

RESOLUTION NO. 2012- 10

A RESOLUTION

RECOMMENDING THE CITY OF CHAMPAIGN EXECUTE
A CONTRACT WITH POWER UP ELECTRICAL CONTRACTORS, LLC, TO INSTALL
AND CONSTRUCT THE PHASE II FIBER TO THE PREMISE CONNECTIONS FOR UC2B

BE IT RESOLVED BY THE UC2B POLICY BOARD, as follows:

Section 1. That it is recommended that a Contract between the City of Champaign, as lead agency for operations and on behalf of UC2B, and Power Up Electrical Contractors, LLC, be approved in an amount not to exceed \$1,629,775.

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PASSED:

APPROVED: _____
Policy Board Chair



REPORT TO UC2B POLICY BOARD

FROM: Teri Legner, Interim UC2B Consortium Coordinator

DATE: May 22, 2012

SUBJECT: EXPLANATION OF RESOLUTION NO. 2012-10

A. Introduction: The purpose of this Resolution is to recommend that the City of Champaign authorize the City Manager to execute a contract with Power Up Electrical Contractors, LLC in the total calculated amount of \$1,629,775 for Phase II Fiber to the Premise construction and installation.

B. Recommended Action: Staff recommends approval of this Resolution.

C. Summary:

- The Policy Board recommended, and the Champaign City Council approved, an alternate procurement plan for this purchase that was intended to provide for more minority inclusion in contracting for UC2B. That Plan is attached as Attachment 1.
- A Request for Proposals (RFP) for this project was released on April 20, 2012. A mandatory pre-proposers meeting was held on April 30, 2012 in the Champaign City Council Chambers. Proposals were due on May 16, 2012.
- Three responses to the RFP were received. Two were for all component parts of the project; one was for the inside work on the Fiber to the Premise (FTTP) package (C-2) only. See Attachment 2 for a description/diagram for the unbundled project parts.
- Power Up Electrical, LLC provided a response for the entire project with a total calculated cost of \$1,629,775 and a workforce diversity pledge of 54%.
- Reference checks were conducted on Power Up; all were positive.
- Staff met with Power Up representatives on May 21, 2012 to discuss the project in more detail, including the relationship with the canvassing team's efforts and customer acquisition, along with the warehousing and logistical issues presented by the fact that the City is purchasing the bulk of the materials and equipment for the job.
- Power Up Electrical, LLC is a minority-owned firm based out of St. Louis, MO and is proposing to subcontract with Southern Belle Electric and HVAC of Rantoul and Reinhold Electric of St. Louis, MO. The City's Community Relations Office is working with Power Up on the consideration and approval of its Affirmative Action Report and Plan. It is anticipated that the City will have completed its review in time for the Policy Board meeting on the 24th.

D. Background:

1. Phase II FTTP Construction and Installation Procurement Process. In February, 2012 the UC2B Policy Board recommended that the City Council adopt an alternative procurement process for this contract purchase in an attempt to provide for more minority inclusion in contracting. A description of that procurement plan is in Attachment 1.

2. RFP Process. The City of Champaign issued a change order for Shive Hattery to prepare the RFP documents consistent with the approved procurement plan. Shive has been the design engineer on the project from the beginning and was able to prepare the documents in a timely fashion due to its intimate knowledge of the project. Those documents were prepared with several iterations of staff review which were essential given the complexity and uniqueness of the alternative procurement plan. The RFP was released on April 20, 2012. All contractors known to have expressed interest in the project were notified via email and direct mail of the release of the RFP. This included those contractors that participated in development of the procurement plan. Interested contractors were directed to the Shive Hattery website to register for plan sets. Shive Hattery maintained a live list of planholders throughout the process so that all could be made aware of any and all addenda issued.

A mandatory pre-proposal meeting was held on April 30 in the Champaign City Council Chambers. For the first time, the City offered contractors the opportunity to “attend” virtually and in-person. All attendees signed in or logged in via a portal that verified attendance. There were approximately 17 attendees represented in-person and another 34 unique visitors attending on-line. All had the opportunity to participate with questions and comments. Those attending on-line were able to submit theirs via email which was monitored by staff to ensure that all were read aloud and addressed live. The City received very positive feedback on this option for virtual attendance. Like the alternative procurement process, this option may be applied to other City bid and RFP processes in the future.

