



SAN DIEGO COUNTY  
REGIONAL AIRPORT AUTHORITY  
**STAFF REPORT**

Item No.  
**16**

Meeting Date: **OCTOBER 7, 2010**

**Subject:**

**Authorize the President/CEO to Execute an Agreement with HSS, Inc., for Contract Security Services**

**Recommendation:**

Adopt Resolution No. 2010-0097 authorizing the President/CEO to execute an agreement with HSS, Inc., for contract security services for five (5) years including two (2) one-year options to extend in an amount not-to-exceed fifteen million dollars (\$15,000,000).

**Background/Justification:**

Request for Proposal Background and Process

On May 24, 2010, the Authority issued a Request for Proposal (RFP) for Security Officer Services. Notice of the RFP was advertised in the *San Diego Daily Transcript* and on the Authority's website. Fifty-two (52) firms downloaded the RFP.

The services requested in the RFP include: perimeter security and access control functions, alarm monitoring of the Airport's Security Operations Center (SOC), securing access portals in the terminal Sterile Areas, and providing personnel and vehicle inspections as directed by the Transportation Security Administration (TSA). More specifically, these functions include: monitoring over three-hundred (300) access control alarm points, managing and monitoring advanced surveillance equipment, coordinating dispatch of San Diego Harbor Police officers, physical protection of three (3) tenant-accessible perimeter gates, physical protection of access points within the terminal Sterile Areas, physical patrol of all terminal spaces, and providing notifications to Authority personnel regarding other emergency conditions (e.g., fire alarms). Additional duties are assigned as TSA threat conditions and directives may mandate. These duties include physical inspection of vehicles, persons, and their accessible property when accessing terminals and sensitive areas of the Airport.

The RFP Evaluation Panel consisted of staff from the Authority's Aviation Security & Public Safety, Airside Operations and Landside Operations departments, and the San Diego Harbor Police. These panel members were all "resident industry experts" on airport and airline security, airport operations, customer service, and law enforcement. Each Panel Member signed an "Acknowledgement of the Authority Conflict of Interest

Statement" which states in part "that anyone directly involved with the selection or letting of Authority contracts shall avoid any activity or situation which involves, or creates the appearance of an impropriety or a conflict of interest." The RFP Evaluation Criteria were developed prior to the release of the solicitation and the evaluation criteria point allocation system was determined and agreed to by the Panel prior to the solicitation due date.

### Proposal Evaluation

On June 22, 2010, the Authority received twenty-five (25) proposals. A preliminary review of the basic responsiveness of the proposals was conducted by the Procurement department to ensure all requirements of the RFP had been met.

On June 25, 2010, the proposals were distributed to the Evaluation Panel. The Panel evaluated and scored the 25 proposals based on the following evaluation criteria contained within the Security Officer Services - RFP (excluding Compensation/Fees), which as noted below, were assigned by the Procurement Department:

**(40 Points) Organization Experience and Skill:** Includes professional history, skills, and relevant experience that demonstrate a capable, working knowledge of performing the services requested in this RFP or of similar projects.

**(20 Points) Primary Staff:** Identify the particular services to be performed by respondent (including their resume) and identify those services, if any, that will be performed by subcontractors or others ("subcontractors"). Identify responsibilities and qualifications, as well as the major clients served and projects worked on relative to the services requested of this RFP.

**(15 Points) Work Plan:** Provide, in detail, the steps necessary and the deliverables needed to complete the services in the best interest of the Authority.

**(20 Points) Compensation/Fees:** The Procurement Department evaluated and scored the fees, and the scores were provided to the Panel members during the short list meeting. (See *Fee Score Calculation*, Page 3.)

**(5 Points) Small Business Preference:** The RFP was subject to the Authority's Small Business Preference Policy (5.12) as amended on November 5, 2009, by Board Resolution No. 2009-0141.

On July 7, 2010, the Procurement Department held a meeting of the Evaluation Panel. The intent of this meeting was to evaluate and identify the panelists' highest scoring respondents to invite for interviews. The panelists' scores were combined with the fee scores provided by the Procurement Department.

Fee Score Calculation

The Fee scores were calculated as follows:

The total cost to perform services under the contract was calculated by multiplying a specific number of hours for each RFP-required staff position by the Respondent's proposed hourly rates.

U.S. Security Associates, Inc., had the lowest calculated proposed cost of \$9,589,346 and was awarded the maximum allowed score of 20 points.

The lowest calculated proposed cost of \$9,589,346 was used to calculate the unit point value assigned to the remaining Respondents. Example:

$\$9,589,346 \div 20 \text{ Points} = \$479,467$  (rounded to the nearest whole number)

$\$479,467 = 1 \text{ Unit Point Value}$

HSS, Inc., Calculated proposed total cost = \$12,196,082

$\begin{array}{r} \$12,196,082 \\ - \$9,589,346 \text{ (Lowest Cost)} \\ \hline = \$2,606,736 \end{array}$	then	$\begin{array}{r} \$2,606,736 \\ \div \$479,467 \text{ (Unit Point Value)} \\ \hline = 5.43 \text{ or } 5 \text{ points (rounded)} \end{array}$
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20 (Maximum Points) – 5 Points = 15 Points      HSS, Inc. was awarded 15 Points.

The six highest scoring respondent fee calculation scores are as follows:

Proposed Fees	Assigned Points	Company Name
\$10,226,853	19	National Security Industries and Services
\$11,363,136	16	G4S Secure Services
\$11,396,153	16	Universal Protection Services
\$11,879,376	15	Allied Barton Security Services
\$11,901,755	15	Heritage Security Services
\$12,196,082	15	HSS, Inc.

Interviews and Final Rankings

On July 23, 2010, the Evaluation Panel conducted interviews with the six (6) highest scoring respondents. All respondents were allowed up to 10 minutes to present information about their company, followed by a 20-minute question-and-answer session. All respondents were asked to provide answers to a specific list of questions prepared in advance by the Panel. These questions evaluated the companies' experience, the experience and skills of the primary staff assigned to perform the services, and how the work would be performed in the best interest of the Authority. (Note: Respondents were not provided with the questions prior to the interview.)

Upon completion of the interviews, the Panel discussed and reviewed the strengths and weaknesses of: each respondent's proposals; respondent's staff attending the interview; responses to panelist questions; and the score of the respondents' proposed fees. The Panel then assigned points to each of the interviewed respondents as follows:

Final – Evaluation Criteria	Company Experience & Skill	Primary Staff	Work Plan	Fees	Interview	Small Business Preference	Total	Ranking
<b>Maximum Points</b>	<b>35</b>	<b>15</b>	<b>15</b>	<b>20</b>	<b>10</b>	<b>5</b>	<b>100</b>	
Allied Barton	30	10	12	15	8	0	75	4
National Security	23	8	10	19	6	5	71	6
Universal Protection	29	13	12	16	8	0	78	3
HSS	33	14	14	15	9	0	85	1
G4S Secure Services	29	10	11	16	6	0	72	5
Heritage Security	32	13	13	15	8	0	81	2

The Evaluation Panel unanimously scored HSS, Inc., with the highest points, and by consensus ranked HSS, Inc. as the best qualified respondent because of the depth of company's experience and knowledge of the implementation of security officer services at an airport.

On August 5, 2010, each of the interviewed respondents was notified in writing of the Evaluation Panel's decision.

On August 17, 2010, the Authority and HSS, Inc., completed negotiations and both parties agreed to a revised fee structure for an Agreement which is pending Board approval. Negotiations with HSS, Inc., have resulted in an approximate three and one-half (3.5) percent decrease in billable rates.

#### Background on HSS, Inc.

HSS, Inc., has over 16 years of Transportation Security Regulation (TSR) Part 1542 aviation security services experience at large-hub Security Category X\* (e.g., Denver International Airport) and Category I (e.g., Portland International Airport). HSS was awarded Designation and Certification status by the Department of Homeland Security as an "Approved Product for Homeland Security" under the Support Anti-terrorism by Fostering Effective Technologies (SAFETY) Act of 2002. As such, they have a wide range of experience interacting with TSA; and with the implementation of Security Directives and increased security measures at commercial airports. HSS, Inc., has over 2,500 security personnel (with over 600 employees in California) serving airports,

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\***Security Category** is a designation given to an airport to mark the amount of traffic flow, security strategic importance and the associated security requirements. If an airport has high traffic, a large amount of commerce or hotels, or major infrastructure such as dams, military bases or historical landmarks, they would likely be designated with the highest level Category X with Category IV being the lowest designation. SAN is a Category I Airport.

municipals, and private clients in 12 states with offices supporting their operations in each state and satellite/corporate regional offices in Brea, California; Dublin, California; and Orlando, Florida. Currently, they are the primary security contractor for Denver International Airport, Orlando International Airport, Portland International Airport, and General Mitchell International Airport in Milwaukee; and recently recommended for award at Hartsfield-Jackson Atlanta International Airport.

