



Scholes International Airport

AIRPORT ADMINISTRATION

2115 Terminal Dr. | Galveston, TX 77554

www.galvestonairport.com | airport@galvestontx.gov | 409-797-3590

January 11, 2018

Honorable Mayor and Members of Council
Galveston, Texas

Dear Honorable Mayor and Members of Council,

Subject: Requesting that City Council authorize the City Manager to execute a new Gold Maintenance Agreement, with Addendum 1, between ThyssenKrupp Elevator Corporation, a sole-source vendor, and the City of Galveston, for the elevator equipment at the air traffic control tower at Scholes International Airport for a three-year period with a two-year option, upon final approval by the City Attorney.

I. Background:

- A. The air traffic control tower at the Airport has been open twelve years. The tower comprises 6 floors and includes an elevator system, which was installed by ThyssenKrupp Elevator Corporation.
- B. On November 9, 2006, City Council approved the Gold Maintenance Agreement between ThyssenKrupp Elevator Corporation, a sole source vendor, and the City of Galveston for 5 years along with an annual expenditure of \$4,800 (\$400.00 per month).
- C. On January 26, 2012, City Council approved, Addendum 1 to the Gold Maintenance Agreement between ThyssenKrupp Elevator Corporation for 5 years along with an annual expenditure of \$5,900.52 (\$491.71 per month).

II. Current Situation:

- A. Addendum 1 to the original five-year Gold Agreement expired in December 31, 2016.
- B. ThyssenKrupp Elevator Corporation has a Gold Maintenance Agreement based on The Cooperative Purchasing Network (TCPN) contract #R150801. The annual expenditure of \$6,523.44 (\$543.62 per month), which covers the monthly inspections and covered service and maintenance items.
- C. The TCPN Contract Rate for all non-covered service and maintenance items will be billed at the regular mechanic rate of \$273.67 per hour. Additional help will be billed at the regular rate of \$218.94 per hour. The overtime rate for both the mechanic and helper will be billed at 1.7 times the regular time.
- D. City Staff recommends entering into a new Gold Maintenance Agreement with ThyssenKrupp Elevator Corporation based on the TCPN contract and as amended by Addendum 1.
- E. Addendum 1 reduces the original term of the Agreement from five years to three years with the option to extend the Agreement for an additional 2-year period.



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III. Issues:

- A. Sole Source Vendor - Due to the fact that the ropes installed on the ISIS elevator are proprietary and the only ones in the industry made of Kevlar, ThyssenKrupp Elevator is the only elevator company with the capabilities to properly maintain and troubleshoot this equipment, making them a sole-source vendor.

IV. Alternatives:

- A. Requesting that City Council authorize the City Manager to execute a new Gold Maintenance Agreement, with Addendum 1, between ThyssenKrupp Elevator Corporation, a sole-source vendor, and the City of Galveston, for the elevator equipment at the air traffic control tower at Scholes International Airport for a three-year period with a two-year option, upon final approval by the City along with an expenditure of \$6,523.44 per year.
- B. City Council does not approve the request.

V. Recommendation:

- A. City Council authorize the City Manager to execute a new Gold Maintenance Agreement, with Addendum 1, between ThyssenKrupp Elevator Corporation, a sole source vendor, and the City of Galveston, for the elevator equipment at the air traffic control tower at Scholes International Airport for a three-year period with a two-year option, upon final approval by the City along with an expenditure of \$6,523.44 per year.

VI. Fiscal Impact Report:

Requested by:	Mike Shahan Airport Director
Funding Source:	Contractual Services 4330 941840 531240 460400
Costs of implementation:	\$6,523.44 annually
Estimated cumulative Revenue:	N/A
Estimated annual M&O costs:	<u>Service and Repair Billing Rates</u> Mechanic Regular \$273.67 per hour Helper Regular \$218.94 per hour Overtime is 1.7 times the regular time



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Estimated Annual Net Revenue: N/A

Additional information: See attached Gold Maintenance Agreement, with Addendum 1

Respectfully submitted:

Approved by:

A handwritten signature in blue ink that reads "Mike Shahan".

Mike Shahan
Airport Director

Dan Buckley
Deputy City Manager

Encl. (2)