

**CITY AND COUNTY OF SAN FRANCISCO**

**BOARD OF SUPERVISORS**

**BUDGET AND LEGISLATIVE ANALYST**

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May 28, 2021

**TO:** Government Audit and Oversight Committee

**FROM:** Budget and Legislative Analyst



**SUBJECT:** June 3, 2021 Government Audit and Oversight Committee Meeting

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<p><b>Item 4</b> <b>File 21-0529</b></p>	<p><b>Department:</b> Human Services Agency</p>
<p><b>EXECUTIVE SUMMARY</b></p>	
<p style="text-align: center;"><b>Legislative Objectives</b></p> <ul style="list-style-type: none"> <li>• The proposed resolution would approve a first amendment of the contract between the Human Services Agency (HSA) and Allied Universal Security Services for the provision of security services to (i) increase the amount of the contract by \$9,418,515 from \$13,974,576 to not-to-exceed \$23,393,091; and (ii) exercise the option to extend the contract term by two years from the period of July 1, 2021, for a total five-year term of July 1, 2018 through June 30, 2023.</li> </ul> <p style="text-align: center;"><b>Key Points</b></p> <ul style="list-style-type: none"> <li>• In May 2018, the Board of Supervisors approved certification of the contract between HSA and Allied Universal Security for the provision of security services for the three-year period from July 1, 2018, through June 30, 2021, in the total contract amount of \$13,974,576 (File 18-0418).</li> <li>• The Human Services Agency issued a Request for Proposals (RFP) to provide unarmed security guard services in December 2017 with bids due in January 2018. Allied Universal was selected among nine qualified responses received by the Office of Contract Administration (OCA).</li> </ul> <p style="text-align: center;"><b>Fiscal Impact</b></p> <ul style="list-style-type: none"> <li>• The proposed resolution would increase the not-to-exceed amount of the contract by \$9,418,515, for a total not to exceed \$23,393,091.</li> <li>• For the proposed contract extension period, approximately 68.2 percent of funding comes from the General Fund, approximately 19.1 percent comes from federal sources, and approximately 3.9 percent comes from state sources.</li> <li>• The total actual and budgeted expenditures of the contract through FY 2020-21 and proposed expenditures through FY 2022-23 is \$21,985,735 based on an estimate of approximately 2,368 hours of labor needed per week for all sites.</li> <li>• According to HSA, the increased contract amount is necessary to allow for the continued provision and payment of existing security guard services, as authorized under the original RFP. The proposed increase provides for 125,480 straight time hours, 2,000 overtime hours, and 640 Planned Parenthood hours annually. Under the proposed amendment, the straight time rate increases by approximately 2.33 percent from \$32.60 in FY 2021-22 to \$33.36 in FY 2022-23, and the overtime hourly rate increases by approximately 2.33 percent from \$48.90 in FY 2021-22 to \$50.04 in FY 2022-23. According to HSA, the increases are due to mandatory union pay increases and increased medical costs per the provider.</li> </ul> <p style="text-align: center;"><b>Recommendations</b></p> <ul style="list-style-type: none"> <li>• Amend the proposed resolution to reduce the requested not-to-exceed amount by \$1,407,357, from \$23,393,091 to \$21,985,735.</li> <li>• Approve the proposed resolution, as amended.</li> </ul>	

## 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 May 2018, the Board of Supervisors approved certification of the contract between HSA and Allied Universal Security for the provision of security services for the three-year period from July 1, 2018, through June 30, 2021, in the total contract amount of \$13,974,576 (File 18-0418).

### Competitive Process

HSA selected Allied Universal Security after issuing a competitive request for proposals (RFP) to provide unarmed security guard services in December 2017 with bids due in January 2018. Allied Universal was selected in March 2018 among nine qualified responses received by the Office of Contract Administration (OCA).<sup>1</sup> The contract term specified in the RFP is three years effective on the date that the contract is certified and funds are encumbered by the Controller with an option to extend the term for a period of two years, for a total contract term of five years.

## DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve a first amendment of the contract between the Human Services Agency (HSA) and Allied Universal Security Services for the provision of security services to (i) increase the amount of the contract by \$9,418,515 from \$13,974,576 for a total amount not to exceed \$23,393,091; and (ii) exercise the option to extend the contract term by two years from the period of July 1, 2021, for a total five-year term of July 1, 2018 through June 30, 2023.

