Cable TV Franchise Renewal
City of University Place

Click! Network

Public Utility Board
Study Session
August 9, 2017
Background

• Originally granted in 2003 for 10 years
• Extended to 2/28/2015
• Renewal requested November 2014
• UP had other priorities for its limited resources
• Resumed negotiations in early 2017
• Anticipate going to UP City Council in next few weeks
# Terms and Conditions

<table>
<thead>
<tr>
<th>Term</th>
<th>10 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rights Granted</td>
<td>Construct, operate, maintain, reconstruct and upgrade for the purpose of providing Cable Services</td>
</tr>
<tr>
<td>Obligations</td>
<td>To provide Cable Services</td>
</tr>
<tr>
<td>Geographic Scope</td>
<td>Within the Franchise area – jurisdictional boundaries of Grantor &amp; annexed</td>
</tr>
<tr>
<td>Relocation</td>
<td>At Grantee’s expense if City required; upon 90 days’ notice</td>
</tr>
<tr>
<td>Franchise Fee</td>
<td>5% of gross video revenue, as defined therein</td>
</tr>
<tr>
<td>Utility Tax</td>
<td>6%</td>
</tr>
<tr>
<td>Access Fee</td>
<td>$0.50 per subscriber residing in UP</td>
</tr>
<tr>
<td>Indemnity by City</td>
<td>None</td>
</tr>
<tr>
<td>Indemnity by Franchisee</td>
<td>Any casualty or accident to person or property arising by reason of any act done under Franchise; any damages or claims from failure to relocate; any claim arising out of grant of Franchise; any failure to secure consents for programs</td>
</tr>
<tr>
<td>Assignment</td>
<td>Prior written consent by way of ordinance or resolution</td>
</tr>
<tr>
<td>Extension</td>
<td>No provision for extension of term</td>
</tr>
<tr>
<td>Effective Date</td>
<td>Upon the date on which it is accepted in writing by Grantee</td>
</tr>
<tr>
<td>Acceptance</td>
<td>Within 6 months of effective date of ordinance granting Franchise</td>
</tr>
</tbody>
</table>
## Summary of Changes

<table>
<thead>
<tr>
<th>ITEM</th>
<th>SUMMARY OF CHANGES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Language Updates</td>
<td>Removed obsolete language and redundant definitions; made terms specific to video services; clarified meanings; made consistent with Federal law</td>
</tr>
<tr>
<td>Use of Rights-of-Way</td>
<td>Removed exclusion of wireless facilities; deleted rock saw provision; changed Grantee burden by inserting “endeavor to”</td>
</tr>
<tr>
<td>Franchise Fee</td>
<td>Preserved Grantor right to impose greater fees if allowable under Federal law</td>
</tr>
<tr>
<td>Duration</td>
<td>Added provision to be coterminous with other cable operator’s expiration if later than expiration date provided for in Franchise</td>
</tr>
<tr>
<td>Rates</td>
<td>Removed 12 consecutive month limitation on rate discounts</td>
</tr>
<tr>
<td>Self-Insurance</td>
<td>Added Grantee obligation to defend as well as indemnify</td>
</tr>
<tr>
<td>Confidentiality</td>
<td>Made Public Records Act mutually applicable</td>
</tr>
<tr>
<td>Capital Fee</td>
<td>Affirmed continuing obligation</td>
</tr>
<tr>
<td>Access Channels</td>
<td>Decreased obligation for 5 channels down to 2 channels</td>
</tr>
<tr>
<td>Return Lines for Access Channels</td>
<td>Made specific to facilities as they exist today; preserved obligation to build additional return line in future, at Grantor’s expense</td>
</tr>
<tr>
<td>Technical Quality of Access Channels</td>
<td>Changed Grantee burden to not require quality greater than that of signal received</td>
</tr>
<tr>
<td>Relocation of Facilities</td>
<td>Clarity and detail added; provides for obligations specific to City required requests; allows for 90 day notice to Grantee; provides Grantee ability to submit alternative proposals for consideration; provides for pro rata cost sharing if relocation required in less than 15 year life expectancy of facilities</td>
</tr>
<tr>
<td>Service Availability</td>
<td>Adds definition of Standard Installation to be distance limited to 125’ from existing facilities</td>
</tr>
<tr>
<td>Customer Service Standards</td>
<td>Changed to be consistent with Federal standards</td>
</tr>
</tbody>
</table>
The division is responsible for acquiring goods and services in a manner that complies with federal, state and local laws, including the Tacoma City Charter and Tacoma Municipal Code, as well as applicable ordinance, rules and policies.

