

**THIS PRINT COVERS CALENDAR ITEM NO. 13**

**SAN FRANCISCO  
MUNICIPAL TRANSPORTATION AGENCY**

**DIVISION:** Sustainable Streets

**BRIEF DESCRIPTION:**

Approving the Seventh Amendment to the Armed and Unarmed Security Services Agreement with Cypress Security, LLC, for a total contract amount not to exceed \$35,900,000, and for a term ending March 31, 2015, subject to approval by the Board of Supervisors; 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; and authorizing the Director of Transportation to issue a Request for Proposals for security services containing the additional contractual provisions.

**SUMMARY:**

- In 2008, the SFMTA entered into a contract for security services with Cypress Security for a three-year term, which contract has been amended six times. The contract currently expires on September 30, 2014.
- After receiving bids for security services, the SFMTA recommended that the SFMTA Board approve a contract with Andrews International, the lowest responsible and responsive bidder.
- On September 2, 2014, the SFMTA Board approved Contract No. SFMTA-2014-27, subject to approval by the Board of Supervisors.
- Andrews subsequently withdrew its bid. The Director of Transportation has decided to reject all bids received and begin a new competitive procurement process.
- In order to have 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 \$35,900,000.
- SFMTA has also 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 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.

**ENCLOSURES:**

1. SFMTAB Resolution
2. Seventh Amendment
3. Uncodified Ordinance

**APPROVALS:**

**DATE**

DIRECTOR \_\_\_\_\_

9/11/14

SECRETARY \_\_\_\_\_

9/11/14

**ASSIGNED SFMTAB CALENDAR DATE:** September 16, 2014

**PURPOSE**

Approving the Seventh Amendment to the Armed and Unarmed Security Services Agreement with Cypress Security, LLC, for a total contract amount not to exceed \$35,900,000, and for a term ending March 31, 2015, subject to approval by the Board of Supervisors; 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; and authorizing the Director of Transportation to issue a Request for Proposals for security services containing the additional provisions.

**GOAL**

The SFMTA will further the first goal of the Strategic Plan through adoption of the Armed and Unarmed Security Guard Services Contract:

Goal 1: Create a safer transportation experience for everyone.

Objective 1.2 Improve workplace safety and security.

Objective 1.3 Improve the safety of the transportation system.

**DESCRIPTION**

**Existing Contract with Cypress Security, LLC**

The SFMTA collects more than \$210 million in annual revenue from transit fares, citation payments and sales 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, the safety of SFMTA personnel, the protection of SFMTA property and the public, and to guard against vandalism. All security-related services are managed by the Director of Security, Investigations & Enforcement, with the assistance of a security guard services contractor, who provides personnel for various security-related functions.

In 2008, the SFMTA issued an RFP for Armed and Unarmed Security Services. The City awarded the contract to Cypress Security, LLC on August 12, 2008. The original term was for three years, until August 31, 2011, with an option to extend the contract for three additional years, and a not-to-exceed amount of \$15.8 million. The contract has been amended six times:

- First Amendment dated September 1, 2008 (allowed Contractor to use subcontractor to perform services upon SFMTA approval)
- Second Amendment dated June 8, 2010 (made adjustments to salaries for some positions)
- Third Amendment dated September 1, 2011 (extended contract three years and increased contract amount to \$32,900,000)
- Fourth Amendment dated February 5, 2013 (miscellaneous changes to staffing and scope of work)
- Fifth Amendment dated September 23, 2013 (clarifications regarding overtime billing)

- Sixth Amendment dated July 21, 2014 (extended contract until September 30, 2014)

**The SFMTA's Invitation for Bids (IFB), Uncodified Ordinance, and New Competitive Procurement**

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

Staff recommended to the SFMTA Board of Directors to award the contract to Andrews International, the lowest responsive and responsible bidder, who had entered into an MOU with SEIU-WEST to retain the workers currently employed by Cypress. On September 2, 2014, the SFMTA Board of Directors approved Contract No. SFMTA-2014-27 (Armed and Unarmed Security Services) with Andrews International.

Due to conflicting information and other uncertainties regarding the amount of wages paid to existing workers, Andrews elected to withdraw from the process. The Director of Transportation rejected all bids and will begin a new competitive procurement process in order to specify worker retention and compensation requirements.

Since the existing contract with Cypress Security expires on September 30, 2014, the SFMTA needs to further extend the contract to complete the new procurement process. The Seventh Amendment extends the contract to March 31, 2015. The new contract amount will not exceed \$35,900,000.

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, the SFMTA is requesting that the Board of Supervisors approve an uncodified ordinance to authorize the SFMTA to include, in a new contract for security services executed within the next year after issuing the new solicitation, provisions that would require, among other things, both the contractor and subcontractors providing security services under the contract to retain the prior contractor's employees at prevailing wages, defined as their compensation at the time of issuance of a new RFP.

Further, SFMTA staff requests that the SFMTA Board authorize the Director of Transportation to issue a Request for Proposals containing these additional terms and conditions after the Board of Supervisors approves this uncodified ordinance.

**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.

The SFMTA needs additional time to conduct a solicitation for Armed and Unarmed Security Services and the only alternative is to continue to allow Cypress Security Services to perform the work under its current contract.

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**FUNDING IMPACT**

Funding for this project is provided through the FY15 and FY16 Budget

**OTHER APPROVALS RECEIVED OR STILL REQUIRED**

The City Attorney's Office has reviewed this calendar item.

