



**STAFF REPORT
ACTION REQUIRED**

Council-Directed Follow Up to CD10.2 – the Social Impact of Lower Wage Jobs

Date:	March 14, 2012
To:	Government Management Committee
From:	Deputy City Manager Cluster A
Wards:	All
Reference Number:	

SUMMARY

This report provides the additional information related to CD10.2, *The Social Impact of Lower Wage Jobs*, that was requested by Council at its Meeting of March 5 and 6, 2012.

RECOMMENDATIONS

The Deputy City Manager, Cluster A recommends:

1. Government Management Committee receive this report for information.

Financial Impact

There is no financial impact associated with this report.

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

DECISION HISTORY

At its meeting on March 5 and 6, 2012, Council considered CD10.2, *The Social Impact of Lower Wage Jobs*, and adopted the following: "City Council request the Deputy City Manager, Cluster A to summarize and examine the issues raised in deputations on this item and forward this and other related information to the Government Management Committee for consideration at its meeting on March 28, 2012, including the key terms and conditions, staffing changes and security protocol in the Impact Cleaning custodial contract for Police Stations, and the evaluation process used in the award of this contract."

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2012.CD10.2>

ISSUE BACKGROUND

The Community Development and Recreation Committee (CDRC) considered the report titled *The Social Impact of Lower Wage Jobs* at its February 22, 2012 meeting. This report was requested by the Committee in response to a letter from Councillor Ana Bailão, Ward 18 Davenport, titled "Request for a Study of the Social Impacts of Lower Wage Jobs," which raised questions about the impact that the contracting out of City cleaning jobs would have on the displaced workers, their families and their communities.

In its consideration of *The Social Impact of Lower Wage Jobs* report and the deputations and submissions on this item, the Committee identified a number of issues that were more appropriate for consideration by the Government Management Committee (GMC). The Committee recommended that Council forward the report to GMC, along with a summary of the deputations and submissions made to the Committee.

At its meeting on March 5 – 6, 2012, Council amended the Committee's recommendation, and directed that *The Social Impact of Lower Wage Jobs* be forwarded to GMC along with a summary of the deputations and submissions to CDRC, and additional information related to the process for contracting out cleaning in police stations.

COMMENTS

Community Development and Recreation Committee Deputations and Submissions

A total of 12 submissions were made to the Community Development and Recreation Committee:

1. Richard Florida (Director), Kevin Stolarick (Research Director) and James Milway (Executive Director) of the Martin Prosperity Institute submitted a letter addressed to the Committee;
2. One hundred academics submitted a letter addressed to Mayor Ford and City Council;
3. John Stapleton submitted a copy of the Metcalf Foundation's Summary Report *The Working Poor in the Toronto Region – Who they are, where they live, and how trends are changing*, and gave a presentation of the report's key findings;
4. Winnie Ng, Canadian Auto Workers Sam Gindin Chair in Social Justice & Democracy at Ryerson University made a deputation;
5. John Doherty, business owner in Parkdale, made a deputation;
6. Dr. Peter H. Sawchuck, Associate Professor, Ontario Institute for Studies in Education, University of Toronto, made a deputation and submitted his deputation in writing;
7. Robert Dryden, Economist commissioned by the Canadian Centre for Policy Alternatives, made a deputation;
8. Fred Shilson, a cleaner with the City of Toronto, made a deputation;

9. Valerie Hyman, member of Congregation Darchei Noam, made a deputation;
10. Dr. Tania Das Gupta, Department of Equity Studies, Cross Appointed to the Department of Sociology at York University, made a deputation and submitted her deputation in writing;
11. Rachel Rocca, former cleaner with the Toronto Community Housing Corporation, made a deputation;
12. Ritch Whyman, Organizer with the Service Employees International Union (SEIU) Local 2 and member of the Justice for Janitors Campaign, made a deputation on behalf of Mr. Naser El-Sanadali and submitted information prepared by the SEIU's Legal Counsel.

Appendix A provides a summary of each of the written submissions and deputations.

These submissions and deputations reiterated the changing nature of employment that was described in the *Social Impact of Lower Wage Jobs*: manufacturing class jobs, which once provided middle income wages to almost half of the Toronto workforce, have largely disappeared. Work is now largely divided into well-paying creative class jobs, which provide a good income and a degree of professional autonomy, and service class jobs, which provide low wages and precarious employment. Several submissions also noted that marginalised groups, including women, recent immigrants, and racialized communities, are over-represented in the service class, and that even within this class, they often earn less than the class average.

Additional comments offered in deputations and submissions fell into four broad categories: the Cleaning Industry, Policy Options, Assessing Short and Long Term Costs, and Council Leadership.

Cleaning Industry:

Several deputations and submissions noted that cleaning is demanding, dirty, sometimes dangerous and often invisible work that is critical to the health and safety of residents of Toronto, including vulnerable populations such as children in daycares, residents of social housing, and residents of long term care homes. Deputants noted that this work requires good quality training to be performed safely and effectively, and that cleaners deserve a fair wage for their significant efforts to maintain the health and wellbeing of others.

In contrast, deputations and submissions noted that the conditions workers often experience in the cleaning service sector do not reflect the importance, responsibility or hazards of their work. Poor working conditions, long hours, multiple jobs, average wages of \$12 per hour, and a lack of benefits were described as common practices in the industry. Additional examples of subcontracting schemes that allow companies to avoid legally required payments to workers and to government programs were also cited.

Policy Options:

A number of deputations and submissions proposed that the cleaning industry could offer much better quality jobs than it does now, and that poor quality jobs in the broader service sector were not inevitable. They noted that manufacturing class jobs were not always of good quality; instead, they had been transformed over time to safe, good quality jobs that paid living wages through concerted policy action.

On this issue, deputants encouraged the City to work with governments and other partners to transform service class jobs so that they provide the same kinds of opportunities for residents as manufacturing jobs once did. One submission also noted that improving service class jobs was already possible, and that the companies that had encouraged their service class workers to redesign their jobs had developed a more engaged workforce, identified significant innovations, and reduced overall costs.

Assessing Short and Long Term Costs:

On the issue of assessing short and long term costs, several submissions and deputations noted that while contracting out cleaning jobs might reduce the City's costs in one or more program areas in the short term, it would lead to increased costs in other City program areas (such as Ontario Works) in the longer term, and increase costs for other government programs (such as health care). Deputations and submissions also noted that the loss of these jobs would remove dollars from the local economy and impact small businesses, and that the human cost of contracting out, although not quantifiable, would be immediate and would include rising stress and suffering, increasing poverty, and fewer opportunities to participate fully in the life of the city for displaced workers and their families.

Council Leadership:

The majority of the deputations and submissions asserted that City Council had an important leadership role to play in the area of quality jobs. By offering good quality cleaning jobs, the City has set an example for others, even if the number of jobs provided by the City is small in comparison with the overall population of Toronto. These jobs provide a benchmark that other employers can work towards, and demonstrate that good quality service class jobs are possible.

