

**Board Report**

File #: 2017-0672, **File Type:** Contract**Agenda Number:** 9.

**FINANCE, BUDGET AND AUDIT COMMITTEE
NOVEMBER 15, 2017****SUBJECT: CURRENCY PROCESSING SERVICES****ACTION: AWARD CONTRACT****RECOMMENDATION**

AUTHORIZE the Chief Executive Officer to award firm fixed unit price Contract No. OP39497-2000, to Los Angeles Federal Armored Services, for currency processing services for an amount not-to-exceed \$457,600 for the one-year base period, and \$514,800, \$572,000, \$629,000, and \$686,400 for each of the four, one-year option terms, respectively, for a combined total of \$2,859,800, effective January 1, 2018 to December 31, 2022, subject to resolution of protest(s), if any.

ISSUE

The current bill processing contract is set to expire on December 31, 2017. Metro collects over \$104 million in bus farebox revenues, currency and coins, including about 45 million \$1 bills annually. Due to the large amount of \$1 bills, it is necessary to procure the services of a vendor that will accept weighed bills and deposit them daily.

DISCUSSION

The current contract with Los Angeles Federal Armored Services will expire on December 31, 2017. Award of this contract shall ensure that revenue from bus fareboxes is collected daily and processed for deposit. The bills are manually sorted by staff to separate the singles from large denomination bills. The \$1 bills are bagged and counted by weight. The vendor keeps or absorbs the minor over/under variances.

Metro's Revenue Department ensures accuracy by calibrating its one dollar bill scale daily and by randomly selecting bags of bills to be stacked and counted. Through this process, staff has maintained an accuracy of 99.62%.

The process for counting bills in TAP (TVM) vending machines differs from farebox bills because the bills come out from the TVMs pre-stacked. The bills are then counted by machine and staff bands the bills by denomination and quantity for deposit.

DETERMINATION OF SAFETY IMPACT

No safety impact.

FINANCIAL IMPACT

The funding for this service is included in the FY18 budget in cost center 5440, Revenue Collections, under line item 50906, Misc. Disc. Sales of Currency, and allocated to bus operations.

Since this is a multi-year contract, the cost center manager and Chief Financial Officer will be accountable for budgeting the cost in future years, including any option exercised.

Impact to Budget

The FY18 budget includes these fees and is funded with bus operating revenues including fares and sales tax.

ALTERNATIVES CONSIDERED

No other alternatives offer the efficiency and effectiveness of using an armored service to accept \$1 bills that have been bagged and weighed, ready for deposit.

NEXT STEPS

Upon approval by the Board, staff will execute Contract No. OP39497-2000 to Los Angeles Federal Armored Services for currency processing services, effective January 1, 2018.

ATTACHMENTS

Attachment A - Procurement Summary
Attachment B - DEOD Summary

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Phillip A. Washington
Chief Executive Officer

PROCUREMENT SUMMARY

CURRENCY PROCESSING SERVICES/ OP39497-2000

1.	Contract Number: OP39497-2000	
2.	Recommended Vendor: Los Angeles Federal Armored Services, Inc.	
3.	Type of Procurement (check one): <input type="checkbox"/> IFB <input checked="" type="checkbox"/> RFP <input type="checkbox"/> RFP-A&E <input type="checkbox"/> Non-Competitive <input type="checkbox"/> Modification <input type="checkbox"/> Task Order	
4.	Procurement Dates:	
	A. Issued: July 18, 2017	
	B. Advertised/Publicized: July 24, 2017	
	C. Pre-Proposal Conference: July 31 2017	
	D. Proposals Due: August 21, 2017	
	E. Pre-Qualification Completed: September 7, 2017	
	F. Conflict of Interest Form Submitted to Ethics: August 31, 2017	
	G. Protest Period End Date: November 27, 2017	
5.	Solicitations Picked up/Downloaded: 7	Bids/Proposals Received: 1
6.	Contract Administrator: Antwaun Boykin	Telephone Number: 213-922-1056
7.	Project Manager: Mark Simpson	Telephone Number: 213-922-4842

A. Procurement Background

This Board Action is to approve Contract No. OP39497-2000 issued in support of currency processing services. Board approval of contract awards are subject to resolution of any properly submitted protest.

