



COUNTY ADMINISTRATOR

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TO: Barbara Levin Bergman, Chair
Ways & Means Committee

THROUGH: Robert E. Guenzel
County Administrator

FROM: Dale Vanderford
Director of Technology and Operations

DATE: March 19, 2008

SUBJECT: Fiber Optic Network Build Authorization Contingent on Sale of
Bonds

BOARD ACTION REQUESTED:

It is requested that the Board of Commissioners authorize Support Services – Technology and Operations to award Request for Proposal #6353 to Fiberlink, Inc. (Michigan) and authorize the Administrator to sign the contract not to exceed \$2,748,934, contingent on the sale of bonds, in order to build a fiber optic network to serve key County sites

BACKGROUND:

In June 2005, Washtenaw County conducted an analysis to evaluate current network performance and identify future trends in network usage. The study revealed reduced network performance due to the increased and growing demand for network services. The expanded use of streaming video and archived webcasts, for example, provides one example of how technology serves an increasingly important role in expanding the accessibility of government to the public. Relative to internal operations, adequate technology strongly correlates with productivity – consider the importance of connectivity speed, the ability to send and receive documents and files, reliable access to core technology applications, and the benefit of a robust and redundant connection to the Internet.

The study concluded that the County's network capacity must be expanded in order to support the technology needs of today and the future. As a result, one of the eleven priority needs identified in the Space Plan resolution (adopted by the Board of Commissioners on November 15, 2006) was to "establish proper network connectivity."

Administration was directed to present the project plan to the Board of Commissioners when ready. Staff would like to propose that the County make an investment in fiber optic network connectivity among all key sites.

DISCUSSION:

The fiber network is to be designed to reach the following Washtenaw County Government owned or operating facilities for the purpose of expanding and enhancing network connectivity at these sites:

County Administration, 220 North Main Street, Ann Arbor
Service Center, 2201 Hogback Road, Pittsfield Twp.
Human Services, 555 Towner, Ypsilanti
CSTS, 2140 Ellsworth Road, Pittsfield Twp.
Western Service Center, 705 Zeeb Road, Scio Twp.
Head Start, 1661 Leforge Rd, Ypsilanti
Delonis Center, 312 W. Huron, Ann Arbor
ETCS, 302 Harriet Street, Ypsilanti
14A-2, 415 W. Michigan Avenue, Ypsilanti
14B Court and Sheriff Station #2, 7200 Huron River Drive, Ypsilanti Township
Parks & Recreation Administration, 2230 Platt Road, Ann Arbor
Trial Court Family Division, 2270 Platt Road, Ann Arbor
CSTS, Huron Valley Child Guidance Center, 2940 Ellsworth Road, Ypsilanti Township
14A-3 District Court, 122 S. Main Street, Chelsea
14A-4 District Court, 705 N. Maple, Saline

The cost of this fiber build is not to exceed \$2,748,934. This figure includes a not-to-exceed cost for obtaining all necessary permits and permissions necessary to complete the project. As the fiber will be strung on telephone poles that are owned by DTE and already exist within established easements, the County will be responsible for a per-pole attachment fee. This strategy limits the County's liability, which is considered an industry best practice for how to approach projects of this type.

IMPACT ON HUMAN RESOURCES:

None

IMPACT ON BUDGET:

The County currently leases its network infrastructure from AT&T at an annual cost of \$376,000. The total project cost of acquiring our own fiber optic network (including related hardware and installation costs) is \$2,748,934, which translates into an annual debt service payment of approximately \$339,000 (assuming a 10-year bond issuance at approximately 4% interest). This arrangement will generate an estimated annual

savings of \$37,000 when compared to the current cost of leasing the capacity from AT&T. In ten years when the bond is repaid, the County will realize a savings of the entire lease payment to AT&T (\$376,000) since the network will actually be owned outright.

IMPACT ON INDIRECT COSTS:

There is no immediate effect on indirect costs. It is anticipated that at the end of the bond payout, that the charges to cost allocation would be reduced as the re-occurring payment would be eliminated.

IMPACT ON OTHER COUNTY DEPARTMENTS OR OUTSIDE AGENCIES:

As a result of this project, the network performance for multiple County worksites will be greatly improved, and the County will be positioned to meet its technology needs in the future. Local units of government and other potential partners have been approached to participate in the fiber network build-out, given that they could likely take advantage of this opportunity to obtain fiber connectivity at a reduced cost.

CONFORMITY TO COUNTY POLICIES:

This request conforms with County policy.

ATTACHMENTS /APPENDICES:

Resolution

A RESOLUTION AUTHORIZING THE ADMINISTRATOR TO SIGN THE CONTRACT WITH FIBERLINK, INC. CONTINGENT ON THE SALE OF BONDS IN THE AMOUNT NOT TO EXCEED \$2,748,934 IN ORDER TO BUILD A FIBER OPTIC NETWORK

WASHTENAW COUNTY BOARD OF COMMISSIONERS

April 2, 2008

WHEREAS, in June 2005, Washtenaw County conducted an analysis to evaluate current network performance and identify future trends in network usage; and

WHEREAS, this study revealed reduced network performance due to the increased and growing demand for network services; and

WHEREAS, expanded use of streaming video and archived webcasts, for example, provides one example of how technology serves an increasingly important role in expanding the accessibility of government to the public; and

WHEREAS, in addition adequate technology strongly correlates with productivity – consider the importance of connectivity speed, the ability to send and receive documents and files, reliable access to core technology applications, and the benefit of a robust and redundant connection to the Internet is instrumental in internal operations; and

WHEREAS, this study concluded that the County's network capacity must be expanded in order to support the technology needs of today and the future; and

WHEREAS, the County currently leases its network infrastructure from AT&T at an annual cost of \$376,000; and

WHEREAS, the total project cost of acquiring our own fiber optic network (including related hardware and installation costs) is \$2,748,934, which translates into an annual debt service payment of approximately \$339,000; and

WHEREAS, this arrangement will generate an estimated annual savings of \$37,000 when compared to the current cost of leasing the capacity from AT&T and in ten years when the bond is repaid, the County will realize a savings of the entire lease payment to AT&T (\$376,000) since the network will actually be owned outright; and

WHEREAS, the Space Plan resolution (adopted by the Board of Commissioners on November 15, 2006) identified eleven priority needs, one of which was to “establish proper network connectivity”; and

WHEREAS, the fiber network is designed to enhance network connectivity at Washtenaw County owned or operated facilities for the purpose of expanding and enhancing network connectivity; and

WHEREAS, these sites include County Administration, the Service Center, Human Services, CSTS, Western Services Center, Head Start, Delonis Center, ETCS, 14A-2, 14B Court and Sheriff Station #2, Parks & Recreation Administration, Trial Court Family Division, CSTS Huron Valley Child Guidance Center, 14A-3 District Court, and 14A-4 District Court; and

WHEREAS, the cost of this fiber build is not to exceed \$2,748,934; and

WHEREAS, this matter has been reviewed by Corporation Counsel, the Finance Department, the County Administrator’s Office and the Ways & Means Committee;

NOW THEREFORE BE IT RESOLVED that the Washtenaw County Board of Commissioners hereby authorizes the Administrator to sign the contract with Fiberlink, Inc. contingent on the sale of bonds, in the amount not to exceed \$2,748,834 in order build a fiber optic network as a result of RFP 6353.