



INFORMATION & TECHNOLOGY • City Hall • 1040 Terex Road • Hudson, Ohio 44236 • (330) 342-9541

## **REQUEST FOR PROPOSAL**

### **PUBLIC-PRIVATE PARTNERSHIP**

To provide a solution for providing

## **Fiber to the Home and Internet Services within the City of Hudson**

**Summit County, Ohio**

Dated: October 13<sup>th</sup>, 2022

## **General Proposal Information and Requirements**

### **A. Project Introduction**

The City of Hudson, Ohio (City) is soliciting proposals from Respondents who are willing to create a public-private partnership with the City to expand the existing fiber network throughout the City and provide high speed internet services to all residential properties within the City. Responses for the proposed project shall include draft agreement terms, proof of financial wherewithal, construction timeline, deployment strategy, and revenue sharing options for the agreement to be completed by February 2023. While the City currently intends to maintain its existing City-owned Velocity Broadband operation, all models of network ownership will be considered, and responses may either incorporate the Velocity Broadband network within the proposed network or may focus on the development of a network completely independent from Velocity Broadband.

All Respondents are encouraged to visit the City and review the existing Velocity Broadband facilities prior to submitting a proposal. The Respondent shall review all areas of the public right-of-way and existing public easements, but please do not enter any private property. The Consultant is also encouraged to utilize the City GIS website.

### **B. Background**

The City of Hudson is located in northern Summit County, Ohio with a population of 22,500. The City is approximately 25 square miles and has 193 centerline miles of roadway. The City is primarily a residential community with commercial, retail, office, and some light industrial areas, which are mainly on the south and west borders of the City. Velocity Broadband is a City-owned and operated ISP that was established in 2015. Velocity was built primarily to service business customers and later expanded into residential services for properties along the existing fiber path. Velocity currently has over 450 customers, generates around \$900,000 in revenue per year, and has a net profit of \$150,000 after covering all expenses and debt service. The Velocity network was designed and built as a distributed split, fiber to the property solution. The core of the network consists of two interconnected and geographically separate Juniper MX480 core routers with a Calix solution acting as the customer facing equipment. The network also consists of three active distribution cabinets that are interconnected in a ring topology.

### **C. Issuing Department**

The City of Hudson prepared the RFP for this project. Questions relating to its contents shall be addressed to Mr. Paul Leedham, CIO; at [pleedham@hudson.oh.us](mailto:pleedham@hudson.oh.us) or at (330) 342-9541.

### **D. Respondent Qualifications**

Qualified Respondents must demonstrate reasonable experience designing, building, and running a FttH network. Examples of recent projects and references must be included in the Respondent's submission.

### **E. Respondent Responsibilities**

The Respondent shall be capable of providing all the tasks as described under the Scope of Services and to maintain those capabilities until the project is successfully finished.

### **F. Completeness of the Proposal**

1. The proposal shall address all items completely in accordance with the format provided within this

proposal & shall be signed by an officer of the firm authorized to bind the firm to its stated provisions.

2. The contents and commitments in the proposal shall remain firm for one hundred (180) calendar days from the submittal due date.

**G. Scope of Project**

The general scope of this project is described in **Appendix - A** under Project Description.

**H. Scope of Services**

The expected work to be performed by the Respondent is described in **Appendix - B** under Scope of Services.

**I. Project Schedule**

The tentative project design schedule is as follows:

Proposed Milestones	Date
City Council Workshop/Ad-hoc RFP Review	Oct. 11 <sup>th</sup>
Proposal Release	Oct. 13 <sup>th</sup>
Pre-Proposal Meeting	Nov. 2 <sup>nd</sup>
<b>Proposals Due</b>	<b>Dec. 2<sup>nd</sup></b>
Evaluate Proposals, Interviews	Dec. 16 <sup>th</sup>
Recommendation to Council	Jan. 10 <sup>th</sup>
Contract Executed, Notice to Proceed	Feb. 15 <sup>th</sup>

**J. Responses**

One (1) electronic version of the Respondent's Proposal (PDF Format) shall be submitted to the City, Attn: Mr. Paul Leedham, CIO at: [pleedham@hudson.oh.us](mailto:pleedham@hudson.oh.us) by 4:00 P.M. local time, Dec. 2<sup>nd</sup>. No proposals will be accepted after the above date and time.