The proposals were due on May 16, 2012. Only three contractors registered through the University’s certification process to be primes on this project. Contractors planning to be subcontractors with the primes, did not have to register for certification. All three companies that did register through the University’s process submitted responses. A summary of the responses is contained in Attachment 3. Two companies submitted proposals for the entire scope of work, i.e. Power Up Electrical Contractors, LLC and G4S Technologies. One company, Rock Solid Concrete Products Inc, provided a response for package C-2 which was the inside work for the FTTP (primarily residences) component. All of the packages were compared fairly and scored consistent with the approved procurement plan and is demonstrated in detail on Attachment 3.

In summary, Rock Solid provided a proposal for only the C-2 package. The total calculated price for that proposal was \$1,242,210 and was accompanied by a 90% workforce diversity pledge. However, compared to Power Up’s proposal for that same part of the overall project, Rock Solid’s costs did not compare favorably. In other words, Power Up’s costs for that portion of work, \$333,930, were less expensive than those of Rock Solid’s. And, Power Up pledged an 84% workforce diversity component compared to the 90% by Rock Solid for the same part of the work. G4S provided a proposal for the entire scope of work. The total calculated price for that

proposal was \$6,214,813 with a 23.14% diversity pledge. The G4S proposal was cost prohibitive given that the project budget is \$2.5 million.

3. Power Up Electrical, LLC. Power Up Electrical Contractors, LLC provided a proposal on the entire scope of work in the total calculated amount of \$1,629,775 and an overall diversity pledge of 52%. This diversity pledge varies depending upon the work being undertaken. For the inside and outside work on the anchors and IRU holder locations, packages A-1, A-2, B-1, B-2, Power Up pledged a workforce diversity of 24%. Power Up anticipates that this work will be completed primarily by existing Power Up staff and staff from Reinhold Electric, a St. Louis-based subcontractor. Power Up pledged an 84% workforce diversity for all of the FTTP work, packages C-1 and C-2. This work will be conducted in large part by Southern Belle Electrical and HVAC, a Rantoul-based subcontractor. Southern Belle is also a subcontractor working on Phase I under Urbana's contractor, John Burns Construction Company. Power Up has indicated that Southern Belle will be closely supervised to ensure the project stays on schedule. Southern Belle has also been given the responsibility of hiring workers to meet this aggressive pledge. Power Up has also indicated that it will be setting up an office locally for at least the duration of this project and hopes that it will retain a local presence longer term after completion of this work. They will also be providing primary and supervisory support to its subcontractors to ensure that all of the administrative responsibilities associated with this project are successfully achieved, including Davis Bacon tracking and reporting and timely billing with any necessary lien waivers.

Power Up has provided an aggressive project plan and schedule to meet the tight project deadlines. Staff is working directly with Power Up and its subcontractors to coordinate customer installations so that they may be conducted most efficiently and with a very positive customer experience. Planning is also underway to coordinate ordering and receipt of equipment and materials so that the contractor has access to them in an organized manner that provides for immediate access so as not to cause delay. All parties recognize the importance of maintaining an accurate and sufficient inventory as well. Given that the City is purchasing these materials, it is imperative that the documentation process is in place to ensure accurate records are maintained for inventory and purchasing processes.

Staff conducted reference checks on Power Up as well. All were very positive and included complex work that was subject to tight deadlines and detailed coordination among multiple parties for scheduling purposes.

4. Minority and Female Owned Business Enterprise (MAFBE) Utilization Goal Achieved. Power Up is a African American male owned business. It has subcontracted with Southern Belle Electric and HVAC of Rantoul which is also an African American male owned business and also with Reinhold Electric of St. Louis which is a Caucasian male owned business. Because Power Up is a minority owned company and is the prime contractor for this project, this contract has greatly exceeded the original 15% MAFBE utilization goal established for this project with a 100% MAFBE utilization.

5. Affirmative Action Plan Review. Power Up's Affirmative Action Report and Plan are under review by the City's Community Relations Office at the time of this writing. It is

anticipated that a decision will be forthcoming on their approval prior to Policy Board consideration on the 24th.

6. Federal Subaward. The City of Champaign is working directly with the University of Illinois to amend its subaward to account for this additional expense. Staff will be seeking Council authorization for the City Manager to execute amendments as necessary to adjust for this FTTP contract. An amendment will also be necessary for the FTTP materials purchase which has also been released and is due on May 30, 2012. Staff anticipates bid evaluations for the materials purchase to be ready for Policy Board consideration at a Special Meeting on June 6 at noon.

