

Non-Competitive Contracts for the Provision of the City's Traffic Electrical Maintenance and Emergency Services; and Traffic Electrical Planned Capital Works Roster

Date: May 19, 2026

To: General Government Committee

From: General Manager, Transportation Services and Chief Procurement Officer

Wards: All

SUMMARY

The purpose of this report is to request City Council authority to enter into non-competitive contracts with Black & McDonald Ltd. (Service Area A) and TM3 Inc. (Service Area B) to provide the City's Traffic Electrical Maintenance and Emergency Services, including traffic control and RESCU infrastructure operations, maintenance, emergency response, and state-of-good-repair services, in the amounts of \$17,745,351 net of all taxes and charges (\$18,057,669 net of HST recoveries) and \$5,851,671 net of all taxes and charges (\$5,954,660 net of HST recoveries) respectively, for a 12-month period from August 1, 2026 to July 31, 2027, under the same terms and conditions set out in the current service contracts, Negotiated Request for Proposal (nRFP) Doc2865468161, that was awarded in June 2021.

The current service contracts under (nRFP) Doc2865468161 will expire on July 31, 2026. Based on the current annual review of contract pricing, the proposed contract is considered fair and reasonable for continued service delivery, as it maintains the same terms, scope, and unit pricing as the existing contracts, with the only adjustment being the application of the permitted Consumer Price Index (CPI) increase in accordance with the contractual provisions. The contracts provide 24/7 emergency response, maintenance, operation, and state-of-good-repair services for electrical traffic control and related devices, as well as maintenance and state-of-good-repair for the City's RESCU traffic management infrastructure, including traffic cameras, expressway variable message signs, travel time systems, and automatic traffic counting systems.

This report also seeks authority to extend the existing Traffic Electrical Planned Capital Works Roster for a 12-month period from August 1, 2026 to July 31, 2027. The current roster consists of four contractors: Black & McDonald Limited, TM3 Inc., Guild Electric Limited, and Beacon Utility Contractors Ltd. Each contractor has an approved Master Agreement value of \$19,894,553 net of all taxes and charges (\$20,244,697 net of HST recoveries). No increase to the approved roster values is required as part of this extension.

This roster provides construction and delivery of planned traffic electrical capital works, including new installations, traffic signal upgrades and replacements, electrical and infrastructure construction, and associated civil and system integration work required to support the City's approved traffic signal and intelligent transportation systems capital programs.

A new competitive solicitation will be tendered. However, the procurement timeline has been adjusted to ensure that lessons learned from recent Auditor General recommendations for other large procurements and the findings of the Forensic Audit of the 2021 Winter Maintenance Procurement are fully incorporated. This additional due diligence is intended to mitigate procurement and contract management risks and to support a fair, transparent, and competitive process for these critical City-wide operational services.

As a result, the revised procurement and approval schedule will not allow new contracts and roster agreements to be awarded prior to the final Council meeting in July 2026. Given the size, operational criticality, and heightened governance considerations associated with these contracts, City Council approval is required for the proposed interim arrangements. In addition, a transition period of approximately three (3) to four (4) months would be required should a new supplier be awarded the contract, in order to support staffing, training, operational onboarding, systems integration and the continuity of emergency response services. Accordingly, the proposed 12-month extension is intended to ensure continuity of critical operations while the competitive procurement process is completed, and new contracts are fully implemented.

The proposed 12-month contracts will ensure uninterrupted service delivery while the competitive procurement is completed, contracts are awarded, and any required handover and ramp-up activities occur. This approach also mitigates risk during a period of heightened operational demand in 2026, including the FIFA World Cup and associated "tear-down" activities, when continuity of traffic electrical emergency response and system reliability will be essential to public safety, congestion management, and the efficient operation of the City's road network.

To ensure continuity of critical services and approved capital programs throughout this period, the General Manager, Transportation Services, and the Chief Procurement Officer recommend entering into non-competitive contracts with the incumbent Service Area (A & B) suppliers, Black & McDonald Limited and TM3 Inc., and extending the existing four Traffic Electrical Planned Capital Works Roster contractors, while the competitive procurement is completed, City Council approval is obtained, budget authority is confirmed, and an orderly transition can occur.

The proposed 12-month contracts ensure service continuity while addressing audit diligence and Council oversight requirements and supporting an orderly transition to long-term service delivery.