**K. Acceptance of Proposal Content**

All responses must clearly and thoroughly address each of the components listed in the Scope of Services – **Appendix-B**. Respondents are advised to provide a level of thoroughness that will enable the City to clearly understand how the proposal will allow the City to achieve its objectives.

The completeness and content of the proposal will be the basis for the initial evaluation. Further information, as required, including possible interviews with one or more of the Respondents, and the thoroughness of the proposals will factor into the final decision of the recommended Respondent. The City's intent is to commence final negotiations with the Respondent deemed most advantageous to the City. The City reserves the right to conduct post-proposal discussions with any Respondent.

**L. Contract**

Once City Council has approved the selection, a formal contract will be entered into with the recommended Respondent and the City.

**M. Rejection of Proposals**

The City of Hudson reserves the right to reject any and all proposals received as a result of this RFP, or to negotiate separately with any source whatsoever, to serve the best interests of the City. Failure to provide all requested information in the format stated below may serve as cause for rejection of the proposal.

**N. Incurred Cost**

The City will not be liable for any cost incurred by the Respondent for any work performed during this proposal process and including the execution of a contract.

**Proposal Format**

A. The proposal shall be simple to follow and understand and in an 8 ½ " by 11" PDF format. The text shall be concise, complete, and clearly written. All responses shall be the property of the City and will not be returned. During the evaluation process, the City reserves the right to request additional information or clarification from the Respondent if needed.

If a Respondent believes that any portion of its response includes proprietary or other confidential information, it must be clearly labeled "Confidential Information", and the Respondent must state the basis for the claim to confidential treatment. To the extent permitted by law, the City will treat such information as confidential and will not disclose it to a third party without prior notification and authorization.

B. Respondent shall be evaluated based on the following criteria:

**Evaluation Criteria (1-5)**

**1. Respondent Experience**

Please list and summarize two or more projects that are similar to this project.

Things that will increase point allocations will be:

- Referencing projects that are of a similar scope and scale
- Projects have been completed
- Projects have been successful, and outlines of what success meant for those projects.
- Detailed explanation of how the Respondent intends to participate in a public-private partnership with the City.
- Provide key stakeholder references from the projects that the City can contact.

**2. Proposed Deployment Strategy**

As already stated, 72% of the City has no access to fiber. The intent of this project is to provide fiber access to all residential locations, but also encourage an additional fiber service provider to make services available to all residents within the City. The highest points will be awarded to proposals that guarantee that the fiber network built during this project will pass all residential units within the City.

Timeline(s) will be tied to performance bond(s). See section F of Legal Considerations.

Respondents who will receive the highest scores will be those that are most willing to cooperate with the City in the most effective deployment of fiber. The areas with the most need for this service are households on the outskirts of the City.

**3. Revenue Sharing and Price Components**

Will the Respondent be willing to consider revenue sharing options with the City such as a connection fee or a specific subscription fee associated with customers that are added to the new fiber service? Respondents shall list details of how they anticipate revenue sharing with the City, whether it is a per month fee or fixed fee. Will a grace period be required? How long will the grace period be? Is there a

cap on the annual revenue sharing amount?

With an existing pricing schedule already in place through Velocity Broadband, the intent is to continue using the existing residential rates of \$68/mo. These rates have been determined by significant market analysis and allow the existing business to stay competitive with other providers within the City. What level of price control will be allowed to the City and how will rates be changed?

**4. Business Model**

The Respondent shall provide information about their business model, including the following key components:

- Business and/or network ownership structure.
- Roles and levels of ongoing governance.
- Operations management strategy.
- Proposed local and non-local staffing model.
- Marketing, sales, and customer service strategy.
- End user Service Level Agreements (SLAs).
- Full financial transparency of where the funding for this project will be sourced.

**5. Understanding of the Project and Creative Solutions**

The Respondent shall provide a statement of understanding that is concise, based on the requirements of this request, and indicates the understanding of the scope of work and the Respondents intended responsibilities.

Creative solutions for this RFP would be considered from Respondents that can demonstrate systems and processes that could be leveraged to add value to the fiber network. This additional value could present itself as connecting homes that are exceedingly cost prohibitive to connect, solutions that can provide additional benefit to the community, and/or working with existing City systems in a way that can lower operational expenses.

