

TORONTO TRANSIT COMMISSION REPORT NO.

MEETING DATE: July 14, 2010

SUBJECT: TTC CORPORATE POLICY REVIEW – POLICY 5.3
PROCUREMENT AND POLICY 13.5 AUTHORIZATION FOR
EXPENDITURES AND OTHER COMMITMENTS

ACTION ITEM

RECOMMENDATION

It is recommended that the Commission approve:

1. Policy 5.3, Procurement as amended for implementation effective August 1, 2010, which policy is attached hereto as Appendix "B"; and
2. As a result of the recommended changes to the Procurement policy, Policy 13.5, Authorization for Expenditures & Other Commitments as amended for implementation effective August 1, 2010, which policy is attached hereto as Appendix "D".

DISCUSSION

The Procurement policy sets out the rules under which the TTC will process its purchase requirements while the Authorization for Expenditures and Other Commitments policy primarily sets out the levels required for Commission and senior management approval for such purchases and related activities. Both policies are submitted for Commission approval with suggested changes as detailed in Appendix "A" and "C" along with clean and final versions as detailed in Appendix "B" and "D".

JUSTIFICATION

The recommended changes update the Procurement policy and Authorization for Expenditures & Other Commitments policy with various specified administrative revisions.

June 30, 2010

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Attachments: Appendix A

Appendix B

Appendix C

Appendix D

POLICY/INSTRUCTION

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1.0 RESPONSIBILITY

Manager - Materials and Procurement (M&P).

2.0 PURPOSE

To set out the rules of the process to be followed to obtain competitive tenders, or proposals, where possible, for the acquisition of goods and services. The TTC solicits competitive submissions from interested and qualified sources and accepts the compliant submission that represents the best value tender or best qualified and acceptable proposal, if price is acceptable and meets the best interest of the TTC.

3.0 DEFINITIONS

The following definitions apply within the context of this policy.

3.1 Addendum

The document used to change or amend a Request prior to the closing time for receiving Bids, as more particularly set out in the specific Request.

3.2 Amendment

The document used by M&P to amend a Contract Change / Directive, which may be issued in the form of a Purchase Order amendment or ~~contract~~ Contract change.

3.3 Authorization

The appropriate process and required level of approvals which must be ~~sought~~ obtained as outlined in the Authorization for Expenditures and Other Commitments policy.

3.4 Award

The notification issued by M&P of the TTC's acceptance of a Bid to the Successful Bidder.

3.5 Bid

The response submitted by a Bidder and received by the TTC to a specific Request.

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3.6 Bidder

A corporation, partnership, joint venture, sole proprietorship, association, individual or other entity, acceptable to the TTC, who submits a Bid for a Request.

3.7 Bidders List

A list of potential sources (e.g. suppliers, contractors, and consultants) developed and maintained by M&P for use in the acquisition of goods and services, or sale or disposition of surplus assets.

3.8 Bid Process

The period of time from the issuance of a Request through to award of Contract.

3.9 Client Department

The department requesting the Procurement of certain goods and/or services.

3.10 Commercial Analysis or Company Recommendation Report

The document prepared by M&P that summarizes the procurement process of a requirement with a recommendation for award, which may be used as the method for obtaining authorization for M&P to proceed with the Award of the Contract to the Successful Bidder.

3.11 Contract

The Purchase Order issued by the TTC or Executed Contract entered into by the TTC and a Successful Bidder.

3.12 Contract Document Committee (CDC)

A committee that is chaired by M&P and consists of representatives of various departments, including but not limited to M&P, Legal and Finance. The CDC is responsible for preparing, updating, reviewing and approving standard terms and conditions which are to be incorporated into Requests and Contracts. Major revisions to standard general or supplementary terms and conditions require Chief General Manager (CGM) approval.

3.13 Exception

A Requested Change which materially affects or may materially affect, as determined at the sole discretion of the Manager - M&P, the intent of the

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Request, ~~the a~~ specific provision of the Request, or a provision of the proposed contract which is included in the Request, or any part thereof.

3.14 Executed Contract

An agreement for the purchase of goods and/or services which requires execution by both the Successful Bidder and the TTC. An Executed Contract may be either an Executed Document Using Non-Standard General Terms, an Executed Document Using TTC Standard Terms or a Vendor Agreement. A minimum of two copies (originals) of an Executed Contract should be executed by both the Successful Bidder and the TTC with one original retained by the Successful Bidder and the other by M&P.

The Executed Contract shall be executed by the Manager - M&P or his/her delegate.

3.15 Executed Document Using Non-Standard General Terms and Conditions

A Contract that is to be executed by the Successful Bidder and the TTC, which includes negotiated terms and conditions. These non-standard documents are prepared by M&P or the Successful Bidder and are reviewed and accepted by the Legal and Claims Department and the Client Department. If there are financial impacts on the TTC based on the negotiated terms, the terms and conditions are also reviewed and approved by the Finance Department.

3.16 Executed Document Using TTC Standard Terms (without exception)

A Contract based on TTC's standard terms and conditions, which is to be executed by both the Successful Bidder and the TTC.

3.17 Procurement

The process for acquiring goods and/or services. This process includes defining the requirement, sourcing, preparing and distributing a Request, evaluating the Bids, and issuing a Contract.

3.18 Procurement Requisition (Form 1)

The document completed and executed by the Client Department requesting M&P to initiate the tender/proposal process for the Procurement of a specific good(s) and/or service(s) but does not authorize M&P to award a Contract. Generally, this document is not for use for Informal Requests.

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3.19 Proposal

The form of Request as more particularly set out in [Section 4.3](#).

3.20 Purchase Authorization (Form 2)

The document completed and executed by the Client Department, and approved by M&P, used to authorize M&P to proceed with the Award of Contract to the Successful Bidder. This document may be used for both Formal Requests and Informal Requests.

3.21 Purchase Order (PO)

The Purchase Order is a form of Contract signed by the Buyer/Contract Administrator, issued by the TTC to the Successful Bidder, setting out the terms and conditions of the Contract.

3.22 Qualifications

A Requested Change that does not, in the sole discretion of the Manager - M&P, materially affect the intent of the Request, ~~the a~~ a provision of the Request, or ~~the a~~ a provision of the proposed contract, or any part thereof.

3.23 Request

The document issued by or on behalf of the TTC, requesting Bids from potential bidders and includes a request for information, proposals, tenders and/or quotes.

3.24 Requested Change

A request by a Bidder, through or in its Bid, to add to, delete from, interpret or modify the Request, a provision of the Request, or a provision of the proposed contract (commonly known as Contract B) which is included in the Request, or any part thereof.

3.25 Restricted Sourcing

An invitation to a select or limited number of bidders which is less than the total number of bidders known to be available to provide the goods and/or services. This only applies after an attempt to procure goods and/or services by the Commission using the appropriate competitive process failed to identify a compliant bidder and where undertaking a new Request would not likely change the results.

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3.256 Sole Source

When more than one potential bidder for the goods and/or services exists, but in those circumstances where sufficient justification exists it is considered in the best interest of the Commission to deal with one bidder.

3.267 Single Source

When only one known bidder for the goods and/or services exists or is approved for the requirement.

