



Board Report

File #: 2021-0276, File Type: Contract

Agenda Number: 27.

OPERATIONS, SAFETY, AND CUSTOMER EXPERIENCE COMMITTEE June 17, 2021

SUBJECT: ELEVATOR AND ESCALATOR MAINTENANCE SERVICES

ACTION: APPROVE CONTRACT MODIFICATION

RECOMMENDATION

AUTHORIZE the Chief Executive Officer to execute Modification No. 10 to Contract No. OP710100003367 with Mitsubishi Electric USA, Inc. (MEUS), to continue performing comprehensive preventative maintenance, inspections and repairs of elevators and escalators along with their associated systems and equipment. Modification No. 10 is to exercise the one, two-year option in the amount of \$32,592,290, increasing the total contract value from \$76,732,083.65 to \$109,324,373.65 and extending the period of performance from November 1, 2021 to October 31, 2023.

ISSUE

The existing contract five-year base period expires October 31, 2021. To ensure service continuity providing safe, comprehensive preventative maintenance, inspections and repairs of elevators and escalators along with their associated systems and equipment throughout Metro facilities, excluding Metro Gateway Headquarters and Union Station East Portal, which are covered under a separate maintenance contract, a contract modification is required effective November 1, 2021.

BACKGROUND

On August 25, 2016, Metro Board of Directors authorized the Chief Executive Officer to award a firm fixed unit rate Contract No. OP710100003367 for comprehensive elevator and escalator maintenance, inspection, and repair services, with MEUS, for a five-year base period and one, two-year option, effective November 1, 2016.

DISCUSSION

Under the existing contract, MEUS has been providing satisfactory services performing elevator and escalator maintenance, inspections, and as-needed repairs. A systematic preventive maintenance program and timely repair of the equipment is necessary to meet the State code requirements and provide a safe and reliable vertical transportation system to Metro patrons.

Contractor responsibilities have expanded to include nine (9) elevators and four (4) escalators for a total of 13 additional units at Metro B Line (Red) Universal City Station Pedestrian Bridge, North Hollywood Station, Crenshaw/LAX Division 16, and Location 64. The updated number of transit and non-transit units maintained under this contract is 173 elevators and 139 escalators for a total of 312 units system-wide, excluding Metro Gateway Headquarters and Union Station East Portal which are covered under a separate maintenance contract.

Under this contract, the contractor has been providing enhanced cleanliness services for the escalator steps and elevator hoistway glass and pits, to improve units' overall conditions. State-of-good repair refurbishment projects have been an integral part of this contract performing elevator flooring replacement for approximately \$2,010,000, corrosion damage repairs to hoistway entrances and platforms for \$1,900,000, and escalator step tread replacement for approximately \$430,000.

Additional as-needed services will continue to repair damages caused by water intrusion, vandalism, and misuse of units, and replace obsolete parts and upgrade existing equipment. This is necessary to ensure service reliability, maintain a state of good repair and remain in compliance with State code requirements.

The annual average Key Performance Indicator (KPI) for Metro's transit 139 elevators and 139 escalators exceeds 99%. Elevator and escalator annual average KPI measures units' availability while verifying contractor's responsiveness and ability to maintain the units in operation. Units' availability is calculated taking into consideration all downtime for inoperable units reported to Metro due to scheduled maintenance or unplanned downtime caused by misuse of units, vandalism, and/or technical matters.

As part of this contract, terms for liquidated damages are included and designed to minimize equipment downtime, provide an incentive for the contractor to respond and perform timely repairs in accordance with contract requirements, and keep the units in operation. Liquidated damages are also applicable for failure to repair a unit after repeated calls for the same problem and excessive equipment downtime.

This comprehensive elevator and escalator maintenance contract is critical to Metro's operations to ensure service continuity, sustain high levels of equipment availability and reliability, and minimize equipment downtime and impact on riders. The elevators and escalators throughout Metro's transit system play a vital role in riders' access, especially for mobility impaired patrons.

