



Los Angeles World Airports

4

REPORT TO THE BOARD OF AIRPORT COMMISSIONERS

[Signature]
Approved by: Richard J. Connolly, Director of Airports Maintenance II

[Signature]
Reviewed by: Michael R. Christensen, Deputy Executive Director

[Signature]
City Attorney
[Signature]
Deborah Flint – Chief Executive Officer

Meeting Date:
12/19/2019

CAO Review: Completed
 Pending
 N/A

Reviewed for	Date	Approval Status	By
Finance	12/10/2019	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> NA	RW
CEQA	12/10/2019	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N	PI
Procurement	12/10/2019	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> Cond	MJ
Guest Experience	12/10/2019	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N	BY
Strategic Planning	12/12/2019	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> NA	KV

SUBJECT: Approve Third Amendment to Contract DA-5161 with Elevators Etc., Inc.

Approve the Third Amendment to Contract DA-5161 with Elevators Etc., Inc., to increase the contract authority by \$3,500,000 to a new amount not to exceed \$19,132,726 for repair services and parts for elevators, escalators, and moving walkways at Los Angeles International Airport and Van Nuys Airport, and extend contract term by one year, from three years to four years.

RECOMMENDATIONS:

Management RECOMMENDS that the Board of Airport Commissioners:

1. ADOPT the Staff Report.
2. DETERMINE that this action is categorically exempt from the California Environmental Quality Act (CEQA) pursuant to Article III, Class 1 (4) of the Los Angeles City CEQA Guidelines.
3. FIND that, pursuant to Charter Section 1022, this work can be performed more economically or feasibly by an independent contractor than by City employees.
4. APPROVE this requested action to amend this contract.

5. CERTIFY that this amendment is entered into in accordance with Charter Section 371(e)(10).
6. AUTHORIZE the Chief Executive Officer to execute this third amendment after approval as to form by the City Attorney and further approval by the Los Angeles City Council.

DISCUSSION:

1. Purpose

This proposed amendment will add contract authority and term to DA-5161 with Elevators Etc. Inc., a local small business, so that they may continue to provide Los Angeles International Airport (LAX) and Van Nuys Airport (VNY) with assistance to staff in the service and repair of elevators, escalators, and moving walkways, while Los Angeles World Airports (LAWA) transitions to a new full service maintenance contract through a public Request for Proposal (RFP) process.

2. Prior Related Actions

- **November 14, 2013 – Resolution No. 25264 (DA-4864)**
LAWA Board of Airport Commissioners (Board) awarded a three-year contract to Pacific Coast Elevator Corporation dba Amtech Elevator Services for elevator and escalator parts and service for LAX and VNY for an amount not to exceed \$5,925,000. DA-4864 expired on January 17, 2017.
- **December 1, 2016 – Resolution No. 26121 (DA-5161)**
LAWA Board awarded a three-year contract to Elevators Etc., Inc. for parts and repair services for elevators, escalators and moving walkways at LAX and VNY for an amount not to exceed \$4,170,000. DA-5161 expires on January 7, 2020.
- **April 5, 2018 – Resolution No. 26458 (DA-5161A)**
LAWA Board approved the First Amendment to Contract DA-5161 with Elevators Etc., Inc. to increase the contract authority of \$4,170,000 by \$5,185,000 for an amount not to exceed \$9,355,000, covering parts and repair services for elevators, escalators, and moving walkways at LAX and VNY with an expiration of January 7, 2020.
- **February 7, 2019 – Resolution No. 26696 (DA-5161B)**
LAWA Board approved the Second Amendment to Contract DA-5161 with Elevators Etc., Inc., to increase the contract authority by \$6,277,726 for an amount not to exceed \$15,632,726, covering parts and repair services for elevators, escalators, and moving walkways at LAX and VNY with an expiration of January 7, 2020.

