



**STAFF REPORT
ACTION REQUIRED**

**Proposed Delegation of Contract Process to CCOO –
Response to Information Request**

Date:	February 5, 2014
To:	Government Management Committee
From:	City Solicitor Chief Corporate Officer
Wards:	All
Reference Number:	P:\2014\Internal Services\Fac\Gm14002fac - (AFS 18677)

SUMMARY

This report is being submitted to the Government Management Committee as requested at its meeting of January 6, 2014 to provide further information respecting the impacts of the delegated contract preparation and execution process as recommended in the report (December 12, 2013) from the City Solicitor and the Chief Corporate Officer.

This report provides information respecting the number of contracts that would be expected to be "approved as to form" under the delegation to the Chief Corporate Officer Organization (CCOO), the number of staff hours that will be saved annually in the Purchasing and Materials Management Division and Legal Services Division and the associated annual financial savings by both the Purchasing and Materials Management and the Legal Services Divisions.

The primary result of the delegation as recommended in the original report is increased efficiencies in the preparation and finalization of contracts for the purchase of goods and services by the CCOO by eliminating the need for referral of these matters to Legal Services. In this way, the performance of all elements of the capital construction process (i.e. preparation of specifications, contract preparation, and project management) will be consolidated into the CCOO, thus increasing efficiency, accountability and control over this function. This will result in the CCOO expediting capital projects and improving project delivery by 5-7 weeks. Lawyers in Legal Services would undertake training and would still be required to provide support upon request with respect to specific legal issues arising in the contract and project management processes.

This recommended change in process would also be expected to improve the overall response times in the Municipal Law Section of Legal Services with respect to the completion of other current work and reduce the need for overtime and/or the use of lawyers to undertake work which is more appropriately and more cost efficiently done by law clerks.

RECOMMENDATIONS

The City Solicitor and Chief Corporate Officer recommend that:

1. This report be received for information.

Financial Impact

There is no financial impact beyond what has already been approved in the current year's budget.

DECISION HISTORY

At its meeting of January 6, 2014, the Government Management Committee considered the joint report (December 12, 2013) of the City Solicitor and Chief Corporate Officer entitled "Executing Purchases of Goods and/or Service Contracts for the Chief Corporate Officer Organization". The Committee deferred consideration of the report to its meeting of February 24, 2014 and requested that the Chief Corporate Officer, the Deputy City Manager and Chief Financial Officer and the City Solicitor, to report to the February 24, 2014 Government Management Committee meeting on the number of contracts that will now be considered "approved as to form", the number of staff hours that will be saved annually in the Purchasing and Materials Management Division, the number of staff hours that will be saved annually in the Legal Services Division and the associated annual financial savings by both the Purchasing and Materials Management and the Legal Services Divisions.

COMMENTS

Legal Services

Staff have reviewed the 2013 statistics for the two contract clerks in the Municipal Law Section of Legal Services who currently undertake the work of preparing and arranging for the execution of contract documents for the Chief Corporate Officer Organization (CCOO). A summary of this information is provided as follows:

Total Contracts for all Divisions - 2013	151
Number of CCOO Files	45
Avg. Hours Per CCOO File	15
Est. Total Hours and Cost Spent on CCOO Files	675 Average hourly wage \$34.13 = \$23,037.75

Legal Services anticipates that the reduction in workload for these two contract clerks will permit other tasks to be undertaken by these individuals (e.g. consultant and service agreements, by-law preparation) which are appropriate to their job description and skill set. This new work would be in addition to the remaining contract work which would continue to be done for other City divisions and agencies (i.e. Toronto Zoo, Exhibition Place, Toronto Public Health, City Clerk, Transportation, Parks, Recreation & Culture and Economic Development & Tourism, and Long Term Care Homes) As the excess work is currently being undertaken by lawyers, this will, in turn, free up more lawyer time, thereby increasing the overall responsiveness of the Municipal Law Section and hopefully resulting in a reduction in overtime hours by both clerks and lawyers.

As a result of client demands for legal advice and the bringing in of more insurance claims work in-house as recommended by the Auditor General's report adopted by City Council in 2010, 14 new lawyers have been added to the Division's establishment of strength since 2007. The level of support has correspondingly decreased. The Division has seen a reduction in administrative positions in the same time frame. This has resulted in lawyers undertaking administrative tasks such as filing and photocopying which is costly and an unproductive use of their time. As the Division's administrative support is currently stretched, the changes recommended in this report do not result in a reduced need for clerical support within the Division as any available resources will now be reallocated to provide much needed support to the overall Division.

Chief Corporate Officer Organization

The CCOO would anticipate that it would be undertaking the responsibility for the number of contracts (i.e. 45 files in 2013) previously processed by Legal Services. This work will be undertaken within the existing staff complement through a reorganization of responsibilities. The actual time saved through this new process is not easily determined and will vary from contract to contract. However, it is anticipated that efficiencies will result by eliminating the need to transfer documents to and from Legal Services, and the frequent requirement for the Legal clerks to seek instructions from CCOO staff. As well, CCOO would be able to more easily prioritize the internal preparation of its contracts, whereas contracts prepared by Legal Services must take into account the priorities of other City Divisions and agencies whose work is also done by these clerks.

The CCOO estimates that the time spent on these files will be approximately 12 hours per file, for a total of 540 hours for 45 files. The cost for a Coordinator, Contracts Administration is \$38.00 per hour for a total of \$20,520.00 for 540 hours.

Purchasing and Materials Management

The Deputy City Manager & Chief Financial Officer advises that the recommended delegation to the CCOO will have no impact on the activities or number of hours spent by PMMD staff on these matters as PMMD's role in the procurement process (i.e. preparation and issuance of tender calls; award of contracts; issuance of Purchase Orders) will remain unchanged.

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SIGNATURE

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