

## **Non-Competitive Contract with Orange Traffic Inc. for the Supply and Delivery of Traffic Signal Controllers**

**Date:** February 17, 2023

**To:** General Government Committee

**From:** General Manager, Transportation Services and Chief Procurement Officer

**Wards:** All

### **SUMMARY**

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The purpose of this report is to request authority to enter into a non-competitive contract with Orange Traffic Inc. for the supply and delivery of Traffic Signal Controllers on behalf of Transportation Services (TS) and via Materials Management and Stores. The term of the contract will be a five (5)-year term from the date of award, in the total amount of \$3,046,590 net of Harmonized Sales Tax (\$3,100,210 net of Harmonized Sales Tax recoveries).

A recent Request for Quotation (RFQ) Ariba Document Number 3299251684 was issued for the supply and delivery of the Traffic Control Equipment with five (5) biddable Parts, each Part was intended to be awarded separately. However, Part C (for the supply and delivery of the Traffic Signal Controllers) was closed without any bidders. Upon review of the most recent contract for the same traffic controller equipment, Orange Traffic Inc. was the only bid received. The City of Toronto (City) then requested pricing from Orange Traffic Inc. and the costs were deemed consistent with expectations in terms of the increase in costs from the previous bid four (4) years ago when considering Consumer Price Index (CPI) and factoring in current market pricing.

Given the critical need for Transportation Services to maintain a supply of this particular traffic signal component which supports Vision Zero related operations such as advanced green for pedestrians as well as the MoveTO Congestion Management Plan's Smart Signal and Transit Signal Priority deployments; a non-competitive contract with Orange Traffic Inc. is being recommended by Transportation Services and Purchasing and Materials Management Division (PMMD) staff.

City Council approval is required in accordance with Municipal Code Chapter 195-Purchasing, where the current request exceeds the Chief Purchasing Officer's authority of the cumulative five year commitment for each supplier under Article 7, Section 195-7.3D of the Purchasing By-Law or exceeds the threshold of \$500,000 net of

Harmonized Sales Tax allowed under staff authority as per the Toronto Municipal Code, Chapter 71- Financial Control, Section 71-11A.

## RECOMMENDATIONS

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

1. City Council authorize the General Manager, Transportation Services to negotiate and execute a non-competitive agreement for a five (5) year period commencing from the date of award, with Orange Traffic Inc. in the amount of \$3,046,590 net of Harmonized Sales Tax (\$3,100,210 net of Harmonized Sales Tax recoveries) for the supply and delivery of Traffic Signal Controllers, on terms and conditions satisfactory to the General Manager and in a form satisfactory to the City Solicitor.

## FINANCIAL IMPACT

The total value identified in this report is \$3,046,590 net of Harmonized Sales Tax. The total potential cost to the City is \$3,100,210 net of Harmonized Sales Tax recoveries.

Funding is available in the 2023-2031 Approved Capital Budget and Plan and 2023 Approved Operating Budget for Transportation Services. Additional funding required in future years will be included in budget submissions for Transportation Services. Additional funding details are provided in Table 1 to follow.

Table 1: Financial Impact Summary of Recommended Contract (Net of Harmonized Sales Tax Recoveries)

	Date of award to December 31, 2023	January 1, 2024 to December 31, 2024	January 1, 2025 to December 31, 2025	January 1, 2026 to December 31, 2026	January 1, 2027 to December 31, 2027	Totals
TS7030 (GL 3350)	\$312,658	\$321,796	\$331,193	\$340,855	\$350,853	\$1,657,355
CTP716-01-58	\$32,665	\$33,617	\$34,600	\$35,608	\$36,652	\$173,142
CTP716-30-62	\$146,992					\$146,992
CTP721-01-10		\$151,278	\$155,702	\$160,235	\$164,934	\$632,158
CTP716-30-63	\$54,442					\$54,442
CTP721-01-11		\$56,029	\$57,667	\$59,346	\$61,087	\$234,129
CTP719-03-04	\$27,221	\$28,015	\$28,834	\$29,673	\$30,543	\$144,286
CTP719-03-05	\$10,888	\$11,206	\$11,533	\$11,869	\$12,217	\$57,714

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Totals	\$584,866	\$601,941	\$619,530	\$637,587	\$656,286	\$3,100,210
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The Chief Financial Officer and Treasurer has reviewed this report and agrees with the financial impact information.

