

Strategic Contract Amendment for Integrated Telecommunications Infrastructure

Date: June 3, 2025

To: General Government Committee

From: Chief Technology Officer and Chief Procurement Officer

Wards: All

REASON FOR CONFIDENTIAL INFORMATION

The attachment to this report is about criteria to be applied to negotiations carried on or to be carried on by or on behalf of the City of Toronto and contains technical and commercial information supplied in confidence to the City of Toronto, which, if disclosed, could reasonably be expected to prejudice the competitive position significantly or interfere significantly with the contractual or other negotiations of a person, group of persons, or organization.

SUMMARY

This report requests City Council authority to amend purchase order number 4701547 (the "Contract") with Bell Canada, a Canadian supplier. The amendment will add five (5) years to the contract duration and update the total ten-year cost. The City is intentionally pursuing a contract amendment five years prior to expiry to strategically leverage favorable terms and rates, accelerate and complete planned technology modernization, and reduce ongoing maintenance costs through the use of industry-standard solutions. The City is unable to achieve these benefits under the existing Contract.

The Contract supports the operation of the City's telecommunication and networking systems, including network cabling installation and completion of state of good repair projects, and advances the City's Integrated Telecommunications Infrastructure (ITI) modernization strategy.

The City's ITI strategy is a roadmap to modernizing the City's communication environment, which provides the necessary infrastructure required for basic and modern communication within the organization, and to the public, to provide effective municipal services. This includes phone lines (digital and traditional landlines), City contact centre

platforms and support and internet connections at City buildings.

The City competitively procured the Contract that powers this communication environment with Bell Canada in 2010 for an initial five (5) year term; it then extended the Contract in 2015 and 2020, under City Council authority. In 2020, the amendment included an additional five (5) year term plus five (5) 1-year option terms to 2030, with a requirement for the City to re-negotiate rates for these option terms annually.

To continue the implementation of the ITI strategy, City staff are requesting City Council authority to award an amended Contract with the supplier for ten years (to 2035) and update the total spend award over the term. This approach provides the best value to the City as it removes the risk of annual rate increases by locking in favorable rates for the next decade and enables the City to accelerate and complete in-flight and planned modernization initiatives with the existing supplier. Should the extensions no longer be required, the City retains the authority to forgo executing them without rate penalties.

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 commitment limit 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 Chief Technology Officer and the Chief Procurement Officer recommend that:

1. City Council grant authority to the Chief Technology Officer, in accordance with Sections 195-6.6 and 195-8.5 of the Toronto Municipal Chapter 195 (Procurement), to amend purchase order number 47015457, commencing from the date of award for a seven (7) year period, with one 2-year extension and one subsequent 1-year extension, for up to a total potential 10-year term for the total amount set out in Confidential Attachment 1, subject to terms and conditions acceptable to the Chief Technology Officer and generally in accordance with the terms of the existing agreement.
2. City Council adopt the confidential instructions to staff in Confidential Attachment 1.
3. City Council direct that Confidential Attachment 1 remain confidential at this time as it pertains to criteria to be applied to negotiations carried on or to be carried on by or on behalf of the City of Toronto and be made public at the discretion of the Chief Procurement Officer following the execution of the Contract authorized by recommendation 1.

FINANCIAL IMPACT

Financial Impact is included in Confidential Attachment 1.

The financial costs enclosed in Confidential Attachment 1 assume the purchase order amendment is finalized. Costs are estimated based on current pricing, as negotiations are still ongoing at the time of writing this report. Should there be delays with the purchase order amendment, the City will limit its spending to essential operational expenses until the agreement is in place.

DECISION HISTORY

On July 24 and 25, 2024, City Council authorized 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).

[Agenda Item History - 2024.GG14.14](#)

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.

[Agenda Item History - 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.

[Agenda Item History - 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.

[Agenda Item History - 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.