The Diversity and Economic Opportunity Department (DEOD) established a 7% Small Business Enterprise (SBE) goal and a 3% Disadvantage Veteran Business Enterprise (DVBE) goal for this contract. MEUS made a commitment of 7.51% for SBE and 3.05% for DVBE. The project is 80% complete and the current SBE participation is 8.21%, exceeding the commitment by 0.70%, and the current DVBE participation is 3.02%, representing a 0.03% shortfall. MEUS is working DEOD and has identified additional resources to mitigate the DVBE shortfall, with an anticipation to be on target with their community by the end of May 2021.

DETERMINATION OF SAFETY IMPACT

The approval of this item will provide continuity of maintenance services for the elevators and escalators throughout Metro's transit system, ensure compliance with State code requirements, and sustain high levels of equipment availability, in an effort to continue delivering safe, on-time, and reliable access to our patrons.

FINANCIAL IMPACT

Given Board approval of the FY22 budget, funding of \$15,869,294 is included under cost center 8370 - Facilities Contracted Maintenance Services, account 50308, Service Contract Maintenance, under various projects.

Since this is a multi-year contract, the cost center manager and Sr. Executive Officer, Maintenance and Engineering will be accountable for budgeting the cost in future years.

Impact to Budget

The current source of funds for this action are Enterprise operating funds including fares and sales tax. Allocation of these funds maximizes their intended use given approved funding guidelines and provisions.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

This board action supports Strategic Goal 1) Provide high-quality mobility options that enable people to spend less time traveling, and Strategic Goal 2) Deliver outstanding trip experiences for all users of the transportation system. Specifically, the system-wide elevator and escalator maintenance contract ensures the continuity of meeting the State mandated regulations and critical maintenance needs necessary to provide safe, clean, timely, and reliable services.

ALTERNATIVES CONSIDERED

Staff considered providing this service through Metro in-house staff. This would require the hiring of State certified technical personnel, the purchase of parts, equipment, vehicles, supplies, and the acquisition of warehouse space to inventory long lead parts and supplies. Establishing an in-house maintenance capability would require years to develop and be very challenging for Metro to consistently attract, train, and retain a sufficient number of certified employees to perform the work within this highly competitive industry. Staff's assessment indicates that this is not a cost-effective option for Metro.

NEXT STEPS

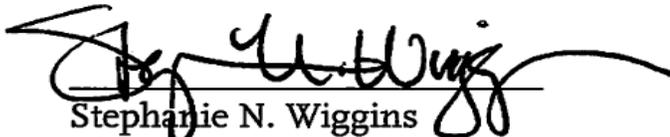
Upon approval by the Board, staff will execute Modification No. 10 to Contract No. OP710100003367 with MEUS, for comprehensive preventative maintenance, inspections, repairs, and cleaning of elevators and escalators along with their associated systems and equipment, excluding Metro Gateway Headquarters and Union Station East Portal, which are covered under a separate maintenance contract, effective November 1, 2021.

ATTACHMENTS

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

Prepared by: Errol Taylor, Sr. Executive Officer, Maintenance & Engineering (Chief Engineer),
(213) 922-3227
Lena Babayan, Deputy Executive Officer, Facilities Contracted Maintenance
Services, (213) 922-6765
Carlos Martinez, Sr. Manager, Facilities Contracted Maintenance Services, (213)
922-6761

Reviewed by: James T. Gallagher, Chief Operations Officer, (213) 418-3108
Debra Avila, Chief, Vendor/Contract Management Officer, (213) 418-3051


Stephanie N. Wiggins
Chief Executive Officer

PROCUREMENT SUMMARY

ELEVATOR/ESCALATOR MAINTENANCE / OP710100003367

1.	Contract Number: OP710100003367		
2.	Contractor: Mitsubishi Electric US, Inc. (MEUS)		
3.	Mod. Work Description: Exercise one, two-year option		
4.	Contract Work Description: To provide comprehensive preventative maintenance, inspection and repair of elevators and escalators along with their associated systems and equipment throughout Metro facilities, excluding Metro Gateway Headquarters and Union Station East Portal.		
5.	The following data is current as of: 4/29/21		
6.	Contract Completion Status		Financial Status
	Contract Awarded:	11/1/16	Contract Award Amount: \$75,077,960
	Notice to Proceed (NTP):	N/A	Total of Modification Approved: \$1,654,124
	Original Complete Date:	10/31/21	Pending Modification (including this action): \$32,592,290
	Current Est. Complete Date:	10/31/23	Current Contract Value (with this action): \$109,324,374
7.	Contract Administrator: Rommel Hilario		Telephone Number: (213) 922-4654
8.	Project Manager: Carlos Martinez		Telephone Number: (213) 922-6761

A. Procurement Background

This Board Action is to approve Modification No. 10 to Contract No. OP710100003367 with Mitsubishi Electric, USA, Inc. to exercise the one, two-year option term to continue to provide comprehensive preventative maintenance, inspection and repair of elevators and escalators along with their associated systems and equipment throughout Metro facilities, excluding Metro Gateway Headquarters and Union Station East Portal.

