



REPORT FOR ACTION

Amendment of Contract 17TM-01TP to Guild Electric Limited, for the Maintenance and Operation of Electrical Traffic Control and Related Devices

Date: May 21, 2020

To: City Council

From: General Manager, Transportation Services and Chief Purchasing Officer

Wards: All

SUMMARY

The purpose of this report is to request authority to amend Contract 17TM-01TP with Guild Electric Limited, for the maintenance and operation of electrical traffic control and related devices in the amount of \$8,888,275, net of all taxes and charges (\$9,044,709 net of HST recoveries) and to extend the contract end date to July 31, 2021 under the same terms and conditions set out in Tender Call 2-2016.

Funding of the proposed amendment will come from Transportation Services existing capital and operating budgets.

RECOMMENDATIONS

The General Manager, Transportation Services and the Chief Purchasing Officer recommend that:

1. City Council, in accordance with Section 71-11.1 of the City of Toronto Municipal Code Chapter 71 (Financial Control Bylaw), grant authority to amend Contract 17TM-01TP with Guild Electric Limited for the maintenance and operation of electrical traffic control and related devices by an additional amount of \$8,888,275 net of all taxes and charges (\$9,044,709 net of HST recoveries) revising the current contract value from \$62,186,648, net of all taxes and charges (\$63,281,133, net of HST recoveries) to \$71,074,923 net of all taxes and charges (\$72,325,842 net of HST recoveries) and extend the contract end date to July 31, 2021 under the same terms and conditions set out in Tender Call 2-2016.

FINANCIAL IMPACT

The amendment to contract 17TM-01TP for an additional amount of \$8,888,275 (\$9,044,709 net of HST recoveries), increases the current value of the contract from \$62,186,648, net of all taxes and charges (\$63,281,133, net of HST recoveries) to \$71,074,923 net of all taxes and charges (\$72,325,842 net of HST recoveries) and extends the contract end date to July 31, 2021.

Capital funding of \$1,637,301 in 2020 and \$540,338 in 2021 (both net of HST recoveries) is available within the 2020-2029 Capital Budget and Plan for Transportation Services. This funding is required for work associated with mid-block bike detection locations, signal modifications, and a dedicated foreman to oversee this work.

Operating funding of \$6,867,070 (net of HST recoveries) required for traffic plant installation and routine maintenance support; RESCU field electronics and communications including traffic loop detection repair and re-instatement; and repair of traffic plant damage due to collisions and recoverable third-party damage will be included for consideration as part of the 2021 Operating Budget submission for Transportation Services.

Table 1 below provides a detailed breakdown of the amendment request, anticipated timeline, and the respective funding accounts.

Table 1. Operating & Capital Budget Funding Details (net of HST recoveries)

Transportation Services Budget	Funding Account	2020	2021	Total
Operating Budget	TS7030		\$6,867,070	\$6,867,070
Capital Budget	CTP817-05	\$1,260,789	\$540,338	\$1,801,127
Capital Budget	CTP818-06	\$376,512		\$376,512
Total Purchase Order Amendment Value		\$1,637,301	\$7,407,408	\$9,044,709

The Chief Financial Officer and Treasurer has reviewed this report and agrees with the financial impact information.

DECISION HISTORY

On October 5, 2016, City Council adopted the recommendations of the Public Works and Infrastructure Committee Report No. PW15.2 "Award of Tender Call 2-2016, Contract 17TM: Maintenance and Operation of Electrical Traffic Control and Related Devices and Approval of Multi-Year Cash Flow Commitments for the Award". This report discusses the contract award to Guild Electric for a four (4) year period from February 1, 2017 to March 31, 2021 to undertake the maintenance and operation of electrical traffic control and related devices as well as improvement and expansion of the traffic control signal infrastructure within the City of Toronto. The Council decision can be found at:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.PW15.2>

COMMENTS

Background

In October 2016, City Council approved the contract award to Guild Electric Limited for a four (4) year period from February 1, 2017 to March 31, 2021 to undertake the maintenance and operation of electrical traffic control and related devices as well as improvement and expansion of the traffic control signal infrastructure within the City of Toronto. Since that time there has been a constant annual incremental increase in operating costs over the years beyond that which was originally forecasted amount of approximately \$14.5M per year.

This growing increase in cost is largely due to the significant increase in the amount of electrical traffic plant that is in need of being maintained and repaired on a regular basis as a direct result of the Congestion Management Plan, the Vision Zero Road Safety Plan and the 10 Year Cycling Network Implementation Plan. There is also a backlog of planned maintenance work that evolved out of insufficient city maintenance staffing within Transportation Services as staff were moved to support other new sections.

Through the Congestion Management Plan the number of CCTV cameras, electronic highway signs and traffic data collection sites has increased significantly. Through the Vision Zero Road Safety Plan, the city has seen an increase with respect to the number of traffic signals (particularly mid-block pedestrian), pedestrian cross-overs, and flashing beacons. The Cycling Network Implementation Plan has contributed to the growing need for additional bike head signal modifications and bike loops to support bike operations at traffic signals and gather bike volume data.

