



Metro

EXECUTIVE MANAGEMENT & AUDIT COMMITTEE
MARCH 17, 2005

SUBJECT: CONTRACT NUMBER PS05542009,
FARE MEDIA PRODUCTION SERVICES
IMAGES IN FOIL

ACTION: AWARD CONTRACT NO. PS05542009

RECOMMENDATION

Authorize the Chief Executive Officer to award a five-year unit rate contract, Contract No. PS05542009, to Images in Foil for fare media production services in an amount not to exceed \$8.5 million inclusive of three one-year options, effective July 1, 2005.

RATIONALE

Currently, Metro requires the production of five distinct types of fare media for use on Metro Bus and Metro Rail, as well as on some municipal carriers. These fare media types include:

1. Metro Monthly, Semi-monthly and Weekly passes
2. Metro Stamps for reduced fare passes and ID cards
3. Regular EZ Transit passes and Senior/Disabled EZ Transit passes and related zone stamps
4. Metro Day Passes
5. Interagency transfers and Metro to Muni transfers

The agency is in the test phase of a new Universal Fare System/Transit Access Pass system, which will include a wallet-sized smart card that is embedded with a computer chip capable of carrying the equivalent of cash, tokens, passes and more. As this system is implemented over the next few years, it will likely reduce the need for many of the current fare media as they are converted to the smart card. In the meantime, however, the fare media listed above are essential for collecting revenues for the operation of Metro service. After the first two years of the base contract, management will not exercise subsequent yearly options without first reviewing the status of the UFS implementation to ensure that there is clear justification for continued production of paper fare media.

Whatever period is required for migration from paper to smart card media, a reduction clause has been established in the contract. Staff does not anticipate expending the full \$8.5 million, however, on a "worst case" basis, should unforeseen circumstances prevent UFS implementation, this approach would avoid the necessity to then re-procure additional paper fare media at more expense than by executing a

contract with multiple options under careful management discretion. The current fare media contract ends in June 2005.

FINANCIAL IMPACT

The funding of \$1,705,000 for this service will be included in the FY06 budget in the following allocations; \$985,000 in cost center 7155, Fare Policy & Service Compliance, fund 1111, account 50320, project 300011, task 11.1.05.1.01; \$145,000 in cost center 7155, Fare Policy & Service Compliance, fund 1111, account 50320, project 300014, task 01.01; \$510,000 in cost center 5420, Customer/Vendor Service, fund 1111, account 50320, project 300011, task 11.1.04.1.02; and \$65,000 in cost center 0511, EZ Pass fund 7565, project 300015, task 01.01, account 50399.

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

ALTERNATIVES CONSIDERED

The alternative is to produce fare media in-house. This would require hiring additional staff and purchasing new equipment. This alternative is not recommended because of the highly technical nature of the work and because it would not be cost effective or efficient.

ATTACHMENT(S)

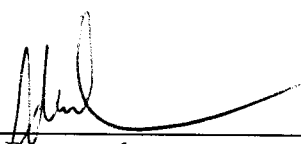
A. Procurement Summary

Prepared by: April McKay, Executive Manager
Fare Policy & Service Compliance

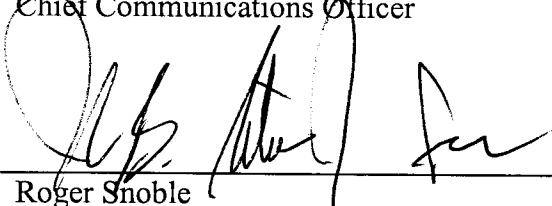
Nalini Ahuja, Director
Regional Transportation