This contract modification will be processed in accordance with Metro's Acquisition Policy and the contract type is firm fixed unit rate.

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

B. Cost/Price Analysis

The recommended price for the one two-year option has been determined to be fair and reasonable based on rates that were established and evaluated as part of the competitive contract award in 2016. Price analysis revealed that negotiated rates are lower than current market rates for similar services. Therefore, exercising the one, two-year option is in the best interest of Metro.

Proposed Amount	Metro ICE	Award Amount
\$32,592,290	\$32,592,290	\$32,592,290

CONTRACT MODIFICATION/CHANGE ORDER LOG

ELEVATOR AND ESCALATOR MAINTENANCE SERVICES / OP710100003367

Mod. No.	Description	Date	Amount
1.	Increase contract authority due to the addition of two escalator units at the Universal City Pedestrian Bridge.	10/13/17	\$ 291,657.12
2.	Increase contract authority due to the addition of two escalator units at the North Hollywood Station.	1/31/18	\$ 255,199.98
3.	Increase contract authority due to the addition of three escalator units at the Universal City Pedestrian Bridge.	11/11/18	\$ 210,718.97
4.	Increase contract authority due to the addition of two elevator units at the North Hollywood Station.	8/1/2019	\$ 413,321.82
5	Increase contract authority to provide funding for two escalator units at the Universal City Pedestrian Bridge to cover maintenance services for years 3 and 4 of the base term.	10/1/19	\$ 311,225.76
6	Increase contract authority to cover maintenance services of four additional elevator units (2 units at Location 64 and 2 units at Division 16); and discontinue maintenance services on two (2) escalator units (1 unit at Location 61 and one unit at MGL Willowbrook/Rosa Parks).	12/9/19	\$ 172,000.00
7	Amend the Statement of Work to revise invoice submittal requirements.	6/18/20	\$ 0.00
8	Amend the Statement of Work to require the submission of Contractor's employee timesheets as supporting documentation for invoices.	1/12/21	\$ 0.00
9	Amend the Statement of Work to require the submission of maintenance records/reports on inoperable units.	5/11/21	\$ 0.00
10	Exercise Two-Year Option	PENDING	\$ 32,592,290.00
	Modification Total:		\$ 1,654,123.65
	Original Contract:	08/25/16	\$ 75,077,960.00
	Total Contract Value:		\$ 109,324,373.65

DEOD SUMMARY

ELEVATOR/ESCALATOR MAINTENANCE SERVICES/OP710100003367

A. Small Business Participation

Mitsubishi Electric US, Inc. Elevator and Escalator Division (MEUS) made a 7.51% Small Business Enterprise (SBE) and 3.05% Disabled Veteran Business Enterprise (DVBE) commitment for this contract. The project is 80% complete and the current SBE participation is 8.21%, which exceeds the commitment by 0.70%. The current DVBE participation is 3.02%, representing a 0.03% shortfall.

MEUS explained that to mitigate the DVBE shortfall, they have identified additional shifts for the DVBE mechanic to perform. MEUS further explained that they anticipate being on target with their commitment by the end of May 2021 and will continue to monitor the monthly progress to ensure they stay on track with meeting the commitments on this contract. Metro staff will request MEUS submit an update to its mitigation plan if the firm is not on track to meet its small business commitments.

Notwithstanding, Metro Project Managers and Contract Administrators will work in conjunction with DEOD to ensure that MEUS remains on schedule to meet or exceed its SBE/DVBE commitments. Additionally, key stakeholders associated with the contract have been provided access to Metro's online monitoring system to ensure that all parties are actively tracking Small Business progress.