### Recommendation

Therefore, Staff recommends:

- 1) the Board authorize the President-CEO to execute an agreement with HSS, Inc., for contract security services for five (5) years including two (2) one-year options in a not-to-exceed amount of fifteen million dollars (\$15,000,000); and
- 2) should the process with HSS, Inc., fail, the Board authorizes the President-CEO to execute an agreement, under the same terms (including a 3.5% or more fee reduction in billable rates over those initially proposed), with the second qualified respondent.

Additionally, the proposed not-to-exceed amount of the Agreement allows for contingencies to be addressed as directed by TSA and coverage of additional interior and exterior posts required under the Green Build and Northside Development programs. The difference between the calculated base-level of services and the proposed contract amount allows for an approximate twenty-five (25) percent contingency to address unplanned TSA mandates over the term of the Agreement.

### **Fiscal Impact:**

The budget for this Agreement has sufficient remaining funds to cover these actions. The Agreement budget is in the Aviation Security & Public Safety Department budget.

### **Environmental Review:**

- A. CEQA: This Board action, as an administrative action, is not a project that would have a significant effect on the environment as defined by the California Environmental Quality Act ("CEQA"), as amended. 14 Cal. Code Regs. §15378. This Board action is not a "project" subject to CEQA. Cal. Pub. Res. Code §21065.
- B. California Coastal Act Review: This Board action is not a "development" as defined by the California Coastal Act. Cal. Pub. Res. Code §30106.

**Equal Opportunity Program:**

The Authority's small business program promotes the utilization of small, local, disadvantaged, and other business enterprises, on all contracts, to provide equal opportunity for qualified firms. By providing education programs, making resources available, and communicating through effective outreach, the Authority strives for diversity in all contracting opportunities.

The Authority has a Disadvantaged Business Enterprise ("DBE") Plan as required by the Department of Transportation, 49 CFR Part 26. The DBE Plan calls for the Authority to submit an annual overall goal for DBE participation on all federally funded projects.

This project does not utilize federal funds; therefore, it will not be applied toward the Authority's over-all DBE goal.

**Prepared by:**

GEORGE CONDON  
DIRECTOR, AVIATION OPERATIONS AND PUBLIC SAFETY

RESOLUTION NO. 2010-0097

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY AUTHORIZING THE PRESIDENT/CEO TO EXECUTE AN AGREEMENT WITH HSS, INC., FOR CONTRACT SECURITY SERVICES FOR FIVE (5) YEARS INCLUDING TWO (2) ONE-YEAR OPTIONS TO EXTEND IN AN AMOUNT NOT-TO-EXCEED FIFTEEN MILLION DOLLARS (\$15,000,000)

WHEREAS, the Airport Authority operates San Diego International Airport (SDIA) in accordance with regulations set forth by the Transportation Security Administration (TSA); and

WHEREAS, these regulations require the Airport Authority to conduct specific activities requiring the services of a California-licensed contract security firm; and

WHEREAS, this firm shall provide personnel under contract and at the direction of the Airport Authority to execute these specific activities; and

WHEREAS, on July 23, 2010, following a competitive solicitation process, the Airport Authority began negotiations with HSS, Inc., (HSS) to provide contract security officer services for the San Diego International Airport (SDIA); and

WHEREAS, the Agreement shall begin on November 15, 2010, and has a term of five (5) years including two (2) one-year options to renew and a total not-to-exceed compensation amount of fifteen million dollars (\$15,000,000); and

WHEREAS, should the process with HSS, Inc., fail, the Board authorizes the President/CEO to make the award to the next ranked proposer, Heritage Security Services, on the same or better terms as negotiated with HSS; and

NOW, THEREFORE, BE IT RESOLVED that the Board hereby authorizes the President/CEO to execute an agreement with HSS, Inc., for contract security services for five (5) years including two (2) one-year options to extend in an amount not-to-exceed fifteen million dollars (\$15,000,000); and

BE IT FURTHER RESOLVED that the Board authorizes the President/CEO to negotiate, award and execute an agreement with the second qualified respondent, on the same or better terms and conditions should the process with HSS, Inc., fail; and




# SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

## Board Communication

**Date:** October 4, 2010

**To:** Board Members

**From:** Angela Shafer-Payne, Vice President, Planning and Operations 

**Subject:** Board Agenda Item 16 – Authorize the President/CEO to execute an agreement with HSS, Inc. for Contract Security Services - Answers to Questions and Supplemental Information

During the Executive/Finance Committee meeting on September 27, 2010, Committee Members requested that Staff provide answers and supplemental information for the following items pertaining to the Contract Security Services RFP:

- 1) **Question:** Was the existing Authority procurement process followed during the selection process for the Contract Security Services RFP?  
**Answer:** Yes, the Authority's procurement process was properly applied during the selection process.
- 2) **Question:** Was the RFP selection process for the Contract Security Services a clean process?  
**Answer:** The selection process was well-defined, transparent and applied in accordance to current Authority policies and procedures.
- 3) Staff was requested to provide background information on the Department of Homeland Security Safety Act Designation and Certification.  
**Answer:** Safety Act Designation or Certification was a desirable qualification in the RFP (see attachment).
- 4) **Question:** Which of the final six respondents had Safety Act Designation or Certification?  
**Answer:** With regard to what was presented in each respondent's proposal:
  - Allied Barton Security Services claims to be designated.
  - National Security Industries and Services claims to have an application for certification in process.
  - Universal Protection Services claims to be designated.
  - HSS, Inc. claims to be designated and certified.
  - G4S Secure Services claims to be designated and certified.
  - Heritage Security Services makes no mention as to whether they are designated or certified.

Attachment



SAN DIEGO  
INTERNATIONAL  
AIRPORT



**If your company's products or services are developed for anti-terrorism purposes, they may be eligible for legal liability protections.**

**The SAFETY Act provides important legal liability protections for providers of Qualified Anti-Terrorism Technologies – whether they are products or services. The goal of the SAFETY Act is to encourage the development and deployment of new and innovative anti-terrorism products and services by providing liability protections.**

**The SAFETY Act liability protections apply to a vast range of technologies, including:**

- **Products**
- **Services**
- **Software and other forms of Intellectual property**

**This brochure outlines the key steps you must take to qualify your products and services for the liability protections afforded by the SAFETY Act. Successful applicants will have their technologies deemed as "Qualified Anti-Terrorism Technology" and receive the liability and litigation management protections provided for by the SAFETY Act.**

### Benefits to your Company

**The Support Anti-terrorism by Fostering Effective Technologies Act of 2002 (the SAFETY Act) provides two levels of liability protections to help promote the creation, deployment and use of anti-terrorism technologies:**

#### DESIGNATION

**(The seller's liability for products or services that are deemed "Designated Technologies" is limited to the amount of liability insurance that the Department of Homeland Security and the seller mutually determines the seller must maintain.**

#### CERTIFICATION

**(In addition to the benefits provided under Designation, Certification allows a seller of an anti-terrorism technology to assert the Government Contractor Defense for claims arising from acts of terrorism. Technologies that receive Certification will be also placed on DHS's Approved Products List for Homeland Security.**

### Eligibility Requirements

**How does the SAFETY Act define an "anti-terrorism technology"?**

**Any technology that is designed, developed, modified or procured for the specific purpose of preventing, detecting, identifying, or deterring acts of terrorism or limiting the harm such acts might otherwise cause.**

**Are there limitations on the types of technologies that can receive liability protections?**

**The SAFETY Act applies to almost every conceivable technology:**

- **Products**
- **Services**
- **Software**
- **Combinations of products, services, and software**

**In recognition of the broad range of threats and possible countermeasures, the SAFETY Act applies to design services, program management and integration services, vulnerability assessments, and other analyses relevant to U.S. Homeland Security.**

### DHS's Evaluation of Your Technology

**Your product or service will be evaluated by knowledgeable technical experts to determine if it meets the statutory requirements of the SAFETY Act.**

