



## STAFF REPORT ACTION REQUIRED

### Award of Request for Proposal (RFP)No. 0203-16-0091 to TBM Service Group Inc., for Custodial Services for Various City Divisions

<b>Date:</b>	October 26, 2016
<b>To:</b>	Government Management Committee
<b>From:</b>	Chief Corporate Officer and Director, Purchasing and Materials Management Division
<b>Wards:</b>	All
<b>Reference Number:</b>	P:\2016\Internal Services\FAC\Gm16025fac (AFS 23667)

### SUMMARY

The purpose of this report is to advise on the results of the Request for Proposal (RFP) 0203-16-0091 for the provision of Custodial Services for various locations throughout the City of Toronto, and to request authority to negotiate and enter into a legal agreement with **TBM Service Group Inc.** acceptable to the City Solicitor. The locations for all City divisions covered under this RFP are listed in Appendix-1 of this report and all those locations are currently serviced by external contractors. No City employees will be affected as a result of this award.

This contract award is within the delegated authority of the Government Management Committee pursuant to Toronto Municipal Code Chapter 195, Purchasing, Section 195-14C and pursuant to direction 10 of GM 12.21 Council-Directed Follow Up to Community Development Committee Item CD10.2- the Social Impact of Lower Wage Jobs which states "that prior to the awarding of any further cleaning contracts, the Deputy City Manager & Chief Financial Officer bring results of the call for proposals to the Government Management for approval."

## RECOMMENDATIONS

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### **The Chief Corporate Officer and the Director, Purchasing and Materials Management recommend that:**

1. Government Management Committee, in accordance with Section 195-14C of Toronto Municipal Code Chapter 195 (Purchasing By-law) authorize the Chief Corporate Officer to negotiate and enter into an agreement with TBM Service Group Inc. being the highest scoring Proponent meeting the requirements as a result of the Request for Proposal (RFP) 0203-16-0091 for the provision of Custodial Services for various locations throughout the City of Toronto for a period of one (1) year from February 1, 2017 to January 31, 2018, in the amount of \$ 4,449,034 net of all taxes and charges \$4,527,337 net of HST recoveries) with the option to renew the contract for four (4) additional, one (1) year periods in the amount of \$ 19,171,490 net of all taxes and charges (\$ 19,508,909 net of HST recoveries) for a total contract award of \$23,620,524 net of all taxes and charges (\$24,036,245 net of HST recoveries) at the sole discretion of the Chief Corporate Officer based on the terms and conditions set out in the RFP and in a form satisfactory to the City Solicitor.

### **Financial Impact**

#### **RFP 0203-16-0091 - various locations and building types throughout the City of Toronto for all locations identified within Appendix 1.**

The total contract award for various City of Toronto divisions and Toronto Police (TPS) locations, identified in this report including all option years is \$23,620,524 net of all applicable taxes and charges and \$26,691,192 including all applicable taxes and charges. The total potential cost to the City is \$24,036,245 net of HST recoveries. **Contracts will commence from February 1, 2017.**

Funding in the amount of \$4,527,337 (for the 2017 budget year), will be included in the 2017 annual Operating Budget Submission for the various City of Toronto divisions and the Toronto Police Service (TPS). Should the City choose to exercise its option to renew for any of the additional four (4) terms of one (1) year each, then appropriate additional funding, if needed, will be included in the 2018-2022 annual Operating Budget Submissions.

The funding details are summarized in Table 1 below (See Appendix 1: Facility Locations and Financial Support - RFP 0203-16-0091):

Table 1: (\$'s) Net of HST Recoveries

<b>Year</b>	<b>Period</b>	<b>Cost of Service</b>
2017	<b>AWARD TERM:</b> February 1, 2017 to January 31, 2018	\$ 4,527,337
2018	<b>OPTION TERM 1:</b> February 1, 2018 to January 31, 2019	\$ 4,663,157
2019	<b>OPTION TERM 2:</b> February 1, 2019 to January 31, 2020	\$ 4,803,051
2020	<b>OPTION TERM 3:</b> February 1, 2020 to January 31, 2021	\$ 4,947,143
2021	<b>OPTION TERM 4:</b> February 1, 2021 to January 31, 2022	\$ 5,095,557
	<b>Grand Total</b>	<b>\$ 24,036,245</b>
The award value includes additional 10% for contingency		

The new contracts are full service contracts which consolidate many services within the existing budget (e.g. custodial services, carpet cleaning, supplies), and incorporates the Fair Wage Policy approved by Council at its July 16-18, 2013 meetings.

