



Metropolitan  
Transportation  
Authority

One Gateway Plaza  
Los Angeles, CA  
90012-2952

**SUBJECT: MAINTENANCE OF THE GATEWAY BUILDING  
MANAGEMENT SYSTEM**

**ACTION: AWARD NON-COMPETITIVE FIVE-YEAR CONTRACT TO  
INVENSYS BUILDING SYSTEMS**

**RECOMMENDATION**

Authorize the Chief Executive Officer to execute a non-competitive five-year contract, Contract No. PS016430107 with Invensys Building Systems (Invensys) for maintenance, repair, and support services for the Gateway Building Management System (BMS) in an amount not to exceed \$391,961, effective April 1, 2002.

**RATIONALE**

The Building Management System (BMS) is a proprietary computerized building automation and energy management system that consists of automatic devices and controls for the Gateway building's heating, ventilation, and air-conditioning units. This proprietary system consists of devices that control the temperature and air flow throughout the building while also monitoring energy usage.

The system components consist of thousands of devices that require constant preventative maintenance. Invensys along with MTA has developed a most advantageous preventative and system support maintenance schedule to ensure the health and safety of all occupants and visitors to the building. Invensys provides preventative measures such as troubleshooting, performing diagnostics, monitoring, adjusting, replacing, and testing the system devices and controls. These measures also include the installation of software upgrades, database maintenance, and system application support.

Invensys specifically developed and installed the Building Management System for the Gateway building. Invensys has maintained and upgraded the system since the MTA took building occupancy. Due to the fact that this is an Invensys owned proprietary system it is necessary that they continue to maintain the system to its manufactured conformity and integrity. Service of the BMS by another contractor may compromise the system due to their lack of familiarity with the system specifics. Failure of appropriate maintenance would be costly and may jeopardize the health of Gateway occupants.

## FINANCIAL IMPACT

Funding of \$80,000 for this service is included in the FY02 budget in cost center 6430, Building Services under project 100001, overhead, task number 01.01 and line item 50308, Service Contract Maintenance. Since this is a multi-year contract, the cost center manager and Executive Officer will be accountable for budgeting the cost in future years. In FY01, \$70,632 was expended on this line item.

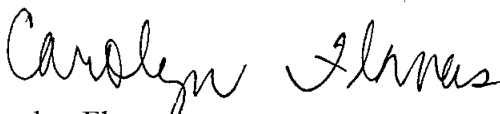
## ALTERNATIVES CONSIDERED

- A. Pay for maintenance, repair and support services as required. This alternative is not recommended because it would result in higher costs including higher overhead and parts pricing to ensure that the system works properly at all times. In addition, Invensys response time would be delayed from same day service to up to three days.
- B. Replace the existing BMS. This alternative is not recommended at this time because replacing the existing BMS would require a large capital expenditure and the existing system is estimated to have seven years remaining useful life.

## ATTACHMENT

- A. Procurement Summary

Prepared by: Brian Soto  
Director of General Services



Carolyn Flowers  
Executive Officer, Administration



Roger Snoble  
Chief Executive Officer

**BOARD REPORT ATTACHMENT A  
PROCUREMENT SUMMARY**

**MAINTENANCE OF THE GATEWAY BUILDING MANAGEMENT SYSTEM**

1.	Contract Number: PS016430107		
2.	Recommended Vendor: Invensys Building Systems, Inc.		
3.	Cost/Price Analysis Information:		
	A. Bid/Proposed Price: \$425,100	Recommended Price: \$391,961	
	B. Details of Significant Variances are in Attachment A-1.D		
4.	Contract Types: Fixed price for the maintenance support, Time and Material for the as-needed emergency services and unit rate for replacement equipment and parts		
5.	Procurement Dates:		
	A. Issued: April 3, 2001		
	B. Advertised: N/A		
	C. Pre-bid/proposal Conference: N/A		
	D. Bids/Proposals Due: June 21, 2001		
	E. Pre-Qualification Completed: December 6, 2001		
	F. Conflict of Interest Form Submitted to Ethics: January 11, 2002		
6.	Small Business Participation:		
	A. Bid/Proposal Goal: No goal recommended	Date Small Business Evaluation Completed: N/A	
	B. Small Business Commitment: No goal recommended		
7.	Invitation for Bid/Request for Proposal Data:		
	Notifications Sent: N/A	Bid/Proposals Picked up: N/A	Bid/Proposals Received: N/A
8.	Evaluation Information:		
	A. Bidders/Proposers Names: Invensys Building Systems, Inc.	Bids/Proposals Amount: \$425,100	<u>Best and Final Offer Amount:</u> N/A
	Evaluation Methodology: Non-Competitive		
9.	Protest Information:		
	A. Protest Period End Date: N/A		
	B. Protest Receipt Date: N/A		
	C. Disposition of Protest Date: N/A		
10.	Contract Administrator: Ken Takahashi	Telephone Number: 922-1047	
11.	Project Manager: Phyllis Meng	Telephone Number: 922-2375	

**BOARD REPORT ATTACHMENT A-1  
PROCUREMENT SUMMARY**

**MAINTENANCE OF THE GATEWAY BUILDING MANAGEMENT SYSTEM**

A. Background of Contractor

Invensys Building Systems (Invensys) of Anaheim, California, manufactures temperature control products and intelligent automation systems for commercial, industrial, and institutional buildings in North America and around the world. Past and current clients include the Boston Public Schools, Seattle Art Museum, and the County of Riverside.

