



CITY OF HOUSTON
FINANCE DEPARTMENT
Strategic Procurement Division

Annis D. Parker

Mayor

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To: Mayor Parker and City Council, via Marta Crinejo

From: Carolyn Hanahan, Acting Chief Procurement Officer¹

1. *Why were security guard services procured via competitive sealed bid?*

Work services, such as security guard services, are generally procured via sealed bid, as set forth in the Code of Ordinances (section 15-45). Other large entities, including the City of New York, the Texas Department of Transportation, and Baltimore County have used sealed bids to procure security guards.

2. *Was there a requirement to use competitive bids?*

No. Another method could have been used.

3. *Does the lowest bidder always win?*

No, only a responsible and responsive bidder can win. Responsibility takes into account the bidder's financial capability, ability to do the work, experience, and references. Responsiveness takes into account whether the bidder submitted all information required by the Invitation to Bid. The Strategic Procurement Division did a thorough "Responsibility Review" of the recommended bidder, Norred & Associates, that evaluated and determined they are financially and operationally capable of providing the bid upon security services

4. *Did the incumbent service provider, G4S, submit a bid?*

Yes, it was the third lowest bidder. Norred's bid is \$2,259,144 below G4S.

5. *Why is this award being recommended to city council so close the end of the current contract?*

The recommendation to city council was put on hold in order to resolve a bid protest filed by G4S. The protest was not deemed meritorious. The filed protest and response from SPD has been made available to city council.

6. *How long has G4S been providing security guards to the city?*

¹ With the contribution and approval of Director Scott Minnix and Mr. Fredrick Lee, GSD

G4S Secure Solution (Originally Wackenhut) has been providing security service for the City of Houston since 2009 under the original five year contract. The original contract called for G4S to provide security service for General Government (City Hall, City Hall Annex and HEC), Public Works, Parks Department, Municipal Courts, Health, Fire, Library, Police and Solid Waste Department.

The Houston Airport System (HAS) had operated their own security in-house until late 2013, when it began using G4S.

The G4S security contract has been amended (4) four times. See the items below:

- First Amendment (June 24, 2011): This amendment was to amend the base wage paid to the security officers during the time the City of Houston was making layoffs. G4S was asked if they would work with the City and hold their hourly wage steady, with no increase, for one year.
- Second Amendment: (8-31-2015): This amendment was in relation to the contract fee schedule.
- Third Amendment (12-28-2012): This amendment called for G4S to conduct facilities security assessments.
- Fourth Amendment (9-16-2014): This amendment called for a one year extension to the original G4S security contract. This request was made to G4S because the awarded vendor of the new contract (Securitas) backed out of the agreement. As a result of the extension, the billing rate increased.

7. How many officers are currently working under the existing G4S contract?

As reported by G4S, we have a total of:

Project Managers:	\$28.84 (1)	Houston Airport System (Bush)
Supervisors:	\$16.00 (10)	Houston Airport System (Bush)
Unarmed Officers:	\$14.25 (46)	Houston Airport System (Bush)
Project Manager:	\$18.00 (1)	Houston Airport System (Hobby)
Supervisors:	\$16.00 (5)	Houston Airport System (Hobby)
Unarmed Officers:	\$14.25 (16)	Houston Airport System (Hobby)
Total		79
Project Manager:s	\$16.00 (6)	General Government
Supervisor:	\$14.25 (5)	General Government
Sgt. / Supervisors:	\$12.50 (4)	General Government
Armed Officers:	\$12.50 (50)	General Government
Unarmed Officers:	\$11.00 (161)	General Government
Total		226
Total Number of Officers		305

8. *What is the percentage of security officers who will be retained under the new contract?*

Based on past security contracts, we are expecting Norred to retain 80% to 95% of all security officers currently working under the City of Houston security contract. Please see the transition plan provided by Norred.

9. *How has G4S performed?*

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G4S has had trouble providing consistent service, incurring liquidated damages for failure to maintain licensure of its guards and for guards being absent.

10. *Can the recommended vendor handle a city the size of Houston and be ready to take over by December 21, 2015?*

Norred has a presence in 16 states and provides security services to the City of Atlanta and the Atlanta Airport. Given this track record, it should be capable of serving the City of Houston. Please see the transition plan provided by Norred.

