



# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Scott P. Johnson

**SUBJECT:** SEE BELOW

**DATE:** May 22, 2006

Approved

Date

6/01/06

**Council District:** 3

**SNI:** N/A

**SUBJECT: AWARD OF CONTRACT FOR WIRELESS INTERNET SYSTEMS  
(WIFI) EXPANSION FOR THE DOWNTOWN CORE AREA.**

## RECOMMENDATION

Adoption of a resolution authorizing the Director of Finance to:

1. Execute an agreement with MetroFi (Mountain View, CA) for the implementation and maintenance of a wireless network covering the downtown San José area for five years at no cost to the City subject to an early termination fee in the event that the City elects to terminate the agreement without cause within the first five years.
2. Execute two, five year options to renew the agreement without further Council approval.
3. Execute change orders in an amount not to exceed \$100,000 in the event additional enhanced services are required
4. Execute additional change orders for network capacity or capability that the City may require, without further Council action other than the appropriation of funds.

## OUTCOME

Provide wireless internet network service to the City's downtown core central business and cultural districts for public internet access, conventions, cultural events at various downtown venues, and for the forthcoming Parking Guidance System.

## EXECUTIVE SUMMARY

At the October 25, 2005 Council meeting, Council approved proceeding with the expansion of a wireless network (WiFi) for the downtown core area. The purpose of this memorandum is to

report on the RFP evaluation process and recommending award to MetroFi (Mountain View, CA), the proposer providing the best overall value to the City for the WiFi expansion project for the downtown area. The service will be provided free of charge subject to an early termination fee applicable during the initial five-year contract period.

## **BACKGROUND**

At the October 25, 2005 Council meeting, Council approved proceeding with the expansion of a wireless network (WiFi) for the downtown core central business and cultural districts (see attached map) to achieve the following objectives:

- Free outdoor wireless Internet service for residents and visitors in the Downtown area.
- A private wireless virtual local area network (WVLAN) to support City communications needs, specifically the Parking Guidance System. Communication for the Parking Guidance System will be supplied by the WiFi installation.
- Expandable wireless internet service and public WVLAN for event producers in the project area. The wireless system must provide a scalable, cost effective solution that will support wireless internet access and Wireless LAN service for a large number of users during public events.

The benefits for offering the service are:

- Affordable, high quality, uninterrupted broadband wireless standards based outdoor service for visitors and businesses in San José.
- Wireless access for the City to deliver municipal services to its residents.
- Wireless access for the WiFi needs of event producers for the various venues in the downtown area.
- Economic development of San José and enhancement of the City's image and of San José State University (SJSU) by increasing convenience and utility for San José businesses, their patrons and employees, SJSU facilities, and special events held in Downtown San José.
- Utilization of existing electrical power infrastructure currently located on City owned traffic signals and street light poles and/or buildings.

## **ANALYSIS**

On January 5, 2006 the RFP process was initiated. The RFP was advertised on the City's Internet Bid Line and the DemandStar bid notification system. Over 130 potential prime and subcontractors were notified of the requirement. Thirty-nine companies requested the RFP and seven proposals were received by the January 30 deadline as follows:

1. American Mobile Broadband (Orange, CA)
2. Global Netoptex, Inc (San José, CA)
3. InvisiWire Broadband Networks (Ruston LA)

4. MetroFi (Mountain View, CA)
5. Netlogix (San Diego, CA)
6. Proxim Wireless (San José, CA)
7. Rite Brain Consulting (Littleton, CO)

### Proposal Review

After review of minimum qualifications, which were passed by all proposals submitted, the proposal evaluation consisted of a thorough review of each company's written proposal for Technical Approach, Experience of the proposing firm (including subcontractors, and the implementation team), and Cost. These evaluation elements were weighted at 35%, 20% and 35%, respectively and 10% for small/local business.

A five member proposal evaluation panel was formed consisting of representatives from the City's Information Technology (IT) and Transportation Departments, as well as outside IT representatives from Team San José and the Zero-One festival. The team was responsible for evaluating and scoring the technical approach and experience. Prior to receiving proposals, all panel members were required to sign a confidentiality agreement and conflict of interest forms. No conflicts of interest were identified.

