

File No. 14121

Committee Item No. 4

Board Item No. 14

### COMMITTEE/BOARD OF SUPERVISORS

#### AGENDA PACKET CONTENTS LIST

Committee: Budget & Finance Committee

Date November 19, 2014

Board of Supervisors Meeting

Date 11/25/14

#### Cmte Board

- |                                     |                                     |  |
|-------------------------------------|-------------------------------------|--|
| <input type="checkbox"/>            | <input type="checkbox"/>            | Motion                                       |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Resolution                                   |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Ordinance                                    |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Legislative Digest                           |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Budget and Legislative Analyst Report        |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Youth Commission Report                      |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Introduction Form                            |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Department/Agency Cover Letter and/or Report |
| <input type="checkbox"/>            | <input type="checkbox"/>            | MOU  |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Grant Information Form                       |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Grant Budget                                 |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Subcontract Budget                           |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Contract/Agreement                           |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Form 126 – Ethics Commission                 |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Award Letter                                 |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Application                                  |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Public Correspondence                        |

#### OTHER (Use back side if additional space is needed)

- |                                     |                                     |                                  |
|-------------------------------------|-------------------------------------|----------------------------------|
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>MTA Resolution No. 14-143</u> |
| <input type="checkbox"/>            | <input type="checkbox"/>            | _____                            |
| <input type="checkbox"/>            | <input type="checkbox"/>            | _____                            |
| <input type="checkbox"/>            | <input type="checkbox"/>            | _____                            |
| <input type="checkbox"/>            | <input type="checkbox"/>            | _____                            |
| <input type="checkbox"/>            | <input type="checkbox"/>            | _____                            |
| <input type="checkbox"/>            | <input type="checkbox"/>            | _____                            |
| <input type="checkbox"/>            | <input type="checkbox"/>            | _____                            |
| <input type="checkbox"/>            | <input type="checkbox"/>            | _____                            |
| <input type="checkbox"/>            | <input type="checkbox"/>            | _____                            |
| <input type="checkbox"/>            | <input type="checkbox"/>            | _____                            |

Completed by: Linda Wong Date November 14, 2014  
Completed by: L.W. Date 11/20/14

1 [Contract Requirements - Municipal Transportation Agency Armed and Unarmed Security  
2 Services]

3 **Ordinance authorizing the Municipal Transportation Agency to include, in any contract**  
4 **for security services it executes within the next year after issuing a competitive**  
5 **solicitation, provisions that require: payment of prevailing wages by both the**  
6 **contractor and subcontractors to any individual providing security services under the**  
7 **contract, and transitional employment and retention for the prior contractor's**  
8 **employees as set forth in Administrative Code, Section 21C.7.**

9 NOTE: **Unchanged Code text and uncodified text** are in plain Arial font.  
10 **Additions to Codes** are in *single-underline italics Times New Roman font*.  
11 **Deletions to Codes** are in ~~*italics Times New Roman font*~~.  
12 **Board amendment additions** are in double-underlined Arial font.  
13 **Board amendment deletions** are in ~~Arial font~~.  
14 **Asterisks (\* \* \* \*)** indicate the omission of unchanged Code  
15 subsections or parts of tables.

16 Be it ordained by the People of the City and County of San Francisco:

17 Section 1. Findings.

18 1. San Francisco Administrative Code Section 21C.7 requires contractors, for  
19 certain types of contracts, to pay prevailing wages to any employee performing services, and  
20 provide transitional employment and retention for the prior contractor's employees.

21 2. The requirement to pay prevailing wages includes wage rates for overtime and  
22 holiday work and fringe benefits as paid for similar work performed in the City by private  
23 employers.

24 3. The Board of Supervisors has previously determined that the turnover of  
25 experienced workers resulting from a change in City contractors for certain types of services  
jeopardizes the quality, efficiency and cost-effectiveness provided under the successor  
contract.

