

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: January 3, 2023

CAO File No. 0150-12224-0000

Council File No.

Council District: 6, 11

To: The Mayor

From: Matthew W. Szabo, City Administrative Officer 

Reference: Communication from Los Angeles World Airports dated November 3, 2022; referred by the Mayor for a report on November 3, 2022

Subject: **PROPOSED SECOND AMENDMENT TO CONTRACT DA-5437 WITH KONE, INC. FOR CONVEYANCE MAINTENANCE, REPAIR, AND RELATED SERVICES AT LOS ANGELES INTERNATIONAL AND VAN NUYS AIRPORTS**

RECOMMENDATION

That the Mayor:

1. Approve a proposed Second Amendment to Contract DA-5437 with KONE, Inc., to extend the contract term by six months providing a three-year and six months term effective March 17, 2020 through September 16, 2023 and increase the contract authority by \$6,240,000, for a total not-to-exceed \$34,917,000, to continue conveyance maintenance and repair services at Los Angeles International and Van Nuys Airports, subject to City Attorney Approval as to form and compliance with the City's Standard Provisions, including: Living Wage Ordinance, Affirmative Action Program, Business Tax Registration Certification, Child Support Obligations Ordinance, Contractor Responsibility Program, Bidder Contributions CEC Form 55, Bidder Contributions MLO CEC Form 50, and Iran Contracting Act of 2010;
2. Authorize the Chief Executive Officer of the Los Angeles World Airports to execute the proposed Second Amendment to Contract DA-5437, upon approval by the Los Angeles City Council, and prior to the execution of the Second Amendment, KONE, Inc. must:
 - a. Have approved insurance documents, in the terms and amounts required, on file with Los Angeles World Airports; and
 - b. Be determined by Public Works, Office of Contract Compliance to be in full compliance with the provisions of the Equal Benefits Ordinance; and
3. Return the request to the Los Angeles World Airports for further processing, including Council consideration.

SUMMARY

The Los Angeles World Airports (LAWA; Department) Board of Airport Commissioners (BOAC) requests approval to execute the proposed Second Amendment (Amendment) to Contract DA-5437 (Contract; Agreement) with KONE, Inc. (KONE; Contractor) to preserve a comprehensive conveyance maintenance contract at Los Angeles International and Van Nuys Airports (hereinafter referred to as the Airports). The current term of the contract expires on March 16, 2023. Approval of the proposed Agreement will extend the term by six months and increase the expenditure authority by \$6,240,000, for a total contract value not-to-exceed \$34,917,000.

Conveyance availability at the Airports play a pivotal role in daily operations by optimizing efficient solutions to move people, baggage, and materials about the facilities. LAWA's automated conveyance systems offer high-level conveyance amenities that reduce walking distances while increasing passenger comfort. LAWA has experienced staff challenges and the inability to attract and retain qualified elevator mechanics and helpers to maintain its conveyor systems so the Department relies on a combination of City of Los Angeles (City) employees and contractors to service the transportation equipment. Currently, 35 percent of maintenance and repair work is performed by LAWA staff while the remaining 65 percent is completed by KONE.

KONE, a global leader in the conveyance industry, specializes in moving people through large facilities by using automated systems such as elevators, escalators, and moving walkways. The Contractor's mission is to improve people flow in large facilities through safe, effective, and reliable automated conveyance systems. KONE also provides automatic building doors, as well as solutions for maintenance and modernization to add value to buildings and large facilities throughout their lifespan.

In March 2020, the City awarded a two-year, full-service conveyance maintenance contract to KONE and subsequently executed a First Amendment in October 2021. The scope of work comprises a Maintenance Control Plan (MCP) for daily preventative maintenance, repairs, and purchase of parts to support the conveyance activities of LAWA's Facility Management Division (FMD) – Elevator Shop. KONE has delivered exceptional, consistent, and, sufficient work through its well-trained mechanics over the life of the Contract.

Approval of the proposed Second Amendment will enable LAWA to extend the term of the existing contract and increase the expenditure authority to ensure uninterrupted conveyance maintenance service is secured while a new Agreement is being developed. The current procurement process is progressing through its final stages and LAWA expects to award a new contract between the fourth quarter of 2022 and the first quarter of 2023.

