

COMMITTEE ON ADMINISTRATION/INFORMATION SYSTEMS

November 9, 2009

6:00 PM

Chairman O'Neil called the meeting to order.

The Clerk called the roll.

Present: Aldermen O'Neil, Arnold, Pinard, Osborne

Absent: Alderman Garrity

Messrs: K. Crusco, S. Greenglass, J. Angell, L. LaFreniere, P. Ramsey

Alderman O'Neil stated we would like to welcome the newest member of the Board of Aldermen, Patrick Arnold from Ward 12, to his first official meeting of the Administration Committee.

On motion of Alderman Osborne, duly seconded by Alderman Arnold, it was voted to address item 5 of the agenda first.

5. Communication from Journey Ewell, Co-President of the Friends of the Manchester Animal Shelter, requesting an amendment to the Service Contract between the Friends of the Manchester Animal Shelter and the City of Manchester.

Ms. Kysa Crusco, Member of the Board of Directors of the Friends of Manchester Animal Shelter, stated we're here to represent the Animal Shelter.

Alderman O'Neil stated this is regarding the hours.

Ms. Shelley Greenglass, Manager of the Manchester Animal Shelter, replied our contract calls for 34 hours and we're looking to reduce them to 29 hours per week.

Alderman O'Neil stated it is going to report the full Board tomorrow night. Could someone be available just in case there are any questions? I don't expect any, but you never know.

On motion of Alderman Osborne, duly seconded by Alderman Pinard, it was voted that the request to amend the service contract be approved.

Chairman O'Neil addressed item 3 of the agenda:

3. Policies and procedures for compliance with Red Flag, State Statute and Payment Card Industry requirements submitted by Jennie Angell, Director of Information Services.

(Note: Attached is a letter from Jane Gile, Human Resources Director, regarding the Sensitive Information Policy and Program.)

On motion of Alderman Pinard, duly seconded by Alderman Osborne, it was voted to discuss this item.

Alderman O'Neil stated I spoke to the Director earlier today and we agreed that she would do the presentation, but it would be my suggestion...some of these items have come up before and instead of trying to approve it and get it passed on, members of the Committee over the next three weeks can meet with her. Then we'll get it back and send it off to the full Board. There is a lot of information in here.

Ms. Jennie Angell, Director of Information Services, stated as Alderman O'Neil said there is a lot of information here. This is the first presentation on these new policies and I or anyone on this committee will be available to meet with you to answer questions. As you know, there have been many data breaches, nationally and internationally, and these have affected millions of people worldwide. Locally, breaches have affected Hannaford Supermarket, Life is Good, TJ Maxx, and Marshalls. On October 31st, Anthem alerted us to a nationwide data breach. Personal information and social security numbers were affected. On Saturday, my husband and I got new credit cards because there was a data breach by our provider. I went to get a list of all the data breaches since 2005 and I was going to print it until I realized it was 191 pages. Some of them you are talking 50,000 to 60,000 and others have hundreds of thousands of users affected and millions of dollars in fines. Because of these data breaches there are a lot of new regulations. There is red flag, which is identity theft, and we've had some presentations on that. There is state statute 359C, which talks about the right to privacy, but it also has very specific requirements of what we must do in the event of a breach. The payment card industry security standard, PCI, has to do with credit cards. I'll go into that more in my next presentation on credit cards. I think most of us have heard of health insurance affordability and accountability. Every time we go to a doctor's office we have to sign. Trying to get our arms around this, we put together an ad hoc committee within City departments to try to pull together all the issues surrounding the different regulations. We had a representative from Finance, Solicitor's, the Risk Manager, the City Auditor Kevin Buckley, my office, Airport, Parking Division and Human Resources because of the security officer and training

