

**Meeting Date:** January 12, 2005

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

**Recommendation**

It is recommended that the Commission authorize a total increase of \$3,390,000 to the following purchase orders for the period to December 31, 2005, as assigned below;

- 1) Purchase Order Amendment Authority #10 to Purchase Order PC34673 to increase the upset limit by \$406,800 to a revised total upset limit of \$2,825,459 for Ajilon Canada,
- 2) Purchase Order Amendment Authority #12 to Purchase Order PC34692 to increase the upset limit by \$84,750 to a revised total upset limit of \$587,787 for GE Capital I.T. Solutions,
- 3) Purchase Order Amendment Authority #11 to Purchase Order PC34671 to increase the upset limit by \$1,186,500 to a revised total upset limit of \$8,155,703 for Ian Martin Information Technology Inc.,
- 4) Purchase Order Amendment Authority #12 to Purchase Order PC34672 to increase the upset limit by \$830,550 to a revised total upset limit of \$5,691,278 for IT/Net Consultants,
- 5) Purchase Order Amendment Authority #10 to Purchase Order PC34742 to increase the upset limit by \$101,700 to a revised total upset limit of \$702,400 for Dean Technical,
- 6) Purchase Order Amendment Authority #2 to Purchase Order PC42476 to increase the upset limit by \$101,700 to a revised total upset limit of \$345,666 for Inteqna,
- 7) Purchase Order Amendment Authority #10 to Purchase Order PC34693 to increase the upset limit by \$339,000 to a revised total upset limit of \$2,144,833 for Qlogitek; and
- 8) Purchase Order Amendment Authority #10 to Purchase Order PC34674 to increase the upset limit by \$339,000 to a revised total upset limit of \$2,291,695 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, as approved by the Commission on November 17, 2004.

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 a five-year period ending August 31, 2006. This date was extended to December 31, 2006, which was approved at the March 19, 2003, Commission meeting. 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.

Each year staff reassesses the requirements for these contracts and requests 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).

At its meeting of May 12, 2004, the Commission approved increases to the eight contracts based on a forecast of requirements out to January 31, 2005, which raised the total value of the eight contracts to \$19,810,000.

As noted in past reports staff returns to the Commission to seek authorization of funds for each subsequent year. Any interim Purchase Order Amendments to re-allocate or request additional funds as needed, will be processed in accordance with the Commission's Authorization for Expenditure Policy. The expiry date for each contract is December 31, 2006.

Over the last four years staff have continually improved this process and have gained a great deal of experience with this contract. Staff have re-allocated the funds according to ongoing work assignments and trends in assignments as per Appendix "A" and have estimated the \$20.2M originally estimated for the work to be contracted out over the five years to December 2006, will run out as of June 1, 2005.

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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 however has lead 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 2005 and have determined that an additional \$3,390,000 is now required to be added to the overall value of the contracts. Staff will be returning to the Commission in the 4<sup>th</sup> quarter of 2005 for additional funding after staff have finalized the 2006 technical resource requirements.

## **DISCUSSION**

Staff have reassessed the Global Technical Assistance (GTA) requirements for the period ending Dec 31, 2005, and are proposing changes to the upset limits for each of the eight firms as well as a reallocation of funds based on assigned and possible future work as detailed in Appendix "A".

Presently there are contractors working on various assignments that were awarded based on the qualifications of the vendors' staff. The value of each assignment varies depending on the type of resource required and the duration of the assignment. In addition, some assignments have taken longer 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, 2005. This was based on the approved 2005-2009 Capital and Operating Programs. A total increase of \$3,390,000 is required to the allocation for the GTA contracts bringing it to the total estimated value of \$23,200,000 for the period up to December 31, 2005.

Staff will be returning to the Commission in the 4<sup>th</sup> quarter of 2005 with a request for additional funds based on the amount of work estimated for 2006.

## **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.

Dec 20, 2004

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Attachments: Appendix 'A'

Appendix 'B'

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**Appendix "A"**

**PURCHASE ORDER AMENDMENT AUTHORITY –**

**TECHNICAL ASSISTANCE FOR INFORMATION TECHNOLOGY SERVICES**

**January 12, 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	\$1,768,659	\$ 2,418,659	\$406,800	\$ 2,825,459	12%
GE Capital I.T. Solutions	650,000	-146,963	503,037	84,750	587,787	2.5%
Ian Martin Information Technology Inc.	650,000	6,319,203	6,696,203	1,186,500	8,155,703	35%
IT/Net Consultants	650,000	4,210,728	4,860,728	830,550	5,691,278	24.5%
Dean Technical (formerly Pinstripe Consulting)	650,000	-49,300	600,700	101,700	702,400	3%
Qlogitek	650,000	1,155,833	1,805,833	339,000	2,144,833	10%
The Employment Solution (T.E.S.)	650,000	1,302,695	1,952,695	339,000	2,291,695	10%
Project Management Recruiting* Inteqna *	650,000	-194,821	455,179	0	455,179	2%
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<b>Total</b>	<b>\$5,200,000</b>	<b>\$14,609,855</b>	<b>\$19,809,855</b>	<b>\$3,390,000</b>	<b>\$23,200,000</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.

**SUMMARY OF GLOBAL TECHNICAL ASSISTANCE SELECTION PROCESS**

**PURCHASE ORDER AMENDMENT AUTHORITY –**

**TECHNICAL ASSISTANCE FOR INFORMATION TECHNOLOGY SERVICES**

**January 12, 2005**

1. Need identified by Project Manager
2. 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.
3. 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.

4. Selection approved by Chief Information Officer (CIO), Deputy CIO or I.T. Services Director.

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.