

OFFICE OF THE CITY MANAGER
DES MOINES, IOWA

ITEM 46A

CITY COUNCIL COMMUNICATION 97-048
JANUARY 27, 1997 AGENDA

SUBJECT:	TYPE:	SUBMITTED BY:
AUTHORIZATION TO PROCEED WITH AUDIT OF ELECTRIC CHARGES REQUEST FOR PROPOSALS	◆ RESOLUTION ORDINANCE RECEIVE/FILE	MIKE MATTHES MANAGEMENT INTERN

SYNOPSIS —

Authorization to proceed with Request for Proposals (RFP) for audit of electricity charges by engaging a consultant to analyze current City operations to identify potential efficiencies.

FISCAL IMPACT —

It is intended that funding for this consultant be supplied through the savings that their recommendation will engender, once implemented. When savings are achieved, funds will be removed from the budget allocation for electricity expenses and used to pay for the services rendered by the consultant. Staff anticipates the potential for significant long-term savings through the reduction of electricity expenditures. The consultant fee should represent a small percentage of the anticipated savings. It is estimated that a consultant would charge \$75,000 to complete the necessary work.

RECOMMENDATION —

Authorize the City Manager to proceed with RFP for consulting services, to evaluate proposals received, and to submit a recommendation to Council.

BACKGROUND —

In October of 1996, staff in the City Manager's Office began benchmarking research into the City of Des Moines' electricity usage and expenditures. That research has concluded that there is significant potential for cost-savings in this area. Because of the detailed technical nature of this industry, sufficient expertise does not currently exist in the organization to fully effect potential savings. Many consultants exist that do have the required expertise and have achieved significant cost reductions in cities with closely comparable situations to the City of Des Moines. Retaining one of these experts has the potential to help reduce the City of Des Moines' \$6 million per year bill for electricity.

REQUEST FOR PROPOSALS FOR CONSULTING SERVICES

ANALYSIS OF THE CITY OF DES MOINES ELECTRICITY COSTS

Requests For Proposals

The City of Des Moines, Iowa, is seeking the services of a consultant to provide analysis and recommendations regarding the City's electric rate structures, power consumption patterns, and billing, for potential savings. The consultant selected from this Request for Proposal (RFP) will be engaged after competitive evaluation by the selection committee.

This request invites qualified consultants to submit proposals for accomplishment of the items of work specified below under Scope of Services. Proposals should be prepared and submitted in accordance with the guidelines and requirements set forth in this request. The City is committed to effecting cost savings in this area.

General Provisions

This Request for Proposals does not obligate the City of Des Moines to award a contract to any firm, nor to pay any cost incurred in the preparation of proposals submitted in response to this request. The City of Des Moines reserves the right to accept or reject any or all proposals received as a result of this request. All information and material submitted in response to this request will become the property of the City of Des Moines.

Background Information

Des Moines has a population of nearly 200,000 people. The population and the City as an entity are served by one electricity supplier, MidAmerican Energy. The State of Iowa continues to operate under exclusive service territories in regard to electricity suppliers. However, a flexible rate section of Iowa Utilities Board Rules allows for price negotiation when the customer either increases usage or presents a realistic plan to leave the system.

- Des Moines' 1996-1997 budget allocation for electricity is \$5,722,266. Natural gas is budgeted at an additional \$626,769.
- Of 23,000 streetlights, Des Moines owns 400. There is a 60 percent differential in the monthly cost of company-owned streetlights and City-owned streetlights. Street lights cost the City \$248,606 per month, and almost \$3 Million per year. Street Lights use 1/3 of the electricity the City uses in a year but amount to 66 percent of the City's total bill. The average kilowatt-hour cost of lighting Des Moines' streets is 17¢/kwh. The impression exists that the City is paying too much for this power.

- At least 18 of the City's electricity accounts operate under demand billing for a total monthly cost of \$132,941.
- The City as an entity has at least 152 separate accounts for electricity outside of streetlights.
- The City has one cogeneration site, a methane burner, at its waste-water treatment plant.
- The City consumes 54,353,008 kilowatt-hours per year.

Proposal Requirements

Four (4) copies of each Proposal submitted in response to this request must be received by Michael Matthes, City Manager's Office, City Hall, 400 East First Street, Des Moines, Iowa, 50309-1891, on or before Friday, February 21, 1997. At least one copy of each proposal, or an appropriate transmittal letter, must be signed by an official empowered to contractually obligate the proposing firm.

Proposals submitted shall include but not be limited to the following:

1. The consultants name and address, and a brief history of the firm.
2. A description of services you feel would need to be provided by (a) the consultant, and (b) subcontractors (if any), along with a discussion of consultant's (and subcontractor's) experience(s) with municipal electric consumption analysis.
3. Names of specific individuals who would be assigned to this project, and their relevant experience.
4. Ability to complete services by deadline provided in the Schedule.

Fees

The City would prefer the following fee schedule:

At the end of the second year after the report of the consultant is received by the City, the consultant will be paid a one time percentage of any electric cost savings generated in the first full year of implementation which occurs as a result of the consultants' recommendations.

