



General Manager
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7b(1)

TRANSMITTAL MEMORANDUM

TO: The Honorable Mayor and City Council

FROM: Lacey G. Simpson, Acting General Manager

DATE: September 8, 2022

RE: **Authorizing Budget Transfer – Acquisition of FCC Auction No. 108 2.5 GHz Mid-Band Spectrum Licenses for Next Generation Wireless Services**

At its meeting of June 16, 2022, the City Council adopted a motion authorizing staff to bid on FCC Auction No. 108 for the potential purchase of 2.5 GHz mid-band spectrum licenses for next generation wireless services in an amount exceeding \$50,000. As the City Council will recall, the action, which exempted the procurement per Ketchikan Municipal Code sections 3.12.030 and 3.12.050, would necessitate a future budget transfer to be presented to the City Council consideration if KPU Telecommunications was the successful bidder.

As indicated in the attached memorandum from Acting Telecommunications Division Manager Dan Lindgren, KPU was the successful bidder for the three licenses at a cost of \$81,000. Consequently, a budget transfer in the amount of \$68,850 from Appropriated Reserves of the KPU Enterprise Fund to a new FCC Auction 108 License capital project account is required.

The Acting Telecommunications Division Manager will attend the City Council meeting of September 15, 2022, in order to address and questions and/or concerns that Councilmembers may have.

A motion has been prepared for City Council consideration.

RECOMMENDATION

It is recommended that the City Council adopt the motion authorizing the Acting General Manager to create a 2022 FCC Auction 108 License capital project account for the Telecommunications Division, transferring \$68,850 from Appropriated Reserves of the KPU Enterprise Fund to the Telecommunications Division's 2022 FCC Auction 108 License capital account, and authorizing funds in the amount of \$68,500 from the Telecommunications Division's 2022 FCC Auction 108 License capital account for the purpose of acquiring FCC Auction No. 108 2.5 GHz mid-band spectrum licenses for next generation wireless services at a total cost of \$68,850.

Recommended Motion: I move the City Council authorize the Acting General Manager to create a 2022 FCC Auction 108 License capital project account for the Telecommunications Division, transfer \$68,850 from Appropriated Reserves of the KPU Enterprise Fund to the Telecommunications Division's 2022 FCC Auction 108 License capital account, and authorize funds in the amount of \$68,500 from the Telecommunications Division's 2022 FCC Auction 108 License capital account for the purpose of acquiring FCC Auction No. 108 2.5 GHz mid-band spectrum licenses for next generation wireless services at a total cost of \$68,850.



KPU Telecommunications

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Memorandum

To: Lacey Simpson, Acting KPU General Manager

From: Dan Lindgren, Acting KPU Telecommunications Division Manager

Date: September 6, 2022

Subject: **Purchase of FCC Auction 108 Licenses and Budget Transfer in the Amount of \$68,850 from Appropriated Reserves to the FCC Auction 108 License Capital Project**

The purpose of this memorandum is to request City Council approval of a budget transfer in the amount of \$68,850 from Appropriated Reserves to the FCC Auction 108 License Capital Project for the purchase of FCC Auction 108 spectrum licenses.

Background:

At the June 16, 2022 City Council meeting, the City Council met in Executive Session to discuss KPU Telecommunications Division participation in FCC Auction #108 for the potential purchase of 2.5 GHz mid-band spectrum license for next generation wireless services.

Also at the June 16, 2022 City Council meeting, the City Council passed a motion exempting the procurement of and allowing bidding of FCC Auction #108 for the potential purchase of 2.5 GHz mid-band spectrum licenses for next generation wireless services.

FCC Auction #108 opened on July 29, 2022, and was concluded on August 29, 2022. Staff is pleased to report that KPU Tel was successful in winning the 3 licenses bid. The total gross winning bid for KPU Tel was \$81,000, so after applying the 15% rural bidding credit that we qualify for the net amount of the licenses is \$68,850.

The one remaining item that will require City Council approval is a Budget Transfer in the amount of \$68,500 from Appropriated Reserves to the FCC Auction 108 License Capital Project.

Recommended Motion:

I move that the City Council approve a budget transfer in the amount of \$68,850 from the Appropriated Reserves of the 2022 KPU Annual Budget to the FCC Auction 108 License Capital Project for the purchase of FCC Auction 108 Spectrum Licenses.

Cc: Michelle Johansen, Finance Director

finding, the City Council go into executive session in accordance with Ketchikan Municipal Code 2.04.025(a)(1) to discuss said negotiations and the auxiliary items described in the Acting City Manager's memorandum which matters include the need to discuss subjects the knowledge of which would have an adverse impact upon the finances of the City and upon the City's ability to negotiate favorable labor agreements.

Councilmember Gass said he has a conflict of interest and would recuse himself from the executive session as he is a member of the I.B.E.W. Union.

Motion passed with Kistler, Zenge, Bradberry, Gage, Mahtani and Flora voting yea; Gass abstain.

The Council recessed into executive session at 11:07 p.m. and reconvened in regular session at 11:30 p.m.

Vice-Mayor Flora said the Council has completed its executive session to discuss strategies relative to negotiation of a new collective bargaining agreement between the City of Ketchikan d/b/a Ketchikan Public Utilities and the International Brotherhood of Electrical Workers, Local 1547 to replace the existing contract that expired December 31, 2021, and direction was given to staff.

**Request for Executive Session – KPU Telecommunications
Division Participation in FCC Auction #108 for the Potential
Purchase of 2.5 GHz Mid-Band Spectrum Licenses for Next
Generation Wireless Services**

Moved by Bradberry, seconded by Kistler the City Council declare that consistent with the Acting General Manager's memorandum dated June 9, 2022 it is in the best interest of the City to discuss competitive issues associated with FCC Auction #108 for the potential purchase of 2.5 GHz mid-band spectrum licenses for next generation wireless services in executive session in accordance with Ketchikan Municipal Code 2.04.025(a)(1) and (3) and AS 44.62.310(c)(1) and (3) to discuss said items described in the Acting General Manager's memorandum, which include the need to discuss matters the knowledge of which would have an adverse impact upon the finances of the City d/b/a Ketchikan Public Utilities and upon the Utility's ability to operate competitively in the telecommunications field.

Motion passed with Gass, Kistler, Gage, Zenge, Bradberry, Flora and Mahtani voting yea.

The Council recessed into executive session at 11:27 p.m. and reconvened in regular session at 11:37 p.m.

**Exempting the Procurement of and Allowing Bidding on FCC
Auction #108 for the Potential Purchase of 2.5 GHz Mid-Band
Spectrum Licenses for Next Generation Wireless Services**

Moved by Gage, seconded by Zenge the City Council declare that consistent with the Acting General Manager's memorandum dated June 9, 2022 and that pursuant to sections 3.12.030 and 3.12.050 of the Ketchikan Municipal Code, that staff is authorized to bid on FCC Auction #108 for the potential purchase of 2.5 GHz mid-band spectrum licenses for next generation wireless services in an amount not exceeding \$50,000; and approve the purchase of such mid-band spectrum licenses.

Motion passed with Gass, Kistler, Gage, Zenge, Bradberry, Flora and Mahtani voting yea.

The Council reconvened at 11:39 p.m. for consideration of Resolution No. 22-2849.