

Award of Negotiated Request for Proposal Document Number 4395356509 to Alpine Building Maintenance Inc. and Impact Cleaning Services Ltd. for the Supply and Delivery of Custodial Services at Various City of Toronto locations

Date: September 3, 2024

To: General Government Committee

From: Executive Director, Corporate Real Estate Management, General Manager, Toronto Shelter and Support Services and the Chief Procurement Officer

Wards: All

SUMMARY

The purpose of this report is to advise on the results of the Negotiated Request for Proposal ("nRFP") Document Number 4395356509 for the Supply and Delivery of Custodial Services at Various Locations throughout the City of Toronto and to request authority for the Executive Director, Corporate Real Estate Management ("CREM") and the General Manager, Toronto Shelter and Support Services ("TSSS"), to enter into an agreement with the top-ranked suppliers meeting the requirements set out in the nRFP, Alpine Building Maintenance Inc., and Impact Cleaning Services, for three (3) years from the date of award, with an option in favour of the City to renew the contract for two (2) additional one (1) year periods.

This nRFP was jointly developed as a strategic sourcing initiative by the Purchasing and Materials Management Division ("PMMD"), CREM and TSSS. The nRFP followed industry best practices, focusing on a standardized outcome-based custodial service delivery model that meets City standards, performance levels, and enhances the City's ability to manage supplier performance.

The total value of the contract awards is \$83,119,419 net of applicable taxes and charges (\$84,582,320 net of Harmonized Sales Tax recoveries). The nRFP includes 118 buildings (as outlined in Attachment 1) currently being serviced by third-party supplier contracts inclusive of Civic Centres, Union Station, sites utilized by Toronto Employment Support Services, Toronto Police Service, Toronto Shelter and Support Services, Toronto Public Health, Toronto Water, as well as other City Divisions.

This contract award is within the delegated authority of the General Government Committee pursuant to Toronto Municipal Code Chapter 195 Section 195-8 and 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".

RECOMMENDATIONS

The Executive Director, Corporate Real Estate Management, General Manager, Toronto Shelter and Support Services and the Chief Procurement Officer recommend that:

1. The General Government 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, and General Manager, Toronto Shelter and Support Services, to enter into an agreement with the following successful suppliers based on the terms and conditions set out in the nRFP Document Number 4395356509 and a form satisfactory to the City Solicitor:

a. Alpine Building Maintenance Inc. for the buildings identified in Property Group East and West, as identified in Attachment 1, for three (3) years from the date of award with an option to renew for two (2) additional one (1) year periods. The total amount of the awarded contracts is \$48,215,207 net of all applicable charges and taxes (\$49,063,794 net of Harmonized Sales Tax recoveries) in accordance with terms and conditions as set out in the nRFP and in a form satisfactory to the City Solicitor.

b. Impact Cleaning Services Ltd. for the buildings identified in Property Group Central, as identified in Attachment 1, for three (3) years from the date of award with an option to renew for two (2) additional one (1) year periods. The total amount of the awarded contract is \$34,904,212 net of all applicable charges and taxes (\$35,518,526 net of Harmonized Sales Tax recoveries) in accordance with terms and conditions as set out in the nRFP and in a form satisfactory to the City Solicitor.

FINANCIAL IMPACT

The total potential contract award, including all options years and contingency amounts, is \$83,119,419 net of applicable taxes and charges (\$84,582,320 net of Harmonized Sales Tax recoveries).

The contracts are expected to commence on October 1, 2024, and the total contract expenditures for 2024 are expected to be \$4,081,764 net of applicable taxes and charges (\$4,153,604 net of Harmonized Sales Tax recoveries).

The 2024 Operating Budgets for CREM and TSSS include funding for the contract amounts of \$3,023,822 and \$1,057,942 respectively, for a total of \$4,081,764 (\$4,153,604 net of Harmonized Sales Tax recoveries). Budget will be requested in the 2025-2029 Operating Budget submissions for CREM and TSSS for the remainder of the initial three (3) year term and, as required, for the two (2) optional one (1) year terms for Council consideration.

