



## TRANSMITTAL MEMORANDUM

**TO:** The Honorable Mayor and City Council

**FROM:** Karl R. Amylon, General Manager

**DATE:** August 13, 2020

**RE:** **Exempting the Procurement of 4G-LTE Transport Services from the Westin Building in Seattle, Washington to the Verizon Mobile Switching Center in Redmond, Washington from the Competitive Bidding/Written Quotation Requirements of the Ketchikan Municipal Code – Zayo Group LLC**

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 August 20, 2020. If adopted, the motion provides for exempting the procurement of 4G-LTE transport services from the Westin Building in Seattle, Washington to the Verizon Mobile Switching Center in Redmond, Washington from the competitive bidding/written quotation requirements of the Ketchikan Municipal Code and authorizing the acquisition of such transport services from the Zayo Group, LLC for a three and one-half year term at a total cost of \$112,000, or \$32,000 per year.

Subparagraph 6 of Section 3.12.050(a) of the Ketchikan Municipal Code provides for exempting the purchase of such 4G-LTE transport 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 attend the City Council meeting of August 20, 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 4G-LTE transport services from the Westin Building in Seattle, Washington to the Verizon Mobile Switching Center in Redmond, Washington from the competitive bidding/written quotation requirements of the Ketchikan Municipal Code; authorizing the General Manager to enter into a Master Agreement for such 4G-LTE transport services with the Zayo Group, LLC at a cost not to exceed \$112,000 for a three and one-half term, or \$32,000 per year; and approving funding from the Telecommunications Division's 2020 Rents and Leases - Infrastructure account (Account No. 645-04).

**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 4G-LTE transport services from the Westin Building in Seattle, Washington to the Verizon Mobile Switching Center in Redmond, Washington from the competitive bidding/written quotation requirements of the Ketchikan Municipal Code; authorize the General Manager to enter into a Master Agreement for such 4G-LTE transport services with the Zayo Group, LLC at a cost not to exceed \$112,000 for a three and one-half term, or \$32,000 per year; and approve funding from the Telecommunications Division's 2020 Rents and Leases - Infrastructure account (Account No. 645-04).

**KPU Telecommunications**

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**Memorandum**

**To:** Karl R. Amylon, KPU General Manager

**From:** Ed Cushing, KPU Telecommunications Division Manager

**Date:** August 10, 2020

**Subject:** **Authorizing a Master Agreement with Zayo Group, LLC. of Louisville, CO and Exempting from Competitive Bid the Procurement of Transport Services to Verizon MSC – 3.5 year term at \$32,000 per year for a Total Not-to-Exceed Amount of \$112,000.**

The purpose of the memorandum is to request City Council approval of the Master Agreement with Zayo Group, LLC. of Louisville, CO and to exempt from competitive bid, the purchase of 4G-LTE transport from the Westin Building in Seattle, WA to the Verizon Mobile Switching Center (MSC) in Redmond, WA. The annual amount is presently \$32,000 with a 3.5 year term with a total not to exceed amount of \$112,000. Funding for the first year amount from Sept 2020 to Aug 2021 of \$32,000 to come from account 645.04 Rents and Leases - Infrastructure in the 2020 KPU Annual Budget.

**Background:**

For background, KPUTel's 'long haul transport' network (KPUTel's IRU circuit between Ketchikan and Seattle) terminates in the Westin Building Telecommunications Center in downtown Seattle.

The purpose of this memorandum is to continue to secure long-term best-price circuits between the Westin Building and Verizon's primary switching center in Redmond, WA.

Originally, in 2014 - in order to secure the circuits necessary to transport Verizon wireless traffic between the Westin Building and Verizon's Redmond, WA center - KPUTel secured circuit-quotes from multiple transport-providers in the Pacific Northwest region including Zayo, Inc., CenturyLink, and Integra. Zayo's pricing was significantly lower than Centurylink and Integra. Accordingly, KPUTel chose Zayo and subsequently Zayo's circuit quality has proven to be excellent.

To memorialize the original contract, KPUTel entered into a Master agreement with Zayo. The Master Agreement expires on September 5, 2020, and requires renewal (the Master Agreement covers two existing redundant circuits - with terms that run through 1/21/21 and 2/17/21 respectively). KPUTel intends to renew with 3-year service terms coincident with each circuit's respective 'term' date - causing the overall term of the Maser Agreement to be 3.5 years. By committing to a 3.5 year term, KPUTel is able to lower the monthly recurring amount by \$810 per month (saving \$34,020 over the 3.5 year term, as compared to pricing for a 1 year commitment).

Accordingly, this memorandum requests City Council approval of the agreement with Zayo Group, LLC. of Louisville, CO for the purchase of 4G-LTE transport from the Westin Building in Seattle, WA to the Verizon Mobile Switching Center in Redmond, WA. The annual amount is \$32,000 with a 3.5 year term totaling a not to exceed amount of \$112,000.

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 4G-LTE transport from the Westin Building to the Verizon MSC in Redmond, WA from Zayo Group, LLC is the only option available to KPU 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.

Funding for the first year amount of \$32,000 will come from account 645.04 Rents and Leases - Infrastructure in the 2020 KPU Annual Budget. Additional purchase orders will be made from subsequent year's budgets.

**Recommended Motion:**

I move that the City Council approve the Master Agreement with Zayo Group, LLC. of Louisville, CO and exempt from competitive bid, pursuant to section 3.12.050(a)(6), the purchase of 4G-LTE transport from the Westin Building in Seattle, WA to the Verizon Mobile Switching Center in Redmond, WA in the not-to-exceed amount of \$112,000 - \$32,000 per year for 3.5 years with funding for the first year amount of \$32,000 to come from account 645.04 Rents and Leases - Infrastructure in the 2020 KPU Annual Budget.

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