

December 6, 2023

To: Chair Councillor Ainslie

Cc: Co-chair Councillor Holyday, Councillor Burnside, Councillor Cheng, Councillor Crisanti, Councillor Mantas

Re: Item GG8.24 - Process for Responding to Unsolicited Quotations or Proposals

Thank you all for your attention to this matter of how unsolicited quotations and proposals fit into the City's procurement methods. I am writing today to suggest that this issue needs far more concentrated and sustained attention than what has been provided in today's three-page report, particularly in the context of technology and governance, and that your committee is likely the appropriate venue to continue this work.

In this report, there is no explicit mention of the Paylt case. This is unfortunate, as the Paylt case provides ample illustration of the need to consider procurement of technology specifically at the City of Toronto, in the context of existing policies, and specifically for those that relate to unsolicited proposals.

This need relates to the ways in which the technology industry writ large is able to leverage existing municipal procurement processes as vulnerability points and as methods to design into their business models. Because of the technology industry's levels of capitalization, their funding models (especially relevant for venture capital funded firms), and other realities, including concentration of power and computational infrastructures, the City's acquisition of technology would benefit from a more specific study in the context of existing procurement processes.

We must also be careful in understanding where and how a vendor may appear to be proposing a technology solution, but when further examined, is actually making a more sophisticated play at finance. Or a play at becoming "partnered" with the City, in a commercial enterprise, as one mode of valuation of a deal. This construct, to even be permissible, should require far more of a due diligence process than I've seen occur at the City of Toronto.

In coming years, these types of technology-cloaked business models may expand, and the City should be prepared to meet and respond to them thoughtfully in order to protect public assets, money, and power, to retain control over its tech infrastructures, and to access long-term public value in every deal the City does.

In this report, we see a re-iteration of existing processes for responding to Unsolicited Quotations or Proposals. The policies referenced were created in the years 2007 (*Unsolicited Questions or Proposals Policy*), supported by a *Process for Receiving and Reviewing Unsolicited Quotations and Proposals* and 2008 (*Procedure for Conducting a Swiss Challenge Request for Proposal*), with a 2021 update for further clarity. Note the years and consider if/how they have aged in step with the tech sector.

The three-page report does not engage with the technology piece of the puzzle that was the genesis for this review of unsolicited proposals in the procurement policy. The report also fails to engage with the fact that the processes as laid out in these policies were not followed during the Paylt case. What is the benefit of pointing to policies that exist if there is no follow-through on their application? I have engaged with the Freedom of Information process extensively on this file and would be happy to speak about it further.

Failing to engage with the specificities of all the issue areas that became visible through the case of Paylt is a major misstep in the management of this issue, as it is being reported here. This report is deeply inadequate. I look forward to working with you to figure out how to continue to engage on this file in a more specific and contextually appropriate way.

It is also worth remembering that the Auditor General was tasked with reviewing these issues and as of today, three years later, has not started that review. There are timing issues at play here, and an ongoing supply-side pressure to increase the privatization of public assets and power via cloud computing, AI, and other technologies. Let's please take the time and energy to contend with these issues seriously and get the City on a better track to be in control of these issues in future.

Thank you,

Bianca Wylie

Partner, Digital Public & Co-founder, Tech Reset Canada