



Monterey County

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Board Report

Legistar File Number: A 18-157

May 22, 2018

Introduced: 5/2/2018

Current Status: Agenda Ready

Version: 1

Matter Type: BoS Agreement

- a. Authorize the Director of Information Technology or his designee to execute a non-standard agreement with Digital Scepter Corporation for equipment purchase and software licensing, installation and support of Palo Alto Networks Inc. security products, and for other security services, in an amount not to exceed \$810,000 with an agreement term of June 1, 2018 through May 31, 2021; and
- b. Authorize the Director of Information Technology or his designee to execute a maximum of two (2) amendments to the agreement, subject to County Counsel review, extending the term by one (1) year per amendment, where the amount of each amendment does not exceed the original annual cost (\$270,000) plus ten percent (\$27,000) for a total of \$297,000 per amendment, and where the amendments do not significantly change the scope of work or the terms of the Agreement.

RECOMMENDATION:

It is recommended that the Board of Supervisors:

- a. Authorize the Director of Information Technology or his designee to execute a non-standard agreement with Digital Scepter Corporation for equipment purchase and software licensing, installation and support of Palo Alto Networks Inc. security products, and for other security services, in an amount not to exceed \$810,000 with an agreement term of June 1, 2018 through May 31, 2021; and
- b. Authorize the Director of Information Technology or his designee to execute a maximum of two (2) amendments to the agreement, subject to County Counsel review, extending the term by one (1) year per amendment, where the amount of each amendment does not exceed the original annual cost (\$270,000) plus ten percent (\$27,000) for a total of \$297,000 per amendment, and where the amendments do not significantly change the scope of work or the terms of the Agreement.

SUMMARY:

To stay abreast with advancements in security technology, the Information Technology Department (ITD) previously standardized the County's network on state-of-the-art security products made by Palo Alto Networks, Inc. (Palo Alto Networks). ITD is currently implementing a major network refresh project to further secure the County's data network; thus, additional security products, system design, maintenance, training and other security services are needed and must be provided by a vendor with extensive expertise in Palo Alto Networks security systems.

Digital Scepter Corporation (Digital Scepter) is an existing County data security vendor, with intimate knowledge of County-specific systems. It possesses the requisite deep expertise in Palo Alto Networks security products. The proposed agreement will safeguard the County's data by providing for security equipment purchases and a wide range of security services. It also provides that Digital Scepter will train ITD staff on Palo Alto Networks products and systems and will assist ITD staff with

the upcoming design, implementation, and maintenance of improvements to County network security.

DISCUSSION:

During the last year, Digital Scepter and ITD worked together to complete complex modifications to County systems that significantly enhance the County's network security. In performing these services, Digital Scepter gained current, working knowledge of the County's network infrastructure and security operations. Moreover, Digital Scepter assisted with customization of County security policies to meet the County's specific needs and requirements. The proposed agreement with Digital Scepter would enable the County to reap the benefits of the educational investment made in Digital Scepter and would avoid the significant duplication of effort that would ensue if another vendor were used.

The proposed agreement provides for procurement of Palo Alto Networks Pan-OS hardware and software licensing; installation of Pan-OS equipment; implementation and configuration of Pan-OS software updates and upgrades; network security engineering and design; security architecture design; project consulting and security operations support; after-hours emergency and data breach support; and County staff training. Projected annual cost is \$270,000 per year, with a total agreement amount not to exceed \$810,000 over a three-year term. Digital Scepter previously executed a non-disclosure agreement with the County, whereby it promised to maintain the confidentiality of sensitive County network information; this non-disclosure agreement has been incorporated into the proposed agreement.

Upon the Board's approval of the proposed agreement, the existing agreement with Digital Scepter will be terminated so that all services and products provided will be encompassed in the single, proposed non-standard County agreement.

The Director of ITD recommends approval of non-standard provisions because Digital Scepter specializes in the Palo Alto Networks security systems which are used throughout the County's networks. Just as importantly, the continued supportability, intimate knowledge and understanding of the County's data network security that Digital Scepter has acquired are essential to protect County data.

OTHER AGENCY INVOLVEMENT:

Contracts/Purchasing approved the proposed agreement with Digital Scepter as a sole source agreement. County Counsel does not approve the following non-standard provisions of the agreement: non-standard termination provisions; mutual indemnification, limitations on vendor's liability to County to the amount of vendor's insurance; and non-standard records return provisions.

FINANCING:

Funds for the proposed agreement in the amount of \$270,000 have been included in the FY2017-18 Approved Budget under Information Technology Department (Budget Unit 8436, Appropriations Unit INF002). Funds relating to agreement costs in future fiscal years will be included in each respective Recommended Budget based upon anticipated utilization of Digital Scepter services.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

The products and services provided pursuant to this agreement will enable ITD to provide the County

with a more robust, secure, and user-friendly data network, and will protect individual County department data over a wide area network.

☐ Economic Development
☒ Administration
☐ Health & Human Services
☒ Infrastructure
☐ Public Safety

Prepared by: Lynnette Beardsall, Management Analyst II, 759-6938

Approved by:

____ Date: ____
Eric A. Chatham, Director of Information Technology, 759-6920

Attachments: Digital Scepter Corporation Palo Alto Operating Systems Agreement

Attachments on file with the Clerk of the Board