

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: August 07, 2023

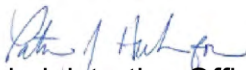
CAO File No. 0150-12445-0000

Council File No.

Council District: 6, 11

To: The Mayor

From: Matthew W. Szabo, City Administrative Officer



Reference: Correspondence from Los Angeles World Airports Board of Airport Commissioners (Board) dated June 15, 2023 and July 10, 2023; referred by the Mayor for a report on June 15, 2023

Subject: **RESOLUTION NO. 27759 AND PROPOSED CONTRACT WITH OTIS ELEVATOR COMPANY FOR MAINTENANCE, REPAIR, AND OTHER RELATED SERVICES FOR ALL ESCALATORS, ELEVATORS, AND MOVING WALKWAYS AT LOS ANGELES WORLD AIRPORTS**

RECOMMENDATION

That the Mayor:

1. Approve Los Angeles World Airports (LAWA) Resolution No. 27759 authorizing a proposed three-year contract, with two one-year renewal options, with Otis Elevator Company for maintenance, repair, and modernization, including the purchase of related materials, parts, and equipment, of all elevators, escalators, and moving walkways that are owned and operated by LAWA, for an amount not-to-exceed \$88 million;
2. Adopt the California Environmental Quality Act (CEQA) determinations of the July 10, 2023 Board of Airport Commissioners (Board) Resolution 27759, that this action is exempt from CEQA pursuant to Article III, Class 1 (32) of the Los Angeles City CEQA Guidelines; and
3. Authorize the LAWA Chief Executive Officer, or designee, to execute the proposed agreement and return the Resolution to LAWA for further processing, including Council consideration.

SUMMARY

On June 15, 2023, the Los Angeles World Airports (LAWA) Board of Airport Commissioners (Board) adopted Resolution 27759 authorizing approval of a proposed three-year contract, with two one-year renewal options with Otis Elevator Company (Otis). Otis will provide full-service maintenance, repair, and other related services for all of LAWA's conveyance systems (elevators, escalators, and moving walkways) at Los Angeles International Airport and Van Nuys Airport (collectively

hereinafter referred to as the Airports), as well as the required annual Los Angeles Fire Department Chief Regulation No. 4 Testing procedures, for an amount not-to-exceed \$88 million.

The proposed contract has been approved as to form by the City Attorney. Pursuant to Charter Section 373 and Los Angeles Administrative Code Section 10.5, Council approval is required because the cumulative contract term exceeds three years. Our Office has reviewed the request and recommends approval.

BACKGROUND

On June 15, 2023 and July 10, 2023, the Board approved Resolution 27759 and a LAWA staff report requesting approval to execute a proposed contract with Otis Elevator Company consisting of a three-year term, with two one-year renewal options to secure a comprehensive conveyance services agreement to replace the prevailing contract with KONE, Inc. (DA-5437), which is set to expire on September 16, 2023. Approval of the proposed contract will establish a time and materials (T&M) contract aimed at maintaining, repairing, modernizing, procuring materials and parts, and providing related services for all of the conveyance systems owned and operated by LAWA.

Conveyance Systems at the Airport - LAWA's current conveyance assets comprise 549 components, composed of 499 conveyance systems and 50 uninterruptible power supplies. LAWA's Facilities Management Division (FMD) is responsible for ensuring that the conveyance systems are operating at full capacity, in addition to making sure that the systems are compliant with state and federal guidelines.

Competitive Process for Conveyance Services – On August 19, 2022, LAWA staff issued a Request for Proposals (RFP) to select a firm to provide a complete conveyance services agreement. The RFP release was succeeded by an optional pre-proposal meeting on September 7, 2022 and a voluntary site walk of the facilities on September 8, 2022. Seven firms attended the pre-proposal meeting and participated in the site walk. By the October 28, 2022 proposal due date, six of the seven companies that attended the pre-proposal sessions responded to the RFP. The proposals were independently reviewed and rated by a four-member Evaluation Panel composed of LAWA senior-level staff. Upon examination of the criteria outlined in the proposal, the Evaluation Panel unanimously selected Otis Elevator Company as the most qualified proposer to perform the conveyance services described in the RFP. The Evaluation Panel determined that Otis presented the best proposal because the consultant demonstrated the required expertise and delivered a well-planned strategy to address the extensive conveyance challenges at the Airport. Further, Otis has a proven track record of successfully performing similar services at airports such as LAX, Detroit Airport, Indianapolis Airport, and Anchorage Airport.

LAWA Staffing Challenges – LAWA's relies on contractors to cover the service gaps produced by the shortage of available City staff. The Department's inability to attract and retain qualified elevator staff to maintain the automated conveyance systems at the airport has resulted in utilizing a combination of City employees and contractors. A recent assessment by LAWA concluded that a total of 53 full-time mechanics are required to effectively perform preventative and routine maintenance and repairs of the existing conveyance assets. Currently, the FMD - Elevator Shop

has a total of 41 full-time positions, but only 28 of those are filled. The table below provides an overview of the existing staffing level.

