



REPORT FOR ACTION

Award of Negotiated Request for Proposal Ariba Document Number 1960427682 to Kleenway Building Maintenance Services Inc., Impact Cleaning Services Ltd and ICS Clean Inc. for the Provision of Custodial Services at various City of Toronto locations

Date: May 20, 2020

To: General Government and Licensing Committee

From: Executive Director, Corporate Real Estate Management, and Chief Purchasing Officer

Wards: All

SUMMARY

The purpose of this report is to advise on the results of Negotiated Request for Proposal (NRFP) Document Number 1960427682 for the provision of custodial services for various locations throughout the City of Toronto, and to request authority for the Executive Director, Corporate Real Estate Management to enter into three (3) separate contracts with the top-ranked proponents meeting the requirements set out in the NRFP.

The consolidated cost of all three (3) contracts over the award period of three (3) years with two (2) option years of (1+1) to the City of Toronto is \$41,590,939 net of all taxes (\$42,322,940 net of Harmonized Sales Tax recoveries). The award amount is inclusive of a contingency to address potential scope adjustments and additional services periodically required under normal operations within existing properties. The award value also includes an additional contingency required to address immediate and unknown long-term impacts on cleaning standards that are, and will be, required to combat and prevent the spread of COVID-19 within City facilities and the community. Details of the award are provided in the financial impact and comments sections.

This NRFP was developed as a strategic sourcing initiative by the Purchasing and Materials Management Division's Category Management and Strategic Sourcing (CMSS) unit and Corporate Real Estate Management's Strategic Sourcing team. The requirements of the NRFP followed current industry best practices and are outcome-based with a focus on performance. As a result of this sourcing initiative, the City will benefit from a standardized outcome-based custodial services model, enhanced

abilities to hold vendors accountable and consistency in terms of contract requirements and performance levels. This is all expected to result in annual cost savings on base services and added benefits ranging from \$1.080 million to \$1.900 million to be realized over the term of the contract.

This contract award is within the delegated authority of the General Government and Licensing Committee pursuant to direction 10 of GM12.21 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" and pursuant to Section 195-8.4 of Toronto Municipal Code Chapter 195.

RECOMMENDATIONS

The Executive Director, Corporate Real Estate Management, and the Chief Purchasing Officer recommend that:

1. The General Government and Licensing Committee, in accordance with Section 195-8.4 of Toronto Municipal Code Chapter 195 (Purchasing By-Law), grant authority to the Executive Director, Corporate Real Estate Management to enter into, and execute an agreement with the following successful Proponents based on the terms and conditions set out in the Negotiated Request for Proposal (NRFP) document number 1960427682 and in a form satisfactory to the City Solicitor:

a. Kleenway Building Maintenance Services Inc. being the top-ranked proponent meeting the requirements set out in the NRFP for the provision of custodial services at multiple City facilities within Large Property Group A and D (as defined in the NRFP) for a period of three (3) years, from the date of award in the amount of \$14,886,269 net of all taxes and charges (\$15,148,267 net of Harmonized Sales Tax recoveries) with the option to renew the contract for two (2) additional separate one (1) year periods in the amount of \$10,427,004 net of all taxes and charges (\$10,610,520 net of Harmonized Sales Tax recoveries) for a total contract award including optional years of \$25,313,273 net of all taxes and charges (\$25,758,787 net of Harmonized Sales Tax recoveries).

b. Impact Cleaning Services Ltd. being the top-ranked proponent meeting the requirements set out in the NRFP for the provision of custodial services at multiple City facilities within Large Property Group B (as defined in the NRFP) for a period of three (3) years, from the date of award in the amount of \$5,179,267 net of all taxes and charges and inclusive of all contingencies (\$5,270,422 net of Harmonized Sales Tax recoveries) with the option to renew the contract for two (2) additional separate one (1) year periods in the amount of \$3,627,789 net of all taxes and charges (\$3,691,638 net of Harmonized Sales Tax recoveries) for a total contract award including optional years of \$8,807,056 net of all taxes and charges and inclusive of all contingencies (\$8,962,061 net of Harmonized Sales Tax recoveries).

