

# A12



## CITY OF VANCOUVER

### ADMINISTRATIVE REPORT

Report Date: October 3, 2006  
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Meeting Date: October 31, 2006

TO: Vancouver City Council

FROM: General Manager of Corporate Services  
Manager, Materials Management

SUBJECT: The Supply of Contract Security Services

#### RECOMMENDATIONS

- A. THAT subject to the conditions set out in Recommendations B, C, and D Council authorize staff to enter into a contract with Concord Security Corporation at the rate schedule agreed in the bid process for the supply of security services, security equipment and systems to the City for a period of five (5) years from 2007 to 2011 with subsequent renewal options for two (2) additional one (1) year extensions;
- B. THAT the Director of Legal Services be authorized to execute and deliver on behalf of the City all legal documents required to implement Recommendation A.
- C. THAT all such legal documents be on terms and conditions satisfactory to the General Manager of Corporate Services, Manager of Materials Management and the Director of Legal Services.
- D. THAT no legal rights or obligations will be created by Council's adoption of recommendations A, B, and C above unless and until such legal documents are executed and delivered by the Director of Legal Services.

## CITY MANAGER'S COMMENTS

The City Manager recommends approval of A through D in order that the City can benefit from the resulting cost efficiencies.

## COUNCIL POLICY

The policy of Council is to secure contracts for the purchase of equipment, supplies, and services that will give the best value based on quality, service and price.

Contracts with a value over \$300,000 are referred to Council.

## PURPOSE

The purpose of this proposed contract is to establish - on a City-wide basis - an integrated common contract for the provision of external security services:

- Delivering high quality security services
- Meeting our escalating needs and guaranteeing service through the Olympics
- Delivering significant cost avoidance by leveraging the City's combined buying power during this period of rising costs

## BACKGROUND

The Shared Services Review which took place in 2004 identified a number of issues relating to the City's purchase of security services. The review highlighted a number of opportunities to improve service delivery, standardize products and services, enhance quality and leverage the City's substantial buying power. Additionally it identified the opportunity to contain cost escalation in respect of security services while reducing the administrative impact on City Business Groups, Boards and Affiliates, who utilize multiple vendors to deliver the same security services.

Following this review, the Security Division of the Corporate Services Group explored the viability of an integrated City-wide security contract which would encompass services to all Business Groups, Boards and Affiliates.

This primary focus of this contract was uniformed guarding, which accounts for approximately 75% of the City's total expenditure on contract security services. The full range of security services covered by this contract includes:

- uniformed guarding services
- mobile patrols
- alarm response
- security equipment & systems
- investigations
- threat and risk assessments
- locksmiths
- alarm monitoring services

The contract does not impact in any way on those services provided by City security staff or on any City staff employed in guarding and/or security duties.

The following benefits would accrue from an integrated security contract:

- Optimized expenditure on City-wide security services
- Improved value-for-money, operational efficiency & customer service
- The institution of Performance Management & Quality Control measures
- Greater freedom for Business Group Managers to concentrate on core functions
- Continuity of service delivery up to and beyond 2010

A key driver for this initiative is the need to manage costs in the run-up to 2010 whilst ensuring continued service delivery in an increasingly demanding labour market. (The manpower services sector - from which the contract guarding pool is drawn - has already begun to face escalating wage rates with consequent recruitment and retention challenges.) The proposed contract is therefore for a base five (5) year period, from 2007 to 2011, with the option of two (2) one (1) year extensions.

The City Business Groups, Boards and Affiliates included in this initiative are as follows:

- Engineering Department
- Corporate Services Department
- Vancouver Fire & Rescue Services
- Community Services Group
- Vancouver Police Board
- Vancouver Public Library
- Vancouver Art Gallery
- Vancouver Parking Corporation (EasyPark)
  
- Vancouver Park Board will not enter into the guarding component of this contract until Year 3 (2009) due to existing contractual obligations. At the end of the existing contract term, the Park Board has committed to participate in this shared services model. It is through this full participation by all departments, boards, and affiliates, that the City has been successful in negotiating an economical security contract.

## DISCUSSION

### The Request for Information (RFI) and Request for Proposals (RFP) Process

After initial discussions with Business Groups, an RFI exercise was conducted in 2005. Forty four (44) firms attended the RFI briefing, and twelve (12) companies submitted responses. Of these, eight (8) security companies with the perceived capability to provide such a service were short-listed. These companies included both local and national firms engaged in the provision of contract security services.

A Request for Proposals (RFP) was released on July 8, 2006. A total of five (5) vendors responded. The criteria used to assess responses included pricing, qualifications and

experience, a demonstrated understanding of the City's needs, and the perceived ability to deliver.

Representatives of City Business Groups and Boards participated in the evaluation process and two (2) firms presented to a meeting of these representatives on August 21, 2006. At this meeting it was unanimously recommended that negotiations be initiated with Concord Security.

