



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL DATE: FEBRUARY 26, 2019

FROM: INNOVATION AND TECHNOLOGY DEPARTMENT WARDS: ALL

SUBJECT: REQUEST FOR PROPOSAL NO. 1825 – BROKER SERVICES FOR THE SALE OF CITY-OWNED INTERNET PROTOCOL ADDRESSES – PROFESSIONAL CONSULTING SERVICES AGREEMENT WITH A TERM ENDING NOVEMBER 30, 2019

ISSUE:

Approve a Professional Consulting Services Agreement with a term ending November 30, 2019 to Hilco IP Services, LLC, doing business as Hilco Streambank, of New York, New York, in response to Request for Proposal No. 1825 for Broker Services for the Sale of City Owned Internet Protocol Addresses.

RECOMMENDATIONS:

That the City Council:

1. Approve the sale of city-owned Internet Protocol Addresses and the deposit of earned revenue into account number 2405000-375011;
2. Approve a Professional Consultant Services Agreement with a term ending November 30, 2019 to Hilco IP Services, LLC, doing business as Hilco Streambank, of New York, New York, in response to Request for Proposal No. 1825, for Broker Services for the Sale of City-Owned Internet Protocol Addresses; and
3. Authorize the City Manager, or designee, to execute the Professional Consulting Services Agreement, and any supplementary documentation to effectuate and enforce this agreement, including making minor non-substantive changes.

BACKGROUND:

In 1992, the City of Riverside purchased 32,768 (/17 block) Internet Protocol (IP) Addresses. The purpose was to ensure that the City had enough IP Addresses to provide connectivity for all network devices. Almost 2,000 of these addresses were deployed. With the inception and use of Network Address Translation (NAT) and private, non-routable addressing in the mid-to-late 1990s, the City began migrating to private addressing behind a NAT on the firewall making these public, internet-routable addresses obsolete and a surplus.

DISCUSSION:

On May 23, 2018, the City issued Request for Proposal (RFP) No. 1825 for Broker Services for the Sale of City-owned IP Addresses, to seek proposals from qualified companies to provide broker services to assist the City with the sale of 28,762 city-owned IP Addresses. The scope of the RFP stated that the broker shall be responsible for the complete sale from start to finish, include the City on all decisions made regarding the sale, and provide the City with all back-up information and documentation related to the sale for record keeping and auditing purposes. Furthermore, they must make every necessary effort to sell the IP Address Blocks at the best rate possible for the City.

The City received two (2) responses:

Vendor	Location	Ranking
Hilco IP Services, LLC	New York, NY	1
Kalorama Group	Washington, D.C.	Non-responsive

Kalorama Group of Washington D.C was deemed non-responsive leaving one responsive proposal. After evaluating the one response based upon pricing, qualifications, experience with projects in similar size and scope, professional references, and approach and methodology, the City deemed Hilco IP Services, LLC, doing business as Hilco Streambank, a responsive and responsible bidder.

Hilco Streambank will sell the IP Addresses through their interactive auction platform. The IP Addresses will be sold in groups called blocks. The minimum price of each IP Address is \$16.00 but the price can increase based upon auction activity.

Once the City approves a pending sale and the price thereof, Hilco Streambank will facilitate the sale and transfer of each block of IP Addresses to the buyer(s). Hilco Streambank will deduct their commission, in accordance with the terms set forth in Exhibit "B" of the Agreement, and issue sale proceeds to the City within thirty (30) days of City's receipt of confirmation of the completed transfer.

The Purchase Manager concurs that the recommendations are in compliance with the City's current Purchasing Resolution 23256.

FISCAL IMPACT:

The budgeted net revenue for this fiscal year is estimated to be \$100,000 with an additional \$100,000 estimated for fiscal year 2019/20. These funds were committed as an offset to expenditures as part of IT's budget balancing measures. Revenue will be deposited into account number 2405000-375011.

Prepared by: George Khalil, Chief Innovation Officer
 Certified as to
 availability of funds: Edward Enriquez, Chief Financial Officer/Treasurer
 Approved by: Lea Deesing, Assistant City Manager
 Approved as to form: Gary G. Geuss, City Attorney

Attachments:

1. Professional Consulting Services Agreement
2. RFP Recommendation
3. Presentation