**Some critical criteria for "Designation":**

- **Is your product or service available, useful, and effective?**
- **Is your product or service an anti-terrorism technology?**
- **Is the seller exposed to liability?**
- **Does the product or service need SAFETY Act protections to be deployed or further deployed?**

**To receive "Certification," your product or service must satisfy the following additional review:**

- **Does it perform as intended?**
- **Does it conform to the seller's specifications?**
- **Is it safe for use?**

### TYPICAL ANTI-TERROR PRODUCTS AND SERVICES INCLUDE:

- **THREAT AND VULNERABILITY ASSESSMENT SERVICES**
- **DETECTION SYSTEMS**
- **BLAST MITIGATION MATERIALS**
- **SCREENING SERVICES**
- **SENSORS AND SENSOR INTEGRATION**
- **VACCINES AND BIOLOGICAL COUNTERMEASURES**
- **METAL DETECTORS**
- **DECISION SUPPORT SOFTWARE**
- **SECURITY SERVICES**
- **DATA MINING SOFTWARE**

**BE IT FURTHER RESOLVED** that the Board of the San Diego County Regional Airport Authority finds that this Board action is not a "project" as defined by the California Environmental Quality Act (CEQA), Cal. Pub. Res. Code §21065; and is not a "development" as defined by the California Coastal Act, Cal. Pub. Res. Code §30106.

**PASSED, ADOPTED, AND APPROVED** by the Board of the San Diego County Regional Airport Authority at a regular meeting this 7th day of October, 2010, by the following vote:

**AYES:** Board Members:

**NOES:** Board Members:

**ABSENT:** Board Members:

**ATTEST:**

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**TONY R. RUSSELL**  
**DIRECTOR, CORPORATE SERVICES/**  
**AUTHORITY CLERK**

**APPROVED AS TO FORM:**

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**BRETON K. LOBNER**  
**GENERAL COUNSEL**

000134

**CORRESPONDENCE RECEIVED  
FROM THE PUBLIC**

September 23, 2010

The Honorable Board Members of the  
San Diego County Regional Airport Authority  
3225 North Harbor Drive  
Third Floor, Commuter Terminal  
San Diego, CA 92101

Re: **The Security Officer Services Contract**

Honorable Board Members:

My name is Robert Olislagers, and I am Chief Executive Officer of the Arapahoe County Public Airport Authority, and Executive Director of Centennial Airport in Denver, Colorado. I am a board member of HSS Inc., the staff recommended awardee of the San Diego County Regional Airport Authority Contract for Security Officer Services. **I respectfully request that the Honorable Board take a moment to consider my reasons for supporting the award of this contract to HSS Inc. as follows:**

- **I have been involved with airports and national and international security since well before the events of September 11, 2001.** I am an accredited airport executive with nearly 30-years experience, including general aviation and air carrier airports. I have studied national and international security at the Air War College and Harvard University. At present, I serve at the pleasure of the Department of Homeland Security, Transportation Security Administration as an advisor on general aviation security matters, and I serve as chair of the General Aviation Security Committee for the American Association of Airport Executives. Therefore, I believe I am reasonably qualified to state that the security of our nation's airports remains central in the fight against terrorism and, as such, there is no substitute for experience or room for on-the-job training.
- **HSS Inc. was determined by Authority Staff to be the best and most experienced contractor, and scored highest overall in the most important RFP category, experience and skill.** This was an extensive, full, fair, and open process. Please allow the objective facts to be the guiding and determining factors.
- Heritage Security Services, which finished second in the competition for this contract, does not have any experience with airports the size of the San Diego International Airport. **Although Heritage does have some limited airport experience in San Diego County, the order of magnitude in passenger throughput, including international travelers, simply does not translate into the kind of experience needed at Lindbergh Field.**
- As an ASC, certified to manage security at air carrier airports, and as director of one of the busiest general aviation airports, I know the difference between security at small airports and large air carrier airports. In this regard, there really is no comparison between the experience of HSS Inc. and Heritage, the latter of which provided guard services at Palomar Airport, a facility I once managed.

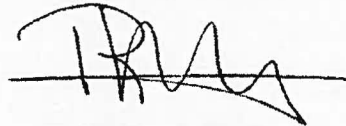
Honorable Board Members  
September 23, 2010  
Page 2

- HSS Inc. is one of the few security contractors that have been SAFETY Act Certified by the Department of Homeland Security. The benefits of SAFETY Act Certification are well-known to the Authority, which identified SAFETY Act Certification as a desirable factor in the RFP. HSS Inc.'s status as SAFETY Act Certified, which Heritage does not have, should be specifically considered in the Board's decision.

In closing, please know that I am only interested in the security of our nation's airports, and although I serve on the board of HSS Inc., I receive no compensation for my services.

**I would like to thank you very much for your time and consideration of my letter, which should be made part of the public record, and I am pleased to answer any questions or comments that you may have.**

Respectfully Yours,

A handwritten signature in black ink, appearing to read 'RO', written over a horizontal line.

Robert Olislagers  
7800 S. Peoria Street,  
Englewood, CO 80112  
303.790.0598 | 303.218.2907

cc: Thella F. Bowens, President/CEO SDRCAA  
Breton K. Lobner, SDCRAA General Counsel  
Jana Vargas, SDCRAA Director of Procurement  
Michael Lanam, Vice President, HSS Inc., Aviation & Government Services

**McKenna Long  
& Aldridge**<sup>LLP</sup>  
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September 21, 2010

**VIA COURIER AND US MAIL**

Tony Russell, Authority Clerk  
San Diego County Regional Airport Authority  
3225 North Harbor Drive  
Third Floor, Commuter Terminal  
San Diego, CA 92101

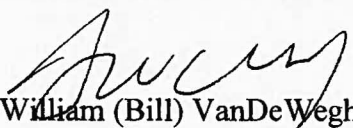
**Re: Pending Award of Contract for Security Officer Services under Request for Proposal issued May 24, 2010 (the "RFP")**

Dear Mr. Russell:

On September 15, 2010, we sent a letter to Ms. Thella F. Bowens and the Honorable Board on behalf of our client HSS, Inc., regarding the pending award of the Contract for Security Officer Services. There was a typo on page six of that letter. Please find enclosed a corrected version of page six for inclusion in the official record. Thank you.

Very truly yours,

McKenna Long & Aldridge LLP

  
G. William (Bill) VanDeWeghe, Jr.

Penny Pittman Cobey

Enclosure

SD:22180853.1

contract to another firm.”<sup>6</sup> On August 5, 2010, Alan Parker, Senior Procurement Analyst for the Authority, notified HSS that staff had recommended HSS for award of the Security Officer Services Contract. Neither Heritage nor any other proposer submitted a protest within the protest period specified in the RFP. Consequently, under the rules of the RFP, Heritage waived any right to protest after the deadline passed.<sup>7</sup>

Shortly after its August 5, 2010 notification to HSS, the Authority opened contract negotiations with HSS and achieved a material discount in HSS’s initially proposed hourly rates.<sup>8</sup> Although the Authority’s June 11, 2010 Question & Answer document stated that “this contract will not require Board approval,”<sup>9</sup> Mr. Parker informed HSS that the final agreement was conditioned on Board approval.<sup>10</sup>

b. Heritage Did Not Pursue A Timely Protest And Encouraged A Reevaluation of the Selection of HSS Based on an Improper Criteria Under the RFP

On September 2, 2010, Authority staff recommended that the Board confirm the results of the merit-based selection process and adopt Resolution No. 2010-0097, which would have authorized the Authority to execute the Contract with HSS. The Board declined to do so after hearing from Heritage’s lobbyist, John Dadian of Dadian & Associates, Inc., that Heritage should have been awarded the Security Officer Services Contract because it is a local San Diego business. However, Heritage’s actions prior to and on September 2, 2010, violated Section 9.G. of the RFP, which identifies the “mandatory” procedures for bid protests and limits Heritage’s rights to raise any objections at this point:

The procedure and time limits set forth in this paragraph are mandatory and are the Respondent’s sole and exclusive remedy in the event of protest. Failure by a party originating a protest to comply with these procedures shall constitute a waiver of any right to further pursue the protest . . . .