requirements. After considerable research, the committee is making the following recommendations. We need to put together security policies to be in compliance. Part of the compliance of these policies includes training. There is some staffing that I am going to touch on. To be in compliance, formal security policies must be approved by the Board of Mayor and Aldermen. You have the payment card industry, red flag and state statute. They are all requiring that we have formal policies that are written that deal with data security. If you read through some of the policies, some of them do get technical. There is also a requirement that these policies be approved by the highest management. The reason for that is because they want these policies and businesses to have some teeth and have the full backing of management. We have a network security policy, which does get technical. The department network security policy is a subset of the network security policy and the department network security policy or those items that we will be training user departments about and what they can and cannot do. The payment card security industry policy that is part of credit cards. That is required by our contract for taking credit cards. It is really taking their template and applying it to our situation, but it is required for us to be in compliance with our contract. The last thing we have is a procedure and that is the information technology security breach incident response procedure. It lays out what we are required to do in the event we think we might have had a data breach. There are very specific legal things we must do to comply with state statute and comply with the payment card industry. These are laid out. The committee is also recommending that the sensitive information policy and program known as red flag, which you have all seen and heard about before, be brought in under this umbrella for the security program. All of these different security statutes and requirements are based on the same information so we need to look at them comprehensively so we don't write policies that conflict with each other. I have a letter from Jane Gile agreeing that it would be appropriate to move that policy that has already been approved by the Board under an umbrella with these other policies. Part of the requirement of these policies is that staff needs to be trained about the policies. We are recommending that we do the training in house. Information Systems needs to training users who use computers anyway so we thought this would be the most efficient and cost effective way to do it. Security administrators and managers will have more in depth training. There will be City computer users training that must be updated annually. That is a requirement of the statutes and the payment card industry. We're looking at City staff with computers to be trained at a later date. We're looking at our options. They do need to have training, but they don't need as much training. We put together some videos so we have some options of how we might do this so we can do this very inexpensively. We would do this later. We want to do all of the computer users first because that is where the greatest risk is. The training topics that we will cover include network security policy, which is security administration, email and email discovery. This makes sure that users know that their email is not private, but is owned by the City. This covers file storage, best practices and acceptable use. They will also have training on red flag and payment card industry. If they are taking credit cards in their department we will do that training and the incident response procedures. If we do not get policies passed, the City will have to stop taking

credit cards because it is a requirement of our contract. The City would also be unable to get security privacy liability coverage. As I said, our Risk Manager, Harry Ntapalis, has been on this committee. There are policies that the City can purchase to protect them from open ended liability, but the first thing is a very long questionnaire about our policies. We need to get these policies in place before we request a quote. We may not be able to get a quote. The last thing is what I think is most important. Information Systems has been very concerned about our ability to secure City information. The City is responsible if we don't follow through on these policies because we need to formalize what people need to do, what people can't do and then we need to train them. That is a serious concern on my part. The last thing I want to touch on and Chairman O'Neil brought this up earlier, is the concern that we were asking for staffing in the proposal. I am not asking for staffing at this time. I am asking to start to lay the groundwork. Information security management is a highly technical and specialized field. In compliance, this position, with the new rules about regulating the effectiveness of the data security, increases these challenges. It is a specialty. People go to school and are trained just on this. We are putting together a job description for a computer information security specialist. That will probably be in my budget request for 2011. That is something that is coming. We are hoping that this Committee will recommend that the Board approve the security policies. That's the first and most important thing at this point. We would hope that you would recommend that the red flag policy be included with the other policies so they can be dealt with and modified when necessary as a comprehensive package. I'm also requesting that you require data security training for all computer users. We are available to sit down and go over this.

Alderman Pinard asked how much is the whole program going to cost? There must be a very high cost and the way the economy is right now I think that we have to be careful about what we do.

Ms. Angell replied the policies we have put together are written so there is no additional cost on that. Training does require staff to participate, but we need to do it. We are at risk depending on the level of the employee. The managers and high level employees could require a couple of hours. The line staff would be about an hour. We would put together a program in house so we would try to make it as efficient as possible. We would go to the employees wherever possible. We would have training here or at Water Works. Some of the items in the training will help employees be efficient because included in that training we will have discussions about where files are. We have a lot of different drives that you many not have at home and different things to help do things more efficiently. There may be some return on that time also. By putting all the training together, we're not asking to go multiple times.

Alderman Pinard asked how many employees have computers?

Ms. Angell replied we have 1,000.