11. *Does the recommended vendor have a Houston presence?*

Not presently. Please see the transition plan provided by Norred.

12. *Did department directors have input into the procurement method of the recommended contractor?*

Departments provided their specific security needs, which was the scope of work for the bid. SPD obtained signed letters from all relevant departments confirming their support of the recommended contractor.

13. *What benefits does each company offer?*

Benefits Comparison

G4S Secured Solutions officers their employees the following Benefits:

1. Paid Vacation,
2. 401 (k) –no match
3. Medical/Dental/Vision
4. No paid sick leave
5. Security Officers are not provided with parking under the existing G4S security contract. (Security officers currently parking during the day have to pay a minimum of \$30 a week to park. Evening and overnight personnel park in the City Hall Annex garage at the convenience and leisure of the City of Houston.
6. Life Insurance
7. Paid Holidays: Current G4S security contract does not require G4S to pay their officers overtime when working on a COH Holiday, if they are not working over 40 Hours.

Norred and Associates offers their employees the following Benefits:

1. Paid Vacation
2. 401(k), Match up to 20%
3. Medical/Dental/ Vision Plan
4. No paid sick leave
5. New agreement will require contractor to provide paid parking or Metro card to officers assigned to the downtown area (Page 26, Section B, Sub Section 32.0)
6. Life Insurance

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7. Paid Holidays: Contractor will be required to pay officers time and half for working all COH holidays, in addition to paying for officers who may be scheduled off due to a closure in observation of a COH Holiday.

Please note all benefits identified above are based on the COH contract. Other benefits may be provided at a cost to the security officer.

14. *What wages will the recommended vendor pay security guards compared to the current vendor?*

Please see schedules of wages for each company below.

**Wage Comparison
General Government**

G4S Current Hourly Security Wages

Fourth Amendment, page 2 Section B, Sub Section 26.1 Wage Base

<u>Description/Position Title</u>	<u>Minimum Hourly Wage</u>
Unarmed Security Officer	\$11.00
Armed Security Officer	\$12.50
Sergeant	\$12.50
Site Supervisor	\$14.25
Project Manager	\$16.00

Proposed Hourly Security Wages (Under New Contract)

Data based on bid document submitted by Norred and Associates

<u>Description/Position Title</u>	<u>Minimum Hourly Wage</u>
Unarmed Security Officer	\$11.25
Armed Security Officer	\$12.75
Sergeant	\$12.75
Site Supervisor	\$14.50
Project Manager	\$16.25

G4S Current Hourly Bill Rate

Fourth Amendment, page 2 Section B, Sub Section 26.1 Wage Base

<u>Description/Position Title</u>	<u>Minimum Hourly Wage</u>
Unarmed Security Officer	\$15.93
Armed Security Officer	\$18.31
Sergeant	\$18.83
Site Supervisor	\$20.70
Project Manager	\$23.07

Proposed Hourly Security Wages (Under New Contract)

Data based on bid document submitted by Norred and Associates

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Description/Position Title	Minimum Hourly Wage
Unarmed Security Officer	\$16.06
Armed Security Officer	\$18.13
Sergeant	\$18.13
Site Supervisor	\$20.55
Project Manager	\$22.97

**Wage Comparison
Houston Airport System**

G4S Current Hourly Security Wages

Fourth Amendment, page 2 Section B, Sub Section 26.1 Wage Base

Description/Position Title	Minimum Hourly Wage
Unarmed Security Officer	\$14.25
Site Supervisor	\$16.00
Project Manager	\$18:00

Proposed Hourly Security Wages (Under New Contract)

First year, page 22 Section B, Sub Section 26.3 Wage Base

Description/Position Title	Minimum Hourly Wage
Unarmed Security Officer	\$11.25
Sergeant	\$12.75
Project Manager	\$16.25

G4S Current Hourly Bill Rate

Fourth Amendment, page 2 Section B, Sub Section 26.1 Wage Base

Description/Position Title	Minimum Hourly Wage
Unarmed Security Officer	\$20.95
Sergeant	\$23.39
Project Manager	\$29.41

Proposed Hourly Security Wages (Under New Contract)

Data based on bid document submitted by Norred and Associates

Description/Position Title	Minimum Hourly Wage
Unarmed Security Officer	\$16.06
Sergeant	\$18.13
Project Manager	\$22.97

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