

MOTION NO. M2015-23

Underground Mobile Wireless license award

| MEETING: | DATE: | TYPE OF ACTION: | STAFF CONTACT: |
|---|------------|-----------------|--|
| Operations and Administration Committee | 03/05/2015 | Final Action | Brian McCartan, Executive Director of Finance and IT Jason Weiss, Chief Information Officer Ernest Ip, Senior IT Project Manager |

PROPOSED ACTION

Authorizes the chief executive officer to (1) execute a ten year license with four five-year options to extend with Mobilitie Investments III, LLC to install, operate and maintain a cellular host network in all current and future tunnels and stations used by Link Light Rail, (2) execute any agreements or permits with King County that are necessary to complete work associated with the Downtown Seattle Transit Tunnel and (3) incur other costs to implement the wireless network within Board-adopted operating and capital budgets, provided compensation received must not be less than the total costs incurred by Sound Transit to implement the project during the term of the Mobilitie contract.

KEY FEATURES SUMMARY

- On February 26, 2015, the Sound Transit Board delegated authority to the Operations and Administration Committee to approve contracts to license, install, operate and maintain a cellular host network in all current and future light-rail tunnels and underground stations, and to approve agreements with King County to install, operate and maintain the network in the Downtown Seattle Transit Tunnel (DSTT).
- This action authorizes the chief executive officer to execute a master license for Mobilitie Investments III, LLC to install a reliable, seamless wireless communications system to provide cell service coverage for transit passengers in the underground tunnels and station facilities owned by Sound Transit, and potentially in the DSTT.
- Under the license, Mobilitie is required to install, own, and maintain a neutral host network for wireless communications, and issue sublicenses to wireless carriers on a non-discriminatory basis. The license term will be for ten years from the date of commercial use of each segment, with options to extend by up to four additional five-year terms.
- The license will provide wireless service in underground tunnels and stations owned by Sound Transit, with the first phase of installation in the Beacon Hill, DSTT and the University Link facilities. Additional installations may be allowed in other tunnels and underground stations that Sound Transit constructs in the future.
- The vendor will fund the direct design, installation, operation and maintenance of the wireless project and will pay Sound Transit a minimum monthly fee of \$7,500 for the entire license term, including any option years. The vendor will also make a one-time payment of \$250,000 for University Link and the Initial Segment, an additional one-time payment of \$250,000 for East Link and a one-time payment of \$300,000 for Northgate Link. Total revenues for the initial term are forecast to be \$1,715,000. Over the initial contract term, Sound Transit expects to incur approximately \$1,450,450 in costs that will be reimbursed by the vendor under the contract.
- Over the initial ten year term, Sound Transit will also incur approximately \$1,281,010 in staff and outside engineering costs to review Mobilitie’s plans and specifications to assure the wireless system will not adversely impact tunnel infrastructure and to provide field inspection. These costs will not be reimbursed.

- Through the initial ten-year term, it is forecasted that the agency will receive net revenue from the wireless project of \$433,990.
- Once the system goes into operation, Mobilitie will continuously monitor the network. All ongoing maintenance of the system including periodic access to our tunnel facilities will also be funded by Mobilitie.
- Sound Transit is seeking authorization from King County Metro to use the DSTT for the installation of the wireless service in the DSTT. This action authorizes the chief executive officer to execute any necessary agreements or permits with King County to allow Mobilitie to install, operate and maintain wireless services in the DSTT consistent with the terms of the License Agreement.

BACKGROUND

Sound Transit currently has approximately 6.65 miles of twin-bored tunnel that was constructed for the Initial Segment and the University Link Extension, for a total of 13.3 miles. Cell phone coverage in Sound Transit Link tunnels and stations is not currently available.

In 2013, the Procurement & Contracts Division issued a Request for Proposal (RFP) for a firm to fund, design, build, operate and maintain an underground mobile wireless system. The RFP required the wireless network system to be built, operated and maintained at no cost to Sound Transit.

