



REPORT FOR ACTION

Amendment to Blanket Contract No. 47020391 with TBM Service Group Inc., for Custodial Services

Date: February 22, 2019

To: General Government & Licensing Committee

From: Interim General Manager, Facilities Management &
Chief Purchasing Officer

Wards: All

SUMMARY

The purpose of this report is to seek authority to amend Blanket Contract No. 47020391 awarded to TBM Service Group Inc. ("TBM") as a result of the Request for Proposal (RFP) 0203-16-0091 for the supply of all labour, materials and equipment necessary to provide custodial services at various locations. The total Purchase Order Amendment being requested is for an additional amount of \$1,974,716 (\$2,009,470 net of HST recoveries) for the current option period (February 1, 2019 to January 31, 2020).

The requested amendment will ensure that the current option period has sufficient value to account for the factors addressed in the February 2018 amendment (2018.GM25.9), including 1) changes in locations from the original scope of the contract, 2) phasing in of service level changes to a standard service level, and 3) Bill 148 (minimum wage increase), thereby allowing for continuity of service delivery at facilities on this contract. In addition, the amendment will allow for services to be provided at new facilities, if required, under the same terms and conditions as the existing facilities serviced by this contract.

In 2019, Facilities Management will continue to work with client divisions to phase in the baseline custodial standard. Moving forward, there are further opportunities to consolidate contracts and standardize custodial services across the portfolio in an effort to maximize value and ensure a consistent quality of service. In 2019 and through to early 2020, Facilities Management will be developing and awarding a new Request for Proposal for custodial services in an attempt to further consolidate existing custodial contracts, refine requirements, address remaining recommendations from the Auditor General reports of 2016 and realize additional benefits.

RECOMMENDATIONS

The Interim General Manager, Facilities Management and the Chief Purchasing Officer recommend that:

1. The General Government and Licensing Committee, in accordance with Section 71-11.1C of the City of Toronto Municipal Code Chapter 71 (Financial Control By-law) grant authority to amend Contract No. 47020391 issued to TBM Service Group Inc., for the supply of all labour, materials and equipment necessary to provide custodial services required for various Facilities Management Division and City locations, by the additional amount of \$1,974,716 net of all applicable taxes and charges (\$2,009,470 net of HST recoveries) for the current option period (February 1, 2019 to January 31, 2020) revising the current value from \$16,836,217 to \$18,810,933 net of applicable taxes and charges as per the original terms and conditions as set out in the Request for Proposal.

FINANCIAL IMPACT

The amendment for the current option period required is \$1,974,716 net of applicable taxes and charges (\$2,009,470 net of HST recoveries) and funding in this amount is available in the Facilities, Real Estate and Environment and Energy 2019 Staff Recommended Operating Budget, as well as other Divisional 2019 budgets.

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

DECISION HISTORY

At its meeting on December 13, 2016, City Council adopted GM16.10 "Award of Request for Proposal No. 0203-16-0091 to TBM Service Group Inc., for Custodial Services for Various City Divisions," and in accordance with Section 195-14C of Toronto Municipal Code Chapter 195 (Purchasing By-law) authorized the Chief Corporate Officer to negotiate and enter into an agreement with TBM Service Group Inc. as a result of the Request for Proposal (RFP) No. 0203-16-0091 for the provision of Custodial Services for various locations throughout the City of Toronto. In addition, City Council requested the Chief Corporate Officer to report on the impact of the Job Quality Assessment Tool Report on this contract to Government Management Committee prior to the exercise of the first option year to confirm if the option year should be exercised. <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.GM16.10>

At its meeting on November 13, 2017, the Government Management Committee adopted GM23.18 "Facilities Management Service Review of External Cleaning Contracts". This report was in response to a recommendation in the Auditor General's report dated June 14, 2016, "Audit of City Cleaning Services - Part 2; Maximizing Value from Cleaning Contracts", requesting the General Manager, Facilities Management to

complete a service review of all current cleaning contracts including an analysis of their cost effectiveness.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.GM23.18>

At its meeting on January 11, 2018, the Government Management Committee adopted GM24.5 "Renewal of Contract No. 47020391 to TBM Service Group". This report summarized TBM's adherence to the job quality standard and advised that Facilities Management will be proceeding with the renewal of the first option year of the TBM contract.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2018.GM24.5>

