

## **Amendment to Purchase Order Number 47015457 with Bell Canada for Integrated Telecommunications Infrastructure**

**Date:** June 18, 2024

**To:** General Government Committee

**From:** Chief Technology Officer and Chief Procurement Officer

**Wards:** All

### **SUMMARY**

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The City of Toronto's Integrated Telecommunications Infrastructure (ITI) enables a comprehensive system that allows City staff to communicate and collaborate with each other across the organization and with the public to provide effective municipal services. Since 2010, the City of Toronto has managed its ITI through a contract with Bell Canada, expiring September 30, 2025.

The original contract value was determined before the pandemic and did not account for the increased reliance on ITI by the City. This report will support daily City operations, completion of state of good repair projects and ongoing network cabling work for the ModernTO and Workplace Modernization programs.

This report seeks authority for a purchase order amendment in the amount of \$17,492,138 net of all applicable taxes (\$17,800,000 net of Harmonized Sale Tax Recoveries) for Blanket Contract 47015457 to Bell Canada.

City Council approval is required in accordance with Municipal Code Chapter 195-Purchasing, where the current request exceeds the Chief Procurement Officer's authority of the cumulative five-year (5) commitment for each supplier, under Article 7, Section 195-7.3 (D) of the Purchasing By-Law or exceeds the threshold of \$500,000 net of HST allowed under staff authority as per the Toronto Municipal Code, Chapter 71 Financial Control, Section 71-11A.

### **RECOMMENDATIONS**

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The Chief Technology Officer and the Chief Procurement Officer recommend that:

1. City Council authorize the Chief Technology Officer to amend contract 47015457 for the amount \$17,492,138 net of all applicable taxes (\$17,800,000 net of Harmonized

Sale Tax Recoveries) revising the current Purchase Order value from \$146,407,475 net all taxes (\$148,984,247 net of Harmonized Sale Tax Recoveries) to \$163,899,613 net all taxes (\$166,784,246 net of Harmonized Sale Tax Recoveries).

## **FINANCIAL IMPACT**

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The total amount of the recommended contract amendment is \$17,492,138 net all taxes (\$17,800,000 net of Harmonized Sale Tax Recoveries).

Funding of \$5,745,938 for 2024 is available within the Approved 2024 Operating Budgets of participating Divisions. 2025 funding will be included in the 2025 Operating Budget Submissions for the participated divisions.

Table 1 - Operating Budget (Net of Harmonized Sale Tax Recoveries)

<b>GL</b>	<b>Program / Division</b>	<b>2024 (September - December)</b>	<b>2025 (January - September)</b>	<b>Total (net HST Recoveries)</b>
4808	TSD and Other Various divisions and agencies	\$585,832	\$552,058	\$1,137,890
4809	TSD and Other Various divisions and agencies	\$259,560	\$409,758	\$669,318
4810	TSD and Other Various divisions and agencies	\$1,642,607	\$1,754,967	\$3,397,574
4813	TSD and Other Various divisions and agencies	\$123,418	\$350,060	\$473,478
4814	TSD and Other Various divisions and agencies	\$2,256	\$5,329	\$7,585
4817	TSD and Other Various divisions and agencies	\$20,818	\$47,777	\$68,595
4818	TSD and Other Various divisions and agencies	\$1,032,306	\$2,369,142	\$3,401,448

<b>GL</b>	<b>Program / Division</b>	<b>2024 (September - December)</b>	<b>2025 (January - September)</b>	<b>Total (net HST Recoveries)</b>
4819	TSD and Other Various divisions and agencies	\$2,079,141	\$1,925,875	\$4,005,016
<b>Total</b>		\$5,745,938	\$7,414,966	\$13,160,904

Table 2 - Capital Budget (Net of Harmonized Sale Tax Recoveries)

<b>GL</b>	<b>Program / Division</b>	<b>WBS Element</b>	<b>2024 (September - December)</b>	<b>2025 (January - September)</b>	<b>Total (net HST Recoveries )</b>
4808	Technology Services Delivery	CIT702-05- 03	\$301,669	\$398,332	\$700,001
4819	Technology Services Delivery	CIT702-05- 03	\$1,187,598	\$644,000	\$1,831,598
4808	Various divisions and agencies	Various WBS	\$662,500	\$1,150,000	\$1,812,500
4819	Various divisions and agencies	Various WBS	\$295,000	-	\$295,000
<b>Total</b>			\$2,446,767	\$2,192,332	\$4,639,099

Funding in the amount of \$2,531,559 net of Harmonized Sale Tax Recoveries has been included in the approved 2024 Capital Budget and 2024-2033 Capital Plan for the Technology Services Division (CIT702-05-03). This is a regular state of good repair component of the lifecycle replacement plan. The remaining \$2,107,540 net of Harmonized Sales Tax Recoveries is part of the participating divisions' 2025-2033 Capital Plan Submission.

City Divisions and Agencies, including the Technology Services Division, utilize Centrex and other Carrier services, Wide Area Network (WAN) data communication services, Network Cabling services, and Unified Communication services (Voice over IP and Contact Centres) on an ongoing basis and order additional volumes and qualities on an as-required basis for non-lifecycle management needs, as approved in and support by their respective Operating Budgets.

City Divisions and Agencies, including Technology Services Division draw upon the Bell ITI contract for network cabling services for both non-lifecycle and lifecycle management needs funded by capital. Unified Communication Professional services are also drawn upon with capital funding for lifecycle management needs. Contract Release Orders are issued against the contract subject to validation of funding at the time of issuance and approval by the Divisions on each Contract Release Order as it is issued against the contract.

