



**OPERATIONS COMMITTEE
SEPTEMBER 21, 2006**

**SUBJECT: CONTRACT NO. OP33441843, ELEVATOR, ESCALATOR MAINTENANCE
MONITORING & CONSULTING SERVICES**

ACTION: APPROVE NEW CONTRACT AWARD AND AMEND THE FY07 BUDGET

RECOMMENDATION

Authorize the Chief Executive Officer to:

- A. Award a five-year firm, fixed unit rate contract, Contract No. OP33441843 to Lerch, Bates & Associates Inc., for Metro transit facilities elevator and escalator maintenance monitoring and consulting services in an amount not to exceed \$661,445, inclusive of two one-year options, effective October 1, 2006.
- B. Execute task orders under this agreement to provide as-needed consulting services such as incident investigations, claim support services, expert testimony, equipment modernization and capital improvement support services in an amount not to exceed \$233,325 over a five-year term, inclusive of two one-year options, effective October 1, 2006.
- C. Amend the FY07 Facilities-Operations budget, cost center 3344, to add one manager level full-time equivalent position (FTE) to oversee the maintenance contract for Metro elevators and escalators and the maintenance monitoring and consulting services contract to be funded within the current year budget.

RATIONALE

Elevator/escalator maintenance is a highly specialized field which necessitates maintenance be outsourced and is currently provided by an outside contractor. Adequate support from certified and trained professionals in the elevator/escalator field is needed by Metro Operations to ensure the maintenance contractor's adherence to the specified maintenance program. Access to timely advice and ongoing equipment inspections by an experienced outside consultant, not associated with the maintenance contractor, is a necessary measure to protect public safety and Metro's investment in this asset to extend the lifecycle of the equipment through close monitoring of the maintenance program.

Metro Operations will primarily utilize the consultant services to conduct annual equipment audits and periodic inspections on each of the 122 escalators and 127 elevators throughout Metro's transit system. Routine elevator/escalator equipment audits performed by a third party consultant, that is independent of the maintenance provider, is a quality control method that is widely recognized and utilized in the oversight of large maintenance contracts. Certified and trained professionals will assess the condition of the equipment and evaluate the quality and level of performance that Metro's maintenance contractor is providing to ensure compliance to Metro's maintenance contract requirements.

As part of these annual audits, the consultant will verify that the equipment operation and condition conforms to the latest codes, regulations and standards that govern vertical transportation equipment. The Consultant's inspection of the equipment will also include testing all safety devices to verify Metro's transit elevators and escalators are operating within safe parameters and tolerances to ensure public safety.

An additional advantage of sourcing an industry leader in the field of elevator/escalator maintenance consulting is that the expertise and skills they bring with them will also be utilized on an as-needed basis to assist Metro in claim support, providing expert litigation testimony, preparing specifications for equipment additions, upgrades, modifications and related construction support services.

The original bid for the recommended contractor for this oversight work was near \$1.8 million dollars. In an effort to reduce costs for this consulting service, the original scope was reduced with the intent to bring some of the oversight of this work in-house. The revised bid came in significantly lower, by approximately \$900,000, which more than offset the expenditure for an additional FTE to increase Metro's oversight and control. The magnitude of the current elevator/escalator maintenance contract is valued at nearly \$30 million over 5 years, inclusive of options. This new position would be a dedicated resource to ensure compliance with both contracts, strengthening Metro's commitment to service quality and equipment availability

This contract will replace contract No. OP33443142 with Scott Elevator Consultants which has provided elevator/escalator consulting services for Metro since October 2001. The existing contract will expire on September 30, 2006. Service under the new contract is planned to commence on October 1, 2006.

FINANCIAL IMPACT

The funding of \$254,322 for services specified in recommendations A, B, and C are included in the FY07 budget in cost center 3344, Contracts & Administration under project 300011 (Bus Operations), 300022 (Blue Line Operations), 300033 (Green Line Operations), 300044 (Red Line Operations) and 300055 (Gold Line Operations). The cost of the FTE is estimated to be \$130,000 per year including fringe benefits.

Since this is a multi-year contract, the cost center manager and Deputy Chief Executive Officer will be accountable for budgeting the cost in future years, including any options exercised. In FY06, \$90,670 was expended on this service.