1           4.     The Board of Supervisors has determined that contracts for these types of  
2 services must include requirements that the successor contractor: (1) retain, for a six-month  
3 period, employees who have worked at least fifteen hours per week and have been employed  
4 by the prior contractor or its subcontractors, if applicable, for the preceding twelve months; (2)  
5 retain employees of the prior contractor by seniority within job classifications if fewer  
6 employees are required to perform the new contract; (3) maintain a preferential hiring list of  
7 eligible employees that were not retained by the successor contractor; (4) not discharge any  
8 retained employee without cause; (5) perform a written performance evaluation for each  
9 retained employee after six months; and (6) offer continued employment to retained  
10 employees, if the employee's performance is satisfactory, under the terms and conditions  
11 established by the successor contractor.

12           5.     The Municipal Transportation Agency intends to issue a new solicitation for  
13 security services within the next six months since the existing contract will expire within that  
14 timeframe.

15           6.     Because the possibility of turnover of experienced workers resulting from a  
16 potential change in contractors will jeopardize the quality, efficiency and cost-effectiveness of  
17 security services provided under a successor contract, the Municipal Transportation Agency is  
18 seeking authorization from the Board of Supervisors to include, in any contract for security  
19 services the Municipal Transportation Agency executes within the next year after issuing a  
20 competitive solicitation, provisions that would require: (1) payment of prevailing wages by both  
21 the contractor and subcontractors to any individual providing security services under the  
22 contract, and (2) transitional employment and retention for the prior contractor's employees as  
23 set forth in Section 21C.7 of the San Francisco Administrative Code. ~~For the purposes of this~~  
24 ~~ordinance, the term "prevailing wages" shall not be defined under Section 21C.7, but shall be~~  
~~defined as the amount of compensation, including fringe benefits or the matching equivalent~~

1 ~~thereof, paid by the incumbent contractor to its security guard employees as of the date of the~~  
2 ~~issuance of the competitive solicitation.~~

3 Section 2. The Municipal Transportation Agency is authorized to include, in any  
4 contract for security services it executes within the next year after issuing a competitive  
5 solicitation, provisions that would require: (1) payment of prevailing wages by both the  
6 contractor and subcontractors to any individual providing security services under the contract,  
7 and (2) transitional employment and retention for the prior contractor's employees as set forth  
8 in Section 21C.7 of the San Francisco Administrative Code.

9  
10 APPROVED AS TO FORM:  
11 DENNIS J. HERRERA, City Attorney

12 By:   
13 ROBIN M. REITZES  
Deputy City Attorney

14 n:\legal\as2014\1500313\00972693.doc

FILE NO. 141121

**LEGISLATIVE DIGEST**

[Contract Requirements - Municipal Transportation Agency Armed and Unarmed Security Services]

**Ordinance authorizing the Municipal Transportation Agency 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.**

Existing Law

Existing law does not require that City contracts for security services include requirements for either (1) the payment of prevailing wages by either the contractor or subcontractor to any individual providing security services, or (2) transitional employment or retention for the prior contractor's employees as required for certain types of contracts pursuant to S.F. Administrative Code section 21C.7.

Amendments to Current Law

This uncodified ordinance would authorize the Municipal Transportation Agency to include, in any contract for security services it executes within the next year after issuing a competitive solicitation, provisions that require: (1) payment of prevailing wages by both the contractor and subcontractors to any individual providing security services under the contract, and (2) transitional employment and retention for the prior contractor's employees as set forth in Section 21C.7 of the San Francisco Administrative Code.

Background Information

Because the possibility of turnover of experienced workers resulting from a potential change in contractors will jeopardize the quality, efficiency and cost-effectiveness of security services provided under a successor contract, the Municipal Transportation Agency is seeking authorization from the Board of Supervisors to include these requirements.

This legislative digest reflects amendments adopted by the Budget and Finance Committee on November 19, 2014. The Committee's amendment removed the definition of "prevailing wages" in the ordinance.

n:\ptclas2014\1000460\00951718.doc

**Item 4**  
**File 14-1121**

**Department:**  
San Francisco Municipal Transportation Agency (SFMTA)

### EXECUTIVE SUMMARY

#### Legislative Objective

- Ordinance authorizing the San Francisco Municipal Transportation Agency (SFMTA) to include in any contract for security services the SFMTA executes within the next year after issuing a competitive solicitation, provisions that require: (1) payment of prevailing wages by both the contractor and subcontractors to any individual providing security services under the contract, and (2) transitional employment and retention for the prior contractor's employees as set forth in Section 21C.7 of the San Francisco Administrative Code.