For the purposes of the evaluation and award only, the option year renewal periods included an estimate of 3% Consumer Price Index (CPI) increase. Should the Chief Corporate Officer choose to exercise its option for any of the four (4) additional term of one (1) year fixed each, then appropriate additional funding, if needed, subject to the CPI at time of renewal will be included in the various City of Toronto divisions Budget submissions in future years. Actual contract escalation would be at the CPI for Toronto.

Currently, the 2017 Operating Budget submission for Facilities Management, Real Estate, Environment & Energy (FREEE) includes \$0.850 million in savings from reduced custodial service levels provided to TPS. The reduction in operating costs is attributed to the standardization of service levels (Custodial Standard Service Model) and the consolidation of the six (6) previous contracts into one (1). It is estimated that this contract, if approved, could result in up to \$1.500 million in operating expense savings, when compared against 2015 full year actual expenses. This estimate is contingent upon timing of service level changes, contract awards, and other service requests made. Performance and cost savings will be monitored in early 2017. If the estimated cost savings are realized, additional budget reductions related to this initiative will be included in the 2018 and future year budget submissions.

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

## DECISION HISTORY

At the April 10 and 11, 2012 meeting, City Council adopted GM 12.21 Council Directed Follow Up to Community Development Committee Item CD10.2 - the Social Impact of Lower Wage Jobs which directed that prior to the award of any further cleaning contracts, the Deputy City Manager & Chief Financial Officer bring the results of the call for Proposals to the Government Management Committee for approval.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2012.GM12.21>

At the July 16, 17, 18 and 19, 2013 meeting, City Council directed the Director, Purchasing and Materials Management and the Chief Corporate Officer to include the mandatory requirements for all future Custodial Services Request for Proposals and amended the Toronto Municipal Code, Chapter 67, Fair Wage, to increase the Schedule C General Classification rates, which includes wage rates for workers performing custodial services.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2013.EX33.2>

At the July 12, 13, 14 and 15, 2016 meeting, City Council adopted AU6.9 Audit of City Cleaning Services – Part 1: Opportunities to Control Costs, Improve Productivity and Enhance Quality of Cleaning Services to outline recommendations for Facilities Management.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.AU6.9>

At the July 12, 13, 14 and 15, 2016 meeting, City Council adopted Audit of City Cleaning Services – Part 2: Maximizing Value from Cleaning Contracts which directs all upcoming competitive procurements for cleaning services are issued based on new standards consistent with recommendations made as a result of this report.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.AU6.10>

## ISSUE BACKGROUND

In 2016, the Auditor General reviewed Facilities Management's Custodial Services as part of its planning cycle. The Auditor General report was presented at Audit Committee on July 4, 2016 and outlined recommendations for **Facilities Management**.

Request for Proposal (RFP) No.0203-16-0091 included language to address all Auditor General recommendations addressing Opportunities to Control Costs, Improve Productivity and Enhance Quality of Cleaning Services (2016.AU.9) and Maximizing Value from Cleaning Contracts (2016.AU.10).

To ensure that the Auditor General's recommendations were implemented as broadly and quickly as possible, Facilities Management identified six (6) custodial contracts for seventy one (71) locations, all scheduled to expire on January 31, 2017, to be consolidated into one (1) agreement, and issued under a new RFP No. 0203-16-0091.

In addition to the requirements outlined in Appendix B of Quality Jobs, Living Wage and Fair Wages in Toronto report (EX33.2), *Mandatory Requirements for Custodial Services Request for Proposals*, Request for Proposal No. 0203-16-0091 addressed all recommendations identified by the Auditor General's office applicable to procurement. The following changes have been made to the RFP document to enhance the City of Toronto's custodial services procurement process and contracted service:

- Quarterly quality assurance audits will be carried out by the City and the results of such audits will be used as the basis for any justification to exercise any option period.
- Vendors are required to regularly forward all payroll records, staff schedules, and stock usage and maintain accurate site logs. These requirements will form the basis of the enhanced Fair wage compliance processes and be carried out jointly between the Facility Management division, Fair Wage Office and the Purchasing Material Management Division.
- The scope of work is based on the Custodial Standard Service Model and intended to standardize the custodial service throughout all division and clients within the City of Toronto.
- A new cost of additions to the contract section has been created to allow changes to the contract to be managed in a fair and transparent manner. This section also provides a mechanism to compare Proponents against each other on the cost of service changes the City of Toronto can expect in the future.

