



Procurement Authorization – Elevator Maintenance and Repair Services

Date: January 25, 2024
To: TTC Board
From: Chief Operations and Infrastructure Officer

Summary

The purpose of this report is to seek the Board’s authorization to award a contract to Selco Elevators Ltd. (Selco) for the provision of elevator maintenance and repair services, with a total contract value of \$18,897,841, inclusive of HST, for a period of three years commencing on/or about May 1, 2024, with up to two optional one-year extension terms, at the TTC’s sole discretion.

There are currently 159 elevators that service TTC subway stations and other TTC buildings. These elevators require monthly inspections, ongoing maintenance, and repair work to ensure optimal performance and compliance with legislative requirements. As a result of the TTC’s Easier Access program, the TTC will be adding 35 elevators to its inventory over the next three years, bringing the total number to 194 elevators.

Given the specialized training and skill sets required to perform elevator maintenance and repair work, the TTC requires elevator maintenance services to perform the upkeep, inspections, and repairs of the elevators to ensure compliance with Technical Standards and Safety Authority (TSSA) requirements and the reliable functionality of these units. This contract award provides the necessary services to meet TSSA requirements and TTC performance standards to ensure the ongoing reliability of the 194 existing and planned elevators.

Recommendations

It is recommended that the TTC Board:

1. Authorize the award of a contract for elevator maintenance and repair services for a period of three years commencing on/or about May 1, 2024, with extension options for up to two additional one-year terms, to Selco Elevators Ltd., in the total upset limit amount of \$10,445,972, including applicable taxes on the basis of lowest-priced qualified compliant bid.

2. Delegate authority to the TTC’s Chief Executive Officer to execute the first one-year term extension option valued at \$4,122,863, inclusive of HST, and the second one-year term extension option valued at \$4,329,006, inclusive of HST, for a total contract value of \$18,897,841.

Financial Summary

The total value of the provision of elevator maintenance and repair services contract award for the initial term of three years is \$10,445,972, inclusive of HST. Additionally, the contract includes two optional one-year extensions at the TTC’s sole discretion. The first extension has a value of \$4,122,863, inclusive of HST. Further, the second extension has a value of \$4,329,006, inclusive of HST. Table 1 below summarizes the total contract value of the initial and optional extension terms:

Table 1: Contract Value of Initial and Extension Terms (\$)

	Initial Term Year 1 (2024-2025)	Initial Term Year 2 (2025-2026)	Initial Term Year 3 (2026-2027)	3-Year Term Total	Extension 1 (2027-2028)	Extension 2 (2028-2029)	Total
Total (excluding HST)	2,556,406	3,234,355	3,453,463	9,244,224	3,648,552	3,830,979	16,723,754
Non-Rebateable HST (1.76%)	44,993	56,925	60,781	162,698	64,214	67,425	294,338
Total including non-rebateable HST	2,601,399	3,291,279	3,514,244	9,406,921	3,712,766	3,898,404	17,018,091
Rebateable HST	287,340	363,541	388,169	1,039,051	410,097	430,602	1,879,750
Total Authority (including HST)	2,888,739	3,654,821	3,902,414	10,445,972	4,122,863	4,329,006	18,897,841

Funding and Expenditures

The contract award value of \$10,445,972 over the three-year period reflects the funds required for the provision of the required elevator maintenance and repair services for the existing 159 elevators. The contract award also accounts for 35 additional elevators that are expected to be operational as a result of the TTC’s Easier Access program beginning in 2024. These costs have been established based on planned construction activities. However, actual installations may vary from planned construction activities.

Historically, approximately \$350,000 is spent on planned repairs and \$300,000 on service calls per year. For 2024, there are no major repairs planned.

Table 2 below summarizes the totals, contingencies and rebateable HST, as well as the forecasted expenditures by year. A contingency of 20% has been applied to the costs to perform regular monthly inspections and maintenance on both existing and planned new elevators and the estimated costs for standby service. Optional extension years have been calculated using a 5% year-on-year escalation factor given that pricing for future years will need to be negotiated.

