



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

Board of Harbor Commissioners

DATE: OCTOBER 30, 2013

FROM: PORT POLICE

**SUBJECT: RESOLUTION NO. _____ - COOPERATIVE AGREEMENT
BETWEEN THE UNITED STATES DEPARTMENT OF HOMELAND
SECURITY, FEDERAL EMERGENCY MANAGEMENT AGENCY AND
THE CITY OF LOS ANGELES HARBOR DEPARTMENT FOR
REIMBURSEMENT OF PORT SECURITY GRANT PROGRAM FUNDS
FOR FISCAL YEAR 2013**

SUMMARY:

The City of Los Angeles Harbor Department (Harbor Department) is proposing to enter into a Cooperative Agreement with the United States Department of Homeland Security (DHS), Federal Emergency Management Agency (FEMA), for the reimbursement of funds allocated to the Harbor Department under the Fiscal Year (FY) 2013 Port Security Grant Program (PSGP). The DHS awarded a Federal grant in the amount of \$1,500,000 to the Harbor Department on September 1, 2013.

The item approved for grant reimbursement, subsequent to expenditure by the Harbor Department, is the Information Technology (IT) Cyber Security Project Phase II. The \$1,500,000 grant award is for a two-year period ending August 31, 2015. A 25 percent cost share is required under this PSGP, and will be funded by the Harbor Department. The Harbor Department's total cost share responsibility will be \$500,000 of the \$2,000,000 total project cost.

RECOMMENDATIONS:

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

1. Approve the Cooperative Agreement between the Harbor Department and United States Department of Homeland Security, Federal Emergency Management Agency for reimbursement of funds allocated to the Harbor Department under Fiscal Year 2013 Port Security Grand Program;
2. Authorize the Executive Director or designee to execute and the Board Secretary to attest to the proposed Cooperative Agreement for and on behalf of the Board;

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3. Authorize the Harbor Department to proceed with the project approved for funding by the United States Department of Homeland Security, Federal Emergency Management Agency; and
4. Adopt Resolution No. _____.

DISCUSSION:

Background/Context: The FY 2013 DHS Appropriations Act provides funds for a competitive grant program, the PSGP, to address physical security enhancements for critical national seaports. A “For Information Only” letter dated June 17, 2013, regarding FY 2013 PSGP project applications was transmitted to the Board. The Harbor Department submitted three projects based on the PSGP Application and Guidance Package: Maritime Domain Awareness Training and Exercises (\$1,000,000); geoPOLA Enhancements Phase I (\$4,000,000); and IT Cyber Security Project Phase II (\$1,500,000). Subsequently, on September 1, 2013, the Harbor Department was awarded a Port Security Grant in the amount of \$1,500,000, through a Cooperative Agreement (Transmittal 1) under the FY 2013 PSGP for the IT Cyber Security Project Phase II.

A secure computing environment is critical for the Port’s functions. IT Cyber Security Phase II will significantly upgrade and enhance the detection, prevention, response, and overall Maritime Domain Awareness capabilities of the Harbor Department and its IT infrastructure. The project includes upgrades and enhancements of the Harbor Department’s IT equipment, services, and related requirements for cyber security improvements, which will be used in preventing, detecting, reporting, and responding to security incidents targeting Port computer infrastructure and sensitive security information (SSI) data. In addition, the project will identify and address immediate risk exposures, establish IT security policies, and implement the National Institute of Standards and Technology (NIST) guidelines for the Federal Information Security Management Act (FISMA).

