

Quality Jobs, Living Wages and Fair Wages in Toronto

Date:	April 9, 2013
To:	Executive Committee
From:	Executive Director, Social Development, Finance and Administration Chief Corporate Officer Director, Purchasing and Materials Management Manager, Fair Wage Office
Wards:	All
Reference Number:	

SUMMARY

This report responds to seven Council directions approved as a part of the report titled *Council-Directed Follow Up to Community Development Committee Item CD10.2 – the Social Impact of Lower Wage Jobs* (April 2012). These Council directions all address a common theme: the quality of jobs created through the City's contracting processes, particularly in custodial services contracts.

The report provides an overview of job quality issues in the service sector generally and in the cleaning industry specifically. Because of the important role that wages play in determining job quality, the report also describes the difference between "minimum wage", "fair wage" and "living wage" standards.

The report recommends a series of actions to ensure the quality of jobs created through the City's contracting processes. To address job quality issues in custodial service contracts, the report makes two recommendations:

- Immediate updates to the General Classifications Wage Schedule of the Fair Wage Policy to reflect current, prevailing fair market wages for the jobs covered by this schedule, including workers in the cleaning services industry. The Schedule currently reflects 2003/4 rates, and includes rates below the legislated Provincial Minimum Wage;
- Immediate updates to the mandatory requirements proponents must meet when they compete for City custodial service contracts. The recommended requirements reflect

industry best practices, and will help ensure that the City receives quality services and supports quality jobs.

With new mandatory requirements in place for custodial services contracts and fair market wages in place for custodial workers, this report recommends that Council restore delegated authorities for the approval of custodial service contracts:

- Restoring the authority of Division Heads to approve the appropriate use of subcontracting in custodial service contracts; and
- Restoring the authority of Bid Committee and Division Heads to approve contracts for custodial services subject to the conditions and procedures provided for in Chapter 195 of the Toronto Municipal Code.

These delegated authorities were suspended by Council in its adoption of *Council-Directed Follow Up to Community Development Committee Item CD10.2 – the Social Impact of Lower Wage Jobs* in April 2012.

Finally, this report recommends two additional actions to ensure quality jobs are created through the City's contracting process on an ongoing basis:

- Providing the Manager, Fair Wage Office with the delegated authority to update the Schedules of the Fair Wage Policy on a regular basis. These schedules establish minimum rates that contractors with the City must pay their workers, and were last updated in 2003. By delegating this authority, Council will ensure that the Schedules are always current; and
- Joint work by Economic Development and Culture, Employment and Social Services, and Social Development, Finance and Administration to develop and report on a job quality assessment tool. Such a tool would include a living wage standard and consider other dimensions of job quality, including skills and training opportunities, and working conditions. It would allow the City to assess job quality in a number of areas, including the quality of jobs secured for residents through *Working as One: A Workforce Development Strategy*; the quality of jobs created through *Collaborating for Competitiveness: A Strategic Plan for Accelerating Economic Growth and Job Creation in Toronto*; and the quality of jobs held by residents in Neighbourhood Improvement Areas identified under *Toronto Strong Neighbourhoods Strategy 2020*.

RECOMMENDATIONS

The Executive Director, Social Development, Finance and Administration, the Chief Corporate Officer, the Director, Purchasing and Materials Management, and the Manager, Fair Wage Office recommend that:

1. Toronto Municipal Code, Chapter 67, Fair Wage, be amended to increase the Schedule C General Classification rates, which include wage rates for workers

performing cleaning services, to prevailing market rates as set out in Appendix A of this report for new Tenders, Requests for Quotation, Requests for Proposals, Purchase Orders, and Divisional Purchase Orders issued by the City after this amendment goes into effect upon the enactment of the by-law to implement this change.

2. City Council direct the Director, Purchasing and Materials Management Division and the Chief Corporate Officer to include the mandatory requirements set out in *Appendix B – Mandatory Requirements for Custodial Services Request for Proposals* in all future Request for Proposals for Custodial Services.
3. City Council delegate to Division Heads the ability to approve the use of subcontractors in Custodial Services contracts where in the Division Head's determination, the use of subcontractors is appropriate.
4. City Council delegate the authority to award contracts for custodial services subject to the limits and conditions set out in Chapter 195 of the Toronto Municipal Code, Purchasing.
5. City Council approve the necessary amendments to Toronto Municipal Code, Chapter 67, Fair Wage to authorize the delegation of authority to the Fair Wage Manager to update Schedule C of Toronto Municipal Code Chapter 67, Fair Wage from time to time as follows:
 - a. The Industrial, Commercial and Institutional, Road Building, Sewer and Watermain, Heavy Construction, and Utility divisions of Schedule C shall be updated every three years consistent with the construction industry prevailing market rates commencing in 2013 for new Tenders, Requests for Quotation, Requests for Proposals, Purchase Orders, and Divisional Purchase Orders issued by the City;
 - b. Subsequent to the 2013 update set out in Recommendation 1 of this report, the General Classifications division of Schedule C shall be updated every three years to reflect current market wage rates prevailing in such industries for new Tenders, Requests for Quotation, Requests for Proposals, Purchase Orders, and Divisional Purchase Orders issued by the City; and,
 - c. Utilizing 2013 as the base year, the update every three years to Schedule C shall be effective on June 1st of the update year.
6. To implement Recommendations 1 and 5 above, Council direct the City Solicitor, in consultation with the City Clerk and the Manager, Fair Wage Office to review Toronto Municipal Code, Chapter 67, Fair Wage to determine the best method to file, post and notify the public and potential contractors of any new rate changes made to Schedule C under the delegated authority, and the deleted Fair Wage Schedules remain on file and in force for those contracts issued before the effective date of the new Fair Wage Schedules.

7. The City Solicitor be authorized to introduce to Council any bills necessary to amend Toronto Municipal Code, Chapter 67, Fair Wage to implement the recommendations in the this report that are adopted by Council.
8. City Council direct the Executive Director, Social Development, Finance and Administration, in collaboration with the General Manager, Toronto Employment and Social Services and the General Manager, Economic Development and Culture, to report in late 2013 on a job quality assessment tool that includes a living wage standard and considers skills and training opportunities, working conditions, and other determinants of job quality.

Financial Impact

Updating the general classification schedule will have no financial impact on existing contracts; however, the impact of the new wage rates established through implementing new contracts that come on stream through the City's procurement process will be absorbed within the 2013 program operating budgets.

In future years, amending Schedule C, Toronto Municipal Code Chapter 67, Fair Wage to reflect fair market rates is expected to have a minimal impact on the City's Operating Budget. These implications will be considered by on a program by program basis as funding for contracted services will be considered as a part of the City's 2014 Operating Budget process.

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

DECISION HISTORY

At their April 10, 2012 meeting, Council considered the recommendations of the Government Management Committee on the report titled *Council-Directed Follow Up to Community Development Committee Item CD10.2 – the Social Impact of Lower Wage Jobs* and approved 13 directions to staff. The full set of directions and the reports that address them is available in *Appendix C - Council Directions – GM 12.21*.

This report responds to GM 12.21 directions 1, 2, 3, 6, 10, 11 and 13:

1. City Council direct the City Manager to report to the Community Development and Recreation Committee on the creation of Toronto Self-Sufficiency Standard to be utilized in the awarding of any future employment agreements when or if contracts are issued in the future. A Toronto Self-Sufficiency Standard would be a tool that:
 - a. has real costs for basic needs, including housing, food, transportation, health care, household and personal care items, and taxes.

