



Los Angeles County  
Metropolitan  
Transportation  
Authority

**SUBJECT: RAIL TICKET VENDING MACHINE (TVM) MAINTENANCE CONTRACT**

**ACTION: AWARD A SINGLE SOURCE CONTRACT FOR REPAIR AND MAINTENANCE OF THE RAIL TICKET VENDING MACHINE EQUIPMENT**

One Gateway Plaza  
Los Angeles, CA  
90012  
213.922.6000

**RECOMMENDATION**

Authorize the Chief Executive Officer to negotiate and execute a single source contract with General Farebox, Inc. (GFI), to provide repair and maintenance services for the rail ticket vending machine equipment, for a period of one year with four (4) one year options, in an amount not to exceed \$7,906,410, inclusive of the 4 one year options.

**RATIONALE**

This contract continues MTA policy to outsource maintenance coverage for TVM equipment on the Metro Rail System and provide for the uninterrupted maintenance and repair of the current rail TVM equipment until it is replaced by Universal Fare System (UFS) machines.

**FINANCIAL IMPACT**

Funding of \$1,500,000 for this service is included in the FY01 Revenue Department budget in cost center 5430 - Revenue Equipment Maintenance, projects 300022, 300033 and 300044, Task 03.001, Line Item 50308, Service Contract Maintenance. Since this is a multi-year contract, the cost center Manager and Executive Officer, Finance and Treasurer, will be accountable for budgeting the cost in future years, including any option exercised. In FY00, \$1,295,277 was expended on this service.

**ALTERNATIVES CONSIDERED**

The first alternative is to issue a request for bids to perform the required work. This option is not recommended due to the proprietary nature of the equipment software and the lead time required for a new vendor to become proficient with the system. The other alternative is to perform the maintenance in house. This is not recommended because it would require the hiring and training of additional staff and purchasing new equipment. In addition the UFS RFP on the street requires that the selected vendor maintain the TVM system.

## **BACKGROUND**

The Authority's rail mode fare collection system is presently comprised of 242 TVMs. A contract is necessary to provide the maintenance and repair of these machines in order to prevent vending machine failures, loss of fare revenue and reductions in service levels. GFI is the original equipment manufacturer of these machines and has installed and performed maintenance on all of the TVMs since the opening of the lines. At the January 27, 2000 Board meeting, the Board approved \$552,096 to extend the existing TVM maintenance agreement.

This contract is based on the time and materials required to provide coverage and repairs on the entire Metro Rail System, 7 days per week. The contract is \$1,499,689 for the first year, including \$180,000 for extraordinary repairs such as damage due to vandalism, replacement of major parts and subassemblies, etc., that are beyond routine field maintenance. The CPI escalation is 3% for each year an option is exercised.

## **PROCUREMENT SUMMARY**

The Board approved Contract No. 6230, Rail Ticket Vending Machine Maintenance Contract, to GenFare Incorporated (GFI) in December 1994, for two base years with three one year options. All option years were executed. The third option year expired on January 31, 2000. The Board approved a six-month extension of the contract to July 31, 2000, in January 2000. Unexpended Board authorized funds allowed the TVM service contract to be extended through August 31, 2000.

RFP No.5430-0911 was issued as a sole source solicitation to GFI in December 1999 as the manufacturer of the existing equipment and current maintenance contractor. GFI responded on April 14, 2000, with a firm fixed price of \$7,006,410. GFI's cost proposal was accepted as offered, subject to completion of a fair cost estimate and resolution of Management Audit Services audit issues. As UFS is scheduled to replace the current TVMs, MTA is not committed to extend this contract beyond implementation of UFS.

## **COST/PRICE ANALYSIS**

<b>PROPOSED UNIT PRICE</b>	<b>RECOMMENDED UNIT PRICE</b>	<b>HISTORICAL PRICE</b>
<b>\$7,906,410</b>	<b>\$7,906,410</b>	<b>NONE</b>
	<b>PRICE VARIANCE</b>	<b>NONE</b>

The recommended price is subject to completion of a fair cost estimate and resolution of Management Audit Services audit issues.

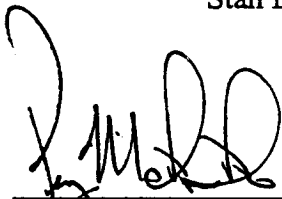
**SMALL BUSINESS PARTICIPATION**

The Contract Compliance Unit waived the Disadvantaged Business Enterprise (DBE) for this procurement based on the lack of subcontracting opportunities. A review of the non-competitive justification reveals that the Prime Consultant, General Farebox Inc. (GFI), is the original equipment manufacturer and holds exclusive licenses for maintenance to their equipment. A review of this Contractor's historical utilization of subcontractors revealed that the awardee will provide the services, supplies and/or equipment required on this contract with minimal, if any, subcontracting. If however, the awardee utilizes the services of subcontractors, the awardee is expected to afford maximum opportunities to DBE firms in all subcontractor and supply service areas. Upon MTA's request, contractor is required to submit documentation to satisfy MTA that good faith efforts were made to utilize DBE firms.

**ATTACHMENT(S)**

A. Procurement Summary

Prepared by: Agapito Diaz, Director of Revenue  
Stan Lotterman, Contract Administration Manager



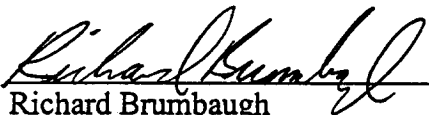
---

Terry Matsumoto  
Executive Officer, Finance & Treasurer



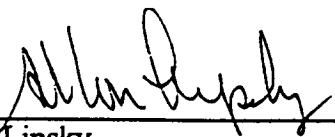
---

Colonus Mitchell  
Executive Officer, Procurement



---

Richard Brumbaugh  
Chief Financial Officer



---

Allan G. Lipsky  
Office of the Chief Executive Officer

Procurement: PS-5430-0911

Board Date: August 17, 2000

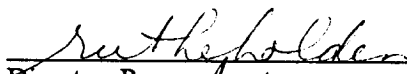
ATTACHMENT "A"  
PROCUREMENT SUMMARY  
SOLE SOURCE

1.	Independent Estimate:	Pending
2.	Recommended Vendor:	General Farebox, Inc. Elk Grove, IL
	Total Dollar Amount:	\$7,906,410
3.	Description of Equipment or Material:	N/A
4.	Issued and Advertised:	December 1999
5.	DBE Participation Goal? Responsive?	No, waived N/A
6.	No. of Bid notifications sent (postcards):	0
7.	No. of Bids Picked up by Vendors:	0
8.	Pre-Bid Conference:	N/A
9.	Date bids opened:	N/A
10.	No. of bids received:	Sole Source
11.	Staff analysis:	N/A
	Tech Analysis-Responsiveness	Yes
12.	Protest Received:	0
	Disposition of Protest/Appeal:	N/A
13.	Award to Other than Low Bid?	N/A
14.	Conflict of Interest form submitted to Ethics?	Yes
15.	EO Evaluation Completed:	Yes
16.	Pre-Qualification Completed?	Yes
17.	Audit Report Status:	Completed
18.	Contract Administrator: Käto Cooks	213.922.2126
19.	Project Manager: Jess Godinez	213.922.7613

Concur:

  
\_\_\_\_\_  
Manager, Procurement

Concur:

  
\_\_\_\_\_  
Director, Procurement

Concur:

  
\_\_\_\_\_  
Executive Officer, Procurement