



Amendments to TTC Policy 6.5.1 (Authorization for Expenditures and Other Commitments) – Increasing Delegated Authority to Expedite Procurements

Date: June 23, 2025

To: TTC Board

From: Deputy Chief Executive Officer

Recommendations

It is recommended that the TTC Board:

1. Approve amending the TTC Authorization for Expenditures and Other Commitments policy, by delegating additional authority to the CEO (which authority may be further delegated by the CEO to their designates) as set out below provided that the standard procurements are within the TTC's approved budget.

Contract awards (other than single source)	Up to Approved Budget
Contract Amendments (other than single source)	Up to Approved Budget

2. Direct staff to report semi-annually to the Board on procurements awarded through delegated authority.

Summary

The Authorization for Expenditures and Other Commitments policy defines the framework to make purchases and/or commitments on behalf of the TTC and covers the Board's delegation of authority to the CEO to authorize expenditures including contract awards and amendments.

Currently, the CEO is authorized to approve:

- All contract awards up to \$5 million and amendments up to \$2.5 million with the exception of single source contracts; and
- Single source contracts including all amendments, up to a total of \$500,000.

Contracts exceeding these thresholds require Board approval. These limits have not changed in over 16 years.

The proposed update maintains the \$500K limit for single source contracts. For all other contracts, it expands the CEO's authority to approve awards and amendments provided that they are within the TTC's approved budget, subject to additional oversight and controls outlined within this report.

This change supports:

- TTC's Corporate Plan, Action 5.1.1 **Efficiencies in Business Processes:** streamlining and optimizing existing business processes to enhance operational effectiveness.
- City of Toronto Council and TTC Board requests for increased efficiencies related to the contract award process.

Table 1: Summary of Contracting Approval Delegation Changes

	Current CEO Delegated Authority for budgeted Goods & Services	Proposed CEO Delegated Authority for budgeted Goods & Services
Contract awards (other than single source)	\$5 million	Up to Approved Budget
Contract Amendments (other than single source)	\$2.5 million	Up to Approved Budget

Notes:

1. The CEO's authority for single source awards and amendments (cumulative value) will remain at \$500,000 (no change).
2. The CEO may delegate, up to their approval limit, contract approval authority to staff as the CEO deems appropriate.

Background and Analysis

The CEO's existing approval authority for contract awards and amendments were established by the Board in December 2008¹ and have remained unchanged since then.

History of Higher Delegation limits to the CEO

The TTC Board has consistently delegated higher procurement authority to the CEO, subject to available funding, to support timely decision-making and operational efficiency. Notable examples include:

- **October 2020²:** Delegated authority to the CEO to:
 - Amend the streetcar supply contract (\$140 million); and
 - Award contracts for hybrid-electric buses (\$390 million).

- **February 2022³**: Authorized the CEO to enter into an agreement in the amount of \$69.8M for fleet electrification and amend the agreement up to \$591M.
- **April 2022⁴**: Delegated authorization to the CEO to enter into contribution agreements with governmental partners for net new funding and amend contracts under the TTC's Green Bus Program up to the new funding commitments.
- **February 2023⁵**: Increased delegated authority to the CEO for a cumulative amount of \$15M to issue or amend contracts to respond to emergencies.
- **July 2022⁶**: The CEO's authority was increased to \$20 million to award and/or amend contracts during the Board recess period (July – December 2022).

Toronto Council and TTC Board Request for Efficiencies

The TTC's approach aligns with broader efforts by the City of Toronto to streamline procurement awards.

The City established a Bid Award Panel (BAP) with authority to award contracts beyond the staff limit of \$500K up to a limit of \$20 million, subject to approved budget and other procurement controls. Awards above \$20 million up to \$30 million were approved by a City Standing Committee, and City Council above \$30 million.

In **April 2025⁷**, City Council adopted report recommendations from the Chief Procurement Officer (CPO) to eliminate the BAP and delegate award authority up to \$30 million to staff. The CPO report found that:

- Accountability is not enhanced through the BAP, nor does it significantly enhance oversight of the procurement process or its adherence to the principles of openness, fairness, and transparency.
- A significant commitment of staff time across multiple divisions is required to facilitate these approvals.
- The BAP added 10 - 20 business days to the process, while Standing Committee approvals added 30 - 60 days.
- In summary, sufficient controls, checks and balances presently exist to ensure accountability and oversight without the need for a BAP. Increased delegation to City staff to award contracts between \$500K and \$30 million will result in a more efficient procurement process.

At its April 2025⁸ meeting, the TTC Board raised concerns relating to the use of TTC staff time in providing detailed reports to the Board for routine procurement approvals. The Board also requested management consider, subject to governance and controls, further delegation of authority.

Marketplace Feedback & Jurisdictional Review

In April 2025⁹, construction industry associations representing 75% of Toronto's annual capital construction expenditures expressed concerns over long contract approval processes and endorsed the City's increased delegation of authority to expedite procurement awards.

