



**EXECUTIVE MANAGEMENT AND AUDIT COMMITTEE**

**October 21, 2004**

**SUBJECT: FARE MEDIA PASS AND STAMP PRODUCTION SERVICES**

**ACTION: AUTHORIZE MODIFICATION TO IMAGES IN FOIL, INC.  
CONTRACT NO. PS-5420-0653**

**RECOMMENDATION**

Authorize the Chief Executive Officer to execute Modification No. 4 to Contract No. PS-5420-0653 with Images in Foil, Inc. for Additional Fare Media Pass and Stamp Production Services for Metro Passes and Stamps, Regional Transit Passes and Stamps and Day Passes in the amount of \$260,189 revising the Total Contract Value from \$5,442,137 to \$5,702,326.

**RATIONALE**

This Modification will cover the duration of the existing contract through June 2005 and is being requested at this time for several reasons:

- This is a unit fixed price contract which allowed only a 7% Mark-Up based on 1/3 of total 3 year contract value for the 1<sup>st</sup> Year Option and 6% Mark-Up based on 1<sup>st</sup> year option total based on the original quantities quoted.
- Over the five year term of this contract, Metro has increased quantities of each fare media category type for example by as much as 10% in Metro Monthly Passes and 21% in Weekly Passes.
- Metro has since added new fare media types of EZ Transit Monthly and EZ Transit Senior/Disabled Passes along with the Day Pass.
- Metro created three (3) new Monthly Stamp Categories – Metro LA County, EZ Transit LA County and EZ Transit LA County Senior/Disabled, which were approved by Department of Public Works staff as needed to implement Los Angeles County Board of Supervisors expansion of the Bus Pass Buy-Down Program to include general and EZ Transit passes in their subsidy program. The new LA County Stamps will be affixed to regular Metro and EZ Transit Monthly Passes, which were increased to support this process, and will be implemented January 1, 2005.

This Modification will allow Metro to continue providing fare media for bus and rail service customers, including day passes and regional joint fare media for customers using interagency services, along with our ability to implement the new and expanded Bus Pass Buy-Down Program.

## **BACKGROUND**

Images in Foil was the selected vendor for all Metro fare media production for its ability to provide a high level of counterfeit resistant elements to the fare media. Current passes and stamps include such anti-counterfeiting technology and the same technology was applicable to the Regional Passes and Stamps and Metro Day Passes.

The Board approved the current contract with Images in Foil, Inc. for Fare Media Pass and Stamp Production Services on August 17, 2000, via the competitive bid procurement process. The original contract was for a total of five (5) years in an amount not to exceed \$3,282,704 inclusive of two one-year options.

At the time of this original procurement, the Regional Pass Program and Day Passes had not been created. The Board subsequently authorized Modification No. 1 (\$100,000) and Modification No. 2 (\$492,580) totaling \$592,580 for Regional Fare Media Pass and Stamp Production services and Modification No.3 for Day Passes in the amount of \$1,566,853. This Modification No. 4 in the amount of \$260,189 is needed for continued fare media pass and stamp production services through June 30, 2005.

## **FINANCIAL IMPACT**

Funding for Metro Passes and Stamps in the amount of \$187,192 and Day Passes in the amount of \$51,587 are in the FY05 budget under cost center 7155, project number 300014, task 01.01 in account 50320 and cost center 5420, project number 300011, task 11.1.04.1.02 in account 50320. Additionally, funding for the EZ Transit Passes and Stamps in the amount of \$21,410 is included in cost center 0511, project number 300015, task 01.01 in account 50399. Since this is a multi-year contract, the project manager and Chief Communications Officer will be responsible for budgeting for this expense in future years.

## **ALTERNATIVES CONSIDERED**

The alternative is to produce fare media in house. This would require the hiring of additional staff and purchasing highly expensive equipment. This alternative is not recommended because of the cost and the highly technical nature of the work.

## **ATTACHMENTS**

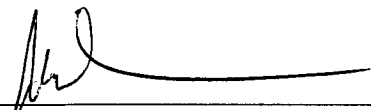
- A. Procurement Summary A
- B. Procurement History A-1
- C. List of Subcontractors A-2

Prepared by: Gail M. Harvey, Executive Manager  
Customer & Vendor Services

Nalini Ahuja, Director  
Regional Transportation

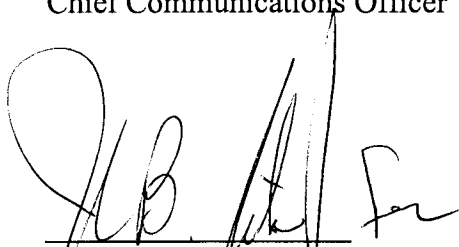
April McKay, Executive Manager  
Fare Policy & Service Compliance

Linda Wasley, Sr. Contract Administrator  
Procurement



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Matthew Raymond  
Chief Communications Officer



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Roger Snoble  
Chief Executive Officer

