






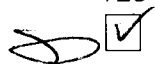
**To:** Finance Committee **Date:** March 29, 2006  
**From:** W. Glenn McLaughlin **File:** 02-0745-00/Vol 01  
 Manager, Purchasing & Risk *Xr: 12-8060-20-7407*  
**Re:** **Officer and General Manager Bylaw,** *File: 12-8060-20-8062*  
**New Procurement and Signing Authority Policies, and**  
**Purchasing Policy - Construction Management Projects**

**Staff Recommendation**

That:

1. Purchasing and Publicly Tendered Contract Policy 3102, adopted by Council on March 10, 1997 and last amended on March 29, 2005, be rescinded.
2. Officer and General Manager Bylaw No. 8062, which updates the Powers, Duties and Functions of the Chief Administrative Officer and General Managers, and makes other housekeeping changes as a consequence of the recent re-structuring, be introduced and given first second and third readings.
3. The attached Procurement Policy be adopted.
4. The attached Financial Signing Authorities Policy be adopted.
5. The attached Purchasing Policy - Construction Management Projects be adopted.

  
 W. Glenn McLaughlin  
 Manager, Purchasing & Risk  
 Att. 9

FOR ORIGINATING DEPARTMENT USE ONLY			
ROUTED TO:	CONCURRENCE	CONCURRENCE OF GENERAL MANAGER	
Engineering .....	Y <input checked="" type="checkbox"/> N <input type="checkbox"/>		
Facility Management.....	Y <input checked="" type="checkbox"/> N <input type="checkbox"/>		
Law.....	Y <input checked="" type="checkbox"/> N <input type="checkbox"/>		
Parks Design, Construction & Programs..	Y <input checked="" type="checkbox"/> N <input type="checkbox"/>		
Major Projects.....	Y <input checked="" type="checkbox"/> N <input type="checkbox"/>		
<b>REVIEWED BY TAG</b>	YES <input checked="" type="checkbox"/>  NO <input type="checkbox"/>	<b>REVIEWED BY CAO</b>	YES <input checked="" type="checkbox"/>  NO <input type="checkbox"/>

## Staff Report

### Origin

The manner in which staff carry out procurement activities is directed by Council through:

- *Policy 3102 Purchasing and Publicly Tendered Contracts* describing the methods to be used in our procurement activities;
- *Officer and General Manager Bylaw 7407* assigning authority to award contracts, and;
- *The Annual 5Year Financial Plan Bylaw* for spending authority.

In autumn 2005 research was conducted on procurement activities for best practices with regard to our current business methods and Council's assignment of contracting authority delegated to staff. Updated or new policies have been drafted for Council's consideration which align to the current Officer and General Manager Bylaw or to proposed amendments to this Bylaw.

This report details the following changes:

- A Proposed amendments to the current Officer and General Manager Bylaw.
- B An amended Procurement Policy.
- C A new Financial Signing Authorities Policy.
- D A new Purchasing Policy - Construction Management Projects.

### Analysis

#### (A) *Officer and General Manager Bylaw*

Staff propose amendments be made to the Bylaw that streamline contracting award activities on projects that have received Council approved funding through the budget process and 5Year Financial Plan Bylaw. A copy of the existing Officer and General Manager Bylaw is attached as *Appendix 1* and a draft of the new Bylaw is attached as *Appendix 2*. A summary of the Bylaw changes is attached as *Appendix 8*.

#### ***Proposed Bylaw amendments:***

*(Additions to the bylaw are noted in bold and deletions are noted by strikethrough.)*

1. Add a new Bylaw clause under section 1.3.1.1 for the assigned authority of the CAO to read:

***- authority together with the General Manager Engineering and Public Works to direct the City workforce to undertake capital funded infrastructure installations when all the following conditions are met:***

- ***Cost effective for the City.***
- ***Staff have the skills to carry out the work.***
- ***Council approved funding for the project.***
- ***Manpower capacity is available to complete the project within the time frame.***

#### ***Rationale***

This amendment will provide staff the authority to direct city workforces to install capital funded infrastructure projects optimizing the use of existing staff resources on operating and/or capital projects.

