



## Board Report

File #: 2024-0060, File Type: Contract

Agenda Number: 32.

**REVISED**  
**OPERATIONS, SAFETY, AND CUSTOMER EXPERIENCE COMMITTEE**  
**MARCH 21, 2024**

**SUBJECT: ELEVATOR AND ESCALATOR MAINTENANCE SERVICES**

**ACTION: APPROVE CONTRACT AWARDS**

**RECOMMENDATIONS**

AUTHORIZE the Chief Executive Officer to:

- A. AWARD a firm fixed unit rate Contract No. OP1107840018370 to Mitsubishi Electric US Inc. (MEUS) to provide comprehensive preventative maintenance services, inspections, and repairs of elevators, escalators, and their associated systems and equipment throughout Metro facilities excluding the Metro Gateway Headquarters Building. The Contract not-to-exceed (NTE) amount is \$142,352,031 for the five-year base period, and \$57,349,950 for the one, two-year option, for a total combined NTE amount of \$199,701,981, effective May 1, 2024, subject to resolution of any properly submitted protest(s), if any;
- B. AWARD a firm fixed unit rate Contract No. OP1107840008370 to Otis Elevator Company (Otis), to provide comprehensive preventative maintenance services, inspections, and repairs of elevators, escalators, and their associated systems and equipment within the Metro Gateway Headquarters Building, for an NTE amount of \$11,890,099 for the five-year base period, and \$5,063,368 for the one, two-year option, for a total combined NTE amount of \$16,953,467, effective May 1, 2024, subject to resolution of any properly submitted protest(s), if any, and;
- C. EXECUTE individual contract modifications within the Board approved contract modification authority.

**ISSUE**

The existing elevator and escalator maintenance services contract expires April 30, 2024. To avoid a lapse in service and continue providing safe, quality, regularly scheduled, and as-needed elevator and escalator maintenance services systemwide, including the Metro Gateway Headquarters Building, two (2) new contract awards are required effective May 1, 2024.

**BACKGROUND**

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On August 25, 2016, the Board of Directors awarded a firm fixed unit rate Contract No. OP710100003367 to MEUS, to provide comprehensive elevator and escalator maintenance, inspection, and repair services systemwide, effective November 1, 2016, excluding the Metro Gateway Headquarters Building and Union Station East Portal elevators and escalators, covered under a separate maintenance services contract.

On October 22, 2020, the Board of Directors awarded a firm fixed unit rate Contract No. OP1680130003367 to Elevators, Etc. LP (EE), to provide comprehensive elevator and escalator maintenance, inspection, and repair services within the Metro Gateway Headquarters Building and Union Station East Portal, effective March 1, 2021.

Under these two (2) contracts, the contractors are required to provide a systematic preventive maintenance program and timely repair of equipment to meet the State regulatory requirements and provide a safe and reliable vertical transportation system for Metro patrons and staff.

While staff is continuously exploring opportunities for improvements and increasing competition along with small business (SBE) participation, the new solicitation released in May 2023 included a scope of services structured to award two (2) new comprehensive elevator and escalator maintenance contracts, one (1) for the Metro Headquarters Building and the other contract for the systemwide units throughout Metro's bus and rail facilities. Concurrently, to allow sufficient time to complete ongoing elevator and escalator state-of-good repair improvement projects that were delayed due to the post-pandemic market conditions and supply chain issues, staff considered extending the period of performance for the two (2) existing contracts from October 31, 2023, to April 30, 2024. Due to a commitment to a new project and a labor shortage, EE was unable to perform any maintenance activities beyond October 31, 2023.

On September 28, 2023, the Metro Board of Directors approved Contract Modification No. 14 for the existing contract with MEUS ensuring service continuity for Metro's elevators and escalators by extending the contract through April 30, 2024, and expanding the scope of services to include the 28 elevators and seven (7) escalators located in the Metro Gateway Headquarters Building and Union Station East Portal, previously maintained under the EE contract. In October 2023, the service area further expanded to include 14 elevators and 16 escalators on the K-Line (Crenshaw/LAX), for a total of 65 additional units. The current overall count of units maintained under the existing MEUS contract is 218 elevators and 163 escalators, for a total of 381 units.