At its meeting on February 20, 2018, the Government Management Committee adopted GM25.9 "Amendment to Blanket Contract No. 47020391 to TBM Service Group Inc., for Custodial Services for Various City Divisions" and granted staff the authority to amend the blanket contract to account for timing of the transition to the new custodial standard, the addition of facilities to the contract and the minimum wage increase as a result of Bill 148.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2018.GM25.9>

COMMENTS

The original term of the contract with TBM was for a period of one (1) year from February 1, 2017 to January 31, 2018 with the option to renew for four (4) additional separate one (1) year periods in accordance with the requirements set out in the Request for Proposal. The contract was renewed for the first option period (February 1, 2018 to January 31, 2019) and in February 2018 Government Management Committee subsequently authorized an amendment in the amount of (\$3,051,764 net of HST recoveries), to contract 47020391 to account for 1) changes in locations from the original scope of the contract, 2) phasing in of service level changes to a standard service level, and 3) Bill 148 (minimum wage increase) impacts. This amendment addressed only the first option period. Subsequent option period values were based on the original contract scope and do not reflect the financial impacts of the factors outlined above.

Prior to January 31, 2019, staff exercised the second option period on the contract, which runs from February 1, 2019 to January 31, 2020. The value of this option period was \$4,705,596 and did not include the changes that were approved through the first amendment. This requested amendment will ensure the changes that were approved through the previous terms will carry into the current option period, allowing for continuity of service at facilities on this contract.

The original contract award covered 71 city facilities. Over the course of the initial term and into the beginning of the first option period, two (2) facilities were deleted and 16 facilities were added increasing the total to 85 City facilities. The amendment approved by Government Management Committee in February 2018 accounted for this change. There have since been three (3) facilities added and seven (7) facilities deleted from the contract, leaving 81 locations remaining on the contract for the second option period.

The facilities serviced under this contract, including all additions and deletions since the last amendment, are outlined in Appendix 1.

Implementation of the new custodial baseline standard

The original contract was based on a custodial baseline standard that was developed in consultation with client divisions in 2015. The initial contract value, including values for option periods, assumed an immediate transition to the new baseline service standard. Based on subsequent feedback from client divisions, Facilities Management has accommodated a more gradual and phased approach to transitioning facilities to the new baseline service standard. The initial amendment to this contract accounted for the phasing in of this baseline standard over the initial term and first option period. This amendment will take into consideration this phasing in of the new standard in the current option period.

Impacts of the minimum wage increase

The impacts of the minimum wage increase that took effect in January of 2018, and the approved adjustment to the contract to account for this, will continue for the current option period. The contract values for each period on the contract were determined prior to this minimum wage adjustment. Through a review with Legal Services, Purchasing & Materials Management and other City entities with custodial contracts, in early 2018 staff had agreed with TBM to amend the contract value to account for the increase in minimum wage.

Increased contingency to meet time-sensitive custodial requirements

Over the term of this contract, requirements for custodial services—either on a short or long term basis—have arisen at temporary or new City facilities. For example, this contract has been used to service emergency warming centres and respite centres in previous years, and it is anticipated that additional temporary and/or permanent sites will require service in the current and future option periods, should they be exercised. Therefore, it is prudent to request authority for a provision of a contingency to be utilized only if required, and to service future sites on a temporary or permanent basis. This will provide staff with the flexibility to deliver services to emerging needs or new sites, while staying in compliance with contract terms and values.

Overview of the requested amendment

The current target value on contract No. 47020391 is \$16,836,217. The recommended amendment to ensure sufficient funding is available in option year 2 (the current period) is \$1,974,716 (\$2,009,471 net of HST recoveries). Table 1 details the amendment for the current option period based on the factors outlined in this report:

Table 1: Breakdown of contract amendments (excluding all taxes and recoveries)

	Option Year 2 February 1, 2019 - January 31, 2020 (Current period)
Location Changes	\$390,568
Service Level Adjustments	\$873,724
Bill 148 (Minimum Wage) Impacts	\$308,370
Contingency for future sites	\$300,000
Total Amendment Value	\$1,974,716

Future plans for contracted custodial services

When Facilities Management developed Request for Proposal 0203-16-0091 the 71 locations that were included in this Request for Proposal were being serviced by six (6) separate custodial contracts. Furthermore, this Request for Proposal addressed some of the recommendations in the Auditor General's reports "Part 1: Opportunities to Control Costs, Improve Productivity and Enhance Quality of Cleaning Services" (2016, AU6.9) and "Part 2: Maximizing Value from Cleaning Contracts" (AU6.10). There are further opportunities to consolidate contracts and standardize custodial services across the portfolio in an effort to maximize value and ensure a consistent quality of service. In 2019, and through to early 2020, Facilities Management will be developing and awarding a new Request for Proposal for custodial services in an attempt to further consolidate existing custodial contracts, refine requirements, and address remaining recommendations from the Auditor General reports of 2016 to realize additional benefits.