2. Amend Bylaw clause 1.3.1.1 (d) assigning the authority of the CAO and General Manager Engineering and Public Works to award construction contracts. Staff recommend this assignment apply to all General Managers and further that the requirement to receive three qualified tenders in order for staff to be authorized to award a bid be eliminated. The recommendation is for:

- (the CAO's) authority, together with the ***applicable Department*** General Manager, ~~Engineering and Public Works~~, to award ~~engineering and public works~~ construction contracts to the lowest qualified bidder when all of the following conditions are met:

- (i) the contract has been publicly tendered;
- (ii) the tendered amount is within the budget approved by Council for the project; ~~and~~
- (iii) ~~a minimum of three qualified tenders have been received~~

***Rationale***

Currently staff may only award a construction contract for engineering and public works infrastructure projects. This amendment allows the CAO and a General Manager the authority to award any construction contract on a project already approved by Council if the specified criteria are met. Currently this would include contracts for the Olympic Oval and Parks construction projects. This approach allows the expedient award of a contract that can reduce a project's overall construction period.

The following table is the limit of contracting authority Councils' from surrounding municipalities have delegated to staff.

***Table of Council Delegated Authority***

<i>Unlimited</i>	<i>Up to \$1 million</i>	<i>\$250,000 - \$350,000.</i>	<i>Less than \$250,000.</i>
City of North Vancouver North Vancouver District Port Coquitlam Saanich West Vancouver	Township of Langley	Abbotsford Burnaby Port Moody Surrey Vancouver	Chilliwack Delta Maple Ridge New Westminster White Rock

Eliminating the requirement for the receipt of three tenders will permit staff the authority to evaluate, award or cancel tender calls that receive less than three responses, as may be the case on a prequalified contract that solicits only two bidders. In addition, an administrative procedure will require a senior staff review when a single tender is received in a competitive bidding process.

City Council is advised by way of memorandum of all staff awarded publicly tendered construction contracts. Awards are also posted to the City's web site and reported out to the Finance Committee of Council.

3. Amend Bylaw clause 1.3.1.1 (e) by increasing the dollar limits for the CAO and a General Manager to award bids from \$50,000 - \$250,000 to \$100,001 - \$500,000 such that:

- (the CAO's) authority, together with the General Manager, Finance and Corporate Services, or in the absence of the General Manager, Finance & Corporate Services, any General Manager, to award ~~quotations~~ **bids or authorize spending** between \$50,001 and \$250,000 **\$100,001 and \$500,000** on behalf of the City, provided that the corporate policies and procedures with regard to the administration of such ~~quotations~~ **bids** have been followed.

***Rationale***

This will increase the assigned combined authority of the CAO and General Manager, Finance to \$500,000 to mirror the cost of today's procurement activities. This will also assign authority to award contracts for sole or single sourced procurement activity.

4. Add a new clause 1.3.2.1 (c) dealing with the Powers, Duties and Functions of the General Manager, Finance:

*- the authority together with any General Manager, to award bids or authorize spending between \$100,001 and \$500,000 on behalf of the City, provided that the corporate policies and procedures with regard to the administration of such bids have been followed.*

***Rationale***

This new clause provides a back up to the combined authority of the CAO and the General Manager of Finance (or any General Manager) to award bids or authorize spending to \$500,000 to mirror the cost of today's procurement activities.

5. Amend Bylaw clause 2.2.1 (b) by increasing a General Managers' assigned dollar limit for contract award authority from \$50,000 to \$100,000:

- the authority to award ~~quotations~~ **bids or authorize spending** up to ~~\$50,000~~ **\$100,000** on behalf of the City, provided that the corporate policies and procedures with regard to the administration of ~~such quotations~~ **bids** have been followed.

