

**Board Report**

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**File #:** 2016-0126, **File Type:** Contract**Agenda Number:** 33.

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**SYSTEM SAFETY, SECURITY AND OPERATIONS COMMITTEE  
AUGUST 18, 2016****SUBJECT: ELEVATOR / ESCALATOR MAINTENANCE SERVICES****ACTION: APPROVE CONTRACT AWARD****RECOMMENDATION**

AUTHORIZE the Chief Executive Officer to award a firm fixed unit rate Contract No. OP4939100 for **comprehensive preventative maintenance, inspections, repairs, and cleaning of elevators, escalators and their associated systems and equipment**, with Mitsubishi Electric USA, Inc. (MEUS). Services are provided throughout Metro facilities, excluding Metro Gateway Headquarters and Union Station East Portal which are covered under a separate contract. This contract not-to-exceed amount is \$75,077,960 for the five-year base period, plus \$32,592,290 for the one, two-year option term, for a combined total of \$107,670,250, effective November 1, 2016.

**ISSUE**

The existing contract with MEUS will expire October 31, 2016. To continue providing the critical services to the elevators and escalators system-wide, a new contract award is required effective November 1, 2016.

Under the new contract, the contractor will continue to provide preventative maintenance, inspections, repairs, cleaning and as-needed services for our current inventory of 171 elevators, 139 escalators and their associated systems and equipment agency-wide.

**DISCUSSION**

**BACKGROUND:** This contract requires the contractor to provide elevators and escalators maintenance, inspections, cleaning and as-needed repair services. 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 our patrons.

**The combined annual average availability for Metro's 171 elevators and 139 escalators is over 99%.** The information used to calculate units availability takes into consideration downtime inquiries reported to Metro's Rail Operations Control (ROC) and Facilities Maintenance Help Desk, as well as contractor's scheduled maintenance to perform repairs and cleaning services.

SCOPE OF WORK: The elevators and escalators throughout Metro transit system play a vital role in riders' access, especially mobility impaired patrons. In order to maintain service continuity, sustain high levels of equipment availability and reliability, and minimize equipment downtime and impact on riders, the contract period of performance has been increased, compared to the current contract, from five (5) years to seven (7) years, inclusive of a two-year option term.

To improve units' cleanliness, service frequencies have been increased from once a year to twice annually in order to enhance the overall appearance of the elevator pits, hoistway glass and escalator steps throughout the system.

As Metro's system continues to expand, services have been modified to include units for Metro's expanded services, new operating divisions and newly added equipment within the existing stations. This includes eight (8) elevators throughout the Foothill Extension stations, eight (8) elevators throughout the Expo II stations, three (3) elevators at Division 13, two (2) elevators at Division 24, one (1) elevator at Division 14, and three (3) elevators and two (2) escalators at MRL Universal City Station, for a combined additional total of 25 new elevators and two (2) new escalators.

Thus, the total number of elevators and escalators to be maintained under the new contract has increased from 146 elevators and 137 escalators to 171 elevators and 139 escalators. **140 elevators and 139 escalators are transit units servicing Metro patrons system-wide.** To accommodate Metro's system expansion and improved service levels, the number of MEUS dedicated FTEs / technicians has been increased from 18 to 24 to ensure providing the critical maintenance, inspections and cleaning services in a timely manner.

Under the existing contract, over \$2 million has been spent on state-of-good-repair refurbishment projects including, but not limited to, the replacement of obsolete parts, elevator step treads, corrosion damage repairs, and the cleaning of elevator hoistway glass enclosures. This important function is expected to continue into the future, and over \$5 million has been allocated for this purpose.

More demands are placed on the maintenance contractor as we strive to improve service levels. Additional as-needed services will be performed under the new contract to repair damages caused by water intrusion, vandalism and misuse of units. Example of services includes the replacement of corroded elevator floors, hoistway entrances and escalator step treads. The replacement of obsolete parts and equipment upgrades are also part of the as-needed services to ensure service reliability, state of good repair and compliance with State code requirements.

The contract scope of work includes terms and liquidated damages designed to minimize equipment downtime. The contractor is required to respond to inquiries within 30 minutes during normal hours of operations from 6:00 a.m. to 9:00 p.m., and within 60 minutes during after hours, seven (7) days a week, in order to avoid liquidated damages. Liquidated damages are also imposed for failure to repair a unit after repeated calls for the same problem and excessive equipment downtime.

## Procurement

Considering the importance of the critical services required to maintain the safety and reliability of the elevators and escalators, staff worked diligently to reach out to companies within this industry to increase competition and attract more vendors to do business with Metro.

A detailed description of the procurement process and results is contained in Attachment A, Procurement Summary. Staff is satisfied that the procurement process has developed the best results currently possible. To continue providing the critical services to inspect, maintain, and repair the elevators and escalators system-wide, a new contract award is required effective November 1, 2016.

### **DETERMINATION OF SAFETY IMPACT**

The approval of this item will provide a Metro-wide continuity of quality elevators and escalators maintenance and repair services in an effort to continue delivering safe, on-time, and reliable access to our patrons.

