

# TORONTO TRANSIT COMMISSION REPORT NO.

**MEETING DATE:** July 14, 2010

**SUBJECT:** PROCUREMENT AUTHORIZATION AMENDMENT –  
INFORMATION TECHNOLOGY PLACEMENT FIRMS FOR  
TECHNICAL SERVICE ASSISTANCE

## ACTION ITEM

---

### RECOMMENDATION

It is recommended that the Commission authorize the issuance of amendments to its contracts with the eight companies that provide technical assistance for information technology projects as follows:

1. Extend the expiry date of the eight contracts by one year from August 31, 2010 to August 31, 2011; and
2. Increase the total contract upset limit amounts as indicated below:

<u>Company</u>	<u>Increase in funds</u>
1. Bevertec CST Inc.	\$ 2,300,000
2. GSI International Consulting Group	\$ 800,000
3. Inteqna	\$ 1,000,000
4. TES Contract Services	\$ 900,000
5. IT/Net Consultants Inc. (IT/Net Toronto Inc.)	\$ 4,700,000
6. Procom Consultants Group Ltd.	\$ 1,500,000
7. Ian Martin Ltd.	\$ 2,500,000
8. Teksystems Canada Inc. (formerly Computer Horizons Corp.)	nil
Total Amendment Value (1 Year Extension)	\$13,700,000

Refer to the attached Appendix "A" for details regarding the original contract values, previous amendments and the revised contract values.

### 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 2010 to 2014 TTC Capital Program, approved by City Council on December 08, 2009.

Funds have also been included in the 2010 TTC Operating Budget and will be provided for in future Operating Budgets as required.

## **BACKGROUND**

The TTC's Information Technology Services Department (ITS) supports an extensive electronic and communications infrastructure throughout TTC's operations. This Department is responsible for a full range of system development and implementation projects.

In October 2005, a public Request for Proposal (RFP) was issued for the provision of up to eight qualified Information Technology Placement Firms to provide qualified individuals that will provide technical service assistance for TTC's ITS projects over a period of three years (with options for additional 4<sup>th</sup> and 5<sup>th</sup> year extensions, to be exercised at the TTC's sole discretion). These ITS projects are part of the approved Capital Program and involve short term placements ranging from 3 to 36 months.

Twenty-Three companies responded to the RFP and at the August 30, 2006 meeting, the Commission approved the award of three-year contracts (with options for additional 4<sup>th</sup> and 5<sup>th</sup> year extensions) to the eight highest rated qualified proponents with reasonable pricing. The value of the initial purchase orders totalled \$40,800,000.00 which was originally split equally among the eight companies in the upset limit of \$5,100,000.00 each.

The selection process for awarding assignments to the eight various companies during the term of the contracts is summarized on the attached Appendix "B". TTC Internal Audit also performs periodic audits of the contracts and process. The last audit report, in January 2007, indicated satisfactory results.

## **DISCUSSION**

During the term of the Technical Service Assistance program staff monitors the expenditures and based on the value of the existing work assignments for the required projects, reallocates funds among the eight companies according to the ongoing work requirements. The previous amendments issued to reallocate funds were performed under staff authority in accordance with the TTC's Authorization for Expenditures and Other Commitments Policy (refer to Appendix "A" for details).

In 2006 a multi-year plan to examine opportunities to hire employees rather than contractors and to explore the addition of staff to replace contractors was undertaken. ITS continues to work through this plan which is nearing completion. A total of 37 full-time employees were hired, reducing contractor needs accordingly. The amendments to this contract are consistent with this plan and ITS staff continue to monitor the growth in ITS, with a view to balancing full time staffing levels with the most appropriate mix of contractors to employees.

This Technical Services Assistance programme continues to be a necessary supplement to the TTC staff. The expertise these resources provide either augment current ITS staff knowledge or provide specific expertise staff does not currently possess.