Additional funding details are summarized in Table 1 below.

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

| Contract Term | CREM GL Code: 4415 Cost Centre: FA100-30 | TSSS GL Code: 4415 Cost Centre: HS100x H5351 | Total |
|---|--|--|---------------------|
| October 1, 2024, to December 31, 2024 | \$3,077,041 | \$1,076,562 | \$4,153,603 |
| January 1, 2025, to December 31, 2025 | \$12,308,165 | \$4,306,249 | \$16,614,414 |
| January 1, 2026, to December 31, 2026 | \$12,308,165 | \$4,306,249 | \$16,614,414 |
| January 1, 2027, to September 30, 2027 | \$9,231,125 | \$3,229,686 | \$12,460,811 |
| Total (Initial Term) | \$36,924,495 | \$12,918,746 | \$49,843,242 |
| Option Year 1: October 1, 2027, to September 30, 2028 | \$12,677,410 | \$4,435,436 | \$17,112,846 |
| Option Year 2: October 1, 2028, to September 30, 2029 | \$13,057,733 | \$4,568,499 | \$17,626,232 |
| Total (Initial Term and Option Years) | \$62,659,639 | \$21,922,681 | \$84,582,320 |

The Chief Financial Officer and Treasurer has reviewed this report and agrees with the information presented in the Financial Impact Section.

DECISION HISTORY

At its meeting of February 6, 2024, Economic & Community Development Committee adopted item EC9.4 "Homelessness Services Capital Infrastructure Strategy: Real Estate Strategy and Lease Extensions" including an amendment to Non-Competitive Award of nRFP Doc4395356509 for Custodial Services

Blanket Contract 47023535 with Alpine Building Maintenance, increasing the target value from \$8,000,000 net of Harmonized Sales Tax to \$10,000,000 net of Harmonized Sales Tax, and extending to the contract validity date to April 30, 2025. A copy of the Decision Documents can be found at: <https://secure.toronto.ca/council/agenda-item.do?item=2024.EC9.4>.

At its meeting of January 11, 2023, Economic & Community Development Committee adopted item EC1.5 "COVID-19 Shelter Transition and Relocation Plan Update 2023" including an amendment to Non-Competitive Blanket Contract 47023535 with Alpine Building Maintenance, increasing the target value from \$6,000,000 net of Harmonized Sales Tax to \$8,000,000 net of Harmonized Sales Tax, and extending to the contract validity date to April 30, 2024. A copy of the Decision Documents can be found at: <https://secure.toronto.ca/council/agenda-item.do?item=2023.EC1.5>

At its meeting of March 24, 2022, Economic & Community Development Committee adopted item EC28.9 "COVID-19 Shelter Transition and Relocation Plan Update" including an amendment to Non-Competitive Blanket Contract 47023535 with Alpine Building Maintenance, increasing the target value from \$2,000,000 net of Harmonized Sales Tax to \$6,000,000 net of Harmonized Sales Tax, and extending to the contract validity date to April 30, 2023. A copy of the Decision Documents can be found at: <https://secure.toronto.ca/council/agenda-item.do?item=2022.EC28.9>

At its meeting of June 29, 2021, the General Government and Licencing Committee adopted Item GL24.7 "Award of Negotiated Request for Proposal (Ariba Document Number 2625552649) to Kleenway Building Maintenance Services Incorporated for the Provision of Custodial Services at Union Station" awarding the Negotiated Request for Proposal Document Number 2625552649 to Kleenway Building Maintenance Services Incorporated for the Provision of Custodial Services at Union Station, for a period of three (3) years, with the option to extend the agreement for two (2) additional one (1) year terms. The contract value for all five (5) years is \$5,857,200 net of all taxes and charges (\$5,960,286 net of Harmonized Sales Tax recoveries). A copy of the Decision Document can be found at: <https://secure.toronto.ca/council/agenda-item.do?item=2021.GL24.7>