B. Procurement Background

Siebe Environmental Controls (Siebe) originally installed the Building Management System (BMS) under a contract issued by the Union Station Gateway Corporation; a corporation formed to construct the MTA Headquarters Building and Union Station Gateway complex, and was maintained by Siebe beginning in September 1995. In 1999, Invensys acquired Siebe, and Invensys has continued to satisfactorily provide maintenance, repair, and support services for the BMS.

This is a non-competitive procurement. MTA requested Invensys to provide a fixed price proposal to maintain the Building Management System and the submitted proposal was evaluated in accordance with the MTA's Procurement Policies and Procedures. Invensys proposed a \$425,100 fixed price maintenance contract, which included maintenance labor and projected equipment and parts replacement costs.

There was a significant variance between the amount Invensys proposed for this procurement and the independent estimate. Staff analyzed the proposal and noted differences in the amounts for the fully burdened labor rate and the daily truck rate. The variance between the daily truck and the fully burdened labor rate are discussed in section D, Cost/Price Analysis and Explanation of Variances. In addition staff found a significant difference in the amount proposed versus estimate for parts and equipment replacement. Invensys proposed parts and equipment replacement using a life cycle cost model based on the age of the system. The Estimating group analyzed the BMS repair history and projected the cost based on actual amount spent for this item. Invensys was concerned about entering into a long-term contract with the MTA at a fixed price amount for equipment on an aging system using historical amounts to project future needs.

Based on staff's analysis and discussions with Invensys, the contract was separated into different elements. As a result, the current recommended contract amount of \$391,961 includes a fixed price maintenance element at a not to exceed amount of \$181,961 for the 5 year contract, a contract budget amount not to exceed \$200,000 for parts and equipment replacement which will

be billed at 50% of Invensys' catalog unit prices and a contract budget not to exceed amount of \$10,000 for emergency as needed services which will be billed at a fully loaded labor hour rate.

The Small Business Diversity Unit (SBD) did not recommend a Disadvantaged Business Enterprise (DBE) participation goal for this non-competitive procurement. The BMS requires the Contractor to provide all services and equipment. The Prime is expected to complete the entire scope with its own workforce.

C. Evaluation of Proposals

N/A

D. Cost/Price Analysis and Explanation of Variances

The recommended not-to-exceed price of \$391,961 has been determined to be fair and reasonable based upon cost analysis, technical evaluation, and subsequent negotiations conducted with Invensys.

In the first contract year, the maintenance services fixed price was negotiated using the contractor's FY01 fully burdened labor rate of \$80.00 and proposed daily truck rate of \$25.00. The first year fixed price will increase each succeeding year based upon Consumer Price Index annual percentage of change not to exceed 5 percent per year.

The as needed emergency services will be billed at \$80.00 per hour and a daily truck rate of \$25.00 for the first year increasing each succeeding year based upon the Consumer Price Index annual percentage of change not to exceed 5 percent per year.

For the parts and equipment replacement, Invensys has extended best customer pricing to the MTA. The best customer price includes a 50 percent discount below Invensys' published catalog prices. Invensys will bill the MTA as each part or piece equipment is replaced.

A significant variance of 36 percent exists between MTA's independent estimate and the contract recommended price of \$391,961. The variance results primarily from the differences in the daily truck rate and the fully burdened labor rate and parts and equipment replacement (parts and equipment variance is discussed in section B, Procurement Background).

The contractor proposed a daily truck rate of \$25.00 and Estimating used a daily rate of \$9.00. The Cost/Price Analysis Unit determined through a cost analysis that Invensys' daily truck rate of \$25.00 is reasonable. Therefore, the recommended fixed price for maintenance services and for emergency services utilized the contractor's proposed truck daily rate.

The contractor proposed maintenance utilizing a fully burdened labor rate of \$85.00 and Estimating used a fully burdened labor rate of \$60.00 per hour for the first year. The Cost/Price Analysis Unit determined through a cost analysis that Invensys' fully burdened labor rate of

\$83.20 per hour is reasonable. The contract administrator negotiated a further reduced fully burdened labor rate of \$80.00 for the first contract year, which was utilized to achieve the fixed price maintenance services, and the billing rate for as needed emergency services and CPI for the each succeeding year.

**BOARD REPORT ATTACHMENT A-2  
LIST OF SUBCONTRACTORS**

**MAINTENANCE OF THE GATEWAY BUILDING MANAGEMENT SYSTEM**

Prime Contractor:           Invensys Building Systems, Inc.

Subcontractor(s):           None

Total Commitment:         No goal recommended