

# **Village of Sebewaing Request for Proposal for Municipal Fiber Ring Expansion/Broadband Provisioning Project**

## **1. Introduction**

### **1.1 Network Background**

The Requesting Entity (RE) is requesting proposals from Vendors to build, manage and operate an open access next generation communications network (“Network”) that will provide next generation Internet access service to businesses, homes, and community institutions within the Service Area. A baseline of 1 Gbps symmetric service possibly as afforded by GPON or Gig EPON, may serve as the definition of “next generation” service for this RFP. The RE will provide a variety of forms of support, including (but not necessarily limited to): (i) assistance in demand aggregation; (ii) long-term contracts and support for development of high bandwidth applications to drive adoption; (iii) marketing assistance (including working directly with Vendors, local business leaders and community leaders to increase the revenue opportunities and lower the costs associated with constructing and operating the Network); and (iv) collaboration with local Research, health care and education networks.

By open access, the RE means that the Network facilitates competition through reasonable and non-discriminatory access arrangements that (i) ensure equivalence of price and non-price terms and conditions for all retail services providers and (ii) permit such providers to differentiate their product offerings. In addition, the Vendor must not limit the ability of retail service providers or their customers to run applications, use services and connect devices of their choice to the Network. The selected Vendor will operate the Network on a wholesale basis, and it may, but need not, provide vertically integrated retail services. However, if it chooses to do so, it will have to implement the open access requirement to ensure that retail services competitors will be given treatment equal to that it provides to itself.

The Vendor will bear all of the costs for the Network, including but not limited to design, engineering, construction, equipment and insurance for the Network, up to the end user drop point or network interface device. In addition, the Vendor will bear all the operating and maintenance costs of the Network. In addition, Vendor should demonstrate a clear upgrade path for the Network to meet future consumer demand and service developments to at least 2023 and preferably beyond.

The RE will charge Vendor for access to RE's assets and infrastructure consistent with charges to other such providers except as set forth herein. The RE will provide funds for the construction, maintenance and operation of the network. The RE specific contributions are set forth in Part 1.4-1 of this RFP.

The RE intends the Network to serve as a development platform for innovation, next generation application development, workforce development and job creation

throughout the Service Area, including potentially into surrounding communities on a contract basis.

### **1.2 Nature of Entities Issuing RFP**

This RFP is issued by the Village of Sebewaing.

### **1.3 Overview**

This RFP seeks proposals for the deployment and operation by Vendor of an extension of the Village's existing high-speed fiber network for use of the citizens and businesses in the Service Area. The objectives are to establish a Network that:

1. Initially is able to offer a 100 Mbps retail broadband services that is upgradable to 1 Gbps; is also able to support high quality voice and video services at a possible future date;
2. uses fiber-to-the-premises network architecture;
3. covers 100% of homes and small businesses in the Service Area;
4. is rolled out and made operational progressively, on a demand driven basis, over no more than 2 years from the date of execution of a contract between the RE and the Vendor;
5. promotes the long term economic and community interests of the RE and end users;
6. facilitates competition through open access arrangements;
7. enables low wholesale access prices that reflect underlying costs while allowing Vendor and RE to earn a rate of return on their investment commensurate with the risks involved; and
8. facilitates opportunities for small, medium and large enterprises (SMLEs) and local enterprises to provide services to the Network and to the community.

### **1.4 Assets, Facilities, Services to be Contributed by RE**

RE will provide Vendor with access to the assets, services and infrastructure of RE identified in Sections 1.4.1-1.5 below, to the extent they are available and are needed for deployment of the Network. Infrastructure may include, but not necessarily limited to, conduit, fiber, poles, substations, rack space, nodes, buildings, facilities, central office or switch locations, available land, and other assets and services identified below.

RE will use its best efforts to make such assets, services and facilities available to Vendor upon request, on commercially reasonable terms. The existing charges for access to or use of any RE facilities to be provided for this Network, and any permit and inspection fees be imposed by RE, are as set forth in Schedule 1.4.

In certain cases identified in the appropriate Schedule, access to fiber, conduit, rights of way or other assets identified may be conditioned on or require approval from lessors

or other third parties. In such situations, the RE will work with the Vendor to attempt to obtain any necessary approvals, but it cannot guarantee their receipt.

