



Municipal Service Delivery Improvement Program Evaluation of Insourcing Cleaning Services

MNP Consulting Services

Prepared for **Manitoba Municipal Relations**

May 2022

Table of Contents

Executive Summary	1
Introduction	6
Current State	7
Consultation	11
Comparative Analysis	14
In-house Staffing Cost Model.....	20
Hybrid Model.....	33
Recommendations.....	34

Executive Summary

The City of Brandon (“the City” or “Brandon”) engaged MNP to perform a value-for-money audit of its third-party cleaning services due to recent cost increases and questions regarding service quality. City officials speculate that bringing the service in-house may help achieve higher quality and give the City the flexibility it needs to manage ad hoc cleaning needs. This report reviews the benefits and drawbacks of the third-party and in-house models and calculates the estimated capital and operating costs required for in-house cleaning services.

Current State

The City currently outsources cleaning of nine (9) municipal buildings to Johnson’s Commercial and Industrial Services (JCI). The service for each building is contracted separately, but JCI was awarded the contracts for all 9 buildings. High-level service details related to the current state of the contracts as of February 2022 include:

- The City’s total monthly cleaning cost in February 2022 was \$22,215
- The total annualized cost of third-party cleaning services is approximately \$266,580
- The monthly cleaning cost has increased 12.5% since January 2021
- JCI is contracted to provide 1,136 hours monthly across the 9 buildings, but provided an average of 1,267.1 hours monthly between January to March 2022 at no additional cost to the City
- The effective hourly rate for third party cleaning services between January to March 2022 was \$17.53 per hour
- 74% of cleaning hours are worked during the evening, with only the Brandon Police building cleaners working significant daytime hours
- The contracts stipulate that the City will perform weekly inspections; however, it was indicated formal inspections may not be occurring on a regular basis and that quality concerns have been primarily based on anecdotal staff accounts.

MNP conducted an internal stakeholder consultation process to gather data on the perceived strengths and challenges of the existing third-party cleaning service. In general, staff perceive the current services as adequate, but there are some issues with decreasing attention to detail and a lack of service during the daytime in public facing spaces. JCI’s contract does not currently include daytime cleaning tasks. Several building specific issues were also identified such as floor and window cleanings at City Hall lacking quality and frequency, and washrooms not being cleaned with sufficient attention to detail in several buildings.

Comparative Analysis

A comparative analysis was conducted of three comparable cities in Western Canada of Brandon’s choosing to understand their respective approaches to municipal buildings cleaning services.

- The City of Red Deer changed from a third-party model to an in-house model approximately 12 to 13 years ago. Red Deer knew that the change would result in a higher cost but believe that the consistency and quality of services has improved under the in-house model. However, they also acknowledged that

the lack of success with the third-party cleaners was likely a two-way street that could have been better managed on both sides.

- The City of Lethbridge uses a third-party contractor for most of their buildings. They report having a good relationship with their current contractor who has worked with them for a decade. The contract also includes a day porter resource at City Hall that ensures someone is available throughout the day to provide ad-hoc services and washroom refreshes. A recent business case conducted by the municipality found that changing to an in-house service in City Hall and the Museum would have a higher cost than potential benefits.
- The City of Medicine Hat uses multiple third-party cleaning services. Buildings are grouped based on proximity and contracted together. Medicine Hat has found success in centralizing communication with their contractors. All issues with cleaning services go through Medicine Hat’s Contract Manager. Keeping the scope of the contract detailed and explicit and communicating issues with the contractor ensures the cleaning services are adequately conducted.

In-House Staffing Cost Model

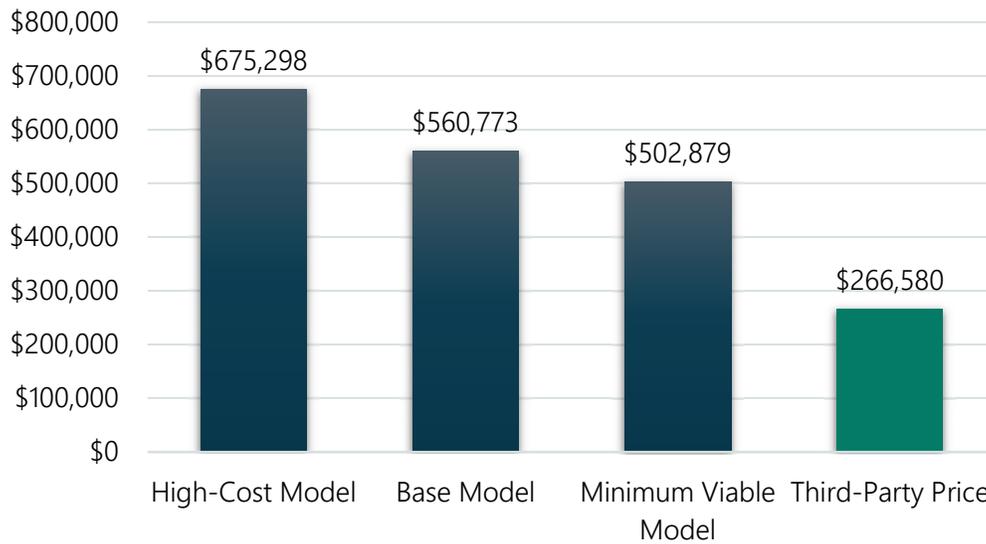
An in-house staffing cost model has been developed using three scenarios: minimum viable, base level, and high-cost. The main differences between each model are included in Table 1:

Table 1: Cost Considerations for each In-House Staffing Scenario

Item	Minimum Viable	Base	High-Cost
Capital Costs	<ul style="list-style-type: none"> • Cleaning Equipment 	<ul style="list-style-type: none"> • Cleaning Equipment 	<ul style="list-style-type: none"> • Cleaning Equipment • Vehicle
Salaries & Benefits	<ul style="list-style-type: none"> • 8.24 FTE cleaning staff 	<ul style="list-style-type: none"> • 9.20 FTE cleaning staff 	<ul style="list-style-type: none"> • 9.20 FTE cleaning staff • 1.00 FTE supervisor
Operating Costs	<ul style="list-style-type: none"> • Uniforms • Mileage expenses • Repairs and maintenance 	<ul style="list-style-type: none"> • Uniforms • Mileage expenses • Repairs and maintenance 	<ul style="list-style-type: none"> • Uniforms • Mileage expenses • Repairs and maintenance • Vehicle expenses

Salaries and benefits contribute the highest portion of cost within each model. Figure 1 provides the estimated salary and benefits cost of each model, compared to the total annual third-party price.

Figure 1: Salaries and Benefits Annual Cost by Scenario



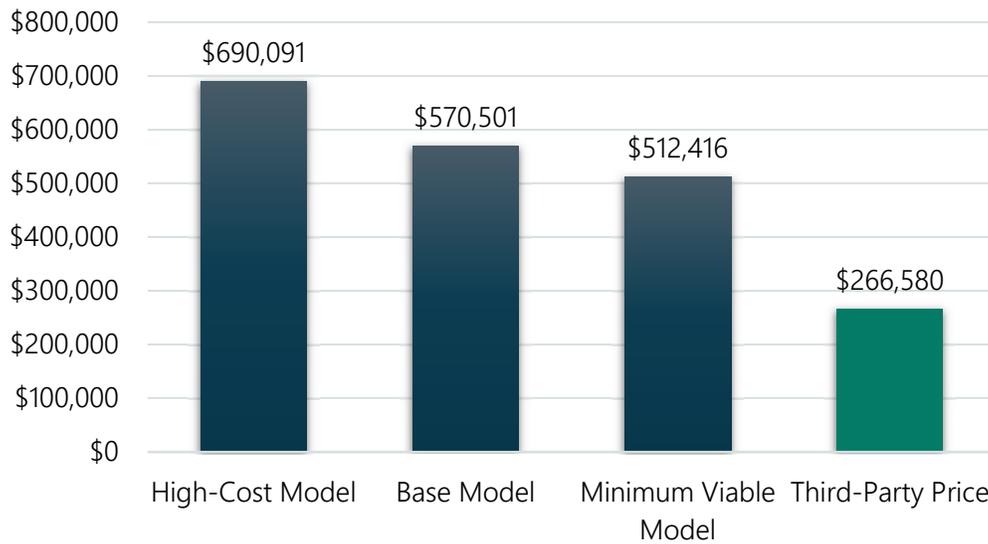
The significant difference in salaries and benefits between the in-house model and the third-party model is caused by the following factors:

- The in-house positions will be union positions with higher pay and benefits
- The effective hourly rate of pay for third-party services based upon first quarter data is \$17.53 per hour versus an estimated weighted average rate of \$23.94 per hour plus 22% benefits for in-house staff
- The City currently pays a fixed contract for a set number of hours, but the contractor worked additional hours in the first quarter of 2022 to deliver the minimum contract requirements, resulting in a favourable hours variance to the City. The favourable variance would be eliminated under an in-house model as the City would need to pay employees for all hours worked.

The initial capital costs associated with developing an in-house team range from \$58,883 to \$67,527 depending on the model selected. The base model and minimum viable model both assume that equipment is required in every building and will not be shared due to no utility vehicle being assigned to the crew. The high-cost model assumes a cargo van will be purchased by the City to be used by the supervisor and to transport equipment between cleaning sites, thus less high-cost equipment such as floor polishers and carpet cleaners will need to be purchased.

The total annual estimated cost for each model including other operating costs is presented in Figure 2.