Small Business Commitment	SBE 7.51% DVBE 3.05%	Small Business Participation	SBE 8.21% DVBE 3.02%
----------------------------------	---------------------------------	-------------------------------------	---------------------------------

	SBE Subcontractors	% Committed	Current Participation¹
1.	Elevators Etc. LP	2.78%	2.78%
2.	Lift Solutions, Inc.	0.06%	0.79%
3.	Elite Escalator, Inc.	1.85%	1.82%
4.	Excelsior Elevator Corporation	2.82%	2.82%
	Total	7.51%	8.21%

	DVBE Subcontractors	% Committed	Current Participation¹
1.	Vintage Elevator Services, Inc.	3.05%	3.02%
	Total	3.05%	3.02%

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.

Approve Contract Modification

Elevator and Escalator Maintenance Services

Elevator & Escalator Maintenance Services

Contract Overview

- On August 25, 2016, Metro Board of Directors approved a firm fixed unit rate Contract No. OP10100003367 to Mitsubishi Electric USA (MEUS)
- Contract effective start date: November 1, 2016

CONTRACT TERM	CONTRACT VALUE
Five-Year Base	\$76,732,083.65
One, Two-Year Option	\$32,592,290
Total of Seven Years	\$109,324,373.65

- MEUS provides comprehensive preventative maintenance, inspections and repairs for elevators, escalators and their associated systems and equipment
- Currently there are 173 elevators and 139 escalators for a total of 312 units maintained under this contract
- Elevators and escalators within Gateway Building & Union Station E. Portal are maintained under a separate contract
- The five-year base period expires October 31, 2021

Elevator & Escalator Maintenance Services

DEOD Goal

GOAL	SBE	DVBE
DEOD Goal	7%	3%
MEUS Commitment	7.51%	3.05%
MEUS Participation To-date	8.21%	3.02%

- MEUS exceeded the SBE commitment
- MEUS is working closely with DEOD where additional resources have been identified to mitigate the DVBE shortfall of 0.03, and anticipated to be on target during this month



Elevator & Escalator Maintenance Services

Contractor's Performance

- MEUS has been performing satisfactorily, providing elevator and escalator preventative maintenance, inspections, elevator pit and hoistway glass cleaning, escalator step cleaning and as-needed repairs
- Additional services include State of Good Repair (SGR) projects:
 - ✓ Elevator floor replacement for 66 Units at ~\$2M
 - ✓ Corrosion damage repairs to elevator hoistway entrances and platforms for 34 units at \$1.9M
 - ✓ Escalator step tread replacement for ~\$430,000

Other repairs are performed due to damages caused by water intrusion, vandalism and misuse of units, as well as replacement of obsolete parts and equipment upgrade



Before

**A Line
Willowbrook-Rosa Parks Station
Elevator Floor Replacement**



After

Elevator & Escalator Maintenance Services

Contractor's Performance

- Key Performance Indicator (KPI) measures units' availability based on downtime for inoperable units reported to Metro due to:
 - ✓ Scheduled preventative maintenance
 - ✓ Unplanned downtime due to vandalism, misuse of units and mechanical and/or aging unit failure
- KPIs also validate contractor's responsiveness and ability to maintain the units in operation
- Metro actual KPIs for the transit elevators and escalators exceed 99%

FY 21 KPI	ELEVATORS	ESCALATORS
Goal	99.38	99.06
Actual	99.40	99.39

Elevator & Escalator Maintenance Services

Cost Analysis to Exercise the One, Two-Year Option

- The rates were evaluated and negotiated as part of the competitive contract award in 2016
- Price analysis performed indicates rates are lower than current market rates for similar services

ITEM	SYSTEM-WIDE CONTRACT AWARDED AUGUST 2016	USG BLDG. & US E. PORTAL CONTRACT AWARDED MARCH 2021
Total Units	312	33
Elevators	173	26
Escalators	139	7
Avg. Cost/Unit	\$3,137	\$3,587
12.5% Cost Savings		

Further Improvements to Enhance Customer Experience

- ✓ Improve escalator step cleaning frequency from bi-annual to a quarterly service
- ✓ Install cameras inside elevators to mitigate broken glass, fire hazard and other vandalism related activities, and improve safety and overall conditions