#### **1.4.1 Fiber**

RE will provide Vendor with access to the existing optical fibers owned or leased by the RE and identified in Schedule 1.4.1. The RE is willing to consider providing access to this fiber under an Indefeasible Right to Use Agreement at prevailing market rates.

#### **1.4.2 Conduit**

RE will provide Vendor with access to the existing conduit owned or leased by the RE and identified in Schedule 1.4.2. The process for accessing the conduit is set forth in Schedule 1.4.2. The RE is willing to consider providing access to existing conduit under an Indefeasible Right to Use Agreement, at prevailing market rates.

RE will also cooperate with Vendor in its efforts to obtain expedited access to conduit owned or controlled by third parties within the Service Area.

#### **1.4.3 Existing Networks**

In addition to the fibers identified in Section 1.4.1, RE owns and operates within the Service Area communications networks identified in Schedule 1.4.3. The RE is willing to negotiate with the Vendor to provide access to all or part of such networks.

#### **1.4.4 Rights of Way**

Construction and the installation of equipment in RE rights of way will be subject to a Metro Act Agreement and engineering permits issued by RE. Subject to existing rights-of-way and easements, RE will allow Vendor to have access to necessary rights-of-way on property owned by RE and property on which it has an easement. Such access will be provided during regular business hours for non-emergency work and 24x7 for emergency work. This access includes permission to perform construction work on RE property, including construction in the streets as needed for the Network.

RE will also cooperate with Vendor in efforts to allow Vendor to gain access to rights-of-way owned or controlled by third parties within the Service Area.

#### **1.4.5 Pole Attachment Rights**

RE operates a municipal electric utility and owns poles in the Service Area. The installation of equipment on RE poles will be subject to a standard pole attachment agreement and permit to be furnished and issued by RE.

RE will cooperate with and assist Vendor in its efforts to gain access to poles owned or controlled by third parties within the Service Area.

#### **1.4.6 Space and power**

RE will make space available to Vendor in RE facilities for the installation of central office ("CO") equipment and for additional network facilities, in locations to be determined as part of the network design. In addition, RE will provide electrical power necessary for Vendor's equipment at RE locations. RE will charge Vendor market rates for such space, power or related services.

#### **1.4.7 RE Contracts for Services and Assistance in Identifying and Generating Institutional and Enterprise Demand**

The RE is willing to negotiate long-term individual commitments to purchase network services needed for RE operations (e.g., transmission capacity, Internet access, voice, video, security monitoring, cloud computing and storage) through the Network.

RE will provide Vendor with assistance in identifying and contacting other entities in the Service Area that are candidates to enter into long term contracts (2 years or more) for fiber or network services. Such potential anchor tenants include other educational institutions, large employers and other enterprises.

#### **1.4.8 Retail Marketing Assistance**

The RE will assist Vendor's pre-construction efforts to market to and obtain commitments for Network services (primarily Internet access) from households and businesses in the Service Area.

#### **1.4.9 Other Assets, Facilities, Services**

The RE will provide Vendor with access to other assets and services that are owned or controlled by the RE, and that will assist Vendor in lowering the overall risk by reducing the cost structure and shortening the design and construction schedule. These include:

- Access to GIS data, street maps, maps of terrain, GPS coordinates and locating services.
- Access to other communications networks through existing peering and traffic exchange agreements

#### **1.5 Regulatory and Other Forms of Assistance to be provided by RE**

RE will provide Vendor with access to:

- Assistance from RE FTE employees for planning, network mgmt., etc.
- A single point of contact ("SPOC") for Vendor, which SPOC will be Responsible for addressing all issues related to the Network, providing coordination across RE departments, ensuring the full cooperation of all RE departments with Respect to relevant issues on the Network and serving as a communications and troubleshooting Resource for Vendor.

### **1.5.1 Expedited Permitting**

RE will provide Vendor with quick, diligent review of all applications for permits, including permits necessary for construction work on the Network within RE rights-of-way and in connection with RE assets or infrastructure. This includes a commitment to review and Respond to any subsequent modifications or similar documents that may require approval by RE within seven (7) working days of submission by Vendor.

