

Request for Proposal (RFP)

RFP# 2025-2-DayNet - FIBER BROADBAND INTERNET UTILITY

City of Dayton, Texas

DayNet Fiber Broadband Internet Utility

Dayton City Hall
117 Cook Street
Dayton, Texas 77535
Office of City Secretary

Responses Due:
March 31, 2025 at 2:00 p.m. CST

Issued:
March 6, 2025

1. Introduction

The City of Dayton, Texas ("City"), is soliciting proposals from qualified organizations interested in either acquiring or entering into a partnership, operating, and maintaining its fiber broadband internet utility infrastructure and services, known as DayNet. DayNet currently encompasses a 64-mile gigabit fiber network, with services available to approximately 2,849 residential and 295 commercial and community locations within the City.

Anticipating substantial growth, the City has taken a proactive approach in designing its network to accommodate future expansion. Existing regulations mandate that new residential developments incorporate infrastructure for network expansion, presenting a competitive advantage to the successful bidder. Furthermore, the City is dedicated to collaborating with the chosen bidder in pursuit of federal and state grant opportunities aimed at expanding high-speed broadband access within Dayton and its surrounding areas.

As a key component of this agreement, the selected bidder will be obligated to furnish the City with synchronous 1Gbps internet services, inclusive of static IP addresses, for all current and future City-owned facilities. This provision will be in effect for a duration of no less than 10 years and will be provided at no cost to the City.

2. Objective

The City of Dayton is seeking proposals from qualified entities to either purchase or enter into a strategic partnership for the management and operation of the DayNet Fiber Broadband Internet Utility. This initiative aims to identify a suitable entity that can ensure the continued delivery and expansion of high-quality broadband services to the Dayton community.

Proposal Requirements

Proposals submitted should comprehensively outline the following aspects:

- **Qualifications and Experience:** Detailed information regarding the entity's experience in managing and operating broadband networks, including relevant technical expertise and past performance.
- **Financial Capabilities:** Evidence of the entity's financial stability and capacity to invest in the maintenance and expansion of the broadband infrastructure.
- **Strategic Approach:** A clear and detailed plan outlining the entity's approach to managing and expanding the DayNet Fiber Broadband Internet Utility, including strategies for ensuring long-term network performance, reliability, customer service, and technological advancement.

Desired Outcomes

The City of Dayton seeks a partner who can:

- **Maintain and Enhance Network Performance:** Ensure the consistent and reliable delivery of high-speed broadband services to Dayton residents and businesses.
- **Expand Broadband Coverage:** Implement strategies to extend broadband access to underserved areas within the city.
- **Invest in Infrastructure:** Commit to ongoing investment in the network infrastructure to maintain its technological relevance and meet the evolving needs of the community.
- **Prioritize Customer Service:** Provide excellent customer service and support to all users of the DayNet Fiber Broadband Internet Utility.

The City of Dayton is committed to selecting a partner who shares its vision for a connected and technologically advanced community. The chosen entity will play a critical role in ensuring that Dayton residents and businesses have access to the high-quality broadband services they need to thrive in the digital age.

3. Project Description

DayNet is a high-speed Fiber-to-the-Premises (FTTP) network utilizing Gigabit Passive Optical Network (GPON) technology. It is designed to provide both wholesale and retail FTTP services, ensuring a wide range of potential customers and service offerings.

Network Infrastructure

The DayNet network infrastructure comprises several key components:

- **Optical Line Terminals (OLTs):** These are housed securely at the Data Center, serving as the primary interface between the network and the service provider's equipment.
- **Optical Distribution Cabinets (ODCs):** Two ODCs serve as Points of Presence (PoP) sites, acting as intermediate distribution points for the optical signals.
- **Local Distribution Cabinets:** 14 local distribution cabinets are strategically positioned throughout the service area to provide efficient and localized distribution of fiber connections.
- **Backbone Network:** The backbone network interconnects the OLTs, ODCs, and local distribution cabinets, forming the core of the DayNet infrastructure.

Fiber Optic Cabling

The underground fiber optic cabling used in the DayNet network consists of single-mode, single-jacket, and single-armor cables. These cables are designed to provide high bandwidth, low attenuation, and protection against environmental factors. Detailed specifications for the fiber optic cables are provided in Exhibit A.

Scalability and Future Expansion

The DayNet network is designed with scalability in mind. The existing infrastructure has been implemented to accommodate future expansion, allowing for increased capacity and coverage as demand grows. This forward-thinking approach ensures that DayNet can continue to meet the evolving needs of its customers and the community.

4. Circuit Information

DayNet currently utilizes two primary IP transit circuits to manage its data traffic:

- **Connection 1:** This connection is provided by Capcon and terminates at the Data Center. It offers a high-speed 10Gbps circuit, ensuring rapid data transfer and network performance.
- **Connection 2:** This connection is provided by Cogent and also terminates at the Data Center. Mirroring Connection 1, it also provides a 10Gbps circuit for consistent and reliable high-speed connectivity.