In early 2014, Sound Transit received seven proposals—which represent the majority of firms nationwide with the capacity to meet the requirements of the RFP. The proposal submitted by Mobilitie received the highest score from a Sound Transit selection panel with representation from King County Metro, and Mobilitie was subsequently selected as the preferred recipient of the license. Sound Transit would have the ability to terminate the license if the vendor fails to install the system as planned.

The license will provide wireless service in underground transit tunnels and stations, including the Beacon Hill, DSTT and University Link tunnels, and other tunnels and underground stations that Sound Transit constructs in the future. Under the license, Mobilitie is required to install, own, and maintain a neutral host network for wireless communications, and issue sublicenses to wireless carriers on a non-discriminatory basis. The license term will be for ten years from the date of commercial use, with options to extend by up to four additional five-year terms.

On January 16, 2015, as required in the RFP, Mobilitie completed a proof of concept of their proposed system in the Beacon Hill Tunnel as a prerequisite to contract award.

Sound Transit and Mobilitie are seeking an agreement with King County to allow the vendor to install the cellular network in the DSTT. Sound Transit staff have met with King County representatives and reached consensus on the following points:

- King County will not participate in revenue sharing
- King County will be involved in the engineering design process for the DSTT
- Mobilitie will reimburse King County staff hours for escort fees and utility connections. Engineering and design review costs are still under negotiation.

FISCAL INFORMATION

REVENUES

It is estimated that the initial ten year contract would provide Sound Transit \$1,715,000 in total gross revenue, not including cost reimbursement.

Mobilitie will pay to the agency, ongoing monthly payments beginning when the wireless communication coverage is activated, at \$7,500 per month, and as all four major carriers get enlisted, the payments could grow to \$10,000 per month, for the life of this agreement. Mobilitie will make a one-time payment of \$250,000 for each light rail link segment which includes University Link and the Initial Segment, East Link and Northgate Link. An additional one-time \$50,000 payment will be made upon completion of Northgate Link Extension.

REIMBURSABLE COSTS

It is estimated that over the initial ten year contract these costs would be \$1,450,450. Since these costs will be reimbursed to Sound Transit, there will be no long-term cost impact on the agency for these costs.

Costs associated with escorting Mobilitie staff as well as third party vendors in the tunnel facilities; securing county and state permits, if necessary; adding additional utilities power capacity, if needed; and payment for power will initially be paid by Sound Transit but will then be invoiced to and reimbursed by Mobilitie under the License Agreement.

These costs will initially be charged to the IT Capital budget, the University Link budget and the Finance and Information Technology staff budget. It is estimated that \$285,000 will be charged in 2015, with the balance charged in future years. There is sufficient budget capacity to charge the 2015 amount to the annual 2015 budget adopted by the Board while retaining the ability to fund other anticipated expenses.

COSTS TO SOUND TRANSIT

It is estimated that over the initial ten year contract these costs would be \$1,281,010.

In order to assure that the installation of the wireless system will not adversely impact existing tunnel infrastructure, both Sound Transit and King County would need to review Mobilitie's plans and specifications prior to installation in the University Link, DSTT, Beacon Hill, the Northgate extension and the tunnels in East Link. Sound Transit would also reimburse King County Engineering for their incurred design review costs up to a maximum of \$50,000 through a side agreement to be negotiated between the parties for their review related to the DSTT. Sound Transit would conduct its own design reviews, construction management, and administration to support the vendor installation through in-house engineering staff. It is estimated that these costs will be \$571,010 over the initial ten-year term.

Sound Transit also would need to engage a third-party field engineer to perform field inspections. This will reduce delays in the construction process by helping to resolve minor field changes and will ensure that the installation will not damage the tunnel infrastructure. This work will primarily occur at night during non-revenue hours. Over the initial term of the agreement, it is estimated that these costs will be \$710,000.

