

TORONTO TRANSIT COMMISSION REPORT NO.

MEETING DATE: July 14, 2010

SUBJECT: PROCUREMENT AUTHORIZATION AMENDMENT– VEHICLE
WORK ORDER, INVENTORY, PURCHASING AND ACCOUNTS
PAYABLE

ACTION ITEM

RECOMMENDATION

It is recommended that the Commission authorize:

a) Vehicle Work Order/Inventory

A Purchase Order Amendment for an increase of:

- \$4,600,000 for the Vehicle Work Order system and;
- \$400,000 for the Inventory system to a revised total upset limit of \$17,788,863.48 to IFS North America Inc. (IFS) and extend the Purchase Order expiry date to June 30, 2013.

b) Purchasing

A Purchase Order Amendment for an increase of \$300,000 to a revised total upset limit of \$5,380,879.17 to IFS North America Inc. (IFS) for the Purchasing Module Replacement system and extend the Purchase Order expiry date to June 30, 2013.

c) Accounts Payable

A Purchase Order Amendment for an increase of \$1,366,698 to a revised total upset limit of \$4,366,698 to IFS North America Inc. (IFS) for the Accounts Payable Module Replacement system and extend the Purchase Order expiry date to June 30, 2013.

FUNDING

Within Programs 7.1 and 7.2 there is sufficient project approval (subject to a technical amendment being addressed by City staff) and, within the TTC's 2010 approved Capital plan, there is sufficient budget room available to accommodate these upset limit contract commitments and expenditures for the following programs:

- 7.2 Intelligent Transportation & Technical Systems (CTT125), under Vehicle Work Order Systems Replacement and Inventory Replacement Projects (State of Good Repair Category) as outlined on pages 1335 – 1342 of the 2010-2014 TTC Capital Program

and Purchasing Replacement Project (State of Good Repair Category) as outlined on pages 1357-1361 of the 2010-2014 TTC Capital Program as approved by City Council on December 8, 2009; and

- 7.1 Corporate Systems (CTT061), under Accounts Payable (State of Good Repair Category) as outlined on pages 1281-1284 of the 2010-1014 TTC Capital Program as approved by the City Council on December 8, 2009.

BACKGROUND

In 2002 the Vehicle Work Order Replacement Project evaluated and selected the IFS system as a lifecycle replacement for two aging vehicle maintenance systems. The IFS system included an integrated Inventory application and was evaluated and recommended as the solution for the lifecycle replacement of the Inventory modules within Materials Management System. In July 2003, the Commission approved the award of a contract to IFS for the purchase of a new Vehicle Work Order system and Inventory system.

In May 2004 the Commission approved the award of a contract to IFS for the purchase of the replacement of the Materials Management System Purchasing system. The purchase of the IFS Accounts Payable module was presented and approved at the September 19, 2007 Commission meeting.

The Inventory, Purchasing, and Accounts Payable projects will be implemented at the same time allowing TTC to decommission the existing mainframe application. The Vehicle Work Order project will be implemented in separate phased releases.

DISCUSSION

The IFS program is being implemented according to the IFS system development methodology supported by the IT Services Project Management Methodology. This involves three distinct phases:

- Analysis and Development;
- System Implementation;
- System Go-Live.

At the completion of each phase the project schedule and associated costs are further confirmed. The Vehicle Work Order project is completing the system implementation phase where the solution components are being developed and tested. The Inventory, Purchasing, and Accounts Payable projects have completed the implementation phase for the initial release of the application. Final testing is in progress and preparations are underway for go-live.

The Vehicle Work Order project strategy involves an initial implementation within the bus maintenance area. This approach and budget was endorsed by the e-Systems Committee and

approved by the Commission. In order to mitigate deployment risks the system will be rolled-out in stages to the operational shops and garages. The Implementation phase is almost complete and the final roll-out plan is being confirmed.

The core Inventory, Purchasing, and Accounts Payable functionality is tightly integrated from a technical and business perspective and must be implemented simultaneously. The integrated schedule was revised and base-lined in 2007 with a planned implementation date of May 2010. Since that time, the Ontario government has introduced the new Harmonized Sales Tax (HST). Rules for this new tax were not established until late 2009 and modification and testing of the IFS application changes could not be completed in time for the May 2010 implementation. Thus the system implementation was rescheduled to the fall of 2010 to allow time to specify and design sections of the software to accommodate the legislative changes and to adequately test and stabilize the system following these changes.

The completion and final roll-out of these projects will require IFS implementation support and final software customizations to meet business requirements as follows:

- Projected costs for a series of customizations staff are reviewing;
- IFS implementation costs;
- IFS maintenance licenses costs; and
- HST allowance.

An upset limit increase of \$4,600,000.00 is required to the IFS purchase order for Vehicle Work Order and an increase of \$400,000 is required to the IFS purchase order for Inventory and Vehicle Work Order.

Contract Award Amount	\$ 7,902,000.00	
Previously Authorized Amendments	\$ 4,886,863.48	
Amount of this Amendment	<u>\$ 5,000,000.00</u>	
Revised Contract Amount	\$17,788,863.48	(Upset Limit)

An upset limit increase of \$300,000 is required to the IFS purchase order for Purchasing.

Contract Award Amount	\$2,081,094.22	
Previously Authorized Amendments	\$2,999,784.95	
Amount of this Amendment	<u>\$ 300,000.00</u>	
Revised Contract Amount	\$5,380,879.17	(Upset Limit)

**PROCUREMENT AUTHORIZATION AMENDMENT –
VEHICLE WORK ORDER, INVENTORY, PURCHASING,
AND ACCOUNTS PAYABLE**

An upset limit increase of \$1,366,698.00 is required to the IFS purchase order for Accounts Payable.

Contract Award Amount	\$3,000,000.00	
Previously Authorized Amendments	\$ 0.00	
Amount of this Amendment	<u>\$1,366,698.00</u>	
Revised Contract Amount	\$4,366,698.00	(Upset Limit)

Work on these amendments is 0% complete.

All of this work is based on upset limits and will be closely monitored by staff.

JUSTIFICATION

The IFS product has been selected as the core replacement system for the current Vehicle Work Order, Inventory, Purchasing, and Accounts Payable systems. All of these projects are heavily committed having essentially completed the implementation phase where the solution components are developed and tested. The project teams have identified ways to implement the application in stages reducing overall deployment risks and preparation for go-live is in-progress. Implementation of the IFS software application will allow TTC to retire the aging Materials Management System and Vehicle Maintenance System applications both implemented for use at the TTC in the late 1980's. The work included in this report allows for an orderly implementation and roll-out of these various systems.

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