Table 2: Forecasted Expenditures by Year (\$)

	Initial Term Year 1 (2024-2025)	Initial Term Year 2 (2025-2026)	Initial Term Year 3 (2026-2027)	3-Year Term Total	Extension 1 (2027-2028)	Extension 2 (2028-2029)	Total
Regular Monthly Inspections and Maintenance	1,659,470	1,725,849	1,794,883	5,180,202	1,884,627	1,978,859	9,043,688
Estimated Cost of Standby Services	153,342	159,476	165,855	478,673	174,148	182,855	835,676
Regular Monthly Inspections and Maintenance (35 New Elevators)	67,526	268,304	375,481	711,311	412,935	433,581	1,557,827
Estimated Planned Repair/Service Call Costs for All Elevators	300,000	650,000	650,000	1,600,000	682,500	716,625	2,999,125
Contingency	376,068	430,726	467,244	1,274,037	494,342	519,059	2,287,438
Total (excluding HST)	2,556,406	3,234,355	3,453,463	9,244,223	3,648,552	3,830,979	16,723,754
Non-Rebateable HST (1.76%)	44,993	56,925	60,781	162,698	64,215	67,425	294,338

	Initial Term Year 1 (2024-2025)	Initial Term Year 2 (2025-2026)	Initial Term Year 3 (2026-2027)	3-Year Term Total	Extension 1 (2027-2028)	Extension 2 (2028-2029)	Total
Total including non-rebateable HST	2,601,398	3,291,279	3,514,244	9,406,921	3,712,766	3,898,404	17,018,091
Rebateable HST	287,340	363,541	388,169	1,039,051	410,097	430,602	1,879,750
Total Authority (including HST)	2,888,738	3,654,821	3,902,413	10,445,972	4,122,863	4,329,006	18,897,841

Funding for Year 1 expenditures are included in the 2024 Elevating Devices Operating Budget approved by the TTC Board as part of the TTC’s 2024 Operating Budget on December 20, 2023 and for City Council’s consideration and approval on February 14, 2024. Sufficient funding will be requested for subsequent budgets as required.

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

Equity/Accessibility Matters

A cornerstone of the TTC’s current Corporate Plan is accessibility, and as a proud leader in providing accessible public transit in the city of Toronto, the TTC is committed to ensuring reliable, safe and inclusive transit services for all our customers.

The TTC is making continuous progress toward making its vehicles, facilities, and services more inclusive and accessible.

The award of this elevator contract will ensure that TTC-owned and operated properties will continue to be accessible and compliant with the Accessibility for Ontarians with Disabilities Act (AODA), 2005.

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.

The recommendation for the award focused on the technical qualifications that are required to perform this work and the limited number of bids received.

Decision History

At its April 11, 2018 meeting, the TTC Board authorized 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.

2018 Board Report: [Elevator Maintenance and Repair Services](#)

On October 1, 2020, the TTC issued a publicly advertised Notice of Intent solicitation to identify potential companies that could meet the TTC's requirements for elevator maintenance and repair work. Companies were required to confirm they could meet mandatory requirements, such as having a minimum of three dedicated, full-time Elevating Devices Mechanics with a minimum of 10 years of work-related experience and the ability to offer call back services 24 hours per day, seven days per week. Since no companies were identified, under staff authority the TTC executed the extension option for one-year with Selco and added \$2,493,517.64 to the contract to cover anticipated expenditures during the extension year valid until April 30, 2022.

As Selco remained the only known company that would perform the work and could meet the TTC's mandatory requirements set out above, under staff authority the TTC issued a contract for elevator maintenance and repair services to Selco covering the period May 1, 2022 to April 30, 2023 in the upset limit amount of \$3,000,000. This contract included a one-year extension option to April 30, 2024 and under staff authority, the extension option was exercised and the contract upset limit was amended \$2,500,000 to cover expenditures for the optional extension year.

Issue Background

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 has the authority to order repairs and shutdowns of elevators for non-compliance.

The TTC has a continual 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, 35 additional elevators are scheduled to come into service at various TTC subway stations as part of the TTC's Easier Access program.

Comments

The TTC workforce includes elevating devices supervisory staff, along with a specialized in-house unionized workforce that carries out maintenance, overhauls and repair work on TTC escalators. The TTC also offers an elevating devices apprenticeship program that affords employees the ability to train on-the-job and become fully licensed mechanics.

Historically, the TTC workforce has not included employees with the specialized training or skill sets to perform elevator maintenance and repair work and requires external services to perform the upkeep, inspections and repairs of the elevators to ensure compliance with TSSA requirements and the reliable functionality of these units.

Procurement Process

To promote competition and obtain market feedback, on February 22, 2023, a publicly advertised Advance Contract Award Notice solicitation was issued in order to identify potential companies, in addition to Selco, that could potentially bid on the TTC's elevator maintenance and repair contract requirements. Six responses were received, which indicated that proceeding with a future competitive procurement process should result in multiple bids.

