



Los Angeles  
Department of  
Water & Power

RESOLUTION NO. \_\_\_\_\_

BOARD LETTER APPROVAL

A handwritten signature in blue ink that reads "David H. Wright".

**DAVID H. WRIGHT**  
Senior Assistant General Manager  
Power System

A handwritten signature in blue ink that reads "Marcie L. Edwards".

**MARCIE L. EDWARDS**  
General Manager

**DATE:** June 18, 2015

**SUBJECT:** Amendment No. 1 to Agreement No. 47967 with Open Systems International, Inc. to provide Support for the Supervisory Control and Data Acquisition/Automatic Generation Control System

**SUMMARY**

This proposed Amendment No. 1 to Agreement No. 47967 (Agreement) is to increase the not-to-exceed amount by \$13,587,647 to a not-to-exceed amount of \$22,846,089; extend the Agreement term by five years to June 18, 2020; and add additional technical support services, software updates, and security patch management. All other terms and conditions of the Agreement will remain unchanged.

The proposed Amendment No. 1 is needed to continue to provide software maintenance and technical support for the Open Systems International, Inc. (OSI) Monarch Supervisory Control and Data Acquisition/Automatic Generation Control (SCADA/AGC) system. The OSI SCADA/AGC system supplies the primary software that operates, controls, and manages the Power System's generation, transmission, and load resources. The proposed amendment also provides for further technical support services and release updates of the Monarch SCADA/AGC software and security patch management in compliance with the North American Electric Reliability Corporation (NERC) Cyber Infrastructure Protection (CIP) regulations. OSI is the sole provider of the proprietary software and technical support. There are no City of Los Angeles (City) personnel with the necessary knowledge or experience to complete the tasks required to maintain the SCADA/AGC system.

City Council approval is required according to Charter Section 373.

**RECOMMENDATION**

It is requested that the Board of Water and Power Commissioners adopt the attached Resolution recommending City Council's approval of the proposed Amendment No. 1 to Agreement No. 47967 between LADWP and Open Systems International, Inc. as required in Charter Section 373.

## ALTERNATIVES CONSIDERED

The following alternatives to the proposed Amendment were considered:

Alternative 1 is to develop and advertise a new solicitation. However, this alternative is neither feasible nor desirable. The contract is needed to maintain continuity of the SCADA/AGC system operations. The existing OSI SCADA/AGC system has been in use by LADWP for over 13 years. This alternative would require LADWP to abandon all the time and funding invested in the current software and interfaces to LADWP systems.

Alternative 2 to the proposed amendment is to hire or train staff to perform the work. However, LADWP does not have the necessary technical expertise to maintain the OSI SCADA/AGC system. Since OSI is the sole provider of the proprietary software, all upgrades and updates must come from OSI. Only OSI can provide the software updates and patches to improve its functionality, correct for software errors, resolve cyber security issues, and comply with NERC's CIP regulations.

## FINANCIAL INFORMATION

The tables below indicate the breakdown of costs:

Maintenance Cost 10-Year Totals

Item	Description	Original Not-to-Exceed Amount	Amendment No. 1	Amended Not-to-Exceed Amount
1.1	Maintenance	\$1,827,603	\$2,334,027	\$4,161,629
1.2	Patch Management	468,908	578,452	1,047,329
1.3.3	Support Services	4,120,943	5,733,844	9,854,787
1.3.4	Add Licenses and Features	862,500	862,500	1,725,000
1.5.1	Escrow	12,500	12,500	25,000
1.5.2	Escrow Verification	250,000	250,000	500,000
Sub Total		\$7,542,454	\$9,771,291	\$17,313,745



**Project Cost Breakdown**

Item	Project Description	Original Not-to-Exceed Amount	Amendment No. 1	Amended Not-to-Exceed Amount
1.3.1	Hot Standby Backup Control Center	\$221,020	\$0	\$221,020
1.3.2.a	OpenNET and OpenAVC	375,000	375,000	750,000
1.3.2.b	IA Application	200,000	0	200,000
1.3.2.c	Phasor Measurement Unit	150,000	0	150,000
1.3.2.d	SmartGrid	450,000	150,000	600,000
1.3.2.e	Travel and Contingency	320,000	380,000	700,000
1.3.2.f	Substation Support Plan	n/a	1,661,324	1,661,324
1.3.2.g	Substation Engineering Services	n/a	1,000,000	1,000,000
1.3.2.h	Map Server Interface	n/a	250,000	250,000
Sub Total		\$1,716,020	\$3,816,324	<b>\$5,532,344</b>

**Amended 10-Year Totals**

Maintenance Costs	Project Costs	Total Costs
\$17,313,745	\$5,532,344	<b>\$22,846,089</b>

**BACKGROUND**

Agreement No. 47967 was authorized by Board Resolution No. 010327 and adopted on June 15, 2010 for an amount not to exceed \$9,258,442.

The operation of the SCADA/AGC System relies heavily on the efforts of the OSI team. SCADA/AGC uses the OSI Monarch software to acquire and relay important data to and from Remote Terminal Units (RTU), Programmable Logic Controllers (PLC), and Human-Machine Interfaces (HMI). The Monarch software is scalable, allowing LADWP to handle processes involving a few hundred thousand metering points.

The OSI SCADA/AGC system supplies the primary software that operates, controls, and manages the Power System's generation, transmission, and load resources. The system is essential to the Power System's reliability, safety, and economic operation.

OSI has performed in an acceptable manner on current and previous Agreements.

The proposed amendment will require City Council approval in accordance with Charter Section 373. A copy of the City Administrative Officer (CAO) Report dated June 8, 2015, is attached.

**ENVIRONMENTAL DETERMINATION**

In accordance with the California Environmental Quality Act (CEQA), it has been determined that the provisions for professional services to provide hardware and

software support is exempt pursuant to the General Exemptions described in CEQA Guidelines Section 15061 (b)(3). General Exemptions apply in situations where it can be seen with reasonable certainty that there is no possibility that the activity in question may have a significant effect on the environment.

### **CITY ATTORNEY**

The Office of the City Attorney reviewed and approved the Amendment and Resolution as to form and legality.

### **ATTACHMENTS**

- Procurement Summary
- Resolution
- Amendment No. 1 to Agreement No. 47967 with Open Systems International, Inc.
- CAO Report