Heritage also has no basis in law to raise a locality preference at this point given the published criteria in the RFP. First, the RFP did not advise the respondents that local businesses would be given preference, as it could have done under the Authority’s Local Business Opportunities Policy (i.e., Policy 5.13). Second, the Authority explicitly stated in its June 16, 2010, Question & Answer Document that no preference would be given to local businesses. Third, there is no rational basis for a locality preference in this Contract, since under the Contract

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<sup>6</sup> Section 9.G. of the RFP.

<sup>7</sup> Section 9.G.7. of the RFP.

<sup>8</sup> HSS had already indicated in the cover letter submitted with its proposal that it had no objection to any terms included in the Authority’s draft Contract.

<sup>9</sup> See Security Officer Services—RFP, Questions & Answers Document # Two, June 11, 2010, Question 3.

<sup>10</sup> Authority Policy Statement 5.01(1)(c) confirms that the Board was only required to be “informed” of the award. HSS is presently investigating this issue and reserves the right to challenge the Board’s assertion that it has any right of approval over the Contract, as such would violate its own policy statement.

Albany  
Atlanta  
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Los Angeles

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September 15, 2010

**VIA COURIER AND US MAIL**

**REQUEST TO SPEAK AT PUBLIC MEETING/  
MAKE LETTER PART OF OFFICIAL RECORD**

Thella F. Bowens, President/CEO &  
The Honorable Board Members of the  
San Diego County Regional Airport Authority  
3225 North Harbor Drive  
Third Floor, Commuter Terminal  
San Diego, CA 92101

Re: **Pending Award of Contract for Security Officer Services under Request for  
Proposal issued May 24, 2010 (the "RFP")**

Dear Ms. Bowens and Honorable Board Members:

We represent HSS Inc., the recommended awardee of the San Diego County Regional Airport Authority Contract for Security Officer Services (the "Contract"). Heritage Security, an unsuccessful bidder, is now trying to upset the pending Contract award, claiming that the Contract should instead go to itself, a local business. We respectfully request that HSS be granted the opportunity to publicly address the Board at the next available opportunity to discuss HSS's position on this topic. In the meantime, please take a moment to consider the points set forth in this letter, and please make this document a part of the public record.

**Safety and Commitment to the Community:**

- HSS was determined by Authority staff and aviation security experts, following an exhaustive and highly transparent evaluation process, to be the best choice to provide security for Lindbergh Field—the most important aspect of this competition.
- HSS offers proven security services that are focused on aviation security, unlike some of HSS's competitors, which adapt generalized commercial security approaches to airport facilities, and lack the critical experience HSS has with large international airports. (This was made clear in HSS's response to the RFP.)



- HSS also offers, at no additional cost to the Authority, SAFETY Act liability protection that not only protects HSS from devastating liability in the event of an act of terrorism, but also protects the Authority from liability arising from HSS services. (This was made clear in HSS's response to the RFP.) Heritage does not offer SAFETY Act protection.
- HSS has committed to the Authority that it will share at least 20 percent, or a minimum of \$600,000 each year, of the revenue derived from the Contract with a San Diego-based Small Business Enterprise. (This was made clear in HSS's response to the RFP.)
- HSS is the right choice for San Diego employees: HSS has a proven track record of providing its employees with excellent training, career development opportunities, performance-based incentives, and industry-leading wages and benefits. (This was made clear in HSS's response to the RFP.)

The Integrity of the Authority's RFP Process is at Jeopardy:

- The Authority assured bidders during the RFP process that there would be no preference for local businesses. Indeed, the Authority's official Questions and Answers for Proposers issued on June 16, 2010 stated as follows:

Q. What is the preference given to a Local Business? A. None.
- This is important because California law requires that public agencies make these types of decisions based on the evaluation criteria identified in the RFP—not on an undisclosed desire to grant special consideration to local companies.
- In violation of the RFP's plain rules, and long after the deadline for bid protests had expired, Heritage raised its complaints directly to the Board at the last minute. Granting an award to Heritage would set a bad precedent by encouraging bidders to disregard RFP rules and deadlines, and discouraging the best and most capable out-of-town businesses from bidding on future Authority contracts. In order to maintain the integrity of the Authority's bidding process now and into the future, the Authority must not allow Heritage to benefit from its actions.
- At this point, the only way to ensure that the Authority receives the benefits of a fair and complete RFP process is to uphold the recommended award of the Authority's selection panel, which correctly applied the evaluation criteria set forth in the RFP and found HSS to be the best choice. This is because, after recommending that HSS be awarded the Contract, HSS's competitors, including Heritage, have submitted Public Records Act requests allowing them to discover the contents of HSS's winning bid proposal, and likely the proposals of all of the top candidates. Any re-opening of the bid process would thus be patently unfair.
- In summary, the selection of Heritage or any other firm for the Security Officer Services Contract, or a decision to reissue the RFP for the Contract under these circumstances, would be unwise, unfair, unlawful, and inequitable.

## DISCUSSION

### 1. **HSS Is The Best Choice For Lindbergh Field And The San Diego Community**

#### a. The Safety of Lindbergh Field is at Stake

As determined by the evaluation panel, which consisted of staff from Aviation Security and Public Safety, Airside Operations, Landside Operations, and the San Diego Harbor Police Department, HSS is simply the best choice to provide security services to the San Diego International Airport. HSS has been providing TSR 1542 security services at large-hub, Category X and I airports for over 16 years. Included among these airports are the Denver International Airport (the nation's largest land mass airport and its fourth busiest), Orlando International Airport (one of the nation's top destination airports), Portland International Airport, and Mitchell International Airport (Milwaukee). Moreover, HSS was recently recommended for the award of an airport security services contract at Hartsfield-Jackson Atlanta International Airport—the nation's busiest airport. On an annual basis, HSS controls, logs, and verifies over 5,600,000 entry and exit transactions at the security gate checkpoints at Denver and Orlando International Airports combined.

HSS's employees and consultants identified in its proposal and presentation hold advanced certifications and have extensive experience in aviation security. Indeed, Jeff Price, who is identified as one of HSS's key assets on page six of its proposal, wrote the only textbook on aviation security and provides aviation security training to HSS's employees.<sup>1</sup> Lori Beckman, also identified as one of HSS's key assets in its proposal, has served as Denver International Airport's Director of Security for 22 years.<sup>2</sup> In short, HSS's security program is not a generalized commercial security service that is adapted where necessary to fit airport facilities, like the programs offered by HSS's competitors; it is a proven specialized program that is focused on aviation security.

Equally important for the Board to consider is the fact that of the highest three ranked competitors for this Contract, only HSS successfully completed the Department of Homeland Security's rigorous SAFETY Act application process in 2007, and is now SAFETY Act Certified for all aviation security-related services. SAFETY Act Certification protects HSS and its customers from third-party claims arising out of an act of terrorism involving HSS security services. Hiring a contractor with SAFETY Act coverage not only protects HSS from devastating liability in the event of an act of terrorism, but it also will protect the Authority from liability arising from HSS services. Although not a requirement of the Authority's RFP, SAFETY Act Certification, which offers the highest level of coverage, was clearly identified as "desirable" in Section 1.D. of the RFP.

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<sup>1</sup> Jeffrey Price et al., *Practical Aviation Security: Predicting and Preventing Future Threats* (Elsevier Science, November 2008).

<sup>2</sup> Lori Beckman also served as a deputy operations manager for the San Diego International Airport early in her career.

In contrast, Heritage has less than one year of experience providing airport security to three small general aviation, small-craft airports in San Diego. Heritage has certainly not specialized in airport security, and instead offers security services better tailored to securing concerts, dances, weddings, picnics, and sporting events, as the company's own website indicates. Given its limited aviation experience, it comes as no surprise that Heritage is not SAFETY Act Certified and obviously cannot offer the liability protections afforded by the SAFETY Act for critical airport environments. It is also not surprising that the evaluation panel scored HSS highest on its ability to provide security services to major international airports—certainly the most important consideration in awarding the Contract.

b. HSS is Committed to the San Diego Community

HSS is a privately owned corporation that has been in business since 1967. Although it is based in Denver, Colorado, HSS already has a strong presence in California, operating two corporate offices in this state. If awarded the Security Officer Services Contract, HSS will establish a new corporate office in San Diego. In fact, HSS has already leased office space in San Diego and procured a business license to service the San Diego International Airport based on the Authority's selection of HSS as the Contract's recommended awardee.