Under the existing contract, MEUS has been providing satisfactory services performing preventative maintenance, inspections, and repairs for Metro's elevators, escalators, and their associated systems and equipment.

## **DISCUSSION**

Under the two (2) new contracts recommended for award, the contractors are required to provide critical elevator and escalator maintenance services, including, but not limited to regulatory and critical maintenance services, inspections, enhanced cleaning services, and as-needed repairs to sustain high levels of equipment availability and reliability, minimize equipment downtime and assure compliance with State code and ADA regulations. The contract to maintain elevators and escalators

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within Metro's Headquarters Building includes 19 elevators and four (4) escalators for a total of 23 units, and the systemwide contract includes 199 elevators and 159 escalators for a total of 358 units.

During the new systemwide contract period of performance, the scope of services will expand to include an additional 78 elevators and 81 escalators for Metro's system expansion projects, upon completion of the one (1) year warranty and maintenance period, per the following:

- Regional Connector: 15 elevators and 12 escalators
- Airport Metro Connector (AMC): 11 elevators and 10 escalators
- A Line (Blue) Foothill Extension Phase 2B: 10 elevators
- D Line (Purple) Extension Phase I: 12 elevators and 18 escalators
- D Line (Purple) Extension Phase II: Eight (8) elevators and 12 escalators
- G Line (Orange) Grade Separation: Eight (8) elevators and eight (8) escalators
- D Line (Purple) Extension Phase III: 14 elevators and 21 escalators

Once all system expansion units are added, the units maintained by the systemwide contract will increase from 199 elevators and 159 escalators to 277 elevators and 240 escalators, with an updated total number of units increasing from 358 units to 517 units. To properly accommodate the expanded scope of services to account for the addition of Metro's system expansion project units, the number of dedicated technicians will gradually increase from 24 to 35 to ensure maintaining the level of quality and timely services required to sustain high levels of equipment availability and reliability, minimize equipment downtime and remain in compliance with State code and ADA regulations.

With many of Metro's older elevators and escalators nearing the end of their life expectancy, the scope of services for the new contracts recommended for award includes ongoing state-of-good-repair projects, including but not limited to replacement of obsolete parts, corrosion damage repairs, and escalator step tread replacement.

In addition, both new contracts include clauses for liquidated damages designed to minimize equipment downtime, provide an incentive for the contractors to respond in a timely manner, and comply with contract requirements. Liquidated damages are also applicable for failure to repair a unit after repeated calls for the same problem and excessive equipment downtime.

While the systemwide contract reflects an average unit price increase of 5.25% above the existing contract, the total contract cost is 6.64% below the Independent Cost Estimate (ICE). The Metro Gateway Headquarters Building contract reflects an average unit price increase of 28.77% above the existing contract and the total contract cost is above the ICE due to higher contingency costs based on the limited number of units included under this contract, their age, and obsolescence of parts and associated components. Taking these facts into consideration, the two (2) new contract amounts recommended for award are considered fair and reasonable.

### **DETERMINATION OF SAFETY IMPACT**

The approval of these recommendations will provide continuity of maintenance services for elevators and escalators systemwide. This will also ensure compliance with State code requirements, sustain

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high levels of equipment availability, and continued delivery of safe, on-time, and reliable access to Metro patrons and staff.

## **FINANCIAL IMPACT**

Funding of \$5,362,770 for elevator and escalator maintenance services for the remainder of FY24 is allocated 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 Deputy Chief Operations Officer, Shared Mobility, will be accountable for budgeting the cost in future years.

### **Impact to Budget**

The current source of funds for this action includes Fares, Proposition A/C, Measures R/M (Transit Operations), State Transportation Assistance, and the Transportation Development Act. These fund sources are eligible for bus and rail operations. Use of these funds maximizes the intent of project use given approved provisions and guidelines.