Alderman Pinard asked how long is the training?

Ms. Angell replied it depends on their level.

Alderman Pinard stated if we have employees working for \$12 or \$15 per hour, at the end of their training you are talking about dollars and cents. This is what the taxpayers are concerned about. How many communities in the state of New Hampshire have adopted this program?

Ms. Angell replied I'm not sure. If you are taking credit cards, you are required to do this or you are not in compliance with the contract. The job description that I am starting with for the security administrator is based on a job from the state of Alaska. It is something that is in governance now. The breaches that are out there are real. We are as vulnerable as any of the other merchants or hospitals. One of the biggest defenses to protect yourself is making sure your staff knows what is risky. That is what this is all about.

Alderman Pinard stated I understand the program, but to me, there is too much of a cost for what's happening now. Somewhere along the line this is going to hurt the taxpayers and I think they have just about had it.

Alderman O'Neil stated the hard cost will be in the new position if that is approved. That is in the 2011 budget. There are what I would call soft costs and staff time does have a value to it. We need to break down these classifications and approximately how many hours and how many employees would be put in a one hour or two hour class. I think that may be helpful.

Ms. Angell stated we can do that.

Alderman O'Neil stated I suggest we table this and ask the Committee members to meet with Jennie.

On motion of Alderman Pinard, duly seconded by Alderman Osborne, it was voted to table this item.

Chairman O'Neil addressed item 4 of the agenda:

4. Communication from Jennie Angell, Director of Information Services, updating the Committee on the current status of credit card acceptance and requesting a recommendation from the Committee on moving forward.

Ms. Angell stated the next presentation is on credit cards. I am going to bring you up to speed with where we are on credit cards. We ended up here because the same committee that was working on the policies has discussed this and many departments have requested

that we increase the acceptance of credit cards. When we were talking about it, one of the questions that came up was if the Board of Mayor and Aldermen wanted us to do that. That's where we are now. We want to bring you up to speed about what we need to do if we want to move forward with accepting more credit cards. I'm getting input from the Board as to the direction you want to take. Many departments have expressed a desire to accept credit cards for payments. It would offer convenience to constituents because many of them are asking for this. This will reduce the amount of cash in City departments which is a desirable thing because it affects the liability insurance. It would also help us to standardize the cash receiving in many of the departments. This is the standard way to do business in the commercial world. Governance and schools are the only places I write checks. I think I have a checkbook just for governance. Currently, credit cards are taken at Victory Parking Garage; City parking kiosks, where 40% of the revenues are from credit cards; Deerfield Country Club; Airport parking garage, where 70% of the revenue or \$16 million is paid by credit cards; and online payments from the City's website. So far in the first four months of this fiscal year we have taken in \$670,000 through credit cards. Parking tickets, property taxes, water bills, sewer bills and motor vehicle registration can all be paid through credit card. As I said, we have a committee organized to analyze where we are on credit cards. It is the same people who were working on the policies and procedures. TJ Maxx and Bob Stores had major credit card breaches. Life is Good and Hannaford had nearly 10,000 credit card numbers stolen. TJ Maxx was fined. Master Card fined others more than \$6 million. In response to several high profile data breaches, the payment card industry, PCI, changed requirements in 2008. PCI data security is a set of comprehensive requirements for enhancing credit card data security. The Payment Card Security Standards Council was founded by American Express, Discover Financial Services, Master Card and Visa International. Compliance with the PCI standards is required by the payment card industry of all merchants. It is part of the contract we signed when we agreed to take credit cards. For the City to continue to allow credit cards payments in the parking garages and parking kiosks, it requires security improvements to be put into place. They changed their requirements in October 2008 so we are bringing ourselves into compliance. The first thing is written policies and those are the policies that I went over in the last presentation. There are some software and hardware upgrades that we are in the process of doing and we are looking into annual testing by an outside company. This is something that we have never done. We are required to pay to have a company that specializes in hacking networks to try to hack into ours. We have to do annual data security training. These are all required by the payment card industry for us to be in compliance with our contract. Airport and Parking Division are paying for many of the required upgrades out of the 2010 budget. They are making the payments to make them in compliance.

