



Staff Report for Committee of the Whole Meeting

Date of Meeting: January 22, 2018

Report Number: SRCFS.18.004

Department: Corporate and Financial Services

Division: Information Technology

Subject: **SRCFS.18.004 - Approval of Non-Competitive Acquisition for IT Professional Resources**

Purpose:

The Commissioner of Corporate and Financial Services is seeking Council approval for a non-competitive acquisition greater than \$100,000, in accordance with the Procurement By-law 113-16 as further described herein.

Recommendation(s):

- a) That the contract for the provision of professional resources for the implementation of specific IT projects to be carried out in 2018, be awarded non-competitively to TEEMA Solutions Group for a cost not exceeding \$500K (exclusive of taxes) to provide TRH external resources (Project Manager, Change Manager, Business Analyst, Quality Assurance) to work on the 2018 approved projects, pursuant to Procurement Policy By-Law 113-16, Appendix "B", item (g) as the purchase is exceptionally advantageous to the Town;
- b) That the Mayor and the Clerk be authorized to execute any and all necessary documentation to effect the contract upon the recommendation of the Commissioner of Corporate and Financial Services.

Contact Person:

Ed Dour, Manager, IT, PMO – 905-771-5511

Report Approval:

Submitted by: Mary-Anne Dempster, Commissioner of Corporate and Financial Services

Approved by: Neil Garbe, Chief Administrative Officer

All reports are electronically reviewed and/or approved by the Division Director, Treasurer (as required), Town Solicitor (as required), Commissioner, and Chief Administrative Officer. Details of the reports approval are attached.

Background:

In June 2017, Council approved a 5 year corporate IT Strategy (ITSP) that identified the Town's strategic information technology priorities and initiatives as well as the roadmap for achieving its vision of becoming *a leading smart community transforming municipal services and citizen engagement through innovative use of technology*.

The Strategy recommends three main phases beginning with *Building Technology Foundations* that establishes guidance for the period from 2017 to 2020. Strategic Direction #1 of the IT Strategy is to "*Establish contemporary technology infrastructure*".

This Strategic Direction recognizes that the Town's underpinning technology platforms require modernization to ensure they continue to provide service but also to build a foundation for enabling modern business while at the same time continuing to deliver on business projects in flight and maintaining a reliable IT platform through day to day maintenance.

The provision for additional contracted resources during the execution of these projects is required to achieve success in the projects as well as maintaining the current services. The objective is to reduce the cost of delivery through the use of contracted resources rather than external consultants as has been past practice thus aligning with the Town's Strategic Goal #4 "Wise Management of Resources in Richmond Hill".

The staff IT resources are at full capacity and fully engaged in multiple projects and maintaining the current environment thus there is a need for additional project resources for the next 6 months to work on current ongoing projects while the procurement for a more comprehensive Vendor Of Record (VoR) agreement which is underway has been completed.

The required resources have already been on-boarded due to immediate needs and to avoid impact to current project deliverables and established implementation dates. The funding for these resources has been approved as part of the 2017 Capital budget and is included in the 2018 Capital budget.

The subject contracting method of procuring additional resources is financially advantageous to the Town with a savings of 40-55% from original hourly rates of comparable Vendor of Record Agreements used in the past. By comparison the use of current VoR agreement would have an estimated cost of \$1,497,000 from a third party vendor or professional consulting service compared to the total cost for this request of \$493,750.

Financial/Staffing/Other Implications:

There are no additional financial considerations beyond those already approved in the 2017 IT Capital budget and provisioned in the 2018 IT Capital budget. This request represents a savings in the delivery of approved projects.

Total Cost: \$493,750.00

New Request

Resource Requirements	Total
QA	93,750.00
BA	118,750.00
PM	131,250.00
OCM	150,000.00
TOTAL	493,750

Original Cost

Resource Requirements	Total
QA	250,000.00
BA	212,500.00
Sr. PM	350,000.00
OCM	281,250.00
Partner	190,625.00
TOTAL	1,284,375

The other alternative that was considered is to outsource all work to consulting firm but this will have a great impact on projects cost and additional funding will be required.

