

REQUEST FOR PROPOSAL (RFP)

BROADBAND NETWORK DESIGN & FINANCIAL MODEL



**CITY OF LUCAS
665 Country Club Road
Lucas, Texas 75002**

I. INTRODUCTION

The City of Lucas, Texas, is accepting proposals from qualified firms for a Broadband Network Design and Financial Model. The purpose of the study is to provide a high-level design and financial model for existing and future broadband needs. The study will assess 1) the cost of installation, operation, and maintenance of a broadband network; and 2) the revenues generated from retail services and third-party network access. The Work Product Deliverables for the study will include a financial model that allows dynamic adjustments in cost and revenue assumptions across a recommended time horizon.

The anticipated schedule for the RFP process is:

<u>ACTIVITY</u>	<u>PLANNED DATE</u>
RFP Published	December 16, 2019
Q&A	January 8, 2020
Proposals Due	January 24, 2020
Proposal Review	January 25 – February 10, 2020
Proposal Recommendation	February 11, 2020
Proposal Selection	February 20, 2020
Award Notification	February 24, 2020
Kickoff Meeting & Work Session	To Be Determined
Draft Study Report	May 2020
Final Study Report	June 2020

II. BACKGROUND INFORMATION

The City has a 2010 census population of 5,166 and estimated 2018 population of 7,955. The community is growing two percent annually and has added 68 homes to the City and 94 homes to its extraterritorial jurisdiction in 2018. There are currently 2,127 households located within the City. The community has been experiencing the expansion of residential neighborhoods since 1996. The median household income is \$151,188 (in 2017 dollars) and the average market value of homes is \$624,357 (based on 2019 certified taxable values from the Collin Central Appraisal District). The community is primarily comprised of large residential lots and low-density housing. The City holds minimal commercial activity and continues to remain as a bedroom community within the Dallas metroplex.

In 2018, the City conducted a Technology and Communication Survey which received a total of 400 responses regarding current Internet service and satisfaction levels. In 2019, the City developed an Internet speed test to collect data from residents who reported actual Internet speeds, current providers, types of infrastructure, and address location. There were 503 household responses which makes up approximately 24 percent of total households. The Internet speed test mapped geolocation reports of Internet speeds and service providers on a single map of the City. Based on the reported data, the results showed that over 60 percent of households had a downlink data rate below 25 Mbps and an uplink data rate below 10 Mbps.

The Internet speed test revealed reports of 25 Internet service providers throughout the City. The southern section of the City consists of households with quality broadband service that is mainly provided by Frontier Communications. The northern section of the City consists of underserved areas with multiple providers servicing various households. The infrastructure within these underserved areas range from fiber and copper lines to wireless equipment. There is no clear indication or confirmation from incumbent Internet service providers on where their infrastructure is installed.

Many new and developing subdivisions have installed fiber optic cables; however, this situation leaves older households with inadequate Internet service and the inability to access any nearby broadband infrastructure. The City's Technology Committee has contacted AT&T, Frontier Communications, Suddenlink, Rise Broadband, Grayson Collin Communications, etc., to discuss possible solutions to improve Internet service throughout the City. The consensus amongst incumbent providers regarding improving Internet service throughout the City is that no private sector entity shows any interest in utilizing its own capital to deploy broadband resources to support high speed Internet access due to low density housing.

III. SPECIAL CONSIDERATIONS

The City is considering the possibility of a municipally owned broadband network and offering Internet service as a public utility. Although Fiber to the Premise (FTTP) would be the optimal solution, it is not the City's intent to limit the study to FTTP only. While FTTP is certainly one of the primary options to consider, the consultant should review other commercially available technologies. The consultant should also note the advantages and disadvantages of technologies that offer lower service levels that may become obsolete much earlier than fiber.

Although the study should include information on high speed Internet offerings of incumbent providers and market rate competition, the City is not concerned at this time with creating a residential survey and customer satisfaction with incumbents. The commonly performed customer surveys and related feasibility analysis are not requested at this time.