The Request for Proposal (RFP) was issued in accordance with Metro's Acquisition Policy and the contract type is a firm fixed unit price.

One amendment was issued during the solicitation phase of this RFP:

- Amendment No. 1, issued on August 1, 2017, provided documents from the pre-proposal conference.

One proposal was received on the due date of August 21, 2017 from Los Angeles Federal Armored Services (LAFAS). In addition to LAFAS, several out of state firms were also listed as plan holders of this RFP, including IT firms, a construction company, online solicitation firms, and US Bank. When contacted for a market survey, staff did not receive any responses as to why they did not propose.

B. Evaluation of Proposals

As stated in the RFP, proposers were required to pass the minimum qualifications before being considered for further review. The proposal received from LAFAS passed minimum qualifications.

A Proposal Evaluation Team (PET) consisting of staff from Revenue Collection, Treasury and Accounting was convened and conducted a comprehensive technical evaluation of the proposal received.

The proposal was evaluated based on the following evaluation criteria and weights:

- Degree of Skills and Experience of the Prime and/or Firms on the Contractor's Team 30 percent
- Understanding of Work and Appropriateness of Approach for Implementation 30 percent
- Cost Proposal 40 percent

The evaluation criteria are appropriate and consistent with criteria developed for similar procurements. Several factors were considered when developing these weights, giving the greatest importance to the cost proposal.

The PET conducted a technical review of LAFAS' proposal and references were contacted, reviewed, and confirmed.

Qualifications Summary of Firms within the Competitive Range:

Los Angeles Federal Armored Services

LAFAS was founded in 1990 and has served as Metro's currency counting contractor for over ten years. LAFAS also provides currency counting services for Orange County Transportation Authority and Keolis Transit America.

1	Firm	Average Score	Factor Weight	Weighted Average Score	Rank
2	Los Angeles Federal Armored Services, Inc.				
3	Degree of Skills and Experience of the Prime and/or Firms on the Contractor's Team	87.76	30.00%	26.33	
4	Understanding of Work and Appropriateness of Approach for Implementation	89.30	30.00%	26.79	
5	Cost Proposal	100.00	40.00%	40.00	
6	Total		100.00%	93.12	1

C. Cost/Price Analysis

The proposed unit price has been determined to be fair and reasonable based upon Metro’s Independent Cost Estimate, technical evaluation, and negotiations with the proposer. As a result of negotiations, staff realized a cost savings of \$520,200.

	Proposer Name	Proposal Amount	Metro ICE	NTE Amount
1.	L.A. Federal Armored Services	\$3,380,000.00	\$3,146,000.00	\$2,859,800.00

D. Background on Recommended Contractor

The recommended firm, LAFAS, located in Los Angeles, has been in business for 17 years in the field of secure transportation and currency counting. Jesse Ash, President and CEO has over 25 years of experience with the Los Angeles Branch of the Federal Reserve Bank, as well as experience in bundling and transporting currency, coins, gold, jewelry, and precious gems.

LAFAS is Metro’s incumbent currency processing services contractor and has performed satisfactorily.

DEOD SUMMARY

CURRENCY PROCESSING SERVICES / CONTRACT NO. OP39497-2000

A. Small Business Participation

The Diversity and Economic Opportunity Department (DEOD) did not establish a Disadvantaged Business Enterprise (DBE) goal for this solicitation due to lack of subcontracting opportunities. According to the Project Manager, the Prime Contractor performs 100% of the required scope of work. It is expected that the Los Angeles Federal Armored Services will perform this scope with its own workforce.

B. Living Wage and Service Contract Worker Retention Policy Applicability

The Living Wage and Service Contract Worker Retention Policy is not applicable to this Contract.

C. Prevailing Wage Applicability

Prevailing wage is not applicable to this Contract.

D. Project Labor Agreement/Construction Careers Policy

Project Labor Agreement/Construction Careers Policy is not applicable to this Contract.