

MEMORANDUM

TO: Members of Finance and Personnel Committee

FROM: Carrie M. Lewis, Superintendent *Carrie*

DATE: April 1, 2016

SUBJECT: Item 2 of the March 23, 2016 meeting, File 151622, "Communication from the Department of Administration relating to approval of changes to certain single or sole source contracts or contract amendments"

This memorandum is in response to the request for additional information regarding the request of the Milwaukee Water Works (MWW) to amend Contract #E9779 to Donohue and Associates. This contract is for support for the MWW Supervisory Control and Data Acquisition (SCADA) System, which is the system that controls the drinking water treatment processes, pumping operations, and monitors and records data.

1. Was it always anticipated that this contract would be extended many times?

Yes, this was anticipated, and is the reason that the contract was open-ended, without a maximum number of amendments being specified. Due to the critical nature of this system, MWW will always need to have outside support for emergency backup in case of catastrophic failure or if the complexity of work exceeds the abilities of MWW staff.

Another consideration in retaining a single vendor for many years is that it is a way to restrict the number of people who have access to and knowledge of SCADA. The very process of procuring a vendor for these services presents a security risk.

2. What work do MWW employees do compared to what the contract provides?

MWW Automation Specialists provide technical support and troubleshoot software, hardware, computer, network, electrical, and instruments for the SCADA system. They design and lay out new industrial control systems and replacements for obsolete systems, create tags and alarms, and coordinate the implementation testing of the new systems including communications, trends and reports, and documentation. They also manage the computerized maintenance management system, the security access and camera systems, energy monitoring, and wholesale water metering systems.

The contractor assists on more complex and “one time” activities, such as installing new hardware, upgrading/updating software, developing screens, making changes to control logic and subroutines, visual basic programming, and updating servers and field devices. In order to keep the SCADA system running at the level of advancement and reliability needed to ensure the safety and quality of Milwaukee’s drinking water, MWW will always need access to more highly trained, specialized industrial control system specialists than we keep on staff. There is a very high level of training and exposure to advancements in the industry needed to stay at the forefront of a technology field such as this, and this is not practical or cost-effective for in-house staff.

3. How do we know we are not being taken advantage of with this sole-source contract?

In 2008, Donohue and Associates was selected from 11 firms to design and install the SCADA system. In 2010, the contract under discussion was secured to provide the services described previously. As a result of being the original contractor on the project, Donahue and Associates has specific knowledge of the SCADA System configuration and custom programming. This avoids the time, effort and cost that would be required to educate another contractor to work on this system. Also, the hourly rate charged by Donohue and Associates has increased by only 12% in the six year duration of the contract. We are aware of other local vendors whose hourly rates are more than 50% higher than those of Donohue and Associates.

That said, MWW will investigate how we might have available some cost comparisons for 2017 that will give us the confidence that we have the optimum vendor or need to initiate a procurement process for a new one.

In closing, I am confident that a combination of in-house staff and a contracted vendor provides the best way to have this critical system functioning optimally.

Cc: Chris Lee, City Clerk’s Office, Rhonda Kelsey, Administration