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OPERATIONS COMMITTEE
JUNE 20, 2001

SUBJECT: GATEWAY ELEVATOR UPGRADES AND MAINTENANCE

**ACTION: AMEND CONTRACT OP64300720 WITH MITSUBISHI
ELECTRIC AND ELECTRONICS USA**

Metropolitan
Transportation
Authority

One Gateway Plaza
Los Angeles, CA
90012-2952

RECOMMENDATION

Authorize the Chief Executive Officer to execute an amendment to Contract No. OP64300720 with Mitsubishi Electric and Electronics USA to:

- A. Provide capital improvement upgrades to the Gateway elevators in amount not to exceed \$379,255; and
- B. Provide additional funding for as needed services in an amount not to exceed \$106,000;

increasing the total contract value from \$653,820 to \$1,139,075.

RATIONALE

There are four escalators and nineteen elevators installed in the Gateway Building, utilized by approximately 1,700 staff members and visitors. The elevators have experienced a high volume of traffic, which has exceeded design criteria, resulting in breakdowns, entrapments, and delayed movement between floors. The proposed upgrades will improve elevator service reliability, the quality of door operation, and overall performance resulting in fewer callbacks.

The capital upgrades consist of: 1) replacing the existing door operator equipment with door equipment designed to handle heavier use; 2) replacing the push/pull stop switches with key switches; and 3) performing required machine work by overhauling the elevator internal electrical components. All of these improvements will result in fewer elevator breakdowns along with improved performance.

As needed, unscheduled, overtime elevator services (due to misuse, abuse and/or vandalism) have been required during the first two and one half years of the contract. While these services are contained within the original contract scope of work, funding allocation for these services was inadvertently omitted in the original board request. The as-needed overtime services are not related to the proposed upgrades.

To ensure that the MTA is prepared for these necessary, as-needed unscheduled services that may arise during the remaining term of the contract, an additional amount of \$106,000 is being requested. The \$106,000 amount is based on usage and projected requirements during the remaining contract period.

FINANCIAL IMPACT

The funding of \$485,255 for this service is included in the FY 01 and the proposed FY 02 budgets in cost center 6430, Building Services under project numbers 100001 and 200030, Overhead and General Services Maintenance/Equipment, and line item numbers 50308, Service Contract Maintenance and 53101, Acquisition of Equipment. Since this is a multi-year contract, the cost center manager and Executive Officer will be accountable for budgeting the cost in future years, including any option exercised. In FY 00, \$159,287 was expended on this service.

ALTERNATIVES CONSIDERED

The possible alternatives to consider rather than perform the elevator upgrades:

- 1) Utilize another elevator contractor to perform the upgrades. This alternative is not recommended because if the elevator upgrades were to be performed by another company Mitsubishi's warranty would be voided. Learch Bates, the MTA's elevator consulting firm, has confirmed that in the interests of accountability and consistency, the MTA should not contract with any elevator repair company other than Mitsubishi to perform the upgrades.
- 2) Delay or not perform the upgrades/retrofit. This alternative is not recommended because the elevators will experience more frequent breakdowns with greater delays in obtaining an elevator.
- 3) Not perform the emergency, as-needed services. This alternative is not recommended because the damage resulting from misuse, abuse, and vandalism would not be corrected and would lead to the deterioration of elevator performance.

PROCUREMENT SUMMARY

In November 1998, the Board approved a five-year (inclusive of two-one year options) contract with Mitsubishi Electric and Electronics USA, Elevator/Escalator Division (Mitsubishi) for the maintenance, replacement, and repair of the MTA Gateway Headquarters elevators and escalators in an amount not to exceed \$653,820.

The request for contract amendment is consistent with the contract. The contract's statement of work does allow for the replacement of elevator parts and equipment, therefore, the upgrades are within the current scope of work of Mitsubishi. The cost proposal from Mitsubishi was requested at the end of March 2001 and was received on April 6, 2001. The upgrade price includes all applicable labor costs, parts, shipping, and taxes.

The funding request for additional as-needed services will use the existing labor rates currently contained in the contract. The funding was inadvertently omitted from the original board action. The current requests will increase the not-to-exceed contract amount to \$1,139,075.

COST/PRICE ANALYSIS

DESCRIPTION	PROPOSED PRICE	INDEPENDENT ESTIMATE	RECOMMENDED PRICE
Upgrades to the Gateway elevators	\$383,000	\$359,568	\$379,255

DESCRIPTION	NOT TO EXCEED AMOUNT	INDEPENDENT ESTIMATE	RECOMMENDED PRICE
As-needed services	\$106,000	None	\$106,000

The recommended price of \$379,255 for upgrades to the Gateway elevators has been determined to be fair and reasonable based upon cost analysis. In addition, not to exceed funding of \$106,000 is requested for as-needed services. The as-needed services will be priced at the rates currently stated in the contract.

SMALL BUSINESS PARTICIPATION (OP-6430-0720)

The Small Business Diversity (SBD) Unit did not recommend a Disadvantaged Business Enterprise (DBE) participation goal for the procurement and upgrade of Original Equipment Manufactured products provided by the Original Equipment Manufacturer or Certified Distributors. If any portion of the elevator upgrades were to be performed by another company, this would void any Mitsubishi warranty for the elevators. Based on industry practices, it is expected that Mitsubishi will provide all services/products with minimal, if any, subcontracting.

Pursuant to the DBE Program requirements, if Mitsubishi proposes to use the services of subcontractors, they are expected to afford maximum opportunities to DBE firms in subcontract and supply areas. Upon request, they are required to submit documentation to satisfy MTA that good faith efforts were made to utilize DBE firms throughout the life of the contract.

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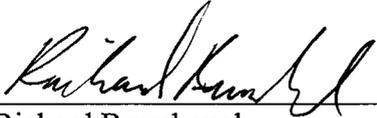
 Ken Takahashi
 Senior Contract Administrator



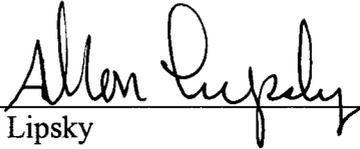
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