*Services provided to both General Government and Tacoma Public Utilities*
PROCUREMENT SERVICES

**Sourcing**
- Procurement Consultation
- Bid facilitation (RFB, RFP, RFI, RFQ):
  - 700 Competitive Solicitations annually
- Contract Award Coordination
  - 800+ contracts annually
  - 427 Waivers annually
  - $40M Purchase Orders annually (95% ≤ $5,000)
- Procurement Card Program Administration

**Strategic Procurement**
- Trend/Market Analysis
- Citywide Contract Administration
- Small Works, Architectural and Engineering Roster Administration

**Governance**
- Bid Protests Due Process
- C & A Board Coordination
- City Council and Public Utility Board Purchase Agenda Coordination
- Surplus Property Sale/Disposition
- Establish and Maintain Policies/Procedures
## ACCOUNTS PAYABLE SERVICES

### Payments
- Invoice and Payment Processing
  - 57K invoices annually
  - $300M annual spend

### Special Payment Services
- Power Netting
- Payment Facilitation
- Click! Refunds
- Conservation Program Rebates

### Governance
- Legal Compliance
- Tax Audit
- IRS Reporting
- Travel & Employee Reimbursements
GOVERNING STATUTES

Federal
Washington State (RCW)
Tacoma City Charter
Tacoma Municipal Code (TMC)
Purchasing Policy Manual
STATE AND CITY CODES

TACOMA MUNICIPAL CODE (TMC) 1.06.254

“Except as otherwise provided in this chapter, all purchases shall be by competitive solicitation.”

– Ordinance 27777 Revised Purchasing Code, January 6, 2009

REVISED CODE OF WASHINGTON (RCW)

Competitive solicitation required for contracting Architectural and Engineering (A&E) Services

– Chapter 39.80 RCW
COMPETITIVE SOLICITATION PROCESS

- **$5K**
  - Department Delegated Authority
  - Non-Repetitive Purchases

- **$25K**
  - 3 Written Quotes

- **$200K**
  - Informal Solicitation
  - Small Works Roster for Public Works

- **>$200K**
  - Formal Sealed Solicitation: Request for Bid (RFB), Request for Proposals (RFP), Request for Qualifications (RFQ)

Contract terms are generally limited to 5 years
APPROVAL HIERARCHY: TPU

- **Purchasing (>5K)**
  - > $200K: Public Utility Board
  - > $200K: Board of Contracts and Award (C&A)
  - > $50K: Director of Utilities
  - $25K - $50K: Superintendent / Deputy Director
  - ≤ $25K: Section Manager
  - ≤ $5K: Department
BOARD OF CONTRACT AND AWARDS

AWARD OR REJECTION OF PURCHASES AND CONTRACTS OVER $200,000 PRIOR TO CITY COUNCIL AND UTILITY BOARD ACTION

1 - Finance
1 - Legal

C & A Board

2 - TPU Appointees
2 – GG Appointees

✓ Contract awards and increases
✓ Sole Source and Not Practicable to Bid Waivers
✓ Sale of surplus property
✓ Due Process for Protests over $200,000
✓ Excludes direct negotiation, emergency waivers and real estate transactions
CONTRACT APPROVAL >$200K

GOVERNING BODY APPROVAL

TMC 1.06.268-269 total gross (potential aggregate) value of contracts be presented before governing body for approval wherever possible, including optional renewals, extensions, contingency costs on construction contracts, etc.

