

# Agenda Report



**MEETING DATE:** Tuesday, July 9, 2024

**TO:** City Council

**FROM:** PUBLIC WORKS & UTILITIES DIRECTOR LINDBERG  
WASTEWATER DIVISION MANAGER SMITH

**SUBJECT:** SECOND CONTRACT AMENDMENT WITH TELSTAR  
INSTRUMENTS, INC. FOR THE WATER, WASTEWATER, AND  
COLLECTION SYSTEMS SCADA UPGRADE FOR A NOT TO  
EXCEED AMOUNT OF \$877,761

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## **RECOMMENDED ACTION:**

Adopt a resolution approving a Second Amendment to the contract with Telstar Instruments, Inc., (1) amending the compensation to increase the contract amount by \$31,416 for a revised total amount not to exceed \$877,761 for the implementation of city radio communication system improvements; (2) extending the contract term to December 31, 2025; (3) authorizing the City Manager to execute the Second Amendment; (4) authorizing budget appropriation of \$9,425 from the Water Enterprise Fund to project account: 0720-913-7813-11046; and (5) authorizing budget appropriation of \$21,991 from the Wastewater Enterprise Fund to project account: 0710-911-7835-14799.

## **BACKGROUND:**

A three-year contract with Telstar Instruments, Inc. ("Telstar") for the Water and Wastewater Utilities' supervisory control and data acquisition (SCADA) systems replacement was awarded by Council on May 25, 2021 (Resolution No. 148-21). On May 24, 2022, Council adopted Resolution No. 92-22 (CM), approving a first contract amendment to implement the recommendations of a cybersecurity assessment. Since then, it was determined that radio communication system improvements must be made to complete the project.

## **DISCUSSION:**

The City's drinking water and wastewater facilities use automated industrial control systems commonly referred to as supervisory control and data acquisition (SCADA) systems. These systems consist of server hardware, software, a communications network, programmable logic controllers (PLCs), thousands of components of operational technology (OT), and radio and fiber optic communication pathways. Critical components of the water and wastewater SCADA systems were outdated and needed

replacement, so the City Council approved a contract with Telstar for the SCADA Upgrade Project on May 25, 2021. On May 24, 2022, City Council approved the first contract amendment to implement cybersecurity recommendations consistent with industry best practices.

Since then, it has been determined that the radio communication system requires improvements before the SCADA replacement project can be completed. Staff requested that Telstar review the recommendations of the City's IT Department staff and propose a plan to address the deficiencies. Telstar is the indicated consultant to perform this system upgrade since they are already involved with the SCADA implementation. They submitted a proposal on June 11, 2024, which City staff reviewed and found satisfactory. Staff recommends approving the proposed second contract amendment so that work on this critical infrastructure project can be completed.

**STRATEGIC PLAN:**

This contract is consistent with Strategic Plan Priority:

- 2 – Infrastructure & Environment and
- 7 – Efficient & Well-Performing Government

**FINANCIAL IMPACT:**

Project codes for this contract have been established in the Water and Wastewater Utilities Enterprise Capital Improvement Program Budgets, Projects #14417 and 14799, respectively. For this second contract amendment, the portion that will be paid by Water is \$9,425, and the portion for Wastewater is \$21,991. The amount for Water must be transferred from Project #14828, and the amount for Wastewater must be transferred from Project #14328.

**ALTERNATIVE ACTION:**

No reasonable alternatives are known at this time.

**ATTACHMENTS AND/OR REFERENCES (If any):**

None.