If a respondent requires a different fee schedule, it should be detailed in the response.

Scope of Services

The consultant selected for this project will provide the following services:

1. Perform an audit of the existing billing practices to determine compliance with Iowa Utilities Board Tariffs.
2. Perform an audit of the existing electricity and gas franchises to determine utility compliance with the franchises.
3. Prepare an analysis and recommendation of approaches that would reduce the City's cost of electricity to include but not be limited to; street lights, chain account aggregation, master-metering of demand billing, and cogeneration potential.
4. Conduct an analysis that would determine the cost of electricity in a competitive retail market.
5. Prepare a detailed report of findings and recommendations including an estimate of achievable yearly cost savings assuming full implementation of the consultants' recommendations.
6. At the conclusion of the work outlined above, the consultant will provide periodic, ongoing advisory tasks related to the implementation of the consultants' recommendations.

Selection Criteria

Selection of the consultant will be based on the following criteria:

Services to be Provided: Ability to complete Scope of Services steps one (1) through six (6):	30 points
Prior Experience:	30 points
Time Frame and Fee: Schedule for completion of Scope of Services Steps one (1) through five (5) and proposed fee:	20 points
References from past work:	10 points
Quality of Response: Demonstrated understanding of work to be performed; completeness and reasonable nature of the plan/proposal for accomplishing Scope of Services steps one (1) through five (5):	10 points

Schedule

The City prefers to have Scope of Services steps one through five completed by June 30, 1997. The consultant will continue to provide periodic assistance in regard to step five until implementation is achieved or the City releases the consultant from the agreement.

Additional Information

Proposals will be reviewed by an Evaluation Committee. The Committee may conduct discussions with any respondent who submits an acceptable proposal. Respondents shall be accorded fair and equal treatment with respect to any opportunity for discussion. Discussions may be conducted by telephone or through an interview. The City will not be liable in any way for any costs incurred by respondents in replying to the RFP or attending an interview.

Bidders may request clarification or changes to the requirements in writing by the close of business, Friday, February 7, 1997.

Letters shall be mailed to:

Arthur C. Goodale
Purchasing Agent
City Hall, 400 East First Street
Des Moines, IA 50309

Any addenda resulting from the requests for clarification will be mailed to all bidders by the close of business Wednesday, February 12, 1997.

Consultant List

Judith Mondre
3123 West Coulter Street
Philadelphia, PA 19129

Scott Ridley
Ridley & Associates
115 Kendrick
East Harwick, MA 02645

Michael Arndt
3602 SW Zona Circle
Ankeny, IA 50021

Mike Brosch
Utilitech
740 North Blue Parkway, Suite 204
Lee's Summit, MO 64086

Cathy Fogel
Verner, Liipfert, Bernhard, McPherson and
Hand; Chartered
901 15th Street, N.W.
Washington, D.C. 20005-2301

Steve Andersen
Economic & Policy Analysis, Inc.
13300 Council Bluff Drive
Austin, TX 78727

Mike Flattery
Stanley Consultants
100 Court Avenue, Suite 300
Des Moines, IA 50309

Mr. Steven T. Alvine
Alvine and Associates Inc.
1102 Douglas on the Mall
Omaha, NE 68102

Mr. Gary Swanson
Associated Consultant Engineers, Inc.
3131 Fernbrook Lane North
Minneapolis, MN 55447-5323

Mr. Charles Pederson
Brown Engineering
1051 Office Park Road
West Des Moines, IA 50265

Mr. Kevin Power
C.J. Schneider Engineering Co.
PO Box 2287
Des Moines, IA 50310-9998

Mr. Robb R. Vannoy
Comprehensive Mechanical Services
1220-72nd Street
Des Moines, IA 50311

Mr. Brian Dangelser
Dangelser Engineering Associates, Inc.
PO Box 181
Johnston, IA 50131

Mr. Joseph Powelka
Durrant Engineers Inc.
2701 International Lane
Madison, WI 53704

Mr. Chris Hanson
Energy Masters Corp.
7301 College Boulevard, Suite 270
Overland Park, KS 66210

Mr. David A. Pearson
Independant Energy & Facilities Management
1225 East River Drive, Suite 202
Davenport, IA 50803

Mr. Scott Bowman
KJWW Engineering Consultants, P.C.
700 Second Avenue
Des Moines, IA 50309

Mr. Richard Mercer
Mercer Engineering
Route 2
Ames, IA 50010

Mr. John Pulley
Pulley and Associates, Inc.
1231-8th Street, Suite 230
West Des Moines, IA 50265

Mr. Richard Buenger
Rust Environment and Infrastructure
501 Sycamore, Suite 222
Waterloo, IA 50704

Mr. David P. Rebhuhn
Shive-Hattery Engineers
1601-48th Street, Suite 200
West Des Moines, IA 50265-6755

Mr. Douglas Love
Viron Corporation
216 NW Platte Valley Drive
Riverside, MO 64150

Mr. William G. Potter
W.G. Potter & Associates
220 24 Street
Ames, IA 50010