



City of Sandy

Agenda

SandyNet Advisory Board Meeting

Meeting Location: 17175 Meinig Ave, Sandy OR
97055

Meeting Date: Thursday, November 18, 2021

Meeting Time: 7:00 PM

	Page
1. ROLL CALL	
2. CHANGES TO THE AGENDA	
3. APPROVAL OF MINUTES	
3.1. October Board Meeting Minutes SandyNet Board Meeting Minutes	2
4. OLD BUSINESS	
4.1. SandyNet/CBX IGA and Business Plan SandyNet CBX Business Plan IGA with Clackamas County for Business ISP Services PDF	3 - 43
5. NEW BUSINESS	
5.1. ARPA Funds Construction RFP Review and discuss the RFP for the use of ARPA funds SandyNet ARPA RFP Draft	44 - 51
6. STAFF UPDATES	
6.1. Neighborhood Developments	
7. ADJOURN	



Members Present: Joel Brache, Chair; Gregory Freetage, Advisory Board Member; Jeremy Pietzold, Council Liaison

Members Absent: Joe Smith Advisory Board Member, Don Williams, Advisory Board Member

Staff Present: Gregory Brewster, IT Director; David Snider, Economic Development Manager

1. Staff and board discussed the departure of Michael Hortter from the advisory board. Discussed option to open up applications.
2. Did not have a quorum to approve August meeting minutes. No meeting happened in September.
3. Staff provided recap and update of voice provider status and IPv6 deployment. Went over Advisory Board Member, Don Williams idea for water bill advertisement.
4. Provide latest council direction on ARPA and mention Council potential decision on November 1st meeting.
5. Went over SN/CBX Business plan.
 - a. Greg provided background and answered questions
 - b. Feedback followed models for inflation and break-even analysis
 - c. Jeremy provided recommendation to remove dark fiber and DWDM and combine the costs for service tier
6. Adjourned at 9:05pm.



SANDYNET/CBX BUSINESS PLAN

TABLE OF CONTENTS

TABLE OF CONTENTS	1
TABLE OF EXHIBITS	2
EXECUTIVE SUMMARY	3
BUSINESS DESCRIPTION	5
OBJECTIVES	7
DIVERSIFYING BUSINESS CUSTOMER BASE	7
PAY DOWN DEBT	7
INCREASE FUNDING FOR STAFF/INFRASTRUCTURE	8
RECAP AND OVERARCHING OBJECTIVE	8
ALTERNATIVES	9
BUILD OFF OF EXISTING FIBER PATHS	9
INCREASE MARKETING	9
HIRE ADDITIONAL EMPLOYEES	9
INCREASE SERVICE RATES	10
ANALYSIS	11
MARKET DEMOGRAPHICS	11
COST OF SERVICE	12
INSTALLATION COST	12
NEW CUSTOMER BREAK-EVEN POINT	13
OPERATIONAL COSTS	13
TARGET MARKET PLAN	14
MARKETING PLAN	15
EXPECTED BENEFITS	15
RISKS	17
INSURANCE/TRAVEL RISKS	17
LIABILITY	17
MISSED MARKET TARGET	17
STAFF CONCERNS	17
IGA RENEWAL FAILURE	18
CUSTOMER RESPONSIVENESS	18
EXCESS SUPPORT COSTS	18
RECOMMENDATION	19

TABLE OF EXHIBITS

EXHIBIT A - CBX NETWORK MAP	20
EXHIBIT B - ACTIVITY-BASED COSTING ANALYSIS	21
EXHIBIT C - RECURRING OPERATIONAL COSTS PER CUSTOMER	23
EXHIBIT D - PROJECTED REVENUES	24
EXHIBIT E - SUPPORT COSTS	25
EXHIBIT F - COST BREAKDOWNS	26
EXHIBIT G - SERVICE ORDER/SANDYNET TRANSIT AGREEMENT	28

EXECUTIVE SUMMARY

The SandyNet/Clackamas Broadband Exchange (CBX) IGA would expand a partnership between the City of Sandy and Clackamas County to provide high speed internet to business customers outside Sandy's city limits, splitting revenue between the two entities on a 53% - 47% basis. The proposed IGA will enable SandyNet to make progress on growth and financial objectives that will further the Sandy City Council's goal of achieving self-sufficiency for SandyNet. These objectives include diversifying SandyNet's business customer base, paying down debt, and increasing funding for staffing / infrastructure. Compared to residential customers, medium and enterprise businesses customers provide advantages for the City in terms of stability and profitability, chiefly through the reduced need for service visits and a clearer definition of responsibilities between customer and provider.

SandyNet and CBX have goals and resources that complement each other, creating an opportunity to offer business level internet service provider (ISP) services to Clackamas County. Given SandyNet's experience and performance as an ISP, and Clackamas County's jurisdiction and resources, the two entities desire to partner to address internet affordability and reliability. The proposed partnership would enable SandyNet to expand beyond its current service boundaries with little risk by charging a common rate and service package to customers.

SandyNet and CBX currently have an established pilot program in the Kiwanis Camp Project, which offers gigabit fiber optic service to homes outside of city limits in an otherwise underserved area. Using knowledge learned from that project, SandyNet and CBX believe they can apply a similar model to businesses.

Broadband/telecom entities often work together to achieve common goals. Open access networks allow a fiber network owner to lease or share parts of the network to another entity, which is fairly common in the industry. In SandyNet and CBX's situation, SandyNet is an already established Internet Service Provider (ISP) and CBX owns and operates a large fiber optic network following an open access modal. The IGA defines the responsibilities and roles of each entity to achieve a complete product or service. The Kiwanis project demonstrates that these two entities can achieve this service at a highly competitive price and service reliability.

By focusing on businesses, it is proposed in the IGA to charge \$225 per Gigabit fiber customer and offer a complete ISP service. The responsibility of CBX will be to build, own, and maintain the fiber optic network while SandyNet will provide the ISP traffic, modem, support and billing.

This business plan provides a comprehensive picture of offering ISP services to businesses. Under the arrangement, SandyNet would keep \$120 of the \$225 charge, with CBX keeping \$105. It is projected that over the course of five years, the revenue realized by SandyNet by growing to 90 such customers would provide a funding stream that could be leveraged to pay down a significant amount of debt and/or grow SandyNet's staff capacity. The team would begin by using existing staff to configure and deploy equipment to customers and grow the team/network to support future customers.

The proposed IGA represents a reviewed and approved agreement between the two entities, and the business plan carries the endorsement of the SandyNet Advisory Board as a recommended venture for SandyNet.

BUSINESS DESCRIPTION

SandyNet is a department of the City of Sandy that offers internet-related services to businesses and residents of Sandy as well as businesses and individuals outside its city limits. SandyNet is an authorized Competitive Local Exchange Carrier (CLEC) through the Oregon Public Utility Commission (PUC) and a public utility of the City of Sandy that is owned and operated by the people of Sandy. SandyNet directly competes with other carriers and providers. SandyNet is operated as an enterprise fund, using revenue generated by itself, rather than tax dollars, to pay for its expansion and operations, with the exception of providing internet connections to City of Sandy facilities.

SandyNet has offered its services over a variety of mediums and technologies. As SandyNet has grown and established itself over time, its footprint and economies of scale have grown as well, enabling a city-wide fiber-to-the-home deployment in 2014 and fiber-to-the-business in 2017.

Having standardized its service across fiber optics, SandyNet is able to offer various types of packages to its customers. While its main focus is delivering broadband data services, SandyNet also offers additional or over-the-top services, including:

- ISP Broadband
- Voice Service
- Video Service (3rd Party)
- Professional Services for Businesses
- Last Mile Dark Fiber Services

SandyNet was formed for the purpose of providing accessible and affordable broadband within the community. Created in 2003, SandyNet began offering services to families, businesses, and city facilities that previously lacked reasonable access to the internet. The City Council and staff view the internet as a public utility essential to the economic growth and prosperity of the community. Creating a municipal internet service was an innovative solution to resolve multiple issues that Sandy faced, including:

- Access to internet for residents, students, businesses and enterprises
- Affordability
- Closing the Digital Divide
- Economic Development and Resident Livability
- Connecting city-owned facilities

As Sandy continues to expand, and as businesses and families move and live or operate in Sandy, many of the needs SandyNet is charged with addressing are ongoing and ever changing. Long term sustainability plays a critical role in SandyNet's future as the community's ISP. In 2021, Sandy City Council identified a policy goal to "[c]ontinue to grow SandyNet to make it self-sufficient for the long-term."

OBJECTIVES

The desired outcomes of this business proposal are to make significant progress in increasing revenue, paying down debt, and diversifying SandyNet's customer base within its business profit center. The proposal, which is detailed in the form of an IGA between the City of Sandy and Clackamas Broadband Exchange, identifies the requirements and responsibilities.

The term "profit" is used in this document. In accounting terms, profit is used to represent earnings after explicit costs. The term "revenue" represents earnings gathered from the customer or other sources. SandyNet is not a for-profit entity, but the term "profit" is used to represent earnings that are available to complete the following objectives.

DIVERSIFYING BUSINESS CUSTOMER BASE

Within SandyNet's current business portfolio, 89% of customers are considered small businesses. 79% of these small businesses participate in the 300Mbps plan for \$41.95 Monthly Recurring Cost (MRC), with 21% participating in the Gigabit plan for \$59.95 MRC (1000/1000 Mbps). SandyNet currently has relatively few medium and enterprise accounts. The two main reasons for the lack of such accounts are:

- **SandyNet Footprint** - Medium to large companies that currently operate in Sandy tend to be chains or part of a multi-site company, both of which tend to favor larger providers.
- **Availability** - Sandy and its business district and zones do not house a large number of medium or large-sized businesses.

Medium or large businesses often have less, but more specific requirements and requirements of the ISP and customer are laid out in the Master Service Agreement (MSA). Medium and larger businesses do not often require the assistance of the ISP for general questions or troubleshooting of network endpoints, which often yields more revenue and less support and operational costs.

PAY DOWN DEBT

The City Council expressed in its 2021 Council Goals a desire to align and seek opportunities that would allow SandyNet to become self-sustaining. Projects or avenues that offer the ability to pay down SandyNet's debts should be analyzed and considered as potential short or long term revenue streams.

INCREASE FUNDING FOR STAFF/INFRASTRUCTURE

SandyNet's staff size cannot currently meet the needs/requirements of its operations. Full compensation for city employees is the highest operating expense for SandyNet, leaving us with fewer full-time employees that would be required to specialize in multiple operational areas. Additional revenue is the key to bringing staffing levels to a sustainable level, as well as to increasing capacity to allow for growth.