## **EQUITY PLATFORM**

Comprehensive elevator and escalator maintenance services are critical to Metro's operations not only to ensure compliance with regulatory requirements but also to sustain high levels of equipment availability with minimal downtime and impact on riders. To accomplish this, the contractor is required to be onsite within 30 minutes of notification for all reported issues and prioritizes non-redundant units to maintain compliance with ADA requirements. The elevators and escalators throughout Metro's transit system play a vital role in riders' access, especially for mobility-impaired patrons, and riders with rolling devices such as small carts, bicycles, or strollers.

Metro staff, Transit Ambassadors, and customers, including those with Limited English Proficiency (LEP), can report elevator-related vandalism, cleanliness, and maintenance issues through the Customer Relations numbers posted in multiple languages throughout Metro bus and rail facilities. Customers have the option of communicating with Metro in nine (9) different languages using translation services.

As part of this solicitation, a Metro Connect Outreach event was conducted on August 24, 2023, with the participation of over 19 attendees representing small, medium, and large size firms within Equity Focus Communities, such as South Park and Willowbrook communities. The outreach events were advertised to existing businesses registered with Metro's Diversity and Economic Opportunity Department (DEOD). During the outreach event, staff provided an overview detailing the new enhanced Medium Size Business Enterprise (MSZ) and Small Business Enterprise (SBE) Programs' policy for competitively negotiated procurements. Staff also provided an overview of the upcoming solicitation scope of services.

The Diversity and Economic Opportunity Department (DEOD) established a 7% SBE and 3%

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Disabled Veterans Business Enterprise (DVBE) goals for both contracts. MEUS made a 7.12% SBE and 9.85% DVBE commitment for the systemwide contract and Otis made a 7% SBE and 3% DVBE commitment for the Metro Gateway Headquarters Building contract.

### **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 two (2) elevator and escalator maintenance contracts ensure the continuity of meeting the state-mandated regulations and critical maintenance needs necessary to provide safe, clean, timely, and reliable services.

### **ALTERNATIVES CONSIDERED**

The Board may elect not to approve the recommendations. This option is not recommended as it would result in a gap in service significantly impacting Metro's system safety, accessibility, cleanliness, operations, and customer experience.

With the completion of a financial-based insourcing/outourcing study based on a quantitative and qualitative assessment, staff has analyzed insourcing/outourcing options for elevator and escalator maintenance services among other services. Based on the findings, elevator and escalator maintenance services were not recommended for insourcing as this would require the negotiation of a new contract with the International Union of Elevator Constructors, hiring of State Certified Competent Conveyance Mechanics, the purchase of parts, equipment, vehicles, supplies, and the acquisition of warehouse space to inventory long-lead parts and supplies.

### **NEXT STEPS**

Upon Board approval, staff will execute Contract No. OP1107840018370 with MEUS to provide elevator and escalator maintenance services systemwide, excluding the Metro Gateway Headquarters Building, and Contract No. OP1107840008370 with Otis to provide elevator and escalator maintenance services for the Metro Gateway Headquarters Building, effective May 1, 2024.

### **ATTACHMENTS**

Attachment A - Procurement Summary

Attachment B - DEOD Summary

Prepared by:

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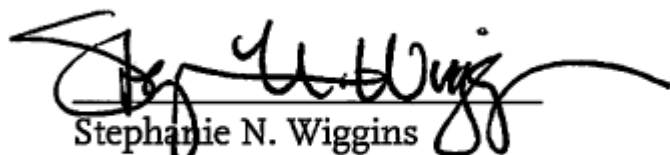
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Stephanie N. Wiggins  
Chief Executive Officer