Because the Seventh Amendment modifies the original contract amount by more than \$500,000, Board of Supervisors approval is required under Charter section 9.118.

**RECOMMENDATION**

Staff recommends that the San Francisco Municipal Transportation Agency's Board of Directors approve 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; recommend 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 authorize the Director of Transportation to issue a Request for Proposals for security services containing the additional provisions.

SAN FRANCISCO  
MUNICIPAL TRANSPORTATION AGENCY  
BOARD OF DIRECTORS

RESOLUTION No. \_\_\_\_\_

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.

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Secretary to the Board of Directors  
San Francisco Municipal Transportation Agency

Enclosure 2

**City and County of San Francisco  
Municipal Transportation Agency  
One South Van Ness Ave. 7<sup>th</sup> floor  
San Francisco, California 94103**

**Seventh Amendment to Agreement with Cypress Security, LLC  
for Armed and Unarmed Security Services**

THIS AMENDMENT (this "Amendment") is made as of **September 30, 2014**, in San Francisco, California, by and between **Cypress Security, LLC** ("Contractor"), and the City and County of San Francisco, a municipal corporation ("City"), acting by and through its Municipal Transportation Agency ("SFMTA").

RECITALS

- A. City and Contractor have entered into the Agreement (as defined below).
- B. City and Contractor desire to modify the Agreement on the terms and conditions set forth herein to extend the performance period and increase the amount of the contract.

NOW, THEREFORE, Contractor and the City agree as follows:

**1. Definitions.** The following definitions shall apply to this Amendment:

**1a. Agreement.** The term "Agreement" shall mean the Agreement dated September 1, 2008 between Contractor and City, as amended by the First Amendment dated September 1, 2008, the Second Amendment dated June 8, 2010, the Third Amendment dated September 1, 2011, the Fourth Amendment dated February 5, 2013, the Fifth Amendment dated September 23, 2013, and the Sixth Amendment dated July 21, 2014.

**1b. Other Terms.** Terms used and not defined in this Amendment shall have the meanings assigned to such terms in the Agreement.

**2a. Section 2 (Term of the Agreement)** of the Agreement currently reads as follows:

The term of this Agreement shall be from the original effective date of September 1, 2008 to September 30, 2014.

Such section is amended in its entirety to read as follows:

The term of this Agreement shall be from the original effective date of September 1, 2008 to March 31, 2015.

**2b. Section 5 (Compensation).** Subsection a. of Section 5 of the Agreement currently reads as follows:

Compensation shall be made in monthly payments for work, as set forth in Section 4 of this Agreement, that the Executive Director/CEO, in his or her sole discretion, concludes has been performed as of the last day of the immediately preceding month. In no event shall the amount of this Agreement exceed **\$32,900,000.00** (thirty-two million nine hundred thousand dollars). The

breakdown of costs associated with this Agreement appears in Appendix B, "Calculation of Charges," attached hereto and incorporated by reference as though fully set forth herein.

Such section has been amended to read as follows:

Compensation shall be made in monthly payments for work, as set forth in Section 4 of this Agreement, that the Director of Transportation, in his or her sole discretion, concludes has been performed as of the last day of the immediately preceding month. In no event shall the amount of this Agreement exceed Thirty-Five Million, Nine Hundred Thousand Dollars (\$35,900,000). The breakdown of costs associated with this Agreement appears in Appendix B, "Calculation of Charges," attached hereto and incorporated by reference as though fully set forth herein.

**3. Effective Date.** Each of the modifications set forth in Section 2 shall be effective on and after October 1, 2014.

**4. Legal Effect.** Except as expressly modified by this Amendment, all of the terms and conditions of the Agreement shall remain unchanged and in full force and effect.



IN WITNESS WHEREOF, Contractor and City have executed this Amendment as of the date first referenced above.

<b>CITY</b>	<b>CONTRACTOR</b>
San Francisco Municipal Transportation Agency	Cypress Security, LLC
_____ Edward D. Reiskin Director of Transportation	_____ Kes Narbutas
San Francisco Municipal Transportation Agency Board of Directors Resolution No. _____	CEO 452 Tehama Street San Francisco, CA 94103 City vendor number: 46964
Adopted: _____	
Attest:  _____ Secretary, SFMTA Board of Directors	
Approved as to Form:  Dennis J. Herrera City Attorney	
By: _____ Robin M. Reitzes Deputy City Attorney	

Enclosure 3

[Contract Requirements – SFMTA 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: (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.

NOTE: Unchanged Code text and uncodified text are in plain Arial font.

Additions to Codes are in single-underline italics Times New Roman font.

Deletions to Codes are in strikethrough italics Times New Roman font.

Board amendment additions are in double-underlined Arial font.

Board amendment deletions are in strikethrough Arial font.

Asterisks (\* \* \* \*) indicate the omission of unchanged Code subsections or parts of tables.

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

Section 1. Findings.

1. 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.
2. The requirement to pay prevailing wages includes wage rates for overtime and holiday work and fringe benefits as paid for similar work performed in the City by private employers.
3. 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.
4. 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.

5. 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.

6. 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.

Section 2. The Municipal Transportation Agency is authorized to include, in any contract for security services it 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.

APPROVED AS TO FORM:

DENNIS J. HERRERA, City Attorney

By:

ROBIN M. REITZES

Deputy City Attorney