



	REPORT No.: 2018-40
MEETING DATE: JUNE 28, 2018	DATE PREPARED: MAY 31, 2018
SUBJECT: TENANT LAUNDRY SYSTEMS – REQUEST FOR EXPRESSION OF INTEREST	

RECOMMENDATION

THAT with respect to Report No. 2018-40 (Housing Services Division) we, the District of Thunder Bay Social Services Administration Board (TBDSSAB or the Board) authorize Administration to proceed with an Expression of Interest for the provision of third-party laundry equipment and service in specific TBDSSAB owned buildings in 2018;

AND THAT the Board authorizes the Chief Administrative Officer to execute any required Agreements with Service Deliverers.

REPORT SUMMARY

To provide the Board with information regarding the opportunity to engage in a third-party provision of tenant laundry systems within specific TBDSSAB owned buildings.

BACKGROUND

At the October 26, 2017 Board meeting, Administration presented information (Report No. 2017-75) regarding the option of having a third-party vendor supply and maintain laundry equipment in TBDSSAB owned properties. Following the discussion of the report, it was agreed that Administration would bring a final recommendation back to the Board.

TBDSSAB currently provides unlimited access to laundry facilities in many of our buildings for use by tenants.

The Housing Services Act (2011) legislates what Social Housing providers are able to charge tenants for providing coin free laundry services. This charge is added to the Rent Geared to Income (RGI) rent component and tenants are permitted with unlimited use of laundry facilities. The current charges are as follows:

- 1 bedroom - \$6.00 per month
- 2+ bedroom - \$9.00 per month

These amounts have remained unchanged since utility allowances were established through the adoption of the former *Social Housing Reform Act (2000)*, replaced by the *Housing Services Act (2011)*.

One of the greatest challenges with providing laundry services in the current manner, as voiced by tenants, is the potential for misuse of laundry equipment. This includes tenants washing less than a half a load of laundry, taking up multiple machines and providing laundry facility access to non-tenants. This creates concerns among other tenants as well as an increase in utility and maintenance costs. As the laundry machines are not metered, it would be difficult to accurately depict the usage of the machines on a daily basis and what additional utilities are incurred as a result of misuse.

Over time, an ongoing unlimited service encourages abuse and misuse of equipment and facilities. As tenants do not have to pay directly for a wash or dry cycle, they are more likely to do smaller, more frequent loads of laundry.

Many other Service Managers have implemented a pay-per-use laundry system based on the following experiences:

1. Tenants may come to expect the unlimited service and may overuse the system.
2. Rising water and utility costs pose an ongoing challenge and there are no incentives for tenants to reduce any wasteful use of equipment.
3. Tenants may be allowing non tenants (friends or relatives) to use the laundry facilities.
4. The \$6.00 to \$9.00 monthly fee charged to tenants does not reflect the true costs of providing laundry equipment and utility costs.

COMMENTS

To assist in making a recommendation to the Board, Administration sought the input and experiences of other Service Managers across the province. Of the 42 Service Managers in Ontario that responded, only nine provide unlimited laundry to tenants and include the prescribed charge allowed by the *Housing Services Act (2011)* within the tenant's rent.

Of these nine, three Service Managers are currently investigating going to a third-party laundry service vendor within 18 months, while two others are outside the service area for third-party vendors.

Of the remaining four, only the County of Simcoe has a similar number of housing units as TBDSSAB, with close to 2,000. Attachment #1 shows the list of Service Managers across Ontario and the laundry system they use.

Twenty-three Service Managers have a contract with a third-party vendor to supply, maintain and manage their laundry services in multi-unit residential buildings. Many have had contracts in place for over ten years and have been very pleased with the results. Service Managers indicated that initially there was tenant concern regarding

the announcement of going to a paid laundry system but within two months, the tenant complaints had subsided. All of these Service Managers use an electronic card system, where tenants pay as they use the laundry service.

Twelve Service Managers use a coin-operated system with many of those having less than 500 housing units. They are either outside the third-party vendor service area or small enough of an organization that collecting and rolling coins is more practical for their needs. Due to portfolio size, this system was not explored for TBDSSAB.

