

**Findings to Document the Need for the Exemption of a Public Contract by for purposes of construction of fiber optic facilities and installation of optical equipment in the Florence portion of LCOG's Broadband grant.**

**August 1, 2010**

The purpose of this document is to provide findings that state the need for an exemption to the Competitive Bidding process per LCOG's Public Contracting Regulations. LCOG wishes to contract with Coast Com without competitive procurement for construction of fiber optic facilities and installation of optical equipment for sites in Florence.

The specific arguments are defined under each of the required categories listed below as per Section 279C.330, as detailed in LCOG's regulations. These are provided for consideration of the Lane Council of Governments Executive Board acting in its capacity of the LCOG Contract Review Board. These factual statements, in the aggregate, provide a compelling basis for adopting findings in favor of an exemption.

Under chapter 7, Public Contracts – Process for Approval of Special Solicitation Methods and Exemptions, section B, Basis for Approval, requires these six items:

- 1) The nature of the contract or class of contracts for which the special solicitation or exemption is requested

Coast Com is a privately held firm based in Newport. The firm operates fiber optic systems for the geographic area served by Central Lincoln PUD, through operation of the PUD's fiber optic assets. Central Lincoln PUD is the electric utility for Florence. In addition to Central Lincoln PUD fiber facilities, Coast Com has other fiber cables in the Florence area, the largest one being constructed from an undersea cable landing terminated at the Florence airport to regional communications networks accessed in downtown Florence. The grant funded sites will be integrated into these existing networks. For example, to serve the State Police and other locations in the north part of town, the grant funded fiber will fill a gap in the middle of Central Lincoln PUD system. The nature of this contract is to pay for the construction and installation of the fiber optic facilities and related optics. Other subsequent processes will define provision of services and ownership of grant funded facilities

In the Broadband Technology and Opportunities Program grant application submitted to the federal government by LCOG, plan details, including sits and cost estimates were generated by Coast Com for inclusion in the grant application.

- 2) Estimated contract price for the project: \$298,173
- 3) Findings to support the substantial cost savings enhancement in quality or performance or other public benefit anticipated by the proposed selection method or exemption from the competitive solicitation

In order for LCOG to prepare bid documents, solicit and evaluate proposals, obtain necessary pole attachment and other permits, to supervise the installation, and to integrate the new facilities into the existing Coast Com network, LCOG would need to duplicate the staff resources of Coast Com. LCOG does not have the staff to perform this work, and would need to bring in outside engineering consultants. A substantial percentage of their time would be spent learning about the local area. Travel costs and time would add to the costs. LCOG estimates this would quadruple engineering costs, budgeted at \$6,400. To fund the additional \$19,200, a program change reflecting a removed site and higher engineering costs would have to be submitted and approved by the federal government. This would not be popular locally or in Washington.

Coast Com intends to use its own staff to do the construction. Substantial costs of preparing bid specifications, awarding contracts, and contract monitoring can be avoided. Coast Com, through

its relationship with Central Lincoln PUD, can expedite pole attachment agreements faster than another entity. Coast Com has the relationships, contacts and local knowledge to perform the work.

The BTOP program is an economic stimulus measure. For LCOG to solicit, select, contract with, and re create the local knowledge would cause a project delay of several months. LCOG is required by the grant conditions to substantially complete the project by February of 2012. To meet this deadline, it is important to get started as soon as possible.

- 4) Findings to support the reason that approval of the request would be unlikely to encourage favoritism or diminish competition for the public contract or class of public contracts, or would otherwise substantially promote the public interest in a manner that could not be practicably be realized by complying with the solicitation requirements that otherwise would be applicable under these regulations.

There is no other organization in Florence that would be competing for the contract without the use of an additional contractor to perform engineering, procurement, and project monitoring services. An entity to perform these engineering and related services would be from outside the area.

- 5) A description of the alternative contracting method to be employed.

LCOG plans to make a direct award.

- 6) The estimated date by which it would be necessary to let the contract

October 1, 2010. In the grant application, LCOG outlined a build schedule that required 24 months for completion. Six months will have elapsed with no construction due to requirements to complete an environmental assessment. LCOG needs Coast Com to get started as soon as possible on the work to meet the grant deadlines.