

Memorandum

Vice-Principal, Administration and Finance
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TO: Board of Governors
FROM: Michael Di Grappa, Vice-Principal, Administration and Finance
SUBJECT: Call for Tenders for Cleaning Services on Downtown Campus
DATE: February 11, 2016
DOCUMENT #: GD15-34

ACTION REQUIRED: INFORMATION APPROVAL/DECISION

ISSUE & EXPECTED OUTCOME Approval is requested for McGill University (“University”) to launch a public Call for Tenders (CFT) to enter into a contract with a single supplier of cleaning services for the downtown campus.

BACKGROUND & RATIONALE Cleaning services on the downtown campus are currently rendered by a mix of three companies (PEACE, GDI and Allied) and internal staff. The total value of the contracts with external suppliers is approximately \$1.4M per year.

The last time the University went to public tender for these services was in 2010, resulting in three contracts, each with a 3-year term. The contracts expired in 2013. Since then, the annual expenses with these suppliers have been covered via 1-year Purchase Orders, cancellable at any time at the University’s discretion. Since each order is considered a contract, the situation is deemed to be a potential risk for legal compliance, as confirmed by McGill Internal Audit in recent mandates. Without the benefit of competition driving prices down, it is also unlikely that the University has been paying best price for these services.

The customer units have now rallied around a common CFT strategy and cleaning standards. Procurement Services will be able to launch a CFT in the second half of February 2016, to enter into a contract with a single supplier for the downtown campus (including the new Dentistry clinic) before the end of the current fiscal year.

The contract will be for a base 4 year term, with options to extend by up to 3 additional years. The total contract value is estimated at \$10M.

ALIGNMENT WITH MISSION AND STRATEGIC PRIORITIES The University strives to reduce its operational costs and standardize its services. This contract also marks an important milestone in inter-unit buildings management cooperation.

COMPLIANCE WITH UNIVERSITY POLICY	Procurement activities are undertaken in accordance with the University's Procurement Policy, which mandates using the fair and ethical strategies that will achieve best value, and the Regulations Relating to the Approval of Contracts and Signing Authority.
COMPLIANCE WITH LEGISLATION/EXTERNAL REGULATIONS	A public call for tenders for contracts over \$100,000 is required in accordance with the <i>Act respecting contracting by public bodies</i> . In addition, any service contract with a duration longer than 3 years must be authorized by the Chief Executive Officer of the University (by law, its Board of Governors).
RISK FACTORS	<p>It is a possibility that a transition to a new supplier will cause change management issues at the University that could affect the selected supplier's performance. Communications and training will be a key early success factor.</p> <p>In addition, on a contract of this scope, there is a possibility that the selected supplier may underestimate the capacity required to adequately fulfill its contract obligations and/or the costs for doing so. The terms and conditions set by the University in the CFT will serve to enforce the service requirements, and since the contract will include a performance bond, the supplier will have a powerful incentive to honour the contract.</p> <p>Legal compliance is at risk if we do not proceed with a public call for tenders.</p>
SUSTAINABILITY CONSIDERATIONS	This contract will allow the University to use the same 100% sustainable cleaning products (from a supplier put under contract in 2015) at all downtown campus locations. While this is already in place for the University's cleaning services workers, this strategy is, at best, impractical with externals, until there is a single supplier in place.
IMPACT OF DECISION AND NEXT STEPS	<p>Posting of CFT on Quebec government website (SEAO) by Procurement Services</p> <p>Selection of supplier</p> <p>Signature of contract by Vice-Principal, Administration and Finance</p>
MOTION OR RESOLUTION FOR APPROVAL	<p><i>Be it resolved that the Board of Governors, on the recommendation of the Vice-Principal (Administration and Finance), approve the launch of a public call for tenders for the supply of cleaning services for the downtown campus, for a maximum term of 7 years, at an estimated value of \$10 million.</i></p> <p><i>Be it further resolved that the Board of Governors approve the selected contract for the supply of cleaning services and authorize the Vice-Principal (Administration and Finance), to sign the contract and any accessory documents provided that they are reviewed by Legal Services, as appropriate.</i></p>
APPENDICES	Drafts of call for tenders and contract available upon request.