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Jillian Pratt
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Dear Jillian,

The President has asked me to respond to your letter of June 29, 2021 with respect to the final phase of janitorial outsourcing, as this resides in my portfolio. Firstly, thank you for your review of the most recent steps we have taken in the very difficult decision and process to further outsource the university's custodial operations and, further, for allowing us the opportunity to address the concerns that you raised.

As has been widely communicated in Budget 2021 the University of Alberta's provincial grant was reduced by 11 percent; more than \$60 million. This reduction, combined with cuts in 2020/21, saw the U of A experience a \$170 million reduction in our provincial funding over the last two and a half years. Further, each of the next two years are projected to include significant reductions, none of which can be meaningfully offset with other sources of revenue. As the outcome of a series of cost-reduction exercises that intensified in 2019, our financial imperative makes this next step of outsourcing unavoidable. I share this simply to highlight the imperatives under which we are forced to operate.

We believe the UAPPOL Outsourcing Procedure to be an effective and respectful means to ensure we are consistently able to achieve the necessary balance between finding the most cost-effective means to deliver services to the university while doing all we can to protect the employment of our staff members. However, the University does not agree with the suggestion that either the intent or substantive requirements of the Procedure were ignored here.

The outsourcing of custodial staff/duties is not something that began with this most recent initiative. While an unprecedented decrease in provincial funding has most recently accelerated the process of cost reduction via operational cost efficiencies and outsourcing, similar initiatives with custodial staff have been underway for over two decades. There have been a considerable number of efficiency and cost saving initiatives, through the continued outsourcing of custodial duties that have occurred over the last 20 years; each of which included considerable and valuable engagement with NASA. More recent and noteworthy examples of this include:

- January 2019 - shifted floor restoration services from in-house to contracted personnel. This was achieved entirely through attrition or staff transferring from the less-desirable night shift to day and/or afternoon shifts. Not only did this shift reduce cost, but the staff who eagerly volunteered for the shift changes have enthusiastically reported an enhanced quality of life.

- October 2020 - outsourced four additional buildings entirely through attrition.

Throughout these and other initiatives, NASA has been thoroughly consulted and included in the process, and has been unequivocal throughout in their assertion that they do not support or condone any degree of increased outsourcing. However, in the current circumstances when NASA was presented with the relevant information and plans through Decision Briefs and various meetings and discussions, there was an acknowledgement of the university's extremely challenging fiscal situation, NASA brought forth no alternative suggestions (aside from the proposed Voluntary Severance program which was enacted) and the resulting focus of the parties became ensuring the greatest degree of transparency and support for impacted staff. This was only possible after years of honest and open communication regarding custodial outsourcing in which each party understood the circumstance of the other while still passionately working toward the best possible outcome.

The current phase of outsourcing reflected in the actions undertaken since December 2020 must be considered within the larger context of the above-noted historical and ongoing outsourcing overall, the institution's sudden and serious financial predicament, and the necessarily decisive response required. When F&O presented its proposal to the President's Executive Committee (PEC) in December, it was not framed as seeking approval to develop a business case for outsourcing, but rather to confirm the extension of the already established existing business case as the only viable means to achieve its budget reduction targets.

PEC's approval to proceed with considering outsourcing and engaging with NASA was based on the detailed analysis that given the significant budget challenges and the detailed long-term analysis and understanding of environmental costs, there was no readily identifiable alternative to further outsourcing. Despite this, considerable engagement occurred between NASA officials, the university's human resources experts, and Building, Grounds, and Environmental Services leadership; all with a view to chart a path forward that fully appreciated the current state but ensured that our custodians were treated with care and respect throughout the process. On NASA's suggestion within the consultative process, planning required to address human resources impacts as required in Step 3 of the Procedure included implementing an initial voluntary severance program, which could allow qualifying staff an opportunity to exit the institution with well-deserved dignity and recognition. Even better, if the uptake was high enough, employment for the remaining custodial staff may even be able to have been extended.

