

Award of Negotiated Request for Proposal Ariba Document Number 2625552649 to Various Suppliers for the Provision of Custodial Services at various City of Toronto locations

Date: April 09, 2021

To: General Government and Licensing Committee

From: General Manager Parks Forestry & Recreation, Community & Social Services, Acting General Manager Economic Development & Culture, Executive Director, Corporate Real Estate Management, Acting Fire Chief, Toronto Fire Services, Acting General Manager of Economic Development and Culture, and Chief Procurement Officer

Wards: All

SUMMARY

The purpose of this report is to advise on the results of Negotiated Request for Proposal (NRFP) Document Number 2625552649 for the provision of custodial services for various locations throughout the City of Toronto, and to request authority for the General Manager Parks Forestry & Recreation, Acting General Manager Economic Development & Culture, Executive Director, Corporate Real Estate Management, Acting Fire Chief, Toronto Fire Services to enter into six (6) separate contracts with the top-ranked proponents meeting the requirements set out in the NRFP.

The consolidated cost of all six (6) contracts with four (4) Suppliers over the award period of three (3) years with two (2) option years of (1+1) to the City of Toronto is \$29,721,877 net of all taxes (\$30,244,982 net of Harmonized Sales Tax recoveries).

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 Parks Forestry & Recreation, Economic Development and Culture, Corporate Real Estate Management's 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 overall cost optimization and enhanced service levels.

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 General Manager Parks Forestry & Recreation, Executive Director, Corporate Real Estate Management, Acting Fire Chief, Toronto Fire Services, Acting General Manager Economic Development and Culture and the Chief Procurement 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 General Manager Parks Forestry & Recreation and the Acting General Manager Economic Development and Culture to enter into, and execute an agreement with Waterford Services. being the top-ranked proponent meeting the requirements set out in the Negotiated Request for Proposal (NRFP) document number 2625552649 within Large Property Groups E (Parks Forestry & Recreation's Community Recreation properties , Economic Development and Culture) and Large Property Group F (Parks, Forestry & Recreation Parks properties) as defined in the NRFP for a period of three (3) years in the amount of \$13,257,230.69 net of all taxes and charges (\$13,490,557.95 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 \$9,285,953.51 net of all taxes and charges (\$9,449,386.29 net of Harmonized Sales Tax recoveries) for a total contract award including optional years of \$22,543,184.20 net of all taxes and charges (\$22,939,944.24 net of Harmonized Sales Tax recoveries), based on the terms and conditions set out in the NRFP and in a form satisfactory to the City Solicitor.
2. 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 NRFP document number 2625552649 and in a form satisfactory to the City Solicitor:
 - a. Evripos Janitorial Services Limited. being the top-ranked proponent meeting the requirements set out in the NRFP for Large Property Groups H (Union station) as defined in the NRFP for a period of three (3) years in the amount of \$2,853,578.14 net of all taxes and charges (\$2,903,801.11 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 \$1,998,772.94 net of all taxes and charges (\$2,033,951.34 net of Harmonized Sales Tax recoveries) for a total contract award including optional years of

\$4,852,351.07 net of all taxes and charges (\$4,937,752.45 net of Harmonized Sales Tax recoveries); and

b. Kleenway Building Maintenance Services Inc. being the top-ranked proponent meeting the requirements set out in the NRFP for Large Property Group I (Scarborough Civic Centre) as defined in the NRFP for a period of three (3) years in the amount of \$1,022,054.23 net of all taxes and charges (\$1,040,042.39 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 \$715,892.20 net of all taxes and charges (\$728,491.91 net of Harmonized Sales Tax recoveries) for a total contract award including optional years of \$1,737,946.44 net of all taxes and charges (\$1,768,534.29 net of Harmonized Sales Tax recoveries).