In preparations for future infrastructure upgrades, tentative timelines and implementation goals should be set and regularly evaluated. However, in the ISP industry where the serving area, technologies, adoption rates, and the competitive landscape changes every year, it is important to constantly re-evaluate and adjust plans and upgrades. Generally, the price-per-megabit decreases over time for customers, meaning that rate increases typically involve higher speeds and updated infrastructure (this does not include price incentives or expirations of promotional offers).

RECAP AND OVERARCHING OBJECTIVE

All these objectives can be grouped under the overarching goal of becoming self-sustaining. Objectives and execution of projects that assist in achieving that goal should fall in line with SandyNet's mission, and directly contribute to the residents of Sandy. Opportunities and decisions that affect SandyNet should always improve the quality of service for its customers.

ALTERNATIVES

BUILD OFF OF EXISTING FIBER PATHS

One alternative for capturing additional revenue, as well as new markets, would involve the build out of mainline fiber that is already in close proximity to residential areas. Most plans to pursue this strategy involve areas outside of existing city limits and primarily offer only residential services. Building fiber in rural areas does little to help expand the business side of SandyNet and offers a much lower density of customers, driving up the capital investment needed to service. Alternatives that can be used to handle the additional costs of rural areas deployment can include a higher Monthly Recurring Cost (MRC) for those in less densely populated areas. Additionally, those that build out rural areas often focus on bringing costs down by building overhead and using smaller size materials such as lower fiber counts, less capacity or expansion capabilities.

INCREASE MARKETING

Another alternative would be to increase marketing to areas that are already served. Marketing strategies could target current inactive service locations; primarily those that once had active service (i.e. customer move-ins that didn't activate the service); and could involve ads at local events, online, and visibility in high traffic areas. Marketing within our department has already increased over the past six months, but has not been shown to be beneficial at this time. Theories into why current marketing strategies are not working are:

- Lack of marketing knowledge and practices or inability to create meaningful campaigns
- SandyNet might have reached market saturation, where marketing provides little marginal benefit

Potential solutions could involve retaining marketing consultants to aid in managing or creating campaigns aimed at new or existing customers.

HIRE ADDITIONAL EMPLOYEES

While additional FTEs would be beneficial, SandyNet is unable to add an FTE until July of 2022. Further, this future FTE is expected to be a Telecom Utility Worker, which may increase the capacity for construction and repairs, but would not resolve the issue of short helpdesk/network analysts. In the past, SandyNet has hired a part time worker to assist with answering phones and or to provide Saturday and potentially Sunday phone support. Such a part time employee would work 25 hours a week or less.

Additional alternatives could involve contractor call center support, which could handle general calls after normal working hours.

INCREASE SERVICE RATES

SandyNet's current rates are set by a schedule that was adopted by Council before the Fiber to the Home project began in 2014. The last scheduled rate increase was in 2019, which increased pricing from \$39.95 to \$41.95. Increasing the rate to \$44.95 for the 300Mbps service would allow for an additional \$85,000 of revenue a year. Staff's current recommendation for a rate adjustment involves increasing the price only for the 300Mbps service, and subsequently increasing the speed from 300 to 500 while working toward offering a tier higher than 1000Mbps. Any service offered above 1000 Mbps would require newer Central Office infrastructure and use a technology called XGS-PON or 10-PON.

ANALYSIS

MARKET DEMOGRAPHICS

The proposed market identified by this plan is medium to large businesses within Clackamas County, excluding chain businesses and those that would prefer contracts with a larger provider. Potential industries include, but are not limited to:

- Architects, civil engineering or design firms
- Law and legal offices
- Software or technology development companies
- Production studios or video editing or graphic design companies
- Machine, fabrication or industrial shops or offices
- Call centers and office buildings
- Real estate
- Banks
- Auto Dealerships

Geographically, the businesses targeted in this plan will reside within Clackamas County. Much of the area is already served by other ISP's, many of which are large and have well-established business markets that are often defined by phone and cable territories, preventing overlap and duplication of services. Prices from competitors vary based on the service medium and location. Competitors pricing of non-shared bandwidth at 1/1Gbps is typically \$250-\$800+ a month.

Many areas only offer businesses with a coax cable connection, creating an asymmetrical upload and download ratio. While a business can download at higher speed, uploads can be bottlenecked by video calls or high traffic volumes. Depending on the industry, a fiber optic connection can be greatly beneficial to the customer.

CBX has over 360 miles of fiber optic cable around the county, many of which pass nearby hundreds of potential businesses. Their current route map outlines their mainline and current spurs that are possible to build from, see Exhibit A.

COST OF SERVICE

Typically, the cost for enterprise customers is relatively fixed. Based on the proposed IGA, the responsibilities of County and City have been separated into the fiber operator and service provider.

Generally in an ISP model, providers must provide the following roles:

- Customer Service - Handling support and orders and installations
- Billing - Must be able to send out invoices and collect payments
- Network Operations - Run the network and the equipment
- Outside Plant - Construction, repair and maintenance of any capital assets

While these are general roles, it is possible to split the total cost and responsibilities for a service connection between both parties. As defined within the IGA, CBX would be responsible for the outside plant¹, meaning that they build, repair and own all the physical fiber optic plant, including but not limited to: fiber optic lines, splice cases, remote cabinets, vaults and pedestals. The outside plant in any deployment tends to cost the most in terms of capital expenditures, but can also be counted as an asset. Because the IGA defines the minimum price and revenue amount received by CBX, separation of its capital and operational costs can simply be deducted from SandyNet's duties and install/operational costs.

The responsibilities of SandyNet would be to offer customer service, billing and handle network operations. SandyNet already has an established model and history of each role, which can be adjusted to accept the roles outlined in the IGA².

Additional information can be found in Exhibit B: the bill of materials (BOM) used for new installations as well as the job cost sheet analysis and activity based costing.

INSTALLATION COST

The exact cost for each installation will vary depending on multiple factors: material prices, which fluctuate based on supply as well as lifecycle and retirement of existing hardware; labor hours required for installation, which include per job travel distances as well as the time it takes to reach the job site; and the type of installation, which may change the equipment needed for the job. Refer to Exhibit B for the table used to determine labor costs.

¹ See INTERGOVERNMENTAL AGREEMENT BETWEEN CLACKAMAS COUNTY AND THE CITY OF SANDY § 2

² See INTERGOVERNMENTAL AGREEMENT BETWEEN CLACKAMAS COUNTY AND THE CITY OF SANDY § 3

NEW CUSTOMER BREAK-EVEN POINT

For revenue and profit calculations, the cost for a new business fiber customer is averaged to be \$640. This number is determined by using an average travel time for an installation of 2.5 hours as well as 1 hour for set up overhead costs. Additionally, the BOM has a credit of \$250, which is the one time installation fee that the customer pays as a set up charge. The average break even point for a new customer would be 6.5 months. Customers are required to enter into a minimum of a 12 month agreement with SandyNet as to make sure that SandyNet will recoup its costs.

OPERATIONAL COSTS

Recurring costs include those needed to maintain service. The cost breakdown can be found in Exhibit C. There are only a few items worth noting that contribute to the overall cost of an enterprise business customer:

IP Addresses - Public IP addresses are required for business service and must be owned by and operated by the ISP. The cost for an IPv4 address rises every day as IPv4 exhaustion has continued as the transition to IPv6 grows. As of August of 2021 the price for a single public IPv4 address is roughly \$42. IP addresses can be reused if a customer cancels, making the average cost built into the revenue model at \$2 a month.

IP Transit Costs - Transit costs are the cost for SandyNet to purchase upstream bandwidth from major carriers. Each connection typically adds 10Gbps of throughput to the overall available ISP bandwidth. Using historical information from 9 business fiber customers (mostly heavy users), the average traffic came to 5.25 TB of total data transmitted each month. Each 10G connection can handle up to 3240 TB of traffic per month, allowing SandyNet to technically add up to 617 customers per 10G connection. Due to the stochastic nature of ISP traffic and download times and peak data transfer. Realistically a 10GB connection should be added after achieving 40-50% link saturation during peak hours, resulting in about 200 customers per 10G connection. The price for this model comes out to \$5 a month. As more upstream connections are made, the ability to handle spikes and heavy traffic loads continues to increase as well. The amount of traffic should note that while the upstream bandwidth is shared between business and residential customers, the traffic patterns often complement each other. Typically from 6am to 5pm, ISP traffic is business heavy, and after 5pm, becomes residential heavy as

businesses close up for the day. Transit costs typically decrease over time, however it is reflected in Exhibit C, that a %3 cost increase occurs each year.

Datacenter Costs - These include the cost to run equipment as well as the cost of electricity. Costs for equipment can be broken down into cost per port for equipment over a five year model, located in Exhibit C. The price for power is estimated at being less than \$4 a month per customer, bringing the Datacenter costs to \$18 a month. The price for hardware fluctuates based on total utilization of the hardware. Exhibit F shows that the price is higher on the stand alone unit breakdown over the lifespan of the device, however if the equipment is introduced after 34 existing customers, the average price per port drops to less than \$11, beating the projections for the \$14 port cost (DC Cost \$18 - \$4 electricity = \$14 port cost). The port cost does not need to include any calculation for inflation, and electricity cost should be adjusted 3% annually, as reflected in Exhibit C.

Total average operational costs per business customer are \$15 until 34 customers are reached. The average operational costs are \$25 a month per business customer after 34 existing customers and purchase of new hardware.

TARGET MARKET PLAN

With no additional infrastructure added to the SandyNet system, this business plan can utilize existing hardware with an excess of resources or ports. Excess includes equipment ports on already owned assets and in their current state, have no active plans to be used. This could include equipment that actively sits in remote locations for customers or connectivity. Multiple locations already exist where an excess of resources can be utilized, offsetting some datacenter and equipment costs.

Given the current equipment that is in production, SandyNet currently has enough excess ports in locations relevant to this project to add 34 customers before it needs to purchase additional data center equipment. SandyNet currently has enough excess bandwidth to add 30-40 customers before additional bandwidth would be required. Removing ports and bandwidth costs from the operational costs drops the monthly cost for operations to \$15 per customer.

After 34 customers, additional equipment will need to be purchased for the project, bringing the operational costs up to \$25 a month per customer, with the intent of reaching 90 customers in five years (see Exhibit D). The decision and time to implement new hardware will introduce a new level of fixed capacity that will drive the need and adjustments of the marketing plan.

After reaching 90 customers, costs would shift again, which would incur additional infrastructure and bandwidth costs. Cost of IP addresses would also increase over time. Operational costs would need to be reassessed after 90 customers are added to the system.

