



## Legislation Text

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**File #:** ID 14-0525, **Version:** 1

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### AGENDA INFORMATION SHEET

**DEPARTMENT:** Materials Management

**ACM:** Bryan Langley

**AGENDA DATE:** September 16, 2014

#### SUBJECT

Consider adoption of an ordinance accepting competitive proposals and awarding a contract for the purchase by the City of Denton, Texas of Load, Price, Weather, Wind Forecasting Services in support of the Energy Marketing Organization of Denton Municipal Electric from Pattern Recognition Technologies, Inc. (PRT, Inc.) in an amount not-to-exceed \$171,000, and WSI Corporation in an amount not-to-exceed amount of \$77,004; providing for the expenditure of funds therefor; and providing an effective date (RFP 5595-awarded to PRT, Inc. in the three (3) year not-to-exceed amount of \$171,000 and WSI Corporation in the three (3) year not-to-exceed amount of \$77,004 for a total award of \$248,004). The Public Utilities Board recommends approval (5-0).

This RFP is for the purchase of software which is required by the Energy Management Organization (EMO) of Denton Municipal Electric. The software is a required step in the implementation of the EMO. Accurately forecasting DME's load is necessary to secure the right amount of energy at all times for the City of Denton and is especially important during periods of potential price volatility. PRT Inc's price and load products will be used to enhance models run in UPLAN, which in turn is how staff analyzes future congestion and market changes in the Electric Reliability Council of Texas (ERCOT). Abnormal and unexpected weather changes dramatically impact power prices which directly impact gas prices and energy consumption. With WSI Corporation's (WSI) services/products, staff gains direct access to meteorologists and their short-term, long-term, seasonal, and tropical forecasts and outlooks enabling DME to anticipate and react to price changes due to future weather events such as "hotter-than-normal summers", "colder-than-normal winters", hurricanes, or even severe thunderstorms. With the services provided by PRT Inc. and WSI, DME will be able to move quickly in the market and secure energy using the best and most up-to-date information available in the market today. Services from both companies, PRT and WSI will also be used in conjunction with DME's Ventyx software when submitting schedules to ERCOT.

The total contract cost for the software and three (3) years of licensing is \$248,004. The annual contract can be broken down into the following items:

The PRT, Inc. contract can be broken down into the following items:

Year 1, cost	\$ 57,000
Year 2, cost	\$ 57,000
Year 3, cost	<u>\$ 57,000</u>
Three year total contract cost	\$ 171,000

The WSI contract can be broken down into the following items:

Year 1, cost	\$ 25,668
Year 2, cost	\$ 25,668
Year 3, cost	<u>\$ 25,668</u>
Three year total contract cost	\$ 77,004

Requests for Proposals were sent to 867 prospective suppliers of this service. In addition, specifications were placed on the Materials Management website for prospective suppliers to download and advertised in the local newspaper. Staff is not aware of any local vendors that supply this service. Two responsive (2) proposals were received. Proposals were evaluated based upon published criteria, including price, delivery and probable performance by the supplier. Both suppliers were contacted to provide a Best and Final Offer (BAFO) which is shown on Exhibit 1. The initial offer from PRT included pricing for multiple solutions, artificially inflating the overall cost. Their BAFO resulted in clarification and a reduction of their offer to better fit the needs of the City. The BAFO from WSI Corporation did not result in any changes. The evaluation team determined that splitting the award between the two suppliers will provide best value for the City of Denton.

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

On September 8, 2014, the Public Utilities Board recommended approval to forward this item to the City Council for consideration.

#### **RECOMMENDATION**

Award the purchase of Load, Price, Weather, Wind Forecasting Services in support of the Energy Marketing Organization of Denton Municipal Electric from Pattern Recognition Technologies, Inc. in the three (3) year not-to-exceed amount of \$171,000, and WSI Corporation in the three (3) year not-to-exceed amount of \$77,004 for a for a total award of \$248,004 .

#### **PRINCIPAL PLACE OF BUSINESS**

Pattern Recognition Technologies, Inc.	WSI Corporation
Plano, TX	Andover, MA

#### **ESTIMATED SCHEDULE OF PROJECT**

This contract will be in effect for a three (3) year period through September 16, 2017.

#### **FISCAL INFORMATION**

The software and licensing will be funded from account 600002.7879.5750A. Requisition # 120847 to PRT, Inc. for the first year amount of \$57,000 has been entered in the Purchasing software system. Requisition#120849 to WSI Corporation in the first year amount of \$25,668 has been entered in the Purchasing software system.

**EXHIBITS**

Exhibit 1: Evaluation Ranking/Best and Final Offer

Exhibit 2: Public Utilities Board Draft Minutes

Exhibit 3: Ordinance

Exhibit 4: PRT, Inc. Contract

Exhibit 5: WSI Corporation Contract

Respectfully submitted:

Chuck Springer, 349-8260  
Director of Finance

For information concerning this acquisition, contact: Lance Cunningham at 349-7140.