At its meeting of April 26, 2021, the General Government and Licencing Committee adopted Item GL22.12 "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", providing authority for the Executive Director, Corporate Real Estate Management to enter into a agreement with Kleenway Building Maintenance Services, being the top-ranked supplier, for the Provision of custodial services at Scarborough Civic Centre for a period of three (3) years in the amount of \$1,124,259.66 net of all taxes and charges and inclusive of all contingencies (\$1,144,046.63 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 \$787,481.42 net of all taxes and charges and inclusive of all contingencies (\$801,341.10 net of Harmonized Sales Tax recoveries) for a total contract award including optional years of \$1,911,741.08 net of all taxes and charges and inclusive of all contingencies (\$1,945,387.72 net of Harmonized Sales Tax recoveries). A copy of the Decision Document can be found at:

<https://www.toronto.ca/legdocs/mmis/2021/gl/bgrd/backgroundfile-166037.pdf>

Emergency Non-Competitive Blanket Contract 47023535 (NCPR #11484) was issued on March 22, 2021, to Alpine Building Maintenance Inc. in the amount of \$500,000 net of Harmonized Sales Tax for the provision of custodial services and recurring touchpoint disinfection services at various temporary Municipal Shelters to support COVID-19 Emergency Pandemic response for the period ending February 28, 2022. At its meeting of April 27, 2021, Economic & Community Development Committee adopted item EC21.8 "Amendments to Various Non-Competitive Blanket Contracts for the Ongoing Management of Emergency City Services at Temporary Municipal Shelters during the COVID-19 Pandemic" to increase the target value of the Blanket Contract from \$500,000 net of Harmonized Sales Tax to \$2,000,000 net of Harmonized Sales Tax. A copy of the Decision Documents can be found at:

<https://secure.toronto.ca/council/agenda-item.do?item=2021.EC21.8>

At its meeting of June 2, 2020, the General Government and Licencing Committee adopted Item GL13.6 "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", awarding the Negotiated Request for Proposal 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, for a period of three (3) years with the option to extend the agreement for two (2) additional one (1) year terms. 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). A copy of the Decision Document can be found at:

<https://secure.toronto.ca/council/agenda-item.do?item=2020.GL13.6>

At its meeting on November 14, 2016, the 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:

<https://secure.toronto.ca/council/agenda-item.do?item=2016.GM16.5>

COMMENTS

Custodial Services Sourcing Strategy

The City developed a strategic sourcing strategy for custodial services focused on identifying suppliers based on value for money and technical capabilities. As part of the sourcing strategy, the City utilized a Negotiated Request for Proposal (nRFP) developed through collaboration between the City's CREM, PMMD, and TSSS Divisions.

The nRFP was structured to allow for a single or multi-vendor award by property group. The nRFP offered the City and suppliers advantages such as flexibility, discussion of

on-site requirements, innovative solutions to control costs and improve quality, and the ability to negotiate with the top-scoring suppliers.

The nRFP established a stage-based weighted evaluation criteria that considered a vendor's qualifications, quality of service, operational capability, and pricing. In addition, the City developed a detailed price form which brought greater transparency to pricing by creating an open cost model system identifying pricing for labour, consumables, and project costs.

Scope of Services

In total, 118 buildings were included in the scope of custodial services for this procurement initiative. These buildings were assigned to one (1) of three (3) Property Groups, as shown in Attachment 1.

There are 115 buildings in the nRFP that are managed through CREM, all currently being serviced by third-party supplier contracts procured through previous competitive solicitations. The types of buildings managed by CREM included in this procurement initiative include Civic Centres, Union Station, sites utilized by Toronto Employment Support Services Toronto Police Service, Toronto Public Health, Toronto Water, as well as other City Divisions. The nRFP incorporated City standards as well as unique program requirements related to custodial services for these buildings.

