

City Council Agenda Report

Meeting Date: July 18, 2023
From: Todd Dusenberry, General Manager of Public Utilities
Department: Public Utilities
Submitted by: Adriana Ramos, Administrative Analyst

Subject

Customer Support Agreement with Siemens Energy Inc.

Recommendation

- A. Find that approval of the proposed action is exempt from California Environmental Quality Act (CEQA) review, because it is a government fiscal activity that will not result in direct or indirect physical changes in the environment, and therefore does not constitute a “project” as defined by CEQA Guidelines Section 15378; to the extent the Services Agreement with Siemens Energy provides for facility and equipment maintenance or repairs, such work is categorically exempt from CEQA review, in accordance with CEQA Guidelines Section 15301, because the project consists of the maintenance, repair or minor alteration of existing structures, facilities, or equipment, and involves negligible or no expansion of an existing use;
- B. Approve and authorize the City Administrator to execute a Customer Support Agreement with Siemens Energy Inc. (Siemens Energy), in substantially the same form as submitted, in an amount not-to-exceed \$1,105,373, to upgrade the existing SPAA-T3000 control system and provide for ongoing service and maintenance needs;
- C. Authorize a contingency amount of ten percent (10%) or \$110,537 for emergent software patches, updates, and non-warranted equipment or parts and grant authority to the City Administrator to issue Change Orders for an amount up to the contingency amount, if necessary; and
- D. Approve the issuance of a blanket Purchase Contract in an amount not-to-exceed \$25,000, for maintenance services and parts with Siemens Energy for Fiscal Year 2023-24.

Background

The Malburg Generating Station (MGS) is operated by the Siemens SPPA-T3000 Software Version 7.2, Instrumentation and Control (I&C) System. The SPPA-T3000 system’s architecture, programming, and the Intellectual Property (IP) of Siemens Energy provides human-machine interface, supervisory control, data acquisition and analysis, and remote monitoring capabilities. Siemens Energy recently released Omnivise T3000, which is a software upgrade to the SPPA-T3000 system. Over several months, Vernon Public Utilities (VPU) staff worked with the Information Technology Division to perform a thorough analysis of MGS’s current I&C system that involved multiple iterations with Siemens Energy and concluded that upgrading to the Omnivise T3000 Software Version 9.2 (Omnivise), in addition to upgrading the physical components and additional enhancements, is important to prevent operational issues in the future. The existing I&C system software and hardware is well over ten (10) years and at risk for potential failure. Additionally, the ongoing software service expired in April 2023. Upgrading to Omnivise will ensure continued reliability of plant operations.

The Omnivise upgrade meets recommended cyber security threat protection requirements, replaces aging hardware, enhances functionality, and improves disaster recovery protocols. The proposed Customer Support Agreement will allow Siemens Energy to provide project management, engineering, onsite installation, Technical Field Assistance (TFA) installation, TFA commissioning, and customer factory acceptance testing. The Omnivise upgrade includes Acronis Cyber Protection software which allows VPU staff to make exact backups of the software

and operating systems, thus enabling quick system recovery after a hardware or system failure. Additionally, VPU will receive modifications of the alarm description for hardware proxies. This feature will allow the City to benefit from more descriptive alerting, allowing issues to be identified quickly. The scope of work includes site audit and software backup, offsite software update and review, on-site upgrade implementation with equipment installation, testing and imaging of replacement equipment, and installation and commissioning of new hardware.

The proposed Customer Support Agreement with Siemens Energy is exempt from competitive bidding and competitive selection requirements pursuant to Sections 3.32.110 (A)(2) and (B)(1) of the Vernon Municipal Code (VMC), as any required upgrade services and/or any necessary equipment can only be provided by Siemens. The I&C system used by MGS is only compatible with Siemens Energy software since Siemens Energy holds the Internet Protocol (IP) address and the software is propriety to Siemens Energy. The direct award to Siemens Energy will provide a cost benefit to the City and deliver the most current, state-of-the-art I&C system.

Staff recommends that City Council approve the proposed Customer Support Agreement in the amount of \$1,105,373 (consisting of T3000 Version Upgrade: \$1,041,790, Estimated Taxes: \$41,645.56, and Onsite Training: \$21,937) to upgrade the control system to meet operational needs; and recommends a contingency amount of 10% or \$110,537 for emergent software patches, updates, and non-warranted equipment or parts, for a potential cost not to exceed \$1,215,910. The proposed Customer Support Agreement will have a five-year term. Pursuant to Sections 3.32.220(B) and 3.32.110(B)(3) of the VMC, staff recommends the City Council deem the proposed agreement commercially unreasonable to rebid every three years provided that Siemens Energy holds the IP address for the control system and upgrades, and serves as the original equipment manufacturer for the existing system.

Staff is also seeking approval of a blanket Purchase Contract in the amount of \$25,000 for FY 2023-24 to cover maintenance services and parts that may be required by Siemens Energy in support of MGS turbine maintenance during the year. City Council approval is required pursuant to Vernon Municipal Code 3.32.030(B), which states if, in the 12 months preceding the effective date of a proposed new, renewed, or otherwise amended contract, the City has paid or awarded the proposed vendor more than \$100,000 pursuant to contracts with the vendor, then the proposed new, renewed, or otherwise amended contract shall be approved only by the City Council. The combined total of the proposed Customer Support Agreement and the proposed blanket Purchase Contract will exceed the approval threshold.

The proposed Customer Support Agreement has been reviewed and approved as to form by the City Attorney's Office.

Fiscal Impact

The fiscal impact is not-to-exceed \$1,215,910 over the course of the five year agreement and an additional \$25,000 blanket Purchase Contract for FY 2023-24. Sufficient funds are available in the VPU Electric Fund, MGS, Professional Services – Technical Account No. 055-050-586-529225 and Repairs & Maintenance Account No. 055-050-586-52900 for the current fiscal year. Additional funds will be included in future budgets.

Attachments

1. Customer Support Agreement Siemens Energy Inc.