These costs will be paid for from the IT Capital budget, the University Link budget and the Design, Engineering and Construction Management staff budget. It is estimated that \$294,000 will be charged in 2015, with the balance charged in future years. There is sufficient capacity to charge the 2015 amount to the annual 2015 budget adopted by the Board and retain the ability to fund other anticipated expenses. Future expenditures will be requested in future budgets.

Given that the agreement or permit with King County has not been reached and approved by the Board, there is risk that terms of consensus outlined earlier in this report could change and alter Sound Transit's financial obligations under the License Agreement and further Board approval would be sought for these changes.

In accordance with Sound Transit provisions, Mobilitie will be required to have their own insurance protection at Sound Transit established limits before they will be allowed to work in the DSTT or any Sound Transit facilities.

SMALL BUSINESS/DBE PARTICIPATION AND APPRENTICESHIP UTILIZATION

Not applicable to this action.

PUBLIC INVOLVEMENT

Not applicable to this action.

TIME CONSTRAINTS

A delay in a Board decision to award the contract would delay the launch of cellular services in the tunnel facilities and increase costs for installation in University Link tunnels.

ENVIRONMENTAL REVIEW

JI 12/5/2014

LEGAL REVIEW

JB 3/4/2015

MOTION NO. M2015-23

A motion of the Operations and Administration Committee of the Central Puget Sound Regional Transit Authority authorizing the chief executive officer to (1) execute a ten year license with four five-year options to extend with Mobilitie Investments III, LLC to install, operate and maintain a cellular host network in all current and future tunnels and stations used by Link Light Rail, (2) execute any agreements or permits with King County that are necessary to complete work associated with the Downtown Seattle Transit Tunnel and (3) incur other costs to implement the wireless network within Board-adopted operating and capital budgets, provided compensation received must not be less than the total costs incurred by Sound Transit to implement the project during the term of the Mobilitie contract.

BACKGROUND:

Sound Transit currently has approximately 6.65 miles of twin-bored tunnel that was constructed for the Initial Segment and the University Link Extension, for a total of 13.3 miles. Cell phone coverage in Sound Transit Link tunnels and stations is not currently available.

In 2013, the Procurement & Contracts Division issued a Request for Proposal (RFP) for a firm to fund, design, build, operate and maintain an underground mobile wireless system. The RFP required the wireless network system to be built, operated and maintained at no cost to Sound Transit.

In early 2014, Sound Transit received seven proposals—which represent the majority of firms nationwide with the capacity to meet the requirements of the RFP. The proposal submitted by Mobilitie received the highest score from a Sound Transit selection panel with representation from King County Metro, and Mobilitie was subsequently selected as the preferred recipient of the license. Sound Transit would have the ability to terminate the license if the vendor fails to install the system as planned.

On January 16, 2015, as required in the RFP, Mobilitie completed a proof of concept of their proposed system in the Beacon Hill Tunnel as a prerequisite to contract award.

On February 26, 2015, the Sound Transit Board delegated authority to the Operations and Administration Committee to approve contracts to license, install, operate and maintain a cellular host network in all current and future light-rail tunnels and underground stations, and to approve agreements with King County to install, operate and maintain the network in the Downtown Seattle Transit Tunnel (DSTT).

The license will provide wireless service in underground transit tunnels and stations, including the Beacon Hill, DSTT and University Link tunnels, and other tunnels and underground stations that Sound Transit constructs in the future. The first phase of installation will be in the Beacon Hill, DSTT and the University Link facilities. Under the license, Mobilitie is required to install, own, and maintain a neutral host network for wireless communications, and issue sublicenses to wireless carriers on a non-discriminatory basis. The license term will be for ten years from the date of commercial use, with options to extend by up to four additional five-year terms.