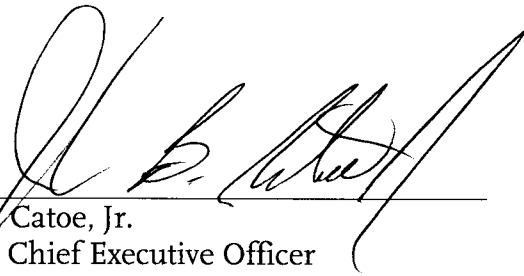
ALTERNATIVES CONSIDERED

One alternative considered is to hire a team of certified conveyance inspectors that are highly trained in the elevator/escalator field to provide the service in-house. Finding and recruiting such elevator/escalator professionals willing to work in this capacity may be difficult to achieve. Recruitment efforts by other properties to hire this level of expertise have not been successful primarily due to high salary requirements. Even if successful, the level of technical and engineering expertise and capacity that newly hired personnel can offer to Metro will be no match to that of a long established world class consulting firm such as Lerch, Bates with its vast database of knowledge. This is not a recommended option for Metro.

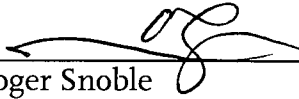
ATTACHMENTS

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

Prepared by: Brady Branstetter, Director Facilities Maintenance
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Tom Butler, Senior Contract Administrator



John B. Catoe, Jr.
Deputy Chief Executive Officer



Roger Snoble
Chief Executive Officer

**BOARD REPORT ATTACHMENT A
PROCUREMENT SUMMARY**

ELEVATOR/ESCALATOR MAINTENANCE MONITORING & CONSULTING SERVICES

1	Contract Number: OP33441843		
2	Recommended Vendor: Lerch, Bates & Associates		
3.	Cost/Price Analysis Information:		
	A. Proposed Price: \$894,770	Recommended Price: \$894,770	
	B. Details of Significant Variances are in Attachment A-1.D		
4.	Contract Type: Firm Fixed Price		
5.	Procurement Dates:		
	A. Issued: April 21, 2006		
	B. Advertised: April 22, 2006		
	C. Pre-proposal Conference: May 1, 2006		
	D. Proposals Due: May 30, 2006		
	E. Pre-Qualification Completed: June 20, 2006		
	F. Conflict of Interest Form Submitted to Ethics: August 9, 2006		
6.	Small Business Participation: No goal was recommended		
	A. Proposal Goal: 0%	Date Small Business Evaluation Completed: March 10, 2006	
	B. Small Business Commitment 0%		
7.	Request for Proposal Data:		
	Notifications Sent: 8	Proposals Picked up: 2	Proposals Received: 2
8.	Evaluation Information:		
	A. <u>Proposers Names:</u> Scott Elevator Consulting Lerch, Bates & Associates	<u>Proposal Amount:</u> \$887,600/\$1,346,488 \$2,132,128/\$1,791,627	<u>Best and Final Offer Amount:</u> \$781,009 \$894,770
	B. Evaluation Methodology: Details are in Attachment A-1.C		
9.	Protest Information:		
	A. Protest Period End Date: September 26,2006		
	B. Protest Receipt Date: TBD		
	C. Disposition of Protest Date: TBD		
10.	Contract Administrator: Tom Butler	Telephone Number: 213-922-7312	
11.	Project Manager: Hussein Farah	Telephone Number: 213-922-8877	

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

**ELEVATOR/ESCALATOR MAINTENANCE MONITORING AND CONSULTING
SERVICES**

A. Background on Contractor

Lerch, Bates & Associates Inc. (Lerch, Bates), located in La Crescenta, California, was founded in 1947 offering specialized consulting services in the field of vertical transportation systems. They are an internationally recognized firm headquartered in Littleton, Colorado with 21 regional offices throughout the United States, and six in Europe and Asia. They are the largest company of its kind in the United States. Their primary business is expertise in elevators and escalators including providing consulting services in all aspects of vertical transportation equipment maintenance monitoring, planning, design and construction.