3. 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 Acting Fire Chief, Toronto Fire Services to enter into, and execute an agreement with Alpine Building Maintenance (SCI) being the top-ranked proponent meeting the requirements set out in the NRFP for Large Property Group G (Toronto Fire Services) as defined in the NRFP for a period of three (3) years in the amount of \$346,024.12 net of all taxes and charges (\$352,114.15 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 \$242,370.67 net of all taxes and charges (\$246,636.40 net of Harmonized Sales Tax recoveries) for a total contract award including optional years of \$588,394.79 net of all taxes and charges (\$598,750.54 net of Harmonized Sales Tax recoveries), based on the terms and conditions set out in the NRFP and in a form satisfactory to the City Solicitor.

FINANCIAL IMPACT

The total 5 years award without contingency amount for all six (6) contracts inclusive of option years is \$29,721,877 net of taxes (\$30,244,982 net of Harmonized Sales Tax recoveries).

The total contingency amounts including Covid for all six (6) contracts inclusive of option years is \$2,819,544 net of all taxes (\$2,869,168 net of Harmonized Sales Tax recoveries).

The total 5 years award amount inclusive of contingency and option years including Covid for all six (6) contracts is \$32,541,420.61 net of taxes and (\$33,114,150 net of Harmonized Sales Tax recoveries).

The contracts are expected to commence June 1st, 2021. The total potential impact of the award value on the 2021 budget for seven (7) months from June 1st, 2021 to December 31st, 2021 is:

1. Parks Forestry & Recreation, Property Group E & F: \$2,475,395
2. Economic Development and Culture, Property Group E: \$95,998
3. Toronto Fire Services, Property Group G: \$67,115

4. CREM for Union Station, Property Group H: \$553,484
5. CREM for SCC, Property Group I: \$198,239

All above values are net of HST recoveries and without any contingency amounts.

The total consolidated amount for this nRFP / portfolio is \$3,390,232 including all charges. There is no incremental budget impact as funding is available in the 2021 Council Approved Operating Budget for Economic Development and Culture (EDC) and Corporate Real Estate Management (CREM) and Toronto Fire Services (TFS) for custodial services for the properties included in the award. For Parks, Forestry & Recreation (PFR), incremental increases related to this contract for 2021 will be managed through underspend through reduced service levels in PFR as a result of the COVID health guidelines.

Additional funding will be requested in the 2022-2026 Operating Budget submissions for PFR, EDC, CREM and TFS 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 (net of Harmonized Sales Tax recoveries)

Supplier	Waterford Services	Evripos Janitorial Services Limited	Kleenway Building Maintenance Services Inc.	Alpine Building Maintenance (SCI)	Total Award	Annual Contingency including Covid	Annual Total Award, Incl. Contingency
Year 1 (June 2021 - May 2022)	\$4,408,103	\$948,831	\$339,839	\$115,055	\$5,811,827	\$551,335	\$6,363,162
Year 2 (June 2022 - May 2023)	\$4,496,265	\$967,807	\$346,635	\$117,356	\$5,928,064	\$562,361	\$6,490,425
Year 3 (June 2023 - May 2024)	\$4,586,190	\$987,163	\$353,568	\$119,703	\$6,046,625	\$573,609	\$6,620,234
Initial Term of Contract	\$13,490,558	\$2,903,801	\$1,040,042	\$352,114	\$17,786,516	\$1,687,305	\$19,473,821
Option Year 1 (June 2024 - May 2025)	\$4,677,914	\$1,006,907	\$360,640	\$122,097	\$6,167,557	\$585,081	\$6,752,638
Option Year 2 (June 2025 - May 2026)	\$4,771,472	\$1,027,045	\$367,852	\$124,539	\$6,290,909	\$596,782	\$6,887,691
Total Award - June 1, 2021 to May 31, 2026	\$22,939,944	\$4,937,753	\$1,768,534	\$598,751	\$30,244,982	\$2,869,168	\$33,114,150

The list of facilities included in each property group and awarded to each vendor is outlined in Appendix 1. The award includes (labour, estimated consumable & periodic services cost). All costs are inclusive of annual escalation adjustments of 2% from the anniversary of each year for year 2 and 3 of the contract as specified in the NRFP to

address cost increases subject to provincial minimum wage / fair wage labour rates and markups where applicable and CPI for option year 4 and 5.