LAWA indicates that there is insufficient contract authority to cover the monthly expenditures through the end of the contract term. The residual expenditure authority and the additional funding allocated through the Second Amendment are earmarked to cover expenses for the base monthly maintenance fees, as well as the added conveyances in Bradley West Gates, Terminal 1.5, and the Intermodal Transportation Facility. The six-month term extension will add the necessary time and contract capacity to cover the projected expenses. The table below summarizes the contract

activities over the last three years and the additional funds required to retain KONE’s services.

Contract DA-5437 with KONE, Inc. – Contract Authority and Expenses	
Contract Authority (Original Contract + First Amendment)	\$28,677,000
Second Amendment Increase	\$6,240,000
Total Contract Authority	\$34,917,000
Expenditures to Date, including planned expenditures through March 2023	\$28,677,000
Available Contract Authority through September 16, 2023	\$6,240,000
Projected Expenditures through the Second Amendment	
Ongoing Base Monthly Maintenance Fees	\$5,485,566
New Facility Charges	\$754,434
Total Estimated Expenditures	\$6,240,000

Costs incurred under this Contract will be recovered through landing fees, terminal rates and charges, and non-aeronautical revenues. Funds for subsequent years will be requested as part of LAWA’s annual budget process.

The Department will terminate the existing Contract if a new agreement is executed prior to the term expiration date. Assuming that KONE is not awarded a new contract, LAWA’s FMD plans to collaborate with the incumbent contractor and the impending contractor to ensure that conveyance responsibilities are seamlessly transitioned to the contract award recipient prior to the effective date of the new contract. The changeover period will include the badging process for the incoming contractor’s employees 60 days prior to the start of the new agreement.

Appropriate business inclusion goals for the Request for Proposals were jointly developed by LAWA staff and LAWA’s Business, Jobs, and Social Responsibility Division. LAWA’s Procurement Services staff reviewed the proposed action (File No. 9267) and determined that no subcontracting opportunities were identified, subsequently, no mandatory Business Enterprise goals for this project were established.

The BOAC approved the proposed Second Amendment at its meeting on November 3, 2022. Actions taken on this item by the BOAC will become final pursuant to the provisions of the Los Angeles City Charter Section 373.

FISCAL IMPACT STATEMENT

Approval of the proposed Second Amendment to Contract DA-5437 with KONE, Inc., to extend the term by six months and increase the contract authority by \$6,240,000, for a total not-to-exceed \$34,917,000, will have no impact on the City’s General Fund. The proposed Agreement is funded in LAWA’s 2022-23 Operating Budget. The actions of the proposed request comply with the Los Angeles World Airports’ adopted Financial Policies.



November 07, 2022

LAX

Van Nuys

City of Los Angeles

Eric Garcetti
Mayor

Board of Airport
Commissioners

Beatrice C. Hsu
President

Valeria C. Velasco
Vice President

Sean O. Burton
Gabriel L. Eshaghian
Nicholas P. Roxborough
Belinda M. Vega
Karim Webb

Justin Erbacci
Chief Executive Officer

The Honorable Eric Garcetti
Mayor, City of Los Angeles
City Hall – Room 303
Los Angeles, CA 90012

ATTN: Heleen Ramirez
Legislative Coordinator

RE: Staff requests approval of the Second Amendment to Contract DA-5437 with KONE, Inc.

In accordance with Executive Directive No. 4, we are transmitting a copy of the specified board report for the request to approve the Staff requests approval of the Second Amendment to Contract DA-5437 with KONE, Inc. to extend the contract by six months to September 16, 2023, and increase the contract authority by \$6,240,000, for a new total contract amount not to exceed \$34,917,000, for full service elevator, escalator, and moving walkway maintenance, repair, and related services at Los Angeles International and Van Nuys Airports.

City Council approval is required pursuant to Section 373 of the Los Angeles City Charter.

Sincerely,

A handwritten signature in black ink, appearing to read "Justin Erbacci".