**Example of the evaluation criteria scoring:**

	<b>City Evaluation Criteria of Proposal</b>	<b>Points</b>
1	Respondent Experience	20
2	Proposed Deployment Strategy	20
3	Revenue Sharing and Price Components	25
4	Business Model	25
5	Understanding of the Project and Creative Solutions	10
<b>Total Possible Points</b>		<b>100</b>

The City has the option to revise rating criteria at its discretion.

The City may request an interview of any Respondents prior to the final scoring and selection. In the event an interview is conducted, the Respondent will be provided with advance notice of at least three (3) working days. Meetings may be in-person or virtual.

The City reserves the right to amend the terms of this RFP, to circulate various addenda, or to withdraw the RFP.

Final approval of the contract shall be by Hudson City Council.

- C. The Proposal shall designate a prime contact or Project Manager for the Respondent on this RFP and project, who shall have intimate knowledge of the project details, through whom the City of Hudson may communicate through the course of the project. This shall include questions concerning all aspects of the project, including the status on all design items in the project.

## Legal Considerations

### **A. Governing Law and Venue**

In the event of any litigation, the submittal documents, specifications, agreement, and related matters shall be governed by and construed in accordance with the laws of the State of Ohio. The venue shall be with the appropriate state or federal court located in Summit County, Ohio. If a Respondent believes that any portion of its response includes proprietary or other confidential information, it must be clearly labeled "Confidential Information", and the Respondent must state the basis for the claim to confidential treatment. To the extent permitted by law, the City will treat such information as confidential and will not disclose it to a third party without prior notification and authorization.

### **B. Adherence to Chapter 1016**

It is anticipated that all Respondents will review and become familiar with the requirements of Chapter 1016 of the Codified Ordinances of the City of Hudson, entitled "Use of Public Ways by Service Providers and Cable Television Providers" ("Chapter 1016"), and to include any costs for complying with the same in its project-related costs. The City expects that the successful respondent will comply with all provisions of Chapter 1016 governing the project, and that any permits or other approvals required by Chapter 1016 will be duly applied for and obtained by the successful Respondent as a component of undertaking any project. The action of entering into an agreement or other arrangement with the successful Respondent shall not constitute an approval or grant of any permit or other approval from the city required under Chapter 1016, and the City retains its discretion and authority conferred under Chapter 1016 at all times that the successful Respondent is undertaking or operating its project and facilities. The successful Respondent shall be solely responsible for the costs of complying with Chapter 1016.

### **C. Rights of Way; Easements; Other City-Owned Property**

The successful Respondent shall comply with all laws, regulations and requirements of the City, and any other appropriate governmental authority, regarding the use of publicly owned rights of way, both included in Chapter 1016 and otherwise. In providing access to City-owned rights of way, the City will only confer as much authority to the successful Respondent as permitted by Chapter 1016 and other applicable law necessary for the successful Respondent to undertake and complete the project. In no event shall the City be required to grant, assign, transfer or otherwise confer to the successful Respondent any right or interest in or to any right of way that is not possessed by the City. The successful Respondent shall have sole responsibility, financial or otherwise, for obtaining any such right or interest to any rights of way owned by the City or any other governmental authority.

While, the City is the party to certain easements, rights of use, attachment agreement and access agreements that confer access and other rights throughout the City of Hudson for the installation, operation and maintenance of certain public infrastructure and utilities, the City makes no representation whatsoever that any such easement, access or other right previously granted in favor of the City is assignable or transferrable to the successful Respondent, or that Respondent will otherwise be able to access or use the same. The successful Respondent shall be solely liable for obtaining any and all easements, rights of use, attachment agreements and access agreements, whether from private property owners or other utility companies operating within the City, necessary for the successful Respondent to undertake the project, at

Respondent's sole cost and expense. The City recommends, for planning purposes, that the Respondents assume that they will be required to obtain all necessary easements, rights of use, attachment agreement and access agreements to undertake and complete the project and to not rely on any assumed assignment, transfer or other use of any of the City's rights and interests in and to existing easements, rights of use, attachment agreements or access agreements. All easements and access agreements shall comply with Chapter 1016.

