

**MEETING DATE:** August 31, 2005

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

**RECOMMENDATION**

It is recommended that the Commission authorize a total increase of \$5,458,560 to the following purchase orders for the period to December 31, 2006, as assigned below;

- 1) Purchase Order Amendment Authority #15 to Purchase Order PC34673 to decrease the upset limit by \$124,429 to a revised total upset limit of \$2,604,029.00 for Ajilon Canada,
- 2) Purchase Order Amendment Authority #16 to Purchase Order PC34692 to increase the upset limit by \$462,530.00 to a revised total upset limit of \$1,140,317.00 for CCSI formerly GE Capital I.T. Solutions,
- 3) Purchase Order Amendment Authority #13 to Purchase Order PC34671 to increase the upset limit by \$1,722,570.00 to a revised total upset limit of \$9,878,273.00 for Ian Martin Information Technology Inc.,
- 4) Purchase Order Amendment Authority #14 to Purchase Order PC34672 to increase the upset limit by \$1,731,434.00 to a revised total upset limit of \$7,422,712.00 for IT/Net Consultants,
- 5) No Purchase Order Amendment Authority is required for Purchase Order PC34742. The upset limit remains at \$612,400.00 for Dean Technical,
- 6) Purchase Order Amendment Authority #6 to Purchase Order PC42476 to increase the upset limit by \$434,105.00 to a revised total upset limit of \$956,626.00 for Inteqna,
- 7) Purchase Order Amendment Authority #11 to Purchase Order PC34693 to increase the upset limit by \$687,166.00 to a revised total upset limit of \$2,831,999 for Qlogitek; and
- 8) Purchase Order Amendment Authority #13 to Purchase Order PC34674 to increase the upset limit by \$545,184.00 to a revised total upset limit of \$2,756,879.00 for The Employment Solution (T.E.S.).

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**FUNDING**

Sufficient funding for these expenditures has been included in Program 7.1 Corporate Systems and 7.2 Intelligent Transportation and Technical Systems, as set out on pages 1221 - 1349 inclusively, of the 2005 to 2009 TTC Capital Program, approved by City Council on February 23, 2005.

Funds have also been included in the 2005 TTC Operating Budget and will be provided for in future Operating Budgets as required.

## **BACKGROUND**

In April 2001, the Commission publicly advertised a Request for Proposal to provide technical assistance for information technology projects for a five-year period ending August 31, 2006. 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 the eight firms listed on the attached Appendix "A"; however funds were authorized for only 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. At the March 19, 2003 Commission meeting approval was obtained to extend the eight contracts to December 31, 2006.

Periodically staff reassess the requirements for these contracts and request adjustments on the basis of the number and value of existing assignments previously awarded and new assignments awarded to the firms each year arising out of new projects approved in the Capital Program. Since 2001, staff have received approval from the Commission to amend the values of the contracts based on actual assignments awarded to the firms, as well as increase the values of the contracts for additional new assignments (see Appendix "A" for details). The selection process for awarding assignments is summarized on the attached Appendix "B". TTC Internal Audit also performs periodic audits of the contracts and process with the most recent one being performed March, 2005 which indicated satisfactory results.

At its meeting of January 12, 2005, the Commission approved increases to the eight contracts based on a forecast of requirements out to December 31, 2005, which raised the total value of the eight contracts to \$23,200,000. Since January 12, 2005, staff have re-allocated the funds according to ongoing work assignments. These small amendments occurring after January 12, 2005 were less than \$100,000.00 each and were reallocated from one company to another. Staff have examined future work and trends in assignments as per Appendix "A" and have determined the \$23,200,000 estimated for the known work to be contracted will run out as of October 2005.

The original overall contract values were established based on what was known at the time. Since then additional projects have been identified and added to the schedule. Some of the projects have been much more detailed than anticipated requiring more work than originally estimated.

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Subsequent to the time the original contracts were established in 2001 we have introduced a consistent approach to Project Management Methodology. This has added a level of complexity not

anticipated when the original estimates were established. The added value of this extra work has reduced project delays while adding to a much better quality of product.

As a result of the above staff have estimated the amount of work required to the end of 2006 and have determined that an additional \$5,458,560.00 is now required to be added to the overall value of the contracts.