MARKETING PLAN

Marketing plays a key role in SandyNet planning and capacity. After purchasing new equipment to increase network capacity, ports must be filled to make daily operations profitable. Marketing also plays a key role in the yield management of the project. In addition to physical ports and hardware capacity, marketing must be managed to help level the capacity of the service requests queue, so as not to detract from other SandyNet operations. With the intent of leveling capacity over time, marketing will be used to manage the demand, rather than chase it. This will allow SandyNet to forecast demand and help normalize the arrival rate of new customers in the ordering queue.

Clackamas County's Economic Development Department has access to business names, and locations that can allow SandyNet to identify potential new businesses. Using GIS data, SandyNet can easily create relevant campaigns to customers that may benefit from the service.

Engaging a marketing vendor may prove to be the most effective solution. If rendered, these services would greatly benefit already existing SandyNet ventures, which may allow for excess resources to be used towards adding businesses while keeping marketing expenses low.

EXPECTED BENEFITS

The ability to target medium and larger businesses would help SandyNet add a mixture of different business levels into its network over a larger geographic area. Benefits of this include the potential to upsell additional services, as well as diversify business market offerings. Advancing to larger tiers of service often results in a reduced number of truck roles or technician site visits by defining a more specific definition of responsibilities between the customer and provider. Responsibilities are laid out in the Master Service Agreement (MSA), which defines the ISP and customer duties. Aside from providing a lit service and hand off location, the customer generally engages another party or operates an in-house department that will complete and manage the connection to the service providers. SandyNet's responsibilities are to provide a reliable connection and exceptional support leading up to the customer demarcation.

A successful deployment could help in providing additional staff or contractors for after hours or weekend support. This can include phone support as well as service technician support. These actions can help move SandyNet out of its current hours of operation to potentially offer weekend installs of residential customers as well as response to business calls in either a live or voicemail/call back support option.

The additional revenue generated by business customers creates a cash flow that originates outside of Sandy city limits that can be leveraged to assist SandyNet in paying off its debts, subsidize residential and business service within city limits, and help in achieving the City Council goal of making SandyNet self-sustaining.

RISKS

INSURANCE/TRAVEL RISKS

The increased number of miles traveled can result in increased risk for SandyNet employees. Risk of traffic-related accidents and injuries increase, as well as wear and failure of vehicle parts. Upon assessment with Administration, it was determined that these increased risks had minimal monetary impact on already existing insurance rates. Additional costs and maintenance should be noted as additional overhead. A focus on safety is the best way to help mitigate these risks.

LIABILITY

Potential liability from damage or personal injury is always a risk. Failing hardware can cause business disruptions, fires, electrocution, and harm from lasers. Proper installation of equipment is essential to reducing these risks. Proper testing of electrical components, securing fiber and placing equipment in appropriate locations decrease environment hazards as well as tripping and safety hazards. Grounding of electrical equipment can prevent fires or harming techs and employees. By following correct installation procedures, the risk can be minimized to a manageable level.

MISSED MARKET TARGET

Failure to achieve the target customer goal can result in decreased profits and higher operational costs for each customer. While some factors in determining the number of active or new customers may be out of SandyNet's control, the ability to decide whether to continue expansion or to back out of the IGA, as defined in section 6 of the IGA, allows SandyNet to prevent or recover from losses should they arise³.

STAFF CONCERNS

Staffing is always a potential risk. As the number of customers increases, the customer must rely more on existing staff. Failure to meet service, business projects, and operation demands can result in lower customer service responsiveness and effectiveness. Proper staffing and capacity planning of current staff should allow for the ability to respond to the stochastic arrival rate of service orders and support requests with a high level of confidence. It should also allow for minimal or no impact on support in the event of employee departure or termination.

³ See INTERGOVERNMENTAL AGREEMENT BETWEEN CLACKAMAS COUNTY AND THE CITY OF SANDY § 6

IGA RENEWAL FAILURE

The early termination or failure to renew an IGA with Clackamas County can result in loss of existing customers and revenue. Depending on the previous level of commitment, purchases related to the project may cause financial risk. Equipment can most likely be sold in the event that termination of the agreement between SandyNet and CBX were to occur before five years. Additional staffing concerns may result in higher idle worker time, leading to unnecessary employee costs, which would require reallocation of duties or potential reduction of hours or layoffs.

CUSTOMER RESPONSIVENESS

In the short term, risk of decreased customer responsiveness could occur. A larger rate of support requests or unplanned work can delay responsiveness to customers. Appropriate capacity planning and network design can help reduce the risk of unplanned outages. Unplanned work, if unmanaged, will cause a decrease in CSR responsiveness and quality of service. One common remedy is to implement cross-training between employees, which would allow SandyNet employees to quickly reassign labor to areas of need, reducing the risk of delayed customer support responsiveness.

EXCESS SUPPORT COSTS

One major risk of margin creep is the cost and excess number of truck rolls. A truck roll is defined as the action of sending a technician to visit a location and resolve or diagnose a problem. Depending on the location, a single truck roll may cost a month to two months profit. Because a truck roll can cause support costs to increase and take more staff time than a typical customer, it is key to prevent truck rolls when possible. Truck rolls are most commonly used for investigating a support issue or resolving an issue such as equipment failure. Determining when a truck roll is needed is key, and reducing the number of failure points in SandyNet's responsibilities is the right way to reduce this risk. Using common hardware with active monitoring techniques, hardware failure should be predictable and support issues should be visible and correctable using data and information gathered from the equipment. Processes and procedures should be optimized to help CSRs and techs best determine when a truck roll is necessary. See Exhibit E for labor and overhead costs related to an average predicted truck roll.

RECOMMENDATION

The IGA has been reviewed and approved by the City Attorney. The Business plan and IGA have been reviewed and approved by the SandyNet Advisory Board, which recommends approval by the Sandy City Council.

EXHIBIT A - CBX NETWORK MAP

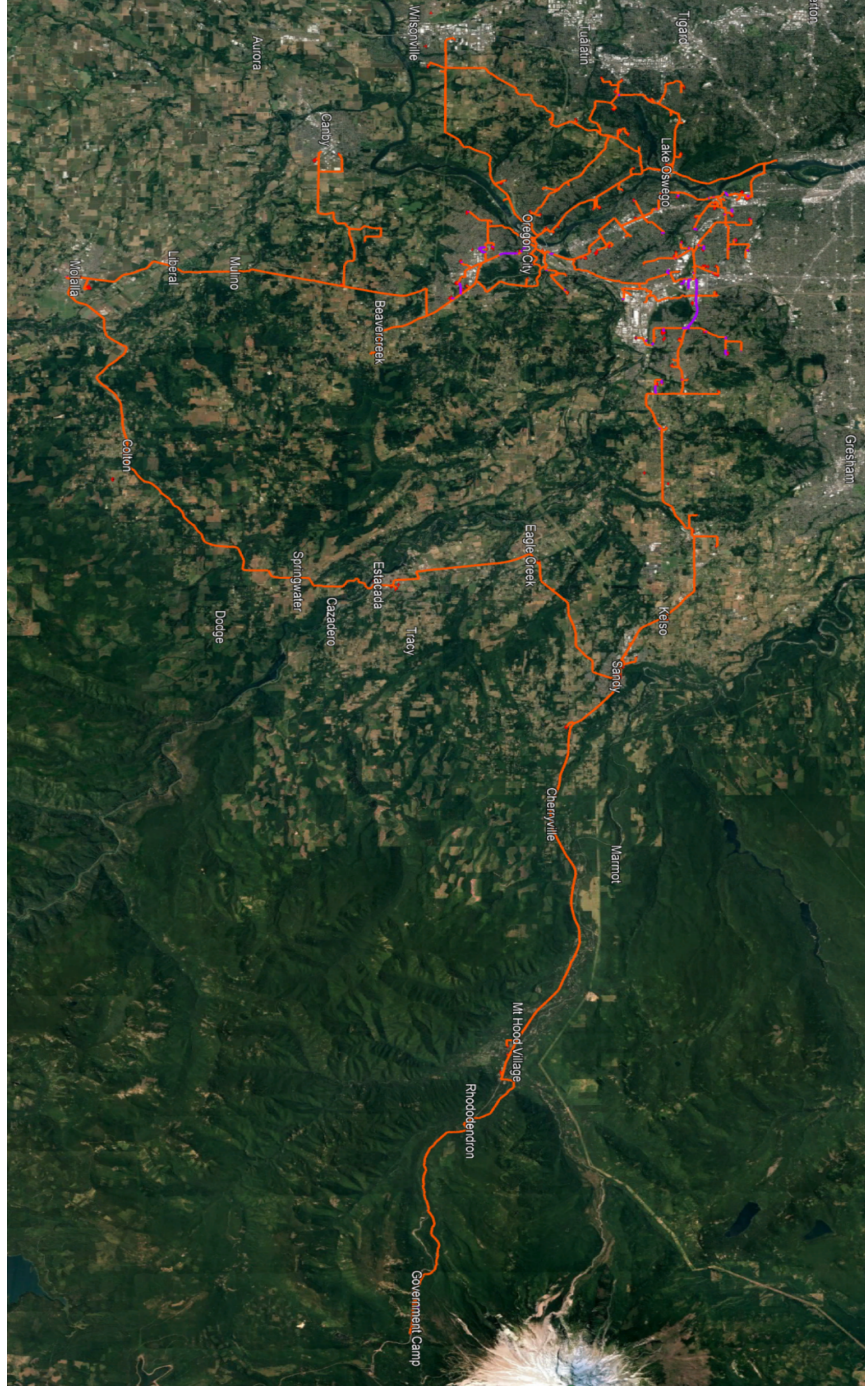


EXHIBIT B - ACTIVITY-BASED COSTING ANALYSIS

Direct Materials for Single Business Installation

Item	Qty	Cost	Total
WS-C2960G-8TC-L	1	\$300	\$300
Power Cord (Included with switch)	1	-	-
C(17-61) DWDM-SFP-6386-80 Compatible 1000BASE 80km DOM	2	\$200	\$400
1m LC UPC to LC UPC Duplex OS2 Patch Cable	3	\$4.30	\$12.90
5ft Cat6 UTP Ethernet Patch Cable	1	\$3.20	\$3.20
Install Fee	1	\$(250)	\$(250)
			\$466.1

Direct Labor for Single Business Installation (Total compensation)

Activity	Hours	Cost Per Hour	Total
Average Travel Time	2	\$39.80	79.6
Average Installation Time	0.5	\$39.80	19.9
			\$119.4

Overhead Costs (Operational and Administrative)

