

**Board Report**

File #: 2019-0632, **File Type:** Contract**Agenda Number:** 27.

**OPERATIONS, SAFETY, AND CUSTOMER EXPERIENCE COMMITTEE
SEPTEMBER 19, 2019****SUBJECT: SPACE PLANNING/INSTALLATION SERVICES AND FURNITURE****ACTION: APPROVE CONTRACT MODIFICATIONS****RECOMMENDATION**

AUTHORIZE the Chief Executive Officer to execute Modification No. 1 to Contract No. PS28069-2000 to exercise the two, one-year options with M3 Office, Inc. for Space Planning/Installation Services and Furniture, in the amount of \$2,000,000 increasing the not-to-exceed total contract value from \$5,000,000 to \$7,000,000 and extending the contract term to March 31, 2022.

ISSUE

This Contract is for a full-service Herman Miller furniture dealer to provide furniture, space planning, and installation services for all Metro's facilities, including new operating facilities and the Gateway Headquarters building. The three-year base period for this Contract with M3 Office Inc. (M3) will expire on March 31, 2020.

To continue providing the furniture planning and installation services, a Contract Modification is required to exercise both of the two, one-year options, extending the period of performance through March 31, 2022.

DISCUSSION

On March 23, 2017, Metro awarded a five-year indefinite-delivery/indefinite quantity contract to M3 in the amount not-to-exceed \$7,000,000 inclusive of two, one-year options. M3 was awarded the Contract with a base term from April 1, 2017 to March 31, 2020.

This contract is a master agreement for space planning, furniture acquisition and installation for existing facilities, and for new facilities when advantageous. The contract type is indefinite delivery/indefinite quantity, which secures favorable pricing for the contract term to meet future space planning and furniture requirements. The contract includes a 4.12% commitment of DBE participation. Based on our assessment of current industry conditions, pricing has not improved since the contract was awarded and Metro is unlikely to get a better deal than we have now.

We are returning to the Board for authorization to exercise both option years. Staff has determined

that expenditures over the remaining life of this contract will continue as anticipated due to Metro growth-related projects.

It is our ongoing sustainability practice to reuse existing furniture that is in good condition before buying new furniture. Standardization of systems furniture provides the ability to reuse components whenever possible to save money and contribute to Metro's environmental goals.

DETERMINATION OF SAFETY IMPACT

Replacing furniture that has reached the end of its useful life with more ergonomically appropriate furniture will improve employee safety.

FINANCIAL IMPACT

The funding of \$1,000,000.00 for these services is included in the FY20 budget in Cost Center 6430 (General Services) under project 100090 Gateway Building Cost.

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

Impact to Budget

The source of funds for project 100090 is Federal, State, and local revenues that are eligible for these services.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The recommendation supports Metro's Strategic Plan Goal 5 to provide responsive, accountable and trustworthy governance within the Metro Organization which will foster and maintain a strong safety culture. By replacing furniture that has reached the end of its useful life with more ergonomically appropriate furniture, we will improve the safety of our patrons and employees.

ALTERNATIVES CONSIDERED

The Board may decide not to exercise this contract option and direct staff to engage in a new competitive procurement to meet Metro's space planning and furniture requirements. This alternative has not been recommended because it is unlikely that a new procurement will result in more favorable pricing than the current contract.

NEXT STEPS

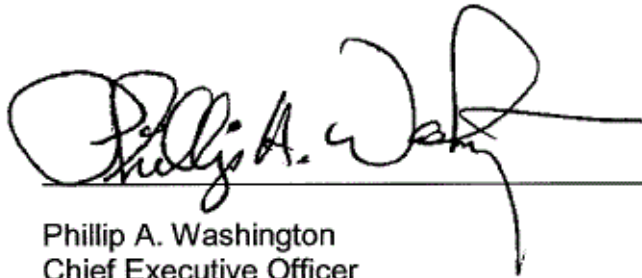
Upon approval by the Board, staff will execute Contract Modification No. 1 with M3 Office, Inc. for Space Planning-Installation Services and Furniture, to exercise the two, one-year options and extend the period of performance through March 31, 2022.

ATTACHMENTS

Attachment A - Procurement Summary
Attachment B - Contract Modification/Change Order Log
Attachment C - DEOD Summary

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Phillip A. Washington
Chief Executive Officer

PROCUREMENT SUMMARY

SPACE PLANNING/INSTALLATION SERVICES AND FURNITURE / PS28069-2000

1.	Contract Number: PS28069-2000		
2.	Contractor: M3 Office, Inc.		
3.	Mod. Work Description : Exercise Option Years 1 and 2		
4.	Contract Work Description Provide furniture, space planning, and installation services for all Metro facilities, including new operating facilities and the Gateway Headquarters building.		
5.	The following data is current as of: 8/16/19		
6.	Contract Completion Status		Financial Status
	Contract Awarded:	3/23/17	Contract Award Amount: \$5,000,000
	Notice to Proceed (NTP):	5/17/17	Total of Modifications Approved: \$0
	Original Complete Date:	3/31/20	Pending Modifications (including this action): \$2,000,000
	Current Est. Complete Date:	3/31/20	Current Contract Value (with this action): \$7,000,000
7.	Contract Administrator: Antwaun Boykin		Telephone Number: (213) 922-1056
8.	Project Manager: Paul Gomez		Telephone Numbers: (213) 922-6762

