

Janitorial Services – Award of Contract

Date:	February 28, 2022
To:	Toronto Public Library Board
From:	City Librarian

SUMMARY

The purpose of this report is to seek Toronto Public Library Board approval to award a contract to TBM Service Group (TBM) for janitorial services.

The COVID-19 pandemic and associated public health directives resulted in, among other measures, Toronto Public Library (TPL) increasing the level of cleaning which has resulted in higher costs. It is unclear at this time how much longer the higher level of cleaning will need to be in place and as a result, the janitorial services contract is being awarded in two parts: a “base contract” which is ongoing for up to five years; and an “enhanced cleaning” service, funded by the COVID-19 portion of the budget, which is being awarded for only a portion of 2022 and will need to be monitored along with public health directives.

The term of the proposed base cleaning contract is three years, April 1, 2022 to March 31, 2025, with the option for two one-year renewals, subject to satisfactory performance and at the sole discretion of the City Librarian, for a total potential commitment value of approximately \$18,679,69.06. The term of the enhanced COVID-19 cleaning contract is 3 months, April 1 to June 30, 2022, for a commitment value of approximately \$250,000.00. The combined total potential value of the award commitment is approximately \$18,929,691.06 [excluding Harmonized Sales Tax (HST)].

The proposed contract is based on new cleaning standards, which were recently adopted by the City, and positions TPL to join the City in a future joint procurement for cleaning services. The vendor is required to conform with the City’s fair wage policy.

RECOMMENDATIONS

The City Librarian recommends that the Toronto Public Library Board:

1. awards a contract to TBM Service Group for janitorial services for with a total commitment value of approximately \$18,929,691.06 [excluding Harmonized Sales Tax (HST)], comprised of:
 - a. a base contract with a potential commitment value of \$18,679,691 comprised of:
 - i) a three-year contract award with an estimated value of \$10,809,339.53 compromised of:
 - (i) April 1, 2022 to March 31, 2023 for \$3,476,458.83
 - (ii) April 1, 2023 to March 31, 2024 for \$3,601,611.35
 - (iii) April 1, 2024 to March 31, 2025 for \$3,731,269.36
 - ii) two optional one-year renewals, subject to satisfactory performance and at the sole discretion of the City Librarian, for a total potential commitment value of \$7,870,351.53, comprised of:
 - (i) April 1, 2025 to March 31, 2026 for \$3,865,595.05
 - (ii) April 1, 2026 to March 31, 2027 for \$4,004,756.48
 - b. enhanced COVID-19 cleaning services with a commitment value of up to \$250,000 for the period April 1 to June 30, 2022.

FINANCIAL IMPACT

Base Contract

The total commitment value for the Janitorial Services base contract three-year contract award is approximately \$10,809,339.53 (excluding HST), as shown below:

- Year 1 – \$3,476,458.83 (April 1, 2022 – March 31, 2023)
- Year 2 – \$3,601,611.35 (April 1, 2023 – March 31, 2024)
- Year 3 – \$3,731,269.36 (April 1, 2024 – March 31, 2025).

The cost of the optional renewal years is approximately \$7,870,351.53, as shown below:

- Year 4 – \$3,865,595.05 (April 1, 2025 – March 31, 2026)
- Year 5 – \$4,004,756.48 (April 1, 2026 – March 31, 2027)

The total potential value of the commitment for the janitorial services base contract over five years is \$18,679,691.06.

The first year of the proposed base contract represents an increase of \$433,543 or 14.2% over the current contract and is likely due to a number of factors including: changing cleaning services to conform to new standards which were recently adopted by the City;

higher labour costs partially related to an increase in the Ontario minimum wage on January 1, 2022; and general uncertainties in the labour market and supply chain caused by the pandemic.

Enhanced COVID-19 Cleaning

The cost of the contract for enhanced COVID-19 cleaning services is approximately \$250,000.00 for the period April 1- June 30, 2022, as the January 1 – March 31, 2022 portion, which amounted to approximately \$250,000.00, has already been approved by the Board. Enhanced cleaning will therefore be in place up to June 30, 2022 for a total cost of \$500,000.00. If public health directives remove the requirement for enhanced cleaning before June 30, 2022, the contract will be amended and the cleaning reduced. If, however, this higher level of cleaning continues to be required beyond June 2022, this will represent a COVID-19 budget pressure.

