



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Julia H. Cooper

SUBJECT: SEE BELOW

DATE: May 29, 2018

Approved

Date

6-8-18

**SUBJECT: REQUEST FOR PROPOSAL FOR ELEVATOR AND ESCALATOR
MAINTENANCE SERVICES AT THE AIRPORT**

RECOMMENDATION

Accept the report on the Request for Proposal and adopt a resolution authorizing the City Manager to:

1. Negotiate and execute an agreement with Schindler Elevator Corporation to provide elevator maintenance and repair services at the Norman Y. Mineta San José International Airport (Airport or SJC) for an initial one-year term from July 1, 2018 through June 30, 2019, with a total maximum compensation not to exceed \$461,420, subject to the appropriation of funds.
2. Execute change orders and/or amendments to the agreement to add or delete elevators and/or add a second full-time technician as required, subject to the appropriation of funds.
2. Exercise up to nine one-year options to extend the term of the agreement through June 30, 2028, with annual adjustment not to exceed 3% except where the annual Prevailing Wage increase is greater, subject to the appropriation of funds.

OUTCOME

To maintain the safe operation of elevator and escalator systems at the Airport.

BACKGROUND

The 24/7/365 operation of the Airport's elevators, and escalators, and wheelchair lifts are critical to the safe transportation of passengers, airport staff, product, and equipment throughout the

Airport campus. Currently, there are nineteen (19) elevators and eleven (11) escalators and two (2) wheelchair lifts at the Airport. The equipment requires regular maintenance services to ensure proper and safe operation. State law requires regular testing and inspection of equipment.

In 2007, Council approved an agreement for elevator and escalator maintenance services at the Airport with Schindler Elevator Corporation as a result of a Request for Proposal (RFP). The agreement provides for scheduled routine and preventative maintenance services for the Airport's equipment, with a 24-hour call back service for unscheduled or emergency services. The existing agreement with Schindler will expire June 30, 2018.

Over the past several years, the Airport has experienced substantial increase of passengers traveling through the Airport due to the expansion of airline activity. In CY2017, passenger traffic increased by 1.7 million visitors from a CY2016 base of 10.4M passengers, with an additional 1.7 million projected for CY2018. SJC remains at or near the top of the nation's major airports in terms of airline capacity expansion. As such, the continuous passenger growth at the Airport has expanded the use of the Airport's elevator and escalator equipment systems, leading to a corresponding increase to the frequency of preventative and corrective maintenance required to safely operate these critical systems.

In 2017, staff started preparation for a new RFP for elevator and escalator maintenance services. To address the impact of the Airport's growing passenger activity, staff introduced the requirement for a technician to be on-site 40 hours a week. The on-site technician would help ensure the equipment is continuously maintained to peak performance, and reduce service calls and response wait times. Any issues that arise outside of the on-site technician's working hours would be resolved through the 24-hour call back service requirement.

The new RFP requirements also solicited pricing for an optional second full-time technician should the Airport's future growth and/or expansion mandate it.

ANALYSIS

In December 2017, a competitive Request for Proposal (RFP) for Elevator and Escalator Maintenance Services was issued utilizing the City's e-procurement system.

The RFP was structured as two packages, with Package A for Elevator Maintenance Services for Citywide Locations on behalf of Public Works and Package B for Elevator and Escalator Maintenance Services for the Airport. Due to distinct differences in services requirements, each package was treated as a separate solicitation. Companies were invited to submit proposals for

either package but were not required to respond to both. Two separate evaluation teams independently evaluated each package.

A total of 40 companies viewed the RFP. Five companies subsequently participated in a mandatory site walk for Package B to view and assess all the elevator and escalator systems at the Airport. The City received four proposals for Package B by the RFP deadline as follows:

- A Lewis Enterprises, doing business as A Step Above (Fairfield, CA)
- Otis Elevator Company (Sunnyvale, CA)
- Schindler Elevator Corporation. (San Leandro, CA)
- Thyssenkrupp Elevator (San José, CA)

The proposals for Package B, Elevator and Escalator Maintenance Services for the Airport were evaluated by a three-member evaluation team from the Airport pursuant to the City procurement process. The highest ranked proposers, Schindler and Thyssenkrupp were subsequently invited for oral interviews to clarify their proposals, which was separately scored by the evaluation team.

After the oral interviews, both proposers were invited to submit a Best and Final Offer (BAFO), which resulted into an annual cost reduction of approximately \$56,500 from Thyssenkrupp and no further price adjustment from Schindler.

The final scores for the two companies are summarized below:

Evaluation Criteria	Max Points	Schindler	Thyssenkrupp
Experience	10	8	9
Technical	30	14	15
Project Approach & Support	30	16	16
Cost	20	20	14
Oral Interview	20	16	15
Local Business Preference	5	0	0
Small Business Preference	5	0	0
TOTAL	100	74	69

Local and Small Business Preference: In accordance with City policy, ten percent of the total evaluation points were set aside for the City’s Local and Small Business Preference. None of the four proposers applied for the Preference.