The consultant must specify in the response to this RFP the technology solutions it intends to recommend to the City and the reasons supporting this recommendation. The City anticipates that funding for a possible broadband network may be funded through municipal bonds in which voters may determine the outcome of funding through a bond election.

IV. SELECTION PROCESS

The selection of the consultant will be accomplished through the following process by the City:

1. City staff and the Technology Committee will review all proposal submittals. Selection may be made strictly from the information provided in the RFP. However, the City reserves the right to conduct interviews with, and request presentations from any, all or some respondents.

2. The Technology Committee will meet in a public forum to discuss and select the proposal for recommendation to the City Council to consider hiring the services of a consultant to conduct a broadband network design and financial model.
3. Selection of the most qualified consultant will be based upon qualifications following the submission requirements.
4. The City Council will consider the Technology Committee's recommendation for the selected proposal and, if approved, City staff will send out the award notification to the selected consultant.
5. Contract negotiations with the consultant that was selected as the most highly qualified to arrive at a mutually acceptable (fair and reasonable) contract price based on the proposal fee submitted as part of the submission requirements. If the City and consultant are unable to reach such an agreement, negotiations will cease, and negotiations will begin with the proposer chosen as the next most qualified provider and so on until an agreement is reached.

V. SCOPE OF WORK

The primary scope of work is a dynamic, adjustable Financial Model that will span a recommended time horizon which will allow the City to consider the financial feasibility of a broadband network. While the City is not directly requesting a detailed plan and design for the installation, operation and maintenance of a broadband network, the consultant is expected to provide supporting evidence for its Financial Model, including all assumptions made and the basis for those assumptions. As such, the consultant should perform sufficient planning and design to support its Financial Model.

A. Guidelines

The following guidelines are provided to the consultant as an example of what the consultant may expect if selected. Additional guidelines may be provided or developed in a kickoff working session after the City selects the prevailing proposer.

- Data gathered through the City's 2018 Technology and Communication Survey and the 2019 Internet Speed Test.
- GIS data from the City relating to existing water and utility right-of-way and easements.
- Broadband network will support access to customers for multiple advanced services providers (e.g. data, telephony, telemetry, etc.).
- Broadband network will support multiple third-party providers for backhaul (e.g. 5G, WISPs, etc.).

- Project is a complete “green field” deployment with no existing equipment, staff, organization, or infrastructure of any kind.
- Other guidelines to be determined with the selected consultant during the kickoff meeting and work session, and as required.

B. Work Product Deliverables

The primary Work Product Deliverable is an adjustable, dynamic Financial Model. However, various basic supporting information and assumptions used to develop this model are expected. The deliverables may include but are not limited to 1) risks and recommendations toward a successful broadband deployment; 2) ongoing broadband operations and maintenance; and 3) miscellaneous details.

C. Adjustable, Dynamic Financial Model

The City does not specify the format of the Financial Model. The proposer can select any format desired which may be an Excel spreadsheet, web-based, or other application. However, the model must be dynamic and easily adjustable by the City to determine various financial scenarios. The consultant will populate the Financial Model with all costs and revenues for all categories and components to provide results and recommendations.

The consultant will provide recommendations to the City that should include full financial feasibility for broadband deployment across a recommended time horizon desired by the City. Additionally, the consultant will work with City to refine the recommendations based upon various scenarios with respect to structuring funding to support a broadband deployment.

As such, the Financial Model must deliver the following:

- Model must allow entry of costs and revenues preferably by month or quarter across a recommended time horizon.
- Costs and revenues need to be groupable by categories to be determined by the City and selected consultant at the Kickoff Meeting and Work Session.
- Model must yield graphs of costs and revenues, separate or together, over time and by category.
- Model must yield summary tables by component or category.
- Model must yield cost and revenue schedules (i.e. amortization tables) across time as desired by the City.