#### Key Points

- Cypress Security currently provides security services under an existing contract with SFMTA from September 1, 2008, which has been extended through March 31, 2015, for a total of \$35,900,000. Cypress Security currently pays prevailing wages under this contract.
- In response to an Invitation for bids on July 16, 2014, the SFMTA received three bids to provide future security services from (a) Andrews International for \$29,226,587, (b) Cypress Security Services for \$30,537,266 and (c) ABC Security for \$39,989,510. The SFMTA Board of Directors approved a contract with Andrews International, the lowest responsive bidder, which included prevailing wages. However, Cypress Security Services submitted a protest. Andrews International withdrew its bid and subsequently SFMTA rejected all three bids.
- Under the proposed ordinance, prevailing wages for SFMTA security services would be defined as the same compensation and fringe benefits paid to Cypress Security Services employees, the SFMTA existing security contractor, on the date that SFMTA issues a new Request for Proposal to secure new contract security services.

#### Fiscal Impact

- Under the proposed ordinance, the SFMTA is estimated to pay an additional \$218,446 annually or a total of \$1,310,679 over a six-year security contract term.

#### Policy Consideration

- If the proposed ordinance is approved, it is likely to reduce the number of responses to the SFMTA's future solicitation, as the proposed language appears to significantly advantage the existing contractor, Cypress Security Services.

#### Recommendations

- Amend the proposed ordinance to delete the language on pages 2 and 3 which defines "prevailing wages" as the amount of compensation, including fringe benefits or the matching equivalent thereof, paid by the incumbent contractor to its security guard employees as of the date of the issuance of the competitive solicitation.
- Approve the proposed ordinance, as amended.

**MANDATE STATEMENT & BACKGROUND****Mandate Statement**

Charter Section 2.105 authorizes all legislative acts by written ordinance or resolution, subject to majority vote of the members of the Board of Supervisors.

Section 21C.7 of the City's Administrative Code currently requires (a) any individual performing services under specified covered contracts with the City and County of San Francisco be paid at least the prevailing rate of wages<sup>1</sup> and (b) successor contractors must provide transitional employment and retention of the prior contractors' employees<sup>2</sup>. Such covered contracts currently include motor bus services, janitorial services, public off-street parking lots, garages or storage facilities for automobiles, theatrical services, solid waste generated by the City, moving services, and trade show and special event work, as specifically defined in the Code. In accordance with the Administrative Code, the Board of Supervisors must fix and determine the prevailing rate of wages for these covered contracts at least once a year. In addition, the requirement to retain the prior contractors' employees must be stated in all initial bid packages for the covered contract.

**Background****Existing SFMTA Security Services Contract**

On August 12, 2008, based on a competitive bidding process, the Board of Supervisors approved a three-year contract between SFMTA and Cypress Security Services, with one three-year option to extend, to provide armed and unarmed security services for a not-to-exceed \$15,800,000 (Resolution No. 372-08). Cypress Security currently pays prevailing wages under this contract with SFMTA.

To date, this contract between the SFMTA and Cypress Security Services has been amended six times to allow subcontracted services, increase salaries, change staffing and scope of work, clarify overtime billings and extend the term and increase the contract amount. Most notable, on August 2, 2011, the Board of Supervisors approved the third amendment, which authorized the SFMTA to exercise the option to extend the Cypress Security Services contract by an additional three years, or through August 31, 2014, for an additional \$17,100,000 or total contract not-to-exceed \$32,900,000 (Resolution No. 333-11). In addition, on July 21, 2014, the SFMTA approved the Sixth Amendment to the contract to extend the term by one month until

<sup>1</sup> The requirement to pay prevailing wages includes the hourly wage rate and the hourly rate of each fringe benefit, which together equals the hourly prevailing rate of wages as well as wage rates for overtime and holiday pay.