### **1.5.2 Expedited Inspection**

RE will provide Vendor with a dedicated inspection team for inspection of all work performed on the Network.

### **1.5.3 Other**

RE will provide Vendor with information about existing funds, grants and contracts that can be redirected to this program. RE will also apply for or provide assistance in applying for available grants or loans to defray Network expenses, such as those for local economic development.

## **1.6 Relationship between Vendor and RE**

The Vendor will be an independent contractor that provides all design, construction and operation services for the Network.

### **1.6.1 Ownership of Network**

The RE will own the Network.

## **2. Services Sought**

### **2.1 Description of Services Sought**

The RE seek a Vendor to design, build, install, own, operate and manage a complete turnkey high-speed communications Network within the Service Area. The system shall be a fully operational high speed communications network using Internet protocol technology and allowing users access to and from the Internet and access to other services as required. The RFP does not require a specific technology, but the RE expect that most potential vendors will propose Fiber-to-the-home Active E, GPON, EPON, RFoG, WDM/PON or any other such acceptable technologies to provide gigabit service to households, businesses and institutions throughout the Service Area. This system must include all active and passive infrastructure, including fiber cabling, active repeater equipment, uninterruptible power supplies, network cross-connections, software, ancillary equipment, and ongoing main tenancy.

Services rendered must include complete system design, engineering, operation, monitoring, maintenance, and enhancement, as well as negotiation and execution of access agreements with retail services providers. The Network rollout will be based upon demonstrated demand by community Residents and businesses, and the

availability of necessary infrastructure. The Network design and operation must provide an open access framework that maximizes wholesale and retail service delivery and competition.

**The following is a specific example of an acceptable project description:**

A bi-directional FTTH (Fiber To The Home) network using EPON (Ethernet Passive Optical Network), GPON or RFOG electronics to allow Sebewaing Light & Water to transport broadband services to their service area. The network will be designed to initially transport high speed data services and will also be designed to include voice and video services as well, at a later date to be determined in the Village's sole discretion. Our initial recommendation is to use EPON.

The scope of the project includes approximately 900 passings using 15 miles of fiber optic network.

The size of the digital service provisioned to support the network will be determined by the network's demand. The actual optical service ties between the office and optical distribution cabinets located at each hub will be a 10 GigE.

From the Headend or each Hub a fiber network using the distributed tap architecture will be designed to serve the area.

Fiber routes will be laid out logically to economically connect each service group back to the Optical Distribution cabinet located at the Headend or each Hub. Network architecture will be a star design with the possibility to ring the network in the future. There will be four distinct fibers designated to each Hub plus additional fibers as needed to allow for growth and business opportunities. As in a typical fiber network design there will be one fiber designated for each group of 32 passings plus spares. There may be other services or network fibers added to this number when finalizing the network design.

Although the optical link budgets and electronics are identical to a typical fiber network build, the network will not employ 1:32 splitters but will use a design distributing optical taps throughout the serving area enabling the overall average fiber count to be reduced, allowing for less up front capital and efficient longer term maintenance. This will allow each drop to be connectorized simplifying the installation process and result in a more efficient overall cost per mile.

Penetration is modeled at 100% of the homes passed for internet service.

The Optical Network Terminal will be capable of providing video, ethernet and telephone connections.

## **2.2 Scope of work**

Vendor shall design, build, install, operate and manage the Network. The Network shall have the following features and functionality.

### *Network Requirements*

Vendor's response shall identify the specific network characteristics it plans for

- Minimum capacity (in terms of number of fibers and/or bandwidth capacity) for (i) the backbone or metropolitan area ring, (ii) residential users, (iii) enterprises/institutional users, (iv) government institutions/public safety users

### *Services on Wholesale Open Network*

- Development and implementation of open access structure for wholesale and retail service delivery and competition
- Bandwidth and technology gateway with caching for access to cloud based triple play and over-the-top (OTT) services (online delivery of video and audio content)
- Wholesale billing and settlement services
- Wholesale Internet access service
- Physical and logical layer network service access
- Dedicated wave/VLAN services
- Secure IP intranet services