In addition, three (3) buildings managed by TSSS are included in this procurement initiative to provide custodial services for shelter programs located at 1677 Wilson Ave. (2 buildings) and 2180 Islington Ave. These programs are currently supported by a custodial contract that was procured non-competitively as part of the City's COVID-19 Emergency Pandemic Response. Moving forward, these programs will leverage the services procured through this solicitation to ensure a continuation of custodial services at these buildings. TSSS will also leverage the services procured through this nRFP to providing custodial services at ad hoc shelter sites that may be established to respond to shelter occupancy pressures on a seasonal or emergency basis.

Procurement Process

Fairness Monitor

In the preparation of the nRFP, CREM retained Fairness Monitor Services from P1 Consulting Inc. to provide the following services:

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

P1 Consulting Inc. concluded that the nRFP process satisfied the principles of openness, fairness, consistency, and transparency. A copy of the Fairness Monitor Report has been included in Attachment 2 of this report.

Evaluation of Negotiated Request for Proposals (nRFP) Document Number 4395356509

On February 16, 2024, the City issued a Negotiated Request for Proposals ("nRFP") Document Number 4395356509 for the Supply and Delivery of Custodial Services to the City of Toronto, which closed on April 29, 2024. At the time of closing proposals were received from the following seven (7) suppliers:

- Deep Kleen and Maintenance Canada
- Green Maples Environmental Inc.
- Alpine Building Maintenance Inc.
- ICS Clean Inc.
- Impact Cleaning Services Ltd.
- SQM Janitorial Services Inc.
- Kleenway Building Maintenance Services Inc.

A formal evaluation committee consisting of CREM, TSSS and PMMD staff reviewed and evaluated the submitted proposals. All staff involved participated in an evaluation training facilitated by the Fairness Monitor and signed and submitted a Non-Disclosure and Declaration of Conflict of Interest Agreement.

The evaluation committee was responsible for reviewing the responses received from the seven (7) suppliers. Under the supervision of PMMD and the Fairness Monitor, the proposals were evaluated in accordance with the evaluation process described in the nRFP. This process consisted of four (4) stages:

- Stage 1: Mandatory Submission Requirements
- Stage 2: Mandatory Technical Requirements and Technical Proposal Rated Evaluations (Technical Evaluation)
- Stage 3: Pricing Evaluation
- Stage 4: Contract Negotiations

Stage 1: Mandatory Submission Requirements

In accordance with the nRFP, each supplier was required to submit responses to a list of mandatory requirements. Suppliers that did not satisfy the mandatory submission requirements due to minor irregularities were issued a rectification notice, which identified the irregularities and provided an opportunity to rectify the deficiencies. As a result of this compliance review, all seven (7) suppliers met the mandatory submission requirements and advanced to Stage 2 of the evaluation process.

Stage 2: Mandatory Technical Requirements and Technical Proposal Rated Evaluations

Stage 2 consisted of two sub-stages: Stage 2A - Mandatory Technical Requirements and Stage 2B - Technical Proposal Rated Evaluations.

- In Stage 2A, each supplier's technical proposal submission was evaluated against the mandatory technical requirements set out in the nRFP. As a result, one (1) of the seven (7) suppliers was deemed non-compliant and was not considered further.
- In Stage 2B, each supplier's technical proposal submission was evaluated against non-price-related criteria, including supplier profile, experience and qualifications, operational capabilities, and quality control plan. The proposals were scored out of 60 points and required a minimum of 65% (39 out of 60) to pass. Five (5) out of the six (6) suppliers in this stage successfully exceeded the scoring thresholds and moved on to Stage 3 of the evaluation process. These suppliers were: Green Maples Environmental Inc., Alpine Building Maintenance Inc., ICS Clean Inc., Impact Cleaning Services Ltd. and Kleenway Building Maintenance Services Inc.

Stage 3: Pricing Evaluation

In Stage 3 - Pricing Evaluation, the pricing submission for each supplier was evaluated. The proposal with the lowest cost received the highest score for this stage. All other supplier's proposals received a pro-rated score against the lowest priced supplier's proposal accordingly. As per the nRFP, the top three (3) suppliers for each Property Group were invited to Stage 4 - Contract Negotiations. All five (5) suppliers proceeded to Stage 4 of the evaluation process.

