



Date: February 21, 2017

To: Thomas J. Bonfield, City Manager
Through: W. Bowman Ferguson, Deputy City Manager
From: Marvin G. Williams, Director of Public Works
Subject: Contract Amendment No. 2 for ST-277c Project Management Services for Installation of Fiber Optic Cable

Executive Summary

The purpose of this contract is the provision of professional services for Right-Of-Way Permitting, Utility Location, Construction Inspection and Project Management Services for the Installation of Fiber Optic Cable City-Wide by multiple service providers. The consultant, Kimley-Horn and Associates, Inc., functions as an extension of the City Staff who routinely provide these services for private utility work in the public right-of-way. The contract continues to be needed because the department does not possess the personnel and equipment resources necessary to address such a significant but limited-term increase in workload created by the fiber work. Currently, the buildout is projected to continue into 2018.

The estimated cost for these services over a multi-year time frame was originally estimated at approximately \$2.4M; however, the updated projected amount is now anticipated to be \$3.9M through June 2018. This variability has been due to multiple unknown factors such as the number of major companies that have entered the market, the proposed build out schedules of each, and the level of oversight desired by City Council to protect the City's infrastructure. The contract is structured with the flexibility to immediately adjust to fluctuations of volume or desired levels of oversight. Only the services that are needed will be used and all services will be charged hourly on an as-needed basis.

Recommendation

The Administration recommends that the City Council authorize the City Manager to execute Amendment No. 2 with Kimley-Horn and Associates, Inc. to increase the contract for project management services for the installation of fiber in the amount of \$1,213,474.00 for a total contract cost not to exceed \$3,613,474.00.

Background

The Department of Public Works is responsible for the review, permitting, utility location and inspection of work done to install new utilities in the public right-of-way. Several firms continue to build substantial fiber optic networks in the City of Durham. As of January 2017, the current crew counts range from 20 to 60 crews per day and are projected to remain steady with continued build out. Since June of 2015, over 650 miles has been installed and over 1,100 miles has been permitted. It is anticipated over 2,000 miles of fiber will be installed (approximately ½ of that will be underground) throughout the City of Durham over the proposed 2-3 year build out.

The planned timeframes for build out of those networks by the various companies significantly exceeds the Department's current capacity to review and approve the permits or to inspect construction of these new utilities. City staff does not have the personnel to support this scale of permitting, locating and construction inspections.

It is imperative that the detailed plans for the installation of the fiber cable be properly reviewed and permitted. It is equally critical that during construction the City water, sewer and storm water infrastructure in the right-of-way be properly located in a timely manner, and lastly, that the construction work be continuously inspected for adherence to City standards and for the protection of City infrastructure. As a result it is necessary to retain the professional services of Kimley-Horn and Associates to augment City staff in this important project. Since June of 2015, Kimley-Horn and Associates has fielded over 600 complaints from homeowners related to fiber installation.

Issues/Analysis

Contract Administration and Inspections Services for City construction projects are routinely contracted for with qualified engineering consulting firms. The services provided by the firms are necessary to augment the capacity of City staff to manage and administer the construction contracts. This project is not only similar to many others, but also unique due to the requirement for assistance with permitting and utility locations, as well as the scale and extent of the construction proposed for these large scale fiber installations.

Alternatives

Utilize the existing staff and not proceed with extending the contract with the Consultant. This option is not recommended as the department does not possess the personnel and equipment resources necessary to fully address the current workload, exclusive of any the anticipated fiber installation projects. Permit reviews and utility locates would be delayed for all private utility work, and construction activity completed by private contractors for fiber would not be properly supervised and inspected, with potential problems and long-term damage to existing infrastructure going undocumented and unresolved.

Financial Impact

Funds were allocated for FY17 and are available in the following account:

FY17: 0L030000 – 725000		\$1,213,474.00
	Total	\$1,213,474.00

UBE SUMMARY

This is a contract amendment. Kimley Horn and Associates, Inc. will be using the following UBE firms for the additional scope of services:

Firm	ID	City/State	Amount	% of Contract
MA Engineering Consultants, Inc.	MUBE	Cary, NC	\$ 218,500	18%
SEPI Engineering & Construction	WUBE	Raleigh, NC	\$ 218,500	18%