[Agenda Item History - 2010.GM27.13](#)

COMMENTS

The City's telecommunication and networking systems enable the City's communication environment. This environment provides the necessary infrastructure required for basic and modern communication within the organization, and to the public, to provide effective municipal services. This includes phone lines (digital and traditional landlines), City contact centre platforms and support, and internet connections at City buildings.

It is critical to prioritize operational continuity and state of good repair to ensure the City's communication environment remains reliable, secure, and supportive of daily municipal operations. This includes regular upgrades, replacement, and maintenance of network cabling, phone systems, and digital infrastructure to prevent service disruptions and keep systems running smoothly.

Modernizing the City's Telecommunication and Networking Systems

To address the City's increasing bandwidth needs and manage rising costs associated with maintaining its aging infrastructure, it is crucial for the City to modernize its Integrated Telecommunications Infrastructure. This includes:

- Transitioning older (landline) phone lines to digital Voice Over IP (VoIP) systems
- Improving network performance to meet growing bandwidth demands
- Strengthening City call centres to respond to higher volumes and emergencies
- Ensuring services stay aligned with industry standards

This work enables more scalable, reliable network and telecommunication services. To achieve this modernization while maintaining operational continuity and state of good repair work, City staff recommend an amendment to purchase order number 4701547 with Bell Canada (the "Contract").

The Contract covers four distinct areas:

1. **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).
2. **Unified Communications & Voice Over Internet Protocol (VoIP):** City contact centres platform and support as well as digital calling for City staff including soft phones, virtual meetings and instant messaging. Modern and upgraded service offerings are now available for cloud based Unified Communications & VoIP communications. These services leverage various internet connectivity solutions for a secure private network.
3. **Low-to-medium Speed Wide Area Network (WAN) Services:** The City's network and internet services at all City locations. Many City systems rely on this network to connect with on-premises and cloud technology systems that the City uses and depends on for its operations. Modernization will address low bandwidth constraints and limited scalability of WAN services due to aging Bell copper infrastructure.
4. **Network Cabling Services:** Installation and management of network cabling to connect computers and other devices within City locations and maintain network connectivity throughout City buildings.

The ITI strategy to amend the term of the Contract to 2035 provides the best value to the City: It secures favorable terms and conditions within the existing Contract and removes the risk of annual rate increases via locked in, competitive rates. Staff have verified that the rates will align with existing Province of Ontario contracts. The amendment to 2035 also provides the runway to accelerate in-flight and planned modernization to bring the City's telecommunication and networking infrastructure to industry standard and ultimately reduce ongoing maintenance costs.

Details of the Contract Amendment

The current Contract is structured to provide five (5) optional 1-year extensions, starting October 2025 until 2030. The amendment through this report will result in a seven (7) year term (October 2025 to September 2032) with one 2-year extension and one subsequent 1-year extension (2033-2035), for up to a total potential ten-year term.

DIGITAL INFRASTRUCTURE IMPACT STATEMENT

City Council adopted the Digital Infrastructure Strategic Framework ([DISF](#)) at its meeting in April 2022 and directed that the DISF be used as the guiding direction for digital infrastructure initiatives undertaken by the City. The recommendations of this report align with the City's Corporate Strategic Plan and DISF, including the following Strategic Priorities:

1. A Well-run City: This ITI strategy will enable high quality, resilient public services and support modernization. It aligns with the strategic priorities of Digital Transformation, by proactively identifying and capitalizing an opportunity to review and refine the City's telecommunication and networking infrastructure, and Asset Management, by ensuring that digital infrastructure assets are used by the City of Toronto in a manner that protects the public interest.

2. Digital Autonomy: This ITI strategy lays the foundation for supporting City control of its telecommunication and networking infrastructure. It does so through the strategic priorities of Maintenance and Repair, and Democratic Control, by supporting operational continuity, state of good repair, and building capacity.

CONTACT

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SIGNATURE

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ATTACHMENTS

Confidential Attachment 1