



**March 9, 2015**

**The Honorable Members of the Board of Supervisors  
City and County of San Francisco  
1 Dr. Carlton Goodlett Place, Room 244  
San Francisco, CA 94102**

***Subject: Request for Authority to enter into a contract with Cypress Security for Armed and Unarmed Security Services***

**Honorable Members of the Board of Supervisors:**

The San Francisco Municipal Transportation Agency (SFMTA) requests that the San Francisco Board of Supervisors authorize the SFMTA to enter into a Contract with Cypress Security for Armed and Unarmed Security Services to provide armed and unarmed security services in the amount of \$38,314,208.17, for an initial term of three years with an option to extend the term for up to three additional years.

**Background**

The SFMTA collects more than \$210 million in annual revenue from transit fares, citation payments and sale of various fare media and has facilities throughout the City, including transit stations, vehicle storage yards and service centers. These facilities require the services of security guards to act as a first deterrent for inappropriate activity, ensure the safety of SFMTA personnel, protect SFMTA property and the public and guard against vandalism.

The Board of Supervisors awarded the current contract for Armed and Unarmed Security Guard Services to Cypress Security, LLC on August 12, 2008. The original term was for three years, expiring on August 31, 2011, with a not-to-exceed contract amount of \$15.8 million. On August 2, 2011, the contract was extended for an additional three years, expiring on August 31, 2014, with a not-to-exceed amount of \$32.9 million and on November 19, 2014 for an additional six months with a not-to-exceed amount of \$35.9 million.

**Bid Process**

On September 16, 2014, the SFMTA Board of Directors authorized issuance of RFP No. SFMTA-2015-31 - Armed and Unarmed Security Services. On December 10, 2014, the RFP was issued.

The SFMTA received two responsive proposals from Andrews International (Andrews) and Cypress Security (Cypress) on January 7, 2015. A selection committee of representatives from the SFMTA and the San Francisco Police Department scored Andrews as the highest ranked proposer.

The RFP required the proposers to submit an overhead & profit rate as part of their price proposal. Andrews' rate was 45 percent and Cypress' rate was 42.58 percent for the term of the contract,

including the optional terms, if exercised. (Although Andrews' overhead & profit rate was higher than Cypress, due to the company scoring higher than Cypress on other evaluated portions of the RFP, Andrews was the highest ranked proposer overall.)

Notwithstanding the 45 percent overhead & profit rate set forth in their bid proposal, when contract negotiations commenced, Andrews requested an overhead & profit rate increase to 49.5 percent due to their assertion that the company overlooked including two key positions in their initial price evaluation. The SFMTA did not accept the proposed rate increase and notified the company that the SFMTA would accept their original proposed rate of 45 percent. Andrews's final counter offer rate was 47 percent. As a result, the SFMTA rejected Andrews's final offer and terminated negotiations with Andrews. The SFMTA then entered into negotiations with Cypress, and as a result, the company agreed to lower their proposed overhead & profit rate from 42.58 percent to 41.75 percent.

### **Prevailing Wage Rate and Required Worker Retention**

On December 9, 2014, the Board of Supervisors approved Ordinance No. 260-14, authorizing the SFMTA to include, in any contract for security services it executes within the next year after issuing a competitive solicitation, provisions that require: payment of prevailing wages by both the contractor and subcontractors to any individual providing security services under the contract, and transitional employment and retention for the prior contractor's employees as set forth in Administrative Code, Section 21C.7. Andrews International listed Black Bear Security as their LBE subcontractor.

### **Description of Work**

The Scope of Services for the contract will encompass approximately 159,497 hours of unarmed guard services and 30,832 of armed guard services annually.

Armed services will be provided for Automatic Fare Collection, Pass Sales - Hyde & Beach, Pass Sales - Powell & Market, Pass Sales – Presidio, Pass Sales – Portsmouth, Payroll Check Delivery, Subway Collections, Ballpark Detail and Subway Patrol.

Unarmed services will be provided for Mobile Patrol, Graffiti Patrol, Muni Metro East - North Gate, Muni Metro East - South Gate, Muni Metro East - Video Console, Security Operations Center, Islais Creek, 1399 Marin, Flynn, Woods, Woods/Tubbs, Revenue Control Center, Geneva, Green Back Gate, Green Front Gate, Video Surveillance Unit, Potrero Lower Yard, Potrero Upper Yard, Presidio Back Gate, Presidio Front Gate, Kirkland Back Gate and Kirkland Primary.

### **Alternatives Considered**

These services have historically been contracted out and due to the need to have armed licensed guards; it would not be practical to have City staff perform the services.

### **Funding Impact**

SFMTA estimates that the Project cost, as reflected in the table below, will be \$38,314,208.17 for the six year total term of the contract.

**Project Budget**

Expenditure	Cost
1	\$ 5,998,088.18
2	\$ 6,148,040.38
3	\$ 6,301,741.39
4	\$ 6,459,284.93
5	\$ 6,620,767.05
6	\$ 6,786,286.23
Total	\$ 38,314,208.17

**SFMTA Board Action**

On March 17, 2015, the SFMTA Board of Directors adopted a resolution which authorized the Director of Transportation to execute Contract No. SFMTA-2015-31 with Cypress Security for Armed and Unarmed Security Services to provide armed and unarmed security services in the amount of \$38,314,208.17, for an initial term of three years with an option to extend the term for up to three additional years;

**Recommendation**

The SFMTA requests that the San Francisco Board of Supervisors authorize the SFMTA to enter into a Contract with Andrews International for Armed and Unarmed Security Services to provide armed and unarmed security services in the amount of \$38,314,208.17, for an initial term of three years with an option to extend the term for up to three additional years.

Thank you for your consideration of this proposed agreement. Should you have any questions or require more information, please do not hesitate to contact me at any time.

Sincerely,



**Edward D. Reiskin**  
**Director of Transportation**

