

Memorandum



Date: June 5, 2007

Supplement to
Agenda Item No. 8(O)1d

To: Honorable Chairman Bruno A. Barreiro
and Members Board of County Commissioners

From: George M. Burgess
County Manager

Subject: Response to Budget and Finance Committee Directives Re: Elevator and Escalator Maintenance and Repair Services, Contract No: SS1245 – 3/27

On April 10, 2007, the Budget and Finance Committee directed that the award of the sole source contract for elevator and escalator maintenance service be bifurcated from the bid waiver package as a stand alone item and moved forward to the May 8, 2007 Board meeting without recommendation. In addition, staff was asked to provide a supplemental report addressing the lifecycle of the County's Schindler elevators and escalators, detailed information regarding the updated Florida Building Code (FBC) requirements included in the recommended contract and the use of People's Transportation Plan (PTP) funding for the Transit allocation.

The contract currently in place was approved by the Board on November 6, 2001 for a one-year period, with four one-year options-to-renew. This contract expires on June 27, 2007. The total value of the current contract, including all options-to-renew, modifications and extensions, is \$19 million. The replacement contract provides maintenance and emergency repair services for 260 elevators and escalators manufactured and installed by the Schindler Elevator Corporation (Schindler) for seven County departments at various locations. This contract, valued at an amount not to exceed \$45 million, is for maintenance, repairs, emergency, and modernization services required for an inventory ranging from two to 50 years in age. Modernization costs are not included in the contract currently in place.

Due to recent changes in the FBC, many of the County's Schindler equipment now must have mandatory upgrades that include addition of safety systems not required when first installed. The equipment supported by this contract varies in age from two year old units at the Hialeah Courthouse to 50 year old units at Miami International Airport. Of the 260 units, approximately 195 (75 percent) require minor modernization services. The replacement contract will address minor modernization projects as required by the FBC.

Schindler is the original equipment designer, manufacturer, and installer for the elevators and escalators. Contracting with Schindler for maintenance and modernization services ensures compatibility with existing equipment, smooth operations, and serves to mitigate the County's liability exposure. In addition, Schindler, as the original equipment manufacturer (OEM), assumes the liability of the equipment throughout its useful life by taking responsibility for proper functioning of the equipment at all times.

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LIFECYCLE OF ELEVATORS AND ESCALATORS

The lifecycle of the equipment varies by type, location and usage. With a comprehensive preventive maintenance program, the useful life of the equipment may be extended, with occasional major modernization projects. Typically, the expected life cycle is as follows:

| Type of Equipment | Expected Life Cycle in Years | Expected Life Cycle in Years for Transit Systems |
|-----------------------------|------------------------------|--|
| Escalators | 30-35 | 20-25 |
| Gearless traction elevators | 50-75 | 30-50 |
| Geared traction elevators | 35-40 | 20-25 |
| Hydraulic elevators | 20-25 | 15-20 |

These lifecycles assume that the equipment types will receive several overhauls and tune-ups, as well as routine preventive maintenance visits for escalators during their useful life. Elevators undergo a number of minor modernization services, and one major modernization service at least once during their useful life. Gearless elevator life cycles may be extended far beyond 75 years, as long as they benefit from major modernization services. The lifecycle for elevators and escalators at transit facilities is approximately 30 percent less than the typical expected lifecycle. This is due to heavier traffic during peak periods and exposure to inclement weather.

The inventory of escalators and elevators by department is noted below.

| Department | Equipment Type | Number | No. of County equipment surpassing expected life cycle (Approximate age of the equipment) |
|---------------------------------|-----------------------------|--------|---|
| Aviation | Escalators | 49 | 8 (50 years) |
| | Geared traction elevators | 14 | 4 (50 years) |
| | Hydraulic elevators | 34 | |
| Corrections and Rehabilitation | Gearless traction elevators | 4 | |
| | Geared traction elevators | 6 | |
| General Services Administration | Escalators | 6 | |
| | Gearless traction elevators | 13 | |
| | Geared traction elevators | 4 | 4 (35 years) |
| | Hydraulic elevators | 5 | |
| Transit | Escalators | 64 | 55 (27 years) 9 (22 years) |
| | Geared traction elevators | 18 | 14 (22 years) |
| | Hydraulic elevators | 22 | 13 (27 years) 9 (22 years) |

| | | | |
|---------|---------------------|---|--------------|
| Seaport | Escalators | 9 | |
| | Moving walks | 2 | |
| | Hydraulic elevators | 6 | |
| Housing | Hydraulic elevators | 2 | 2 (25 years) |
| Parks | Hydraulic elevators | 2 | |

