



City of Denton

City Hall
215 E. McKinney Street
Denton, Texas
www.cityofdenton.com

AGENDA INFORMATION SHEET

DEPARTMENT: Procurement

DCM: David Gaines

DATE: June 28, 2022

SUBJECT

Consider adoption of an ordinance of the City of Denton, a Texas home-rule municipal corporation, authorizing the City Manager to execute a contract with Subnet Solutions, Inc., for the purchase of substation Remote Terminal Unit (RTU) software and Human Machine Interface (HMI) software for Denton Municipal Electric, which is the sole provider of this software, in accordance with Texas Local Government Code 252.022, which provides that procurement of commodities and services that are available from one source are exempt from competitive bidding, and if over \$50,000, shall be awarded by the governing body; providing for the expenditure of funds therefor; and providing an effective date (File 7874 – awarded to Subnet Solutions, Inc., for three (3) years, with the option for two (2) additional one (1) year extensions, in the total five (5) year not-to-exceed amount of \$306,940.00). The Public Utilities Board recommends approval (5 – 0).

INFORMATION/BACKGROUND

Denton Municipal Electric (DME) has substation projects in its approved 5- year Capital Improvement Plan (CIP) that will require the purchase of RTU and HMI software for use in substations. This software collects and manages data for the Supervisory Control and Data Acquisition (SCADA) system in substations and will be installed on Schweitzer Engineering Labs (SEL) 3355 relay panel-mounted substation RTUs.

SCADA is the system for collecting field information such as voltages, currents, megawatts, temperatures, and statuses of devices such as breaker positions, relay contact positions, alarms, and for remotely controlling substation equipment. This information is required for reporting system status and performance data to DME System Operations and the Electric Reliability Council of Texas (ERCOT). The RTUs inside each substation consists of a computer and software. Each substation computer serving as an RTU requires a license for the RTU software to function.

This contract shall cover the costs for new CIP approved substation projects that require RTU software, replacement of existing RTU equipment with SEL hardware/Subnet software, and license renewals of existing and future subscriptions over the next five (5) years. The quote includes the purchase of 18 new Subnet RTU licenses, 5 new HMI licenses, renewals for 58 new and existing RTU licenses, and 17 new and existing HMI licenses. Quantities of licenses may vary depending on the size and exact designs of substations. DME has a contract in place with Schweitzer Engineering Labs (SEL) for the purchase of the computers.

Subnet handles the marketing of its products directly on a nationwide basis. There is no network of dealers for this highly technical product. Because of this, there is no mechanism for competitive bidding. Therefore,

DME has gained the approval of a sole source designation for Subnet products. The product is from only one source qualifies it to be purchased without having to go through a competitive bidding process that would result in only one bid.

The proposed contract does not require the expenditure of any minimum amount. Purchase orders will be issued based on timing with project construction schedules or as replacement needs are identified.

Section 252.022 of the Local Government Code provides that procurement of sole source commodities and services are exempt from competitive bidding, if over \$50,000, shall be awarded by the governing body.

PRIOR ACTION/REVIEW (Council, Boards, Commissions)

On June 13, 2022, the Public Utilities Board (PUB) recommended this item to the City Council for consideration.

RECOMMENDATION

Award with a contract to Subnet Solutions, Inc., as a sole source supplier, for the purchase of substation RTU software and HMI software for Denton Municipal Electric in a three (3) year, with the option for two (2) additional one (1) year extensions, in the total five (5) year not-to-exceed amount of \$306,940.

PRINCIPAL PLACE OF BUSINESS

Subnet Solutions, Inc.
Calgary, Alberta

ESTIMATED SCHEDULE OF PROJECT

This is an initial three (3) year contract with options to extend the contract for two (2) additional one (1) year periods, with all terms and conditions remaining the same.

FISCAL INFORMATION

The costs for material purchased under the proposed agreement will be funded out of CIP approved budgets for specific projects. A majority of the proposed software will be in the transmission category. Transmission costs are ultimately recovered through the Public Utility Commission Transmission Cost of Service Program (TCOS).

EXHIBITS

Exhibit 1: Agenda Information Sheet
Exhibit 2: Ordinance and Contract

Respectfully submitted:
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Purchasing Manager

For information concerning this acquisition, contact: Mark Zimmerer, 940-349-7169.

Legal point of contact: Marcella Lunn at 940-349-8333.