HSS has also committed to the Authority that at least 20 percent or a minimum of \$600,000 each year from the total annual revenue derived from the Contract, will be allocated to certified small and disadvantaged businesses in San Diego. In order to ensure that this commitment is met each year, HSS has volunteered to submit to audits by the Authority. Furthermore, HSS received the Small Business Advocate of the Year Award from the Orlando International Airport just last year based on its similar efforts at that location.

HSS's employees are provided with excellent training, career development opportunities, performance-based incentives, and industry-leading wages and benefits. As a result, HSS has an impressive 92.9 percent employee retention rate, and over 90 percent of the current security officers located at the San Diego International Airport have indicated a desire to join HSS.

**2. The Integrity Of The Authority's Contracting Process Will Be Compromised If The Recommended Awardee Is Changed**

a. HSS Was The Recommended Awardee Of The Security Officer Services Contract Based On The Evaluation And Selection Criteria Published In The RFP

The Authority issued the Security Officer Services RFP on May 24, 2010.<sup>3</sup> The Contract is for an amount not to exceed \$15,000,000 for a three-year term with two one-year extensions at

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<sup>3</sup> The services requested in the RFP include: perimeter security and access control functions, alarm monitoring of the Airport's Security Operations Center (SOC), securing access portals in the terminal Sterile Areas, and providing personnel and vehicle inspections as directed by the Transportation Security Administration (TSA). More specifically, these functions include: monitoring of over three hundred (300) access control alarm points, managing and monitoring advanced surveillance equipment, coordinating dispatch of San Diego Harbor Police officers,

*(footnote continued on next page)*

the option of the Authority. The RFP identified five, and only five, evaluation and selection criteria: (1) "Experience and Skill"; (2) "Primary Staff"; (3) "Work Plan"; (4) "Fees"; and (5) "Interview." The RFP also identified a preference for small businesses pursuant to the Authority's Small Business Preference Policy 5.12. There was, however, no preference to be given for local businesses in the RFP, even though the Authority has a Local Business Opportunities Policy (i.e., Policy 5.13) and could have specified the same in the RFP as a selection factor. On the contrary, the Authority's Questions and Answers for proposers issued June 16, 2010, expressly stated that there would be no preference given to local businesses.<sup>4</sup>

Fifty-two firms downloaded the RFP. The competitive process prior to submission of proposals was highly transparent and included a pre-bid conference and three different sets of written questions and answers responding to 65 questions regarding the RFP. A total of 25 firms, including HSS, submitted timely proposals. The evaluation panel consisted of staff from Aviation Security & Public Safety, Airside Operations, Landside Operations, and the San Diego Harbor Police Department. Based on the scoring of the written proposals, the six highest scoring firms, including HSS, were invited to interview on July 23, 2010. The Authority's August 5, 2010 Evaluation Memorandum indicated that HSS was the highest scoring firm after the interview process—scoring 85 out of 100 total points.

HSS was the highest scoring firm in four of the five evaluation and selection criteria, and beat or tied Heritage in every evaluation category. Specifically, HSS scored higher than Heritage with a 33 out of 35 in the "Experience and Skill" category—the most heavily weighted and, thus, most important of the five scoring criteria. HSS scored higher than Heritage with a 14 out of 15 in the "Primary Staff" category. HSS scored higher than Heritage with a 14 out of 15 in the "Work Plan" category. HSS scored equal to Heritage with a 15 out of 20 in the "Fees" category—but it should be noted that following contract negotiations, HSS cut its billable rates by 3.5 percent under those initially proposed.<sup>5</sup> And HSS scored higher than Heritage with a 9 out of 10 in the "Interview" category. Neither HSS nor Heritage received any points pursuant to the Authority's Small Business Preference and, of course, neither firm received any points based on status as a local business. As the Authority explicitly confirmed, no preference would be given to a local business in this process.

Under the terms of the RFP, any protests were to be submitted no later "5:00 p.m. on the 5th business day following notification to the respondent of a recommendation to award the

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*(footnote continued from previous page)*

physical protection of three (3) tenant-accessible perimeter gates, physical protection of access points within the terminal Sterile Areas, physical patrol of all terminal spaces, and providing notifications to Authority personnel regarding other emergency conditions (e.g., fire alarms). Additional duties are assigned as TSA threat conditions and directives may mandate. These duties include physical inspection of vehicles, persons, and their accessible property accessing terminals and sensitive areas of the Airport.

<sup>4</sup> See Security Officer Services—RFP, Questions & Answers Document # Three, June 16, 2010, Question 10.

<sup>5</sup> See Page 2 of the September 2, 2010 SDCRAA Staff Report re: Authorize the President/CEO to Execute an Agreement with HSS, Inc., for Contract Security Services.

contract to another firm.”<sup>6</sup> On August 5, 2010, Alan Parker, Senior Procurement Analyst for the Authority, notified HSS that staff had recommended HSS for award of the Security Officer Services Contract. Neither Heritage nor any other proposer submitted a protest within the protest period specified in the RFP. Consequently, under the rules of the RFP, Heritage waived any right to protest after the deadline passed.<sup>7</sup>

Shortly after its August 5, 2010 notification to HSS, the Authority opened contract negotiations with HSS and achieved a material discount in HSS’s initially proposed hourly rates.<sup>8</sup> Although the Authority’s June 11, 2010 Question & Answer document stated that “this contract will not require Board approval,”<sup>9</sup> Mr. Parker informed HSS that the final agreement was conditioned on Board approval.<sup>10</sup>

b. Heritage Did Not Pursue A Timely Protest And Encouraged A Reevaluation of the Selection of HSS Based on an Improper Criteria Under the RFP

On September 2, 2010, Authority staff recommended that the Board confirm the results of the merit-based selection process and adopt Resolution No. 2010-0097, which would have authorized the Authority to execute the Contract with HSS. The Board declined to do so after hearing from Heritage’s lobbyist, John Dadian of Dadian & Associates, Inc., that Heritage should have been awarded the Security Officer Services Contract because it is a local San Diego business. However, Heritage’s actions prior to and on September 2, 2010, violated Section 9.G. of the RFP, which identifies the “mandatory” procedures for bid protests and limits Heritage’s rights to raise any objections at this point:

The procedure and time limits set forth in this paragraph are mandatory and are the Respondent’s sole and exclusive remedy in the event of protest. Failure by a party originating a protest to comply with these procedures shall constitute a waiver of any right to further pursue the protest . . . .

HSS also has no basis in law to raise a locality preference at this point given the published criteria in the RFP. First, the RFP did not advise the respondents that local businesses would be given preference, as it could have done under the Authority’s Local Business Opportunities Policy (i.e., Policy 5.13). Second, the Authority explicitly stated in its June 16, 2010, Question & Answer Document that no preference would be given to local businesses. Third, there is no rational basis for a locality preference in this Contract, since under the Contract

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<sup>6</sup> Section 9.G. of the RFP.

<sup>7</sup> Section 9.G.7. of the RFP.

<sup>8</sup> HSS had already indicated in the cover letter submitted with its proposal that it had no objection to any terms included in the Authority’s draft Contract.

<sup>9</sup> See Security Officer Services—RFP, Questions & Answers Document # Two, June 11, 2010, Question 3.

<sup>10</sup> Authority Policy Statement 5.01(1)(c) confirms that the Board was only required to be “informed” of the award. HSS is presently investigating this issue and reserves the right to challenge the Board’s assertion that it has any right of approval over the Contract, as such would violate its own policy statement.

HSS will be providing security officers who will live, work, and pay taxes in San Diego. In short, there is no rational or legal basis to consider locality in this instance.

Furthermore, HSS will be a local presence and great for the community. Not only does it intend to open a corporate office in San Diego, it has already leased office space in order to do so. HSS's employees are among the best trained and compensated in the industry. This is why HSS has a 92.9 percent retention rate, and over 90 percent of the security officers currently working at the San Diego International Airport have indicated a desire to join HSS. HSS's commitment to work with small and local businesses has earned the company the Small Business Advocate of the Year award from the Orlando Airport Authority. That track record gives considerable weight to HSS's commitment that at least 20 percent or a minimum of \$600,000 each year from the total annual revenue derived from the Contract will be allocated to certified small and disadvantaged businesses in San Diego.