### **FINANCIAL IMPACT**

Funding for these services are included in the FY17 budget in the Facilities Maintenance and Strategic Transit Asset Management departments, in multiple projects within account 50308 - Service Contract Maintenance.

Since this is a multi-year contract, the cost center manager, project managers, and the Senior Executive Officer, Maintenance will ensure that the balance of required funding is budgeted in future fiscal years.

#### **Impact to Budget**

The source of funds for these services will come from Federal, State, and Local funding sources that are eligible for Bus and Rail Operating or Capital Projects. These funding sources will maximize the use of funds for these activities.

### **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 Board approval, staff will execute Contract No. OP4939100 with Mitsubishi Electric USA, Inc. to

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provide elevator and escalator maintenance services system-wide excluding Gateway and Union Station East Portal.

**ATTACHMENTS**

Attachment A - Procurement Summary

Attachment B - DEOD Summary

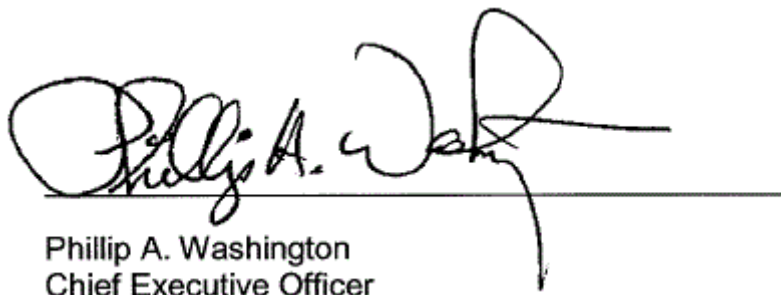
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Phillip A. Washington  
Chief Executive Officer

## PROCUREMENT SUMMARY

**ELEVATOR/ESCALATOR MAINTENANCE SERVICES  
CONTRACT NUMBER OP4939100**

1.	<b>Contract Number:</b> OP4939100	
2.	<b>Recommended Vendor:</b> Mitsubishi Electric US, Inc. (MEUS)	
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> November 30, 2015	
	<b>B. Advertised/Publicized:</b> November 27, 2015	
	<b>C. Pre-proposal/Pre-Bid Conference:</b> December 16, 2015	
	<b>D. Proposals/Bids Due:</b> January 28, 2016	
	<b>E. Pre-Qualification Completed:</b> April 7, 2016	
	<b>F. Conflict of Interest Form Submitted to Ethics:</b> April 19, 2016	
	<b>G. Protest Period End Date:</b> May 30, 2016	
5.	<b>Solicitations Picked up/Downloaded:</b> 14	<b>Bids/Proposals Received:</b> 1
6.	<b>Contract Administrator:</b> Kenneth Takahashi	<b>Telephone Number:</b> (213) 922-1047
7.	<b>Project Manager:</b> Carlos Martinez	<b>Telephone Number:</b> (213) 922-6761

**A. Procurement Background**

This Board Action is to approve Contract No. OP4939100 issued in support of obtaining an elevator/escalator maintenance services contractor for all facilities and equipment located outside of the Metro headquarters building.

Prior to issuing the solicitation, Metro staff conducted an Industry Review of the Statement of Work (SOW) beginning September 24, 2015, with comments due on October 13, 2015. As part of the review, the SOW was sent out to six large elevator/escalator firms in the industry for an opportunity to review and provide comments and feedback. In addition, the six firms were invited to attend annual inspections of Metro's elevators and escalators to review the equipment and system; however, only Mitsubishi Electric US attended the annual inspections. As a result of the Industry Review, only Mitsubishi Electric US, Inc. offered comments and feedback on the SOW.

The Request for Proposals (RFP) was issued in accordance with Metro's Acquisition Policy and the contract type is a firm fixed unit price for maintenance work and time and material for any required repair and/or replacement work on an as-needed basis.

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

- Amendment No. 1, issued on December 17, 2015 revised DEOD subcontractor listings, the scope of work, extended the proposal due date, and provided responses to questions;
- Amendment No. 2, issued on January 13, 2016 extended the proposal due date.

A total of four months were committed for industry technical/operational reviews and proposal development prior to the due date of the RFP to ensure sufficient time for the potential proposers to review the operations, familiarize themselves with Metro’s requirements, submit questions, receive responses, and submit their proposals.

One proposal from Mitsubishi Electric US, Inc. was received on January 28, 2016.

A market survey was conducted of plan holders that had not submitted a proposal to ascertain the reason(s) for non-submittal. Two responses were received. One planholder indicated that her organization had a personnel change and they did not have sufficient time to draft a proposal. The other planholder indicated that they could not accept responsibility for the entire system without performing a review of all facilities and equipment.

As part of the Industry Review of the SOW, none of the plan holders submitted any comments or feedback during this review process, with the exception of Mitsubishi Electric US.

Additionally, elevator/escalator firms were offered the opportunity to view operations on several occasions before and during the solicitation; however, none of the firms accepted the invitation to do so, including the firm that indicated they could not accept responsibility.