***Rationale***

This amendment increases a General Managers' assigned authority to mirror current contracting values and assigns authority to award contracts for sole or single sourced procurement activity.

6. Add a new clause 2.2.1 (c) to allow a General Manager:

**-the power to delegate spending authority and contract award authority to appropriate departmental staff in performing their work.**

***Rationale***

This amendment will allow General Managers to further delegate authority to staff in discharging their duties.

**(B) Procurement Policy**

Policy sets Council direction and is used as an instrument to delegate management responsibilities to staff. The current *Purchasing and Publicly Tendered Contract Policy*, attached as *Appendix 3*, focuses specifically on the procurement and contracting methods used. In 2005, this Policy was amended to include provisions for the Construction Management delivery method of the Olympic Speed Skating Oval project. This reference has been severed from the proposed new Procurement Policy, and the conditions for a new *Purchasing Policy - Construction Management Projects* follows later in this report.

Specifically, the proposed new Procurement Policy attached as *Appendix 4* identifies:

**Purpose** – which is to maximize value and ensure quality, integrity and safeguards in our procurement methods and activities.

**Application** - to contracts for the procurement of supplies, services and construction entered into by the City of Richmond subject to the authorities stipulated in the Officer & General Manager Bylaw.

**Guiding Principles** – to encourage fair & equitable treatment of parties throughout a competitive bidding process and identifies the criteria that will guide staff's procurement decisions.

**Procurement Methods** – expands on the previous policy by aligning purchasing effort and methods against the value of an individual transaction and now includes direction on emergency purchases and sole and single source procurement activities.

**Awarding of Contracts** – this section builds upon the Officer and General Manager Bylaw by setting out the criteria and process for committing City funds. The delegation clause under the powers of a General Manager in the Bylaw is implemented through this policy by delegating limited contracting authority to the Manager of Purchasing allowing this position to administer the City's procurement functions.

Included in the changes to the proposed Procurement Policy is a current Administrative Procedure that allows the substitution of the assigned authority delegated through the new Bylaw clause 1.3.1 (f), that calls for the concurrent authority of the CAO or the General Manager of Finance (under clause 1.3.2.1 (c)) and any General Manager for the awarding of bids up to the new amended Bylaw amount of \$500,000. This will allow:

*The Manager of Purchasing and the Department General Manager to sign on behalf of the CAO and the General Manager, Finance if the following criteria have been satisfied.*

- (i) Corporate procurement policies and procedures have been followed*
- (ii) The funds in question have been approved as part of the budget.*
- (iii) The contract is within the amount budgeted for the work in question.*
- (iv) The lowest responsive and responsible bidder is being awarded the contract in question.*

Council approval will be required on contract awards for which staff have not been specifically authorized including contracts for projects not identified/approved through the budget process and contracts awarded to other than the lowest, responsive and responsible bidders.

Also included in this section is a new provision to direct the handling of Change Orders on a previously awarded contract. Staff administering a contract would be assigned the authority to expend up to 10% over the original contract value provided funding is available in the respective budget.

Other sections of the proposed policy:

- Permit staff the authority to execute contracts they have approved.
- Establish a staff committee to address bidding irregularities or informalities.
- Set out restrictions and ethical conduct of staff participating in the procurement process.

The policy is supplemented with a schedule of employer related and special procured services which are not subject to this policy.

A summary of the procurement methods and assigned authorities is attached as *Appendix 9*.

**(C) Financial Signing Authorities Policy**

This new policy attached as *Appendix 5*, defines and establishes a process for staff to initiate or approve expenditures against Council's approved Operating or Capital budgets.

The policy supports the Procurement and other policies as it differentiates the two forms of Financial Signing Authorities, namely Spending and Payment Authority, from Contracting Authority referred in the Procurement Policy. The structure and process for these financial signing authorities reflect the City's current operating activities.

