

0150-13006-0000

TRANSMITTAL

TO Janisse Quinones, General Manager Los Angeles Department of Water and Power	DATE 08/25/2025	COUNCIL FILE NO.
FROM The Mayor	COUNCIL DISTRICT ALL	

**LOS ANGELES DEPARTMENT OF WATER AND POWER PROPOSED BOARD
RESOLUTION AUTHORIZING A SECOND AMENDMENT TO AGREEMENT NO. 47622 WITH
TRIPWIRE, INC. FOR PROFESSIONAL SERVICES AND TRAINING FOR TRIPWIRE
PROPRIETARY SOFTWARE**

Transmitted for further processing, including Council consideration. See the
City Administrative Officer report attached.



MAYOR

(Jenny Delwood for)

Attachment

MWS/PJH/JVW:DLG:10260040t

CAO 649-d

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: August 11, 2025

CAO File No. 0150-13006-0000

Council File No.

Council District: ALL

To: The Mayor

From: Matthew W. Szabo, City Administrative Officer

Reference: Communication from the Department of Water and Power dated June 6, 2025; referred by the Mayor for a report on June 6, 2025

Subject: **LOS ANGELES DEPARTMENT OF WATER AND POWER PROPOSED BOARD RESOLUTION AUTHORIZING A SECOND AMENDMENT TO AGREEMENT NO. 47622 WITH TRIPWIRE, INC. FOR PROFESSIONAL SERVICES AND TRAINING FOR TRIPWIRE PROPRIETARY SOFTWARE**

RECOMMENDATION

That the Mayor:

1. Approve the Los Angeles Department of Water and Power (LADWP) proposed Board Resolution authorizing the LADWP to execute a Second Amendment to Agreement No. 47622 with Tripwire, Inc., extending the current term by five years, from September 25, 2025 through September 24, 2030, for a total contract term of 10 years, and increasing the contract authority by \$603,000, from \$697,000 to \$1,300,000 to support ongoing professional services and training for Tripwire, Inc. software;
2. Authorize and direct, upon proper certification, the Chief Accounting Employee to draw demands on the Power Revenue Fund over the term of the Amendment to the Agreement and accompanying Resolution; and
3. Return the proposed Resolution to the Los Angeles Department of Water and Power for further processing, including Council consideration.

SUMMARY

The Los Angeles Department of Water and Power (LADWP) requests authority to execute a Second Amendment to Agreement No. 47622 (Agreement) with Tripwire, Inc. (Tripwire; Consultant). This Amendment will allow the Consultant to continue to provide uninterrupted professional services and training for Tripwire proprietary software, which is used to monitor and manage LADWP's Bulk Electric System (BES) Cyber Assets in compliance with North American Electric Reliability Corporation (NERC) Cyber Security Critical Infrastructure Protection (CIP) Reliability Standards.

The term of the existing contract, executed on September 25, 2020, is set to expire on September 24, 2025. The proposed Second Amendment will extend the term of the Agreement by five years from September 25, 2025 through September 24, 2030, for a total term of 10 years, and increase the contract authority by \$603,000, from \$697,000 to \$1,300,000. All other agreement terms and conditions remain unchanged.

The City Attorney has reviewed and approved the proposed Second Amendment as to form. In accordance with Charter Section 373 and the Los Angeles Administrative Code Section 10.5(e), the proposed Amendment requires City Council approval because the total term of the Agreement is greater than five years. Our Office has reviewed the request and recommends approval.

BACKGROUND

Tripwire is the leading provider of NERC CIP compliance automation in the utilities sector, specializing in configuration management, file integrity monitoring, vulnerability management, and log event management.

Cybersecurity Compliance and Consultant Support – To ensure reliable cybersecurity support for the Department's Power System and maintain compliance with NERC CIP Reliability Standards, LADWP relies on consultant support for specialized technical services and training on Tripwire's proprietary software. This software provides consistent monitoring and management of cybersecurity for LADWP's BES Assets, including workstations, servers, communication equipment, and associated devices. These assets are critical electronic components of LADWP's power system. NERC CIP Reliability Standards are mandatory cybersecurity requirements designed to protect the cyber assets that monitor and control these power system elements.

Procurement History for Tripwire Services – In April 2010, LADWP began using Tripwire's proprietary software to monitor and manage the Department's BES Cyber Assets and associated devices in compliance with NERC Cyber Security CIP Reliability Standards. Initially, the Department's Energy Management System vendor, Open Systems International (OSI), supported Tripwire's software and provided the consultant's services through LADWP's direct contract with OSI. In 2013, OSI transferred the Tripwire software license directly to LADWP.