Further, with the rapid growth in the amount of electrical infrastructure, there really wasn't the opportunity to look at more optimized methods and approaches at maintenance and this impacted Transportation Services ability to maintain state-of-good-repair. Over the past few months and as a direct result of limitations imposed by COVID-19, Transportation Services has managed to find new ways for remote maintenance of infrastructure that will be incorporated from this point forward and in the

new electrical maintenance contract. These new remote maintenance measures will better help to control the costs in the future as the infrastructure continues to expand.

All of these factors have led to the gradual annual incremental increase in electrical maintenance costs associated with routine maintenance, state-of-good repair and ongoing operational technical support of the new infrastructure. Based on the current forecast, it is necessary to increase the value of the current contract by an additional \$8.8M, net of all taxes and charges, in order to ensure that all of the City's electrical traffic signal and RESCU electrical and electronics plant can be maintained through to the proposed March, 2021 end of the current contract. Table 2 below compares the originally forecasted spend against the actual spending from 2017 to 2019 and the projected spending in 2020 and 2021.

Table 2. Total Operating and Capital Spending and Variances (net of all taxes and charges)

	2017	2018	2019	2020*	2021*
Forecasted Spend	\$14,500,000	\$14,500,000	\$14,500,000	\$14,500,000	\$3,625,000
Actual Spend	\$14,305,590	\$15,606,080	\$15,998,790	\$16,398,755	\$10,016,623
Variance	99%	108%	110%	113%	276%

*Note: Projected spending needs to the end of the contract including the amendment

The majority of the cost associated with the amendment are related to the general ongoing routine electrical maintenance and state-of-good repair activities associated with traffic plant installation and routine maintenance support, RESCU field electronics and communications including traffic loop detection repair and re-instatement and repair of traffic plant damage due to collisions and repair of recoverable third-party damage to existing electrical traffic signal and RESCU plant. To a far lesser extent, the electrical maintenance contract is used to facilitate smaller scale capital planned work such as signal modifications for the additional of left turn phases and bike heads, mid-block bike loops for data collection.

The amendment therefore entails a combination of operating and capital planned work and the funding has accordingly been specified to correlate with the nature of the work. Approximately \$6.7M, net of all taxes and charges, of the amendment is attributed to operating costs with an additional \$2.1M, net of all taxes and charges, attributed to the capital expenditures. The total \$8.8M, net of all taxes and charges, increase in the overall contract value can be broken down over the remainder of this year and the first quarter of 2021.

Funding of the proposed amendment will come from Transportation Services existing capital and operating budgets associated with the various programs. The following table provides a detailed breakdown (net of all taxes and charges) of the specific work description and fund allocations anticipated from the remainder of 2020 through to the proposed contract completion in 2021.

Table 3. Operating & Capital Budget Funding Details (net of all taxes and charges)

Work Description	Funding Account	Costs 2020	Costs 2021	Total
Traffic plant installation and routine maintenance support, RESCU field electronics and communications including traffic loop detection repair and re-instatement and repair of traffic plant damage due to collisions and recoverable third-party damage	TS7030		\$6,748,300	\$6,748,300
Mid-Block Bike Detection Locations	CTP818-06	\$175,000		\$175,000
Signal Modifications - Cycling Projects	CTP817-05	\$1,137,920	\$487,680	\$1,625,600
Signal Modifications - Cycling Projects	CTP818-06	\$195,000		\$195,000
Dedicated Foreman and Administration Oversight	CTP817-05	\$101,062	\$43,312	\$144,375
Total Purchase Order Amendment Value				\$8,888,275

Transportation Services has been working proactively in anticipation of the completion of the current electrical traffic plant maintenance contract. This preparation includes ensuring there are a number of pre-qualified electrical contractors to bid as well as updating the traditional Request for Quotation (RFQ) solicitation to a negotiated Request for Proposal (RFP) solicitation to ensure that the City is able to achieve optimal value.

In April, 2020, Transportation Services tendered a new pre-qualification for electrical services. This pre-qualification tender recently closed in May, 2020 and pending the review of submissions, a new list of pre-qualified electrical contractors will be available to bid and undertake any traffic plant electrical services contracts.

The Category Management and Strategic Sourcing team within PMMD will be facilitating the negotiated RFP process as they have successfully executed this process for other procurements. Benefits of this process include improved cost control, value-for-money contracts, focus on quality and expertise, and forming strategic supplier relationships. This procurement process for the provision of maintenance and operation

of electrical traffic control and related devices for 2021-2026 is expected to be completed by Q1 2021. However, given the required supplier transition timing, the contract will not be fully operational until Q3 2021. If the current value of the current contract is not increased, electrical maintenance services will cease until the new contract is in place. Further, the contract expiration date of March, 2021 will need to be extended by at least four months to July 31st, 2021 to ensure adequate time to transition service between the current and new electrical maintenance contract.

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SIGNATURE

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