## **DISCUSSION**

Staff have reassessed the Global Technical Assistance (GTA) requirements for the period ending December 31, 2006, and are proposing changes to the upset limits for each of the eight firms as well as a reallocation of funds based on current assignments and possible future work as detailed in Appendix "A".

The value of each assignment varies depending on the type of resource required and the duration of the assignment. In addition, some assignments are more complex requiring additional resources than originally estimated and are taking longer to complete than originally anticipated and need to be extended.

In determining the changes to each GTA contract, staff estimated the likely amount required for each contract to December 31, 2006 based on the approved 2005 - 2009 Capital and Operating Programs. A total increase of \$5,458,560.00 is required to the allocation for the GTA contracts bringing it to the total estimated value of \$28,658,414.00 for the period up to December 31, 2006.

As this contract will be ending on December 31, 2006, staff will be issuing a new Request for Proposals (RFP) for the renewal of the GTA requirements for a period of up to five additional years which will be the subject of a future report. This contract will run in parallel to the current contract for a period of up to one year to allow for completion of contractor's assignments.

## **JUSTIFICATION**

The reallocation and increase of funds requested will allow Information Technology Services to continue with the technical assistance committed through the existing contracts, so that the work is not compromised.

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August 16, 2005

14.50.50

Attachments: Appendix "A"

Appendix "B"

**Appendix "A"**

**PURCHASE ORDER AMENDMENT AUTHORITY –**

**TECHNICAL ASSISTANCE FOR INFORMATION TECHNOLOGY SERVICES**

**August 31, 2005**

<b>Vendor</b>	<b>Initial PO Value Aug 2001</b>	<b>Value of Previously Approved Amendments</b>	<b>Current PO Value</b>	<b>Recommended PO Amendment</b>	<b>Revised PO Value</b>	<b>Percentage of Awards to Date Cumulative</b>
Ajilon Canada	\$650,000	\$2,078,459	\$2,728,459	-\$124,429	\$2,604,029	9%
CCSI (GE Capital I.T. Solutions)	\$650,000	\$27,787	\$677,787	\$462,530	\$1,140,317	4%
Ian Martin Information Technology Inc.	\$650,000	\$7,505,700	\$8,155,703	\$1,722,570	\$9,878,273	34%
IT/Net Consultants	\$650,000	\$5,041,278	\$5,691,278	\$1,731,434	\$7,422,712	26%
Dean Technical (formerly Pinstripe Consulting)	\$650,000	-\$37,600	\$612,400	0	\$612,400	2%
Qlogitek	\$650,000	\$1,494,833	\$2,144,833	\$687,166	\$2,831,999	10%
The Employment Solution (T.E.S.)	\$650,000	\$1,561,695	\$2,211,695	\$545,184	\$2,756,879	10%
Project Management Recruiting*	\$650,000	-\$194,821	\$455,179	0	\$455,179	2%
Inteqna *		\$522,520	\$522,520	\$434,105	\$956,626	3%
<b>Total</b>	<b>\$5,200,000</b>	<b>\$17,999,855</b>	<b>\$22,199,855</b>	<b>\$5,458,560</b>	<b>\$28,658,414</b>	<b>100%</b>

\* Project Management Recruiting PMR has assigned the contract to Inteqna effective July 1, 2004. Inteqna was the sub-contractor for PMR providing the staffing requirements for non Project Manager related positions. The contract with PMR was closed out at \$455,179 and the remaining balance of the contract was transferred to Inteqna.

**Appendix 'B'**

**SUMMARY OF GLOBAL TECHNICAL ASSISTANCE SELECTION PROCESS**

**PURCHASE ORDER AMENDMENT AUTHORITY –**

**TECHNICAL ASSISTANCE FOR INFORMATION TECHNOLOGY SERVICES**

**August 31, 2005**

1. Need identified by Project Manager
2. Requisition approved by Director – Project Management
3. I.T. Services Contract Administrator contacts all 8 companies, providing job details, required skills/qualifications – requests up to 2 candidates per company – up to 3 days to respond.
4. Those “offered up” candidates submitted to originator for review, interview and selection.

No details about the company are provided and originators/selectors are not permitted to ask this.

Human Resources have been invited to participate in the interviews as of Feb 2003.

5. Selection approved by Director – Project Management or Chief Information Officer (CIO).

The procurement process established the eight companies that are under contract.

The selection process remains competitive and ensures the best candidate is selected at the best price.