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**Subject:** Niagara Region Janitorial Services Contract – Additional Service Locations

**Report to:** Corporate Services Committee

**Report date:** Wednesday, April 5, 2023

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## Recommendations

1. That janitorial services for the Niagara Transit Commission facilities and the VIA Rail stations in St. Catharines and Niagara Falls, **BE ADDED** to the Contract 2019-RFP-05 – Janitorial Services with Commercial Cleaning Services;
2. That an additional cost of \$351,569, including 13% HST, **BE APPROVED** for Contract 2019-RFP-05 – Janitorial Services with Commercial Cleaning under the same terms and conditions; and
3. That the Regional Chair and Regional Clerk **BE AUTHORIZED** to increase the contract amount for a total contract value of \$6,043,325, including 13% HST and any required documents related thereto, in a form satisfactory to the Director of Legal and Court Services.

## Key Facts

- The purpose of this report is to request approval from Regional Council to:
  - Consolidate janitorial services for the Niagara Transit Commission facilities and the VIA Rail stations in St. Catharines (5 Great Western Street) and Niagara Falls (4267 Bridge Street) under the Region's current janitorial contract with Commercial Cleaning (Contract 2019-RFP-05).
  - Increase the contract amount by \$351,569, for a total contract amount of \$6,043,325, including 13% HST.
- In accordance with Schedule "B" (Purchasing and Execution Authority) of the Region's Procurement By-law 02-2016 as amended on February 28, 2019, Council is required to approve any contract award that exceeds \$5,000,000 in total value.
- In 2019, Contract 2019-RFP-05 was awarded to Commercial Cleaning Services for janitorial cleaning services for a three (3) year term from May 1, 2019 to April 30, 2022, at Region owned sites managed by Construction, Energy and Facilities Management (CE&FM).

- The contract included the option to extend the term for a total of five years based on approval of two additional one-year terms for a total value of \$4,707,485 (excluding HST) over the five- year term.
- In September 2021, CE&FM exercised the first year option and extended the contract until April 30, 2023.
- Report CSD 43-2022 (September 2022) approved an additional cost of \$329,467 (excluding HST) to the contract in order to proceed with the 2<sup>nd</sup> year optional term and an updated value of \$5,036,952 (excluding HST) for the five-year term.
- CE&FM is recommending adding eight (8) new locations to the contract to consolidate janitorial services under one contract in order to ensure consistency of service as well as efficiency with contract management.

## **Financial Considerations**

The total five (5) year contract value of 2019-RFP-05 approved by Council in Report CSD 43-2022 was \$5,125,601 (including non-refundable HST and annual CPI increases). The new locations being added for Niagara Regional Transit and VIA Rail stations in St. Catharines and Niagara Falls represent an increase to the contract of \$316,599 (including non-refundable HST).

The funding required to support the additional locations was anticipated and approved as part of the 2023 Construction, Energy and Facilities Management operating budget.

## **Analysis**

### **Background**

Facilities Management under the Construction Energy & Facilities Management (CE&FM) division of Corporate Services, is responsible for Janitorial Services for Niagara Region corporate sites. In 2019, Contract 2019-RFP-05 was awarded to Commercial Cleaning Services for a three (3) year term from May 1, 2019 to April 30, 2022, with two optional one-year renewals. Report CSD 43-2022 (September 2022) approved an additional cost of \$372,298 (including 13% HST), in order to proceed with the 2<sup>nd</sup> year optional term for an updated contract value of \$5,691,756 (including 13% HST), for the five-year term.

Contract 2019-RFP-05 requires that Commercial Cleaning Services supply all labour and equipment to complete cleaning services for twenty-three (23) locations within the CE&FM portfolio including, but not limited to, Niagara Regional Police Services, Public

Health, Community Services, Emergency Management Services and Regional Headquarters.

With the amalgamation of transit services to the Niagara Transit Commission (NTC) and as part of the License and Ground Lease Agreements with the LAMs, the NTC assumed ownership over three (3) transit facilities and one (1) transit terminal as well as the lease agreements for two (2) transit terminals. As part of the shared services agreement between the NTC and the Region, CE&FM is providing facilities management for all of the NTC facilities.

In order to ensure consistency of services and facilitate the transition, the Region assumed all existing service contracts extending past January 1, 2023 and extended any previously agreed to month-to-month contracts, including those for janitorial services. Over the course of 2023, the Region will be exploring opportunities for savings or achieving better value for money through economies of scale as well as consistency of service across all facilities by combining contracts for one type of service under previously tendered contracts awarded by the Region. The janitorial services contracts is the first of these.

### **NTC Facilities**

Janitorial services for the NTC facilities is currently provided by three vendors, based on a month-to-month contract for the NF/WEGO Transit Facility, the St Catharines Transit Facility, the St Catharines Downtown Terminal and the Welland Transit Facility. Janitorial services for the Welland Transit Terminal (160 Main St., Welland) and the St. Catharines Transit Facility (2012 First St. Louth, St. Catharines) are being performed by NTC staff. The NTC has requested that contracted janitorial services be provided at the earliest date possible at the Welland site, and that an allowance be included in the new contract to add the St. Catharines location.

There is no increase in price to consolidate the locations currently under the month-to-month contracts. There is a cost to add the two (2) locations where NTC staff currently provide janitorial services, but this was accounted for in the CE&FM 2023 operating budget.

## **VIA Rail Stations**

The Region will be taking ownership of the VIA rail station buildings on May 1, 2023. Although the Region's intention was to proceed similar to the transit facilities and assume the service contracts from VIA, the contract terms do not allow for this. As such, staff is recommending adding the two stations to the Commercial contract, achieving a small net annual savings for the Region.

## **Alternatives Reviewed**

Staff examined the alternative of not adding the NTC facilities to the Commercial Cleaning Services contract. Although we could continue with three vendors for three facilities on a month-to-month basis, the Welland Terminal is currently cleaned by NTC staff, which is not a sustainable model. Going out to market for one location will take many months and we will not realize any economies of scale. Similarly, going out to market for the two VIA stations cannot be completed prior to the May 1, 2023, closing date and we would not achieve any economies of scale.

## **Relationship to Council Strategic Priorities**

This recommendation aligns with Council's strategic priority of Sustainable and Engaging Government, specifically as it relates to Fiscal Sustainability. By consolidating janitorial services under the contract with Commercial Cleaning Services, the Niagara Region will continue to manage Janitorial Services for the CE&FM portfolio at a reasonable cost and in an environmentally safe manner while maintaining service levels for NTC staff, clients and visitors.

## **Other Pertinent Reports**

CSD 43-2022

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### **Prepared by:**

Nicole Wolfe, OAA, DPA  
Director, Construction Energy &  
Facilities Management  
Corporate Services

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### **Recommended by:**

Todd Harrison, CPA, CMA  
Commissioner, Corporate  
Services/Treasurer

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**Submitted by:**

Ron Tripp, P.Eng.

Chief Administrative Officer

This report was prepared in consultation with Edward Zhara, Deputy General Manager, NTC and Adam Niece, Program Financial Specialist.