Figure 2: Total Annual Operating Cost by Scenario



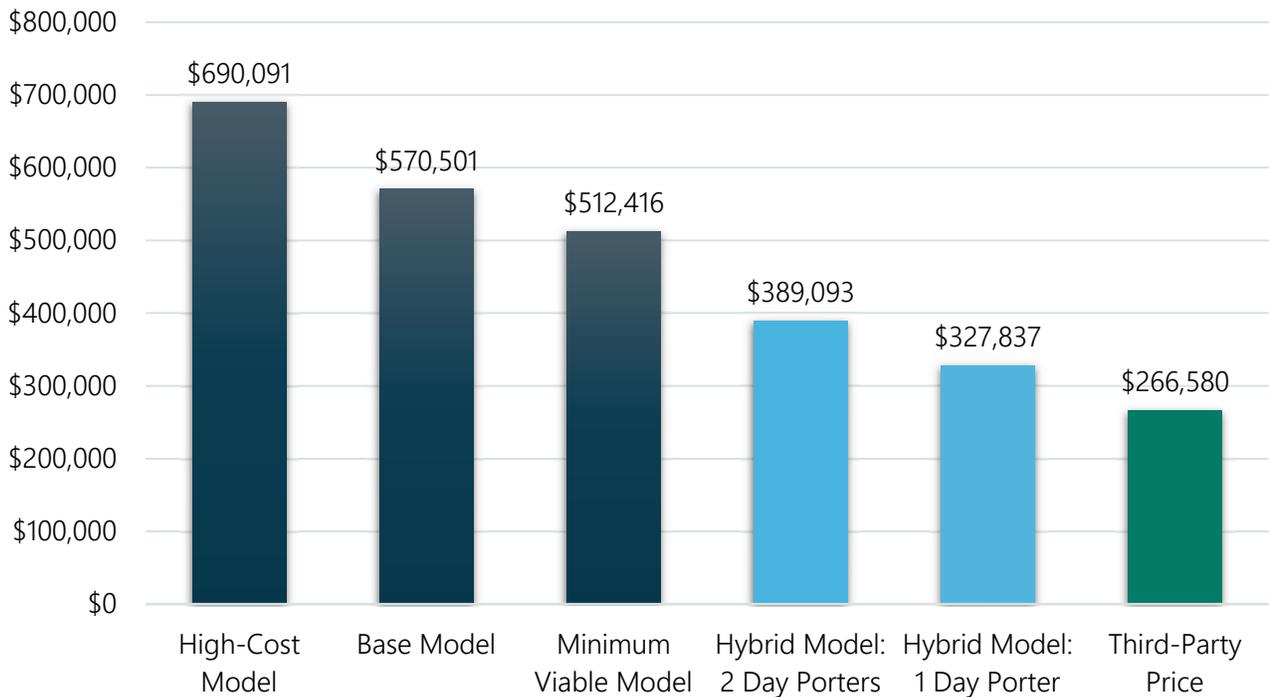
Hybrid Model

An alternative solution presented based on findings from the comparative analysis is to continue using contracted services but create a Day Porter position that will be responsible for daytime cleaning tasks such as patrolling washrooms, restocking supplies, and responding to ad hoc cleaning requests during the day. The Day Porter may also assist with performing quality inspections and reporting cleaning issues to the City's Maintenance Manager.

The estimated cost of one Day Porter FTE is \$61,257, including salaries, benefits, mileage allowance and uniforms, assuming the Day Porter is a Level II Utility Worker under the current union agreement. This means the total annual cost of all cleaning services including the third-party contract would be \$327,837.

It is likely the City only requires one Day Porter to address the current concerns observed from the consultation process. However, the model shows the cost for up to two Day Porter FTEs. Figure 3 provides the adjusted model chart with all scenarios.

Figure 3: Total Annual Operating Cost by Scenario including Hybrid Model



Recommendations

It is recommended that the City take more efforts to work with JCI to try to and improve quality prior to making a transition to a full in-house model. Focusing effort on the following tasks may help with the current issues:

- Begin conducting weekly cleaning inspections as stated in the existing service contracts.
- Establish regular meetings between the City Maintenance Manager and JCI management to discuss service quality, ad hoc cleaning requests, and outstanding issues.
- Create a database of cleaning inspections, maintenance tickets related to cleaning, and contractor notices of service for infrequent tasks to be analyzed for future cleaning needs and contract development.
- Establish an additional rate for ad hoc services that the contractor could provide above their fixed contract.

In addition to working with JCI to improve quality, it is also recommended the City implement a test phase of the hybrid model by hiring a single Day Porter. The Day Porter could be stationed in City Hall and provide daytime cleaning services to other municipal buildings as needed. At the end of the test phase, if quality with JCI has not improved, the Day Porter could be transitioned into the start of a new in-house staffing crew should the City decide to pursue the in-house model.

Introduction

The City of Brandon (“the City” or “Brandon”) currently outsources cleaning and janitorial services for municipal-owned buildings to an external contractor. Cost increases and concerns with service quality have the City questioning the value of its current arrangement. In addition, the City has questioned the efficiency of not having its own staff to provide flexibility to manage immediate or ad-hoc projects such as large spills or off-contract needs such as increased window washing from a dust storm. This report provides an analysis of the potential value in cost, quality, and flexibility of both insourcing and the current outsourcing models and provides potential recommendations the City may consider moving forward.

Methodology

Data was collected from the following sources to develop an analysis of the current state and an understanding of best practices from comparable cities:

- Comprehensive review of historical data, including:
 - General ledger accounting data for the cleaning expense account;
 - Existing contracts and cleaning schedules for each building; and
 - Contractor timesheet data.
- Stakeholder consultation, including:
 - Representatives from each municipal-owned building that is utilizing contracted cleaning services. Stakeholders were interviewed and provided qualitative responses to questions regarding their perception of the current service quality, and any special cleaning requirements for their department spaces. The review included 13 city employees and 11 separate interviews.
 - Discussion with the City’s Director of Human Resources regarding union classification requirements for potential in-house employees, current benefit rates, and related matters.
- A comparative consultation with three (3) similar sized cities in Western Canada as chosen by the City to understand their current cleaning and janitorial models and to glean lessons learned as available and appropriate. The three cities reviewed included:
 - Lethbridge
 - Medicine Hat
 - Red Deer

A staffing cost model for in-house service provision was developed using findings from the current state analysis, as well as additional information from the following sources:

- CUPE 2019–2023 labour agreement; and
- In-house service provision assumptions from the Director of Public Works and the Director of Human Resources.

The cost model calculates three estimates – minimum viable, base, and high-cost scenarios.

Current State

The City currently contracts Johnson’s Commercial and Industrial Services (JCI) for all cleaning services across nine (9) municipal-owned buildings (Table 2). The total monthly cost in February 2022 was \$22,215 for 1,136 contracted hours of labour, an average implied hourly rate of \$19.56. Based on the most recent fixed fee in February the City pays \$266,575 for contracted cleaning services on an annualized basis.

Table 2: City of Brandon Contracted Cleaning Cost and Hours by Building

Building	Address	Monthly Cost (excl. GST)	Monthly Contracted Hours	Frequency of Cleaning
Brandon Police Service	1020 Victoria Ave	\$5,901	272.0	Mon – Sat
Civic Administration Building (City Hall)	410 9 th St	\$4,870	276.0	Mon – Fri
A.R. McDiarmid Civic Complex	638 Princess Ave	\$4,212	229.0	Mon – Fri
Brandon Municipal Airport ¹	405 Agnew Dr	\$2,838	136.4	Mon – Sun
Civic Services Complex	900 Richmond Ave E	\$1,668	93.0	Mon – Fri
Parks Complex	2020 McGregor Ave	\$882	45.0	Mon – Fri
Recycling Facility	765 33 rd St E	\$783	34.0	Mon, Wed, Fri
Brandon Fire & Emergency Services	120 19 th St N	\$552	26.5	Mon, Wed, Thu
8 th Street Transit Station	21 8 th St	\$509	24.0	Mon, Wed, Fri
Monthly Total		\$22,215	1,135.9	
Annualized		\$266,580	13,630.8	

Each building cleaning contract includes a “Schedule A” that details specific cleaning tasks to be completed and the frequency for each task.

Cost

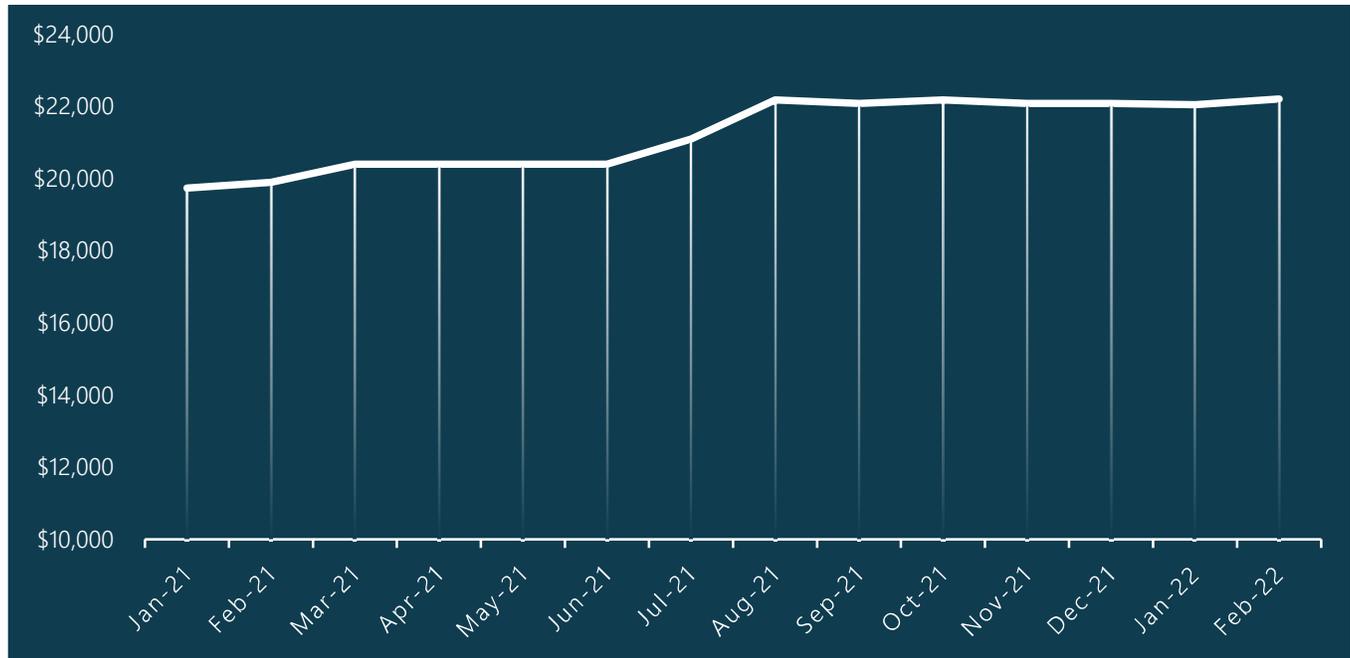
Cost results from February 2022 are utilized throughout this analysis because it was the most recent month with full cost and timesheet data available. Historical cost analysis of accounting records found minimal variability in the monthly cost dating back to January 2021, with two main reasons for changes in cost:

¹ The Brandon Municipal Airport is contracted for 65 hours per month (3 days per week) at a monthly rate of \$1,351.88. However, the City frequently pays for additional cleaning days due to an increase in airport traffic. In February 2022, the City paid for an additional 15 days (approximately 71.4 hours).

