



1/7/2025

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 protest of RFP 25-190 "Provision of Internet Services in the Juneau Maritime Industry Zone for the City & Borough of Juneau." SCS requests that the proposal by North River IT Service Co be found non-responsive and 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. That is to say 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

#1 Ranked Respondent Does Not Regularly and Routinely Engage in Services Sought

RFP 25-190 states that “The Contractor **must be** [emphasis] be regularly and routinely engaged in the business of the provision of professional internet services.” North River IT does not regularly engage in such business. North River is an IT company, not an internet service provider (ISP).

North River IT’s history in Juneau can be traced to 2018 when it was awarded Juneau School District’s (JSD) RFP 2018-WI. The RFP was unique as it represented a shift at JSD to managed services reimbursed through Universal Service Administration Co (USAC) instead of previous CBJ/JSD infrastructure projects that were design-bid-build and JSD operated. The RFP was written and administrated by the JSD IT Officer, Chris Murray.

North River IT has since been the sole provider of USAC-funded “Managed Internal Broadband Services” to JSD through present. USAC shows the last action taken on the contracts held by North River IT was on 4/27/24 where Kristina Derr canceled North River’s contract. Subsequent activity shows JSD processing a 2023 invoice for USAC reimbursement on 10/28/2024.

The delineation between an IT company who provides services to a single entity typically within the bounds of that entity’s building/property and that of an ISP which operates across public lands (rights-of-way, etc.) to a point of demarcation on private property requires an ISP to be more capable to maintain compliance with relevant laws, regulations, etc. As further highlighted below North River’s proposal illustrates their lack of understanding and qualification to complete a public project such as that contemplated in RFP 25-190.

#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.

#1 Ranked Respondent Proposes to Use Students to Complete Construction

Page 3 of North River’s proposal states under Item 5. “Through our partnership with the Juneau School District, career and technical education (CTE) students will gain hands-on experience by assembling masts, providing dock support, [emphasis] and ultimately gaining employment through this project.” Ignoring for a moment how North River intends to comply with local, state, and federal labor laws while utilizing underage minors physically on site on a dock during winter completing hazardous construction work. The statement shows that North River clearly lacks staffing to perform the project, does not offer a reasonable plan for obtaining staffing, and demonstrates a lack of understanding related to the various labor-related compliance procedures required public projects, CBJ, and by the RFP.

#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 aforementioned 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.

Conclusion

For the above-mentioned reasons SCS requests CBJ find the proposal by North River IT Service Co as non-responsive and disqualified from RFP 25-190.

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