Lerch, Bates has previously contracted directly with Metro for similar services as recently as 2002 and has successfully worked with several Metro contractors and architects over the past years on Metro projects including Red, Blue and Gold Line elevator/escalator systems. Client references include WMATA in Washington DC; MTA in Baltimore, Maryland as well as many hospitals, hotels, and universities. Currently, Lerch, Bates is providing maintenance monitoring service under a three-year contract to the Metro Boston Transit Authority for their 300 elevators/escalators and to the Mc Carron Airport in Las Vegas, Nevada for their 31 escalators. Discussions and reference checks with Metro Boston and McCarron indicate Lerch, Bates performance is satisfactory

B. Procurement Background

This procurement was solicited via a competitive Request for Proposal (RFP) which allows Metro to consider factors other than price in the award of contracts. This method was selected since qualifications, past performance and experience of the firm and personnel are very important to the success of the services to be provided. The RFP indicated the evaluation would include review and evaluation of technical and qualification factors as well as price. Because safety is such a critical component of the operation of Metro's elevator and escalators, the evaluation criteria was established so that technical expertise would be considered more important than price. Award would then be made to the company earning the highest total evaluation score as determined by a Source Selection Committee in accordance with the criteria set forth in the RFP.

On April 21, 2006, Request for Proposal (RFP) No. OP33441843 was submitted to eight companies to solicit proposals. An additional two companies also downloaded the RFP from the Metro web site. Two proposals were received and presented to the Source Selection Committee for evaluation. During the evaluation both proposers were requested to submit revised proposals for consideration based on reductions in scope of work.

The Diversity & Economic Opportunity Department (DEOD) did not recommend a Disadvantaged Business Enterprise (DBE) goal for this procurement due to the specialized and highly qualified nature of the contractor. In addition, based on industry practice, it is expected the contractor will provide all services with minimal if any subcontracting.

C. Evaluation of Proposals

In accordance with Procurement Policies and Procedures, the Source Selection Committee (SSC) conducted a comprehensive technical evaluation of the proposals. The SSC first reviewed the proposals to determine the responsibility and responsiveness to the RFP minimum requirements. Both proposers, Scott Elevator Consultants and Lerch, Bates & Associates were found to be responsive and responsible. Evaluation of the proposals focused on company and personnel qualifications, technical capability and project approach, understanding of the scope of work, tools, methods and procedures, and past performance as well as price. Clarification of questions asked by the companies during the RFP process and questions during the evaluation and site visits by the SSC team to each of the companies' facilities after the proposals were submitted also contributed to assessment of the companies.

Based on the evaluation by the SSC, it was determined that the Lerch, Bates proposal offers the best value and staff is recommending the contract be awarded to Lerch, Bates. They will utilize comprehensive evaluation criteria that will give Metro better insight to the condition of the equipment, the quality of maintenance, code compliance and protection to public safety. They possess improved methodology, checklists, procedures, and tools, including a Lerch, Bates developed, computer based program to record data during the equipment audits, which will enable them to provide a valuable database for Metro. This database will identify conditions and trends that can be used to ensure preventative maintenance and repairs occur in a timely fashion with predictable, planned downtimes versus emergency repairs and subsequent emergency downtimes often at peak demand periods.

Other custom tools are also available to closely measure and record the parameters of the equipment particularly those that affect operational safety and State of California safety code requirements. These features should also minimize and reduce equipment downtime as well as maintain safe operation of the equipment. Staff's evaluation indicates that critical claim support would be excellent based on their approach to claims and the additional support and technical resources offered by the sharing of information between the offices of a national company. Finally, Lerch, Bates' advanced engineering capacity and unparalleled expertise in the field of vertical transportation consulting will be an added benefit to Metro in its efforts to modernize, modify and upgrade aging elevators and escalators to improve equipment performance.

D. Cost/Price Analysis Explanation of Variances

The award recommendation is being made to other than the low priced offeror on the basis that Lerch, Bates offers superior performance in critical areas of safety and claim

support. The price proposed by Lerch, Bates is 14% higher than Scott's price and 22% higher than the independent cost estimate. Notwithstanding those comparisons it was determined that the higher price proposed by Lerch, Bates is offset by their technical and management superiority and the advantages that an improved safety program would provide for Metro's patrons.

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

**ELEVATOR/ESCALATOR MAINTENANCE MONITORING AND CONSULTING
SERVICES**

PRIME CONTRACTOR –Lerch, Bates and Associates Inc.

Small Business Subcontractors

None

Other Subcontractors

None

Total Commitment 0%