

Cost Comparison of Custodial Services at City Buildings

Date: June 15, 2021

To: General Government and Licensing Committee

From: Executive Director, Corporate Real Estate Management

Wards: All

SUMMARY

In June 2020, the General Government and Licensing Committee directed staff to report back on a comparison of the costs for custodial services work being carried out by contracted custodial service providers and custodial services done internally (GL13.6). This report outlines the results of this comparison completed by Corporate Real Estate Management ("C.R.E.M.") for custodial services C.R.E.M. oversees. C.R.E.M. spent a total of \$24.5 million on custodial services in 2019 for C.R.E.M.-managed buildings, of which \$16.1 million was spent on internal services to clean 4.9 million square feet, and \$8.4 million on external services to clean 3.8 million square feet.

RECOMMENDATIONS

The Executive Director, Corporate Real Estate Managements recommends that:

1. The General Government and Licensing Committee receive this report for information.

FINANCIAL IMPACT

There are no financial impacts arising from the adoption of the recommendation in this report.

The Chief Financial Officer and Treasurer has reviewed this report and agrees with the financial implications as identified in the Financial Impact section.

DECISION HISTORY

At its meeting on June 2, 2020, the General Government and Licensing Committee adopted item GL13.6, granting authority for the Executive Director, Corporate Real Estate Management to enter into three (3) separate custodial services contracts, and directing the Deputy City Manager, Corporate Services to report back in the first quarter of 2021 on a comparison of the costs for custodial services work being contracted out or done internally.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2020.GL13.6>

COMMENTS

Overview of C.R.E.M. Custodial Services in City Buildings

C.R.E.M. is responsible for overseeing custodial services in 217 City buildings, representing approximately 8.7 million cleanable square feet. This encompasses a broad range of buildings, including:

- City Hall, Metro Hall, Old City Hall
- Civic Centres
- Union Station, St. Lawrence Market
- Paramedic and Police Stations
- Daycares
- Yards and Garages
- Water Treatment Plants
- Community Recreation Centres

Of these buildings, 110 are serviced by a combination of part-time and full-time internal custodial staff and 107 are serviced by contracted custodial service providers. It is important to note that service levels and standards will vary across the range of buildings within the portfolio. Furthermore, standards will vary between internal custodial services and contracted services, depending on the building being serviced and contractual terms and conditions. C.R.E.M. is continuing to work through aligning these service levels and standards, to the extent possible, in its efforts to optimize custodial services provided. C.R.E.M. is committed to this alignment work as part of the City-Wide Real Estate Strategy to centralize real estate and facilities services, which was approved by City Council in 2017.

Overview of C.R.E.M. Custodial Service Costs

To respond to the General Government and Licensing Committee's direction, C.R.E.M. conducted an analysis to determine both the total and hourly cost to the City of internal and contracted custodial services. The cost was calculated using 2019 data as the COVID-19 pandemic response impacted cleaning requirements and, as such, 2020 data do not reflect a business-as-usual scenario.

Internal Custodial Cost

The total 2019 internal custodial cost is \$16.1 million, which includes \$15.2 million in salaries and benefits, as well as \$0.9 million in materials and supplies. The \$16.1 million internal cost represents 110 buildings that account for approximately 4.9 million cleanable square feet. In 2020, internal hourly wages for City cleaning staff ranged between \$23.91 and \$26.20, before benefits. The average cost of benefits is approximately 27 percent of the internal hourly rate.

To allow a like-for-like comparison of hourly costs for internal and contracted custodial services, C.R.E.M. determined the internal hourly cost by dividing total salaries and benefits costs by the total number of productive hours. Productive hours refers to the total time spent delivering custodial services, which includes regular time and overtime, and excludes vacation, sick time, and other time off that would not be considered productive work. Based on the approach outlined above, the 2019 internal productive hourly rate is approximately \$44 per hour.

External Custodial Cost

The 2019 cost of contracted custodial services is \$8.4 million, which includes services rendered, as well as materials and supplies. The \$8.4 million external cost represents 107 buildings that account for approximately 3.8 million cleanable square feet. Contracted custodial services are provided and paid for through a mix of fixed fee and hourly rates services across the mix of buildings. Vendors are paid when services are performed and provided to the standards outlined in the contracts. For cost comparison purposes, \$21 per hour is the approximate contracted productive hourly rate, and is a blended rate based on mix of fee structures within the current custodial contracts.

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SIGNATURE

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