

**SAN FRANCISCO
MUNICIPAL TRANSPORTATION AGENCY**

DIVISION: Capital Programs & Construction

BRIEF DESCRIPTION:

Extending the time to award San Francisco Municipal Transportation Agency (SFMTA) Contract No. 1281, Muni Metro Subway Escalator Rehabilitation – Phase II to January 30, 2015; and authorizing the Director of Transportation to execute a contract with Schindler Elevator Corporation, located at 555 McCormick Street, San Leandro, California 94577, as the lowest responsive and responsible bidder, to modernize/replace 17 escalators in the Metro Subway stations, in an amount not to exceed \$19,582,833, and for a term of 1335 calendar days.

SUMMARY:

- On December 4, 2013, the Director of Transportation notified the Board that he had authorized a bid call for Contract No. 1281, Muni Metro Subway Escalator Rehabilitation – Phase II.
- Under the project, the Contractor will modernize/replace 17 escalator units—two at Hallidie Plaza, two at Van Ness Station, three at Church Station, four at Castro Station, two at Powell Station, two at Civic Center Station, and two at Montgomery Station.
- The SFMTA received and publicly opened two bids for Contract No. 1281 with Schindler Elevator Corporation submitting the lowest responsive and responsible bid in the amount of \$19,582,833.
- Both bids substantially exceeded the Engineer’s Estimate. As a result, staff had to secure additional funding and the contract could not be awarded within 120 days from bid opening. Staff therefore requests that this Board extend the time to award the contract to January 30, 2015. Schindler has agreed to this extension.
- Funding is provided by federal and local sources.

ENCLOSURES:

1. SFMTAB Resolution
2. Project Budget & Financial Plan

APPROVALS:

DATE

DIRECTOR _____ 1/9/15

SECRETARY _____ 1/9/15

ASSIGNED SFMTAB CALENDAR DATE: January 20, 2015

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PURPOSE

The purpose of this calendar item is to extend the time to award San Francisco Municipal Transportation Agency Contract No. 1281, Muni Metro Subway Escalator Rehabilitation – Phase II to January 30, 2015; and authorize the Director of Transportation to execute the contract with Schindler Elevator Corporation, as the lowest responsible and responsive bidder, to modernize/replace 17 escalators in the Muni Metro Subway stations, in the amount of \$19,582,833, and for a term of 1335 calendar days.

GOAL

The work performed under Contract No. 1281 would assist in the implementation of the following goals, objectives, and initiatives in the SFMTA Strategic Plan:

Goal 1: Create a safer transportation experience for everyone

Objective 1.3 Improve the safety of the transportation system

Goal 3: Improve the environment and quality of life in San Francisco

Objective 3.2 Increase the transportation system's positive impact to the economy

Objective 3.2 Deliver services efficiently

DESCRIPTION

Background

The escalators at the Muni Metro Stations were constructed as part of the BART/Muni Metro project completed in 1972. The SFMTA is responsible for the maintenance of 28 escalators.

The modernization/replacement of the escalators started in February 2011. Due to budget limitations, this work was programmed to be performed in several phases. The first phase of the project, which was completed in May 2013, concentrated on five high priority outdoor escalators: one at Church Station, two at Hallidie Plaza, and two at Van Ness Station.

The SFMTA originally intended to upgrade the remaining 23 escalators under Phase II. However, the scope was reduced from 23 to 17 escalators due to budget constraints. The remaining six escalators, four at Embarcadero and two at West Portal, will be addressed in the next phase and when funding becomes available

Scope of Work

The scope of work for Phase II is to modernize/replace 17 units over the next four years. Five outdoor escalators will be replaced, but will retain the existing truss systems. For 12 indoor escalators, the contractor will either completely remove the escalator, including its truss, and install a new one, or, at its option, follow the same replacement process as the outdoor escalators n. These two options effectively achieve the same result. Escalators to be modernized under this contract include either street or indoor escalators at the following stations:

- Two escalators at Hallidie Plaza outside Powell Station (west up escalator, west down escalator)
- Two escalators at Van Ness (west/east platform)
- Three escalators at Church (south street, inbound/outbound platform)
- Four escalators at Castro (north street, south street, inbound/outbound platform)
- Two escalators at Powell (west/east platform)
- Two escalators at Civic Center (west/east platform)
- Two escalators at Montgomery (west/east platform)

The time allotted to substantially complete construction of the project is 1335 calendar days from the date of the written Notice to Proceed. Liquidated damages are \$5,000 per calendar day of delay to substantially complete construction, and \$2,000 per calendar day of delay in completion of the project milestones.

