



DATE: AUGUST 15, 2018

FROM: GOVERNMENT AFFAIRS

SUBJECT: RESOLUTION NO: _____ - SECOND AMENDMENT TO AGREEMENT 17-3488 WITH HOLLAND & KNIGHT LLP, FOR CYBER SECURITY ADVOCACY SERVICES

SUMMARY:

Staff requests ratification and approval of a Second Amendment to Agreement No. 17-3488 with Holland & Knight LLP, originally approved by the Board of Harbor Commissioners (Board) on April 7, 2017, and effective from April 28, 2017 for a period of one year with two one-year renewal options at the discretion of the Executive Director. The first year renewal option was exercised by the Executive Director on April 23, 2018. Under the Agreement, Holland & Knight provides the City of Los Angeles Harbor Department (Harbor Department) general federal level advocacy services in Washington, D.C. A First Amendment, approved by the Board on November 16, 2017, added cybersecurity advocacy services for the time period October 12, 2017 to April 28, 2018. The proposed Second Amendment extends the time period during which cybersecurity services may be provided from April 28, 2018 to October 28, 2018 and increases the total compensation amount by \$75,000. An additional \$22,000 for travel expenses is also included in the Second Amendment. The Harbor Department is financially responsible for expenses incurred under the proposed Second Amendment.

RECOMMENDATION:

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

1. Find 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 as determined by the Director of Environmental Management;
2. Find that in accordance with the Los Angeles City Charter (Charter), Section 1022, work under the subject Agreement is temporary in nature and can be performed more feasibly by an independent contractor rather than City of Los Angeles (City) employees;

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3. Ratify and approve the proposed Second Amendment to Agreement No 17-3488 with Holland & Knight LLP, extending the term for receiving cybersecurity advocacy services for six months from April 28, 2018 to October 31, 2018, increasing the total compensation by \$75,000 and adding \$22,000 for travel expenses;
4. Authorize the Executive Director to execute, and the Board Secretary to attest to, the proposed Second Amendment to Agreement No. 17-3448 with Holland & Knight LLP; and,
5. Adopt Resolution No. _____

DISCUSSION:

The 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 American Association of Port Authorities Information Technology Awards Excellence 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 temporary shutdown of Maersk's global terminal assets, including APM Terminals at the Port of Los Angeles. Most recently in July 2018, the COSCO (China Ocean Shipping Company) terminal at the Port of Long Beach was attacked with ransomware. It is too early to know the effect of the attack, but it shut-down the COSCO Americas network (internet, email and telephone). 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).

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 cyberattack. Based on the hearing, the Port has identified

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opportunities for better coordination with the federal government to advance port cybersecurity policy and potential funding opportunities to further minimize our cyber risk.

Need for Amendment – Extending the time period and increasing the compensation amount will allow the consultant to continue its strategic cybersecurity policy and regulatory advocacy on behalf of the Harbor Department, in addition to providing cybersecurity operational and technical support. Approval of the proposed Second Amendment will also authorize payment for cybersecurity advocacy services provided by Holland & Knight during the time period April 28, 2018 to the date the Second Amendment is signed by the Executive Director, as payment for these services has not been made to date. Moreover, the proposed extension will allow the Department to complete a competitive selection process for cybersecurity policy and regulatory advocacy services which will result in a separate agreement with a selected consultant.

The Board has the power to ratify and approve the proposed Second Amendment. “It is the general rule that whatever acts public officials may do or authorize to be done in the first instance may subsequently be adopted or ratified by them with the same effect as though properly done under previous authority.” McQuillin, Municipal Corporations, §29.106 (2018 3rd Ed.). In order to ratify the past unauthorized act (i.e. approval of the Second Amendment with an April 28, 2018 effective date), the Board needs to follow all formalities and make all findings it would have been required to make if the Second Amendment had been approved prior to its expiration date of April 28, 2018. Here, prior to April 28, 2018, the Board had the authority to approve the Second Amendment with the proposed term extension and additional compensation. Therefore, while the required approval was not obtained initially, the Board can ratify and approve the Second Amendment with an effective date retroactive to April 28, 2018.

In the event that the Second Amendment is not approved, the Agreement will continue in effect for the general federal advocacy services, however, the cybersecurity advocacy services would cease and payment for services provided after the expiration of the First Amendment would not be authorized.

Upon approval of the Second Amendment, Holland & Knight cybersecurity/maritime subject matter experts will continue to 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 develop and/or modify cybersecurity response plans for the Harbor Department.

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In addition, Holland & Knight will continue to:

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. Help position 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 Port 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.

ENVIRONMENTAL ASSESSMENT:

The proposed action is approval of the Second Amendment to Agreement No. 17-3488 with Holland & Knight LLP, for federal government advocacy for the Harbor Department in Washington D.C. As an administrative activity, the Director of Environmental Management has determined that the proposed action is administratively exempt from the California Environmental Quality Act (CEQA) in accordance with Article II, Section 2 (f) of the Los Angeles City CEQA Guidelines.

FINANCIAL IMPACT:

The original Agreement was for a one-year term with two one-year options to extend for a total of up to three years, with an authority amount of \$7,500 per month or \$90,000 per year. The First Amendment increased the compensation amount by \$82,000, with additional authority for travel expenses in the amount of \$33,000, for a total authority of \$115,000. The proposed Second Amendment increases the compensation authority amount by \$75,000 with an additional authority for travel expenses in the amount of \$22,000, for a total authority of \$97,000.

Funds for Fiscal Year 2018/2019 in the amount of \$97,000 to fund the increased authority amount under the Second Amendment are available in Government Affairs Account No. 54290, Center No. 260, Program No. 000.

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CITY ATTORNEY:

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

TRANSMITTAL:

1. Second Amendment to Agreement No 17-3488 between the City of Los Angeles and Holland & Knight LLP

FIS Approval: MB
CA Approval: JM



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