Without limiting the generality of the foregoing, and subject to the provisions of Chapter 1016, the City will cooperate with the Respondent to examine existing easements that the successful Respondent has determined would benefit the project and make a determination as to whether the City's interest or right therein can be assigned, transferred or otherwise utilized by the successful Respondent. The City's determination shall be binding and final, and the City shall have sole discretion in making such determination and the nature of any agreement or other document necessary to convey such right or interest.

Any use of City-owned real property, poles, conduit, vaults, and other fiber-related, public infrastructure or utility infrastructure shall be subject to the terms of an agreement between the successful Respondent and the City and shall further be subject to the terms of Chapter 1016. Respondents shall be prepared to provide consideration to the City for interest in, or the right to utilize, the same. The City shall be under no obligation to sell, lease, license or otherwise provide the same to the successful Respondent.

**D. Indemnification and Hold Harmless**

The agreement between the successful Respondent and the City shall provide for the successful Respondent to indemnify and hold the City harmless from any and all claims, actions, causes of actions, complaints, and other liability arising from or out of the successful Respondent's undertaking and operation of the project, including, but not limited to, any damages, attorney fees and the costs of litigation.

Furthermore, by submitting a response to this Request for Proposals, all Respondents agree (i) to hold the City harmless from and against any costs or fees incurred by the successful Respondent at any time in the future, pursuant to subsections B and C, above, (ii) to waive any and all claims that the Respondent has, or may have at any time in the future, regarding any fees or costs incurred pursuant to subsections B and C, above, and (iii) to release the City from any and all claims that the Respondent has, or may have at any time in the future, pursuant to subsections B and C, above. In no event shall the City be liable to any Respondent for any fees and costs incurred by such Respondent pursuant to subsections B and C, above.

**E. No Partnership or Joint Venture**

While the term public-private partnership is used throughout this Request for Proposals, said term is used to convey its common meaning only, and it is not intended to convey that the City and the successful Respondent will enter into a partnership as defined and regulated by Chapter 1776 of the of the Ohio Revised Code and more commonly referred to as the Ohio Uniform Partnership Act. In fact, and for the avoidance of doubt, nothing in this Request for Proposals is intended, nor shall it be deemed, to establish a joint venture or partnership between the City and the successful Respondent. Neither the City nor any Respondent shall have any express or implied right or authority to assume or create any obligations on behalf of, or in the name of, the other, or to bind the other to any contract, agreement or undertaking with any third-party, unless otherwise agreed in writing by the City and the successful Respondent.

**F. Performance Bond**

The City intends to require a performance bond to complete the project within a specified timeframe (currently estimated at 3 years). The bond will provide the City the right to call upon the surety for funds to complete the project in the event the successful Respondent and its contractors and subcontractors fail to

do so during that time period. The amount of the bond will initially be agreed upon by the parties based on the ultimate size and nature of the project, and, subject to the approval of the surety issuing the bond, may be reduced during the life of the contract based on the percent of the project completed and remaining. Respondents shall include their project timeline with key milestone completion dates in their response, which will assist the City in determining the timeframe for completion of the project.

## Appendix - A

### Project Description

The City of Hudson is exploring opportunities to provide fiber access to all Hudson residents at no direct cost to the City. To investigate these opportunities in more detail, we are issuing an RFP to gauge the interest of potential Respondents to fund and build additional residential fiber options throughout the City of Hudson.

Although the City already owns and operates its own fiber service in the form of Velocity Broadband, there is still a significant need within the community for access to fiber within residential areas. Currently, over 72% or 5,569 Hudson residencies do not have access to fiber. In these areas, residents are limited to just one or two providers. These providers are not fully capable of providing modern, symmetrical, services on their existing infrastructure to all residential units in the community. Respondents will need to demonstrate how they are capable of providing ubiquitous fiber service to all residential homes and properties.



