



Agenda Item # _____

Staff Report

City of Manhattan Beach

TO: Honorable Mayor Aldinger and Members of the City Council

THROUGH: Geoff Dolan, City Manager

FROM: Bruce Moe, Finance Director
Gwen Eng, General Services Manager
Steve Charelian, Acting Revenue Services Manager

DATE: December 4, 2007

SUBJECT: Consideration of Appropriation of \$15,000 from the Parking Fund for the Purchase of an Unbudgeted Replacement Coin Counting-Sorting Machine

RECOMMENDATION:

Staff recommends that the City Council appropriate \$15,000 from the Parking Fund for the purchase of a replacement coin counting-sorting machine.

FISCAL IMPLICATION:

The estimated cost of a replacement coin counting-sorting machine is \$15,000. The replacement of the existing machine was not provided for in the current budget. Because the existing unit is not expected to last until the next budget cycle, staff is recommending that funds be appropriated so that a replacement unit can be purchased now.

BACKGROUND:

The City collects coins from 1,800 parking meters. The coins collected are run through a coin counter-sorting machine in order to properly tally the total deposit, and to sort the coinage for bank handling. Over 2,000 bags of coins are processed annually, with a total value of approximately \$2 million.

The current coin counter is nearly 17 years old (the expected useful life of the unit is 10 years). The machine's steel plates have worn down, which causes inconsistent counts. The machine also is unable to consistently sort each coin denomination in the proper bag, forcing staff to correct discrepancies manually by sorting through the bags. In addition, the machine has been breaking down with increasing frequency, and replacement parts and circuitry are rare and difficult to find. The accumulation of these problems has resulted in excessive down time. As a result, a replacement unit is necessary in the near term.

DISCUSSION:

The coin counter-sorter machine is a necessary appliance in order to properly handle and deposit the coins received. However, as we reviewed options and alternatives to replacing the existing

unit, we explored having the coins counted and sorted by the bank. It was estimated that processing 2,000 bags per year at a cost of \$7.00 per bag would cost the City \$14,000 annually, while a replacement coin counting machine would cost approximately \$15,000, and would provide service for another 10+ years. Additionally, outsourcing the counting of coins eliminates an important internal control. As a result, staff recommends that the funds required to purchase a replacement unit (estimated to be \$15,000) be appropriated. If Council approves this recommendation, staff will solicit proposals. Because the anticipated cost is below \$20,000, staff will award an order administratively.