

MEETING DATE: July 10, 2002

SUBJECT: Purchase Order Amendment Authority - Technical Assistance For Information Technology Services

RECOMMENDATION

It is recommended that the Commission authorize the following in connection with the Global Technical Assistance contracts;

1. Purchase Order Amendment Authority #2 to Purchase Order PC34673 to decrease the upset limit by \$52,200 to a total upset limit of \$450,000 for **Ajilon Canada,**
2. Purchase Order Amendment Authority #2 to Purchase Order PC34692 to decrease the upset limit by \$145,900 to a total upset limit of \$320,000 for **GE Capital I.T. Solutions,**
3. Purchase Order Amendment Authority #3 to Purchase Order PC34671 to increase the upset limit by \$1,840,000 to a total upset limit of \$3,650,000 for **Ian Martin Information Technology Inc.,**
4. Purchase Order Amendment Authority #2 to Purchase Order PC34672 to increase the upset limit by \$133,400 to a total upset limit of \$710,000 for **IT/Net Consultants,**
5. Purchase Order Amendment Authority #2 to Purchase Order PC34742 to decrease the upset limit by \$402,200 to a total upset limit of \$100,000 for **Pinstripe Consulting,**
6. Purchase Order Amendment Authority #3 to Purchase Order PC34744 to increase the upset limit by \$89,100 to a total upset limit of \$280,000 for **Project Management Recruiting,**
7. Purchase Order Amendment Authority #2 to Purchase Order PC34693 to increase the upset limit by \$597,200 to a total upset limit of \$1,210,000 for **QLogitek,** and
8. Purchase Order Amendment Authority #2 to Purchase Order PC34674 to decrease the upset limit by \$49,400 to a total upset limit of \$490,000 for **The Employment Solution (T.E.S.).**

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FUNDING

Funding for these expenditures has been included in the approved TTC 2002 – 2006 Capital program (7.1 Computer Equipment & Software, Pages 995-1133 inclusively) as approved by City Council on March 6, 2002, and in the approved TTC 2002 Operating budget. Funds will be included in future Operating budget submissions as required.

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BACKGROUND

In April 2001, the Commission publicly advertised a Request for Proposal (RFP) to provide technical assistance for a five-year period. Twenty-one responses were evaluated based on predetermined evaluation criteria and ranked accordingly. At the August 29, 2001 meeting, the Commission awarded five year contracts to these firms, however only authorized funds for the first year of the five year contracts. The value of the initial purchase orders totalled \$5,200,000 and was split equally among the eight companies for an upset limit of \$650,000 each.

This arrangement for obtaining temporary technical assistance from the recruitment agencies is referred to as the Global Technical Assistance (GTA) process.

This process has substantially reduced the administrative overhead when acquiring temporary technical assistance, while retaining an unbiased approach to selecting a supplier for each piece of work.

It was impossible at the time of award to predict which company's candidates would be selected for pieces of work. As this was a new contract and concept, there was no history to allow staff to forecast trends. Consequently, each company was originally awarded a purchase order of equal value. Staff anticipated that Purchase Order Amendments would be required, to re-allocate the funds as necessary.

At the January 21, 2002 and April 10, 2002 meetings, the Commission approved several Purchase Order Amendments to increase the upset limits of frequently used vendors and decrease the upset limits of less frequently used vendors.

A peer review of the Global Technical Assistance contracts and selection procedure was performed by staff from Materials and Procurement Department. The review showed selections of the successful candidates were approved in accordance with the appropriate approval process. The review also revealed that there was no apparent favouritism for one company over any other in the selection process. In addition, some housekeeping matters, mostly related to documentation and standardization of filing and interview questions, were suggested and have been implemented.

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Materials and Procurement staff also contacted the eight companies and the general consensus is that the process established for recruitment is fair, open and working well.

DISCUSSION

In order to continue the GTA process from the period August 31, 2002 to August 30, 2003, staff are proposing changes to the upset limits for each of the 8 firms (refer to Appendix A).

