

SUBJECT: Authorizing the re-appropriation of \$500,000 from the Major Repair and Renovation Reserve Fund 100, and \$500,000 from the Capital Expenditures Reserve Fund 100, to the Emergency Response Reserve Fund 100, for the borough's portion of costs associated with the 2018 Cyber Incident.

AGENDA OF: October 16, 2018

ASSEMBLY ACTION:

MANAGER RECOMMENDATION: Introduce and set for public hearing.

APPROVED BY JOHN MOOSEY, BOROUGH MANAGER:

Route to:	Department/Individual	Initials	Remarks
	Originator	LRL	
	Finance Director	CX	
	Borough Attorney	AB	
	Borough Clerk	JM	10/8/18

ATTACHEMENTS: Fiscal Note: Yes X No
Ordinance Serial No. 18-094 (3 pp)

SUMMARY STATEMENT: On July 17, 2018, the Matanuska-Susitna Borough sustained severe and continuous losses to its Information System from a multi-pronged, multi-vectored advanced persistent malware cyber-incident that began in May 2018. As a direct and continuing result of the cyber-attack, the Borough's computer infrastructure, including computers/laptops, most Borough servers, networked telephones and email exchange services are in the process of being fully restored.

The cyber-incident has caused major disruption in Borough services and loss of productivity, which may continue for a prolonged period of time. The Borough needs adequate time, resources and funds to mitigate damages and return to a safe computing environment.

The borough has made a disaster declaration request for state assistance, and if available, federal assistance to pay for the extraordinary costs of this cyber-incident. This is in addition to possible reimbursement of up to \$1,000,000 from our cyber insurance policy carrier. Expenses are currently approaching the \$2,100,000 mark and the borough anticipates this number will

increase as infrastructure is rebuilt to full capacity. In addition, increased security measures are being implemented to mitigate subsequent attacks.

RECOMMENDATION OF ADMINISTRATION: Approve this legislation to re-appropriate \$500,000 from the Major Repair and Renovation Reserve Fund 100, and \$500,000 from the Capital Expenditures Reserve Fund 100, to the Emergency Response Reserve Fund 100, for the borough's portion of costs associated with the 2018 Cyber Incident to mitigate damages and restore infrastructure to a safe computing environment.

MATANUSKA-SUSITNA BOROUGH
FISCAL NOTE

Agenda Date: October 16, 2018

SUBJECT: Ordinance relating to the re-appropriation of \$500,000 from the Major Repair and Renovation Reserve Fund 100, and \$500,000 from the Capital Expenditures Reserve Fund 100, to the Emergency Response Reserve Fund 100, for the borough's portion of costs associated with the 2018 Cyber Incident.

ORIGINATOR: Layla Lesley

FISCAL ACTION (TO BE COMPLETED BY FINANCE)	FISCAL IMPACT <u>YES</u> NO
AMOUNT REQUESTED \$1,000,000	FUNDING SOURCE Reserves
FROM ACCOUNT # <u>100.000.000.4xx .xxx</u>	PROJECT #
TO ACCOUNT: <u>425.000.000.3xx .xxx</u>	PROJECT # <u>55025</u>
VERIFIED BY: <u>Burbana Baengeth</u>	CERTIFIED BY:
DATE: <u>9/25/18</u>	DATE:

EXPENDITURES/REVENUES:

(Thousands of Dollars)

OPERATING	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Personnel Services						
Travel						
Contractual						
Supplies						
Equipment						
Land/Structures						
Grants, Claims						
Miscellaneous						
TOTAL OPERATING						

CAPITAL		<u>1,000</u>				
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REVENUE						
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FUNDING:

(Thousands of Dollars)

General Fund						
State/Federal Funds						
Other		<u>1,000</u>				
TOTAL		<u>1,000</u>				

POSITIONS:

Full-Time						
Part-Time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

PREPARED BY:

PHONE:

DEPARTMENT:

DATE:

APPROVED BY:

DATE:

Chapman

9/25/18