Protest: The RFP process included a ten-day protest period that commenced when the City issued the Notice of Intended Award on March 27, 2018. No protests were received.

Award Recommendation: The City recommends award of contract to Schindler Elevator Corporation to perform elevator and escalator maintenance services.

Schindler Elevator Corporation is the best value service provider for this program per the evaluation criteria set forth in the RFP. The company has demonstrated experience in maintaining the various elevator and escalator systems at the Airport, has the adequate staffing levels to respond to the City's requirements, and will help ensure the City respond to maintenance and repair issues at the Airport in a timely manner.

Staff conducted reference checks with Levi's Stadium, the United States Postal Service, and Salesforce Tower. All references checked positive.

Summary of Proposed Agreement:

The agreement with Schindler includes a detailed scope of services with fixed monthly pricing for full maintenance and repair services, preventative and corrective maintenance services, 24-hour callback, inspection support services and equipment maintenance and repair activity documentation and reporting for all in-scope equipment. Schindler is responsible for providing one full-time technician to service the Airport's equipment 40 hours a week. Further, Schindler is responsible for all labor, materials, tools, parts, supplies, equipment, transportation and supervision necessary as part of the agreement.

The agreement provides fixed monthly pricing that is inclusive of all costs for nineteen (19) elevators and eleven (11) escalators and two (2) wheelchair lifts at the Airport. The City may add or delete equipment with a corresponding change in non-labor compensation.

The agreement also includes provisions for supplemental work such as equipment modifications and heavy repairs, which shall be authorized and approved by the authorized City staff through the issuance of a work order form.

The initial term of the agreement is one year with the option to extend the agreement for nine additional one-year terms, subject to the appropriation of funds. Compensation adjustment in the option years is subject to the Consumer Price Index and shall not exceed 3%.

As required by State law, Schindler must maintain an active C-11 Elevator Contractor license. Additionally, all work performed on elevators under the agreement must be performed by a Certified Competent Conveyance Mechanic (CCCM) or under the supervision of a CCCM. The State of California's Department of Industrial Relations administers the CCCM certification and requires the completion of continuing education training courses for recertification every two years.

The agreement is subject to the City's Prevailing Wage Policy. Schindler will be required to pay the applicable prevailing wage rates as identified in the RFP.

EVALUATION AND FOLLOW-UP

This memorandum will not require any follow-up from staff.

PUBLIC OUTREACH

This memorandum will be posted on the City's website for the June 19, 2018 City Council meeting.

COORDINATION

This memorandum has been coordinated with the Department of Aviation, the Department of Public Works Office of Equality Assurance, the City Attorney's Office, and the City Manager's Budget Office.

COMMISSION RECOMMENDATION

This item does not have input from a board or commission.

FISCAL/POLICY ALIGNMENT

This action is consistent with the following City's 2018-2019 Proposed Operating Budget City Service Areas strategy for Transportation and Aviation Services: 1) Travelers Have a Positive, Reliable and Efficient Experience 2) Preserve and Improve Transportation Assets and Facilities.

COST SUMMARY/IMPLICATIONS

1. AMOUNT OF RECOMMENDATION/COST OF PROJECT:

Description	Year 1
Base Services (Fixed Fee Amount)	411,420
Supplemental Services (Times and Materials Not-To-Exceed Amount)	50,000
Year 1 Maximum Compensation	\$461,420

2. SOURCE OF FUNDING: 523 – Airport Maintenance and Operation Fund

3. FISCAL IMPACT: During the initial one-year term and nine one-year options, compensation for ongoing maintenance services may be adjusted annually. Increases

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shall not exceed 3% annually, except where the annual Prevailing Wage increase is greater.

BUDGET REFERENCE

The table below identifies the fund and appropriation proposed to fund the contract recommended as part of this memorandum.

Fund #	Appn #	Appn. Name	Total Appn.	Amt. for Contract	2018-2019 Proposed Operating Budget Page*	Last Budget Action (Date, Ord. No.)
523	0802	Airport Non-Personal/ Equipment	\$41,215,297	\$461,420	X-3	N/A*
Total Current Funding Available			\$41,215,297	\$461,420		

*The FY18-19 Proposed Operating Budget is scheduled to be approved by Council on June 12, 2018 and adopted on June 19, 2018.

CEQA

Not a project, Public Project Number PP17-003, Agreements/Contracts (New or Amended) resulting in no physical changes to the environment.

/s/

JULIA H. COOPER
Director of Finance

For questions, please contact Jennifer Cheng, Deputy Director of Finance at (408) 535-7059.