# Recommendation for Council Action (Purchasing)

<table>
<thead>
<tr>
<th>Austin City Council</th>
<th>Item ID:</th>
<th>Agenda Number</th>
<th>15.</th>
</tr>
</thead>
</table>

**Meeting Date:** May 4, 2017  
**Department:** Purchasing

## Subject
Authorize negotiation and execution of a 48-month contract with GRID SUBJECT MATTER EXPERTS, LLC, or one of the other qualified offerors to Request For Proposals GAL0025REBID, to provide consulting expertise regarding the replacement of the control systems for electrical grids, and related engineering applications, in an amount of $1,899,071, with six 12-month extension options in an amount of $183,488 per extension option, for a total contract amount not to exceed $3,000,000.

## Amount and Source of Funding
Funding in the amount of $316,512 is available in the Fiscal Year 2016-2017 Operating Budget of Austin Energy. Funding for the remaining 43 months of the original contract period and extension options are contingent upon available funding in future budgets.

## Fiscal Note
A fiscal note is not required.

## Purchasing Language
The Purchasing Office issued a Request for Proposals (RFP) GAL0025REBID for these goods and services on November 14, 2016 and it closed on January 10, 2017 with six offers received. The recommended offer is the best offer submitted by a responsible offeror. Additional information on the solicitation is included below the line.

## Prior Council Action:

## For More Information:
Joshua Pace, Senior Buyer, 512-322-6583

## Boards and Commission Action:
April 17, 2017 – Recommended by the Electric Utility Commission on a 7-0 vote, with Commissioners Reel and Wray absent and two vacancies.

## Related Items:

## MBE / WBE:
This solicitation was reviewed for subcontracting opportunities in accordance with City Code Chapter 2-9C Minority Owned and Women Owned Business Enterprise Procurement Program and subcontractor goals were applied to the solicitation. The subcontracting goals were met and the resulting contract will include 2.51% WBE participation.

**Additional Backup Information**
The contract is for consulting expertise and services to assist Austin Energy (AE) with the evaluation, purchase, and implementation of a replacement Supervisory Control and Data Acquisition (SCADA)/Energy Management System (EMS). SCADA provides the capability to monitor and control the transmission and distribution electrical grid. EMS provides advanced engineering applications that allow staff to analyze and make system operational decisions based on the data collected from SCADA.

AE’s current mission critical system uses an ABB Network Manager RANGER (NMR3) system as the EMS to monitor and control AE’s transmission and distribution power grid. ABB discontinued the RANGER NMR3 product line and there is no upgrade available. The existing SCADA/EMS system is more than 15 years old and was purchased in early 2001. The last software upgrade was in 2008 and the SCADA hardware was replaced in 2011. The HP Itanium hardware platform which runs the SCADA/EMS system will reach end of life in 2017 and the operating system will reach end of life on December 31, 2022. AE’s software warranty support with ABB ends in 2018. Due to the age of the current hardware, growth of the AE grid, new technology, and cybersecurity requirements, it is critical that the SCADA/EMS software and hardware be replaced to provide increased reliability and to optimize the investment for AE’s future. AE has determined that the existing system should be replaced as soon as possible.

During the initial phase of the contract, the contractor will perform an analysis of the SCADA/EMS’s current state, assess future system needs, develop supporting documentation for system replacement, assist AE in evaluating SCADA/EMS products for purchase as replacement systems, assist in the development of technical and functional specifications for replacement systems in accordance with the latest North American Electric Reliability Corporation (NERC) and Electric Reliability Council of Texas (ERCOT) requirements, and provide implementation and deployment support for the AE project team.

During the support phase of the contract, in the event of revisions to NERC or ERCOT requirements, the contractor will report to AE regarding the impact of the revisions, assist AE in developing the necessary technical and functional specifications for any necessary software or hardware needed to implement the revisions, and provide implementation and deployment support in order to ensure AE is in compliance with the revised requirements. Throughout the support phase, the contractor will continue to provide consulting services for future revisions and support any control system maintained by the Control Engineering Department, as requested, for the duration of the contract term.

This new contract does not replace an existing contract, but AE had hired a consultant to perform similar services in 2000. The estimated amounts in the rebid solicitation were based on the previous contract and the cost proposals received in the original solicitation.

An evaluation team with expertise in this area evaluated the proposals and scored Grid Subject Matter Experts, LLC as the best fit to provide these services based on business organization and stability, company experience, proposed solution and program, personnel, total evaluated cost, and local business presence.

This request allows for the development of a contract with a qualified offeror that Council selects. If the City is unsuccessful in negotiating a satisfactory contract with the selected offeror, negotiations will cease with that provider. Staff will return to Council so Council may select another qualified offeror and authorize contract negotiations with this provider.

If the City is unable to secure a contract, in a timely manner, it could result in irreparable consequences. The consultant provides oversight of functional requirements and specifications with the SCADA/EMS vendor, and enforces the terms of the contract. This is a mission critical control system replacement project that requires all aspects of industry experience and expertise to avoid schedule delays, cost overruns, unclear or missing requirements or functionality, contract rewrites, costly change orders, unfavorable terms and conditions, and legal issues. Furthermore, inadequate system testing could result in the remote controls at a substation to not operate as expected, which could result in unwarranted outages or safety issues.
A complete solicitation package, including a response list, is on file in the City’s Purchasing Office and is available on the City’s Financial Services Austin Finance Online website. Link: [Solicitation Documents](#).

<table>
<thead>
<tr>
<th>GRID SUBJECT MATTER EXPERTS, LLC</th>
<th># months</th>
<th>Contract Amount</th>
<th>Contract Amendment</th>
<th>Revised Amount</th>
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<tr>
<td>Original Term</td>
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</tr>
<tr>
<td>Extension Option 1</td>
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<td>$183,488</td>
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<tr>
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<tr>
<td><strong>TOTAL</strong></td>
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<td><strong>$3,000,000</strong></td>
<td><strong>$</strong></td>
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