## PROCUREMENT SUMMARY

**ELEVATOR AND ESCALATOR MAINTENANCE SERVICES  
OP1107840018370 / OP1107840008370**

1.	<b>Contract Number:</b> (A) OP1107840018370 Systemwide Elevator & Escalator Maintenance & Repair Services (B) OP1107840008370 Gateway & Childcare Center Elevator & Escalator Maintenance & Repair Services	
2.	<b>Recommended Vendor:</b> (A) Mitsubishi Electric US Inc. and (B) Otis Elevator Company	
3.	<b>Type of Procurement (check one):</b> <input type="checkbox"/> IFB <input checked="" type="checkbox"/> RFP <input type="checkbox"/> RFP-A&E <input type="checkbox"/> Non-Competitive <input type="checkbox"/> Modification <input type="checkbox"/> Task Order	
4.	<b>Procurement Dates:</b>	
	<b>A. Issued:</b> August 29, 2023	
	<b>B. Advertised/Publicized:</b> August 29, 2023	
	<b>C. Pre-Proposal Conference:</b> September 8, 2023	
	<b>D. Proposals Due:</b> October 31, 2023	
	<b>E. Pre-Qualification Completed:</b> January 16, 2024	
	<b>F. Ethics Declaration Forms submitted to Ethics:</b> October 31, 2023	
	<b>G. Protest Period End Date:</b> March 26, 2024	
5.	<b>Solicitations Picked up/Downloaded:</b>  19	<b>Bids/Proposals Received:</b>  3 – Systemwide Service Area 3 – Gateway & Childcare Center Service Area
6.	<b>Contract Administrator:</b> Manchi Yi	<b>Telephone Number:</b> (213) 418-3332
7.	<b>Project Manager:</b> Mark Jackson	<b>Telephone Number:</b> (213) 922-6788

**A. Procurement Background**

This Board Action is to approve Contract Nos. OP1107840018370 (Systemwide Elevator & Escalator Maintenance & Repair) to Mitsubishi Electric US Inc. and OP1107840008370 (Gateway & Childcare Center Elevator & Escalator Maintenance & Repair) to Otis Elevator Company to provide comprehensive preventative maintenance, servicing, repairs, inspections, and tests for the elevators, escalators, and their associated systems and equipment. Board approval of contract awards is subject to the resolution of any properly submitted protest(s), if any.

Prior to the release of the solicitation, Metro conducted a virtual outreach event to notify the small business community of this upcoming procurement opportunity, promote small business participation, and encourage competition. The outreach event was attended by 19 participants.

On August 29, 2023, Request for Proposals (RFP) No. OP110784 was issued as a competitive procurement in accordance with Metro's Acquisition Policy and the contract type is a firm fixed unit rate. The scope of service was comprised of two service areas: 1) Systemwide and 2) Gateway & Childcare Center. Proposers were

allowed to submit proposals for one or both service areas. There was no limit on the number of service areas a proposer could be awarded.

The RFP was issued with a 7% Small Business Enterprise (SBE) goal, and a 3% Disabled Veteran Business Enterprise (DVBE) goal. It was also subject to the Local Small Business Enterprise (LSBE) Preference Program which awards a bonus of 5 preference points for utilizing local small business firms. Further, the procurement for the Systemwide service area was subject to an SBE/DVBE Contracting Outreach and Mentoring Plan (COMP) which required proposers to mentor two SBE/DVBE firms for protégé development.

Four amendments were issued during the solicitation phase of this RFP:

- Amendment 1, issued on September 22, 2023, extended the proposal due date, updated the evaluation criteria for the Systemwide service area to include the Contracting Outreach and Mentoring Plan (COMP), revised the scope of services to clarify some elements of the required services, and replaced the DEOD Instructions with the applicable document.
- Amendment 2, issued on October 12, 2023, extended the proposal due date and revised the DEOD Instructions, Section 400 – SBE/DVBE COMP to Bidders/Proposers, by removing construction commitments that did not apply to this RFP.
- Amendment 3, issued on October 20, 2023, revised the evaluation criteria for both service areas to include the LSBE Preference Program;
- Amendment 4, issued on October 26, 2023, revised the schedule of quantities and prices to include additional instructions for completing the form.

A total of 19 firms downloaded the RFP and were included on the planholders list. A virtual pre-proposal conference was held on September 8, 2023, with 10 participants representing 4 firms in attendance. There were 33 questions asked and responses were released before the proposal due date.

