



- Board of Directors
Engineering and Operations Committee

9/22/2015 Board Meeting

8-2

Subject

Authorize entering into an agreement with Securitas to provide security guard services for a maximum period of five years at a total cost not to exceed \$38.1 million

Executive Summary

This action awards a Metropolitan-wide contract for guard services for the calendar year beginning January 1, 2016, with options to renew for four additional years.

Timing and Urgency

Metropolitan has an obligation to safeguard its critical infrastructure to ensure the provision of safe and reliable water supplies. Metropolitan has historically utilized a contractor to provide security guards 24 hours per day, seven days per week. At the end of December 2015, Metropolitan's current guard contract expires and a new guard services contract should be procured to provide seamless protection.

Details

Background

Metropolitan owns and operates critical water infrastructure throughout Southern California. Following the tragic events of September 11, 2001, Congress authorized the U.S. Environmental Protection Agency (USEPA) to collect vulnerability assessments and emergency response plans from drinking water utilities. Subsequently, the U.S. Department of Homeland Security (DHS) was also given the responsibility for assessing and protecting the nation's critical infrastructure, including the Water Sector.

Both DHS and USEPA provide guidance and oversight for water utilities to protect critical water infrastructure. These agencies stress the benefits provided by a professional guard force for controlling access, patrolling, and responding to incidents. Further, Metropolitan's ability to protect its employees and facilities—and to adjust its response to changing threats—requires the flexibility and specialization available only through contracted guard services which can access on-call emergency staffing and specialized capabilities on short notice.

In order to provide around-the-clock, flexible response capabilities, security guard services have been secured independent of Metropolitan's work force for decades. The security services include their own supervision and guard coverage at 18 major facilities (including Union Station Headquarters), and additional roving security patrols during off-hours and at unattended facilities. The guards facilitate access for employees, verify access for contractors and vendors, and observe and report any threats, intrusion attempts, or other emergencies. In addition, Metropolitan uses the guard service to staff the Security Watch Center and continuously monitor Metropolitan's system-wide electronic security system. This contracted service allows trained security staff to respond to threats without diverting water treatment plant and system operators from their core operational responsibilities.

The contract guard service provides Metropolitan maximum flexibility to close down guard posts in areas where they are no longer needed or create new ones in conjunction with changing site conditions or threats. The guard service also provides a surge capacity of up to 20 percent more staff (30 guards) within 24 hours of any emergency request, thereby assuring capacity to rapidly augment protection to meet emergency demands.

In May 2015, staff issued a best-value request for proposals for security services at all Metropolitan facilities (RFP No. 295167). A one-year term with up to four one-year renewals is recommended because this approach is more efficient and cost-effective than rebidding after a shorter term of two or three years. However, the rates for each year are negotiated and must be mutually agreed upon for each annual renewal. Metropolitan can elect to re-bid the contract prior to any annual renewal.

Metropolitan hosted a mandatory bidder's conference on May 21, resulting in the participation of 16 firms, nine of which submitted responsive proposals. A qualified panel then evaluated and scored the proposals. Three firms significantly outscored all others, and these were short-listed for a second round of interviews. After these interviews, the three firms submitted best and final offers. Based on the panel's scoring criteria, and the firms' best and final offers, Securitas was identified as the most qualified respondent.

Securitas is also Metropolitan's current contractor for security services. For calendar year (CY) 2015, the contract with Securitas is for a total not-to-exceed amount of \$7.1 million (which includes the standard guard shifts, budgeted special coverage for shutdowns or other events, vehicles, equipment, and a contingency). Securitas' proposal for CY 2016 included a base bid of \$6.4 million for regularly scheduled guard shifts and additional costs (special coverage, vehicles, etc.) of \$700,000 for an equivalent total of \$7.1 million. Securitas' base bid was \$46,000-\$522,000 less than the next two highest scoring competitors.

The panel recommends award of a one-year agreement renewable for four additional years, with the first year's cost not to exceed \$7.1 million and for each subsequent year to be negotiated, for a maximum payable total of \$38.1 million for the five-year term. The annual contract renewals will be at Metropolitan's sole option, and subject to negotiation based on business need. Metropolitan retains the right to cancel the contract at any time in any year.

Policy

Metropolitan Water District Administrative Code Section 8121(a): General Authority of the General Manager to Enter Contracts

California Environmental Quality Act (CEQA)

CEQA determination for Option #1:

The proposed action is not defined as a project under CEQA because it involves continuing administrative activities (Section 15378(b)(2) of the State CEQA Guidelines). In addition, the proposed action is not subject to CEQA because it involves other government fiscal activities, which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment (Section 15378(b)(4) of the State CEQA Guidelines).

The CEQA determination is: Determine that the proposed action is not defined as a project under CEQA and is not subject to the provisions of CEQA pursuant to Sections 15378(b)(2) and 15378(b)(4) of the State CEQA Guidelines.

CEQA determination for Option #2:

None required

Board Options

Option #1

Adopt the CEQA determination that the proposed action is not defined as a project under CEQA and is not subject to the provisions of CEQA, and

Authorize entering into an agreement with Securitas to provide security services for a one-year contract renewable for four additional years, with the first year's cost not to exceed \$7.1 million and with each subsequent year to be negotiated, for a maximum payable total of \$38.1 million.

Fiscal Impact: Approximately \$7.5 million per year in operations and maintenance funds

Business Analysis: This option provides flexible guard coverage in a fiscally responsible manner to ensure adequate protection and stewardship of Metropolitan's infrastructure.

Option #2

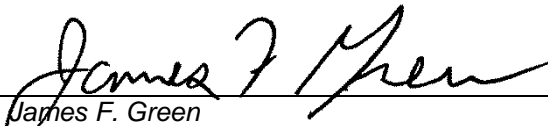

Do not award the guard contract and re-advertise in an attempt to increase the pool of responsive bidders and attain a more favorable contract.

Fiscal Impact: Unknown

Business Analysis: This option may or may not result in a lower bid, and may require a short-term extension of the current contract.

Staff Recommendation

Option #1

 <hr/> James F. Green Manager, Water System Operations	9/3/2015 Date
 <hr/> Jeffrey Kightlinger General Manager	9/10/2015 Date