7. Project Construction Completion Date. Per the requirements of the Federal BTOP grant, 100% of the grant funds must be spent by January 31, 2013. Time is of the essence on this project and in particular for this phase of work. There are approximately 2,500 connections that have to be made by December 1, 2012. Completion by this date will ensure that the funds are drawn and spent by January 31, 2013. Power Up is keenly aware of the schedule and has prepared a project plan to meet the deadline. Staff and Power Up, along with their subcontractors, are planning to meet regularly to manage the workload and coordinate all efforts.

E. Alternatives:

1. Approve this Resolution and encourage the City of Champaign to execute an agreement with Power Up Electrical Contractors, LLC in the amount of \$1,629,775 for Phase II of the FTTP construction and installation project.
2. Do not approve the Resolution and provide further direction to staff.

F. Discussion of Alternatives:

Alternative 1 approves the Resolution. Such action will allow construction to begin on the fiber to the premise project.

a. Advantages

- Necessary to meet the project deadlines.
- An additional step toward project completion which is important to demonstrate to NTIA staff.
- Progress toward reducing the digital divide is made.
- Champaign-Urbana area will have a fiber optic network constructed with grant funds providing faster internet speeds on an open-access network that provides more choice at competitive rates.
- Goals of alternative procurement plan met; MAFBE utilization goal exceeded; workforce diversity pledge of 52% overall, 24% for anchor/IRU sites, and 84% for FTTP locations.
- Proposal is within project budget of \$2.5 million.

b. Disadvantages

- Coordination necessary to ensure timely completion and positive customer interaction is tremendous and will require an extensive investment of staff time to achieve.

Alternative 2 do not approve the Resolution and provide further direction to staff.

a. Advantages

- Depends upon Policy Board direction.

b. Disadvantages

- If not authorized to proceed with the construction contract, deadlines may not be achieved and the project may not be completed with grant funds which could result in increased cost for the member agencies.
- It is possible that UC2B will be unsuccessful delivering big broadband to the community.

G. Community Input: The procurement process for this phase of construction was developed over the course of 5 months with the intent of providing for more minority inclusion in contracting. There were multiple occasions for public input including 2 meetings held with contractors and the public. The UC2B Technical Committee and Policy Board both reviewed the procurement plan over several meetings held in public as well. The Champaign City Council reviewed the procurement plan at a Study Session in February and approved the plan later that same month.

Input has not been sought specifically for the purpose of reviewing the proposals, however the public will be able to comment on the recommendation at the Policy Board's meeting on the 24th and again at the City Council meeting on June 5, 2012 when the item is scheduled for official approval.

Approval by the 5th will allow for the contractor to begin work in mid-June giving it approximately 5 ½ months to complete the work

H. Budget Impact: The UC2B project is funded by a \$22,534,776 BTOP grant from the Federal government and a \$3,500,000 DCEO grant from the State of Illinois. All of these funds are held by the University of Illinois Board of Trustees as the grant recipient. In addition to the grant funding, there was a 20% local match required, approximately \$3.4 million. Champaign's portion of the local match was \$498,070 and has been paid. The City of Champaign currently has a subaward agreement with the University of Illinois in the amount of \$10.89 million. An amendment is necessary to transfer funding from the UI to the City to cover the additional cost of this phase of construction, \$1,629,775. Additionally, funding will also have to be transferred to the City from the UI to cover the cost of the materials and equipment for this phase when that amount is known.

I. Staffing Impact: Staff in several City departments have supported this project to date, including the City Manager's Office, Finance, Legal, and Information Technologies. It is

anticipated that more than 3,500 hours in staff time will be necessary to support this effort over the next Fiscal Year. This includes 350 hours in Public Works staff time to cover project management and part-time observation for the fiber to the curb construction part of the project. Approximately, 2,500 hours of staff time from the Finance Department, Legal Department and City Manager's Office are anticipated in FY 12/13 in the Lead Agency role. And additional staff time in Information Technologies will also be necessary to act in the Project Manager role on behalf of the City as a member agency of the UC2B Consortium.

