

Janitorial Services – Extension of Contract

Date:	October 23, 2017
To:	Toronto Public Library Board
From:	City Librarian

SUMMARY

The purpose of this report is to seek Toronto Public Library (TPL) Board approval for a one-year extension of the TPL’s Janitorial Services contract with Topnotch Building Management Inc. (TBM) that expires on December 31, 2017. The recommended one-year extension includes a modest economic adjustment and a provision for a further increase if the Ontario provincial minimum wage rate is raised in 2018 to \$14.00 per hour. The total cost of the Janitorial Services contract for the one-year extension will be \$2,264,338, excluding applicable Harmonized Sales Tax (HST) and is included in the 2018 operating budget. If the provincial minimum wage is raised in 2018 the cost to the one-year extension will be an additional \$40,784.

RECOMMENDATIONS

The City Librarian recommends that the Toronto Public Library Board:

1. extends the Topnotch Building Maintenance contract for janitorial services for one additional year at a total increase in cost of \$2,264,338, excluding HST; and
2. authorizes an increase in the award of up to \$40,748 conditional on an increase in the provincial minimum wage of up to \$14.00 per hour following the passage of Bill 148, Ontario Fair Workplaces, Better Jobs Act, 2017.

FINANCIAL IMPACT

The proposed contract cost for the additional year is \$2,264,338 (excluding HST), which represents an increase of \$38,743 or 1.7%.

If Bill 148 Ontario Fair Workplaces, Better Jobs Act, 2017 is passed by the Ontario legislature, which includes the provision to increase the provincial minimum wage to \$14.00 per hour, this would increase the cost of the one-year contract extension by \$40,784, for a revised total contract cost of \$2,305,122 (excluding HST).

The cost for the contract is included in the 2018 operating budget, and the City has been informed on the potential economic impacts of the province's proposal to increase the minimum wage.

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

DECISION HISTORY

The RFP for Janitorial Services was awarded to TBM at the September 8, 2014 Board meeting for the three-year contract term expiring on December 31, 2017. TBM's submission did include the option for two additional one-year extensions of the contract, subject to the agreement of both parties, though this was not presented to the Board at that time.

ISSUE BACKGROUND

TBM performance over the first three years of the RFP contract term is satisfactory. Facilities Management staff have worked with TBM to introduce greater oversight and improved performance over the term of the current agreement and this has resulted in a decrease of complaints about the quality of janitorial services.

Effective August 1, 2017, the City of Toronto's Fair Wage Office posted a new Fair Wage schedule which was approved by City Council. The City of Toronto Fair Wage schedule for cleaning contractors does not reflect the new, proposed increases in the provincial minimum wage scheduled for 2018 and 2019. The City's Fair Wage Office confirmed that the Fair Wage schedule is not anticipated to exceed the provincial minimum wage in 2018 for cleaning contractors; therefore, the provincial minimum wage will supersede the City's Fair Wage schedule.

On May 30, 2017, the Ontario Ministry of Labour announced new legislation, Bill 148, the Ontario Fair Workplaces, Better Jobs Act, 2017, which if passed by the legislature will result in two increases in Ontario's minimum wage over a two-year period. Currently, two increases in minimum wages have been proposed:

- 1) January 1, 2018 – Minimum Wage = \$14 per hour
- 2) January 1, 2019 – Minimum Wage = \$15 per hour.

COMMENTS

Library staff are recommending to extend the contract by one year given there is uncertainty in the marketplace because of the pending minimum wage legislation. If the Library were to issue an RFP for a new contract in 2018, it will not receive optimal, competitive pricing because of the uncertainty that surrounds the provincial minimum wage rates. By seeking a one-year contract extension that includes a modest 1.7% economic adjustment and includes a separate provision for the impact of the proposed minimum wage increase, the Library is mitigating the impact of the uncertainty in the marketplace. TPL will issue an RFP in 2018

following the decision regarding Bill 148. At that time, any new minimum wage rate will be finalized and the market will have absorbed the impacts of any changes.

The RFP is expected to be issued in July 2018 and awarded and approved by the Library Board by the fall of 2018, with a new contract start date of January 1, 2019.

Because the dollar value of the proposed contract extension exceeds the City Librarian's authority, Board approval is being sought.

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SIGNATURE

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