REPORT FOR ACTION
CONTRACT AWARD

Contract Award for Microsoft Cloud Subscriptions

Date: May 15, 2026
To: Board of Directors of the Toronto Parking Authority
From: President, Toronto Parking Authority
Wards: All

SUMMARY

The President, Toronto Parking Authority (TPA), recommends that the Board authorize a three-year Enterprise Subscription Agreement (ESA) with Microsoft Canada Ltd. The not-to-exceed value is $3,850,060, excluding HST.

The agreement establishes Microsoft as TPA's strategic enterprise technology partner across productivity, customer engagement, data and analytics, AI, and cloud hosting — capabilities that are now core to TPA's day-to-day operations across parking, Bike Share, and EV business lines. Consolidating these services under a single integrated vehicle:

- (i) replaces fragmented third-party arrangements for hosting and support with a single accountable vendor relationship and a unified escalation path;
- (ii) replaces a separate managed-hosting commitment with consumption-based Azure billing, aligning cost to actual demand with no minimum commitment; and
- (iii) positions TPA to realize the full value of Microsoft's AI, governance, data, and compute services as an integrated stack rather than discrete tools.

The agreement also secures volume-based pricing and unified commercial terms, reduces contract administration overhead, and gives TPA the flexibility to scale capabilities across business lines within a single authorized envelope.

RECOMMENDATIONS

The President, Toronto Parking Authority recommends that the Board of the Toronto Parking Authority:

1. Authorize the President, Toronto Parking Authority, to enter into an agreement with Microsoft Canada Ltd. in an amount not to exceed $3,850,060, excluding Harmonized Sales Tax (HST), over a three (3) year term:

a) to renew TPA's Enterprise Subscription Agreement (ESA) with Microsoft Canada Ltd. for a further three-year period on terms no less favourable than the existing ESA, and to acquire under the renewed ESA subscription additional licenses listed in Table 1 under the section Financial Impact to support the expansion of these capabilities across TPA's business lines.

b) to award sole-source contracts to Microsoft Canada Ltd. for Microsoft Azure cloud services and unified support listed in Table 2, to provide 24/7 technical support across all Microsoft services.

FINANCIAL IMPACT

The ESA's pricing model aligns cost to actual consumption. Per-user subscriptions — including Microsoft Digital Contact Center, Microsoft 365, Dynamics 365, Project Online, and Copilot — are priced on an annual per-user basis, with the three-year forecast reflecting anticipated growth in user counts across TPA's business lines, reconciled annually through the standard ESA true-up process.

Capacity-based services (Microsoft Fabric, Power BI Premium, where applicable) are priced by allocated capacity. Azure cloud services are priced on consumption of compute, storage, networking, and platform resources, with the forecast based on projected workload volumes plus a 15% contingency to absorb unplanned demand. Azure billing reflects actual usage with no minimum commitment from TPA, providing material flexibility should consumption fall below forecast. Where workload patterns support it, TPA will use Azure Reserved Instances and Savings Plans to reduce the unit cost of predictable compute, blended with pay-as-you-go for variable demand.

The contract value of $3,850,060 (excluding HST) covers all per-user, capacity, and Azure consumption charges over the three-year term and provides TPA with headroom to enable additional Microsoft services within the existing contracting vehicle that support approved strategic priorities, without exceeding the authorized envelope.

The amounts noted in Table 1 below outline the anticipated expenditures and the financial impact in each of the following years of the contract term

Table 1. Anticipated Licensing Expenditure by Contract Term (starting June 1 of each calendar year)

Subscription	2026	2027	2028	Total
Microsoft 365	$285,000	$310,000	$335,000	$930,000
Dynamics CRM and Customer Insights	$210,000	$240,000	$265,000	$715,000

Table 1. Anticipated Licensing Expenditure by Contract Term (starting June 1 of each calendar year)				
Productivity Tools (Copilot, Copilot Studio, Copilot for Finance, GitHub, etc.)	$150,000	$185,000	$215,000	$550,000
Compliance and monitoring	$60,000	$65,000	$70,000	$195,000
Data and Analytics	$70,000	$95,000	$115,000	$280,000
Contract Total	**$775,000**	**$895,000**	**$1,000,000**	**$2,670,000**

