



Metro

Metropolitan Transportation Authority

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**OPERATIONS COMMITTEE
OCTOBER 20, 2005**

**SUBJECT: CONTRACTS NO. OP33443130 & OP33440667, ELEVATOR, ESCALATOR
MAINTENANCE AND REPAIR SERVICES**

**ACTION: EXTEND EXISTING CONTRACT TERM AND APPROVE NEW CONTRACT
AWARD**

RECOMMENDATION

Authorize the Chief Executive Officer to:

- A. Execute Modification No. 9 to Contract No. OP33443130 with Mitsubishi Electric & Electronics USA, Inc., to provide Metro transit facilities elevator and escalator maintenance and repair services extending its contract term for a period of 90 days in an amount not to exceed \$791,220, increasing the Total Contract Value from \$13,591,312 to \$14,382,532, effective November 1, 2005 and;
- B. Award a five-year firm, fixed unit rate contract, Contract No. OP33440667 to Mitsubishi Electric & Electronics USA, Inc., for Metro transit facilities elevator and escalator maintenance and repair services in an amount not to exceed \$29,977,139, inclusive of two one-year options and a 1.4% contingency for as-needed additional services, effective February 1, 2006.

DISCUSSION

Contract OP33443130 provides maintenance and repair services to 127 elevators and 122 escalators in the Metro transit system. A systemic preventive maintenance program and timely repairs of the equipment is necessary in order to meet State code requirement and to provide a safe and reliable vertical transportation system to transit riders.

The current contract with Mitsubishi Electric is due to expire on October 31, 2005, with no option periods remaining. A new replacement contract was solicited under an RFP process. The price proposals received from the vendor community came in higher than budgeted. Staff is recommending to extend the existing contract for a period of ninety days, through January 31, 2006, and to commence services under the new proposed contract on February 1, 2006, as this offers the most economic approach to manage the contract for maintenance of the elevator/escalator units.

The elevator and escalators at transit stations play an integral role in transporting riders through the Metro's transit system and provide access to mobility impaired patrons. In order to improve equipment availability, reliability, and minimize equipment downtime and its impact on riders, a higher level of service is needed. To achieve these service improvements, the scope of work and the level of effort under the proposed new contract substantially surpass that of the existing contract. Major elements that were added to this new contract to improve service include:

- 1. Extended hours of regular maintenance service.**
Existing Contract: Current regular service hours under the existing contract are from 6:00 AM to 6:00 PM, Monday through Friday only. No maintenance is performed beyond these hours except for callback service to respond to equipment troubles.
New Contract: Under the new contract, regular service hours have been extended from 6:00 AM to 9:00 PM, seven days per week, including holidays. These increased service hours will allow for the performance of more maintenance during non-peak commuter hours. The physical presence of technicians in the transit system for fifteen hours a day, seven days per week, will result in improved response to equipment malfunction and reduce equipment downtime.
- 2. An increased level of dedicated technical personnel.** In order to meet the higher maintenance and response demands that an aging and heavily utilized transit system requires, the technician staffing level under the new contract has been increased **from 10-13 to 16 dedicated technicians**, that will be exclusively assigned to the Metro elevator/escalator maintenance contract. The additional manpower will give needed flexibility to the maintenance program and provide onsite service coverage during after-hours, weekends and holidays.
- 3. Moving the majority of major preventive maintenance work to weekends and after-hours.** Since the new contract will have extended regular service hours, major elements of equipment maintenance such as annual escalator/elevator inspections has been moved from regular business hours to weekends or after-hours. This will lessen the impact of preventive maintenance work on the availability of equipment to the public during regular business hours and reduce complaints.
- 4. Incorporating liquidated damages for excessive equipment downtime and increased levels of spare parts on hand.** The new contract will impose liquidated damages on the service provider for excessive equipment downtime. In an effort to avoid monetary fines the maintenance provider has an incentive to invest in stocking an increased level of spare parts to return equipment back into service sooner after a unit has become inoperable.