Figure 1: Existing Access to Fiber

#### Current Velocity Construction and Operation:

- System Service Area: The system currently passes 98% of the commercial properties in Hudson and has started to service residential areas within close proximity to existing fiber lines.
- Plant Miles: Approximately 50 miles
- Parcels Passed (service available): 699
- Total Subscriber Connections: 470
- Voice Subscribers: 157
- Service Truck Rolls: Averaging 5 per month
- Revenue: 2021 annual revenue of \$894,772, +31% since 2019
- Expenses: 2021 annual expenses including debt payments of \$742,100.
- Take Rate: 51% business and 52% residential

Key technology components of the current system include the following:

- Current bandwidth providers: Crown Castle and Everstream
- Edge routers: Velocity currently uses two MX480 router chassis that are physically located at opposite ends of the network. They are interconnected with diverse path fiber pairs and each router is connected to 1 of 2 bandwidth providers.
- Data centers: Velocity operates two small data centers that house all the core network equipment along with additional equipment for City IT (Information Technology) operations.
- Optical Line Terminals (OLTs): Velocity uses four Calix E7-2 chassis.
- FTTP standards supported: The current system is a GPON based with the intent to start upgrading to an XGS-PON solution in 2023.
- FTTP outside plant architecture: The FTTP system has been designed and implemented as a distributed split architecture. All overhead lines are ADSS rated fiber due to the lines existing in the public power space.
- Primary drop device: Velocity has standardized on the Corning OptiTip® style connector and PLP or Clearfield outdoor enclosures.
- Optical network terminals (ONTs): Velocity uses Calix 844G ONTs for most installs, with 7xx series, 812G models, and E5 chassis being used in select applications.
- Wi-Fi Support: Velocity provides wireless to customers using the 844G ONT (Optical network terminals) as well as Ubiquiti Unifi APs in select applications.

Current residential service rates and products offered - See **Appendix - C**

## Appendix - B

### Partnership Considerations

The City is looking to undertake a public-private partnership and enhance the services offered to all residents. Additionally, this will extend the value Velocity Broadband has brought to the business sector of the community and provide the same level of service to all residents.

Leveraging the Velocity Broadband network, the City can assist, and is willing to make available, the following items to the Respondent.

1. Access to existing fiber only ducts and excess available fiber.
2. Access and tenant facilities in either existing data center used by Velocity.
3. Ability to expedite right-of-way permitting and waiving of engineering design review fees, subject to Chapter 1016 of the Codified Ordinances of the City, excluding City inspection fees.
4. Access to public right-of-way as needed, subject to Chapter 1016 of the Codified Ordinances of the City.
5. Access to all existing Velocity branding, marketing campaign assets, and assistance with new marketing efforts.
6. Depending on need, certain city property and structures can be made available for the housing of materials, storefronts, parking and/or offices.

If the respondent wishes to use or negotiate for other facilities or ownership rights, then those requests should be clearly indicated in their response to this RFP. If needed, the respondent will be required to coordinate and negotiate access to any assets outside of the Cities control on their own and without City assistance.

### Scope of Services

The services to be provided by the Respondent shall include, but are not limited to, the following items:

1. Design and build a fiber-to-the-premises (FTTP) network that will reach all residential addresses in the City. This includes single family homes, multi-unit dwellings, apartments, townhomes, farms, etc. The City will provide the winning bidder with a complete address point list.
2. Provide a minimum symmetrical 1Gbps service tier and support service tiers of symmetrical 10Gbps to all customers.
3. Provide the same residential service tier (1Gbps), or better, at the same price point that is currently offered by Velocity (\$68/mo.) to all residents. Please also include a detailed proposal of other service tiers that are intended, service terms, and anticipated service costs which include all potential costs to the customers.
4. Respondent should provide Hudson with its customer service standards including such things as phone answering times, repair times, installation times, if there would be a local office, and the location of phone answering facility. If a proposed SLA agreement is available, please also include it in the response.
5. Respondent should provide Hudson with the cost of the proposed network. If Hudson is expected to contribute, Respondent should indicate how Hudson will be reimbursed for its investment.
6. The proposal must comply with all City ordinances and any designs must meet the City Engineering Standards.
7. Provide complete and detailed responses to the Technical Proposal below.

### Technical Proposal

The Respondent shall provide a technical proposal with the following information and assurances.

1. Describe the technical components of the network, providing detail regarding the key design decisions to

support 10Gbps for all customers. The preferred system architecture will use XGS-PON or NG PON2. Other architectures will be considered if they can meet the symmetrical 10Gbps requirement.