c. ICS Clean Inc., being the top-ranked proponent meeting the requirements set out in the NRFP for the provision of custodial services at multiple City facilities within Large Property Group C (as defined in the NRFP) for a period of three (3) years, from the date of award in the amount of \$4,393,328 net of all taxes and charges (\$4,470,650 net of Harmonized Sales Tax recoveries) with the option to renew the contract for two (2) additional separate one (1) year periods in the amount of \$3,077,282 net of all taxes and charges (\$3,131,442 net of Harmonized Sales Tax recoveries) for a total contract award including optional years of \$7,470,610 net of all taxes and charges and inclusive of all contingencies (\$7,602,092 net of Harmonized Sales Tax recoveries).

FINANCIAL IMPACT

The total potential contact award amount, inclusive of option years and contingency amounts, is \$41,590,939 net of all applicable taxes and charges (\$42,322,940 net of Harmonized Sales Tax recoveries).

The contracts are expected to commence in July 2020. The total potential impact of the award value on the 2020 budget is \$4.100 million, including all contingencies. There is no incremental budget impact as funding is available in the 2020 Council Approved Operating Budget for Corporate Real Estate Management (CREM) for custodial services for the properties included in the award. Note, this excludes any immediate or long-term impacts and costs due to COVID-19 incurred within 2020.

Additional funding will be requested in the 2021-2025 Operating Budget submissions for CREM for the initial three-year contract term, and as required, for the two optional one year terms, for Council consideration.

The breakdown by year and contract / vendor is summarized in Table 1 below.

Table 1: Total Contact Award Summary (all values are net of Harmonized Sales Tax recoveries)

Vendor	Kleenway Building Maintenance Services Inc.	Impact Cleaning Services Ltd	ICS Clean Inc.	Total Award	Annual Additional Contingency to address COVID	Annual Total Award, Incl. Additional Contingency
Year 1 (July 2020 - June 2021)	\$4,355,795	\$1,515,479	\$1,285,509	\$7,156,783	\$975,925	\$8,132,708*
Year 2 (July 2021 - June 2022)	\$4,442,911	\$1,545,789	\$1,311,219	\$7,299,919	\$995,443	\$8,295,362
Year 3 (July 2022 - June 2023)	\$4,531,769	\$1,576,704	\$1,337,444	\$7,445,917	\$1,015,352	\$8,461,269
Initial Term of Contract	\$13,330,475	\$4,637,972	\$3,934,172	\$21,902,619	\$2,986,721	\$24,889,340
Option Year 1 (July 2023 - June 2024)	\$4,622,405	\$1,608,238	\$1,364,193	\$7,594,836	\$1,035,659	\$8,630,495
Option Year 2 (July 2024 - June 2025)	\$4,714,853	\$1,640,403	\$1,391,476	\$7,746,732	\$1,056,373	\$8,803,105
Total Additional Contingency to address COVID-19	\$3,091,054	\$1,075,447	\$912,251	\$5,078,753	-	-
Total Award - July 1, 2020 to June 30, 2025	\$25,758,787	\$8,962,061	\$7,602,092	\$42,322,940	-	-

The list of facilities included in each property group and awarded to each vendor is outlined in Appendix 1. The award includes a 10% contingency to account for additional on-demand custodial services commonly required, and an expected increase in vendor staff compensation associated with a forthcoming Collective Bargaining Agreement between the vendor's employees and their labour union. All costs are inclusive of

annual escalation adjustments of 2% from the anniversary of each year of the contract as specified in the NRFP.

An additional contingency representing 15% of base services is being requested to deliver enhanced cleaning and disinfection to address immediate and unknown medium long term impacts resulting from COVID-19. This amount is based on what has been experienced to date with respect to cleaning services at City facilities as part of the City's response to COVID-19. Impacts on cleaning standards at various City facilities, including Toronto Police Services facilities, have been realized and are expected to continue over the course of this contract. Corporate Real Estate Management is working closely with Toronto Public Health and other partners in determining appropriate cleaning routines and levels at various City facilities across the portfolio.

