

Item 5 File 11-0812	Department: San Francisco Municipal Transportation Agency (SFMTA)
EXECUTIVE SUMMARY	
Legislative Objective	
<ul style="list-style-type: none"> • Resolution approving the Third Amendment to the existing three-year contract between the San Francisco Municipal Transportation Agency (SFMTA) and Cypress Security for armed and unarmed security services. The proposed Third Amendment would (a) exercise the three-year option to extend the contract from September 1, 2011 through August 31, 2014, and (b) increase the total not-to-exceed contract amount by \$18,700,000, from a not-to-exceed amount of \$15,800,000 to a not-to-exceed amount of \$34,500,000. 	
Key Points	
<ul style="list-style-type: none"> • Cypress Security currently provides armed and unarmed security services for SFMTA under an existing three-year agreement. The agreement commenced on September 1, 2008 and expires on August 31, 2011, in an amount not-to-exceed \$15,800,000. Under the existing agreement, Cypress Security provides: (a) armed guard services for SFMTA Revenue Operations personnel collecting fare box revenues and (b) unarmed guard services for SFMTA shops, facilities, offices, and property located throughout San Francisco. • The existing contract contains an annual cost of living adjustment of \$0.88 per billable hour that would continue for the next three years. 	
Fiscal Impact	
<ul style="list-style-type: none"> • The original contract budget of \$15,742,693 included \$14,311,539 for salaries and a contingency amount of 10 percent or \$1,431,154. Total actual projected expenditures under the existing three-year contract from September 1, 2008 through August 31, 2011 are \$14,343,736. • The proposed three-year extension would increase the not-to-exceed contract amount by \$18,700,000, from a not-to-exceed contract amount of \$15,800,000 to a not-to-exceed contract amount of \$34,500,000. The three-year extension provides for new and increased security services including: (a) the addition of Video Data Assistants responsible for accessing video from station cameras and buses in order to assist the Police Department (SFPD) and SFMTA with time sensitive investigations (b) new Mobile Tunnel Patrols to deter graffiti, theft, and other crimes in the SFMTA tunnels; and (c) additional staffing at Muni Metro East, which was not fully operational when the current contract was first established in 2008. These new and increased services are partially offset by other service reductions. • Total contract expenditures over the six-year term of the contract from September 1, 2008 through August 31, 2014, including contingencies, are estimated at \$32,900,000, or \$1,600,000 less than the original not-to-exceed amount of \$34,500,000. • Amend the proposed resolution to reduce the requested total not-to-exceed contract amount of \$34,500,000 by \$1,600,000 for a total not-to-exceed contract amount of \$32,900,000. • Approve the proposed resolution as amended. 	

MANDATE STATEMENT & BACKGROUND

Mandate Statement

In accordance with Charter Section 9.118, any amendment of over \$500,000 to an agreement over \$10,000,000 in anticipated expenditures is subject to Board of Supervisors approval.

Background

On July 22, 2008, based on a competitive bidding process, the San Francisco Municipal Transportation Agency (SFMTA) entered into a new three-year contract with Cypress Security to provide armed and unarmed security services at a cost not-to-exceed \$15,800,000. The term of the contract is September 1, 2008 through August 31, 2011. The Board of Supervisors approved the contract (Resolution No. 372-08) on August 12, 2008. The existing contract specifies that Cypress Security is responsible for (a) armed guard services for SFMTA Revenue Operations personnel collecting fare box revenues and (b) unarmed guard services for SFMTA shops, facilities, offices, and property at various SFMTA locations throughout San Francisco. The unarmed services include monitoring video feeds from SFMTA stations at night and maintaining video recordings from all of the bus lines. Cypress Security currently operates 24 hours a day, seven days a week, with a total of 97 staff.

The budget for the existing contract includes (a) salaries, (b) a 10 percent contingency, and (c) a yearly cost of living adjustment of \$0.88 per hour for all billable hours. The existing agreement, as previously approved by the Board of Supervisors, included an option to renew the contract for up to an additional three years from September 1, 2011 through August 31, 2014, which is the subject of this proposed resolution.

There have been two amendments to the original contract. The first amendment made adjustments (increases) to salaries for some of the positions but did not change the not-to-exceed contract amount of \$15,800,000. Therefore, Board of Supervisors approval was not required. The second amendment was a technical adjustment to the language of Appendix A, Section 8.A "Contractor Responsible for Personnel" that allowed Cypress Security to subcontract guard services with approval from the SFMTA. There were no increased costs to the second amendment and therefore Board of Supervisors approval was not required.