Other deputations and submissions noted that the City's elimination of good quality service class jobs was contrary to CDRC's social cohesion mandate, worked against the aims of the Toronto Strong Neighbourhoods Strategy 2020 (which was also before the Committee at the same meeting), and other City goals and objectives.

Finally, some deputations and submissions questioned whether City Council had fully debated the issue of privatization and contracting out. Deputants noted that City staff had recently awarded the contract for the cleaning of police stations to Impact Cleaning Services, a company which had previously violated the City's Fair Wage Policy.

Deputants encouraged Council to ensure decision about the contracting out of City jobs were made by Council, and not by City staff.

Purchasing Process and Contract Terms for Custodial Services

At its meeting of March 5 – 6, 2012, Council also directed the Deputy City Manager to report back on "key terms and conditions, staffing changes and security protocol in the Impact Cleaning custodial contract for Police Stations, and the evaluation process used in the award of this contract."

This section of the report describes the full evaluation process used in the award of RFP 0203-11-0056, *Contractor for the Provision of Custodial Services at 25 Toronto Police Services (TPS) Stations*. The key terms and conditions, staffing changes, and security protocol for this award are provided in Appendix B of this report.

Request for Proposal Process Design:

The Request for Proposal process used to contract for custodial services in select Toronto Police Services locations followed the City's Purchasing By-Law, and included optional elements to ensure the fairest and most transparent process provided for by the City.

The design of the RFP process began in January 2011, when Toronto Police Service (TPS) asked Facilities Management (FM) to investigate whether cost savings could be achieved by contracting out custodial services in TPS buildings. FM staff conducted a cost benefit analysis and determined that there would be cost savings to the TPS if the cleaning of Police Service buildings was contracted out.

FM staff met with members of the TPS to develop and execute a Request for Proposal (RFP 0203-11-0056) to select a qualified and experienced custodian services vendor to provide afternoon-shift cleaning services in 25 TPS locations, with the potential to add and delete locations. TPS reviewed a draft copy of the RFP before it was finalized and the RFP was issued by Purchasing and Materials Management Division (PMMD) on December 5, 2011, and made available for download in PDF on the City's internet website. A total of four addenda were issued to address questions from the potential proponents before the RFP closing date on January 16, 2012.

The RFP proposed a contract term from March 5, 2012 – March 4, 2013, with the option to renew for two additional and separate two year periods (March 5, 2013 – March 4, 2015, and March 5, 2015 – March 4, 2017). Both contract renewals are subject to City of Toronto Budget availability and approval, and are at the discretion of the Chief Corporate Officer. The Chief Corporate Officer makes this decision in part based on a comparison of the market price for the goods and services provided for in the contract with those offered by the contractor at the time the renewal option is being considered.

To ensure a contractor was chosen based first on the merits of the technical proposal, and then on the cost of services, a "two envelope" model was used for the RFP. Under this

model, the first envelope contains the proponent's Technical Proposal, which details how they intend to provide the required services, and the second envelope contains the proponent's proposed costing for the services. Proponents must achieve a minimum technical score of 75% (or 56 points out of a possible 75) on their Technical Proposal that they provide in the first envelope before the second envelope is opened and the Cost of Services Proposal is considered. The Cost of Services envelope is opened for all proponents by PMMD following the RFP closing to ensure compliance with the requirements of the RFP, but it is not provided to the evaluation team for the RFP until technical evaluations have been completed. The evaluation team does not receive the Cost of Services proposal for proponents that do not achieve a minimum of 75% (56 points) on their Technical Proposal.

As required under the City's purchasing process, the evaluation process and criteria were provided in the RFP. A three-stage evaluation process was defined:

- In Stage 1, compliance with mandatory RFP submission requirements was evaluated on a pass/fail basis;
- In Stage 2, up to 75 points were awarded to the proponents' Technical Proposal as follows:
 - Proponent Profile (10 points);
 - Experience and Qualifications (10 points);
 - Proposed Staff Team and resources (20 points);
 - Proposed Services and Operation (20 points);
 - Work Plan and deliverables (10 points); and
 - Labour dispute and Emergency Planning (5 points)
- In Stage 3, if the proponents achieved 75% of 75 points, their Cost of Services proposal would be opened and evaluated out of 25 points. A total of 25 points is awarded to the lowest Cost of Services, and higher Cost of Services are assigned points based on a ratio.

Under the terms of the RFP, proposals must pass both Stages 1 and 2 before they proceed to Stage 3. In Stage 3, the proponent with the highest Total Score for both the Cost of Services and Technical Proposal (Stage 2 and 3) is ranked first. In the event of a tie Total Score, the proponent achieving the highest score for its Technical Proposal (Stage 2) would be ranked first overall.

Because of the complexity of this procurement process and the likelihood that the process would be scrutinized, Knowles Consulting Services Inc. was retained to provide a Fairness Monitor. The Fairness Monitor:

- participated in the validation of the procurement process;
- participated in the site visits to TPS locations;
- reviewed the proposed evaluation materials and evaluation process;

- attended the evaluation consensus meeting and monitors the process; and
- submitted a report of their findings regarding the fairness and transparency of the RFP procurement process.

Request for Proposal Evaluation Process:

By the January 16, 2012 closing date, PMMD had received a total of four responses to the RFP, two of which were "no bid" responses. The other two responses were submitted by Impact Cleaning Services Ltd. ("Impact") and Kleenway Building Maintenance ("Kleenway").

A four person Evaluation Committee was established for the process, comprised of the Manager of Custodial Services (City of Toronto), the Supervisor of Custodial Services (TPS), the Supervisor of Custodial Services (Union Station), and a Senior Systems Integrator (Information and Technology Division, City of Toronto). The Committee scored the two proposals received from Impact and Kleenway using the evaluation process and scoring system provided in the RFP.

PMMD completed the Stage 1 evaluation of the proposals to determine whether the two proposals submitted had met the RFP's mandatory submission requirements on a pass/fail basis. PMMD determined that the proposals submitted by Impact and Kleenway were both in compliance with the Stage 1 requirements, and could move to Stage 2 of the evaluation process.

The Evaluation Committee reviewed the Technical Proposals of both proponents, with evaluators first scoring each Proposal individually before discussing their scores to arrive at a unanimous agreement on a line by line basis. As a result of this process, the Committee determined that only Impact's Technical Proposal met the minimum of 75% (or 56 points) score required in the RFP to proceed to Stage 3.

As required in Stage 2, reference checks were completed, and the three references provided by Impact all provided positive feedback and did not raise any issues. One of the references hired Impact to clean two separate offices which are both highly secured locations with a high profile and international presence. In these two locations, criminal records checks were conducted on the staff of Impact and were favourable.

The entire procurement and evaluation process was overseen by the Fairness Monitor. The Fairness Monitor issued a report in support of the procurement process and certified that the RFP procurement process was conducted in a fair, open and transparent manner and that the proponents received consistent treatment.

