

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 21-0105

APPROVAL OF MODIFICATION NO. 2 TO CONTRACT NO. 50204 WITH TK ELEVATOR CORPORATION, FOR ELEVATOR MAINTENANCE, REPAIR, AND ON-CALL SERVICES, TO INCREASE THE CONTRACT AMOUNT BY \$12,600,000, FOR A NEW NOT-TO-EXCEED CONTRACT AMOUNT OF \$22,282,912, AND TO EXTEND THE CONTRACT TERM BY THREE YEARS FOR A NEW CONTRACT END DATE OF JUNE 30, 2024

- WHEREAS, the San Francisco International Airport (Airport) requires regular preventative maintenance, repair, and on-call services for approximately 184 elevators to keep the equipment in a safe and reliable condition, and to extend the equipment lifespan; and
- WHEREAS, on December 18, 2018, by Resolution No. 18-0398, the Commission authorized the Director to issue a Request for Proposals for Contract No. 50204 for Elevator Maintenance, Repair, and On-Call Services; and
- WHEREAS, on May 7, 2019, by Resolution No. 19-0099, the Commission awarded Contract No. 50204, Elevator Maintenance, Repair, and On-Call Services to thyssenkrupp Elevator Corporation, for a term of two years in an amount not to exceed \$9,682,912; and
- WHEREAS, on July 1, 2020, through Modification No.1, the Airport administratively modified the Contract to reduce unit prices for preventative maintenance, adjust the preventative maintenance schedule, and update standard contractual terms; and
- WHEREAS, effective February 25, 2021, thyssenkrupp Elevator Corporation changed its name to TK Elevator Corporation; and
- WHEREAS, the Airport desires to extend the term of Contract No. 50204 through June 30, 2024, and increase the contract amount to allow for the continued performance of preventative maintenance, repairs, and on-call services for Airport elevators; now, therefore, be it
- RESOLVED, that this Commission hereby approves Modification No. 2 to increase the contract amount by \$12,600,000 for a new total not-to-exceed amount of \$22,282,912 and to extend the contract term by three years for a new end date of June 30, 2024; and, be it further
- RESOLVED, that the Commission Secretary is hereby directed to seek Board of Supervisors' approval of Modification No. 2 to Contract No. 50204 pursuant to San Francisco Charter Section 9.118(b).

I hereby certify that the foregoing resolution was adopted by the Airport Commission

at its meeting of _____

MAY - 4 2021


Secretary



MEMORANDUM

May 4, 2021

TO: AIRPORT COMMISSION
Hon. Larry Mazzola, President
Hon. Eleanor Johns, Vice President
Hon. Richard J. Guggenlime
Hon. Everett A. Hewlett, Jr.
Hon. Malcolm Yeung

21-0105

MAY - 4 2021

FROM: Airport Director

SUBJECT: Approval of Modification No. 2 to Contract No. 50204 with TK Elevator Corporation for Elevator Maintenance, Repair, and On-Call Services

DIRECTOR'S RECOMMENDATION: APPROVE MODIFICATION NO. 2 TO CONTRACT NO. 50204 WITH TK ELEVATOR CORPORATION, FOR ELEVATOR MAINTENANCE, REPAIR, AND ON-CALL SERVICES, TO INCREASE THE CONTRACT AMOUNT BY \$12,600,000 FOR A NEW NOT-TO-EXCEED CONTRACT AMOUNT OF \$22,282,912, AND TO EXTEND THE TERM OF THE CONTRACT BY THREE YEARS FOR A NEW CONTRACT END DATE OF JUNE 30, 2024.

Executive Summary

TK Elevator Corporation (TKE), formerly known as thyssenkrupp Elevator Corporation, provides maintenance and repair services for approximately 184 elevators throughout the San Francisco International Airport (Airport), as well as needed overhauls of older units to increase equipment lifespan and postpone capital replacement. TKE has performed satisfactorily through the initial contract term, and Staff now seeks Commission authorization to extend the contract by three years to a new contract end date of June 30, 2024, and to increase the contract amount by \$12,600,000 for a new not-to-exceed contract amount of \$22,282,912.

In light of the COVID-19 crisis and its impact on Airport finances, Staff has considered the financial implications of the proposed contract modifications and has determined that the services are necessary for continued safe and secure Airport operations. The proposed contract modification accounts for appropriate fee reductions to assure financial feasibility of the procurement of services specified through the contract.

Background

On December 18, 2018, by Resolution No. 18-0398, the Commission approved the scope, budget, and schedule for Contract No. 50204 for Elevator Walk Maintenance, Repair, and On-Call Services and authorized the Director to issue a Request for Proposals.

THIS PRINT COVERS CALENDAR ITEM NO. 6

On May 7, 2019, by Resolution No. 19-0099, the Commission awarded professional services Contract No. 50204 to thyssenkrupp Elevator Corporation for a term of two years and in an amount not to exceed \$9,682,912. In requesting the award, Airport staff informed the Commission that should the contractor and contract mechanism be acceptable, Staff could return with a recommendation to renew the contract for three years at a new monthly rate.

On July 1, 2020, through Modification No. 1, the Airport administratively modified the Contract in response to the financial impact from the COVID-19 crisis to: (1) reduce unit prices by five percent for preventative maintenance, (2) adjust the preventative maintenance schedule, and (3) update standard contractual terms.

Effective February 25, 2021, thyssenkrupp Elevator Corporation changed its name to TK Elevator Corporation.

As the Airport and TKE near the end of the initial two-year contract term, Staff recognizes that TKE has performed satisfactory work on maintaining and repairing the Airport's elevators. Consequently, Staff now recommends the Commission extend the contract term by three years for a new contract end date of June 30, 2024, and increase the contract amount by \$12,600,000 for a new not-to-exceed contract amount of \$22,282,912. This increase will allow TKE to continue to perform preventative maintenance, as well as major repairs and overhauls on the Airport's elevators.

In light of the COVID-19 crisis and its impact on Airport finances, Staff has negotiated with TKE an additional twelve percent reduction of all unit prices for preventative maintenance under this contract, effective for the entire three-year extension.

Because Modification No. 2 would cause the contract amount to exceed \$10,000,000, the Board of Supervisors must approve Modification No. 2 to Contract No. 50204 pursuant to San Francisco Charter Section 9.118(b).

Recommendation

I recommend the Commission approve Modification No. 2 to Contract No. 50204 for Elevator Maintenance, Repair, and On-Call Services to TK Elevator Corporation, increasing the contract amount by \$12,600,000 for a new not-to-exceed amount of \$22,282,912, and extending the contract term by three years for a new contract end date of June 30, 2024.



Ivar C. Satero
Airport Director

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Director of Facilities