## DECISION HISTORY

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At its meeting of April 29, 2015, Bid Committee adopted item BD24.10 and awarded Request for Quotation Number 1212-15-0023 for Traffic Control Equipment.

<https://secure.toronto.ca/council/agenda-item.do?item=2015.BD24.10>

At its meeting of May 10, 2017, Bid Award Panel adopted item BA21.6 and awarded Request for Quotation Number 1212-17-0055 for Non-exclusive Supply and Delivery of Traffic Control Equipment.

<https://secure.toronto.ca/council/agenda-item.do?item=2017.BA21.6>

At its meeting of June 4, 2019, Bid Award Panel adopted item BA28.1 and awarded Request for Quotation Number 6029-19-0064 for the Non-Exclusive Supply and Delivery of Traffic Control Equipment.

<https://secure.toronto.ca/council/agenda-item.do?item=2019.BA28.1>

At its meeting of November 25, 2020, City Council adopted item IE17.6 "MoveTO 2021-25 - Congestion Management Interim Action Plan and Non-Competitive Contract for Smart Signals".

<https://secure.toronto.ca/council/agenda-item.do?item=2020.IE17.6>

At its meeting of June 22, 2022, Bid Award Panel adopted item BA193.2 "Award of Ariba Document Number 3299251684 to Econolite Canada INC., Tacel LTD. and Fortran Traffic Systems Ltd., for the Supply and Delivery of Traffic Control Equipment for City Stores".

<https://secure.toronto.ca/council/agenda-item.do?item=2022.BA193.2>

## COMMENTS

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Traffic Signal Controllers are the field hardened roadside electronic devices that control traffic signal lights at intersections. These controllers essentially provide the operational capabilities for Smart Signal operation, Transit Signal Priority, advance green for pedestrians and a number of other traffic management strategies involving traffic signal operation for the purposes of both safety and congestion mitigation. Regardless of the operation, these controllers are required at every signalized intersection within the City. The operational algorithms for some of these capabilities require this particular product to be of specific make and model to ensure compatibility with other components in the traffic signal controller cabinet.

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Through contracts that are typically administered and managed by Materials Management and Stores, Transportation Services orders traffic signal controllers on an as-needed basis primarily for the purposes of replacement of existing controllers if they are damaged as a result of a collision or as required for construction. The contract is also commonly used to facilitate traffic signal modifications in the event that the legacy traffic controller does not have the capabilities required for the new operation.

City staff were made aware that Orange Traffic Inc. is the exclusive distributor of this particular traffic signal controller product in the province of Ontario. However, this material has always been procured through an open solicitation process because it is possible for other electronic vendors and/or electrical contractors to access inventory of this product from other projects. This often results in better pricing and in parallel, it deters the possibility of Orange Traffic Inc. overcharging for the product.

The City recently released a Request for Quotation (RFQ) Ariba Document Number 3299251684, the biddable Part C was for the supply and delivery of this particular component. However, the Part C was closed without any bidders. City staff are speculating that with the significant amount of transit infrastructure projects, the demand for this component may be very high at this particular time. Regardless, it is not possible to wait until these demands decrease as the City has relatively immediate needs to continue maintaining an inventory of this product.

Given the circumstances, City staff proceeded to request pricing from Orange Traffic Inc. and the costs were deemed consistent with expectations in terms of the increase in costs from the previous bid years ago when considering CPI and factoring in current market pricing. Both TS and PMMD staff are now recommending that the city enter into a non-competitive contract with Orange Traffic Inc. for the supply and delivery of Traffic Signal Controllers.

The term of the contract will be a five (5)-year term from the date of award, in the total amount of \$3,046,590 net of Harmonized Sales Tax (\$3,100,210 net of Harmonized Sales Tax recoveries). Despite the overall value of the contract, the City is only obligated to pay for materials it uses and is not committed to any level of procurement.

## **CONTACT**

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## **SIGNATURE**

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General Manager  
Transportation Services

Geneviève Sharkey  
Chief Procurement Officer