- b. calculates a no-frills budget, not accounting for savings, the monthly cost of debt, or an emergency that would draw on financial resources.
 - c. is geographically and family composition specific; in Toronto, the Standard has been across different family types in different geographic neighbourhoods.
- 2. City Council direct the City Manager to report to the Employee and Labour Relations Committee taking into account the deputations and submissions heard on the "Social Impact of Lower Wage Jobs" specific to the cleaning industry, and how it could be proposed the cleaning industry could offer much better quality jobs than it does now. Within the parameters of the report should be recommendations the Committee can consider implementing to create concerted policy actions so jobs held by some City of Toronto employees which are considered "lower wage" may be transformed over time to safe, good quality jobs that are paid living wages.
- 3. City Council direct the City Manager to report to the Community Development and Recreation Committee reviewing the dynamics at play around economic descriptions of wages people receive in terms of "lower wage", "fair wage", and a "living wage". The report should consider specific information on the differences between each of the terms. The report should further explore the possibilities of implementing a "Living Wage" for the City of Toronto, how "Living Wage" policies have been created, and implemented in other municipalities across Canada.
- 6. City Council direct the City Manager to report to the Government Management Committee on the feasibility of not allowing the successful proponent of future employee related contracts to be able in turn to issue a sub-contract out to hire employees.
- 10. City Council direct that prior to the awarding of any further cleaning contracts, the Deputy City Manager and Chief Financial Officer bring the results of the call for proposals to the Government Management Committee for approval.
- 11. City Council direct that subcontracting in cleaning contracts is not permitted unless there are extenuating circumstances and the subcontracting has been approved by City Council.
- 13. City Council approve the following, in principle, and refer it to the City Manager for a report to City Council, through the Government Management Committee: "That all future proposal calls for cleaning contracts be reviewed by the Government Management Committee prior to their issuance to ensure that:
 - a. all bidders provide a full history of their company's record of employment and health and safety standards compliance; and

- b. that these performance standards are thoroughly examined in the evaluation process."

ISSUE BACKGROUND

Council's goal of ensuring the socio-economic security of all residents of Toronto has recently been underscored with its adoption of three new long-term strategies:

- *Collaborating for Competitiveness: A Strategic Plan for Accelerating Economic Growth and Job Creation in Toronto*, which aims to advance the City's prosperity, opportunity and liveability (adopted by Council February 20, 2013);
- *Working as One: a Workforce Development Strategy for Toronto*, which aims to develop a streamlined, responsive and coordinated employment services system that creates successful outcomes for residents, employers and communities (adopted by Council on March 5, 2012); and
- *Toronto Strong Neighbourhoods Strategy 2020*, which aims to advance equitable outcomes across all Toronto neighbourhoods (adopted by Council on March 5, 2012).

Taken together, these three strategies articulate Council's vision of a city that provides equitable access to quality jobs for all of its residents.

This is a challenging vision to pursue in the current economic context. The structure of labour markets and the nature of jobs across North America and beyond have been transformed over recent decades in response to globalization, demographic shifts, technological advances and the rise of outsourcing. Flexible, service-based economies have emerged and provide high quality jobs for skilled knowledge workers. However, these shifts have also created more insecure employment, lower quality jobs and fewer opportunities to progress in the labour market for many workers in lower-skilled professions.¹

The labour market in Toronto has undergone a similarly profound change. Most notably, the manufacturing sector has undergone a significant decline, shrinking from 19% of total employment in 1987 (269,000 jobs) to 9% of total employment in 2011 (137,000 jobs). Over the same period, the size of the service sector has increased from 72% of total employment (1.010 million jobs) to 85% of total employment (1.349 million jobs).²

Although the growth in the service sector has more than offset the number of manufacturing jobs lost, overall job quality has declined, with full-time, well-paid manufacturing jobs replaced by temporary, part-time and contract jobs that provide lower

¹ Sorenson, C. (2012). "The end of the job: A world of freelancers and contract workers may be good for business, but bad for the economy," *Maclean's*, retrieved from <http://www2.macleans.ca/2012/01/20/the-end-of-the-job>

² *Economic Growth Plan 2012-2014 – Directions*. Retrieved from <http://www.toronto.ca/legdocs/mmis/2012/ed/bgrd/backgroundfile-48298.pdf>

wages and few, if any, benefits.³ According to the CIBC Canadian Employment Quality Index, the declines in job quality evident in Toronto have been steepest in Ontario, and decreases in job quality are expected to continue across Canada for the foreseeable future.⁴

As a result of these changes, Toronto's labour market has become an increasingly polarized mix of high and low quality jobs, with women, newcomers, and racialized groups over-represented in lower quality jobs, most notably in the service sector.⁵ It has been described as an hourglass, with large numbers of knowledge-based jobs at the top, large numbers of entry level jobs at the bottom, and few mid-level jobs in between.⁶ This inequitable market was recently documented in the Toronto Community Foundation's *Vital Signs 2012* report, which found that Toronto now ranks as the least equitable metropolitan centre in Canada, and projects that by 2025 almost 60% of Toronto neighbourhoods will be low or very low income.⁷

The directions adopted by Council in its consideration of *Council-Directed Follow Up to Community Development Committee Item CD10.2 – the Social Impact of Lower Wage Jobs* highlighted its concern that in contracting for services to advance its short term fiscal goals, the City might be exacerbating these trends and creating poor quality jobs. As a result, the City might be compromising its longer term goals, including the goals of its *Long Term Fiscal Plan*, to address its immediate fiscal pressures.

Council's directions specifically highlight its concerns with documented practices that drive down job quality in the cleaning services sector, and put in place additional Council control over contracts for custodial services. Council directed staff to report back on the feasibility of evaluating the health, safety and employment practices of proponents in the procurement of custodial services, and approved this approach in principle. As a result, all calls for custodial services have been suspended until Council considers the recommendations of this report.

Council's directions also made two specific changes that impact custodial service contracts. First, Council suspended the delegated authority of Division Heads to approve subcontracting in custodial service contracts. As per Council direction, subcontracting is no longer permitted in custodial services contracts unless there are extenuating circumstances and the subcontracting has been approved by City Council. Council also directed staff to report on the feasibility of extending this approach to all contracted services. Second, Council revoked the delegated authority of Division Heads and the Bid Committee to approve contracts for custodial services within the limits and conditions

³ TD Economics (2010), *The Changing Canadian Workplace*, TD Economics.

⁴ CIBC (2012), *Canadian Employment Quality Index*, July 12, 2012.

⁵ Noack, A. and Vosko, L (2010). *Precarious Jobs in Ontario: Mapping Dimensions of Labour Market Insecurity by Workers' Social Location and Context*. Toronto: Law Commission of Ontario.

⁶ Zizys, T. (2011), *Working Better: Creating a High Performing Labour Market in Ontario*, Metcalf Foundation.

⁷ Toronto Community Foundation (2012), *Toronto's Vital Signs 2012 Report: A Report on the Overall Quality of Life in the City of Toronto*, TCF.

provided for under Chapter 195, Purchasing, of the Toronto Municipal Code. The results of all calls for custodial services must now be approved by the Government Management Committee or City Council, irrespective of their contract value or duration.

The purpose of this report is to address Council's directions with a set of recommendations that will allow it to bring its long term fiscal, social, economic, and labour force development goals into close alignment as they relate to the issue of job quality in a way that recognizes its immediate fiscal pressures and ensures an efficient procurement process. The report:

- Provides an overview of job quality issues in the service sector generally and in the cleaning industry specifically. Because of the central role that wages play in determining job quality, this section also describes the difference between "minimum wage", "fair wage" and "living wage" standards;
- Recommends the Toronto Municipal Code, Chapter 67, Fair Wage, be amended to increase the Schedule C General Classification rates to reflect prevailing market rates to ensure that the City only contracts for custodial services, amongst other categories of workers, with vendors that pay workers fair market wages;
- Recommends a series of changes to ensure that the City only contracts for custodial services with vendors that have all the necessary systems in place to ensure quality services, the appropriate use of subcontractors, and compliance with health, safety and employment legislation;
- Recommends that Council restore the delegated authority of Division Heads to approve the appropriate use of subcontracting in custodial service contracts;
- Recommends that Council restore the delegated authority of Division Heads and Bid Committee to approve custodial service contracts subject to the limits and conditions set out in Chapter 195, Purchasing, of the Toronto Municipal Code;
- Recommends that Council approve the delegation of authority to the Manager, Fair Wage Office to update the Schedules of the Fair Wage Policy and that Toronto Municipal Code Chapter 67 Fair Wage be amended to implement this delegation; and
- Recommends that staff report back to Council on a job quality assessment tool that includes a living wage standard.