Alderman O'Neil asked this was going on before the Board approved the policy?

Ms. Angell replied we put together the policies. We haven't approved the policies, but we need to do some hardware and software upgrades and we're in the process of working through them. We need to do them anyway so we have the best practices. We are working on that with them. These policies and procedures that we presented to you are part of this process that we need to do to get them in compliance. This is why we are here. No, we haven't implemented them. We put together policies that we think are appropriate and we're bringing them to you. This is one of the reasons why.

Alderman O'Neil asked have any funds been spent for software or hardware?

Ms. Angell replied not yet. If we don't comply, there will be fines from the credit card processors. These are not statutes or laws. These are contractual obligations with the credit cards. They are open ended. They can decide whatever they want. They have had some fairly hefty fines. Some of these fines have been taken to court and they are being upheld. Some are in the millions. If we are found noncompliant, there are restrictions on credit card acceptance and we could be permanently prohibited from accepting credit cards. Not being in compliance increases our risk of a security breach. The things they are looking for us to do are considered best practices in the industry and we should be doing them anyways. If we lost the ability to use credit cards, Victory Garage would need an additional cashier, which would take longer to process payments; Airport would lose its \$60 million revenue base; the parking kiosks would lose their effectiveness because 48% of the payments are made with credit cards; and constituents would lose the convenience of online services because we would no longer be able to take online payments for property taxes and parking tickets. On the other hand, credit cards are beneficial because the City will not be in violation of the contracts it has executed. If there is a breach and we are in compliance, Visa and MasterCard usually waive any fines that could be imposed. It improves overall security and helps compliance with other data protection standards and it reduces our exposure to hacker activity. Hackers go after the easiest targets. It also reduces liability insurance costs. If the City has a data breach or a data breach is suspected this cost would be the City's responsibility and the cost is \$10,000 to \$20,000. An external data security company must examine the suspected compromised systems. We are vulnerable to that now. If a breach is verified, fines will be assessed by the credit card issuers within three to five months. Fines from MasterCard and Heartland data breach exceeded \$6 million. That was upheld. If the City is compliant with PCI standards, which means we have policies and the other things we have talked about, these fees may be waived. The City also has a potential liability for all fraudulent charges on the compromised credit cards. That is where it becomes important. There is insurance available to cover the data losses, but we need to be in compliance to be able to get the insurance. Requirements to maintain our existing credit card acceptance needs approval and implementation of the new security policies. For us to be in compliance with our current contracts, we need approval of policies. The procurement and security of software and hardware requires network upgrades, quarterly security audits, where we pay a

hacker to try to break in, and implementation of some physical security requirements. We need to put cameras in our computer room. Finally, we need the implementation of the training program. Airport and Parking expect to pay for their requirements. Right now, two departments that need to do this to be in compliance are Airport and Parking and they are both Enterprises so it won't hit the general fund. If the City wanted to expand the use of credit cards, you would issue an RFP for credit card services. Proposals would specify what security services the vendor would provide. The City would then be able to estimate any additional costs. Additional costs will include staff training. Again, the City would need a computer information security specialist position. I'm not asking for it. I'm just laying the groundwork for something that is coming. The question is if the City wants to take credit cards in more places. Credit cards will reduce the amount of cash in offices. This is one of the big reasons department heads have said they want this. It reduces robbery exposure and it also reduces cash transaction errors. We've had a little bit of that in the past few years. It will reduce the amount of time needed to balance and make deposits. It will reduce some of the staff time required to manage the cash in the office. It reduces handling errors. As many of you know, your constituents are asking for credit cards. This is how business is generally run today. This is the next step. If the Board directs us to pursue the expansion of credit card acceptance, a plan will be developed for each department that wants to take credit cards to comply with all the necessary standards. Departments must be in compliance before they can accept credit cards. Cost items will be included in the 2011 budget request, which means that if it is not approved in the budget, it doesn't go forward. Finance will prepare the RFP for the city-wide credit card services, but we will come back to the Board with the various options after the proposal has come in with recommendations on how we think we should proceed. Nothing would be done until a plan was brought to you and you decided if it was in our best interest.