Fair Wage Policy Review:

The Fair Wage Office reviews all successful proposals before an award is made to ensure they comply with the City's Fair Wage Policy. It should be noted that the City's Fair Wage Rates Schedules have not been updated for almost a decade, and so some rates in

the Schedule are currently at or below the Provincial minimum wage. In cases where Schedule rates are below the minimum wage, contractors with the City must still meet Provincial minimum wage requirements. The Fair Wage Office review of the Cost of Services Proposal provided by Impact found that the proposed wage rates, including vacation pay, were in excess of both the minimum wage and the Fair Wage requirements.

References made in depositions and submissions to CDRC at their February 22, 2011 meeting regarding Fair Wage Policy violations by Impact based on their pre-2009 practices were addressed by the City and by Impact in 2009. As a result of the prior practices of Impact, there was a determination of non-compliance with the Fair Wage Policy for 2009.¹ Since Impact only had one instance of non-compliance, they were not precluded from bidding on other City contracts.

The current contract has the following constraints, which should preclude any concerns raised in the circumstances referred to above which occurred prior to 2010:

Sub-contracting any work without the express permission of the City is not permitted. Sub-contracting shall be deemed to include Self-Employed individuals of the proponent.

RFP Award:

All awards with a value in excess of \$500,000 but less than \$20 million must be approved by the City's Bid Committee. At its meeting of February 8, 2012, the Bid Committee awarded the contract for RFP 0203-11-0056 to Impact Cleaning Services for a one year term of \$1,863,400.47 net of all applicable taxes and charges, with two additional two-year options of \$3,819,970.96 and \$3,915,470.22 net of all applicable taxes and charges, respectively. The total extended contract value is \$9,767,781.26 net of HST including all option year renewals, but excluding a contingency amount of \$32,796.00.

¹ The complete history of the Fair Wage Office investigation and resolution of the determination that Impact Cleaning Services was in violation of the City's Fair Wage Policy can be found in the following Council documents:

GM 32.23: *Contracting Out of the Night Shift Cleaners at Union Station.* Considered and adopted by Government Management Committee on June 17, 2010; and,

GM33.39: *Night Shift Cleaning Services - Fair Wage Practice Follow-up.* Considered by Government Management Committee on August 12, 2010.

GM33.40: *Fair Wage Office - 2009 Annual Report.* Considered by Government Management Committee on August 12, 2010

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ATTACHMENTS

Appendix A – Summary of Deputations and Submissions
Appendix B – Key Terms and Conditions, Security Protocol, and Staffing Changes,
Impact Cleaning Custodial Contract for Toronto Police Services (TPS) Stations

APPENDIX A – SUMMARY OF DEPUTATIONS AND SUBMISSIONS

1. Richard Florida (Director), Kevin Stolarick (Research Director) and James Milway (Executive Director) of the Martin Prosperity Institute submitted a letter addressed to the Committee.

In its letter to the Committee, the Martin Prosperity Institute notes that working class jobs, which once provided high-wage, low skilled jobs with enough income to support a family, have been greatly reduced in numbers. The labour market is now split in two categories: "creative class" jobs that depend on a combination of analytical and social intelligence skills, and lower wage, routine oriented "service class" jobs.

The Institute's research shows that service class now comprises the largest share of the Toronto workforce, employing 1.1 million workers, of 45.3% of the Toronto workforce. Service class workers earn \$46,129 a year full time compared with \$75,199 for the creative class. Service class work is concentrated among "at-risk" groups, including recent immigrants, high school drop outs, aboriginals and lone parents. These groups earn less than the average service class workers, with immigrants earning 65% of average, and lone parents 77% of average.

The Institute believes that broadly shared prosperity can only be created by upgrading service class jobs, and urges the City and other leader to work with private and public sector to transform these jobs into family-supporting middle class ones. The letter notes that systematic policies transformed manufacturing jobs from dirty, dangerous, low paid jobs to better paying family-supporting jobs. To transform service class jobs, employers must tap into the innovative and creative potential of service class workers and fully engage them in their work. Companies that have engaged these workers in the design of their jobs have found them to be a source of innovation and cost savings. Unless the creative potential of the Toronto's workforce is tapped, the City will face significant challenges in furthering the wellbeing of its population.

The Institute believes that the City's opportunity lies not in the immediate cost savings that may be afforded by contracting out, but in the longer term gains that come from tapping the creative potential of those who actually perform the work. As an employer, the City should be doing all it can to enhance the creative component of all its jobs.

2. One hundred academics submitted a letter addressed to Mayor Ford and City Council.

This letter endorses the *Justice and Dignity for Cleaners Campaign*, which aims to keep cleaning services in public institutions public. The letter notes that cleaning jobs are a major source of employment for newcomers, older immigrant workers and racialized people, and that privatizing these jobs deprives workers of secure jobs and stable incomes.

The letter's authors describe methods that can be used by private sector cleaning companies to bypass the Employment Standards Act (ESA). In some instances, companies may classify workers as "independent contractors" so that the provisions of

the ESA do not apply. In these circumstances, individual cleaners may work below minimum wage, without vacation and public holiday pay. This method of classifying employees as contractors led to findings by the City's Fair Wage Office that the payment of wages by a private contractor was well below the minimum to immigrant workers at Union Station.

The letter notes that the Toronto Community Foundation's Vital Signs 2011 Report identifies overcoming the widening income gap between the rich and poor as the city's biggest challenge. According to Vital Signs, the poverty rate rose 22% in the Toronto Region in one year, and the child poverty report went up more than 43%. The Vital Signs report was one of many studies that point to the shrinking middle class growth of low-income neighbourhoods in Toronto.

The letter's authors believe that turning good jobs into low wage jobs will deepen the current job crisis. Noting that women and long-time immigrant workers are over-represented in precarious employment, the authors assert that deficit reduction should not be done on the backs of those who can most ill-afford to lose their employment.

Finally, the letter notes that Toronto Region has lost tens of thousands of manufacturing jobs, but that the service sector is a source of potential good employment. It calls on the City to lead by example, and to strive to build a liveable city with opportunities for growth and dignity for all. The authors believe that if the City does not take show the necessary leadership, residents of Toronto will have to pay for the human costs of short-sighted cost-cutting strategies in the coming decades.

3. John Stapleton submitted a copy of the Metcalf Foundation's Summary Report *The Working Poor in the Toronto Region – Who they are, where they live, and how trends are changing*, and gave a presentation of the report's key findings.

Metcalf's report outlines how employment may no longer act as a guaranteed path out of poverty and highlight that an increasing number of people in the Toronto region are both living working and living in poverty. This is especially problematic in a high-cost area such as Toronto, where working incomes are not enough to purchase basic household items such as clothing, food and transportation, especially considering the high-cost of housing.

