

MEMORANDUM

Date: May 24, 2012

To: California State Lottery Commission

From: Robert O'Neill

Director

Prepared By: Everest J. Robillard, Deputy Director

Security/Law Enforcement Division

Subject: Item 8(d) - Ratification of Contract Award for Security Guard Services

ISSUE

Should the California State Lottery Commission (Commission) ratify the award of contract #15724 for security guard services to Andrews International, Inc.?

RECOMMENDATION

Staff recommends that the Commission ratify the award of contract #15724 to Andrews International, Inc. for security guard services. This ensures continuous security guard services to protect California State Lottery (Lottery) staff and assets and allows the Lottery to complete a Request for Proposal (RFP) to award a long-term contract with a qualified security guard contractor. This contract has a term of six (6) months, from May 3, 2012 through November 2, 2012, and would allow the Lottery to extend the term once for six (6) months. Total expenditure authority for the six (6) month term is \$1,500,000.00.

BACKGROUND

Since 1985, the Lottery has contracted to provide security guard services on a 24 hour, 7 day a week basis. These services include monitoring and controlling access to Lottery facilities, responding to alarms, escorting visitors, providing security services at special events, and protecting Lottery assets.

The previous security guard services contract, #11295 with Andrews International, Inc., expired on May 2, 2012. While that contract was still in force, beginning June 1, 2011, the Lottery initiated and conducted a competitive procurement for security guard services to be provided after the previous contract expired. The Lottery received 17 bids and evaluated them based upon

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price. Two of those bidders failed to pass the required background investigation. In addition, the Lottery's needs for services changed from the time the procurement began until the time when the contract was expected to be awarded. No contract was ultimately awarded as a result of that procurement.

That procurement began when the Lottery headquarters was located in its previous building, where the Lottery had been physically located since 1986. The exterior doors were all controlled by man-trap-style doors with keycard access. Exterior access to the building was easily controlled from the guard command center and required no face-to-face interaction by the guards. The first floor of the new headquarters was architecturally designed to be open to the public, thereby encouraging greater interaction with the public for security officers and staff than existed at the previous building. In order to maintain that open atmosphere, security guard companies must provide a wider variety and higher level of services to preserve and protect Lottery staff and assets in a confident, professional, and proficient manner.

Previous solicitations for security guard services were evaluated on the basis of price alone (and passing background investigation). With the physical changes to the Lottery headquarters and the need for different and additional services to adequately protect and secure the new building, the Lottery will now evaluate bidder proposals based on a variety of specific criteria, in addition to price.

The Lottery is currently conducting a solicitation process to select a new long-term security guard contractor. The Lottery anticipates releasing a solicitation in the form of an RFP to select a new contractor to perform the Lottery's new security guard services contract. This solicitation could not be completed by May 2, 2012, when the previous contract with Andrews International, Inc. expired.

To avoid a break in services until a new solicitation could be completed, the Director awarded contract #15724 to Andrews International, Inc. Under Lottery Regulations section III.E.12.c., for contracts that require Commission approval (\$250,000 or greater), if circumstances require work under a particular contract to commence prior to the next Commission meeting, the Director may authorize execution of a contract with notice to the Commission. The Director's execution of the contract must be presented to the Commission for ratification.

This contract was executed under the Lottery's competitive bidding regulations, section III.E.2.b.(1), which authorizes the Director to procure goods or services without utilizing competitive procedures when the time available is not sufficient for a competitive process because a contract for goods or services is necessary for the immediate preservation of the integrity and security of Lottery or state property or in the event of an urgent and compelling circumstance.