3.278 Successful Bidder

The Bidder whose Bid has been approved for Award.

3.289 Tender

The form of Request as more particularly set out in [Section 4.2](#).

3.2930 TTC Web Site

The TTC Web Site (<http://www2.ttc.ca/html/frameset.htm> ~~www.ttc.ca~~) used to advertise Requests, provide Bid results and provide notice of Awards, as well as provide information regarding M&P.

3.3031 Vendor Agreement

Standard agreements prepared by Bidders, which are required for routine or repetitive purchases (i.e. software licenses, equipment leasing/maintenance, hotel room rentals, etc.). All Vendor Agreements are reviewed and approved by the following Departments: M&P, Legal and Claims, the originating department ~~Client Department~~ and, if appropriate, Finance.

4.0 PROCUREMENT PROCESS

The Manager - M&P is responsible for promoting the use of competitive processes and for ensuring that competition is not needlessly restricted at any time during the procurement process. M&P processes procurement requirements by use of the following:-

4.1 Request For Information (RFI)

This is used to either develop or maintain a list of interested/qualified potential bidders for a requirement for future reference, or to conduct an initial evaluation of potential bidders based on specific requirements, for the purpose of developing a shortlist of qualified bidders for use in a subsequent Request

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(e.g. pre-qualification).

4.2 Request for Tenders (RFT)

Tenders are solicited when the requirement is clearly defined, including the commercial conditions and technical specification, and the bidders are provided little latitude to interpret the requirements and the award is generally to a qualified acceptable Bidder who provides the best value to the TTC.

4.3 Request for Proposals (RFP)

Proposals are solicited when the requirement of the Request is not clearly defined and/or when only the performance criteria is defined and the award is to a qualified/best qualified Bidder at the lowest/acceptable price.

4.4 Formal Requests

This process is used when the estimated value for a requirement is greater than ~~\$60,000~~ \$100,000 for soliciting Bidders through the advertisement of the Request on the TTC Web Site. Potential Bidders may also be selected from the Bidders List and are invited to submit a sealed Bid, which is received by the General Secretary or his/her delegate. Tender and Proposal openings are in accordance with Section 8.0 ~~7.0~~.

The TTC may also solicit Requests, at the sole discretion of the Manager - M&P or his/her delegate, in the daily press and/or trade publications.

This process may be used for amounts less than ~~\$60,000~~ \$100,000 ~~at the sole discretion of the Manager - M&P or his/her delegate.~~

4.4.1 Exception

Approval is required from the Manager - M&P for requirements with an estimated value greater ~~\$60,000~~ \$100,000, but less than or equal to \$500,000. Chief General Manager approval is required for any requirement with an estimated value greater than \$500,000, which is not to be publicly advertised unless the requirement is a Single Source, or if Sole Source approval has been obtained as outlined under Section 5.1.

4.5 Informal Requests

This process is used when the estimated value for a requirement is less than or equal to ~~\$60,000~~ \$100,000. Potential Bidders are selected from the Bidders

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List and are invited to submit an informal Bid directly to M&P, either verbally, electronically or by written response.

4.5.1 Exception

This process may also be used in emergency situations at the sole discretion of the Manager - M&P or his/her delegate, for purchases ~~\$60,000~~ \$100,000 to \$500,000. Chief General Manager approval will be required for purchases greater than \$500,000.

In the event that the Manager - M&P or his/her delegate authorizes the use of the informal process in an emergency situation, a memo will be issued under the Manager - M&P's signature to the CGM to explain the reasons for deviating from the standard process.

4.6 Canadian Content

Effective September 1, 2008 the Province of Ontario implemented a requirement for Canadian Content for Transit Vehicle Procurement Policy that specifies that some provincially funded transit vehicles will require 25% Canadian content. TTC procurements of provincially funded vehicles shall comply with the Province of Ontario's Canadian Content for Transit Vehicle Procurement Policy.

In addition to the above, for the procurement of city buses the Commission has directed higher percentages of Canadian content for the various types of city buses as well as a minimum percentage of Canadian content applicable to the direct labour for the final assembly of the buses. These percentages are posted on the Commission's web site under Commission Policies at <http://www2.ttc.ca/html/frameset.htm> and may only be changed as approved by the Commission.

For all other purchases, the ~~The~~ Commission may provide preference to Canadian manufacturers or Canadian Content if pricing and quality are equal to other bids.

4.7 Purchase of Garments and Other Apparel from Responsible Manufacturers

All Commission bid requests for garments (excluding contracts for work clothing voucher program) will include a provision to ensure that garments are purchased from responsible (no sweat shop) garment manufacturers.

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5.0 EXCEPTIONS TO THE COMPETITIVE PROCESS

5.1 Sole Source

~~The Manager – M&P authorizes proceeding with the Sole Source process when the estimated value of the requirement is \$60,000 or less. If the estimated value is more than \$60,000, CGM approval is required prior to proceeding with the Sole Source process.~~

~~A Commission Report on Sole Source activity approved by the CGM is issued monthly and is included as part of the report on the summary of authorized expenditures.~~

Approval to proceed with a Sole Source Request, Contract Award or Amendment requires the prior approval of the Manager - M&P, the CGM or the Commission as outlined below:

Requests:

Prior approval is required to proceed with a Sole Source Request from the Manager - M&P when the estimated value of the requirement is up to \$100,000 and in addition, from the CGM approval is required when the estimated value of the requirement is greater than \$100,000.

Awards:

Subject to obtaining appropriate Sole Source Request approval, Award of a Sole Source Contract valued at \$500,000 or less shall be in accordance with the Authorization for Expenditure and Other Commitments Policy, and award of a Sole Source Contract valued at more than \$500,000 requires approval of the Commission.

Amendments:

In addition to Sole Source Request approval, an Amendment(s) to any Sole Source Contract may be approved by the Manager – M&P up to a cumulative value of an additional \$50,000 and by the CGM up to a cumulative value of an additional \$250,000. Commission approval is required when the cumulative value of Amendments for a Sole Source Contract exceeds \$250,000. Notwithstanding the foregoing, the CGM may at his/her discretion; approve cost overruns that are not considered significant to close out a Sole Source Contract.

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Sole Source contract Awards and Amendments approved by the CGM are reported to the Commission as part of the report on the summary of authorized expenditures.

5.2 Purchasing Card

The purchasing card is used to allow cardholders to directly purchase and receive non-stock, non-repetitive goods and services valued at under \$5,000 Canadian, including all applicable taxes, thereby reducing administrative costs by not processing these purchases through M&P. M&P is responsible for the administration of the purchasing card contract, including spot audits based on monthly statements, and advising departments of any concerns, as well as providing training, and maintaining a procedure manual. The use of the purchasing card is restricted by a number of controls, including expenditure limits by transaction and month, and the type of purchase. CGM approval is required to assign cardholders with a purchasing authority higher than \$5,000.

A Department Head is responsible for ensuring that purchasing cards within his/her department are used appropriately.

5.3 Restricted Sourcing Process

The Manager – M&P may authorize proceeding with a procurement process based on Restricted Sourcing where an attempt to procure goods and/or services by the Commission using the appropriate competitive process has failed to identify a compliant bidder and where undertaking a new Request would not likely change the results.