Additional Connectivity Option

In addition to the two primary circuits, DayNet has the option to leverage a third connection for expanded network capabilities:

- **Optional Connection 3:** This potential connection is provided by MB Link. Unlike the first two connections, its meet point is situated at the Dayton-Mont Belvieu boundary along Texas Hwy 146. However, it still terminates at the Data Center for seamless integration with the existing network infrastructure. The bandwidth for this connection is flexible, ranging between 3 Gbps and 5 Gbps, allowing for scalability based on DayNet's specific requirements.
-

5. Summary Statistics

Internet Tiers:

- **Residential**
 - 1000Mbps - \$80/month
 - 500Mbps - \$65/month
 - 300Mbps - \$50/month
 - 100Mbps - \$30/month

- **SMB**
 - 1000Mbps - \$100/month
 - 500Mbps - \$75/Month
 - 100Mbps - \$45/month

Service Area:

Approximately 2,849 residential passings.

- Major developments are projected to create opportunities for over 7,000 additional passings within the next 5 years. This presents a significant potential for expansion and increased market penetration.

Plant Miles: 64 miles

Existing Subscribers: 320

- Growth potential was significantly impacted by past management decisions that restricted new signups. These restrictions have now been lifted, allowing for substantial growth opportunities.
- Take rate approximately 12%
- Based on current high levels of user base satisfaction, there is a strong opportunity for growth in the take rate. This indicates a substantial potential for increasing the subscriber base by converting potential customers into active subscribers.
- Steady growth is currently being observed, and this trend is expected to continue as marketing efforts intensify and the restrictions on new signups are lifted.

Data Center: The Data Center for DayNet is located on land owned by the City of Dayton. The Dayton Police Department is also located on the same parcel of land. The City would be unable to transfer ownership of the land upon which the Data Center is located as part of this transaction. However, as a condition of the purchase, the City is willing to include a long term (99 year) lease agreement for the Data Center. The lease price for this property would be included in the purchase price of DayNet as set forth herein.

6. RFP Timelines and Submittal

Proposals must be submitted to the City of Dayton by 2:00 p.m., CST, on Monday, March 31, 2025. Proposals shall be submitted to the Dayton City Secretary at the Dayton City Hall, located at 117 Cook Street, Dayton, Texas 77535. In order to properly respond to this RFP, the bidder must submit a PDF (electronic) version of the proposal on a USB drive and three (3) hard copies of the proposal. Bids received after this time will not be accepted. Sealed bids should be addressed to the City Secretary, City of Dayton, and shall be labeled, "City of Dayton, RFP # 2025-2, DayNet Fiber Broadband Internet Utility." The City of Dayton reserves

the right to waive irregularities, reject any or all bids, or accept the bid deemed most advantageous to the City.

7. Submission Guidelines & Requirements

Respondents must submit a detailed proposal including the following components:

1. Proposed Business Structures:

- The City desires that you submit two (2) separate proposals for the purchase of DayNet. After reviewing all proposals the City will decide which proposal it desires to move forward with. Please submit proposals for the following two options.
 - Proposal 1: A proposal for the outright purchase of DayNet from the City of Dayton. Under this proposal the bidder would purchase all DayNet infrastructure, accounts, and inventory outright and assume the role of fiber utility provider for the City of Dayton. If this option is chosen the City would transfer ownership of DayNet to the purchaser and turn over all operations, controls, assignable contracts, and DayNet accounts.
 - Proposal 2: A proposal for a strategic partnership with the City of Dayton. Under this proposal the bidder would potentially continue working with the City of Dayton on the DayNet fiber project as partners in some form. Bidders shall propose ideas for the strategic partnership with their submitted proposal.

2. Company Profile & Experience:

- Comprehensive overview of the company's history, ownership structure, and mission statement.
- Detailed profiles of key personnel, including their qualifications, experience, and roles within the company.
- Description of the company's relevant experience in the fiber broadband industry, particularly in the ownership, management, and operation of fiber networks.
- Information on any previous experience with mergers, acquisitions, or partnerships related to fiber-to-the-premises (FTTP) networks.

3. Proposed Business Model:

- Detailed plans for the operation and management of the DayNet fiber network, including network architecture, maintenance strategies, and customer support plans.
- Proposed pricing structure for various service tiers, including residential, business, and wholesale offerings.
- Subscriber growth projections, including anticipated market penetration and strategies for attracting new customers.

