



AGENDA ITEM SUMMARY

City Council

STAFF

Malinda Mascarenas, Sr. Manager, Network Engineering
Jeff Rochford, Manager, FP&A
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SUBJECT

Resolution 2024-134 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

A request for an exception to the use of a competitive bid process for the purchase of a five-year contract for Tier 1 Internet Service Provider Services (ISP). A five-year contract from Hurricane Electric is being brought forward for consideration. The alternative is contrary to the City's best interests for the following reasons:

1. Hurricane Electric is currently one of two ISPs providing Internet services for Connexion. Adding capacity to the existing service and proceeding with a five-year contract reduces the cost of each circuit from \$6,600 each to \$4,400 each for a total of \$8,800 per month. The contract also allows for additional capacity to be purchased at the same discounted rate.
2. Hurricane Electric is the only Tier 1 ISP in Cheyenne, a Tier 1 ISP allows direct access to the Internet backbone without being dependent on other third-party providers.
3. Hurricane Electric provides a divergent path towards Salt Lake City and away from Denver, which is where Connexion's other Tier 1 ISP resides, allowing true redundancy for Connexion services.
4. Utilizing another ISP would require the one-time purchase of additional hardware and professional services for approximately \$60,000.
5. Utilizing Hurricane Electric allows for the use of existing hardware and a one-time purchase of hardware for approximately \$7,500.

Exception to the Competitive Bid or Proposal Rationale:

Code Section 8-161(d)(1)(a). There exists only one responsible source. Although there exists more than one responsible source a competitive process cannot reasonably be used or, if used, will result in a substantially higher cost to the City, will otherwise injure the City's financial interest, or will substantially impede the City's administrative functions or the delivery of services to the public.

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, located in Denver Colorado, directs internet traffic to the east. Hurricane Electric, located in Cheyenne Wyoming, directs internet traffic west to Salt Lake City. The use of these two ISPs provides 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 Internet Service provider within a reasonable distance which provides a divergent path that does not result in traffic transversing 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 our 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. The fact that Hurricane Electric does not direct traffic to Denver allows for Connexion to provide truly redundant and diverse services to Connexion's customers.

Connexion has IGA agreements with and provides internet transport services for Estes Park and Loveland municipal broadband services. Connexion, Estes Park and Loveland broadband services all continue to expand and as a result internet capacity demands continue to grow. There are currently reoccurring spikes in internet consumption which consume up to 80% of current bandwidth capacity. Connexion seeks to increase internet capacity to continue to service our community and to fulfill our IGA commitments.

Growing our contract with Hurricane Electric allows us to quickly respond to the capacity demands without growing our hardware footprint and retaining our accesses to the internet backbone and maintain our divergent paths.

CITY FINANCIAL IMPACTS

Utilizing our existing relationship with Hurricane Electric and moving to a 5 year contract allows Connexion:

- Increased internet capacity and system reliability
- Reduction of circuit costs from \$6,600 to \$4,400 per circuit per month with options to purchase additional capacity at the same reduced costs.
- One-time hardware and professional services savings of approximately \$60,000

BOARD / COMMISSION / COMMITTEE RECOMMENDATION

None

PUBLIC OUTREACH

None

ATTACHMENTS

1. Resolution for Consideration
2. Hurricane Electric Quote