COMMENTS

Job Quality and the Cleaning Services Sector

Job quality is not determined by a single characteristic. Instead, it is determined by a number of different dimensions. These dimensions include:

- The socio-economic security provided by the job, including whether it offers decent wages, stable employment, and provides for secure transitions between jobs;

- The working conditions of the job, and the level of safety these conditions provide;
- The skills and training opportunities provided by the job. Appropriate training allows workers to undertake their job safely, and provides them with opportunities for advancement;
- Whether the job provides for worker representation, either through unionization or another mechanism that provides workers with a measure of control over their work; and
- The degree of work-life balance offered by the job.⁸

Workers in the cleaning services sector are likely to find themselves in jobs that fare poorly on a number of these quality dimensions. Jobs in this sector fare particularly poorly on the dimension of socio-economic security, offering very low wages: the most recent data available from Statistics Canada reveals that the 56,000 people in the Census Metropolitan Area who were employed as cleaners at some point during 2006 earned an average of \$23,700 in the year, a figure below the 2006 Low Income Cut-off for a family of two.⁹

The lack of socio-economic security provided by many cleaning services jobs is exacerbated by the temporary nature of these positions. Workers in this sector generally lack secure transitions between jobs, while low wages and part-time work make it necessary for them to take on more than one job to make ends meet, leaving them without a manageable work-life balance. Their situation is often worsened by a lack of benefits, which they are 10% less likely than higher wage service workers to receive (20% less likely if they can only secure part-time positions).¹⁰ They are more likely than other workers to find themselves under- or unemployed and without access to the financial and training supports offered by Employment Insurance.¹¹ Given these conditions, it is not surprising that cleaners and other service workers make up a disproportionate number of the "working poor" in Toronto.¹²

The lower quality of some service class jobs is also a result of the working conditions the sector provides and the opportunities for worker representation that are available. Research suggests that low wage service workers face an elevated risk of workplace

⁸ Holman, D. and McClelland, C. (2011), *Job Quality in Growing and Declining Economic Sectors of the EU*, European Commission; Centre for European Policy Studies (2010), *Job Quality and Labour Market Performance*, CEPS.

⁹ Statistics Canada (2006). *National Occupational Classification for Statistics 2006*, Statistics Canada; Statistics Canada (2008). *Low Income Cut-offs for 2007 and Low Income Measures for 2006*, Statistics Canada.

¹⁰ Verma, A. (2009). *Low Wage Service Workers: A Profile*. Martin Prosperity Institute

¹¹ Noack, A. and Vosko, L. (2010). *Precarious Jobs in Ontario: Mapping Dimensions of Labour Market Insecurity by Workers' Social Location and Context*, Law Commission of Ontario; Mowat Centre for Policy Innovation (2011). *Making it Work: Final Recommendations of the Mowat Centre Employment Insurance Task Force*. Mowat Centre for Policy Innovation.

¹² Stapleton, J., Murphy, B. and Xing, Y. (2012). *The "Working Poor" in the Toronto Region. Who they are, where they live, and how trends are changing*. Metcalf Foundation

harassment and violence, but they are less likely than other workers to have access to grievance procedures in their workplace.¹³

Cleaners face particularly challenging working conditions, with work that may expose them to both chemical and biological hazards and put them at increased risk of respiratory and skin diseases including asthma, dermatitis and eczema. Dust containing mould and bacteria can trigger additional health issues,¹⁴ and some workplaces, such as hospitals and nursing homes, carry greater risks of disease.

In addition to these environmental factors, the physical nature of cleaning, with repeated motions and often awkward postures, places great stress on the body. Over time, these stresses can lead to musculoskeletal disorders, including ongoing back pain, and pain in the wrist and hands.¹⁵ These conditions often result in shortened work lives for cleaners, a difficult situation to manage because of the sector's low wages and few benefits.

Once in the cleaning services sector, workers may find themselves unable to secure a better quality job. This is in part because of the limited skills and training opportunities offered in the service sector generally and the limited access workers have to Employment Insurance training programs. However, it is also because lower paid, lower skilled service sector work is often contracted out to firms that specialize exclusively in these services. Within such a specialized firm, workers have very limited opportunities to develop new skills and their overall opportunities for career progression can become increasingly limited.¹⁶

Minimum Wages, Fair Wages and Living Wages

Although all of the dimensions described above make an important contribution to job quality, wage rates are likely the most critical factor to consider when determining the quality of lower-paying jobs. There are three general approaches available to define the wage level a job must provide before it can be considered a quality job:

1. Use the Provincial Minimum Wage as a wage standard: The Provincial Minimum Wage is the lowest hourly wage that can be paid to employee for their labour. The 2013 General Minimum Wage in Ontario is \$10.25 per hour of labour.¹⁷ The Minimum Wage is not adjusted for local market conditions or for the nature of the

¹³ Occupational Health and Safety Council of Ontario (2010). *Developing Workplace Violence and Harassment Policies and Programs: What Employers Need to Know*, OHSCO; Cervenak, A. (2009). *Service Class Prosperity in Ontario*, Martin Prosperity Institute; Verma, A. (2009). *Low Wage Service Workers: A Profile*. Martin Prosperity Institute.

¹⁴ European Agency for Safety and Health at Work (2009). *The occupational safety and health of cleaning workers*, EU-OSHA.

¹⁵ Canadian Centre for Occupational Health and Safety (2007). *Hotel Housekeeping*, CCOHS.

¹⁶ Zizys, T. (2010). *An Economy Out of Shape: Changing the Hourglass*. TWIG.

¹⁷ For 2013, the Student Minimum Wage is \$9.60/hr; the Liquor Servers Minimum Wage is \$8.90/hr; and the Homeworkers Wage is \$11.28/hr. See <https://www.labour.gov.on.ca/english/es/pubs/guide/minwage.php>.

work performed. If the Provincial Minimum Wage is used as a standard to assess job quality, then all jobs that pay this Minimum or more would be considered to be "quality" jobs in terms of wages paid.

2. Use the fair market wage levels as a wage standard: The fair market wage is the hourly rate paid for a specified kind of work, such as light cleaning labour, in a specified local market area, such as the Greater Toronto Area. The fair wage is never below the Provincial Minimum Wage,¹⁸ but will vary both by occupation and by local market. If the fair market wage is used as a standard to assess job quality, then jobs that pay the local fair market wage for the work or more would be considered to be "quality" jobs in terms of wages paid.
3. Use the living wage as a wage standard: A "living wage" is the minimum hourly wage required to cover the cost of life's necessities, such as food, shelter and transportation in a specified local area. Like the Provincial Minimum Wage, it is not adjusted for the nature of the work performed. However, it is adjusted to reflect the cost of living in a particular geographic area, such as the Greater Toronto Area. The living wage acts as a wage floor to ensure that all full-time workers are able to support themselves without placing heavy demands on expensive income support and health services. If the living wage is used as a standard to assess job quality, then jobs that pay the living wage or more would be considered to be "quality" jobs in terms of wages paid.

Table 1 demonstrates the application of these three kinds of standards to a number of service class occupations.

Additional information on the application of international living wage standards, including the Canadian Living Wage, is provided in *Appendix E – Living Wage Standards*.

Category of Work	Provincial Minimum Wage	Living Wage¹⁹	Fair Market Wage	Fair Wage Policy²⁰	City Wage²¹
Cleaner (Light Duty)	\$10.25	\$17.76	\$12.43 ²²	\$9.78	\$20.62

¹⁸ Some of the rates in the City's Fair Wage Policy are currently below the Provincial Minimum Wage. The Schedules were last updated in 2003, and as a result, do not generally reflect the current fair market wage.

¹⁹ For 2008, the Canadian Centre for Policy Alternatives (CCPA) calculated a living wage of \$16.60 per hour for Toronto. To estimate a living wage for 2013, the 2008 living wage was adjusted by the Consumer Price Index for the years 2009 – 2012. CCPA's living wage methodology is provided in *Appendix D – Working for a Living Wage: Making Paid Work Meet Basic Family Needs in Metro Vancouver (2012)*. CPI adjustments to the living wage were performed using the Bank of Canada's Inflation Calculator at <http://www.bankofcanada.ca/rates/related/inflation-calculator/>.

²⁰ The Fair Wage Policy rates reflect the rate schedules that are currently applied. These schedules were adopted by Council in 2003.

²¹ The City Wage has been calculated as the average Step 1 hourly rate across the classifications within the named category.

²² Fair Market Wages for these classifications as calculated by the Fair Wage Office.