A contingency including Covid representing overall 9.49% of base services and thereafter during the term of the contract is being requested to account for on demand custodial services and deliver enhanced cleaning and disinfection to meet the public health requirements associated with COVID-19 and is based on the enhanced protocols currently required where applicable.

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 during the COVID-19 and does not account for how the City will respond, recover and enter in to a new normal, post-COVID-19. Therefore, staff feel it is prudent to include a contingency on top of the 2% annual increase already in the award value to recognize that there has been and will continue to be an impact. The use of the contingency amount is at the discretion of the City's various divisions and is based solely on need.

The Contingency Table 2 below shows the distribution of total contingency amounts including Covid and %age between various divisions with an overall financial impact of 9.49% per year over five (5) term contract.

Table 2 - Contingency Table

Groups	Division	Contingency Amount	%age
Property Group E	PFR-Community Recreation	\$ 100,000.00	2.61%
Property Group F	PFR-Parks	\$ 283,000.00	68.87%
Property Group E	EDC	\$ 16,456.82	10.00%
Property Group G	TFS	\$ 23,010.99	20.00%
Property Group H	CREM-US	\$ 94,883.06	10.00%
Property Group I	CREM-SCC	\$ 33,983.87	10.00%
Total Annual Contingency including COVID		\$ 551,334.74	9.49%

Acronyms:

PFR = Parks Forestry & Recreation
EDC = Economic Development & Culture
TFS = Toronto Fire Services
CREM = Corporate Real-estate Management
US = Union Station
SCC = Scarborough Civic Centre

Details of the financial impact by division are provided in Appendix 2 - Divisional Financial Impact Summary by Supplier for the Contract Term.

Cost Savings / Avoided 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 / avoidance on base services and value added benefits throughout the contract term. Table 3 below outlines these savings and benefits, excluding the additional award amount being requested to address contingencies including COVID-19 impacts.

Table 3: Cost Savings/Avoided and Value Added Benefits (all values are net Harmonized Sales Tax recoveries)

Year	Baseline Costs	Total Award excl. Contingency Amounts	Estimated Annual Savings and Costs Avoided	Value-Added Benefits	Total Savings and Value-Added Benefits
Year 1	\$5,971,489	\$5,811,827	\$159,662	\$477,719	\$637,381
Year 2	\$6,090,919	\$5,928,064	\$162,855	\$487,273	\$650,128
Year 3	\$6,212,737	\$6,046,625	\$166,112	\$497,019	\$663,131
Initial Term of Contract	\$18,275,144	\$17,786,516	\$488,628	\$1,462,012	\$1,950,640
Year 4	\$6,336,992	\$6,167,557	\$169,434	\$506,959	\$676,394
Year 5	\$6,463,732	\$6,290,909	\$172,823	\$517,099	\$689,921
Total 5 Year Contract Term	\$31,075,867	\$30,244,982	\$830,886	\$2,486,069	\$3,316,955

The Year 1 baseline costs is equal to 2019-2020 Estimated yearly spend of \$5,971,489, for all participating divisions (PFR, EDC, TFS and CREM-US, CREM SCC). A 2% escalation in the baseline cost of \$5,971,489 is accounted for year 2, 3, 4 and 5 to address consumer price index increases and expected wage and sick days adjustments resulting from new collective bargaining agreements.

As outlined in Table 3 above, annual cost savings / avoidance of approximately \$0.159 million are expected as compared to the baseline costs incurred on previous contracts after adjusting for inflation and other incremental factors such as inclusion of paid sick days. These savings where applicable will be realized at the anniversary of the applicable divisional contract's term in 2022, The future year budget will be reviewed and adjusted where applicable by each participating division accordingly.

Additionally, the City will benefit from both enhanced services and scope included within the NRFP that were not included in previous contracts such as the services performed under new contract will be outcome based as per APPA cleaning standards, Bio Matric electronic time and attendance system, implementation of third party quality assurance program, implementation of a formal vendor performance management program. These benefits are assumed to represent roughly an 8% cost increase over what was provided on previous contracts, resulting in approximately \$0.477 million cost avoidance per year in additional value-added benefits.