The recommended vendor, Concord Security, presented a strong proposal with credible resources and appears to demonstrate a clear understanding of the City's diverse security needs. Human Resource initiatives, designed to support continuity of staffing throughout the life of the contract, appear sound. Concord offer the lowest price-point of all bidders across the 5 year life of the proposed contract, although two Business Groups (Vancouver Park Board and Vancouver Public Library) currently pay less for their uniformed guarding services than the rate quoted in Concord's first year pricing. This issue is addressed in 'Financial Implications'.

Concord Security is a well-established local company and has a strong track record in the industry. Client references are uniformly strong and indicate progressive staffing and training initiatives. All references made mention of the emphasis the company places on client communications.

In respect of security equipment and systems, their proposal incorporates, as sub-contractors, a number of the larger vendors in this field and appears to offer the City significant choice in experience and value. Additional sub-contracting arrangements include current City vendors and access, when required, to a substantial guarding base beyond Concord's own 750 staff.

The cost of the Concord Security bid is summarized in the Financial Implications section, under the 'Cost of Integrated Contract' column in Table 1.

As a result of this evaluation process, Concord Security was identified as (a) demonstrating the requisite understanding of the City's needs and of the challenges implicit in this contract, (b) possessing the logistical ability to deliver the required services, and (c) being able to do so at the best value.

CMT approved the recommendations of this report to Council on September 22, 2006.

## **Implementation**

Given the breadth of this contract, a process of phased implementation will be adopted, ideally concluding by March 1, 2007. This approach will minimize disruption to existing service delivery and provide the City - and the Vendor - with the opportunity to manage the transition in an orderly and methodical fashion.

Determination of specific timescales will be based on discussions and planning between the vendor, the City's Security Group and respective City stakeholders. A detailed implementation plan with timescales acceptable to all stakeholders will be agreed after award of contract. It is the aim of the department to minimize the time involved in the rollout of this implementation process. The City's Security Group will work with the chosen

Proponent to achieve this.

Key deliverables in this pre-implementation period will be a City-wide Quality Assurance mechanism with the establishment of individual Key Performance Indicators for each Business Group, Board and Affiliate. This process will provide a valuable opportunity for Business Groups, Boards and Affiliates to review the nature and volume of their respective service provision in conjunction with the vendor and the City's Security Group, in order to optimize resources.

Subsequent strategic oversight of the contract will be achieved through regular performance reviews and through a Quality Council comprised of representatives from City user groups. This will also be established during this period and it is envisioned that, in addition to its quality mandate, this body will also be focused on the identification of opportunities for additional and/or ongoing savings.

## FINANCIAL IMPLICATIONS

### Integrated Contract Costs vs. 'Open Market' Costs

The figures in Table 1 below contrast the cost to the City of entering into a five (5) year contract for uniformed guarding services against the cost of individual Business Groups, Boards and Affiliates continuing to purchase those same services, as they do today, on the 'open market'.

The numbers in the 'Cost of Integrated Contract' column represent the cost of a contract with Concord Security. The numbers in the 'Open Market' column represent the cost of purchasing the same services outside a City-wide contract arrangement. These 'Open Market' figures are the average of all bids received during the RFP process (including that of Concord Security, the lowest bidder). Under the 'Open Market' model security guarding costs increase approximately 21% over the five (5) year life of the contract as opposed to an increase of 8% under the 'Integrated Contract' model.

These figures relate only to contract guarding services as these services represent approximately 75% of City-wide spending on security. Significant additional cost avoidance is also likely to be achieved through the common purchasing of security equipment and systems (which also forms part of this contract) however - given the difficulty of predicting capital expenditure - the totals below do not include any provision for this over the next five (5) years.

The figures in Table 1 are based upon existing levels of service provision in respect of guarding services. Funding for Year 1 is available within existing budgets and it is intended that future funding impacts will be mitigated by reviews of service levels and delivery mechanisms in both the implementation phase and, on an ongoing basis, by the Quality Council.

**Table 1 Comparison of 'Open Market' Purchase of Uniformed Guarding Services vs. the Cost of Integrated Contract**

YEAR	COST OF 'OPEN MARKET' PURCHASE	COST OF INTEGRATED CONTRACT	PROJECTED COST AVOIDANCE WITH INTEGRATED CONTRACT
2007	5,271,600	4,344,240	927,360
2008	5,506,200	4,344,240	1,161,960
2009	5,796,000	4,518,120	1, 277,880
2010	6,124,440	4,697,520	1,426,920
2011	6,372,840	4,697,520	1,675,320
<b>TOTAL</b>	<b>29,071,080</b>	<b>22,601,640</b>	<b>6,469,440</b>

### Projected Cost Avoidance

Across the five (5) year life of the integrated contract the total projected cost avoidance in respect of guarding services would be \$ **6,469,440.00**. Additional cost avoidance is likely to result from the ability of the City to leverage the increased purchasing power of the integrated contract in respect of security equipment and systems.

### SUMMARY

The recommendation is to authorize a contract with Concord Security Corporation, based on the proposal submitted, in order to provide best value for the supply and delivery of integrated security services.

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