



M E M O R A N D U M

Date: November 18, 2021

To: California State Lottery Commission

From: Alva V. Johnson, Director *AJ*

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Security and Law Enforcement Division

Subject: Item 8(a) – Approval of Two-Year Contract Extension with
Securitas Security Services, Inc.

ISSUE

The current security guard contract (#50059) with Securitas Security Services (Securitas) is scheduled to end on December 27, 2021. To ensure continuous uniformed security guard coverage at all California State Lottery (Lottery) facilities, the Lottery requests to exercise the option to extend the security guard services contract for an additional two years.

BACKGROUND

Since 1985, the Lottery has contracted for security guard services on a 24 hour, seven days 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 current contract began on December 28, 2016. The scope of the contract initially was to provide uniformed security guard services at Lottery Headquarters and the Southern Distribution Center (SDC) on a continual 24 hour, seven days a week basis. Additional site coverage included the Northern Distribution Center (NDC) on an 8-hour, five days a week (M-F business hours) basis.

The Lottery expanded services to all facilities by implementing security guard presence at all nine district offices. Also, the Lottery is planning to increase services at the NDC to 24 hours, seven days a week coverage, identical to the SDC security guard presence.

DISCUSSION

The current five-year contract (#50059) was funded for \$7,759,550.

Due to unknown yearly benefit and wage rate increases, continued demand for security guard services at the district offices, increased services at the NDC, and event coverage needs, it is anticipated security guard services costs will result in an expenditure of approximately \$5,598,301 for the additional two-year contract term.

Furthermore, to ensure all costs are covered under this agreement and to avoid future amendment(s), an additional \$58,000 will be necessary. This amount will allow the Lottery to be flexible with unknown benefit increases, administrative costs, and potential development of expanded coverage. This brings the requested extension amount to a total of \$5,656,301 for the additional two-year contract term.

Securitas has been flexible as Lottery security and operational needs grew and accommodating when issues need to be addressed, especially during the COVID-19 pandemic. Extending this partnership for two more years will ensure Lottery security requirements are met without disruption to operations.

RECOMMENDATION

Lottery staff recommends that the California State Lottery Commission approve the amendment to Lottery Agreement #50059, to extend the Lottery's contract for uniformed security guard services through December 27, 2023. The total increase to the agreement will include the initial \$7,759,550.00, the Commission approved amendment amount of \$1,457,111.92 and the requested two-year increase of \$5,656,301 making the maximum agreement amount of \$14,872,962.92.