Justin Erbacci
Chief Executive Officer

JPE: MSA: MTR: KSF
Attachments



**Report to the
BOARD OF AIRPORT COMMISSIONERS**

<p><i>R. J. Connolly</i> Approver: _____ Richard J. Connolly, Deputy Executive Director Facilities Management Division</p> <p><i>Brian C. Ostler</i> Reviewer: _____ Brian C. Ostler, City Attorney <i>JRL</i></p> <p><i>Justin Erbacci</i> _____ Justin Erbacci (Oct 28, 2022 15:42 PDT) Justin Erbacci, Chief Executive Officer</p>	<p><u>Meeting Date</u></p> <p>11/3/2022</p>																							
	<p>Needs Council Approval: <input checked="" type="checkbox"/> Y</p> <table border="1"> <thead> <tr> <th>Reviewed for/by</th> <th>Date</th> <th>Approval Status</th> <th>By</th> </tr> </thead> <tbody> <tr> <td>Finance</td> <td>10/19/2022</td> <td><input checked="" type="checkbox"/> Y <input type="checkbox"/> NA</td> <td>JS</td> </tr> <tr> <td>CEQA</td> <td>10/14/2022</td> <td><input checked="" type="checkbox"/> Y</td> <td>VW</td> </tr> <tr> <td>Procurement</td> <td>10/19/2022</td> <td><input checked="" type="checkbox"/> Y <input type="checkbox"/> Cond</td> <td>BIG</td> </tr> <tr> <td>Guest Experience</td> <td>10/24/2022</td> <td><input checked="" type="checkbox"/> Y</td> <td>TB</td> </tr> <tr> <td>Strategic Planning</td> <td>10/18/2022</td> <td><input checked="" type="checkbox"/> Y</td> <td>BNZ</td> </tr> </tbody> </table>	Reviewed for/by	Date	Approval Status	By	Finance	10/19/2022	<input checked="" type="checkbox"/> Y <input type="checkbox"/> NA	JS	CEQA	10/14/2022	<input checked="" type="checkbox"/> Y	VW	Procurement	10/19/2022	<input checked="" type="checkbox"/> Y <input type="checkbox"/> Cond	BIG	Guest Experience	10/24/2022	<input checked="" type="checkbox"/> Y	TB	Strategic Planning	10/18/2022	<input checked="" type="checkbox"/> Y
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SUBJECT

Staff requests approval of the Second Amendment to Contract DA-5437 with KONE, Inc. to extend the contract by six months to September 16, 2023, and increase the contract authority by \$6,240,000, for a new total contract amount not to exceed \$34,917,000, for full-service elevator, escalator, and moving walkway maintenance, repair, and related services at Los Angeles International and Van Nuys Airports.

RECOMMENDATIONS

Management RECOMMENDS that the Board of Airport Commissioners:

1. ADOPT the Staff Report.
2. DETERMINE that this action is exempt from the California Environmental Quality Act (CEQA) pursuant to Article III, Class 1 (32) of the Los Angeles City CEQA Guidelines.
3. APPROVE the Second Amendment to Contract DA-5437 to extend the contract by six months to September 16, 2023, and increase the contract authority by \$6,240,000, for an amount not to exceed \$34,917,000, for full-service elevator, escalator, and moving walkway maintenance, repair, and related services at Los Angeles International Airport and Van Nuys Airport.
4. AUTHORIZE the Chief Executive Officer, or designee, to execute the Second Amendment after approval as to form by the City Attorney and approval by the Los Angeles City Council.

DISCUSSION

1. Purpose

The proposed action is to extend the term of the existing conveyance maintenance contract with KONE, Inc., and to add \$6,240,000 in additional contract authority, for a new not-to-exceed amount of \$34,917,000. Conveyance availability is critical to airport operations, the guest experience, and the mobility of both employees and guests. Staff requests the extension of the contract for all material, labor, and supervision required to provide full-service maintenance, repair, and related services for elevators, escalators, and moving walkways at Los Angeles International Airport (LAX) and Van Nuys Airport (VNY). The Second Amendment will provide sufficient time to award a replacement contract through the Request for Proposals currently in process.