3. Current Action

The Facilities Maintenance and Utilities Group (FMUG) is responsible for ensuring that elevators, escalators, and moving walkways at LAX and VNY are kept functioning safely and efficiently as conveyance availability is critical to airport operations and guest experience. In order to keep over 380 pieces of conveyance equipment in service,

LAWA requires a parts and service contracts to assist FMUG's Elevator Shop staff in providing scheduled preventive maintenance (PM), allow for the purchase of replacement parts, and deliver back-up PM and repair services as necessary. Furthermore, the number of LAWA-maintained conveyances will be increasing in the next four years to over 500 with the addition of the Midfield Satellite Concourse, the Intermodal Transfer Facility West, and the various terminal cores.

In December 2016, the LAWA Board awarded a three-year, \$4,170,000 conveyance parts and service contract to Elevators Etc., Inc., a local small business. In April 2018, staff increased its efforts to recruit and hire for an escalating number of Elevator Mechanic and Elevator Mechanic Helper vacancies. This action coincided with staff requesting \$5,000,000 in additional authority to contract DA-5161 to provide additional support to FMUG's Elevator Shop, due in part to these internal staff vacancies, and additionally to an increase in both the number of conveyances maintained and the use of conveyances due to higher passenger loads.

LAWA conveyances are maintained with a combination of FMUG staff augmented by contractors. The FMUG Elevator Shop has a total of 35 authorized positions - 18 Elevator Mechanics and 17 Elevator Mechanic Helpers - to perform preventative and corrective maintenance and respond to an average of 50 to 60 service calls in each 24-hour period. LAWA continues to have difficulty in attracting and retaining qualified Elevator Mechanics and Helpers to perform these services due to industry-wide labor shortages despite the implementation of a LAWA-only bonus program approved for elevator mechanics, supervisors, and helpers. The table below demonstrates the change in number of vacancies over the past four years:

Classification	Authorized Positions	Vacancies				
		2015	2016	2017	2018	2019
Elevator Mechanic*	18	3	4	5	7	4
Elevator Mechanic Helper	17	3	0	6	7	4
Total	35	6	4	11	14	8
Vacancy Rate		17.14%	11.43%	31.43%	34.29%	25%
* 2 Light Duty					40%	

At the end of December 2017, the level of Elevators Etc., Inc. assistance increased to five, 2-person crews. The hourly rates of Elevators Etc., Inc. contracted crews are provided below.

	One, 2-Person Crew			Three, 2-Person Crews		
	Hourly Rate	Weekly Rate	Annual Rate	Hourly Rate	Weekly Rate	Annual Rate
Elevators Etc., Inc.	\$ 550	\$ 22,000	\$ 1,144,000	\$ 1,650	\$ 66,000	\$ 3,432,000

Staff is requesting this additional authority and term in order for Elevators Etc., Inc. to continue to augment FMUG Elevator Shop staff with up to three, 2-person crews over the next year while LAWA publically issues an RFP to transition from the current system of time-and-material conveyance contractor support to an industry best-practices method of full service contractor support.

The full-service contract model is in use at high-performing airports throughout the country and it relies on a strategy of lump-sum pricing for both preventative maintenance and repairs to a defined list of conveyances while at the same time holding the contractor to high in-service standards. This strategy will allow LAWA to allocate the risk to the maintenance contractor, who is the party most responsible for conveyance upkeep and covered repairs. FMUG will also be requesting a concurrent trial of this new methodology over the next year in a subsequent report to the LAWA Board.

In summary, this Elevators Etc., Inc. Contract Amendment No. 3 will provide the resources and flexibility needed to support this transition while at the same time maintaining a small local business presence in this work. LAWA staff intends to include small local business requirements under the pending full-service RFP.

How this action advances a specific strategic plan goal and objective

This action advances this strategic goal and objective: *Deliver Facilities & Guest Experiences that are Exceptional: Develop, maintain and operate first class facilities.* by keeping all elevators, escalators, and moving walkways operational as close to 100% of the time as possible so conveyance outages or poor conditions do not contribute to an unfavorable or unsafe passenger experience.

Action Requested

Staff requests that the Board authorize the Chief Executive Officer to execute the third amendment to DA-5161 after approval as to form by the City Attorney and further approval by the City Council.