In such situations, the Manager – M&P may authorize cancellation of the original Request and proceeding with a procurement process based on Restricted Sourcing with the company/companies that submitted a Bid in response to the original Request.

5.34 Legal Services

The engagement of outside legal services shall be carried out in accordance with both the Engagement of Outside Counsel Policy (9.1) and the Authorization for Expenditures and Other Commitments Policy (13.5).

5.45 Real Property

This policy does not apply to the purchase, sale or lease of real property.

6.0 CHEQUE REQUESTS

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Cheque requests are normally used to process payments of relatively low value for miscellaneous expenses (e.g. travel advances, memberships, petty cash replenishments, police paid duty, etc.) where neither a purchase order nor a contract exist. Cheque requests are not the appropriate mechanisms for the payment of goods and service normally purchased through the procurement process as set out in this policy.

67.0 COMMUNICATION DURING BID PROCESS

The single point contact person throughout the Bid Process relating to a specific Request is the M&P representative identified in the Request.

Anyone interested in lobbying TTC Commissioners, their staff or any TTC employee or officer is required to register with the City of Toronto's Lobbyist Registry under the terms set out in Municipal Code, Chapter 140. More specific information concerning the Lobbyist Registry is available on the City's website at www.toronto.ca/lobbying.

78.0 DISCLOSURE OF TENDER/PROPOSAL INFORMATION

All Bids submitted at the request of the TTC shall become the property of the Commission and are therefore subject to the provisions of the Municipal Freedom of Information and Protection of Privacy Act. Bidders are encouraged to familiarize themselves with the provisions of the Act. All information contained in a Bid is considered confidential information of the Bidder and such information is supplied by the Bidder in confidence, except as provided for hereunder:

78.1 Publicly Opened Formal Tenders

At the time of the public opening the TTC reveals only the identity of Bidders and the total Bid price(s) submitted by each. Information on the Bidders and their total Bid price only, excluding alternatives, is posted on the TTC Web Site.

78.2 Formal Proposal Opening

All formal Proposals are opened by the General Secretary's Office (not publicly opened). Only the names of the Bidders are posted on the TTC Web Site.

78.3 Bidder Information

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Information relating to a Bidder's previous work performance and whether a Bid is compliant based on the Request may also be provided in a subsequent Commission Report. Copies of the Commission Reports for procurement requirements are made available to interested parties by the General Secretary's Office generally within six (6) calendar days of the time of the respective Commission meeting, and are also posted on the TTC Web Site. All subsequent requests for Commission Reports are to be directed to the General Secretary's Office.

In the event a Commission Report was not required, only the information provided on the TTC Web Site is to be disclosed to interested parties, except as otherwise noted in [Section 8.4 7.4](#).

78.4 Notifying Unsuccessful Bidders

After Award, name(s) and total Contract award value(s) of the Successful Bidder for Formal Requests shall be posted on the TTC Web Site to provide notification to the unsuccessful Bidders and any other interested party. For Informal Requests, TTC discloses the identity of the successful Bidder and its total Bid price(s), if applicable, upon requests from interested parties, after Award.

89.0 BID IRREGULARITIES

The Manager - M&P maintains a list of the types of Bid irregularities that may be contained in a Bid. This list is posted on the TTC Web Site and may be updated from time to time. This list identifies the type of irregularity and how each irregularity will be considered, including whether the Bid is rejected. Any change to this list requires approval by the Manager - M&P and General Counsel.

10.0 CODE OF CONDUCT

The expenditure of public funds is a responsibility that requires the highest standard of accountability, integrity and honesty. Proper management of this policy has a direct impact on the level of public trust in the Toronto Transit Commission. The interests of the Toronto Transit Commission and the public are paramount and therefore must be considered and protected at all times during the procurement process. Compliance with the Conflict of Interest Policy must be maintained at all times.

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11.0 CONFLICT OF INTEREST

A conflict of interest refers to a situation in which private interests or personal considerations may affect an employee's judgment in acting in the best interest of the TTC. Employees are required to support and advance the interests of the TTC and avoid placing themselves in situations where their personal interests actually or potentially conflicts with the interests of the TTC. For further information reference the Conflict of Interest policy # 4.45.

12.0 PROHIBITED PRACTISES

TTC employees, contractors and subcontractors have a responsibility to act ethically and honestly and in accordance with established standards, principles and policies. In order to provide an open and competitive bidding environment, a number of collusive bidding practices are prohibited by law. Collusive practises are strictly forbidden by employees, contractors and sub-contractors.

No Commissioner, or employee of the Toronto Transit Commission shall become interested, directly or indirectly, to a contracting party, partner or otherwise in, or in the performance of a Contract or in the supplies, Work or business to which it relates, or in any portion of the profits thereof, or of any such supplies to be used therein, or in any of the monies to be derived therefrom.

913.0 NEW PRODUCTS AND TECHNOLOGY

913.1 The department which originates the Procurement of a new product or technology for purchase by the Commission shall be responsible for identifying those products or technology which are considered safety-critical, in conjunction with the Safety Department.

913.1.1 Safety-critical products are defined as those which could affect employee and public safety of the transit system by adversely affecting signals, track, electrical, vehicle braking and door operation, system safety, passenger exposure to injury, or other major safety concerns.

913.1.2 Safety-critical products require thorough testing and validation on TTC property or equivalent situations, and must be reviewed by an evaluation team before being approved and accepted for use. The department maintaining or operating the product or technology under

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review is responsible for establishing the evaluation team to select criteria, timing and criticality, and to recommend acceptance or rejection for approval by the Chief Safety Officer and the affected department head. The evaluation team must include a representative of the Safety Department.

913.1.3 A safety-critical new product or technology may be determined as part of a study for a specific need, or may be proposed by industry either prior to or after a Request. If proposed by a Bidder or potential Bidder, new safety-critical products must be placed and tested for sufficient time on TTC property to verify that system safety is achieved. Such a test installation will generally be at the Bidder's or proposed Bidder's cost. If proposed by staff, similar testing will be required, generally at the Commission's cost. Alternatively, the evaluation team may consider data provided from other independent sources such as another transit agency or accredited testing agency, and make recommendations based upon such data.

913.2 In all cases where parts or components on revenue or non-revenue vehicles have been determined as safety critical, such parts or components may only be purchased from suppliers pre-approved by the appropriate "engineering department" within the Operations Branch.

1014.0 REFERENCE SOURCES

- Authorization for Expenditures and Other Commitments Policy
- Authorization for Sales Policy
- Conflict of Interest Policy
- Delegation of Departmental Expenditure Authority Policy
- Engagement of Outside Counsel Policy
- Green Procurement Policy
- Lobbying Registry Policy

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- Materials and Procurement Department's Users' Guide
- Petty Cash Policy
- Product Endorsement Policy
- Purchasing Card Program Procedures
- Signing Officers for the Execution of Documents Under Corporate Seal Policy
- Ministry of Transportation, Transit Policy Branch – Canadian Content for Transit Vehicle Procurement Policy

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1.0 RESPONSIBILITY

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2.0 PURPOSE

To set out the rules of the process to be followed to obtain competitive tenders, or proposals, where possible, for the acquisition of goods and services. The TTC solicits competitive submissions from interested and qualified sources and accepts the compliant submission that represents the best value tender or best qualified and acceptable proposal, if price is acceptable and meets the best interest of the TTC.