CONTACT

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SIGNATURE

Patrick Matozzo
Interim General Manager, Facilities Management

Mike Pacholok
Chief Purchasing Officer

ATTACHMENTS

Attachment 1: List of Locations Serviced by TBM on Contract No. 47020391

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Facilities Serviced as of February 2018	
1	2050 Jane St. (Bld A)
2	200 Trethewey Dr
3	1435 Eglinton Ave W.
4	350 Dovercourt Rd.
5	791 Islington Ave
6	3699 Bloor St. W.
7	40 Norfinch Dr.
8	30 Ellerslie Ave
9	50 Upjohn Rd
10	242 Milner Ave.
11	255 Dundas St. W.
12	75 Eglinton Ave. W.
13	101 Coxwell Ave.
14	44 Beechwood Dr
15	951 Wilson Ave.
16	18 Cranfield Rd
17	2050 Jane St. (Bld B)
18	259 Queens Quay W.
19	7 Brimley Rd.
20	2 Bayview Ave.
21	2233 Lakeshore Blvd. W.
22	2440 Lawrence Ave. E.
23	4331 Lawrence Ave. E.

Facilities Serviced as of February 2018	
24	xxx Duncan Mill Rd.
25	330 Progress Ave.
26	5230 Finch Ave W.
27	60 Tiffield Rd.
28	220 Atwell Dr.
29	1900 Dundas St. W.
30	1880 Eglinton Ave. E.
31	150 Eglinton Ave. E.
32	1117 Finch Ave. W
33	1225 Kennedy Rd.
34	20 Lesmill Rd.
35	2985 Kingston Rd.
36	1631 Queen St. E.
37	779 The Queensway
38	605 Rogers Rd.
39	111 Wellesley St. E.
40	277 Victoria St.
41	9 Leslie St. (Admin Bld)
42	545 Commissioners St.
43	45 Twenty Third St.
44	30 Dee Ave.
45	1026 Finch Ave W. (Bld B & D)
46	435 Kipling Ave.
47	275 Merton St.
48	51 Beechgrove Dr.

Facilities Serviced as of February 2018	
49	130 The Queensway
50	30 Northline Ave
51	235 Cottingham St.
52	1050 Ellesmere Rd (Bld A)
53	891 Morningside Ave.
54	821 Progress Ave.
55	8270 Sheppard Ave. E.
56	1305 Ellesmere Rd. E.
57	4560 Sheppard Ave. E.
58	185 Fifth St.
59	21 Panorama Court
60	662 Jane Street
61	1652 Keele St York
62	320 Bering Ave.
63	330 Bering Ave
64	150 Disco Rd
65	399 The West Mall
66	2 Civic Centre Court.
67	2700 Eglinton Ave. W.
68	150 - 160 Borough Dr.
69	1530 Markham Rd.
70	150 Disco Rd (Bld D)
71	799 Islington Ave
72	35 Spadina Rd
73	3 Eaglet Court

Facilities Serviced as of February 2018	
74	320 Bering Ave "New Building B
75	320 Bering Ave "Bld E"
76	320 Bering Ave "Bld D"
77	320 Bering Ave "Bld A"
78	176 Elm St.
79	5504 Lawrence Ave. E.
80	1229 Ellesmere Rd.
81	21 Panorama Crt.
82	402 Shuter St.
83	201 Copperfield Rd
84	195 Princes' Blvd.
85	130 Queen St. E.

Additional Facilities since February 2018	
1	1 York Gate Blvd
2	1390 Concession Road 3
3	677 Wellington

Deleted Facilities since February 2018	
1	1117 Finch Ave. W.
2	330 Bering Ave.
3	35 Spadina Rd.
4	5504 Lawrence Ave. E.
5	1229 Ellesmere Rd.
6	135 Princes' Blvd
7	130 Queen St. E.