### *Public Safety Services*

- Dedicated public safety service network
- Secure public safety access
- Public infrastructure monitoring (e.g., traffic lights, speed cameras, cameras on other public structures)

## **2.3 Responses to Scope of Work**

Each potential vendor shall submit a business and technical plan describing its approach to the project described in this RFP. The business plan shall describe the Vendor's approach to design, construction, operation and management of the Network and the services to be provided over the Network in sufficient detail to allow the RE to effectively consider the proposal. The Vendor shall also include a description of the day-to-day operations and the management of all responsibilities related to the project and explain how the Vendor will fulfill the scope of work in Section 2.2. This should include, at a minimum, the following:

- Technology: A description of the network technologies underlying the proposed network solution(s) included in the response. Each description should include the following information:

- Technologies proposed and the limitations of each technology, and if a variety of technologies are contemplated, a discussion of the factors likely to influence the choice of technologies;
  - As much detail as possible regarding the network design including, but not limited to: network design criteria, network elements, architecture, protocols, system reliability, availability, and operations and maintenance; and
  - Network performance characteristics, including the range of offerings, the capacity and other factors relevant for each proposed solution.
- **Service offerings:** A description of proposed wholesale or retail service offerings that the Vendor anticipates offering to institutional, business and residential customers.
  - Broadband service offerings (type of broadband service, speed tiers, differences between business and residential offerings)
  - Ancillary service offerings (including those identified in Section 2.2) that may be provided by the Vendor
  - Pricing strategy
  - Explanation of Vendor’s willingness to work with the RE to develop unique pricing or packages for key community stakeholders and populations (e.g., government, university facilities, K-12 facilities, economically distressed areas)
- **Rollout strategy:** A discussion of the anticipated deployment strategy, scope and timing of the proposed rollout. The discussion should identify the levels of committed demand necessary to trigger rollout obligations and any factors likely to influence the scope or timing of the rollout, and explain how those factors impact the strategy.
- **Roles and responsibilities:** A description of the roles and responsibilities envisioned for Vendor, Vendor team members (if any), RE, and third parties (if applicable) for each of the following:
  - Network design
  - Network construction
  - Network operations and management
  - Community outreach and customer acquisition
- **Financial Projections:** The business plan should include a pro forma financial statement, identifying projected capital outlays, ongoing operational costs, and expected revenues from wholesale and retail services for at least the first ten years of construction and operation. The plan should identify and quantify all key assumptions underlying the calculations.

## **2.4 Vendor Qualifications**

- Experience in high speed network design and operation – Vendor should provide a statement of experience highlighting similar network systems that it has designed, constructed and operated, including project name, location, size, technology used, and name and phone number for reference contacts. Also indicate whether each system is owned by the Vendor or another entity.
1. Financial Stability – Vendor shall submit its two most recent annual financial statements in order to permit analysis of its financial resources. If financial statements are unavailable due to confidentiality reasons, submit recent D&B reports. If Vendor is part of a team, the two most recent annual financial statements for each team member should be submitted. If the Vendor’s response includes vendor financing or committed bank or other financing, the two most recent annual financial statements of such equipment vendors and financial institutions should be submitted. In addition, each Vendor or team shall provide a bond in the amount of \$1,000,000 or as otherwise agreed to guarantee satisfactory completion of the project. Appropriate insurance shall also be provided by vendor and any subcontractors with 1<sup>st</sup> dollar limits of not less than \$2,000,000 and naming the RE as an additional insured.
- Staff Technical and Managerial Experience – include a statement of experience and resumes of the project team, including the project manager and other key personnel who will be assigned to this project. Also include a list of any known or anticipated subcontractors along with their roles and responsibilities.
  - Evidence of Legal Capacity – include copies of Vendor’s most recent federal and Michigan annual reports and current licenses to provide telecom/communications services, together with a certification that all Michigan business and regulatory registrations/filings/taxes are current, and all internal corporate documents are kept and up to date (e.g. meeting minutes, bylaws, etc.)

## **3. Administrative Issues**

### **3.1 Availability of the RFP and Amendments**

Adobe Acrobat (PDF) and Microsoft Word versions of this RFP are available on the Utility project website at: <http://www.sebewainglightandwater.com>. Amendments to the RFP will be posted on the project website at: <http://www.sebewainglightandwater.com>. Any amendments supersede prior provisions and are effective upon posting on the project website, and each potential bidder is responsible for checking the website to learn of any amendments.