Category of Work	Provincial Minimum Wage	Living Wage¹⁹	Fair Market Wage	Fair Wage Policy²⁰	City Wage²¹
Cleaner (Heavy Duty)	\$10.25	\$17.76	\$14.10 ²²	\$11.33	\$21.76
Security Guards (Basic & Night Watchperson)	\$10.25	\$17.76	\$12.13 ²²	\$8.75	\$24.88
Handy Person (General Maintenance & Snow Removal)	\$10.25	\$17.76	\$16.10 ²²	\$14.16	\$26.46
Clerical Occupations	\$10.25	\$17.76	\$17.99 ²³	See note ²⁴	\$25.34
Assisting Occupations in Support of Health Services	\$10.25	\$17.76	\$19.16 ²³	N/A ²⁵	\$27.56
Retail Persons and Sales Clerks	\$10.25	\$17.76	\$11.27 ²³	N/A ²⁵	\$26.94
Child Care and Home Support Workers	\$10.25	\$17.76	\$15.37 ²³	N/A ²⁵	\$27.84

Ensuring Fair Market Wages in City Contracts

For more than a century, the City has used its Fair Wage Policy to ensure that its contractors and suppliers pay their workers fair market rates for their labour. First adopted in 1893, the Policy tries to ensure that contractors with the City in six different sectors²⁶ pay their workers the prevailing wages and benefits in their field or for unionized fields, union rates. The Policy also requires compliance with an acceptable number of working hours and conditions of work in order to protect workers' rights. The Policy has been an important tool for creating a level playing field in competitions for City work and has enhanced the reputation of the City for ethical and fair business dealings.²⁷

This report recommends that the Toronto Municipal Code, Chapter 67, Fair Wage, be amended to increase the Schedule C General Classification rates to reflect prevailing market rates. The Fair Wage Policy specifies that its wage schedules are to be updated

²³ Fair Market Wages for these classifications were calculated based on the City of Toronto's Labour Force Survey's median hourly wage for 2011. Figures shown here have been adjusted by the 2012 CPI to calculate the 2012 Fair Market Wage for the occupation.

²⁴ The Fair Wage Policy, in s.67-A7C provides for clerical office work rates but there is no rate schedule established. The fair market wage for these occupations is established using current prevailing market rates provided by the Board of Trade.

²⁵ These occupations are not covered by the City's Fair Wage Policy.

²⁶ The six sectors considered by the Policy are: Heavy Construction; Industrial, Commercial, Institutional; Road Building; Sewer and Watermain Construction; Utility Work; and General Classifications, which includes both light and heavy duty cleaners.

²⁷ City of Toronto. (2012). *Fair Wage Office*. Retrieved from <http://www.toronto.ca/fairwage/index.htm>

and recommended for Council approval every three years based on discussions and endorsement by employee and employer groups, associations, construction unions, organizations and City operating divisions. However, the Policy's schedules were last updated to reflect market rates for 2003-4, and several rates for the General Classifications, which include cleaning and other service industries, now fall below the provincial minimum wage. The current General Classification Schedule rates for cleaning services are provided in Table 2.

Table 2: Building Cleaning & Maintenance					
Trade	Effective Date	Hourly Rate	Vacation and Holiday Pay	Fringe Benefits²⁸	Weekly Hours of Work
Cleaner (Light Duty)	May 1, 2003	\$9.78	4%	\$0.42	40
Cleaner (Heavy Duty)	May 1, 2003	\$11.33	4%	\$0.42	40
Handyman/Woman (General Maintenance & Snow Removal)	May 1, 2003	\$14.16	4%	\$0.50	50

When Fair Wage Policy schedules include rates that are below the current provincial minimum wage and/or below prevailing market rates, the City may communicate to proponents that its primary interest is in securing the lowest possible cost services. While an update to this schedule would not ensure that cleaners are paid living wages, it would, at a minimum, communicate to vendors that the City will not contract with proponents that do not pay fair wages, and advance the Policy's goal of enhancing the reputation of the City for ethical and fair business dealings.

To establish the 2013 prevailing market rates, the Manager, Fair Wage, surveyed a variety of firms to obtain compensation information for the occupations identified in the 2003/04 General Fair Wage Schedule. The survey collected information on:

- The most frequent paid regularly wage rate;
- The highest regular hourly wage rate;
- The lowest regular hourly wage rate;
- Hourly fringe benefits; and
- Standard hours of work.

Based on the analysis of the survey results, a revised Fair Wage Schedule C for General Classifications was prepared and has been attached as Appendix A of this report.

²⁸ "Fringe Benefits" include benefits such as company pension plans, apprenticeship training, extended health care benefits, dental and prescription drugs, etc. They do not include payroll burden deductions such as C.P.P., E.H.T., W.S.I.B., E.I.C., etc.

Updating the Schedule to reflect prevailing market rates is expected to result in a number of benefits for the City and its residents. First, because the updates are consistent with the annual year-over-year increases in the Consumer Price Index, workers in cleaning services will not see their quality of life eroded by the combination of rising prices and stagnant wages. Second, by paying workers a minimum of prevailing market wages, contractors with the City are likely to gain increased employee productivity and efficiency, and reduce employee turnover. This in turn can improve the quality of service delivered to the City by its contractors. Finally, by ensuring that there is a level playing field for bidders who pay prevailing market rates to their employees, the competitiveness of the City's bidding process may be enhanced. These benefits are expected to be achieved with only minor impacts to divisional operating budgets.

The update of General Classification Schedule will have no financial impact on existing contracts, and the effective date of the update will be aligned with the date Council adopts this report. New contracts that come on stream through the City's procurement process may absorb the impact of the new wage rates within Divisional operating budgets.

To ensure the quality of jobs created through the City's contracting processes on an ongoing basis, it is critical that all of the Fair Wage Policy's Schedules are regularly updated to reflect prevailing market rates. Updating the construction schedules will have little impact on the overall cost of construction given the prevailing market wages, for the different sectors of the construction industry, are roughly 25% higher than the current 2003/04 fair Wage schedules of rates. To facilitate this process, this report recommends that Council delegate the authority to update the Wage Schedules of the Policy to the Manager, Fair Wage Office.

With this delegated authority, the Manager, Fair Wage Office, will update the Schedules for construction-related work whenever new industry-wide wage agreements are established. These agreements are negotiated between employers associations and employer groups for a three year period, and phase in increases to reflect changes in the cost of living. The current agreement expires on April 30, 2013, and a new agreement will be confirmed for May 1, 2013.

There is no process in place for establishing industry-wide wage rates for the non-construction industries covered by the Policy's General Classification Schedule, such as the custodial services sector. To ensure the quality of jobs covered by this Schedule, the Manager, Fair Wage Office will also update this Schedule every three years to reflect prevailing market rates.

Fair Wage rates updated every three years will be effective June 1st of the update year, with 2013 established as the base year. Whenever new rates are established, they will only apply to new Tenders, Requests for Quotation, Requests for Proposals, Purchase Orders, and Divisional Purchase Orders issued by the City after the date when a new rate takes effect.

If Council approves the delegation of authority to the Manager, Fair Wage Office to update Schedule C of the Toronto Municipal Code, Chapter 67, Fair Wage, a number of amendments will have to be made to the by-law, including consideration of the best method to file, post and notify the public and potential contractors of any new rate changes since the by-law will no longer be amended to reflect the rate changes. The deleted Fair Wage Schedules will remain on file and in force for those contracts issues before the effective date of the new Fair Wage Schedules. This will ensure there are no budget implications for existing and multi-year contracts.

Evaluating Compliance with Legislation in Procurement

The directions adopted by Council in its consideration of *Council-Directed Follow Up to Community Development Committee Item CD10.2 – the Social Impact of Lower Wage Jobs* provided three options the City could pursue to ensure that it is not creating poor quality jobs in the cleaning services sector through its contracting processes. These mechanisms attempt to ensure that companies do not circumvent health, safety and employment legislation. They include:

- Not allowing successful proponents in custodial service contracts to subcontract with other individuals or organizations as a part of their work for the City. This prohibition on subcontracting was proposed as a means of ensuring that proponents do not misuse subcontracting to obscure employer-employee relationships and avoid their legal obligations, a technique which tends to drive down job quality (see Directions 6 and 11 in Decision History);
- Requiring all bidders for cleaning services contracts to provide a full history of their company's record of employment and health and safety standards compliance for staff to examine in the proposal evaluation process (see Direction 13 in Decision History); and
- Requiring Government Management Committee approval of all custodial service contracts (see Direction 10 in Decision History).

These mechanisms are not recommended for implementation in this report because they create a series of negative impacts on the City's purchasing processes without creating any greater assurance that contractors with the City will provide good quality jobs.

Prohibiting Subcontracting:

Subcontracting is a legal business practice that can allow companies to diversify the range of services they offer their customers and to address unexpected situations. By permitting appropriate subcontracting, the City allows a wider variety of proponents to bid for contracts, which may increase the competitiveness of the bid process.

