



MEMORANDUM

To: California State Lottery Commission **Date:** June 27, 2006

From: Joan M. Borucki
Acting Director

Prepared By: William Hertoghe, Director
Security/Law Enforcement Division

Subject: Item 9(b) - Approval of Extension of Inter-Con Contract for
Security Guard Services

ISSUE

Should the California Lottery Commission (Commission) approve an emergency extension for six (6) months with Inter-Con Security Services for Security Guard Services?

RECOMMENDATION

Staff recommends that the Commission approve an emergency extension to contract 5508 with Inter-Con Security Services for a period not to exceed six (6) months (12/31/2006). The expenditure authority for this extension should not exceed \$600,000.00.

BACKGROUND

The California State Lottery (Lottery) has used contracted security guard services for building security, access control and special events since its inception in 1985. The current contract will expire on June 30, 2006. The Lottery released an Invitation for Bid (IFB) for Security Guard Services on February 15, 2006.

Although bids have been received and bidders ranked, several unanticipated occurrences have rendered it impossible to execute a new contract prior to the expiration of the current contract.

DISCUSSION

A number of occurrences have taken place, each of which has caused delays in the finalization of a new contract for Security Guard Services. Due to the complexity of the disclosure investigation, the number of entities associated with the principle of the bidder, and the review of regulatory files from another state agency, it is not possible to effectively execute a contract by July 1, 2006. Typically, a disclosure investigation takes approximately 30 days to complete. However, because of the reasons stated above, this investigation to date has taken over 60 days.

Rather than risk a disruption of service, staff recommends that the Emergency Extended Service provision contained under paragraph E, Special Provisions in the contract, be exercised. This provision states, "At the Lottery's sole discretion, Contractor shall provide extended services for a period not to exceed six months from the effective date of the Contract termination or expiration. Services shall continue to be provided by Contractor and paid for by the Lottery pursuant to the terms and conditions of this Contract."