

**h.** Procurement of KPU Telecommunications VMware Licenses – GCSIT

TRANSMITTAL MEMORANDUM

5h

TO:	The Honorable Mayor & City Council	Initials:	
FROM:	Lacey G. Simpson, Acting General Manager	File #:	MGR25-130
DATE:	February 28, 2025	Mtg. #:	03/06/25 CAh
RE:	<b>Authorizing the Procurement of KPU Telecommunications VMware Licenses – GCSIT</b>		

The motion detailed below was prepared at the request of Telecommunications Division Manager Dan Lindgren, who asked that it be placed before the City Council for consideration at its meeting of March 6, 2025. If adopted, the motion authorizes the procurement of VMware licenses from GCSIT in an amount not to exceed \$96,768.

In adopting the 2025 Ketchikan Public Utilities Operating and Capital Budget, the City Council appropriated funds to support the KPU Telecommunications datacenter operations, which provide internet service to KPU residential and business customers. The rationale for this procurement is detailed in Mr. Lindgren’s attached transmittal memorandum and requires no elaboration from the Manager’s office. The purchase is exempt from competitive bidding or quotations pursuant to Section 3.12.035(d)(4) of the Ketchikan Municipal Code (KMC) to avoid incompatibility issues, but the purchase does require City Council approval as it is over \$10,000. As stated by Mr. Lindgren, the annual pricing is achieved through a five-year agreement, with costs to be appropriated and approved annually through 2030.

As this purchase is exempt from competitive bidding by the KMC with Council approval, funds for this purchase were appropriated in the 2025 budget, and the licensing is required to continue the use of the Telecommunications datacenter, I concur with the Telecommunications Division Manager’s recommendation.

A motion has been prepared for City Council consideration.

**Recommended Motion:**

Pursuant to sections 3.12.030 and 3.12.035(d)(4) of the Ketchikan Municipal Code, I move the City Council authorize the Acting General Manager to procure VMWare licenses from GCSIT in an amount not to exceed \$96,768 annually; authorize funding from the Telecommunications Division’s 2025 Software and Equipment Maintenance Services account (635.04); and authorize the Acting General Manager to execute the procurement documents on behalf of the City Council.



**KPU Telecommunications**

2970 Tongass Avenue  
Ketchikan, AK 99901

Phone (907) 225-1000

FAX (907) 225-1788

## Memorandum

**To:** Delilah Walsh, KPU General Manager

**From:** Dan Lindgren, KPU Telecommunications Division Manager

**Date:** February 21, 2025

**Subject:** **Authorizing the Procurement of GCSIT for VMware in the amount of \$96,768 annually**

The purpose of this memorandum is to request that the KPU General Manager seek City Council approval to authorize the procurement of VMware licenses from GCSIT in the amount of \$96,768 annually. This purchase is in keeping with the 2025 expense budget plan and procures the VMWare licenses required to operate critical core equipment within the KPU Telecommunications Datacenter, thus ensuring the ongoing ability to provide internet services to residential and business customers.

### Background

The equipment provider for the virtualization platform charges periodic VMware license fees – which KPU must pay in order to operate the KPU datacenter. The purchase of VMware licenses allows us to administer the virtualization platform within a single pane of glass management environment. VMWare provides the requisite tools to integrate our storage arrays and converged host clusters. The annual cost for the VMware licenses is \$96,768. Upon payment the licenses will be valid until March 1st, 2026. This purchase of licenses allows us to continue to operate the KPU datacenter under the support and maintenance relationship that was established with VMWare in 2018. This is the first year of a five-year agreement which will lock annualized pricing until March 1<sup>st</sup> of 2030.

This purchase is exempt from competitive bidding pursuant to section 3.12.035d(4) "...to prevent incompatibility with previously purchased equipment...". However, section 3.12.035(d)(4), and section 3.12.030 of the Ketchikan Municipal Code require that the City Council approve the purchase. KPU Telecommunications has received multiple written quotations for the necessary VMWare licenses and GCSIT was the least expensive quote received. Since acquiring VMWare licensing through GCSIT was the least expensive quotation received and GCSIT also has a prior working relationship with KPU Telecommunications, I recommend seeking approval from City Council to authorize this procurement.

The annual licensing cost is included in the 2025 operating budget within the Software and Equipment Maintenance Services account (635.04).

**Recommended Motion:**

Pursuant to sections 3.12.030 and 3.12.035(d)(4) of the Ketchikan Municipal Code, I move that the City Council authorize the General Manager, to procure VMWare licenses from GCSIT in the amount of \$96,768 annually and authorize funding from the Telecommunications Division's 2025 Operations budget under the Software and Equipment Maintenance Services account (635.04).

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



**KPU - VMware Conversion - 384C vSphere Cloud Foundation 5YR  
Annual Pay - 240383484**

**QUOTATION  
#GCS004515 v5**

Quoted To:  
**KPU Telecommunications**  
Jeff Dillard  
2417 Tongass Ave Suite 119D  
Ketchikan, AK 99901  
  
P: (907) 225-1000  
E: jeff.dillard@kputel.us

Prepared by:  
**GCS IT LLC**  
Brian Staley  
4300 B Street, Ste 602  
Anchorage, AK 99503  
  
P: (907) 269-4324  
E: bstaley@gcsit.com

Date Issued:  
**02.20.2025**  
Expires:  
**03.14.2025**

Software

Description	Price	Qty	Ext. Price
<b>VCF-CLD-FND-5 VMware Cloud Foundation 5</b> <b>VMware Cloud Foundation 5 - YR1 (VCF-CLD-FND-5)</b>  <b>Start Date: 03/28/2025</b> <b>End Date: 03/27/2026</b>	\$252.00	384	\$96,768.00
<b>VCF-CLD-FND-5 VMware Cloud Foundation 5</b> <b>VMware Cloud Foundation 5 - YR2 (VCF-CLD-FND-5)</b>  <b>Start Date: 03/28/2026</b> <b>End Date: 03/27/2027</b>	\$252.00	384	\$96,768.00
<b>VCF-CLD-FND-5 VMware Cloud Foundation 5</b> <b>VMware Cloud Foundation 5 - YR3 (VCF-CLD-FND-5)</b>  <b>Start Date: 03/28/2027</b> <b>End Date: 03/27/2028</b>	\$252.00	384	\$96,768.00
<b>VCF-CLD-FND-5 VMware Cloud Foundation 5</b> <b>VMware Cloud Foundation 5 - YR4 (VCF-CLD-FND-5)</b>  <b>Start Date: 03/28/2028</b> <b>End Date: 03/27/2029</b>	\$252.00	384	\$96,768.00
<b>VCF-CLD-FND-5 VMware Cloud Foundation 5</b> <b>VMware Cloud Foundation 5 - YR5 (VCF-CLD-FND-5)</b>  <b>Start Date: 03/28/2029</b> <b>End Date: 03/27/2030</b>	\$252.00	384	\$96,768.00

**Payment Schedule:**

- Payment 1: \$96,768.00 - Due Net30
- Payment 2: \$96,768.00 - Due 3/28/2026
- Payment 3: \$96,768.00 - Due 3/28/2027
- Payment 4: \$96,768.00 - Due 3/28/2028
- Payment 5: \$96,768.00 - Due 3/28/2029

Subtotal: **\$483,840.00**