City contracts already contain standard terms and conditions that are designed to minimize any likelihood of contracting with vendors that intend to misuse subcontracting to circumvent their legislated obligations as employers. These terms and conditions include:

- Subcontractors cannot be used without Division Head approval;
- Vendors assume all risk associated with subcontractors, and are responsible for the payment and actions of subcontractors, any costs or damages arising from their work, and for ensuring that subcontractors abide by all applicable health, safety and employment laws and City policies, including the Fair Wage Policy; and
- The City can require vendors to replace subcontractors or end subcontracting should any issues of concern arise.

In adopting GM12.21, Council eliminated the ability of Division Heads to approve the use of subcontractors in custodial service contracts with Direction 11:

"City Council direct that subcontracting in cleaning contracts is not permitted unless there are extenuating circumstances and the subcontracting has been approved by City Council."

The adoption of this direction has introduced two significant risks into the City's process for contracting custodial services. First, prohibiting subcontracting in most custodial services contract situations may limit the ability of larger companies to bid for City contracts in this area. As a result, the competitiveness of the City's bid process may have been reduced.

Second, this limitation may have restricted the ability of contractors to address situations requiring an immediate and unexpected response. For example, if a custodial services contractor required a subcontractor to respond to an emergency clean-up situation (such as the flooding of Union Station that occurred in the summer of 2012), staff would need to report to Committee and Council to obtain approval to proceed with a subcontractor. This time required to obtain Council approval would prevent staff and the contractor from responding to the situation in a timely manner.

To ensure the competitiveness of the bid process and ensure the City receives timely, quality custodial services from its contracted service providers, this report recommends City Council restore Division Heads with the delegated authority to approve the use of subcontractors in Custodial Services contracts where, in the Division Head's determination, the use of subcontractors is appropriate.

Assessing Compliance with Provincial Standards:

The compliance of businesses with provincial employment legislation is an important issue recently highlighted by the Ontario Law Commission in its report *Vulnerable Workers and Precarious Work*:

Major concerns have been raised relating to enforcement of the ESA, including concerns with the existing primarily complaint-based and voluntary compliance model which, in our view, should place much greater emphasis on proactive enforcement and expanded investigations.

We recommend continuation of various methods of enforcement, with an increased emphasis on proactive enforcement and expanded investigations, particularly in high risk industries.²⁹

The report highlights the fact that the enforcement of this legislation is a critical provincial responsibility, and recommends that the Ministry of Labour substantially increase its proactive inspections of high-risk industries and workplaces.²⁷

Using the powers available within its own jurisdiction, the City has addressed this issue by establishing standard terms and conditions designed to minimize any likelihood of contracting with vendors that intend to circumvent their legislated obligations. These terms and conditions include:

- A requirement that vendors comply with all applicable Federal, Provincial and Municipal laws, including the Employment Standards Act, the Occupational Health and Safety Act, the Workplace Safety and Insurance Act, the Access for Ontarians with Disabilities Act, the City's Fair Wage Policy and the Declaration of a Non-Discrimination Policy;
- A requirement that vendors inform the City immediately in the event of a critical injury, an order issued to them by the Ministry of Labour, or a charge or conviction against them under the Occupational Health and Safety Act, the Workplace Safety and Insurance Act, or the Criminal Code; and
- Standard reserve rights that allow the City to deal with vendors on a case-by-case basis when significant issues arise. Should the lowest priced bidder or highest scoring proponent have a significant history of non-compliance with legislation, these rights allow Council to bypass them and award the contract to the bidder with the next lowest price or proponent with the next highest score.

In addition, vendors that fail to meet terms and conditions of their contract, including those related to legislation, can have their existing contracts terminated. They can also be by-passed for future contracts or in extreme cases, suspended from doing future work with the City if approved by Council.

This report does not recommend additional scrutiny of the health, safety and employment record of proponents in the procurement process because there is no clear way to fairly use this information in the evaluation process for a Request for Proposals. Complaints, charges and convictions registered against a proponent are not always indicative of poor business practices, and the lack of them does not necessarily indicate that good quality business practices are in place or that good quality jobs are being provided. The City, for example, has been the subject of complaints, charges and convictions under provincial legislation, yet is generally understood to provide good quality jobs.

The City is also not in a position to effectively analyze claims against employers under the Employment Standards Act, the Labour Relations Act, or other provincial legislation.

²⁹ Ontario Law Commission (December 2012). *Vulnerable Workers and Precarious Work: Final Report*.

Claims made under these Acts are matters of law that can only be addressed via the corresponding legal process and forum – they cannot be appropriately assessed as a part of a municipal procurement process. In addition, the claims that can be made under these Acts are too wide ranging to allow for meaningful comparison. As a result, it is not clear how claims against proponents could be objectively and consistently considered as a part of the proposal evaluation process. There is a significant risk that evaluation criteria based on claims and convictions under these Acts would lead to arbitrary or unfair exclusions of legitimate potential bidders for City work and might expose the City to legal claims for damages for improper exclusion.

Government Management Committee of Approval of Custodial Service Calls:

With Direction 10, Council suspended the delegated authority of Division Heads and the Bid Committee to approve custodial service contracts subject to the limits and conditions of Chapter 195, Purchasing, of the Toronto Municipal Code. Amongst other things, Chapter 195 provides for the different delegated authority to award a call to either the lowest priced bidder or highest scoring proponent as follows:

- Awards of less than \$500,000 can generally be made by Division Heads at any time;
- Awards between \$500,000 and \$20 million can generally be made by Bid Committee, which meets weekly; and
- Most awards of more than \$20 million can generally be made by a Standing Committee according to the established committee calendar.

Council approval for contracts is generally only required:

- when the term of the contract is longer than 5 years;
- when there is a material written objection to the award; or
- when the lowest priced bidder or highest scoring proponent is not recommended for the award.

This delegation structure was established by Council to ensure the efficiency of the purchasing process and the best use of Council's resources. It has been designed to allow Division Heads to quickly and appropriately approve smaller contracts; provide greater oversight for larger awards without significant additional resources or time delays; and allows for Council oversight and approval of significant and extended commitments.

This report recommends that Council restore the delegated authority of Division Heads and the Bid Committee to approve the award of custodial service contracts subject to the limits and conditions of Chapter 195, Purchasing. In adopting this recommendation, Council will ensure that all of the City's procurement awards are managed consistently and efficiently.

Ensuring Health, Safety and Fair Wages in Custodial Services Contracts

In the place of the legislation-focused mechanisms proposed by Council, this report recommends a two-step approach directly focused on ensuring that the cleaning services jobs provided through the City's custodial service contractors pay fair wages and ensure the health and safety of workers:

- Updates to the General Classification Schedule of the Fair Wage Policy to reflect both the Provincial Minimum Wage and fair market rates. The Policy's Schedules currently reflect 2003-2004 fair market rates; and
- Introducing industry-specific, third party certified standards to the process for procuring cleaning services. By requiring that custodial services contractors obtain independent confirmation of their compliance with industry best practices, the City can improve the likelihood that it will obtain quality service and secure quality jobs when contracting for cleaning services.

Applying Industry-Specific, Third-Party Standards in the Procurement Process

To address issues specific to the cleaning services sector, this report recommends a revised set of mandatory requirements for custodial service calls and contracts. The recommended requirements are provided in Appendix B of this report and described below.

First, proponents must have been certified as having met one of the following internationally-recognized organizational performance standards in a Canadian facility within the last three years:

- The Cleaning Industry Management Standard (CIMS) or the more extensive Cleaning Industry Management Standard for Green Buildings (CIMS-GB) of the International Sanitary Supply Association (ISSA);
- The 9001 Standard of the International Standards for Organizations; or
- The Certified Educational Facilities Professional Certificate of the Association of Physical Plant Administrators.

Each of these third-party standards is intended to ensure that proponents are structured to deliver consistent, safe, quality services in compliance with applicable health, safety and employment legislation. The City's interest in health and safety systems will be reinforced by requiring that all proponents also submit a statutory declaration confirming that they have the appropriate Occupational Health and Safety policies in place along with a copy of these policies as part of their proposal.

Second, the recommended mandatory requirements for a custodial services contract with the City require that the successful proponent obtain CIMS-GB Site Specific Certification within six months of the contract start date. To achieve this certification, the vendor must

submit written documentation to the ISSA supporting their compliance with the requirements described in the six key sections of the standard:

- Quality systems;
- Service delivery;
- Human resources;
- Health, safety, and environmental stewardship;
- Management commitment; and
- Green Buildings and Services.

The CIMS-GB standard is attached to this report as Appendix D.

