



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

Board of Harbor Commissioners

DATE: NOVEMBER 7, 2018

FROM: GOVERNMENT AFFAIRS

**SUBJECT: RESOLUTION NO. _____ - APPROVAL OF AGREEMENT
BETWEEN THE CITY OF LOS ANGELES HARBOR DEPARTMENT
AND HOLLAND & KNIGHT, LLP FOR CYBERSECURITY ADVOCACY
REPRESENTATION**

SUMMARY:

Staff requests approval of the Agreement between the City of Los Angeles Harbor Department ("Harbor Department") and Holland & Knight, LLP for cybersecurity advocacy representation for the Harbor Department. The proposed Agreement is for a one-year term, with two one-year options, and a not-to-exceed amount of \$120,000 per year, plus travel expenses not-to-exceed \$33,000 per year, for a total contract amount of \$459,000. The Harbor Department is financially responsible for expenses incurred under the proposed Agreement.

RECOMMENDATION:

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

1. Find that the Director of Environmental Management has determined that the proposed action is administratively exempt from the requirements of the California Environmental Quality Act (CEQA) under Article II, Section 2(f) of the Los Angeles City CEQA Guidelines;
2. Find that in accordance with the Los Angeles City Charter Section 1022, work under the subject Agreement is temporary in nature and can be performed more feasibly by an independent contractor rather than by City of Los Angeles employees;
3. Approve the proposed Agreement between the City of Los Angeles Harbor Department and Holland & Knight, LLP for a one-year term, with two one-year options, with a not-to-exceed amount of \$153,000 per year, for a total contract amount of \$459,000;
4. Authorize the Executive Director or Designee to execute, and the Board Secretary to attest to, the proposed Agreement; and
5. Adopt Resolution No. _____.

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DISCUSSION:

City of Los Angeles (City) Representation – The Los Angeles City Charter (“Charter”), Section 231(h), and Mayor Eric Garcetti’s Executive Directive No. 4 (June 24, 2014) specifies that the Office of the Mayor holds primary responsibility for the City’s intergovernmental relations. The Charter provision and the procedures adopted to carry out this provision are designed to ensure a unified voice and coordinated legislative strategy when representing the City’s interests.

The Harbor Department’s Government Affairs Division (“GAD”) works closely with the Mayor’s Office of Legislative and Intergovernmental Relations at the federal level to advance the Harbor Department’s legislative agenda, support the Harbor Department’s strategic goals, and pursue a broad range of Harbor Department objectives, including protecting and securing funding and developing policy related to cybersecurity initiatives.

Need for Agreement – The Port (“Port”) of Los Angeles has worked to be a leader on cybersecurity issues. In 2014, the Port established a comprehensive Cyber Security Operations Center (“CSOC”) -- the first of its kind for any U.S. port. The CSOC plays an invaluable role in the prevention and detection of cyber attacks, and it is staffed with Port employees with cyber security certifications. Presently, the CSOC estimates the Port is experiencing over 20-million cyber intrusion attempts per month, or an average of seven-to-eight attacks every second. The growing volume and variety of malicious cyber attacks that the CSOC defends against range from denial-of-service attacks, more standard data breaches, botnet and malware attacks, along with possible insider threats. The CSOC is ISO 27001 certified (the International Cyber Security Standard), the recipient of the American Association of Port Authorities’ Information Technology Awards in 2014 and 2016, and has been featured in several nationwide publications.

In June 2017, the information systems of Maersk were compromised by a global cybersecurity attack. The attack resulted in a temporary shutdown of Maersk’s global terminal assets, including APM Terminals at the Port of Los Angeles. Earlier this year in July 2018, the COSCO (“China Ocean Shipping Company”) terminal at the Port of Long Beach was attacked with ransomware shutting-down the COSCO Americas network including internet, email and telephone. And most recently in September 2018, the Port of Barcelona and the Port of San Diego were attacked within the span of a week. The cyber-attack on the Port of Barcelona affected some of

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its servers and systems impacting its land operations, loading and unloading of boats. The Port of San Diego was victim to a ransomware cyber-attack seeking payment in Bitcoin, which disabled its IT systems impacting its employees' access and their ability to service the public in the areas of issuing permits, public record requests and business services. The cybersecurity incidents have made protection in the maritime shipping industry an increasing area of focus at the international, federal, and state level, especially as the supply chain conveyance process is becoming increasingly digitized and reliant on other critical infrastructure sectors (e.g., electric utilities, telecommunications).