### **3.2 Questions about the RFP**

The primary RFP contact for the RE project team is: Melanie McCoy. All general correspondence and any questions about this RFP must be submitted in writing at [mmccoy@sebewaing.net](mailto:mmccoy@sebewaing.net). The RE project team will entertain oral contacts regarding this RFP. The last date for questions will be 5:00 pm Eastern Time on May 7, 2013. All questions will be considered to be public and released with an answer at <https://www.sebewainglightandwater.com> as expeditiously as possible. The identity of the person posing the question will not be disclosed.

Vendors should not contact any RE directly. Any attempts to contact RE staff regarding this RFP other than via this email process may be grounds for the RE to reject your submission.

### **3.3 Additional Material**

Vendors are encouraged to review any additional materials and updates that may be provided prior to submitting their proposals at the project website noted above.

### **3.4 Informational Session**

There will be an informational session for potential Vendors on April 26, 2013 from 10:00am to 11:00am at Sebewaing Light and Water, 110 W Main St, Sebewaing, MI 48759.

### **3.5 Proposal Format and Certification**

Proposals should be organized in the same sequence as Part 2 of this RFP with responses referencing the appropriate corresponding RFP item(s). Vendors should respond to each item at the level of detail at which each is presented or list a variance with a particular item and propose alternate terms and, as applicable, and supply any supportive detail. Proposals not conforming to the proper format or failure to respond to any required items may result in a Vendor's disqualification and/or rejection of the proposal. Where the Vendor is requested to supply information, include that information in the body of the proposal, or reference the attachment where it is included.

A duly authorized officer or agent of the Vendor must sign the proposal. Proposals that are not signed will not be considered. In the case where multiple vendors team to present a proposal, a signature by a duly authorized officer or agent of each entity is required on the proposal, though one entity should be designated the lead entity in the proposal. The lead entity will be the contracting Vendor and will be responsible for subcontracting with its partners.

### **3.6 Project Calendar**

#### *Anticipated Event Dates*

- RFP Advertised and issued: April 22, 2013

- Proposals Due: June 24, 2013
- Proposal Evaluation Completed by: June 28, 2013
- Interviews with finalist firms no later than: July 12, 2013
- Award and Letter of Intent for Contract no later than: July 26 2013
- Selected firm begins work no later than: August 16, 2013
- Contract finalized no later than: August 30, 2013
- First progress report due: September 30, 2013

### **3.7 Proposals Due Date and Submission**

Proposals are due by 5 p.m. local time on June 20, 2013. Proposals received after the deadline will not be considered. Proposals must be submitted electronically or via priority or certified mail. Two (2) hard copies and one (1) complete electronic version are required for any proposal submitted in hard copy format. Faxed proposals will not be accepted. Vendors assume the risk of the methods of dispatch or delivery chosen. Office hours for receipt of mailed or expressed proposals are: Monday through Friday, 8:00 am - 5:00 pm (EDT).

Electronic proposals must be submitted by email to [mmccoy@sebewaing.net](mailto:mmccoy@sebewaing.net). All electronic files must be submitted in editable format in order to facilitate evaluation and planning. Word, Excel, GIS and PDF formats are acceptable.

### **3.8 Process and Criteria for Evaluation of Proposals**

Proposals will be opened and reviewed internally at the convenience of the RE. All proposals will be evaluated and, **at RE sole discretion**, an award, if any, made to the Vendor who demonstrates the best ability to meet the overall goals of the project, with particular emphasis on the ability to fulfill the scope of work in the most timely and efficient manner.

