic project, and could choose to proceed with a lease agreement with Charter.

ATTACHMENTS:

1. Project Map

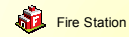
cc: City Attorney

Fiber Infrastructure



City of Watsonville

Legend



Conduit

Existing Conduit

Proposed Conduit

Existing Fiber Optic Path

Street

Streams

Levee

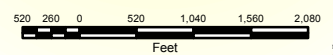
Lake
Slough

Target Locations

Priority Level

Critical
Non-Critical
Building Footprint
City Owned Land
City Park
City of Watsonville

1 inch = 1,750 feet



Prepared by Watsonville GIS Center 08/29/2013 (PWK31206).
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The City of Watsonville assumes no responsibility for any errors.

