



General Manager  
334 Front Street  
Ketchikan, AK 99901

Phone (907) 228-5603  
Fax (907) 225-5075

TRANSMITTAL MEMORANDUM
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TO: The Honorable Mayor and City Council

FROM: Lacey G. Simpson, Acting General Manager

DATE: January 25, 2022

RE: **Exempting the Procurement of SCADA Network Security Services from Competitive Bidding/Written Quotation Requirements of the Ketchikan Municipal Code – Darktrace Limited**

The motion detailed below was prepared at the request of Acting Electric Division Manager Jeremy Bynum, who asked that it be placed before the City Council for consideration at its meeting of February 3, 2022. If adopted, the motion provides for exempting the procurement of SCADA network annual security services from the competitive bidding/written quotation requirements of the Ketchikan Municipal Code and authorizing the acquisition of such services from Darktrace Limited at a cost not to exceed \$15,461.

Subparagraph 6 of Section 3.12.050(a) of the Ketchikan Municipal Code provides for exempting the purchase of such SCADA network annual security services from competitive bidding/quotation when:

“Supplies, materials, equipment or contractual services which should be purchased from a specific source in order to prevent incompatibility with previously purchased supplies, materials, equipment or contractual services. For the purpose of this paragraph, the term ‘incompatibility’ is defined as:

(A) The inability to interconnect, combine, interchange, or join; or

(B) That which causes substantial duplication in maintenance, expertise or training or in the stocking of parts, materials, supplies or replacements. Any purchase which is to be excluded from competitive bidding by authority of this subparagraph which exceeds \$10,000, must first be approved by the council.”

The rationale for the exemption is detailed in Mr. Bynum's transmittal memorandum and requires no elaboration on the part of this office. I concur with the Acting Electric Division Manager's recommendation.

Mr. Bynum will be attending the City Council meeting of February 3, 2022, in order to address any questions and/or concerns that Councilmembers may have.

A motion has been prepared for City Council consideration.

### **RECOMMENDATION**

Pursuant to subparagraph 6 of Section 3.12.050(a) of the Ketchikan Municipal Code, it is recommended that the City Council adopt the motion exempting the procurement of SCADA network annual security services for the Electric Division from the competitive bidding and written quotation requirements of the Ketchikan Municipal Code; authorizing the General Manager to enter into an agreement for the acquisition of such SCADA network security services with Darktrace Limited in an amount not to exceed \$15,461; and approving funding from the Electric Division's 2022 Software & Equipment Maintenance Services account (Account No. 635.04).

**Recommended Motion:** Pursuant to subparagraph 6 of Section 3.12.050(a) of the Ketchikan Municipal Code, I move the City Council exempt the procurement of SCADA network security services for the Electric Division from the competitive bidding and written quotation requirements of the Ketchikan Municipal Code; authorize the General Manager to enter into an agreement for the acquisition of such SCADA network annual security services with Darktrace Limited in an amount not to exceed \$15,461; and approve funding from the Electric Division's 2022 Software & Equipment Maintenance Services account (Account No. 635.04).



Electric Division  
1065 Fair Street  
Ketchikan, AK 99901

Phone: (907) 225-5505  
Fax: (907) 247-0755

## TRANSMITTAL MEMORANDUM

**TO:** Lacey Simpson, Acting KPU General Manager

**FROM:** Jeremy T. Bynum PE, Acting Electric Division Manager

**DATE:** January 24, 2022

**SUBJECT:** Exemption to Competitive Bidding of Network Security Tool

This is a request for Council approval for exemption to competitive bidding of the KPU Electric System SCADA (Supervisory Control and Data Acquisition) network security tool, Darktrace Limited, in the amount of \$15,461.00.

The exemption to competitive bidding in accordance with KMC 3.12.050(a)(6) is required because this improvement can only be provided by a specific source and to prevent incompatibility with existing systems.

SCADA network security monitoring began in 2020; this monitors for rogue commands within the SCADA system and devices on the network. System intrusion, remote connections to the system, and changes in system behavior may go undetected without monitoring. A part of this tool is the Darktrace server, it is an IDS (Intrusion Detection System) that monitors network traffic looking for irregular patterns, suspicious packets, and malicious behavior by listening to network traffic and gathering a sense of what our “normal” network traffic looks like, then it uses machine learning to determine the aforementioned abnormalities. With Darktrace, KPU has 24/7 monitoring of the SCADA network. It thoroughly logs any discrepancies for quick investigation by SCADA technicians; when a high-level threat is identified, staff receive a system alert, an email, text message, and a phone call to immediately alert of a potential threat. Darktrace is a critical tool in protecting Ketchikan’s power system from malicious attacks. Ongoing monitoring of the current SCADA system tool is limited to the existing Darktrace Limited. Funding for the expenditure comes from the 2022 O&M Electric Account 635.04 Software and Equipment Maintenance Services.

**Recommendation:** It is recommended that the City Council authorize the exemption to competitive bidding of the SCADA network security program, Darktrace Limited, in the amount of \$15,461.00; approving funding from the Electric Division’s 2022 O&M Electric Account 635.04 Software and Equipment Maintenance Services.

Attachment: 20220125 Council - Darktrace invoice 119125.pdf

Cc: Mark Adams, Electric Division Operations Manager  
Kim Hendricks, Administrative Assistant  
Diane Bixby, Administrative Assistant



## INVOICE

**To:**  
KPU Electric Department  
2417 Tongass Ave #119d, Ketchikan  
AK 99901  
USA

**Darktrace Holdings Limited**

Maurice Wilkes Building  
St John's Innovation Park  
Cowley Road  
Cambridge  
CB4 0DS  
UK

**Telephone:** +44(0) 1223 394 100

**Email:** [fingroup@darktrace.com](mailto:fingroup@darktrace.com)

**VAT Reg No:** GB 290 0399 03

Invoice Details				
Customer VAT Number:	Invoice No	119125	Invoice Date	07 Jan 2022
	PO Number		Terms	45 Days
	Reference		Payment Due	21 Feb 2022

Description	Unit Price	Quantity	Net Amt	Tax %	Tax	Gross
Darktrace Enterprise Immune System						
Invoiced annually in advance						
01 Jan 2022 to 31 Dec 2022	15,461.00	1.00	15,461.00	0.000	0.00	15,461.00
Invoice 2 of 4						

**PLEASE NOTE:** Please send payment electronically prior to the due date shown above to the bank details provided below. If you wish to pay by cheque, please write our account number on the back and post it to the below Lockbox address. If deposits are being sent via courier, please send to the address: Darktrace Holdings Limited, 25444, 14005 Live Oak Ave, Irwindale, CA, 91706-1300, USA. Please email remittance advice to [fingroup@darktrace.com](mailto:fingroup@darktrace.com).

**Please remit to:-**

**Account Name:** Darktrace Holdings Limited  
**Account No:** 3301332479  
**Routing No:** 121140399  
**SWIFTBIC:** SVBKUS6S  
**Bank:** Silicon Valley Bank  
3003 Tasman Drive  
Santa Clara  
CA 95054

Lockbox Remittance Address is:  
Darktrace Holdings Limited  
DEPT LA 25444  
PASADENA  
CA 91185-5444

**Total Net Amount** USD 15,461.00

**Total Tax Amount** USD 0.00

**Invoice Total** USD 15,461.00