2022 Budget

For fiscal 2022, the total value of the Janitorial Services contract will be \$3,868, 073.12, and funding has been provided for in the approved 2022 operating base budget (\$3,368,073) and COVID-19 budget for janitorial (\$500,000). The 2022 cost is comprised of the last three months for the 15-month contract for January 1, 2021 to March 31, 2022 previously approved by the Board, plus the cost for the first nine months of the proposed contract, as follows:

2022 Janitorial Services Cost

	Base Contract	Enhanced Cleaning	Total
Jan 1 - Mar 31 2022 *	760,729.00	250,000.00	1,010,729.00
Apr 1 - Dec 31 2022	2,607,344.12		2,607,344.12
Apr 1 - Jun 30 2022		250,000.00	250,000.00
2022 janitorial cost	3,368,073.12	500,000.00	3,868,073.12

* approved at the October 20 2020 Board meeting

The Director, Finance & Treasurer has reviewed this financial impact statement and agrees with it.

ALIGNMENT WITH STRATEGIC PLAN

TPL's Strategic Plan (2020-2024) prioritizes providing Torontonians with an accessible,

welcoming, inclusive, and beautiful space. This contract will ensure our public spaces are regularly cleaned and sanitized so that TPL customers can enjoy well-maintained physical spaces where they can work, learn, relax and come together as a community.

EQUITY IMPACT STATEMENT

TPL's Strategic Plan aligns with the City's key strategies. The equity lens helps support and advance changes by providing quality, accessible & inclusive public spaces. TPL provides accessible and well-maintained spaces where everyone feels welcome and communities can thrive and grow together.

DECISION HISTORY

At the September 8, 2014 meeting, the Board approved an award of contract for Janitorial Services to Topnotch Building Maintenance Ltd., the highest scoring proponent in a Request for Proposal (RFP) process, for three years with a total value of approximately \$5,271,310, excluding HST. The contract started January 1, 2015, and ended December 31, 2018. The contract also provided the Board with an option for two one-year renewals.

<https://www.torontopubliclibrary.ca/content/about-the-library/pdfs/board/meetings/2014/sep08/14.pdf>

At October 23, 2017 meeting, the Board exercised its option to extend the Janitorial Services contract with Topnotch Building Maintenance Ltd. for first of two optional renewal years, January 1 to December 31, 2018, at a cost of \$2,264,338.

<https://www.torontopubliclibrary.ca/content/about-the-library/pdfs/board/meetings/2017/oct23/15-janitorial-services-extension-of-contract.pdf>

At the December 10, 2018 meeting, the Board was provided with information on the new city-wide real estate service delivery model in which a "whole city" approach will be taken to managing real estate and facilities, including all agencies and divisions. City-wide procurement of janitorial services is consistent with the new model and approach using [APPA](#) (formerly the Association of Physical Plant Administrators) standards. Library staff recommended that the Board exercise the final option year of the janitorial services contract in order to align with the City of Toronto's timeline to issue a joint RFP for janitorial services by the end of 2019. The Board exercised its option to extend the Janitorial Services contract with Topnotch Building Management Ltd. for the second renewal, January 1 to December 31, 2019, at a cost of \$2,559,031.

<https://www.torontopubliclibrary.ca/content/about-the-library/pdfs/board/meetings/2018/dec10/14-janitorial-services-extension-of-contract.pdf>

At the meeting on October 22, 2019, the Board was informed that throughout 2019, the Library contributed to the City of Toronto Facilities Management and Purchasing and

Materials Management divisions' efforts to define a new custodial standard that would also meet the needs of multiple city divisions. This work was continuing at the time with the Library assessing its requirements for adapting to the City's new cleaning service standards and gathering property level information. The City's procurement process, using the APPA cleaning service standards, was underway and expected to be complete in April 2020. The Board adopted a recommendation to extend the contract with TBM Service Group by one additional year, January to December 2020, at a cost of \$2,784,028 in order to provide TPL with the opportunity to learn from the City's procurement process for janitorial services. The City's procurement process was subsequently delayed due to COVID-19.