Activity	Qty	Cost	Total
IT Analysis Overhead	0.25 Hours	\$64.36	\$16.09
Network Engineer Overhead	0.5 Hours	\$62.58	\$31.29
Vehicle Fuel Costs	2 Gallons	\$3.2	\$6.4
			\$53.78

EXHIBIT C - RECURRING OPERATIONAL COSTS PER CUSTOMER

Monthly OP-EX

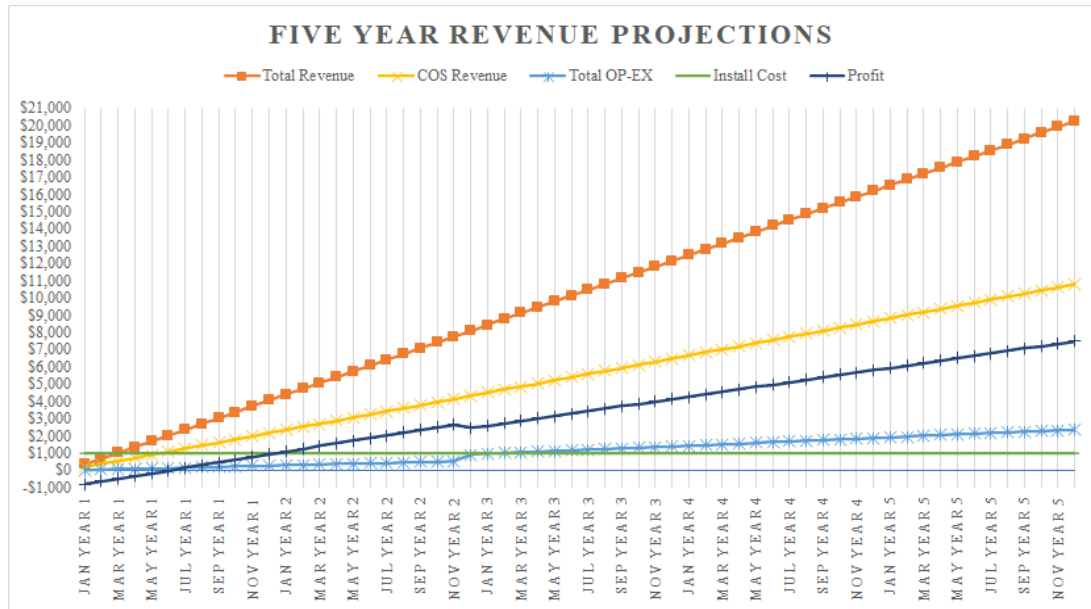
Item	Qty	Cost	Total
IP Address	1	\$2	\$2
IP Transit Costs	1	\$5	\$5
Data Center Costs	1	\$18	\$18
			\$25

OP-EX Monthly/Annually (Adjusted for Inflation)

Time	Monthly OP-EX	Annual OP-EX
Year 1	\$ 25.00	\$ 300.00
Year 2	\$ 25.27	\$ 303.24
Year 3	\$ 25.55	\$ 306.58
Year 4	\$ 25.83	\$ 310.01
Year 5	\$ 26.13	\$ 313.55

EXHIBIT D - PROJECTED REVENUES

Revenue	\$225
CBX Cost	\$105
Operational Costs	\$15 per customer, up to 34 customers. \$25 after 34 customers.
Installation Costs	\$639.28
Installs Per Month	1.5



Total OP-EX is adjusted for %3 inflation for electricity and transit costs

EXHIBIT E - SUPPORT COSTS

Direct Labor Required in Support Costs with Truck Roll

Activity	Hours	Cost Per Hour	Total
Average Travel Time	2	\$39.80	79.6
Average Installation Time	0.5	\$39.80	19.9
			\$119.4

Overhead in Support Costs with Truck Roll

Activity	Qty	Cost	Total
IT Analysis Overhead	0.10 Hours	\$64.36	\$6.5
Network Engineer Overhead	0.10 Hours	\$62.58	\$6.3
Vehicle Fuel Costs	2 Gallons	\$3.2	\$6.4
			\$19.2

EXHIBIT F - COST BREAKDOWNS

New Equipment (Cisco Nexus 9k)

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Total
SmartNet Costs	\$1,512.00	\$1,587.60	\$1,587.60	\$1,587.60	\$1,587.60	\$1,587.60	\$ 9,450.00
Utilized Ports (Customers)	18	36	54	72	90	90	
Depreciation	\$8,016.00	\$8,016.00	\$8,016.00	\$8,016.00	\$8,016.00	\$8,016.00	\$ 48,096.00
Utilized Port OP-EX	\$ 445.33	\$ 222.67	\$ 148.44	\$ 111.33	\$ 89.07	\$ 89.07	\$ 184.32
Monthly Utilized Port OP-EX	\$ 37.11	\$ 18.56	\$ 12.37	\$ 9.28	\$ 7.42	\$ 7.42	\$ 15.36

Average Port Cost Per Month Adjusted for 34 customers before purchase and transition

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Total
SmartNet Costs	\$1,512.00	\$1,587.60	\$1,587.60	\$1,587.60	\$1,587.60	\$1,587.60	\$ 9,450.00
Utilized Ports (Customers)	34	52	70	90	90	90	
Depreciation	\$8,016.00	\$8,016.00	\$8,016.00	\$8,016.00	\$8,016.00	\$8,016.00	\$ 48,096.00
Utilized Port OP-EX	\$ 235.76	\$ 154.15	\$ 114.51	\$ 89.07	\$ 89.07	\$ 89.07	\$ 128.61
Monthly Utilized Port OP-EX	\$ 19.65	\$ 12.85	\$ 9.54	\$ 7.42	\$ 7.42	\$ 7.42	\$ 10.72

Bandwidth Cost for Single 10G connection

Customer	Monthly Usage (TB)
AE Fiber Customer 1	1.45
AE Fiber Customer 2	0.7
AE Fiber Customer 3	16.26
AE Fiber Customer 4	0.6
AE Fiber Customer 5	1.4
AE Fiber Customer 6	0.8
AE Fiber Customer 7	2
AE Fiber Customer 8	14
AE Fiber Customer 9	10
Average TB	5.245555556
10G Transit	\$ 800.00
TB download per month	3240
Cost of a 10G circuit per customer per month	\$ 1.30

Break Even Point Per Customer

		Total Revenue	Opex	Total Fixed Expense	Total Expense
1	Jan	\$ 120.00	\$ 25.00	\$ 639.28	\$ 664.28
2	Feb	\$ 240.00	\$ 36.00	\$ 639.28	\$ 675.28
3	Mar	\$ 360.00	\$ 54.00	\$ 639.28	\$ 693.28
4	Apr	\$ 480.00	\$ 72.00	\$ 639.28	\$ 711.28
5	May	\$ 600.00	\$ 90.00	\$ 639.28	\$ 729.28
6	Jun	\$ 720.00	\$ 108.00	\$ 639.28	\$ 747.28
7	Jul	\$ 840.00	\$ 126.00	\$ 639.28	\$ 765.28
8	Aug	\$ 960.00	\$ 144.00	\$ 639.28	\$ 783.28
9	Sep	\$ 1,080.00	\$ 162.00	\$ 639.28	\$ 801.28
10	Oct	\$ 1,200.00	\$ 180.00	\$ 639.28	\$ 819.28
11	Nov	\$ 1,320.00	\$ 198.00	\$ 639.28	\$ 837.28
12	Dec	\$ 1,440.00	\$ 216.00	\$ 639.28	\$ 855.28

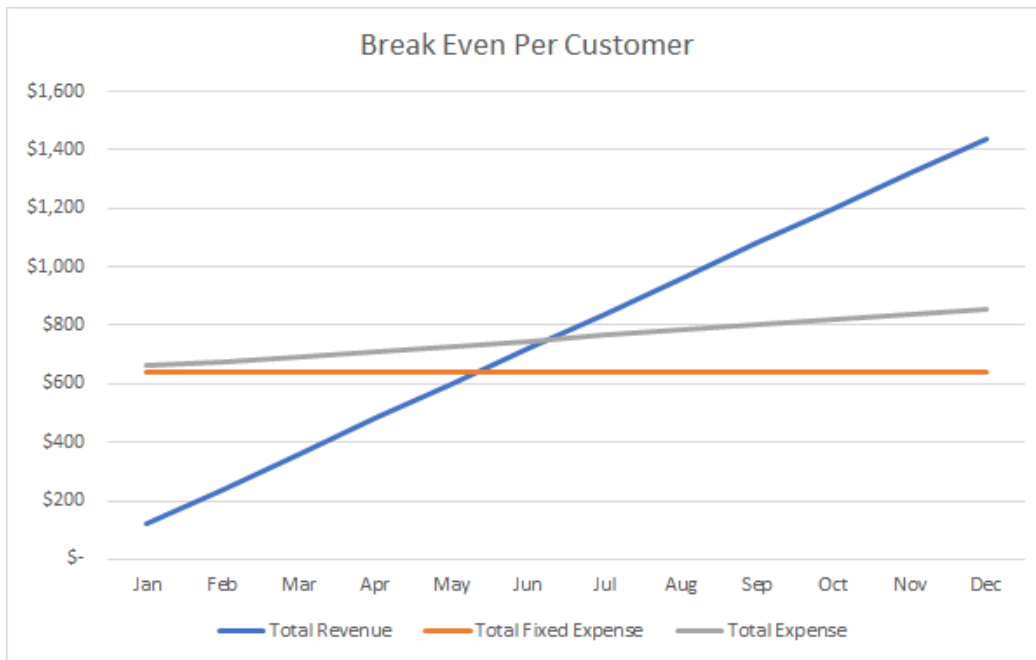


EXHIBIT G - SERVICE ORDER/SANDYNET TRANSIT AGREEMENT



SERVICE ORDER AGREEMENT

Contact Info	Contract Terms
Greg Brewster - General Manager gbrewster@ci.sandy.or.us 39250 Pioneer Blvd Sandy, OR 97055 Phone: 503.668.2923	Service Term: 3 Years Quote Date: 2/23/21 Effective Date: Effective upon service activation

Customer Billing Address	Service Address/Demarc	Customer Contact Info
TBD	TBD	Title - Name Email/Phone

Recurring Monthly Fees			
QTY	Item	Description	Price
1	ISP Access	ISP Service	\$225
5	Static IP	Static IP Addresses	\$10

Total Monthly Recurring	\$235
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Non-Recurring Fees			
QTY	Item	Description	Price
1	Equip/Install	Equipment installation and Service Turn-up	\$250

Total Non-Recurring	\$250
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SandyNet hereby submits the above service order to Customer. It is not effective until signed by Customer. If this service order is not accepted by Customer within 30 days of the date set forth above, all pricing, dates, and terms are subject to change. All prices listed exclude any applicable taxes. Customer hereby warrants that such individual is a signatory for the Customer and authorized to accept services on their behalf.