2. Affirm that the network will reach 100 percent of the residential properties in the City of Hudson.
3. The respondent shall provide a reasonable explanation of the intended construction methods and materials, deployment plan, and construction restoration plan. It is expected that during the project and at the conclusion of construction, Hudson residents and property owners will not see any indication of the network construction.
4. If awarded, the Respondent will be required to provide engineered drawings and construction plans for all phases of the deployment. City staff will review and approve all plans prior to any construction starting. All work will need to comply with the City engineering standards. The City engineering standards are available in Chapter 1419 of the Codified Ordinances.
  - a. [https://codelibrary.amlegal.com/codes/hudsonoh/latest/hudson\\_oh/0-0-0-64104](https://codelibrary.amlegal.com/codes/hudsonoh/latest/hudson_oh/0-0-0-64104)
  - b. Additional information regarding the City of Hudson engineering standards can be found in **Appendix – E**.
5. Describe the resources that will be provided following the construction phase to support the installation, maintenance of the network, and customer support.
6. Describe in detail the expectations of the partnership, listing opportunities to leverage existing City infrastructure, wholesale bandwidth requirements, and additional resource needs.

### **Initial Agreement Terms**

To better understand the potential terms of an agreement between the Respondent and the City, and if those terms will be suitable for both parties to begin entering into a negotiated agreement, the following items should be included in the response.

1. Provide an explanation of, and the data to demonstrate, the financial capacity and capability to undertake this project. Among other documents, audited financial statements, bank statements, or SEC (Securities and Exchange Commission) filings may be provided.
2. A detailed example of service terms that outline the commitment to subscribers regarding service level, outage response, pricing adjustments, and service quality.
3. An example of the terms and conditions the Respondent would present to the City as part of this agreement. Please highlight terms that would be absolute requirements of the potential agreement as well as terms that the Respondent is willing and able to negotiate.
4. Please provide any potential compensation and service usage proposals.

The City seeks a Respondent that can demonstrate their business model is tested and demonstrate experience operating an economically viable communications network over time. The Respondent's business plan demonstrates long-term sustainability (including, for example, sufficient cash flow to ensure that network equipment can be refreshed and replaced consistent with industry norms). Depending on qualification and experience, the City may choose to negotiate for the inclusion of a performance bond, first-right-of-refusal, buyout option, and/or a net lease agreement of some form.

Following the award of the project, the Respondent will be required to submit a complete construction plan, engineering documents, proposed timeline of events, and marketing strategy.

## Appendix – C

### Current Residential Rate Structure

#### **Internet**

- Residential 1 Gig/1Gig service - \$68.00/mo.
  - o *includes a basic Wi-Fi gateway ONT with 1 mesh unit. Install fee waived if 1yr commitment*
- Residential 100Mbps/100Mbps (MDU Only) service - \$29.99/mo.
  - o *includes a basic Wi-Fi gateway and is only offered in multi-dwelling unit properties*

