



1/28/2025

Purchasing Division  
City and Borough of Juneau  
155 Heritage Way  
Juneau, AK 99801

Re: Protest of RFP 25-190

In accordance with CBJ Ordinance 53.50.062, Snowcloud Services, LLC (SCS) hereby files its written request for review by the Bidding Review Board of RFP 25-190 "Provision of Internet Services in the Juneau Maritime Industry Zone for the City & Borough of Juneau." SCS again requests that the proposal by North River IT Service Co be found non-responsive and, if the CBJ wishes non-responsive, and/or otherwise disqualified on the basis that North River's proposal fails to meet minimum standards set out in the RFP, the pricing offered is arbitrary and abnormally low, and pre-proposal actions by North River have clouded an otherwise fair and balanced RFP process.

### **#1 Ranked Respondent's Bid is Arbitrary and Abnormally Low**

CBJ should reject North River IT Services Co's proposal as their proposed price is arbitrary and the initial term price is abnormally low and will undoubtedly result in poor performance, delays, and difficulty in project management and cost control. The proposed contract CBJ is entering into is a 5-year contract with renewals. The RFP did not require nor consider a 5-year fixed cost at time of bid thus CBJ will be entering into a de facto sole source for renewal after a potentially fraught and incomplete construction phase where substantial initial losses will need to be recovered.

Further it is apparent that North River intentionally underbid as there is no cost breakdown given for the first year's initial one-time construction, future prices are only based upon the initial year with an arbitrary 3% escalation rather than an estimated recurring cost for operation, and the proposal specifically mentions the need to negotiate a buyout clause indicating North River would need CBJ to both make a contribution to purchasing equipment while also agreeing to repurchase the same equipment. North River themselves does not think their bid price is indicative of estimated or true cost.

Under RFP 25-190 CBJ received 5 proposals and scored pricing based upon the initial term as follows (as calculated from points recorded on score sheets):



Bidder	Points	Cost (from pts)
Alaska Communications	127	\$1,474,574.80
Boldyn	133	\$1,408,052.63
ICE Services	110	\$1,702,463.64
North River	250	\$749,084.00
Snowcloud	217	\$863,000.00

Bidder SCS has significant existing infrastructure inside the MIZ (downtown Juneau) after providing internet and IT services there for over a decade. SCS's price is not reflective of others with no existing infrastructure as evidenced by the remaining bidders: ACS, Boldyn, and ICE. Similarly North River brings no legacy infrastructure nor novel cost savings technology to justify a lower initial cost. The average bid from ACS, Boldyn, and ICE is approximately \$1.52 million to achieve CBJ's requested coverage and performance, or over double the \$749,000 proposed by North River.

Beyond the abnormally low bid price, North River's bid price appears arbitrary. CBJ provided no budgetary estimates in RFP 25-190 and only states that "Funds from the MPF for the FY25/26 Cruise Season are secured..." Later in the RFP it is stated that "Any price/fee proposals that are over the maximum budget may require additional requests for funding and are therefore not guaranteed to be approved for award." The RFP does not mention that the FY25 Marine Passenger Fee Program only requested/funded \$1,000,000 for this project. As such three out of five respondents proposed systems significantly larger than CBJ's budget. This result is problematic as good-faith respondents' pricing is mainly based upon deployed nodes/access points to achieve the requested level of coverage and performance. As such North River's price appears selected only to narrowly avoid award contracting delays associated with certain price thresholds as under CBJ Ordinance 53.50.060 (e) (1), "bids in excess of \$750,000" require assembly approval (and the possibility of additional public scrutiny).

Beyond the obvious bad faith and opacity in North River's pricing, the gamification is strongly to the public's detriment when analyzing total 5-year contract cost. The total proposed 5-year cost by North River is \$3,976,542.72. \$1 million to \$2 million over prices contemplated by all other bidders. ACS and SCS do not offer exact pricing for future years but based upon comparing one-time versus recurring costs stated in their proposals the annual post-construction support appears in the \$100,000/year to \$200,000/year range. ICE proposes a recurring service cost for peak months, April – October, of \$27,382.56 and off-peak months, October – April, of \$5,859.36. Extrapolating ICE's months to an annual cost with 7 months of peak and 5 months of off-peak charges is \$220,974.72. Boldyn's proposal uses a zero upfront capital cost model, however their 5-year package including financing is \$1,403,467.



Summarizing the 5-year estimates in a table (in thousands of dollars):

Bidder	Year 1	Year 2	Year 3	Year 4	Year 5	Total	Savings over North River
North River	\$749	\$771	\$795	\$818	\$843	\$3,977	\$0
Snowcloud	\$863	\$200	\$200	\$200	\$200	\$1,663	\$2,314
Alaska Comm	\$1,476	\$200	\$200	\$200	\$200	\$2,276	\$1,700
Boldyn	n/a	n/a	n/a	n/a	n/a	\$1,403	\$2,573
ICE Services	\$1,708	\$221	\$221	\$221	\$221	\$2,592	\$1,384

#### Response from Purchasing Office:

*Upon review of the pricing provided in all the proposals received, I have determined that River North's proposal was not arbitrary or abnormally low. The price was determined by use of formula and was only 25% of the total evaluation criteria with Understanding & Methodology being 20%, Management Plan being 30% and Experience & Qualifications being 25%. If the price component was removed from the evaluation scoring calculations, North River would still score number one by having the highest total ranking in the three other categories.*

#### SCS rebuttal:

The Purchasing Officer's report does not evaluate or refute any of SCS' protest grounds other than to state that "Upon review of the pricing provided in all the proposals received, I have determined that River North's proposal was not arbitrary or abnormally low."

