

The Demands of a Competitive Procurement Process Have Not Been Met

January 6, 2025

On July 19, 2025, the Committee to Cut the Waterfall Contract shared its assessment of the procurement process that gave Waterfall Security Solutions a one-year cybersecurity contract with Saint Paul Regional Water Services (SPRWS). We found that process to be insufficiently rigorous, and the single source justification to be faulty.

There was apparently some concurrence within SPRWS. Upon receiving our critique, the Information Services Manager on July 21st instructed SPRWS staff that “we need to build our case to continue to support this system”. The Water Control Systems Supervisor responded by noting problems with the system passing data in a manner that could be effectively utilized, and conceded that “going with single source may not have been the best move”.

If the Unidirectional Security Gateway Request for Information (RFI), issued by the Board of Water Commissioners on October 20, 2025, was intended to compensate for the noncompetitive, single source procurement of Waterfall Security Solutions’ cybersecurity system, it has failed. The RFI does not meet the demands of a competitive procurement process.

The RFI provided little, if any, incentive for cybersecurity vendors to respond. The purpose of enabling Resolution 25-1420 is found at the top of the signature copy:

To affirm the use of Waterfall Security Solutions’ unidirectional gateway technology to enable secure, one-way data transfer between the Operational Technology (OT) and Information Technology (IT) systems at Saint Paul Regional Water Services (SPRWS).

An honest search for an alternative vendor does not begin with an affirmation of the existing vendor. Indeed, internal SPRWS emails reveal that Waterfall became aware of the enabling resolution before it was even presented to the Board of Water Commissioners.

It is not surprising that the RFI garnered only two submissions, one of them from Waterfall. The language found in the RFI itself reinforced the notion that participation would be a waste of time:

This RFI is for informational purposes only and no contract will be awarded as a result. Participation or lack of participation in this RFI will have no impact on the evaluation of responses to any subsequent RFP or Invitation to Bid (ITB).

SPRWS may request vendor demonstrations based on the responses received.

Participation in demonstrations will not obligate SPRWS to issue a further solicitation or award a contract.

Respondents are responsible for all costs incurred in preparing responses or participating in demonstrations.

We have been told on several occasions that unless there was a 60-day notice of termination, the one-year contract with Waterfall would renew automatically on October 1, 2025. A closer look at the termination clause of the contract (page 8) indicates that only a 30-day notice of termination was

required. We also see that the contract presented for approval was not renewed for one year as we were led to believe, but rather four years. It has an expiration date of October 1, 2029.

Invoices submitted by Waterfall reveal that SPRWS has been billed a substantially higher amount than specified in the contract. SPRWS originally agreed to a cybersecurity package valued at \$74,035.25, with an annual standard support plan worth \$9200.25, for a total of \$83,235.50. Between October 13, 2024 and August 27, 2025, Waterfall submitted four invoices totaling \$121,910.00. The discrepancy between the contract amount and what was billed is \$38,674.50.

In our meeting with SPRWS staff on July 22, 2025, we asked if the department had an Environmental, Social and Governance (ESG) policy. While we were told that it did not, we were assured by the General Manager that their operations “reflect these values”. However, when we suggested an amendment to Resolution 25-1420 stating that social justice values should be a consideration in selecting a new cybersecurity vendor, that language was rejected. A review of internal emails reveals that any “values” SPRWS may choose to act upon do not include apartheid and genocide.

On August 12th, the Public Records Manager at SPRWS wrote, “Any individual views on issues outside of our mission are not relevant to our decision making, and Saint Paul Regional Water Services does not take a position on this issue”.

On September 8th, the General Manager and Business Division Manager both rejected adding social justice language to the resolution, with the Business Division Manager adding “this only appeases the protesters”.

Regardless of whether SPRWS staff wishes to involve itself in the non-violent global effort to economically isolate Israel and bring an end to Israeli apartheid and plausible genocide, it is the prerogative of the Board of Water Commissioners to follow the South Africa precedent and do so.

We also call on the Board to instruct SPRWS to demand answers from Waterfall regarding its founder and CEO, Lior Frenkel, who boasted of doing “offensive cybersecurity” for the Israeli government after leaving the Israeli military. If said operations at all resemble the stuxnet cyber attack, unlawful Pegasus spyware intrusions, exploding pager attacks, or AI machines like ‘Lavender and ‘Where’s Daddy’ which generated kill lists for Palestinian individuals who were subsequently bombed in their homes alongside their families, we would expect an automatic debarment of Waterfall.

<https://www.un.org/unispal/document/a-hrc-59-23-from-economy-of-occupation-to-economy-of-genocide-report-special-rapporteur-francesca-albanese>

In the meantime, SPRWS must conduct an open and unbiased search for an alternative cybersecurity vendor that meets the demands of a competitive procurement process.

The Committee to Cut the Waterfall Contract