



CITY OF
TORRANCE

DEPARTMENT OF
GENERAL SERVICES

SHERYL BALLEW
DIRECTOR

October 15, 2008

U. S. Mail and Fax
(562) 658-6060

Thomas McKittrick
Branch Manager
Amtech Elevator Services
9808 Firestone Blvd.
Downey, CA 90241

Re: Contract C2005-167, Contract Services Agreement for Elevator Maintenance

Dear Mr. McKittrick:

As you are aware on September 4, 2008 during a mandatory job walk for an elevator maintenance contract for City of Torrance, it was identified that monthly maintenance visits were not documented on log sheets within the elevator rooms as required by referenced contract specifications. After further review of all log sheets, it was found that a substantial number of monthly service visits were not recorded.

A meeting was held with representatives from your company on September 22, 2008 to discuss this issue. At this meeting electronic service records from Amtech were provided for the past year. The service records confirmed that a substantial number of monthly service requirements were not performed. Your service records, provided by fax on 10/2/2008 for the entire 3 year contract period, show 211 instances where service was not performed.

A follow up meeting was held on Wednesday, October 8, 2008 regarding missed monthly service visits over the last 3 years of our maintenance contract with your company. Explanations provided by Amtech for the missed service months were a combination of lack of service and poor record keeping by Amtech.

During this meeting the City stated its intent was that it be compensated monetarily for the services missed, however, an exact dollar amount was not provided. The City offered a monetary figure of ½ the monthly service cost or \$100 for each service date missed. It was also discussed that while your company was low bidder on the future service contract, the City of Torrance was contemplating awarding to the next responsible bidder due to the non-performance of specified services. You stated that \$100 per missed service was not acceptable and that Amtech was prepared to offer \$6000 in services under a new contract as reimbursement for the missed services. This offer was not accepted.

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Fifteen (15) elevators were included in the monthly service contract. The initial contracted monthly service rate at award was \$200 per elevator for 14 elevators. One additional elevator was charged at \$250 per month. Under the contract each elevator was to be provided 1 hour of inspections and service on a monthly basis. Additional service requirements were also included on an on-call basis. The contract lists a \$170 per hour, regular time rate, for services beyond the scope of the maintenance contract. While it is agreed that the hourly services do not make up 100% of the monthly rate, the City currently believes it does comprise the majority of the monthly fee. Using the \$170 hourly rate for additional services, the value of the missed service would equal \$35,870.

It is our intent to reach an equitable settlement for the service work specified but not performed under the referenced contract. Your previous offer for additional services under a new contract is not acceptable both for the amount and terms as the City intends to award the new elevator maintenance contract to another company. If a settlement is not achieved before October 23, 2008, the contract package will be forwarded to the City Attorney for further action.

I may be reached at 310-781-7162 if you would like to schedule a meeting for resolution or if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read 'Jon Landis', written in a cursive style.

Jon Landis
Facility Services Manager