By signing below you agree and understand that this Service Order is subject to the terms of the Master Service Agreement Terms and Conditions for Delivery of Service as executed between SandyNet and you the Customer. You agree to comply with this Service Order within 30 days of the date set forth above. All changes must be in writing. Any changes may result in a new installation date and additional charges.

- Signatures on Following Page -

Customer

SandyNet

Authorized Customer Signature Date

SandyNet Signature Date

Print

Print

Title

Title

**City of Sandy - SandyNet
Master Service Agreement
Terms and Conditions for Delivery of Service**

This Master Service Agreement (the "Agreement") between City of Sandy ("SandyNet") and <Customer Name> ("You" or "Customer") shall govern the services SandyNet has contracted to provide to you under the Service Order Form(s) ("Order Form") executed by you.

Master Service Agreement Term. The term of this Agreement commences on the execution date of this agreement as outlined below and continues through the latest expiration date of all Order Form Term(s) subject to this Agreement, unless earlier terminated as provided herein.

Service Term. The initial term ("Initial Term") of each service commences on the Effective Date indicated on the Order Form and shall continue until the end of the Service Term as defined on the Order Form. After expiration of the Initial Term, each service shall automatically renew on a 12 month basis ("Renewal Term") unless written notice is given by either party no sooner than one hundred and twenty (120) days and at least thirty (30) prior to the expiration of the Initial Term if no TPF (third party fees charged to SandyNet for transmitting your data through networks controlled by third-parties ("Third Party Networks")) or ninety (90) days prior to the expiration of the Initial Term if TPF is utilized.

Service. SandyNet agrees to provide you services as specified on the Order Form for the Term outlined in this agreement. Services provided by SandyNet may include, but are not limited to; IP version 4 and version 6 transit (Internet access), colocation, private line (any point to point service delivered via any media), and voice services. SandyNet agrees to provide its services to you from the point at which SandyNet's network connects to your network, hereafter referred to as the "DEMARC" as specified on the Order Form, this "DEMARC" may or may not be located on your premises but will always have the unified characteristic of being dedicated exclusively to a single party which is you. The Service Level Agreement ("SLA") which you have signed with SandyNet for each connection leading up to your DEMARC outlines the performance and reliability specifications of SandyNet's service to be provided and is incorporated in this Agreement by this reference. You have been advised and understand that SandyNet's service relies on and is limited by the inherent shared nature of the internet and that SandyNet will use its actual best efforts to provide you with the highest speed at which data will pass through networks controlled by third-parties reasonably available. SandyNet will provide all equipment ("Equipment") and installation services up to and including your "DEMARC" point, but will not be responsible for configuration beyond the "DEMARC."

Customer Equipment Configuration. It is understood that under the terms of this Agreement, SandyNet is under no obligation to configure any of your equipment. All configurations of your equipment, including Border Gateway Protocol ("BGP"), router configurations, and the like are your sole responsibility. At its discretion SandyNet may, but is not required to, assist you in configuring your equipment to utilize SandyNet's service. Any assistance which SandyNet may provide to you is on an "as is" basis without warranty of any kind.

Invoicing. You agree to pay all fees and other charges billed to your account as set forth herein. Services will be billed by SandyNet in arrears on the fifteenth day (15th) of the month in which the service is to be used, and prorated for any portion of such month. The invoice on the fifteenth of the month will include any base service charges for the previous month along with any additional usage charges above the customer's base service charges in the previous month. Payment is due, and must be received by SandyNet, by the fifth (5th) day of the month following the month in which the invoice was sent.

Late Fees and Non-Payment. In the event SandyNet does not receive any undisputed payment in full when due (and disputes must be made in good faith), the following will be charged to your account: (i) A two hundred fifty dollar (\$250) service late fee; (ii) a fee equal to thirty percent (30%) of the third party fees charged to SandyNet for transmitting your data through networks controlled by third-parties "loop fee;" and interest on the outstanding balance due SandyNet at the rate of 1% per month. SandyNet reserves the right to temporarily suspend your service in the event that your account becomes 30 (thirty) or more days past due. Service will not be re-activated until the outstanding balance, including any late fees, is paid in full.

Activation Fees. You are required to provide SandyNet with any setup or activation fees, as set forth in the Order Form, which will be invoiced upon execution of the Order Form. SandyNet will not provide any service until such fees have been paid in full.

Billing Cycle Commencement. Monthly recurring fees will commence billing within forty eight (48) hours of SandyNet providing a live DEMARC to the customer. Fees will be prorated based on the effective date and any prepaid fees for the first month of service, unless otherwise noted on the Service Order Form. In the event you are unable to turn up service within forty eight (48) hours of having been provided a live DEMARC, SandyNet may provide up to a maximum thirty (30) day Billing Grace Period before commencing recurring billing. You must notify SandyNet in writing of the need to delay the service effective date within forty eight (48) hours of SandyNet providing you a live Demarc. SandyNet will maintain your live DEMARC, making it available to activate service at any time during the Billing Grace Period. Your service term Effective Date will be the date you activate the service during the Billing Grace Period or the date when the Billing Grace Period expires.

Equipment. You acknowledge and agree that: (i) SandyNet is the owner of all Equipment and intellectual property rights related to SandyNet's services to be delivered to you pursuant to this Agreement; and (ii) SandyNet has not granted you any rights or licenses to such Equipment or intellectual property except as contained in this Agreement. In exchange for the use of such equipment, you accept full responsibility for Equipment located on your premises and agree to pay the full replacement cost for any Equipment that is lost, stolen, damaged, sold, transferred or in any other way not returned in working order to SandyNet upon termination of this Agreement

Access to Equipment. By signing the Order Form, you agree to allow SandyNet personnel, and independent contractors acting on behalf of SandyNet, reasonable access to your premises for the purpose of installing, repairing, and removing SandyNet Equipment. In the event your premises are leased from a third party, you also agree that you have obtained or will obtain appropriate authorization from your landlord for (i) the placement of Equipment on your premises and (ii) reasonable access to SandyNet personnel and independent contractors to install, repair, and remove Equipment.

Use and Abuse of Services. You understand and agree that services provided to you by SandyNet may only be used for lawful purposes; that you are fully responsible for any data or traffic originating from your customer IP connections; and to assist SandyNet in investigating all uses not permitted by this Agreement ("Abuses") which SandyNet believes have originated from your customer IP connections. Abuses include, but are not limited to (i) transmission of unsolicited bulk email ("SPAM"), (ii) transmissions from computers involved in DOS and ddos attacks, IRC bots, (iii) illegal "Hacking" activity and (iv) any other activity which is generally defined by the global internet community as malicious or illegal. Furthermore, if you are utilizing BGP to exchange routing information with SandyNet, you represent and warrant that you have the requisite authority to "route" any IP address space to which you are announcing via our network to the Global Internet. You also understand that while SandyNet makes an effort to properly filter announcements, you are responsible for all liability resulting from your actions including the incorrect or malicious announcement of a third party's IP address space.

Maintenance. Upon reasonable prior written notice, SandyNet reserves the right to interrupt service for routine maintenance at such times as may be reasonably necessary. You agree that except as set forth in the SLA under "Credit for Loss of Service", SandyNet will not be liable to you for any consequences of any interruptions to the service, which may render you unable to access the Internet.

Force Majeure. You acknowledge that both parties ability to comply with its obligations hereunder may be impeded by events or actions outside of such party's reasonable control, including, without limitation, acts of God, floods, fires, hurricanes, earthquakes, acts of war, labor actions, failure of third party suppliers, changes in applicable laws and regulations, or any similar action or event ("Force Majeure"). Both parties agree that in the event of a Force Majeure, the party affected shall not be responsible for any failure to meet its obligations for the duration of the Force Majeure. SandyNet agrees if such an event precludes SandyNet from providing service, you will not be liable for payment of the fees otherwise due under this Agreement.

Termination. You are entitled to terminate this Agreement at any time upon thirty (30) days advance written notice except where SandyNet utilizes third party facilities for delivery of your services ("TPF") as indicated on your Order Form in which case you may terminate this Agreement upon ninety (90) days advance written notice (except in the case of your termination due to chronic problems (as described in the SLAs), failures to meet services levels or SandyNet's breach of this Agreement, in which case this ninety (90) day notice requirement does not apply). Termination notice must be sent to SandyNet via US Post or certified mail, or email provided confirmation of receipt is acknowledged, and will be effective on the third day following any such mailing. However, if there is any remaining contract term on this Agreement (except in the case of your termination due to chronic problems (as described in the SLAs), failures to meet services levels or SandyNet's breach of this Agreement, in which case the following does not apply), you will remain responsible for 100% of the loop fees, location charges, and minimum service fees for the remaining duration of the contract, which shall become immediately payable on the termination date which unpaid amount shall be subject to interest at the rate of 1% per month if not fully paid within thirty (30) days. These "loop fees," "location charges" and "minimum service fees" are the charges associated with the actual DEMARC point to the customer and form the basis for cost recovery on dedicated facilities and thus, may not be canceled until the end of the contract term, except as otherwise set forth above. You understand and agree that SandyNet may terminate this Agreement at any time with written notice delivered to you via US Post thirty (30) days prior to termination, which notice will be effective on the third day following any such mailing. Termination of this Agreement by SandyNet will not affect your continuing responsibility for all fees relating to your account prior to the date of termination.

Indemnification and Liability Release. You and your agents, successors and/or assignees expressly agree to indemnify and release SandyNet, its affiliates, subcontractors, suppliers, agents, employees, successors and assignees from any liability for any claims, losses, actions, damages, suits or proceedings arising out of or otherwise relating to your installation and/or your use of SandyNet's services and/or Equipment in violation of this Agreement. Furthermore both parties hereby release the other from any liability resulting from use of content on the internet or any other network to which a party connects but is not in control of.

