



CITY OF GLENDALE, CALIFORNIA REPORT TO THE CITY COUNCIL

AGENDA ITEM

Report: Approval of participation in the American Public Power Association (APPA) Department of Energy (DOE) Energy Security, and Emergency Response (CESER) Cooperative Agreement, Appropriation of Funds Received from the APPA Subaward, and Amendment to the City's Agreement with Insight Public Sector Inc. (Insight).

- 1) Motion approving participation in the American Public Power Association (APPA) Department of Energy (DOE) Energy Security, and Emergency Response (CESER) Cooperative Agreement DE-CR0000015, and authorizing the City Manager, or his designee, to accept a Subaward for the Federal funding approved by the DOE in the amount of \$820,644 for Glendale Water and Power (GWP), and enter into a Cooperative Agreement with APPA for the implementation of the Subaward.
- 2) Motion authorizing the City Manager, or his designee, to enter into and execute Amendment No. 1 to the City's existing Professional Service Agreement, Contract No. 8001795 with Insight Public Sector Inc. (Insight) for services related to cybersecurity solutions, hardware, and implementation, pursuant to the requirements of the Subaward and Cooperative Agreement by the APPA, in the not-to-exceed amount of \$820,644, for a new total not-to-exceed contract amount of \$6,961,844.
- 3) Resolution of Appropriation appropriating \$820,644 subaward received by the American Public Power Association (APPA) Department of Energy (DOE) Energy Security, and Emergency Response (CESER) to be dispensed by APPA, and \$82,065 for the non-reimbursable administrative cost share for a total of \$902,709

COUNCIL ACTION

Item Type: Consent Item

Approved for September 17, 2024 **calendar**

EXECUTIVE SUMMARY

The DOE CESER signed a \$6 million cooperative agreement with the APPA, dated September 28, 2022, to facilitate the rapid adoption and deployment of Industrial Control Systems (ICS) for Distribution and Municipal Utilities to develop and demonstrate cyber-physical solutions for public power.

GWP participated in the APPA/DOE Cybersecurity Cooperative Agreement and has been working with APPA to determine cyber security initiatives as it relates to GWP's ICS for Supervisory Control and Data Acquisition (SCADA) systems and Grayson and Scholl Canyon Power Plants. GWP has qualified to receive a subaward from the DOE through working with APPA in the amount of \$820,644. Under the conditions and requirements of the grant, GWP can utilize only vendors pre-approved by APPA for the implementation. GWP will be reimbursed by APPA after it provides written confirmation of work completed or equipment received and configured.

RECOMMENDATION

Authorize the City Manager to accept the Subaward from the APPA DOE CESER cooperative Agreement to facilitate the Rapid Adoption and Deployment of ICS Cybersecurity Technologies for GWP and enter into a Cooperative Agreement with APPA for the implementation of said grant; and to adopt a Resolution of Appropriation for the Subaward granted to GWP in the amount of \$820,644.

Also authorize the City Manager to enter into and execute an amendment to the City's existing Professional Service Agreement (PSA) with Insight in the not to exceed amount of \$820,644 to implement the grant project. Insight is preapproved by the APPA DOE.

ANALYSIS

The DOE Office of CESER signed a \$6 million cooperative agreement with the APPA, dated September 28, 2022, to facilitate the rapid adoption and deployment of ICS for Distribution and Municipal Utilities to develop and demonstrate cyber-physical solutions for public power ("Subaward").

APPA contracts with utilities, through this Subaward, to help utilities address and overcome key cybersecurity challenges and maximize the long-term robustness and overall effectiveness of deployed solutions for the benefit of the whole electric industry. This Cooperative Agreement helps smaller utilities acquire and implement hardware, firmware, and software to detect and respond to adversarial activity through information sharing, provide advanced analytics for pinpointing when and where a system was compromised, and employ autonomous defense at remote endpoints. The Cooperative Agreement is focused on helping public power utilities understand and improve their cybersecurity maturity. The objectives of the Cooperative Agreement are the following:

- Implement measures or technologies that enhance utility's detection, mitigation, and forensic capabilities.
- Identify and deploy technologies and systems that enable near real time situational awareness and response capabilities in critical ICS and Operational Technology (OT) networks.
- Reinforce and enhance the cybersecurity posture of critical infrastructure Information Technology (IT) networks.
- Deploy technologies to increase visibility of threats in ICS and OT systems.