### Services Provided

The purpose of this contract is to provide unarmed security guard services to multiple HSA sites<sup>2</sup> including management oversight, standard and out-of-hours staffing, and equipment. The scope of security services under this contract includes providing for overall safety and security of HSA staff and clients at assigned sites, maintaining order, deterring disputes, violence, theft and

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<sup>1</sup> Evaluation panelists include a Director of Security for Department of Public Health, Deputy Chief of the Sheriff's Department, the Emergency Planning and Security Director at the San Francisco Public Utilities Commission, and the Aviation Security Manager at the San Francisco International Airport

<sup>2</sup> Security services will be provided at 15 properties: 170 Otis Street, 617 Mission Street, 1235 Mission Street, 1650 Mission Street, 3120 Mission Street, 3127 Mission Street, 1440 Harrison, 1800 Oakdale, 3801 3<sup>rd</sup> Street, 1315 Evans Ave, 1099 Sunnydale, 100 Whitney Young Circle, 2 Gough Street, 705 Natoma/165 8<sup>th</sup> Street, and Planned Parenthood.

vandalism, and responding to emergencies. The City may adjust the hour and site requirements as needed throughout the term of the contract.

### Performance Monitoring

According to Mr. Vladimir Rudakov, Director of Program Integrity/Investigations, performance is monitored through weekly meetings between HSA's Department Liaison Officer (DLO) and the Allied Account Manager, as well as incident reports from Site Managers. The primary contract objective is to provide safety and security of HSA staff and clients. Incident reports are filed by Site Managers if security guards are not on site or not performing their duties correctly and reported to the vendor to be addressed and/or to dispatch a replacement.

### FISCAL IMPACT

The proposed resolution would increase the not-to-exceed amount of the contract by \$9,418,515, for a total not to exceed \$23,393,091. Table 1 below summarizes the sources and uses of the proposed contract spending.

**Table 1. Sources and Uses of Funds for Proposed Allied Universal Security Services Contract (FY 2018-19 through FY 2022-23)**

Sources of Funds	FY 2018-19 (Actual)	FY 2019-20 (Actual)	FY 2020-21 (Actual and Budget)	FY 2021-22 (Proposed)	FY 2022-23 (Proposed)	Total
General Fund	\$2,876,516	\$2,449,041	\$3,200,040	\$3,174,138	\$3,247,577	\$14,947,312
Federal – Medical	\$306,828	\$261,231	\$341,338	\$338,575	\$346,408	\$1,594,380
Federal – CalWORKS	\$268,475	\$228,577	\$298,670	\$296,253	\$303,107	\$1,395,082
Federal – Food Stamps	\$191,768	\$163,269	\$213,336	\$211,609	\$216,505	\$996,487
Federal – Foster Care	\$38,354	\$32,654	\$42,667	\$42,322	\$43,301	\$199,297
Federal – FEMA	\$0	\$126,540	\$0	\$0	\$0	\$126,540
State – Food Stamps	\$115,061	\$97,962	\$128,002	\$126,966	\$129,903	\$597,892
State – CalWORKS	\$38,354	\$32,654	\$42,667	\$42,322	\$43,301	\$199,297
<b>Subtotal</b>	<b>\$3,835,355</b>	<b>\$3,391,929</b>	<b>\$4,266,720</b>	<b>\$4,232,184</b>	<b>\$4,330,102</b>	<b>\$20,056,290</b>
Contingency			\$1,073,216		\$856,229	\$1,929,445
<b>Total Sources</b>	<b>\$3,835,355</b>	<b>\$3,391,929</b>	<b>\$5,339,936</b>	<b>\$4,232,184</b>	<b>\$5,186,331</b>	<b>\$21,985,735</b>

  

Uses of Funds	FY 2018-19 (Actual)	FY 2019-20 (Actual)	FY 2020-21 (Actual and Budgeted)	FY 2021-22 (Proposed)	FY 2022-23 (Proposed)	Total
Allied Security Guard Salaries	\$3,835,355	\$3,391,929	\$4,266,720	\$4,232,184	\$4,330,102	\$20,056,290
<b>Subtotal</b>	<b>\$3,835,355</b>	<b>\$3,391,929</b>	<b>\$4,266,720</b>	<b>\$4,232,184</b>	<b>\$4,330,102</b>	<b>\$20,056,290</b>
Contingency (10%)			\$1,073,216		\$856,229	\$1,929,445
<b>Total Uses</b>	<b>\$3,835,355</b>	<b>\$3,391,929</b>	<b>\$5,339,936</b>	<b>\$4,232,184</b>	<b>\$5,186,331</b>	<b>\$21,985,735</b>

Source: Human Services Agency

As shown in Table 1 above, for the proposed contract extension period, approximately 68.2 percent of funding comes from the General Fund, approximately 19.1 percent comes from federal sources, and approximately 3.9 percent comes from state sources.<sup>3</sup>

