



Delegation of Authority during the Board Recess

Date: July 14, 2022
To: TTC Board
From: Chief Executive Officer

Summary

This report recommends the TTC Board provide specific delegated authorities to the Chief Executive Officer and relevant TTC officials, in order to ensure critical and time-sensitive TTC operating and capital activities continue to move forward after the last TTC Board meeting of the current 2018-2022 term on July 14, 2022.

The recommended delegated authorities, if approved, would come into effect following the July 14, 2022 Board meeting and remain in effect until the first scheduled TTC Board meeting of the new term. Any exercise of the delegated authorities will be reported by staff to the first TTC Board meeting.

Recommendations

It is recommended that the TTC Board:

1. Provide the Chief Executive Officer delegated authority of up to \$15.0 million in order to implement any measures necessary to protect the health and safety of its employees, riders and the public in the event of a resurgence of COVID-19 or its variants.
2. Delegate authority to the Chief Executive Officer to respond to an emergency, otherwise defined as any situation of extreme urgency brought about by unforeseeable events that makes the procurement of goods and services necessary to address an immediate risk to health, safety, security, cybersecurity, property, the environment or other public interests of the TTC and/or City.
3. Increase the Chief Executive Officer's delegated authority from \$5.0 million to \$20.0 million to award and/or amend contracts necessary to ensure the continuation of TTC operations and the delivery of approved capital projects during the Board recess period, subject to confirmation of available funding and the completion of a fair, competitive procurement process in accordance with TTC procurement policies and practices.
4. Authorize the Chair and/or Chief Executive Officer, in consultation with the Chief Financial Officer, to enter into agreements with other orders of government, including their agencies, to take actions as required to preserve the TTC's ability to

secure intergovernmental funding or financing opportunities that may arise, including entering into any necessary agreements with other levels of government to receive such funding.

5. Authorize the Chair and/or Chief Executive Officer and/or any other relevant TTC Official, in consultation with the Chief Financial Officer, to execute tri-partite intergovernmental funding agreements, including any amendments and extensions, required with the Government of Canada and the Province of Ontario for the Toronto Transit Commission Streetcar Program in order to flow the total of \$360 million in funding included in the TTC's 2022-2031 Capital Budget and Plan.
6. Direct that the delegated authorities in Recommendations 1-4 be in effect immediately following the end of the Board meeting on July 14, 2022 until the first scheduled Board meeting of the new term, 2022-2026.
7. Direct the Chief Executive Officer or designate to report to the first Board meeting of the new term on the exercise of any delegated authority under Recommendations 1-4 listed above.

Financial Summary

This report has no additional financial impact beyond what has been approved in the 2022-2031 Capital Budget and Plan and 2022 Operating Budget as approved by the TTC Board on December 21, 2021 and by City Council on February 17, 2022.

Any exercise of these delegated authorities will be reported to the first TTC Board meeting of the new term.

The Chief Financial Officer has reviewed and approved this report and agrees with the financial impact information.

Equity/Accessibility Matters

The TTC is committed to promoting and supporting diversity and inclusion as well as removing barriers in all corporate policies, procedures, processes, programs and services in order to reflect and respond to the needs of employees, contractors and customers.

Decision History

The TTC Board has provided delegated authority in the past during a prolonged Board recess period to ensure officials are able to continue key business of the TTC. In 2018 the following report was brought forward:

[Easier Access III – Award of Contracts during the Municipal Election Period](#)

Toronto City Council, historically, also provides delegated authorities to City officials to maintain City business during a Council recess while a municipal election is underway.

The last report of this nature was EX36.4 Delegation of Authority for the Remainder of the 2014-2018 Council term.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2018.EX36.4>

Issue Background

TTC Policy 6.5.1 Authorization for Expenditures and Other Commitments

Section 3.0 – Delegations of sets out the approval amounts and exception statements.

3.6 The Board delegates authority to the Chair, Vice-Chair and CEO to authorize items that would normally be authorized by the Board when the approval is required prior to the next Board meeting, If the Chair and/or Vice-Chair are not available, authority would be deemed to be delegated to any two Board members and the CEO. These authorizations are to be followed up by a notice of award report that is to be submitted to the next scheduled Board meeting, for information.

Any items for which authority has not been delegated through the approval of the report recommendations would be submitted for approval to the CEO, Chair and Vice-Chair as set out in the policy. The Process is outlined below:

Process

- Staff advise Commission Services and the CEO's Office that a matter requires approval under delegated authority;
- Staff prepare a standard Board report for the matter; the report follows all normal internal sign-off requirements with the exception that it is distributed under a Pre-Approval Staff Summary Sheet (SSS). The pre-approval SSS includes separate lines for approval by the CEO, Chair and Vice-Chair;
- Once the report is fully approved internally, it is presented to the CEO for his approval;
- Once CEO approval is obtained, the Director – Commission Services will work with the Chair and Vice-Chair to establish a briefing meeting. The briefing is used to advise of the nature of the report, key details and to obtain approval. The report is pre-circulated to the Chair and Vice-Chair; if they are satisfied with the content, they are able to forego the briefing; and
- Once approved, the Commission will post the report online; the report is also included on the agenda of the inaugural meeting as a Notice of Award for the Board's information.

Comments

Procurement Authorizations

Emergency Provisions

- *COVID-19 Health and Safety Response*

Since early 2020, the TTC has effectively responded to the COVID-19 pandemic with the implementation of measures to protect the health and safety of its staff, riders and the public. These measures have included employee screening at all TTC facilities; the provision of personal protective equipment and facility disinfection to protect employees; the provision of hand sanitizer dispensers at all stations; the installation of vehicle ventilation filters and vehicle disinfection to protect riders; as well as communication campaigns to inform all stakeholders.