The report identifies the working poor as persons with non-trivial earnings who live in a household with a low-income. Using Statistics Canada data, Metcalf researchers defined the working poor as follows:

- has an after-tax income below the Low Income Measure (LIM);²
- has earnings of at least \$3,000 a year;
- is between the ages of 18 and 64;
- is not a student; and

² The LIM threshold is set at 50% of the median income for the entire Canadian population for that year.

- lives independently.

Metcalf found that in 2005 there were 113,000 persons who met this definition in the Toronto region. This was an increase of 42% from 2000. In the City of Toronto 70,700 persons met this definition in 2005. Most of the working poor were clustered in the inner suburbs and the south-western corner of the city, and few live in the city's core. Working poverty is more prevalent east of Yonge Street where more census tracts had 15% or more of their population classified as working poor.

Key features of the working poor:

- They are concentrated in sales and service occupations: Close to one third of those classified as working poor in Toronto work in sales and services; this compares to one-fifth of all working-age individuals.
- They work as long as the average working-age person: Those classified as working poor worked a similar number of weeks and hours as an average working-age person. However, the working poor have more sources of income, signalling they may be working multiple jobs.
- They are more likely to be single: Only 64% of those classified as working poor are married or living with a common law partner; for the entire working-age population this figure is 78%.
- They are more likely to be an immigrant: 73% of those classified as working poor are immigrants in the Toronto CMA; this compares to 57% of the working-age population of the CMA as a whole.
- They have a comparable level of education to an average working-age person: 48% of those classified as working poor have a high school education and 52% have some higher education; this compares to 43% and 57% of the working age population as a whole.
- They are less likely to own their home: Only 44% of those classified as working poor own their homes in the Toronto CMA; this compares to 74% of the working-age population as a whole.
- They are younger: Those classified as working poor are over-represented amongst younger age groups. 12% of the working poor and between 18 and 29 years old; this compares to 8% of the working-age population as a whole.

Metcalf notes that understanding the change in the working poor population is complicated. In areas that have a declining number of working poor this may be because fewer people are working in general.

The Metcalf foundation identified the following areas as being in need of further research:

- Working poverty and the income security system: Metcalf notes that while there are programs to help the elderly and children who are at risk of poverty, these programs do not help the working poor. They suggest this may become a larger problem as the

proportion of retired people increases and a greater burden falls upon the working-age population.

- The labour market and working poverty: Metcalf identifies that we need to understand more about the labour market's relationship with working poverty. They suggest that the current focus on charting economic growth overlooks many factors that relate to working poverty, such as wage inequality and part-time and precarious jobs.
 - Education and working poverty: The high education rates amongst the working poor raise questions about the economic returns of education and whether an education is always a ladder for opportunity.
 - What other groups are likely to be working poor: Metcalf raises questions about whether gender, immigration status and racialization are related to working poverty.
4. Winnie Ng, Canadian Auto Workers Sam Gindin Chair in Social Justice & Democracy at Ryerson University made a deputation.

Ms. Ng introduced herself as the co-chair of the *Good Jobs For All* campaign, a coalition that believes Toronto will thrive only when there are good jobs for everyone. One of the coalition's initiatives is the *Justice and Dignity for Cleaners Campaign*, which aims to keep City cleaning jobs in the public sector. The *Campaign* has released a letter signed by 100 academics in support of the City maintaining its existing 1,000 cleaning jobs. (See item 2, above).

Ms. Ng stated that the city already has too many poverty jobs. She noted that the Metcalf report (see item 3, above) found a 42% increase in poverty during period to 2005, a time when the economy was strong. The economy has weakened since then, and the situation may have worsened.

Ms. Ng noted that taking good jobs from neighbourhoods and communities will destabilize them. She questioned why deficit reduction was taking place on backs of those who just earning a living wage, and noted that because most cleaning is at night and the workers are invisible, it is easier to get rid of them. This is a situation that is fundamentally unfair, and she quoted a cleaner who had said "just because I pick up dirt, doesn't mean I have to be treated like dirt." She called on the City to investigate the impact of these cuts on women and ethno-racial communities, and said she could not support a City that is part of the race to the bottom or that creates "bad jobs for all."

Ms. Ng noted that cleaning has historically been an occupation that provides a stable income for women and new immigrants. Many of the City's cleaners formerly worked in the private sector, and their City cleaning job has provided them with a stable income and allowed them to hold one job rather than two or three. She cited examples of situations in which contracted cleaners in the private sector make barely minimum wage, and noted that even in a unionized environment, cleaners rarely make more than \$14 per hour. Since cleaning companies often contract out the contracts they win, many workers are classified as self-employed contractors and are not entitled to any benefits. Companies

may also hire undocumented workers and pay them "under the table" to reduced their costs, and the City's contracting out may foster this practice.

Ms. Ng proposed that City Council, and not the City's management, should be deciding whether services are contracted out. She believes that contracting out at the City will be more common, and that Council's decision making responsibility in this area has been taken away. She noted that City management had just awarded a contract for the cleaning of police stations to Impact Cleaning Services, which she said had been found guilty of violating employment practices, hiring undocumented workers, and paying beneath minimum wage.

Ms. Ng believes that the City may incur additional costs as a result of contracting out, and encouraged Councillors to study what the actual cost savings might be if the contracted cleaning was not done or monitored effectively, and to consider the ripple effect on child care centres and long term care facilities. She encouraged Council not create another layer of poor subcontractors who don't have recourse, and to make sure these job cuts do not affect neighbourhoods or City facilities. She noted that Council decisions have a ripple effect because others look to the City for leadership, and others will follow suit to create decent work if the City does.

5. John Doherty, business owner in Parkdale, made a deputation.

Mr. Doherty introduced himself as someone who had owned several businesses in the Parkdale areas for the past 11 years. He has been active in the Parkdale Business Improvement Area for the past seven years, and is also active in local community organizations, the local school and the arts community.

Mr. Doherty appeared before the Committee to request that the City stop contracting out jobs such as cleaning positions. He asked that the City maintain these kinds of jobs which allow workers to raise a family, send their children to university, college or training, and participate in their neighbourhoods. He noted that the contracting out of these jobs will result in slashed wages for the workers, and that this will hurt the very families and communities that make the city liveable.

Mr. Doherty noted that, like many neighbourhoods, Parkdale has a mixed income population comprised of professionals, artists, service workers, and the unemployed. Because Parkdale businesses are not "destination" businesses, local business owners count on people like the cleaners who live in the neighbourhood to support them. Parkdale business owners are aware of this relationship with the neighbourhood residents, and for this reason, many have supported increases to the minimum wage. These increases put money in the hands of people who needed it most, and they in turn spend it in the local community, where it affects all local businesses in a positive way.

Mr. Doherty noted that Parkdale is already impacted by low wages, and is one of the areas identified in the Metcalf report as a home to many of the working poor (see item 2). Because of these low wages, community members recently started a universal snack

program at the local collegiate because too many student too hungry to learn because they have not had a proper meal.

