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## TRANSMITTAL MEMORANDUM

TO: The Honorable Mayor and City Council

FROM: Karl R. Amylon, General Manager

DATE: February 25, 2020

RE: **Exempting the Procurement of Superior Essex Communications Brand Fiber Optic Cable for the Telecommunications Division from the Competitive Bidding/Written Quotation Requirements of the Ketchikan Municipal Code – KGPCo.**

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 March 5, 2020. If adopted, the motion provides for exempting the procurement of Superior Essex Communications brand fiber optic cable for the Telecommunications Division from the competitive bidding/written quotation requirements of the Ketchikan Municipal Code and authorizing the acquisition of such cable at a cost of \$65,388.12 from KGPCo.

Subparagraph 6 of Section 3.12.050(a) of the Ketchikan Municipal Code provides for exempting the purchase of such fiber optic cable 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 March 5, 2020, 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 Superior Essex Communications brand fiber optic cable 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 cable with KGPCo. in an amount not to exceed \$65,388.12; and approving funding from the Telecommunications Division's 2020 Normal Growth and Repair – Fiber Cable capital account.

**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 Superior Essex Communications brand fiber optic cable 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 cable with KGPCo. in an amount not to exceed \$65,388.12; and approve funding from the Telecommunications Division's 2020 Normal Growth and Repair – Fiber Cable capital account.



**KPU Telecommunications**

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## Memorandum

**To:** Karl Amylon, KPU General Manager

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

**Date:** February 24, 2020

**Subject:** **Request to Exempt the Procurement of Superior Essex Cable in the amount of \$65,388.12 from Competitive Bidding Requirements of the Ketchikan Municipal Code – KGPCo.**

The purpose of this memorandum is to request that the KPU General Manager seek City Council approval to exempt the procurement of Superior Essex Communications brand fiber optic cable from KGPCo in the amount of \$65,388.12 from competitive bid pursuant to Section 3.12.050(a)(6) of the Ketchikan Municipal Code.

### Background

As part of our budget planning for 2020, KPU Telecommunications (KPUTel) recognized the need to supplement its fiber optic cable capacity in the Ward Cove to North Point Higgins areas. KPUTel has completed engineering the project and is presently engaged in procuring the materials in anticipation of construction by KPUTel personnel later this spring.

We are specifically recommending that Superior Essex Communications brand fiber optic cable be used for this project. Superior Essex cable has been used in KPUTel's outside cable plant almost exclusively for the past 3 years. Superior Essex cable meets our outside plant requirements via providing the level of durability and protection we require, along with ease of use of the product by our technicians. The cable required for this project (a 432 count fiber cable) is a single jacket/single armor cable - the minimum protection required for our outside cable plant.

Other cable types we have used in the past have been difficult to work with and, for a cable of this size and length, using a cable type we are unfamiliar with that is not compatible with our splicing equipment would add many man-hours to the project, resulting in a higher project cost. Buying a cable we are unfamiliar with on a job of this scope would also create a risk of adding costs and complexity to our future projects (when connecting 'spur' cables to this new section of cable).

Superior's 432-count fiber optic cable is an off-the-shelf product that may be procured from multiple wholesale vendors. We received pricing from 3 different vendors. KGPCo - a vendor from which we frequently purchase materials – provided the lowest price.

Since the expenditure for 2020 is above \$10,000, this purchase requires competitive bids or written quotations unless the City Council approves an exemption. Section 3.12.050(a)(6) of the Ketchikan Municipal Code provides an appropriate exemption 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 purpose 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 Superior Essex Communications fiber optic cable is the only option available that would prevent incompatibility with our outside plant needs to provide the level of durability and protection we require - along with efficient use of the product by our technicians - and any alternative would cost significantly more money - I recommend seeking approval from the City Council to exempt this procurement from the competitive bidding requirements of the KMC.

This project was included in the KPU Telecommunications Division Normal Growth and Repair Fiber Cable Capital Project which is the funding source for this purchase.

**Recommended Motion:**

Pursuant to section 3.12.050(a)(6) of the Ketchikan Municipal Code, I move the City Council exempt the procurement of Superior Essex Communications fiber optic cable from KGPCo in the amount of \$65,388.12 from competitive bid; and approve funding from the 2020 KPU Telecommunications Division Capital Improvements Program for the Normal Growth and Repair – Fiber Cable Capital Project.

Cc: Lacey Simpson, Assistant KPU General Manager  
Bob Newell, KPU Finance Director

<b>Division:</b> Telecommunications					<b>Project Priority:</b> 4		<b>Project Number:</b>		
<b>Project Title:</b> Normal Growth and Repair - Fiber Cable					<b>Start Date:</b> 01/20 <b>End Date:</b> 12/24		<b>Estimated Project Cost:</b>		
<b>Description:</b> This capital account provides funding for additional fiber optic network for business data circuits including smaller fiber projects necessary for the efficient operation of the Utility. This capital account also includes materials and labor for continued installation of fiber service drops for customers who order high bandwidth television services in areas served by the division's fiber cable network.							Design 13,000 Land/Right-of-Way Construction Management Construction 357,500 Equipment 279,500 Other Project Total 650,000		
Source of Funds	Prior Years	Adopted 2020			Projected Requirements				Total Project
		Reappro-priated	New Funding	Total	2021	2022	2023	2024	
Revenue Generating Fund			150,000	150,000	150,000	150,000	100,000	100,000	650,000
<b>Total</b>			150,000	150,000	150,000	150,000	100,000	100,000	650,000