

MEETING DATE: June 12, 2002

SUBJECT: Purchase Order Authorization Amendment - Supply Of Stainless Steel Escalator Parts - PC-0032848

RECOMMENDATION

It is recommended that the Commission approve exercising the option to extend the contract with Canadian Rogers Eastern Limited for the supply of stainless steel escalator parts, for a two year period, from July 1, 2002 to June 30, 2004, and to increase the upset limit value of the contract by \$500,000 from \$365,000 to \$865,000.

FUNDING

Sufficient funds for this expenditure have been included in Project 3.2 Equipment, under Subway Escalator Overhaul Program, of 2002-2006 Capital Program, as set out on pages 433-439, as approved by the City on March 2, 2002.

BACKGROUND

The Subway Escalator Overhaul Program was first established in 1997. The purpose of the program is to refurbish escalators that have reached the end of their 25-year operating life expectancy. Since the inception of the program, all 44 OTIS-type escalators have been overhauled with the last one being completed in 2001. Last year also saw the start of the overhaul program for Montgomery-type escalators with a total of seven escalators being completed. It is expected that through continuous process improvement initiatives the goal of overhauling 12 Montgomery escalators annually will be achieved by 2003.

The stainless steel escalator parts can be manufactured more economically from a local supplier rather than going to the OEM, as previously experienced with the OTIS-type escalator overhauls.

The original purchase order was approved by the Commission on November 22, 2000 for the supply of stainless steel escalator parts, in the upset limit amount of \$300,000 for the period January 1, 2001 to December 31, 2001, with optional fixed pricing for years 2002 and 2003 for \$483,341.55. Contingent on the Commission's needs and vendor performance, this optional pricing would be used to continue the contract subject to approval by the Commission.

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DISCUSSION

Since the award of the contract, a purchase order authorization amendment was approved by staff on March 2, 2001, in the amount of \$65,000, to cover the cost of Downsview Escalator Skirting Remediation Work to replace deficient original skirting. A second purchase order authorization amendment was also approved by staff on December 7, 2001, to extend the expiry date to May 31, 2002, which was subsequently extended to June 30, 2002.

This Purchase Order Authorization Amendment for \$500,000 (option price \$483,341.55 plus allowance \$16,658.45) will provide continuous supply of stainless steel escalator parts for the ongoing Subway Escalator Overhaul Program (see Appendix "A"). The vendor's performance has been satisfactory in meeting the Commission's needs.

The Canadian Rogers Eastern Limited have agreed to honour the two year optional pricing and the revised contract duration from July 1, 2002 to June 30, 2004. The first year optional pricing represents a two percent price increase over the original price and the second optional year pricing represents a further two percent increase over the first option year.

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JUSTIFICATION

The supply of stainless steel escalator parts is essential in order to support the continued safe operation and reliability of Commission escalators. In addition, this contract will assist in minimizing the down time of an escalator since the parts required will be readily available.

May 30, 2002

6-75-268

PURCHASE ORDER AUTHORIZATION AMENDMENT -

SUPPLY OF STAINLESS STEEL ESCALATOR PARTS

PC-0032848

Original Contract Amount	\$300,000
Previous Approved Amount	\$65,000
Amount of this Amendment	\$500,000
REVISED TOTAL UPSET LIMIT	\$865,000

Plant Maintenance Department

May 30, 2002