



STAFF REPORT ACTION REQUIRED

Subway Public Washroom Cleaning Contract - Procurement Authorization

Date:	October 16, 2017
To:	TTC Board
From:	Chief Executive Officer

Summary

The TTC has been in a contract with the TBM Service Group Inc. (formerly known as Topnotch Building Maintenance Ltd.) since November 2012, to provide public washroom cleaning services at its 10 subway locations, which expires on November 3, 2017. The contract includes a two year extension option, which the TTC staff wants to exercise in order to continue to achieve cost savings.

Exercising the extension option will allow the TTC to maintain the cleanliness standards of the public washrooms and continue meeting the expectations of its customers.

Recommendations

It is recommended that the Board authorize staff to issue an amendment to increase the upset limit of Contract No. C31PL12733 - Subway Public Washroom Cleaning by \$5,049,000.00 bringing the total upset limit to \$14,625,482.47 in consideration of the following changes:

1. Exercise the option to extend the contract for an additional two years from November 3, 2017 to November 3, 2019, under the existing terms and conditions; and
2. Include the public washroom cleaning of Vaughan Metropolitan Centre station effective December 2017.

Financial Summary

Sufficient funds have been included in the 2017 and 2018 TTC operating budgets for this expenditure and will be included in the 2019 operating budget as required.

Decision History

As part of the 2012 TTC operating budget process, the City requested that TTC staff look for efficiencies within its operation to realize savings. Furthermore, the City of Toronto Core Service Review conducted by KPMG in 2011, recommended that the TTC consider the use of more external suppliers for aspects of facility and vehicle maintenance.

In March 2012, the TTC issued a request for bid for public washroom cleaning services. The TTC received two bids, of which one was compliant. Subsequently, a contract was awarded to TBM Service Group Inc. for a five year period, with the TTC having the option of extending the contract for one two year term at its sole discretion.

The net savings of contracting out the public washroom cleaning services is a projected savings of \$1.49 million per year on average.

http://www.ttc.ca/About_the_TTC/Commission_reports_and_information/Commission_meetings/2012/September_27/Reports/Notice_of_Award_-_Pr6.pdf

Comments

There are 10 public washroom locations within the TTC subway system. These washrooms are cleaned daily at an interval of 90 minutes. They are also deep cleaned on a nightly basis during non-revenue service hours in order to maintain the cleanliness standards and expectations of the TTC's customers.

The new Line 1 extension is scheduled to be open in December, 2017. The final stop of the line will be the Vaughan Metropolitan Centre station which will include public washrooms. The cleaning of these washrooms is also required to be performed by TBM Service Group Inc.

The TBM Service Group Inc. extension pricing represents a 1% increase in year 1 & 2 which is considered fair and reasonable. See attached Appendix A for details.

The TTC has a contract with an independent third party that conducts station cleanliness audits on a quarterly basis. As part of this contract, all public washrooms are audited for cleanliness. Over the past five years, the public washrooms have achieved an average overall cleanliness score of 90%. As such, TBM Service Group Inc.'s performance is considered satisfactory and is recommended for a two year contract extension.

The detailed breakdown of the contract is summarized below:

Original Upset Limit Contract Price		\$8,826,418.87
Amendment 1	Change the term of the contract from December 2, 2012 – December 1, 2017 to November 4, 2012 – November 3, 2017.	\$0.00
Amendment 2	Add supply of urinal pucks and screen to the contract	\$192,100.00
Amendment 3	Change of company name from “Topnotch Building Maintenance Ltd.” To “TBM Service Group Inc.”	\$0.00
Amendment 4	Change the Saturday and Sunday cleaning frequencies from 300 minute to 90 minute cycles (similar to weekdays) in order to provide a more steady state of cleanliness for our patron.	\$557,963.60
Amendment 5 (current change)	Extension of contract for 2 years from November 3, 2017 to November 3, 2019 and addition of Vaughan Metropolitan Centre station cleaning	\$5,049,000.00
Revised Upset Limit Contract Price		\$14,625,482.47

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APPENDIX A

DESCRIPTION	CURRENT PRICE	EXTENSION PRICING			
		YEAR 1		YEAR 2	
		COST	% INCREASE	COST	% INCREASE
Cleaning of 10 Public Washroom Locations	\$ 1,890,901.56	\$ 1,909,810.58	1%	\$ 1,928,908.68	1%
Cleaning of Vaughan Metropolitan Centre	N/A	\$ 313,057.87	N/A	\$ 316,188.44	1%
Sub-Total		\$ 2,222,868.45		\$ 2,245,097.12	
HST		\$ 288,972.90		\$ 291,862.63	
Total		\$ 2,511,841.35		\$ 2,536,959.75	
INCREASE TO UPSET LIMIT PRICE (rounded to 3 digits)		\$ 5,049,000.00			