The Authority's local business preference policy provides that opportunities for local businesses may be maximized to the extent possible while complying with applicable law and "prudent purchasing practices." However, the Security Services Contract for San Diego's international airport is not a run-of-the-mill concessions contract. It addresses one of the most fundamental needs of the traveling public today—the need to be protected against crime and terrorism in our nation's air space. It is in San Diego's best interest, and the interest of travelers across the country and the world, that the absolute best and most capable company secure its airport—not a company with less than a year of regional airport security experience that happens to be based in San Diego. To make a decision on any other grounds would be more than imprudent purchasing, it would be grossly negligent. The RFP process sought to identify the absolute best and most capable competitor, not the best and most capable local competitor, and that is what the process yielded when HSS came out on top.

C. The Only Way to Ensure that the Authority Receives the Benefits of a Fair and Complete RFP Process is to Uphold the Award of the Authority's Selection Panel

Pursuant to Section 9.H. of the Security Officer Services RFP, all proposals were to remain confidential until an award of the Contract. Confidentiality is critical to the RFP process as it protects both the respondents from unfair competition and the issuer from unfair collusion. *See Michaelis, Montanari & Johnson v. Super. Ct.*, 38 Cal. 4th 1065, 1069 (2006) (an RFP confidentiality provision "allows the governmental entity, on behalf of its residents and taxpayers, to complete the negotiations without the proposers knowing each other's price and terms. To make proposals available for public review prior to this time would seriously impact the government's ability to negotiate a fair and cost effective proposed contract.").

The confidentiality of every proposal submitted to the Authority has been compromised since all competitors are now privy to these proposals under the California Public Records Act. As a result, the only way to ensure that the Authority is able to "negotiate a fair and cost effective" contract is to uphold the original award of the Authority's selection panel, which correctly applied the evaluation criteria set forth in the RFP and found HSS not only to be the best choice, but approximately equal to Heritage on pricing (both scored 15 out of 20 points

according to the Authority's August 5, 2010, Evaluation Memorandum). Indeed, as the Authority's own staff stated to the Board during the September 2, 2010 Board meeting, the price difference between HSS and Heritage was so close that, using standardized scoring methods, both had essentially the same price when compared to the other proposers.

Unless the Authority upholds the original award to HSS, it will likely face an onslaught of claims from HSS's competitors that they can meet or beat HSS's pricing. Indeed, the Board has already seen such a claim from Heritage, when Mr. Dadian claimed before the Board on September 2, 2010, that Heritage could beat HSS pricing. But that fact that Heritage received a copy of HSS's confidential proposal under the Public Records Act renders this claim disingenuous. Mr. Dadian certainly could not have made such a bold claim absent HSS's confidential pricing information, and the Board should not permit Heritage or any other company to reap the benefit of this type of unfair competition.

### **3. The Selection Of Heritage Or Any Other Firm For The Security Officer Services Contract Would Be Unwise, Unfair, Unlawful, And Inequitable**

It would be unwise, unfair, unlawful, and inequitable if Heritage or any other company is awarded the Security Officer Services Contract, or if the RFP is reissued based on political pressure from a disgruntled local competitor. *See* Cal. Pub. Con. Code § 12126(d)(2) (noting that protests "shall be based on the ground that the bid or proposal should have been selected in accordance with selection criteria in the solicitation document."); *Associated General Contractors of California, Inc. v. City and County of San Francisco*, 619 F. Supp. 334, 344 (C. D. Cal. 1985) ("a locality cannot, consistent with equal protection guaranties, treat foreign businesses differently than domestic businesses for the sole purpose of discriminating against foreign (or favoring domestic) businesses."); *see also Monterey Mechanical Co. v. Sacramento Regional County Sanitation Dist.*, 44 Cal. App. 4th 1391 (1996) (writ of mandate to enjoin contract award is the proper remedy for award in violation of law); *Kajima/Ray Wilson v. Los Angeles County Metropolitan Transp. Authority*, 23 Cal. 4th 305, 313 (2000) (finding cause of action for monetary damages against public entity once injunctive relief is no longer available). It would also clearly violate the Equal Opportunity Contracting Statement that binds the Authority as set forth in the RFP.<sup>11</sup> Even the Authority's own General Counsel has publicly warned the Board that it is the Board's "duty" to make its decision based on the selection criteria identified in the RFP—not an undisclosed desire to play favorites to local companies.<sup>12</sup>

The Board would also be making good policy, and setting good precedent, in affirming the merit-based award for this important Contract to HSS. Disregarding Authority staff's carefully managed, highly transparent evaluation process would encourage future Authority contractors to: (1) withhold their best pricing from the Authority until after a contract has been awarded in order to later claim they are cheaper; (2) ignore mandatory bid protest rules; and (3) make last-minute political pitches. Instead of bowing to political pressure after the stated

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<sup>11</sup> Section 10. A. of the RFP.

<sup>12</sup> *See* web cast of September 2, 2010 Meeting on [http://www.san.org/sdcraa/leadership/board\\_meetings.aspx](http://www.san.org/sdcraa/leadership/board_meetings.aspx).

deadline has passed, the Board as a matter of policy should do the complete opposite: it should signal clearly to bidders that political pressure will not be permitted to derail an objective, merit-based selection process, and that deadlines must be respected. Any other action will only encourage future contractors to disregard the rules and engage in untimely lobbying of the Board prior to every contract award. Further, it will discourage out-of-state contractors from bidding in the future and narrow the field of sophisticated, first-class contractors willing to work for the Authority. After all, what qualified contractor—from San Diego or elsewhere—is going to want to expend thousands, if not hundreds of thousands, of dollars on a proposal to the Authority if local interests are allowed to derail the staff's selection process at the last minute?

In summary, "The competitive bidding process is intended to assure a healthy degree of competition, to guard against discrimination, favoritism, or extravagance, and to assure the best social, environmental, and economic result for the public." *Michaelis, Montanari & Johnson v. Super. Ct.*, 38 Cal. 4th 1065, 1073 (2006). None of these goals will be served if the Board denies HSS, the recognized winner of the RFP, the Contract as a result of the action Heritage has taken.

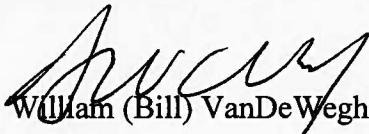
#### **4. The Board Should Do The Right Thing And Award The Contract To HSS**

HSS entered this competition expecting only good faith and fair dealing from the Authority. HSS followed the RFP process to the letter and came out the clear winner after an exhaustive competition. In an improper attempt to avoid the Authority's own rules, Heritage disregarded the RFP's protest deadlines and waiver provision, misused HSS's confidential proposal to claim that it was cheaper than HSS, and raised an improper issue that was not a selection factor in the RFP. Safety should be the first and foremost concern of the Authority.

HSS is hopeful that it will receive good faith and fair dealing from the Authority in return. Awarding the contract to HSS is the right thing to do, and in the best interest of the Authority, the community, and all that travel through our airport.

Very truly yours,

McKenna Long & Aldridge LLP

  
G. William (Bill) VanDeWeghe, Jr.

Penny Pittman Cobey

cc: Breton K. Lobner, SDCRAA General Counsel  
Jana Vargas, SDCRAA Director of Procurement  
Michael Lanam, Vice President, HSS Aviation & Government Services





Request for Proposal (RFP)  
for Security Contract Services at  
San Diego International Airport (SAN)  
October 7, 2010

Prepared by: George Condon  
Director  
Aviation Operations & Public Safety



# Presentation Overview

- Current Contract for Security Services at SAN
- RFP Background and Process
- Proposal Evaluation
- Interviews and Final Rankings
- Respondent Notification/Protest  
Deadline/Billable Rates Negotiations with  
HSS. Inc.
- Background on HSS Inc.
- Staff Recommendation



# Current Contract for Security Services at SAN

- Five year contract including two (2) one-year options
- \$6 Million Contract
- Currently exercising the first option year until May 2011



# RFP Background and Process

- Requesting a five year contract to include two (2) one-year options
- Contract Security Services needs (2010-2013)
- Services requested in the RFP
- Amount not-to-exceed \$15 Million
- 25% (\$3.75 Million contingency)
- Current costs are \$1.9 Million annually
- Beginning in 2012-2013 security requirements for the Green Build and the Centralized Receiving and Distribution Center will increase contract costs to \$2.6 Million annually



# RFP Background and Process

- Services requested in the RFP
- RFP Evaluation Panel consisted of “resident industry experts”
  - Airport & Airline Security
  - Airport Operations
  - Law Enforcement/Safety/Security
  - Customer Service



# Proposal Evaluation

- All RFP evaluation criteria were developed prior to the release of the solicitation, and the evaluation criteria point allocation system was determined and agreed to by the panel prior to receiving the RFPs.
- June 22, 2010, the Authority received twenty-five (25) proposals.
- June 25, 2010, proposals distributed to the evaluation panel members.
- Panel members evaluated and scored the 25 proposals based on the evaluation criteria, except for compensation/fees assigned by the Procurement Department



# Proposal Evaluation

- The evaluation scoring was done as follows:
  - (40 points) Organizational Experience and Skill
  - (20 points) Primary Staff
  - (15 points) Work Plan
  - (20 points) Compensation/Fees
  - (5 points) Small Business Preference
  - July 7, 2010, the Procurement Department met with the evaluation panel members to review their scores and identify the six highest scoring respondents for interviews.



