

# Memo

March 5, 2009



**From:** Sanj Sappal  
Area Vice President  
Securitas Security Services USA, Inc.

**To:** Representative Marcus Oshiro  
Chairman, Committee on Finance  
House of Representatives  
State of Hawaii

**Re:** HB 378, HD1 Relating to Transportation

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Chairman Oshiro and Honorable Committee Members:

My name is Sanj Sappal and I am the Area Vice President with Securitas Security Services USA, Inc.

Securitas supports this bill with defective date to allow further discussions. This is a very important bill that will seek to ensure that security at our public airports is not compromised. This bill gives Hawaii DCT the flexibility to negotiate (rather than award by sealed bid) airport security contracts given the confidential and sensitive nature of security measures that cannot be attached to a bid document and made public. Drastic changes occurred in the area of security after the events of September 11, 2001. This bill does not mandate but gives the DOT the flexibility to award a security contract by negotiation in accordance with Hawaii's laws rather than sealed bid. As you know, many State contracts are negotiated. This is nothing new. Such flexibility will seek to ensure that security at Hawaii's public airports are not compromised and that a security company is able to comply with the terms of its contract including those requirements that are confidential in nature and costly for a security company.

What is the harm in clarifying that the DOT has such flexibility? All this bill does is clarify matters and adds security contracts to the list of contracts that can be negotiated. What is wrong in clarifying matters if as the DOT suggests it appears preferable to award such contracts by negotiation than sealed bid. Such clarification will also reduce the possibility of legal challenges. So please seriously consider this bill. It is simple and direct in seeking to clarify matters.

Per a section of Hawaii's current laws, security concession contracts are not on a list of airport contracts that can be negotiated, typically, such contracts have been awarded by sealed public bid; lowest bidder wins. As stated such contracts should be added to the list of contacts that can be negotiated since the terrorist events of September 11, 2001 and federal security requirements have dramatically changed security operations at our public airports.

After the events of 9/11, TSA and other federal agencies have imposed requirements and confidential matters that cannot be attached to the public bid documents given their sensitive nature and to avoid disclosure to possible terrorist-type groups or individuals. As a result, the winning bidder in a sealed bid (lowest bidder typically wins) is not made aware of all of the additional cost factors that it must bear as part of the winning bid until after it is

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awarded the contract, based on its lowest bid. This is obviously not good and could easily place a winning bidder in situation of either defaulting on its contract or cutting back on services to try and meet the added costs imposed by these federal requirements and confidential matters. Such cutbacks which are likely to occur will jeopardize security at our public airports.

Security at our public airports should not be jeopardized. Allowing security contracts to be negotiated will seek to ensure this. A process of negotiation will allow the department to select 2 finalists in the negotiation process but not complete the terms of the contract until the cost factors associated with the federal requirements have been disclosed and negotiated with one of the finalists on a confidential basis. This process will seek to ensure that a winning bidder is fully apprised of all cost factors (particularly cost factors associated with federal requirements and confidentiality matters) prior to finalizing its contract. This process will provide your department with a peace of mind that the contractor will not default on its contract or cut back on services since its bid was too low because it was not made aware of various cost factors that could not be disclosed.

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We urge to help to ensure that security at our public airports is not compromised by passing this bill with a defective date that will allow for further discussions. Thank you for allowing me to testify.