



## **REQUEST FOR PROPOSAL NO. 1825 – BROKER SERVICES FOR THE SALE OF CITY OWNED INTERNET PROTOCOL ADDRESSES**

**Innovation and Technology Department**

City Council  
February 26, 2019

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### **BACKGROUND**

1. In 1992 - City purchased 32,768 (/17 block) Internet Protocol (IP) Addresses
2. Provided enough connectivity for all network devices
3. 2,000 of these IP Addresses were deployed



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## BACKGROUND (CONT.)

4. Mid to late 1990s - City began migrating to private addressing behind a Network Address Translation (NAT) and private, non-routable addressing on the firewall
  - a. Internet routable addresses became obsolete and a surplus
5. Proposed to sale the IP Addresses as a way to offset budget expenditures



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## REQUEST FOR PROPOSAL NO. 1825

1. On May 23, 2018 – Issued RFP No. 1825 for Broker Services for the Sale of City Owned IP Addresses
2. The Scope of the RFP included:
  - a. Broker shall be responsible for the complete sale
  - b. City will preapprove all sales
  - c. Broker shall provide City with all sale documentation for record keeping and auditing purposes
  - d. Broker will make every necessary effort to sell the IP Address Blocks



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## REQUEST FOR PROPOSAL NO. 1825

3. The City received two responses:

VENDOR	LOCATION	RANKING
Hilco, IP Services, LLC	New York, New York	1
Kalorama Group	Washington, D.C.	Non-Responsive

4. One responsive proposal evaluated based on:

- a. Pricing
- b. Qualifications
- c. Experience with projects in similar size and scope
- d. Professional references
- e. Approach and methodology



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## REQUEST FOR PROPOSAL NO. 1825

- 5. Hilco, IP Services, LLC, doing business as Hilco Streambank was deemed a responsive and responsible proposal.
- 6. The Purchasing Manager concurs that the recommendation to award is in compliance with the City's current Purchasing Resolution



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## THE SALE PROCESS

1. Hilco Streambank (Hilco) will sell the IP Addresses through their auction platform
2. Addresses will be sold in groups called blocks
3. Set minimum price per Address is \$16.00
4. Price can increase depending on auction activity
5. Hilco will notify the City of all pending sales
6. Sale must be approved by the City



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## THE SALE PROCESS

7. Upon approval, Hilco will process the sale from start to finish
8. Hilco will deduct their commission from the total sale revenue
9. Remaining sale proceeds will be transferred to City within 30 days of confirmation of completed Address transfer
10. Budgeted net revenue for this fiscal year is \$100,000 and an additional \$100,000 in fiscal year 2019/20



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## 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



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## RECOMMENDATIONS (CONT.)

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.



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