The non-competitive procurements will be proceeding under the exception code related to "Other Reason" for non-competitive requirements that do not apply to any of the other reason codes available to support the request and the City has determined in good faith

that the proposed procurements and the selected suppliers, along with the terms and conditions of the contract are beneficial to the City (Toronto Municipal Code, Chapter 195, Procurement, Section 7.1.P.)

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 limit under Article 7, Section 195-7.3(D) 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 71-11(A).

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 enter into Traffic Electrical Maintenance and Emergency Services non-competitive contracts subject to terms and conditions set out in nRFP 2865468161 and any other terms and conditions satisfactory to the General Manager, Transportation Services and in a form satisfactory to the City Solicitor, as follows:
 - a. A non-competitive contract with Black & McDonald Limited for the provision of Traffic Electrical Maintenance and Emergency Services for Service Area A (Etobicoke, North York, Toronto/East York) in the amount of \$16,027,600 net of all taxes and charges (\$16,309,686 net of HST recoveries), for the period of August 1, 2026 to July 31, 2027.
 - b. A non-competitive contract with TM3 Inc. for the provision of Traffic Electrical Maintenance and Emergency Services for Service Area B (Scarborough) in the amount of \$4,552,388 net of all taxes and charges (\$4,632,510 net of HST recoveries), for the period of August 1, 2026 to July 31, 2027.
2. City Council authorize the General Manager, Transportation Services, to negotiate and enter into Traffic Electrical Planned Capital Works Roster non-competitive contracts with the existing suppliers, Black & McDonald Limited, TM3 Inc., Guild Electric Limited, and Beacon Utility, for a period of 12-months from August 1, 2026 to July 31, 2027, under the same terms and conditions as the existing contracts awarded (nRFP) Doc2865468161, with no increase to the approved total roster contract values of \$19,894,553 of all taxes and charges (\$20,244,697 net of HST recoveries) each.

FINANCIAL IMPACT

The total potential contract award value identified in this report for Traffic Electrical Maintenance and Emergency Services Area A and Area B is \$20,579,988 net of all taxes and charges. The total cost to the City is \$20,942,196 net of HST recoveries. The funding has been included in the 2026 Operating Budget and 2026-2035 Capital Budget and Plan for Transportation Services under the following operating cost centre and capital WBS elements as noted in Table 1 and Table 2.

There is no increase to the approved value of the Traffic Electrical Planned Capital Works Roster. The proposed 12 month extension will be delivered within the existing roster contract value and available approved capital funding, resulting in no additional financial impact.

Table 1 – Transportation Services Forecasted Operating Cost for Service Area A and B for August 1, 2026 to July 31, 2027 (Net of HST Recoveries)

Term	Cost Centre	Cost Element (G/L)	Net of HST	Net of HST Recoveries
August 1, 2026 to July 31, 2027	TS7030	5020026 5020055 5020076	\$19,196,271	\$19,534,125

Table 2 – Transportation Services Forecasted Capital Costs for Service Areas A and B for August 1, 2026 – July 31, 2027 (Net of HST Recoveries)

Term	WBS Element	Net of HST	Net of HST Recoveries
August 1, 2026 to July 31, 2027	CTP716-06 (RSP Accessible Pedestrian Signals)	\$11,591	\$11,795
August 1, 2026 to July 31, 2027	CTP716-01 (New Traffic Control Devices)	\$48,529	\$49,383
August 1, 2026 to July 31, 2027	CTP721- (Congestion Management Plan)	\$176,887	\$180,000
August 1, 2026 to July 31, 2027	CTP719-03 (RSP Major Modifications)	\$156,636	\$159,393
August 1, 2026 to July 31, 2027	CTP716-07 (Traffic Plant State Of Good Repair)	\$982,704	\$1,000,000
August 1, 2026 to July 31, 2027	CTP817-05-219 (Cycling Signal Activations)	\$7,370	\$7,500
Total		\$1,383,717	\$1,408,071

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

DECISION HISTORY

On June 18, 2021, the Infrastructure and Environmental Committee adopted the recommendations of Report IE23.15 - Award of Negotiated Request for Proposals to Various Suppliers for the Provision of Traffic Electrical Maintenance and Emergency Services; and Traffic Electrical Planned Capital Works Roster. This report discussed the contract award of Service Area A to Black & McDonald Limited and Service Area B to TM3 Inc., for a four-year period from August 1, 2021, to July 31, 2025, with the option for the City to renew for an additional one-year period at the sole discretion of the City and subject to budget approvals. The City exercised the renewal of the contracts for the additional one-year period. The contracts will be complete and ending on July 31, 2026.

