



# City of Denton

City Hall  
215 E. McKinney Street  
Denton, Texas  
[www.cityofdenton.com](http://www.cityofdenton.com)

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## AGENDA INFORMATION SHEET

**DEPARTMENT:** Procurement  
**ACM:** Cassey Ogden  
**DATE:** November 14, 2023

### **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 extension between the City of Denton and HSI Workplace Compliance Solutions, Inc. until the project is complete, for consulting services related to North American Electric Reliability Corporation (“NERC”) compliance for the City of Denton; and declaring an effective date (RFQ 7693 – extending a contract with HSI Workplace Compliance Solutions, Inc., until project completion).

### **STRATEGIC ALIGNMENT**

This action supports Key Focus Area: Pursue Organizational Excellence and Collaborative and Respectful Leadership.

### **INFORMATION/BACKGROUND**

The City’s Electric Department, Denton Municipal Electric (“DME”), is a North American Electric Reliability Corporation (NERC) Registered Entity that must be compliant with NERC’s standards for the electric power industry. DME must comply with over 350 NERC requirements. These are enforced by the Federal Energy Regulatory Commission. Violations of these standards could result in Civil Penalties of up to \$1,000,000.00 per violation, per day. NERC audits are conducted on a regular schedule and DME is scheduled to be audited in 2025. To assist in its audit preparation DME is seeking approval of an agreement for services to review and analyze DME’s NERC compliance state.

In preparation for an upcoming audit, DME and the City’s Technology Services department will benefit from having a professional review, analysis, and mitigation plans to prepare for the upcoming audit. The RFQ solicitation criteria required that firms have experience with NERC compliance programs that cover both the operational and cyber areas of NERC, experience with audit support, and have a licensed engineer supporting the project. Of the eight firms that replied to the RFQ, HSI Workplace Compliance Solutions, Inc. was selected as the most qualified.

The NERC Audit is scheduled for Fall 2025. The PSA for NERC Compliance Consulting will provide a process review in early 2025 and provide onsite support through the completion of the NERC audit.

If approved, HSI Workplace Compliance Solutions, Inc. will complete an audit readiness assessment and assist DME in making recommended changes, if needed. The consultant will provide an extensive review of the current policies, procedures, controls, and evidence of the existing compliance program governing

both DME and Technology Services. The overall goal is to prepare DME for audit readiness through the utilization of a third party that has an independent view without the handicap of being too familiar with the program.

### **PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)**

On November 2, 2021, City Council approved a contract with HSI Workplace Compliance Solutions, Inc., in the not-to-exceed amount of \$280,000 (Ordinance 21-2305).

On November 13, 2023, this item will be presented to the Public Utilities Board (PUB) for consideration.

### **RECOMMENDATION**

Award a contract extension with HSI Workplace Compliance Solutions, Inc., for consulting services related to North American Electric Reliability Corporation (“NERC”) compliance for the City of Denton, in a not-to-exceed amount of \$280,000.

### **PRINCIPAL PLACE OF BUSINESS**

HSI Workplace Compliance Solutions, Inc.  
Kennewick, WA

### **ESTIMATED SCHEDULE OF PROJECT**

This project does not have a defined time period and the schedule of the project will remain until the project is complete.

### **FISCAL INFORMATION**

These services will be funded from Denton Municipal Electric operating budget account 600750. Requisitions will be entered on an as-needed basis. The budgeted amount for this item is \$280,000.

### **EXHIBITS**

Exhibit 1: Agenda Information Sheet  
Exhibit 2: Original Ordinance and Contract  
Exhibit 3: Ordinance and Amendment 1

Respectfully submitted:  
Lori Hewell, 940-349-7100  
Purchasing Manager

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