Fiscal Impact

Approximately 97% of the current contract authority has been expended with the remaining portion expected to be spent by the expiration of the Second Amendment of the Elevators Etc., Inc. contract on January 7, 2020.

Costs incurred under this contract will be recovered through landing fees and terminal rates and charges, as well as through non-aeronautical revenues.

4. Alternatives Considered

• ***Take No Action***

Taking no action could result in LAWA not having the means to readily obtain escalator and elevator parts and services at LAX and VNY, which could lead to increased mechanical failure that would negatively impact the traveling public, airline and tenant operations, as well as LAWA's compliance with the requirements of State and City Regulatory Agencies and the Americans with Disabilities Act. Furthermore,

by taking no action LAWA loses the ability to perform contracted conveyance maintenance and repair using a local small business.

- **Join Governmental Cooperative Contract**

Staff researched the option of using other existing governmental conveyance services contracts including a similar contract with the City of Los Angeles General Services Department. All of the existing contracts staff reviewed were for full service contracts where the vendor would take ownership of all conveyance maintenance and repairs. Elevators Etc., Inc. did not participate in these governmental cooperative contract procurements. While it is LAWA's intention to explore this approach as part of a transition to a full-service model, it is necessary to have Elevators Etc., Inc. available during such a transition due to their experience and institutional knowledge of LAWA's conveyances.

APPROPRIATIONS:

Funds for this contract are included in the Fiscal Year 2019-20 LAWA Operating Budget in LAX Cost Center 1150067 – FTS Elevator, Escalator & Moving Walk Repair, Commitment Item 520 for Contractual Services or Commitment Item 522 for Materials and Supplies and for Van Nuys in Cost Center 1400003 – VNY Construction & Maintenance Services, Commitment Item 522. Staff will request funding for subsequent years as part of the annual budget process.

STANDARD PROVISIONS:

1. The restoration or rehabilitation of deteriorated or damaged structures, facilities or mechanical equipment and systems to meet current standards of public health, safety and environmental protection is categorically exempt from California Environmental Quality Act (CEQA) requirements pursuant to Article III, Class 1 (4) of the Los Angeles City CEQA Guidelines.
2. This proposed document(s) is/are subject to approval as to form by the City Attorney.
3. Actions taken on this item by the Board of Airport Commissioners will become final pursuant to the provisions of Los Angeles City Charter Section 373.
4. Elevators Etc., Inc. is required by contract to comply with the provisions of the Prevailing Wage Ordinance.
5. Procurement Services has reviewed this action (File No. 10041416). No mandatory Small Business Enterprise (SBE) goal was set for the project, as no subcontracting opportunities were identified. Elevators Etc., Inc. is currently registered with the City of Los Angeles as a Small Business Enterprise.
6. Elevators Etc., Inc. is required by contract to comply with the provisions of the Affirmative Action Program.
7. Elevators Etc., Inc. has been assigned Business Tax Registration Certificate number 0002268989-0001-9.

8. Elevators Etc., Inc. is required by contract to comply with the provisions of the Child Support Obligations Ordinance.
9. Elevators Etc., Inc. has approved insurance documents, in the terms and amounts required, on file with Los Angeles World Airports.
10. Pursuant to Charter Section 1022, staff determined the work specified on the proposed contract can be performed more feasibly or economically by an Independent Contractor than by City employees.
11. Elevators Etc., Inc. has submitted the Contractor Responsibility Program Questionnaire and Pledge of Compliance and will comply with the provisions of the Contractor Responsibility Program.
12. Elevators Etc., Inc. has been determined by Public Works, Office of Contract Compliance to be in full compliance with the provisions of the Equal Benefits Ordinance.
13. Elevators Etc., Inc. will be required to comply with the provisions of the First Source Hiring Program for all non-trade Airport jobs.
14. Elevators Etc., Inc., has submitted the Bidder Contributions CEC Form 55 and will comply with its provisions.
15. This action is not subject to the provisions of the Iran Contracting Act.