A Request for Bids (RFB) was publicly advertised on the MERX website on August 17, 2023 for the provision of elevator maintenance and repair services for a three-year term, with two additional one-year extension options. Sixteen companies downloaded the bid documents, and three companies submitted a bid; the bid validity date is April 30, 2024.

Bidders were required to submit a unit price per month for each of the three years to perform standard inspections and routine maintenance on 159 elevators located at various TTC properties. The TTC's inventory of elevators is expanding as 35 additional elevators are planned to come into service within the next three years. Accordingly, the RFB stated that inspection and maintenance required for any additional elevators will be performed at the contract rates.

Bidders were also required to state an hourly rate to perform standby service, which requires an elevator mechanic to be on 'standby' at a subway station, for example, for weekend closures to ensure the elevator can be repaired quickly if it malfunctions. In addition, Bidders were required to provide hourly rates that would apply to any other repair work on an as-required basis.

The RFB also indicated that for Bidders to be considered qualified, they are required to have a minimum of five years of experience performing elevating maintenance and repairs on a scale similar to that required by the TTC, and their proposed elevator mechanics are required to have at least 10 years of related work experience. The contract requires a company to supply four dedicated elevator mechanics to perform regular maintenance and inspections, and two mechanics to perform service calls for repair and emergency work.

Given the requirement for the reliability of elevators for TTC customers, the contract contains elevator performance targets and financial incentives and deductions for the company to maintain the equipment such that it meets the stated targets.

TTC staff conducted a pre-bid meeting to review the RFB terms of reference and bid submission requirements. Five companies attended the pre-bid meeting as follows: Selco Elevators Ltd., Kone Inc., CEE Elevators, Otis Canada Inc., and Delta Elevators Co. Ltd. In addition, a site tour was conducted and three companies attended the site tour as follows: Selco Elevators Ltd., Pace Elevators Inc., and Atta Elevators.

The three companies that submitted bids were Pace Elevators Inc., Selco Elevators Ltd., and CEE Elevators.

Pace Elevators Inc. (Pace) submitted the lowest-priced bid in the total amount of \$3,897,538.44 before taxes (\$4,404,218.44 including taxes). Pace's submission included the required list of three references, the staff list and other required documentation as requested in the RFB. However, Pace was not considered qualified as its references did not demonstrate it possessed the requisite five years of experience performing elevator maintenance and repair work on a similar scale that is required by the TTC.

Pace provided the City of Toronto as a reference, indicating their contract began in 2020 and had a value of \$0.200 million per year. TTC staff checked the reference with the City of Toronto who confirmed that Pace's contract was to install one elevator and maintain it. The City confirmed Pace is performing well on this one-elevator contract, but could not comment on Pace's ability to perform work on a larger inventory. Considering the TTC contract is for 159 elevators, plus 35 planned additional units, with a level of maintenance activity represented by an approximate annual spend of \$3 million, Pace's installation and maintenance contract of \$0.200 million for one elevator was not considered equivalent in scale and does not meet the five years experience requirement.

The other two references provided by Pace, Niagara Belco Elevator Inc. (\$0.500 million per year since 2018) and Access Property Development Inc. (\$0.060 million per year since 2019) appear to not be of a similar scale to the TTC requirements and in the latter case does not demonstrate five years of experience. TTC staff made several attempts to contact these two references to verify details, but could not reach them and received no reply to voice or e-mail messages.

Selco Elevators Ltd. submitted the second lowest-priced bid for a total value of \$5,658,874.44 before taxes (\$6,394,528.12 including taxes). Selco's submission included the required list of references, the staff list and other required documentation as requested in the RFB. Selco's pricing for regular scheduled inspections and maintenance of the 159 elevators is 12% higher in year one of the contract compared to the current contract price, while its pricing increases four per cent in year two and year three of the contract term. Selco's hourly rates for standby service are four per cent higher in year one as compared to the current contract, and increase by four per cent in year two and year three of the contract term.

Selco is the incumbent and has been satisfactorily performing this work for the TTC. The target key performance indicator (KPI) for elevator availability is 98%. Over the course of the current contract, Selco has exceeded the target KPI by averaging 98.47%. The average length of downtime that is a result of controllable and uncontrollable factors is 5.5 hours. Controllable factors include hoistway limit switches whereas typical malfunctions due to uncontrollable factors include debris in door sills.

The offer submitted by Selco is considered commercially compliant and is recommended for award.

CEE Elevator Services submitted the highest-priced bid for the total value of \$7,227,925.68 before taxes (\$8,167,556.02 including taxes) and is not recommended for award.

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Signature

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