

COUNCIL ACTION FORM

SUBJECT: POWER PLANT SCADA SYSTEM 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 and 2015 the hardware, operating system, and software were all upgraded. An annual software update was then performed in 2016. 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.

Traditionally, the Power Plant has held the Diamond level support service plan. This service plan provides the top level of reliability and maintainability support that OSI offers. The Diamond Support Plan benefits include the following:

- 24/7 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 \$40,000-60,000 annually.

Staff has looked at downgrading to the Gold Support Plan which provides all benefits as the Diamond Support Plan except the annual software upgrade. Staff found that the software upgrade will cost between \$20,000 and \$40,000 more than under the Diamond Support Plan. Staff believes a software upgrade is only needed every other year so options were explored with OSI to switch between the Gold Support Plan and the Diamond Support Plan every other year in order to take advantage of the reduced cost for the software upgrade. OSI has agreed to the switching if the city would enter into a three-year agreement. OSI would also provide an additional discount to extend the agreement for three years.

The finance details are shown below:

• FY19/20 Monarch Support Gold	\$52,856
• FY 20/21 Monarch Support Diamond	\$104,095
• FY 21/22 Monarch Support Gold	\$52,856
• Discount for a three year commitment	-\$25,175
Total cost for three years	\$184,632

City will be invoiced annually for the service level listed about.

This agreement 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 \$184,632, billable annually, for the three-year commitment. The FY 2019/20 operating budget includes \$105,000 for SCADA system services, repairs, and training.

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 Support (Gold/Diamond/Gold) for three-year term for SCADA in the amount of \$184,632.
2. Waive the City’s purchasing policy requirement for formal bidding procedures and award a contract to Open Systems International, Inc., Medina, MN, for an annual lower level support plan for SCADA.
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 Support Plan with our existing SCADA software supplier that will alternate between the Gold and Diamond support plans.

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