Prepared by:

Teri Legner
Interim UC2B Consortium Coordinator

Attachment 1: Plan for the UC2B Fiber to the Premise Construction/Installation RFP
Attachment 2: Vertical/Horizontal Divisions of Work, Component Project Parts
Attachment 3: Proposal Evaluation Spreadsheets

Plan for the UC2B Fiber-to-the-Premise Construction/Installation RFP

In order to achieve the various goals enumerated on the attached list, the UC2B Policy Board seeks to accept competitive proposals for the next phase of UC2B construction in the following manner:

1. Split the work into the six horizontal/vertical packages as shown on the attached chart. Proposers are allowed to submit a competitive proposal on just one package, all packages or the most logical combinations of those packages that match up with their capabilities. Some of these packages may be worth less than \$125,000. Some may be worth more than \$1,000,000. The work is split logically, geographically as well as by type or division of work, i.e. inside work v. outside work.
2. UC2B will collect standardized information from companies that desire to work as subcontractors on this phase of UC2B construction. UC2B cannot vouch for any vendor, but will provide the information collected from potential sub-contractors to all prime contractors seeking bid information.
3. Prime contractors (proposers) will need to pre-qualify with the University of Illinois Facilities and Services office. This is not an arduous task, nor does it take months. Its purpose is to assure that qualified, experienced vendors are capable of doing this work.
4. A 15% MAFBE utilization goal will apply to prime contractors responding to this request. Of that MAFBE utilization, at least 10% of the total, or 2/3 of the MAFBE goal, must be achieved by minority-owned MAFBE firms. If unable to secure the MAFBE utilization as described here, proposers must demonstrate a good faith effort was made to meet the goal. The MAFBE process addresses minority and female business ownership but not the diversity of the workforce.
5. Prime contractors will be required to pledge in their proposal that "X" percentage of their workforce on this project will be minority workers as defined by 30 Illinois Compiled Statutes 575/2(A)(1). Contractors can chose any value for "X" that they feel is achievable and appropriate.
6. The scoring for the competitive proposals for this next phase of construction will be based on both price and the percentage pledged for a diverse workforce and other criteria. Proposals with lower prices and a higher workforce diversity will be scored higher than those with higher prices and a lower workforce diversity. The proposed split between scoring price and diversity is 75% price, 25% diversity. The City of Champaign, based upon the advice of the UC2B Policy Board, will award the work to the firm or firms based upon both price and diversity, in conjunction with other criteria contained in Section 12.5-38 (Award Criteria) of the City's Purchasing Ordinance.
7. From the UC2B start-up fund, a bonus will be awarded to the contractor or contractors that meet or exceed their pledged minority workforce participation through the length of the project. The exact mechanism for determining the level of the bonus is yet to be

determined, but the Policy Board recommends 1% payment based upon the final contract amount.

8. Prime contractors will be required to provide a performance bond written for the duration of the contract in the amount of 100% of the contract price for those contracts valued at more than \$125,000. No performance bond will be required for contracts that are \$125,000 or less in value.
9. A 10% retainage of each pay request will be required. However, after defined project milestones, e.g. percentage of contract completion such as number of completed, working connections, the applicable retainage will be released.
10. City bids equipment/logistics purchase separate from construction and installation (labor) for the equipment that has significant lead time for delivery, such as pre-terminated fiber cables.

Functional - Vertical Divisions of Work

Sub-Package A1
Champaign
Anchors
Outside Work.
(Includes splicing & terminating the fiber inside the building.)

Sub-Package B1
Urbana
Anchors
Outside Work.
(Includes splicing & terminating the fiber inside the building.)

Sub-Package C1
All Fiber-to-the-Premise (FTTP) locations
Outside Work. (No splicing required. Fiber coiled at outside of building.)

**Vertical Package 1
Outside Work**

Design & install fiber from the curb to the building and restore landscaping, sidewalks and driveways to previous states.

Sub-Package A2
Champaign & Savoy
Anchors
Inside Work.
(Includes splicing.)

Sub-Package B2
Urbana
Anchors
Inside Work.
(Includes splicing.)

Sub-Package C2
All Fiber-to-the-Premise (FTTP) locations
Inside Work.
(No splicing required.)

**Vertical Package 2
Inside Work**

Design & install copper and fiber inside cabling. Configure UC2B Optical Network Terminal (ONT), Wi-Fi & Gateway. Configure customer's Internet-capable wired and wireless devices.

Horizontal Package A

All 132 Champaign/Savoy Anchor & IRU Locations. 9 have multiple Anchors. None have existing fiber. 101 require splicing. If the winning contractor(s) start work on May 1st, they will need to complete roughly 4 sites per week through December 21st to complete these packages.

Horizontal Package B

All 84 Urbana Anchor & IRU Locations. 13 have multiple Anchors. 24 have existing fiber. 64 require splicing. If the winning contractor(s) start work on May 1st, they will need to complete roughly 3 sites per week through December 21st to complete these packages.