# Interviews and Final Rankings

- July 23, 2010, the evaluation panel conducted interviews with the six (6) highest scoring respondents.
- Interview questions evaluated the companies' experience, the experience and skills of the primary staff assigned to perform the service and how the work would be performed in the best interests of the Airport and the Authority.
- Upon completion of the interviews the panel discussed candidate presentations and answers to the interview questions.
- The selection panel unanimously ranked and scored HSS, Inc. as the best qualified respondent.





# Interviews and Final Rankings

<b>Final – Evaluation Criteria</b>	<b>Company Experience &amp; Skill</b>	<b>Primary Staff</b>	<b>Work Plan</b>	<b>Fees</b>	<b>Interview</b>	<b>Small Business Preference</b>	<b>Total</b>	<b>Ranking</b>
<b>Maximum Points</b>	<b>35</b>	<b>15</b>	<b>15</b>	<b>20</b>	<b>10</b>	<b>5</b>	<b>100</b>	
Allied Barton	30	10	12	15	8	0	75	4
National Security	23	8	10	19	6	5	71	6
Universal Protection	29	13	12	16	8	0	78	3
HSS	33	14	14	15	9	0	85	1
G4S Secure Services	29	10	11	16	6	0	72	5
Heritage Security	32	13	13	15	8	0	81	2



## Respondent Notifications/Protest Deadline/Billable Negotiations with HSS, Inc.

- August 5, 2010, each of the interviewed respondents was notified in writing of the evaluation panel's decision.
- August 12, 2010, the deadline for protests ended – no protests were received.
- August 17, 2010, the Authority and HSS. Inc., completed negotiations and both parties agreed to a revised fee structure that resulted in an approximate 3.5% decrease in billable rates.



## Background on HSS, Inc.

- Sixteen (16) years of airport security experience
- Significant experience in dealing with the Transportation Security Administration (TSA), as well as TSA Airport and Airline regulations
- Safety Act Certified by the Department of Homeland Security (a “desirable” qualification in the Authority RFP)
- More than 2,500 security personnel with over 600 employees in California



# Recommendation

- The Staff recommends:
  1. The Board authorize the President/CEO to execute an agreement with HSS, Inc., for contract security services for five (5) years including two (2) one-year options in a not-to-exceed amount of fifteen million dollars (\$15,000,000); and
  2. Should the process with HSS, Inc., fail, the Board authorizes the President/CEO to execute an agreement, under the same terms (including a 3.5% or more fee reduction in billable rates over those initially proposed), with the second qualified respondent.



**Questions?**



October 5<sup>th</sup>, 2010

Thella F. Bowens, President/CEO &  
The Honorable Board Members of the  
San Diego County Regional Airport Authority  
3225 North Harbor Drive  
Third Floor, Commuter Terminal  
San Diego, CA 92101

Regarding: Pending Award of Contract for Security Officer Services – Request for Proposal (RFP)

Dear Ms. Bowens and Honorable Board Members,

By way of introduction, my name is Steve Claton and I am the President of Universal Protection Service. Universal Protection Service was founded in 1965, is headquartered here in Southern California, and ranks among the top 10 private security companies in the United States with over \$300M in annual revenues. We have 18 branch offices throughout the Southwest, including an office in San Diego which has been in operation for the last 10 years. We currently employ nearly 1,000 security professionals in San Diego County alone! Most importantly, Universal Protection Service is the current security provider for the San Diego International Airport and has been the Airport's only private security provider for the past six years. During this time, Universal Protection Service has had an exemplary service record with the San Diego County Regional Airport Authority and an impeccable security program at the San Diego International Airport.

I am writing you this letter regarding the San Diego County Regional Airport Authority's recent Request for Proposal (RFP) for Security Officer Services for the San Diego International Airport and the substantial irregularities related to the Authority's RFP grading and selection process.

**Concerns Regarding Selection of "Most Qualified Respondents"**

Universal Protection Service, along with many other security firms, participated in the Authority's RFP process for Security Officer Services for the San Diego International Airport. On August 5<sup>th</sup>, 2010, Universal Protection Service received a letter from Alan Parker, Senior Procurement Analyst for the Authority regarding our RFP submission. This letter, in part, stated that *"the Authority concluded, after careful screening of the submissions and interview, that another candidate better meets the needs of the Authority."* Other than our request for public records, this letter represents the only written correspondence we have received from the Authority to date regarding our RFP submission.

On September 2<sup>nd</sup>, 2010, the Authority hosted its monthly Board Meeting. Agenda Item #20 for this Board Meeting recommended the President/CEO of the Authority adopt Resolution No. 2010-0097 and execute an agreement with HSS, Inc. for contract security services for five (5) years, including two (2) one-year options. The supporting documentation for the Agenda Item went on to state that *“Upon completion of the interview process and review of the firms’ scores, HSS, Inc., was deemed to be the most qualified respondent. The second and third qualified respondents were Heritage Security Services and Universal Protection Service, respectively”*. After lengthy discussions during the September 2<sup>nd</sup> Board

Meeting, the Board declined to approve Staff’s recommendation and requested additional supporting information regarding the RFP process and Staff’s recommendation to award to HSS. This topic was addressed again during the Executive/Finance Committee Meeting on September 27<sup>th</sup>, 2010 with no resolution and is once again on the Board Meeting’s Agenda (Item #16) for October 7<sup>th</sup>.

Universal Protection Service has grave concerns regarding the RFP grading process and the resulting Staff recommendation to award to HSS. The following is only a brief summary of our many concerns:

- By their own admission, HSS does not have an office, operation, or infrastructure in San Diego, nor do they have any employees in the County. In fact, to the best of our knowledge, they’ve never done business in the County of San Diego! Universal not only believes this was an implied requirement of the RFP, but this is also a material concern relative to their basic ability to service the San Diego International Airport.
- Given their lack of infrastructure in San Diego, it would be nearly impossible for HSS to meet many of the RFP requirements including maintaining adequate back up SIDA certified security officers to respond to and support the Airport in the event of a major emergency or increased threat level.
- Further, since the San Diego International Airport will be HSS’ only account in San Diego, they will have very little, if any, management infrastructure or support resources locally to support the Airport and/or the security officers they are employing. It is difficult to image this would be acceptable to the Authority.

We have a long list of concerns but given just these few very important facts, it is extremely difficult to understand how HSS could be the recommended security provider for the Airport. We have yet to hear a compelling argument as to how an out of state security provider could be more capable than Universal Protection Service to service a complex and prestigious account such as the San Diego International Airport.

Staff ranked Heritage Security Services 2<sup>nd</sup> in the overall grading process followed by Universal Protection Service. Again, we have numerous concerns about this grading process. The following is only a brief summary of our concerns:

- While Heritage is a local company, they don't have nearly the local and regional size or infrastructure of Universal Protection Service. In San Diego alone, Universal Protection Service employees nearly 1,000 people, which is 20% more than what Heritage claims they employ.
- Heritage has not passed the rigorous Safety Act qualification process by the Department of Homeland Security and thus cannot offer the San Diego International Airport the Safety Act's expanded protections. It is unusual this would not be a requirement given TSA's involvement in Airport Safety and Security and the heightened security operations and liabilities International Airports are experiencing around the country.
- And lastly, to the best of our knowledge, Heritage has never provided security for an International Airport and thus do not have the experience or credentials in managing such a complex security program.

We have a long list of concerns but given just these few very important facts, it is extremely difficult to understand how Heritage could be recommended as the runner up security provider for the Airport.