Mr. Doherty noted that a cut in cleaners' wages will add to the City's current woes. He described the growing wage disparity as an urgent issue for everyone, and noted that concentrated wealth is having a detrimental effect on neighbourhoods and businesses. He believes society has an important choice to make: will we preserve good jobs for a small number of people or will we ensure that there are good jobs for everyone and do our part to protect the ones we have.

6. Dr. Peter H. Sawchuck, Associate Professor, Ontario Institute for Studies in Education, University of Toronto, made a deputation and submitted his deputation in writing.

In his submission, Dr. Sawchuck asserts that the City's proposal to outsource employment such as cleaning service jobs works against the CDR Committee's mandate to build social cohesion and to strengthen services to communities and neighbourhoods. It also runs against the directions proposed by the Toronto Strong Neighbourhoods Strategy 2020, which was also before the Committee. In effect, by trying to save money in one area, the City will incur costs elsewhere in its services and initiatives.

Dr. Sawchuck's submission describes findings of the research he is currently undertaking with the Anti-Poverty Community Organizing and Learning. The research is intended to contribute to the body of work on growing poverty and social dislocation in Toronto, concentrated poverty in low income neighbourhoods, and the effects of poverty on new immigrants and people of colour. He highlighted the following findings from his work, which is comprised of eight intensive case studies:

- 46% of respondents have incomes of less than \$29,000 a year and 70% of are either unemployed, working part time, or working more than two jobs to keep afloat. These figures are consistent with existing research.
- 75% of respondents believe their problems are not just personal ones, but that they are rooted in their neighbourhood, their social institutions and in services. They understand that the problems are structural and political, and identify the lack of good jobs is a major issue.
- 25% of respondents identified poor quality employment, underemployment, or needing multiple jobs as the key issue, and an additional 25% cited the lack of jobs within a commutable distance from their homes as a problem.
- 50% of respondents are not planning to stay in their neighbourhood. These results suggest a more transient population is being created that will make sustainable economic development virtually impossible.

Dr. Sawchuck noted that good jobs are a community resource: they increase local buying power in communities and support small businesses, allow for role modelling in households, families, and communities, and access to a good job can completely turn around an individual's life. He believes that the City has a role to play in contributing to

the stock of good jobs, and notes that eliminating them has an immediate human cost, creating anxiety, suffering and dislocation among affected workers, their families and their communities.

Dr. Sawchuck cited the important role that good quality cleaning jobs had played in his own life. He began his working life as a cleaner, and used the income to help maintain his family household, pay for his university education, and support his participation in recreational and other opportunities.

7. Robert Dryden, Economist commissioned by the Canadian Centre for Policy Alternatives to report on Toronto's cleaners, made a deputation.

Mr. Dryden presented the highlights of the research he has conducted for the Canadian Centre for Policy Alternatives (CCPA) to the Committee. He noted that the issue of contracting out cleaning services is more complex than it might at first appear, and described his findings in three areas: fair wages, hidden costs, and the longer term costs of privatization.

Using 2006 census data, Mr. Dryden found that the City employs approximately 1,100 cleaners who earn an average of \$18.80 – \$24.50 per hour depending on their training, experience and the work they do. Other CCPA research has shown that, to participate in the economic and social life of Toronto, a family of four needs two full-time workers each earning \$16.60 per hour with a minimal benefits package. While the City's wages are above this minimum, the average cleaning industry wage of \$12 per hour without benefits is well below.

Mr. Dryden's research has found that in general, privatization leads to lower quality services because of the low wages, long hours, and poor working environment private sector cleaners offer their employees. These working conditions lead to high turnover and negative health and safety outcomes, increased health care claims, a loss of productivity due to absenteeism, poor work environments, cuts to equipment and materials, stagnant wages, and misclassified workers. As a result of these practices and conditions, private sector cleaners cannot provide same quality work as can public sector cleaners.

Mr. Dryden's research has highlighted that the longer term costs of privatization may exceed the short term savings. Using Income and Labour Dynamics data, he found that the average social assistance benefit collected annually by cleaners from the private sector was \$1,035, while the average collected by public cleaners was \$246. By privatizing its cleaning jobs, the City could see social assistance claims rise by \$1.138 million annually.

Mr. Dryden's research has also found that the displaced workers incur significant retraining costs, and these are higher for older workers. Displacing workers may also result in an increase in Toronto's unemployment rate, which is already among the highest in Canada, financial distress for families, and increased inequality in the city.

Mr. Dryden encourages the Committee to re-examine the issue of privatization from a financial, moral, and social perspective. He noted that the quality of jobs is eroding, the number of working poor increasing, and the level of inequality in society increasing. Under these conditions, he believes it is misguided to pursue policy that is poverty inducing for marginal financial and political gains in short term.

8. Fred Shilson, a cleaner with the City of Toronto, made a deputation.

Mr. Shilson introduced himself as a cleaner with the City who also lives in Toronto. He noted that, like other young City workers, he works hard at his job so that he can become financially secure and build a career with the City. His work with the City allows him to pay his rent, pay off his student loan, and to help his girlfriend go to school full time.

Mr. Shilson gave a video presentation that included comments from three other City cleaners: Bert, "Henry"³ and Victoria.

Bert has been a cleaner with the City for six years, and has worked in the cleaning industry for 16 years. His job with the City is important to his family and his community, and he noted that if it is contracted out, it will impact his family and coworkers, all of whom will have to find two or three jobs elsewhere to support themselves. This will put an extra strain on their communities, may burden the welfare system, and will be detrimental to the City. He noted that although contracting out may look good on paper, this might not be the case in reality.

"Henry" has worked for the City for 21 years. As a worker who is soon to turn 55, he believes that he won't get hired elsewhere. He noted that his wife has a disability and needs medication. If he loses his job with the City, he doesn't know what would happen to her.

Victoria has been a cleaner for 10 years, and cleans police facilities for the City. She described her work as general cleaning, but noted that the cleaners do extra things for different buildings. The station she works in has 24 cells to clean, each of which must be decontaminated. She works to address health and safety issues, and is responsible for the general maintenance and functioning of building, including scheduling maintenance of fire equipment, generators, and elevators. Cleaners receive significant training, and are responsible for the entire building and the people who use it. She felt that if she lost her job with the City, she would suffer financial stress, and that it would be difficult to find another job at 45 years of age. She noted that this job had helped her support her two children, and that it was nice to think that other single parents could support their kids and have family time without living in poverty. She concluded that everyone who works a full day deserves a fair wage.

³ The name of the second City of Toronto staff cleaner appearing in Mr. Shilson's video presentation is not clear enough to be transcribed. "Henry" has been used in place of this staff person's actual name.

Mr. Shilson noted that many of his coworkers are scared about the contracting out of their jobs. Many are either new immigrants without a Canadian education or over the age of 40 and believe it will be hard for them to find work. He believes it will be easier for him to find a different job because he is younger than his coworkers and has been schooled in Canada.

