



SUBJECT: SALE OF CURRENCY CONTRACT

Los Angeles County
Metropolitan
Transportation
Authority

**ACTION: APPROVE CONTRACT AWARD FOR THE SALE OF
CURRENCY**

RECOMMENDATION

One Gateway Plaza
Los Angeles, CA
90012
213.922.6000

Authorize the Chief Executive Officer to award a five-year, fixed rate contract, Contract No. PS-5440-1118, to Los Angeles Federal Armored Services, Inc., for the sale of currency, in an amount not to exceed \$1,475,250, inclusive of four one-year options, effective July 1, 2002.

RATIONALE

Mailing Address:
P.O. Box 194
Los Angeles, CA 90053

In the past three years, the Revenue Department received approximately \$50 million per year in one dollar bills from farebox and ticket vending machine (TVM) revenues. Banks require that paper currency be faced, counted and banded before it can be accepted for deposit. Since the revenues collected from the bus operation are commingled into large mobile safes, counting and processing bills is an expensive and labor intensive operation. Currently, 70% of the MTA's farebox bills are weighed and sold to a vendor at a discounted price with the remainder counted and deposited by staff.

The bills collected from the Metro Rail system are not included in the amount sold to the vendor. Since these bills are removed already stacked from the individual TVMs, they are counted by machine and directly deposited by staff.

This contract will allow the MTA to continue to process bus farebox revenues in a cost effective and timely manner.

FINANCIAL IMPACT

Funding of \$400,000 for this action is included in the FY 02 budget in cost center 5440 - Revenue Collections Section, Project 300011, Task 11.1.04.1.01, Line Item 50906. Since this is a multi-year contract, the cost center manager and the Executive Officer, Finance and Treasurer will be accountable for budgeting the cost in future years, including any options exercised.

ALTERNATIVES CONSIDERED

One option considered is to have staff count and deposit farebox currency. This option is not recommended because the current facility is not large enough to accommodate the additional staff and cash counting equipment needed to count the revenues without adding a double shift to the operation. The estimated cost of this option, including supervisory and security personnel, is \$500,000 per year more than the recommended price.

Another option considered was to exercise the option on the existing contract. The existing contract expires on June 30, 2002. This option is not recommended because the estimated cost to exercise another one-year option, is \$100,000 per year more than the recommended price.

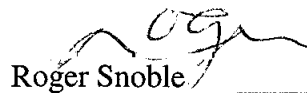
ATTACHMENT

A. Procurement Summary

Prepared by: James Cudlip, Assistant Director Revenue
Marcelo Melicor, Revenue Collections Manager



Terry Matsumoto
Executive Officer, Finance and Treasurer



Roger Snoble
Chief Executive Officer

**BOARD REPORT ATTACHMENT A
PROCUREMENT SUMMARY**

SALE OF CURRENCY CONTRACT

1.	Contract Number: PS-5440-1118		
2.	Recommended Vendor: Los Angeles Federal Armored Services, Inc.		
3.	Cost/Price Analysis Information:		
	Proposed Price: \$1,475,250	Recommended Price: \$1,475,250	
	B. Details of Significant Variances are in Attachment A-1.D.		
4.	Contract Type: Unit Rate		
5.	Procurement Dates:		
	A. Issued: October 12, 2001		
	B. Advertised: October 12, 2001		
	C. Pre-proposal Conference: October 24, 2001		
	D. Proposals Due: November 13, 2001		
	E. Pre-Qualification Completed: January 9, 2002		
	F. Conflict of Interest Form Submitted to Ethics: January 3, 2002		
6.	Small Business Participation:		
	A. Bid/Proposal Goal: No goal recommended	Date Small Business Evaluation Completed: August 28, 2001	
	Small Business Commitment: No goal recommended		
7.	Invitation for Bid/Request for Proposal Data:		
	Notifications Sent: 420	Bids/Proposals Picked up: 10	Bids/Proposals Received: 3
8.	Evaluation Information:		
	A. Bidders/Proposers Names: LA Federal Armored Services, Inc. Neva Financial Corporation Dunbar Armored Services, Inc.	Bid/Proposal Amount: See Attachment A-3 \$1,475,250 \$3,342,500 \$3,412,500	Best and Final Offer Amount: N/A
	B. Evaluation Methodology: Technically acceptable lowest price. Details are in Attachment A-1.C		
4.	Protest Information:		
	A. Protest Period End Date: April 18, 2002		
	B. Protest Receipt Date: TBD		
	C. Disposition of Protest Date: TBD		
5.	Contract Administrator: Timothy Godfrey	Telephone Number: 922-2839	
6.	Project Manager: Marcelo Melicor	Telephone Number: 922-7621	