Once this documentation has been submitted to the ISSA, an ISSA-accredited independent third party assessor will conduct a review of the vendor's systems, processes and documentation. In addition, the assessor will visit City sites where the vendor has been contracted to provide services to ensure actual activities are consistent with the documented systems and processes. The results of the City's ongoing contract monitoring processes can then be verified against this independent, third-party assessment to confirm that the contractor has all the necessary systems in place to ensure quality services, the appropriate use of subcontractors, and compliance with health, safety and employment legislation.

Finally, consistent with best practices established in other public sector facilities, including schools, universities and hospitals, successful proponents in custodial service calls will be required to obtain a "Vulnerable Sector Screening/Police Reference Check" for all employees who will be employed on the contract before they commence work in a high-risk environment such as senior homes or daycares. In the case of police stations, a higher level of screening as required by the Toronto Police Services will be included. This requirement will apply both to contractors and subcontractors of custodial services and Facilities Management will consult with Human Resources to ensure that this requirement is added to the appropriate Custodial Services calls.

Measuring the Quality of Jobs

Although wage levels are central to job quality, the other dimensions of job quality, such as working conditions, are also play an important role in determining the quality of a job. To ensure that Council decisions are informed by a comprehensive understanding of job quality, this report recommends that Economic Development and Culture (EDC), Employment and Social Services (TESS), and Social Development, Finance and Administration (SDFA) work jointly to develop a job quality assessment tool. The recommended job quality assessment tool would include a living wage standard and allow the City to consider all of the other dimensions of job quality, such as working conditions and skills and training opportunities.

The joint development of a job quality assessment tool will allow EDC, TESS and SDFA to assess the quality of jobs created through *Collaborating for Competitiveness*, the

quality of jobs secured by residents as a part of the implementation of *Working as One*, and the quality of jobs held by residents in Neighbourhood Improvement Areas targeted by the *Toronto Strong Neighbourhoods Strategy*. In this way, the tool will help to ensure that these three complementary strategies are aligned, and that the City's social, economic and labour force development goals are advanced in tandem.

Such a tool will be an important complement to the City's Social Procurement Framework, which is also before the Executive Committee at its April 23, 2013 meeting. The Social Procurement Framework responds to direction from both the Economic Development and the Government Management Committees, and is intended to ensure that jobs created through the City's procurement processes can be accessed by under- and unemployed residents of Toronto.

To further this work, EDC, TESS and SDFa will work with the Canadian Centre for Policy Alternatives (CCPA) to update its Living Wage standard to reflect the current cost of living in Toronto, and to ensure the standard is updated on a regular basis. The Canadian Living Wage standard was developed by the CCPA, which continues to support its implementation. The most recent detailed guide to calculating the Living Wage is available for the Vancouver area, and is attached with this report as Appendix F.

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ATTACHMENTS

- Appendix A: Proposed Amendments to Toronto Municipal Code, Chapter 67, Fair Wage, Schedule C, General Classifications
- Appendix B: Mandatory Requirements for Custodial Services Request for Proposals
- Appendix C: Council Directions – GM 12.21
- Appendix D: International Sanitary Standards Association – Cleaning Industry Management Standards for Green Buildings

Appendix E: Living Wage Standards

Appendix F: Canadian Centre for Policy Alternatives Living Wage Standard

**Appendix A – Proposed Amendments
Toronto Municipal Code, Chapter 67, Fair Wage,
Schedule C, General Classifications**

TRADE	EFFECTIVE DATE	HOURLY RATE	*VACATION AND HOLIDAY PAY	*FRINGE BENEFITS	WEEKLY HOURS OF WORK
SECURITY					
Security Guards (Basic & Night Watchperson)	April 1/13	\$12.13	4%	\$0.65	40
Security Guards (Events)	April 1/13	\$12.50	4%	\$0.65	40
Security Guards (Alarms, CCTV Control, Etc.)	April 1/13	\$12.88	4%	\$0.65	40
Security Guards (K-9 Unit)	April 1/13	\$15.50	4%	\$2.32	40
Security Guards (Other)	April 1/13	\$21.75	4%	\$2.25	40
BUILDING CLEANING & MAINTENANCE					
Cleaner (Light Duty)	April 1/13	\$12.43	4%	\$0.50	40
Cleaner (Heavy Duty)	April 1/13	\$14.10	4%	\$0.50	40
Handyman/Woman (General Maintenance & Snow Removal)	April 1/13	\$16.10	4%	\$0.59	40
WINDOW CLEANERS					
Interior/Exterior	April 1/13	\$12.00	4%	-	40
Ladder	April 1/13	\$15.35	4%	-	40
High Rise	April 1/13	\$22.00	4%	-	40
LANDSCAPING					
Jr. Landscaper – Year 1	April 1/13	\$16.95	10%	\$9.54	50
Jr. Landscaper – Year 2		\$19.95			
Jr. Landscaper – Year 3		\$22.16			
Sodding Operation – Year 1	April 1/13	\$15.37	10%	\$9.54	50
Sodding Operation – Year 2		\$17.72			

TRADE	EFFECTIVE DATE	HOURLY RATE	*VACATION AND HOLIDAY PAY	*FRINGE BENEFITS	WEEKLY HOURS OF WORK
Skilled Sodder including Roller Operator and those with more than two seasons	April 1/13	\$22.16	10%	\$9.54	50
Gardener – Year 1	April 1/13	\$13.27	10%	\$9.54	50
Gardener – Year 2		\$15.27			
Skilled Gardener	April 1/13	\$17.27	10%	\$9.54	50
Maintenance Gardener – Year 1	April 1/13	\$13.27	10%	\$9.54	50
Maintenance Gardener – Year 2		\$15.27			
Skilled Maintenance Gardener	April 1/13	\$17.27	10%	\$9.54	50
Labourers	April 1/13	\$24.25	10%	\$9.54	50
Landscape Gardeners, Farm Tractors without excavating attachments forklifts, truck drivers, load bearing boom truck Operators, machine driven tools on any other equipment that is operated by remote control	April 1/13	\$27.05	10%	\$9.54	50
Form setters, concrete finishers, landscape stone setters of all types, landscape brick setters, landscape irrigation, pipe layers, float drivers, reinforcing steel person, drillers of all types, high pressure water equipment, small trenchers, paring stone laying machine of all types, small trenchers, mini-skid steel loaders, and all other similar small equipment	April 1/13	\$27.39	10%	\$9.54	50

TRADE	EFFECTIVE DATE	HOURLY RATE	*VACATION AND HOLIDAY PAY	*FRINGE BENEFITS	WEEKLY HOURS OF WORK
Drivers of Farm Tractor with pulverizing or fine grading equipment	April 1/13	\$28.19	10%	\$9.54	50
Dozer & Loader Operator & Backhoe Operator	April 1/13	\$28.35	10%	\$9.54	50
Grader Operator	April 1/13	\$28.45	10%	\$9.54	50
Working Foreman	April 1/13	\$27.89	10 %	\$9.54	50
GARAGE CONCRETE REPAIRS AND RESTORATION Carpentry and Hydro Demolisher	April 1/13	\$30.63	10%	\$7.05	40
Skilled Workers	April 1/13	\$27.13	10%	\$7.05	40
Labourer	April 1/13	\$20.40	10%	\$7.05	40

Appendix B

Mandatory Requirements for Custodial Services Request for Proposals

Mandatory Requirements of the RFP Evaluation Process (Pass/Fail)

Failure of a Proponent to provide the following as part of its Proposal submission will result in the Proposal being declared non-compliant and not being evaluated.

Proponents must provide:

- 1) Copies of their current membership(s) that indicates a length of membership one or more years in one or more of the following organizations:
 - International Sanitary Supply Association – (ISSA)
 - International Organization for Standards – (ISO 9001)
 - Association of Physical Plant Administrators – (APPA);
- 2) Copies of one or more of the following certifications, in a Canadian facility setting, dated within the last three (3) years:
 - ISSA-CIMS or ISSA-CIMS-GB Certification(s)
 - Certification to ISO 9001 Standards
 - Certified Educational Facilities Professional Certificates;
- 3) A statutory declaration form related to compliance with the Occupational Health and Safety Act; and
- 4) Copies of health and safety standards policies that comply with the Occupational Health and Safety Act.