From 2013-2020, LADWP periodically renewed the Tripwire software license for cybersecurity services and staff training through the Department's software commodity contract process. Due to LADWP's reliance on Tripwire's proprietary software for critical cybersecurity operations, a competitive Request for Proposals process was not conducted because the services are inherently tied to the proprietary software platform already implemented by the Department.

Original Agreement – On September 8, 2020, the Board of Water and Power Commissioners approved Resolution 021-030, awarding Agreement No. 47622 to Tripwire for professional services and training on Tripwire's proprietary software. This Agreement addresses cybersecurity controls required to meet NERC CIP Reliability Standards. The Agreement was executed for a three-year term from September 25, 2020 through September 24, 2023, for a contract amount not to exceed \$550,000.

First Amendment – On August 15, 2023, the Board approved Resolution 024-024 authorizing the First Amendment to Agreement No. 47622. The Amendment extended the contract term by two years through September 24, 2025 and increased the contract amount by \$147,000 for a total amount not to exceed \$697,000. The First Amendment was necessary to maintain continuity of services with Tripwire’s proprietary software for ongoing monitoring and management of BES Cyber Assets in compliance with NERC Cyber Security CIP Reliability Standards and to provide continued cybersecurity support and training for LADWP’s power system operations.

Proposed Second Amendment – LADWP proposes a Second Amendment to extend the Agreement term by five years, from September 25, 2025 through September 24, 2030, and increase the contract authority by \$603,000 from \$697,000 to \$1,300,000. The Second Amendment will enable Tripwire to continue providing cybersecurity services to secure the Department’s BES Cyber Assets in its High and Medium Impact Facilities, maintain compliance with NERC Cyber Security CIP Reliability Standards, and provide ongoing training to DWP staff.

Ongoing Tripwire Support - Tripwire’s professional services and training are required to support ongoing development, upgrades, and maintenance of proprietary Tripwire system implementations at LADWP’s High and Medium Impact Facilities. These facilities include LADWP’s Power System Supervisory Control and Data Acquisition (SCADA) System, a critical cyber system used for monitoring, controlling, and dispatching power system assets. The SCADA System enables LADWP load dispatchers to conduct real-time power system operations in compliance with regulatory mandates and safety requirements.

LADWP’s Critical Infrastructure Protection Facilities

- *High Impact Facilities* – LADWP owns and operates three CIP High Impact facilities that utilize Tripwire’s Enterprise System. These facilities are specialized control centers and backup control centers that monitor, manage, and protect LADWP’s critical infrastructure systems from cyberattacks and other threats. The facilities ensure continuous and reliable operation of essential services including the electric grid, water systems, and communication networks. In the event a control center fails or is compromised by cyberattacks, severe widespread disruption could occur across multiple LADWP operations, impacting essential services to customers.
- *Medium Impact Facilities* – LADWP owns and operates three CIP Medium Impact Facilities. These facilities include generating facilities with power capacity over 1,500 megawatts and transmission facilities at 200 kilovolts and above. If Medium Impact facilities are compromised, significant disruption of BES reliability could occur, though not to the same extent as High Impact Facility compromises.

System Implementation and Ongoing Support – The Tripwire system implementation at LADWP’s facilities employs proprietary technology to automatically and continuously perform complex cybersecurity tasks on over 200 of the Department’s cyber assets. Continued professional services and training from Tripwire are essential to mitigate security risks, ensure regulatory compliance, and minimize LADWP’s exposure to penalties and sanctions.

Tripwire Training – Through the original Agreement and First Amendment, a total of 43 LADWP employees have received foundational and advanced training on the Tripwire Enterprise System. These employees include Electrical Engineers, Electrical Engineering Associates, and IT System Programmers with CIP Compliance responsibilities. Approximately 90 percent of the participants are from LADWP’s Power System Energy Control Center and Grid Reliability Division, which are responsible for High Impact Facility compliance. The remaining 10 percent are from other departmental organizations that manage Medium Impact cyber assets.