In meeting with tenants at the 2018 annual tenant meetings, laundry was discussed and the majority of tenants attending are in favour of the change. The feedback received through staff has been mostly positive as tenants realize unlimited laundry use would potentially change at some point and the misuse of the equipment will significantly be reduced. Common tenant complaints regarding laundry equipment including misuse, machinery in need of repair and the need for front loading washing machines.

Third party laundry vendors provide education on how to use their system, including instruction pamphlets, instructions on their point-of-use cards and instructions on the pay stations. They also have a phone number posted in the laundry facilities where the tenant would call for assistance or to report a problem. In addition, TBDSSAB staff would hold tenant information sessions with demonstrations, provide tenants with a simplified instruction sheet and provide regular information through tenant meetings, newsletters and posters in laundry rooms. Other Service Managers have indicated the transition was very smooth.

As TBDSSAB tenants currently have a set price included in their rent for the use of laundry, the tender would include adding a monthly laundry credit to their point-of-use laundry card through their payment system. This would simplify the process for the tenant and provide them with monthly funds to do laundry. Typical costs of use of pay-per-use laundry system are between \$1.25 to \$3.50 for a wash cycle and \$1.25 to \$3.00 for a dry cycle, though a cost to TBDSSAB tenants would be determined through a tender process.

Based on the research findings and exploration of viable alternatives, there are two options to review at this point:

Option 1

Provide a pay-per-use laundry system through a third-party vendor where the vendor would provide high efficient, front loading machines. Advantages of exploring a third-party vendor to supply and maintain laundry equipment include the ability to provide tenants with high capacity, commercial equipment, reduced down-time due to repairs, reduced unauthorized use of equipment and reduced energy and water consumption. The elimination of capital investment to replace aging machines is another advantage.

Typical third-party equipment is equipped with a card reader, where tenants would insert a card to have access to the machine. The card reader is connected to the internet which enables the vendor to monitor many online features including when

machines are in use and if a machine is in service mode. A tenant can also go online or through card readers at the site to check their card balance, add to their balance and to see how much time is left in their laundry cycle. All machines would have the vendor's contact information visible and they would directly handle all calls related to the laundry equipment, payment and card issues.

Challenges of a third-party vendor system include educating tenants on the change to the laundry system. There would be short term tenant disruption of converting laundry machines and learning a new system. Though there would be pay centres in each laundry room, the tenant's laundry card can only have funds added to it through the use of a debit or credit card. For those tenants who wish to pay cash, they would have to pay at the TBDSSAB main office, unless the successful vendor sets up alternate pay locations in neutral sites throughout Thunder Bay and the District.

Also, having limited vendors servicing the Thunder Bay District and establishing a price per use that would be mutually beneficial to both parties could present a challenge. In the event the successful vendor is more than 250 kilometers away, servicing to machines would only be performed on a weekly basis.

Option 2

TBDSSAB could continue with unlimited use laundry with a portion of the rent allocated to laundry usage. Benefits of this option include no disruption to tenants and maintaining the status quo. The tenants would not incur any additional costs related to laundry usage and would not be subject to having to reload their laundry card on a regular basis.

Challenges related to maintaining the current system include the capital costs required every five to seven years to replace equipment that has achieved its useful life span. Additionally, the annual operational costs of repairs and utilities usage would continue, though future capital purchases would acquire high efficient, front loading washing machines. Tenant concerns would continue surrounding non-tenants using the services, though preventative measures would be initiated by Administration.

It is recommended that TBDSSAB proceed with an Expression of Interest for a third party laundry vendor due to increased tenant interest in having front loading commercial machines and reducing unwelcomed non-tenant use, as expressed during the annual tenant meetings.

FINANCIAL IMPLICATIONS

In discussing the different models of contracts offered by third-party vendors, there would be expected revenue sharing or monthly reimbursement per tenant from the vendor. Under this scenario, Finance would create an account for revenue generation and disbursements to the vendor.

Through discussions with other Service Managers, TBDSSAB could expect to generate \$20,000 to \$30,000 in additional revenue annually. An actual amount would be based on the results of an Expression of Interest and a formal contract for services.