A total of 6 proposals for the two service areas were received by October 31, 2023 from the following firms listed below in alphabetical order:

#### Systemwide Service Area

1. Mitsubishi Electric US, Inc.
2. Otis Elevator Company
3. Schindler Elevator Corporation

#### Gateway & Childcare Center Service Area

1. Mitsubishi Electric US, Inc.
2. Otis Elevator Company



### 3. Schindler Elevator Corporation

## **B. Evaluation of Proposals**

A Proposal Evaluation Team (PET) consisting of staff from Facilities Contracted Maintenance Services and Asset Management departments was convened and conducted a comprehensive technical evaluation of the proposals received.

The proposals were evaluated based on the following evaluation criteria:

Evaluation Pass/Fail Criteria: To be responsive to the RFP, proposers must pass all criteria:

### Systemwide Service Area

1. Prime Contractor must have a minimum of three years of experience providing preventative maintenance, service, repair, inspection, testing of elevators and escalators of comparable diversity, age capacity, etc., with public or private entities with facilities of comparable scale to the scope of services.
2. Prime Contractor must have three years of project management team experience with a public or private entity with facilities of comparable scale to the scope of services in preventative maintenance, service, repair, inspection, testing of elevators and escalators of comparable diversity, age capacity, etc.
3. Prime Contractor and subcontractor performing preventive maintenance, service, repair, inspection, and testing of elevators and escalators must possess the necessary licenses and certifications which must be active at the time of proposal submittal.
4. Prime Contractor must have current maintenance contracts with responsibilities of no fewer than a combination of 400 elevators and escalators including a minimum of 200 escalators.
5. Three years of corporate experience in the acquisition of diverse manufactured spare parts in support of an elevator/escalator operation equaling a minimum of \$2 million annually.

### Gateway & Childcare Center Service Area

1. Prime Contractor must have a minimum of three years of experience providing preventative maintenance, service, repair, inspection, testing of elevators and escalators of comparable diversity, age capacity, etc. with public or private entities with facilities of comparable scale to the scope of services.
2. Prime Contractor must have three years of project management team experience with a public or private entity with facilities of comparable scale to the scope of services in preventative maintenance, service, repair, inspection, testing of elevators and escalators of comparable diversity, age capacity, etc.

3. Prime Contractor and subcontractor performing preventive maintenance, service, repair, inspection, and testing of elevators and escalators must possess the necessary licenses and certifications which must be active at the time of proposal submittal.
4. Prime Contractor must have maintenance contracts within the last six months with responsibilities of no fewer than a combination of 20 elevators and escalators including a minimum of 5 escalators.
5. Three years of corporate experience in the acquisition of diverse manufactured spare parts in support of an elevator/escalator operation equaling a minimum of \$100,000 annually.

Evaluations were conducted from November 6, 2023 through November 29, 2023.

Of the proposals received, one was deemed non-responsive to the RFP requirements. Mitsubishi Electric US, Inc. (MEUS) failed to meet the SBE/DVBE goals established for the Gateway & Childcare Center service area.

The PET continued to evaluate the remaining five proposals based on the following weighted evaluation criteria:

#### Systemwide Service Area

• Comprehensiveness of Work Plan	35%
• Experience and Qualifications	30%
• SBE/DVBE Contracting Outreach & Mentor Protégé Approach	4%
• Cost Proposal	31%
• Local Small Business Enterprise (LSBE) Preference Program (Bonus Points)	5%
• <b>Total</b>	<b>105%</b>

#### Gateway & Childcare Center Service Area

• Comprehensiveness of Work Plan	35%
• Experience and Qualifications	35%
• Cost Proposal	30%
• Local Small Business Enterprise (LSBE) Preference Program (Bonus Points)	5%
• <b>Total</b>	<b>105%</b>

The evaluation criteria are appropriate and consistent with criteria developed for similar procurements. Several factors were considered when developing these weights, giving the greatest importance to comprehensiveness of work plan for the Systemwide service area and comprehensiveness of work plan and experience and qualifications for the Gateway and Childcare Center service area.

The PET independently evaluated and scored the technical proposals and determined that MEUS and Otis Elevator Company (Otis) were the highest ranked proposers for the Systemwide and Gateway & Childcare Center service areas, respectively.

