

COUNCIL ACTION FORM

SUBJECT: AWARD OF CONTRACT FOR PRIME TIME POWER DIGITAL CONTROL UNIT (DCU) SWITCHES

BACKGROUND:

This project involves the purchase of 2,000 DCU switches needed for the load management system. The load management system consists generally of a personal computer based Master Control Station and load control software capable of controlling all remote load switches located in residential and small business central air conditioners. The Load Management System provides the following minimum functions: (1) controls the operation of customer central air conditioners by interrupting the thermostat circuit; (2) utilizes real time load data from existing SCADA analog input to monitor system load; (3) provides automatic and/or operation initiated manual control of Remote Load Switches; (4) stores load control command activity and system loads in a load control database; and (5) allows independent control of multiple end-user groups

The load management system has been in place since 1992. Since then, about 9,000 switches have been installed giving the utility the ability to reduce load by an estimated 3 MW. On average Electric Services installs around 500 per year. It should be remembered that this air conditioner load management, better known as Prime Time Power, is a voluntary program.

On March 2, 2011, the request for proposal (RFP) document was issued to nine firms for proposals. The RFP was advertised on the Current Bid Opportunities section of the Purchasing webpage and it was also sent to one plan room. Despite our best efforts, staff received a competitive proposal from only one firm on March 25, 2011.

Entek Systems, Inc., Sautee, GA	\$132,060.00
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Electric Services staff reviewed the proposal and concluded that it is acceptable. Entek Systems, Inc. is not licensed to collect sales taxes for the State of Iowa. The City of Ames would pay applicable Iowa Sales Taxes directly to the State of Iowa.

Staff believes that the reason only one proposal was received was due to the fact that most companies are moving beyond old, first generation technology which is what the City continues to require. Many companies are moving to digital and wireless technologies to piggyback onto automated meter infrastructures. An additional reason could be that the City is asking for a specific frequency of radio transmission signal to be used. The FCC is changing rules on bandwidth and frequency use in the near future and it may be that companies are hesitant to bid due to the new rules.

Staff also feels that if the City did not require new switches to be compatible with the City's existing transmission frequency then we may have received more responses. However this will create a dilemma because the City would have to not only buy the most technologically advanced switches, but also purchase the equipment to control them. Additionally, if the new technology was purchased then the City would have to either change out every old switch for a new one (very expensive), or the City would have to keep two systems running side-by-side taking up space and complicating the City's program.

Staff recommends that the City purchase these switches which will replenish our inventory and meet our needs for the next 3-4 years. This will allow staff enough time to evaluate the options available to determine the future direction of equipment to be used for the Prime Time Power program.

Council should also note that the DCU switch unit price of \$66.03 received from Entek Systems is less than what the City paid for them last time which was also from this same supplier. The last price paid per unit was \$69.39 so the current price represents a \$3.36 per unit savings for the City compared to the previous purchase.

The approved FY 2010/2011 operating budget for Smart Energy contains \$200,000 that will be used for this purchase.

ALTERNATIVES:

1. Award a contract to Entek Systems, Inc., Sautee, GA, for the purchase of 2,000 DCU switches in the amount of \$132,060.00, plus applicable sales taxes to be paid directly by the City of Ames to the State of Iowa.
2. Reject the single proposal received and direct staff to delay purchase of these switches.

MANAGER'S RECOMMENDED ACTION:

Purchase of these DCU switches ensures continued efficient operation of the Prime Time Power program. Also, by purchasing the switches from this manufacturer staff can maintain uniformity throughout the program which could result in lower costs and greater service efficiencies. Additionally, the purchase of these switches will buy the City a few years to perform their due diligence in evaluating which technology to go with going forward.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, awarding a contract to Entek Systems, Inc., Sautee, GA, for the purchase of 2,000 DCU switches in the amount of \$132,060.00, plus applicable sales taxes to be paid directly by the City of Ames to the State of Iowa.