Secondly, the Purchasing Officer's report contemplates removing price from consideration entirely and still awarding to North River on the basis of formula. The protest grounds SCS has stated are unrelated to the RFP scoring formula. The Purchasing Officer's analysis is of interest as it illustrates how there is a broader issue that remains unresolved by formula analysis. Suppose North River had bid \$1 for Year 1 and simply added \$200,000 to the renewal price in Years 2 through 5? Would the Purchasing Officer's conclusion remain the same? Why is a 50% underbid in Year 1 and a 200% overbid on the total contract value acceptable and not to the detriment of the City?

When entering into contracts and for the performance of contracts there is the covenant of good faith and fair dealing. As the attached CBJ Standard Terms and Conditions for a "Qualified Vendor" allude: "A responsible vendor has the capability in all respects to fully perform all of the contract requirements, and the experience, integrity, perseverance, reliability, capacity, facilities, equipment and credit, which will assure **good faith** performance." Further the same CBJ Standard Terms and Conditions state, "A response may be rejected and considered **non-**



**responsive** for, including but not limited to, the following reasons: ... If the response contains any excessively unbalanced prices (either above or below a reasonable price) to the detriment of the City; ..." There is a clear detriment to CBJ to overpay for services and there is a clear issue with CBJ covering the contractor's risk to accept an underbid proposal to the detriment of itself and other bidders who have responded in good faith to price CBJ's actual proposed project/performance criteria.

**#1 Ranked Respondent Does Not Regularly and Routinely Engage in Services Sought**  
**#1 Ranked Respondent's Proposal Fails to Incorporate Required Technical Qualifications**

RFP 25-190 states that "The Contractor **must have** [emphasis] the necessary experience, organization, technical qualifications, skills, and facilities..." However North River's proposal fails to incorporate any key personnel or subcontractors with the specific technical qualifications and required licensing to perform the construction and engineering contemplated in the project.

North River, like other bidders, contemplates installing equipment on light poles, thus necessitating changes to the existing electrical systems. Electrical engineering, electrical contractors, and electricians all require licensing from the State of Alaska. Neither North River, its proposed construction subcontractor Linkup Alaska LLC, nor the proposed high school students are licensed to do electrical work in the State of Alaska.

All other bidders incorporated qualified, experienced, reputable, and licensed electrical contractors in their proposals. SCS proposed using Alaska Electric and Chatham Electric. ICE proposed using Chatham Electric and Valley Electric. Boldyn proposed using Fullford Electric. ACS proposed using Chatham Electric. SCS, ICE, and ACS also incorporated licensed electrical engineering services.

**Response from Purchasing Office:**

*The intent of this statement in an RFP is to ensure that providers are capable of providing the services as described, but it does not limit proposers on how they are able to provide the services, whether that be through the use of partnerships or subcontractors. The evaluation committee found that North River met this RFP requirement. North River scored the most by providing what the committee determined to be the best plan for the project by providing their approach to installation and configuration, equipment, security management, network monitoring, troubleshooting, and capacity planning.*



*North River provided multiple references to successful similar projects, therefore CBJ has no reason to believe that they would not be successful in completing this project. Additionally, North River has successfully worked on other projects for CBJ and has shown that they can deliver as promised and within their proposed budget.*

*All consultants and subcontractors will be completely vetted during any contract negotiations. CBJ is confident that the proposed partners named in the North River organizational chart are licensed and do have detailed experience that would suggest they can complete the project.*

#### **SCS rebuttal:**

The Purchasing Officer's report states: "CBJ is confident that the proposed partners named in the North River organizational chart are licensed and do have detailed experience that would suggest they can complete the project."

Again, SCS reiterates that the project contemplates electrical and engineering work that requires licensure in the State of Alaska. The proposed subcontractors in the North River proposal do not hold licenses required to perform such electrical and engineering work as verifiable in the publicly accessible State of Alaska database. Or alternatively stated, North River's proposal does not mention or attest to hold such licensing. There is no lower bar to be minimally compliant, i.e. responsive, other than to have the licenses required to complete the project contemplated in the RFP.

If CBJ simply allows North River to add additional subcontractors post award, as CBJ will inevitably be forced to do, then CBJ cannot also look past the creation of the non-responsibility issues whereas CBJ's evaluators scored a proposal that was materially lacking in minimal licensing for "Experience and Qualification" with scores of 10/10, 8/10, and 8/10. (9/10 is not an allowed score.)

Furthermore, if CBJ believes that North River (or its named subcontractors) regularly and routinely engages in the services sought, why do they not have the minimally required licensing and why have they not presented such licenses in their RFP response?



