



General Manager
334 Front Street
Ketchikan, AK 99901

Phone (907) 228-5603
Fax (907) 225-5075

TRANSMITTAL MEMORANDUM

TO: The Honorable Mayor and City Council

FROM: Karl R. Amylon, General Manager

DATE: January 12, 2021

RE: **Exempting Procurement of Programming Content for KPU TV from the Competitive Bidding/Written Quotation Requirements of the Ketchikan Municipal Code - National Cable Television Cooperative and Vubiquity, 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 January 21, 2021. If adopted, the motion provides for exempting the purchase of programming content in an amount not to exceed \$1,155,000 for KPU TV from the competitive bidding, written quotation requirements of the Ketchikan Municipal Code.

Section 3.12.050(a)(2) of the Ketchikan Municipal Code states that the following may be purchased or contracted for without competitive bidding or soliciting quotations:

“Supplies, materials, equipment or contractual services which can be furnished only by a single dealer, which have a uniform price wherever purchased or which are telecommunications supplies, materials, or equipment purchased by KPU for retail sale or lease;”

The rationale for the exemption is detailed in Mr. Cushing's transmittal memorandum and needs 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 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 Section 3.12.050(a)(2) of the Ketchikan Municipal Code, it is recommended the City Council adopt the motion exempting the procurement of 2021 KPU TV programming content from competitive bidding/written quotation requirements; authorizing the General Manager to purchase programming content from the National Cable Television Cooperative (NCTC) in an amount not to exceed \$1,100,000 and from Vubiquity, Inc. in an amount not to exceed \$55,000; and approving funding in an amount not to exceed \$1,155,000 from the 2021 Telecommunications Division's Licenses and Fees – Broadcast Content Fees account (Account No. 630.04).

Recommended Motion: Pursuant to Section 3.12.050(a)(2) of the Ketchikan Municipal Code, I move the City Council exempt the procurement of 2021 KPU TV programming content from competitive bidding/written quotation requirements; authorize the General Manager to purchase programming content from the National Cable Television Cooperative (NCTC) in an amount not to exceed \$1,100,000 and from Vubiquity, Inc. in an amount not to exceed \$55,000; and approve funding in an amount not to exceed \$1,155,000 from the 2021 Telecommunications Division's Licenses and Fees – Broadcast Content Fees account (Account No. 630.04).



KPU Telecommunications

2970 Tongass Avenue
Ketchikan, AK 99901

Phone (907) 225-1000

FAX (907) 225-1788

Memorandum

To: Karl R. Amylon, KPU General Manager

From: Ed Cushing, KPU Telecommunications Division Manager

Date: January 11, 2021

Subject: **Exempt from Competitive Bidding the Purchase of Programming Content from National Cable Television Cooperative and Vubiquity, Inc., per Section 3.12.050(a)(2) Supplies, materials, equipment, or contractual services which can be furnished only by a single dealer, which have a uniform price wherever purchased or which are telecommunications supplies, materials, or equipment purchased by KPU for retail sale or lease.**

The purpose of this memorandum is to request that the KPU General Manager seek City Council approval to exempt from competitive bid the procurement of the following KPU TV programming content; in the amount of \$1,100,000 to the National Cable Television Cooperative (NCTC); and in the amount of \$55,000 to Vubiquity Inc.

Background:

NCTC provides KPU Telecommunications with access to approximately 125 television channels, including high definition television channels, music channels and HBO, Cinemax, and Starz TV programming content. NCTC is a buying cooperative that purchases media content for the majority of small cable TV and IPTV companies in the United States. Pricing obtained through the cooperative is significantly lower than what KPU could negotiate on its own. There is no other buying organization that effectively competes with NCTC. In 2021, we will purchase two of our Big 4 networks through the retransmission consent agreements they signed with NCTC which has caused the annual amount to increase. Based on IPTV customer projections in the 2021 budget and anticipated programming rate increases we have estimated the 2021 annual expenditures to NCTC will total \$1,100,000.

Vubiquity Inc. provides KPU customers with video on demand (VOD) media content and transport of High Definition (HD) television channels. Vubiquity Inc. is the only company that provides access to a viable list of first run Hollywood movies that are critical to our video-on-demand service. Vubiquity Inc. also transports the majority of our high definition television channels - allowing us to save on expensive head-end equipment. Based on TV customer projections in the 2021 budget we have estimated the 2021 annual expenditures to Vubiquity Inc. will total \$55,000 which is approximately 8% below 2020.

Since the estimated expenditures for each of these 2 purchases for 2021 is above \$50,000, these purchases require City Council approval. Section 3.12.050(a)(2) of the Ketchikan Municipal Code allows "supplies, materials, equipment, or contractual services which can be furnished only by a single dealer, which have a uniform price wherever purchased or which are telecommunications supplies, materials, or equipment purchased by KPU for retail sale or lease" in excess of \$50,000 to be purchased with approval by the City Council. The programming content provided by NCTC and Vubiquity can only be provided by a single dealer and additionally is resold to customers who purchase the respective content from KPU TV.

Recommendation:

Pursuant to section 3.12.050(a)(2) of the Ketchikan Municipal Code, it is recommended that the City Council adopt the motion exempting the procurement of the following KPU TV IPTV programming content from competitive bidding requirements of the Ketchikan Municipal Code; authorize the General Manager to approve purchases in the amount of \$1,100,000 to National Cable Television Cooperative (NCTC) and in the amount of \$55,000 to Vubiquity, Inc; and approve funding from the 2021 KPU Telecommunications Annual Budget for Licenses and Fees - Broadcast Content Fees (account 630.04).

Recommended Motion:

Pursuant to section 3.12.050(a)(2) of the Ketchikan Municipal Code, I move the City Council exempt the procurement of the following KPU TV IPTV programming content from competitive bidding requirements of the Ketchikan Municipal Code; authorize the General Manager to approve purchases in the amount of \$1,100,000 to National Cable Television Cooperative (NCTC) and in the amount of \$55,000 to Vubiquity, Inc.; and approve funding from the 2021 KPU Telecommunications Annual Budget for Licenses and Fees - Broadcast Content Fees (account 630.04).

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