<sup>2</sup> A successor contractor must (a) retain for a six-month transition employment period, employees who have worked at least 15 hours per week and have been employed by the ending contractor or its subcontractors, if any, for the preceding 12 months under the covered contract, providing that just cause does not exist to terminate such employee; (b) retain employees of the prior contractor by seniority within job classifications if fewer employees are required to perform the new contract; (c) maintain a preferential hiring list of eligible employees that were not retained by the successor contractor; (d) not discharge any retained employee without cause; (e) perform a written performance evaluation for each retained employee after six months; and (f) offer continued employment to retained employees, if the employee's performance is satisfactory, under the terms and conditions established by the successor contractor.

September 30, 2014 to provide sufficient time for a new security contractor to commence operations.

Under the existing contract, Cypress Security Services 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. Cypress Security currently operates 24 hours a day, seven days a week, with a total of 97 staff.

Recent Competitive Bids

On June 24, 2014, the SFMTA Board of Directors authorized the Director of Transportation to issue a new Invitation for Bids to provide armed and unarmed security services for three years for the SFMTA. On July 16, 2014, the SFMTA received three bids to provide armed and unarmed security services for three years with one three-year option, or a total of six years, as summarized in Table 1 below:

**Table 1: Competitive Bids for SFMTA Security Services**

Security Services Firms	Six Year Bids
Andrews International	\$29,226,587
Cypress Security Services	30,537,266
ABC Security	39,989,510

On September 2, 2014, the SFMTA Board of Directors adopted a resolution (SFMTA Resolution No. 14-138) authorizing the Director of Transportation to execute a contract with Andrews International, the lowest responsive bidder, to provide armed and unarmed security services, for up to six years, for a total not-to-exceed \$29,226,587. Under the proposed low bid, Andrews International was proposing to pay prevailing wages<sup>3</sup>. Cypress Security Services filed a protest to the proposed award.

On September 10, 2014, Andrews International withdrew its bid. On September 10, 2014, the Budget and Finance Committee tabled a proposed resolution to approve a new security contract between the SFMTA and Andrews International (File 14-0871). Consequently, in order to provide for sufficient time to conduct a competitive process to award a new contract, on September 30, 2014, the Board of Supervisors approved a seventh amendment to the existing Cypress Security Services contract with SFMTA to extend the term for six months through March 31, 2015 and increase the existing \$32,900,000 contract by up to \$3,000,000 (File 14-0984; Resolution 380-14) for a total not to exceed \$35,900,000.

<sup>3</sup> Although Andrews International was proposing to pay prevailing wages, the drafted agreement with the Service Employees International Union (SEIU) was going to require Andrews International to retain Cypress Security Services employees and the seniority of those employees which came with a higher wage rate than the prevailing wage rates.



**DETAILS OF PROPOSED LEGISLATION**

The proposed ordinance would authorize the SFMTA to include in any new contract for security services that the SFMTA executes within the next year after issuing a competitive solicitation, provisions that require: (1) payment of prevailing wages by both the contractor and subcontractors to any individual providing security services under the contract, and (2) transitional employment and retention for the prior contractor's employees as set forth in Section 21C.7 of the San Francisco Administrative Code.

SFMTA has rejected the three recent security services bids, shown in Table 1 above. Mr. Ashish Patel, SFMTA Manager of Contracts and Procurement advises that SFMTA plans to undertake a new competitive Request for Proposal (RFP) process to select a new security contractor, over the next approximately four months. As noted above, the existing contract with Cypress Security Services extends through March 31, 2015. Mr. Patel reports that, upon completion of the RFP competitive process, a new six-year contract for security services would be brought back to the Board of Supervisors for approval, likely in February of 2015.

The proposed ordinance specifies that the term "prevailing wages" shall not be defined under Section 21C.7 of the City's Administrative Code, but rather shall be defined as the amount of compensation, including fringe benefits or the matching equivalent paid by the incumbent contractor to its security guard employees as of the date of the issuance of the competitive solicitation. Therefore, prevailing wages for SFMTA security services would be defined as the same compensation and fringe benefits paid to Cypress Security Services employees, the SFMTA existing security contractor, on the date that SFMTA issues the RFP to secure new contract security services.

