



REQUEST FOR PROPOSALS

FROM

QUALIFIED FIRMS

FOR

**The Development of a Fiber to the Home  
(FTTH) Feasibility Study for The  
City of Hudson, Ohio**

Prepared by:

Bill Hilbish, IS Manager  
City of Hudson Information Services Dept.  
115 Executive Parkway Suite 400  
Hudson, Ohio 44236

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## **Request for Proposal**

### **(The Development of a Fiber to the Home (FTTH) Feasibility Study)**

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#### **PROJECT PURPOSE**

The City of Hudson, Ohio is soliciting proposals from qualified firms to determine need, feasibility and justification for providing affordable broadband high-speed internet access for Hudson residents.

This project will result in the production of a Feasibility Study containing a residential needs assessment, deployment strategy options and construction cost estimates. The desired outcome of this planning effort is to provide a tool for the city to establish if Hudson residents want this service and determine a successful deployment strategy and the associated cost to implement fiber to the homes (FTTH) within the City of Hudson.

#### **BACKGROUND**

Hudson is a community encompassing 25-square miles, with approximately 23,000 residents, located in northeast Ohio between Akron and Cleveland. Hudson provides utility services including water, sewer, storm water, electric, internet and voice. Municipalities have always been in the business of providing infrastructure for citizens and businesses. Working under the idea that Hudson needs to provide its constituents the best possible services when it makes business and governmental sense, the city started down the path of becoming a municipal broadband provider in 2014.

The initial discussion of expanding the city's fiber infrastructure was to provide resiliency to the existing city IT network. City council quickly redirected this discussion to include providing fiber to the core business parks and increasing the available fiber access to the businesses in those parks. As a result, the City of Hudson put out an RFP and selected Magellan Advisors to conduct a feasibility study. The core components of the study addressed the viability of the city using its existing and proposed fiber infrastructure for business, the market need for fiber access, and the options for providing fiber to businesses. Using that study as a guide and a subsequent business plan developed in early 2015, the city started developing Velocity Broadband in June of 2015 as a city owned and operated ISP. By September 7<sup>th</sup> 2015 Velocity Broadband had its first customer online and has since added 50 customers as buildout continues through 2016 and into 2017.

#### **DETAILS OF HUDSON'S EXISTING FIBER NETWORK**

During the past ten years, the City of Hudson has incrementally expanded its fiber network to connect all of the major buildings and facilities around the City. Each leg of the network was installed after carefully considering which segments provided the best cost of ownership and network coverage. With limited funding available for these projects, the City was able to provide savings by using internal resources to administer these projects. For example, the City used Hudson Public Power (HPP) staff to run the fiber cable either by hanging the fiber on existing poles or pushing the fiber through conduit. After ten years, we now have all major buildings and facilities connected by fiber.

Table 1 below provides information on the fiber segments that Hudson has installed as part of the municipal fiber and Velocity Broadband networks. Figure 1 below provides a map of the existing Hudson fiber as well as fiber to be installed in 2016/2017.

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Fiber Segment	Install Year	Length (ft.)
Municipal Fiber Network	2004-2014	63,346
First phase/pilot project of Velocity Broadband	2015	12,508
Velocity Broadband - Core of Downtown Hudson, Acme Plaza, Georgetown Rd, Hudson Dr. (estimated)	2016/2017	198,065
<b>Total</b>		<b>273,919</b>