2. Prior Related Actions/History of Board Actions

- **September 17, 2013 – Resolution No. 25234 (DA-4856)**

The Board of Airport Commissioners (Board) awarded a five-year contract, with one five-year renewal option, to Otis Elevator Company to maintain approximately 90 elevators, escalators, and moving walkways in Bradley West at LAX for an amount not to exceed \$7,683,845. Contract DA-4856 expired on December 31, 2019.

- **November 14, 2013 – Resolution No. 25264 (DA-4864)**

The 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. Contract DA-4864 expired on January 17, 2017.

- **December 1, 2016 – Resolution No. 26121 (DA-5161)**

The 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. Contract DA-5161 was originally due to expire on January 7, 2020.

- **June 27, 2017 – Resolution No. 26237 (DA-5194)**

The Board awarded a five-year contract to Otis Elevator Company for extended preventive and routine maintenance, as well as on-call elevator repair services for the 52 elevators and associated parts and equipment installed as part of the "Phase III Elevator Upgrades and Site Modification Project" at LAX, for an amount not to exceed \$3,852,255. Per Los Angeles City Charter Section 373, City Council approved this action on June 27, 2017. The entire contract authority value was expended prior to the contract expiration date, so it was terminated early on February 28, 2022. KONE, Inc. assumed the services under this contract under KONE, Inc. Contract No. DA-5437 as indicated below.

- **April 5, 2018 – Resolution No. 26458 (DA-5161A)**

The Board approved the First Amendment to Contract DA-5161 with Elevators Etc., Inc. to increase the contract authority by \$5,185,000 for a new total not-to-exceed amount of \$9,355,000, covering parts and repair services for elevators, escalators, and moving walkways at LAX and VNY.

- February 25, 2019 – Resolution No. 26696 (DA-5161B)**
 The Board approved the Second Amendment to Contract DA-5161 with Elevators Etc., Inc. to increase the contract authority by \$6,277,726 for a new total not-to-exceed amount of \$15,632,726 covering parts and repair services for elevators, escalators, and moving walkways at LAX and VNY.
- December 19, 2019 – Resolution No. 26906 (DA-5161C)**
 The Board approved the Third Amendment to Contract DA-5161 with Elevators Etc., Inc. to extend the term by one year and increase the contract authority by \$3,500,000 for a new total not-to-exceed amount of \$19,132,726. Contract DA-5161 expired on January 7, 2021.
- March 17, 2020 – Resolution No. 26960 (DA-5437)**
 The Board approved a two-year contract with KONE, Inc., under the terms and conditions of Kansas City, Missouri General Services Department Contract EV2516, pursuant to Omnia Partners cooperative arrangement, covering provision of all material, labor, and supervision required for a program to provide full-service maintenance, repair, and related services for elevators, escalators, and moving walkways at LAX and VNY for a cost not to exceed \$16,850,000. This contract was originally due to expire on March 16, 2022.
- October 21, 2021 – Resolution No. 27360 (DA-5437A)**
 The Board approved the First Amendment to Contract No. DA-5437 with KONE, Inc. to extend the term through March 16, 2023, and increase the contract authority by \$11,827,000, for new total not to exceed \$28,677,000, covering full-service elevator, escalator, and moving walkway maintenance, repair, and related services at LAX and VNY.

3. Background

The Facilities Management Division ensures that the approximately 480 conveyance units (elevators, escalators, and moving walkways) at LAX and VNY are kept functioning and operating safely, in accordance with manufacturers' specifications. Los Angeles World Airports (LAWA) continues to experience staffing challenges and an inability to attract and retain qualified elevator mechanics and helpers to perform these services, despite the implementation of LAWA-specific bonuses. The Facilities Management Division must therefore rely on a combination of City employees and contracted staff to maintain this equipment.

Los Angeles World Airports executed a two-year, full-service maintenance contract with KONE, Inc. to provide scheduled preventive maintenance, repairs, and purchase of parts to sustain and assist the Facilities Management Division Elevator Shop. KONE, Inc. has shown quality performance over the last two years, and their work has satisfactorily met LAWA's goals, including providing services that are neat, consistent, and accurate. Their mechanics are well-trained and knowledgeable of the LAX campus, able to work independently, and regularly follow acceptable safety and security procedures.