Mr. Shilson noted that City has cleaning standards that need to met – for example, he is very practiced in performing fire safety checks – and that cleaners take their jobs seriously and work hard because they don't want to put others at risk, and try to prevent accidents before they happen. He noted that City cleaners have health and safety training and attend health and safety meetings once a month. These practices help to keep safety standards high. He noted that City cleaners currently work in City facilities, Long Term Care Homes, Child Care centres, and almost every other location where there are employees or vulnerable people.

In response to Committee questions, Mr. Shilson noted that there are no undocumented workers among colleagues. In the case of problems with their work environment, the workers have redress available to them under the collective agreement. In his opinion, workers in a non-union environment are unlikely to have these protections. He also noted that the stories in his video presentation are not unique: many City cleaners are older workers with children and houses, and if they lose their jobs there will be serious consequences for families and communities. They will likely first have to go on Employment Insurance, and then on welfare unless they can find jobs that match their qualifications. Even in this case, they are unlikely to get the same rate of pay, and he expects that few companies will want to hire a 45 year old worker who has cleaned for 25 years.

9. Valerie Elliot Hyman, member of Congregation Darchei Noam, made a deputation.

Ms. Hyman introduced herself to the Committee as a member of the Congregation Darchei Noam (a Jewish Reconstructionist synagogue), a member of the Multi-Faith Alliance to End Homelessness, and a member of the Interfaith Social Assistance Reform Coalition. She addressed the Committee from a faith perspective.

Ms. Hyman noted that hundreds of jobs were being contracted out without an opportunity for City Council to discuss the issue and take a vote, and without thorough review of the issue. From her perspective, this is shocking given the potential harm that the 1,000 displaced workers and their families will suffer. She noted that these workers now earn a living wage that allows to them to pay taxes, obtain affordable housing, improve the economy, and provide a decent standard of living for their children, the next generation of Torontonians.

Ms. Hyman noted that Deuteronomy teaches that justice should be pursued, and that social justice is a basic tenet both of Judaism and of her multi-faith colleagues. She believes it is necessary to speak out against the injustice of taking jobs from 1,000 workers who can currently afford to live in dignity and contribute to community, when these workers will be forced into life of uncertainty after having been loyal to their employer.

She noted that contracted workers will likely make minimum wage with no benefits, and that in return, the City will incur serious long term costs in areas such as homelessness, health care, and shelters. The displaced workers will need to have multiple jobs, and will have little time for children. Their children will grow up in poverty with all of the effects this poverty has on society and the community. This is unjust and detrimental to cleaners, and short sighted and detrimental to the broader community.

Ms. Hyman noted that as an immigrant, she benefited from educational opportunities, worked to raise a family on her own, and was able and proud to give back to the community. By paying a decent wage and providing training, the City had offered similar opportunities, and had contributed to good working standards for the community.

Ms. Hyman noted that it is the duty of Jews to eradicate poverty, and that the highest duty is to help people help themselves. She reminded Committee members of the Golden Rule: treat others as you yourself would be treated. She asked that the Committee take the contracting out of cleaning services to City Council and ensure a democratic and transparent process was in place to defend good jobs and hardworking people.

10. Dr. Tania Das Gupta, Department of Equity Studies, Cross Appointed to the Department of Sociology at York University, made a deputation and submitted her deputation in writing.

In her deputation and submission to the Committee, Dr. Das Gupta noted that there are human, social and political costs to contracting out, and believes that this process hurts not only the cleaners, but users of public buildings. In addition, this process will eventually lead to the City incurring increased costs in the longer term.

Dr. Das Gupta relayed two stories from her research. The first story was of Eduardo, who came to Canada in 2002 with his family. At that time, Eduardo began working in cleaning, working with a private company from 5 pm – 11 pm and then from 11 pm – 6 am. He worked an additional 4 hours on weekends to make ends meet. During this time, he slept an average of 5 hours a day in two time blocks. By 2005, he was working from 6 am – 2 pm with a private company, and then 4 hours a day at the TDSB. These long hours continued to be necessary because he was paid minimum wage with no benefits, no salary increases, and was not provided with safety equipment.

Eduardo is now is a unionized cleaner with the TDSB earning \$23 per hour (approximately \$44,000 each year). His position has benefits, provides him with sick days, training and safety equipment. The income is one that does not make him rich, but it is one he can survive on. It has allowed him to buy a house with a mortgage and a car, and allows his daughter to take French lessons and music lessons. If Eduardo had to return to a private cleaning job, he would have to sell his house and car, move into an apartment, and cut back on recreational activities for his children. He would not be able to spend time with his children or wife if he had to return to working two or three jobs again.

Dr. Das Gupta also relayed the story of Angela, who came to Canada in 1972. At that time, Angela worked full time as a hotel cleaner, part-time at a hospital producing meals for patients for \$4.50 per hour (which was below the minimum wage), and also with a cleaning agency. During her thirties, Angela worked part time for Toronto Housing, and became full time 3 years later working both on the grounds and moving garbage bins. Five years later, she became responsible for the cleaning of a building in addition to these responsibilities. Now in her fifties, she cleans two buildings of nine floors each and maintains the grounds. As part of her employment, she receives training on WHIMS, the affects of asbestos, and techniques for dealing with pests.

Angela's work is dirty and dangerous, requiring that she clean faeces, urine, spit, and needles from the buildings and grounds. She has developed techniques to clean so that germs do not proliferate, and has obtained a hepatitis shot to ensure her own health. She takes pride in her work, scraping, buffing and polishing floors, and treats the buildings like her second home.

The possibility that her job will be privatised has increased Angela's stress and she has found it difficult to maintain motivation knowing she may be laid off. Her job has allowed her to buy a small house and look after her family, but if she is laid off, she will not be able to make her mortgage payments or support her family. She has said she will not work with private companies because it is too dangerous, and would instead have to obtain Employment Insurance and look for work elsewhere. She expects that any new employment would be at a lower salary, as re-employment usually is.

Dr. Das Gupta noted that cleaners are usually women, settled immigrants and naturalized citizen in their 40s and 50s, racial and ethnic minorities with low levels of English. They usually begin working in precarious jobs, may be paid below minimum wages, live in small rented apartments, and have lives that are precarious in general. They may become sick with exposure to chemicals, and with repetitive stress injuries from heavy lifting. Private companies do not generally pay sick days, and may dismiss you if you are sick for too long.

Good cleaning jobs provide some security with a living wage and allow a comfortable standard of living. Losing good quality jobs means that cleaners will join the ranks of the working poor, and may have to sell off houses, cut back on children's activities and on basic necessities, and may not be able to support elderly parents. They may go on Employment Insurance, welfare or get jobs with private companies in exploitative conditions.

Dr. Das Gupta noted that cleaners sent by agencies or private companies may not provide the same standard of cleaning as do City staff. The quality of work may deteriorate with low pay, lack of benefits, high turnover rate, overwork, lack of health and safety standards and lack of training. Schools, public housing daycares, police stations will not be as clean and safe as they are now, and this will lead to additional costs in the long run.