1. Periodic approved increases in the contracted rate at contract roll-over periods; and
2. Cost increases for additional cleaning days at the airport due to an increase in flight traffic. This cost started in July 2021 and has continued at an average cost of \$1,656 per month between August 2021 to February 2022.

The monthly cost in January 2021 was \$19,741, a 12.5% increase in contracted cleaning costs over the past 13 months (Figure 4). Excluding the additional airport cost, the average cost of the base contract cleaning rate has only increased 4.1% over the same period.

Figure 4: Actual Monthly Cleaning Expense, January 2021 to February 2022

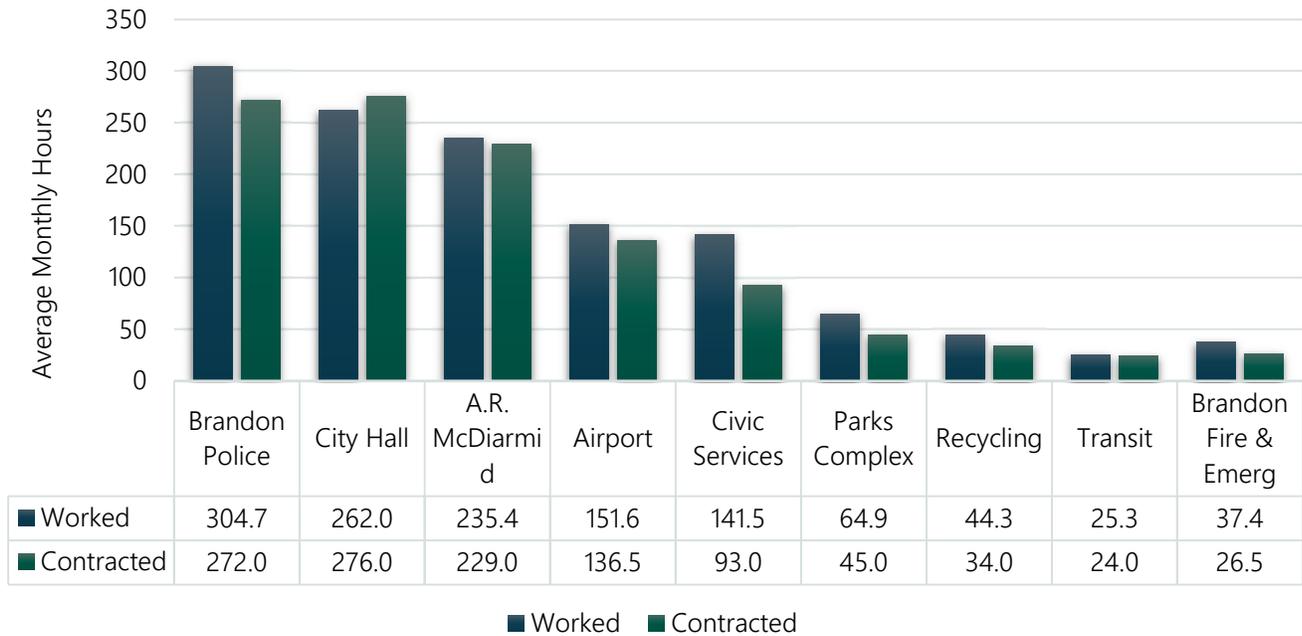


Contracted Cleaning Hours

JCI provided time sheet data for the three-month period January to March 2022 (Q1) for each building. In total JCI reported 3,801.2 hours, a favourable variance for the City of 393.2 hours (3,408 contracted less 3,801.2 worked). That is, the City received an additional 393.2 hours of cleaning services without an increase in payment to the contractor. Assuming this variance holds up across 12 months, the City is receiving an additional 1,572.8 hours above the stated contract hours. Since the contract price is fixed, these additional hours are to the benefit of the City and detriment to the Contractor. Figure 5 shows the average monthly variance between actual hours worked and hours contracted.

The City does not track hours independently from JCI, so an audit or validation of cleaning hours was not performed. Assuming the time sheets are accurate, the City’s actual paid hourly rate for cleaning services in Q1 was **\$17.53 per hour**.

Figure 5: Hours Worked vs. Hours Contracted, January to March 2022



Based on the number of days worked in each building (service days), the average hours worked per service day per building is listed in Figure 6. Brandon Police and City Hall are the most labour intensive, requiring 12.2 and 12.3 cleaning hours per service day, respectively, with Brandon Police requiring more hours overall since cleaning is required daily (including weekends).

Figure 6: Average Hours Worked per Service Day per Building, January to March 2022

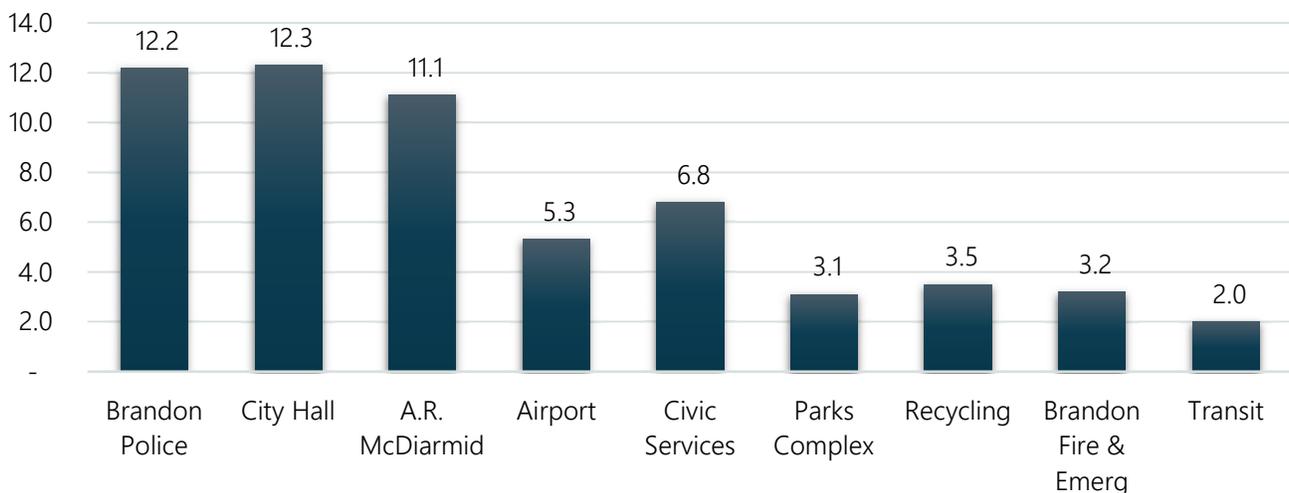
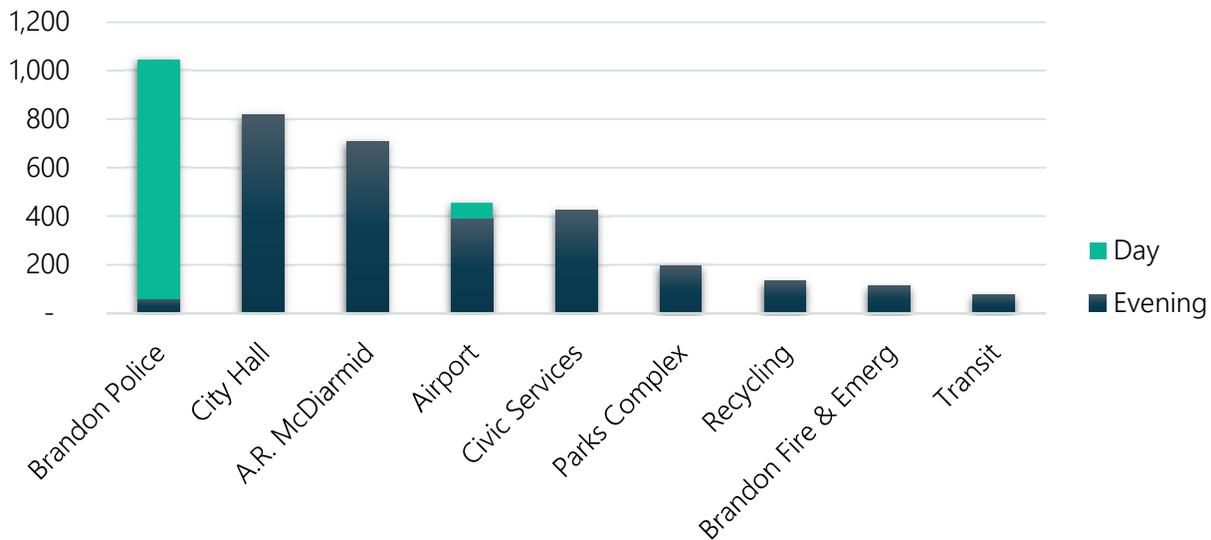


Figure 7 shows the split of daytime and evening hours worked in each building based on the February 2022 time sheets. Evening hours are based on shifts with a start time on or after 4:00pm. The results show a split of 74% evening hours and 26% daytime hours. The only daytime shifts are worked at the Brandon Police building

and the Airport. Additionally, there were no overnight shifts worked over the review period, with only several instances of cleaning staff leaving an evening shift after midnight at A.R. McDiarmid.

Figure 7: Split of Daytime and Evening Hours Worked, January to March 2022



Quality

The cleaning contracts for each building state *“The City will perform building cleaning inspections once a week on random days...”*. However, it was reported that the City has not consistently conducted building cleaning inspections. Details regarding the quality of existing services have been compiled anecdotally. The City has a maintenance ticket system in which requests or complaints regarding building cleaning may be logged, but there are no available tickets logged under cleaning issues.

Discussions with representatives from each building revealed varying degrees of service satisfaction. For example, there have been complaints from City Hall regarding floors being poorly cleaned and window cleaning not occurring, whereas the Brandon Police were satisfied and stated that the current cleaning service has done a good job, including one-off speciality needs such as the cleaning of human waste from cells. More details on perceived quality have been included in the Consultation section.

Management

Interviews indicated that oversight and management of the contractor should be occurring with more rigor and deliberateness and inside of a more well-defined framework. The Contractor continues to provide notice to the City prior to performing monthly, quarterly, semi-annual, and annual tasks as outlined in the building cleaning contracts. However, there is no City produced record to confirm certain tasks have been performed.

Each cleaning contract also states that *“The City will charge a fixed sum of \$50 per scheduled working day for defective work”*, but the City has never charged the Contractor under this clause. There have been instances where the Contractor has returned to re-do work that was performed poorly, such as floor cleaning at City Hall, but no fees for re-work have been charged by either party.

