



M E M O R A N D U M

Date: May 28, 2020

To: California State Lottery Commission

From: Alva V. Johnson, Director *AA*

Prepared By: Jeremy Linson, Deputy Director, Security and Law Enforcement

Subject: Item 8(a) – Ratification of the Emergency Six-Month Contract Extension with Stanley Convergent Security Solutions, Inc.

ISSUE

To ensure that critical services were maintained, the California State Lottery (Lottery) exercised its contractual option to extend the security systems services contract with Stanley Convergent Security Solutions, Inc. (Stanley) on April 27, 2019. It is required that this amendment be ratified by the California State Lottery Commission (Commission), due to the length of the extension and the amount of funds that have been added.

BACKGROUND

In 2014, Stanley Convergent Security Solutions Inc. (Stanley) was awarded a five-year contract with the Lottery to provide comprehensive security system services. The Lottery had initially planned to exercise a two-year extension option that was available under the contract to extend the contract through August 31, 2021. This extension was approved by the California State Lottery Commission (Commission) at the June 20, 2019 Commission meeting.

Due to changes in Lottery leadership that occurred shortly before contract expiration, it was determined that additional analysis was needed in connection with these services. On August 30, 2019, the Lottery obtained an agreement from Stanley to keep its services in place, under the same terms and conditions, for a period of two months while the Lottery's analysis was completed.

The analysis was completed, and the Lottery elected to release a new, formal competitive procurement for security system services. In the meantime, a temporary contract was necessary to ensure that critical security services were maintained while the solicitation was conducted. On October 31, 2019, the Lottery entered into a six-month contract with Stanley (Lottery Agreement #50132), with a maximum agreement amount of \$400,000. That contract was subsequently ratified at the November 2019 Commission Meeting.

The Lottery released its Request for Proposals (RFP) on January 21, 2020; proposals were due on February 25, 2020.

DISCUSSION

Based on the RFP release date, the Lottery planned to have a new security systems services contract in place prior to expiration of the Stanley contract, on April 30, 2020. However, unexpected issues arose during the evaluation, preventing the Lottery from completing its evaluation and entering into a new contract before the end of April.¹

The Lottery determined that it was necessary to extend its current contract, to provide additional time for the Lottery to complete its solicitation process and, if necessary, to explore additional options for obtaining replacement services. Lottery Agreement #50132 included an option to extend the contract for an additional period of up to six months, under the same terms and conditions, including pricing, in Exhibit D, Contract Terms and Conditions, section 1.3.

Based on the foregoing, the Lottery amended the Stanley contract to extend the expiration date to October 30, 2020. The maximum agreement amount was also increased from \$400,000 to \$800,000, to cover anticipated contract costs for the extension period.

Pursuant to Lottery Regulations section 8.6.3.B, prior Commission approval is typically required for execution of any amendment that extends the term of a contract by six months or more, or increases the total amount obligated by \$250,000 or more. The Director was authorized to execute this amendment, pursuant to Lottery Regulations section 8.6.6.A, because it was determined that the services would be needed prior

¹ The Lottery's evaluation remains confidential until a solicitation process is concluded; because the Lottery's solicitation process was ongoing at the time this memo was prepared, additional details could not be provided here.

to the next Commission meeting. However, this amendment remains subject to ratification by the Commission.

RECOMMENDATION

Lottery staff recommends that the Commission ratify the amendment to Lottery Agreement #50132, extending the Lottery's contract for security system services through October 30, 2020 and increasing the maximum agreement amount to \$800,000.