Horizontal Package C

All 12 Fiber Distribution Hub Service Areas (1-12.) Up to an estimated 2,484 total single family homes, business, mobile home or MDU/MTU unit locations. If the winning contractor(s) start work on May 1st, they will need to complete roughly 75 sites per week through December 21st to complete these packages.

Proposed divisions of work for the UC2B Fiber-to-the-Premise (FTTP) construction and equipment installation



Urbana-Champaign
Big Broadband

Geographic - Horizontal Divisions of Work

Description	Packages	Vendors' Calculated Numbers			Lowest
		Rock Solid	G4S	Power Up	Bid's
Champaign Anchors & IRU	A1 & A2	\$ 9,999,999	\$ 9,999,999	\$ 9,999,999	\$ 9,999,999.00
Outside Champ Anchor & IRU	A1	\$ 9,999,999	\$ 9,999,999	\$ 9,999,999	\$ 9,999,999.00
Inside Champ Anchor & IRU	A2	\$ 9,999,999	\$ 9,999,999	\$ 9,999,999	\$ 9,999,999.00
Urbana Anchors & IRU	B1 & B2	\$ 9,999,999	\$ 9,999,999	\$ 9,999,999	\$ 9,999,999.00
Outside Urbana Anchor & IRU	B1	\$ 9,999,999	\$ 9,999,999	\$ 9,999,999	\$ 9,999,999.00
Inside Urbana Anchor & IRU	B2	\$ 9,999,999	\$ 9,999,999	\$ 9,999,999	\$ 9,999,999.00
All Anchor & IRU - both	A1, A2, B1 & B2	\$ 9,999,999	\$ 9,999,999	\$ 927,000	\$ 927,000.00
All Anchor & IRU - Outside	A1 & B1	\$ 9,999,999	\$ 9,999,999	\$ 9,999,999	\$ 9,999,999.00
All Anchor & IRU -Inside	A2 & B2	\$ 9,999,999	\$ 9,999,999	\$ 9,999,999	\$ 9,999,999.00
All FTTP Sites	C1 & C2	\$ 9,999,999	\$ 9,999,999	\$ 706,775	\$ 706,775.00
All FTTP Sites Outside	C1	\$ 9,999,999	\$ 9,999,999	\$ 434,615	\$ 434,615.00
All FTTP Sites Inside	C2	\$ 1,242,210	\$ 9,999,999	\$ 333,930	\$ 333,930.00
Everything Outside & Inside	Everything	\$ 9,999,999	\$ 6,214,813	\$ 1,629,775	\$ 1,629,775.00
Everything Outside	All Outside	\$ 9,999,999	\$ 9,999,999	\$ 9,999,999	\$ 9,999,999.00
Everything Inside	All Inside	\$ 9,999,999	\$ 9,999,999	\$ 9,999,999	\$ 9,999,999.00

A1 & A2 Math Explain:

#1 - all

A1 Math Explain:

#2 - all

A2 Math Explain:

#3 - all

B1 & B2 Math Explain:

#4 - all

B1 Math Explain:

#5 - all

B2 Math Explain:

#6 - all

All Anchor & IRU Math Explain:

#7 - all

A1 & B1 Math Explain:

#8 - all

A2 & B2 Math Explain:

#9 - all

C1 & C2 Math Explain - Sum of:

- #10 * # of expected single buildings
- #11 * # of expected Mobile Homes
- #12 * # of Expected MDU/MTU Buildings
- #13 * # of Expected MDU/MTU Units

C1 Math Explain - Sum of:

- #14 * # of expected single buildings
- #15 * # of expected Mobile Homes
- #16 * # of expected MDU/MTU Bldgs

C2 Math Explain - Sum of:

- #17 * # of expected single buildings
- #18 * # of expected Mobile Homes
- #19 * # of expected MDU/MTU Units

Everything Math Explain - Sum of:

- #20 - all
- #21 * # of expected single buildings
- #22 * # of expected MDU/MTU Building
- #23 * # of Expected MDU/MTU Units
- #24 * # of expected Mobile Homes

All Outside Math Explain - Sum of:

- #25 - all
- #26 * # of expected single buildings
- #27 * # of expected MDU/MTU Bldgs
- #28 * # of expected Mobile Homes

All Inside Math Explain - Sum of:

- #29 - all
- #30 * # of expected single buildings
- #31 * # of Expected MDU/MTU Units
- #32 * # of expected Mobile Homes