Mandatory Requirements of the Contract with the Successful Proponent

- 1) Obtaining City of Toronto site specific ISSA-CIMS-GB Certification within 6 months of the commencement of the Contract.
- 2) Successful completion of "Vulnerable Sector Screening/Police Reference Check" for each of the Proponent's employees who will be employed on contracts of high risk (i.e. senior homes, daycares etc.) before the commencement of work. For police stations, a higher level of screening as required by the Toronto Police Services will be included. Vendor employee reference checks must not be more than one year old based on the date of the RFP issuance. New employees added during the contract by the Contractor will also have to pass the "Vulnerable Sector Screening/Police Reference Check" prior to being able to perform any work.

Appendix C
Council Directions – GMC 12.21 – Council-Directed Follow Up to
Community Development Committee Item CD10.2 – the Social Impact
of Lower Wage Jobs

Direction	Addressed in Report
<p>1. City Council direct the City Manager to report to the Community Development and Recreation Committee on the creation of Toronto Self-Sufficiency Standard to be utilized in the awarding of any future employment agreements when or if contracts are issued in the future. A Toronto Self-Sufficiency Standard would be a tool that:</p> <ul style="list-style-type: none"> a. has real costs for basic needs, including housing, food, transportation, health care, household and personal care items, and taxes b. calculates a no-frills budget, not accounting for savings, the monthly cost of debt, or an emergency that would draw on financial resources. c. is geographically and family composition specific; in Toronto, the Standard has been across different family types in different geographic neighbourhoods. 	<p><i>Quality Jobs, Living Wages and Fair Wages in Toronto</i></p> <p>Executive Committee April 23, 2013</p>
<p>2. City Council direct the City Manager to report to the Employee and Labour Relations Committee taking into account the deputations and submissions heard on the "Social Impact of Lower Wage Jobs" specific to the cleaning industry, and how it could be proposed the cleaning industry could offer much better quality jobs than it does now. Within the parameters of the report should be recommendations the Committee can consider implementing to create concerted policy actions so jobs held by some City of Toronto employees which are considered "lower wage" may be transformed over time to safe, good quality jobs that are paid living wages.</p>	<p><i>Quality Jobs, Living Wages and Fair Wages in Toronto</i></p> <p>Executive Committee April 23, 2013</p>
<p>3. City Council direct the City Manager to report to the Community Development and Recreation Committee reviewing the dynamics at play around economic descriptions of wages people receive in terms of "lower wage", "fair wage", and a "living wage". The report should consider specific information on the differences between each of the terms. The report should further explore the possibilities of implementing a "Living Wage" for the City of Toronto, how "Living Wage" policies have been created, and implemented in other municipalities across Canada.</p>	<p><i>Quality Jobs, Living Wages and Fair Wages in Toronto</i></p> <p>Executive Committee April 23, 2013</p>
<p>4. City Council direct the City Manager to report to the Economic Development Committee on strategies for bolstering the path toward self-sufficiency in Toronto which require attention in two areas: on the one hand, we must</p>	<p><i>Workforce Development Strategy: Progress and Successes to Date</i></p>

Direction	Addressed in Report
<p>build a skilled workforce. On the other, we must ensure there are good, quality job opportunities available and there are natural linkages between workforce development, education, and training opportunities, and jobs to build strong communities in Toronto; such report to:</p> <ul style="list-style-type: none"> a. Ensure advice is given in the review of support programs for the hardest to employ—those with the greatest barriers to securing work—are implemented and funded to scale. These programs include the key workforce education and training programs of transitional jobs, job training and economic development grants, and any employment opportunity grant program. b. Blend adult basic skills education and have the Community Development and Recreation Committee consider if it is appropriate for City of Toronto through City Council to request the Province of Ontario to review English language services with postsecondary education and training, including more emphasis on advisory services, college success courses, peer support, and other student support to ensure stronger communities are developed in Toronto by assisting in advancing stronger employment opportunities. c. Provide career pathways to explicitly prepare people for the next level of education and employment. d. Ensure that flexible, need-based financial aid is available to adult learners in a variety of educational/training arrangements (e.g., part-time students who work). e. Seek ways to strengthen the alignment between workforce development and economic development. f. Create and support regional, sector-based partnerships among businesses, educational agencies, and workforce organizations to ensure that education and training reflect what is valued in the labour market and help lead to family supporting careers. g. Develop income support strategies such as stipends, scholarships, or needs related payments that support City of Toronto employees adult learners while they participate in City of Toronto supported training or education programs. h. Attract and support quality jobs that allow workers to support their families through fair wages, paid time off, and benefits such as health insurance and retirement savings to promote financially stable families and communities. 	<p>Economic Development Committee, March 5, 2013</p>

Direction	Addressed in Report
<p>5. City Council direct the City Manager to report to the Community Development and Recreation Committee on opportunities and a strategy to address the following delinquencies in the social support system. Such a review should make recommendations as to whether the City of Toronto, the Government of Ontario and the Government of Canada should be requested to make the necessary legislative changes to deal with noted delinquencies:</p> <p>Strategies for strengthening Toronto's income supports system include the following:</p> <ul style="list-style-type: none"> a. Create a service delivery system that offers multiple points of entry and access to reach all families in need, including effective use of technology and expanded relationships with local community-based organizations for education and enrolment assistance. b. Streamline and simplify existing policies by expanding local office business hours, providing language assistance, increasing or eliminating asset limits, and eliminating duplicative documentation and verification requirements. c. Increase benefit levels to reflect actual costs for goods and services, and address the gap between existing wages and the cost of basic needs. d. Adjust eligibility levels to allow families to increase wages without losing vital supports until income achieves a level of wage adequacy. e. Create asset-building opportunities for families and communities through the expansion of matched savings programs, financial education incentives, and children's savings accounts for all born in Toronto f. Protect consumers from financial products that erode financial stability and ensure they are fully informed by further regulating predatory lending (payday loans and longer-term instalment loans), limiting credit card marketing to college students, clarifying risky aspects of mortgages, and creating transparency in the mortgage lending process. g. Promote the development of financial products - like no-fee savings accounts - that will give low-income individuals the opportunity to participate in mainstream financial services and acquire the skills necessary to build assets for the future. 	<p><i>Workforce Development Strategy: Progress and Successes to Date</i></p> <p>Economic Development Committee, March 5, 2013</p>
<p>6. City Council direct the City Manager to report to the Government Management Committee on the feasibility of not allowing the successful proponent of future employee related contracts to be able in turn to issue a sub-contract out to hire employees.</p>	<p><i>Quality Jobs, Living Wages and Fair Wages in Toronto</i></p> <p>Executive Committee April 23, 2013</p>

Direction	Addressed in Report
7. City Council direct staff, as part of contract management, to ensure all future multi-year procurement contracts have an evaluation annually as part of the assessment of the contract extension.	Report-back not required. Process changes implemented.
8. City Council direct the City Manager to report to the September 20, 2012 meeting of the Government Management Committee on the performance of Impact in Toronto Police Service stations and advise on whether to extend the contract in 2013 or 2014 or to put out a new call for proposals.	<i>Performance Evaluation of Contracted Cleaning Services in Toronto Police Service Locations and Contract Renewal Options</i> GM 16.11, Government Management Committee, September 18, 2012.
9. City Council direct the Deputy City Manager and Chief Financial Officer to clarify in the call for proposals the contractor's obligations under Part XIX of the Employment Standards Act and associated Regulations.	Report-back not required. This direction will be incorporated into future custodial services request for proposals.
10. City Council direct that prior to the awarding of any further cleaning contracts, the Deputy City Manager and Chief Financial Officer bring the results of the call for proposals to the Government Management Committee for approval.	<i>Quality Jobs, Living Wages and Fair Wages in Toronto</i> Executive Committee April 23, 2013
11. City Council direct that subcontracting in cleaning contracts is not permitted unless there are extenuating circumstances and the subcontracting has been approved by City Council.	<i>Quality Jobs, Living Wages and Fair Wages in Toronto</i> Executive Committee April 23, 2013
12. City Council direct the City Manager to conduct a full service review on all cleaning contracts, including an analysis of their cost effectiveness, prior to the approval of the 2013 Budget.	<i>Full Service Review of Cleaning Contracts.</i> Government Management Committee – Q4 2013.
13. City Council approve the following, in principle, and refer it to the City Manager for a report to City Council, through the Government Management Committee: "That all future proposal calls for cleaning contracts be reviewed by the Government Management Committee prior to their issuance to ensure that: a. all bidders provide a full history of their company's record of employment and health and safety standards compliance; and b. that these performance standards are thoroughly examined in the evaluation process."	<i>Quality Jobs, Living Wages and Fair Wages in Toronto</i> Executive Committee April 23, 2013

Appendix D
International Sanitary Supply Association
Cleaning Industry Management Standard for Green Buildings

Attached separately as a PDF. Available on the on-line Agenda for Executive Committee's April 23, 2013 meeting.