**BOARD REPORT ATTACHMENT A-1
PROCUREMENT HISTORY**

SALE OF CURRENCY CONTRACT

A. Background on Contractor

Los Angeles Federal Armored Inc. (Lafa), is a minority owned company based in Los Angeles, California. The company was founded and incorporated in 1988 and began operations in 1990. Lafa provides cash processing services to the Orange County Transportation Authority (OCTA), Southern California Regional Rail Authority (SCRRA), Transportation Corridor Agencies (Fastrack) and other transportation agencies. In addition, Lafa has provided similar services to City National Bank, A-Mark and Ferrari International. In 1993, Los Angeles Federal Coin, Inc. (now known as Lafa) provided cash collection services for the MTA's Metro Red and Blue lines. The contract was terminated in 1994, because LA Federal Coin's PUC license was not current.

B. Procurement Background

This is a negotiated procurement that was awarded to the technically acceptable firm with the highest proposed revenue to the MTA. Lafa will pay the MTA a unit price per \$1,000 of currency purchased. Paragraph A-1.D details the revenue per \$1,000 of currency MTA will receive from Lafa for all 5 years of the contract. Attachment A-3 details the proposed revenue per \$1,000 of currency for all proposers.

The Small Business Diversity Unit (SBD) did not recommend a Small Business Enterprise (SBE) participation goal for this procurement. The Prime is expected to complete the entire scope with its own workforce.

C. Evaluation of Proposals

In accordance with MTA Procurement Policies and Procedures, the Source Selection Committee (SSC) conducted a comprehensive technical evaluation of the proposals. The proposals were first reviewed to determine that the proposers met the minimum qualifications for this Request for Proposal (RFP) as identified in the RFP section entitled evaluation criteria.

Technical proposals were reviewed. This review included verification that each proposer has adequate financial resources, currency counting facilities and equipment necessary to perform the contract. The SSC made site visits to evaluate each proposer's facilities and currency counting equipment. Based upon the financial information provided by each proposer and the SSC site visits, technical scores were adjusted and all firms were determined to be technically acceptable. Lafa proposed the highest revenue to the MTA and therefore has been recommended for award of this contract.

D. Cost/Price Analysis Explanation

The recommended price of \$1,475,250 has been determined to be fair and reasonable based upon adequate price competition. The annual unit prices per \$1,000 of currency for purchase are as follows:

	Price per \$1,000 of currency for sale
1 st Year	\$992.50
1 st Year Option	\$992.65
2 nd Year Option	\$991.70
3 rd Year Option	\$991.00
4 th Year Option	\$990.00

**BOARD REPORT ATTACHMENT A-2
LIST OF SUBCONTRACTORS**

CURRENCY COUNTING SERVICES

PRIME CONTRACTOR – Los Angeles Federal Armored Services, Inc.

Small Business Subcontractor

Other Subcontractors

None

None

Total Commitment

No goal recommended

**BOARD REPORT ATTACHMENT A-3
LIST OF PROPOSERS**

CURRENCY COUNTING SERVICES

Price per \$1,000 of currency for sale			
	LA Federal	Neva	Dunbar
1st Year	992.50	982.00	980.50
1st Year Option	992.65	981.00	980.50
2nd Year Option	991.70	981.00	980.50
3rd Year Option	991.00	980.50	980.50
4th Year Option	990.00	980.00	980.50