

CITY AND COUNTY OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET AND LEGISLATIVE ANALYST

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TO: Budget and Finance Committee
FROM: Budget and Legislative Analyst 
SUBJECT: March 4, 2026 Budget and Finance Committee Meeting

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EXECUTIVE SUMMARY

Legislative Objectives

- The proposed resolution would approve the fourth amendment to the contract for armed and unarmed security guard services between SFMTA and Universal Protection Service, LB, dba Allied Universal Security Services (Allied). The amendment extends the term by one year, from March 31, 2026 through March 31, 2027 and increases the contract amount by \$5,911,925 from \$59,028,401 to \$64,940,326.

Key Points

- Under the proposed amendment, Allied will continue to provide armed and unarmed security guards at SFMTA transit locations and facilities. Most locations use unarmed security guards, but armed security guards escort and protect SFMTA’s Revenue Collections and Sales staff who handle cash. The existing contract, which was last approved by the Board of Supervisors in March 2020, has a six-year term and expires in March 2026.
- The amendment will fund an increase in annual staffing of 18,052 hours (7.4 percent) in Year 6 (April 2025 to March 2026) primarily due to additional unarmed guard requirements at Central Subway Station. Total hours for Year 7 (April 2026 to March 2027) are projected to remain consistent with Year 6.
- SFMTA staff monitor contractor performance through monthly meetings with Allied, semiannual reports, and the assessment of liquidated damages (pre-set charges for service failures).

Fiscal Impact

- The proposed increase in the not to exceed amount of approximately \$5.9 million reflects the additional authority needed to fund the extension year budget of \$10.5 million in combination with prior year underspending and unused contingency under the existing contract.
- The contract is funded by the SFMTA operating budget.

Policy Consideration

- The proposed seven-year term extends beyond the six-year term advertised in the 2018 Request for Proposals to allow additional time to evaluate cost saving strategies. SFMTA plans to issue a competitive solicitation for security guard services in Spring or Summer 2026.

Recommendation

- Approve the proposed resolution.

MANDATE STATEMENT

City Charter Section 9.118(b) states that any contract entered into by a department, board or commission that (1) has a term of more than ten years, (2) requires expenditures of \$10 million or more, or (3) requires a modification of more than \$500,000 is subject to Board of Supervisors approval.

BACKGROUND

In March 2020, the Board of Supervisors approved a new contract between Universal Protection Service, LP, dba Allied Universal Security Services (Allied) and the San Francisco Municipal Transportation Agency (SFMTA) for a three-year term from April 2020 to March 2023 with three one-year extension options and total not to exceed amount of \$59,028,401 to provide armed and unarmed security guard services, following a competitive bid process where Allied was deemed the highest proposer¹ (File 20-0090). The contract has been amended three times, as shown in Exhibit 1 below. None of the amendments required Board of Supervisors’ approval because the total amount remained unchanged. MTA now proposes extending the contract by one year through March 2027.

Exhibit 1: Previous Contract Amendments

No.	Date	NTE	Term End	Description
Orig.	Apr 2020	\$59,028,401	3/31/23	Original agreement. Three one-year extension option.
1	July 2023	No change	3/31/24	Extended the term for one year through 3/31/24, with two one-year options remaining. Updated standard contractual clauses.
2	April 2024	No change	3/31/25	Exercised the second one-year option to extend the term to 3/31/25, with one one-year option remaining.
3	April 2025	No change	3/31/26	Exercised the third (and final) one-year option to extend the term to 3/31/26. Updated standard contractual clauses.

Source: Contract Amendments

Controller’s Certification

Historically, the services have been certified by the Controller's Office and approved by the Board of Supervisors as work that can be contracted out at a lower cost than similar work performed by City employees (per requirements under City Charter Section 10.104.15). In April 2024, the Controller’s Office determined these services met Charter requirements. In June 2024, the Board

¹ Cypress Private Security was deemed the highest scoring proposer. Allied purchased all of Cypress’s assets during negotiations in June 2019, and Cypress employees became Allied employees.

of Supervisors approved a resolution concurring with the Controller's certification allowing the SFMTA to contract with private companies for security services (File 24-0460).