For 2022, these COVID-19 expenses have a planned cost of \$31.2 million and have been included in TTC's 2022 Operating Budget. Given the relaxing of public health restrictions, measures such as employee screening and vehicle disinfection are currently planned to be phased out. However, in the event of any resurgence of COVID-19 or any of its variants/sub-variants during the Board recess, it may be necessary for the TTC to respond beyond what has been planned and budgeted. As a result, it is recommended that the Board provide delegated expenditure authority to the Chief Executive Officer (CEO) for up to \$15.0 million for COVID-19 expenses to implement any measures necessary to protect the health and safety of its employees, riders and the public during the Board recess. This recommended delegated authority to the CEO was previously authorized by the TTC Board in both 2020 and 2021.

- *Response to Unforeseen Emergencies*

The TTC's current Authorization for Expenditures and Other Commitments policy (clause 3.7.6) recognizes the need for the TTC to be able to respond to emergent events. However, this authority is limited to: (a) events that impact safety, security, critical schedule requirements or to avoid delay claims; and (b) current delegated expenditure authority thresholds of \$5.0 million for contract awards; \$2.5 million for contract amendments and \$500,000 for single-sourced procurements and unbudgeted expenditures, respectively.

Given that there are other types of unplanned emergencies that may arise requiring an immediate response, such as the TTC's 2021 cybersecurity breach or climatic events that could cause interruptions in service, and that the current delegated authorities are limited in scope, it is recommended that the TTC Board delegate authority to the CEO to be able to respond to an emergency, otherwise defined as any situation of extreme urgency brought about by unforeseeable events that makes the procurement of goods and services necessary to address an immediate risk to health, safety, security, cybersecurity, property, the environment or other public interests of the TTC and/or City.

The above definition of an "emergency" is similar to the City of Toronto's Municipal Code Chapter 196 and Purchasing By-Law, but has been amended to include

cybersecurity. This definition and provision will be included in the TTC's revisions to its procurement policy that will go to the TTC Board in 2023.

Continuation of Operations and Capital Project Delivery

A review of new contracts planned, existing contracts to expire and contracts requiring amendments to exercise options during the Board recess period reveal that a number of contracts are required to ensure the continuity of TTC-approved capital projects, such as the implementation of SAP and the Easier Access Program, as well as TTC operations, particularly those impacted by supply chain issues, such as the procurement of vehicle body parts, brakes or HVAC systems, and the continued supply of laptops and desktops for staff. While the procurement values are over the current \$5.0 million delegated authority limit granted to the CEO, many fall under \$20.0 million.

In order to ensure the continuation of approved capital project delivery and operations, as well as to be able to maximize the procurement of services and supplies impacted by supply chain issues, it is recommended that the TTC Board increase the CEO's delegated authority from \$5.0 million to \$20.0 million to award and/or amend contracts necessary to ensure the continuation of TTC business during the Board recess period, subject to the confirmation of available funding and the completion of a fair, competitive procurement process in accordance with TTC procurement policies and practices.

All other contract awards for new or expiring contracts above \$20.0 million will form part of the approval process delegated to the Chair, Vice-Chair and CEO during the Board recess, in accordance with Section 3.0 of TTC Policy 6.5.1 Authorization for Expenditures and Other Commitments, as outlined above.

It should be noted that the CEO will report to the first meeting of the TTC Board of the new term on the exercise of any delegated authorities requested above.

Intergovernmental Funding Opportunities

The TTC relies on intergovernmental funding to support investments in transit infrastructure and service. In order to ensure the TTC is able to leverage any new intergovernmental funding opportunities to support identified Board priorities and plans, this report requests authority to take actions necessary to secure funding in the interest of the TTC. Actions may include entering into discussion with Provincial and/or Federal partners in consultation with the City of Toronto, including entering into agreements if required to secure intergovernmental funds. This delegated authority would only be utilized if required to ensure Toronto receives its fair share of provincial and/or federal funding, and in circumstances where specific Board authority does not already exist.

The TTC is in the process of also finalizing transfer payment/contribution agreements for priority capital projects that have commitments from Provincial and Federal partners, such as the TTC Streetcar Program (60 new streetcars and the Hillcrest Facility). The TTC will also seek to finalize the transfer payment agreement with government partners on the Bloor-Yonge Capacity Improvement Project, pending federal and provincial funding approval in principle.

As reported in May 2021, the TTC received \$180 million funding commitment from the Provincial government, and \$180 million funding commitment from the Federal government towards the TTC's procurement of 60 new streetcars and the Hillcrest Facility. The transfer payment/contribution agreements from the Provincial and Federal partners for the TTC Streetcar Program will reflect the standard intergovernmental agreements and will outline the general Terms and Conditions, including project information, timelines, budget and milestones, as well as agreed upon claim and payment procedures and government reporting requirements.

Recommendation 5 in this report seeks to ensure the TTC has all required authorities to finalize and execute agreements, including future amendments for the receipt of funding. At the May 2021 Council Meeting, the City authorized the Mayor and/or the City Manager and/or any other relevant City Official, in consultation with the Chief Financial Officer and Treasurer and the Chief Executive Officer, Toronto Transit Commission, to negotiate and execute intergovernmental funding agreements required with the Government of Canada and the Province of Ontario for the TTC Streetcar Program. In order to ensure administratively that the TTC can be a signatory if required for the TTC Streetcar Program Transfer Payment Agreements, the TTC is seeking similar authority per Recommendation 5. This authority would not be time limited to the Board recess period.

Contact

Josie La Vita, Chief Financial Officer
josie.lavita@ttc.ca

Signature

Richard J. Leary
Chief Executive Officer