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- 3.6 Bidder
A corporation, partnership, joint venture, sole proprietorship, association, individual or other entity, acceptable to the TTC, who submits a Bid for a Request.
- 3.7 Bidders List
A list of potential sources (e.g. suppliers, contractors, and consultants) developed and maintained by M&P for use in the acquisition of goods and services, or sale or disposition of surplus assets.
- 3.8 Bid Process
The period of time from the issuance of a Request through to award of Contract.
- 3.9 Client Department
The department requesting the Procurement of certain goods and/or services.
- 3.10 Commercial Analysis or Company Recommendation Report
The document prepared by M&P that summarizes the procurement process of a requirement with a recommendation for award, which may be used as the method for obtaining authorization for M&P to proceed with the Award of the Contract to the Successful Bidder.
- 3.11 Contract
The Purchase Order issued by the TTC or Executed Contract entered into by the TTC and a Successful Bidder.
- 3.12 Contract Document Committee (CDC)
A committee that is chaired by M&P and consists of representatives of various departments, including but not limited to M&P, Legal and Finance. The CDC is responsible for preparing, updating, reviewing and approving standard terms and conditions which are to be incorporated into Requests and Contracts. Major revisions to standard general or supplementary terms and conditions require Chief General Manager (CGM) approval.
- 3.13 Exception
A Requested Change which materially affects or may materially affect, as determined at the sole discretion of the Manager - M&P, the intent of the Request, a specific provision of the Request, or a provision of the proposed contract which is included in the Request, or any part thereof.

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3.14 Executed Contract

An agreement for the purchase of goods and/or services which requires execution by both the Successful Bidder and the TTC. An Executed Contract may be either an Executed Document Using Non-Standard General Terms, an Executed Document Using TTC Standard Terms or a Vendor Agreement. A minimum of two copies (originals) of an Executed Contract should be executed by both the Successful Bidder and the TTC with one original retained by the Successful Bidder and the other by M&P.

The Executed Contract shall be executed by the Manager - M&P or his/her delegate.

3.15 Executed Document Using Non-Standard General Terms and Conditions

A Contract that is to be executed by the Successful Bidder and the TTC, which includes negotiated terms and conditions. These non-standard documents are prepared by M&P or the Successful Bidder and are reviewed and accepted by the Legal and Claims Department and the Client Department. If there are financial impacts on the TTC based on the negotiated terms, the terms and conditions are also reviewed and approved by the Finance Department.

3.16 Executed Document Using TTC Standard Terms (without exception)

A Contract based on TTC's standard terms and conditions, which is to be executed by both the Successful Bidder and the TTC.

3.17 Procurement

The process for acquiring goods and/or services. This process includes defining the requirement, sourcing, preparing and distributing a Request, evaluating the Bids, and issuing a Contract.

3.18 Procurement Requisition (Form 1)

The document completed and executed by the Client Department requesting M&P to initiate the tender/proposal process for the Procurement of a specific good(s) and/or service(s) but does not authorize M&P to award a Contract. Generally, this document is not for use for Informal Requests.

3.19 Proposal

The form of Request as more particularly set out in [Section 4.3](#).

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- 3.20 Purchase Authorization (Form 2)
The document completed and executed by the Client Department, and approved by M&P, used to authorize M&P to proceed with the Award of Contract to the Successful Bidder. This document may be used for both Formal Requests and Informal Requests.
- 3.21 Purchase Order (PO)
The Purchase Order is a form of Contract signed by the Buyer/Contract Administrator, issued by the TTC to the Successful Bidder, setting out the terms and conditions of the Contract.
- 3.22 Qualifications
A Requested Change that does not, in the sole discretion of the Manager - M&P, materially affect the intent of the Request, a provision of the Request, or a provision of the proposed contract, or any part thereof.
- 3.23 Request
The document issued by or on behalf of the TTC, requesting Bids from potential bidders and includes a request for information, proposals, tenders and/or quotes.
- 3.24 Requested Change
A request by a Bidder, through or in its Bid, to add to, delete from, interpret or modify the Request, a provision of the Request, or a provision of the proposed contract (commonly known as Contract B) which is included in the Request, or any part thereof.
- 3.25 Restricted Sourcing
An invitation to a select or limited number of bidders which is less than the total number of bidders known to be available to provide the goods and/or services. This only applies after an attempt to procure goods and/or services by the Commission using the appropriate competitive process failed to identify a compliant bidder and where undertaking a new Request would not likely change the results.
- 3.26 Sole Source
When more than one potential bidder for the goods and/or services exists, but in those circumstances where sufficient justification exists it is considered in the best interest of the Commission to deal with one bidder.

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3.27 Single Source

When only one known bidder for the goods and/or services exists or is approved for the requirement.

3.28 Successful Bidder

The Bidder whose Bid has been approved for Award.

3.29 Tender

The form of Request as more particularly set out in [Section 4.2](#).

3.30 TTC Web Site

The TTC Web Site (<http://www2.ttc.ca/html/frameset.htm>) used to advertise Requests, provide Bid results and provide notice of Awards, as well as provide information regarding M&P.

3.31 Vendor Agreement

Standard agreements prepared by Bidders, which are required for routine or repetitive purchases (i.e. software licenses, equipment leasing/maintenance, hotel room rentals, etc.). All Vendor Agreements are reviewed and approved by the following Departments: M&P, Legal and Claims, the originating department and, if appropriate, Finance.

4.0 PROCUREMENT PROCESS

The Manager - M&P is responsible for promoting the use of competitive processes and for ensuring that competition is not needlessly restricted at any time during the procurement process. M&P processes procurement requirements by use of the following:

4.1 Request For Information (RFI)

This is used to either develop or maintain a list of interested/qualified potential bidders for a requirement for future reference, or to conduct an initial evaluation of potential bidders based on specific requirements, for the purpose of developing a shortlist of qualified bidders for use in a subsequent Request (e.g. pre-qualification).

4.2 Request for Tenders (RFT)

Tenders are solicited when the requirement is clearly defined, including the commercial conditions and technical specification, and the bidders are provided little latitude to interpret the requirements and the award is generally to a

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qualified acceptable Bidder who provides the best value to the TTC.

4.3 Request for Proposals (RFP)

Proposals are solicited when the requirement of the Request is not clearly defined and/or when only the performance criteria is defined and the award is to a qualified/best qualified Bidder at the lowest/acceptable price.

4.4 Formal Requests

This process is used when the estimated value for a requirement is greater than \$100,000 for soliciting Bidders through the advertisement of the Request on the TTC Web Site. Potential Bidders may also be selected from the Bidders List and are invited to submit a sealed Bid, which is received by the General Secretary or his/her delegate. Tender and Proposal openings are in accordance with [Section 8.0](#).

The TTC may also solicit Requests, at the sole discretion of the Manager - M&P or his/her delegate, in the daily press and/or trade publications.

This process may be used for amounts less than \$100,000.