KONE, Inc. supports Small Business Enterprise (SBE) and uses local small business vendors when possible. KONE, Inc. has awarded work to a qualified SBE company for the step cleaning of LAX escalators and uses an SBE-certified Regulation 4 testing company. KONE, Inc. is in the process of becoming a certified Local Business Enterprise by employing 50 employees that live within the City of Los Angeles.

4. Current Action/Rationale

Currently, LAWA staff is working on a Request for Proposals (RFP) for a full conveyance maintenance contract with a third-party vendor. This procurement has been in process for over one year and LAWA staff expects to present a recommendation to the Board for a contract award in December 2022 or January 2023. Staff worked with LAWA's Business, Jobs, and Social Responsibility Division to develop appropriate SBE participation levels for the RFP.

Additionally, the new contract will require approval by the Los Angeles City Council per Los Angeles Charter Section 373, due to the anticipated term length. Los Angeles World Airports staff recommends extending the existing KONE, Inc. contract for six months until the RFP process can be completed, and a new contract approved through City Council. As this conveyance contract is complex, staff requests the Board approve additional time to account for any administrative delays that may occur within the approval process. Under the current contract terms, the contract may be terminated at any time without penalty to the City.

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: Upgrade every element of the guest experience.* Keeping LAWA conveyances functioning at a rate of at least 97 percent contributes to gold standard services to LAWA's guests.

5. Fiscal Impact

Approximately 82 percent of the current contract authority has been expended, with the remaining portion expected to be fully exhausted, at the current rate of expenditure, by mid-March 2023. Los Angeles World Airports currently pays about \$914,261 per month, or \$5,485,566 for six months, to KONE, Inc. for the full-service maintenance contract. The additional \$754,434 will cover the added conveyances in both the new Bradley West Gates and Terminal 1.5, as well as the new CORE structures and Intermodal Transportation Facility.

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

6. Alternatives Considered

- ***Take No Action***

Taking no action could result in LAWA not having the means to readily receive escalator and elevator parts and services at LAX and VNY. This 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.

APPROPRIATIONS

Funds for this contract are available in the Fiscal Year 2022-23 Los Angeles World Airports Operating Budget in LAX Cost Center 1150067 – FTS Elevator, Escalator & Moving Walk Repair, Commitment Item 520 – Contractual Services & Commitment Item 522 – Materials and Supplies and VNY Cost Center 1400003 – Construction & Maintenance Services, Commitment Item 522 –

Materials and Supplies. Funding for subsequent years will be requested as part of the annual budget process.

STANDARD PROVISIONS

1. Installation, maintenance or modification of mechanical equipment and public convenience devices and facilities which are accessory to the use of the existing structures or facilities and involve the negligible or no expansion of use is exempt from California Environmental Quality Act (CEQA) requirements pursuant to Article III, Class 1 (32) of the Los Angeles City CEQA Guidelines.
2. The 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. KONE, Inc. is required by contract to comply with the provisions of the Living Wage Ordinance.
5. KONE, Inc. Procurements Services had reviewed this action (File No. 9267). No mandatory Business Enterprise goals for this project have been set, as no subcontracting opportunities were identified.
6. KONE, Inc. is required by contract to comply with the provisions of the Affirmative Action Program.
7. KONE, Inc. has been assigned Business Tax Registration Certificate number 0000578473-0001-1.
8. KONE, Inc. is required by contract to comply with the provisions of the Child Support Obligations Ordinance.
9. KONE, Inc. has approved insurance documents, in the terms and amounts required, on file with the Los Angeles World Airports.
10. KONE, Inc. Pursuant to Charter Section 1022, staff determined the work specified in this contract can be performed more feasibly and economically by Independent Contractors than by City employees.
11. KONE, Inc. has submitted the Contractor Responsibility Program Pledge of Compliance and will comply with the provisions of the Contractor Responsibility Program.
12. KONE, Inc. has been determined by Public Works, Office of Contract Compliance, to be in compliance with the provisions of the Equal Benefits Ordinance.
13. This action is not subject to the provisions of the First Source Hiring Program.
14. KONE, Inc. has submitted the Bidder Contributions CEC Form 55 and will comply with its provisions.