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve the fourth amendment to the contract for armed and unarmed security guard services between SFMTA and Universal Protection Service, LB, dba Allied Universal Security Services (Allied). The amendment extends the term by one year, from March 31, 2026 through March 31, 2027 and increases the contract amount by \$5,911,925 from \$59,028,401 to \$64,940,326. The proposed resolution would also authorize SFMTA to make further immaterial amendments to the contract.

Services

Under the proposed amendment, Allied will continue to provide: (1) security services for SFMTA facilities and transit locations, including unarmed and armed guard staffing, site patrols, Security Operations Center support through security console monitoring and video surveillance functions, special event staffing, and field observers for ADA compliance; (2) schedule, perform, and manage all security personnel deployments; (3) protection for SFMTA staff responsible for handling revenue (e.g., cash); (4) supplying all required uniforms and equipment²; and (5) proof of at least 24 hours of annual training for all security staff, who must have Security Guard Licenses issued by the State. The existing contract also specifies staffing schedules, including shifts and posts, for security staff.

Allied will provide these services at over 27 SFMTA transit locations, which include all subway, Transit Division, and Revenue Collections and Sales locations. As previously mentioned, the contract funds both armed and unarmed security guard services. In the proposed extension year, eight percent of total hours are for armed staff. Armed guards escort and protect SFMTA's Revenue Collections and Sales staff who handle revenue (e.g., cash) at eight locations citywide.

Subcontractors and Local Business Enterprise Requirements

Under the contract, Allied also manages three subcontracted security companies (Black Bear Security, Treeline Security and Marina Security) to provide unarmed security services at 11³ locations citywide. SFMTA states that subcontractors staff approximately 45 percent of positions.

Allied is required to utilize at least 20 percent Local Business Enterprise (LBE) subcontracting participation and has committed to achieving 27 percent for the contract. As of February 2026, Allied reports a 21.5 percent LBE achievement.

² Equipment includes flashlights, handcuffs, batons, whistles, semi-automatic pistols (armed guards only), chemical agents, body armor, vehicles, and cell phones.

³ Locations include the following for each subcontractor: (1) Black Bear – Woods Division, Presidio Division, Potrero Yard, (2) Treeline – 1303 Marin, 1399 Marin, Geneva Green, Kirkland, and (2) Marina – Geneva, 6th and King, Flynn Bus Yard, and Cable Car Division

Increase in Annual Staffing Hours

The proposed amendment will fund an increase in annual staffing of 18,052 hours (7.4 percent) for a total of 263,368 hours in Year 6 (April 2025 to March 2026) primarily due to additional unarmed security guard requirements at Central Subway Station.⁴ The location was incorporated into the original scope of services, but the station did not open until 2023. Consequently, guard services were not deployed until then, resulting in an increase in unarmed guard staffing. Other changes include reduced video surveillance staffing needs because of changes in the service delivery model and technology, and an increase in security console monitoring hours because of expanded Security Operations Center operational responsibilities.⁵ Total hours for Year 7 (April 2026 to March 2027) are projected to remain consistent with Year 6. According to SFMTA, total annual FTEs for Year 6 and 7 are projected to be 126.62, of which 115.87 (92 percent) are unarmed security guards and 10.75 (eight percent) are armed officers.⁶ This is consistent with the Year 7 proposed hours shown below. Exhibit 2 below shows the proposed Year 6 service level changes and total estimated annual hours by position for the contract.

⁴ According to SFMTA, upon the opening of Central Subway Station in 2023, security coverage was insufficient due to the expansion from nine to twelve stations. Actual staffing levels gradually increased in FY 2023–24. The proposed fourth amendment retroactively adds hours to Year 6 to reflect the additional staffing.

⁵ There is also a decrease in Mobile Patrol guard hours because of underutilization due to staffing constraints. Contracted hours were subsequently adjusted to align with actual usage.

⁶ All staff are considered security guards per the Collective Bargaining Agreement.