### **Concerns Regarding Bidder Evaluation and Grading Process**

Staff's supporting documentation to Resolution No. 2010-0097 states that the panel evaluated the bidders on "*Company Experience and Skill (35 points), Primary Staff (15 points), Work Plan (15 points), Fees (20 points), Interview (10 points), and Small Business Preference (5 points)*". The categories of Company Experience and Skill, Primary Staff, and Fee represent 70 of the 100 total points possible. Therefore I will limit my comments to just these three categories.

#### **Company Experience and Skill**

- Universal Protection Service has over six (6) years of documented and successful Company Experience and Skill with the Authority at the San Diego International Airport. No other bidder can make this claim! As stated above and by their own admission, HSS does not have an office in San Diego to support the Authority's security needs, nor do they currently employ any employees in the County. Heritage, while they have local operations, has never protected an International Airport and does not possess even the basic Safety Act protection offered by the Department of Homeland Security. Yet both companies somehow scored higher than Universal Protection Service in the category of Company Experience and Skill (33 and 32 respectively compared to Universal's 29)! How could Universal receive a lower score than a company that has NO local presence and another company that has never provided security to an International Airport when Universal has both of these qualifications? This defies logic and can't be supported!



### **Primary Staff**

- During our six years at the San Diego International Airport, Universal Protection Service has spent hundreds of thousands of dollars recruiting, training, developing, SIDA badging and managing a fantastic team of dedicated security professionals, supervisors, and leaders. By HSS' own admission, should they be awarded the contract, HSS intends to hire 90% of Universal Protection Service's Primary Staff at the Airport. In other words, they have openly admitted they plan to take full advantage of Universal Protection Service's substantial investment in our security program without needing themselves to make the same investment in the Airport. Again, they have to do this because they have NO staff or infrastructure in San Diego to speak of! Yet somehow, even with HSS admitting they will hire 90% of our staff, they still received a higher score than Universal in the category of Primary Staff (14 compared to Universal's 13). How could they receive even the same score, much less a higher score in this category than Universal? Simple logic would state that HSS should receive a substantially lower score in this category than almost any other local bidder. Again, this defies logic and can't be supported!

Furthermore, Universal Protection Service views all of our employees as key assets of our firm. Given our investment in our employees at the San Diego International Airport, should we not be awarded the contract for security services, we will do everything possible to provide our employees equal or better employment elsewhere. For this reason alone, it is highly unlikely HSS will retain even 50% of our current staff at the Airport, much less 90%!

### **Fee**

- Universal Protection Service submitted a Fee structure that was very aggressive and reflected our ability and willingness to partner with the Authority to reduce overall costs for its security program. Heritage's initial proposal was \$500k or 4.4% higher than Universal's proposal and HSS's proposal was \$800k or 7% higher! Even with these significant variances and the fact that this category had the 2<sup>nd</sup> highest point value, due to Staff's scoring methodology, there was only a one point advantage awarded to Universal over HSS. Universal was \$800k or 7% less expensive than HSS in our initial proposal and that only counted for a 1 point difference, yet HSS outscored Universal by 4 points in Experience and 1 point in Primary Staff even though they have no infrastructure in San Diego and intend to hire 90% of our staff should they be awarded this contract. Again, this defies logic and can't be supported!

Further, the scoring system for this category does not seem appropriate and is inconsistent from every other category listed above as it measures and awards points beyond the 6 highest scoring bidders. Staff used the lowest overall bidder's price as the basis even though they were not considered one of the 6 finalists. Had the points only been allocated among the 6 finalists (20 points for the lowest bid and 0 points for the highest bid amongst the finalists), the overall results would have been widely different.

### **Safety Act Protection**

During the September 27<sup>th</sup>, 2010 Executive/Finance Committee Meeting, there was lengthy discussion regarding the Safety Act and the difference between Designation and Certification. The following clarification is provided by the Department of Homeland Security at [www.safetyact.gov](http://www.safetyact.gov).

Q: What is the difference between Designation and Certification?

A: When a Technology is designated as a Qualified Anti-Terrorism Technology (QATT), the Seller of the QATT is granted limited liability for third-party claims arising out of the deployment of the QATT with respect to an Act of Terrorism (as defined in the SAFETY Act and the implementing regulations). The maximum liability is determined by the Department of Homeland Security on an applicant-by-applicant basis based on information contained in the application, and the Seller is required to maintain liability insurance at that level. The Seller also enjoys other important protections, including immunity from punitive damages. In addition, in accordance with DHS's interpretation of the SAFETY Act, the Seller becomes the sole entity that can be sued for third-party injuries, effectively protecting all other companies and persons in the manufacturing and distribution chains from liability. When QATT is Certified by DHS as an Approved Product for Homeland Security, the Seller becomes eligible for a presumption that the Government Contractor Defense will apply to third-party claims arising out of the deployment of the QATT with respect to an Act of Terrorism. The successful assertion of this defense eliminates liability on the part of the seller for such claims. Designation is a prerequisite for Certification.

Universal Protection Service possesses Safety Act Designation by the Department of Homeland Security. As stated above, as a result of this Designation, Universal Protection Service (the Seller) *"becomes the sole entity that can be sued for third-party injuries, effectively protecting all other companies and persons [i.e. San Diego International Airport] in the manufacturing and distribution chain from liability"*. As stated above, Heritage has does possess Safety Act protection.

### **Protest Procedures**

During the September 27<sup>th</sup>, 2010 Executive/Finance Committee Meeting, a comment was made that neither Universal Protection Service or Heritage filed a formal Protest in the time allotted as outlined in the RFP and that we were trying to throw up "red herrings" to delay the award process. This is simply not true! The issues that Universal Protection Service is attempting to raise with the Authority are material concerns that directly affect the award of this contract and the ongoing success of the security program at the San Diego International Airport.

It is important to understand and clarify the protest procedures as specified by the Authority in the RFP. Part 9G "Protest Procedures" of the Security Officer Services RFP issued by the Authority states in part that *"the protest shall contain a full and complete statement specifying in detail the grounds of the protest and the facts in support thereof"*, that it *"must contain a complete statement of the factual and legal basis of the protest"*, and that it *"must refer to the specific portion of the document that forms the basis of the protest"*. This same section also states that should a party chose to issue a protest, it must do so within 5 days of receipt of notification of intent to award to another party.

The fact of the matter is that it is impossible to provide this level of detail related to a protest in this short period of time. First, the only information Universal received from the Authority relative to their recommendation to award to another provider was a one page brief letter containing literally no information related to the reasons behind the award decision. Second, a public records request needs to be submitted to the Authority to obtain sufficient information to form such a thorough protest document. The Authority provides no guarantees regarding the turnaround time for public records and in fact, in Universal Protection Service's case, it took 10 business days to receive the information we requested. For these reasons, it is impossible for any bidder to meet the protest criteria in such a short timeframe. As such, Universal is left with no other option than to pursue the public forum and Board Meetings to voice our concerns.

### **Summary of Concerns and Statement of Facts**

As stated above, there is no question that Universal Protection Service clearly has more Experience and Skill than HSS and Heritage at the San Diego International Airport (6 years versus none). This is undisputable!

There is no question that Universal Protection Service has better staffing and a more robust infrastructure in San Diego than HSS since by their own admission, HSS has no office or employees in San Diego and therefore intends to hire 90% of Universal's staff. This also is undisputable!

Finally, there is no question that Universal Protection Service provided a more aggressive proposal than HSS and Heritage by \$500k and \$800k respectively. This also is undisputable!

For these reasons, Universal strongly believes that substantial irregularities exist in the grading of the RFP's and the recommendation to award the security contract to HSS.

For these reasons, it is clear that Universal Protection Service has been, and continues to be the most experienced and capable security provider for the San Diego International Airport. In fact, there's perhaps no better evidence of this than Universal recently being awarded the security service contracts at McClellan-Palomar Airport, Gillespie Field, Ramona Airport, and Fallbrook Community Airpark through the County of San Diego.

Given all the facts stated herein, Universal Protection Service strongly recommends that the Board require Staff to either (1) regrade the lowest three bids utilizing objective, measureable and logical criteria or (2) void this RFP process entirely and issue a new RFP with a new scoring system that is more measureable.

In closing, please understand that Universal Protection Service has complete respect for the Board, the Authority, and all of its employees. It is not our goal to disparage anyone in this process. Rather our simple goal to ensure the evaluation and grading of the RFP's was objective, measureable and logical.

If you have any questions, please feel free to contact me anytime at (714) 619-9700.

Best regards,

Universal Protection Service, LP



Steve Claton  
President

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