### **Qualifications Summary of Firms within the Competitive Range:**

#### **Mitsubishi Electric US, Inc.**

Mitsubishi Electric US, Inc. (MEUS), headquartered in Cypress, California, is the principal subsidiary of Mitsubishi Electric Corporation in the United States. MEUS's elevator and escalator division began operations in the United States in 1985. As a full-service elevator company, it offers new equipment installation, including traction and hydraulic elevators, moving walks, linear escalators, and spiral escalators. It also provides comprehensive preventative maintenance, servicing, repairs, inspections, tests and modernization services for the elevators, escalators and their associated systems and equipment.

MEUS' proposal was detailed and responsive to the evaluation criteria. They demonstrated their skills, competence, and qualifications in performing all tasks required in the scope of services and satisfactory track record of performance. Their approach demonstrated a deeper understanding of the built environment, organizational uptime requirements, callback requirements, and reporting requirements.

#### **Otis Elevator Company**

Otis Elevator Company (Otis), headquartered in Farmington, CT, is a manufacturer and maintainer of elevators, escalators, moving walkways, and related equipment. It has 170 years of experience providing preventative maintenance, service, repair, inspection, testing of elevators and escalators of comparable diversity, age capacity, etc. with public or private entities with facilities of comparable scale to the scope of services. Otis has a large pool of qualified mechanics with robust experience, access to modern training and adequate resources to procure the required spare parts. Its Los Angeles location has over 550 local technicians, 12 maintenance supervisors and 4 service project managers that are available to service the Metro contract.

#### **Schindler Elevator Corporation**

Schindler Elevator Corporation (Schindler), the American division of the Schindler Group was founded in 1989 and is headquartered in Morristown, New Jersey. It is a manufacturer of elevators, escalators and moving walks. Schindler also installs, maintains, and modernizes mobility solutions for almost every type of building requirement worldwide. Its Los Angeles office maintains over 4000 elevators and escalators in the greater Los Angeles area with 61 service and repair mechanics, an

office staff of 39 and a 24/7 manned dispatch line to report service calls and repair requests.

The following is a summary of the PET scores:

Systemwide Service Area

<b>1</b>	<b>Firm</b>	<b>Average Score</b>	<b>Factor Weight</b>	<b>Weighted Average Score</b>	<b>Rank</b>
<b>2</b>	<b>Mitsubishi Electric US, Inc.</b>				
<b>3</b>	Comprehensiveness of Work Plan	91.66	35.00%	32.08	
<b>4</b>	Experience and Qualifications	90.00	30.00%	27.00	
<b>5</b>	SBE/DVBE Contracting Outreach & Mentor Protégé Approach	50.00	4.00%	2.00	
<b>6</b>	Cost Proposal	100.00	31.00%	31.00	
<b>7</b>	LSBE Preference Program (5 Bonus Points)	0.00	5.00%	0.00	
<b>8</b>	<b>Total</b>		<b>105.00%</b>	<b>92.08</b>	<b>1</b>
<b>9</b>	<b>Otis Elevator Company</b>				
<b>10</b>	Comprehensiveness of Work Plan	58.34	35.00%	20.42	
<b>11</b>	Experience and Qualifications	50.00	30.00%	15.00	
<b>12</b>	SBE/DVBE Contracting Outreach & Mentor Protégé Approach	50.00	4.00%	2.00	
<b>13</b>	Cost Proposal	84.97	31.00%	26.34	
<b>14</b>	LSBE Preference Program (5 Bonus Points)	0.00	5.00%	0.00	
<b>15</b>	<b>Total</b>		<b>105.00%</b>	<b>63.76</b>	<b>2</b>
<b>16</b>	<b>Schindler Elevator Corporation</b>				
<b>17</b>	Comprehensiveness of Work Plan	51.00	35.00%	17.85	
<b>18</b>	Experience and Qualifications	56.10	30.00%	16.83	
<b>19</b>	SBE/DVBE Contracting Outreach & Mentor Protégé Approach	100.00	4.00%	4.00	
<b>20</b>	Cost Proposal	40.10	31.00%	12.43	
<b>21</b>	LSBE Preference Program (5 Bonus Points)	0.00	5.00%	0.00	
<b>22</b>	<b>Total</b>		<b>105.00%</b>	<b>51.11</b>	<b>3</b>