The proposed Third Amendment would authorize the execution of the three year extension per the terms of the existing contract.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would authorize SFMTA to:

1. Execute the three-year option included in the existing contract between the SFMTA and Cypress Security, as previously approved by the Board of Supervisors, to extend the existing contract with Cypress Security from September 1, 2011 through August 31, 2014; and

2. Increase the existing authorized not-to-exceed contract amount of \$15,800,000 by \$18,700,000 to a total not-to-exceed contract amount of \$34,500,000 over the six-year term of the contract from September 1, 2008 to August 31, 2014.

FISCAL IMPACTS

The existing contract has a not-to-exceed amount of \$15,800,000 for three years. The original contract budget included salaries and a contingency of 10 percent. According to Ms. Joy Houlihan, SFMTA Deputy Director of Security and Enforcement, the total projected actual contract expenditures from September 1, 2008 through August 31, 2011 are \$14,343,736.

Under the proposed Third Amendment, the three-year extension would increase the existing total not-to-exceed contract amount of \$15,800,000 by \$18,700,000, for a total not-to-exceed contract amount for the six-year term of the contract from September 1, 2008 through August 31, 2014 to \$34,500,000 (\$15,800,000 plus \$18,700,000).

The proposed budget for the three-year extension is as follows:

Calendar Year	Total Hours to be provided by Cypress Security	Total Estimated Costs
2011 ¹	66,935	\$1,765,150
2012	200,742	5,470,281
2013	200,742	5,646,933
2014 ²	133,835	3,882,293
Subtotal	602,254	16,764,657
11.5 % Contingency		1,935,343
Total Contract Amount		\$18,700,000

¹September 1, 2011 through December 31, 2011

²January 1, 2014 through August 31, 2014

The proposed three-year extension for the requested increased amount of \$18,700,000 is \$2,900,000 more than the current not-to-exceed three-year contract amount of \$15,800,000 due to the following:

- Annual increased billing rates due to the \$0.88 per billable hour cost of living adjustment. As noted above, the original contract and the proposed three-year contract extension provide an annual cost of living increase of \$0.88 per billable hour¹.
- An increase in the contingency percentage from 10 percent to 11.5 percent. According to Ms. Houlihan, the contingency is being increased to provide more flexibility for future service changes.

¹ According to Ms. Houlihan, the \$0.88 per billable hour cost of living adjustment is required by the labor contract between Service Employees International Union (SEIU) Local 24-7 and six security companies, including Cypress Security.

- Cypress Security will also be providing new and increased security services including (a) the addition of Video Data Assistants responsible for accessing video from station cameras and buses to assist SFPD and SFMTA with time sensitive investigations (b) new Mobile Tunnel Patrols to deter graffiti, theft, and other crimes in the SFMTA tunnels; and (c) additional staffing at Muni Metro East, which was not fully operational when the current contract was first established in 2008. These new and increased services are partially offset by various service reductions, including (a) deletion of the security guard assigned to the Cable Car Museum; (b) reduction of the Graffiti Supervisor position; (c) reduced hours for Armed Supervisors; and (d) reallocation of other security guard positions from General Patrol to Tunnel Patrol.

Based on the actual projected contract expenditures from September 1, 2008 through August 31, 2011 and the requested contract budget from September 1, 2011 through August 31, 2014, the projected authorized need for the contract is \$32,900,000 or \$1,600,000 less than the requested \$34,500,000 as shown in the following table:

	Contract Not-to-Exceed Amount	Projected Actual Expenditures
Original Three-Year Contract	\$15,800,000	\$14,343,736
Proposed Three Year Contract Extension Amount for Salaries	16,764,657	16,764,657
Proposed Contingency	1,935,343*	1,791,607**
Total Contract Not-to-Exceed Amount	\$34,500,000	\$32,900,000

*Based on a contingency of 11.5 percent

**Based on a contingency of 10.7 percent

Ms. Houlihan has concurred with the Budget and Legislative Analyst that, based on the total projected expenditures of \$32,900,000 from September 1, 2008 through August 31, 2014, the requested total not-to-exceed contract amount of \$34,500,000 should be reduced by \$1,600,000 to a total not to exceed contract amount of \$32,900,000.

RECOMMENDATIONS

1. Amend the proposed resolution to reduce the requested total not-to-exceed contract amount of \$34,500,000 by \$1,600,000 to a total not-to-exceed contract amount of \$32,900,000.
2. Approve the proposed resolution as amended.