Unfortunately, the limited uptake in the voluntary severance program (19 staff on North Campus and 6 at Augustana) will not generate savings sufficient to delay outsourcing beyond October 8, 2021. I am very pleased that these 25 people had an opportunity to exit the institution on their own terms, and I extend my heartfelt thanks for their valued service to the institution. On June 14, 2021, the university advised NASA that the voluntary severance program had not been as successful as hoped and that considering a second round would be of little value. In fact, further delay could jeopardize some employees' entitlements for Employment Insurance, which NASA understood and agreed with.

I would be remiss to not address the request for proposals for custodial services. All outsourcing that has occurred since 2019 has been within the scope of an existing contract with a service provider. Due to the volume of custodial services already in place on campus, such contracts have existed for years. Entirely coincidentally, the current contract was set to expire so a request for proposals was issued on March 25, 2021 for a contract to commence on August 1, 2021. The provisions of this most recent RFP and the terms of the resulting contract are entirely unaffected by this most recent outsourcing decision because contracts of this nature always include provisions to scale up or down as circumstances dictate. For example, on April 1, 2020, the university reduced its cleaning standards across-the-board to APPA level 4 entirely as a cost savings measure. The contractor then had to reduce services to the university commensurately, which is allowed for in the contract.

In short, the Procedure's reference to drafting and consideration of an RFP related to the planned outsourcing is not applicable in these circumstances, because an RFP is not necessary when the contractor is already in place.

I can appreciate how frustrating it is that NASA's passionate representation of its members will not alter the trajectory of this particular outsourcing initiative. As detailed here, engagement with NASA has consistently been early, honest, thorough, and genuinely respectful.

In summary, I do not agree with the suggestion in your letter that this current iteration of custodial outsourcing was not compliant with consultation-related requirements generally or the Procedure specifically. To suggest so ignores the context of a very long history of ongoing outsourcing in this area and the sudden financial issues that all parties frankly acknowledged left no real alternatives to even consider in the consultation that nonetheless fully ensued, and the fact that the University did implement the only substantive human resources-related suggestion that NASA quite valuably made. No new "business case" was being presented, per se, since this outsourcing is not fundamentally different than that which has ensued in this area on an ongoing basis up until this point, which also meant that it was not necessary to bring in a contractor to take on the work, and thus RFP considerations were irrelevant. PEC's ultimate decision came within the context of both parties being fully apprised and understanding of the other's circumstances and discussing and considering an unfortunately limited number of available issues and paths forward before proceeding with the distinctly unwelcome but unfortunately necessary outcome. Unfortunately, our current state has seen us exhaust all other possibilities for custodial work in coming to this final phase of outsourcing.

It is unclear from your letter whether NASA actually has any substantive issues, alternatives or other such things to raise with respect to this current outsourcing - indeed the University's understanding for some time during the ongoing consultations has been that in light of the unfortunately difficult circumstances this is not the case. One important piece of information that did arise from our consultations was the suggestion that, if the university provided extraordinary notice of disruption to all staff that some staff may opt to depart in early August, 2021 or possibly remain until mid-October, 2021. In light of that, the intention is for meetings with impacted staff to proceed on the morning of Tuesday, July 13, 2021, meaning some may opt to exit the institution as early as August 11, 2021. The final date of October 8, 2021 remains unchanged. Our understanding from NASA has been that these timing aspects are important for different reasons, including the need to avoid unnecessary ongoing anxiety among the staff members.

F&O leadership would like to acknowledge the professional and respectful participation of NASA's representatives throughout a long series of very difficult discussions largely resulting from the imperative to reduce expenditures. I assure you that the move to a virtually 100% outsourced model for custodial services has not been taken lightly.

Thank you again for this opportunity to provide a response to your concerns. We have long valued the cordial relationships formed between NASA leadership and university management and will continue to observe and honour the spirit of transparency, consultation, and collaboration that have been established over the years.

Sincerely,



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University of Alberta

cc: Bill Flanagan, President and Vice-Chancellor
Steve Dew, Provost and Vice-President (Academic)
Todd Gilchrist, Vice-President (University Services and Finance)
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Kate Chisholm, Chair, University of Alberta Board of Governors