The Harbor Department was allocated Federal funding in the amount of \$1,500,000 by the DHS for one project:

PROJECT	FEDERAL AMOUNT	HARBOR DEPARTMENT 25 PERCENT COST SHARE AMOUNT	TOTAL COST
IT Cyber Security Phase II	\$1,500,000	\$500,000	\$2,000,000
Total	\$1,500,000	\$500,000	\$2,000,000

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The DHS Port Security Grant is a reimbursement grant and includes a number of terms and conditions that must be followed in order for the grant recipient to be reimbursed. The Harbor Department may request cost reimbursement on a monthly basis. Some of the significant terms and conditions for this grant include cost principles, audit requirements, administrative requirements, and reporting requirements as follows:

- a) Harbor Department shall perform, in accordance with the Single Audit Act Amendments of 1996, as implemented by the Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations."
- b) Harbor Department shall submit a Progress Report, as per the PSGP Guidelines and Application Kit for biannual and final reports.
- c) As required by 2 Code of Federal Regulations 215.25, the Harbor Department shall notify FEMA of the developments that have significant impact on award-supported activities, including changes in key project staff. If key project staff has not been designated in the recipients approved application, Harbor Department must request approval prior to hiring.

Additionally, requests for change, including but not limited to, extensions and change in scope, are to be submitted to the PSGP Manager for approval from the DHS.

ENVIRONMENTAL ASSESSMENT:

The proposed action is approval of a Cooperative Agreement with DHS FEMA for the reimbursement of Port Security Grant funds allocated to the Harbor Department for the IT Cyber Security Phase II project. 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.

ECONOMIC BENEFITS:

Approval of the proposed Cooperative Agreement will have no employment impact. The project associated with the proposed Agreement will support 7 direct and 10 secondary one-year equivalent jobs for the five-county region.

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FINANCIAL IMPACT:

Items covered under this Cooperative Agreement are to be reimbursed by DHS under FY13 PSPG through FEMA. The Harbor Department will be responsible for budgeting and paying for the initial procurements and then requesting reimbursement through the Cooperative Agreement. Total grant award is \$1,500,000. A 25 percent cost share (\$500,000) funded by the Harbor Department is required under this PSPG, for a total cost of \$2,000,000 for the project. Operating and maintenance costs for the IT Cyber Security Phase II project will be detailed in a separate future Board action recommending approval of implementation of the project.

Funds for the IT Cyber Security Phase II (\$2,000,000) will be requested to be budgeted in the Capital Improvement Program - Account No. 54510, Division 1179, Program 000, in future fiscal years as part of the annual budget process, upon Board approval.

Project	Account	Center	Program	FY 2014/15	FY 2015/16	Total
IT Cyber Security Phase II	54510	1179	000	\$2,000,000	0	\$2,000,000
Total				\$2,000,000	0	\$2,000,000

If costs are incurred after September 1, 2015, they will be absorbed by the Harbor Department unless FEMA authorizes a grant extension. Grant extensions are requested six months prior to the grant end date. They are given in six- or twelve-month increments and are determined based on ongoing commitments (i.e., purchase orders, contract awards) and accomplished milestones within the project.

The Harbor Department's obligation to pay any amount due pursuant to any contract for any fiscal year after the current fiscal year is contingent upon the Board approval of funds for each project. The City of Los Angeles' (City) fiscal year ends on June 30 of each calendar year. Accordingly, anything to the contrary notwithstanding, the City may terminate any contract and its future monetary obligations thereunder, effective at the end of any fiscal year.

Funds for the IT Cyber Security Phase II will be budgeted in the Capital Improvement Program in Account No. 54510, Division 1179, Program 000.

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CITY ATTORNEY:

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

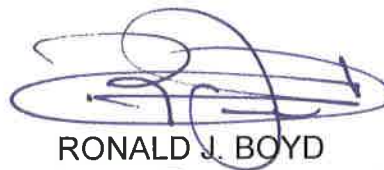
TRANSMITTAL:

1. U.S. Department of Homeland Security Port Security Grant Cooperative Agreement Award No. EMW-2013-PU-00386-S01.

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



RONALD J. BOYD
Chief of Police



RONALD J. BOYD
Interim Deputy Executive
Director, Operations

APPROVED:



GERALDINE KNATZ, Ph.D.
Executive Director

RJB:CD:jad
Author: R. Grant