- Potential for offering additional services beyond basic internet connectivity, such as Voice over IP (VoIP) phone services, television services, or bundled packages.
 - Strategies for collaborating with the City of Dayton and other stakeholders to ensure the long-term success and sustainability of the network.
4. **Personnel Qualifications:**
- Detailed resumes for all key personnel who will be involved in the acquisition and operation of the DayNet network.
 - Clear definition of roles and responsibilities for each key personnel member, demonstrating a well-structured and qualified team.
 - Description of the company's overall staffing plan for managing the network, including plans for hiring and training local personnel.
5. **Financial Capacity:**
- Comprehensive evidence of the company's financial capability to acquire and operate the DayNet network, including:
 - Audited financial statements for the past three years.
 - Current credit rating and banking references.
 - Details of available capital and financing options for the acquisition and ongoing operation of the network.
 - Pro forma financial projections for the DayNet network, demonstrating the company's ability to generate revenue and sustain operations over the long term.
6. **References:**
- A list of at least three references from previous clients or partners who can attest to the company's experience and expertise in managing FTTP networks.
 - Case studies or testimonials from previous projects that demonstrate the company's ability to successfully acquire, operate, and expand fiber networks.
 - Any relevant awards or recognitions that the company has received for its work in the fiber broadband industry.

Additional Requirements:

- The proposal must be submitted in English and in electronic format.
- All financial information must be presented in US dollars.
- The proposal must be signed by an authorized representative of the company.
- The deadline for submission is **2:00 p.m. CST on Monday, March 31, 2025**.
- Late submissions will not be considered.

8. Evaluation Factors

The City will evaluate proposals based on the following criteria:

Purchase Offer / Strategic Partnership Proposal (50%)

- This factor focuses on the financial benefits and overall value proposition that the proposal offers to the City.
- Key elements for evaluation may include:
 - Proposed purchase price or financial model for the partnership.
 - Revenue-sharing or profit-sharing arrangements.
 - Potential for cost savings or efficiency gains for the City.
 - Alignment with the City's long-term strategic goals and vision.
 - Proposed investment in the network infrastructure.
 - Potential for economic development and job creation within the City.

Experience, Qualifications & Financial Capacity (25%)

- This factor assesses the bidder's capability to effectively own, operate, and maintain the fiber network.
- Key elements for evaluation may include:
 - Demonstrated experience in owning and operating fiber networks.
 - Technical expertise and qualifications of the bidder's team.
 - Financial stability and resources to support ongoing operations and maintenance.
 - Operational plans for network management and customer service.
 - Evidence of compliance with industry standards and regulations.
- **Special consideration will be given for experience with:**
 - Calix optical networks: Demonstrated expertise in working with Calix equipment and technology.
 - Municipal fiber networks: Experience in managing and operating fiber networks for municipalities or local governments.
 - Current subscriber base: A substantial existing subscriber base could indicate market strength and operational success.

Past Performance & Future Growth (25%)

- This factor examines the bidder's track record in fiber network ownership and their plans for future expansion and growth.
- Key elements for evaluation may include:
 - Past performance in delivering reliable and high-quality fiber network services.
 - Customer satisfaction ratings and feedback.
 - History of successful network expansion and growth.
 - Plans for future investment and innovation in the network.
 - Demonstrated commitment to customer service and community engagement.

The City may also consider other factors that it deems relevant to the evaluation process, such as the bidder's reputation, references, and overall commitment to the City's goals and objectives. The City reserves the right to reject any and all bids.

9. Exhibit A - Data Center Equipment

A comprehensive equipment list is included in Exhibit A. This list will include what was used in the original buildout.

10. Exhibit B - Network Map

Exhibit B provides a network map that illustrates the current fiber routing and infrastructure placements for the project. For details, you can use Google Earth to view the .KMZ file. This map may include:

- **Fiber Routes:** Clearly marked paths indicating the routes for the fiber optic cables.
 - **Infrastructure Placements:** Specific locations for key infrastructure elements such as:
 - **Conduit:** Underground or aerial pathways for housing and protecting the fiber cables.
 - **Handholes and Manholes:** Access points for cable installation, maintenance, and splicing.
 - **Splice Closures:** Sealed enclosures for connecting and protecting fiber optic splices.
 - **Fiber Distribution Hubs (FDHs):** Central locations for connecting and managing fiber optic cables within a specific area.
 - **Existing Infrastructure**
 - **Geographic Features**
-

11. Exhibit C – Inventory

Exhibit C provides a list of all major inventory currently owned by the City of Dayton for the DayNet project. This includes but it is not limited to fiber optic cable, conduit, modems, gateways and other major equipment. This list includes inventory on-hand as of March 6, 2025.

12. List of Associated Documents and Files

The following documents and files are available upon request.

1. DayNet As-Builts KMZ
2. Fordham Estates Feeder (example of the plant build-out)
3. Phase 1 288 Ring

4. Phase 1 Feeder Plans
 5. Future Design (some portions have been completed)
 6. Splice Results Reports
-

For further inquiries, please contact:

James Perkins, Dayton Director of IT and Broadband Services

Email: jperkins@dayton.tx.org

Phone: (936)258-2642

Please Note:

- For questions specifically related to the Request for Proposal (RFP), please reference the RFP number and title in your communication.
- For general inquiries about City services or other matters, please visit the City website or contact the appropriate department.
- We strive to respond to all inquiries in a timely manner. However, response times may vary depending on the volume of inquiries and the complexity of the request.

Thank you for your interest in the City of Dayton. We look forward to hearing from you.