



Dear Mayor and Council Members:

On behalf of City Manager Ed Shikada, please find below the staff responses to questions from Councilmember Tanaka regarding the [Monday, May 1 Council Meeting](#) consent agenda items.

Staff responses are below:

Item 8: Approval of Amendment Number 4 to Contract Number C20176363 with Magellan for; 1) Program Management, Network Operations, and Technical Support for Fiber-to-the-Premises to; 2) Increase Compensation by \$2,770,960 for a New Total Not to Exceed Amount of \$5,685,291; 3) Extend the Contract Term by 31 months through December 31, 2025; and 4) Approval of a Budget Amendment in the Fiber Optics Fund

- 1. Can you explain in more detail why the City doesn't have the in-house staffing and has to rely on external corporations to deploy the first phase of FTTP and help with consulting services?**

Staff response: The City's current dark fiber business is quite different from Fiber-to-the-Premises (FTTP) as explained in [Council Report #14800 p 269](#). Under the dark fiber business model, the City leases dark fiber, which is fiber without any data running through it and has no connection to internet services. The customer leasing the dark fiber is responsible for connecting from their premises to the City's dark fiber network, including any construction/maintenance required, and obtains their own internet services through an internet service provider (ISP) aka "lit" fiber connection.

Under the FTTP business model, the City provides lit fiber with broadband internet services and will operate as an ISP. The City would be responsible for any construction/maintenance required to connect from the City's dark fiber network to the customer's premise(s), essentially building out the "last mile" of the fiber network. After evaluating the different business models of insource vs. outsource [Council Report #13956 pp 10-11](#), Council approved Phase 1 of FTTP in December 2022 Council Report #14800.

Utilities has 5.83 FTEs allocated to the Fiber Fund to support the existing fiber backbone and dark fiber leasing business. Staff is proposing to add 4.0 FTE for key strategic positions in the FY 2024 budget to build and deploy FTTP: Assistant Director of Fiber, Outside Plant Manager, Marketing and Sales Manager and Network Architect/Senior Engineer. The scope of services provided by Magellan and the associated compensation under this amendment may decrease when the City hires internal FTEs and/or outsources specific activities.

- 2. Are there any other consulting firms that could provide the same services that this amendment requires? If so, how do they compare in terms of expertise, timeframe, and cost?**

Staff response: While there are a number of telecom consulting firms, only a few serve the municipal broadband space as it is a unique segment in the overall broadband market. Aside from Magellan, CTC Technology & Energy also provides services for municipal government-owned broadband networks. Both CTC and Magellan submitted qualifications to provide FTTP

consulting services, engineering and construction support. However, Magellan's services also include the ability to provide program management, network operations and technical support, and more recently within the past year, electrical engineering support. The combination of these services aligns well with the City's needs and unique ownership of both fiber and the electric utility, including efforts to find synergy between FTTP and Electrification initiatives. Regarding the timeframe, the project would be delayed about nine to 12 months if the City undertakes a new procurement for consulting services and pursues a new contract.

- 3. The report states that Phase 1 for FTTP includes 18 miles of underground construction and 63 miles of aerial construction. Could you provide a map of where this construction would run through and explain the effect it would have on neighborhoods?**

Staff response: Magellan has been working to refine plans for Phase 1 FTTP in accordance with the latest direction received from Council that described priorities. Staff will provide Council an update in the summer with mapping of proposed locations for Phase 1 construction. Staff is evaluating construction synergies between FTTP and electric grid modernization to minimize construction and disruption in neighborhoods.

- 4. This amendment with Magellan only covers consulting and planning costs. When will actual building and bidding of services start, and why do we need to spend over \$5 million on planning services rather than using part of that money to build?**

Staff response: Significant portions of planning include program management, citywide engineering design, and pre-construction surveying. Please see staff report #12303-1215 page 4 for a high-level summary of tasks and Exhibit A for further task details. The City plans to issue construction invitation-for-bids (IFB)s and professional service request-for-proposals (RFP)s in the summer 2023, and the recommended services are necessary to reach the construction phase.

Item 9: Approval of Professional Services Contract Amendment Number 3 with Smart Energy Systems, Inc (S18165157) to add \$684,023 for a New Total Not-to-Exceed Amount of \$1,030,146; and to Extend the Contract Term for Three Years for the Utilities MyCPAU Customer Portal.

- 1. If the MyCPAU already had utilities customer service, is anything being added by the Max Support?**

Staff response: The "Max Support" plan adds dedicated technical and SAP resources to accelerate issue resolution (e.g. credit card payment processing and payment posting to the utility account) and prevent lengthy delays of major enhancements (e.g. on-bill financing, AMI interval data). The MyCPAU portal is deeply integrated with the City's SAP Billing System in addition to payment service systems, the invoice repository, WaterSmart, Clean Power Research and, by the end of the year, the AMI Meter Data Management System (MDMS). Where previously issues involving multiple systems required assembling several niche specialists from a shared pool of support resources, now the City will have a level of dedicated support and priority for issue resolution and enhancements. Critical system integration issues and new MyCPAU enhancements between SAP, the customer portal, and payment system will be expedited, resolved, and completed in a much shorter duration than the current process. As we continue to invest and offer additional services online that require integration, the "Max Support and dedicated support hours will be important to resolve

normal and complicated issues in a timely manner. The City will assess the Max Support service for the first year and then will determine if the second and third years are required.