



CITY OF MENIFEE

SUBJECT: Subscription Services with Arctic Wolf, Inc. for Cybersecurity Event Log Aggregation, Threat Detection and Response, and Security Operations Center Services

MEETING DATE: December 6, 2023

TO: Mayor and City Council

PREPARED BY: Antonio Chavez, Management Analyst I, and
Michelle Sarkisian, IT Manager

REVIEWED BY: Ron Puccinelli, Chief Information Officer

APPROVED BY: Armando G. Villa, City Manager

RECOMMENDED ACTION

1. Approve and authorize the City Manager to issue a purchase order to SHI International Corp., authorized reseller of Arctic Wolf, Inc., in the amount of \$124,401.24 for Fiscal Year 2023/24 for the purchase of cloud-based cybersecurity event log aggregation, threat detection and response, and Security Operations Center services; and
2. Authorize the City Manager to administratively approve up to three optional one-year renewals of the purchase order on the same terms with an annual increase not-to-exceed 10% per year for Fiscal Years 2024/25 through 2026/27; and
3. Authorize the purchase to be made under the cooperative purchasing (piggyback) agreement as permitted under the Menifee Municipal Code Section 3.12.070 (6) through the OMNIA Master Intergovernmental Cooperative Purchasing Agreement and SHI Master Agreement No. 2018011-02.

DISCUSSION

In May 2021, the City of Menifee Information Technology (IT) Department partnered with Arctic Wolf, Inc. (Arctic Wolf), a market leader in security operations, to provide Security Operation Center services ("Services") as an extension of the IT Department. The City purchased the subscription through SHI International Corporation ("SHI"), an authorized reseller and partner of the OMNIA Partners cooperative purchasing alliance ("OMNIA"). The City of Menifee became a member of

the OMNIA cooperative purchasing alliance on March 31, 2011 which allows the City to purchase the proposed Services under a cooperative purchasing program.

The OMNIA cooperative secures pricing and terms for purchases by participating public entities through publicly bid master agreements. In this case, the master agreement for the Services is SHI/OMNIA Contract No. 2018011-02, originally entered into by the City of Mesa, AZ. The substantive provisions of that master agreement would apply to the purchase of the Services from SHI. This structure permits the City to secure the Services through the cooperative structure and pricing, rather than independently securing and negotiating for the Services.

In the year following the City's initial agreement with Arctic Wolf for the Services, the overall platform performance exceeded expectations within weeks of installation. Arctic Wolf, Inc. brought visibility to issues affecting the organization's security. Based on that information, City staff quickly acted on the recommended changes to reduce the organization's vulnerability, which helped pave the way for new initiatives to improve the City's security posture.

The Arctic Wolf team assigned to the City of Menifee is also able to provide 24/ 7 staffing to ensure that alerts are acted upon immediately regardless of time of day. Over the past year, this service has identified and responded to 156 issues without requiring City staff to shift focus from other commitments.

As constant vigilance is required to reduce the risks or impacts of future incidents, the IT Department requests authorization to continue utilizing Arctic Wolf, Inc.'s services to provide network security monitoring, vulnerability scanning, and pro-active threat response services. These services monitor, detect, and respond and inform IT staff of security events on the hundreds of devices the City relies on in providing services to residents and businesses. Under the proposed services agreement, Arctic Wolf, Inc. would continue to provide security log monitoring, incident alerting, remediation support, vulnerability scanning, and log retention services. The City receives 24/7 security monitoring of City systems. When threats are detected, security incidents are rapidly classified using Artificial Intelligence (AI), and a Concierge Security Team (CST) dedicated to the City immediately commences containment, significantly reducing the impact on City operations. The SHI Quote attached reflects an effective date of June 2023. This is due to an extended legal review that was necessary to ensure that the City was adhering to the proper finance requirements needed to conduct this purchase. Acting in good faith, Arctic Wolf maintained their services online to not leave the City vulnerable to security breaches while our legal department finished their review of the agreements.

STRATEGIC PLAN OBJECTIVE

Safe and Vibrant Community

FISCAL IMPACT

The proposed purchase for Arctic Wolf Services is currently budgeted within the 2023/2024 and 2024/2025 Fiscal Years Budget under IT Operations – Cybersecurity Account No. 110-4122-51354 in the amounts of \$124,401.24 and \$136,841.36 respectfully.

Funding for the two additional optional renewal years (Fiscal Years 2025/26 and 2026/27) would be budgeted as part of the respective year's budget. No additional budget appropriation(s) are required. Due to Arctic Wolf being unable to provide staff with an annual increase estimate, staff estimated a conservative annual increase up to a maximum of 10% per fiscal year for the optional renewals. A breakdown of the cost by fiscal year is shown below on Table 1.

TABLE 1 – Allocations by Fiscal Year

Fiscal Year (FY)	Amount (Annual 10% Increase Included)
FY 2023/24	\$124,401.24
Optional Renewal - FY 2024/25	\$136,841.36
Optional Renewal - FY 2025/26	\$150,525.50
Optional Renewal - FY 2026/27	\$165,578.05

ATTACHMENTS

1. SHI Quote
2. SHI/OMNIA Partners Data Sheet
3. SHI/OMNIA Master Agreement No. 2018011-02 - Arctic Wolf Services