



M E M O R A N D U M

Date: November 21, 2019

To: California State Lottery Commission

From: Alva V. Johnson, Director *AA*

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

ISSUE

The California State Lottery (Lottery) entered into a six-month contract with Stanley Convergent Security Solutions, Inc. for security system services on October 31, 2019. Ratification of the contract is needed to ensure that these critical services are maintained while the Lottery conducts a formal competitive procurement.

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.

DISCUSSION

The aforementioned analysis has been completed, and the Lottery has elected to release a new formal competitive procurement for comprehensive security system services. The Lottery is currently in the process of preparing that solicitation. In the meantime, a temporary contract was necessary to ensure that these critical services are maintained. The Lottery determined that a six-month contract with Stanley should provide sufficient time for the Lottery to complete its solicitation process.

As part of the analysis referenced above, the Lottery's Information Technology Services Division (ITSD) confirmed a need for Stanley to provide an additional embedded technician, which increased the monthly service costs in comparison to the prior contract. (The Commission approved adding another technician and increasing the monthly contract costs for the previous contract at the June 20, 2019 Commission meeting.) ITSD also identified urgent needs for software upgrades and replacement of end-of-life equipment, which are addressed in this contract.

Due to the urgent and compelling need to maintain these services, this procurement is exempt from competitive bidding, pursuant to Lottery Regulations section 8.1.2.A. An informal competitive bid for these services was also infeasible, due to the complexity of the security system services and the time and effort that would be required to transition these services to a new vendor.

Based on the contract amount, Commission approval is required for this procurement. The Director was authorized to execute the contract, pursuant to Lottery Regulations section 8.6.6.A, because the services were needed prior to the November 21, 2019 Commission meeting. However, the contract remains subject to ratification by the Commission.

RECOMMENDATION

Lottery staff recommends that the Commission ratify this six-month emergency contract for security system services, which began on October 31, 2019 and is set to expire on April 30, 2020. The maximum agreement amount is \$400,000.