

# TORONTO TRANSIT COMMISSION REPORT NO.

**MEETING DATE:** June 2, 2010

**SUBJECT:** TTC CORPORATE POLICY REVIEW –  
POLICY 5.3 PROCUREMENT

## **ACTION ITEM**

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### **RECOMMENDATION**

It is recommended that the Commission approve the following TTC Corporate Policy as amended for implementation effective June 2, 2010, which is attached hereto as Appendix 'B':

1. Policy 5.3, Procurement.

### **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. The Procurement policy is submitted for Commission approval with suggested changes as detailed in Appendix 'A'.

### **JUSTIFICATION**

The recommended changes update the Procurement policy with various specified administrative revisions.

May 5, 2010

9-59

Attachments: Appendix A and B

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### POLICY/INSTRUCTION

SUBJECT	CLASSIFICATION	DATE APPROVED	P/I NUMBER
Procurement	Materials and Procurement	June 2, 2010	5.3.9

#### 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 change.

##### 3.3 Authorization

The appropriate process and required level of approvals which must be 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 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.

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 \$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.

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#### 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

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.

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#### 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](http://www.toronto.ca/lobbying).

### 8.0 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:

#### 8.1 Publicly Opened Formal Tenders

At the time of the public opening the TTC reveals only the identity of Bidders

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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**

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**

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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 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.

#### 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

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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

- 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

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- 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

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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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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 provision of the Request, or ~~the~~ 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.

3.25~~6~~ Sole Source

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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 (e.g. pre-qualification).

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#### 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 List and are invited to submit an informal Bid directly to M&P, either verbally,

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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.

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

~~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~~

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**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.

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

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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**

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.

**6.7.0 COMMUNICATION DURING BID PROCESS**

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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](http://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

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

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provided on the TTC Web Site is to be disclosed to interested parties, except as otherwise noted in [Section 8.4](#) ~~7.4~~.

~~7~~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.

~~8~~9.0 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 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

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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 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

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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.

4014.0 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
- 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

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