Exhibit 2. Estimated Annual Hours by Position

Position	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 6 (Proposed Service Level Changes)	Year 7 (Proposed)	Total
Unarmed Officer	126,860	126,860	126,860	126,860	126,860	126,860	76,448	203,308	1,040,916
Video Surveillance	30,836	30,836	30,836	30,836	30,836	30,836	(20,020)	10,816	175,812
Security Console	8,736	8,736	8,736	8,736	8,736	8,736	2,080	10,816	65,312
Mobile Patrol	29,536	38,584	41,600	41,600	41,600	41,600	(29,952)	11,648	216,216
Armed Officer	28,756	28,756	28,756	28,756	28,756	28,756	(8,476)	20,280	184,340
ADA Observer	4,368	4,368	4,368	4,368	4,368	4,368	(2,028)	2,340	26,520
Badging Clerk	2,080	2,080	2,080	2,080	2,080	2,080	0	2,080	14,560
Armed Supervisor	2,080	2,080	2,080	2,080	2,080	2,080	0	2,080	14,560
Total	233,252	242,300	245,316	245,316	245,316	245,316	18,052	263,368	1,738,236

Source: Appendix B of Proposed Contract Amendment

Contract Extension

The proposed amendment extends the contract beyond the initially contemplated six-year term to allow sufficient time in assessing cost saving opportunities to inform a competitive solicitation anticipated in Spring or Summer 2026. SFMTA is currently evaluating security provider responses to an October 2025 Request for Information focused on identifying operational efficiencies while maintaining service quality for armed and unarmed security guard services. The SFMTA received eight responses⁷ to the RFI.

During the extension period, SFMTA plans to review the following areas for cost savings, with a target of reducing future contract costs by 10 percent:

- Reducing labor-related costs, including overtime, supervisory inefficiencies, and administrative overhead;
- Implementing facility-based security technology to reduce reliance on physical guard presence; and

⁷ Respondents include ABA Protection, Inc., All Star Security Services, Allied Universal, AM PM Nationwide Security, Inc., Citiguard, Command International Security, LiveView Technologies, and SafeRock Security

- Integrating technology upgrades to support cost containment, performance monitoring and operational deployment.

Performance Monitoring

SFMTA staff monitor contractor performance through monthly meetings with Allied, as well as reports submitted twice per year that track service level statistics, such as completed trainings, number of hours worked, billed hours and amounts, and staffing levels. The vendor's most recent report was submitted to SFMTA in December 2025. Security guards are required to submit incident reports to the SFMTA Chief Security Officer and report threats to life and property to the Police Department. Allied is also required to conduct criminal background checks, as well as drug and alcohol testing for all security personnel.

Finally, the contract authorizes SFMTA to assess liquidated damages (pre-set charges for service failures) to address performance deficiencies, with amounts deducted from contractor payments in accordance with contract limits and enforcement provisions. SFMTA states that Allied has paid a total of \$40,000 in liquidated damages since the start of the contract due to failure to provide adequate guard staffing, as well as required personnel and hours of coverage for the Account Manager and Special Events. According to SFMTA, this occurred during the pandemic, which negatively impacted the contractor's ability to hire and retain staff. In response, SFMTA and Allied implemented a hiring and retention plan to resolve performance issues.

FISCAL IMPACT

The proposed fourth amendment would increase the contract amount by \$5,911,925 for a total not to exceed \$64,940,326, as shown in Exhibit 3 below. Approximately \$53.5 million has been spent and encumbered to date (as of February 2026), which is 91 percent of the existing not to exceed amount. Exhibit 3 below shows the estimated annual contract expenditures by position.