Alderman O'Neil stated my suggestion would be, and I think my colleagues are in agreement, that we should table this item as it ties together with the previous one and spend some time in the next few weeks asking questions.

Ms. Angell stated we have a committee with Kevin Buckley and Harry Ntapalis and if it would be helpful to sit around informally and throw some questions around we are open to that.

Alderman O'Neil stated I'll get some feedback from the Committee.

On motion of Alderman Osborne, duly seconded by Alderman Arnold, it was voted to table this item.

TABLED ITEMS

6. Recommendation from Matthew Normand, Acting City Clerk, regarding a policy for street closures and license events.
(Tabled 03/16/09)

This item remained on the table.

7. Communication from Thomas Clark, City Solicitor regarding a Naming Rights Policy.
(Note: Referred by the Board of Mayor and Aldermen on 2/3/09. Tabled 03/16/09)

This item remained on the table.

8. Communication from Barbara Potvin, New England Sampler, requesting the City hold a public forum to discuss the process of closing off city streets and the impact that these closings have on local small businesses as well as the benefits drawn by the City of Manchester and its local citizens.
(Note: Referred by the Board of Mayor and Aldermen on 10/21/08. Tabled 11/24/08 recommendation to be submitted by staff)

This item remained on the table.

9. Amendment to the Agreement for Services for the Central Business Service District.
(Note: Referred by the Board of Mayor and Aldermen on 9/1/09. Tabled 10/6/09 waiting for Request for Qualifications)

On motion of Alderman Osborne, duly seconded by Alderman Pinard, it was voted to remove this item from the table.

On motion of Alderman Osborne, duly seconded by Alderman Pinard, it was voted to discuss this item.

Alderman O'Neil stated I would ask Mr. Ramsey to come up. The letter is about the agreement for services to the Central Business Service District. This is an item that has been around for a little bit. Mr. LaFreniere, can you give us an update on where you are?

Mr. Leon LaFreniere, Planning Director, stated the original Central Business Service District contract with Intown Manchester expired on June 30th. This was a renewal of the original contract of three years. According to the procurement code, the City is required

to go back out for bids unless the procurement provisions are waived by the Board of Mayor and Aldermen. The Board of Mayor and Aldermen, because that process had not been completed with much time to spare, extended the contract by six months, which will expire on December 30th of 2009. The recommendation before you is a result of a meeting of the Central Business Service District Advisory Board that took place last Friday at noon. I apologize for the Committee receiving this information late, but that was the earliest we could get it. The Central Business Service District Advisory Board recommends that the contract with Intown Manchester be extended for an additional six months, until the end of the current fiscal year on June 30, 2010. In that time frame, an active and aggressive campaign should begin to solicit proposals for vendors to provide these management services for the Central Business Service District. At the direction of the Board of Mayor and Aldermen and with the concurrence of the Central Business Service District Advisory Board, the Planning Department sent out a request for qualifications. There were a total of three potential participants who indicated interest. However, at the end of that process, only one responded and that was Intown Manchester. I can let Mr. Ramsey speak to the thought process of the Advisory Board, but I believe the genesis of the meeting last Friday was that with only one respondent, it would be appropriate to go back out and try to see if we could solicit additional interest and engage other groups to get new ideas of how this might move forward.

Alderman O'Neil asked did you or you department get any feedback from the other two as to why they did not submit?

Mr. LaFreniere replied no, not really. They had asked questions about the process and they didn't submit.

Alderman Lopez asked when you went out for qualifications, did you send out any attachments that had been requested?

Mr. LaFreniere replied I believe the advertisement included a summarized scope of services for the request of qualifications. We did not specifically ask for proposals, but only asked for interest from providers so we could determine who was out there and what their qualifications were.

Alderman Arnold asked this is the second time this Board would be extending the contract for six months?

Mr. LaFreniere replied that's correct. The original contract extension beyond the term of the contract in June 2009 was for six months. The recommendation is that that be extended for an additional six months until the close of this fiscal year.

