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**Report to the  
BOARD OF AIRPORT COMMISSIONERS**

Approver:

*R. J. Connolly*  
Richard J. Connolly, Deputy Executive Director  
Facilities Management Division

Reviewer:

*Brian C. Ostler*  
Brian C. Ostler, City Attorney *JRL*

*Justin Erbacci*  
Justin Erbacci (Oct 28, 2022 15:42 PDT)

Justin Erbacci, Chief Executive Officer

Meeting Date

11/3/2022

Needs Council Approval: ☒ Y

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	BG
Guest Experience	10/24/2022	<input checked="" type="checkbox"/> Y	TB
Strategic Planning	10/18/2022	<input checked="" type="checkbox"/> Y	BNZ

**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.

**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: Kal Hassanieth  
Signature  
KAL HASSANIEH  
Print Name

[SEAL]

GENERAL MANAGER  
Print Title