## **#1 Ranked Respondent References Advantages Provided By CBJ**

Page 14 of North River's proposal states that one of its key experiences is that North River "joined Frontera on-site during the comprehensive RF study in Juneau." This statement is extremely odd and begs additional explanation on how this is not a disqualifying conflict.

CBJ previously asked for feedback on a public Wi-Fi system for downtown Juneau under RFI 24-116. One of the feedback items provided under RFI 24-116 was that Juneau's downtown core has a very difficult (crowded/congested/noisy) RF environment and that CBJ should complete a radio frequency study. The purpose of such a study is to understand where existing RF sources are located such that CBJ does not install RF equipment that renders existing (and CBJ's once installed) equipment inoperable.

CBJ subsequently issued Quick Quote 24-370 titled "Radio Frequency Study for CBJ IT". The contract was subsequently awarded to Frontera Consulting Group, LLC for \$24,800.00. Frontera then completed a "study", which was provided as additional information for the current RFP 25-190. Frontera did not however complete an academic and neutral RF study in which they surveyed RF levels throughout downtown Juneau to identify RF sources and recommend technological or geographic mitigations for future wireless system designers to take into account. They instead provided a desktop layout and what reads like a proposal by a "full-service and turn-key specialized wireless consulting and integrator group" to provide a Wi-Fi system. The "study" even includes marketing material on Frontera including summaries of previous projects of similar deployments. (For comparison this is all information similar to that CBJ then expected proposers to create/verify on their own in order to respond to RFP 25-190.)

North River's proposal is entirely based upon Frontera's work. However, this is not the same work Frontera's gave to CBJ. North River states on page 5 of their response that, "The original comprehensive RF study was missing part of Zone B. The updated design now has Wi-Fi coverage throughout all of Zone A & B of the MIZ."

What sequence of events essentially led to CBJ paying to prepare North River's proposal? Nothing in North River's proposal indicates that Frontera and North River have ever worked together on a project. Per their own proposal their only mutual experience is to be "on-site" in Juneau. How did North River know when Frontera would be "on-site"?

## **#1 Ranked Respondent References Close Relationships**



As stated above, North River IT previously held a contract with JSD. Mr. Murray oversaw North River's contract until he became the CBJ's IT Director in 2022. At that time, Ms. Derr took over his position and continued the oversight of North River's contract until she closed it out on April 27, 2024. Prior to 2018 and until current time, there is no indication that North River has provided services in Juneau beyond that of the JSD contracts that were all awarded and managed by the same people.

In September 2024, Ms. Derr left her long-standing job at JSD to join North River as a Project Manager, a position listed as hybrid on LinkedIn. This decision appears timed to coincide with the impending release of RFP 25-190 as to our knowledge North River has no significant presence in Juneau.

In an email from CBJ Purchasing to SCS concerning the discussion topics during the review conference, it was stated that one of the reasons North River and SCS received higher scores in this process was because of their "local established offices". There is a clear acknowledgment by the reviewers that opening a local office months before and hiring a previous colleague located in Juneau was a successful strategy for improving North River's ranking.

These above stated events suggest a potential preference for North River in the RFP process. Close relationships in such circumstances can lead to favoritism. This in and of itself is not necessarily evidence of an issue nor is a conflict of interest from employment per CBJ Ordinance being alleged. However, there are clearly many ethical issues presented in the preparation of and within North River's proposal beyond that of their material non-compliance with RFP requirements.

**Response from Purchasing Office:**

*Any allegations of impropriety or bias is unfounded. The CBJ Purchasing Division makes it a priority to ensure that no conflicts of interest are involved when making decisions in the RFP process and have a multi-level system in place to filter out possible conflicts to verify a fair and equitable decision-making process.*

**SCS rebuttal:**

Although the Purchasing Office feels there is no conflict of interest due to its multi-level system (policies and procedures) the response does not address or even acknowledge that there is a clear issue-- through no fault of CBJ's-- that a sequence of events by certain Vendors created an unlevel playing field.



### **Further concerns that need to be reviewed**

The issues presented in SCS' protest are presented in the framework of the protest process. SCS has additional concerns about the technological solution presented in the RFP and the North River proposal that are not included here. For example, North River has absolutely zero reference to the existing fragile wi-fi environment in the Maritime Industrial Zone. There is no reference to working with existing businesses and residents to ensure there will be no adverse effects of this system on the existing wireless infrastructure. The winning proposal made no mention of frequency coordination with existing Internet and wi-fi service providers in the area. How can the winning bidders scores not reflect the lack of understanding or acknowledgement of the existing wi-fi environment in the "Understanding and methodology", "Management Plan" and "Experience and Qualification" scoring sections? This is a serious omission.

In the preproposal teleconference SCS and other vendors brought up the importance of understanding and the fragile existing wi-fi environment in the Maritime Industrial Zone. There is significant wireless infrastructure in place from existing businesses and residents that can be adversely affected by a project that is implemented without coordination with those existing entities. The potential for adverse effects and monetary losses has not been addressed by CBJ.

### **Conclusion**

For the above-mentioned reasons SCS requests this matter be forwarded to the Bidding Review Board and a hearing date be established.

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