Bid Opening & Bids Received

On August 18, 2013, SFMTA’s Capital Programs and Construction Division received and publicly opened two bid proposals. Immediately before opening of the bids, SFMTA announced the construction budget in the amount at \$10,700,000.

The two bids received were as follows:

Bidders		Total Bid Price
1	Schindler Elevator Corporation 555 McCormick Street, San Leandro, CA 94577	\$19,582,833
2	KONE, Inc. 15021 Wicks Blvd San Leandro, CA 94577	\$22,500,000

Staff reviewed the two bid proposals and determined that Schindler Elevator Corporation is the lowest responsive and responsible bidder. The Contract Compliance Office reviewed the bid proposals and confirmed that Schindler Elevator Corporation will meet the revised Small Business Enterprise (SBE) participation goal of five percent established for this contract and will commit to meeting the Non-discrimination Equal Employment Requirements of the contract. Schindler Elevator Corporation is in compliance with Chapter 12B Equal Benefits Provision of the San Francisco Administrative Code.

Discrepancy Between Engineer's Estimate and Bid Price

The difference between the bid prices and engineer's estimate reflects the current construction environment involving construction of elevators and escalators.

The construction industry within the San Francisco Bay Area, as well as across the nation, has picked up remarkably, bringing along an enormous amount of work for the elevator/escalator industry. The strong market has created a huge cost escalation for trades requiring special expertise. This condition affects both contractors seeking skilled workers (who may be in short supply), and potential clients with construction projects. These values are difficult to quantify and justify into a cost reflected in the Engineer's Estimate.

Our Engineer's Estimate was based on objective data available from previous contracts and the national unit price from RSMeans. RSMeans is a construction estimation database provided by Reed Construction Data, a consortium that collects construction information to assist engineers in the industry to provide accurate estimates and projection for project costs. RSMeans estimates a new escalator installation should cost \$237,000 (adjusted for the Bay Area), using national data collected from the previous years.

In April 2010, when the construction climate was relatively slow, the Engineer's Estimate for Contract 1237 was \$4.7M for five outdoor escalator units. The low bid was \$2.4M, translating to a unit cost per escalator of \$296,000. Based on the \$296,000 unit cost, engineering staff estimated an escalator unit cost of \$387,000 for Contract 1281.

During the estimating process, staff attempted to obtain informal quotes from several escalator companies; however, none of the companies would provide quotes.

Elevator and escalator companies are currently beyond capacity with limited numbers of specialized mechanic/installer trade personnel. These restrictions impact both schedule and cost. Besides the cost escalation, recent failures with escalators have resulted in SFMTA Maintenance monitoring maintenance activities more closely. As a result, the contract specifications now include what amounts to extended warranty obligations. The basic three-year warranty period does not begin until acceptance of the last elevator. Until then, even though the elevators are in use, the contractor has a duty, at its expense, to repair any problems that may arise. This undoubtedly has contributed to higher costs for the contractor.

As a result of the increased costs of the contract, staff has had to identify additional funding to make up the shortfall between the Engineer's Estimate and the low bid. See the attached financial plan.

Need to Extend Time to Award

San Francisco Administrative Code Section 6.6(A) requires that all contracts that are fully or partially funded by Federal grants be awarded within 120 days from the date bids are received. However, such time to award may be extended prior to award of the contract upon (a) written agreement of the apparent responsible bidder with the lowest responsive bid; (b) approval by the Mayor or the Mayor's Designee or by resolution of the board or commission concerned; and (c) any necessary approvals of the Federal, State or other governmental funding agency.

Due to the additional time required to identify additional funding for the project, the 120-day period to award the contract expired. In a letter dated November 25, 2014, Schindler Elevator Corporation agreed to hold its bid price and extend the time for award of contract until January 30, 2015. No approvals are necessary from any Federal, State or other governmental funding agency.

Subcontractors

Bidders are required by the California Subletting and Subcontracting Fair Practices Act (Public Contract Code section 4104) to list all subcontractors that will perform more than one-half of one percent of the value of the Contract. Schindler Elevator Corporation listed the following subcontractors:

Subcontractor	Scope	Status	Value
AMST	Cladding, Metal Gates, Barricades		\$401,301
American Truck & Trailer Body Co	Rail Truck		\$395,000
Golden Gate Truck Center	Rail Truck Chassis		\$108,420
Bowers Electric, Inc.	Electric Work	SBE	\$687,138
AA-Pacific Builders	Barricades	SBE, LBE	\$407,957

ALTERNATIVES CONSIDERED

The project team held discussions with Maintenance staff concerning whether the work should be done by in-house staff. The preference was to have a contractor perform the work because contractors have enough crews with electrical and construction expertise to complete the work in a timely manner, with minimal impact to Operations. Staff determined that contracting out was the practical alternative.