The table 3 above in column "Estimated Annual Savings and Costs Avoided" shows the year 1 as overall cost savings and the following years 2, 3, 4 and 5 as cost avoidance.

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 overall approximately \$1.95 million in cost savings, costs avoided, and value-added benefits over the initial term of 3 years, and a total of \$3.31 million over the full 5 years term of the contract, including all option years, prior to accounting for any impacts as a result of contingency including 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.

Custodial services NRFP sourcing strategy

A team comprising of staff from the Purchasing and Materials Management Division, Corporate Real Estate Management, Parks, Forestry and Recreation (PFR) and EDC with support from Legal Services, developed the NRFP for custodial services. This team relied on several different inputs, including market research conducted as part of the Phase 1 2019-20 NRFP, 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 property groups to align with the evaluation and award strategy. This meant that vendors could submit proposals for one or more 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 five (5). 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-supplier 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. 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.

Procurement Process

The NRFP Document Number 2625552649 for the provision of Custodial Services for various locations within the Parks Forestry & Recreation, Corporate Real Estate Division, Toronto Fire Services, and Economic Development & Culture was issued by the Purchasing and Materials Management Division on September 23, 2020 and made available to download electronically through the City's online electronic bidding system. In total, six (6) addenda were issued. The closing date for the proposals was November 4, 2020. At the time of closing, proposals were received from the following eleven (11) proponents:

- Berzerieus Inc
- Cheema Cleaning Services Ltd.
- Evripos Janitorial Services Ltd.
- Dexterra
- SCI Alpine Building Maintenance Inc.
- ICS Facility Services
- Impact Cleaning Services
- Waterford Services Inc
- Kleenway Building Maintenance Services Inc.
- SQM Janitorial Services Inc.
- Tricom Building Maintenance

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

The evaluation process described in the NRFP consisted of four (4) 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 (Pricing and Rankings)
- Stage 4: 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 ten (10) of the eleven (11) proponents met the mandatory requirements and advanced to Stage 2 of the evaluation process. These proponents were:

- Cheema Cleaning Services Ltd.
- Evripos Janitorial Services Ltd.
- Dexterra
- SCI Alpine Building Maintenance Inc.
- ICS Facility Services

- Impact Cleaning Services
- Waterford Services Inc
- Kleenway Building Maintenance Services Inc.
- SQM Janitorial Services Inc.
- Tricom Building Maintenance.

Stage 2 - Rated Criteria Evaluation

Each proponent's Technical Proposal submissions were evaluated against non-price related criteria. Technical evaluation by evaluation team included a review and evaluation of supplier profile, operational capabilities, and quality control plans was scored out of 45 points. During technical evaluation reference checks were conducted by contacting external and internal account lists which were provided by the Proponents. 15 points were allocated to experience and qualifications in stage 2. Out of the ten (10) proponents that were evaluated in this stage, only seven (7) proponents met the minimum threshold score outlined in the NRFP – 75% (45 out of 60 points) - and advanced to Stage 3 – Pricing Evaluation. These proponents were:

- Evripos Janitorial Services Ltd.
- Dexterra
- SCI Alpine Building Maintenance Inc.
- Impact Cleaning Services
- Waterford Services Inc
- Kleenway Building Maintenance Services Inc.
- Tricom Building Maintenance

Stage 3 – Pricing Evaluation

In Stage 3 - Pricing Evaluation, the cost of services envelopes were opened for the seven (7) 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 maximum limit of up to six (6) highest scoring proponents to move into the next stage of contract negotiations therefore, the City proceeded and invited the top four (4) highest score proponents into stage 4 contract negotiations.

Stage 4: Contract Negotiations

Contract negotiations with Kleenway Building Maintenance Services Inc., SCI Alpine Building Maintenance, Evripos Janitorial Services and Waterford Services 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;
- Lower markups of consumable supplies.

- The estimated consumable cost is collected separately based on the annualized consumptions for PFR so that City could perform audit and have full control over the supply and consumption which will result in savings over the term of the contract;
- Improved production rates for the delivery of periodic services.

