

Meeting Date: February 22, 2006

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

Recommendation

It is recommended that the Commission authorize a total increase of \$8,890,470 to the following Purchase Orders for the period to December 31, 2006, as assigned below:

- 1) Purchase Order Amendment Authority #16 to Purchase Order PC34673 to increase the upset limit by \$885,727 to a revised total upset limit of \$3,489,757 for Ajilon Canada,
- 2) Purchase Order Amendment Authority #17 to Purchase Order PC34692 to increase the upset limit by \$139,213 to a revised total upset limit of \$1,279,530 for CCSI (formerly GE Capital I.T. Solutions),
- 3) Purchase Order Amendment Authority #15 to Purchase Order PC34671 to increase the upset limit by \$3,308,906 to a revised total upset limit of \$13,187,176 for Ian Martin Information Technology Inc.,
- 4) Purchase Order Amendment Authority #16 to Purchase Order PC34672 to increase the upset limit by \$2,350,094 to a revised total upset limit of \$9,772,806 for IT/Net Consultants,
- 5) No Purchase Order Amendment Authority is required for Purchase Order PC34742. The upset limit remains at \$612,400 for Dean Technical,
- 6) Purchase Order Amendment Authority #7 to Purchase Order PC42476 to increase the upset limit by \$752,600 to a revised total upset limit of \$1,709,226 for Inteqna,
- 7) Purchase Order Amendment Authority #13 to Purchase Order PC34693 to increase the upset limit by \$934,197 to a revised total upset limit of \$3,766,196 for Qlogitek; and
- 8) Purchase Order Amendment Authority #14 to Purchase Order PC34674 to increase the upset limit by \$519,733 to a revised total upset limit of \$3,276,612 for The Employment Solution (T.E.S.).

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Funding

Sufficient funds to cover these expenditures have been included in Program 7.1 - Corporate Systems and 7.2 - Intelligent & Technical Systems, as set out on Pages 1235 – 1367 of the 2006 – 2010 Capital Program as approved by City Council on December 12, 2005.

Funds have also been included in the proposed 2006 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 August 31, 2005, the Commission approved increases to the eight contracts based on a forecast of requirements out to December 31, 2006, which raised the total value of the eight contracts to \$28,658,412. Staff have examined future work and trends in assignments as per Appendix "A" and have determined the \$28,658,412 estimated for the known work to be contracted will run out as of April 2006.

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.

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.

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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 \$8,890,470 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 resources 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 2006 - 2010 Capital and Operating Programs. A total increase of \$8,890,470 is required to the allocation for the GTA contracts bringing it to the total estimated value of \$37,548,882 for the period up to December 31, 2006.

As this contract will be ending on December 31, 2006, staff are currently evaluating responses to 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 is expected to be established in mid-2006 and will run in parallel to the current contract for up to six months. This will allow IT Services staff to transition the work on existing and planned projects from the current vendors to the new vendors. This will ensure an opportunity for seamless information / knowledge handoff. The increase to the current contracts of \$8,890,470 is an upset limit. Dependent upon actual experience with the ramp-up of the new contracts through the transition period, it is possible the total anticipated expenditures may not be required. However, it is not possible for staff to determine what the results of the transition period experience may be at this time.

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.

February 6, 2006
14.46.46

Attachments: Appendix "A"
Appendix "B"

Appendix "A"

PURCHASE ORDER AMENDMENT AUTHORITY –

TECHNICAL ASSISTANCE FOR INFORMATION TECHNOLOGY SERVICES

Vendor	Initial PO Value (Aug 2001)	Value of Previously Approved Amendments	Current PO Value	Recommended PO Amendment	Revised PO Value	Percentage of Awards to Date Cumulative
Ajilon Canada	\$650,000	\$1,954,029	\$2,604,030	\$885,727	\$3,489,757	9%

CCSI (formerly GE Capital I.T. Solutions)	\$650,000	\$490,317	\$1,140,317	\$139,213	\$1,279,530	3%
Ian Martin Information Technology Inc.	\$650,000	\$9,228,273	\$9,878,270	\$3,308,906	\$13,187,176	35%
IT/Net Consultants	\$650,000	\$6,772,712	\$7,422,712	\$2,350,094	\$9,772,806	26%
Dean Technical (formerly Pinstripe Consulting)	\$650,000	(\$37,600)	\$612,400	\$ 0	\$612,400	2%
Qlogitek	\$650,000	\$2,181,999	\$2,831,999	\$934,197	\$3,766,196	10%
The Employment Solution (T.E.S.)	\$650,000	\$2,106,879	\$2,756,879	\$519,733	\$3,276,612	9%
Project Management Recruiting*	\$650,000	(\$194,821)	\$455,179	\$ 0	\$455,179	1%
Inteqna*		\$956,626	\$956,626	\$752,600	\$1,709,226	5%
Total	\$5,200,000	\$22,956,967	\$28,658,412	\$8,890,470	\$37,548,882	100%

* 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 \$153,821 of 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

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.