Table 1

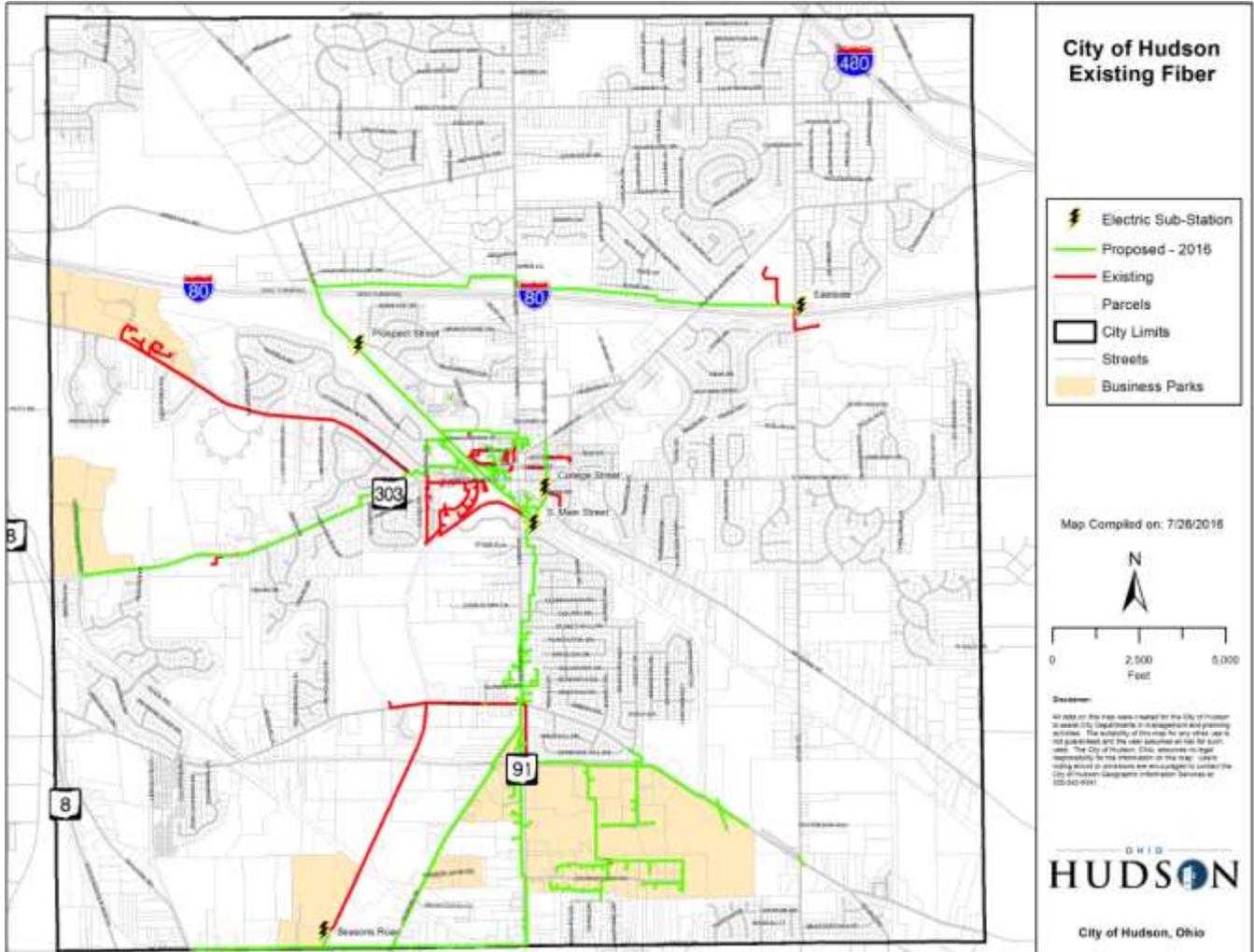


Figure 1

### DETAILS OF HUDSON’S EXISTING RESOURCES

Having already started on a Fiber to the Business network build, the City has been able to accumulate additional information that can be provided to the selected RFP responder. This information can be used to more accurately deliver on the requested scope of services and mirror the currently used design considerations. The City will be able to provide the following:

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- Existing Custom Pro Forma (Internally developed financial model using current cost figures, revenue, expenses, debt costs, take rate projections, and capital expenses.)
  - Current market costs for boring, conduit installation, fiber installation in aerial power space and conduit.
  - Currently used material lead times and costs.
  - Outsourced labor costs and lead times for customer install and fiber splicing services.
- Current Velocity Broadband Operation
  - 3 Full time employees
  - Capacity to deploy 2 full-time/emergency splicing crews
  - 3 contracted sales staff
  - Existing OSS/BSS solutions
  - Contracted 24-hour call/support service
- Design Considerations
  - GIS datasets of existing electrical and fiber infrastructure as well as any proposed buildout areas already developed.
  - Preferred fiber and conduit path selection.
  - Network design ideals including preferred equipment vendors, technologies used, and topology design strategies.
- Customer and Local Market Information
  - Current service take rates and product pricing
  - Marketing strategies (including branding, demographics and marketing/sales materials)

### **SCOPE OF SERVICES**

A Fiber to the Home (FTTH) Feasibility Study is the product that will be produced through this project and will include the following:

#### **Needs Assessment**

Conduct a needs assessment to gather information on assessing the current demand of residential broadband services within the City of Hudson. Use creative, effective strategies to identify trends in-use of broadband services by existing and potential customers. Examine user rates, develop projections of potential broadband services and examine how the community's efforts relate to on-going and future regional broadband efforts.