FUNDING IMPACT

Funding for the entire project comes from a combination of Federal and Local funds. All funding for this project has been secured.

The budget and financial plan for this project is presented in Enclosure 2 of the calendar item.

OTHER APPROVALS RECEIVED OR STILL REQUIRED

The City Attorney has reviewed this report.

This item is categorically exempt from Environmental Review: CEQA Guidelines 15301 Class 1 (d) Restoration or rehabilitation of deteriorated or damaged structures, facilities, or mechanical equipment to meet current standards of public health and safety. This determination is on file with the Secretary to the SFMTA Board of Directors.

No other approvals from any other agency are required for the award of this contract.

RECOMMENDATION

Staff recommends that the SFMTA Board of Directors extend the time to award SFMTA Contract No. 1281, Muni Metro Subway Escalator Rehabilitation – Phase II, to January 30, 2015, and authorize the Director of Transportation to execute the contract with Schindler Elevator Corporation, as the lowest responsive and responsible bidder, to modernize/replace 17 escalators in the Muni Metro Subway stations, in the amount of \$19,582,833, and for a term of 1335 calendar days.

SAN FRANCISCO
MUNICIPAL TRANSPORTATION AGENCY
BOARD OF DIRECTORS
RESOLUTION No. _____

WHEREAS, The Muni Metro Subway Escalator Rehabilitation – Phase II is a project to modernize/replace 17 escalators in the Muni Metro Subway stations; and,

WHEREAS, On December 4, 2013, the Director of Transportation notified the SFMTA Board of Directors that he had authorized a bid call for Contract No. 1281, Muni Metro Subway Escalator Rehabilitation – Phase II; and,

WHEREAS, On August 18, 2014, SFMTA received and publicly opened two bid proposals in response to its invitation for bids; and,

WHEREAS, SFMTA determined that Schindler Elevator Corporation, located at 555 McCormick Street, San Leandro, California 94577, is the lowest responsive and responsible bidder, in the amount of \$19,582,833; and,

WHEREAS, The SFMTA Contract Compliance Office reviewed the bid proposals and confirmed that Schindler Elevator Corporation will meet the revised Small Business Enterprise participation goal of five percent established for this contract and will commit to meeting the Non-discrimination Equal Employment Requirements of the contract; and

WHEREAS, The project is funded by Federal grants (80%) and by local funding sources (20%); and

WHEREAS, Because the SFMTA had to secure additional funding for the contract, it was unable to award the contract with 120 days, as required under Section 6.6(A) of the S.F. Administrative Code; however, Schindler Elevator Corporation has agreed to an extension of the time to award until January 30, 2015; now, therefore, be it

RESOLVED, That the SFMTA Board of Directors extends the time to award SFMTA Contract No. 1281, Muni Metro Subway Escalator Rehabilitation – Phase II, to January 30, 2015; and be it further

RESOLVED, That SFMTA Board of Directors awards SFMTA Contract No. 1281, Muni Metro Subway Escalator Rehabilitation – Phase II and authorizes the Director of Transportation to execute the contract with Schindler Elevator Corporation, located at 555 McCormick Street, San Leandro, California 94577, as the lowest responsive and responsible bidder, to modernize/ replace 17 escalators in the Muni Metro Subway stations, in the amount of \$19,582,833, and for a term of 1335 calendar days.

I certify that the foregoing resolution was adopted by the San Francisco Municipal Transportation Agency Board of Directors at its meeting of January 20, 2015.

Secretary to the Board of Directors
San Francisco Municipal Transportation Agency

ENCLOSURE 2

Contract No. 1281

**Muni Metro Subway Escalator Rehabilitation – Phase II
Project Budget and Financial Plan**

PROJECT BUDGET

Category	Budget
Conceptual Engineering Phase Staff Support (SFMTA and Other Dept. Services)	\$63,862
Detail Design Phase Staff Support (SFMTA and Other Dept. Services)	\$1,531,907
Construction Phase Construction Contract, Contingency, and Staff Support	\$24,662,833
Total Cost	\$26,258,605

FINANCIAL PLAN

Project Funding Source	Amount
Federal Grant	\$21,006,884
Local Grants	\$5,251,721
Total	\$26,258,605