It is unknown at this time as to the duration or extent of enhanced cleaning and the longer-term increases to service levels as compared to what is currently included in this award. The NRFP was developed prior to the onset of COVID-19 and does not account for how the City responds, recoveries and enters a new normal, post-COVID-19. Therefore, staff feel it is prudent to include an additional contingency on top of the 10% already in the award value to recognize that there has been and will continue to be an impact. The use of this amount is at the discretion of the City and is based solely on need.

Cost Savings and Value Added Benefits

As a result of the strategic sourcing approach, and the accompanying NRFP process, the City is positioned to realize cost savings on base services and value added benefits throughout the contract term. The table below outlines these savings and benefits, excluding the additional award amount being requested as a result of COVID-19 impacts.

Table: 2 Cost Savings/Avoided and Value Added Benefits (all values are net of Harmonized Sales Tax recoveries)

Year	Baseline Costs	Total Award excl. Additional Contingency due to COVID-19	Estimated Savings and Costs Avoided	Value-Added Benefits	Total Savings and Value-Added Benefits
Year 1	\$8,239,578	\$7,156,783	\$1,082,795	\$823,958	\$1,906,752
Year 2	\$8,404,369	\$7,299,919	\$1,104,451	\$840,437	\$1,944,888
Year 3	\$8,572,457	\$7,445,917	\$1,126,540	\$857,246	\$1,983,785
Initial Term of Contract	\$25,216,404	\$21,902,619	\$3,313,785	\$2,521,640	\$5,835,425
Year 4	\$8,743,906	\$7,594,836	\$1,149,070	\$874,391	\$2,023,461
Year 5	\$8,918,784	\$7,746,732	\$1,172,052	\$891,878	\$2,063,930
Total Over Contract Term	\$42,879,094	\$37,244,187	\$5,634,907	\$4,287,909	\$9,922,816

The Year 1 baseline costs are equal to 2019 actuals of \$7.900 million plus 4% to account for Consumer Price Index increases and expected wage adjustments resulting from new collective bargaining agreements between the vendor's employees and their labour union. Subsequent annual increases to baseline costs are assumed to be 2% per year.

As outlined in Table 2 above, annual savings of approximately \$1.080 million are expected as compared to the baseline costs incurred on previous contracts, after adjusting for inflation. Some of these savings will be realized in 2020, and will be incorporated into the 2021 budget submission for Corporate Real Estate Management. This is all prior to accounting for any impacts as a result of COVID-19.

Additionally, the City will benefit from both enhanced services and scope included within the NRFP that were not included in previous contracts. These value-added benefits are considered to be enhancements and include items such as the implementation of a performance-based enhanced scope of work at a higher level than what was received in the past, a supplier performance management process, electronic time and attendance system, and touchpoint disinfection, to name a few. These benefits are assumed to represent roughly a 10% increase over what was provided on previous contracts, resulting in approximately \$0.800 million in additional value-added benefits.

Overall, the costs to the City over the next five (5) years will remain relatively flat as compared to the costs over the past few years. The City is expected to realize approximately \$5.835 million in cost savings, costs avoided, and value-added benefits over the initial term, and a total of \$9.923 million over the full term of the contract, including all option years, prior to accounting for any impacts as a result of COVID-19.

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

DECISION HISTORY

At its meeting of January 31 and February 1, 2018, City Council adopted a report titled "TO Prosperity: Toronto Poverty Reduction Strategy 2017 Report and 2018 Work Plan". This report included a recommendation to pilot-test standards in City contracts and procurement documents related to advance notice of schedule, amongst other things. A copy of the document can be found at:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.EX29.12>

At its meeting of November 14, 2016, Government Management Committee received a report for information from the City Treasurer entitled Purchasing and Materials Management Review: Strategy for Category Management and Strategic Sourcing. A copy of the Decision Document can be found at:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.GM16.5>

On June 14, 2016, the Audit Committee received a report from the Auditor General's Office entitled Audit of City Cleaning Services – Part 1: Opportunities to Control Costs, Improve Productivity and Enhance Quality of Cleaning Services. A copy of the Document can be found at:

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

On June 14, 2016, the Audit Committee received a report from the Auditor General's Office entitled Audit of City Cleaning Services – Part 2: Maximizing Value from Cleaning Contracts. A copy of the Document can be found at:

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

COMMENTS

Category Management and Strategic Sourcing

The City's Purchasing and Materials Management Division introduced a Category Management and Strategic Sourcing approach in 2018 and 2019 to secure the best value for the City within various categories of spend.

