



## Report for Action

# Elevator Maintenance and Repair Services

Date: April 11, 2018  
To: TTC Board  
From: Chief Financial Officer

### Summary

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The purpose of this report is to obtain authorization to award a contract for a three-year period, with extension options for up to an additional two years, for the provision of elevator maintenance and repair services.

There are 130 elevators that service TTC subway stations and other TTC buildings. These elevators require monthly inspections, on-going maintenance, and repair work as needed to ensure optimal performance. The TTC does not have internal resources to carry out this work and, therefore, relies on an external contract.

### Recommendations

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It is recommended that the Board authorize:

1. The award of a contract for elevator maintenance and repair services for a period of three-years (May 1, 2018 to April 30, 2021), with extension options for up to an additional two years, to Selco Elevators Ltd. in the total upset limit amount of \$6,796,195 including applicable taxes on the basis of submitting the only bid.

### Financial Summary

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The total award value of \$6,796,195 over a three year period (\$6,120,184 net of HST rebate) reflects the upset limit for the provision of the required elevator services and includes funds for 37 additional elevators that are expected to come into service over the next three years, estimated costs for planned repair and service call work, as well as stand-by work that includes a contingency of 20% as set out in Table 1 below.

<b>Table 1</b>	Average Cost/Year over the Last 3 Years	Year 1	Year 2	Year 3	Totals
Regular Monthly Inspections and Maintenance on TTC's Existing 130 Elevators	\$977,533 (on average 11 elevators were added per year)	\$1,210,957	\$1,241,226	\$1,272,258	\$3,724,441
*Regular Monthly Inspections and Maintenance for 37 Additional Elevators Scheduled to Come Into Service	Not Applicable	\$84,808	\$204,547	\$288,628	\$577,983
Estimated Repair / Service Call Work Costs	\$384,057	\$579,310	\$495,347	\$684,101	\$1,758,758
Estimated Cost of Standby Services (Including 20% Contingency for Demand Variation)	\$210,803	\$238,879	\$244,990	\$251,144	\$735,013
Yearly Totals		\$2,113,954	\$2,186,110	\$2,496,131	
(All figures include HST)		Grand 3-Year Total			\$6,796,195

\*The addition of the 37 new elevators will not be at a uniform rate over the 3 year term, actual installations may vary from planned schedules based on construction activities.

Sufficient funding is included in the 2018 Operating Budget as approved by City Council on February 12, 2018. Sufficient funding will also be incorporated into subsequent budgets as required.

The Chief Financial Officer has reviewed this report and agrees with the financial impact information.

## **Equity/Accessibility Matters**

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Failure to adequately maintain and repair elevators will result in out-of-service equipment that adversely impacts the TTC's ability to provide accessible services.

## **Decision History**

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As a result of a competitive procurement process a contract for maintenance and repairs to TTC's elevators was awarded, under staff authority, to Selco Elevators Ltd., on the basis of lowest bid price, in the amount of \$3.7M for the three-year term commencing

November 1, 2013 and included extension options up to October 31, 2018. The current contract expires April 30, 2018 and, under staff authority, has been increased in value to accommodate repair work, contract term extensions and the addition of new elevators (e.g. TYSSE elevators).

## **Issue Background**

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All elevators in Ontario must be maintained in accordance with legislative requirements and are required to be licensed and registered by the governing body – the Technical Standards and Safety Authority (TSSA). Elevators are also subject to periodic inspections by the TSSA that have the authority to order repairs and shutdowns of elevators for non-compliance.

The TTC has a continuing need for an external company to provide elevator maintenance, repair work, emergency call service and ensure the elevators operate in accordance with TSSA standards, and within TTC performance metrics.

The TTC's existing inventory of elevators is expanding as additional elevators are planned to be added to its network. Over the next three years, 37 additional elevators are scheduled to come into service at various TTC subway stations.

## **Comments**

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In February 2018 bids were solicited via a public advertisement, in addition, staff notified seven elevating service companies of the opportunity to submit a bid.

Bidders were required to provide pricing on carrying out monthly inspections and standard maintenance on 130 TTC-owned elevators, in addition to their rates for repairs, service calls and stand-by work (which entails a mechanic on stand-by at a subway station for weekend closures, or events e.g. ACAT meetings, to ensure the elevator can be quickly repaired in the event it malfunctions).

The bid documents indicated a company was required to have a minimum of five years of experience performing elevating maintenance and repairs on a scale similar to that as required by TTC. Additionally, the contract requires a company to supply three dedicated elevator mechanics to perform regular maintenance and inspections, plus two mechanics to perform service calls for repair and emergency work. All mechanics are required to have at least 10 years of related work experience.

Given the importance of elevators performing as intended for TTC customers, the contract also contains performance targets for the elevators (i.e. 60 or greater mean days between stoppages MDBS) and financial incentives and deductions for the company to maintain the equipment such that it meets the stated targets.

Although four companies attended a pre-bid meeting, only one bid was submitted.

Staff contacted potential bidders to ascertain their reasons for not bidding, those that responded to staff inquiries advised as follows:

- Schindler – already committed to other large elevator maintenance contracts and therefore did not have adequate resources for TTC's project.
- ThyssenKrupp – had concerns regarding performance requirements and deductions for non-performance set out in the contract (e.g. the company must arrive on TTC's site to perform emergency work within 40 minutes of a call and arrive within 60 minutes for non-emergency calls).
- CEE Elevator Service Ltd. – did not believe it could provide a competitively priced bid.
- Kone Inc. – had reservations regarding the number of staff it would need to dedicate to the project and expressed concerns with some terms and conditions, including the requirements to arrive on site within 40 minutes for emergency calls and deductions that would apply when the elevator does not perform within an acceptable range of MDBS.

Selco Elevators Ltd., the incumbent contractor, provided the only bid and met the minimum experience requirements. Selco's pricing for the regular scheduled inspections and maintenance of the 130 elevators is 0.1% lower in year one of the proposed contract compared to the current contract price. Selco's pricing in year two of the contract is approximately 2.5% higher than its year one price and its pricing in year three is approximately 2.5% higher than year two. Selco's hourly rates for repair work and service calls in year one of the contract are the same as the current contract rates and increase by approximately 2.6% in year two, while its rates in year three are approximately 2.5% higher than year two.

Selco has performed satisfactorily under its current contract, submitted a compliant bid and is recommended for award of a three year contract with options to extend for up to two additional years. Contract term extensions are subject to acceptable pricing negotiations and the company's satisfactory performance during the contract. In the event a contract extension is sought, staff will seek the appropriate authority at that time.

## **Contact**

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## **Signature**

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Tara Bal  
Chief Financial Officer