If the proposed ordinance is approved, the SFMTA would therefore be required to include language in their new security services RFP that specifies that any contractor that bids to provide security services for the SFMTA (a) must pay the same compensation and fringe benefits as paid to Cypress Security Services employees, and (b) must provide transitional employment and retention of the existing Cypress Security Services employees, by:

- (1) Retaining for six-months employees who have worked at least 15 hours per week and been employed by the prior contractor or its subcontractors, if applicable, for the preceding 12 months;
- (2) Retaining employees of the prior contractor by seniority within job classifications if fewer employees are required to perform the new contract;
- (3) Maintaining a preferential hiring list of eligible employees that were not retained by the successor contractor;
- (4) Not discharging any retained employee without cause;
- (5) Performing a written performance evaluation for each retained employee after six months; and
- (6) Offering continued employment to retained employees, if the employee's performance is satisfactory, under the terms and conditions established by the successor contractor.

The proposed ordinance would only be effective for any contract for security services which the SFMTA executes within the next year. Subsequently, the SFMTA would determine if the same or similar provisions are required in the future. As such, the proposed ordinance would be uncodified and not reflected in the City’s Administrative Code. On September 16, 2014, the SFMTA Board of Directors approved the language in the proposed ordinance (SFMTA Resolution No 14-143).

**FISCAL IMPACT**

Mr. Patel advises that because the current contract with Cypress Security Services does not break out the wages and fringe benefits relative to overhead and profit, the actual compensation paid to individual Cypress Security Services employees cannot be determined. However, Mr. Patel notes that a comparison of the bids in Table 1 above reflect the cost for Cypress Security Services which included prevailing wage rates and employee retention and the cost for Andrews International, which included only prevailing wage rates. As shown in Table 2 below, based on these recent comparative bids, the proposed ordinance would result in the SFMTA paying an additional \$218,446 annually, or a total of \$1,310,679 during a new six-year contract term.

**Table 2: Comparison of Costs**

Security Services Firms	Six Year Bids	Annual Cost
Andrews International	\$29,226,587	\$4,871,098
Cypress Security Services	30,537,266	5,0889,544
Difference	\$1,310,679	\$218,446

SFMTA security contract costs are paid through SFMTA’s FY 2014-15 operating budget, as appropriated by the Board of Supervisors.

**POLICY CONSIDERATION**

As noted above, the proposed ordinance specifies that the term “prevailing wages” shall not be defined under Section 21C.7 of the City’s Administrative Code, but rather defined as the amount of compensation, including fringe benefits or the matching equivalent paid to Cypress Security Services, the existing contractor.

If the proposed ordinance is approved, it is likely to reduce the number of responses to the SFMTA’s solicitation, and therefore the competitiveness of the bidding process, because the proposed language appears to significantly advantage the existing contractor, Cypress Security Services. Currently, the existing contractor, Cypress Security Services has the advantage of providing the existing SFMTA security services. Under the proposed ordinance, Cypress

Security Services would also have the advantage of setting the specific wages and fringe benefits that would be required to be paid by all contractors.

Instead, the Budget and Legislative Analyst recommends that the proposed ordinance be amended to make the term "prevailing wages" consistent with the provisions as defined under Section 21C.7 of the City's Administrative Code.

Mr. Patel notes that since all firms would have to pay their security guards the same hourly rates and benefits, the firm that is the most efficient would presumably have the lowest overhead. In addition, any firm willing to reduce their profit rate could have a financial advantage. Therefore, Mr. Patel notes that financial competition could potentially come from reduced overhead and profit rates charged by competing security firms.

#### RECOMMENDATIONS

1. Amend the proposed ordinance to delete the language on pages 2 and 3 which defines "prevailing wages" as the amount of compensation, including fringe benefits or the matching equivalent thereof, paid by the incumbent contractor to its security guard employees as of the date of the issuance of the competitive solicitation.
2. Approve the proposed ordinance, as amended.