Category management is a systemic and disciplined approach to procurement, of which strategic sourcing is a component. Strategic sourcing relies on the analysis of

information about supplier markets, anticipated volumes and dollar value of purchases to leverage the City's purchasing power, and to find the best possible value in the marketplace to meet the City's requirements. Negotiation with suppliers and periodic assessments of supply transactions to understand what the City is receiving and how to maximize value for money are hallmarks of effective strategic sourcing, and are reflected in this procurement event.

In 2019, Corporate Real Estate Management created a sourcing and contract management unit (Facilities Sourcing) to enhanced and increase knowledge and expertise in both sourcing and contract management within the City's facilities and real estate portfolio. This unit serves as a hub of expertise, bringing the necessary industry knowledge to design and incorporate cost control and service improvement measures in procurement and contract management to allow the City to realize value for money from its contracted facilities services. Facilities Sourcing partnered with the Purchasing and Materials Management Division to develop the NRFP for custodial services that is presented in this report.

Custodial services NRFP sourcing strategy

A team comprising of staff from the Purchasing and Materials Management Division, Corporate Real Estate Management, and Ernst and Young, with support from Legal Services, developed the NRFP for custodial services. This team relied on several different inputs, including market research, to understand trends, challenges, innovation and new technologies with the ultimate aim of increasing value for money, improving productivity, and meeting the City's service expectations.

The design of the NRFP focused on the scope of work, property groupings, evaluation and award criteria, pricing strategy and vendor proposals. Design of the scope of work considered quality and cost effectiveness throughout the term of the contract. To that end the City moved to an outcome-based, and performance focused, service model based on the Association of Physical Plant Administrators (APPA) standard.

City buildings included in the NRFP were divided into large and sub property groups to align with the evaluation and award strategy. This meant that vendors could submit proposals for one or several property groups, depending on their operational capacity, thereby helping encourage participation from both local (small vendors) that are not operationally capable of providing services to the entire portfolio, as well as national vendors that have that capability. The award criteria further encouraged participation by small or local vendors by ensuring that a single vendor was limited to winning a maximum of two large property groups out of four. Please refer to Appendix 1 for a breakdown of the property groups.

The City established a stage-based weighted evaluation criteria that considered a vendor's qualifications, quality of service, operational capability, and pricing submission. In their submissions, vendors could propose technology-based solutions for elements such as time and attendance management, helping vendors demonstrate their commitment to performance management. The award criteria encouraged a multi-vendor award, mitigating risks related to non-performance, and capacity issues that could result from awarding a contract to a single vendor. Lastly, the design of the pricing

submission form brought greater transparency by splitting the price of labour, consumable and project costs into separate items. The City has the ability to negotiate directly with the original equipment manufacturer with respect to supplies if the City deems the vendor's cost of consumables and equipment, such as dispensers, not to be competitive.

The NRFP offered the City and proponents advantages such as flexibility, discussion on site requirements, innovative solutions to control costs and improve quality, and the ability to negotiate with the top-scoring proponents. Flexibility in the NRFP process minimized the ways that proponents could be disqualified, and provided proponents opportunities to rectify issues in their proposals. Short-listed proponents were provided the opportunity to discuss and provide clarity on their proposal to address City's site-specific requirements and scope of service through commercial confidential meetings to ensure vendor's proposals are tailored to meet City's service expectations. The NRFP also gave the City the opportunity to request and accept innovative vendor solutions such as value-added services, pricing mechanisms for each service in a given custodial category such as labour, consumable cost plus markup, periodic service hourly rates, and discount models such as volume discounts for additional business during the term of the contract. Negotiation was another key component of the NRFP approach: the City could engage in negotiations with the top-ranking proponents, once they were selected. In conventional Request for Quotations and Requests for Proposals, negotiations are limited or not permitted at all. Finally, the NRFP approach ensured that Service Level Agreements (SLAs) were established to monitor a vendor's performance on a regular basis. In the course of the contract, the City will be able to reassign locations from one vendor to another, in the event of a vendor's poor performance and/or failure to meet expectations.