Alderman Arnold asked was it extended originally for the same purpose?

Mr. LaFreniere replied essentially, yes. However, due to a number of reasons, one of which was demands on staff time and developing the scope of services, we had not been able to effectively deal with this issue.

Alderman Lopez stated I have no problem extending this for six months, but this thing has been going on. Was this letter given to the Intown Director?

Mr. Peter Ramsey, Central Business Service District Advisory Board member, replied I'm really not sure. We were under the gun to get it done. We asked staff to send it to you right away.

Alderman Lopez stated looking at the document you are presenting and the document in attachment A of the original contract, there isn't much difference in the language. I would like to see from the Advisory Board exactly what you want Intown to do other than what is in the contract. The Planning Department is trying to get qualified people to bid on the contract. As you just heard, nobody wants to do anything other than Intown. If there are other specific items the Advisory Board wants in the contract, it should stipulate that. I've had conversations with Alderman O'Neil and we talked about snow removal downtown. That's something we can talk about in a different form. I think what's happening is that we are going to take a qualified individual in this town and eventually she is going to leave. I don't know who is going to do this job. This job is complicated for someone to do, but whoever takes Intown needs to raise an additional \$100,000 in order to do the job. It is not operated on just the money we allocate. I'm very surprised that the director wasn't given an opportunity to see what you want to change in the contract so she could have an opportunity to be here tonight. I don't think that's appropriate. That's my comment. I'm not opposed to extending it six months, because I don't think you are going to find a better qualified individual to do the job at Intown.

Mr. Ramsey replied I don't think we have time enough for a debate about it, but in our opinion, it has never been about an individual. It is over \$300,000 and a tremendous responsibility to keep downtown vibrant. Over the years, it has been good and bad. I think the person you are talking about is a good friend of mine and she is a great person, but it is a very difficult responsibility because the Intown Board has very different wants and desires than the Central Business Service District, which is the City Board I'm appointed to. For example, I don't think any of you know that up until two years ago, no one ever asked about snow removal. The good news is that now there is a need for snow removal in the Millyard from the owners of the Millyard buildings. I think that is a good problem, but in the past year and a half there has been no discussion from Intown to us. In fact, the former Chairman of the Board, Dick Aganost, when we talked about creating a review every year, never mentioned snow removal. Now it is a tremendous issue. The other problem which is significant is the lack of citizens who want to serve on the Central Business Service District Board. Right now, it is me, Paul and Ambassador Bruno who are holdovers. I assume the new Mayor would immediately appoint new people. I cannot

serve again. I am maxed out. That is the first issue we have. It is an issue to get volunteers. Again, it is not a personal thing.

Alderman Lopez stated I realize it is not personal, but I'm saying that if we lose Intown, it is going to hurt the City more. We keep pushing this off. Six months ago when we got the extension, this should have been developed. No matter what we do, it is going to cost us more money. I assure you of that. The Chairman and I have been talking about snow removal for about a year with the Highway Department, Intown and Parking. We are talking about it. We understand the problem. The two Boards that you are talking about didn't talk to each other until a year ago. The holdovers are only holdovers for 90 days. After that, they are not on the Board anymore. That is according to the City Charter. We have to give some clear direction. If this is the clear direction of moving forward in six months, we're going to do what? We need to give those specifics to the Planning Department for them to execute what we want them to do. We're changing the rules. If the Committee and the Board approve Attachment A as you have it here versus in the contract that is going to go out for request for qualifications. That's fine, but they need to do a qualification of people for the procurement code. I think you heard Mr. LaFreniere say that in the beginning. I want to get off the dime here because there are a lot of things Intown has to do for next spring.

Alderman O'Neil stated my recommendation would be that we extend the contract six months. I don't think we have to act on Attachment A this evening. Correct? The most important thing is to make a recommendation to the full Board tomorrow night.

On motion of Alderman Arnold, duly seconded by Alderman Pinard, it was voted to extend the contract for the Central Business Service District.

There being no further business, on motion of Alderman Pinard, duly seconded by Alderman Arnold, it was voted to adjourn.

A True Record. Attest.

Clerk of Committee