Industry association concerns included:

- Contractors bidding on City projects have long faced uncertainty due to months-long wait times after the tender period closes and before projects were awarded, limiting their ability to bid on other projects during that period, due to concerns with overextension in case of multiple project awards.
- This uncertainty discourages bid submissions, resulting in higher costs and reduced bid volumes for the City.
- The award process is delayed by an average of 60 days, and in some cases up to 190 days, post-bid closure, although the project budgets have already been approved. This contrasts sharply with neighboring municipalities, where typical award timelines range from one to four weeks.

The TTC process of seeking Board approval for procurement awards results in additional throughput time. Some TTC bidders have expressed similar concerns regarding long bid validity periods, noting they would only be willing to hold pricing for 30 days as compared to the longer timeframes requested by TTC to accommodate its approval process.

A jurisdictional review found that some Canadian municipalities and transit agencies have delegated procurement award authority, regardless of contract value, to senior executives such as the CEO, Chief Administrative Officer, or City Manager. These delegations are typically contingent on confirmed funding and other governance controls. Some examples include: York Region, Peel Region, Ottawa, Halifax, Calgary, Edmonton, Mississauga, Richmond Hill, Vaughan, TransLink, and the Metropolitan Transportation Authority. In five of these jurisdictions, amendment authority is also included. Non-competitive contracting authority for staff is generally more limited, often between \$100K and \$500K.

Similar to other public sector entities, the TTC's policy distinguishes between "**sole sourcing**" (only one capable supplier, such as original equipment manufacturer (OEM) proprietary parts for vehicles and specialized equipment) and "**single sourcing**" (one selected among several capable suppliers). The CEO's \$5 million authority applies to competitive and sole source procurements. The proposed update maintains this distinction and the CEO's authorization limit for single source contracts remains at \$500K.

Controls & Reporting

The recommended update to the CEO's delegated authority includes controls to ensure accountability and transparency:

1. **Budget Compliance:** Awards and/or amendments values must be within the TTC's approved budget;
2. **Contract Term Limits:** Contracts must not exceed a maximum term of five (5) years, including optional terms, or the projected term of capital funding for a project as otherwise approved by the Board and City Council;
3. **Best Value:** Contract awards based on competitive procurement processes are made to the supplier that, based on the evaluation criteria set out in the specific bid document (which includes an evaluation of pricing), represents the best value.
4. **Non-Competitive Oversight:** Established procedures that ensure contract awards based on non-competitive procurement processes represents best value and oversight.
5. **Internal Checks and Balances:**
 - i. CFO approval for awards over \$5 million and amendments over \$2.5 million;
 - ii. a CEO-established committee to advise on non-standard situations or concerns arising during the procurement process.
6. **Fairness and Integrity:** All procurement processes must be fair, transparent and free of conflicts of interest.

The TTC will continue posting bid results and awards. Additionally, the TTC CEO will report to the Board twice annually on all contract awards that exceed \$5 million. The CEO retains discretion to bring any procurement item to the Board, and the Board may direct the CEO to bring any specific item to the Board for approval.

The Board will also continue to receive the status of major projects through TTC's Financial and Major Projects Update reports.¹⁰

In the 3 years ending December 31, 2024, TTC staff brought **73 procurement award and/or amendment reports** to the Board for approval. The proposed policy update will significantly reduce this volume, shorten procurement timelines, improve operational efficiency in alignment with TTC's Corporate Plan, and is supported by the marketplace.

There are other TTC policies that refer to the Authorization for Expenditures and Other Commitments policy, which will be updated to correct cross references and to reflect the approved changes to this policy. One related policy is the TTC's Procurement policy, however staff are preparing updates to that policy for Board consideration in Q4 2025. Ernst & Young has been engaged to support this work and has also reviewed and supports the proposed changes to the delegation of authority in this report.

Diversity, Equity and Inclusion Matters

The proposed changes to the delegation of authority have no impact on diversity, equity and inclusion.

Innovation and Sustainability Considerations

An increase in delegated authority for budgeted expenditures has the potential to significantly reduce overall procurement timelines and accelerate the implementation of corporate innovation initiatives. Currently, certain budgeted but Board-approved capital and operating expenditures still require multiple layers of review and reporting, even when aligned with previously endorsed strategic priorities and funding envelopes. This can create delays in advancing capital programs, launching pilot projects or acquiring new solutions. Empowering the CEO, and designated leadership roles, with enhanced delegated authority—within clearly defined thresholds and controls—can enable more agile decision-making without compromising transparency or fiscal discipline.

