



THE PORT
OF LOS ANGELES
Executive Director's
Report to the

Board of Harbor Commissioners

DATE: OCTOBER 16, 2013

FROM: INFORMATION TECHNOLOGY

SUBJECT: RESOLUTION NO. _____ - AGREEMENT BETWEEN THE CITY OF LOS ANGELES HARBOR DEPARTMENT AND ACCUVANT, INC. FOR A CYBER SECURITY OPERATIONS CENTER, PHASE I

SUMMARY:

The Information Technology (IT) Division is requesting approval to enter into an agreement with Accuvant, Inc. (Accuvant) to furnish and implement the first phase of a Cyber Security Operations Center (CSOC) for the City of Los Angeles Harbor Department (Harbor Department). The CSOC will be the Harbor Department's technical nerve center to protect its information assets from the growing cyber threat. The CSOC project includes hardware, software, and services to equip a facility for staff to have additional capabilities to prevent, detect, monitor and respond to cyber security incidents targeting the Harbor Department's computer systems. The CSOC will be located in the Harbor Administration Building in the existing IT Division work area. The proposed agreement's amount is \$2,149,813.20, and the term is one year.

The total cost of the CSOC Phase I project is estimated to be \$2,564,000, of which \$1,650,000 will be reimbursed from the Fiscal Year 2012 Port Security Grant Program (PSGP 2012). Of the total project cost of \$2,564,000, \$2,200,000 is for external costs (including the proposed Accuvant agreement) and \$364,000 is for salaries and benefits of existing employees. All project costs will be capitalized. The CSOC Phase I project will be completed before the PSGP 2012 grant expiration date of August 31, 2014.

The recommendation to select Accuvant is based on a competitive Request for Proposals (RFP) process performed by the Harbor Department. Accuvant is headquartered in Denver, Colorado, with services from its local office in El Segundo, California.

RECOMMENDATION:

It is recommended that the Board of Harbor Commissioners (Board):

1. Find that in accordance with the Los Angeles City Charter Section 1022, the work under the subject agreement can be performed more feasibly by independent contractors than by City employees;

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2. Approve the agreement with Accuvant, Inc. for a term of one year for a total not-to-exceed amount of \$2,149,813.20.
3. Authorize the Executive Director to execute and the Board Secretary to attest to the agreement; and
4. Adopt Resolution No. _____.

DISCUSSION:

Background/Context – Cyber security is not new, however the rapidly growing cyber threats and the pervasive use of computers in most operations have increased the risks of business disruption from a cyber incident. The Harbor Department's current cyber security infrastructure cannot keep up with these growing risks. The increasing risk is not unique to the Harbor Department, and is a concern being addressed on the national level, including through President Obama's Executive Order for Improving Critical Infrastructure Cyber Security and the Department of Homeland Security's (DHS) National Infrastructure Protection Plan. The Port of Los Angeles is identified by the DHS as part of the nation's critical infrastructure. A few examples of the possible attack types include a denial-of-service attack that could make the computer systems inaccessible, a data breach that could compromise sensitive or confidential information, a malware outbreak that could cause costly computer system damage, or an attack from an insider with access to the systems.

The proposed CSOC is a facility that staff will use to proactively monitor computer network traffic and help maintain the Harbor Department's operations by reducing the cyber risk through preventing incidents or containing the damage if an incident does occur. The CSOC will be located in the Harbor Administration Building in the IT Division work area. In addition to the immediate benefits, the CSOC will provide the foundational infrastructure to support future initiatives and IT trends, such as more mobile devices, cloud-based systems, and interfaces with external entities. The CSOC will reduce the cyber risk, but will not eliminate the risk. As long as computers are used, there is the possibility of a cyber incident.

The CSOC will be implemented in accordance with the National Institute of Standards and Technology (NIST) guidelines for the Federal Information Security Management Act (FISMA) and the international standard for Information Security Management System ISO 27001.

The proposed agreement (Transmittal 1) is for Phase I of the CSOC. Phase I will be fully functional by itself. The scope includes hardware, software and services to implement or upgrade the following capabilities: incident and threat management,

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intrusion detection/prevention system, security monitoring tools, digital forensics, malware analysis and advanced persistent threat defense, network access control, and network traffic visibility and aggregation. Phase I will be completed by August 31, 2014.