15. KONE, Inc. has submitted the MLO CEC Form 50 and will comply with its provisions.

16. KONE, Inc. has submitted the Iran Contracting Act and will comply with its provisions.



November 10, 2022

The Honorable City Council
of the City of Los Angeles
City Hall, Room 395
Los Angeles, CA 90012

Subject: Second Amendment to Contract DA-5437 with KONE, Inc.

LAX
Van Nuys
City of Los Angeles

Pursuant to Section 373 of the City Charter, enclosed for your approval is the Second Amendment to Contract DA-5437 with KONE, Inc. that was approved by the Board of Airport Commissioners at its November 3, 2022 meeting. There is no impact to the General Fund.

RECOMMENDATIONS FOR CITY COUNCIL:

Eric Garcetti
Mayor

Board of Airport
Commissioners

Beatrice C. Hsu
President

Valeria C. Velasco
Vice President

Sean O. Burton
Gabriel L. Eshaghian
Nicholas P. Roxborough
Belinda M. Vega
Karim Webb

Justin Erbacci
Chief Executive Officer

1. Adopt the determination by said Board that this action is exempt from the California Environmental Quality Act (CEQA) pursuant to Article III, Class 1 (32) of the Los Angeles City CEQA Guidelines; and
2. Approve the Second Amendment to Contract DA-5437 with KONE, Inc., to extend the term through September 16, 2023 and increase the contract authority by \$6,240,000, for new total not to exceed \$34,917,000, covering full-service elevator, escalator, and moving walkway maintenance, repair, and related services at Los Angeles International Airport and Van Nuys Airport; and
3. Concur with said Board's action on November 3, 2022, by Resolution 27617, authorizing the Chief Executive Officer, or designee, of Los Angeles World Airports to execute said Second Amendment to Contract DA-5437 with KONE, Inc.

Very truly yours,

Grace Miguel, Commission Executive Assistant II
BOARD OF AIRPORT COMMISSIONERS

Enclosures

- cc: Trade, Travel and Tourism Committee
Councilmember Buscaino, e-file
Councilmember Bonin, e-file
Councilmember Lee, e-file
CAO (Airport Analyst), e-file
CLA (Airport Analyst), e-file
City Clerk's Office, e-file



RESOLUTION NO. 27617

WHEREAS, on recommendation of Management, there was presented for approval, Second Amendment to Contract DA-5437 with KONE, Inc. to extend the term through September 16, 2023 and increase the contract authority by \$6,240,000, for new total not to exceed \$34,917,000, covering full-service elevator, escalator, and moving walkway maintenance, repair, and related services at Los Angeles International Airport and Van Nuys Airport; and

WHEREAS, Los Angeles World Airports (LAWA) continues to experience staffing challenges and an inability to attract and retain qualified elevator mechanics and helpers to perform the services, despite implementation of LAWA-specific bonuses. LAWA must therefore rely on a combination of City of Los Angeles (City) employees and contracted staff to maintain the approximately 480 conveyance units (elevators, escalators, and moving walkways) at Los Angeles International Airport (LAX) and Van Nuys Airport (VNY); and

LAX

Van Nuys

City of Los Angeles

Eric Garcetti
Mayor

Board of Airport
Commissioners

Beatrice C. Hsu
President

Valeria C. Velasco
Vice President

Sean O. Burton
Gabriel L. Eshaghian
Nicholas P. Roxborough
Belinda M. Vega
Karim Webb

Justin Erbacci
Chief Executive Officer

WHEREAS, under its Contract DA-5437, KONE, Inc. provides full-service maintenance to sustain and assist LAWA. It has shown quality performance and its work has satisfactorily met LAWA's goals, including providing services that are neat, consistent, and accurate. The company's mechanics are well-trained and knowledgeable of the LAX campus, able to work independently, and regularly follow acceptable safety and security procedures. KONE, Inc. supports Small Business Enterprise and uses local small business vendors when possible. It is in the process of becoming a certified Local Business Enterprise by employing fifty (50) employees that live within the City; and

WHEREAS, Contract DA-5437 expires on March 16, 2023. The Second Amendment will allow for additional time until the Request for Proposals process for a new full conveyance maintenance contract can be completed. Under the current terms, the contract may be terminated at any time without penalty to the City; and