*Some of the Qualifications Evaluation Criteria Include but are not limited to:*

- Quality of response
- Upfront investment by vendor
- Experience of project team
- References
- Vendor experience
- Financial strength of Vendor
- Feasibility of Vendor financial proposal

### **3.9 Clarification of Proposals**

Notwithstanding any other provision of this RFP, RE reserves the right to:

1. Initiate discussions with any or all potential vendors for the purpose of clarification of proposals;
2. Waive, or decline to waive, any defect in any proposal;

3. Accept, reject, or negotiate any or all proposals or the terms of any proposal, or any parts thereof, for the purpose of obtaining the best and final offer;
4. Cancel or amend this RFP or issue other requests for proposals;
5. Select a Vendor or Vendors based solely upon its analysis and evaluation of proposals submitted and request presentations on proposals if it believes further information is appropriate to the decision-making process;
6. Select no proposals at all; or
7. Use any and all concepts presented in any proposal to obtain the most beneficial and effective path to achieving its desired goals for the project.

### **3.10 Negotiation and Execution of Contracts**

The selected Vendor agrees to execute a contract consistent with the terms of this RFP as modified for the proposal specifics within 10 days of the award. If the parties are not able to reach agreement and execute a contract within ten (10) days of the award, the RE may declare the award void and may select another Vendor or issue a new RFP or proceed otherwise as it sees fit.

The negotiated contract will include a requirement for the Vendor to provide a bond (or other form of financial assurance) in order to ensure that the RE does not have to assume unanticipated costs of finishing the project. The purpose is to prevent the Vendor from “walking off the job.”

### **3.11 Commencement of Work**

The submission of a proposal in response to the RFP, and the subsequent evaluation of that response by the RE, does not constitute a contract or any type of agreement between the RE and any Vendor for the commencement of work or the performance of any obligation. Only a written contract with the RE will authorize the commencement of work or obligate the RE on this project.

### **3.12 Use of Subcontractors**

Vendors may use RE approved subcontractors to fulfill any obligations in connection with the project. Use of subcontractors shall be subject to all applicable state and federal laws. A Vendor shall remain liable for fulfilling all its obligations on the project, and for any claims or damages arising from the subcontractor’s work.

### **3.13 Miscellaneous Provisions**

#### **3.13.1 Proposal Costs**

Responding vendors are responsible for all expenses they incur in preparing and submitting a proposal or in contract negotiations with the RE. Even if it elects to reject all proposals, the RE will not be liable for any costs or damages incurred by any vendor in preparing and submitting a proposal.

### **3.13.2 Applicable Statutes**

The RE is a public entity. As a Result, this RFP is subject to a variety of public procurement requirements, including but not limited to federal and state records disclosure statutes. Vendor is responsible for knowing all applicable federal, state and local laws and regulations and complying therewith.

### **3.13.3 Errors and Omission in a Proposal**

The responding vendor is responsible for all errors and omissions in its proposal. If it discovers an error and wishes to withdraw its proposal, the responding vendor should notify the RE immediately. Depending on the stage of the process, the vendor may be liable for costs incurred by the RE in analyzing the proposal or negotiating a contract.

### **3.13.4 Errors and Omission in the RFP**

If the RE becomes aware of an error or omission in the RFP, it will post a notice on the website. If it discovers an error or omission after the proposals are submitted, it may in its discretion proceed or reissue the RFP. Even if it elects to rebid the RFP, the RE will not be liable for any costs or damages incurred by any vendor in preparing and submitting the original proposal.

### **3.13.5 Objections to RFP Terms**

Any objections to RFP terms must be conveyed in writing to [mmccoy@sebewaing.net](mailto:mmccoy@sebewaing.net) and must be submitted by the deadline for submission of questions about the RFP in Section 3.2 above.

### **3.13.6 Acceptance of RFP/Proposal Content**

By submitting a proposal, a Vendor certifies that it has read, understood, and agreed to all requirements, terms, and conditions in this RFP, including any and all attachments, exhibits, and appendices. A Vendor may withdraw its proposal prior to the RFP response deadline.

### **3.13.7 No Waiver of RFP Provisions**

The RE may, but is under no obligation to, waive any provision in this RFP at the request of a potential Vendor. Any such waiver shall apply to all potential bidders, and no waiver shall constitute a waiver of any provision not specifically referenced therein.

### **3.13.8 Ownership and Confidentiality of Proposals**

The RE will not pay for any information requested herein, and all proposals submitted become the property of the RE. Proposals will not be returned and may be subject to disclosure pursuant to law including the federal or state Freedom of Information Act.