Consultation

City of Brandon employees across different service lines and from various buildings were invited to participate in interviews and share their perspective on the current level of service and any issues that should be addressed. The employees interviewed work in the following municipal government buildings:

- City Hall
- Civic Services
- A.R. McDiarmid Civic Complex
- Brandon Municipal Airport
- Brandon Fire Emergency Services Hall no. 1
- Transit Comfort Station
- Brandon Police Service
- Parks Complex
- Recycling Facility (Eastview Landfill)

Stakeholder Perception

Table 3 provides an overview of the salient opinions City of Brandon employees voiced throughout the interview process regarding the current contracted cleaners and their service delivery.

Table 3: Stakeholder Perceived Strengths and Challenges of the Current Contracted Model

Perceived Strengths	Perceived Challenges
<ul style="list-style-type: none"> • Most internal stakeholders believe the current service provider addresses most cleaning requirements of the municipal buildings adequately. 	<ul style="list-style-type: none"> • Some employees mentioned the cleaning quality has declined as the contract has progressed. Individuals perceived their buildings were more thoroughly cleaned in the earlier days of the new contract, with less detailed work more recently.
<ul style="list-style-type: none"> • The current cleaning service provider is generally quick to resolve any issues brought up by City of Brandon employees. 	<ul style="list-style-type: none"> • Some stakeholders believe the cleaning service is adequate but think the overall work requires more attention to detail.
<ul style="list-style-type: none"> • The number of cleaning staff per shift at a given building is perceived to be appropriate and consistent. 	<ul style="list-style-type: none"> • There are many accounts of windows and glass from various buildings not being cleaned regularly, as scheduled, or properly. Requests to redo the work have been made on multiple occasions from employees across different buildings.
<ul style="list-style-type: none"> • The current cleaning staff do not typically interfere with daily operations. 	<ul style="list-style-type: none"> • Public facing spaces such as washrooms are not being cleaned during the day, which may present a bad face of the City to the public.

Perceived Strengths	Perceived Challenges
<ul style="list-style-type: none"> Cleaning staff are reported to arrive on site as scheduled. 	

Building Specific Issues

Table 4 outlines the major issues perceived by City employees in their respective buildings regarding the contractor’s cleaning service delivery.

Table 4: Building Specific Issues Noted by City Employees

Building	Specific Issue(s) Mentioned by City Employees
City Hall	<ul style="list-style-type: none"> Internal and external observations noted washrooms are not cleaned thoroughly and are only cleaned in the evenings. Floors and carpets are not regularly cleaned or vacuumed. Low attention to detail has required the contractor to redo floor mopping, as office staff complained of the mops leaving dirt marks on the sides of desks near the floor. The building has many windows that are cleaned infrequently. Recent window cleanings by the contractor have had to be redone as the cleaners left substantial streak marks.
Civic Services	<ul style="list-style-type: none"> Floors are perceived to not being cleaned enough. Washrooms have areas with dirt buildup and residue. Specific instructions to cleaners not always being followed, such as cleaners throwing away things that shouldn’t have been discarded. However, instances of this occurring are anecdotal and could not be verified.
A.R. McDiarmid Civic Complex	<ul style="list-style-type: none"> Employees believe there is room for improvement when cleaning office spaces. They believe high touchpoints and high visibility areas like door handles and ledges are not being sufficiently addressed.
Brandon Municipal Airport	<ul style="list-style-type: none"> No current major issues mentioned. The contractor is only responsible for the airport terminal. Other airport buildings and tenant spaces are cleaned by airport staff due to security requirements.
Brandon Fire & Emergency Services	<ul style="list-style-type: none"> No current major issues mentioned. The contractor mainly cleans the office areas. Firefighters do most of their own cleaning. Past concerns were rectified promptly.
Transit Comfort Station	<ul style="list-style-type: none"> Markings on walls are not being wiped off.
Brandon Police Service	<ul style="list-style-type: none"> No current major issues mentioned. Past concerns were rectified promptly.
Parks Complex	<ul style="list-style-type: none"> No current major issues mentioned.

Building	Specific Issue(s) Mentioned by City Employees
Recycling Facility	<ul style="list-style-type: none"><li data-bbox="516 296 1409 401">• Floors and doormats require more attention, but it is acknowledged that it may not be possible because of the type of work landfill employees do. Landfill employees wear boots and tend to track dirt into the building.

Comparative Analysis

Three cities of comparable size in Western Canada have been consulted to gain an understanding of how their cleaning services are conducted, and if any best practices could be emulated by Brandon. The cities reviewed in this section include:

- Red Deer – pop. 100,844 (2021)
- Lethbridge – pop. 98,406 (2021)
- Medicine Hat – pop. 63,271 (2021)

City of Red Deer

The City of Red Deer (Red Deer) currently utilizes an in-house cleaning and janitorial team. Red Deer externally contracted cleaning services through an annual Request for Proposals until approximately 12-13 years ago. The change coincided with the construction of new civic yards which included three new main operational buildings. Although the management team involved in the changeover are no longer with Red Deer, those that were consulted reported that the decision to change was influenced by concerns with communications with the contracts, corresponding response times and some quality issues. They also pointed out that the decision was made with the understanding that the in-house model was likely to be more expensive than a third-party contractor.

Scope and Scale

Red Deer has approximately 20 main buildings that require cleaning and janitorial services in addition to minor facilities throughout the City. The major facilities include:

- Civic yards – three main buildings
- City Hall
- Five fire stations
- Approximately 12 other smaller buildings

Of note, the RCMP are the contracted police service provider in Red Deer and provide their own cleaning within their detachment, which is owned by the municipality. Red Deer also utilizes several leased spaces in which the landlord provides cleaning services as a part of lease costs.

Red Deer does employ contracted services for specialty services, namely high window cleaning and an annual carpet cleaning.

Custodial Team

The custodial team operates within all civic facilities. There are approximately 12 team members; half full-time and half casual employees. A “Custodial Lead” position was added to the team to provide a management function. In addition to the custodial team, Red Deer employs a group of “Facility Operations Workers” within their recreation facilities (i.e., arenas, pools, etc.) These employees not only provide custodial services but

perform minor maintenance and operate related equipment such as Zambonis. All custodial team positions and Facility Operations Workers are unionized.

Schedule change due to insourcing

Red Deer implemented a day shift when they moved cleaning services in-house. The day crew works between 8:00 a.m. and 4:00 p.m. and the night shift works after hours from 4:00 pm to midnight. The City reports that having the day shift available during the COVID pandemic has been very advantageous to be able to implement extra cleaning, particularly the wiping of high-touch areas (door handles, etc.).

Equipment

Red Deer cleaning services currently utilize two vehicles. One for general transportation and moving supplies etc. and one for the supervisor. They otherwise utilize and operate a full array of equipment except for commercial carpet cleaning equipment and scissor, platform, or boom lifts for high windows.

Benefits of the In-House Model

Red Deer reports that their consistency of services is perceived as better compared to contractor-provided services. Cleaning staff get to know their facilities quite well while contractors can often have different people in and out of facilities daily. Red Deer also reports that they have had more success going directly to employees if quality slips than they had with contractors. However, it was acknowledged that the lack of success communicating with contractors was likely a two-way street that could have been managed better on both sides.

Red Deer acknowledged that they could probably contract their services out for less cost than they currently pay. Management just received a quote for ad-hoc services of approximately \$43 per hour but understand that they would get a much better rate within a longer-term contract. Red Deer current pays its cleaning staff an hourly rate of \$23.78 and acknowledges there are benefits, management, and supplies and equipment costs to be added.

City of Lethbridge

The City of Lethbridge (Lethbridge) has traditionally utilized a contracted cleaning service provider for their buildings. The current contractor, GDI Integrated Facility Services (GDI), has serviced Lethbridge's buildings for approximately ten years to date.

Scope and Scale

There are approximately 235,000 square feet of buildings included in the current cleaning contract, although Lethbridge occupies much more space than that. Contracted spaces include approximately 15 buildings including:

- City Hall
- Museum
- Nature Centre
- Old courthouse
- Cemetery office
- Fleet services building
- Public operations
- Facilities services building
- Sanitation building
- Another office building at city hall

- Fire halls
- Transit Headquarters
- Small bus depot
- Police impound
- Art gallery

There are cleaning services performed for municipal facilities that are not within the contract. For example, window cleaning used to be a separate but scheduled contract. Budget constriction has led Lethbridge to limit this service to be “on request” instead of regularly scheduled.

City Hall employs a day porter that is part of the contract. This resource ensures that someone is available during the day to provide ad-hoc or emergency services. They also patrol washroom facilities ensuring supplies are adequate and providing minor mid-day refreshes to surfaces. The day porter typically spends their morning at City Hall and then afternoons at the museum providing the same services there.

The contract used to include cleaning services five (5) days a week, but they have now cut back to three (3). Three shifts were utilized during the COVID-19 pandemic, but the focus was shifted to wiping high-touch points versus other services that were decreased due to lower occupancy levels.

All services other than the porter are performed off-hours by approximately 25 contract staff which the City estimates comprises approximately 9,400 square feet per resource.

GDI does not handle any recycling materials because of liability concerns and the accompanying insurance costs to do so.

Lethbridge’s contracts are 5-year terms with “out” clause on both sides. This provides consistency, cost containment, and helps the contractor plan out their resource demand. Lethbridge typically receives 6-7 proposals per RFP – some are out of Calgary and have a local office – many will open a local office for a 5-year contract.

Team

Lethbridge does not rely exclusively on their third-party contractor; however, it has some internal resources throughout different areas and departments. The Lethbridge Police Service maintain their own full-time cleaning staff and prefer to do so because of security clearance requirements. The recreational facilities also employ their own full-time resources that also perform minor maintenance and operate some of the building equipment. The Enmax Centre has its own staff because of the need to accommodate different events and entertainment that take place at variable hours and often present unique requirements. Some of the park facilities also have their own cleaning staff or utilize Lethbridge’s contract but manage outside of the larger service contract.

Benefits of the Contractor Model

Lethbridge reports having a very good relationship with GDI. They indicated they have not always had the same quality of relationships from previous contractors but indicate that finding the right contractor is a part of the process. Lethbridge reports being in contact with their contractor more than weekly. Although they mentioned there are always small one-off challenges here or there, the constant communication makes those issues easy to manage and rectify. They also indicated that some “issues” are perceived issues. They stated sometimes the

expectations of city employees are over and above the scope of the cleaning contract, and in their opinion, sometimes not reasonable.

Lethbridge likes that the contractor provides the labour management, supplies, and equipment to do their job and manages all those elements within the current contract.

