

ITEM # 26
DATE: January 8, 2008

COUNCIL ACTION FORM

SUBJECT: WAIVE THE PURCHASING POLICY REQUIREMENT FOR FORMAL BIDDING, AND APPROVE A CONTRACT FOR THE POWER PLANT SCADA SYSTEM UPGRADE

BACKGROUND:

The City of Ames Power Plant has a Supervisory Control and Data Acquisition (SCADA) system to monitor and control electric generation, distribution and transmission from the Power Plant to critical power substations throughout the City and interconnection points with neighboring electric utility systems. The existing system was installed in 2001 and had the last software update in 2003. No software updates have been done since 2003 due to hardware and operating system constraints.

Upgrading the SCADA system is necessary at this time to comply with interconnection requirements of the Midwest Independent System Operator (Midwest ISO or MISO) regional transmission organization. MISO is the organization that manages the high voltage electric transmission system in the upper Midwest and oversees the importation of power into Ames. MISO will require the Ames Power Plant to use an Inter-Control Center Communication Protocol (ICCP) by Fall 2008 to be able to exchange real time information between Ames and MISO. Our current SCADA system will not support the required ICCP functionality.

In addition to complying with this ICCP requirement, upgrading the SCADA system will allow for a number of improvements to operations:

- Installation of a new operating system (Microsoft no longer supports our existing system, Windows NT 4.0)
- Better management and accounting of daylight savings time changes
- USB functionality which is the current preferred method for peripheral devices, such as new monitors, printers, keyboards, scanners, etcetera.
- Updating of SCADA system software to take advantage of recent operational improvements and security enhancements
- Position the Ames Power Plant to better respond to anticipated NERC (North American Electric Reliability Corporation) requirements in the near future

Upgrading our existing SCADA system is more cost effective than replacing the entire system. Another municipal electric utility in Iowa recently replaced its older SCADA system with a new system from our current supplier, Open Systems International, Inc. (OSI) at a cost in the \$800,000 - \$900,000 range. The other utility chose OSI over several competing proposals. Seven years ago, when we last replaced our SCADA system, bids for replacement systems ranged between \$321,000 and \$1,200,000.

Considering temporal and technological inflation since 2000, we would project system replacement to currently cost between \$500,000 and \$1,500,000.

Upgrading our existing SCADA system would require a single-source purchasing arrangement with our current SCADA software supplier, OSI.

Due to these factors, Electric Services staff requests that the City Council waive the City's purchasing policies requiring formal competitive bids and award a contract for upgrade to our SCADA system to Open Systems International, Inc., Minneapolis, MN.

The FY 2007/08 CIP has \$150,000 budgeted for work on this project.

ALTERNATIVES:

1. The City Council may waive the purchasing policy requirement for formal bidding procedures and award a contract in an estimated amount of \$126,674.00 plus applicable sales taxes and approved travel expenses, to Open Systems International, Inc., Minneapolis, MN, for the Power Plant SCADA Upgrade project.
2. Post the SCADA upgrade and secure competitive bids for a new system.

MANAGER'S RECOMMENDED ACTION:

The Electric Utility is required to improve the SCADA system by regulatory authorities. In addition, it is in the City's best interest to improve the SCADA system in a timely and cost effective manner.

Therefore, it is the recommendation of the City Manager that the City Council adopts Alternative No. 1, waiving the purchasing policy requirement for formal bidding and awarding a contract in an amount of \$126,674.00 plus applicable sales taxes and approved travel expenses, to Open Systems International, Inc., Minneapolis, MN, for the Power Plant SCADA Upgrade project