11. Rachel Rocca, former cleaner with the Toronto Community Housing Corporation, made a deputation.

In her deputation, Ms. Rocca noted that she had been accepted into an apprenticeship cleaning program when she lived Toronto Community Housing Corporation (TCHC) in Lawrence Heights. As a single mother of three, she felt this was an unbelievable opportunity, and it allowed her to move out of TCHC into an apartment on Weston Road. The apprenticeship paid her \$14.15 per hour, and this allowed her to pay the \$965 monthly rent for her apartment, feel like she had succeeded, and could live like a normal human.

Ms. Rocca described herself as one of 30 successful applicants to the apprenticeship program who was picked from a pool of 1,000 picked. She was signed to a one year contract, where she worked as part of a team to do the best cleaning possible, and was very happy. She received training every month on health and safety, fire prevention, and high risk situations. In this role, she prevented dangerous situations, developed strong relationships with tenants and monitored their wellbeing. In one instance, she found a tenant who had been dead in her apartment for three days.

Ms. Rocca described that she and the other apprentices were laid off at the one year mark even though she had received an evaluation of 87/100 for her work performance during the apprenticeship. At contract signing, the apprentices had been told that they could apply for any open cleaning jobs that came up within six months of their one year contract end. However, when the TCHC Board was dismissed, the apprenticeship program was cancelled, and the remaining 100 cleaning jobs were contracted out. She was subsequently offered a contract position for \$10 per hour to do the same job, but could not support her family on this wage, and does not believe the contracted workers will do as good a job. When Ms Rocca was laid off, she could not afford to wait eight weeks to apply for Employment Insurance, and so she had to go on welfare. She now obtains gravy from the food bank.

12. Ritch Whyman, Organizer with the Service Employees International Union Local 2 and member of the Justice for Janitors Campaign, made a deputation and submitted information prepared by the union's Legal Counsel.

Mr. Whyman made his deputation on behalf of Mr. Naser El-Sanadali, who was unable to attend the Committee meeting due to illness. Mr. Whyman relayed the following information from Mr. El-Sanadali.

Mr. El-Sanadali immigrated to Canada from the Sudan, and is grateful to have the opportunity to make better life for his family, but would like the Committee to know that he is opposed to the contracting out of City cleaning jobs.

Mr. El-Sanadali worked for Impact Cleaning Services as a cleaner at Redpath Sugar. For more than a year, he worked seven days week (often for more than 48 hours a week) without any overtime, statutory holidays or vacation pay to which he was legally entitled. After one year on the job, Mr. El-Sanadali called in sick. When he returned to work the

next day, he was asked to train a new employee, and was happy that he might have an assistant. After training the new staff person for two days, Mr. El-Sanadali was dismissed and replaced by the trainee. When he requested the pay owing to him, he was told it would not be paid, and he filed Employment Standards Act claim against Impact.

In their response, Impact claimed Mr. El-Sanadali was not an employee of Impact, even though wore an Impact uniform, answered to Impact managers, used Impact's equipment, and responded to inquiries from Impact's head office. When Mr. El-Sanadali investigated Impact's claim that he had been employed by a subcontractor, he found others workers were in the same situation. As a result of his claim, Mr. El-Sanadali recovered approximately one-third of the wages he was entitled to, and learned that other companies also use the same subcontracting scheme to avoid payroll taxes, health taxes, and Workplace Safety and Insurance Board payments.

Mr. Whyman believes taxpayer suffer from these schemes, because when workers gets hurt, the City and other governments are left to pick up the pieces, and workers are left without access to Employment Insurance and the Canada Pension Plan. He added that Impact Cleaning Services used a similar subcontracting scheme at Union Station, and when it was found in violation of the City's Fair Wage Policy, it couldn't pay employees the wages it owed because they couldn't locate them.

Mr. Whyman asked the Committee to reconsider its privatization of cleaning jobs. He noted that these jobs provide a standard to which others should move, and show that good quality cleaning jobs are possible. There are larger private sector cleaning companies, including multi-nationals, who want to offer good quality cleaning jobs, and the City's leadership can help them show their clients that this is possible. It is currently difficult for these companies to compete because of the subcontracting schemes of others.

Mr. Whyman also noted the critical role that cleaners play in keeping the City running. By way of example, he noted that if every cleaner stayed home from work one day, the entire financial district would have to shut down.

Mr. Whyman also submitted a memo prepared by Bruce Price, Legal Counsel for Service Employees International Union (SEIU), that describes various completed or ongoing complaints and litigation that the SEIU is involved with or aware of regarding Impact Cleaning, including:

- Violation of the City's Fair Wage Policy: In 2009, the City's Fair Wage office found that Impact Cleaning Service and one of its subcontractors had violated the City's Fair Wage policy, and that 24 workers have been paid below City guidelines. A total of \$18,095.00 was owed to the cleaners, and a 15% administration fee to the City. The City was unable to pay the workers lost wages because they were all Mexican with no Canadian documentation. According to the remaining workers, most of the workers returned to Mexico, or had gone into hiding.
- Complaint under the Employment Standards Act filed on behalf of Noory Salaheldin: Mr. Salaheldin had been an employee with Impact to clean at Cloverdale Mall. He

had been requesting proper overtime pay since he worked more than 44 hours a week. Impact settled the claim, but took more than a year to pay the approximately \$900 owed.

- Complaint under the Employment Standards Act, filed on behalf of Naser-Eldine El-Sanadali: Mr. El-Sanadali was employed by Impact to work at Redpath Sugar. He was fired without notice, and filed a complaint alleging several Employment Standards Act violations, including unpaid wages, overtime pay, vacation pay and severance pay. The case was settled when the sub-contractor used by Impact agreed to pay back wages of more than \$3,000.
- Statement of Claim, Steven Singer v. Impact: In 2009, a statement of claim was filed seeking payment of approximately \$23,000 of unpaid overtime on behalf of Mr. Singer. In its statement of defence, Impact admitted that Mr. Singer routinely worked in excess of 44 hours per week for a period of four years, but it believed that Mr. Singer's claim should be barred because of a statutory limitation period. Mr. Singer recovered \$6,000.
- Complaint under Employment Standards Act filed on behalf of Elda Nava: Ms. Nava was a former employee of Impact who severed her employment with the company as a result of abusive conduct on the part of her supervisor. Her complaint sought more than \$400 in outstanding wages that Impact had refused to pay prior to the filing of the complaint. The money was paid to Ms. Nava following to filing of the claim.

Mr. Whyman's submission also includes a copy of a general complaint filed in 2008 to the then Minister of Labour, Brad Duguid. The complaint outlines an alleged scheme whereby Impact subcontracts work in an effort to avoid its obligations under the law. This scheme places Impact's competitors at a significant competitive disadvantage, and creates downward pressure on employment standards, an incentive for Impact's competitors to engage in similar practices, and renders the rights afforded to workers impotent. The letter calls on the Minister to assign an employment standards representative to conduct a full investigation and audit of Impact's employment practices.