Cost proposals were evaluated independently and not disclosed to the technical evaluation team to allow for an independent evaluation of technical approach and experience. Pricing was required for initial procurement and installation of the system as well as five years of support and maintenance (five-year total cost of ownership).

Upon conclusion of the proposal evaluation, it was determined that five companies could reasonably achieve contract award. These companies were invited to participate in oral presentations. Prior to their scheduled interview date, American Mobile Broadband (AMBB) informed the City that they would not be able to make their scheduled interview date. As a result AMBB was disqualified from further consideration.

Proxim Wireless and InvisiWire Broadband Networks whose proposals did not score in the competitive range, i.e., these companies could not reasonably achieve award of contract, were informed of the City's decision and offered a debriefing session. Proxim requested and received a debrief with the Purchasing representative.

At the conclusion of the oral presentations, the rank and score are as follows:

| <b>Rank</b> | <b>Company Name</b>   | <b>Total Score<br/>(100 point<br/>scale)</b> |
|-------------|-----------------------|--|
| 1           | MetroFi               | 82.4   |
| 2           | Global Netoptex, Inc  | 77.2   |
| 3           | Netlogix              | 59.4   |
| 4           | Rite Brain Consulting | 44.7   |

Best and Final Offer Process (BAFO)

The City determined that it would be advantageous to complete a BAFO with finalists MetroFi, Global Netoptex (GNi) and Netlogix to clarify key business and technical requirements and allow finalists to make any changes to their original pricing submission. Rite Brain was not invited to participate in the BAFO due to their low technical score compiled after the oral presentation phase. Right Brain also requested and received a debrief from the City's Purchasing representative.

All three companies submitted BAFO responses by the March 29, 2006 deadline. MetroFi and GNi took few exceptions to the BAFO requirements and did not revise their pricing from their original pricing proposal submission. Netlogix conditionally accepted most of the BAFO criteria and further clarified that due to a misunderstanding, they would add \$360,000 to their original pricing submission for the five year total cost of ownership. The table below depicts the final score for technical, experience, and cost, the points for the local and small business preference, and the total score for the three companies, which were invited to participate in the BAFO.

| <b>Rank</b> | <b>Company Name</b>  | <b>Score for (technical, experience and cost)</b> | <b>Points for Local/Small Business Preference</b> |    | <b>Total Score</b> | <b>% of Total Score</b> |
|-------------|----------------------|---|---|----|--------------------|-------------------------|
| 1           | MetroFi              | 72.4  | 5   | 5  | 82.4               | --                      |
| 2           | Global Netoptex, Inc | 72.2  | 5   | -- | 77.2               | 94%                     |
| 3           | Netlogix             | 52.7  | --  | -- | 52.7               | 64%                     |

Local and Small Business Preference (10%)

Ten percent of the total possible evaluation points (5% for local and an additional 5% for local and small) were reserved for local and small business preference in accordance with the City's Local and Small Business Preference Ordinance. MetroFi requested and received 10% or ten points for local and small, GNi received 5% or 5 points for local, and Netlogix did not request consideration. Although the preference did not change the rankings of the finalist companies, it did increase the scoring margin between MetroFi and GNi from .2 points to 5.2 points.

Reference Checks

Reference checks were conducted with the following organizations to further verify MetroFi's expertise and ability to perform:

- City of Santa Clara
- City of Cupertino
- City of Mountain View
- City of Sunnyvale

Each reference check consisted of approximately 15 detailed questions covering MetroFi's professional staff, program management capabilities, and their overall ability to deliver projects. All responses from the above listed references were very positive.

### **EVALUATION SUMMARY**

All three companies are capable of performing the work. Netlogix placed various conditions in their BAFO response and revised the five year cost of \$773,000, which exceeds the City's budget of \$400,000. GNi and MetroFi scored very close. GNi submitted a strong technical proposal with a proposed cost of \$390,759. The evaluation team concluded that MetroFi provided the best overall value to the City; substantially meeting the City's technical criteria at no cost to the City.