To enable implementation of the TTC's Innovation and Sustainability Strategy, specifically, timely procurement is critical for scouting, evaluating, and implementing novel solutions across the organization. Increased delegation would allow for more rapid prototyping, accelerated trials, and faster scaling of technologies with demonstrated value. This is especially relevant in a fast-evolving environment where funding opportunities, supply chain windows, and technology readiness often operate on compressed timelines. By streamlining internal approvals for already-budgeted initiatives, the TTC can increase its responsiveness to innovation opportunities, improve delivery timelines, and ensure the organization remains competitive in an era of rapid change. Such adjustments to procurement governance are in line with leading practices across the transit industry, where innovation-driven agencies are balancing risk with the need for speed.

Corporate Plan Alignment

Action 5.1.1 **Efficiencies in Business Processes**: streamlining and optimizing existing business processes to enhance operational effectiveness.

Financial Impact

There are no financial impacts associated with this report.

The Executive Director – Finance has reviewed this report and concurs with this assessment.

Contact

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Attachments

Attachment 1 – Decision History

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1. At its meeting on December 17, 2008, the Board approved updates to the following TTC Corporate Policies, with an effective date of January 2009: Policy 13.5, Authorization for Expenditures and Other Commitments; Policy 13.11, Delegation of Departmental Expenditure Authority; and Policy 5.3, Procurement.
[TTC Corporate Policy Review - Policy 13.5 Authorization for Expenditures & Other Commitments, 13.11 Delegation of Departmental Expenditure Authority, & Policy 5.3 Procurement](#)
2. At its meeting on October 22, 2020, the Board delegated authority to the TTC CEO to issue a contract change with Bombardier Transportation Canada Inc. for the supply of 13 streetcars at an estimated cost of \$140 million based on - negotiation of an acceptable agreement (satisfactory to the TTC CEO and General Counsel), negotiation of contract pricing for the initial order of 13 streetcars and fixed pricing on options for up to 47 additional streetcars equating to a combined total of 60 streetcars. In addition, the Board delegated authority to the TTC CEO to award up to two contracts for the supply and delivery of approximately 300 hybrid-electric buses for the estimated cost of approximately \$390 million.
[TTC Fleet Procurement Strategy and Plan](#)
3. At its meeting on February 10, 2022, the Board delegated authority to the CEO to enter into an agreement with PowerON Energy Solutions LP (a subsidiary of Ontario Power Generation Inc.) in the upset limit amount of \$69.8 million for implementation of fleet electrification infrastructure and subject to the receipt of further funding commitments by TTC towards remaining fleet electrification infrastructure, to amend the agreement upset limit up to \$591 million.
[Principal Agreement with PowerON Energy Solutions LP \(OPG\) to Decarbonize TTC Operations, Fleet, and Facilities](#)
4. At its meeting on April 14, 2022, the Board delegated authority to the TTC CEO to:
 - a. Enter into contribution agreement(s), where required, with government partners to receive any net new funding / financing for the TTC's Green Bus program; and
 - b. Subject to commitment of matching funds from provincial and/or federal government partners, amend existing and pending contract(s) to increase the eBus procurement quantity and associated infrastructure works in proportion to the additional funds committed.
[TTC's Green Bus Program: Final Results of TTC's Head-to-Head eBus Evaluation](#)
5. At its meeting on February 28, 2023, the Board increased the CEO's delegated expenditure authority to a cumulative \$15.0 million for the sole purpose of awarding or amending contracts for the procurement of goods or services to implement measures deemed necessary to respond to an emergency. Where an emergency is

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.

[Community Safety Issues and Response](#)

6. At its meeting on July 14, 2022, the Board increased 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 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.

[Delegation of Authority during the Board Recess](#)

7. At its meeting on April 23 and 24, 2025, City Council adopted [GG20.10 - Review of Bid Award Panel](#), including elimination of the Bid Award Panel and delegation of award authority to the Chief Procurement Officer to award open competitive solicitations up to \$30 million. In addition, City Council delegated commitment authority to the City Manager to approve the commitment of funding for open competitive procurements up to \$30 million and authorize the City Manager to sub-delegate commitment authority up to \$30 million to City officials or staff.
8. At its meeting on April 16, 2025, the TTC Board raised concerns relating to the use of TTC staff time in providing detailed reports to the Board for routine procurement approvals. The Board further requested management consider, subject to governance and controls, further delegation of authority.
<https://www.youtube.com/live/gtLdE5dn79o?si=6ly-OwTGoNadhdb>
9. April 4, 2025 letter from The Toronto and Area Road Builders Association (TARBA), the Greater Toronto Sewer and Watermain Contractors Association (GTSWCA) and the Heavy Construction Association of Toronto (HCAT) to the City's General Government Committee.
<https://www.toronto.ca/legdocs/mmis/2025/gg/comm/communicationfile-188963.pdf>
10. At its meeting on April 16, 2025, the TTC Board received a report to approve in-year budget adjustments and a status update on the TTC's major capital projects for the year ending December 31, 2024.

[Financial and Major Projects Update for the Year Ended December 31, 2024](#)