#### **Voice**

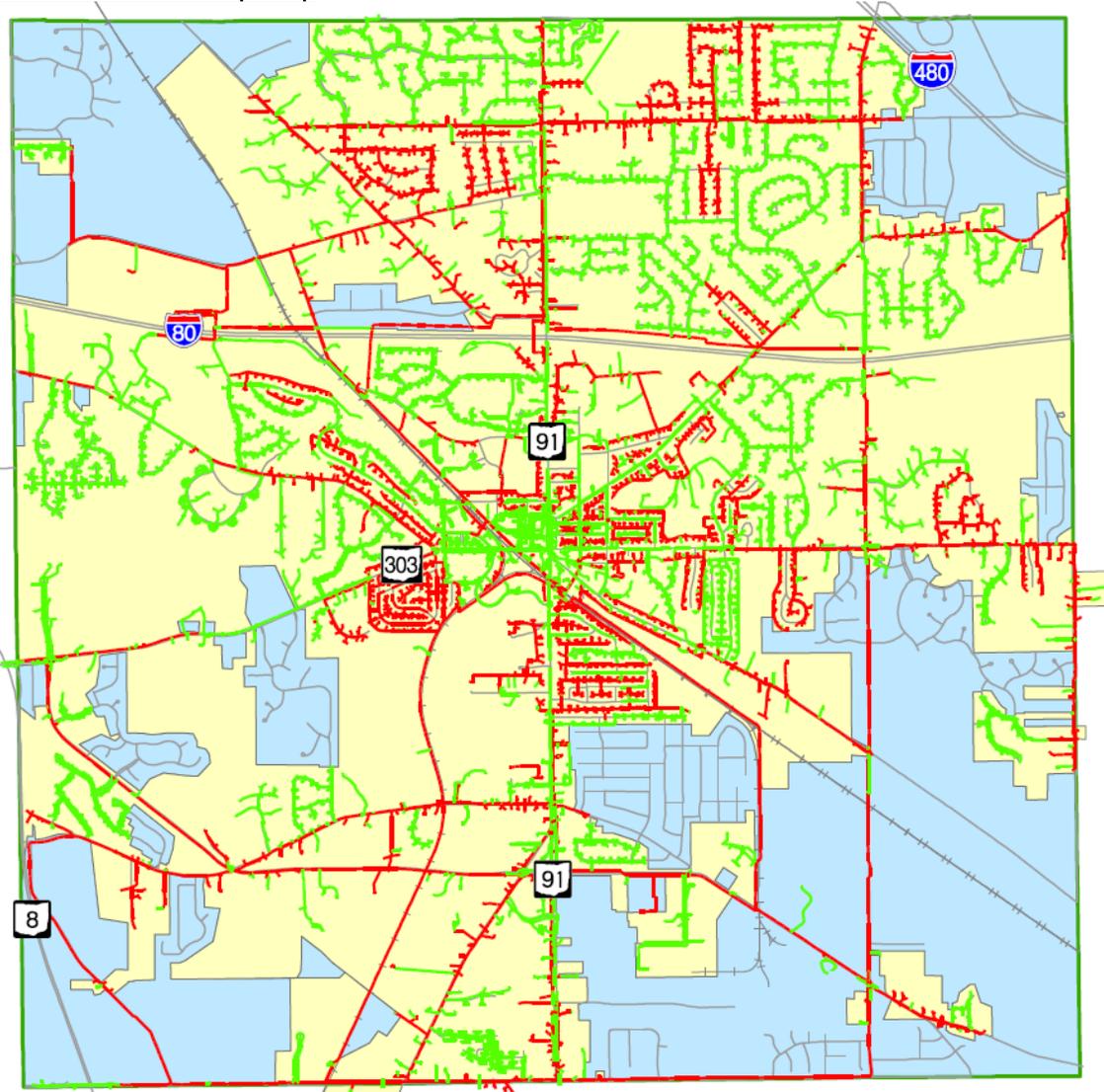
- Residential Phone Line - \$30.00/mo.

#### **Additional Residential Services**

- Each additional mesh unit – \$5.99/mo.
- Managed Wi-Fi setup - \$9.99/mo. per Access Point
  - o *This is an option for some larger properties or customers who choose to connect additional buildings such as a garage or outdoor entertainment space.*
- Battery backup - \$5.00/mo.

Appendix – D

Electrical Ownership Map

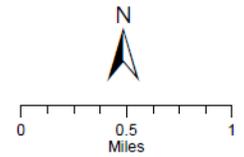


City of Hudson, Ohio  
Electric Ownership

**Line Placement**

- Overhead
- Underground
- Streets
- Railroads
- Hudson Boundary
- City of Hudson
- First Energy

Map Compiled: July 2022



**DISCLAIMER:**  
All data on this map were created for the City of Hudson to assist City Departments in management and planning activities. The suitability of this map for any other use is not guaranteed and the user assumes all risk for such uses. The City of Hudson, Ohio, assumes no legal responsibility for the information on this map. Users noting errors or omissions are encouraged to contact the City of Hudson Geographic Information Services at 330-342-9541.

Appendix – E

Construction within the City of Hudson

**Engineering Construction Standards – Chapter 1419 of the Codified Ordinances**

[https://codelibrary.amlegal.com/codes/hudsonoh/latest/hudson\\_oh/0-0-0-64104](https://codelibrary.amlegal.com/codes/hudsonoh/latest/hudson_oh/0-0-0-64104)

**Use of Public Right of Ways – Chapter 1016 of the Codified Ordinances**

[https://codelibrary.amlegal.com/codes/hudsonoh/latest/hudson\\_oh/0-0-0-40034](https://codelibrary.amlegal.com/codes/hudsonoh/latest/hudson_oh/0-0-0-40034)