



Metropolitan Water Reclamation District of Greater Chicago

100 East Erie Street
Chicago, IL 60611

Legislation Text

File #: 18-0899, **Version:** 1

TRANSMITTAL LETTER FOR THE BOARD MEETING OF SEPTEMBER 6, 2018

COMMITTEE ON PROCUREMENT

Mr. John P. Murray, Acting Executive Director

Authority to increase Contract 18-300-01 for an Emergency Forensic Cyber Audit of the District's Information Technology System to VedderPrice P.C., in an amount not to exceed \$100,000.00 from an amount of \$50,000.00, to an amount not to exceed \$150,000.00, Account 101-30000-612430, Purchase Order 3100999
(As Revised)

Dear Sir:

On August 9, 2018, the Acting Executive Director notified the Board of Commissioners ("Board") that an operational emergency was declared and the need to perform a forensic cyber audit of the District's Information Technology System was necessary.

In accordance with Section 11.5 of the Purchasing Act, on August 9, 2018, the General Counsel declared an operating emergency and awarded Contract 18-300-01 in an amount not to exceed \$50,000.00 to VedderPrice P.C.

Representatives from the Law and Finance Departments interviewed two attorneys who specialize in cyber security, Michael Waters of Polsinelli and Bryan Clark and Blaine Kimrey of VedderPrice P.C. Both firms were exceptionally qualified in this area and offered practical approaches to start investigating and determining solutions to the cyber incident. Both firms also agreed to offer a reduced government hourly rate to their standard fees; however, as VedderPrice P.C. offered a lower partner rate, such firm was retained. VedderPrice P.C. agree to work at an hourly rate of \$445 for partners and \$335-\$405 for associates. A waiver of the Board's policy establishing an hourly rate cap for outside legal services is hereby requested as the District was not able to retain the expertise needed for this matter at the established hourly cap amount of \$250.00 due to the highly specialized nature of the work.

VedderPrice P.C. will orchestrate a forensic cyber investigation and will make recommendations regarding legal requirements, whether further investigations of the District's IT systems are warranted and will then recommend best business practices. VedderPrice P.C. may engage the services of RSM US LLP or other subcontractors to perform the necessary investigation and to assist in developing best business practices.

VedderPrice P.C. was available to provide service immediately, and under this agreement, they began the process of reviewing relevant systems, analyzing liability under various applicable federal and state laws and working with appropriate subcontractors. The advice and counsel of attorneys specializing in cyber security matters is necessary to ensure that the District is meeting any of its statutory and other legal obligations relating to this incident.

VedderPrice P.C. has been performing this work for the District and billing the District on an hourly basis. Although funds encumbered under the emergency declaration remain, additional funds are necessary to continue to complete the work required. The estimated cost for the remaining work is an increase of

\$100,000.00 over the awarded \$50,000.00 emergency authorization. The reason that the original estimate has shown to be inadequate is because of the extent of the necessary review of the IT Systems was not known at the time of the declaration of emergency.

This change order is in compliance with the Illinois Criminal Code since the change is germane to the original contract.

It is hereby recommended that the Board of Commissioners authorize the Director of Procurement and Materials Management to execute a change order to increase Contract 18-300-01, in an amount not to exceed \$100,000.00 from an amount not to exceed \$50,000.00 to an amount not to exceed \$150,000.00. It is also requested that the General Counsel be given authority to execute all necessary documents required for the investigation.

Funds are available in Account 101-30000-612430.

It is requested that the Board fix the date on which the emergency is to terminate as December 31, 2018.

Requested, Susan Morakalis, General Counsel, BTK

Recommended, Darlene A. LoCascio, Director of Procurement and Materials Management

Respectfully Submitted, Barbara J. McGowan, Chairman Committee on Procurement

Disposition of this agenda item will be documented in the official Regular Board Meeting Minutes of the Board of Commissioners for September 6, 2018