The total actual and budgeted expenditures of the contract through FY 2020-21 and proposed expenditures through FY 2022-23 is \$21,985,735 based on an estimate of approximately 2,368 hours of labor needed per week for all sites. According to Ms. Leone, the increased contract amount is necessary to allow for the continued provision and payment of existing security guard services, as authorized under the original RFP. The proposed increase provides for 125,480 straight time hours, 2,000 overtime hours, and 640 Planned Parenthood<sup>4</sup> hours annually. Under the proposed amendment, the straight time rate increases by approximately 2.33 percent from \$32.60 in FY 2021-22 to \$33.36 in FY 2022-23, and the overtime hourly rate increases by approximately 2.33 percent from \$48.90 in FY 2021-22 to \$50.04 in FY 2022-23. According to Ms. Leone, the increases are due to mandatory union pay increases and increased medical costs per the provider. There are no changes to the Planned Parenthood hourly rate of \$50.00. The breakdown of the cost estimate is shown in Table 2 below.

**Table 2. Breakdown of Contract Cost Estimate (FY 2018-19 through FY 2022-23)**

Term	July 2018 – June 2019	July 2019 – June 2020	July 2020 – June 2021	July 2021 – June 2022	July 2022 – June 2023	Total
Straight Time Rate	\$31.84	\$31.84	\$31.84	\$32.60	\$33.36	
Straight Time Hours	120,041	104,999	130,000	125,840	125,840	606,720
<b><i>Straight Time Subtotal</i></b>	<b><i>\$3,822,113</i></b>	<b><i>\$3,343,176</i></b>	<b><i>\$4,139,200</i></b>	<b><i>\$4,102,384</i></b>	<b><i>\$4,198,022</i></b>	<b><i>\$19,604,895</i></b>
Overtime Rate	\$47.76	\$47.76	\$47.76	\$48.90	\$50.04	
Overtime Hours	277	94	2,000	2,000	2,000	6,371
<b><i>Overtime Subtotal</i></b>	<b><i>\$13,241</i></b>	<b><i>\$4,478</i></b>	<b><i>\$95,520</i></b>	<b><i>\$97,800</i></b>	<b><i>\$100,080</i></b>	<b><i>\$311,119</i></b>
Planned Parenthood Rate	--	\$50.00	\$50.00	\$50.00	\$50.00	
Planned Parenthood Hours	--	103	640	640	640	2,023
<b><i>Planned Parenthood Subtotal</i></b>	<b><i>--</i></b>	<b><i>\$5,125</i></b>	<b><i>\$32,000</i></b>	<b><i>\$32,000</i></b>	<b><i>\$32,000</i></b>	<b><i>\$101,125</i></b>
Covid OTO Rate	--	\$75.00	--	--	--	
Covid OTO Hours	--	522	--	--	--	522
<b><i>Covid OTO Subtotal</i></b>	<b><i>--</i></b>	<b><i>\$39,150</i></b>	<b><i>--</i></b>	<b><i>--</i></b>	<b><i>--</i></b>	<b><i>\$39,150</i></b>
<b>Total Security Costs</b>	<b>\$3,835,355</b>	<b>\$3,391,929</b>	<b>\$4,266,720</b>	<b>\$4,232,184</b>	<b>\$4,330,102</b>	<b>\$20,056,290</b>
Contingency <sup>5</sup>			\$1,073,216		\$856,229	\$1,929,445
<b>Contract Not to Exceed</b>	<b>\$3,835,355</b>	<b>\$3,391,929</b>	<b>\$5,339,936</b>	<b>\$4,232,184</b>	<b>\$5,186,331</b>	<b>\$21,985,735</b>

Source: Human Services Agency

<sup>3</sup> This does not include the source of funding for contingency.

<sup>4</sup> According to Ms. Leone, this is a Planned Parenthood DPH work order that provides security guard services at their San Francisco Health Center on specific days of the month. The services were requested by DPH to make sure protesters do not physically attack their patients while safety and security is maintained on the premises.

<sup>5</sup> According to Ms. Leone, this includes FY 2020-21 contingency from the original contract (\$1,073,216) plus 10 percent of Year 4 and Year 5 (FY 2021-22 and FY 2022-23) proposed funding (\$856,229) for a total of \$1,929,445, which is 9.1 percent of the total contract amount.

As shown in Tables 1 and 2 above, actual and budgeted expenditures through FY 2020-21 and proposed expenditures through FY 2022-23 total \$21,985,735, which is \$1,407,357 less than the proposed contract amount of \$23,393,091. Therefore, the proposed resolution should be amended to reduce the not-to-exceed amount by \$1,407,357, from \$23,393,091 to \$21,985,735.

### **RECOMMENDATIONS**

1. Amend the proposed resolution to reduce the requested not-to-exceed amount by \$1,407,357, from \$23,393,091 to \$21,985,735.
2. Approve the proposed resolution, as amended.