Including the custodial services NRFP in the City Workforce Scheduling Pilot

In 2018, Council directed staff to pilot test standards in City contracts and procurement documents related to advance notice of scheduling (hereinafter the workforce scheduling pilot) as an action item of the Toronto Poverty Reduction Strategy's 2018 work plan. The custodial services NRFP met the criteria to be included in the pilot and will assess the impact of the provision of advance notice of scheduling on key stakeholders, including City Divisions, Vendors and Workers of City-contracted services.

Procurement Process

In the preparation of the NRFP, Corporate Real Estate Management retained a fairness monitor from MNP Inc. to provide the following services:

- Oversee the NRFP process to ensure it is open, fair and transparent;
- Address concerns relating to accountability/fairness in the procurement process
- Participate in all commercial confidential meetings;
- Independent assurance of integrity of the procurement process via a signed attestation report for the NRFP;
- A final attestation report that may be included in any required staff report to Council on a particular procurement;

- A presentation of findings to City Council members, if required; and
- The provision of evidence and testifying in relation to any legal claim that may arise from the procurement process, if required.

The fairness monitor concluded that the NRFP process satisfied the principles of openness, fairness, consistency and transparency. The Fairness Monitor Report is included as Appendix 2.

Evaluation of Negotiated Request for Proposal (NRFP) Document Number 1960427682 Submissions

The NRFP Document Number 1960427682 for the provision of Custodial Services for various locations within the Corporate Real Estate Division and Toronto Police Services was issued by the Purchasing and Materials Management Division on September 19, 2019 and made available to download electronically through the City's online electronic bidding system. In total, fourteen (14) addenda were issued. The closing date for the proposals was December 2, 2019. At the time of closing, proposals were received from the following eight (8) proponents:

- Bee-Clean Building Maintenance
- Dexterra
- Alpine Building Maintenance Inc.
- ICS Clean Inc.
- Impact Cleaning Services
- Intergroup Facility Services
- Kleenway Building Maintenance Services Inc.
- Shinol Inc.

A formal evaluation committee was established for the purpose of reviewing responses received from the eight (8) proponents. The proposals were evaluated in compliance with the criteria set out in the NRFP.

The evaluation process described in the NRFP consisted of five (5) stages and each of the proposal were evaluated against the criteria as follows:

Stage 1: Mandatory Submission Requirements
 Stage 2: Rated Criteria Evaluation (Technical Evaluation)
 Stage 3: Pricing Evaluation
 Stage 4: Concurrent Negotiations and BAFO (Best and Final Offer)
 Stage 5: Contract Negotiations

Stage 1: Mandatory Submission Requirements

In accordance with the NRFP, each of the proponents were required to submit responses to a list of mandatory requirements. As a result of this compliance review, only seven (7) of the eight (8) proponents met the mandatory requirements and advanced to Stage 2 of the evaluation process. These proponents were:

- Bee-Clean Building Maintenance
- Dexterra
- ICS Clean Inc.
- Impact Cleaning Services
- Kleenway Building Maintenance Services
- Alpine Building Maintenance Inc.
- Shinol Inc.

Stage 2 - Rated Criteria Evaluation

Stage 2 – Rated Criteria Evaluation consisted of two (2) parts:

1. Part A: Technical Proposal
2. Part B: Reference Check Evaluation

Part A: Technical Proposal: In Stage 2 – Part A, each proponent's Technical Proposal submissions were evaluated against non-price related criteria. Stage 2 – Part A included a review and evaluation of organizational capabilities, operational capabilities, and quality control plans, and was scored out of 50 points. Out of the seven (7) proponents that were evaluated in this stage, only six (6) proponents met the minimum threshold score outlined in the NRFP – 70% (35 out of 50 points) - and advanced to Stage 2 – Part B – Reference Check Evaluation. These proponents were:

- Bee-Clean Building Maintenance
- Dexterra
- ICS Clean Inc.
- Impact Cleaning Services
- Alpine Building Maintenance Inc.
- Kleenway Building Maintenance Services

Part B: Reference Check Evaluation: Stage 2 – Part B consisted of a reference check evaluation to assess previous experience and performance of each proponent and was evaluated against non-price criteria worth 10 points. Part B did not include any minimum threshold scores as a combination of Part A and Part B scores for each proponent was assessed for eligibility into Stage 3 – Pricing Evaluation.