Table 2. Sole-Source Services with Microsoft				
Subscription	**2026**	**2027**	**2028**	**Total**
Azure compute	$240,000	$330,000	$390,000	$960,000
Unified Support	$50,000	$80,000	$90,060	$220,060
Contract Total	**$290,000**	**$410,000**	**$480,060**	**$1,180,060**

CALL SUMMARY

TPA has been a Microsoft enterprise customer under an Enterprise Subscription Agreement for the term June 1, 2023 to May 31, 2026, supplying Microsoft 365, Dynamics 365, data warehouse, Copilot, Digital Contact Center (pilot), Copilot Studio (pilot), and related services. Each of these capabilities was adopted through invitational/open competitive solicitations conducted during the term, in which Microsoft platforms were selected based on fit, total cost of ownership, and integration with TPA's existing technology stack. These services have since become core to TPA's IT infrastructure, supporting its customer engagement, data analytics, productivity, and cloud hosting requirements across all business lines.

Transitioning to alternative vendors for the underlying capabilities (productivity, CRM, data analytics, cloud infrastructure) would require re-platforming the systems and integrations adopted under prior competitive solicitations, with significant cost, operational disruption, and delivery risk, and without demonstrable cost or functional advantage to TPA. In addition, it is best to avail the entire suite of services from a single vendor to ensure effective integration, productivity leverage and ease of management. The unit rates under the proposed agreement are no less favourable than the rates under TPA's existing Microsoft agreement and are consistent with rates available to comparable public-sector entities in Ontario, including the City of Toronto, where at least some of these products and services are deployed.

DECISION HISTORY

No decision history

COMMENTS

The annual subscriptions that will be purchased through this agreement are:

• **Microsoft 365:** Microsoft 365 is a subscription-based productivity service that provides cloud-connected apps (Word, Excel, PowerPoint, Outlook), Teams and advanced security. It enables real-time collaboration across desktop, web, and mobile devices.

• **Dynamics Customer Relationship Management (CRM) and Customer Insights**: In an era where personalized experiences drive customer loyalty, Digital Contact Center, Dynamics 365 CRM, and Customer Insights at production scale will provide a unified view of customers to personalize service and optimize operations across all lines of business.

• **Productivity Tools:** The Microsoft Copilot family, spanning Microsoft 365, Dynamics 365, Copilot Studio, Copilot for Finance, and GitHub Copilot, is a strategic enabler of workforce productivity and modern service delivery at TPA. By embedding AI directly into the tools staff already use every day, Copilot accelerates document drafting, meeting and case summarization, financial and operational analysis, customer-service workflows, and software development, while Copilot Studio allows TPA to build purpose-built AI assistants tailored to specific business processes.

• **Compliance and monitoring**: Microsoft Purview is a comprehensive, unified data governance, risk, and compliance solution designed to protect, manage, and govern data across environments.

• **Data and Analytics:** Microsoft Fabric provides TPA with a unified, end-to-end data and analytics platform — bringing together data engineering, warehousing, real-time analytics, and AI on a single foundation — while Power BI delivers self-serve dashboards and reporting across the organization. Together, they enable TPA to consolidate parking, Bike Share, Electric Vehicle (EV), financial, and customer data into a single source of truth, surface operational insights in real time, and support faster, evidence-based decisions across business lines.

• **Azure compute:** Microsoft's hyperscale cloud platform, replacing TPA's third-party-managed private data center. Migrating to Microsoft Azure consolidates TPA's hosting, productivity, data, and AI platforms under a single hyperscaler, materially improving security posture and compliance, enabling elastic capacity aligned to seasonal parking and Bike Share demand patterns, and providing stronger business continuity and disaster recovery options than a single-provider managed hosting model. Consumption-based billing with no minimum commitment is expected to reduce annual hosting unit costs by 10–15%.

• **Unified Support:** Microsoft's support is essential for TPA because parking, Bike Share and EV operations run continuously, and any disruption to Microsoft 365, Dynamics 365, or Azure-hosted workloads would directly impact customer-facing services and revenue collection. Unified Support provides a single, accountable escalation path across all Microsoft services under this agreement, with proactive advisory and rapid incident response that materially reduces operational and security risk.

CONTACT

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SIGNATURE

Scott Collier
President, Toronto Parking Authority

ATTACHMENTS

No Attachments