

COUNCIL ACTION FORM

**SUBJECT: EMERSON SURESERVICE SOFTWARE SUPPORT
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 the Distributed Control System (DCS). The system is crucial because it controls a majority 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) is the Original Equipment Manufacturer (OEM) of this system. Emerson proposed a three-year contract for its SureService software 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 – The plant receives continuous software updates to stay current. It also receives the latest tested and approved protective software updates to guard against viruses, cyber stacks, and others unwanted intrusions.
- Power and Water Cybersecurity Suite (PWCS) Support - software updates and security patches for each of the licensed components of the PWCS, as well as other security component repair, and annual license renewal.

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 provider of this needed service. This requires a single source purchasing arrangement with 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 because Emerson is the OEM and award a three-year contract to Emerson Process Management Power & Water Solutions, Inc., Tinley Park, IL in the amount of \$139,500.

Emerson is the current service provider. Due diligence when considering a sole-source bid includes reviewing current service prices. The current contract with Emerson is a three-year contract with the following amounts.

| <u>Year</u> | <u>Amount</u> |
|-------------|---------------|
| FY 2017/18 | \$50,123 |
| FY 2018/19 | \$52,629 |
| FY 2019/20 | \$55,260 |

For the proposed contract, 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 | \$26,246 |
| 2 | \$55,246 |
| 3 | \$58,008 |

The proposed Year 1 amount is reduced compared to Years 2 and 3 because Year 1 excludes PWCS support. That system will be purchased new during Year 1 of this contract and will therefore only require support in Years 2 and 3.

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 \$15,499 off list price since it is for three years.

The FY 2020/21 operating budget includes \$30,000 for Support Services. 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 \$139,500.
2. Do not approve the three-year SureService contract and adopt a "pay as you go" approach for these needed services.

CITY MANAGER'S RECOMMENDED ACTION:

The support to this system is critical for continued reliability and maintainability because it controls almost all 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.