COUNCIL ACTION FORM

SUBJECT: POWER PLANT SCADA SYSTEM DIAMOND SUPPORT SERVICE

BACKGROUND:

Electric Services uses a Supervisory Control and Data Acquisition (SCADA) System to monitor status and to control power flows, electric generation, interconnections to neighboring utilities, distribution, and transmission. Data from the SCADA is also used as the basis for billing energy transactions.

The existing SCADA system was installed in 2000 and had routine software updates in 2002, 2003, 2009 and 2013. In 2008 & 2014 the hardware, operating system, and software were all upgraded. The SCADA system was supplied and is supported by Open Systems International, Inc. (OSI) from Medina MN, and the software is based on Microsoft ".NET" technology. Advancements have continued to be made to the software to meet changing industry standards and regulations. The City has historically entered into a support services agreement with OSI to keep pace with those changes and to provide maintenance services at a reasonable price.

OSI provides these services at various levels. The primary reasons to continue the support service at a Diamond level are for reliability and maintainability. The proposed Diamond Support Plan not only provides 24/7 support for the OSI products and software, but also provides an annual software upgrade.

Benefits of the proposed customer support plan include the following:
- Support for OSI provided products and software. This includes anything from simple help desk questions to major system issues.
- Access to online training typically two times per month. Cost without a support plan is $175 per class per person.
- Engineering/Installation costs for an annual software upgrade. This will save approximately $20,000-40,000 annually.

Continuing our existing Diamond Support Plan with OSI is the most practical and cost-effective way to meet the new system requirements while gaining more functionality and security. This requires a single-source purchasing arrangement with the current SCADA software supplier, which is why a waiver of the City's purchasing policy requirement for formal bidding procedures is also needed.

Staff is requesting that the City Council waive the City's purchasing policies requiring formal competitive bids, and award this contract to Open Systems International, Inc., of Medina, MN in the amount of $95,200.

The FY 2014/15 budget includes $93,000 for customer support services. Additional funds from FY 2014/15 carryover dollars will be transferred into this account to cover the difference.

ALTERNATIVES:

1. Waive the City's purchasing policy requirement for formal bidding procedures and award a contract to Open Systems International, Inc., Medina, MN, for the Monarch Diamond Support for SCADA in the amount of $95,200.

2. Decrease the Support Service level to Gold Support, which is estimated to cost $50,000 but does not cover engineering/installation cost of the next upgrade, which typically is estimated to cost $80,000.

3. Discontinue the Support Service completely, and adopt a "pay as you go" approach for SCADA services, training and upgrades.

MANAGER'S RECOMMENDED ACTION:

Regulatory authorities require the Electric Utility to maintain a functional SCADA system. In addition, it is in the City's best interest to maintain the SCADA system with the most up-to-date software, and to do this in a timely and cost-effective manner. The most effective way to maintain the SCADA system is to continue a Diamond Support Plan with our existing SCADA software supplier.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1 as stated above.