

FB 18

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FINANCE: BUDGET COMMITTEE  
JANUARY 22, 1998

Metropolitan  
Transportation  
Authority

**SUBJECT: ANNUAL FINANCIAL STATEMENT AUDIT SERVICES**

One Gateway Plaza  
Los Angeles, CA  
90012-2932

**ACTION: AWARD CONTRACT TO COOPERS & LYBRAND L.L.P.  
FOR THE AMOUNT OF \$199,325 WITH FOUR  
SUBSEQUENT ONE-YEAR OPTIONS**

(213) 922-2000

**RECOMMENDATION**

Award a one-year, fixed price contract, containing four one-year renewal options, to Coopers & Lybrand L.L.P., Los Angeles, covering financial audit services under RFP No. PS 5110 0251.

**BUDGET IMPACT**

Funds to cover the cost of the annual financial statement audit will be included in the FY99 Budget.

**ALTERNATIVES CONSIDERED**

No alternatives were considered since the auditing of financial statements is a legal requirement.

**BACKGROUND**

The MTA is required to have its financial records audited annually by an external, independent CPA firm.

The scope of services includes the required audits, assistance on issuance of official statements for sales of bonds and other debt, and consultation concerning treatment of unusual accounting transactions that may occur during the term of the contract.

The first year cost is \$199,325. Renewal options are as follows:

- Option Year 1 - \$209,291 (Based on a 5% increase over the previous year).
- Option Year 2 - \$219,756 (Based on a 5% increase over the previous year).
- Option Year 3 & 4 - To be negotiated based upon the Consumer Price Index for the previous 12-month period; however, the maximum increase for option years 3 and 4 shall not exceed 5% over the previous year.

Procurement Process

The request for proposal (RFP PS 5110 0251) was issued and advertised on or about September 19, 1997. Thirty-five firms were solicited. Three addenda were issued. There was no pre-proposal conference held.

The sources used to solicit proposals were newspaper advertisements, mailing list provided by MTA's Vendor Relations Unit, the Electronic Vendor Bulletin Board and Hotline, MTA's Equal Opportunity Department, MTA's current CPA audit pool list, and the Internet.

The Source Selection Committee received two proposals on October 17, 1997. The respondents were Coopers & Lybrand L.L.P. and KPMG Peat Marwick.

Proposers were evaluated utilizing the following criteria:

A. Qualifications of Firm and Staff	30%
B. Project Management Plan	30%
C. Price	40%

Coopers & Lybrand L.L.P. and KPMG Peat Marwick were technically qualified and could fulfill the requirements of the RFP.

Price Analysis

The following is a price comparison of the submitted proposals:

<u>Firms</u>	<u>Price</u>
Coopers & Lybrand L.L.P.	\$199,325
KMPG Peat Marwick	225,975

Review of the Coopers & Lybrand L.L.P. proposal with the previous contract for fair and reasonableness in price indicates the following:

- (1) Hourly rates have increased about 1.25% per year from five years ago
- (2) Proposed total hours are 12% less than five years ago
- (3) Overall cost of audit is increased 2.7% from five years ago

Based on Management Audit Services Department's acceptance for the contractor's costs and rates as proposed and a procurement comparison of the overall proposal to the previous contract, the Coopers & Lybrand L.L.P. proposal appears to be fair and reasonable.

Pre-qualification Status

Pre-qualification has been granted to Coopers & Lybrand L.L.P. and KPMG Peat Marwick by the MTA Pre-qualification Office.

SMALL BUSINESS PARTICIPATION

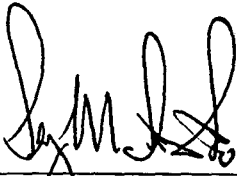
The MTA established a 26% DBE goal on this project. The recommended awardee, Coopers & Lybrand L.L.P., meets the goal by committing to a 26.09% DBE participation and is considered responsive to the DBE requirement.

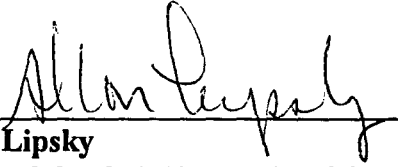
**AWARD AMOUNT: \$199,325**

Subcontractor	Commitment	Paid to Date Attainment	Project Completion	Current Status
Vargas, Lopez & Company	26.09%	-0-		To be awarded
<b>TOTAL</b>	<b>26.09%</b>			

Prepared By:

William B. Henderson  
Controller

  
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Terry Matsumoto  
Executive Officer, Finance

  
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Allan Lipsky  
Office of the Chief Executive Officer

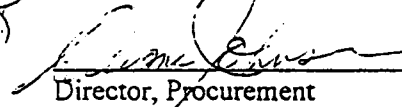
BOARD REPORT ATTACHMENT "A"  
 PROCUREMENT SUMMARY  
 NEGOTIATED PROCUREMENT

1.	Recommended Vendor:
	Name: Coopers and Lybrand, L.L.P.
	City: Los Angeles
	Total Dollar Amount: \$199,325
2.	Description of Contract Services: Annual audit of MTA's Financial Statement
3.	Contract Type: Firm Fixed Price
4.	RFP Issued: September 19, 1997
5.	Advertise Date: September 12, 1997
6.	DBE Participation Goal: 26%
	Responsive?: Yes
7.	No. of Notifications Sent to Vendors: 35
8.	No. of Proposals Picked up by Vendors: 4
9.	Pre-proposal conference date: None
10.	No. of proposals submitted: 2
11.	Date proposals received: October 17, 1997
12.	Negotiation record: Detailed procurement summary in RFP file
	Proposer names/offer:
	Source selection committee analysis:
	Proposer BAFO:
	Recommendation:
13.	Protest Received:
14.	Disposition of Protest/Appeal:
15.	Conflict of Interest Certifications Submitted to Ethics? December 10, 1997
16.	Audit Report Completed? November 12, 1997
17.	EO Evaluation Completed? October 31, 1997
18.	Contract Administrator: Nery Watson
	Tel: (213) 922-1054
19.	Project Manager: William Henderson
	Tel: (213) 922-6155

Concur:

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

Concur:

  
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 Director, Procurement