<table>
<thead>
<tr>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Year 4</th>
<th>Year 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>$60,000</td>
<td>$60,000</td>
<td>$60,000</td>
<td>$60,000</td>
<td>$60,000</td>
</tr>
<tr>
<td>$60,000</td>
<td>$120,000</td>
<td>$180,000</td>
<td>$240,000</td>
<td>$300,000</td>
</tr>
</tbody>
</table>
AGENDA

Overview and Governance

Competitive Solicitation Waivers

Cooperative and Interlocal Agreements

By the Numbers

Q & A
COMPETITIVE SOLICITATION WAIVERS

WAIVER:
If deemed to be in the public interest, competitive bidding may be waived. Types of waivers include:

1. DIRECT SOLICITATION AND NEGOTIATION
2. SOLE SOURCE
3. NOT PRACTICABLE TO BID
4. EMERGENCY
DIRECT SOLICITATION AND NEGOTIATION

POLICY TMC 1.06.256

• In specific circumstances, such as highly specialized services, it is in the City’s best interest, to select a vendor outside the normal competitive process.

• City Manager, Director of Public Utilities or their respective designee must approve direct solicitation and negotiation waivers.

• For Professional and Personal Services, excluding A&E Services
# OTHER WAIVERS

<table>
<thead>
<tr>
<th>Waiver</th>
<th>Conditions</th>
<th>Approval Thresholds</th>
</tr>
</thead>
</table>
| Sole Source            | • When it is only feasible to obtain a good or service from one supplier or service provider  
                        NOTE: Waiver approval limited to a three-year term                                                                                                                                         | < $200,000 Purchasing Manager  
                      > $200,000 Purchasing Manager  
                      Director of Utilities (TPU)  
                      C & A Board  
                      Utility Board (TPU)          |
| Not Practicable to Bid | • An immediate and important need for goods or services where the delay that would result from following the requirements of the competitive solicitation process would cause financial loss to the City or an interruption of vital services to the public.                                                                                                                                                             |
| Emergency              | • A situation that is a threat to public safety, health or welfare  
                        • Requires immediate acquisition or repair to preserve or prevent damage or loss to public property, City operations and business, machinery or equipment.                                                                                                                      | $5,001 - $200,000 Purchasing Manager  
                      > $200,000 Purchasing Manager  
                      Director of Utilities (TPU)  
                      C & A Board  
                      Utility Board (TPU)          |
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- By the Numbers
- Q & A
COOPERATIVE/INTERLOCAL PURCHASING AGREEMENTS

- A purchasing cooperative is an agreement by two or more entities to combine demand to get lower prices or better terms from a supplier(s).
- Growing trend by governmental entities
- Commonly referred to as “Piggyback” purchases

<table>
<thead>
<tr>
<th>Considerations</th>
<th>Advantages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Must meet State and City requirements for solicitations</td>
<td>Aggregating the spend of several public bodies with competitively sourced suppliers to maximize buying power</td>
</tr>
<tr>
<td>Price</td>
<td>Volume pricing and superior contract terms</td>
</tr>
<tr>
<td>Availability of required items or services</td>
<td>Allows entities to focus on procurement and negotiation for their area of “specialty”</td>
</tr>
<tr>
<td>Frequency of purchase or one-time buy</td>
<td></td>
</tr>
<tr>
<td>Level of service</td>
<td></td>
</tr>
</tbody>
</table>
INTERLOCAL EXAMPLES

CURRENTLY THE CITY OF TACOMA HAS 159 SIGNED INTERLOCAL AGREEMENT ON FILE. A FEW OF THE MOST WIDELY USED ARE:

- Washington Department of Enterprise Services
- City of Seattle
- King County
- University of Washington
- Sound Transit
- Snohomish County PUD No. 1
## COOPERATIVE EXAMPLES

