

Provision of Comprehensive Elevator Maintenance Services from Kone Inc.

Date: May 17, 2018

To: Government Management Committee

From: General Manager, Facilities Management
and Chief Purchasing Officer

Wards: ALL

SUMMARY

The purpose of this report is to request City Council authority to issue a non-competitive bridging contract to Kone Inc. in the amount of \$977,865 net of all taxes, (\$995,075 net of HST recoveries) for the non-exclusive supply, delivery, installation, and warranty of comprehensive maintenance of elevating devices for various City of Toronto locations from July 1, 2018 to December 31, 2018, following the expiry of the City's existing contract with Kone on June 30, 2018. Kone Inc., is honoring the terms, conditions and pricing from the current contract (Contract No. 47017557, originally awarded under Request for Quotation (RFQ) 6718-12-3024).

This bridging contract is required to allow enough time for the development of a new and robust Request for Proposal (RFP), including updated specifications and work packages, and ensure that 1) all City divisions participating in the RFP have sufficient time to provide input and feedback and 2) Facilities Management has sufficient time to hire and onboard a new elevating device engineer who will facilitate the transition to the new contract post-award. Furthermore, the bridging contract will ensure that Facilities Management can keep sites operational until the new RFP is awarded. Facilities Management will finalize the new RFP and specifications for the maintenance of elevating devices in Q2 of 2018 and award the new contract in Q4 of 2018.

City Council approval is required in accordance with Municipal Code Chapter 195-Purchasing, where the current request exceeds the Chief Purchasing Officer's authority and the threshold of \$500,000 net of HST allowed under staff authority as per the Toronto Municipal Code, Chapter 71- Financial Control, Section 71-11A.

RECOMMENDATIONS

The General Manager, Facilities Management and the Chief Purchasing Officer recommend that:

1. City Council authorize the issuance of a bridging contract to Kone Inc. in the amount of \$977,865 net of all taxes (\$995,075 net of HST recoveries) for the period from July 1, 2018 to December 31, 2018 under the same terms, conditions and pricing of Contract No. 47017557 for the non-exclusive supply, delivery, installation, and warranty of comprehensive maintenance service of elevating devices for various City of Toronto locations.

FINANCIAL IMPACT

This bridging contract request is in the amount of \$977,865 net of all taxes (\$995,075 net of HST recoveries). As this is a contract bridge, the cost remains consistent with the prices listed in Contract No. 47017557 awarded in July 2013.

Funding for the requested contract is available in Facilities, Real Estate, Environment & Energy (FREEE)'s 2018 Council Approved Operating Budget under Cost Centre AccountFA100-30, Cost Element 4424.

The Interim Chief Financial Officer has reviewed this report and is in agreement with the financial impact information.

DECISION HISTORY

At its meeting on June 12, 2013, Bid Committee awarded Request for Quotation No. 6718-13-3024, to KONE Inc. and Schindler Elevator Corporation for Comprehensive Maintenance Service of Elevating Devices for the City of Toronto's "Various" Divisions. The Bid Committee decision can be found at:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2013.BD128.2>

COMMENTS

On July 1, 2013, RFQ 6718-12-3024 was awarded to Kone Inc. (Kone) for the non-exclusive supply of labour, materials, and equipment for the provision of comprehensive maintenance of elevating devices throughout the City of Toronto. The contract is valid for five (5) years, from July 1, 2013 to June 30 2018, with no option to renew. The contract was established by Facilities Management based on operational requirements estimated over the contract period.

In Q4 of 2017, FM began the development of a new RFP for elevating device maintenance. It had previously been established that the original specifications were outdated and that existing call documents and specifications required significant improvements in order to align with client-specific requirements and industry standards. Specifically, the current maintenance contract is based on the geographical location of the equipment rather than the type of units and their proprietorship. The new RFP and specifications will be broken down by unit categories and the resulting work packages will be based on hours of service, criticality and legislative requirements, which will ensure better service and value for money in the long term.

In 2018, FM consulted with PMMD, vendors, and client divisions. These stakeholders advised that extending the RFP development timeline would allow for further improvements to the new elevating device maintenance RFP and specifications before going to market. Furthermore, Facilities Management is currently undergoing a transformation and will be hiring an elevating device engineer in Q3 2018. This individual will play an essential role during the transition to the new contract following the award of the RFP. The requested bridging contract addresses the additional time required to 1) finalize the new RFP and specifications for the comprehensive maintenance of elevating devices and 2) hire and onboard the elevating device engineer.

The cost of the bridging contract remains consistent with the existing Contract (No. 47017557), as Kone has honored the terms, conditions and pricing for the bridge period. Consequently, the total value of the bridging contract will be \$977,865 net of all taxes and charges (\$995,075 net of HST recoveries), inclusive of a 15 percent contingency. Staff are currently preparing specifications for the new RFP and an award is expected by Q4 2018. Concurrently, FM and other City divisions are bridging other elevating device maintenance contracts until December 31, 2018 to ensure continuity of service until the new contract is awarded.

Facilities Management is committed to facilitating a procurement process that is fair, transparent, meets the needs of its partners, and fosters a competitive bidding outcome. To this end, Facilities Management has retained a Fairness Monitor to oversee the procurement process. The Division will continue to work with all client divisions participating in the call to ensure that the RFP meets their needs.

The Fair Wage Office has reported that the recommended firm has indicated that it has reviewed and understands the Fair Wage Policy and Labour Trades requirements and has agreed to comply fully.

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SIGNATURE

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