



General Manager
334 Front Street
Ketchikan, AK 99901

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

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| TRANSMITTAL MEMORANDUM |
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TO: The Honorable Mayor and City Council

FROM: Lacey G. Simpson, Acting General Manager

DATE: August 23, 2022

RE: **Exempting the Procurement of Annual Maintenance and Support Services for the IPTV Middleware System from Competitive Bidding/Written Quotation Requirements of the Ketchikan Municipal Code – Minerva Networks, Inc.**

The motion detailed below was prepared at the request of Acting Telecommunications Division Manager Dan Lindgren, who asked that it be placed before the City Council for formal consideration at its meeting of September 1, 2022. If adopted, the motion provides for exempting the procurement of annual maintenance services for the IPTV Middleware System from the competitive bidding/written quotation requirements of the Ketchikan Municipal Code and authorizing the procurement of such maintenance services from Minerva Networks, Inc. at a cost of \$42,931.10. Subparagraph 6 of Section 3.12.050(a) of the Ketchikan Municipal Code provides for exempting the purchase of such maintenance services from competitive bidding/quotations 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. Lindgren's transmittal memorandum and needs no elaboration on the part of the General Manager's Office. I concur with the Acting Telecommunications Division Manager's recommendation.

The Acting Telecommunications Division Manager will be attending the City Council meeting of September 1, 2022 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 annual maintenance services for the IPTV Middleware System from the competitive bidding/written quotation requirements of the Ketchikan Municipal Code; authorizing the procurement of such maintenance services from Minerva Networks, Inc. at a cost of \$42,931.10; approving funding from the Telecommunications Division's 2022 Software and Equipment Maintenance Services account (Account No. 635.04); and directing the Acting General Manager to execute the contract documents on behalf of the City Council.

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 annual maintenance services for the IPTV Middleware System from the competitive bidding/written quotation requirements of the Ketchikan Municipal Code; authorize the procurement of such maintenance services from Minerva Networks, Inc. at a cost of \$42,931.10; approve funding from the Telecommunications Division's 2022 Software and Equipment Maintenance Services account (Account No. 635.04); and direct the Acting General Manager to execute the contract documents on behalf of the City Council.



Memorandum

To: Lacey Simpson, Acting KPU General Manager

From: Dan Lindgren, Acting KPU Telecommunications Division Manager

Date: August 23, 2022

Subject: **Request to Exempt the Procurement of Annual Maintenance and Support Services in the amount of \$42,931.10 from the Competitive Bidding / Written Quotation Requirements of the Ketchikan Municipal Code – Minerva Inc.**

The purpose of this memorandum is to request that the General Manager seek City Council approval to purchase an annual support agreement from Minerva Inc. for KPUTel's Minerva Middleware IPTV platform. If adopted, this motion provides for exempting the procurement of Minerva annual maintenance and support services from the competitive bidding / written quotation requirements of the Ketchikan Municipal Code - and authorizing the acquisition of the annual support and maintenance services from Minerva Inc. - at a cost not to exceed \$42,931.10.

Background

KPUTel utilizes Minerva technology as the Middleware platform and service provider for our IPTV Network. Minerva charges an annual fee for support and maintenance of the network; the fee is \$42,931.10 for the 2022/2023 period. Included in this amount is \$1,100 for online access to educational resources for our Customer Support team.

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 annual support and maintenance from Minerva Inc. is the only option available to KPUTel that would prevent incompatibility with this existing platform, I recommend seeking approval from City Council to exempt this procurement from the competitive bid/written quotation requirements of the KMC

The annual maintenance costs are part of the 2022 operating budget in the Contractual Services Software and Equipment Maintenance Services Account (635.04)

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 Minerva support from Minerva Inc., from the competitive bid and written quotation requirements of the KMC and authorize funding from the Telecommunications Division's 2022 Annual Budget for Contractual Services Software and Equipment Maintenance Services Account (635.04) in the amount of \$42,931.10.

