



February 11, 2020

To: Executive Committee

From: Brenda Wilson

Subject: Willamette Internet Exchange (WIX) Expansion Construction Contract

Action Recommended: Approve Contract

Background:

Per the LCOG Bylaws, the Executive Committee serves as the "contract review board" for the Lane Council of Governments, and exercises the powers and duties established for such boards under State law (ORS 279.055). By resolution, the Board has established procedures for entering into public contracts. Within those procedures, the Executive Director or his/her designee serves as the contracting and purchasing agent for the agency and is authorized to enter into contracts. All contracts with a fiscal impact on LCOG of \$250,000 or more shall require Executive Committee ratification.

This memo briefly describes the current status of the EUGNet project and, more specifically the construction of an expansion to the Willamette Internet Exchange (WIX) at the Park Place Building. We are asking the LCOG Executive Committee approve LCOG as party to the project and authorize the LCOG Executive Director to execute the \$1,861,000 construction contract to build the expansion in a 1,300 square foot second floor suite at 859 Willamette Street.

EUGNet is a multi-agency effort to deploy an open-access, high speed fiber network to the core of the City of Eugene's downtown. EUGNet partners include EWEB, City of Eugene, LCOG and the Technology Association of Oregon. The project, as essential infrastructure, is to spur economic development by creating and retaining jobs in the high-tech sector. Furthermore, the project creates a competitive landscape for internet service providers by its open access model. This model has already been shown to dramatically increase internet speeds while simultaneously lowering the monthly cost for end users.

EUGNet began in earnest in 2017, and built on a successful pilot project which began in 2015. The physical part of the project has two major, interrelated components, the Fiber Network (the spokes of the wheel) and the WIX Expansion (the hub of the wheel). They are not phases but parallel project components with staggered implementation timelines.

- **Fiber Network Component**
The Fiber Network component was the installation of micro-ducts (small-diameter bundles of conduits) and fiber optic cables into existing underground EWEB electrical conduits and subsurface vaults. Through these existing conduits, 85 buildings in downtown Eugene have been connected directly to the existing interconnection facility, we know as the Willamette Internet Exchange ("WIX"). Remaining and new buildings will be connected in the future.
- **Willamette Internet Exchange (WIX) Expansion Component**
EUGNet partners anticipated that the increase in interconnective opportunities at the WIX would stress, and ultimately overwhelm, the facility's capacity. Indeed, the existing WIX space, in the basement of 859 Willamette Street, has no more cabinet space to accommodate the growth occurring (and expected) from the project. The physical expansion of the WIX must occur if the project is to fully meet its forecasted usage. This work will also increase functional security by providing system-critical redundancy, vital backup hardware, and an alternative less vulnerable to water inundation.

Design and Engineering for the WIX began in early 2019 and was completed in the fall of 2019. Construction for the expansion was put out to bid in November of 2019. Six competitive bids were received in December 2019 and the low bid was \$1,861,000. This was less than the engineers

estimated range of \$1.9 to \$2.1 million for the project. The construction firm with the successful (lowest) bid is 2G Construction out of Eugene. 2G is a reputable construction firm.

LCOG staff, with the assistance of LCOG's legal counsel at the Local Government Law Group, developed a construction contract and submitted the contract to 2G Construction in early January, 2020. That contract is attached.

EUGNet has a total budget of approximately \$3.5 million dollars. The City of Eugene is funding the majority of the project costs through Urban Renewal funds and through "Telecom" funds which are collected through Eugene's telecom tax. Another significant contribution comes from the Federal Economic Development Administration (EDA) which has committed over \$1.9 million dollars in matching funds for both components of the project. All necessary procurement steps and protocols were followed (including those dictated by the Federal Economic Development Administration (EDA)).

The project is managed by a Fiber Implementation Team (FIT) composed of one staff member from EWEB, two staff members from the City of Eugene, and two staff members from LCOG. Patrick Cox, a city of Eugene Engineer, is the overall EUGNet project manager. Jacob Callister, LCOG Fiber Lead, is managing the WIX Expansion component of the project, including coordination with the contractor, engineering and design team, and the property manager.

Construction of the WIX Expansion is scheduled to be complete in the fall of 2020.

Key Contract Considerations:

- The WIX Expansion Contract is between Lane Council of Governments and 2G Construction. LCOG has a EUGNet contract with the City of Eugene that covers all funds for the project as a pass-through.
- The expansion is a significant investment in the Park Place Building, providing a significant benefit to the region, and an attractive asset in the building. There has already been additional interest in Park Place suites due to the proposed improvements.

- LCOG is committed to Implement WIX construction through its Economic Development Association (EDA) grant award agreement, and an associated IGA with City of Eugene.

Suggested Action:

Motion to Authorize LCOG Executive Director to Execute Willamette Internet Exchange (WIX) Expansion Construction Contract.