



SUBJECT: SALE OF CURRENCY CONTRACT

Metropolitan
Transportation
Authority

**ACTION: AWARD A CONTRACT TO CASH TECHNOLOGIES, INC.,
FOR THE SALE OF CURRENCY COLLECTED FROM
FAREBOX REVENUES**

One Gateway Plaza
Los Angeles, CA
90012-2952

RECOMMENDATION

Authorize the Chief Executive Officer to execute a fixed rate contract with Cash Technologies Inc., for the sale of currency in an amount not to exceed \$2,500,000 for a period of five years, inclusive of four one-year options.

RATIONALE

This contract will allow the MTA to continue to process bus farebox revenues in a cost effective and timely manner. Currently, farebox revenues are valued by weight and sold at a discounted price to a vendor.

FINANCIAL IMPACT

Funding of \$500,000 for this action is included in the FY 00 budget in cost center 5440 - Revenue Collections Section, Project 300011, Task 01.001, 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. To date, in FY00, \$191,764 has been expended in this line item.

ALTERNATIVES CONSIDERED

The following alternatives were considered and not recommended:

1. Have staff count and deposit farebox currency. 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.
2. Extend the existing contract on a month to month basis. The existing contract expires on March 31, 2000.

BACKGROUND

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 comingled into large mobile safes, counting and processing bills is an expensive and labor intensive operation. Currently 80% 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 20% counted in-house is randomly selected to insure internal control and to calibrate the computerized scales.

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.

Cash Technologies has been the vendor buying this currency since April 1, 1997, and has provided satisfactory services to date.

PROCUREMENT SUMMARY

RFP No. PS-5440-0592 was issued and advertised September 7, 1999. The pre-proposal conference was held on September 22, 1999. Three (3) proposals were received on October 11, 1999.

The source selection methodology utilized for this procurement was a Request for Proposal process whereby specific criteria would be evaluated. The criteria as published was as follows:

- Qualifications of Firm and Staff
- Price
- Adequacy of Facility & Equipment
- Controls, Procedures and Security

In the past, the Invitation For Bid (IFB) process was utilized for this service; however, due to the need to have a vendor with proper secured facilities, staffing, equipment, controls, experience and financial resources, staff determined that the RFP process would be the best methodology to use. Therefore, the selection criteria is not limited principally to price but allows for discussions/clarifications and a more detailed evaluation of the other qualifications of each firm.

Upon the source selection committee's (SSC) completion of the preliminary evaluation of each firm's proposal, one firm was eliminated from further consideration. The two remaining firms were evaluated based upon the evaluation criteria stated above.

Cash Technologies received the highest overall score by the SSC.

COST/PRICE ANALYSIS

PROPOSED CASH RETURN PER \$1,000	HISTORICAL CASH RETURN PER \$1,000	CASH SAVINGS PER \$1,000
\$990.19	\$989.00	\$1.19

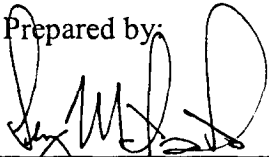
The recommended price of \$500,000 per contract year has been determined to be fair and reasonable based upon fact finding, clarification and price analysis performed by Procurement's Cost/Price Analysis Unit. Management Audit Services Department (MASD) concurred with use of price analysis to determine reasonableness of the proposed cash return.

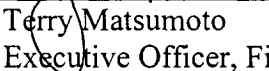
The price analysis compared the historical cash return per \$1,000 to the vendor's proposed cash return per \$1,000 which resulted in a favorable savings to the MTA. In addition, the proposed cash return is less than one percent of the MTA's independent cost estimate of \$991.90.


SMALL BUSINESS PARTICIPATION


The Contract Compliance Unit waived the SBE goal for this procurement based on the lack of subcontracting opportunities. This procurement is for Sale of Currency. As such, peripheral or ancillary work is not involved. However, pursuant to the SBE Program, if the awardee proposes to use the services of subcontractors, the awardee is expected to afford maximum opportunities to SBEs in all subcontractors and supply service areas. Upon MTA's request, awardee is required to submit documentation to satisfy MTA that good faith efforts were made to utilize SBEs throughout the life of the contract.

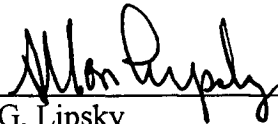
ATTACHMENTS

Prepared by:  Marcelo Melicor
Revenue Collections Manager


Terry Matsumoto
Executive Officer, Finance
and Treasurer


Gwendolyn W. Williams
Interim Executive Officer, Procurement


Richard Brumbaugh
Chief Financial Officer


Allan G. Lipsky
Office of the Chief Executive Officer

BOARD REPORT ATTACHMENT "A"
PROCUREMENT SUMMARY
NEGOTIATED PROCUREMENT

1.	Independent Estimate: \$991.90 per \$1,000 for 1 st yr and all option years
2.	Recommended Vendor:
	Name: Cash Technologies
	City: Los Angeles
	Total Dollar Amount: Not to exceed \$500,000 per year
3.	Description of Contract Services: Sale of Currency
4.	Contract Type: Fixed Rate Contract (fixed rate per \$1,000)
5.	RFP Issued: September 7, 1999
6.	Advertise Date: September 7, 1999
7.	DBE Participation Goal: N/A
	Responsive?:
8.	No. of Notifications Sent to Vendors (postcards): 10
9.	No. of RFPs Mailed to Vendors and/or downloaded from Internet: 10
10.	Pre-proposal conference date: September 22, 1999
11.	No. of proposals submitted: 3
12.	Date proposals received: October 11, 1999
13.	Negotiation record: N/A
	Proposer names/offer per \$1,000: <u>1st Yr</u> <u>Opt 1</u> <u>Opt 2</u> <u>Opt 3</u> <u>Opt 4</u>
	1) Neva Financial Corporation \$981.00 980.50 980.00 979.00 978.00
	2) Cash Technologies 990.19 989.30 988.34 987.30 986.16
	3) LA Federal Coin 992.22 992.37 992.47 992.52 992.57
	Source selection committee analysis: Cash Technologies was unanimously rated highest by the source selection committee and received the highest overall score
	Proposer BAFO: N/A
	Recommendation:
14.	Protest Received: TBD
15.	Disposition of Protest/Appeal: TBD
16.	Pre-Qualification Completed? Yes
17.	Conflict of Interest Certifications Submitted to Ethics? Yes
18.	Audit Report Completed? N/A
19.	EO Evaluation Completed? N/A
20.	Contract Administrator: Tommye Williams
21.	Tel: (213) 922-1051
	Project Manager: Marcelo Melicor
	Tel: (213) 922-7621

Concur: Tommye Williams
Manager, Procurement

Concur: Ruthie Golden
Interim Director, Procurement

Concur: [Signature]
Deputy Executive Officer, Procurement