



August 1, 2010

**To:** Executive Committee  
**From:** Bob Swank  
**Subject:** Broadband Stimulus Grant Procurement Public Hearing and Findings

The team that is doing the planning and oversight of the Broadband Stimulus Grant recommends several actions related to procurement for the project. The project has several partnerships; is large in geographic scope, the budget is large. This memo describes the procurement work underway, and two requested exceptions to competitive procurement requirements.

**Recommendations:**

- 1) It is recommended that the EWEB and SUB portions of the project related to construction of fiber optic facilities be implemented through use of ORS chapter 190 Intergovernmental Agreements. These two municipal utilities are units of local government. Under LCOG's Public Contracting Regulations, Chapter 2 section A, intergovernmental agreements are an exception to the competitive procurement requirements based on the ORS 190 statute. EWEB and SUB will use their own crews to install the facilities, perhaps including some subcontracting for specialized tasks such as directional boring. The fiber optic facilities are extensions of existing EWEB and SUB networks. EWEB and SUB will integrate the new facilities, providing the end to end connectivity needed. EWEB and SUB, being subject to the same statutes as LCOG, will competitively procure necessary materials and services. Budget amounts, as included in the grant: EWEB \$1,478,513; SUB \$164,536.
- 2) It is recommended that fiber optic construction, equipment and interconnection work in Douglas County be exempt from Public Contract requirements per Chapter 7 of LCOG's Public Contracting Regulations. The contractor is Douglas Fastnet, a subsidiary of Douglas Rural Electric Co-op. The budget amount included in the grant is \$1,439,245. Please see attached findings.
- 3) It is recommended that fiber optic construction, equipment and interconnection work in Florence be exempt from Public Contract requirements per Chapter 7 of LCOG's Public Contracting Regulations. The budget amount included in the grant is \$298,273. The contractor is Coast Com. Please see attached findings.

There are five sites in Eugene that will not be done by EWEB. These sites, along with the ones located in other communities served by the program, Coburg, Cottage Grove, Creswell, Goshen, Junction City, Lowell, Oakridge, Veneta, Walterville, Chemult, and Chiloquin, will be

engineered by consultants engaged by LCOG, and the construction and optics will be competitively procured by LCOG.

4) LCOG used and continues to use contracted professional services contractors for this project as well as other telecommunications projects. These personal services contracts were entered into for occasional work related to separate projects, and were not competitively procured. As outlined in Chapter 8, section C (4) of LCOG's Public Contracting Regulations, the cost per year for these agreements may not exceed the \$20,000 per year per fiscal year if they were not procured competitively. LCOG will perform a competitive procurement for these services.

5) In addition to fiber optic systems, the grant includes funding for an interconnection site in Eugene, planned for the basement of the LCOG building at 859 Willamette Street, budgeted at \$922,270. LCOG performed a review of alternative sites to assure ourselves that this site is the best one for the community, and then engaged McDonnell and Associates, LCOG's architectural firm, to review the requirements and the site to determine if the site could be used as planned; essentially a high level feasibility study. Assuming we wish to proceed with this site, additional architectural services (including use of professional engineers) will be required that likely will exceed the \$20,000 limitation. LCOG will solicit competitive quotes and make an award for architectural services. Later, there will be a competitive process to perform the work.

Oregon purchasing rules require that the LCOG Executive Committee, in its role as the LCOG Contract Review Board, conduct a public hearing to take comments on the draft Findings for an exemption from the competitive bidding requirements. Following the public hearing, the Executive Committee should adopt the Findings. Then, after adopting the Findings, the Executive Committee should approve the execution of a contract. So, the following actions are recommended:

1. **Conduct a public hearing.** The purpose of the hearing is to take comments on the draft Findings for an exemption from the competitive bidding requirements.
2. **Adopt the Findings that justify an exemption to competitive bidding requirements.**
3. **Approve the execution of Public Contracts for implementation of the Broadband Stimulus Opportunities Program construction in Douglas County with Douglas Fastnet, and in Florence with Coast Com.**

The Findings are attached.