Acquiring this higher level of service has resulted in an increase in contract cost. In addition, a significant factor driving the cost higher in the new contract is the elevator/escalator trade's labor cost, which has escalated substantially since the award of the existing contract in October 2000. In the event that the cost of this increased level of service is deemed unaffordable by Metro, there are allowances in the contract to acquire reduced levels of service from the Contractor for a lesser contract value. However, in the interest of improved

level of service for the benefit of transit riders, staff recommends the approval of the new contract with no reduction in the level of effort proposed under this preferred option.

FINANCIAL IMPACT

The funding of \$4,016,000 for this service is included in the FY06 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). 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 FY05, \$2,424,353 was expended on this service.

ALTERNATIVES CONSIDERED

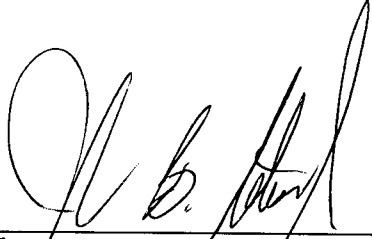
One alternative considered was to provide the service in-house. This would require the hiring of state certified technical personnel and the purchase of parts, equipment, vehicles and supplies. Establishing an in-house maintenance capability that is independent of the union labor pool would require years to develop and it is unlikely that Metro would be able to consistently attract, train, and retain a sufficient number of certified employees to perform the work in this industry's competitive market. Staff's analysis indicates that this is not a cost-effective option.

Another alternative considered was to reduce the level of service and hours of coverage required of the Contractor. This would result in increased levels of equipment downtime and customer complaints and is not a preferred option.

ATTACHMENTS

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

Prepared by: Brady Branstetter, Director Facilities Maintenance
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Victor Ramirez, Contract Administration Manager



John B. Catoe, Jr.
Deputy Chief Executive Officer



Roger Snoble
Chief Executive Officer

**BOARD REPORT ATTACHMENT A
PROCUREMENT SUMMARY
ELEVATOR/ESCALATOR MAINTENANCE AND REPAIR SERVICES**

1.	Contract Number: OP33440668		
2.	Recommended Vendor: Mitsubishi Electric & Electronics USA, Inc.		
3.	Cost/Price Analysis Information:		
	A. Proposed Price: \$29,565,253	Recommended Price: \$29,977,139 (w/ contingency)	
	B. Details of Significant Variances are in Attachment A-1.D		
4.	Contract Type: Firm Fixed Unit Rate with Task Order Elements		
5.	Procurement Dates:		
	A. Issued: 3/28/05		
	B. Advertised: 3/28/05		
	C. Pre-proposal Conference: 4/13/05		
	D. Proposals Due: 6/10/05		
	E. Pre-Qualification Completed: 6/23/05		
	F. Conflict of Interest Form Submitted to Ethics: 9/12/05		
6.	Small Business Participation:		
	A. Proposal Goal: 5 % DBE	Date Small Business Evaluation Completed: 3/14/05	
	B. Small Business Commitment: 5.03% Details are in Attachment A-2		
7.	Invitation for Bid/Request for Proposal Data:		
	Notifications Sent: 32	Proposals Picked up: 14	Proposals Received: 3
8.	Evaluation Information:		
	A. Bidders/Proposers Names:	<u>Proposal Amount:</u>	<u>Best and Final Offer Amount:</u>
	Mitsubishi Electric/Electronics USA	\$33,125,647	\$29,565,253
	Fujitec America, Inc.	\$36,209,985	\$31,301,322
	Kone Inc.	\$39,294,086	\$38,198,838
	B. Evaluation Methodology: Describe Methodology Details are in Attachment A-1.C		
9.	Protest Information:		
	A. Protest Period End Date: 10/24/05		
	B. Protest Receipt Date: N/A		
	C. Disposition of Protest Date: N/A		
10.	Contract Administrator: Victor Ramirez	Telephone Number: 922-1059	
11.	Project Manager: Hussein Farah	Telephone Number: 922-8877	

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

ELEVATOR/ESCALATOR MAINTENANCE AND REPAIR SERVICES

A. Background on Contractor

Mitsubishi Electric & Electronics USA, Inc. Elevator/Escalator Division (Mitsubishi) is headquartered in Cypress, CA. Mitsubishi specializes in the maintenance and repair of various manufacturers' makes of elevators and escalators. They are also a large source for new construction projects in the Western United States.