Appendix E Living Wage Standards

In this report, "living wage" is a term used to describe the wage level required to cover the cost of life's necessities, such as food, shelter and transportation. This appendix describes a number of the most widely used of these standards, and explains the costs and benefits associated with their use.

The Self-Sufficiency Standard

The American-based *Self-Sufficiency Standard* was created in the mid-1990s by the Centre for Women's Welfare, and legislation based on the Standard has now been enacted in 37 states. The Standard considers all of the major budget items that full-time working adults must buy to support their families, including housing, child care, food, health care, and transportation, and it includes the net effect of federal, state and local taxes and tax credits. It is set at a level that allows a family to meet their basic needs without any additional savings, debt payments or other costs. Standards have been created for 70 different family types and for every county in each of the states that have enacted the Standard.³⁰

The Canadian-based Living Wage uses an approach similar to the Self-Sufficiency Standard to calculate the rate of pay that allows families to afford a decent and dignified life. The Living Wage considers the cost of food, clothing, shelter, health expenses, transportation, and childcare for a reference family of four in which the two adults have fulltime, year-round work. Like the Self-Sufficiency Standard, the Living Wage considers income from employment and government transfers net of tax deductions, but does not allow for debt payments, savings for retirement, owning a home, or savings for post-secondary education.

The Living Wage standard was developed by the Canadian Centre for Policy Alternatives (CCPA), which continues to support its implementation. Using the Living Wage methodology, the CCPA calculated in 2008 that a reference family of four would require an annual after-tax income \$57,400 to afford a basic, conservative, decent life in Toronto. To earn this income, each of the family's adults would need to earn \$16.60 per hour, a rate well above the provincial minimum wage.³¹ The CCPA's most recent detailed guide to calculating the Living Wage is available for the Vancouver area, and is attached with this report as Appendix F.

³⁰ Center for Women's Welfare (2012). *The Self-Sufficiency Standard*. Retrieved from <http://www.selfsufficiencystandard.org/index.html>

³¹ Guelph & Wellington Task Force for Poverty Elimination. (2011). *Living Wage: An Introduction*.

Applying Living Wage Standards

Living wage standards are gaining increased prominence, and have been adopted by both governments and private sector corporations with an interest in promoting quality jobs. More than 140 US cities have successfully implemented living wage standards, including New York, Chicago, Boston, Detroit, Cleveland, Los Angeles, San Francisco, Oakland, San Jose and Miami, and almost half of the urban population in the US now lives in a city covered by a legislated municipal living wage. A number of UK municipalities, including the Greater London Authority, have also legislated living wage policies, and the recent summer Olympics was the first ever to ensure a living wage for all workers on the project.

In April 2010, the City of New Westminster, BC became the first municipality in Canada to pass a Living Wage Policy. The City's Policy is based on the CCPA's Living Wage standard, and commits the municipality to ensuring that everyone who works on City property for a minimum of one hour a month, whether as a City employee or as a contracted worker, is paid the living wage standard of \$19.14 per hour, the rate established based on the cost of living in the Vancouver area. Community-led campaigns to encourage municipalities, other public sector institutions and the private sector to adopt similar policies are active in other parts of Canada, including Hamilton, Victoria, and Calgary.

Living Wage Standards: Costs and Benefits

At first glance, the adoption of a living wage standard may appear to conflict with the need to contain and reduce costs that is so important during times of economic uncertainty. Living wage policies do come at a price, even if it is minimal – for example, the city of New Westminster's Living Wage Policy has increased its overall expenditures by 0.25%³². However, the immediate cost of living wage policies is likely saved many times when the longer term cost of declining wages is considered.

When workers earn low wages, there is less money circulating in the economy and local businesses suffer. Parents working two and three jobs to support their families must rely on municipally-funded social and recreational programs to assist them in caring for their children or aging parents. The precariousness of low wage earners' economic situation means that an injury, illness or small decline in income can trigger catastrophic losses, forcing families to apply for social assistance or to move into the shelter system, all at a significant cost to municipalities.

As a result, the cost savings that outsourcing promises may not be possible for municipalities to realize. For example, a municipality might save money in the short term by contracting out its cleaning jobs to the private sector. But cleaners working in the private sector are four times more likely to access social assistance than those

³²Klein, Seth and Michael McCarthy Flynn (2001), *Living wage policy —why municipal governments should lead the way*, retrieved from <http://www.policyalternatives.ca/publications/commentary/living-wage-policy-%E2%80%94why-municipal-governments-should-lead-way>.

working in the public sector.³³ As a result, the decision to lower expenditures in the short term could increase health and social service expenditures in the medium and long term.

Some members of the private sector have raised concerns that the introduction of living wage standards could have a negative impact on the business community. However, private sector companies that have adopted living wage standards report that the practice makes good business sense, noting improvements that include decreases in employee turnover that generated cost reductions in staff hiring and training; improved employee performance, productivity and service delivery; lower levels of absenteeism; and improvements in reputation resulting from increased corporate social responsibility.³⁴

For example, Ian Tew, Head of Workplace at KPMG's UK office notes the following:

As Head of Workplace, I have about 700 in-house and outsourced staff in our UK offices, many of whom are directly serving our clients. So, their calibre, motivation and loyalty are extremely important to us. Paying the Living Wage and improving other benefits, like holidays, sick pay and insurance, have contributed significantly to our success. Here's how:

- Turnover amongst our cleaning staff has more than halved;
- Morale has been raised;
- Despite improved sick pay potential abuse has not materialised;
- Productivity has improved: attitudes are flexible and more positive;
- Service has improved: our help desk get far fewer complaints.³⁵

Similarly, the University of London (UK) was able to improve the quality of cleaning jobs and pay workers living wages without a significant impact on its costs:

The research has revealed that the move to be a living wage employer and bring the cleaning service in-house has stimulated improvements in job quality, productivity and service delivery, with very little increase in costs. In addition, the decision has strong support in and beyond the wider community at Queen Mary, University of London.³⁶

³³ Dryden, Rob and Jim Stanford (2012). *The Unintended Consequences of Outsourcing Cleaning Work*. Canadian Centre for Policy Alternatives.

³⁴ First Call BC. *The Business Case for Paying a Living Wage*. Retrieved from <http://www.firstcallbc.org/pdfs/lw/business%20case.pdf>.

³⁵ Ian Tew, Head of Workplace at KPMG UK, 2008 as quoted in *Living Wage Fact Sheet 4: Business Support of the Living Wage*, The Living Wage for Families Campaign. Retrieved from <http://www.firstcallbc.org/pdfs/LW/Fact%20sheet%204%20Business%20Case.pdf>.

³⁶ Jane Wills, *The business case for the living wage: The story of the cleaning service at Queen Mary, University of London*, January 2009. As quoted in as quoted in *Living Wage Fact Sheet 4: Business Support of the Living Wage*, The Living Wage for Families Campaign. Retrieved from <http://www.firstcallbc.org/pdfs/LW/Fact%20sheet%204%20Business%20Case.pdf>.

The implementation of living wage standards by governments also benefits a wide range of firms in the local economy, raising productivity and decreasing turnover among affected firms. A 2010 editorial in the LA Times cited the following research findings related to the private sector:

Maryland, for example, found that encouraging living wages boosted competition for state contracts by expanding the pool of "good" firms that could compete on a level playing field. In Los Angeles, a study of the city's living wage law found that staff turnover rates at firms covered by the law averaged 17% lower than at firms that weren't. And a leading study of the San Francisco airport by researchers at the University of California found that after the airport boosted wages, turnover among contracted security screeners plummeted from 95% to 19%, service quality improved dramatically, and the airport saved thousands of dollars per worker in new employee recruitment and training costs.³⁷

³⁷ LA TIMES Editorial July 6th 2010. As quoted in as quoted in *Living Wage Fact Sheet 4: Business Support of the Living Wage*, The Living Wage for Families Campaign, captured October 25, 2012 from <http://www.firstcallbc.org/pdfs/LW/Fact%20sheet%204%20Business%20Case.pdf>.

Appendix F
Working for a Living Wage: Making Paid Work Meet Basic Family
Needs in Metro Vancouver (2012)

Attached separately as a PDF. Available on the on-line Agenda for Executive Committee's April 23, 2013 meeting.