<table>
<thead>
<tr>
<th>Cooperative</th>
<th># of Suppliers</th>
<th># of Contracts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Association of Educational Purchasing Agencies</td>
<td>29</td>
<td>31</td>
</tr>
<tr>
<td>National Association of State Procurement Officials</td>
<td>346</td>
<td>61</td>
</tr>
<tr>
<td>National Cooperative Purchasing Alliance</td>
<td>156</td>
<td>77</td>
</tr>
<tr>
<td>National Intergovernmental Purchasing Alliance</td>
<td>39</td>
<td>28</td>
</tr>
<tr>
<td>National Purchasing Partner – Government</td>
<td>52</td>
<td>29</td>
</tr>
<tr>
<td>The Cooperative Purchasing Network</td>
<td>193</td>
<td>78</td>
</tr>
<tr>
<td>The National Joint Powers Alliance</td>
<td>215</td>
<td>183</td>
</tr>
<tr>
<td>U.S. Communities</td>
<td>44</td>
<td>36</td>
</tr>
</tbody>
</table>
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The City is transitioning to SAP Ariba, an online e-commerce platform that will enable the adoption of modern procurement practices:

- Electronic POs
- Contracts
- Supplier Registration
- Electronic Bidding
- E-Catalog shopping
- Better data and reporting
- Strategic procurement
- Elimination of manual processes
# TPU CONTRACTS

<table>
<thead>
<tr>
<th>Year</th>
<th># of Contracts</th>
<th>Total Current Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>233</td>
<td>$92M</td>
</tr>
<tr>
<td>2010</td>
<td>304</td>
<td>$91M</td>
</tr>
<tr>
<td>2011</td>
<td>238</td>
<td>$236M</td>
</tr>
<tr>
<td>2012</td>
<td>250</td>
<td>$69M</td>
</tr>
<tr>
<td>2013</td>
<td>247</td>
<td>$71M</td>
</tr>
<tr>
<td>2014</td>
<td>255</td>
<td>$73M</td>
</tr>
<tr>
<td>2015</td>
<td>292</td>
<td>$156M</td>
</tr>
<tr>
<td>2016</td>
<td>238</td>
<td>$36M</td>
</tr>
</tbody>
</table>

The graph shows the number of contracts and their total current value over the years 2009 to 2016.
TPU CONTRACTS BY PROCUREMENT TYPE: 2009-2016

- Competitive Solicitation (RFB, RFP, RFQ): 1153 (58%)
- Exempt/ Misc Invoice Policy: 187 (9%)
- Interlocal/Cooperative: 77 (4%)
- Sole Source Waiver: 106 (5%)
- Not Practicable to Bid Waiver: 20 (1%)
- Emergency Waiver: 13 (1%)
- Direct Solicitation and Negotiation Waiver: 447 (22%)
TPU CONTRACT VALUE BY PROCUREMENT TYPE: 2009-2016

- Competitive Solicitation (RFB, RFP, RFQ): $615M (75%)
- Exempt/Misc Invoice Policy: $60M (7%)
- Direct Solicitation and Negotiation Waiver: $41M (5%)
- Sole Source Waiver: $19M (2%)
- Interlocal/Cooperative: $83M (10%)
- Not Practicable to Bid Waiver: $5M (1%)
- Emergency Waiver: $1M (0%)
**GG & TPU Top Contract Categories**

- **Construction Services**: $660M (35%)
- **Professional Services**: $391M (21%)
- **Externally Contracted Services**: $355M (19%)
- **Building Rent/Lease**: $76M (4%)
- **Electric Supplies**: $50M (3%)
- **Operating Supplies**: $36M (2%)
- **Software & Licensing**: $31M (1%)
- **Housing Services**: $19M (1%)
- **Consulting Mgmt**: $18M (1%)
- **Repair & Maintenance Services**: $17M (1%)
- **Other**: $15M (1%)
- **Total**: $216M (11%)
- **Total**: $660M (35%)

**Charts and Diagrams**

- Pie chart showing the distribution of contract categories by dollar amount and percentage.
- Bar chart with detailed breakdown of each category.
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FINANCE PROCUREMENT AND PAYABLES

Thank You!!