WHEREAS, approximately 82% of the contract authority has been expended. The Second Amendment will add \$6,240,000 in contract authority. LAWA pays KONE, INC. about \$914,261 per month, or \$5,485,566 for six (6) months, for the full-service maintenance contract. The additional \$754,434 will cover the added conveyances in both the new Bradley West Gates and Terminal 1.5, as well as the new CORE structures and Intermodal Transportation Facility; and

WHEREAS, funds for the contract are available in the Fiscal Year 2022-2023 LAWA Operating Budget in LAX Cost Center 1150067 – FTS Elevator, Escalator & Moving Walk Repair, Commitment Items 520 – Contractual Services and 522 – Materials and Supplies; and in VNY Cost Center 1400003 – Construction & Maintenance Services, Commitment Item 522 – Materials and Supplies. Funding for subsequent years will be requested as part of the annual budget process; and

WHEREAS, installation, maintenance or modification of mechanical equipment and public convenience devices and facilities which are accessory to the use of the existing structures or facilities and involve the negligible or no expansion of use is exempt from California Environmental Quality Act (CEQA) requirements pursuant to Article III, Class 1 (32) of the Los Angeles City CEQA Guidelines; and

WHEREAS, KONE, Inc. is required by contract to comply with the provisions of the Living Wage Ordinance, Affirmative Action Program, and Child Support Obligations Ordinance; and



WHEREAS, KONE, Inc. has been assigned Business Tax Registration Certificate 0000578473-0001-1; and

WHEREAS, KONE, Inc. has approved insurance documents, in the terms and amounts required, on file with LAWA; and

WHEREAS, pursuant to Charter Section 1022, staff determined that the work specified in the contract can be performed more feasibly and economically by Independent Contractors than by City employees; and

WHEREAS, KONE, Inc. has submitted the Contractor Responsibility Program Pledge of Compliance, and will comply with the provisions of said program; and

WHEREAS, KONE, Inc. has been determined by Public Works, Office of Contract Compliance, to be in compliance with the provisions of the Equal Benefits Ordinance; and

WHEREAS, KONE, Inc. has submitted the Bidder Contributions CEC Form 55 and MLO CEC Form 50, and will comply with their provisions; and

WHEREAS, KONE, Inc. will comply with the provisions of the Iran Contracting Act; and

WHEREAS, 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;

NOW, THEREFORE, BE IT RESOLVED that the Board of Airport Commissioners adopted the Staff Report; determined that this action is exempt from the California Environmental Quality Act (CEQA) pursuant to Article III, Class 1 (32) of the Los Angeles City CEQA Guidelines; approved the Second Amendment to Contract DA-5437 with KONE, Inc. to extend the term through September 16, 2023 and increase the contract authority by \$6,240,000, for new total not to exceed \$34,917,000, covering full-service elevator, escalator, and moving walkway maintenance, repair, and related services at Los Angeles International Airport and Van Nuys Airport; and authorized the Chief Executive Officer, or designee, to execute said Second Amendment to Contract DA-5437 with KONE, Inc. after approval as to form by the City Attorney and approval by the Los Angeles City Council.

o0o

I hereby certify that this Resolution No. 27617 is true and correct, as adopted by the Board of Airport Commissioners at its Regular Meeting held on Thursday, November 3, 2022.


Grace Miguel – Secretary
BOARD OF AIRPORT COMMISSIONERS

**SECOND AMENDMENT TO CONTRACT NUMBER DA-5437
BETWEEN THE CITY OF LOS ANGELES AND KONE, INC. FOR THE
MAINTENANCE, SERVICE AND REPAIR OF THE ELEVATORS, ESCALATORS
AND MOVING WALKWAYS AT LOS ANGELES INTERNATIONAL AIRPORT
AND VAN NUYS AIRPORT**

This **SECOND AMENDMENT TO CONTRACT NUMBER DA-5437** (“Amendment”) is made and entered into as of this ____ day of _____, 202_ by and between the **CITY OF LOS ANGELES** ("City"), a municipal corporation, acting by order of and through its Board of Airport Commissioners (the "Board") of the Department of Airports (“Department” or “LAWA”) and **KONE, INC.** ("Contractor").