D. Assumptions and Supporting Information

The consultant should provide a list of all assumptions driving the Financial Model that is recommended. These assumptions must be rooted in reality; reflect a realistic timeframe in which a cost or revenue is realized; and all supporting information to justify the assumptions are expected to be included.

The consultant should fully support its recommended Financial Model and be prepared to make dynamic adjustments and adaptations with the City upon delivery of the work product.

A non-exhaustive list of assumptions and supporting information is below:

- Fiber network plan and deployment
- Right-of-way assumptions and estimates
- Real estate assumptions and estimates
- Physical facilities summaries and costs
- Network-related equipment summaries and costs
- Maintenance equipment summaries and costs
- Organization personnel requirements and related cost estimates
- In-source and out-source recommendations and related cost estimates
- Operating income and cash flow
- Projected revenues and benefits
- Expected and minimum take rates
- Operational expenses
- Depreciation schedule
- Construction build-out cost estimates
- Network design (i.e. preferred equipment, technologies, and topology design)
- Product offerings and pricing structure
- Consumer and business retail pricing plans (i.e. installation fee and recurring access charge by tier)
- Market place pricing plans
- Web site design
- Branding, communications and marketing
- Network implementation duration and timing
- All other assumptions and supporting information

E. Risks and Recommendations

The consultant should provide a detailed list of key recommendations with detailed rationale for those recommendations. Similarly, the consultant should provide a list of risks associated with the project with detailed rationale for those risks. Inasmuch as possible, the consultant should quantify the recommendations and risks, including the probability of occurrence.

F. Miscellaneous and Other

The consultant is encouraged to provide as much information as possible, including that not specifically requested in this document, to ensure the City has full knowledge and understanding of the opportunities and risks associated with deploying a broadband network.

G. Funding Identification

Based on the recommendations for broadband deployment options, the consultant will identify and evaluate various resources that can be utilized by the City in the pursuit of a broadband network. These recommendations should consider municipal bonds, initial costs to the City, public-private partnerships, infrastructure investments, and any other municipal options for funding.

VI. SUBMISSION REQUIREMENTS

Interested and qualified firms are invited to submit a proposal that demonstrates their experience in performing projects of this scale and complexity. Qualified firms should submit one (1) electronic copy in PDF format of the completed proposal by 5:00 pm on Friday, January 24, 2020.

Please title your e-mail “[Firm Name] Proposal - Broadband Network Design and Financial Model” and send the proposal to:

Kent Souriyasak
Assistant to the City Manager
City of Lucas
kent@lucastexas.us
(972) 912-1213

All proposals should include documentation that include the following information:

- Profile of the firm’s principal and staff to be assigned to this project along with a brief description of experience and expertise offered by each firm member. This should include a designation of the project manager, and the resumes of the project manager, principal and staff having a major role in the project.
- A narrative project approach that conveys an understanding of the project objectives and scope of services, and how the firm will meet expectations for the study.
- A summary demonstrating the firm’s qualifications and ability to satisfy areas identified in the section “Scope of Work” and specifically, the firm’s ability to provide anticipated professional services as required to successfully complete the Broadband Network Design and Financial Model.

- A proposed cost of services and a timeline for completing the project to identify major deadlines.
- A list of successfully completed projects and current projects under development managed by the firm comparable to this project.

VII. EVALUATION FACTORS

Selection of the most qualified firm will be evaluated on the following criteria:

1. Direct professional experience with municipalities that offer or are considering broadband services;
2. Evidence of competent design, work plan, technical engineering capacity, and project management;
3. Demonstrated experience developing financial and business models for broadband initiatives;
4. Qualifications of assigned staff experienced with similar complex projects;
5. Responsiveness to the proposal, communicating an understanding of the overall project and services required;
6. Timeline for completion; and
7. Cost and clarity of project budget.

VIII. QUESTIONS

Any questions regarding this RFP shall be submitted to Kent Souriyasak, Assistant to the City Manager by e-mail at kent@lucatexas.us or phone at (972) 912-1213.