



General Manager
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TRANSMITTAL MEMORANDUM

TO: The Honorable Mayor and City Council

FROM: Karl R. Amylon, General Manager

DATE: January 7, 2021

RE: **Exempting the Procurement of Video Transport Services for the Telecommunications Division from the Competitive Bidding/Written Quotation Requirements of the Ketchikan Municipal Code - GCI**

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 January 21, 2021. If adopted, the motion provides for exempting the procurement of video transport services for the Telecommunications Division from the competitive bidding/written quotation requirements of the Ketchikan Municipal Code and authorizing the acquisition of such transport services at a cost of \$35,040 from GCI.

Subparagraph 6 of Section 3.12.050(a) of the Ketchikan Municipal Code provides for exempting the purchase of such video 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.

The Telecommunications Division Manager will attend the City Council meeting of January 21, 2021, 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 that the City Council adopt the motion exempting the procurement of video transport services for the Telecommunications Division from the competitive bidding and written quotation requirements of the Ketchikan Municipal Code; authorizing the General Manager to enter into an agreement for such transport services with GCI in an amount not to exceed \$35,040; and approving funding from the Telecommunications Division's 2021 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 video transport services for the Telecommunications Division from the competitive bidding and written quotation requirements of the Ketchikan Municipal Code; authorize the General Manager to enter into an agreement for such transport services with GCI in an amount not to exceed \$35,040; and approve funding from the Telecommunications Division's 2021 Rents and Leases-Infrastructure account (Account No. 645.04).



KPU Telecommunications

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Memorandum

To: Karl Amylon, KPU General Manager

From: Ed Cushing, KPU Telecommunications Division Manager

Date: January 6, 2021

Subject: **Request to Exempt the Procurement of GCI Video Transport Services from Competitive Bidding Requirements of the Ketchikan Municipal Code.**

The purpose of this memorandum is to request that the KPU General Manager seek City Council approval to exempt the procurement of video transport services from GCI in the amount of \$35,040 from competitive bid.

Background

Starting on January 1 of 2018, FCC regulations prevented KPU from continuing to rebroadcast Seattle based television networks. Our only option to continue to carry the major networks (FOX & CW) was through their Juneau/Anchorage network affiliates. In order to obtain the network feeds, terrestrial transport was required to receive the channels from the Broadcaster's studio location in either Juneau or Anchorage. Accordingly, in 2018 KPU requested quotes from three transport providers and was able to procure transport from GCI at a significant savings versus the other 2 providers. This did not require City Council approval in 2018 since we had 3 quotes for the service in 2018.

To continue purchasing transport in 2021 - while meeting the requirements of the KMC - KPUT has two options:

1. Seek 2021-based competitive quotes from the two other network-providers. However, this is typically a lengthy process - and the other two providers have network topologies such that their pricing in 2018 was far in excess of GCI's pricing (GCI enjoys a network-topology situation such that their pricing for this type of transport is far less expensive than any other option). Anecdotally it is clear that 'competitive' quotes from the other two providers will not be competitive. In short, we would be wasting the other competitor's time (and ours) in seeking 'competitive' quotes.

Or

2. Seek Council approval to sole-source purchase the transport from GCI.

We have chosen 'option 2', above, as the most logical approach to purchasing this transport capacity from GCI in 2021.

Since the expenditure for 2021 is above \$10,000, this purchase requires competitive bids or written quotations unless the City Council approves an exemption. Section 3.12.050(a)(6) of the Ketchikan Municipal Code provides an appropriate exemption 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 purpose 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 the video transport services from GCI is the only option available that would prevent incompatibility with our existing transport arrangement with GCI and any alternative would cost significantly more money, I recommend seeking approval from the City Council to exempt this procurement from the competitive bidding requirements of the KMC.

Recommendation:

Pursuant to section 3.12.050(a)(6) of the Ketchikan Municipal Code, it is recommended that the City Council adopt the motion exempting the procurement of video transport services from GCI in the amount of \$35,040 from competitive bid; and approve funding from the 2021 KPU Telecommunications Annual Budget for Rents and Leases - Infrastructure (account 645.04).

Recommended Motion:

Pursuant to section 3.12.050(a)(6) of the Ketchikan Municipal Code, I move the City Council exempt the procurement of video transport services from GCI in the amount of \$35,040 from competitive bid; and approve funding from the 2021 KPU Telecommunications Annual Budget for Rents and Leases - Infrastructure (account 645.04).

Cc: Lacey Simpson, Assistant KPU General Manager
Michelle Johansen, KPU Finance Director