Lethbridge was mindful that the costs of people and supplies are only a portion of the total costs that include benefits, pensions, oversight, and management. In fact, management recently prepared a business case on looking at providing in-house service at both City Hall and the Museum. The business case demonstrated that the costs were higher than any perceived benefit.

City of Medicine Hat

The City of Medicine Hat (Medicine Hat) utilizes a third-party contractor to provide cleaning and janitorial services for its buildings.

Scope and Scale

Medicine Hat has approximately 1.5 million square feet within its entire portfolio. Approximately 80 or so buildings, facilities and sites are included in the contract, but range in size from City Hall to a bathroom at a park splash pad. There are approximately 12-14 “material” buildings or campuses that comprise most of the required services.

Medicine Hat was quick to indicate that their successful relationship with their contractor is based upon setting very specific and explicit expectations and contract scope. They have several performance metrics in place that are measured with a regular cadence. Medicine Hat sees the contractor as an extension of their workforce and do not have different expectations than they would if they were municipal employees.

The contract is split into segments. Groups of facilities that are in geographic proximity might be grouped together, for example. There are currently nine different contracts with four different contractors.

Medicine Hat provides consumables, hand soaps, garbage bags etc., and the contractors provide all other cleaning supplies and equipment.

Medicine Hat typically utilizes a shorter contract term, two (2) years fixed and then three (3) renewable options. This gives Medicine Hat an easier escape from the contract if required. They reported that most contractors have been willing to extend their original price terms to the renewable extensions.

Medicine Hat used to utilize cleaning services five (5) days a week in all common and office areas but has reduced the office to only once a week. Most of the work is performed after hours but a few of the larger facilities utilize a day porter as well. For example, day porters at City Hall and at the Police Services building currently complete touch point cleaning during the day. There is also a morning resource to clean City Council chambers because it is mostly used in the evenings.

Medicine Hat can engage additional and ad hoc services in their contract and reports that it is working very well. They report having just had several construction projects that required extra and specialized cleaning and the contract worked well to provide those needs. They only paid for what they needed and then the special contract was over. Rates for additional service range from approximately \$22 - \$28 dollars per hour.

Team

Medicine Hat estimates that their contractor utilizes approximately 40 – 50 people (not FTE's) consisting of a mix of full- and part-time resources.

Medicine Hat does employ some cleaning staff. Recreation facilities have their own employees, and these resources typically provide minor maintenance and equipment operation as well. Museums and the Esplanade Arts and Heritage Centre also have general facility employees that manage much of the cleaning on their own. The fire halls also do all their own cleaning.

Benefits of the Contractor Model

Management indicated that the work is typically entry level work and that it's hard to find people. They understand the contractor faces these same issues and works with the contractor to be understanding and flexible; however, the contractor is the ultimate owner of those challenges. The contractor has an obligation to meet the client's needs and Medicine Hat believes it spends much less time on people management, recruiting, training and oversight as a result. Coincidentally, one of the Managers interviewed from Medicine Hat was in Red Deer and indicated that they spend a significantly reduced volume of time on personnel issues in the contractor model in Medicine Hat which allows them to focus on other management challenges such planning.

Medicine Hat also indicated that some of their success stems from centralizing communication. The department has a strict rule that any communication to the contractor must be through Medicine Hat's Contract Manager. No one is to contact the contractor on their own. This simplifies communications and provides consistent communication between the two parties.

Medicine Hat indicated that having a contractor during the COVID-19 pandemic provided an increased flexibility they would have not had if they had an in-house staff. They believe the switch to much less cleaning in offices – down to once a week – would have required significantly more work and been more costly to lay off unionized employees in contrast to their contract which clearly laid out the terms of how such a change would take place.

All the equipment, other than the odd broom or vacuum on-site, is supplied by the contractor.

Medicine Hat representatives went as far as to say that moving away from a contractor arrangement to gain more control over quality is a moot point. In their opinion, if the scope of the contract is detailed and explicit, there's nothing to be gained but increased costs and management time. It takes work to properly prepare and manage the contracts and they must be maintained and worked on, but in their opinion, it is still much less effort than having to hire, train, maintain, oversee, and manage internal employees.

Comparative Summary

Table 5 provides a summary of advantages and disadvantages of an in-house model versus contractor model from the perspectives of the cities of Red Deer, Lethbridge, and Medicine Hat.

Table 5: Comparative Summary Table

City	Model Type	Perceived Advantages	Perceived Disadvantages
Red Deer	In-House	<ul style="list-style-type: none"> Some custodial team members perform minor maintenance and operate equipment typically out of scope for contracted cleaners. Consistency of services is reported as better. Cleaning staff can familiarize themselves with the facilities they are assigned. Ability to address employees directly if standards are not achieved. 	<ul style="list-style-type: none"> Higher costs – employee hourly rate, benefits, management, supplies, and equipment borne entirely by the municipality.
Lethbridge	Contractor	<ul style="list-style-type: none"> Contracts can be tailored for certain requirements – 5-year term with “out” clause on both sides for risk mitigation. Onus of human capital and cleaning supplies management largely falls on contractor. Clear and consistent lines of communication between City and contractor to easily address gaps in service. Overall costs attributed to contracted service are perceived to be lower. 	<ul style="list-style-type: none"> Quality is perceived to be inconsistent at times, however employee feedback is often out of scope of contract.
Medicine Hat	Contractor	<ul style="list-style-type: none"> Contracts can be tailored for certain requirements – 2-year term with renewal options for risk mitigation. Option for additional and ad hoc services when required. Detailed and explicit for less room for interpretation. Onus of human capital and cleaning equipment management largely falls on contractor. Centralized communication for consistency and easy management of provision of services. Perceived to be less costly and time consuming than investing in internal staff. 	<ul style="list-style-type: none"> Can be difficult to adequately staff. Contracts require active management and enforcement.

In-house Staffing Cost Model

The following section and subsections include the development of an in-house cleaning and janitorial model to be used in comparison with the current state.

The development of this model included consultation with the City of Brandon Human Resources department to understand new classification requirements for potential in-house employees, as well as expected salary ranges and benefits. Information was also collected regarding oversight, supervision, shift scheduling etc. that may be contained in the current collective agreement that would be applicable to the proposed staff members.

Current contracts and interviews with building occupants were utilized to understand workload based upon the types of services and the scale of Brandon's current buildings and their size. This information was also utilized to develop projected service provision timing and a revised service provision schedule to include more flexibility and ability to provide ad hoc service as required. An operational needs assessment was developed that includes estimates for supplies and related equipment.

The culmination of this section is a projected annual cost based upon the work to date including human resource costs (salaries, benefits etc.) as well as equipment and supplies costs management and oversight.

Staffing Model Assumptions

Qualitative Considerations

An effective in-house staffing model must address the current concerns associated with the contractor model. The following qualitative assumptions have been considered in the development of the proposed model:

- **Increased flexibility for ad-hoc requests.** This includes more daytime work hours in publicly accessible buildings, including City Hall and the Airport. Daytime hours allow for additional washroom refreshes throughout the day and create additional capacity for cleaning staff to answer ad hoc requests on demand.
- **Additional capacity for more labour-intensive cleaning needs.** The model will assume that in-house staff will be required to work more hours than the existing contractor to conduct larger cleaning projects more frequently. This may include more frequent window cleaning, cleaning of public spaces, or ad hoc cleaning due to unexpected events, such as the recent dust storm which dirtied windows.
- **Stronger quality control.** Improved quality is not an inherent trait of using an employee compared to a contractor. Additional oversight and training will be required on behalf of the City to achieve the level of quality it desires. The permanent nature of an in-house team may lead to better quality outcomes over time given proper oversight. The model assumes a chargehand will be hired to conduct quality inspections and assist in the supervision of the in-house cleaning services staff.
- **Equal rate of labour efficiency.** The model assumes that a city staff cleaner is equally as efficient as a third-party cleaner. That is, a cleaner will complete the same amount of cleaning work in an hour regardless of employer or employment status.

Timeframe

The model will be developed based on the 2023 calendar year, with the number of days listed in Table 6.

Table 6: Calendar Days by Type in 2023

Day Type	Number of Days
Network Days (Mon-Fri)	251
Weekend Days (Sat & Sun)	105
Stat Holidays	9
Total Calendar Days	365
Mon/Wed/Fri Days (MWF)	151

The existing cleaning contracts end in January and February 2023, but the model assumes new staff will require onboarding and training at the beginning of 2023 prior to taking over all cleaning services from the contractor.

CUPE Labour Agreement

The labour model assumes all cleaning services staff will be unionized employees. This may involve a mix of permanent full-time or temporary part-time employees. Other assumptions based on the CUPE agreement include:

- In-house cleaning staff will be classified as “Utility Workers” under the CUPE 2019-2023 agreement. Schedule A of the agreement lists the rates of pay per Table 7.

Table 7: CUPE Utility Worker Hourly Rates of Pay for Permanent Positions

Utility Worker		Gr 12	2019	2020	2021	2022	2023
Level 1	Entry Level for all positions	No*	20.63	20.84	21.15	21.47	21.79
Level 2	2080 regular hours of experience or a Casual - Level 4	No*	22.20	22.42	22.76	23.1	23.45
Level 3	By posting only with at least a Level 2 qualification or a Cleaner with Refrigeration Certificate	Yes	23.63	23.87	24.23	24.59	24.96

- Current utility workers with the City are all classified as Level 3. However, as non-skilled labour, the cost model assumes a weighted average rate of pay based on a staffing mix of 20% Level 1, 50% Level 2, and 30% Level 3. The resulting weighted average base rate of pay of \$23.57 per hour. Under the high-cost scenario, all employees are classified as Level 3 and earn \$24.96 per hour.
- Article 2002 – b of the CUPE agreement states that an additional \$0.65 per hour is paid for shifts between 4pm-12am and \$0.90 per hour between 12am-8am. The model assumes that an in-house model will shift towards more daytime hours, but the bulk of hours will still be evening hours. Staff will not work any shifts between 12am-8am.

The In-House Cleaning Schedule section includes more details on the split of daytime and evening hours. The model assumes a new ratio of evening/daytime hours of 56/44, from the existing 74/26 (Figure 7). Evening cleaning staff will qualify for the additional \$0.65 per hour, increasing the adjusted weighted average rate of pay to **\$23.94 per hour** ($\$23.57 + 56\% \times \0.65).

