



General Manager  
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TRANSMITTAL MEMORANDUM
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TO: The Honorable Mayor and City Council

FROM: Karl R. Amylon, General Manager

DATE: January 25, 2021

RE: **Exempting the Procurement of IPv4 Address Space for the Telecommunications Division from the Competitive Bidding/Written Quotation Requirements of the Ketchikan Municipal Code – Nexeon Technologies**

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 February 4, 2021. If adopted, the motion provides for exempting the procurement of IPv4 address space for the Telecommunications Division from the competitive bidding/written quotation requirements of the Ketchikan Municipal Code and authorizing the acquisition of such address space at a cost of \$25,684.20 from Nexeon Technologies.

Subparagraph 6 of Section 3.12.050(a) of the Ketchikan Municipal Code provides for exempting the purchase of address space 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 replacement. 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 February 4, 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 the City Council adopt the motion exempting the procurement of IPv4 address space from the competitive bidding and written quotation requirements of the Ketchikan Municipal Code; authorizing the General Manager to enter into an agreement for the purchase of such address space with Nexeon Technologies in an amount not to exceed \$25,684.20; 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 IPv4 address space from the competitive bidding and written quotation requirements of the Ketchikan Municipal Code; authorize the General Manager to enter into an agreement for the purchase of such address space with Nexeon Technologies in an amount not to exceed \$25,684.20; 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 R. Amylon, KPU General Manager

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

**Date:** January 25, 2021

**Subject:** **Exempting the Procurement of Leased IPv4 Address Space from Competitive Bidding / Written Quotation Requirements of the Ketchikan Municipal Code – Nexeon Technologies**

The purpose of this memorandum is to request that the General Manager seek City Council approval for the continued lease of IPv4 address space from Nexeon Technologies - necessary for the KPUTel network and our customers. If adopted, this motion provides for exempting the procurement of this IPv4 address space from the competitive bidding / written quotation requirements of the Ketchikan Municipal Code and authorizing the acquisition from Nexeon Technologies for a 1 year period (2/14/21 to 2/13/22) at a cost not to exceed \$25,684.20.

### **Background**

KPUTel operates a technologically advanced Internet Protocol “all-IP” telecommunications network. An “IP address” is a numerical label assigned to every ‘computer’ type device and/or network element connected to KPUTel’s all-IP network. In essence, an IP address is required in order for KPUTel’s network to identify and communicate with a connected device, as well as to ‘understand’ the device’s location.

Typically, IP addresses (‘space’) are leased from companies who own blocks of addresses, and who are in the business of providing IP addresses.

Accordingly, KPUTel presently leases IPv4 address space (provided by Nexeon Technologies at an annual lease amount of \$25,684.20) to provision the KPUTel network and to support IP related services to customers.

In the fall of 2018, KPU Tel solicited quotes from several vendors for providing additional IPv4 address space - to resolve KPUTel’s critical shortage of IP address space. KPU Tel selected the Nexeon quote which was the lowest cost provider.

Significant effort is required to integrate IPv4 address space into the KPUTel network including advertising with upstream providers, provisioning our equipment, assignment to customers, etc. Changing IPv4 vendors at this point would require a significant expenditure in maintenance and related expenses. Accordingly, continuing to lease IPv4 address space from Nexeon

Technologies is necessary to prevent incompatibility with our existing Nexeon Technologies IPv4 address space which is actively being throughout our network and with our customers.

At this price the Ketchikan Municipal Code requires that the city council approve the purchase and staff seek either competitive bids or written quotations unless the City Council approves an exemption. Subparagraph 6 of section 3.12.050 (a) of the KMC provides an exemption that would be 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 IPv4 address space from Nexeon Technologies is the only option available to KPU Tel that will prevent incompatibility, I recommend seeking approval from City Council to exempt this procurement from the competitive bid/written quotation requirements of the KMC.

The IPv4 address space lease is part of the 2021 operating budget in the Rents and Leases - Infrastructure account (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 lease of IPv4 address space from Nexeon Technologies in the amount of \$25,684.20 from the competitive bid and written quotation requirements of the KMC and authorize funding from the 2021 KPU Telecommunications division annual budget from the Rents and Leases - Infrastructure account (645.04).

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