4.4.1 Exception

Approval is required from the Manager - M&P for requirements with an estimated value greater \$100,000, but less than or equal to \$500,000. Chief General Manager approval is required for any requirement with an estimated value greater than \$500,000, which is not to be publicly advertised unless the requirement is a Single Source, or if Sole Source approval has been obtained as outlined under [Section 5.1](#).

4.5 Informal Requests

This process is used when the estimated value for a requirement is less than or equal to \$100,000. Potential Bidders are selected from the Bidders List and are invited to submit an informal Bid directly to M&P, either verbally, electronically or by written response.

4.5.1 Exception

This process may also be used in emergency situations at the sole discretion of the Manager - M&P or his/her delegate, for purchases \$100,000 to \$500,000. Chief General Manager approval will be required for purchases greater than \$500,000.

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In the event that the Manager - M&P or his/her delegate authorizes the use of the informal process in an emergency situation, a memo will be issued under the Manager - M&P's signature to the CGM to explain the reasons for deviating from the standard process.

4.6 Canadian Content

Effective September 1, 2008 the Province of Ontario implemented a requirement for Canadian Content for Transit Vehicle Procurement Policy that specifies that some provincially funded transit vehicles will require 25% Canadian content. TTC procurements of provincially funded vehicles shall comply with the Province of Ontario's Canadian Content for Transit Vehicle Procurement Policy.

In addition to the above, for the procurement of city buses the Commission has directed higher percentages of Canadian content for the various types of city buses as well as a minimum percentage of Canadian content applicable to the direct labour for the final assembly of the buses. These percentages are posted on the Commission's web site under Commission Policies at <http://www2.ttc.ca/html/frameset.htm> and may only be changed as approved by the Commission.

For all other purchases, the Commission may provide preference to Canadian manufacturers or Canadian Content if pricing and quality are equal to other bids.

4.7 Purchase of Garments and Other Apparel from Responsible Manufacturers

All Commission bid requests for garments (excluding contracts for work clothing voucher program) will include a provision to ensure that garments are purchased from responsible (no sweat shop) garment manufacturers.

5.0 EXCEPTIONS TO THE COMPETITIVE PROCESS

5.1 Sole Source

Approval to proceed with a Sole Source Request, Contract Award or Amendment requires the prior approval of the Manager - M&P, the CGM or the Commission as outlined below:

Requests:

Prior approval is required to proceed with a Sole Source Request from the Manager - M&P when the estimated value of the requirement is up to

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\$100,000 and in addition, from the CGM approval is required when the estimated value of the requirement is greater than \$100,000.

Awards:

Subject to obtaining appropriate Sole Source Request approval, Award of a Sole Source Contract valued at \$500,000 or less shall be in accordance with the Authorization for Expenditure and Other Commitments Policy, and award of a Sole Source Contract valued at more than \$500,000 requires approval of the Commission.

Amendments:

In addition to Sole Source Request approval, an Amendment(s) to any Sole Source Contract may be approved by the Manager – M&P up to a cumulative value of an additional \$50,000 and by the CGM up to a cumulative value of an additional \$250,000. Commission approval is required when the cumulative value of Amendments for a Sole Source Contract exceeds \$250,000. Notwithstanding the foregoing, the CGM may at his/her discretion; approve cost overruns that are not considered significant to close out a Sole Source Contract.

Sole Source contract Awards and Amendments approved by the CGM are reported to the Commission as part of the report on the summary of authorized expenditures.

5.2 Purchasing Card

The purchasing card is used to allow cardholders to directly purchase and receive non-stock, non-repetitive goods and services valued at under \$5,000 Canadian, including all applicable taxes, thereby reducing administrative costs by not processing these purchases through M&P. M&P is responsible for the administration of the purchasing card contract, including spot audits based on monthly statements, and advising departments of any concerns, as well as providing training, and maintaining a procedure manual. The use of the purchasing card is restricted by a number of controls, including expenditure limits by transaction and month, and the type of purchase. CGM approval is required to assign cardholders with a purchasing authority higher than \$5,000.

A Department Head is responsible for ensuring that purchasing cards within his/her department are used appropriately.

5.3 Restricted Sourcing Process

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The Manager – M&P may authorize proceeding with a procurement process based on Restricted Sourcing where an attempt to procure goods and/or services by the Commission using the appropriate competitive process has failed to identify a compliant bidder and where undertaking a new Request would not likely change the results.

In such situations, the Manager – M&P may authorize cancellation of the original Request and proceeding with a procurement process based on Restricted Sourcing with the company/companies that submitted a Bid in response to the original Request.

5.4 Legal Services

The engagement of outside legal services shall be carried out in accordance with both the Engagement of Outside Counsel Policy (9.1) and the Authorization for Expenditures and Other Commitments Policy (13.5).

5.5 Real Property

This policy does not apply to the purchase, sale or lease of real property.

6.0 CHEQUE REQUESTS

Cheque requests are normally used to process payments of relatively low value for miscellaneous expenses (e.g. travel advances, memberships, petty cash replenishments, police paid duty, etc.) where neither a purchase order nor a contract exist. Cheque requests are not the appropriate mechanisms for the payment of goods and service normally purchased through the procurement process as set out in this policy.

7.0 COMMUNICATION DURING BID PROCESS

The single point contact person throughout the Bid Process relating to a specific Request is the M&P representative identified in the Request.

Anyone interested in lobbying TTC Commissioners, their staff or any TTC employee or officer is required to register with the City of Toronto's Lobbyist Registry under the terms set out in Municipal Code, Chapter 140. More specific information concerning the Lobbyist Registry is available on the City's website at www.toronto.ca/lobbying.

8.0 DISCLOSURE OF TENDER/PROPOSAL INFORMATION

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All Bids submitted at the request of the TTC shall become the property of the Commission and are therefore subject to the provisions of the Municipal Freedom of Information and Protection of Privacy Act. Bidders are encouraged to familiarize themselves with the provisions of the Act. All information contained in a Bid is considered confidential information of the Bidder and such information is supplied by the Bidder in confidence, except as provided for hereunder:

8.1 Publicly Opened Formal Tenders

At the time of the public opening the TTC reveals only the identity of Bidders and the total Bid price(s) submitted by each. Information on the Bidders and their total Bid price only, excluding alternatives, is posted on the TTC Web Site.

8.2 Formal Proposal Opening

All formal Proposals are opened by the General Secretary's Office (not publicly opened). Only the names of the Bidders are posted on the TTC Web Site.

8.3 Bidder Information

Information relating to a Bidder's previous work performance and whether a Bid is compliant based on the Request may also be provided in a subsequent Commission Report. Copies of the Commission Reports for procurement requirements are made available to interested parties by the General Secretary's Office generally within six (6) calendar days of the time of the respective Commission meeting, and are also posted on the TTC Web Site. All subsequent requests for Commission Reports are to be directed to the General Secretary's Office.

In the event a Commission Report was not required, only the information provided on the TTC Web Site is to be disclosed to interested parties, except as otherwise noted in [Section 8.4](#).

8.4 Notifying Unsuccessful Bidders

After Award, name(s) and total Contract award value(s) of the Successful Bidder for Formal Requests shall be posted on the TTC Web Site to provide notification to the unsuccessful Bidders and any other interested party. For Informal Requests, TTC discloses the identity of the successful Bidder and its total Bid price(s), if applicable, upon requests from interested parties, after Award.