- Overtime is applicable per schedule B CUPE agreement. Utility workers are entitled to overtime pay for work performed more than eight (8) hours in a twenty-four (24) hour period or more than forty (40) hours in a seven (7) day work week. However, the model assumes no regular overtime wages will be paid due to the predictable nature of the cleaning schedule.
- Article 1704 of the agreement states that employees who are regularly scheduled to work on any of the statutory holidays shall be paid at a rate of one and one half (1 ½) times their regular rate of pay. The model applies this rate to the 9 statutory holidays for staff performing daily cleaning duties in the Brandon Police building and Airport.
- Per article 16 of the CUPE agreement, employees are entitled to the following vacation allowances:
 - **0 – 2 years continuous service** – Two (2) weeks' vacation (first calendar of service year prorated)
 - **2 – 7 years continuous service** – Three (3) weeks' vacation
 - **7 – 16 years continuous service** – Four (4) weeks' vacation
 - **16 – 23 years continuous service** – Five (5) weeks' vacation
 - **23 – 30 years continuous service** – Six (6) weeks' vacation
 - **30+ years continuous service** – Six (6) weeks' vacation plus one (1) additional day of vacation up to five (5) days in the 34th year of service.

The base staffing model assumes an average of three (3) weeks' vacation. While it is likely the vacation allowance may be lower in the first two years of operating an in-house cleaning team, the three-week average is assumed to be the normalized average after several years of operating an in-house service. The high-cost model considers an average vacation allowance of four (4) weeks, which may be possible if long-term staff retention is high.

Temporary employees are entitled to vacation pay each pay period, which may be converted to vacation accrual after 6 months of service. For modelling purposes, all vacation is assumed to be issued on an accrual basis.

- Article 21 states *"the City agrees to provide all necessary protective clothing and personal protective equipment where required"*. Cleaning services staff are assumed to be given a work uniform or smock to help identify them as City employees. For modelling purposes, the cost of uniforms is assumed to be \$200 per year per FTE.
- Article 24 - 2409 states *"When employees... are required to operate their personal motor vehicle on City business, then they shall receive a mileage allowance in accordance with present City policy."* The model assumes that some staff will be required to travel between multiple cleaning locations in a single shift and will be reimbursed at a rate of \$0.61 per kilometre².

² <https://www.canada.ca/en/revenue-agency/services/tax/businesses/topics/payroll/benefits-allowances/automobile/automobile-motor-vehicle-allowances/reasonable-kilometre-allowance.html>

Employment Benefits

Per the City’s Human Resources department, the benefits rate for permanent employees is **22% of gross wages**. While certain differences exist between permanent and temporary employment status, the staffing model assumes the full 22% benefits rate is applied to all FTEs. This is due to most benefits applying to temporary employees after a certain amount of cumulative of earnings. For example, the Municipal Employees Benefits Program (MEBP) states that temporary employees must join the pension plan after they’ve earned 25% of the year’s maximum pensionable earnings in two consecutive years.³

Cleaning Staff Headcount Requirement

Third-party cleaning services have met the minimum quality requirements. The model must staff general cleaning labour for at least the same number of hours as the existing third-party services to complete scheduled tasks.

Per the CUPE agreement, a full-time equivalent (FTE) employee will be scheduled for 2,080 regular hours per year. Assuming most employees are under 7 years of employment they will be eligible for 15 vacation days, leaving 1,960 hours of availability (2,080 – 8 x 15). The high-cost assumption includes 20 vacation days, leaving 1,920 hours of availability.

Table 8 provides the calculation for the FTE requirement to match the number of hours worked by the current third-party service. Under the base assumptions the City requires a minimum of 8.24 FTE for in-house cleaning staff, increasing to 8.4 FTE under the high-cost assumption.

Table 8: Minimum Viable Annual Cleaning Hours and FTE Requirement

Building	Service Schedule	Annual Service Days	Average Daily Hours	Annual Hours	Base FTE	High-Cost FTE
Brandon Police	Daily	365	12.2	4,453.0	2.28	2.32
City Hall	Weekdays	251	12.3	3,087.3	1.58	1.61
A.R. McDiarmid	Weekdays	251	11.1	2,786.1	1.43	1.46
Airport	Daily	365	5.3	1,934.5	0.99	1.01
Civic Services	Weekdays	251	6.8	1,706.8	0.88	0.89
Parks Complex	Weekdays	251	3.1	778.1	0.40	0.41
Recycling	MWF	151	3.5	528.5	0.27	0.28
Transit	MWF	151	2	302.0	0.16	0.16
Brandon Fire	MWF	151	3.2	483.2	0.25	0.26
Total				16,059.5	8.24	8.40

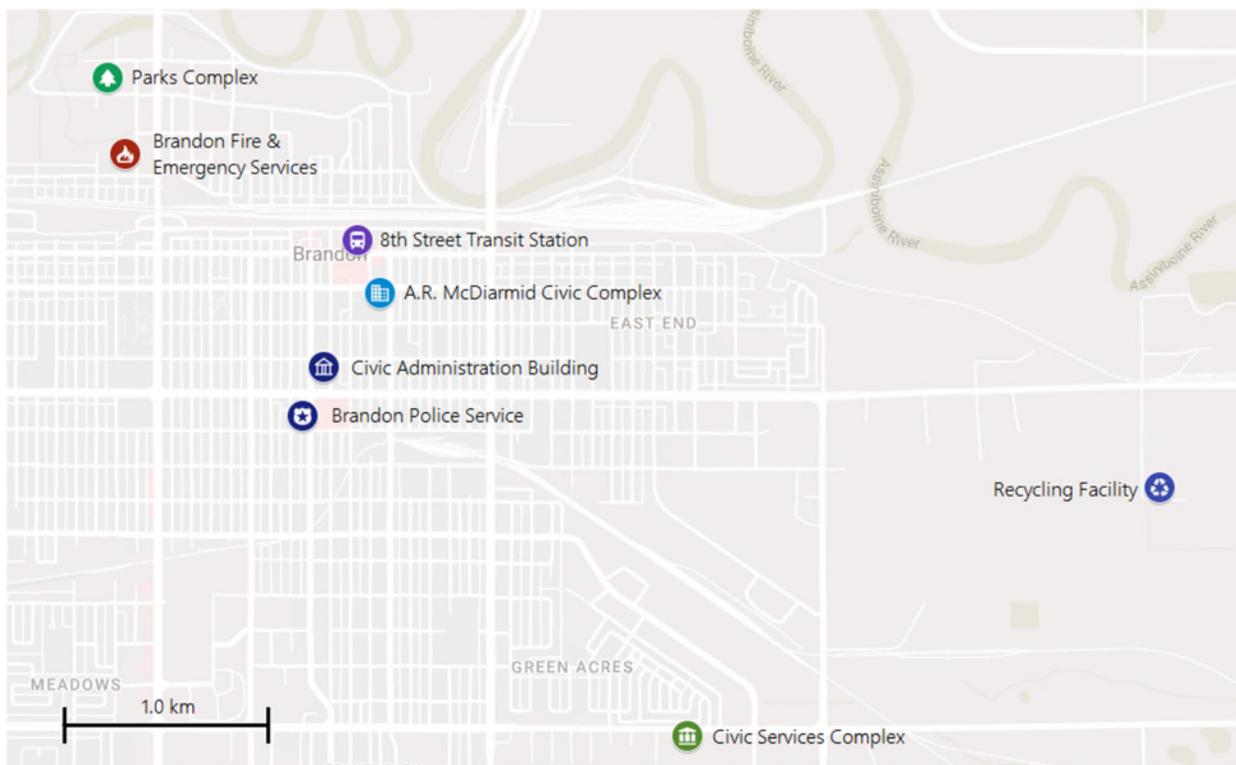
³ https://www.mebp.mb.ca/list_files/Pension.pdf

However, the minimum viable annual cleaning staff FTE does not leave excess capacity for value-added services, ad hoc services, or staff shortages due to illness or other time-off. It also does not account for location differences and logistical requirements. For example, it may not be logistically possible for an employee to split a single shift between the Airport, Brandon Police, and Civic Services Complex. The following section addresses this issue.

Building Groupings

Figure 8 provides a map of the location of each building, excluding the airport which is approximately 8km north of the Parks Complex (Figure 9). Certain buildings could be paired for cleaning services for staff on a single shift, for example the 8th Street Transit Station and A.R. McDiarmid building are within 160m, and the Brandon Police Service and Civic Administration Building are 350m apart, making it possible for an employee to walk between buildings in the same shift.

Figure 8: Map of City of Brandon Buildings (excluding Airport)

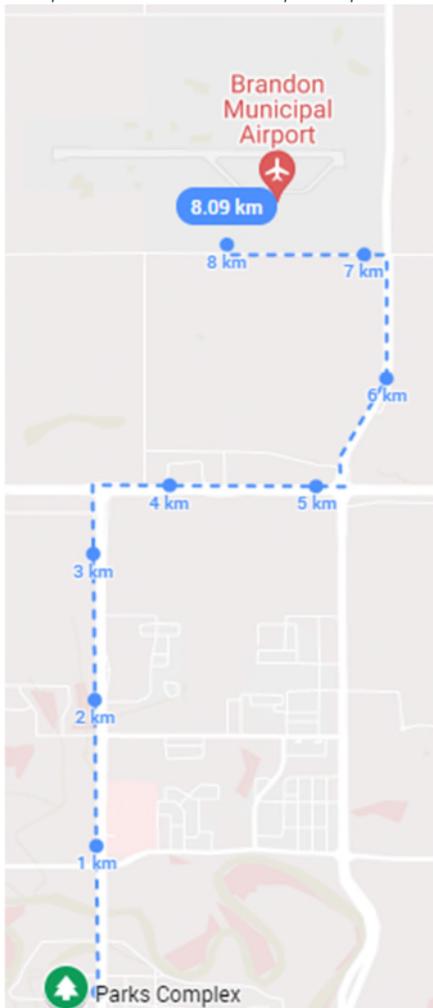


Buildings have been grouped per Table 9 to calculate the actual FTE requirement that allows for additional capacity and provides for efficient scheduling. The model assumes staff will only work in the buildings in their assigned group. Excess capacity in any one group may be used to supplement staff time-off in other groups.

Table 9: Building Groupings for Cleaning Services Staff

Group 1	Group 2		Group 3
<ul style="list-style-type: none"> Airport Parks Complex Brandon Fire 	<ul style="list-style-type: none"> 8th St Transit A.R. McDiarmid City Hall 	<ul style="list-style-type: none"> Civic Services Recycling Facility 	<ul style="list-style-type: none"> Brandon Police

Figure 9: Driving Directions from Parks Complex to Brandon Municipal Airport



Groups have not necessarily been selected based on distance. For example, the labour requirement for Civic Services requires 0.88 FTE. One employee could be assigned to the Civic Services building full-time, but it has been grouped into Group 2 to account for time-off and to ensure no interruption of service.

