



INNOVATION TECHNOLOGY DEPARTMENT

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CITY COUNCIL STAFF REPORT

Meeting: May 16, 2023

Subject

Consider authorizing the City Manager to execute a services agreement with Arctic Wolf Networks, Inc., for Managed Detection and Response (MDR) Security Services, for a total cost of \$219,552.46 over three years.

Recommended Action

1. Authorize the City Manager to execute a services agreement with Arctic Wolf Networks, Inc., for Managed Detection and Response (MDR) Security Services, for a total cost of \$219,552.46 over three years.
2. Find under Municipal Code section 3.22.060(B). that the formal competitive bidding procedures are impractical for procurement.

Reasons for Recommendation

This proposed Agreement with Arctic Wolf Network, Inc., provides monitoring of the City's network, and log management. As an important component of the City's expanded Infrastructure (IT) security program, the monitoring process notifies the City's Infrastructure division of suspicious activity and hacking attempts and provides information on mitigation steps.

Benefits from this service include:

- Additional layer of protection from viruses and malicious software.
- Server and Endpoint monitoring.
- Vulnerability scanning of network environment.
- 24x7 analysis of the City's inbound and outbound Internet traffic.
- Real-time notifications of suspicious activity.

Innovation & Technology highly recommends moving forward with Arctic Wolf Network, Inc., for MDR security services and foregoing searching for a different vendor. The reasons for this are due to Arctic Wolf's knowledge of our network environment and their good rapport with Public Agencies throughout the Bay area.

The last two-year contract with Arctic Wolf Network, Inc., ended on March 1, 2019. The City has renewed one-year terms thereafter.

Staff recommends that Council approve the execution of a three-year contract with Arctic Wolf Networks, Inc., to provide efficient and uninterrupted MDR security services for Cupertino's network operations. Migrating to an alternative platform other than Arctic Wolf would necessitate taking a considerable step backwards and could potentially undermine our cyber defense. It is important to note that our current defense strategies have been honed over years of analyzing network traffic patterns specific to the City's infrastructure and fine-tuning our security measures. Therefore, a shift to a new platform may compromise the efficacy of our existing cybersecurity infrastructure. Staff recommends that Council make the findings required under Municipal Code section 3.22.060(B) and approve the waiver of competitive bidding procedures under Chapter 3.22.¹

Sustainability Impact

No impact.

Fiscal Impact

The cost of Arctic Wolf Network, Inc., subscription for the next three years is \$219,552.46, and is budgeted in the Infrastructure division budget, GL account 610-34-310 700-702 Contract Services and GL account 610-34-310 750-204 Proactive Managed Risk and Security Monitoring Special Project.

The table below outlines the subscription cost.

Year	Price	Services Provided
FY22-23	\$69,643.92	Managed Detection and Response (MDR) Security Services
FY23-24	\$73,126.12	Managed Detection and Response (MDR) Security Services
FY24-25	\$76,782.42	Managed Detection and Response (MDR) Security Services

California Environmental Quality Act

Not applicable.

¹ Municipal Code section 3.22.060(B) authorizes the waiver of competitive bidding procedures if "pursuant to a written recommendation of the City Manager, the City Council finds that the use of the formal competitive bidding procedure is not practical due to limitations on source of supply, necessary restrictions in specifications, necessary standardization, quality considerations, or if other valid reasons for waiving the formal competitive bidding process procedures appear."

Prepared by: Tommy Yu, Infrastructure Manager

Reviewed by: Bill Mitchell, Chief Technology Officer

Michael Woo, Senior Assistant City Attorney

Approved by: Pamela Wu, City Manager

Chris Jensen, City Attorney

Attachments:

A – Arctic Wolf Solutions Agreement

B – Scope of Services

C – Quote

D – Proof of Insurance