9.0 BID IRREGULARITIES

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The Manager - M&P maintains a list of the types of Bid irregularities that may be contained in a Bid. This list is posted on the TTC Web Site and may be updated from time to time. This list identifies the type of irregularity and how each irregularity will be considered, including whether the Bid is rejected. Any change to this list requires approval by the Manager - M&P and General Counsel.

10.0 CODE OF CONDUCT

The expenditure of public funds is a responsibility that requires the highest standard of accountability, integrity and honesty. Proper management of this policy has a direct impact on the level of public trust in the Toronto Transit Commission. The interests of the Toronto Transit Commission and the public are paramount and therefore must be considered and protected at all times during the procurement process. Compliance with the Conflict of Interest Policy must be maintained at all times.

11.0 CONFLICT OF INTEREST

A conflict of interest refers to a situation in which private interests or personal considerations may affect an employee's judgment in acting in the best interest of the TTC. Employees are required to support and advance the interests of the TTC and avoid placing themselves in situations where their personal interests actually or potentially conflicts with the interests of the TTC. For further information reference the Conflict of Interest policy # 4.45.

12.0 PROHIBITED PRACTISES

TTC employees, contractors and subcontractors have a responsibility to act ethically and honestly and in accordance with established standards, principles and policies. In order to provide an open and competitive bidding environment, a number of collusive bidding practices are prohibited by law. Collusive practises are strictly forbidden by employees, contractors and sub-contractors.

No Commissioner, or employee of the Toronto Transit Commission shall become interested, directly or indirectly, to a contracting party, partner or otherwise in, or in the performance of a Contract or in the supplies, Work or business to which it relates, or in any portion of the profits thereof, or of any such supplies to be used therein, or in any of the monies to be derived therefrom.

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13.0 NEW PRODUCTS AND TECHNOLOGY

13.1 The department which originates the Procurement of a new product or technology for purchase by the Commission shall be responsible for identifying those products or technology which are considered safety-critical, in conjunction with the Safety Department.

13.1.1 Safety-critical products are defined as those which could affect employee and public safety of the transit system by adversely affecting signals, track, electrical, vehicle braking and door operation, system safety, passenger exposure to injury, or other major safety concerns.

13.1.2 Safety-critical products require thorough testing and validation on TTC property or equivalent situations, and must be reviewed by an evaluation team before being approved and accepted for use. The department maintaining or operating the product or technology under review is responsible for establishing the evaluation team to select criteria, timing and criticality, and to recommend acceptance or rejection for approval by the Chief Safety Officer and the affected department head. The evaluation team must include a representative of the Safety Department.

13.1.3 A safety-critical new product or technology may be determined as part of a study for a specific need, or may be proposed by industry either prior to or after a Request. If proposed by a Bidder or potential Bidder, new safety-critical products must be placed and tested for sufficient time on TTC property to verify that system safety is achieved. Such a test installation will generally be at the Bidder's or proposed Bidder's cost. If proposed by staff, similar testing will be required, generally at the Commission's cost. Alternatively, the evaluation team may consider data provided from other independent sources such as another transit agency or accredited testing agency, and make recommendations based upon such data.

13.2 In all cases where parts or components on revenue or non-revenue vehicles have been determined as safety critical, such parts or components may only be purchased from suppliers pre-approved by the appropriate "engineering department" within the Operations Branch.

14.0 REFERENCE SOURCES

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- Authorization for Expenditures and Other Commitments Policy
- Authorization for Sales Policy
- Conflict of Interest Policy
- Delegation of Departmental Expenditure Authority Policy
- Engagement of Outside Counsel Policy
- Green Procurement Policy
- Lobbying Registry Policy
- Materials and Procurement Department's Users' Guide
- Petty Cash Policy
- Product Endorsement Policy
- Purchasing Card Program Procedures
- Signing Officers for the Execution of Documents Under Corporate Seal Policy
- Ministry of Transportation, Transit Policy Branch – Canadian Content for Transit Vehicle Procurement Policy

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1.0 RESPONSIBILITY

Chief Financial Officer, and Manager – Materials and Procurement Department.

2.0 PURPOSE

To establish the guidelines and requirements for the classification and control of expenditures and other commitments by staff and the authority levels to authorize such activities.

3.0 DELEGATION

3.1 The authorization for expenditures and other commitments covers both budgeted and unbudgeted items as outlined in Table 1 below. Budgeted items are comprised of: acquisition of goods and services; contract amendments; leasing, realty and concession agreements; utilities, statutory payments and agencies limits including City of Toronto contracts and other operating agreements. Authorizations for unbudgeted items cannot be delegated below the Department Head level.

3.2 The signing authority of the Chief General Manager may only be delegated in writing, as the Chief General Manager deems appropriate. (Refer to policies 1.4 Delegation of Management Authority and 13.11 Delegation of Departmental Expenditure Authority).

3.3 Authorization for expenditures and other commitments are established up to the following limits, noting that these represent total contractual values including applicable taxes per commitment request, unless noted otherwise:

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Commencing Projects/Authorizing Contracts and Commitments (Table 1)					
APPROVER	UNBUDGETED ITEMS	BUDGETED ITEMS			
		Goods & Services	Contract Changes / Amendments	Leasing Realty & Concession (per annum)	Utilities, Agencies & Municipalities
Commission	\$500,000 +	\$5.0 million + * (Exceptions \$500,000 +)	\$2.5 million +	\$200,000 +	Budget
Chief General Manager	\$500,000	\$5.0 million	\$2.5 million	\$200,000	Budget
General Manager / Program Manager – Transit City	\$50,000	\$2.5 million	\$1.0 million	\$100,000	Budget
Deputy General Manager / Executive Director / Chief Project Manager	\$25,000	\$1.0 million	\$500,000	N/A	Budget
Department Head **	\$10,000	A \$500,000 B \$100,000	A \$250,000 B \$50,000	N/A	Budget

Note:

All contract awards greater than \$500,000 and amendments greater than \$250,000 will also require authorization from the Manager – Materials and Procurement, and all contract awards greater than \$1 million and amendments greater than \$500,000 also require authorization

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from the General Manager – Executive & General Secretary.

* Exceptions: Commission approval is also required for:

- (a) Sole source requirements greater than \$500,000 in accordance with the Procurement Policy: and
- (b) Requirements greater than \$500,000 where the recommended company is not: (1) the lowest priced compliant tenderer: or (2) the best qualified and either lowest priced or acceptable priced proposal. These exceptions will also require the review and approval of the Legal and Claims Department regardless of the value.

** Department Heads of the following Departments have “A” limits: Bus Maintenance; Plant Maintenance; Rail Cars & Shops; Signals / Electrical / Communications; Track & Structure; Wheel-Trans Operations; Materials and Procurement; Information Technology Services; and Engineering. All remaining Department Heads not listed above have “B” limits.