Last year on October 30, 2017, the U.S. House Homeland Security Committee held a congressional field hearing at the Port of Los Angeles, entitled: *Examining Physical Security and Cybersecurity at Our Nation's Ports* in which Port of Los Angeles Executive Director Gene Seroka provided testimony. The hearing highlighted the economic consequences of supply chain disruptions and the challenges of securing the maritime supply chain from cyberattacks. Based on the hearing, the Port identified opportunities for better coordination with the federal government to advance port cybersecurity policy and potential funding opportunities to further minimize our cyber risk.

As a result, the Harbor Department entered into two, six-month, short-term contracts from October 2017 to October 2018 for cybersecurity advocacy services by amending its current federal advocacy contract with Holland & Knight. The Board approved the First Amendment at its November 16th Board Meeting, and the Second Amendment at its August 23rd Board Meeting. It was determined that the need for cybersecurity advocacy services remained and the Department moved forward with a competitive selection process to have a longer-term agreement with a cybersecurity consultant.

If the Agreement is approved, Holland & Knight's cybersecurity/maritime subject matter experts will assist the Harbor Department in aligning its cybersecurity program with current policy and regulatory structures; identify cybersecurity specific funding opportunities; identify, share and help harmonize existing U.S. and international cybersecurity regimes in the maritime environment, including, but not limited to, identification of cybersecurity "best practices" from other sectors to share with the Harbor Department for improved cybersecurity preparedness, and the development and/or modification of cybersecurity response plans for the Harbor Department.

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Additionally, Holland & Knight will:

1. Support the Harbor Department's development and implementation of a cybersecurity policy, regulatory and, as needed, cybersecurity legislative strategy to advance the Harbor Department's cybersecurity objectives and ensure potential legislation is consistent with current cybersecurity standards;
2. Advance the Harbor Department as a thought leader in cybersecurity issues in the maritime world in the U.S. and in selected international venues;
3. Identify resources that can be leveraged to support the Harbor Department's cybersecurity policy and security objectives including cybersecurity training for Harbor Department employees on cybersecurity threats; and,
4. Work with the Harbor Department as needed to build expanded awareness of cybersecurity issues with elected officials, appointed officials, and other stakeholders.

A complete list of the Department's requirements of Holland & Knight can be found in the Agreement and Exhibit A "Scope of Work."

Consultant Selection – The Harbor Department issued a Request for Proposals ("RFP") keeping with the City Charter requirements and Board policies of open competition for professional services. The RFP was published on the Port of Los Angeles website and posted on the Los Angeles Business Assistance Virtual Network.

The proposals were evaluated by a selection committee, consisting of three Port staff and a representative from the Port of Long Beach. Evaluations were based on the written proposal that demonstrated knowledge of cybersecurity issues, familiarity with the City of Los Angeles, and the maritime industry; strong experience working with the President's Administration, Congress, federal departments and/or regulatory agencies; ability to develop legislative language and strategy, funding plan development and implementation, sound project team organization, relevant experience and expertise; and comprehension of the Harbor Department's challenges and opportunities regarding cybersecurity. The selection committee reviewed and scored the responsive proposals and selected Holland & Knight as the most qualified bidder. Holland & Knight will work under the direction of the Harbor Department's Director of Legislative Affairs.

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CITY ATTORNEY:

The Office of the City Attorney has prepared and approved the Agreement as to form and legality.

TRANSMITTAL:

1. Agreement between the City of Los Angeles and Holland & Knight, LLP
2. RFP Evaluation Score Sheet

FIS Approval: MB

CA Approval: CLB

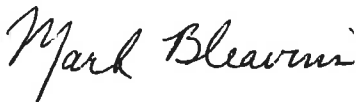


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