The Chief Financial Officer and Treasurer has reviewed this report and agrees with the financial implications as contained in the Financial Impact Section.

## **DECISION HISTORY**

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On July 23, 2018, City Council authorized the Chief Information Officer or designate to enter into an Extension of the Master Integrated Telecommunications Infrastructure Agreement with Bell Canada and any amending or ancillary agreements that may be necessary from time to time to give effect and incorporate the Objectives, Assumptions and Negotiation Outcomes identified in Confidential Attachment 1 to the report (June 18, 2018) from the Chief Information Officer and the Chief Purchasing Officer, on terms satisfactory to the City Solicitor, the Chief Information Officer, the Chief Purchasing Officer and the Interim Chief Financial Officer.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2018.GM29.29>

As a result of this decision, on July 1, 2020, the City extended the term of the Master Agreement for an additional five (5) year period commencing on July 1, 2020, and expiring on September 30, 2025, with the City having the right to exercise its options to extend the term of the Master Agreement for five (5) additional one (1) year periods for a potential of five (5) additional years.

On September 30, 2015, City Council authorized the Chief Information Officer to extend the current Integrated Telecommunications Infrastructure and related services contract and increase the contract value with Bell Canada for a five (5) year term commencing October 1, 2015, ending no later than September 30, 2020, for an additional estimated amount of \$49.841 million net of HST recoveries (\$48.979 million excluding taxes) based on the same pricing, terms, and conditions.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.GM6.10>

On July 7, 2015, City Council authorized an increase to contract number 47015457 for the Integrated Telecommunications Infrastructure (ITI) and related Services with Bell Canada by \$5.131 million net of HST recoveries (\$5.042 million excluding taxes) from \$54.204 million net of HST recoveries (\$53.266 million excluding taxes), so that the new financial authority during this period will be an upset amount of \$59.335 million net of HST recoveries (\$58.308 million excluding taxes).

City Council authorize the Chief Information Officer to extend the current ITI contract and increase the contract value with Bell Canada for one (1) year commencing

October 1, 2015, ending September 30, 2016, for an additional estimated amount of \$9.043 million net of HST recoveries (\$8.887 million excluding taxes) based on the same pricing, terms and conditions.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.GM5.8>

At its meeting on January 13, 2010, Government Management Committee authorized the Chief Information Officer to enter into an agreement in the amount of \$53,163,908 with Bell Canada for the City's Integrated Telecommunications Infrastructure for five (5) years.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2010.GM27.13>

## COMMENTS

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The City of Toronto's Integrated Telecommunications Infrastructure (ITI) enables a comprehensive system that allows City staff to collaborate across the organization and communicate with the public to provide effective municipal services.

The contract covers four distinct areas:

- Centrex and related Carrier services: Traditional analog telephone lines for City staff, including desk phones and voicemail and automated systems for security and emergency management (e.g., fire panel alarms, elevator emergency communications, detection and monitoring systems, sensors, and alarms).
- Unified Communications & Voice Over Internet Protocol (VoIP): City contact centres platform and support as well as digital calling for staff including soft phones, virtual meetings, instant messaging, and collaboration for City staff.
- Low to medium Speed Wide Area Network (WAN) Services: The City's network and internet services in person at all City locations and for City staff to connect to and work from at home. Many City systems rely on this network to connect with other technology systems that the City uses and depends on for its operations both on-premises and in the cloud.
- Network Cabling Services: Includes installation and management of network cabling to connect computers and other devices within City locations and complete and maintain network connectivity throughout the building.

The original contract value was determined before the pandemic and did not account for the increased reliance on ITI by the City. The City's shift to remote, and later hybrid work, accelerated contract spending to enable virtual meetings and calls, including virtual collaboration software licences. City Divisions and Agencies also increased their data communication service utilization due to expanded fiber networks and higher bandwidth subscription speeds (from 5 megabytes per second to 20 megabytes per second). During this time, the City also progressed state of good repair projects for its

day-to-day operations including its contact centre infrastructures and data centre projects.

Current spending forecasts indicate that the contract will be exhausted by 2024. To address this issue, City staff analyzed the planned use of the contract for the rest of its term to September 2025, considering options like transferring parts of the ITI contract to other vendors and postponing urgent repair projects. However, increasing the contract value is the recommended solution due to contractual obligations, risk of operational disruption and complexity of divesting and replacing services.

This Purchase Order Amendment will support daily City operations through voice and data communications, including the 311 and Corporate Contact Centre Systems, and the completion of repair projects for the City's digital calling and contact centre systems. Additionally, it will cover ongoing network cabling work for the ModernTO and Workplace Modernization programs, as well as implement risk mitigation and resiliency strategies for the 311 Contact Centre infrastructure.

### **Digital Infrastructure Impact Statement**

The Digital Infrastructure Strategic Framework (DISF) is a corporate-wide and principles-based strategy adopted by Toronto City Council. It provides guidance for all Digital Infrastructure Initiatives to ensure that related decisions support corporate objectives and are not made in isolation. The amendment of the ITI agreement recommended within this report aligns with the DISF as it ensures business continuity, enables the City to undertake State of Good Repair and other related projects, and demonstrates collaboration between the City and its agencies.

### **CONTACT**

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### **SIGNATURE**

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Chief Technology Officer

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