



M E M O R A N D U M

Date: June 20, 2019

To: California State Lottery Commission

From: Nicole Soluri, Chief Deputy Director **NS** [Initials on file]

Prepared By: Susan Myers, Acting Deputy Director Security/Law Enforcement Division

Subject: Item 8(g) –Stanley Convergent Security Solutions Contract Amendment

ISSUE

Given the expansion of the California State Lottery (Lottery) owned facilities, the contract between the Lottery and Stanley Convergent Security Solutions (Stanley) has insufficient funds, time, and staffing to provide maintenance and technical support of the Lottery's physical security systems equipment and software.

BACKGROUND

The California Lottery Act requires the Lottery to promote and ensure the integrity, security, honesty and fairness in the operation and administration of the Lottery. To this end, the Lottery has invested in and installed a 24-hour, 7 day a week statewide physical security system in all of its facilities. The current Lottery investment in the physical security equipment and system is approximately \$2,550,000.00 in hardware and software assets.

The Stanley contract (Contract) includes maintenance and technical support of all physical security systems, access control, intrusion alarm, visitor management software and video surveillance systems at all Lottery facilities. Lottery facilities include Headquarters, nine district offices, the Northern Distribution Center, the Southern Distribution Center, and the Operational Recovery (OR) site.

The Contract, which will expire August 31, 2019, contains an option to extend the term for up to two additional years. If the Lottery does not extend the Contract, when any Lottery security equipment or systems need maintenance or repairs, the Lottery will need to contract out such repairs or support services on a time and materials basis. Delayed

maintenance and repairs to the security systems software and hardware can jeopardize the viability of those systems and the security and integrity of Lottery assets and facilities. In addition, the Lottery would have to accept the risks associated with the downtime of the security systems, or a portion thereof.

Stanley has been satisfactorily performing its contractual obligations and its technicians working on the Lottery's security systems have undergone rigorous training. Such training includes certification from the system component manufacturers to receive the required authorization to work on their products.

DISCUSSION

Lottery staff recommends the Lottery extend the Contract for two years. The amended Contract would operate under the same terms and conditions and would allow a single vendor to be responsible for all of the Lottery's security system support, maintenance, and repair work for all facilities.

The additional funding requested is provide for an additional full-time embedded technician to assist with maintenance, new installation, equipment repair, technical support of the current physical security system and domain server administration. This will help reduce downtime when security system equipment goes off line and/or repairs/replacements are needed. The cost for this additional technician would be \$12,500 per month. The current monthly total for maintenance and monitoring services are \$25,000, which includes one full time embedded technician. This will bring the Lottery's new monthly cost to \$37,500.

RECOMMENDATION

Lottery staff recommends that the California State Lottery Commission approve an amendment to the Contract to exercise the option to extend the term for two years through August 31, 2021, add additional services of a second embedded technician, and add \$300,000 in funding. The proposed contract amendment will increase the maximum authorized contract expenditure amount from \$3,500,000 to \$3,800,000.