LOS ANGELES COUNTY
ISD
INTERNAL SERVICES

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February 24, 2009

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

REQUEST APPROVAL TO CONTINUE ELEVATOR MAINTENANCE SERVICES AT LAC+USC MEDICAL CENTER (DISTRICT ONE – 3 VOTES)

SUBJECT:

This action is to continue elevator repair services at the Los Angeles County + University of Southern California (LAC+USC) Medical Center by authorizing the Director of Internal Services to amend the indemnification clause in the contract to be issued to the current service provider under the existing "As-Needed Elevator and Escalator Maintenance Services" Master Agreement.

IT IS RECOMMENDED THAT YOUR BOARD:

Authorize the Director of ISD to amend the indemnification clause language in the standard terms and conditions section of the proposed contract with Fujitec America, Incorporated (Fujitec) for continued elevator maintenance services in support of the LAC+USC Medical Center.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The purpose of the recommended action is to ensure that essential elevator services at the LAC+USC Medical Center continue to be available and uninterrupted by authorizing the Director of ISD to amend the indemnification clause in the proposed contract with Fujitec under the Master Agreement for "As-Needed Elevator and Escalator Repair Services," approved by your Board on March 20, 2007.

On December 31, 2002, the LAC+USC Replacement Project Management Team, led by the Department of Public Works (DPW), entered into a contract with McCarthy/Clark/Hunt, A Joint Venture (MCH) to construct the LAC+USC Medical center. Fujitec was selected as subcontractor to MCH to furnish and install 29 elevators in the new hospital on June 10, 2003.

Because the elevators were placed into operation at different points (i.e., as they were installed) over an 18 month period, the project management team negotiated a coterminous warranty extension date of May 31, 2009 for all elevators. However, preventative and extraordinary maintenance is not covered under the warranty.

Because Fujitec employs proprietary software and equipment in maintenance and operations of these elevators, it was the intent of the Department of Health Services (DHS) to migrate this contractor onto the Board-approved Master Agreement, maintained by ISD, to ensure that maintenance services continued uninterrupted. However, due to delays in the contractor's preparation and submission of required documents to be placed on the Master Agreement, DHS requested ISD's assistance to issue purchase orders under the statutory authority of the Purchasing Agent to ensure that essential services were not interrupted while efforts to move the contractor to the Master Agreement continued. Three purchase orders totaling $92,643 were issued under Purchasing Agent authority to Fujitec for elevator maintenance services between December 2008 and February 2009.

Fujitec submitted agreement documents to the County on February 12, 2009. However, Fujitec took exception to a standard County indemnification clause in the Master Agreement's terms and conditions. Specifically, Fujitec added language to the standard County indemnification clause that more clearly limited its liability to acts and omissions arising from its own actions and not acts or omissions by the County.

This change to the County's standard indemnification clause was discussed with the Chief Executive Office's Risk Management staff. They concur with our decision to accept Fujitec's alternative language based on our determination that the services are not obtainable from other vendors due to the proprietary nature of the software and equipment. Your Board's approval is required to make changes to the existing Master Agreement approved by your Board on March 20, 2007. The proposed language will be included in the proposed Master Agreement with Fujitec after final review and approval by County Counsel and Risk Management.

Implementation Of Strategic Plan Goals

The recommended action supports the Countywide Strategic Plan Goal Number 1, Service Excellence; and Goal Number 3, Organizational Effectiveness.

FISCAL IMPACT/FINANCING

Monthly preventative maintenance and extraordinary maintenance (call-out) costs have averaged $25,000 per month during January and February 2009. Funding for these services is included in the Department of Health Services' Fiscal Year 2008-09 budget.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

ISD's Purchasing Agent authority includes engaging independent contractors for services up to $100,000. Your Board's approval is required for changes to Master Agreement standard contract terms and conditions. Based on the critical need to maintain uninterrupted elevator services at the LAC+USC Medical Center, ISD is requesting your Board's approval to authorize the Director to amend the indemnification clause in the contract with Fujitec under the existing Master Agreement for "As-Needed Elevator and Escalator Maintenance Services."

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The approval of this action will ensure continuance of mission-critical elevator services at LAC+USC Medical Center.

CONCLUSION

Upon approval by the Board of Supervisors, the Executive Office is requested to return adopted copies of this letter to the: Director, Internal Services Department, 1100 N. Eastern Avenue, Los Angeles, CA 90063.

Respectfully submitted,

Tom Tindall

Tom Tindall
Director

TT:JS:j

c: Chief Executive Officer
Executive Officer, Board of Supervisors
County Counsel