Warranty Limitations. SandyNet warrants only that it shall, subject to the terms and conditions of this Agreement, provide you with the service contracted for. YOU AGREE THAT THE SERVICE AND EQUIPMENT ARE BEING PROVIDED "AS AVAILABLE" AND "AS IS," WITH ALL FAULTS ACCEPTED. SANDYNET MAKES NO OTHER REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, OF ANY KIND, INCLUDING BUT NOT LIMITED TO WARRANTIES OF TITLE, NONINFRINGEMENT, MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. SANDYNET MAKES NO WARRANTIES WITH RESPECT TO (i) THE EQUIPMENT, OR (ii) THE SERVICES PROVIDED BY ANY THIRD PARTY. SANDYNET SHALL HAVE NO LIABILITY FOR ANY INDIRECT, INCIDENTAL, SPECIAL OR CONSEQUENTIAL DAMAGES OR ANY LOSS OF REVENUE OR PROFITS ARISING UNDER OR WITH RESPECT TO THIS AGREEMENT, EVEN IF SANDYNET IS ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. FURTHER, BOTH PARTIES' AGGREGATE LIABILITY ARISING UNDER OR WITH RESPECT TO A CLAIM UNDER THIS AGREEMENT SHALL IN NO EVENT EXCEED THE TOTAL AMOUNT OF FEES PAID OR PAYABLE TO SANDYNET IN ANY SINGLE MONTH UNDER THIS AGREEMENT.

Entire Agreement. This Agreement, the Order Form, the SLA and any exhibits, addenda and/or amendments signed by both parties, shall constitute the entire understanding of the parties related to the subject matter hereof. In the event of any conflict between either: (a) the Order Form and this Agreement; and/or (b) any Customer purchase order, the Order Form and this Agreement, the terms and conditions of this Agreement shall control.

Arbitration. This Agreement shall be governed by and construed in accordance with the substantive laws of the State of Oregon and the United States of America, without regard to their principles of conflicts of law. You agree that any legal action or proceeding relating to your use of SandyNet's service shall be settled totally and finally by arbitration in Clackamas County, Oregon or such other location as SandyNet prescribes, in accordance with the Federal Arbitration Act and the Commercial Arbitration Rules of the American Arbitration Association or expiration of the Agreement.

No Waiver. The failure of either party at any time to enforce any right or remedy available to it under the Order Form, this Agreement, or the SLA with respect to any breach or failure by either party shall not be construed to be a waiver as such right or remedy with respect to any other breach or failure by either party.

Attorney's Fees and Cost of Collection. In any dispute whether or not suit is filed including but limited to costs incurred prior to any action, during said action and appeal and collection of any judgment of said action arising out of this Agreement, the substantially prevailing party shall be entitled to an award of its reasonable attorneys' fees and other costs incurred therein.

IP Address Allocation. IP address allocations are made for dedicated capacity circuits based on established standards as defined by ARIN, the American Registry for Internet Numbers. SandyNet makes allocations based on these reasonable standards and reserves the right to request justification for IP address assignments larger than a /29 subnet (8 addresses) of globally routable IP addresses. Such justifications may require a host-count and/or a plan network map to be provided to SandyNet prior to the allocation of IP address resources. Once the customer reaches a full /24 (256 addresses) SandyNet reserves the right to refuse the allocation and direct the customer to ARIN for a direct allocation.

**SandyNet
Dedicated Capacity Service Level Agreement**

This Service Level Agreement (“SLA”) supplements the Terms and Conditions for Delivery of Service and your Service Order Form, which are incorporated herein by this reference. This SLA defines the SandyNet (“SandyNet”) service performance standards. This SLA will become effective on the first day following installation of SandyNet’s service.

This SLA applies exclusively to SandyNet’s Shared Network Backbone which is exclusively owned and operated by SandyNet and does not cover any local loop or service provided via that local loop to your premise where the local loop is owned and operated by a third party. In the event where services are delivered to the your premise via a single local loop owned and operated by a third party provider SandyNet will extend the same SLA terms provided by that specific third party provider to you. If your local loop consists of multiple, redundant local loops to your premise which are owned and operated by a third party SandyNet’s SLA outlined below will apply.

Technical Support

SandyNet supports and monitors its service up to the demarcation point where the border router connects to your computer (“DEMARC”), via ICMP echo-reply packets, every 120 seconds, 24 hours per day. The SandyNet Network Operations Center (“NOC”) is available 24 hours per day for support. Once a customer ticket is opened with the NOC, either through monitoring alarm or you report trouble to NOC staff, any outage SLA credits will begin to accrue.

Performance Standards

If SandyNet’s network is not performing as described herein, you are entitled to a service credit with an upper limit of the amount billed by SandyNet networks, excluding third party fees charged to SandyNet for transmitting your data through networks controlled by third-parties (“Third Party Networks”).

Latency, Packet-loss, Jitter and Network availability

Network Latency: SandyNet network delivers no more than 25ms of intra-state latency within the shared network backbone¹ between the aggregation router to which the your local-loop² is connected and SandyNet’s network transmits your data though Third Party Networks. Packet loss: SandyNet’s standard is no more

than 0.5% packet loss across the shared network backbone, from the aggregation router to which the your local-loop is connected and SandyNet’s network transmits your data though Third Party Networks. Packet loss in excess of 0.5% constitutes a service outage. Jitter: The SandyNet Networks network will provide jitter of less than 3 ms between any two nodes on the network backbone; jitter in excess of this 3 ms threshold constitutes a service outage. Network availability: SandyNet’s shared network backbone availability in any given month is 99.99%.

Sole remedy for Loss of Service

Your exclusive remedy for loss of service from SandyNet is limited to reinstatement of service and a credit for the period of lost connectivity. Credits will be paid for SandyNet network outages resulting in a continuous loss of connectivity as set out below:

Network service outage exceeding 2 hours: 5% of monthly-billed IP services. Network service outage exceeding 4 hours: 10% of monthly-billed IP services. Network service outage exceeding 6 hours: 15% of monthly-billed IP services.

for every additional 4-hour incremental network outage, you shall be entitled to receive an additional 5% of monthly-billed base service credit up to the monthly 100% maximum credit limit.

The period of lost service shall be determined by records kept by SandyNet at its NOC and based on ICMP ping packets to the customer DEMARC.

Chronic Outage

Customer shall have the right to terminate the Agreement in the event of any Chronic Service Quality Problem (as hereinafter defined) upon thirty (30) days written notice to SandyNet. As used herein, the term “Chronic Service Quality Problem” shall mean: (i) any one Interruption (as defined in the SLA) lasting more than seven (7) days at a particular Service Location or (ii) five (5) or more Interruptions (as defined in the SLA) at a particular Service Location, with each Interruption lasting at least thirty continuous minutes, in any thirty day period. For the purpose of applying this provision, Customer must document in writing (through the opening of a trouble ticket) the Interruption with SandyNet promptly. In the event of a termination for a Chronic Service Quality Problem, Customer only shall be responsible for the payment of charges for the Service incurred prior to the termination date.

Other Credits

SLA credit is capped at 20% of the base service amount for issues relating to port or router failures on SandyNet owned equipment which result in the failure of you local-loop. This does not apply if you have multiple local-loops feeding into diverse routers, nor does it apply to any failures inside the shared network backbone.

SLA credit is capped at 20% of the monthly fee.

SLA Credit Exclusions

SLA credits do not apply to third party fees charged to SandyNet for transmitting your data through local-loop connections provided by Third Party Networks.

1 The shared network backbone consists of the routers and circuits which are under exclusive control of SandyNet but not dedicated for the use of a specific customer.
2 Your local-loop consists of circuits, microwave, fiber and/or leased lines that are exclusively used by you for your connection to the shared network backbone.
3 Packet-loss is measured end-to-end using ICMP-echo-reply packets; failure of these test packets to return indicates packet loss. Failure of SandyNet owned routers to respond to ICMP-echo-reply packets does not indicate Packet-loss as the routers rate-limit ICMP. Only end-to-end tests are accepted for SLA credits.

SIGNATURE PAGE TO FOLLOW

IN WITNESS WHEREOF, the parties hereto have executed this agreement this ____ day of _____, _____.

SANDYNET:

By: _____

Print: _____

Title: _____

CUSTOMER:

By: _____

Print: _____

Title : _____

**INTERGOVERNMENTAL AGREEMENT
BETWEEN CLACKAMAS COUNTY
AND THE CITY OF SANDY**

THIS AGREEMENT (“Agreement”) is entered into and by and between Clackamas County (“County”), a political subdivision of the State of Oregon, and the City of Sandy (“City”), a political subdivision of the State of Oregon, pursuant to ORS Chapter 190 (Cooperation of Governmental Units), collectively referred to as the “Parties” and each a “Party.”

RECITALS

WHEREAS, authority is conferred under ORS Chapter 190 to local governments to enter into agreements for the performance of any and all functions and activities that a party to the agreement, its officers or agencies have authority to perform; and

WHEREAS, the parties desire to partner for a fiber based business internet service whereby the City will serve as the Internet Service Provider (“ISP”) and the County will construct the necessary infrastructure and provide the dark fiber connections to the City’s customers (the “Project”).

NOW, THEREFORE, in consideration of the mutual promises set forth below and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

1. **Term.** This Agreement shall be effective upon execution by both Parties, and shall continue for a term of five (5) year from the date of execution. This Agreement shall automatically renew for an additional one (1) year term each year thereafter unless otherwise terminated by the parties but not to exceed a maximum of 10 years from date executed.
2. **Rights and Obligations of the County.**
 - A. Upon written request from the City, County may construct the necessary infrastructure and install a dark fiber connection to customers who have agreed to have the City serve as an ISP. Infrastructure construction shall be performed by County in its sole discretion. The County is and will remain the owner of any infrastructure and dark fiber installed as part of said construction. Prior to County performing such construction, the County will consult with the City to ensure that the specifications of the infrastructure and fiber are compatible with City’s system. Prior to the County performing the construction, the City shall ensure the following construction and installation requirements are satisfied for each property to be served:
 - i. The City has secured all relevant easements, leases, licenses, authorizations, or other agreements from property owner as determined necessary by County to allow County to use existing pathways to, into and within each site to the demarcation point for service, and to otherwise perform the infrastructure construction.
 - ii. A path acceptable to the County is provided for the fiber optic cable from the point of entry into the service site to the termination panel or CSP (Customer Splice Point) and into the home demarcation that complies with all applicable building, electrical, fire and related codes.
 - iii. The County and its employees, agents, lessees, officers and its authorized vendors, upon reasonable notice, have the right to reasonable ingress and egress into and out of the

properties and buildings in connection with the provision of service.

- B. Following construction of such infrastructure, and throughout the term of this Agreement, County shall maintain and repair, as necessary, all County-owned infrastructure necessary to provide service to each customer receiving service pursuant to this Agreement. County shall have the sole discretion to determine how to maintain said infrastructure and make the required repairs, provided that (1) the repair is sufficient to restore service at a level equal to or better than the level that existed prior to the damage necessitating the repair, and (2) the repair is completed promptly, and in any event no later than forty-eight (48) hours after County is notified of the need for repair.
- C. Subject to the availability of funds, as determined by the County in its sole administrative discretion, the County will provide up to but not to exceed \$3,000.00 for the expansion of the fiber network to serve each customer. If the construction cost will exceed \$3,000.00, the City will collect the additional funds from the customer and distribute the funds to County either in lump sum or an agreed amount over the term of the customer's service order.
- D. County will secure all franchises, licenses, or other authorizations necessary for operating in the appropriate utility right of way ("ROW"). County will be responsible for paying all ROW specific fees and taxes. City will collect those fees and taxes on the County's behalf and transmit to County.

