

# Agenda Report

DATE: June 12, 2000

TO: CITY COUNCIL  
FROM: CITY MANAGER  
SUBJECT: AUTHORIZATION TO ENTER INTO A CONTRACT WITH METRO UTILITY COMMUNICATIONS GROUP TO OBTAIN CONSULTING SERVICES FOR AN EVALUATION OF THE CITY AS A CABLE TV PROVIDER

## RECOMMENDATION:

It is recommended that the City Council:

- 1) authorize the City Manager to enter into a contract without competitive bidding pursuant to City Charter Section 1002(F) contracts for professional or unique services with Metro Utility Communications Group (MUCG), in an amount not to exceed \$38,000;
- 2) grant the proposed contract an exemption from the competitive selection process of the Affirmative Action in Contracting Ordinance, pursuant to Section 4.09.060[C], contracts for which the City's best interests are served; and
- 3) approve a Journal Voucher authorizing the Director of Finance to transfer \$38,000 from the General Fund Unappropriated Fund Balance to the City Council's budget, account number 81 14-101-101000.

## BACKGROUND:

On March 27, the City Council directed staff to return to Council with a recommendation as to whether the City should consider becoming a provider of cable television services and what technology might be used to provide those services.

In order to provide City Council with a proper assessment, staff determined that there was a need to engage a qualified telecommunications consultant. Normally, staff would have following the competitive selection process outlined in the Affirmative Action in Contracting Ordinance, however, given City Council's desire for a timely analysis, staff undertook an informal process and issued a statement of work to multiple consultants with expertise in the field. Given this, staff is requesting City Council

approval of an exemption from the competitive selection process. The statement of work included the following tasks:

- an evaluation of the cost, risks, and benefits associated with municipal entry into the cable TV market
- identification of the key factors in the decision process (e.g., current cable provider's penetration rate, level of service by the current provider, residential density, and anticipated local competition)
- identification of what technologies will be feasible in the next 3-5 years
- determination if cable service delivery is more appropriately managed by a City department or a separate organization
- identification of alternatives to municipal cable TV service that could reduce rates and improve customer service

The City received 7 proposals by the due date of May 24, 2000. Of the proposals received, five provided a bid for the complete scope of work. These proposals were scored as follows (in descending order):

<b>Consulting Firm</b>	<b>Score</b>
Metro Utility Communications Group	90
Telecommunications Management Corporation	85
Consult First, Inc.	75
Federal Engineering	60
Telecommunication Consulting Services	60

Proposals were scored based on: experience and knowledge in evaluating municipal provision of cable television services; proposed approach to accomplishing the work; proposed timeframe; references; and price.

Staff recommends that the City enter into a contract with Metro Utility Communications Group for an amount not to exceed \$38,000 for the required telecommunications consulting services. Metro Utility Communications Group has provided similar services for the Tacoma, Washington Light Division, which has entered the cable TV and Internet access business, and the Alameda, California Bureau of Electricity, which is in the process of doing so.

In addition to the above proposals, staff also received two proposals that offer an alternative approach. Telecomm Planners and Competitive Communications Group both offered bids for a one-day educational or strategic review session with the City Council. The session would identify: city goals in entering the cable television business; critical success factors for entry into this new market; order of magnitude costs and timeframe; relevant technologies; general organizational requirements; and other service considerations (e.g., Internet access, and telephone service markets that most cable companies are entering). If Council prefers to take part in a one-day informative session, staff recommends contracting with Telecomm Planners, which proposes to

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provide the session at its cost (travel and one-night stay in Pasadena) estimated at \$2,000.

FISCAL IMPACT:

Funding for this contract is available in the unrestricted General Fund Unappropriated Fund Balance account. Funding of this contract will reduce that account balance to \$171,134.

Respectfully submitted,



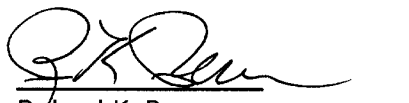
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