A Phase II, which will expand the CSOC's capabilities to address evolving future cyber threats, may be submitted to the Board for consideration at a later date if grant funding becomes available. The acceptance of the Fiscal Year 2013 Port Security Grant Program award for Phase II is being proposed under a separate Board item. Because cyber attacks are evolving, Phase II will be defined and proposed near the completion of Phase I based on future threats that may not be known at this time. Phase II may include compliance with new standards or requirements, new tools to address new threats, additional licenses to protect the expanding Harbor Department IT infrastructure, new training for staff, or other hardware, software or services to address future threats. However, as previously stated, the proposed Phase I will be fully functional by itself to reduce the risk from current threats. No additional phases are planned beyond Phase II.

Evaluation and Selection – The evaluation and selection was based on a competitive RFP process performed by the Harbor Department. Three proposals were received in response to the RFP (Transmittal 2). The selection committee evaluated the proposals based on the published criteria: 1) firm qualifications, experience and references, 2) project organization, personnel and staffing, 3) project approach, work plan, management and timeline, 4) rates, fees and budget control, and 5) quality and responsiveness of the proposal. The selection committee was comprised of individuals from the Harbor Department's IT and Port Police Divisions, and an external rater from the Port of Long Beach. Two firms were invited to participate in interviews with the selection committee and present their proposal. Based on the scoring criteria, the selection committee recommends Accuvant (Transmittal 3).

Accuvant is headquartered in Denver, Colorado, with services from its local office in El Segundo, California.

ENVIRONMENTAL ASSESSMENT:

The proposed action is approval to enter into an agreement with Accuvant to furnish and implement the first phase of a Cyber Security Operations Center at the Harbor Department. As an administrative activity, the Director of Environmental Management has determined that the proposed action is exempt from the requirements of the California Environmental Quality Act (CEQA) in accordance with Article II Section 2 (f) of the Los Angeles City CEQA Guidelines.

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ECONOMIC BENEFITS:

Spending under the proposed Agreement will support 8 direct and 11 secondary one-year equivalent jobs for the five-county region.

FINANCIAL IMPACT:

Approval of the proposed agreement for the not-to-exceed amount of \$2,149,813.20 with Accuvant Inc., authorizes the IT Division to retain Accuvant Inc. to furnish and implement the first phase of a Cyber Security Operations Center.

The total cost of the CSOC Phase I project is estimated to be \$2,564,000, of which \$1,650,000 will be reimbursed from the PSGP 2012 grant. Of the total project cost of \$2,564,000, \$2,200,000 is for external costs (including the proposed Accuvant agreement) and \$364,000 is for salaries and benefits of existing employees. All costs will be capitalized.

Funds for fiscal year 2013/2014 in the amount of \$2,447,184 have been budgeted in the annual Capital Improvement Program budget process under Work Order 25220, Center 1179, Program 641, Job 635-00, Account 54310. Upon Board approval, funding for fiscal year 2014/2015 will be budgeted as shown in the table below.

	FY 13/14	FY 14/15	TOTALS
Accuvant Agreement	\$ 2,149,813.20		\$ 2,149,813.20
Other hardware, software and services	\$ 50,186.80		\$ 50,186.80
Capitalized labor costs of existing employees	\$ 247,184	\$ 116,816	\$ 364,000
TOTALS	\$ 2,447,184	\$ 116,816	\$2,564,000

A Termination for Non-Appropriation of Funds Clause (also known as a Funding Out Clause) is included in the Agreement.

The project will be completed by the PSGP 2012 grant expiration date of August 31, 2014. The project will be managed by the IT Division.

Cubicles for up to four consultants will be used within the space reserved for the IT Division. Staff will not be displaced. These four cubicles will be needed for the one-year duration of the proposed agreement.

This project includes eliminating old equipment and systems, which will offset the maintenance costs of the new equipment. The net on-going maintenance cost of this

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project is estimated to be \$50,000 per year. This will be requested in the IT Division operation budget beginning in Fiscal Year 2015/2016.

CITY ATTORNEY:

The Office of the City Attorney has reviewed and approved the agreement as to form and legality.

TRANSMITTALS:

1. Agreement with Accuvant, Inc.
2. List of Proposers
3. Evaluation Matrix

FIS Approval:  (initials)
CA Approval: _____ (initials)



LANCE KANESHIRO
Chief Information Officer



MOLLY CAMPBELL
Deputy Executive Director

APPROVED:



GERALDINE KNATZ, Ph.D.
Executive Director

LK/tl
Author: Timothy Lee