3. Rights and Obligations of City.

- A. If County performs the infrastructure construction necessary to serve a customer, the City will provide ISP services to the customer pursuant to those terms and conditions as may be mutually agreed to between the City and the customer. County will have no involvement or interest in, and will not be a party to, any such agreement entered into by and between City and the customer.
- B. In serving as an ISP, City shall provide all commercially reasonable ISP services including, but not limited to, IP addresses, billings, and general customer service. Customer service will, at a minimum be available Monday through Friday from 9 am to 5 pm, excluding federal holidays.
- C. As of the date of this Agreement, City will provide ISP services to customers at a minimum cost of \$225.00 per month per customer for a symmetrical 1 Gig service. Of the fees actually collected from each customer each month, \$105.00 will be distributed by the City to the County. Minimum cost does not include any fees or taxes that may be imposed on City or County, which may be added to the customer's cost. The City reserves the right to upsell, or provide over-the-top services to customers including but not limited to: phone service, television and network services, so long as it does not require any additional dark fiber connections. Any services requiring dark fiber must be mutually agreed upon between both parties.
- D. Rate increases shall occur no more than once per year and shall be mutually agreed upon by both parties and memorialized in an amendment to this agreement, unless the increase is (1) related to a government-imposed fee or tax., or (2) an amount not related to a government-imposed fee or tax which is not greater than three percent (3%) per year.

4. Location.

- A. The rights and obligations of the Parties pursuant to this Agreement apply only in the geographic area served by the Clackamas County fiber network.

5. Representations and Warranties.

- A. *City representations and warranties:* City represents and warrants to County that City has the power and authority to enter into and perform this Agreement, and this Agreement, when executed and delivered, shall be a valid and binding obligation of City enforceable in accordance with its terms.
- B. *County Representations and Warranties:* County represents and warrants to City that County has the power and authority to enter into and perform this Agreement, and this Agreement, when executed and delivered, shall be a valid and binding obligation of County enforceable in accordance with its terms.
- C. The warranties set forth in this section are in addition to, and not in lieu of, any other warranties provided.

6. Termination.

- A. The County and City, by mutual written agreement, may terminate this Agreement at any time.
- B. Either the County or City may terminate this Agreement in the event of a breach of the Agreement by the other. Prior to such termination, however, the Party seeking the termination shall give the other Party written notice of the breach and of the Party's intent to terminate. If the breaching Party has not entirely cured the breach within fifteen (15) days after such notice, or other time as may be agreed between the parties in writing, then the Party giving notice may terminate the Agreement at any time thereafter by giving written notice of termination stating the effective date of the termination. If the default is of such a nature that it cannot be completely remedied within such fifteen (15) day period, this provision shall be complied with if the breaching Party begins correction of the default within the fifteen (15) day period and thereafter proceeds with reasonable diligence and in good faith to effect the remedy as soon as practicable. The Party giving notice shall not be required to give more than one (1) notice for a similar default in any twelve (12) month period.
- C. The County or City shall not be deemed to have waived any breach of this Agreement by the other Party except by an express waiver in writing. An express written waiver as to one breach shall not be deemed a waiver of any other breach not expressly identified, even though the other breach is of the same nature as that waived.
- D. Either Party may terminate this Agreement in the event the Party fails to receive expenditure authority sufficient to allow that Party, in the exercise of its reasonable administrative discretion, to continue to perform under this Agreement, or if federal or state laws, regulations or guidelines are modified or interpreted in such a way that performance under this Agreement is prohibited or a Party is prohibited from paying for such work from the planned funding source.
- E. Any termination of this Agreement shall not prejudice any rights or obligations accrued to the Parties prior to termination.
- F. Upon termination of this Agreement, regardless of cause, County's obligations under this Agreement shall nevertheless remain in full force and effect with regard to any customers then being served under this Agreement, for a period of time equal to the term of any service order then in effect for such customer, or one year, whichever is less.

7. Indemnification.

- A. Subject to the limits of the Oregon Constitution and the Oregon Tort Claims Act or successor statute, the County agrees to indemnify, save harmless and defend City, its officers, elected officials, agents and employees from and against all costs, losses, damages, claims or actions and all expenses incidental to the investigation and defense thereof arising out of or based upon damages or injuries to persons or property caused by the negligent or willful acts of the County or its officers, elected officials, owners, employees, agents, or its subcontractors or anyone over which the County has a right to control.
- B. Subject to the limits of the Oregon Constitution and the Oregon Tort Claims Act or successor statute, City agrees to indemnify, save harmless and defend the County, its officers, elected officials, agents and employees from and against all costs, losses, damages, claims or actions and all expenses incidental to the investigation and defense thereof arising out of or based upon damages or injuries to persons or property caused by the negligent or willful acts of City or its officers, elected officials, owners, employees, agents, or its subcontractors or anyone over which City has a right to control.

8. **Insurance.** The Parties agree to maintain insurance levels sufficient to cover the obligations agreed to in this Agreement.

9. **Party Contacts**

- A. Duke Dexter or his designee will act as liaison for the County.

Contact Information:

Duke Dexter
121 Library Court
Oregon City, Oregon 97045
ddexter@clackamas.us
Fax: 503-655-8255

Greg Brewster or his designee will act as liaison for City.

Contact Information:

Greg Brewster
39250 SE Pioneer Blvd
Sandy, Oregon 97055
gbrewster@ci.sandy.or.us
(503) 489-0937

- B. Either Party may change the Party contact information, or the invoice or payment addresses, by giving prior written notice thereof to the other Party at its then current notice address.

10. **General Provisions**

- A. **Oregon Law and Forum.** This Agreement, and all rights, obligations, and disputes arising out of it will be governed by and construed in accordance with the laws of the State of Oregon without giving effect to the conflict of law provisions thereof. Any claim between County and City that arises from or relates to this Agreement shall be brought and conducted solely and exclusively within the Circuit Court of Clackamas County for the State of Oregon; provided, however, if a claim must be brought in a federal forum, then it shall be brought and conducted solely and exclusively within the United States District Court for the

District of Oregon. In no event shall this section be construed as a waiver by either Party of any form of defense or immunity, whether sovereign immunity, governmental immunity, immunity based on the Eleventh Amendment to the Constitution of the United States or otherwise, from any claim or from the jurisdiction of any court. City, by execution of this Agreement, hereby consents to the in personam jurisdiction of the courts referenced in this section.

- B. **Compliance with Applicable Law.** Both Parties shall comply with all applicable local, state and federal ordinances, statutes, laws and regulations. All provisions of law required to be part of this Agreement, whether listed or otherwise, are hereby integrated and adopted herein. Failure to comply with such obligations is a material breach of this Agreement.
- C. **Non-Exclusive Rights and Remedies.** Except as otherwise expressly provided herein, the rights and remedies expressly afforded under the provisions of this Agreement shall not be deemed exclusive, and shall be in addition to and cumulative with any and all rights and remedies otherwise available at law or in equity. The exercise by either Party of any one or more of such remedies shall not preclude the exercise by it, at the same or different times, of any other remedies for the same default or breach, or for any other default or breach, by the other Party.
- D. **Access to Records.** The Parties shall retain, maintain, and keep accessible all records relevant to this Agreement (“Records”) for a minimum of six (6) years, following Agreement termination or full performance or any longer period as may be required by applicable law, or until the conclusion of an audit, controversy or litigation arising out of or related to this Agreement, whichever is later. The Parties shall maintain all financial records in accordance with generally accepted accounting principles. All other Records shall be maintained to the extent necessary to clearly reflect actions taken. During this record retention period each Party shall permit the other Parties’ authorized representatives’ access to the Records at reasonable times and places for purposes of examining and copying.
- E. **Debt Limitation.** This Agreement is expressly subject to the debt limitation of Oregon counties set forth in Article XI, Section 10, of the Oregon Constitution, and is contingent upon funds being appropriated therefore. Any provisions herein which would conflict with law are deemed inoperative to that extent.
- F. **Severability.** If any provision of this Agreement is found to be unconstitutional, illegal or unenforceable, this Agreement nevertheless shall remain in full force and effect and the offending provision shall be stricken. The Court or other authorized body finding such provision unconstitutional, illegal or unenforceable shall construe this Agreement without such provision to give effect to the maximum extent possible the intentions of the Parties.
- G. **Integration, Amendment and Waiver.** Except as otherwise set forth herein, this Agreement constitutes the entire agreement between the Parties regarding its subject matter. There are no understandings, agreements, or representations, oral or written, not specified herein regarding this Agreement. No waiver, consent, modification or change of terms of this Agreement shall bind either Party unless in writing and signed by both Parties and all necessary approvals have been obtained. Such waiver, consent, modification or change, if made, shall be effective only in the specific instance and for the specific purpose given. The failure of either Party to enforce any provision of this Agreement shall not constitute a waiver by such Party of that or any other provision.