Besides the reallocation of funds among the companies, staff approved separate amendments in August 2009 that:

1. exercised TTC's right to extend the contracts by an additional year (from August 31, 2009 to August 31, 2010); and
2. increased the total overall upset limit by \$600,000, bringing the total aggregate upset limit for all eight companies to \$41,400,000.

Upon review of the Technical Service Assistance requirements, staff determined some assignments are more complex than originally anticipated and require additional time and funds to complete, therefore staff recommends that the 5<sup>th</sup> year option be exercised, thereby extending the contract expiry dates to August 31, 2011, and increasing the upset limit amounts to the eight contracts as detailed on Appendix "A".

The additional funds being sought in this report were estimated by staff as a result of an examination of current and future work requirements as set out in the approved 2010 – 2014 Capital and Operating Programs. Furthermore, the original overall contract values were established based on planned projects in 2006. Since then, additional projects have been identified and added to ITS's schedule. Specifically, Customer Services Initiatives, transit expansion projects and other approved projects have increased the demand in ITS for additional resources.

Lastly, prior to July 1, 2010, PST was not applicable to the hourly rates charged by the placement firms; however effective July 1, 2010 HST is applicable and this therefore results in an additional expense of 8% to the cost of work performed under the contracts.

## **JUSTIFICATION**

The one-year extension of the eight contracts and associated increase in funds will allow ITS to continue with the technical assistance required to complete existing assignments such that the work is not compromised, and allow for new projects to proceed on schedule.

July 14, 2010  
14-118-75

-----

**Appendix "A"**

**SUMMARY OF PURCHASE ORDER AMENDMENTS**

Company Name	Original Upset Limit	Total Contract Amendments	Current Upset Limit	Funds Requested July 2010	Revised PO Value
Bevertec CST Inc.	\$ 5,100,000.00	-\$2,123,000.00	\$2,977,000.00	\$2,300,000.00	\$5,277,000.00
GSI International Consulting Group	\$ 5,100,000.00	-\$2,680,000.00	\$2,420,000.00	\$800,000.00	\$3,220,000.00
Design Group Staffing Inc. (Operating as INTEQNA)	\$ 5,100,000.00	-\$3,150,000.00	\$1,950,000.00	\$1,000,000.00	\$2,950,000.00
TES Contract Services Inc. O/S The Employment Solution	\$ 5,100,000.00	-\$1,560,000.00	\$3,540,000.00	\$900,000.00	\$4,440,000.00
Computer Horizons (Canada) Corp. -Teksystems Canada Inc.	\$ 5,100,000.00	-\$4,303,000.00	\$797,000.00	\$0.00	\$797,000.00
IT/Net Toronto	\$ 5,100,000.00	\$8,196,000.00	\$13,296,000.00	\$4,700,000.00	\$17,996,000.00
Procom (Procom Consultants Group Limited)	\$ 5,100,000.00	-\$1,650,000.00	\$3,450,000.00	\$1,500,000.00	\$4,950,000.00
Ian Martin Limited	\$ 5,100,000.00	\$7,870,000.00	\$12,970,000.00	\$2,500,000.00	\$15,470,000.00
Totals	\$40,800,000.00	\$600,000.00	\$41,400,000.00	\$13,700,000.00	<b>\$55,100,000.00</b>

## **Appendix "B"**

### **SUMMARY OF TECHNICAL ASSISTANCE SELECTION PROCESS**

#### **FOR INFORMATION TECHNOLOGY SERVICES**

**July 14, 2010**

1. Need identified by Project Manager.
2. Requisition approved by Director in requesting section.
3. IT Services Contract Administrator contacts all 8 companies, providing job details, required skills/qualifications – requests up to 3 candidates per company – up to 3 days allowed for response.
4. Those proposed candidates submitted to originator to review, interview and selections.

No details about the company are provided.

5. Selection approved by Director – Client Services or Chief Information Officer (CIO).

#### **Notes:**

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