

Attachment B – Additional Project Information

Telemetry System Upgrade Phase 2 and 3 Project

Project Discussion

This sole source contract with Technical Systems Inc. (TSI) is to refurbish or replace control panels and communication systems at 12 of the city water utility facilities. This includes five flow control sites, four tank sites, and three well sites.

The City of Redmond Public Works Department maintains and operates a telemetry system for the water and wastewater systems throughout the city. Redmond has developed software and hardware components that are specifically adapted to monitor and control the various components of each system. TSI is designated as Redmond's sole-source integrator for these systems and provides all components and software to operate the telemetry systems. Public Works strives to have consistent systems throughout Redmond by standardizing telemetry components and software programming, which expedites repairs and maintenance. Many equivalent components are not compatible with the Redmond system. Thus, using non-standard components in this project would result in additional repair and maintenance costs in the future. Resolution 1398 was adopted by Council pursuant to RCW 39.04.280(2)(a), to waive competitive bidding requirements and designate TSI as the sole-source provider for Redmond's telemetry system upgrades in 2014.

On May 6, 2022, Redmond staff received a quote from TSI for telemetry system equipment components to be used in the upgrade for 12 city water utility sites. The design of these phases of the Telemetry System upgrade was completed in October of 2021 and we are now moving to the equipment production and installation phase of the project.

Redmond will continue to ensure the City is protected in case of a cyber-attack on the telemetry system. TSI and Redmond have entered into an Information Privacy and Security Agreement along with added insurance to minimize the risk of an attack on the system.

Bid Results

The project was not competitively bid. The escalation in pricing beyond the available funding can be attributed to the following factors:

- Funding for this project was estimated a few years ago when pricing was stable. The estimate to support the funding was completed without the benefit of a detailed scope for the equipment replacement needs at each site. The design, completed in October of 2021, revealed a funding gap but this gap was not confirmed until we received pricing from TSI in May of this year.
- Recently prices for public works construction are increasing rapidly. We realized these price increases in the design estimate but that did not change the available funding set in the current CIP.

- Currently, ordering and delivery times are impacting all public works construction. Supplier price guarantees for bidding are limited in duration. These conditions present a great deal of uncertainty in pricing and justify a high price which also increases costs.

The TSI cost estimate was reviewed by the City’s peer review consultants BHC with City technical and project management staff. The BHC consultant opinion of probable costs (OPCC) for the identified work was determined to be slightly higher than the TSI estimate. Based on the analysis, the staff concluded that the pricing proposed by TSI was fair and reasonable. City staff then negotiated the final contract price with TSI.

Funding to cover the cost increase is available in the Water CIP. Currently allocated cashflow for 2022 is expected to cover expenses in 2022. Funding increases for the 2023-2024 CIP will account for the funding short fall allowing for this project to continue over the next 2-year period. Most of the expenses for this project will occur in the 2023-2024.

Staff recommends approving this contract with TSI.

Fiscal Information

Current Project Budget	
Water CIP	\$2,445,000
Additional Water CIP	\$2,760,057
Total Funding	\$5,205,057
Estimated Project Costs	
Design	\$306,000
Construction	\$3,883,143
Contingency	\$1,015,914
Total Estimated Project Cost	\$5,205,057
Budget Difference	\$0