Gail M. Harvey, Executive Manager
Customer & Vendor Services

Linda Wasley, Senior Contract Administrator
Procurement



Matthew Raymond
Chief Communications Officer



Roger Snoble
Chief Executive Officer

**BOARD REPORT ATTACHMENT A
PROCUREMENT SUMMARY
CONTRACT NUMBER PS05542009
FARE MEDIA PRODUCTION SERVICES**

1.	Contract Number: PS05542009		
2.	Recommended Vendor: IMAGES IN FOIL		
3.	Cost/Price Analysis Information:		
	A. Bid/Proposed Price: \$8,500,000	Recommended Price: \$8,500,000	
	B. Details of Significant Variances are in Attachment A-1.D		
4.	Contract Type: Unit Rate		
5.	Procurement Dates:		
	A. Issued: 12/03/04		
	B. Advertised: 12/10/04		
	C. Pre-proposal Conference: 12/16/04		
	D. Proposals Due: 1/6/05		
	E. Pre-Qualification Completed: 2/03/05		
	F. Conflict of Interest Form Submitted to Ethics: 2/9/05		
6.	Small Business Participation		
	A. Bid/Proposal Goal: 6% SBE	Date Small Business Evaluation Completed: 2/23/05	
	Small Business Commitment: 6.19% Details are in Attachment A-2		
7.	Invitation for Bid/Request for Proposal Data:		
	Notifications Sent: 11	Bids/Proposals Picked up: 29	Bids/Proposals Received: 4
8.	Evaluation Information:		
	A. Bidders/Proposers Names:	<u>Bid/Proposal Amount:</u>	<u>Best and Final Offer Amount:</u>
	IMAGES IN FOIL	\$ 8,500,000	\$ 8,500,000
	PREMIER SOUTHERN TICKET COMPANY	\$ 5,932,113	\$ 5,932,113
	MERCURY GRAPHICS	\$ 9,260,012	\$ 9,260,012
	CHAMELEON COLOR GARPHERICS	\$15,736,150	\$15,736,150
	B. Evaluation Methodology: Weighted Guidelines Details are in Attachment A-1.C		
9.	Protest Information:		
	A. Protest Period End Date: 3/22/05		
	B. Protest Receipt Date: TBD		
	C. Disposition of Protest Date: TBD		
10.	Contract Administrator: Linda Wasley	Telephone Number: 922-4186	
11.	Project Manager: April McKay Gail Harvey Nalini Ahuja	Telephone Number: (213) 922-2290 (213) 922-7030 (213) 922-3088	

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

**CONTRACT NUMBER PS05542009
FARE MEDIA PRODUCTION SERVICES
IMAGES IN FOIL**

A. Background on Contractor

IMAGES IN FOIL in Costa Mesa, California has been providing counterfeit proof passes and trading cards since 1993 or approximately 12 years. The company specializes in multi-dimensional holograms that are highly visible in various lighting conditions. IMAGES IN FOIL has been satisfactorily producing fare media for Metro for more than 10 years. The company has also serviced Long Beach Transit, Orange County Transit Authority and Foothill Transit.

IMAGES IN FOIL has satisfactorily produced monthly quantities of 75,000 monthly passes, 72,000 semi-monthly passes, 260,000 weekly passes, 10,000,000 day passes, 3,800,000 transfers and 240,000 stamps and delivered this fare media to some 40 locations that make up the Metropolitan Transportation Authority.

B. Procurement Background

This is a negotiated procurement for all fare media required by Metro using the explicit factors evaluation methodology.

The Request for Proposal required vendors to propose unit rates for production and delivery services that will be needed for this contract. The unit rates proposed were extended via a cost model developed to reflect a reasonable anticipation of quantities of fare media Metro requires on an annual basis.

The Metro Diversity and Economic Opportunity Group recommended a DBE goal of 6%.

C. Evaluation of Proposals

Four proposals were received and evaluated according to the procurement policies and procedures, using the weighted guidelines evaluation criteria approved for this Request for Proposal (RFP). The evaluation criteria recognized the importance of the technical approach (experience, management plan and anti-counterfeiting) by weighting these collective criteria significantly more than the proposed cost.

Images in Foil gained the highest technical ranking and the overall highest weighted score.

Mercury Graphics and Chameleon Color Graphics were deemed non-responsive because their proposals did not include a Metro certified SBE to satisfy the 6% goal.

Premier Southern Ticket (Premier) was responsive to the RFP's requirements and proposed the lowest cost. The Evaluation team, however, identified several weaknesses in Premier's proposal in areas most critical to the Fare Media program's success. Weaknesses were identified in Premier's approach to anti-counterfeiting, security and the fare media delivery plan. Premier's proposal did not demonstrate sufficient experience with complex contracts of the size of Metro requirements. Premier did not submit samples that demonstrated their capability to produce advanced counterfeiting techniques per Metro specifications. Premier also proposed shipping printed fare media from their plant in Ohio through commercial LTL (Less-Than-Load) carriers. Such a plan does not provide assurance of delivery on deadlines or adequate security for revenue producing fare media. Overall, the evaluation committee considered Premier's proposal to be responsive but with significant risks. Although not affecting the overall score, Premier's pricing was evaluated as unrealistically low in relation to historical experience, the independent cost estimate and the pricing submitted by other competition.

Considering all these factors, the evaluation team felt the apparent annual price premium was justified and recommended the contract be awarded to Images in Foil.

D. Cost/Price Analysis Explanation of Variances

The recommended price has been determined to be fair and reasonable based upon adequate competition and historical data. Images in Foil is the incumbent (one contract for transfer printing and another contract for passes and stamps) and the currently proposed unit prices are significantly lower than the prior contract due to economies of scale and the ability to negotiate supply costs.

BOARD REPORT ATTACHMENT A-2
LIST OF SUBCONTRACTORS

CONTRACT NUMBER PS05542009
FARE MEDIA PRODUCTION SERVICES
IMAGES IN FOIL

PRIME CONTRACTOR – IMAGES IN FOIL

Small Business Commitment

Other Subcontractors

PAPER JUNGLE PRINTING 6.19%

Total Commitment 6.19%