#### Gateway and Childcare Center Service Area

1	Firm	Average Score	Factor Weight	Weighted Average Score	Rank
2	<b>Otis Elevator Company</b>				
3	Comprehensiveness of Work Plan	60.66	35.00%	21.23	
4	Experience and Qualifications	53.91	35.00%	18.87	
5	Cost Proposal	100.00	30.00%	30.00	
6	LSBE Preference Program (5 Bonus Points)	0.00	5.00%	0.00	
7	<b>Total</b>		<b>105.00%</b>	<b>70.10</b>	<b>1</b>
8	<b>Schindler Elevator Corporation</b>				
9	Comprehensiveness of Work Plan	54.00	35.00%	18.90	
10	Experience and Qualifications	60.57	35.00%	21.20	
11	Cost Proposal	37.73	30.00%	11.32	
12	LSBE Preference Program (5 Bonus Points)	0.00	5.00%	0.00	
13	<b>Total</b>		<b>105.00%</b>	<b>51.42</b>	<b>2</b>

#### **C. Price Analysis**

##### Systemwide Service Area

The recommended price has been determined to be fair and reasonable based on adequate competition, an independent cost estimate (ICE), technical analysis, and fact finding. It is 6.64% lower than Metro's ICE.

	Proposer Name	Proposal Amount	Metro ICE	Recommended Amount
1.	Mitsubishi Electric US, Inc.	\$199,701,981	\$213,899,362	\$199,701,981
2.	Otis Elevator Company	\$235,042,074		
3.	Schindler Elevator Corporation	\$498,249,064		

The variance between the ICE and the recommended amount is attributable to the higher escalation rate assumed in the ICE brought about by the volatility of labor and material costs since the onset of the COVID-19 pandemic.

##### Gateway and Child Care Center Service Area

The recommended price has been determined to be fair and reasonable based on adequate competition, an ICE, technical analysis, fact finding and negotiations. Metro staff successfully negotiated cost savings of \$2,283,941.

	<b>Proposer Name</b>	<b>Proposal Amount</b>	<b>Metro ICE</b>	<b>Recommended Amount</b>
1.	Otis Elevator Company	\$19,237,408	\$10,114,924	\$16,953,467
2.	Schindler Elevator Corporation	\$50,969,339		

The variance between the ICE and the recommended amount is due to higher contingency costs that are attributable to the small number of units to be maintained under the contract, the age of the units, and the obsolescence of parts and associated components.

#### **D. Background on Recommended Contractor**

##### **Systemwide Service Area**

Mitsubishi Electric US, Inc. (MEUS) has been in business for over 37 years in the United States. MEUS is a full-service elevator company that offers new equipment installation, including traction and hydraulic elevators, moving walks, linear escalators, and the world's only spiral escalator. It also provides comprehensive maintenance, repair, and modernization services for both Mitsubishi Electric and other manufacturers' equipment.

Clients for whom MEUS has provided installation and/or maintenance and repair services include Nordstrom, Target Stores, Universal Studios, Unibal-Rodamco-Westfield, and New Century Plaza Towers.

The MEUS team includes five SBEs and two DVBE subcontractors.

The proposed Operations Manager has been in the elevator/escalator trade for 15 years and is the Operations Manager of Metro's current elevator/escalator maintenance services contract.

MEUS is the incumbent contractor and performance has been satisfactory.

##### **Gateway and Childcare Center Service Area**

Otis Elevator Company (Otis) has been in business for approximately 170 years providing preventative maintenance, service repair, inspection, testing of elevators and escalators with public and private agencies. Otis' clients include the Los Angeles International Airport, SoFi Stadium, Getty Center, Wilshire Grand Center, and Montreal Airport.

The Otis team includes one SBE and one DVBE subcontractor.