**B. Evaluation of Proposals/Bids**

A Proposal Evaluation Team (PET) consisting of staff from General Services and Facilities Maintenance was convened and conducted a comprehensive evaluation of the proposal received.

The proposal was evaluated based on the following evaluation criteria and weights:

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|--|------------|
| • Qualifications of the Firm and Staff             | 25 percent |
| • Work Plan  | 31 percent |
| • Contracting Outreach and Mentor Protégé Approach | 4 percent  |
| • Price  | 40 percent |

The proposal evaluation criteria are appropriate and consistent with criteria developed for similar elevator/escalator maintenance and repair contracts. Several factors were considered when developing these weights, giving the greatest importance to the technical areas of the Work Plan and Qualifications of the Firm and Staff.

During the week of February 1, 2016, the evaluation committee met and began its review of the proposal. Concurrently, audits were initiated for the cost proposals from the prime contractor and the named subcontractors and supplier.

The breakdown of the scoring conducted by the PET is provided below:

1	Firm	Average Score	Factor Weight	Weighted Average Score	Rank
2	<b>Mitsubishi Electric US, Inc.</b>				
3	Qualifications of the Firm and Staff	89.00	25.00%	22.25	
4	Work Plan	93.33	31.00%	28.93	
5	Contracting Outreach and Mentor Protégé Approach	60.00	4.00%	2.40	
6	Price	100.00	40.00%	40.00	
7	<b>Total</b>		<b>100.00%</b>	<b>93.58</b>	<b>1</b>

### C. Cost/Price Analysis

The recommended price has been determined to be fair and reasonable based upon an examination that included reviews of the MASD findings, the independent cost estimate, cost analysis, technical evaluation, fact finding, increased personnel requirements (number of technicians increased from 18 to 24), and negotiations with Mitsubishi and five of their subcontractors. Metro staff successfully negotiated a cost savings of \$3,483,718 from the firm's proposed price.

	Description	Proposal Amount	Metro ICE	BAFO/Recommended Amount
1.	Base Contract Term (Years 1-5)	\$77,282,526	\$67,694,343	\$75,077,960
2.	One, Two-Year Option Term (Years 6-7)	\$33,871,442	\$24,124,727	\$32,592,290
3.	Totals	\$111,153,968	\$91,819,070	\$107,670,250

Although the BAFO proposal received is higher than the independent cost estimate, it factors in the labor rate adjustments governed by the International Union of Elevator Constructors (IUEC), the expanded system requirements, improved service frequencies and general market escalation.

**D. Background on Recommended Contractor**

The recommended firm, Mitsubishi Electric US, Inc. (MEUS), located in Cypress, California, has been in business for over 85 years and is a leader in the elevator and escalator field. MEUS had sales in 2015 of over \$36 billion worldwide, of which \$4 billion was direct elevator and escalator sales and maintenance.

MEUS has recently completed several projects including, JW Marriott at LA Live, the Broad Museum, and 8055 Irvine Center Drive. They have three branches in the Los Angeles area, one covering LA/Riverside/Orange Counties, another covering San Diego and San Bernardino Counties, and a branch that only services Metro. Additionally, MEUS personnel are exclusively assigned to the Metro branch and are not available for the other two branches to draw upon.

MEUS is the incumbent contractor and their past performance has been satisfactory.



DEOD SUMMARY

ELEVATOR ESCALATOR MAINTENANCE SERVICES / OP4939100

**A. Small Business Participation**

The Diversity and Economic Opportunity Department (DEOD) established a 10% goal inclusive of a 7% Small Business Enterprise (SBE) and 3% Disabled Veteran Business Enterprise (DVBE) goal for this solicitation. Mitsubishi Electric US (MEUS) exceeded the goal by making a 10.56% small business commitment, inclusive of a 7.51% SBE and 3.05% DVBE commitment.

<b>Small Business Goal</b>	<b>7% SBE 3% DVBE</b>	<b>Small Business Commitment</b>	<b>7.51% SBE 3.05% DVBE</b>
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	<b>SBE Subcontractors</b>	<b>% Commitment</b>
1.	Elevators Etc. LP	2.78%
2.	Lift Solutions Inc.	0.06%
3.	Elite Escalator, Inc.	1.85%
4.	Excelsior Elevator Corporation	2.82%
	<b>Total SBE Commitment</b>	<b>7.51%</b>

	<b>DVBE Subcontractors</b>	<b>% Commitment</b>
1.	Vintage Elevator Services, Inc.	3.05%
	<b>Total DVBE Commitment</b>	<b>3.05%</b>

**B. Contracting Outreach and Mentoring Plan**

To be responsive, Proposers were required to submit a Contracting Outreach and Mentoring Plan (COMP), which included its plan to mentor two firms, one SBE and one DVBE for protégé development. The selected protégés are Elevators Etc. (SBE) and Vintage Elevator Services (DVBE).

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

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

**D. Prevailing Wage Applicability**

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). Trades that may be covered

include: surveying, potholing, field, soils and materials testing, building construction inspection and other support trades.

**E. Project Labor Agreement/Construction Careers Policy**

Project Labor Agreement/Construction Careers Policy is not applicable to this contract.