



DATE: November 3, 2016

TO: Council Technology Application Committee

FROM: Director of Information Technology

SUBJECT

Update on High-Speed Hayward Fiber Optic Network Activities

RECOMMENDATION

That the Committee reviews and comments on this report.

BACKGROUND AND DISCUSSION

In September 2016, the Department of Commerce's Economic Development Administration (EDA) announced a grant award of \$2,744,824 for an EDA investment in the City of Hayward. EDA grants such as this are designed to enhance regional economic competitiveness and promote long-term economic development in regions in need of economic improvement. These grants also provide the opportunity to expand or upgrade physical infrastructure to attract new industry, expand local business operations, and create long-term private sector jobs and local business investment.

This specific grant would support the installation of 11 miles of high speed fiber optic cabling within an industrial zone to provide businesses with high-speed Internet access. This high speed fiber optic access is expected to improve local business operations and allow businesses to capture economic opportunities created by data and Internet driven industries in the Bay Area. In addition, this EDA investment is expected to create 148 jobs, retain 26 jobs, and lead to more employment opportunities for the region's workforce.

The grant is a matching share grant, meaning that the City of Hayward must match the proposed \$2,744,824 grant. The City's matching share is comprised of a combination of in-kind contributions and new funds. The general breakdown is as follows:

- An in-kind contribution of City owned right-of-way land at an estimated value of \$2,108,117;
- Funds already committed to construction and installation of fiber conduit in the Whitesell Street segment of the loop valued at \$156,000; and
- A City General Fund contribution of \$480,707 (cash).

Under the terms of the Award, the total approved authorized budget is:

Federal Share (EDA Funds)	\$2,744,824
Non-Federal Matching Share	<u>\$2,744,824</u>
Total Project Cost	\$5,489,648

Under the terms of this Award, the total approved line item budget is:

COST CLASSIFICATION	Proposed	Approved
Administrative and legal expenses	\$0	\$30,000
Land, structures, rights-of-way, etc.	\$2,108,117	\$2,108,117
Relocation expenses and payments	\$0	\$0
Architectural and engineering fees	\$324,824	\$324,824
Other architectural and engineering fees	\$0	\$0
Project inspection fees	\$324,824	\$294,824
Site work	\$0	\$0
Demolition and removal	\$0	\$0
Construction	\$2,185,765	\$2,185,765
Equipment	\$0	\$0
Contingencies	<u>\$546,118</u>	<u>\$546,118</u>
Total Project Costs	\$5,489,648	\$5,489,648

Timeline requirements

This project requires strict adherence to a specific project development timeline. Construction must begin within one year from the date of the award and must be completed within three years from the date of the award. The award expires five years from the date of award. Timelines must be diligently monitored and any events that could substantially delay the project must be reported to the EDA or risk termination of the award. Per the EDA, extensions beyond the 60-month mark are rare so the City of Hayward must evaluate this timeline and ensure it is feasible for proper execution.

Reports and Performance Measures

Specific reports are required for this grant including quarterly Project Progress reports and semi-annual Financial Reports. A Final Financial Report must be submitted no more than ninety days after the expiration date of the award. The grant also requires recipients to report on actual job creation and retention resulting from the award three, six, and nine years after the EDA investment.

NEXT STEPS

Project Requirements Review: The requirements of the terms and conditions are extensive and cover many complex areas such as economic impact, environmental impact, and reporting. This will require a detailed cross-departmental review by staff of the legal, development, and construction requirements to ensure moving forward with this grant does not pose excessive risk to the City of Hayward.

Project Timeline Review: Dates and milestones are important when dealing with awards such as this and must be proactively monitored and acted on to avoid grant disruption or termination. Staff will need to evaluate the project timeline and report back concerns.

Technical Expertise and Resource Review: Due to the complex nature of the evaluation, reporting, and monitoring aspects of this project, staff must also evaluate if the City has the proper level of technical expertise and resources to execute this project. Staff will need to evaluate the resources available internally coupled with current project workload to make a determination on this subject.

Prepared and Recommended by: Adam Kostrzak, Director of Information Technology/CIO

Approved by:



Kelly McAdoo, City Manager