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, Waterford Services, Evripos Janitorial Services Inc, Kleenway Building Maintenance Services Inc. and SCI Alpine Building Maintenance Inc.

This NRFP is awarded into six (6) separate contracts with the four (4) top-ranked proponents meeting the requirements set out in the NRFP:

- Waterford Services. 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 Groups E (Parks Forestry & Recreation's Community Recreation properties , Economic Development and Culture and Large Property Group F (Parks, Forestry & Recreation Parks properties) as defined in the NRFP for a period of three (3) years in the amount of \$13,257,230.69 net of all taxes and charges (\$13,490,557.95 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 \$9,285,953.51 net of all taxes and charges (\$9,449,386.29 net of Harmonized Sales Tax recoveries) for a total contract award including optional years of \$22,543,184.20 net of all taxes and charges (\$22,939,944.24 net of Harmonized Sales Tax recoveries).
- Evripos Janitorial Services Limited. being the top-ranked proponent meeting the requirements set out in the NRFP for the provision of custodial services at Large Property Groups H (Union station) as defined in the NRFP for a period of three (3) years in the amount of \$2,853,578.14 net of all taxes and charges (\$2,903,801.11 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 \$1,998,772.94 net of all taxes and charges (\$2,033,951.34 net of Harmonized Sales Tax recoveries) for a total contract award including optional years of \$4,852,351.07 net of all taxes and charges (\$4,937,752.45 net of Harmonized Sales Tax recoveries).
- 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 Large Property Group I (Scarborough Civic Centre) as defined in the NRFP for a period of three (3) years in the amount of \$1,022,054.23 net of all taxes and charges (\$1,040,042.39 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 \$715,892.20 net of all taxes and charges (\$728,491.91 net of Harmonized Sales Tax recoveries) for a total contract award including optional years of \$1,737,946.44 net of all taxes and charges (\$1,768,534.29 net of Harmonized Sales Tax recoveries).

- Alpine Building Maintenance (SCI) 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 G (Toronto Fire Services) as defined in the NRFP for a period of three (3) years in the amount of \$346,024.12 net of all taxes and charges (\$352,114.15 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 \$242,370.67 net of all taxes and charges (\$246,636.40 net of Harmonized Sales Tax recoveries) for a total contract award including optional years of \$588,394.79 net of all taxes and charges (\$598,750.54 net of Harmonized Sales Tax recoveries).

The total value of the award over the full term, including option years, is \$32,541,420 net of all applicable taxes (\$33,114,150 net of Harmonized Sales Tax recoveries). This is inclusive of a contingency amount representing 9.49% of base services has been added to the award value to account for the current and potential future impacts of on demand including COVID on cleaning standards and service requirements. The total value of this contingency included in the award value is \$2,819,544 net of all applicable taxes (\$2,869,168 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.

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

Purchasing and Material Management Division together with 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 in phase I and the same approach followed for this phase II NRFP. 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 previously phase 1 Custodial service for CREM and this multiple divisions report.

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 and other divisions participated will adopt the same. 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. Lastly, Corporate Real Estate Management, PFR and EDC 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.

Conclusion

Through a collaborative effort, Corporate Real Estate Management, PFR, EDC 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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ATTACHMENTS

Appendix 1 – Award by Property Group (List of Facilities)

Appendix 2 - Divisional Financial Impact Summary by Supplier for the Contract Term

Appendix 2 - Divisional Financial Impact Summary by Supplier for the Contract Term

Property Group E (Recreation): Total Contract Award Summary (all values are net of HST recoveries)

Contract Term	Waterford
Year 1 (June 2021 - May 2022)	\$ 3,832,610
Year 2 (June 2022 - May 2023)	\$ 3,909,262
Year 3 (June 2023 - May 2024)	\$ 3,987,448
Initial Term of Contract	\$ 11,729,320
Option Year 1 (June 2024 - May 2025)	\$ 4,067,197
Option Year 2 (June 2025 - May 2026)	\$ 4,148,541
Total Award - June 1, 2021 to May 31, 2026	\$ 19,945,057
Total Contingency including COVID-19	\$ 520,404
Total Award - June 1, 2021 to May 31, 2026 Including Contingency	\$ 20,465,461

