



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: April 26, 2021

RE: **Ordinance No. 21-1932 – Adding A New Section 3.12.090 To The Ketchikan Municipal Code Entitled, “Sale Of Subsea Cable Services And Purchase Of Transport Capacity”; And Establishing An Effective Date**

The attached ordinance was prepared by the City Attorney 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 May 6, 2021. If adopted, Ordinance No. 21-1932 provides for authorizing my office to sell subsea cable data transmission services without competitive bidding under such terms and conditions that are deemed reasonable and appropriate. The ordinance also allows my office to purchase additional transport capacity required by the sale of such services without competitive bidding in accordance with the then existing contract to provide such capacity to the City. The rationale for Ordinance No. 21-1932 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.

In the event the City Council wishes to discuss the provisions of Ordinance No. 21-1932 in the context of the strategic competitive aspects of the Telecommunications Division’s business plan and operations, my office is suggesting that such a discussion take place in executive session [see agenda statement 15b(3)]. In the event the City Council determines such a discussion is unnecessary, the executive session will not be required.

Acting Telecommunications Division Manager Dan Lindgren will attend the City Council meeting of May 6, 2021, in order to address any questions and/or concerns that Councilmembers may have.

A motion has been prepared for City Council consideration.

RECOMMENDATION

It is recommended the City Council adopt the motion approving in first reading Ordinance No. 21-1932 adding a new Section 3.12.090 to the Ketchikan Municipal Code entitled, “Sale of Subsea Cable Services and Purchase of Transport Capacity”; and establishing an effective date.

Recommended Motion: I move the City Council approve in first reading Ordinance No. 21-1932 adding a new Section 3.12.090 to the Ketchikan Municipal Code entitled, "Sale of Subsea Cable Services and Purchase of Transport Capacity"; and establishing an effective date.



Memorandum

To: Karl R. Amylon, KPU General Manager

From: Ed Cushing, KPU Telecommunications Division Manager

Date: April 23, 2021

Subject: **Ordinance 21-1932 – Adding a new Section 3.12.090 to the Ketchikan Municipal Code Entitled - Sale of Subsea Cable Services and Purchase of Transport Capacity**

The purpose of this memorandum is to request City Council approval of Ordinance No. 21-1932 adding a new section 3.12.090 to the Ketchikan Municipal Code entitled "Sale of subsea cable services and purchase of transport capacity".

Background:

At the City Council meeting on November 5, 2020 the City Council was notified that the KetchCan1 Subsea Fiber was placed into service on October 29, 2020.

The new Subsea Cable gives the KPU Telecommunications Division (KPU-Tel) new revenue potential, but due to the competitive nature of the business, it is critical that we have the ability to quickly respond to new sales opportunities. Ordinance 21-1932 would accomplish this by authorizing the manager to:

1. Sell cable data transmission services on KPUTel's subsea cable without competitive bidding.
2. Purchase transport capacity (should additional downstream circuit capacity be required to complete the sale of services sold on KPUTel's subsea cable) without competitive bidding.

Ordinance 21-1932:

Ordinance 21-1932 adds a new section under Title 3, Chapter 12 of the Ketchikan Municipal Code which would allow the manager to sell subsea cable data transmission services without competitive bidding under such terms and conditions as the manager deems reasonable and appropriate. Additionally, the manager may purchase additional transport capacity required by the sale of such services without competitive bidding in accordance with the then existing contract to provide such capacity to the City.

In the event that the City Council wishes to discuss strategic competitive aspects of the KPU-Tel business plan and operations relative to Ordinance 21-1932, we are recommending that the KPU General Manager establish an executive session so that City Council members have an

opportunity to discuss such strategic competitive aspects as necessary in executive session prior to voting on this item.

Recommended Motion:

I move that the City Council approve Ordinance No. 21-1932 an Ordinance of the Council of the City of Ketchikan, Alaska; Adding a new Section 3.12.090 to the Ketchikan Municipal Code Entitled, Sale of Subsea Cable Service and Purchase of Transport Capacity; and Establishing an Effective Date.

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

THE CITY OF KETCHIKAN, ALASKA

ORDINANCE NO. 21-1932

AN ORDINANCE OF THE COUNCIL OF THE CITY OF KETCHIKAN, ALASKA; ADDING A NEW SECTION 3.12.090 TO THE KETCHIKAN MUNICIPAL CODE ENTITLED, "SALE OF SUBSEA CABLE SERVICES AND PURCHASE OF TRANSPORT CAPACITY"; AND ESTABLISHING AN EFFECTIVE DATE.

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF KETCHIKAN, ALASKA, AS FOLLOWS:

Section 1: New Section. A new section, to be numbered 3.12.090, entitled "Sale of subsea cable services and purchase of transport capacity," is added to Title 3, Chapter 12, of the Ketchikan Municipal Code, to read as follows:

"3.12.090 Sale of subsea cable services and purchase of transport capacity.

(a) Notwithstanding any other provision in this chapter, the manager may sell subsea cable data transmission services without competitive bidding under such terms and conditions as the manager deems reasonable and appropriate.

(b) Notwithstanding any other provision of this chapter, the manager may purchase additional transport capacity required by the sale of services under subsection (a) without competitive bidding in accordance with the then existing contract to provide such capacity to the city under such terms and conditions as the manager deems reasonable and appropriate."

Section 2: Effective Date. This ordinance is effective one (1) month after its final passage and publication.

PASSED ON FIRST READING _____.

FINAL PASSAGE _____.

Robert Sivertsen, Mayor

ATTEST:

Kim L. Stanker
City Clerk

FYI: Bracketed language is intended to be removed from the existing ordinance, and underlined language in bold type is intended as an addition to the existing Ketchikan Municipal Code.

| EFFECTIVE DATE: * | | | |
|-----------------------------|-----|-----|--------|
| ROLL CALL | YEA | NAY | ABSENT |
| BERGERON | | | |
| BRADBERRY | | | |
| KIFFER | | | |
| FLORA | | | |
| GAGE | | | |
| GASS | | | |
| ZENGE | | | |
| MAYOR | | | |