

15

FAST TRACK APPROVAL PROCESS

The Finance and Administration Committee recommends the adoption of the recommendation contained in the following report, May 25, 2004, from the Commissioner of Finance:

1. RECOMMENDATIONS

It is recommended that this report be received for information.

2. PURPOSE

This report is to advise Council on the criteria for using the Fast Track Approval process within the authority of the Purchasing by-law.

3. BACKGROUND

At its meeting of May 20, 2004 Council directed that staff bring forward a report to the Finance and Administration Committee that explains the Fast Track Approval process referenced in the report of the CAO on Tender Awards.

The Fast Track Approval process was approved by Council on March 26, 2002. The proposed process followed a review of the Region's control framework for managing professional and consulting services and for managing contracts. The review identified that there was a need to expedite approvals of unanticipated changes in scope of work for professional and consulting services and work performed under contracts. Expedited approvals are needed in order to prevent interruptions in work that may result in possible extra costs associated with delays. The Purchasing By-law provides a solution to the majority of these situations by providing a 15% contingency and a 20% additional work allowance that staff can use to cover much of the additional work situations. Although the By-law has these provisions, there are occasions where there is unexpected work that exceeds the contingency and additional work allowance in the By-law. For capital design and construction related projects, this additional work is usually related to such things as additional environmental assessment work not anticipated in the original scope of work, work requested by developers or work requested by third parties such as area municipalities. The purpose of initiating a Fast Track Approval process was to address these additional work instances where it is cost effective, or vital to maintaining project schedules, for work to be initiated before it is reasonably possible to obtain Council approval. This pre-emptive action is taken where there is no benefit to considering another consultant through an RFP process or to call a tender to complete the additional work.

The fast track approval process is also used for adjustments to operating contracts. For instance there have been situations where a number of like operating and maintenance contracts have needed to be extended in order for them to co-terminate. These temporary extensions have allowed the Region to amalgamate a number of like contracts into one simple blanket contract which is easier to administer. The fast track approval process has also allowed for short notice additions in scope of work within an operating contract because of the termination of work under a separate contract for similar type of work.

Council's delegated authority applies jointly to the Regional Chair and Chief Administrative Officer. This authority is exercised only when it has been established that process delays in the approval process would result in significant costs because of schedule delays. Exercise of the authority is reported quarterly to Council.

This process is to be used only where the following two conditions are met:

- the requirement for additional work or services could not reasonably have been anticipated at the time of the original award of the contract; and
- it is not practical to report to Council because an expedited approval is required to ensure continued service delivery or to avoid extra costs.

Any application for these approvals requires the originating department to set out the circumstances of the proposed purchase and confirm the source of funds for the additional expenditure. This justification and approval is to be contained in a fast track approval form approved by the Treasurer.

4. ANALYSIS AND OPTIONS

A fast track approval form (*see Attachment 1*) has been used as the vehicle for approving additional scope of work situations that exceed the contingency of 15% and additional work provision of 20% on contracts.

Prior to the Regional Chair and Chief Administrative Officer signing the fast track approval, there is a review of the need for using the fast track approval form by the originating department's Commissioner and the Director of Supplies and Services to confirm that the two criteria mentioned above have been met. The Regional Chair and the Chief Administrative Officer approve the additional work described on the form only after the originating department's staff and Commissioner have signed off the fast track approval form. After the additional work has been approved, the Treasurer reports the approvals in a quarterly tender awards report that reports contract awards by department.

This fast track approval process has been used for two years and has been helpful in addressing scope of work changes that require immediate approval. In the past year there has been an increase in its use due to unanticipated scope of work changes with some of the Region's major infrastructure contracts. The fast track process is documented in a separate table in the quarterly Tender Awards report. This report reflected 17 approvals in the first quarter of 2004 where the fast track process was used. It is noted that four of

these approvals are related to capital design and construction projects and thirteen to other non construction related projects.

Presently there is a review of the Purchasing By-law which will result in a number of change recommendations. As part of this review staff will also be looking at the role and effectiveness of the fast track approval process.

5. FINANCIAL IMPLICATIONS

The fast track approval process has been followed to avoid costs associated with project delays and costs related to re-issuing RFP and Tender documents for additional unanticipated work related to ongoing projects.

6. LOCAL MUNICIPAL IMPACT

There is no Local Municipal Impact

6. CONCLUSION

The fast track approval process has been effective in maintaining construction schedules. The fast track approval process will be reviewed along with the review of the Purchasing By-law and a further report will be brought forward to the Finance and Administration Committee in the last quarter of 2004.

The Senior Management Group has reviewed this report.

(A copy of the attachment referred to in the foregoing has been forwarded to each Member of Council with the June 3, 2004, Finance and Administration Committee agenda and a copy thereof is on file in the Office of the Regional Clerk.)