A. Procurement Background

This Board Action is to approve Contract Modification No. 1 to Contract No. PS28069-2000 with M3 Office, Inc. for the continuation of furniture, space planning, and installation services for all Metro facilities, including new operating facilities and the Gateway Headquarters building, by exercising the first and second option years in an amount not to exceed \$2,000,000 and extending the period of performance to March 31, 2022.

This contract modification will be processed in accordance with Metro's Acquisition Policy and the contract type is Indefinite Delivery/Indefinite Quantity.

On March 23, 2017, the Board approved a five-year, indefinite-delivery/indefinite quantity contract, inclusive of two, one-year options to M3 Office, Inc., the lowest responsive and responsible bidder, to provide furniture, space planning, and installation services for all Metro facilities, including new operating facilities and the Gateway Headquarters building.

Refer to Attachment B – Contract Modification/Change Order Log.

B. Cost/Price Analysis

The recommended price for the option years has been determined to be fair and reasonable based upon rates that were evaluated and established as part of the current contract awarded on March 23, 2017.

The rates set forth in this contract are comparable to GSA discounts given to other government agencies. The rates for these option years are the same rates the firm has charged Metro during the initial three-year base term, with no increase. Therefore, exercising the options is in the best interest of Metro. The Contract was a result of a competitive IFB in which the option years were evaluated, and award was made to the lowest responsive, responsible bidder.

OPTION YEAR AMOUNT	METRO ICE	MODIFICATION AMOUNT
\$2,000,000	\$2,000,000	\$2,000,000

CONTRACT MODIFICATION/CHANGE ORDER LOG

SPACE PLANNING/INSTALLATION SERVICES AND FURNITURE / PS28069-2000

Mod. No.	Description	Status (approved or pending)	Date	Amount
1	Exercise Option Years 1 and 2	Pending	Pending	\$2,000,000
	Modification Total:			\$2,000,000
	Original Contract:		3/23/17	\$5,000,000
	Total:			\$7,000,000

DEOD SUMMARY

SPACE PLANNING/INSTALLATION SERVICES AND FURNITURE / PS28069-2000

A. Small Business Participation

M3 Office Inc. (M3) made a 4.12% Disadvantaged Business Enterprise (DBE) commitment. The project is 69% complete and the current participation is 1.45%, which is a 2.67% DBE shortfall. As part of its shortfall mitigation strategy, M3’s plan included an executed sales order awarded to Décor Interior Design (Décor) in July 2019. Once the work is completed and Décor has been paid, M3’s DBE participation will be 5.80%, which will exceed M3’s DBE commitment on this contract, thus eliminating the shortfall. M3 expects the shortfall to be completely mitigated by November 2019. M3 also committed to utilizing Décor to provide design and delivery assistance on future sales orders to ensure they continue to meet their commitment on this contract.

Notwithstanding, Metro Project Managers and Contract Administrators, will work in conjunction with DEOD to ensure that M3 is on schedule to meet or exceed its DBE commitment. If M3 is not on track to meet its small business commitment, Metro staff will ensure that M3 submits an updated mitigation plan. Additionally, key stakeholders associated with the contract have been provided access to Metro’s tracking and monitoring system to ensure that all parties are actively tracking Small Business progress.

Small Business Commitment	4.12% DBE	Small Business Participation	1.45% DBE
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	DBE Subcontractors	Ethnicity (Only Applicable For DBE Contract)	% Committed	Current Participation¹
1.	Décor Interior Design	African American	4.12%	1.45%
Total			4.12%	1.45%

¹Current Participation = Total Actual amount Paid-to-Date to DBE firms ÷ Total Actual Amount Paid-to-date to Prime.

B. Living Wage and Service Contract Worker Retention Policy Applicability

The Living Wage and Service Contract Worker Retention Policy is not applicable to this modification.

C. Prevailing Wage Applicability

Prevailing Wage requirements are applicable to this project. DEOD will continue to monitor contractors' compliance with the State of California Department of Industrial Relations (DIR), California Labor Code, and, if federally funded, the U S Department of Labor (DOL) Davis Bacon and Related Acts (DBRA).

D. Project Labor Agreement/Construction Careers Policy

Project Labor Agreement/Construction Careers Policy is not applicable to this Contract. Project Labor Agreement/Construction Careers Policy is applicable only to construction contracts that have a construction contract value in excess of \$2.5 million.