Additionally, there would be reductions in operating expenses relating to utility usage and equipment repairs. Typical top load machines use 110-120 liters of water per load, whereas a typical front loading machine uses 45-55 litres per load. The amount of water savings would be determined by the third-party vendor through the Expression of Interest upon receiving an audit on the recommended number of laundry machines TBDSSAB requires. In 2017, repairs to laundry machines exceeded \$40,000. Furthermore, the elimination of capital replacement expenditures in the next 5-7 years for replacement of equipment would realize approximately \$150,000 in cost avoidance.

CONCLUSION

It is concluded that Administration seek authorization to proceed with an Expression of Interest for the provision of third-party laundry equipment and service in specific TBDSSAB owned buildings in 2018.

REFERENCE MATERIALS ATTACHED

Attachment #1: [Ontario Service Manager Laundry System Inventory](#)

PREPARED BY:	Barry Caland, Manager, Facilities, Housing Services Division The District of Thunder Bay Social Services Administration Board
APPROVED / SIGNATURE:	 Ken Ranta, Director, Housing Services Division The District of Thunder Bay Social Services Administration Board
SUBMITTED / SIGNATURE:	 William (Bill) Bradica, Chief Administrative Officer The District of Thunder Bay Social Services Administration Board

Ontario Service Manager Laundry System Inventory

Service Manager	Third Party	No Charge Laundry	Coin-Op	Wash Cost	Dry Cost	Notes
Algoma DSSAB	Yes			\$2.00	\$1.75	
City of Cornwall	Yes			\$3.00	\$2.50	
City of Greater Sudbury	Yes			\$2.50	\$2.00	
City of Hamilton	Yes			n/a	n/a	Vendor pays \$6.80/month per tenant
City of Kawartha Lakes			Yes	n/a	n/a	
City of Kingston	Yes			\$2.50	\$2.00	
City of London	Yes			n/a	n/a	
City of Ottawa	Yes			\$2.50	\$2.00	
City of Peterborough	Yes			\$2.00	\$1.75	
City of St Thomas			Yes	\$2.00	\$2.00	
City of Stratford			Yes	\$2.00	\$2.00	
City of Toronto	Yes			\$3.50	\$3.00	
City of Windsor	Yes			\$2.00	\$1.50	
Cochrane DSSAB		Yes				
County of Brantford	Yes			\$1.75	\$1.25	.25 for 10 minutes extra
County of Bruce		Yes				Too far from a vendor
County of Dufferin	Yes			n/a	n/a	
County of Grey	Yes			\$1.50	\$1.50	\$2 for hot wash, \$1.50 for cold
County of Hastings			Yes	\$1.75	\$1.25	
County of Huron			Yes	n/a	n/a	going to third party within 18 months
County of Lambton	Yes			n/a	n/a	
County of Lanark			Yes	n/a	n/a	
County of Lennox and Addington			Yes	n/a	n/a	
County of Northumberland			Yes	n/a	n/a	
County of Oxford	Yes			\$1.25	\$1.50	
County of Renfrew			Yes	\$2.50	\$2.00	
County of Simcoe		Yes				
County of Wellington		Yes				going to third party within 18 months
Kenora DSSAB		Yes				
Manitoulin-Sudbury DSSAB		Yes				going to third party within 18 months
Municipality of Chatham-Kent	Yes			\$3.50	\$3.00	
Municipality of Durham	Yes			\$3.00	\$2.50	
Municipality of Halton			Yes	\$1.25	\$1.25	
Municipality of Muskoka						no response
Municipality of Niagara	Yes			\$1.25	\$1.25	vendor pays \$7.65/month per tenant
Municipality of Peel	Yes			\$2.50	\$2.00	
Municipality of Waterloo	Yes			\$2.50	\$2.00	
Municipality of York	Yes			\$2.00	\$2.00	
Nipissing DSSAB	Yes			\$2.00	\$1.75	
Norfolk County						Service Manager has no properties
Perry Sound DSSAB		Yes				153 Housing units
Rainy River DSSAB		Yes				
Sault Ste Marie DSSAB	Yes			\$1.90	\$1.50	
Timiskaming DSSAB			Yes	\$2.00	\$1.75	
United Counties of Leeds and Grenville			Yes			
United Counties of Prescott and Russell		Yes				