- 3.4 Items which normally would not require Commission approval may be brought to the Commission at the discretion of the Chief General Manager.
- 3.5 The Commission delegates authority to the Chair, Vice-Chair and Chief General Manager to authorize items that would normally be authorized by the Commission when the approval is required prior to the next Commission meeting. If the Chair and/or the Vice-Chair are not available, authority will be deemed to be delegated to any two (2) Commissioners and the Chief General Manager. These authorizations are to be followed up by a notice of award Commission report that is to be submitted to the next scheduled Commission meeting for information.
- 3.6 Exception to Contract Changes / Amendments in Table 1 “Re-allocation of Funds Amendments” – In the event an authorized procurement involves contract awards to multiple companies, who are awarded contracts with the same scope and nature, the Commission delegates amendment authority to the Chief General Manager, and the Manager – Materials and Procurement to re-allocate funds amongst the companies as needed provided the originally approved total aggregate amount, including any subsequent authorized amendments, is not exceeded. The Manager – Materials and Procurement

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has such amendment authority up to \$2.5 million per contract, and the Chief General Manager for amounts greater than \$2.5 million per contract.

3.7 Management will submit a monthly report to the Commission on expenditure commitments between \$1 million to \$5 million. This report will also include sole source contract Awards and Amendments ~~purchases greater than \$60,000 (up to \$500,000)~~ that have been authorized by the Chief General Manager.

3.8 Notes:

3.8.1 The authority levels delegated below the Department Head level noted in Table 1 will be subject to written approval of the Department Head. The delegation of authorization is required to be in writing, signed, and is to be in accordance with the Delegation of Departmental Expenditure Authority Policy (13.11) and as approved on the Authorized Signatures Listing.

3.8.2 Each level of management must delegate their full authority during periods of absence in accordance with the Delegation of Management Authority Policy (1.4).

3.8.3 The General Counsel has authorization delegated by the Commission specifically related to legal issues and claims settlements which are subject to the procedures outlined under 9.1 Engagement of Outside Counsel and 9.2 Settlement of Claims Policy in conjunction with 13.11 Delegation of Departmental Expenditure Authority Policy.

3.8.4 The General Manager - Executive has the authority to write-off uncollectible amounts up to a value of \$20,000. The Chief Financial Officer has the authority to write-off uncollectible amounts up to \$10,000. An information report outlining amounts written off will be submitted to the Audit Committee on an annual basis. Specific authority to approve other write-offs may be delegated by the Chief General Manager in accordance with the Delegation of Departmental Expenditure Authority policy 13.11 (e.g., tangible property is issued but no money is received, such as lost fare media) for decisions undertaken

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in the normal exercise of duties.

3.8.5 The Manager - Materials and Procurement may approve up to \$1,000,000 for the purchase of materials for inventory and \$500,000 amendment authority for inventory purchases and proceeding with a sole source ~~procurement process in the amount up to \$60,000.~~ Request, Contract Award or Amendment as detailed in the Procurement policy # 5.3.

3.8.6 Department heads may approve an increase on upset limit contracts up to the lesser of 10% or \$10,000 above the original purchase order value. This applies only once per purchase order and up to the level of contract amendment authority outlined under 13.11 Delegation of Departmental Expenditure Authority policy.

3.8.7 For unbudgeted project activity or procurement items, any original amount plus amendments that cumulatively total more than \$500,000 requires Commission approval.

For requests up to \$500,000, an Approver may authorize proceeding with an Unbudgeted Item within their limit as listed in Table 1, providing that the expenditure can be accommodated within existing budgets. If as a result of a required amendment(s) the cumulative value of the Unbudgeted Item will exceed the Approver's limit, then the appropriate higher level of approval will be required prior to proceeding with the amendment(s).

3.8.8 If all or any part of the work associated with a new contract or a change to a contract that must commence immediately for reasons of safety, security, critical schedule requirements or to avoid delay claims, and authorization for such work cannot be obtained in a timely manner, then designated staff may authorize such work to commence on an interim basis up to their level of authority. Approval for the full value of such work should be obtained before expenses incurred exceed the interim authorization or such further interim authorization that may be subsequently obtained by a higher authority; otherwise the work on the

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change should be stopped until appropriate authorization is obtained. For safety critical requirements, work should proceed and appropriate authority must be sought at the earliest opportunity.

Inappropriate use of this process may result in a reduction of authority limits at the discretion of the Chief Financial Officer and the Manager - Materials and Procurement.

3.8.9 Where the value of an original contract for the purchase of goods / services is less than \$5 million, prior to the point where the aggregate of the original purchase plus subsequent approved and planned amendments will exceed \$7.5 million, then Commission approval of an amendment will be required even if the value of such amendment is less than \$2.5 million. Once the Commission authorizes an amendment, normal authorizations will resume as per Table 1 for any additional amendments.

3.8.10 The authorization levels shown are for individual contract amendments and apply to the increases in the contract value for an addition to the scope of work, however, where multiple amendments relate to the same scope of work the cumulative change value for all "same scope work" should be considered as the authorization level required. The authorization levels do not apply to the following: reductions in scope which do not conflict with Commission approved design objectives; direct substitutions for work within the scope which do not represent a change to the intent of the scope of work; increases or decreases due to changes in the rate or applicability of a tax or duty; the value of a cash allowance or escalation costs included in a contract; closeout of the remaining unspent value of upset limit contracts; or a no cost time extension that otherwise includes no change to the scope of the existing upset limit contract.

3.8.11 Leasing, realty, and concession contracts having a term over ten years (including all renewal options) require Commission approval regardless of the amount. For leasing contracts having a term up to ten years the authorization level contained in Table 1 denotes the guaranteed annual

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value.

3.8.12 The Manager – Property Development may approve leasing / realty / concession agreements up to \$50,000 per annum for terms which do not exceed ten years.

3.8.13 Utilities, statutory payments and other agencies payments and commitments (including municipal payments) not covered by a specific contract, are deemed authorized within the approved budget authority (expenditures or revenues) and may be approved by staff with the appropriate delegated authority related to the following: utilities, taxes, permits, employee related deductions and payments, continuation of operating service and use of facility agreements with other agencies (new agreements will require Commission approval) and municipal payments such as city staff Legal and Facility & Real Estate, Special Project and Transportation Planning resource requirements for work performed directly on TTC approved budget activities.

3.8.14 City of Toronto contracts for work undertaken on behalf of the Commission and for which City contracts will be issued to third parties will be approved as per Table 1 with the exception that the Chief General Manager will have unlimited authority.

4.0 REFERENCE SOURCES

- Delegation of Management Authority Policy
- Delegation of Departmental Expenditure Authority Policy
- Engagement of Outside Counsel Policy
- Settlement of Claims Policy
- Procurement Policy

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1.0 RESPONSIBILITY

Chief Financial Officer, and Manager – Materials and Procurement Department.

2.0 PURPOSE

To establish the guidelines and requirements for the classification and control of expenditures and other commitments by staff and the authority levels to authorize such activities.

3.0 DELEGATION

3.1 The authorization for expenditures and other commitments covers both budgeted and unbudgeted items as outlined in Table 1 below. Budgeted items are comprised of: acquisition of goods and services; contract amendments; leasing, realty and concession agreements; utilities, statutory payments and agencies limits including City of Toronto contracts and other operating agreements. Authorizations for unbudgeted items cannot be delegated below the Department Head level.

3.2 The signing authority of the Chief General Manager may only be delegated in writing, as the Chief General Manager deems appropriate. (Refer to policies 1.4 Delegation of Management Authority and 13.11 Delegation of Departmental Expenditure Authority).