Los Angeles World Airports Facilities Management Division Elevator Shop Staffing			
Job Classification	Employed	Vacant	Total
Elevator Mechanic Supervisor	4	0	4
Elevator Mechanic	15	6	21
Elevator Mechanic Helper	9	7	16
Total Positions	28	13	41

Recruitment Outreach Program – Numerous measures have been implemented to close the employment gap. Those efforts include but are not limited to: (1) working with the City’s Personnel Department to hold Open, Continuous examination processes; (2) disseminating Elevator Mechanic job bulletins to licensed elevator mechanics at the Hiring Hall; and (3) advertising transfer opportunities on the City’s Personnel Department’s website. According to LAWA, outreach efforts have not yielded any significant rise in the level of interest, registered list of eligible candidates, or employees. Conversely, LAWA is experiencing a decline in its Elevator Mechanic staffing levels as a result of employees opting to transfer to other City departments. The largest reason for the departure of personnel is reportedly the need to cover multiple shifts and the resulting lack of “preferred shift availability,” as the Airports run a 24-hour per day, seven days-a-week operation. A significant proportion of the Elevator Mechanics at LAWA are scheduled to work the night shift, which is when the bulk of the maintenance and repair work is carried out.

Staffing Demands at other City Departments - To assess conveyance needs of other City departments, LAWA consulted with the General Services Department (GSD), Los Angeles Department of Water and Power, and the Port of Los Angeles. Each department affirmed that they do not have difficulties filling Elevator Mechanic vacancies, however, each department expressed that their conveyance needs are not as extensive as those of the Airports. GSD reported that its Elevator Mechanics handle light and routine maintenance, while its major repairs and modernization needs are outsourced to contractors. Additionally, all staffing positions at each of the aforementioned departments offers standard day shift schedules and weekends off.

New Scope of Work - As a result of the staffing shortages, the Department is pursuing a new agreement with Otis to fully maintain all of LAWA’s conveyance assets, while the Elevator Shop staff oversees the contractor’s performance, assists with major repairs, and conduct quality assurance audits. The comprehensive T&M agreement shall ensure the achievement of predetermined benchmarks of automated transportation reliability through development, execution, and management of preventive maintenance initiatives, repairs, and onsite inventory, as described in the Board report. The contract also specifies that a range of 100 to 150 new conveyance assets will be coming online through separate contracts as a result of various capital improvement projects currently underway at LAX. Upon conclusion of each conveyance system, all of the installed conveyance assets will be transferred to Otis for maintenance and service.

Executing the New Contract - To date, KONE, Inc. has expended eighty-one percent, or \$27,990,878 of the existing contract authority (\$34,917,000), resulting in a balance of \$6,926,122. LAWA reports that the residual contract authority is sufficient to sustain the contract until the new contract is effectuated. The Department also indicated that it will terminate the existing contract with KONE, Inc. in the event that the new agreement with Otis is executed. LAWA's FMD plans to collaborate with both the incumbent contractor and the impending contractor to ensure that conveyance responsibilities are seamlessly transitioned from KONE, Inc. to Otis prior to the commencement of the new contract.

Professional Development - Throughout the contract, the Elevator Shop's staff will be paired with Otis mechanics to further develop and upskill LAWA's elevator staff to expand their conveyance system capabilities.

CITY COMPLIANCE

The proposed agreement includes provisions to ensure compliance with applicable City Ordinances, contracting, and insurance requirements. In accordance with Charter Section 373 and Administrative Code Section 10.5(a) and 10.5(b)(2), the Contract requires Council approval because the total term of the agreement exceeds three years. The Department's Procurement Services Division staff reviewed this action (File No. 10080) and established a mandatory 10 percent Small Business Enterprise (SBE) goal for this contract. As reported by LAWA staff, Otis Elevator Company proposed a level of 10 percent SBE participation. The City Attorney has reviewed and approved the proposed Contract as to form and legality.

California Environmental Quality Act (CEQA) – On June 15, 2023, the Board determined that the proposed contract with Otis Elevator Company for full-service maintenance, repair, and related services for all of the conveyance systems at Los Angeles World Airports will not directly impact the environment and is exempt from CEQA pursuant to Article III, Class 1 (32) of the Los Angeles City CEQA Guidelines.

FISCAL IMPACT STATEMENT

Approval of the proposed three-year contract, comprising two one-year renewal options with Otis Elevator Company for an amount not-to-exceed \$88 million will have no impact on the City's General Fund. Costs incurred under this contract will be recovered through terminal rates and charges, and non-aeronautical revenues. The proposed agreement is funded in LAWA's 2022-23 Operating Budget. The actions of the proposed agreement comply with the Los Angeles World Airports' adopted Financial Policies.

Attachment 1 – June 15, 2023 BOAC Report and July 10, 2023 Resolution No. 27759