



Agenda Report

MEETING DATE: Tuesday, May 25, 2021

TO: City Council

FROM: PUBLIC WORKS & UTILITIES DIRECTOR PALMISANO
RYAN SMITH, WASTEWATER DIVISION MANAGER

SUBJECT: CONTRACT WITH TELSTAR INSTRUMENTS, INC. FOR THE
WATER AND WASTEWATER CONTROL SYSTEMS UPGRADE
PROJECT

STATEMENT OF ISSUES:

The City's drinking water and wastewater facilities use automated industrial control systems commonly referred to as supervisory control and data acquisition (SCADA) systems. Portions of the systems' hardware and software are either obsolete or out of date and are in need of replacement. Staff proposes to use a qualified firm to assist with a SCADA upgrade project replacing the outdated hardware and software with technology and security consistent with modern standards.

RECOMMENDED ACTION:

Adopt a resolution approving a contract with Telstar Instruments, Inc. in the amount of \$655,000 (\$595,461 plus 10% contingency) for a period of 3 years to complete the SCADA Upgrade Project.

DISCUSSION:

The City's drinking water and wastewater facilities use SCADA systems consisting of server hardware, software, a communications network, programmable logic controllers (PLCs), and thousands of components of operational technology (OT). Among many capabilities, SCADA systems monitor and control various processes, and send alarm notifications to operations staff.

Unfortunately, the City's systems are outdated and in need of replacement. To highlight the importance of the SCADA system, a significant failure at the wastewater treatment facility that could not be fixed immediately would result in needing staffing at the facility 24 hours a day until it was resolved. It could also result in violations of environmental regulations due to improper operation of the treatment plant. By upgrading and increasing SCADA reliability, the City will reduce these types of risks and additional costs.

Although there are a number of issues with both the drinking water and wastewater SCADA systems, the most critical items to address in the first phase of the project are:

1. Replacement of the obsolete system servers
2. Upgrading the legacy system software
3. Upgrading the legacy alarm notification application

Consultant Selection Process.

The City's professional services purchasing ordinance is in Article 5 of Chapter 5 of Article 3 of the Municipal Code, starting with § 3-5.400. Section 3-5.540 sets the approval procedure for professional services contracts of more than \$100,000. Among other requirements, such contracts must follow either a request for proposals or request for qualifications process and the contract must be approved by the Council. The Code provides that cost will not be the only criterion for selecting the successful proposal and shall use a qualifications-based selection process as described in subdivision (a) of the California Government Code and be negotiated as provided for in § 4538 of the California Government Code. Proposals must be evaluated based on a number of factors on a number of relevant factors including those in subdivision (a) of § 4527 of the California Government Code so as to provide the best result to the City. Proposals are based on demonstrated competence and the education, training and experience and professional qualifications necessary for satisfactory performance of the services required

Staff posted a request for proposals (RFP) for on-call SCADA integration services on eBidboard and the City's website on November 7, 2019. Five firms responded as follows:

- Telstar Instruments, Inc.
- ProUsys, Inc.
- Calcon Systems, Inc.
- Tesco Controls, Inc.
- JM Integration, LLC

Proposals were reviewed by Public Works & Utilities staff. Calcon, Tesco, and Telstar were selected as integrators that met the requirements of the proposal and were placed on an internal list for SCADA on-call services. An interview process was conducted with Tesco and Telstar for the SCADA Upgrade Project. Telstar was selected based on their expertise, experience with similar type projects, and overall qualifications for the project.

Between February and April 2021, City staff conducted a series of meetings with Telstar to discuss a plan to move the SCADA Upgrade Project forward. Telstar submitted a proposal on April 23, which City staff reviewed and found to be satisfactory. Staff recommends approving the proposed contract so that work on this critical infrastructure project can begin as soon as possible.

STRATEGIC PLAN:

This contract is consistent with the Strategic Plan Priority 3 – Infrastructure & Environment

FINANCIAL IMPACT:

Funds for this contract are available in both the Water and Wastewater Utilities Enterprise Capital Improvement Program Budgets, Projects #14417 and 14799, respectively. The portion that will be paid by Water is \$195,172, and the portion for Wastewater is \$459,828.

ALTERNATIVE ACTION:

No reasonable alternatives are known at this time.

ATTACHMENTS AND/OR REFERENCES (If any):

1. None.