


CITY COUNCIL ACTION REQUEST

Department(s): Finance Public Works	CEQA: Not a Project, File No. PP17- 003, Agreements/ Contracts (New or Amended) resulting in no physical changes to the environment	Coordination: City Attorney's Office, City Manager's Budget Office, and Department of Transportation	Dept. Approval: /s/ Rick Bruneau /s/ Matt Loesch
Council District(s): Citywide			CMO Approval:  4/24/23

SUBJECT: AMENDMENT TO AGREEMENT WITH KONE, INC. FOR ELEVATOR MAINTENANCE SERVICES

RECOMMENDATION:

Adopt a resolution authorizing the City Manager to execute the Sixth Amendment to the Agreement for Elevator Maintenance Services with Kone, Inc. (Moline, Illinois) to extend services for up to two additional one-year option terms, for a total of 17 options through May 20, 2025 under the same material terms and conditions as the original agreement, for a maximum compensation of \$360,000 for the option term beginning May 21, 2023 and ending May 20, 2024, subject to the appropriation of funds.

Desired Outcome: Authorizing the City Manager to take this action provides maintained, safe, and efficient elevators at City-owned facilities.

BASIS FOR RECOMMENDATION:

The Department of Public Works, in coordination with the Department of Transportation, oversees the maintenance and repair of 26 elevators at City Hall, employee parking garages, and at the 4th Street/San Fernando parking garage. Elevators require regular maintenance, testing, and inspection services to ensure proper and safe operation and compliance with state law.

In May 2007,¹ City Council authorized staff to enter into an agreement with Kone, Inc. to provide elevator maintenance services to the City. From June 2009 through May 2021,² City Council approved five amendments to the agreement to add additional services and extend the term of the agreement, including most recently the Fifth Amendment which added two options to allow Department of Public Works staff sufficient time to submit a request for a new solicitation and Finance Department staff sufficient time to complete the procurement. Department of Public Works staff were unable to submit their bid request within the two-year period allowed due to the need to focus on ongoing work to enhance building security and complete critical repairs and improvements within City Hall.

This Sixth Amendment will add two additional options to allow staff additional time to submit the required materials for a new solicitation and conduct the procurement without a lapse in elevator maintenance services. Kone, Inc. agreed to hold the current rates for the next option term ending May 20, 2024. Any options after that will be subject to the terms in the agreement which limit requested increases to the

¹ May 2007 City Council Resolution: <https://records.sanjoseca.gov/Resolutions/RES73770.PDF>

² City Council Resolutions and Memoranda for Amendments:

June 2009: <https://records.sanjoseca.gov/Resolutions/RES75028.PDF>

October 2010: <https://records.sanjoseca.gov/Resolutions/RES75602.PDF>

May 2013: <https://records.sanjoseca.gov/Resolutions/RES76668.PDF>

February 2021: <https://records.sanjoseca.gov/Contracts/CON630767-018.pdf>

May 2021: <https://sanjose.legistar.com/View.ashx?M=F&ID=9380480&GUID=F47C171C-A4DB-4E6D-BD07-AE61C01CB4BD>

applicable Consumer Price Index. The Department of Public Works committed to submit the necessary solicitation documents to the Finance Department by the end of April 2023. Once a new procurement is complete and a purchase order awarded, the City will terminate this agreement.

Approval of this recommendation provides continued maintenance of City elevators to ensure safe and efficient operation while a new procurement is completed.

Commission Recommendation/Input: There is no commission recommendation or input associated with this action.

Office of Equality Assurance: Prevailing Wage is applicable to this agreement.

COST AND FUNDING SOURCE:

Fund #	Appn. #	Appn. Name	Total Appn.	Amt. for Contract*	2022-2023 Adopted Operating Budget Page	Last Budget Action (Date, Ord. No)
001	0512	DOT: Non-Personal/Equipment	\$21,798,826	\$27,000	830	2/14/2023, 30883
001	0572	Public Works: Non-Personal/Equipment	\$18,551,997	\$207,222	789	2/14/2023, 30883
533	0512	DOT: Non-Personal/Equipment	\$7,793,897	\$120,870	995	6/21/2022, 30790

*Does not include \$4,908 of the recommended maximum compensation of \$360,000 reflected in the recommendation, which was rounded up. These additional contingency funds may be added, if required, to the option ending May 20, 2024, subject to the appropriation of funds.

FOR QUESTIONS CONTACT: For program-related questions, please contact Walter Lin, Deputy Director of Public Works, at walter.lin@sanjoseca.gov. For procurement- and contracts-related questions, please contact Albie Udom, Deputy Director of Finance – Purchasing and Risk Management, at albie.udom@sanjoseca.gov.