

**MEETING DATE:** June 21, 2006

**SUBJECT:** Purchase Order Authorization Amendment – Elevator Maintenance Contract

## **RECOMMENDATION**

It is recommended that the Commission authorize an amendment for \$180,000.00 to the contract for elevator maintenance with KONE Inc., to increase the total contract upset limit amount to \$2,224,597.59 and extend the contract expiry from June 30, 2006 to September 30, 2006.

## **FUNDING**

Sufficient funds are available in the 2006 TTC Operating budget.

## **BACKGROUND**

At its June 18, 2003 meeting, the Commission approved acceptance of a three-year contract with Kone Inc. for elevator maintenance.

Original Authorized Amount	\$1,900,000.00
Previously Authorized Amendments	\$144,597.59
Amount Requested for this Amendment	\$180,000.00
Revised Total Authorized Amount	\$2,224,597.59

Initially, the contract covered maintenance for 66 elevating devices, (64 elevators and 2 escalators at TCTI), with 18 elevators added in 2005 bringing the total number to 84.

Previous amendments, totalling \$144,597.59, were required for unplanned repair work, such as remediation of deficiencies on new installations and selected replacement parts, not normally covered under the elevator maintenance contract.

## **DISCUSSION**

The contract with Kone Inc. will expire on June 30, 2006. The tender process for a new contract is in progress and will be on the agenda for approval at the August 30, 2006 Commission Meeting. The term of the new maintenance contract will be lengthened from three years to five years, which required staff to develop new standards and higher performance specifications for the maintenance of TTC elevators.

These initiatives have taken longer than expected, resulting in a need to extend the current contract duration. It is therefore recommended that the existing contract with Kone Inc. be extended to September 30, 2006 with an increase of \$180,000.00. This will cover the three month extended service cost at \$169,500.00 (\$56,500.00 per month for services only) for all Commission elevators and unscheduled maintenance at \$10,500.00, increasing the upset limit to \$2,224,597.59.

## **JUSTIFICATION**

Elevator maintenance is essential to support the continued safe operation and reliability of Commission elevating devices and for compliance with regulating authority for regular maintenance, inspections and repairs.

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June 1, 2006  
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