NERC CIP Version 5 Reliability Standards Implementation - On November 22, 2013, the Federal Energy Regulatory Commission approved Version 5 of the CIP Reliability Standards, which represented significant progress in mitigating cyber risks to BES. The new version adopted complex cybersecurity controls and extended the scope of the protected system beyond Version 3. Updates from Version 3 to Version 5 became mandatory on July 1, 2016. LADWP met the Version 5 CIP Reliability Standards ahead of the mandated deadline by implementing the updates by April 1, 2016. Those modifications include:

- Revised approach to categorizing BES Cyber Systems.
- Asset classification overhaul resulting in the expansion of applicable cyber assets subject to enforcement
- Incorporating and aligning with cybersecurity industry standards
- Enhancements to security controls related to physical and logistical access

NERC CIP Compliance Penalties and Sanctions – If LADWP is found noncompliant with a NERC CIP Reliability Standard, it may be assessed sanctions based on the nature of the violation. Penalty ranges are dependent on the risk and impact to the BES. NERC or the Western Electricity Coordinating Council may assess maximum penalties ranging from \$1,000 for a low-level violation to \$1,291,894 for a severe infraction.

Cost and Funding – LADWP has expended approximately \$271,116, or 39 percent of the current contract amount of \$697,000. The remaining balance of \$425,884, combined with the proposed Second Amendment increase of \$603,000, will provide \$1,028,884 in available funding for a total contract value of \$1,300,000. Budget activities for this Agreement are summarized in the table below.

Tripwire, Inc. – Agreement No. 47622 Contract Authority and Expenditures	
Description of Budget Activities	Amount
Original Contract Authority, September 2020	\$550,000
<u>First Amendment Increase</u> , August 2023	<u>147,000</u>
Total Contract Value	\$697,000
Total Expenditures	(\$271,116)
Remaining Contract Value (Total Contract Value less Total Expenditures)	\$425,884
Proposed Second Amendment Amount	\$603,000
<u>Remaining Contract Value</u>	<u>425,884</u>
New Funding Available	\$1,028,884
New Contract Value (Total Contract Value plus Proposed Second Amendment Amount)	\$1,300,000

LADWP will compensate Tripwire for services performed under this Agreement as set forth in the Fee Schedule attached to this report as Exhibit C and allowable travel expenses included in Exhibit D.

Alternatives Considered – There are no viable alternatives to the proposed Second Amendment because the current software is proprietary to Tripwire, which maintains exclusive rights to support its software. LADWP staff lack the necessary knowledge and expertise to service the Tripwire software, and third-party contractors are not authorized to perform maintenance support services or procure related equipment. Tripwire is the sole provider of professional services and training for ongoing development, upgrades, and maintenance of its software. Without Tripwire's professional services, LADWP systems face increased exposure to cybersecurity risks.

CITY COMPLIANCE

Small Business Enterprise (SBE), Disabled Veterans Business Enterprise (DVBE), Minority Business Enterprise (MBE), Women Business Enterprise (WBE), Other Business Enterprise (OBE) Subcontracting Participation – As reported by LADWP staff, this action is not subject to the provisions of the Business Enterprise programs, subsequently, no mandatory business inclusion goals were established.

California Environmental Quality Act – The Los Angeles Board of Water and Power Commissioners determined that this item is exempt from CEQA pursuant to Section 15060(c)(3) that states an activity is not subject to CEQA if the activity is not a project. Section 15378(b)(4) states that government fiscal activities which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment do not meet the definition of a project. Amending the Agreement to extend the term and increase the funding will not result in any physical change in the environment; therefore, this amendment is not subject to CEQA.

Charter Section 1022 – Pursuant to Charter Section 1022, the Department determined that it is more feasible to have the work performed by Tripwire rather than City employees since the required specialized technical expertise related to monitoring and managing LADWP's BES Cyber Assets in compliance with the mandatory requirements from the NERC Cyber Security Critical Infrastructure Protection Reliability Standards does not current exist within LADWP.

The City Attorney has reviewed and approved the proposed Agreement to the Amendment and Resolution as to form. In accordance with Charter Section 373 and the Los Angeles Administrative Code Section 10.5(e), the Amendment requires City Council approval because the total term of the Agreement exceeds five years. Our Office recommends approval.

FISCAL IMPACT STATEMENT

Approval of the Second Amendment to Agreement No. 47622 with Tripwire will have no General Fund impact. Approval of the proposed Resolution and contract amendment will increase the not to exceed contract authority by \$603,000, from \$697,000 to \$1,300,000. Funding is available and budgeted in the Power Revenue Fund. The recommendations in this report comply with the LADWP's adopted Financial Policies.

Attachments – LADWP June 6, 2025 Transmittal, March 12, 2025 Board Letter and Proposed Resolution, and Second Amendment to Agreement No. 47622

MWS/PJH/JVW:DLG:10260040