It is estimated that the initial ten year contract would provide Sound Transit \$1,715,000 in total gross revenue, not including cost reimbursement. Mobilitie will pay Sound Transit ongoing monthly payments beginning when the wireless communication coverage is activated, at \$7,500 per month,

and as all four major carriers get enlisted, the payments could grow to \$10,000 per month, for the life of this agreement. Mobilitie will make a one-time payment of \$250,000 for each light rail link segment which includes University Link and the Initial Segment, East Link and Northgate Link. An additional one-time \$50,000 payment will be made upon completion of Northgate Link Extension.

Costs associated with escorting Mobilitie staff as well as third party vendors in the tunnel facilities; securing county and state permits, if necessary; adding additional utilities power capacity, if needed; and payment for power will initially be paid by Sound Transit but will then be invoiced to and reimbursed by Mobilitie under the License Agreement. It is estimated that over the initial ten year contract these costs would be \$1,450,450. Since these costs will be reimbursed to Sound Transit, there will be no long-term cost impact on the agency for these costs.

In order to assure that the installation of the wireless system will not adversely impact existing tunnel infrastructure, both Sound Transit and King County would need to review Mobilitie's plans and specifications prior to installation in the University Link, DSTT, Beacon Hill, Northgate extension and East Link tunnels. Sound Transit would also reimburse King County Engineering for their incurred design review costs up to a maximum of \$50,000 through a side agreement to be negotiated between the parties for their review related to the DSTT. Sound Transit would conduct its own design reviews, construction management, and administration to support the vendor installation through in-house engineering staff. It is estimated that these costs will be \$571,010 over the initial ten-year term. Sound Transit also would need to engage a third-party field engineer to perform field inspections. This will reduce delays in the construction process by helping to resolve minor field changes and will ensure that the installation will not damage the tunnel infrastructure. This work will primarily occur at night during non-revenue hours. Over the initial term of the agreement, it is estimated that these costs will be \$710,000. Combined non-reimbursable costs to Sound Transit would total \$1,281,010 over the initial ten year contract.

There is sufficient capacity in the annual 2015 budget adopted by the Board for reimbursable and non-reimbursable costs associated with the license agreement. Sound Transit will retain the ability to fund other anticipated expenses in the 2015 budget. Future expenditures will be requested in future budgets.

Once the system goes into operation, Mobilitie will continuously monitor the network. All ongoing maintenance of the system including periodic access to our tunnel facilities will also be funded by Mobilitie.

Sound Transit and Mobilitie are seeking an agreement with King County to allow the vendor to install the cellular network in the DSTT. Sound Transit staff have met with King County representatives and reached consensus on the following points:

- King County will not participate in revenue sharing
- King County will be involved in the engineering design process for the DSTT
- Mobilitie will reimburse King County staff hours for escort fees and utility connections. Engineering and design review costs are still under negotiation.

This action authorizes the chief executive officer to execute any necessary agreements or permits with King County to allow Mobilitie to install, operate and maintain wireless services in the DSTT consistent with the terms of the License Agreement.

In accordance with Sound Transit provisions, Mobilitie will be required to have their own insurance protection at Sound Transit established limits before they will be allowed to work in the DSTT or any Sound Transit facilities.

MOTION:

It is hereby moved by the Operations and Administration Committee of the Central Puget Sound Regional Transit Authority that the chief executive officer is authorized to (1) execute a ten year license with four five-year options to extend with Mobilitie Investments III, LLC to install, operate and maintain a cellular host network in all current and future tunnels and stations used by Link Light Rail, (2) execute any agreements or permits with King County that are necessary to complete work associated with the Downtown Seattle Transit Tunnel and (3) incur other costs to implement the wireless network within Board-adopted operating and capital budgets, provided compensation received must not be less than the total costs incurred by Sound Transit to implement the project during the term of the Mobilitie contract.

APPROVED by the Operations and Administration Committee of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on March 5, 2015.



Paul Roberts
Operations and Administration Committee Chair

ATTEST:



Kathryn Flores
Acting Board Administrator