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Cc: Michelle Johansen, City Finance Director

Minerva Networks, Inc.
100 Century Center Ct, 8th Floor
San Jose, CA 95112 USA
Tel: 408.567.9400

INVOICE

Invoice #: 36952

REV

CUSTOMER NO: KPU100

PHONE:

FAX:

Date: Aug 17, 2022

Sales Person: Rose C

BILL TO:

SHIP TO:

City of Ketchikan, Ketchikan Public Utilities
334 Front Street
Ketchikan, AK 99901-6431

Ketchikan Telecommunications
2970 Tongass Avenue
Ketchikan, AK 99901

TERMS: Net Zero

| Item No. | Product | Qty Ord | Qty Ship | Qty B.O. | Product Name | Unit Price | Extension |
|----------|--------------|---------|----------|----------|---|-------------|-------------|
| 1 | MN-RNWL-PRM | 1 | 1 | 0 | Annual Rnwl Prem Support Plan(24x7)15% SW | \$24,935.00 | \$24,935.00 |
| 2 | MN-RNWL-ILU | 2100 | 2100 | 0 | Annual Renewal ILU Maintenance Fee | \$3.50 | \$7,350.00 |
| 4 | MN-RNWL-TRND | 1800 | 1800 | 0 | Annual Renewal Trending Services Fee | \$1.35 | \$2,430.00 |
| 5 | MN-RNWL-ANL | 1800 | 1800 | 0 | Annual Renewal Analytics Subscription Fee | \$1.80 | \$3,240.00 |
| 6 | TIVO-RNWL-GD | 1538 | 1538 | 0 | Annual Renewal TIVO EPG Guide Data Fee | \$0.45 | \$692.10 |
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WARRANTY IS ONLY VALID IN COUNTRY OF PURCHASE

Comments

Support Period: **September 28, 2022 - September 27, 2023**

Total \$38,647.10

These commodities are licensed for export by the United States of America under general license **NLR** for ultimate destination . Diversion contrary to U.S. law is prohibited.

Minerva Networks, Inc.
100 Century Center Ct, 8th Floor
San Jose, CA 95112 USA
Tel: 408.567.9400

INVOICE

Invoice #: 36953

REV

CUSTOMER NO: KPU100

PHONE:

FAX:

Date: Aug 17, 2022

Sales Person: Rose C

BILL TO:

SHIP TO:

City of Ketchikan, Ketchikan Public Utilities
334 Front Street
Ketchikan, AK 99901-6431

Ketchikan Telecommunications
2970 Tongass Avenue
Ketchikan, AK 99901

TERMS: Net Zero

| Item No. | Product | Qty Ord | Qty Ship | Qty B.O. | Product Name | Unit Price | Extension |
|--|-------------|---------|----------|----------|---|------------|------------|
| 1 | MN-RNWL-TRN | 1 | 1 | 0 | Annual Renewal Online Training Fee (Optional) | \$1,100.00 | \$1,100.00 |
| Minerva Networks offers Online Training courses. | | | | | | | |
| The Online training is provided for CSRs, | | | | | | | |
| Marketing and IT personnel for up to 12 months. | | | | | | | |
| During this 12 month period, any personnel may | | | | | | | |
| attend the training sessions and they may attend | | | | | | | |
| as many times as they wish. This is an optional | | | | | | | |
| renewal, please see the attached information | | | | | | | |
| on the training modules offered. | | | | | | | |
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WARRANTY IS ONLY VALID IN COUNTRY OF PURCHASE

Comments

Support Period: **September 28, 2022 - September 27, 2023**

Total \$1,100.00

These commodities are licensed for export by the United States of America under general license **NLR** for ultimate destination . Diversion contrary to U.S. law is prohibited.

Minerva Networks, Inc.
100 Century Center Ct, 8th Floor
San Jose, CA 95112 USA
Tel: 408.567.9400

INVOICE

Invoice #: 36954

REV

CUSTOMER NO: KPU100

PHONE:

FAX:

Date: Aug 17, 2022

Sales Person: Rose C

BILL TO:

SHIP TO:

City of Ketchikan, Ketchikan Public Utilities
334 Front Street
Ketchikan, AK 99901-6431

Ketchikan Telecommunications
2970 Tongass Avenue
Ketchikan, AK 99901

TERMS: Net Zero

[illegible]

WARRANTY IS ONLY VALID IN COUNTRY OF PURCHASE

Comments

Support Period: **September 28, 2022 - September 27, 2023**

Total \$3,184.00

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