**SFMTA**  
Municipal  
Transportation  
Agency

Edwin M. Lee, *Mayor*

Tom Nolan, *Chairman*

Gwyneth Borden, *Director*

Jerry Lee, *Director*

Cristina Rubke, *Director*

Edward D. Reiskin, *Director of Transportation*

Cheryl Brinkman, *Vice-Chairman*

Malcolm Heinicke, *Director*

Joél Ramos, *Director*

**September 15, 2014**

**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: Ordinance for SFMTA Security Services Contract***

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

The San Francisco Municipal Transportation Agency (SFMTA) requests that the Board of Supervisors approve an Ordinance that would allow the inclusion of language in any contract for security services it executes within the next year after issuing a competitive solicitation, provisions that require: (1) payment of prevailing wages by both the contractor and subcontractors to any individual providing security services under the contract, and (2) transitional employment and retention for the prior contractor's employees as set forth in Section 21C.7 of the San Francisco Administrative Code.

### **Background**

San Francisco Administrative Code Section 21C.7 requires contractors, for certain types of contracts, to pay prevailing wages to any employee performing services, and provide transitional employment and retention for the prior contractor's employees.

The Board of Supervisors has previously determined that the turnover of experienced workers resulting from a change in City contractors for certain types of services jeopardizes the quality, efficiency and cost-effectiveness provided under the successor contract.

The Board of Supervisors has determined that contracts for these types of services must include requirements that the successor contractor: (1) retain, for a six-month period, employees who have worked at least fifteen hours per week and have been employed by the prior contractor or its subcontractors, if applicable, for the preceding twelve months; (2) retain employees of the prior contractor by seniority within job classifications if fewer employees are required to perform the new contract; (3) maintain a preferential hiring list of eligible employees that were not retained by the successor contractor; (4) not discharge any retained employee without cause; (5) perform a written performance evaluation for each retained employee after six months; and (6) offer continued employment to retained employees, if the employee's performance is satisfactory, under the terms and conditions established by the successor contractor.

The Municipal Transportation Agency intends to issue a new solicitation for security services within the next six months since the existing contract will expire within that timeframe.

Because the possibility of turnover of experienced workers resulting from a potential change in contractors will jeopardize the quality, efficiency and cost-effectiveness of security services provided under a successor contract, the Municipal Transportation Agency is seeking authorization from the Board of Supervisors to include, in any contract for security services the Municipal Transportation Agency executes within the next year after issuing a competitive solicitation, provisions that would require: (1) payment of prevailing wages by both the contractor and subcontractors to any individual providing security services under the contract, and (2) transitional employment and retention for the prior contractor's employees as set forth in Section 21C.7 of the San Francisco Administrative Code. For the purposes of this ordinance, the term "prevailing wages" shall not be defined under Section 21C.7, but shall be defined as the amount of compensation, including fringe benefits or the matching equivalent thereof, paid by the incumbent contractor to its security guard employees as of the date of the issuance of the competitive solicitation.

#### **SFMTA Board Action**

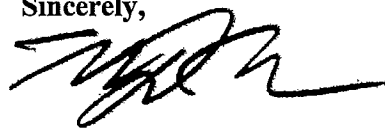
On September 16, 2014, the SFMTA Board of Directors will consider a Resolution recommending that the Board of Supervisors approve an uncodified ordinance authorizing the SFMTA to include, in any contract for security services it executes within the next year after issuing a competitive solicitation, provisions that require payment of prevailing wages (as defined in the ordinance) 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.

#### **Recommendation**

SFMTA recommends that the Board of Supervisors approve this uncodified ordinance 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 (as defined in the ordinance) 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.

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.