The letter of claim asserts that individuals purported to be "subcontractors" by Impact are not independent contractors, but are in fact employees since Impact provides equipment, cleaning supplies, uniforms bearing the Impact name, and training to these individuals in the same way that it does for its hourly employees. In addition, the purported subcontractors are not in fact independent contractors because they do not demonstrate entrepreneurial activity, do not advertise, work solely for Impact, do not hire others to assist, incur no risk of loss or chance of profit, and are supervised by Impact, who determines the parameters for the performance of work.

The complaint claims the practice negatively affects the workers because of the loss of potential employment insurance benefits, non contributions to the Canada Pension Plan, loss of benefits under the Workplace Insurance and Safety Act, potential liability in respect of income taxes, loss of the ability to sue for wrongful dismissal, and loss of protections under the Employment Standards Act, including loss of termination and

severance pay, loss of overtime pay, hours of work protection, loss of parental leave, loss of vacation pay, and minimum wage protections.

The claim further asserts that the practice affects the industry by providing Impact with a cost advantage, creating downward pressure on employment standards, downward pressure on wages, and an incentive for others to adopt similar schemes. The letter also claims the scheme affects the public interest by depriving the government of valuable revenues and contributions to social programs by avoiding the remittance of income taxes, employer health tax, premiums and contributions for Workplace Safety and Insurance Board, Employment Insurance, and the Canada Pension Plan.

APPENDIX B - KEY TERMS AND CONDITIONS, SECURITY PROTOCOL, AND STAFFING CHANGES, IMPACT CLEANING CUSTODIAL CONTRACT FOR TORONTO POLICE SERVICES (TPS) STATIONS

Key Terms and Conditions:

Note: In the following Terms and Conditions, the "Contractor" is Impact Cleaning Services.

1. The Contractor had to provide a Letter of Credit to the City in the amount of \$150,000 as a Performance Security.
2. The Contractor shall comply with all Federal, Provincial and Municipal laws that are applicable, including the Employment Standards Act, the Occupational Health and Safety Act and the Workplace Safety and Insurance Act, 1997.
3. The Contractor has to comply with the City's Fair Wage Policy. The Fair Wage Office has confirmed that the wages to be paid are above the Fair Wage for the work and that the Contractor will comply with the Fair Wage Policy.
4. The Contractor has to have:
 - a. Comprehensive General Liability insurance in the amount of \$10 million dollars;
 - b. Automobile insurance in the amount of \$2 million dollars;
 - c. Lost Key Insurance in the amount of \$100,000; and
 - d. Crime insurance for theft in the amount of \$5,000 per occurrence.
5. The City has the right to terminate the contract on 30 days notice without cause and 5 days after notice of default (with cause) if the Contractor fails to rectify the default.
6. The Contractor will be cleaning 25 police stations to the standards set out in the RFP.
 - a. The City can add or delete facilities without resulting in a change in price.
7. The Contractor will assign a Project Manager to coordinate the delivery of Services with the City's Supervisor and that person will be responsible for:
 - a. Submitting a Project Plan satisfactory to the City within one (1) week of the Effective Date of the Contract
 - b. Providing regular written progress reports to the City's Supervisor at a minimum of biweekly and more frequently if the situation so warrants, including meeting/interviewing with City Staff throughout the contract as required
 - c. Updating the City's Supervisor as required to ensure that all activities remain on track and that the tasks and frequencies are completed within the timeframes specified in the contract

- d. Providing the City with proof of ISSA-CIMS certification within six (6) months of the Effective Date of the contract
8. The Contractor will be responsible for following the City's Waste Diversion/Recycling Policy. All waste (including organic waste where applicable) and recyclable material are to be collected in clear plastic bags.
9. The Contractor will be responsible for replacing all Consumables which must meet the City's Green Cleaning Standard of Quality.

Security Requirements:

1. All Contractor employees working and or entering any TPS facility must undergo and successfully pass a Toronto Police Clearance Check. Employees that do not pass the Toronto Police Clearance Check will not be allowed to enter and or work at any TPS facility. Contractor employees must submit photocopies of their Social Insurance Card and Driver's License (or other government issued ID) when applying for TPS Clearance Check.
2. All Contractor employees must be in uniform and display a photo identification card issued by TPS. All photo identifications cards are the property of TPS and shall be returned if such request is made. Any lost/stolen/damaged identification card must immediately report to TPS and City of Toronto Custodial Services.
3. All Contractor employees must use their photo identification ID cards at every entry and exit and any secured area in the building. Employees are not permitted to follow another employee or police employee through a door without first displaying their access card to the card reader separately.
4. The Contractor must provide a log book and shift register at each TPS location that records name and the number of hours each employee of the Contractor works each shift. The log book and shift register must be available to the City of Toronto Custodial Supervisor at any time, and cannot be removed from the TPS location to which they belong.
5. The Contractor's employees are prohibited from using any City offices, business equipment or supplies as well as being prohibited from reading, distributing or removing from the premises any information found in/on notice boards, computer systems, garbage cans, confidential bins or television screens etc.
6. The Contractor is responsible to ensure that after the building has been cleaned all doors and windows are locked on daily/nightly basis. A physical check of all outside doors and windows is required before arming the security system.
7. Sub-contracting any work without the express permission of the City is not permitted. Sub-contracting shall be deemed also to include using self-employed individuals of the Contractor.

8. The Contractor shall NOT be responsible for the collection of TPS "Confidential" bins/totes and any shredded material and shall NOT remove these bins and shredded material from their current locations.
9. TPS is able to limit building access on the TPS swipe cards. Therefore, TPS can restrict entry to entire buildings or section(s) of buildings as required by their operation.
10. City of Toronto Custodial Services Staff, Toronto Police Service Facilities Management Staff and members of Impact are meeting on March 22, 2012 at TPS Headquarters to review the TPS Security Requirements and Expectations.

Staffing Changes:

1. Custodial Service work is to be done Sunday to Saturday, 4:00 PM to 12:30 AM including Statutory Holidays unless otherwise specified in the scope of work for a particular location(s). In addition, some sites will require a day porter between the hours of 7:00 AM to 3:30 PM.
2. Sub-contracting any work without the express permission of the City is not permitted. Sub-contracting shall be deemed to also include using self-employed individuals of the Contractor.
3. The Contractor shall have sufficient staffing resources in reserve who have successfully passed the Toronto Police Service Police Clearance to provide continuous service to all locations at no additional charge to the City, in the event of a labour disruption or staff shortage.
4. The Contractor is responsible for managing and/or replacing their staff assigned to the Contract when so requested by the City, as it deems necessary, and for whatever reason. The replacement of staff shall not entitle the Contractor to any increase in costs/charges/fees to the City.
5. The Contractor guarantees continuance of service to the City's premises in the event of a Strike/Lock out position between the Contractor and its' unionized or non-unionized employees. Continuance of services to City Property shall comply with the provisions of the Agreement.