



TRANSMITTAL MEMORANDUM

TO: The Honorable Mayor and City Council

FROM: Karl R. Amylon, General Manager

DATE: June 15, 2020

RE: **Exempting the Procurement of Annual Support Services for the Telecommunications Division's 4G/LTE Network from the Competitive Bidding/Written Quotation Requirements of the Ketchikan Municipal Code – Ericsson Inc.**

The motion detailed below was prepared at the request of Telecommunications Division Manager Ed Cushing, who asked that it be placed before the City Council for consideration at its meeting of July 2, 2020. If adopted, the motion provides for exempting the procurement of annual support services for the Telecommunications Division's 4G/LTE network from the competitive bidding/written quotation requirements of the Ketchikan Municipal Code and authorizing the acquisition of such support services from Ericsson Inc. at a cost of \$34,155.

Subparagraph 6 of Section 3.12.050(a) of the Ketchikan Municipal Code provides for exempting the purchase of annual support services from competitive bidding/quotation when:

"Supplies, materials, equipment or contractual services which should be purchased from a specific source in order to prevent incompatibility with previously purchased supplies, materials, equipment or contractual services. For the purpose of this paragraph, the term 'incompatibility' is defined as:

- (A) The inability to interconnect, combine, interchange, or join; or
- (B) That which causes substantial duplication in maintenance, expertise or training or in the stocking of parts, materials, supplies or replacements. Any purchase which is to be excluded from competitive bidding by authority of this subparagraph which exceeds \$10,000, must first be approved by the council."

The rationale for the exemption is detailed in Mr. Cushing's transmittal memorandum and requires no elaboration on the part of my office. I concur with the Telecommunications Division Manager's recommendation.

Mr. Cushing will be attending the City Council meeting of July 2, 2020, in order to address any questions and/or concerns that Councilmembers may have.

A motion has been prepared for City Council consideration.

RECOMMENDATION

Pursuant to subparagraph 6 of Section 3.12.050(a) of the Ketchikan Municipal Code, it is recommended the City Council adopt the motion exempting the procurement of annual support services for the Telecommunications Division's 4G/LTE network from the competitive bidding/written quotation requirements of the Ketchikan Municipal Code; authorizing the General Manager to enter into an agreement for such annual support services with Ericsson Inc. at a cost not to exceed \$34,155; and approving funding from the Telecommunications Division's 2020 Software & Equipment Maintenance Services account (Account No. 635-04).

Recommended Motion: Pursuant to subparagraph 6 of Section 3.12.050(a) of the Ketchikan Municipal Code, I move the City Council exempt the procurement of annual support services for the Telecommunications Division's 4G/LTE network from the competitive bidding/written quotation requirements of the Ketchikan Municipal Code; authorize the General Manager to enter into an agreement for such annual support services with Ericsson Inc. at a cost not to exceed \$34,155; and approve funding from the Telecommunications Division's 2020 Software & Equipment Maintenance Services account (Account No. 635-04).



Memorandum

To: Karl R. Amylon, KPU General Manager

From: Ed Cushing, KPU Telecommunications Division Manager

Date: June 12, 2020

Subject: **Authorizing and Exempting the Procurement of Annual Software & Services Support from Ericsson, Inc. in the amount of \$34,155 from the Competitive Bid / Written Quotation Requirements of the Ketchikan Municipal Code**

The purpose of this memorandum is to request that the General Manager seek City Council approval to purchase an annual support agreement from Ericsson Inc. for KPU Telecommunication's (KPUTel) Ericsson 4G/LTE network. If adopted, the approval-motion provides for exempting the procurement of Ericsson Support from the competitive bidding / written quotation requirements of the Ketchikan Municipal Code and authorizing the acquisition of annual support services from Ericsson Inc. at a cost not to exceed \$34,155.

Background

As required in KPUTel's 4G/LTE contract-partnership with Verizon Wireless, KPUTel utilizes Ericsson radio hardware and software within KPUTel's 4G/LTE Network. Accordingly, Ericsson is the only source of annual hardware and software support - for which Ericsson charges an annual fee. The annual support fee for 2020 – 2021 is \$34,155.

At this amount the Ketchikan Municipal Code requires that staff seek competitive bids with written quotations - unless the City Council approves an exemption. Subparagraph 6 of section 3.12.050 (a) of the KMC provides an exemption that is appropriate for this transaction. Subparagraph (6) states the following:

“Supplies, materials, equipment or contractual services which should be purchased from a specific source in order to prevent incompatibility with previously purchased supplies, materials, equipment or contractual services. For purposes of this subparagraph, the term “incompatibility” is defined as:

(a) The inability to interconnect, combine, interchange, or join; or

(b) That which causes substantial duplication in maintenance, expertise or training or in the stocking of parts, materials, supplies or replacements

Any purchase which is to be excluded from competitive bidding by the authority of this subparagraph which exceeds ten thousand dollars must first be approved by the council.”

Since acquiring support from Ericsson Inc. is the only option available to KPUTel that would prevent incompatibility, I recommend seeking approval from City Council to exempt this procurement from the competitive bid/written quotation requirements of the KMC.

The annual maintenance costs are part of the 2020 operating budget in the Software and Equipment Maintenance Services Account (635.04)

Recommended Motion:

Pursuant to Subparagraph 6 of Section 3.12.050 (a) of the Ketchikan Municipal Code, I move the City Council exempt the procurement of Ericsson Support from Ericsson Inc., in the amount of \$34,155 from the competitive bid and written quotation requirements of the KMC; and approve funding from the KPU Telecommunications Division 2020 Software and Equipment Maintenance Services Account (635.04).

Cc: Lacey Simpson, Assistant KPU Manager
Bob Newell, City Finance Director