Proponents were required to meet an overall minimum threshold score at the end of Stage 2 (Part A Score + Part B Score) in order to proceed to Stage 3. All six (6) proponents met the minimum threshold and proceeded to Stage 3 – Pricing Evaluation.

Stage 3 – Pricing Evaluation

In Stage 3 - Pricing Evaluation, the cost of services envelopes were opened for the six (6) proponents. The lowest-priced Proponent's proposal in a large property group received the highest score allocated for this stage and all other Proponent's Proposals were prorated against the highest scoring Proponent's Proposal accordingly. As there

were no minimum thresholds for Stage 3 – Cost Evaluation, all six (6) proponents proceeded to Stage 4: Concurrent Negotiations and BAFO.

Stage 4: Concurrent Negotiations and BAFO (Best and Final Offer)

A single commercially confidential meeting was held with each of the six (6) remaining Proponents, and included the fairness monitor. During the concurrent sessions, the City provided each proponent with a gap analysis in order to seek proposal improvements and clarifications in each proponent's best and final offer submission. The Evaluation Committee evaluated BAFO proposals submitted by all six (6) proponents. Kleenway Building Maintenance Services Inc. (Large Property Group A & D), Impact Cleaning Services Ltd (Large Property Group B), ICS Clean Inc. (Large Property Group C) were identified as the top ranked proponent for each Large Property Group based on their BAFO submission and therefore proceeded to Stage 5 Contract Negotiations.

Stage 5: Contract Negotiations

Contract negotiations with Kleenway Building Maintenance Services Inc., Impact Cleaning Services Ltd, ICS Clean Inc. were conducted as set out in the solicitation. As a direct result of these negotiations, City was able to achieve:

- An overall reduction in mark-ups on labour rates negotiated from what was initially bid by the proponents. This will allow for cost containment on the base scope, as well as any future scope adjustments should additional sites be added to the contracts;
- Reduction in consumable cost markup from an average of 7.3% included in the BAFO to 3.1%, which the vendors will apply when the City purchases consumables directly from them. The consumables are not included in the cost of labour as in previous contracts. Separating out consumables affords the City more control over buying consumable quantity, quality and price, which will result in savings over the term of the contract ;
- New equipment for touchless cleaning is included at no extra cost to the City to be used at Toronto Police Services locations;
- Reduction in periodic work (carpet shampoo and hard surface) cleaning hourly labour rates to control the cost; and
- A volume discount for any additional business or new locations added to the contract utilizing the scope and pricing methodology.

Awarding the Contract for Custodial Services

The terms and conditions of the NRFP process do not form a legally binding agreement until such time the agreement is fully executed after obtaining approval from the General Government and Licensing Committee to award the contract(s). As a result of this solicitation, City staff are seeking authority to award and enter into agreements with the recommended proponents, Kleenway Building Maintenance Services Inc., Impact Cleaning Services Ltd, and ICS Clean Inc.

This NRFP is awarded into three (3) separate contracts with the top-ranked proponents meeting the requirements set out in the NRFP:

- Kleenway Building Maintenance Services Inc. (Large Property Group A and D as defined in the NRFP) – value of award for a period of 3 years plus two Option Years, including all contingencies is \$25,313,273 net of all taxes and charges (\$25,758,787 net of Harmonized Sales Tax recoveries);
- Impact Cleaning Services Ltd (Large Property Group B as defined in the NRFP) – value of award for a period of 3 years plus two Option Years, including all contingencies is \$8,807,056 net of all taxes and charges (\$8,962,061 net of Harmonized Sales Tax recoveries);
- ICS Clean Inc (Large Property Group C as defined in the NRFP) – value of award for a period of 3 years plus two Option Years, including all contingencies is \$7,470,610 net of all taxes and charges (\$7,602,092 net of Harmonized Sales Tax recoveries)