Sincerely,



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

SAN FRANCISCO  
MUNICIPAL TRANSPORTATION AGENCY  
BOARD OF DIRECTORS

RESOLUTION No. 14-143

WHEREAS, 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; and,

WHEREAS, The SFMTA's 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; and,

WHEREAS, In 2008, the City entered into a contract for security services with Cypress Security, LLC, in a not-to-exceed amount of \$15.8 million, and for an original term of three-years, until August 31, 2011, with an option to extend the contract for three additional years; and

WHEREAS, The contract has been extended six times, to extend the contract to September 30, 2104, and to increase the contract amount to \$32.9 million; and

WHEREAS, On June 24, 2014, the SFMTA Board authorized the Director of Transportation to issue an Invitation for Bids for a new Armed and Unarmed Security Guard Services contract; and

WHEREAS, Staff recommended that the SFMTA Board of Directors award the contract to Andrews International, the lowest responsive and responsible bidder; and

WHEREAS, Due to conflicting information and other uncertainties regarding the amount of wages paid to existing workers, Andrews elected to withdraw from the process; and

WHEREAS, The Director of Transportation rejected all bids and will begin a new competitive procurement process in order to specify worker retention and compensation requirements; and

WHEREAS, In order to have sufficient time to complete a new solicitation, the SFMTA has prepared the Seventh Amendment to the Cypress Security Contract, extending the Contract through March 31, 2015 and increasing the contract amount to not exceed \$35.9 million; and

WHEREAS, The SFMTA has prepared an uncodified ordinance, which, if approved by the Board of Supervisors, will authorize the SFMTA to include provisions in a new contract that would require the payment of prevailing wages (as defined in the ordinance) by both the contractor and subcontractors to any individual providing security services under the contract, as well as transitional employment and retention for the prior contractor's employees; and

WHEREAS, SFMTA staff requests that the SFMTA Board authorize the Director of Transportation to issue a Request for Proposals containing these additional contractual provisions after the Board of Supervisors approves the uncodified ordinance; now, therefore, be it

RESOLVED, That SFMTA Board of Directors approves the Seventh Amendment to the Armed and Unarmed Security Services Agreement with Cypress Security, LLC, in an amount not to exceed \$35,900,000, and for a term ending March 31, 2015, subject to approval by the Board of Supervisors; and be it further

RESOLVED, That the SFMTA Board of Directors recommends that the Board of Supervisors approve an uncodified ordinance 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 (as defined in the ordinance) 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; and be it further

RESOLVED, That the SFMTA Board of Directors authorizes the Director of Transportation to issue a Request for Proposals containing these additional contractual provisions after the Board of Supervisors approves the uncodified ordinance.

I certify that the foregoing resolution was adopted by the Municipal Transportation Agency Board of Directors at its meeting of September 16, 2014.



---

Secretary to the Board of Directors  
San Francisco Municipal Transportation Agency

Print Form

# Introduction Form

By a Member of the Board of Supervisors or the Mayor

Time stamp  
or meeting date

I hereby submit the following item for introduction (select only one):

- 1. For reference to Committee.  
An ordinance, resolution, motion, or charter amendment.
- 2. Request for next printed agenda without reference to Committee.
- 3. Request for hearing on a subject matter at Committee.
- 4. Request for letter beginning "Supervisor [ ] inquires"
- 5. City Attorney request.
- 6. Call File No. [ ] from Committee.
- 7. Budget Analyst request (attach written motion).
- 8. Substitute Legislation File No. [ ]
- 9. Request for Closed Session (attach written motion).
- 10. Board to Sit as A Committee of the Whole.
- 11. Question(s) submitted for Mayoral Appearance before the BOS on [ ]

Please check the appropriate boxes. The proposed legislation should be forwarded to the following:

- Small Business Commission     Youth Commission     Ethics Commission
- Planning Commission     Building Inspection Commission

**Note: For the Imperative Agenda (a resolution not on the printed agenda), use a Imperative**

**Sponsor(s):**

Supervisor John Avalos

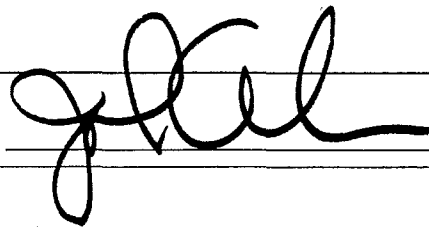
**Subject:**

Ordinance – Contract Requirements – SFMTA Armed and Unarmed Security Services

**The text is listed below or attached:**

[Empty box for text listing]

Signature of Sponsoring Supervisor:



**For Clerk's Use Only:**