Brandon Police is located near A.R. McDiarmid and City Hall but has been considered its own group for the following reasons:

- Cleaning staff assigned to the police building may require additional security clearance
- The building needs the most cleaning labour hours based on current requirements
- Cleaning is required daily, so staff coming in on a weekend would not be needed in any other buildings.

Additional considerations of having employees work across multiple buildings during a single shift include:

1. Employee safety – Some employees may not feel comfortable walking between buildings at night or in the dark.
2. Employee transportation access – Employees in Groups 1 and 2 may not have a method of transportation to switch between buildings efficiently during a shift.

For employees to work full shifts, the City will need to provide vehicles or reimburse employees for travel between buildings. The model assumes a mileage allowance of \$0.61 per kilometre will be paid for staff using their own vehicle to travel between cleaning locations in a single shift. The model assumes Group 1 will require 8 kms per network day and Group 2 will require 5 kms per network day, for a total cost of \$2,000 annually (rounded). Additionally, the high-cost staffing model assumes a single

vehicle will be purchased, as outlined in the Vehicle Fleet section below.

Table 10 provides the adjusted FTE required to account for additional capacity needs in each building group. The adjusted FTE is calculated based on the following assumptions:

- Permanent staff will only be hired in FTE increments of 1.0 and 0.6. Part-time staff will only be used to supplement marginal FTE requirements.
- Additional capacity of 0.20 FTE above minimum required FTE must be scheduled in each group. The additional capacity will be used for time-off coverage and to perform value added cleaning services.

Table 10: Adjusted FTE Requirement by Building Grouping

Group #	Building	Current Annual Hours	Base FTE	High-Cost FTE	Adjusted FTE	Adjusted Annual Hours
1	Airport	1,934.5	0.99	1.01		
1	Parks Complex	778.1	0.40	0.41		
1	Brandon Fire	483.2	0.25	0.26		
Group 1 Subtotal		3,195.8	1.64	1.68	2.00	3,920
2	City Hall	3,087.3	1.58	1.61		
2	A.R. McDiarmid	2,786.1	1.43	1.46		
2	Recycling	528.5	0.27	0.28		
2	Transit	302.0	0.16	0.16		
2	Civic Services	1,706.8	0.88	0.89		
Group 2 Subtotal		8,410.7	4.32	4.40	4.60	9,016
3	Brandon Police	4,453.0	2.28	2.32	2.60	5,096
Total		16,059.5	8.24	8.40	9.20	18,032

The result indicates that the actual staff requirement to allow for capacity requirements is 9.2. This will allow for approximately 0.96 FTE of additional cleaning staff capacity above the current minimum viable service. At a minimum the City must hire 8 full-time cleaning staff and 2 part-time staff, but the 9.2 FTE required may be achieved through other combinations of full- and part-time staff.

Note the result of 9.2 is achieved regardless of the use of the base or high-cost FTE, as the small difference between an additional week of vacation for each FTE is immaterial considering the requirement of 0.20 FTE additional capacity in each group.

Management

The City's management has stated the base model will assume that the existing City Management team will be responsible for overseeing this operational change and that no additional management personnel will be required. The base model follows this assumption and does not include additional supervisor or management positions. This assumption infers that the current City Management team has the excess capacity to supervise an additional 9.2 FTE, as well as conduct all additional responsibilities that the contractor currently provides, including scheduling, supply inventory, and equipment maintenance and replacement.

Consultation with the comparative cities found that a supervisor position is necessary to properly oversee cleaning staff and manage the logistics of the cleaning services team, supplies, and equipment. The high-cost model thus assumes that the new cleaning team will require 1 FTE for a Cleaning Services Supervisor. The supervisor will be responsible for scheduling, supply inventory, equipment maintenance and replacement, quality inspections, and providing cleaning services in case of emergency staff shortages. The supervisor may also provide input to human resources regarding recruitment needs and performance management.

The model assumes the Cleaning Services Supervisor will be a union position classified as a Level II Chargehand earning \$35.54 per the CUPE agreement.

Salaries & Benefits Cost

The minimum viable staff FTE that the City requires to match the current service level provision is 8.24, as per Table 8 above. It is unlikely the City would be able to maintain a consistent level of service using a skeleton staff crew for a prolonged period due to time off and employee turnover. Additionally, it would be difficult to recognize service quality improvement or flexibility without any excess capacity, which are some of the City's main interests in shifting to an in-house model. However, for comparative purposes the estimated cost of the minimum viable staff is presented in Table 11.

Table 11: In-house Staffing Model Salaries & Benefits Cost – Minimum Viable

	FTE	Full-Time Hours	Total Hours	Hourly Rate	Total
Cleaning Staff – Regular	8.24	2080	17,139	\$23.94	\$410,312
Cleaning Staff – Stat Top-up			158	\$11.97	\$1,885
Subtotal - Gross Wages					\$412,198
Benefits (22%)					\$90,683
Total Salaries & Benefits					\$502,881

Table 12 provides the estimated salaries and benefits cost under the base model scenario for an in-house Cleaning Services team consisting of 9.2 FTE.

Table 12: In-house Staffing Model Salaries & Benefits Cost – Base Model

	FTE	Full-Time Hours	Total Hours	Hourly Rate	Total
Cleaning Staff – Regular	9.20	2080	19,136	\$23.94	\$458,067
Cleaning Staff – Stat Top-up			158	\$11.97	\$1,885
Subtotal - Gross Wages					\$459,952
Benefits (22%)					\$101,189
Total Salaries & Benefits					\$561,142

The high-cost model in Table 13 assumes the highest potential hourly rate and adds the Chargehand position as a supervisor.

Table 13: In-house Staffing Model Salaries & Benefits Cost – High-cost Model

	FTE	Full-Time Hours	Total Hours	Hourly Rate	Total
Cleaning Staff – Regular	9.20	2080	19,136	\$24.96	\$477,635
Cleaning Staff – Stat Top-up			158	\$12.48	\$1,966
Chargehand	1.00	2080	2,080	\$35.54	\$73,923
Subtotal - Gross Wages					\$553,523
Benefits (22%)					\$121,775
Total Salaries & Benefits					\$675,298

The results of the base model and high-cost model demonstrate that the cost of salaries and benefits for an in-house cleaning services team will most likely be between \$561,142 to \$675,298 annually.

Equipment

The City currently provides cleaning supplies for contractor use but does not own any cleaning equipment. The in-house model assumes no change in cleaning supply cost for items such as cleaning solutions, hand soap, tissue paper, and toilet paper. However, the City would need to purchase its own cleaning equipment under an in-house service model.

If no vehicle is purchased to transport equipment, the City will need to fully equip each building with all the necessary supplies. Table 14 provides the equipment requirements for each building and their estimated purchase cost based on the existing cleaning task list. The total initial purchase cost of equipment is estimated at \$58,883.

Table 14: Cost of Required Equipment by Building – Base Model, No Equipment Sharing

Equipment	Floor polisher	Carpet Cleaner	Vacuum	Steam Cleaner	Standard Janitor Cart	Brooms, Mops, etc.	Total
A.R. McDiarmid	3,726	-	500	4,000	316	217	8,759
Brandon Police	3,726	1,500	500	-	316	269	6,311
Parks Complex	3,726	1,500	500	-	316	217	6,259
Brandon Fire	3,726	1,500	500	-	316	217	6,259
City Hall	3,726	1,500	500	-	316	217	6,259
Civic Services Complex	3,726	1,500	500	-	316	217	6,259
8th Street Transit	3,726	1,500	500	-	316	217	6,259
Recycling Facility	3,726	1,500	500	-	316	217	6,259
Airport	3,726	1,500	500	-	316	217	6,259
Total	\$33,534	\$12,000	\$4,500	\$4,000	\$2,844	\$2,005	\$58,883

Assumptions used to determine the equipment requirements and cost include:

- Equipment requirements have been determined based on the cleaning tasks outlined in the contract Schedule A for each building. For example, A.R. McDiarmid requires semi-annual deep steam cleaning, thus the requirement for the steam cleaner.
- Purchase costs have been determined from online sources, primarily commercial cleaning equipment prices from ULine⁴.
- Each building has a janitor’s room where equipment will be stored. These rooms are currently being used by the contractor to store their equipment.
- Minor equipment, including cloths, squeegees, spray bottles, dusters, etc., is assumed to be immaterial and included in the annual cost of cleaning supplies.

Equipment may be shared between buildings if a vehicle is purchased, as outlined in the following section. The high-cost model includes a vehicle purchase and assumes certain equipment is shared between the building groups. Specifically, the floor polishers and carpet cleaners are primarily required on an as needed basis, with minimum usage requirements varying quarterly to semi-annual across all buildings. Thus, it is assumed only one floor polisher and one carpet cleaner must be purchased for each building grouping and the equipment can be transported between buildings as required.

Table 15 details the cost of equipment under the high-cost model. The total initial purchase requirement is \$29,027.

Table 15: Cost of Required Equipment by Building – High-cost Model, Equipment Shared

Group #	Equipment	Floor polisher	Carpet Cleaner	Vacuum	Steam Cleaner	Standard Janitor Cart	Brooms, Mops, etc.	Total
1	Airport	3,726	1,500	500	-	316	217	6,259
1	Brandon Fire	-	-	500	-	316	217	1,033
1	Parks Complex	-	-	500	-	316	217	1,033
2	City Hall	3,726	1,500	500	-	316	217	6,259
2	A.R. McDiarmid	-	-	500	4,000	316	217	5,033
2	Civic Services Complex	-	-	500	-	316	217	1,033
2	8th Street Transit	-	-	500	-	316	217	1,033
2	Recycling Facility	-	-	500	-	316	217	1,033
3	Brandon Police	3,726	1,500	500	-	316	269	6,311
Total		\$11,178	\$4,500	\$4,500	\$4,000	\$2,844	\$2,005	\$29,027

The cost model also assumes an annual repairs and maintenance cost equal to 10% of the initial purchase cost for all equipment.

⁴ <https://www.uline.ca/>

Vehicle Fleet

Red Deer, the only compared city that uses in-house cleaning staff, noted that they own two vehicles for cleaning services, one for the supervisor and one for equipment and supply movements. Due to the lower number of buildings serviced and their relative proximity, Brandon’s high-cost model assumes that only one vehicle will be required and will be utilized primarily by the Chargehand for daytime tasks and equipment movements but may also be used by cleaning staff during the evening hours as needed.