<https://www.torontopubliclibrary.ca/content/about-the-library/pdfs/board/meetings/2019/oct22/19-janitorial-services-contract-extension.pdf>

At the meeting on October 19, 2020, the Board was informed that due to disruptions caused by COVID-19, The City had not awarded their contracts for cleaning which was to be used to inform the TPL procurement process. Furthermore, the level of cleaning had been increased significantly at TPL in response to public health directives. The Board approve an award to TBM Service Group for a 15-month contract extension, January 1, 2021 to March 31, 2022, with a value of approximately \$5,053,645 (excluding HST) as shown below:

	2021 Year	2022 Jan - Mar	Total 15 months
Base Contract	3,042,916	760,729	3,803,645
Additional COVID-19 cleaning	1,000,000	250,000	1,250,000
	<u>4,042,916</u>	<u>1,010,729</u>	<u>5,053,645</u>

It was noted that the 2021 base contract for \$3,042,916 represented a 9.3% annualized increase of \$258,888 over the 2020 contract and the increase was likely do to the Provincially legislated wage increase, a cost of living adjustment, increased overhead costs and adjustments to cleaning due to regular operational reasons. For 2021, \$1,000,000 had been budgeted for the additional cleaning related to COVID-19 to respond to public health directives. These cost increases were included in the approved 2021 operating budget.

<https://www.torontopubliclibrary.ca/content/about-the-library/pdfs/board/meetings/2020/oct19/17-janitorial-services-contract-extension.pdf>

Throughout the first half of 2021, the City made a number of awards for janitorial services contracts for various divisions and agencies, for 3-year terms with two additional optional

one-year renewals.

COMMENTS

To facilitate a future joint procurement with the City for janitorial services, TPL needs to move to the APPA cleaning standard and also align with the City's contract management methodology. TPL hired a consultant in September of 2021 to assess the impacts for moving from the current method to the APPA standard and TPL used those findings to develop and issue an RFP for Janitorial Services. The current cleaning contract is based on the SIMS standard, which is based on industry benchmarked cleaning and management practices. APPA is an international organization that establishes industry standards for facilities management. The APPA standard is based on common area types and square footage of cleanable space, and TPL facilities staff will have better defined cleaning outcomes with which to monitor and manage performance, ultimately resulting in more consistent cleanliness in branches.

On October 22, 2021, the Library issued a public RFP (236-21) requiring cleaning which would be based on APPA standards. Four compliant proposals were received and evaluated according to the criteria listed in the RFP: credibility, capability, quality, and cost. TBM Service Group achieved the highest score in the evaluation process.

The cost for janitorial services has increased since the last multi year cleaning award for 2015-2018, and this is due to the following:

- A general focus on cleaner branches:
 - a. Added daytime cleaning at busier branches
 - b. More evening cleaning hours in certain branches;
 - c. The addition of cleaning supervisors;
- Changing to APPA cleaning standard which was recently adopted by the City;
- Higher labour costs partially related to an increase in the Ontario minimum wage on January 1 2018 (\$11.60 to \$14.00) and January 1 2022 (\$14.00 to \$15.00);
- General annual inflation;
- Additional square footage, or more public space created, through the capital program;
- Additional youth hubs and children's spaces;
- Sunday service added at 25 branches which also require cleaning;
- More open days during the week at certain branches;
- Covid-19 related enhanced cleaning to respond to public health directives;
- Recent general uncertainties in the labour market and supply chain caused by the

pandemic.

TBM has been TPL's janitorial service provider since 2014 and their performance has been satisfactory.

This award of contract provides for base janitorial services for up to 5 years, and enhanced cleaning services, in response to COVID-19 health directives, to June 30, 2022. The requirement for enhanced cleaning will continue to be monitored.

The vendor is required to conform with the City's fair wage policy.

CONCLUSION

This new contract with TBM Services Group will ensure that all TPL buildings are cleaned and maintained according to APPA standards and follow public health directives. With this award of contract, TPL will be aligned to partner with the City on a future joint procurement for janitorial services.

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SIGNATURE

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