#### **Business and Financial Expectations**

Provide the City with an updated financial pro forma relating to the addition of a residential service. Identify and outline legal issues related to potential project risks at the local, state and federal level in the residential market. Provide an analysis of the current product offerings in the market while identifying the products the City needs to offer and could provide to increase take rate. Identify the risks for not offering certain products such as video service, phone, and security. The analysis should provide detailed schedules that show:

- Operating income and cash flow
- Projected revenues and benefits

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- Expected and minimum take rates
- Operational expenses
- Depreciation schedule
- Construction build-out cost estimates
- Product offerings and pricing
- Staffing levels needed

#### **Infrastructure and Deployment Recommendations**

Provide the City with recommendations on the kind and type of broadband infrastructure needed to support a residential broadband service offering. Identify key technical and service level requirements to attract and retain residential customers. Provide multiple recommendations on deployment strategies and technologies to build the network. These strategies should consider and outline methods to provide equal opportunities for all Hudson residents to obtain some level of service. Indicate key pitfalls of offering a residential service and how best to avoid or combat those pitfalls.

#### **PROPOSAL CONTENTS**

##### **1. Statement of Qualifications**

All respondents must submit a written Statement of Qualifications to include information about the respondent directly related to each of the Selection Criteria. All information should be submitted succinctly. Provide names, addresses, telephone numbers, and e-mail addresses of clients for whom the Consultant has performed projects of a similar type and size within the last 5 years. Please provide a brief description of projects performed of similar type and size.

##### **2. Proposal**

Respondents must provide an explanation of how they propose to accomplish the project outcome within the stated timeframe. **It is Hudson's goal to have the Fiber to the Home (FTTH) Feasibility Study completed by December 31, 2016.**

The proposal must include estimated costs broken down for each item listed within the Scope of Services above.

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#### **TIMEFRAME**

Electronic proposals shall be submitted by email to [administrator@hudson.oh.us](mailto:administrator@hudson.oh.us) in any combination of the following formats: Word, Excel and PDF formats are acceptable.

- In order to allow for an appropriate response time for questions prior to the Proposal due date, all questions must be submitted by 4:30 p.m. on August 19. These shall be submitted via email to [administrator@hudson.oh.us](mailto:administrator@hudson.oh.us). Answers to the questions will be posted at the following location: <http://gis.hudson.oh.us/fiberRFP/>
- Proposals Due: 4:30 p.m. local time on August 26, 2016
- Proposal Evaluation Completed by: September 2, 2016
- Interviews with finalist firms no later than: September 16, 2016
- City Council contract approval anticipated on October 4, 2016.
- Contract Finalized no later than: October 6, 2016.
- Selected firm begins work: October 7, 2016.
- Project completion date: December 31, 2016.

#### **SELECTION PROCESS**

The City of Hudson will appoint a Selection Committee to review and evaluate all proposals submitted by firms responding to the RFP. The proposals will be evaluated and ranked based on the Selection Criteria. The City of Hudson may ask top ranked firms to attend a presentation interview as part of the evaluation process. Firms invited to interview should be prepared to have general discussions on non-binding estimates of cost to provide requested services.

At the conclusion of the evaluation process, the firms will be ranked in priority order with the highest-ranking firm being selected to negotiate a contract with the City of Hudson. If a contract satisfactory to both parties cannot be negotiated, the City of Hudson will then enter into negotiations with the next highest-ranking firm and so on until an agreement is reached.

#### **SELECTION CRITERIA**

The respondents will be evaluated on the following criteria:

25%	Recent public sector experience with local government broadband initiatives.
20%	Staff expertise and overall experience of the proposed team.
20%	Demonstrated experience developing financial and business models for broadband initiatives.
15%	Experience with the management and oversight of construction and operation of community broadband initiatives.
20%	Pricing.

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#### **SUBMITTAL**

All proposals are due 4:30 p.m. local time on August 26, 2016. Proposals received after the deadline will not be considered. Proposals must be submitted via priority or certified mail. Three (3) hard copies and one (1) complete electronic version are required. 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 - 4:30 pm (EDT).

#### **CONTACT INFO**

- Questions regarding this Request for Proposal shall be directed to [administrator@hudson.oh.us](mailto:administrator@hudson.oh.us) (as stated on page 6, under the Timeframe section).