All companies, whose technical and cost proposals were evaluated, were given the opportunity to protest the City's recommended award decision. The ten-day protest period allowing any proposer to dispute the award recommendation commenced on May 11, 2006 when all participants were notified of the award recommendation. The City's Chief Purchasing Officer did not receive any protests.

The agreement with MetroFi includes a comprehensive service level agreement to ensure that the City's unique downtown requirements, including event, convention support and the Parking Guidance System are met. Critical service levels include availability (uptime) of the network, performance or speed of the network, and adding or deleting capacity in support of downtown events. Each service category defines how the service levels will be measured, with remedies in the event that service levels are not being met.

MetroFi has also agreed to meet with key merchants in the Downtown area on an as-required basis to educate them on the network and address any specific issues or concerns that they might have.

### **SUMMARY**

It is not anticipated that the City will incur any direct implementation, operation, or maintenance costs to provide the system. However, the contract stipulates that, if the City chooses to terminate the agreement without cause prior to the fifth year of operation, the following "early termination fees" will apply:

|                       |           |
|-----------------------|-----------|
| Termination in Year 1 | \$333,000 |
| Termination in Year 2 | \$283,000 |
| Termination in Year 3 | \$241,000 |
| Termination in Year 4 | \$205,000 |
| Termination in Year 5 | \$150,000 |

MetroFi's ability to offer services at no cost to the City is contingent on advertising revenues for the free outdoor wireless Internet service for residents and visitors in the Downtown area.

MetroFi has installed a no cost WiFi system in the Cities of Los Gatos, Cupertino, Santa Clara, Sunnyvale, Portland (OR), and Foster City (CA). The early termination fees are intended to reimburse MetroFi for their initial investment, and cost to operate the system, in the event that the City terminates without cause. No termination fees will apply if the City terminates the agreement after year five or if the City terminates the contract for MetroFi's failure to perform.

Currently no funding is available for the early buyout provision. If the City chooses to exercise the early buyout option, funding will need to be identified in future years.

Contingency funding is recommended in the event that the City elects to expand the capacity and or capability of the network beyond the original scope. Such requirements might include support of additional PGS signs, parking meters that utilize wireless technology, and special one-time downtown event requirements. In the event that additional services are necessary, a change order formally amending the agreement will be required. Such changes will be funded by the City Department with the requirement. If additional network capacity is requested by private organization hosting a downtown event, then charges to support the requirement may be paid by the outside party directly to MetroFi, or to the City on a reimbursement basis.

#### **ALTERNATIVE**

Not applicable.

#### **PUBLIC OUTREACH**

As described above, this requirement was advertised on the City's internet Bid-Line, and the DemandStar bid notification system. Prior to the release of the RFP a telecommunications consultant working for the City's Information Technology department conducted a series of focus groups to publicize the project and to gain insight from the project stakeholders. The input received from these focus groups, which included members of the Downtown Business and Small Business communities, were incorporated into the RFP. Finally, prior to the release of the RFP, companies who bid on similar WiFi projects, in other jurisdictions, were contacted directly.

#### **COORDINATION**

This memorandum has been coordinated with the departments of Information Technology and Transportation, the City Attorney's Office, the Office of Economic Development, and the City Manager's Office.

HONORABLE MAYOR AND CITY COUNCIL

May 22, 2006

Subject: Report On RFP For Wireless Internet Systems Expansion for the Downtown Area

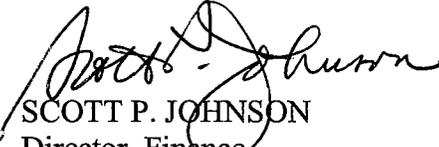
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**COST IMPLICATIONS**

None

**CEQA**

"Exempt, File No. PP06-094"

  
SCOTT P. JOHNSON  
Director, Finance

For questions, please contact Walter C. Rossmann, Chief Purchasing Officer at (408) 535-7051.

Attachment



Note: The core downtown business and cultural district is defined as South of Julian Street, West of 10<sup>th</sup> Street, North of I-280, and East of Highway 87. The WiFi service will be extended to the entire geographic area as depicted on this map.