EXAMPLE
ACTUAL Hourly Rate

Role	Outsourcing – Consulting Firm	TRH Contractor TEAMA
Sr. PM	\$280.00	\$120.00
OCM - Change Lead	\$225.00	\$120.00
Business Analyst	\$170.00	\$90.00
QA	\$200.00	\$85.00
Partner	\$305.00	0
Total	\$1,180.00	\$440.00

Resource Requirements Breakdown									Total Cost (6 months)
Role	Rate	%	Jan	Feb	Mar	Apr	May	Jun	
TRH Resources/contractors									
Sr. BA	\$95.00	100%	\$20,900.0	\$18,050.0	\$19,950.0	\$19,950.0	\$20,900.0	\$19,000.0	\$118,750.0
Sr. QA	\$75.00	100%	\$16,500.0	\$14,250.0	\$15,750.0	\$15,750.0	\$16,500.0	\$15,000.0	\$93,750.0
Sr. PM	\$105.00	100%	\$23,100.0	\$19,950.0	\$22,050.0	\$22,050.0	\$23,100.0	\$21,000.0	\$131,250.0
OCM	\$ 120.00	100%	\$26,400.0	\$22,800.0	\$25,200.0	\$25,200.0	\$26,400.0	\$24,000.0	\$150,000.0
TOTAL	\$395.00		\$86,900.0	\$75,050.0	\$82,950.0	\$82,950.0	\$86,900.0	\$79,000.0	\$493,750.0
Outsourcing/Third Party External Vendor									
Sr. PM	\$280.00	100%	\$61,600.0	\$53,200.0	\$58,800.0	\$58,800.0	\$61,600.0	\$56,000.0	\$350,000.0
BA	\$170.00	100%	\$37,400.0	\$32,300.0	\$35,700.0	\$35,700.0	\$37,400.0	\$34,000.0	\$212,500.0
Partner	\$305.00	50%	\$33,550.0	\$28,975.0	\$32,025.0	\$32,025.0	\$33,550.0	\$30,500.0	\$190,625.0
QA	\$200.00	100%	\$44,000.0	\$38,000.0	\$42,000.0	\$42,000.0	\$44,000.0	\$40,000.0	\$250,000.0
OCM	\$225.00	100%	\$49,500.0	\$42,750.0	\$47,250.0	\$47,250.0	\$49,500.0	\$45,000.0	\$281,250.0
TOTAL	\$1,180.00		\$226,050.00	\$195,225.00	\$215,775.00	\$215,775.00	\$226,050.00	\$205,500.00	\$1,284,375.00

Relationship to the Strategic Plan:

“Completing and implementing an IT Strategy for the Town Helps to achieve Strategic Plan Goal Four, Wise Management of Resources in Richmond Hill.”

Part of the IT strategic plan is to develop the maturity of the Town of Richmond Hill's IT staff to ensure our technology environment and projects are equipped to meet current and future business needs and to ensure all projects are delivered on time on schedule and within scope. There is much strength on which to build the Town of Richmond Hill's IT Strategy however there are skilled resource challenges and gaps that will need to be addressed in order for IT to deliver on its promises and meet the organization objectives and strategic vision. This is the case with the IT project resources. During the course of operations the Town of Richmond Hill requires various contractors (external resources) to deliver multiple projects, programs and service work. These works include but are not limited to delivering projects and programs that were identified as part of the Town's strategic vision and to eliminate any operational risks. Acquiring external resources will mitigate the risk and will ensure projects are delivered successfully in the allotted time within scope and with responsible use of allotted budgets.

The required resources (Project Manager, OCM, BA and QA) play an increasingly integral and strategic role in the organizational success and to help the Town of Richmond Hill deliver value to their stakeholders to projects and programs. The required positions also provide critical support to the Project Management Office (PMO) for managing projects and/or programs. One of the main objectives of PMO is to provide project resources management and allocations and to provide a centralized supporting function to assist and deliver all projects and programs.

Conclusion:

It is our recommendation to award TEEMA Solutions Group and hire external resources to manage the current and future projects and to avoid any impact to project delivery such as:

- Delays in project execution and surpassing the project budget
- Possibility of not delivering some strategic projects
- Resource constraints to projects increasing risk to project delivery, quality and security
- Lack of support to PMO, project managers and coordination

Attachments:

None.

Report Approval Details

Document Title:	SRCFS.18.004 - Approval of Non-Competitive Acquisition for IT Professional Resources.docx
Attachments:	
Final Approval Date:	Jan 16, 2018

This report and all of its attachments were approved and signed as outlined below:

Anthony Iannucci - Jan 16, 2018 - 9:02 AM

MaryAnne Dempster - Jan 16, 2018 - 9:16 AM

Neil Garbe - Jan 16, 2018 - 9:27 AM