- H. **Interpretation.** The titles of the sections of this Agreement are inserted for convenience of reference only and shall be disregarded in construing or interpreting any of its provisions.
- I. **Independent Contractor.** Each of the Parties hereto shall be deemed an independent contractor for purposes of this Agreement. No representative, agent, employee or contractor of one Party shall be deemed to be a representative, agent, employee or contractor of the other Party for any purpose, except to the extent specifically provided herein. Nothing herein is intended, nor shall it be construed, to create between the Parties any relationship of principal and agent, partnership, joint venture or any similar relationship, and each Party hereby specifically disclaims any such relationship.
- J. **No Third-Party Beneficiary.** City and County are the only parties to this Agreement and are the only parties entitled to enforce its terms. Nothing in this Agreement gives, is intended to give, or shall be construed to give or provide any benefit or right, whether directly, indirectly or otherwise, to third persons unless such third persons are individually identified by name herein and expressly described as intended beneficiaries of the terms of this Agreement.
- K. **Assignment.** Neither Party shall assign or transfer any of its interest in this Agreement, by operation of law or otherwise, without obtaining prior written approval from the other Party, which shall be granted or denied in that Party's sole and absolute discretion. One Party's consent to any assignment shall not relieve the other Party of any of its duties or obligations under this Agreement.
- L. **Counterparts.** This Contract may be executed in several counterparts (electronic or otherwise), each of which shall be an original, all of which shall constitute the same instrument.
- M. **Survival.** The provisions of Sections 5, 7, and 10 shall survive the termination of this Agreement.
- N. **Necessary Acts.** Each Party shall execute and deliver to the others all such further instruments and documents as may be reasonably necessary to carry out this Agreement.
- O. **Successors in Interest.** The provisions of this Agreement shall be binding upon and shall inure to the benefit of the parties hereto, and their respective authorized successors and assigns.
- P. **Force Majeure.** Neither City nor County shall be held responsible for delay or default caused by events outside of City's or County's reasonable control including, but not limited to, fire, terrorism, riot, acts of God, or war.
- Q. **Confidentiality.** The Parties and their employees or agents may, in the course of this Agreement, be exposed to or acquire material identified as confidential information. Such information shall be deemed confidential information of the Party identifying it as such ("Confidential Information"). The Parties agree to hold Confidential Information in strict confidence, using at least the same degree of care that each Party uses in maintaining the confidentiality of its own confidential information, and not to copy, reproduce, sell, assign, license, market, transfer or otherwise dispose of, give, or disclose Confidential Information

to third parties or use Confidential Information for any purpose unless specifically authorized in writing under this Agreement.

- R. **Notice.** Any notice required to be provided under this Agreement shall be provided to the Party Contact at the address specified in Section 9 of this Agreement. Notices shall be made by personal service, in which case they are effective on the date of service, or by certified mail, in which case they are effective on the date of delivery, or if delivery is refused, upon the date of delivery refusal.

- S. **Dispute Resolution.** Should any dispute arise between the parties, it is agreed that such dispute will be submitted to a mediator prior to any litigation and the parties hereby expressly agree that no claim or dispute arising under the terms of this Agreement shall be resolved other than first through mediation and only in the event said mediation efforts fail, through litigation. The parties shall exercise good faith efforts to select a mediator who shall be compensated equally by both parties. Mediation will be conducted in Portland, Oregon, unless both parties agree in writing otherwise. Both parties agree to exercise good faith efforts to resolve disputes covered by this section through this mediation process. If a party requests mediation and the other party fails to respond within ten (10) calendar days, or if the parties fail to agree on a mediator within ten (10) calendar days, a mediator shall be appointed by the presiding judge of the Clackamas County Circuit Court upon the request of either party. The parties shall have any rights at law or in equity with respect to any dispute not covered by this Section.

IN WITNESS HEREOF, the Parties have executed this Agreement by the date set forth opposite their names below.

Clackamas County

City of Sandy

Chair, Board of County Commissioners

By:

Date

Date

Recording Secretary



Request for Proposal FTTX Design/Build

November 16, 2021

Table of Contents

Section 1: General Information

- 1.1 Background
- 1.2 FTTH Project Overview
- 1.3 RFP Process Overview
- 1.4 Schedule

Section 2: FTTH Design/Build Requirements

- 2.1 General Requirements
- 2.2 Installation Requirements
- 2.3 Response Contents

Section 3: Contract Requirements

- 3.1 Response Material Ownership
- 3.2 Conflicts of interest
- 3.3 Incurring Costs
- 3.4 Contractor Responsibility
- 3.5 Miscellaneous

Appendix A: Drawings

Section 1: General Information

1.1 Background

SandyNet is a department of the City of Sandy that offers internet-related services to businesses and residents of Sandy as well as businesses and individuals outside of its civil township. SandyNet is an authorized Competitive Local Exchange Carrier (CLEC) through the Oregon Public Utility Commission (PUC) and a public utility of the City of Sandy that is owned and operated by the people of Sandy. SandyNet primarily focuses on fiber-to-the-home/business. In November of 2021, Sandy City Council allocated ARPA funds to SandyNet to build out underserved areas in town, including businesses, apartments/MDUs and mobile homes.

1.2 FTTH Project Overview

SandyNet already has fiber-to-the-home and fiber-to-the-business, which passes 100% of single family residential SFR and 60% of businesses. Since the deployment of fiber optic, those that do not have access to fiber, are left with little to no options for stable and affordable internet. This project aims to deploy as many underserved areas as possible, heavily using the infrastructure already built out. SandyNet desires to expand upon its existing GPON network, using the same ideas and standards used in the FTTH deployment of 2014.

1.3 RFP Process Overview

This RFP is soliciting proposals from qualified contractors to bid on a design/build implementation of a FTTH overbuild of the Bornstedt Village neighborhood (see Appendix A: Drawings).

1.3.1 Acknowledgement

Contractors planning on responding to this RFP and/or submitting any clarification questions should submit an acknowledgement of receipt containing their intent to respond as well as contact information via email to rfp@sandynet.org by 12/10/2021.

1.3.2 Questions/Clarification

All questions in regard to this RFP must be submitted via email to rfp@sandynet.org. Answers to all submitted questions will be sent via email to all registered respondents (those who submitted a letter of intent to respond see: 1.3.1).

The last day for questions to be submitted is 12/3/2021. All responses to submitted questions will be issued by 12/7/2021.

1.3.3 Submission of response

Responses are due on 12/7/2021 no later than 5:00PM PST.

All responses should be submitted via email to rfp@sandynet.org. In the event that the response document size exceeds 20MB respondents are responsible for submitting the electronic document by another means. Either physically on a disc/portable storage device. Or by providing information to download the document(s) via http or ftp.

Upon receipt of submissions the City of Sandy will confirm via email that the document was received.

1.4 Schedule

11/22/2021	RFP issued
11/29/2021	RFP Acknowledgement forms returned to City of Sandy
12/3/2021	Last date for submission of written questions
12/7/2021	Final responses to submitted questions
12/10/2021	Proposal submissions due.

Section 2: FTTH Design/Build Requirements

2.1 Installation Requirements

This RFP is soliciting proposals from qualified contractors to bid on a design/build implementation of a FTTH overbuild of the areas identified as underserved in Sandy (see Appendix A: Drawings). The requirements of this implementation are as follows:

2.1.1 Installation methods

Installation method of fiber infrastructure is at the discretion of the contractor. Regardless of the method chosen the following requirements should be met. Any exceptions to these requirements should be noted in the response with an explanation of the reason for the exception.

- All fiber must be tested on the reel prior to being deployed, test results must be provided.
- Minimum of 36" cover for all cable installed in the Right of Way.
- All installed cable must be locatable. Contractors must submit specifications of how location methods will be installed and accessed.
- All landscaping, sidewalks, road surfaces, curbs and gutters, etc. must be restored to their previous condition upon completion of the installation.
- All installed cable must be pulled into appropriately sized conduit with innerduct to maximize available conduit space.

2.1.2 Backhaul Network

The City of Sandy currently has fiber optic infrastructure in place that will be used for backhaul access to feed the underserved locations. Locations of mainline in relation to each underserved area can be found on Appendix A: Drawings for approximate location. Responses must include a 1 ¼" or 2" conduit with innerduct and 24 strands of single-mode fiber pulled in from the primary distribution cabinet to tie in with this vault location. Contractor will also leave a pull string in this conduit for future use.

2.1.3 Distribution Network

- a. Type of deployment

The distribution network shall utilize the already existing GPON network or the distribution network must be compatible with Calix GPON requirements, such as not to exceed 20km from OIM.

b. Distribution Vault(s)/Pedestals

Distribution vaults shall be installed as necessary for fiber splice points. Vaults/pedestals and pull points shall be placed every 500ft of mainline or distribution conduit to reduce friction and strain during installation. A minimum of 50ft of slack of each fiber cable (FO) shall be bundled in the vault, if a splice case is used. A minimum of 15ft of buffer tube shall be stored in the slack tray of a splice case or terminal.

c. Distribution Conduit

All conduits for the distribution network should be a minimum of 1.25".

d. Network capacity

Distribution feeder fiber bundles (F1 fiber) leaving the central office or distribution point shall maintain a minimum of 25% of excess fiber capacity for future growth.

Quality of product shall include the ability to deploy XGS-PON in the next two to five years.

Splitters shall not exceed a 1x32 split ratio. Cascade split distribution is acceptable if the tree is balanced and the optical budget to the CSP shall not exceed -18Dbm.

2.1.4 Customer Premise Connections

a. Customer Splice Point/Terminal

The distribution network shall end at the customer splice point (CSP) or terminal (if the building contains multiple units/sites/suites). Terminals and CSPs shall be fed from F2 fibers.

b. Customer Connection

After the CSP/Terminal, a design and deployment strategy should be explained on how to connect the modem inside the unit. Bringing fiber and placing an ONT in each unit/building, using G.fast to interface with existing cat3 cable or higher, or a combination of both throughout the project should reflect costs for install active or passive equipment, omitting the customer premise equipment (CPE) including, but not limited to electrical construction, fiber count, enclosures, etc.

2.2 Response Contents

Responses must include a preliminary engineering design with the following information:

- Map of proposed locations of all distribution cases and vaults.
- Map of proposed fiber path information including strand counts, splitter location/size, conduit size and, slack loop locations and lengths, and approximate overall lengths for each path.
- Overview of installation method(s) for all buried cable, including established cost per foot of each method.
- Splicing methods used and cost per splice.
- Labeling procedures and specifications for distribution cases and ONTs.

Pricing information must be submitted in two sections.

1. A lump sum cost with details on the unit costs specified above for the distribution network.
2. A unit cost on a price per dwelling/business unit basis to connect each unit to the distribution network. This cost per location model should also have a breakdown of unit costs specified above.

Section 3: Contract Requirements

3.1 Contract Requirements

The successful proposer shall furnish a performance bond equal to the full amount of the final, negotiated contract price, in conformance with the requirements of ORS 279C.380.

The successful proposer shall furnish a Certificate of Insurance named the City of Sandy, its officers, agents and assigns as additionally insured. The certificate shall identify the following minimum coverages:

- General Aggregate
- Products - Completed Operations Aggregate
- Personal Injury
- Each Occurrence (bodily injury and prop. damage)
- Property Damage Liability

Excess of Umbrella Liability

- 1) General Aggregate
- 2) Each Occurrence

Automobile Liability

The project is 100% locally-funded and is subject to Oregon prevailing wage requirements found in ORS 270C.8000 through 279C.870. For purposes of determining prevailing wages the current edition of Prevailing Wages for Public Works Contracts in Oregon, (effective **July 1, 2011**) published by the Oregon Bureau of Labor and Industries is adopted and incorporated in the contract documents by reference.

By submitting a proposal each proposer certifies that Oregon Prevailing Wages Rates are included in the price proposal.