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Item No. 11.1.1
Halifax Regional Council
February 3, 2015

TO: Mayor Savage and Members of Halifax Regional Council

SUBMITTED BY:

Original signed by 

Richard Butts, Chief Administrative Officer

Original Signed by 

Mike Labrecque, Deputy Chief Administrative Officer

DATE: January 14, 2015

SUBJECT: Award Tender No. 14-186 – Alderney Gate Elevator Modernization

ORIGIN

2014/15 Approved Project Budget, Alderney Gate Recapitalization account CBX01157, Page A2.

LEGISLATIVE AUTHORITY

Under the HRM Charter, Section 79, Halifax Regional Council may expend money for municipal purposes. Administrative Order No. 35, the Procurement Policy, requires Council to approve the award of contracts for sole sources exceeding \$50,000 or \$500,000 for tenders and RFP's. See Charter Sections 79(1) and 322(3).

RECOMMENDATION

It is recommended that Halifax Regional Council award Tender No. 14-186, Alderney Gate Elevator Modernization, to the lowest bidder meeting specifications, CKG Elevator Ltd., for a total tender price of \$684,116.16 (net HST included). Funding is available from Project No. CBX01157 – Alderney Gate Recapitalization and Operations Support's Operating Account W203 – Alderney Gate Facility Management, as outlined in the Financial Implications section of this report.

BACKGROUND

The Alderney Gate office tower is served by a bank of four elevators as well as a secondary elevator connecting the ground floor and second floor. The main bank of elevators were installed in 1989 and have reached the end of their useful life. Staff has identified these four elevators for upgrades as part of a multi-year plan to improve the building condition and maintain a state of good repair.

The elevators have experienced on-going issues with down time and reliability. Components are showing signs of wear and replacement parts are difficult to source posing a significant risk of extended down time should critical parts fail.

The project was budgeted at \$250,000 in the approved 2014/15 Project Budget based on the plan of modernizing one elevator each year over four years. Further investigation determined that this approach was not recommended for various technical, operational, and financial reasons. Additional funding to complete the full project is available within the Alderney Gate Recapitalization account. The project is deemed a priority project by staff to ensure reliability, accessibility and safety.

The Alderney Gate Recapitalization account is reserve funded from Q135.

DISCUSSION

The proposed solution for elevator modernization involves a turnkey project to upgrade and replace elevators components and finishes. To ensure on going competitive maintenance contracts, the elevator control system has been specified as non-proprietary.

Sequencing of the modernization will involve taking one elevator out of service at a time leaving the remaining three elevators to service the building occupants with minor inefficiencies in the elevator call system. The modernized elevators will ensure elevator reliability, accessibility for staff and safety.

To achieve best long term value, the evaluation of bids were completed using a life cycle analysis using both capital and operating costs as outlined in the table below.

Tenders were called and posted to the Province of Nova Scotia's Procurement website on November 13, 2014, with the tender closing on December 18, 2014. Bids were received as a five year life cycle cost including capital and operating as follows:

Company Name	Bid Price (Net HST included)	5 Year Maintenance Agreement Price (Net HST included)	Total Tender Price (Net HST included)
* CKG Elevator Ltd.	\$615,287.40	\$68,828.76	\$684,116.16
ThyssenKrupp Elevator Limited.	\$630,930.30	\$80,091.65	\$711,021.94
Universal Elevators and Lifts Inc.	\$648,658.92	\$72,833.34	\$721,492.26
KONE Inc.	\$724,287.13	\$55,063.01	\$779,350.14

*** Recommended bidder.**

Scope of Work and Schedule:

Labour, materials and commissioning for the modernization of four elevators in Alderney Gate. Scope includes new controllers, refurbish hoist machines, new motors, new hoist cables, new door operators, new door hardware, new finishes and rewire electrical. Upgrades to the secondary elevator between the ground floor and second floor is not included in this project.

The installation is planned to start two weeks following purchase order award and take approximately 10 months to complete. Only one elevator will be out of service at any time.

FINANCIAL IMPLICATIONS

Based on the lowest tendered price of \$656,000 plus net HST of \$28,116.16, for a net total of \$684,116.16, funding is available from Project No. CBX01157 – Alderney Gate Recapitalization and Operating Account W203 - Alderney Gate Facility Management. . Budget availability has been confirmed by Finance.

Budget Summary:	<u>Project No. CBX01157 – Alderney Gate Recapitalization</u>	
	Cumulative Unspent Budget	\$ 1,051,104.69
	Less: Tender No. 14-186 (Capital)	\$ 615,287.40*
	Balance	\$ 435,817.29

Budget Summary:	<u>Operating Account W203 – Alderney Gate Facility Management</u>	
	Tender No. 14-186 (5 Year Maintenance Agreement)	\$ 68,828.76**
	Year 1:	\$13,765.75
	Year 2:	\$13,765.75
	Year 3:	\$13,765.75
	Year 4:	\$13,765.75
	Year 5:	\$13,765.76

*The capital project was originally estimated at \$730,000.00 (net HST included). Remaining funds will be used for other projects at Alderney Gate.

** Operating costs for the five (5) year maintenance agreement will be included in the Operations Support's operating budget.

ENVIRONMENTAL IMPLICATIONS

No implications identified.

ALTERNATIVES

Regional Council may choose not to approve the recommendation in the report; this is not recommended as the elevators are due for replacement and availability of replacement parts pose a serious risk to elevator operations. Should the elevators not be modernized, specific upgrades will be required to maintain elevator license.

ATTACHMENTS

None

A copy of this report can be obtained online at <http://www.halifax.ca/council/agendasc/agenda.html> then choose the appropriate meeting date, or by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

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