

1 [Airport Professional Services Agreement Modification - KONE Inc. - Escalator and Electric
2 Walk Maintenance Services - Not to Exceed \$42,780,241]

3 **Resolution approving Modification No. 5 to Airport Contract No. 50205, Escalator and**
4 **Electric Walk Maintenance, Repair, and On-Call Services, with KONE Inc., to increase**
5 **the contract amount by \$8,314,641 for a new not to exceed contract amount of**
6 **\$42,780,241 with no change to the contract term, pursuant to Charter, Section**
7 **9.118(b).**

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9 WHEREAS, On May 7, 2019, by Resolution No. 19-0098, the Airport Commission
10 awarded Professional Services Contract No. 50205 (the "Agreement") to KONE Inc. to
11 provide maintenance, repair, and on-call service for the Airport's approximately 181
12 escalators and electric walks for a two-year period beginning July 1, 2019, through June
13 30, 2021, in an amount not to exceed \$9,765,600; and

14 WHEREAS, On October 1, 2019, the Airport Director approved Modification No. 1 to
15 the Agreement to increase the allowance for As-Needed Services with no change to the
16 total contract amount; and

17 WHEREAS, On July 1, 2020, the Airport director approved Modification No. 2 to the
18 Agreement to reduce unit prices for preventative maintenance, adjust the preventative
19 maintenance schedule, and update standard contractual terms, with no change to the total
20 contract amount; and

21 WHEREAS, On December 1, 2020, by Resolution No. 20-0223, the Airport
22 Commission approved Modification No. 3 to the Agreement to increase the contract amount
23 by \$9,000,000 for a new total contract amount not to exceed \$18,765,600 with no change
24 to the contract term; and

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1 WHEREAS, On February 9, 2021, by Resolution No. 55-21, the Board of
2 Supervisors approved Modification No. 3 to the Agreement under San Francisco Charter,
3 Section 9.118(b) for a reduced amount of \$8,500,000 for a new total contract amount not to
4 exceed \$18,265,600; and

5 WHEREAS, On May 4, 2021, by Resolution No. 21-0104, the Airport Commission
6 approved Modification No. 4 to the Agreement to extend the contract term by three years to
7 a new contract end date of June 30, 2024, and to increase the contract amount by
8 \$16,200,000 for a new contract amount not to exceed \$34,465,600; and

9 WHEREAS, On June 15, 2021, by Resolution No. 306-21, the Board of Supervisors
10 approved Modification No. 4 to the Agreement under San Francisco Charter, Section
11 9.118(b); and

12 WHEREAS, On April 18, 2023, by Resolution No. 23-0095, the Airport Commission
13 approved Modification No. 5 to the Agreement to increase the contract amount by
14 \$14,000,000 for a new contract amount not to exceed \$48,465,600, with no change to the
15 contract term; and

16 WHEREAS, Prior to approval of Modification No. 5 by the Board of Supervisors and
17 following initial review of the modification by the Budget and Legislative Analyst's Office,
18 Airport staff identified billing discrepancies and work order irregularities that necessitated a
19 revision to the amount of the requested increase to the Agreement; and

20 WHEREAS, Airport staff negotiated with KONE Inc a revised Modification No. 5 to
21 increase the contract amount by \$8,314,641, rather than the \$14,000,000 previously
22 approved by the Airport Commission by Resolution No. 23-0095; and

23 WHEREAS, This revised Modification No. 5 would result in a new total not to exceed
24 contract amount of \$42,780,241, rather than the \$48,465,600 previously approved by the
25 Airport Commission by Resolution No. 23-0095; and

1 WHEREAS, This revised amount will allow the Airport to resolve work order
2 irregularities by issuing two retroactive task orders totaling \$4.45 million for equipment
3 overhaul services and materials and weekend services provided by KONE Inc beginning in
4 September 2021, account for and pay for contract costs incurred to date, and provide a
5 reasonable contingency for future unanticipated repairs through the Agreement end date of
6 June 30, 2024; and

7 WHEREAS, On March 5, 2024, by Resolution No. 24-0031, the Airport Commission
8 approved the revised Modification No. 5 to the Agreement to increase the contract amount
9 by \$8,314,641 for a new contract amount not to exceed \$42,780,241, with no change to the
10 contract term; and

11 WHEREAS, Charter, Section 9.118(b), provides that agreements entered into by a
12 department, board or commission requiring anticipated expenditures by the City and
13 County of ten million dollars or more, shall be subject to approval by the Board of
14 Supervisors by Resolution; and

15 WHEREAS, The original Contract and Modifications No. 1, 2, 3, and 4 are all on file
16 with the Clerk of the Board of Supervisors in File No. 240223, which is hereby declared to
17 be a part of this Resolution as set forth fully herein; now, therefore, be it

18 RESOLVED, That this Board hereby approves Modification No. 5 to Contract No.
19 50205, Escalator and Electric Walk Maintenance, Repair, and On-Call Services with KONE
20 Inc. to increase the contract amount by \$8,314,641 for a new not to exceed contract
21 amount of \$42,780,241; and, be it

22 FURTHER RESOLVED, That within 30 days of Modification No. 5 being fully
23 executed by all parties, the Airport Commission shall provide it to the Clerk of the Board for
24 inclusion in the official file.

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