



Executive Director's
Report to the
Board of Harbor Commissioners

DATE: NOVEMBER 8, 2017

FROM: GOVERNMENT AFFAIRS

SUBJECT: RESOLUTION NO. _____ – FIRST AMENDMENT TO AGREEMENT NO. 17-3488 WITH HOLLAND AND KNIGHT LLP, FOR FEDERAL GOVERNMENT ADVOCACY SERVICES IN WASHINGTON, D.C. FOR CYBERSECURITY ADVOCACY SERVICES

SUMMARY:

Staff requests approval of a First Amendment to Agreement No. 17-3488 with Holland and Knight LLP, which was approved by the Board of Harbor Commissioners on April 7, 2017. This Agreement provides the City of Los Angeles Harbor Department (Harbor Department) with federal government advocacy services in Washington, D.C. The proposed First Amendment extends the scope of work to include specialized cyber security policy and regulatory advocacy and consulting services and increases the total compensation amount by \$114,833. In addition, travel authority for \$33,000 is included in the First Amendment. The Harbor Department is financially responsible for expenses incurred under the proposed First Amendment.

RECOMMENDATION:

It is recommended 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 Agreements are temporary in nature and can be performed

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more feasibly by an independent contractor rather than by City of Los Angeles (City) employees;

3. Approve the proposed First Amendment to Agreement No. 17-3488 with Holland & Knight LLP, located in Washington, D.C. The proposed First Amendment extends the scope of work to include specialized cyber security policy and regulatory advocacy and consulting services and increases the total compensation amount by \$114,833. In addition, travel authority for \$33,000 is included in the First Amendment;
4. Authorize the Executive Director to execute, and the Board Secretary to attest to, the proposed First Amendment to Agreement No. 17-3488 with Holland and 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 industry certifications. Presently, the CSOC estimated the Port is experiencing over 20-million cyber intrusion attempts per month, or seven-to-eight attacks every second on average. 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 of Excellence in 2014 and 2016, and has been featured in several nationwide publications.

However, cybersecurity protection in the maritime shipping industry is becoming 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). Furthermore, in June 2017, the

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information systems of Maersk was compromised by a global cybersecurity attack. The attack resulted in the temporary shutdown of Maersk's global terminal assets, including APM Terminals at the Port of Los Angeles.

The Maersk attack highlighted the vulnerability of port operations to disruption by cyberattack and, as a result, there is a renewed interest at the international and federal level to strengthen the nation's critical infrastructure against cyber attacks. For example, 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*, which was attended by nine congressional members. Key Members present included Chairman Michael McCaul (TX-10th-R), Ranking Member Bennie Thompson (MS-2nd-D), Rep. Ron Estes (KS-4th-R), Rep. Nanette Barragán (CA-44th-D), and Rep. Norma Torres (CA-35th-D). 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 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 – Staff has identified the need to expand the scope of work of Holland and Knight LLP, to include strategic cybersecurity policy and regulatory advocacy and consulting support, which will include cybersecurity operational and technical support.

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

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In addition, Holland and Knight will:

1. Support the Department's development and implementation of a cybersecurity policy, regulatory and as needed, cybersecurity legislative strategy to advance the Department's cybersecurity objectives and ensure potential legislation is consistent with current cybersecurity industry standards;
2. Help position the Department and the Port of Los Angeles as a thought leader in cybersecurity issues in the port and maritime world in the U.S. and in selected international venues;
3. Identify resources that can be leveraged to support the Department's cybersecurity policy and security objectives including cybersecurity training for Port employees on cybersecurity threats; and,
4. Work with the 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 First Amendment to Agreement No. 17-3488 with Holland and 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 current Agreement is 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 total authority of the proposed First Amendment increases the compensation authority amount by \$114,833. In addition, travel authority for \$33,000 is included in the First Amendment.

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Funds for Fiscal Year 2017/2018 in the amount of \$115,000 to fund the increased authority amount under the First Amendment are available in Government Affairs Account No. 54290, Center No. 260, Program No. 000.

CITY ATTORNEY:

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

TRANSMITTAL:

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

FIS Approval: MB

CA Approval: MC



DAVID LIBATIQUÉ
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APPROVED:



EUGENE D. SEROKA
Executive Director