



M E M O R A N D U M

Date: September 29, 2022

To: California State Lottery Commission

From: Alva V. Johnson, Director *AJ*

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Operations Division

Subject: Item 8(c) – Construction Services Contract for Headquarters
Security Fence

ISSUE

The California State Lottery (Lottery) is requesting approval to enter into an Agreement with Arktos Incorporated (Arktos) for the fabrication and installation of perimeter security fencing and access-controlled gates for the Lottery Headquarters (HQ) campus. The Agreement amount is \$609,290 with a term date of October 10, 2022 through October 9, 2023, with two (2) one-year options to extend.

BACKGROUND

The Lottery HQ campus is located at 600 and 700 North 10th Street in Sacramento, California, 95811. The south side of the campus, known as the “600” side, is where the Headquarters building was previously located. The prior HQ building was demolished leaving a vacant site and an auxiliary parking lot. The north side of the campus, known as the “700” side, consists of the new HQ building, employee/visitor parking, and the Central Utility Plant (CUP).

The Lottery had a risk assessment of its HQ campus completed in December of 2019 by the California Highway Patrol (CHP) which identified significant vulnerabilities with unsecured and uncontrolled driveways and pedestrian access onto the Lottery campus. The CHP provided recommendations to install a permanent perimeter fence and controlled gating to provide enhanced security by limiting access to portions of the campus. These security measures will provide a safer location for Lottery assets, state vehicles, and employee parking, thus addressing legal risk to the Lottery by eliminating public loitering, vandalism, or other property crimes. As a temporary solution, the three (3) driveways onto the property on the south end of the campus were cordoned off with mobile metal barricades. However, the main and north entrances were not cordoned off

and remain open to vehicles and pedestrians, providing access to the entire campus on weekends and after core business hours.

The Lottery consulted with an architectural design firm to provide concepts and generate renderings for permanent perimeter security fencing and access-controlled gating. Concepts were finalized and plans have been approved and permitted by the California State Fire Marshal.

DISCUSSION

The purpose of the project is to add fencing, pedestrian gates, and vehicle gates to provide security and control access to the entire HQ campus. The project requires the installation of: eight-foot high perimeter tubular steel fencing to secure the employee parking area; four (4) steel swing gates to prevent vehicles from entry onto the site; two (2) automatic vehicle swing gates, including an island and keypad at the main entry gate; two (2) manual sliding vehicle gates for maintenance use and event parking; two (2) employee pedestrian gates with keypads; two (2) maintenance pedestrian gates; and electrical and communication wiring for gate operators and keypads. This project will be completed under the current ADA requirements to ensure the campus meets ADA compliance.

The Lottery released an Invitation for Bid (IFB) on March 22, 2022 and conducted a mandatory site walk on April 6, 2022. The Lottery received a single bid, but the vendor did not meet the minimum requirements set forth in the IFB.

The Lottery released a second IFB on July 15, 2022 and conducted a mandatory site walkthrough of the HQ campus on August 3, 2022. The Lottery received four (4) responsive bids and determined that Arktos offered the best value to the Lottery for the project, with a bid amount of \$533,000. Arktos sells, installs, and services products to commercial, industrial, and government customers to protect their physical perimeter and control access. Arktos is a certified Small Business and Disabled Veteran Business Enterprise that provides turnkey solutions and specializes in access controls, CCTV surveillance systems, fencing, and automatic gates including crash-rated (anti-terrorist) barriers and bollards.

Construction industry trends have shown that supply chain constraints, rising energy costs, and the availability of labor, equipment and materials may impact the overall project schedule and proposed costs. In 2021, construction costs increased at the rate of 1% per month for an annual inflation rate of 13%. The Lottery is requesting an additional \$69,290, which is approximately 13% of Arktos' bid, above the award amount to address any potential cost escalations caused by supply chain issues. This brings the total contract award to \$602,290. The requested term of the contract will be from October 10, 2022 through October 9, 2023, with two (2) one-year options to extend.

RECOMMENDATION

The Lottery recommends the California State Lottery Commission approve the Agreement with Arktos to fabricate and install perimeter security fencing and access-controlled gates for the Lottery HQ campus. The Agreement amount is \$602,290 with a term date of October 10, 2022 through October 9, 2023, with two (2) one-year options to extend.