FLORIDA BUILDING CODE

In 2006, the Florida Building Code (FBC) was modified. The American Society of Mechanical Engineers (ASME) A17.1 – 2004 (Safety Code for Elevators and Escalators) and its 2005 addendum is now the FBC standard. These changes became effective December 8, 2006. The FBC has also adopted the ASME A17.3 – 2004 (Safety Code for Existing Elevators and Escalators), by reference. Both of these amendments require mandatory retrofit of certain safety devices for existing equipment. The proposed contract will be used by the departments to address these retrofit requirements.

The FBC does not allow multiple contractors to perform work on the same equipment at the same time. This contract is with the OEM for maintenance of the covered equipment, including the Code required minor modernization services, and is the most appropriate, expedient, and commercially reasonable method to assure that work is performed in accordance with regulations. This method also mitigates the County's liability exposure by making the OEM responsible for the equipment from its design to the end of its useful life.

CONTRACTING METHOD

Having pre-negotiated rates for specified work enables County departments to properly budget for work to be performed. Departments will be able to know, in advance, the cost associated with specific work. The specifications have been written to include service and work types, at the sole option of the County, on an as-needed basis, when authorized by the County's Elevator Safety Manager. The contract includes specifications and line items for each of the required. The vendor has provided a quote for each item. Each department will make a determination from the menu of quotes, based on the work needed, to meet the FBC requirements. This provides for an efficient business method and saves the County time as well as money that would be expended if each department requested separate quotes for each unit that requires an upgrade. Additionally, the County has negotiated prices for services by taking advantage of volume discounts.

FUNDING AND BUDGET ISSUES

Each department must have prior authorization, through the budget approval process, in order to access allocations. The proposed contract includes price adjustments based upon published indices for labor and materials. Allocations for emergency repairs have been increased above prior year levels to compensate for aging and increased usage. Due to construction at Miami International Airport, traffic patterns have increased, placing additional burden on some of the equipment. In some cases, increased usage also includes increased vandalism of the equipment.

PEOPLE'S TRANSPORTATION PLAN (PTP) FUNDS FOR MIAMI-DADE TRANSIT (MDT)

As a result of the passage of the PTP, the County has experienced increased ridership, especially for Metro Mover which no longer charges a fare. This increased ridership has resulted in considerable increased usage of elevators and escalators. MDT is requesting PTP funding based on the Board approved allocation model for additional maintenance and repairs that is required due to more frequent use of elevators and escalators.

Due to unforeseen changes in the FBC as adopted on December 8, 2006, the equipment will also require minor modernization to adhere to the mandatory retrofit of safety devices in existing MDT elevators and escalators. This is required to be in full compliance with the new FBC rules. MDT is requesting that the modernization services be fully funded via the use of PTP money. The following chart itemizes the proposed use of MDT operational and PTP funding for this contract. The recommended allocation for a five year period is \$17.6 million.

| | Yearly Allocation | 5-year Allocation (Yearly x 5) | PTP Funding | Operational Funding |
|-----------------------------------|-------------------|--------------------------------|---|---------------------|
| Maintenance and Emergency repairs | \$2,500,000 | \$12,600,000 | 29% of 5-year allocation = \$3,654,000 | \$8,946,000 |
| Modernization | | \$5,000,000 | 100% of the Modernization allocation \$5,000,000 | |
| SUB-TOTAL: | | | \$8,654,000 | \$8,946,000 |
| TOTAL (PTP + Operational): | | | \$17,600,000 | |

CONCLUSION

The requested allocation is based on the projection that equipment included in this contract will need all of the requested items for minor modernization services. The minor modernization services portion of the contract is not expected to extend beyond the first five year term of this contract. This assumes that County departments issue and complete work orders on a timely basis, and there are no additional changes in FBC.



Assistant County Manager