RECITALS

WHEREAS, City and Contractor entered into Los Angeles World Airports Contract Number DA-5437 (the “Contract”) for the maintenance, service and repair of the elevators, escalators and moving walkways at Los Angeles International Airport and Van Nuys Airport on March 17, 2020; and

WHEREAS, the Contract originally had a two (2) year term and a not-to-exceed dollar amount of Sixteen Million Eight Hundred Fifty Thousand and 00/100 Dollars (\$16,850,000.00); and

WHEREAS, the Contract was amended on November 16, 2021 to increase the term of the contract from two (2) to three (3) years and add funding in the amount of Eleven Million Eight Hundred Twenty Seven Thousand and 00/100 Dollars (\$11,827,000.00) for an amended overall Contract amount not to exceed Twenty Eight Million Six Hundred Seventy Seven Thousand and 00/100 Dollars (\$28,677,000.00); and

WHEREAS, City wishes to increase the term of the Contract from thee (3) years to three (3) years and six (6) months, which will require the approval of both the Board and the Los Angeles City Council; and

WHEREAS, City also wishes to increase the not-to-exceed amount of the Contract from Twenty Eight Million Six Hundred Seventy Seven Thousand and 00/100 Dollars (\$28,677,000.00) to Thirty Four Million Nine Hundred Seventeen Thousand and 00/100 Dollars (\$34,917,000.00); and

NOW, THEREFORE, in consideration of the premises and of the terms, covenants and conditions hereinafter contained to be kept and performed by the respective parties hereto, the parties do mutually agree that the Contract is HEREBY AMENDED AS FOLLOWS:

AMENDMENT

Amendment Section 1. Section 1.0 of the Contract shall be amended and restated in its entirety as follows:

Section 1.0 Term of Contract. Notwithstanding any other provision herein, the term of this Contract shall commence on the Effective Date, and shall expire upon the expiration or earlier termination of the Master Contract, including any extensions or exercise of options thereto, but no later than three (3) years and six (6) months after the Effective Date; subject, however, to earlier termination as provide herein.

Amendment Section 2. The second sentence of Section 2.2 of the Contract shall be amended and restated in its entirety as follows:

The fees to be paid Contractor by the City for the Services and associated products and supplies provided under this Contract shall not exceed Thirty Four Million Nine Hundred Seventeen Thousand and 00/100 Dollars (\$34,917,000.00) for the term of the Contract.

Amendment Section 3. Except as specifically provided herein, this Amendment shall not in any manner alter, change, modify, or affect any of the rights, privileges, duties, or obligations of either of the parties hereto, under, or by reason of said Contract, as amended.

Execution. This Amendment and any other document necessary for the consummation of the transaction contemplated by this Amendment may be executed in counterparts, including counterparts that are manually executed and counterparts that are in the form of electronic records and are electronically executed. An electronic signature means a signature that is executed by symbol attached to or logically associate with a record and adopted by a party with the intent to sign such record, including facsimile or e-mail signatures. All executed counterparts shall constitute one Amendment, and each counterpart shall be deemed an original. The parties hereby acknowledge and agree that electronic records and electronic signatures, as well as facsimile signatures, may be used in connection with the execution of this Amendment and electronic signatures, facsimile signatures or signatures transmitted by electronic mail in so-called PDF format shall be legal and binding and shall have the same full force and effect as if a paper original of this Amendment had been delivered that had been signed using a handwritten signature. All

IN WITNESS WHEREOF, City has caused this Amendment to be executed, by the Chief Executive Officer, and Contractor has caused the same to be executed by its duly authorized officers and its corporate seal to be hereunto affixed, all as of the day and year first hereinabove written.

APPROVED AS TO FORM:
MICHAEL N. FEUER
City Attorney

CITY OF LOS ANGELES

Date: _____


By: _____
Chief Executive Officer
Department of Airports


By: _____
Deputy City Attorney

By: _____
Chief Financial Officer
Deputy Executive Director
Department of Airports

ATTEST:

KONE, INC.

By: 
Signature (Secretary)
Lorraine Petzer
Print Name

By: 
Signature
KAL HASSANIETH
Print Name

GENERAL MANAGER
Print Title

[SEAL]