

COMMISSION AGENDA ITEM

Item 8(a) – Ratification of Security Guard Services (Lottery Regulation 8.6.6A)



Date: March 21, 2024

To: California State Lottery Commission

From: Harjinder K. Shergill Chima, Director *HKC*

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Subject: Item 8(a) – Ratification of Security Guard Services (Lottery Regulation 8.6.6A)

ISSUE

This memorandum is being provided as part of the ratification process for contract 101234 with Citiguard, Inc. pursuant to Lottery Regulation 8.6.6.A. Director approval of the contract with Citiguard, Inc. in advance of the March California State Lottery Commission (Commission) meeting allowed California State Lottery (Lottery) staff sufficient time to facilitate the transition of continued security guard services. The proposed contract has a term of five (5) years from January 16, 2024, through January 15, 2029, with two one-year options to extend. Total expenditure authority is \$12,500,000.00.

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.

On September 27, 2023, the Lottery released Invitation for Bid (IFB) No. #R001132. A bidder's conference was held on October 4, 2023, to assist bidders with the Lottery's requirements. Intents to Bid were due to the Lottery on October 5, 2023, and all Bids were due on October 20, 2023. The solicitation generated substantial interest from multiple security guard firms. The Lottery received 19 bids, which represents a healthy response from the market to provide security services. Bids were received from large, well-known security guard firms that do business in state and with the State (i.e., statewide leveraged procurement agreements). SLED met with Citiguard and inquired on their ability to perform on the contract and in general as to their operations. Citiguard's responses were satisfactory as the contracted rates were deemed responsive, responsible and would not be a loss leader (i.e., still profitable), which satisfied feasibility concerns. In addition, Citiguard has had other large, long-term contracts which required the deployment and management of guards to various locations for extended periods, meaning Citiguard would likely meet Lottery needs without a substantial change in its own operations. Based on this, Citiguard's bid was deemed the lowest responsive, responsible bid, and Citiguard was awarded the contract.

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Due to an intent to protest that the Lottery received, the award for Citiguard was not resolved until early December 2023. Lottery staff did not have the requisite 60 days to present the Citiguard contract at the November 2023 or January 2024 Commission meetings for approval; however, it is scheduled to be presented at the March Commission meeting for approval. Meanwhile, the current contract with Securitas Security Services (Securitas) was set to expire December 27, 2023; therefore, that contract was extended through April 30, 2024.

The Lottery needed Citiguard's security guard services as soon as possible, and contract execution could not wait until after obtaining Commission approval at the March commission meeting. The Lottery requires Citiguard's contract to overlap with Securitas in order to facilitate an uninterrupted transition between Securitas and Citiguard, including, but not limited to, providing Citiguard the opportunity to understand Lottery security procedures at the various locations, providing Citiguard the opportunity to have staffing ready for transition, providing SLED the time to background check Citiguard's staffing, and establishing a firm date for the transition of all security functions from Securitas to Citiguard.

Lottery Regulation 8.6.2 requires that no contracts with an estimated value of \$250,000 or more be executed without prior Commission approval. However, Lottery Regulation 8.6.6.A. Exceptions provides that:

“Notwithstanding the foregoing requirements for Commission approval, if circumstances require work under a particular contract or contract amendment to commence prior to the next Commission meeting, the Director may authorize the execution of the contract with simultaneous notification to the Chair of the Commission. Thereafter, at the next opportunity, the Director will seek Commission ratification of the contract or amendment. In addition, the Director will place in the contract file a memorandum explaining the rationale for the expedited procedure.”

DISCUSSION

Approval of the Citiguard contract per Lottery Regulation 8.6.6.A in advance of the March Commission meeting was warranted for the reasons discussed above. The start date of January 16, 2024, provided enough overlap for Citiguard to be ready to fully assume services and provided enough notice to Securitas as well. Given that the services provided are critical to Lottery operations, having the contract in place as soon as possible minimizes potential unforeseeable risks.

There is no additional risk in signing a long-term agreement. As set forth in the IFB, the contract term would be for five years with two one-year options to extend, and the proposed Citiguard contract was awarded accordingly. The IFB generated substantial interest, and Citiguard and its bid were vetted for feasibility of performance and cost reasonableness. As a result, staff does not believe the award should be any different than if this contract were presented at the March Commission meeting.

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RECOMMENDATION

Staff recommends the Director approve the award of contract #101234 to Citiguard for security guard services pursuant to Lottery Regulation 8.6.6.A with a start date of January 16, 2024, with ratification of the Citiguard contract to take place at the March Commission meeting.