3.3 Authorization for expenditures and other commitments are established up to the following limits, noting that these represent total contractual values including applicable taxes per commitment request, unless noted otherwise:

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Commencing Projects/Authorizing Contracts and Commitments (Table 1)					
APPROVER	UNBUDGETED ITEMS	BUDGETED ITEMS			
		Goods & Services	Contract Changes / Amendments	Leasing Realty & Concession (per annum)	Utilities, Agencies & Municipalities
Commission	\$500,000 +	\$5.0 million + * (Exceptions \$500,000 +)	\$2.5 million +	\$200,000 +	Budget
Chief General Manager	\$500,000	\$5.0 million	\$2.5 million	\$200,000	Budget
General Manager / Program Manager – Transit City	\$50,000	\$2.5 million	\$1.0 million	\$100,000	Budget
Deputy General Manager / Executive Director / Chief Project Manager	\$25,000	\$1.0 million	\$500,000	N/A	Budget
Department Head **	\$10,000	A \$500,000 B \$100,000	A \$250,000 B \$50,000	N/A	Budget

Note:

All contract awards greater than \$500,000 and amendments greater than \$250,000 will also require authorization from the Manager – Materials and Procurement, and all contract awards greater than \$1 million and amendments greater than \$500,000 also require authorization from the General Manager – Executive & General Secretary.

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* Exceptions: Commission approval is also required for:

(a) Sole source requirements greater than \$500,000 in accordance with the Procurement Policy; and

(b) Requirements greater than \$500,000 where the recommended company is not: (1) the lowest priced compliant tenderer; or (2) the best qualified and either lowest priced or acceptable priced proposal. These exceptions will also require the review and approval of the Legal and Claims Department regardless of the value.

** Department Heads of the following Departments have "A" limits: Bus Maintenance; Plant Maintenance; Rail Cars & Shops; Signals / Electrical / Communications; Track & Structure; Wheel-Trans Operations; Materials and Procurement; Information Technology Services; and Engineering. All remaining Department Heads not listed above have "B" limits.

3.4 Items which normally would not require Commission approval may be brought to the Commission at the discretion of the Chief General Manager.

3.5 The Commission delegates authority to the Chair, Vice-Chair and Chief General Manager to authorize items that would normally be authorized by the Commission when the approval is required prior to the next Commission meeting. If the Chair and/or the Vice-Chair are not available, authority will be deemed to be delegated to any two (2) Commissioners and the Chief General Manager. These authorizations are to be followed up by a notice of award Commission report that is to be submitted to the next scheduled Commission meeting for information.

3.6 Exception to Contract Changes / Amendments in Table 1 "Re-allocation of Funds Amendments" – In the event an authorized procurement involves contract awards to multiple companies, who are awarded contracts with the same scope and nature, the Commission delegates amendment authority to the Chief General Manager, and the Manager – Materials and Procurement to re-allocate funds amongst the companies as needed provided the originally approved total aggregate amount, including any subsequent authorized amendments, is not exceeded. The Manager – Materials and Procurement has such amendment authority up to \$2.5 million per contract, and the Chief General Manager for amounts greater than \$2.5 million per contract.

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- 3.7 Management will submit a monthly report to the Commission on expenditure commitments between \$1 million to \$5 million. This report will also include sole source contract Awards and Amendments that have been authorized by the Chief General Manager.
- 3.8 Notes:
- 3.8.1 The authority levels delegated below the Department Head level noted in Table 1 will be subject to written approval of the Department Head. The delegation of authorization is required to be in writing, signed, and is to be in accordance with the Delegation of Departmental Expenditure Authority Policy (13.11) and as approved on the Authorized Signatures Listing.
- 3.8.2 Each level of management must delegate their full authority during periods of absence in accordance with the Delegation of Management Authority Policy (1.4).
- 3.8.3 The General Counsel has authorization delegated by the Commission specifically related to legal issues and claims settlements which are subject to the procedures outlined under 9.1 Engagement of Outside Counsel and 9.2 Settlement of Claims Policy in conjunction with 13.11 Delegation of Departmental Expenditure Authority Policy.
- 3.8.4 The General Manager - Executive has the authority to write-off uncollectible amounts up to a value of \$20,000. The Chief Financial Officer has the authority to write-off uncollectible amounts up to \$10,000. An information report outlining amounts written off will be submitted to the Audit Committee on an annual basis. Specific authority to approve other write-offs may be delegated by the Chief General Manager in accordance with the Delegation of Departmental Expenditure Authority policy 13.11 (e.g., tangible property is issued but no money is received, such as lost fare media) for decisions undertaken in the normal exercise of duties.
- 3.8.5 The Manager - Materials and Procurement may approve up to \$1,000,000 for the purchase of materials for inventory and \$500,000 amendment authority for inventory purchases and proceeding with a

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sole source Request, Contract Award or Amendment as detailed in the Procurement policy # 5.3.

- 3.8.6 Department heads may approve an increase on upset limit contracts up to the lesser of 10% or \$10,000 above the original purchase order value. This applies only once per purchase order and up to the level of contract amendment authority outlined under 13.11 Delegation of Departmental Expenditure Authority policy.
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For requests up to \$500,000, an Approver may authorize proceeding with an Unbudgeted Item within their limit as listed in Table 1, providing that the expenditure can be accommodated within existing budgets. If as a result of a required amendment(s) the cumulative value of the Unbudgeted Item will exceed the Approver's limit, then the appropriate higher level of approval will be required prior to proceeding with the amendment(s).

- 3.8.8 If all or any part of the work associated with a new contract or a change to a contract that must commence immediately for reasons of safety, security, critical schedule requirements or to avoid delay claims, and authorization for such work cannot be obtained in a timely manner, then designated staff may authorize such work to commence on an interim basis up to their level of authority. Approval for the full value of such work should be obtained before expenses incurred exceed the interim authorization or such further interim authorization that may be subsequently obtained by a higher authority; otherwise the work on the change should be stopped until appropriate authorization is obtained. For safety critical requirements, work should proceed and appropriate authority must be sought at the earliest opportunity.

Inappropriate use of this process may result in a reduction of authority limits at the discretion of the Chief Financial Officer and the Manager - Materials and Procurement.

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3.8.9 Where the value of an original contract for the purchase of goods / services is less than \$5 million, prior to the point where the aggregate of the original purchase plus subsequent approved and planned amendments will exceed \$7.5 million, then Commission approval of an amendment will be required even if the value of such amendment is less than \$2.5 million. Once the Commission authorizes an amendment, normal authorizations will resume as per Table 1 for any additional amendments.

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3.8.13 Utilities, statutory payments and other agencies payments and commitments (including municipal payments) not covered by a specific

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contract, are deemed authorized within the approved budget authority (expenditures or revenues) and may be approved by staff with the appropriate delegated authority related to the following: utilities, taxes, permits, employee related deductions and payments, continuation of operating service and use of facility agreements with other agencies (new agreements will require Commission approval) and municipal payments such as city staff Legal and Facility & Real Estate, Special Project and Transportation Planning resource requirements for work performed directly on TTC approved budget activities.

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