## **COMMENTS**

### **Request for Proposal 0203-16-0091 – Procurement Process**

Request for Proposal (RFP) No. 0203-16-0091 for the supply of all labour, materials, custodial supplies and equipment necessary to provide Custodial Services at various City of Toronto facilities, including Toronto Police locations was issued by the Purchasing and Materials Management Division (PMMD) on August 23, 2016 and made available to download on the City's On-Line Call Document System. The closing date for submissions was September 22, 2016.

As part of the RFP, interested Proponents were offered an opportunity to attend voluntary site visits at seventy one (71) different locations to familiarize themselves with the scope of the work and ascertain the full extent of the work required. These site visits were held over an eleven (11) day period between, August 31, 2016 to September 14, 2016 to allow enough time for visitation. In addition, interested Proponents were offered an opportunity to attend a voluntary pre-bid meeting to understand the requirements of the RFP and to reduce the likelihood of their proposals being deemed non-compliant. The informational pre-bid meeting was held on September 8, 2016.

The RFP process conducted was a two (2) envelope system whereby the Proponents were required to submit two (2) separate envelopes. Envelope one (1) contained the technical Proposal submission and envelope two (2) contained the cost of services. Only those Proponents who met the 70% scoring threshold (or 42 of 60 points) would proceed to having their cost of services envelopes opened and evaluated.

Eleven (11) firms either downloaded the document from the On-Line Call Document Systems or purchased a hardcopy of the RFP document. A total of four (4) Proposal submissions were received prior to the closing deadline as listed below:

- Impact Cleaning Services Ltd.
- Commercial Cleaning Services
- Bee-Clean Building Maintenance
- TBM Service Group Inc.

Evaluation of the Request for Proposal (RFP) No. 0203-16-0091 Submissions:

A formal Selection Committee comprised of two (2) members from the **Facilities Management Division**, one (1) member from the Business Performance Management **Chief Corporate Office**, one (1) member from the Toronto Police Service, and one (1) member from the Toronto Employment and Social Services Division. All Selection Committee members submitted a Non-Disclosure and Declaration of Conflict of Interest Agreement, under the supervision of PMMD and evaluated the technical Proposals in compliance with the criteria set out in the RFP as follows:

- Stage 1: Compliance with the mandatory submission
- Stage 2: Detailed Technical Evaluation (Proposal)
- Stage 3: Cost of Services

Stage 1:

In compliance with the RFP, a mandatory requirements had to be met in order to advance to Stage 2; Proposal Content.

All four (4) Proponents noted above passed the mandatory requirements review and, advanced to Stage 2 of the evaluation process.

Stage 2:

In Stage 2 Proponents were evaluated on their Technical (Proposal content) Proposal and a minimum threshold score of 70% (or 42 points out of 60) had to be met in order to advance to Stage 3 (Cost of Services) in order to be considered further. Out of the four (4) firms that were evaluated, three (3) Proponents, met the minimum threshold score of 70% (or 42 points out of 60) and advanced to Stage 3 of the evaluation process.

- Commercial Cleaning Services
- Bee-Clean Building Maintenance
- TBM Service Group Inc.

Stage 3:

In Stage 3 the costs of services were reviewed and the calculations of the total annual costs and price scores were validated by PMMD, and Corporate Finance.

The Proponents that progressed to Stage 3 noted above, their technical score (out of 60), and the cost of services score (out of 40) for each Proponent were added together to calculate the total score (out of 100).

The highest ranking Proponent achieved the highest total score and also had the highest cost of services score, i.e., was the lowest overall cost Proposal. Table 2 sets out the highest scoring Proponents.

Table 2: Highest Scoring Proponent

	<b>Price Schedules</b>	<b>Highest Ranking Proponent</b>
<b>Facilities Management</b>	Schedules A, B, C, D	<b>TBM Service Group Inc.</b>

**CONCLUSION**

Based on the results of the RFP No. 0203-16-0091, the Chief Corporate Officer is recommending that Government Management authorize the General Manager of **Facilities Management** to negotiate and enter into an agreement for RFP No. 0203-16-0091 with TBM Service Group Inc.

The Manager of the Fair Wage Office has approved the recommended Proponents and have indicated that the Proponents have reviewed and understand the Fair Wage Policy and have agreed to comply fully with it.

Proponents' scores by criteria, price comparison and a staff analysis of the evaluation results for RFP 0203-16-0091 can be provided in an in-camera presentation, if requested by Committee Members.

## **CONTACTS**

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## **SIGNATURE**

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Josie Scioli  
Chief Corporate Officer

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Michael Pacholok, Director  
Purchasing & Materials  
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## **ATTACHMENTS**

Appendix 1: Facility Locations and Financial Support - RFP 0203-16-0091