In calculating the amount of each increase staff first calculated the total amount of technical assistance to be provided over the next year. The 2002-2006 Capital Budget includes approximately \$16.6 million in IT related spending for the year 2003. Using 2002 projections as a basis for calculation, approximately \$4.2 million of this spending will be for temporary contract technical assistance.

Next, staff calculated the percentage of available work won by each firm in the first year of the GTA process. Assigning each firm a corresponding amount of the \$4.2 million requirement gave an estimated amount for each firm.

Some anomalies were readily apparent. One of the firms, Ian Martin has won by far the most awards in the first year. Some firms have only won one or two awards.

In addition, some firms have contractors assigned to projects that will continue into year 2. If these contractors are not renewed, additional costs will be incurred while replacements are trained. Extending the assignments of some existing contractors would quickly exhaust the firm's upset limit. In these cases, an additional adjustment of the upset limit has been made.

In order to ensure that all 8 firms have an opportunity to submit candidates for future work, a minimum upset limit of \$100,000 per firm was assigned and the calculated value for Ian Martin reduced accordingly.

The impact of not approving these increased upset limits would be threefold:

- some companies would reach their upset limit and no longer be able to submit candidates for the work requirements. This could cause the TTC to have to select from companies who have been offering up lesser qualified or higher priced candidates simply because funds remain on their contracts.
- Each assignment would need to be tendered separately resulting in delays and increased administrative costs to select candidates.
- approved projects and required system maintenance would not proceed due to a lack of technical resources.

All contracts will retain their August 30th, 2006 completion date. The net upset limit after these revisions is \$7,210,000 for the first two years. Therefore, an amendment of \$2,010,000 is required to be added to the original \$5,200,000 purchase order.

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Staff now have a year of experience with this process, and it is working well. It is our intention to return to the Commission each year for the remainder of these contracts to seek authorization of funds for the following year.

JUSTIFICATION

The reallocation of upset limits requested for the next twelve month period will allow the appropriate level of technical resources for approved Capital Projects and system maintenance to be obtained in an equitable and efficient fashion until August 30, 2003.

Should actual assignments to the companies vary in the future, staff will request additional Purchase Order Amendments in accordance with the Commission's Authorization for Expenditure Policy to re-allocate funds.

July 2, 2002

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Appendix A

PURCHASE ORDER AMENDMENT AUTHORITY –

TECHNICAL ASSISTANCE FOR INFORMATION TECHNOLOGY SERVICES

July 10, 2002

Vendor	Current PO Value	Requirements to End of August 2003	PO Amendment	Percentage of year 1 Awards
Ajilon Canada	\$ 502,200	\$ 450,000	\$ (52,200)	6%
GE Capital I.T. Solutions	\$ 465,900	\$ 320,000	\$ (145,900)	4%
Ian Martin Information Technology Inc.	\$ 1,810,000	\$ 3,650,000	\$ 1,840,000	53%
IT/Net Consultants	\$ 576,600	\$ 710,000	\$ 133,400	10%
Pinstripe Consulting	\$ 502,200	\$ 100,000	\$ (402,200)	1%
Project Management Recruiting	\$ 190,900	\$ 280,000	\$ 89,100	3%
QLogitek	\$ 612,800	\$ 1,210,000	\$ 597,200	17%
The Employment Solution (T.E.S.)	\$ 539,400	\$ 490,000	\$ (49,400)	7%
Totals	\$ 5,200,000	\$ 7,210,000	\$ 2,010,000	100%

Appendix B

PURCHASE ORDER AMENDMENT AUTHORITY –

TECHNICAL ASSISTANCE FOR INFORMATION TECHNOLOGY SERVICES

July 10, 2002

Vendor	Projected 5 year PO Value
Ajilon Canada	\$ 990,000
GE Capital I.T. Solutions	\$ 730,000
Ian Martin Information Technology Inc.	\$ 8,320,000
IT/Net Consultants	\$ 1,700,000
Pinstripe Consulting	\$ 520,000

Project Management Recruiting	\$ 580,000
QLogitek	\$ 2,800,000
The Employment Solution (T.E.S.)	\$ 1,110,000
Totals	\$16,750,000