

**COUNCIL ACTION FORM**

**SUBJECT: EMERSON SURESERVICE CONTRACT FOR POWER PLANT**

**BACKGROUND:**

This contract is for providing support to the Emerson Ovation control system utilized by equipment in the Power Plant. This system is the main software driving our Distributed Control System (DCS). The system is crucial because it controls almost all of the equipment throughout the Power Plant. The support to this system is critical for continued reliability and maintainability.

Emerson Process Management Power & Water Solutions, Inc. (Emerson) who is the OEM of this system proposed a three year contract for their SureService support which includes:

- Expert telephone support for the Ovation system – With thorough knowledge of the Ovation system and troubleshooting skills, the SureService support will work with the plant to gather relevant information to correctly identify the problem and diagnose the situation. They are able to troubleshoot and determine solutions without interfering with plant operations. After the problem is isolated, the SureService team will suggest corrective action to resolve the situation.
- Ovation Guardian Support – Enables the plant staff to view system-specific data from multiple sources, which can then be analyzed and used to plan future expenditures and improve decision making.
- Software updates with antivirus program – Plant receives the latest tested and approved protective software to guard against viruses, cyber stacks, and others unwanted intrusions.

Benefits of these support services include: 1) enhances the Power Plant's resource; 2) helps maintain efficiency; 3) reduces the Power Plant's operating costs; and 4) provides critical control system support.

Emerson is the most practical and cost-effective way to provide this needed service. This requires a single-source purchasing arrangement with the Emerson, which is why a waiver of the City's purchasing policy requirement for formal bidding procedures is also needed.

**Staff is requesting that the City Council waive the City's purchasing policies requiring formal competitive bids, and award a three year contract to Emerson**

**Process Management Power & Water Solutions, Inc., Tinley Park, IL in the amount of \$158,012.**

Emerson proposed a fixed pricing structure for the entire three year contract period. The pricing is structured as follows:

<u>Year</u>	<u>Amount</u>
1	\$50,123
2	\$52,629
3	\$55,260

**The City Council is being asked to approve a three-year agreement at this time, rather than a one-year contract with renewal options. It should be noted that this contract includes a reduced rate of 5% off list price since it is for three years.**

The FY 2017/18 operating budget includes \$30,000 for Support Services and an additional \$25,000 will be taken from the Unit 8 Steam Turbine and General Maintenance account. Payment for this service will be budgeted in future years as those budgets are prepared.

**ALTERNATIVES:**

1. Waive the City's purchasing policy requirement for formal bidding procedures and award a three year contract to Emerson Process Management Power & Water Solutions, Inc., Tinley Park, IL, for the Emerson SureService Contract for the Power Plant in the amount of \$158,012.
2. Do not approve the three year SureService contract, and adopt a "pay as you go" approach for these needed services.

**MANAGER'S RECOMMENDED ACTION:**

The support to this system is critical for continued reliability and maintainability because it controls almost all of the equipment throughout the Power Plant. In addition, the award of a three-year contract provides Ames with the benefit of fixed pricing, additional savings off of list price, continuity of service, and reduced administrative burden.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1 as stated above.