Property Group E (EDC): Total Contract Award Summary (all values are net of HST recoveries)

Contract Term	Waterford
Year 1 (June 2021 - May 2022)	\$ 164,568
Year 2 (June 2022 - May 2023)	\$ 167,860
Year 3 (June 2023 - May 2024)	\$ 171,217
Initial Term of Contract	\$ 503,644
Option Year 1 (June 2024 - May 2025)	\$ 174,641
Option Year 2 (June 2025 - May 2026)	\$ 178,134
Total Award - June 1, 2021 to May 31, 2026	\$ 856,419
Total Contingency including COVID-19	\$ 85,642
Total Award - June 1, 2021 to May 31, 2026 Including Contingency	\$ 942,061

Property Group F (Parks): Total Contract Award Summary (all values are net of HST recoveries)

Contract Term	Waterford
Year 1 (June 2021 - May 2022)	\$ 410,925
Year 2 (June 2022 - May 2023)	\$ 419,143
Year 3 (June 2023 - May 2024)	\$ 427,526
Initial Term of Contract	\$ 1,257,593
Option Year 1 (June 2024 - May 2025)	\$ 436,076
Option Year 2 (June 2025 - May 2026)	\$ 444,798
Total Award - June 1, 2021 to May 31, 2026	\$ 2,138,468
Total Contingency including COVID-19	\$ 1,472,743
Total Award - June 1, 2021 to May 31, 2026 Including Contingency	\$ 3,611,211

Property Group G (TFS): Total Contract Award Summary (all values are net of HST recoveries)

Contract Term	Alpine
Year 1 (June 2021 - May 2022)	\$ 115,055
Year 2 (June 2022 - May 2023)	\$ 117,356
Year 3 (June 2023 - May 2024)	\$ 119,703
Initial Term of Contract	\$ 352,114
Option Year 1 (June 2024 - May 2025)	\$ 122,097
Option Year 2 (June 2025 - May 2026)	\$ 124,539
Total Award - June 1, 2021 to May 31, 2026	\$ 598,751
Total Contingency including COVID-19	\$ 119,750
Total Award - June 1, 2021 to May 31, 2026 Including Contingency	\$ 718,501

Property Group H (US): Total Contract Award Summary (all values are net of HST recoveries)

Contract Term	Evripos
Year 1 (June 2021 - May 2022)	\$ 948,831
Year 2 (June 2022 - May 2023)	\$ 967,808
Year 3 (June 2023 - May 2024)	\$ 987,164
Initial Term of Contract	\$ 2,903,802
Option Year 1 (June 2024 - May 2025)	\$ 1,006,907
Option Year 2 (June 2025 - May 2026)	\$ 1,027,045
Total Award - June 1, 2021 to May 31, 2026	\$ 4,937,755
Total Contingency including COVID-19	\$ 493,775
Total Award - June 1, 2021 to May 31, 2026 Including Contingency	\$ 5,431,530

Property Group I (SCC): Total Contract Award Summary (all values are net of HST recoveries)

Contract Term	Kleenway
Year 1 (June 2021 - May 2022)	\$ 339,839
Year 2 (June 2022 - May 2023)	\$ 346,635
Year 3 (June 2023 - May 2024)	\$ 353,568
Initial Term of Contract	\$ 1,040,042
Option Year 1 (June 2024 - May 2025)	\$ 360,640
Option Year 2 (June 2025 - May 2026)	\$ 367,852
Total Award - June 1, 2021 to May 31, 2026	\$ 1,768,534
Total Contingency including COVID-19	\$ 176,853
Total Award - June 1, 2021 to May 31, 2026 Including Contingency	\$ 1,945,388

Total 5 Years Award Value for All Property Groups and four Divisions \$30,244,982 (net of HST recoveries) excluding contingency amounts.