**BOARD REPORT ATTACHMENT A  
PROCUREMENT SUMMARY**

**FARE MEDIA PASS AND STAMP PRODUCTION SERVICES**

1.	Contract Number: PS 5420-0653		
2.	Recommended Vendor: Images In Foil		
3.	Cost/Price Analysis Information:		
	A. Bid/Proposed Price: \$260,189	Recommended Price: \$260,189	
	B. Details of Significant Variances are in Attachment A-1.D		
4.	Contract Type: Fixed Unit Price, Indefinite Quantity		
5.	Procurement Dates:		
	A. Issued: N/A		
	B. Advertised: N/A		
	C. Pre-proposal Conference: N/A		
	D. Proposals Due: N/A		
	E. Pre-Qualification Completed: 10/2000		
	F. Conflict of Interest Form Submitted to Ethics: 9/17/04		
6.	Small Business Participation:		
	A. Bid/Proposal Goal: 10% DBE	Date Small Business Evaluation Completed: 6/8/2000	
	B. Small Business Commitment: 10% Details are in Attachment A-2		
7.	Invitation for Bid/Request for Proposal Data:		
	Notifications Sent: N/A	Bids/Proposals Picked up: N/A	Bids/Proposals Received: N/A
8.	Evaluation Information:		
	A. Bidders/Proposers Names:  IMAGES IN FOIL	Total Amount:  \$260,189	Best and Final Offer Amount:  \$260,189
	B. Evaluation Methodology: Sole Source		
9.	Protest Information:		
	A. Protest Period End Date: N/A		
	B. Protest Receipt Date: N/A		
	C. Disposition of Protest Date: N/A		
10.	Contract Administrator: Linda C. Wasley	Telephone Number: 922-4186	
11.	Project Manager: Gail Harvey	Telephone Number: 922-7030	

**Metro™****BOARD REPORT ATTACHMENT A-1  
PROCUREMENT HISTORY****FARE MEDIA PASS AND STAMP PRODUCTION SERVICES****A. Background on Contractor**

Images in Foil, in Costa Mesa, California for 15 years, has been satisfactorily producing fare media and stamps for the MTA for more than 5 years. Prior to that, Images In Foil served as a sub-contractor for the MTA contract providing anti-counterfeit technology for the fare media and stamps. Images and Foil is a high tech printing/graphics firm for specialty graphics required in such efforts as ticketing and passes. Images In Foil has issued fare media for Long Beach and Foothill Transits. Images in Foil is capable of continuing to produce Fare Media by the strict deadlines, on the delivery schedule required and in the quantities necessary with MTA preferred anti-counterfeiting technology.

**B. Procurement Background**

The originally competed contract with Images in Foil, Inc., for Fare Media Pass and Stamp Production Services, was approved by the Board in August 2000 with a performance period from November 1, 2000 – June 30, 2005, inclusive of two (2) one-year renewal options. In April, 2002, the Board approved additional funds for the production of Regional passes. In September, 2003, the Board Approved funding for the production of Day Passes. The MTA issues approximately 344,000 monthly, semi-monthly and weekly passes and 198,000 stamps monthly for bus and rail services to MTA and interagency customers. Fare media sales generate an average of \$7 million per month in revenue.

An important consideration in the evaluation process was the vendor's ability to provide a high level of counterfeit resistant fare media and this vendor has demonstrated such expertise and knowledge with anti-counterfeit technology. Current passes and stamps include various anti-counterfeit elements and the same technology is applicable on the Regional Passes and Stamps.

The Diversity & Economic Opportunity Department (DEOD) recommended a Disadvantaged Business Enterprise (DBE) goal of 10% for the total contract value. Images In Foil committed to 10% DBE participation.

**C. Evaluation of Proposals**

In the original competition, proposals were evaluated according to the policies and procedures of the Metro. Modifications to the contract continue to be evaluated for fair

and reasonable pricing. The anti-counterfeiting technology proposed is consistent with the current technology being utilized by the Metro. Images In Foil also has demonstrated the ability to perform the services and to meet deadlines.

**D. Cost/Price Analysis Explanation of Variances**

The contracted unit rates have been determined to be fair and reasonable based upon market studies and the requirement for counterfeit resistant technology that controls revenue losses to fraud.

<b>Bid/Proposal Amount</b>	<b>MTA Estimate</b>	<b>Recommended/Negotiated Amount</b>
\$260,189	\$260,189	\$260,189

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

**FARE MEDIA PASS AND STAMP PRODUCTION SERVICES**

**PRIME CONTRACTOR – Images In Foil, Inc.**

Small Business Commitment

Other Subcontractors

DBE Subcontractors  
Print Masters, Inc.

None

Total Commitment

10% participation

SMALL BUSINESS PARTICIPATION

The Contractor committed to a 10% Disadvantaged Business Enterprise (BE) participation for this contract. The contract is 67% complete. Current DBE attainment<sup>1</sup> based on the relevant contract amount<sup>2</sup> is 7.77%. Current DBE participation based on the total actual amount paid-to-date to prime is 11.00%. The original DBE subcontractors have performed on the contract as listed.

**Original Award Amount**

**\$ 1,892,340**

**Relevant Contract Amount**

**\$ 5,442,137**

**Total Actual Amount Paid to Date to Prime**

**\$ 3,845,814**

<b>Subcontractor</b>	<b>Commitment</b>	<b>Current Attainment<sup>1</sup></b>	<b>Current Participation<sup>3</sup></b>	<b>Current Status</b>
Print Masters	10.00%	7.77%	11.00%	Performing
<b>TOTAL</b>	<b>10.00%</b>	<b>7.77%</b>	<b>11.00%</b>	<b>Expected to Meet goal</b>

<sup>1</sup>Current Attainment = Total Actual Amount Paid-to-Date to Subs ÷ Total Relevant Contract Amount

<sup>2</sup>Relevant Contract Amount= Original Contract Value + Contract Cost Modifications affecting DBE or SBE Scope of Work

<sup>3</sup>Current participation = Total Actual Amount Paid-to-Date to Subs ÷ Total Actual Amount Paid-to-Date to Prime.