The total value of the award over the full term, including option years, is \$41,590,939 net of all applicable taxes (\$42,322,940 net of Harmonized Sales Tax recoveries). This is inclusive of a contingency representing 15% of base services has been added to the award value to account for the current and potential future impacts of COVID on cleaning standards and service levels. The total value of this contingency included in the award value is \$4,990,913 net of all applicable taxes (\$5,078,753 net of Harmonized Sales Tax recoveries). This contingency will only be added to the contract values awarded to the vendors on an as-needed basis, and at the discretion of the City. The proponent's scores and staff analysis of the evaluation results can be provided to Members of Council in an in-camera presentation if requested by Members of Council.

Fair Wage Office Review

At the conclusion of the procurement process, the Fair Wage Office confirmed that the recommended proponents indicated agreement to comply with the Fair Wage Policy.

Value-Added services

The City requested and secured innovative value-added services from vendors, at no additional cost to the City. These value-added services include enhanced testing programs that ensure all touch points are disinfected and neutralized, enhanced site service verification, quality assurance assessments that use technology, as well as other innovative cleaning programs. These value-add services were a result from the approach taken with the NRFP and are in addition to the cost savings achieved during contract negotiations. These add to the overall benefits the City will realize over the term of these contracts.

Addressing the 2016 Auditor General's Report, "Audit on Cleaning Services"

Corporate Real Estate Management considered the recommendations outlined in the Auditor General's 2016 Report "Audit on Cleaning Services" when developing the NRFP for custodial services. The NRFP's scope of work is designed to control costs, improve productivity and enhance the quality of cleaning services, key areas of focus from the report Part 1 – Audit of City Cleaning Services. Furthermore, the NRFP ensures cleaning specifications are data-driven, and strengthen contract monitoring to ensure value-for-money is achieved, key areas of focus from the report Part 2 – Audit of City

Cleaning Services. Corporate Real Estate Management worked in tandem with the Purchasing and Materials Management Division to improve the procurement of cleaning services, as demonstrated throughout this report. As a result of this work, it is expected that Corporate Real Estate Management will further progress in addressing a number of the remaining outstanding recommendations from these reports.

The NRFP was designed with a performance-based scope of work that focuses on results, or outcomes. Outcomes hold the successful proponents accountable to achieve cleaning levels defined by industry standards and adopted by the City. In this NRFP the City adopted APPA cleaning level outcomes, in addition to the requirement of Cleaning Industry Management Standard certification. The outcomes will be monitored using a supplier performance management process, developed and managed by Corporate Real Estate Management. Supplier performance management encompasses quality control. In this NRFP, the successful proponents will conduct weekly informal inspections and monthly formal audits, in addition to using a quality inspection software and reporting program to demonstrate and verify quality assurance to the City. In addition, contract monitoring is further strengthened by electronic time and attendance and touchpoint disinfection with each cleaning event. Lastly, Corporate Real Estate Management will be conducting quarterly business reviews with the vendors to review performance and ensure service and cost expectations are met. As a result of the considerations included in the NRFP, the focus on outcomes and the enhanced monitoring and controls, it is expected that Corporate Real Estate Management will further progress in addressing a number of the remaining outstanding recommendations from the Auditor General's reports on City Cleaning services.

Conclusion

Through a collaborative effort, Corporate Real Estate Management and Purchasing and Materials Management developed a NRFP for custodial services that reflects industry best practices, addresses the requirements of the City's diverse facility portfolio and divisions, while considering the recommendations from the Auditor General's reports on City cleaning services. The recommended NRFP award enhances the City's ability to ensure custodial outcomes through the inclusion of data-driven cleaning specifications and the standardization of cleaning routines. Further, the NRFP's scope of work puts City staff in a strong position to monitor vendor performance, productivity and spend, which will ensure value for money and that the expectations of the City are met throughout the term of the contracts.

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SIGNATURE

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ATTACHMENTS

Appendix 1 – Award by Property Group (List of Facilities)
Appendix 2 – Fairness Monitor Report