Stage 4: Contract Negotiations

Contract negotiations were conducted with all five (5) suppliers. Discussions included but were not limited to:

- Finalizing staffing level expectations and service requirements;
- Confirmation of the conclusions reached in the evaluation discussions;
- Review of supplier submitted pricing to identify areas for reduction in total cost of ownership; and
- Implementation of volume discounts for multi-property group award.

At the conclusion of negotiation meetings, all suppliers were requested to submit revised proposals as a best and final offer and were evaluated against the criteria outlined in the nRFP. As a direct result of these negotiations, the City received revised pricing submissions based on the discussion points outlined above. These revisions resulted in financial benefits totalling \$4,497,030 in total cost avoidance across all contracts, as compared to the original price submissions.

Awarding of Contracts for Custodial Services

Upon conclusion of Stage 4, the following highest-ranked suppliers for each Property Group, based on their proposal and negotiated pricing submission for the respective Property Group meeting the mandatory requirements, are recommended for award:

- **Property Group East:** Alpine Building Maintenance Inc.
- **Property Group West:** Alpine Building Maintenance Inc.
- **Property Group Central:** Impact Cleaning Services Ltd.

This nRFP will be awarded across four (4) separate contracts (one for each supplier and Division) across the two (2) top-ranked suppliers meeting the requirements set out in the nRFP:

- Alpine Building Maintenance Inc. (Property Group East and West for CREM buildings as defined in the nRFP) - value of award for a period of three (3) years plus two (2) option years including all contingencies is \$36,990,137 net of all applicable taxes and charges (\$37,641,163 net of Harmonized Sales Tax recoveries).
- Alpine Building Maintenance Inc. (Property Group East and West for TSSS buildings as defined in the nRFP) - value of award for a period of three (3) years plus two (2) option years including all contingencies is \$11,225,070 net of all applicable taxes and charges (\$11,422,631 net of Harmonized Sales Tax recoveries).
- Impact Cleaning Services Ltd. (Property Group Central for CREM buildings as defined in the nRFP) - value of award for a period of three (3) years plus two (2) option years including all contingencies is \$24,585,767 net of all applicable taxes and charges (\$25,018,476 net of Harmonized Sales Tax recoveries).
- Impact Cleaning Services Ltd. (Property Group Central for TSSS buildings as defined in the nRFP) - value of award for a period of three (3) years plus two (2) option years including all contingencies is \$10,318,445 net of all applicable taxes and charges (\$10,500,050 net of Harmonized Sales Tax recoveries).

Fair Wage Office Review

The Fair Wage Office has reported that the recommended suppliers have indicated that they have reviewed and understand the Fair Wage Policy and Labour Trades requirements and have agreed to comply fully.

Conclusion

Through a collaborative effort, CREM, TSSS and PMMD developed an nRFP for the Supply and Delivery of Custodial Services that reflects industry best practices and addresses the City's diverse building portfolio and program requirements. The recommended nRFP award enhances the City's ability to realize expected performance outcomes through custodial services by including data-driven cleaning specifications

and the standardization of cleaning routines. Further, the nRFP's scope of workplaces City staff in a strong position to monitor vendor performance, productivity, and costs, which will ensure value for money and that the expectations of the City are met throughout the term of the contracts.

CONTACT

Kazi Uddin, Manager, Category Management and Strategic Sourcing, Purchasing and Materials Management, 416-397-5190, Kazinahiyan.Uddin@toronto.ca

Marco Cuoco, Director, Business Management, Corporate Real Estate Management, 416-397-7338, Marco.Cuoco@toronto.ca

Darrin Vermeersch, Director, Program Support, Toronto Shelter and Support Services, 416-392-8585, Darrin.Vermeersch@toronto.ca

SIGNATURE

Patrick Matozzo
Executive Director, Corporate Real Estate Management

Gordon Tanner
General Manager, Toronto Shelter and Support Services

Geneviève Sharkey
Chief Procurement Officer

ATTACHMENTS

Attachment 1 - Property List by Group
Attachment 2 - Fairness Monitor Report