

AGENDA ITEM SUMMARY

City Council



STAFF

Chad Crager, Connexion Executive Director
Jeff Rochford, Connexion FP&A Manager

SUBJECT

Resolution 2026-031 Approving an Exception to the Competitive Purchasing Process to Procure Professional Services from Hurricane Electric to Increase Internet Service Provider Capacity for Connexion Broadband.

EXECUTIVE SUMMARY

The purpose of this item is to request an exception to the competitive purchasing process to enter into a five-year agreement with Hurricane Electric for Tier 1 Internet Service Provider (ISP) Services in support of Connexion.

STAFF RECOMMENDATION

Staff recommends adoption of the Resolution.

BACKGROUND / DISCUSSION

Connexion currently utilizes two Tier 1 Internet Service Providers (ISP) to gain access to the Internet backbone: IX Denver, in Denver, Colorado directs internet traffic to the east and Hurricane Electric in Cheyenne, Wyoming directs internet traffic west to Salt Lake City. These two ISPs provide Connexion customers with truly diverse and redundant access to internet services.

Connexion's partnership with Hurricane Electric began in 2021. They are the only Tier 1 ISP within a reasonable distance that provides a diverse path which does not have any overlap with the pathway or service provided by IX Denver.

A Tier 1 ISP is a large, global internet provider that has direct access to all parts of the internet backbone without needing to pay for access to other networks. These providers can deliver internet traffic to and from any location on the global internet without having to rely on third-party networks, making them the highest-level providers of internet services.

Tier 1 ISPs have extensive infrastructure, including major fiber-optic networks, and they interconnect with other Tier 1 providers around the world, ensuring fast, reliable, and high-capacity internet connections. They are the foundation of the internet, often providing service to other, smaller ISPs and large enterprises.

In the context of the City's broadband service, using a Tier 1 ISP ensures the highest level of internet connectivity, minimizing latency and maximizing reliability and capacity for our customers.

Connexion’s customer base continues to expand, and each customer’s bandwidth use also increases over time as home accessories and work applications rely more heavily on internet to function. The City also has an IGA with and provides internet transport services for Estes Park’s municipal broadband service. Between these two customer bases, there are currently reoccurring spikes in internet consumption which consume over 80% of current bandwidth capacity. Connexion seeks to increase internet capacity to continue to serve our community and to fulfill our IGA commitments.

Connexion currently has two 100 Gbps circuits to Hurricane Electric, and this exception would allow for the addition of a third 100 Gbps circuit.

CITY FINANCIAL IMPACTS

The contract will be a multi-year commitment with an annual cost of \$126,000, based on current capacity requirements. A new five (5) year contract allows Connexion to:

- Reduce circuit cost from \$4,400 to \$3,500 per circuit per month.
- Take advantage of preferable pricing for multiple circuits: total costs will increase from two circuits, which are currently \$105,600 per year, to three circuits at \$126,000 per year.
 - This represents an increase of \$20,400 per year for an additional 50% of capacity.
- Save \$43,200 per year compared to quoted single-year agreements.

BOARD / COMMISSION / COMMITTEE RECOMMENDATION

Staff recommends approval of an exception to the use of the competitive bid or proposal in accordance with City Code Section 8-161(d)(1)(a) and 8-161(d)(2) and (3) which authorizes City Council to approve exceptions greater than \$200,000.

The Purchasing Agent may use this approval, as authorized by City Code Section 8-161(d)(4), as the basis for negotiating the additional purchase of services from Hurricane Electric for a five-year term.

PUBLIC OUTREACH

None.

ATTACHMENTS / LINKS

1. Resolution 2026-031