GWP participated in the APPA/DOE Cybersecurity Cooperative Agreement and has been working with APPA to determine cyber security initiatives as it relates to GWP's ICS. GWP is qualified to receive a Subaward from the DOE through working with APPA in the amount of \$820,644.

Below is the scope of work identified and approved by the DOE for this Subaward:

Scope of Work	Applicable Costs
OT Network/Information Technology Infrastructure (OT-IT)	\$548,826
OT Cybersecurity Applications (OT-SEC)	\$164,055
Deployment Services	\$ 57,491
Training	\$ 15,788
Other	\$ 34,484
TOTAL Subaward	\$820,644

GWP is requesting to take advantage of the Subaward and enter into a Cooperative Agreement with APPA which is subject to DOE standard terms and conditions. One of the grant's conditions is that the utility use DOE preapproved vendors. The DOE preapproves vendors prior to grant approval and award. Insight is a preapproved vendor and will provide the technology, hardware, applications, and deployment services for this project. Insight has an existing PSA with the City which was awarded by the City Council pursuant to a Request for Proposal process. GWP intends to contract with Insight for the Subaward services by executing an amendment to Insight's existing PSA. The proposed Amendment will include the Scope of Work for the Subaward containing a description of the services to be provided, and/or the equipment to be purchased pursuant to vendor agreements. GWP must review all vendor invoices and confirm in writing to APPA that the invoices are accurate, and that the vendor has completed all portions of the work. APPA will then reimburse GWP after payment to vendor has been satisfied.

GWP considers the benefits of the cybersecurity Subaward offered by the APPA as highly advantageous to the security posture of GWP's ICS environment. Some of these benefits include:

- Benefit 1 - To enable near real time situational awareness and response capabilities in critical ICS and OT networks, reinforce and enhance the cybersecurity posture of critical infrastructure IT networks, and enhance detection and mitigation capabilities.

- Benefit 2 - Intrusion Detection System (IDS) and Intrusion Protection System (IPS) functionality with Industrial Internet of Things (IoT) subscription functionality goes beyond firewall deny-by-default packet filtering to inspect, alert, and block malicious communications detected in network communications.
- Benefit 3 - In addition to monitoring network traffic crossing the firewalls, the IDS/IPS with Industrial IoT subscription function as an internal network security monitoring (INSM) sensor, inspecting and alerting on network communications mirrored from remote locations in the OT environment and forwarded to the firewalls. The IDS/IPS function will be monitored and administered centrally through the firewall management software.

STAKEHOLDERS/OUTREACH

Not applicable.

FISCAL IMPACT

GWP has been awarded a Subaward, through APPA, in the amount of \$820,644 in reimbursable costs to assist with GWP's ICS cybersecurity posture. In addition, GWP will bear the non-reimbursable 10% administrative cost share in the amount of \$82,065. As the amount was not included as a part of the FY 2024-25 approved budget, staff is requesting an appropriation of \$820,644 from Federal Grant Revenue, and \$82,065 from the Electric Fund Balance. The appropriation request is outlined below:

Requesting Appropriation			
Amount	From (Account String)	To (Account String)	Funding Source
\$820,644	31240-5830-GWP	51000-5830-GWP-0020; PL: GWP01301AG	Electric Depreciation Fund
\$82,065	27900-5810-GWP	41100-5830-GWP-0020; PL: GWP01301BN	Net Position, Electric Fund Balance

ENVIRONMENTAL REVIEW (CEQA/NEPA)

The action herein is not a project and as such the California Environmental Quality Act (CEQA) is not applicable.

CAMPAIGN DISCLOSURE

The names and business addresses of the members of the board of directors, the chairperson, CEO, COO, CFO, Subcontractors and any person or entity with more than 10% interest in the company proposed for contract in this Agenda Item Report are attached in Exhibit 1, in accordance with the City Campaign Finance Ordinance No. 5744.

ALTERNATIVES TO STAFF RECOMMENDATION

Alternative 1: Not to approve the proposed action, which will result in not accepting Federal funding to assist GWP with cybersecurity initiatives and posture.

Alternative 2: Consider any other alternative not proposed by staff.

ADMINISTRATIVE ACTION

Submitted by:

Manuel Robledo, Acting General Manager - Glendale Water and Power

Prepared by:

Scott K. Mellon, Assistant General Manager - Power Management

Michelle Nall, Utility Business System Support Administrator

Approved by:

Roubik R. Golanian, P.E., City Manager

EXHIBITS/ATTACHMENTS

Exhibit 1: Campaign Finance Disclosure for Insight Public Sector Inc. (Insight)