Exhibit 3: Estimated Annual Budget by Position

Position	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 6 (Proposed Service Level Changes)	Year 7 (Proposed)	Total
Unarmed Officer	\$4,485,688	\$4,583,686	\$4,708,417	\$4,832,485	\$4,956,717	\$5,078,941	\$2,909,030	\$7,987,971.32	\$39,542,935
Video Surveillance	1,131,274	1,154,941	1,185,105	1,215,108	1,245,151	1,274,981	(836,068)	438,913	6,809,406
Security Console	320,496	327,201	335,746	344,246	352,758	361,209	77,704	438,913	2,558,274
Mobile Patrol	1,083,582	1,445,876	1,598,793	1,639,269	1,679,799	1,720,042	(1,247,366)	472,676	8,392,671
Armed Officer	1,123,676	1,145,487	1,173,358	1,201,078	1,228,836	1,256,856	(387,655)	869,201	7,610,837
ADA Observer	148,651	152,047	156,364	160,658	164,957	169,148	(80,205)	88,943	960,564
Badging Clerk	83,211	84,782	86,790	88,788	90,789	92,821	(1,925)	90,896	616,152
Armed Supervisor	86,663	88,220	90,216	92,201	94,188	96,231	(1,861)	94,370	640,227
<i>Labor Subtotal</i>	<i>\$8,463,241</i>	<i>\$8,982,240</i>	<i>\$9,334,789</i>	<i>\$9,573,833</i>	<i>\$9,813,195</i>	<i>\$10,050,229</i>	<i>\$431,654</i>	<i>\$10,481,884</i>	<i>\$67,131,065</i>
Less Unspent Funds									(\$2,990,737)
Contingency (8% of Year 7)									\$800,000
Total Not to Exceed Amount									\$64,940,326

Source: Appendix B of Proposed Contract Amendment

Note: Totals may not add due to rounding.

Proposed total expenditures increase by 6.8 percent from Year 5 (April 2024 to March 2025) to Year 6 and remain flat from Year 6 to Year 7. The increase is primarily driven by the additional unarmed guard hours to staff the Central Subway Station, as discussed above. The budget includes a contingency of \$800,000 for unplanned needs requiring continuous coverage, such as equipment damage to gates.

The proposed increase in the not to exceed amount of \$5.9 million is less than the proposed increase in the budget of \$10.9 million for Years 6 and 7 because approximately \$2.0 million of the existing contingency and approximately \$3.0 million of the existing budgets from prior years will be used to offset proposed extension costs. The vendor underspent approximately \$3.0 million in contract funds from FY 2021 to FY 2023 because of pandemic-related service reductions.

Billing Rates and Prevailing Wage

Under the proposed amendment, billing rates decline by an average of approximately 1.3 percent from CY 2025 to CY 2026 across all positions and remain flat from CY 2026 to CY 2027. The proposed amendment reduces management fees, which are a component of the billing rates, by

10 percent for the contract extension. Billing rates in CY 2026 and CY 2027 range from \$38.01/hour for an ADA Observer⁸ to \$45.37 for an Armed Supervisor. From CY 2020 to CY 2025, average annual billing rate increases ranged from approximately 2.1 percent to 2.6 percent across all positions.

The billing rates for the contracted positions are determined by a formula that adds together the wage rate and the contractor's percentage markup. The contractor markup is an additional percentage that contractors add over the base costs (wages) to cover fringe benefits, management fees, (e.g., overhead expenses, administrative costs) and profit margins. Under the contract amendment, the percentage markup varies by position based on factors such as years of service, position, and vacation accrual, ranging from 27 to 41 percent in Years 6 and 7. The average percentage markup is 36 percent for Year 6 and 34 percent for Year 7.

All services performed under the contract must adhere to the prevailing wage requirements as monitored and enforced by the Office of Labor Standards Enforcement (OLSE). Prevailing wage rates are approved by the Board of Supervisors each year, based on surveys of market compensation for various industries for a particular job classification. Effective January 1, 2026, the prevailing wage rate (basic hourly rate) for a Security Officer is \$21.20. The fully loaded prevailing wage rate, which includes benefits, for a Security Officer is \$26.10 per hour for straight time.

In 2026, the wage rates in the contract range from \$23.30 to \$30.80, which exceeds the basic hourly prevailing wage rate of \$21.20. In addition, all employees receive sick and vacation hours and are offered medical coverage. Allied reports that they exceed the fully loaded prevailing wage rate of \$26.10 for all positions through the wage rate and benefits included in the contractor markup.

Funding Source

The funding source for the contract is the SFMTA operating budget.

POLICY CONSIDERATION

The proposed seven-year term exceeds the six-year term advertised in the 2018 Request for Proposals. The SFMTA is proposing to extend this agreement by one year through March 2027 to provide additional time to evaluate cost saving strategies. The SFMTA plans to issue a competitive solicitation for these services in Spring or Summer 2026.

RECOMMENDATION

Approve the proposed resolution.

⁸ This position provides for unarmed plainclothes personnel, as approved by SFMTA, to serve as field observers in support of ADA compliance.