# MEMORANDUM

**To:** California State Lottery Commission **Date:** November 1, 2006

**From:** Joan M. Borucki
Acting Director

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

**Subject:** Item 9(c) - Approval of Contract Award for Security Guard Services

## ISSUE

Should the California State Lottery Commission (Commission) approve the contract award to HMI Associates for security guard services for three (3) years?

## RECOMMENDATION

Staff recommends that the Commission approve the award of a three-year contract with an option to extend for two additional one-year terms to HMI Associates for security guard services. The total expenditure authority for this contract is $3,800,000 for the initial three-year term.

## BACKGROUND

The California State Lottery (Lottery) has utilized contracted security guard services for building security, access control and special events since its inception in 1985. The current four-year contract, valued at $4,091,000 with Intercon Security Systems, Inc. was scheduled to expire on June 30, 2006. An amendment was executed extending the term to December 31, 2006 and adding $600,000 for a total value of $4,691,000.

**DISCUSSION**

On February 15, 2006, the Lottery released the final Invitation for Bid (IFB) to 58 prospective bidders. On March 30, 2006, the Lottery received 11 bids in response to the IFB. Two bidders later withdrew. The remaining nine bidders successfully passed the mandatory criteria and were evaluated based on the cost of their proposals. Eight of the nine bids received small business preference, which effectively reduced their costs, but only for cost calculation purposes. The following reflects the evaluation ranking:

| Vendor | Estimated Cost Per Year | Small Business |
|---|---|---|
| Bradley Security and Detective | 1,262,808.72 | Yes |
| HMI Associates | 1,264,831.00 | Yes |
| Inter-Con Security Systems | 1,268,089.00 | N/A |
| International Services | 1,310,178.00 | Yes |
| AmeriGard Security Services | 1,348,042.00 | Yes |
| Able Patrol and Guard | 1,491,643.00 | Yes |
| Wackenhut | 1,549,725.00 | Yes |
| Zonux Security Solutions | 1,579,852.00 | Yes |
| R.L.Klein Associates | 1,664,019.00 | Yes |

On April 18, 2006, the Lottery announced Bradley Security and Detective Agency as the apparent successful bidder. No protests to the IFB were filed.

In accordance with the provisions of the IFB and Government Code section 8880.57, Bradley Security and Detective Agency was subject to a disclosure investigation conducted by the Lottery's Security/Law Enforcement Division. During the investigation Bradley Security and Detective Agency failed to fully disclose the professional history of the company's principals. This ultimately resulted in the disqualification of Bradley Security and Detective Agency from further consideration.

As the result of the disqualification, a subsequent disclosure investigation began on the number two rated bidder, HMI Associates. The investigation has been completed and HMI Associates has been found to have complied with the provisions of Government Code section 8880.57 with no derogatory or disqualifying information discovered during the investigation.