Mitsubishi performs maintenance and repair services for South Coast Plaza, Costa Mesa, CA, Universal Studios, North Hollywood CA, and all Target Stores nationwide. Their current construction projects include renowned properties such as the Getty Museum, Griffith Park Observatory, MGM Tower, and the Los Angeles Municipal Courts in Chatsworth and Palmdale.

Mitsubishi is the incumbent contractor under Contract OP33443130, awarded in October 2000. Their work has been satisfactory to date.

B. Procurement Background

Staff developed requirements and supporting Contract terms and conditions that transform the existing services to better meet the needs of Metro's patrons. Using other public works as like Caltrans highway construction and maintenance as a model, staff requires the new Contractor to perform all visible work outside of the peak commute hours. Moreover, incentives have been included to assure escalators are operating during high demand periods.

The new Contract services include maintenance and repair of all vertical transportation system-wide as was required under the existing Contract. However, the new Contract now requires the Contractor to perform services that were previously considered out of scope. For example, abuse, misuse and vandalism were subject to an equitable adjustment for labor and materials under the existing Contract because labor was not dedicated to Metro properties. The new Contract makes the labor dedicated to Metro and will only allow a pass through of materials plus a reasonable mark-up for as-needed services. This as-needed work will be managed using task orders.

The recommended total Contract Not-to-Exceed amount is made up of firm fixed unit rates for each escalator and elevator for a five-year period. Furthermore, staff included a budgeted value for as-needed materials that each proposer then applied their competitive material mark-ups. For example, the recommended awardee's proposed offer of \$29,565,253 is made up of firm fixed unit rates for maintenance and repair that equals \$27,661,253, and another \$1,904,000 for as-needed services; of which \$1,600,000 is a pass through budget for materials.

The recommended term of five years includes Metro held options for years four and five. In addition, staff has built-in the ability to lower the level of effort if it is later deemed to require right sizing. This lower level of effort also includes firm fixed unit pricing that will not require renegotiation of rates or terms and conditions.

The 90-day contract extension to the existing Contract will be performed by Mitsubishi using current rates from the final year of that Contract without any escalation.

C. Evaluation of Proposals

This procurement was issued as an RFP using explicit factors that evaluated proposer's work plans, technical qualifications, experience and price; where price was evaluated to be of equal importance against all other technical factors. All three proposers were deemed to be qualified to perform the services. The recommended Contractor (Mitsubishi) was not only determined to be the highest rated technical offer, but they also offered the lowest price. Staff complied with all Metro Procurement policies and procedures in its evaluation and recommendation for award.

D. Price Analysis Explanation of Variances

The recommended price has been determined to be fair and reasonable based upon adequate competition and award to the lowest price offer. Staff has concluded that many factors make a comparison of the existing contract price with the new contract price meaningless. Those factors include far greater part replacement costs because the elevators and escalators are in many cases, now past the midpoint of their expected life; a larger and now fully dedicated labor force, driven by extended hours of service coverage, including evenings, weekends and holidays; and prohibitions from performing service during peak demand periods.

The prices proposed for the three-month contract modification to the existing Contract are considered fair and reasonable based on adequate price competition and award to the lowest price offer for the original contract award of Contract OP33443130.

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

ELEVATOR/ESCALATOR MAINTENANCE AND REPAIR SERVICES

PRIME CONTRACTOR – Mitsubishi Electronic & Electrics USA, Inc.

Small Business Commitment		Other Subcontractors
Plummer’s Elevator Service	3.44%	None
Elite Escalator Inc.	<u>1.59%</u>	
Total Commitment:	5.03%	