Report IE23.15 also discussed the award of the Traffic Electrical Planned Capital Works Roster to multiple contractors including Beacon Utility Contractors Limited, Black & McDonald Limited, Guild Electric Limited and TM3 Inc for a three (3) year period from August 1, 2021 to July 31, 2024 with the option for the City to renew for two (2) additional one-year periods at the sole discretion of the City and subject to budget approvals. The City exercised renewal of the contracts for the additional one-year periods. The contracts will be complete and ending on July 31, 2026.

The Infrastructure and Environmental Committee decision can be found at:
<https://secure.toronto.ca/council/agenda-item.do?item=2021.IE23.15>

COMMENTS

The services provided under the Traffic Electrical Maintenance and Emergency Services contracts include essential traffic control device maintenance services, emergency response incidents including motor vehicle accidents, and state-of-good repair and routine maintenance services for electronic traffic control devices, including traffic signals and RESCU systems such as traffic cameras, expressway variable message signs, travel time systems, and automatic traffic counting systems.

The Traffic Electrical Planned Capital Works Roster supports the delivery of approved traffic electrical and Intelligent Transportation Systems (ITS) capital programs across the City. The roster is used to deliver planned capital works including new traffic signal installations, signal upgrades and replacements, electrical and infrastructure construction, and associated civil and system integration work required to maintain and modernize the City's traffic control infrastructure.

The current contracts with Black & McDonald Limited (Service Area A) and TM3 Inc. (Service Area B); and Traffic Electrical Planned Capital Works Roster under (nRFP) Doc2865468161 will expire on July 31, 2026. Given the need for a new contract to commence on August 1, 2026, Transportation Services began working with a consultant

in 2025 to review and update the nRFP contract documents with lessons learned, scope revisions and specification updates.

Given the scale, complexity, and operational importance of this procurement, and in consideration of the recent Auditor General recommendations related to other large City contracts, additional governance and due diligence measures are being incorporated prior to issuing the solicitation. These measures are intended to strengthen procurement oversight, mitigate risk, and support a fair, transparent, and competitive process. As a result, the procurement, evaluation, approval, and implementation timelines associated with the new contracts and a new capital roster extend beyond the expiry of the current contracts and roster date of July 31, 2026.

Implementation of new contracts of this scale and operational complexity also requires a transition period of approximately three (3) to four (4) months to support staffing, training, operational onboarding, facilities, equipment and system handover activities. Based on the current procurement schedule, award of new contracts is anticipated in Spring 2027, with implementation thereafter.

The proposed interim NCP will also allow the current contractors to complete annual routine maintenance and inspections for 2026 and help mitigate the potential for disruption to any provided services during the FIFA World Cup, including its “tear-down” period. Any interruption to either the maintenance contracts or the capital works roster would present significant operational, service delivery and safety risks, including impacts to emergency response, traffic signal operations, congestion management, and delivery of approval capital infrastructure projects. The services delivered under these agreements are critical to traffic safety, congestion management, and emergency response, and the capital roster is required to maintain progress on approved traffic signal and ITS capital projects.

To ensure continuity of essential operations and approved capital programs while the competitive procurement process is completed, it is recommended that the existing Traffic Electrical Maintenance and Emergency Services contracts are extended and the Traffic Electrical Planned Capital Works Roster on a non-competitive basis for a 12-month period. The interim contract arrangements will maintain the same terms, scope, and unit pricing as the existing agreements, in accordance with existing contractual provisions.

This approach ensures uninterrupted delivery of critical maintenance, emergency response, and planned capital construction activities while the competitive procurement is completed, City Council approval is obtained, budget authority is confirmed, and an orderly transition to long-term contracts can occur.

The Fair Wage Office has reported that the recommended supplier, Black & McDonald Ltd., TM3 Inc., Beacon Utility Contractors Ltd. and Guild Electric Ltd. have indicated that they have reviewed and understand the City’s Fair Wage Policy and Labour Trade requirements and have agreed to comply fully.

CONTACT

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SIGNATURE

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