

# Agenda Report

May 20, 2024

**TO:** Honorable Mayor and City Council

**FROM:** Water and Power Department

**SUBJECT: AUTHORIZATION TO ENTER INTO A ZERO DOLLAR PURCHASE ORDER WITH DRAGOS TO RECEIVE A CYBERSECURITY APPLIANCE AS PART OF AN AMERICAN PUBLIC POWER ASSOCIATION GRANT SUBAWARD**

## **RECOMMENDATION:**

It is recommended that the City Council:

1. Find that the proposed action is not a project subject to the California Environmental Quality Act (CEQA) pursuant to Section 21065 of CEQA and Sections 15378 of the State CEQA Guidelines and, as such, no environmental document pursuant to CEQA is required;
2. Authorize the City Manager to enter into an agreement with the American Public Power Association ("APPA") to receive a subaward of a Department of Energy ("DOE") grant valued at \$201,000 paid directly to Dragos for a cyber security appliance; and
3. Authorize the City Manager to enter into a zero-dollar purchase order with the Dragos to receive a cybersecurity appliance funded by the American Public Power Association ("APPA"). Competitive bidding is not required pursuant to City Charter Section 1002(H) contracts with other governmental entities or their contractors; and
4. Grant the proposed purchase order contract an exemption from the Competitive Selection process pursuant to Pasadena Municipal Code Section 4.08.049(B) contracts for which the City's best interests are served.

## **BACKGROUND:**

Pasadena Water and Power ("PWP") owns a power system Operational Technology ("OT") Network. The OT network manages, monitors, and controls critical infrastructure such as power generation, distribution, and maintenance. The security of this OT network is paramount to maintaining PWP's operation.

On September 28, 2022, DOE entered into a cooperative agreement with APPA to facilitate the rapid adoption and deployment of cybersecurity technologies for municipal utilities. This program aims 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 electric industry.

As an APPA member, PWP was selected to receive a Dragos cybersecurity appliance self-contained computing system at no cost to the City. The Dragos appliance is state-of-the-art and utilizes artificial intelligence to secure utility OT networks. The total value of the Dragos appliance and two years of a support subscription is valued at \$201,000 as shown in Table 1. If the Council approves this recommendation, APPA will pay Dragos for the appliance using DOE grant funding. There is no commitment to continue service after two years, but PWP may choose to renew support for \$64,000 annually.

**Table 1 – Dragos Appliance and Subscription Value**

Product	Cost
Dragos Cybersecurity Appliance	\$73,000
First Year Annual Subscription	\$64,000
Second Year Annual Subscription	\$64,000
<b>Total</b>	<b>\$201,000</b>

To receive the grant funded Dragos appliance, the City must sign an agreement with APPA for the subaward and Dragos for the hardware and support agreement. These agreements are both at no cost to the City. APPA will pay Dragos for the appliance using DOE grant funding.

**COUNCIL POLICY CONSIDERATION:**

The proposed contract supports the City Council Strategic Planning Goal to improve, maintain, and enhance public facilities and infrastructure. It also supports the Public Facilities Element of the General Plan by maintaining public facilities to enhance the quality of life of the community.


**ENVIRONMENTAL ANALYSIS:**

The action proposed herein is not subject to the California Environmental Quality Act (CEQA) in accordance with Section 21065 of CEQA and State CEQA Guidelines Section 15378. The authorization to enter into a zero dollar purchase order to receive a cybersecurity appliance as part of an APPA grant subaward is a continuing administrative and maintenance activity (i.e., purchasing of supplies). This action would not cause either a direct physical change in the environment or a reasonably foreseeable indirect physical change in the environment. Therefore, the proposed action is not a “project” subject to CEQA, as defined in Section 21065 of CEQA and Section 15378 of the State CEQA Guidelines. Since the action is not a project subject to CEQA, no environmental document is required.

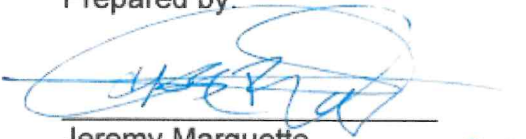
**FISCAL IMPACT:**

There is no cost to approve this action. Included with this grant subaward are a cyber security appliance and two years of support valued at \$201,000. After the first two years of support expire, staff may seek additional approval to extend support at an annual cost of \$64,000, which will be addressed by the utilization of future budget appropriations in the Water and Power Operating fund. The anticipated impact to other operational programs or capital projects as a result of this action will be none.


Respectfully submitted,

  
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