The following assumptions have been used for the purchase cost and annual operating costs of the vehicle in the model. Actual costs may vary significantly depending on the actual make and model decision by the City.

- The vehicle purchased is a Ford 2022 Transit Connect XLT Cargo Van, with a purchase price of \$36,000 including GST.
- An extended warranty is purchased for 8 years or 150,000 miles for \$2,500.
- No annual repairs and maintenance cost is considered due to the extended warranty.
- Insurance with MPI will cost \$2,250 annually assuming a basic insurance premium with \$1,000,000 third party liability.
- The vehicle will be used for 10,000 kms per year. Assuming a fuel efficiency rate of 9.8 litres / 100km and a gasoline price of \$1.80 / litre the total fuel cost is \$1,750 (rounded).
- The vehicle will need to be replaced every 10 years; the annual depreciation expense is based on straight-line depreciation for 10 years.

Table 16 provides the total costs for using a single utility vehicle. The capital cost is estimated to be \$38,500 and the annual operating costs are estimated at \$7,850.

Table 16: Vehicle Cost Assumptions – High-cost Model

Cost Item	Amount
Purchase price, including GST (rounded)	\$36,000
Extended warranty	\$2,500
Total capital cost	\$38,500
Repairs and maintenance	Covered under warranty
Insurance	\$2,250
Fuel	\$1,750
Depreciation	\$3,850
Annual operating cost	\$7,850

Cost Summary

Table 17 provides the cost summary for the minimum viable model, the base model, and the high-cost model. The minimum viable and base models require a \$58,883 initial capital investment compared to \$67,527 under the high-cost model due to the vehicle purchase and equipment sharing. The annual operating costs range from an estimated low of \$512,417 to a high of \$690,091, mainly due to variation in the cost of salaries and benefits. Note that the model only considers the marginal costs associated with changing to an in-house service

delivery model, which means that no consideration has been given to the re-allocation of existing management salaries that will be needed to manage the new staff.

Table 17: In-House Staffing Model Summary of Costs

	Minimum Viable Model	Base Model	High-Cost Model
Capital costs			
Vehicle	-	-	38,500
Cleaning equipment	58,883	58,883	29,027
Total capital costs	\$58,883	\$58,883	\$67,527
Operating costs			
Salaries and benefits	502,881	561,142	675,298
Uniforms	1,648	1,840	2,040
Mileage reimbursement	2,000	2,000	2,000
Repairs and maintenance - Equipment	5,888	5,888	2,903
Vehicle expenses	-	-	7,850
Annual operating costs	\$512,417	\$570,870	\$690,091

In comparison to the annualized operating cost of the existing contractor model of \$266,580, the minimum viable model would cost an additional \$245,837, the base model would cost an additional \$304,290 annually, and the high-cost model would cost an additional \$423,511 annually. The cost differential is primarily due to the higher hourly wage cost (contractor average of \$17.53 per hour versus an in-house average of \$23.94 per hour plus benefits) and an increase in hours to accommodate the need for additional daytime shift capacity and ad hoc cleaning requests.

In-House Cleaning Schedule

Table 18 provides a new proposed schedule for cleaning hours using an in-house service model. The total annual hours of 18,085.5 approximates to 9.23 FTE, only 0.03 FTE more than the modelled FTE of 9.20 under the base and high-cost models. The difference is immaterial and would likely be made up from less than 100% of all vacation days being used. To achieve the minimum viable schedule, the daytime hours in group 2 would need to be removed, and the average service day hours would need to be set to match the current contractor hours as detailed in Figure 6 above.

Table 18: Proposed Cleaning Schedule Hours

Building	Service Days	Daytime Hours	Evening Hours	Service Day Hours	Annual Daytime Hours	Annual Evening Hours	Total Annual Hours
Airport	Daily	4	3	7	1,460.0	1,095.0	2,555.0
Parks Complex	Network Days		3.5	3.5	-	878.5	878.5
Brandon Fire	MWF		3.5	3.5	-	528.5	528.5
Group 1 Subtotal				-	1,460.0	2,502.0	3,962.0
City Hall	Network Days	5	8	13	1,255.0	2,008.0	3,263.0
A.R. McDiarmid	Network Days	1	11	12	251.0	2,761.0	3,012.0
Recycling	MWF		4	4	-	604.0	604.0
Transit	MWF		2.5	2.5	-	377.5	377.5
Civic Services	Network Days	1	6	7	251.0	1,506.0	1,757.0
Group 2 Subtotal				-	1,757.0	7,256.5	9,013.5
Brandon Police	Daily	14		14	5,110.0	-	5,110.0
Total					8,327.0	9,758.5	18,085.5

This in-house schedule provides the following advantages:

- A shift to more daytime hours at several buildings. Approximately 46% of total annual cleaning hours will now be daytime hours, up from the current 26%.
- Group 1 has additional daytime hours at the Airport, allowing for washroom refreshes and other ad hoc cleaning needs. The employee would then finish their shift by working the Airport evening hours or they may move to work the required evening hours at the Parks Complex or Brandon Fire.
- Group 2 includes 7 daytime hours and assumes an employee will be stationed at City Hall during the day but may be required to conduct services in other buildings, primarily A.R. McDiarmid and the Civic Services Complex as needed. This position would be akin to the day porter positions found in the comparative analysis that seemed to work well for those cities.
- Group 3, the Brandon Police building, requires 14 daytime hours. This is an increase of approximately 2 hours from the existing daytime cleaning service in the building, allowing for additional value-added cleaning tasks and on demand requests.

Hybrid Model

The high cost of a fully in-house cleaning services model may detract the City from changing from the existing service. However, there are still perceived issues regarding service quality with the current model that could be addressed. Another option to improve on these perceived shortcomings would be to hire staff for the Day Porter position that both Lethbridge and Medicine Hat have utilized successfully.

Under a hybrid model, the City will maintain its current third-party cleaning schedule, but will hire one (1) additional FTE for a city staff cleaning position known as a Day Porter. The model assumes the position would be a union role under the Level II Utility Worker classification, but discussion may be required with the union to determine the actual classification.

Additional details and responsibilities of the Day Porter role include:

- Report directly to the City’s Maintenance Manager
- Perform quality inspections on work performed by the third-party cleaners
- Perform cleaning tasks in public facing areas throughout the day, including patrolling washrooms and restocking supplies as needed
- Work daytime hours and be available for ad hoc requests while on shift
- Most likely based out of City Hall due to the nature of daytime cleaning services required in the building but will be required to travel to other locations throughout the day on an as needed basis.
- The Day Porter will not service the Brandon Police building.

Table 19 provides a cost estimate for the hybrid model, assuming no change to the cost of the third-party contract. The annual operational cost of the hybrid model is estimated to range from \$327,837 to \$389,093, depending on whether one- or two-Day Porters are hired. The City likely only requires 1 Day Porter but may find it requires additional capacity due to time-off scheduling, as well as due to air traffic increases creating the need for more daytime cleaning services at the Airport. The City may also choose to provide Day Porters with a fleet vehicle, which would increase the cost of the program due to capital vehicle costs, insurance, and repairs and maintenance expenses.

Table 19: Hybrid Model Estimated Cost

Cost Item	1 FTE	2 FTE
Day Porter salary	\$48,776	\$97,552
Benefits (22%)	10,731	21,461
Salary and benefits total	\$59,507	\$119,013
Mileage allowance	1,550	3,100
Uniform	200	400
Day Porter operational cost	\$61,257	\$122,513
Third-Party contract	266,580	266,580
Total	\$327,837	\$389,093

Recommendations

The choice between using an in-house cleaning services model versus a third-party model ultimately rests on the City's expectations of value-for-money. Specifically, how much value does the City place on improved flexibility and quality. The current contracted services appear to be meeting the base expectations of city staff and stakeholders with some suggestions for improvement.

From a pure cost perspective, the choice is clear that the third-party model is significantly more cost efficient for the City. The base in-house model requires an annual operating cost of **\$570,501** compared to only **\$266,580** for the existing third-party services. The City must decide if the added level of control and flexibility from having an in-house cleaning staff is worth an additional cost of \$303,921 per year.

The City already benefits from having a fixed rate contract where it appears, on limited data, that the contractor is supplying more labour hours than stipulated by the contract to complete the required cleaning tasks. Switching to an in-house model would require the City pay for all these additional hours just to maintain the current level of service.

Based on the findings from the consultation and comparative analysis process, it is unlikely the City would recognize a significant benefit from changing to an in-house provider.

Alternatively, there are several recommendations that the City could implement that may improve on existing services without all the additional cost and logistics of a full in-house model:

- The City should begin conducting weekly cleaning inspections as stated in the existing service contracts. The inspections should verify that monthly, quarterly, semi-annual, and annual cleaning tasks are being completed in accordance with the contract schedules.
- The individual conducting inspections or compiling inspection data, likely one of the City's Maintenance Managers, should be in regular contact with the contractor. For example, Lethbridge adopted a weekly recurring meeting with their contractor which has served them well in improving the relationship and resolving outstanding service issues.
- Data compiled from inspections, maintenance tickets related to cleaning, and contractor notices of service should be tracked and compiled by the City's maintenance team. The data will provide a useful reference for determining the right frequency for certain cleaning tasks as well as for the development of future cleaning contract requirements.
- The City should include a stipulation in future contracts for additional special and ad hoc services like what Medicine Hat has done with their contractor. A negotiated special rate will likely be higher than the hourly rate for the main contract but allows the City to build more flexibility for services into the contract.

The optimal approach, as observed through successes in Lethbridge and Medicine Hat, may be to implement a hybrid model that combines third-party cleaning services with Day Porters employed by the City. With a cost range between \$327,837 and \$389,093, the hybrid model finds the middle ground between the third-party model and the in-house model. The hybrid model could help resolve many of the City's outstanding issues with the contractor's services and provide for an on-demand resource during daytime hours.

If the City decides to make a change from the current third-party model, it is recommended that the hybrid model be pursued first on a test basis. That is, the City should hire a Day Porter that will begin providing

daytime cleaning services and assisting with inspections of contractor cleaning job results. This also provides time for the City and JCI to improve communication and work towards improving quality, rather than an abrupt end to the relationship. After an appropriate length of time, likely one year, the City can re-evaluate if any improvement in quality has been recognized. Once the test period has ended, if the City is still unsatisfied with contracted services and decides to switch to an in-house model, the Day Porter can shift to a cleaning team role and assist with the transition and training of new team members, drawing on their experience over the test year.



 **PRAXITY**[™]
Empowering Business Globally



Wherever business takes you

[MNP.ca](https://www.mnp.ca)