**DEOD SUMMARY****SYSTEMWIDE, GATEWAY & CHILDCARE CENTER ELEVATOR & ESCALATOR  
MAINTENANCE & REPAIR / OP110784****A. Small Business Participation – Systemwide**

The Diversity and Economic Opportunity Department (DEOD) established a 7% Small Business Enterprise (SBE) and 3% Disabled Veteran Business Enterprise (DVBE) goal for this solicitation. Mitsubishi Electric US, Inc. exceeded the goal by making a 7.12% SBE and 9.85% DVBE commitment.

<b>Small Business Goal</b>	<b>7% SBE 3% DVBE</b>	<b>Small Business Commitment</b>	<b>7.12% SBE 9.85% DVBE</b>
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	<b>SBE Subcontractors</b>	<b>% Committed</b>	<b>LSBE</b>	<b>Non-LSBE</b>
1.	Elite Escalator, Inc.	2.28%		X
2.	Lift Solution, Inc.	1.41%		X
3.	M&R Metal Fabrication	0.55%	X	
4.	Elevators Etc. LP	1.08%		X
5.	Excelsior Elevator Corp	1.80%		X
	<b>Total SBE Commitment</b>	<b>7.12%</b>		

	<b>DVBE Subcontractors</b>	<b>% Committed</b>	<b>LSBE</b>	<b>Non-LSBE</b>
1.	Vintage Elevator Corp	1.92%		X
2.	Double Tap Specialty Cleaning	7.93%		X
	<b>Total DVBE Commitment</b>	<b>9.85%</b>		

**B. Small Business Participation – Gateway & Childcare Center**

The Diversity and Economic Opportunity Department (DEOD) established a 7% Small Business Enterprise (SBE) and 3% Disabled Veteran Business Enterprise (DVBE) goal for this solicitation. Otis Elevator Company made a 7% SBE and 3% DVBE commitment.

<b>Small Business Goal</b>	<b>7% SBE 3% DVBE</b>	<b>Small Business Commitment</b>	<b>7% SBE 3% DVBE</b>
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	<b>SBE Subcontractors</b>	<b>% Committed</b>	<b>LSBE</b>	<b>Non-LSBE</b>
1.	Lift Solutions	7%		X
	<b>Total SBE Commitment</b>	<b>7%</b>		

	<b>DVBE Subcontractors</b>	<b>% Committed</b>	<b>LSBE</b>	<b>Non-LSBE</b>
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1.	Escutia Elevator	3%		X
	<b>Total DVBE Commitment</b>	<b>3%</b>		

**C. Contracting Outreach and Mentorship Plan (COMP):**

The Contracting Outreach and Mentoring Plan (COMP) requirement only applicable to the Systemwide portion of the solicitation. To be responsive, Proposers were required to submit a COMP including strategies to mentor for protégé development (1) one SBE and (1) one DVBE firm. Mitsubishi Electric US proposed to mentor the following (2) protégé's: M&R Metal Fabrication (SBE) and Double Tap Specialty Cleaning (DVBE).

**D. Local Small Business Preference Program (LSBE)**

Mitsubishi Electric US, Inc. and Otis Elevator Company, and non-LSBE primes, did not subcontract at least 30% of the contract value with eligible LSBE firms and are ineligible for the preference.

**E. Living Wage and Service Contract Worker Retention Policy Applicability**

~~The Living Wage and Service Contract Worker Retention Policy (LW/SCWRP) is applicable to this contract. Metro staff will monitor and enforce the policy guidelines to ensure that applicable workers are paid at minimum, the current Living Wage rate of \$24.52 per hour (\$18.57 base + \$5.95 health benefits), including yearly increases. The increase may be up to 3% of the total wage, annually. In addition, contractors will be responsible for submitting the required reports for the Living Wage and Service Contract Worker Retention Policy and other related documentation to staff to determine overall compliance with the policy.~~

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

**F. Prevailing Wage Applicability**

~~Prevailing wage is not applicable to this contract.~~

Prevailing Wage requirements are applicable to this project. DEOD will 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).

**G. 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.