The definition of these forms of authority is:

- **Spending Authority** – is the delegated authority to initiate and approve expenditures against Council's approved operating or capital budget within a defined dollar limit.
- **Payment Authority** – is the authority to disburse funds for accounts and expenditures against Council's approved budget and is delegated to staff within the Finance Department.

Whereas:

- **Contracting Authority** – is the authority to directly enter into agreements with suppliers or contractors for the purchase of goods and services.

The assigned delegation of staff Spending Authority for a single transaction is recommended to be:

•	Authorized Employees	\$1,000
•	Administrative Assistants	\$5,000
•	Supervisors/Executive Assistants	\$10,000
•	Managers	\$25,000
•	Directors/Department Heads	\$50,000
•	Department General Managers/CAO	\$100,000
•	Chief Administrative Officer and General Manager, Finance	\$500,000

**(D) Purchasing Policy - Construction Management Projects**

The origin of this policy is an excerpt from the current *Purchasing and Publicly Tendered Contract Policy* relating to the Olympic Oval project. This portion of the policy was put into place to support the Construction Management method to deliver the Oval project. This method may be considered to deliver future major construction projects.

This policy does not provide the authority for the awarding of contract but can amend the methods for the soliciting of bids to address:

- a lack of response from the marketplace to a publicly tendered contract;
- tendering construction activity within the confines of the construction schedule;
- the involvement of a construction manager in the bid soliciting process thus capturing their knowledge of the marketplace and availability of resources.

Consistent with the *Procurement Policy*, the *Purchasing Policy - Construction Management Projects* provides a mechanism for staff to authorize change orders to contracts. Under this policy, the Project Manager may authorize changes to a contract up to a 10% cumulative amount over the original contract value. The Senior Management Group (TAG) may authorize changes to a contract greater than a 10% amount. Both authorizations require funding be available within the project budget and for activities within the approved scope of work.

The new *Purchasing Policy - Construction Management Projects* - is attached as *Appendix 6*.

**Financial Impact** - None

**Conclusion**

The amendments to the current Officer and General Manager Bylaw support the adoption of the new policies which provide clear direction and assignment of authority for staff.

In addition to these policies and bylaw amendments, staff spending is governed by *Council Policy 3001 – Budget Amendments*, which require a Council resolution for any project that exceeds the approved budget by 5% or \$25,000 whichever is greater. A copy of this policy is attached for information as *Appendix 7*.

March 29, 2006

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The proposed new policies and Bylaw amendments reflect a prudent balance of effective corporate administration and public accountability.



W. Glenn McLaughlin  
Manager, Purchasing & Risk (4136)



Caroline Beaton,  
Manager, Business Advisory Services (4103)



Katherine Lecy  
Payroll Manager (4628)





## **OFFICER AND GENERAL MANAGER**

### **BYLAW NO. 7407**

EFFECTIVE DATE – NOVEMBER 12, 2002

#### **CONSOLIDATED FOR CONVENIENCE ONLY**

This is a consolidation of the bylaws below. The amendment bylaws have been combined with the original bylaw for convenience only. This consolidation is not a legal document. Certified copies of the original bylaws should be consulted for all interpretations and applications of the bylaws on this subject.

#### AMENDMENT BYLAW

Bylaw 7587  
Bylaw 7937

#### EFFECTIVE DATE

September 22, 2003  
May 9, 2005

**CITY OF RICHMOND**  
**OFFICER AND GENERAL MANAGER**  
**BYLAW NO. 7407**

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**CITY OF RICHMOND  
BYLAW NO. 7407**

**OFFICER AND GENERAL MANAGER BYLAW NO. 7407**

The Council of the City of Richmond enacts as follows:

**PART ONE: CITY OFFICERS**

**1.1 Establishment of City Officers**

1.1.1 **Council** declares that the persons holding the following positions are Officers of the **City**, under Section 146 of the *Community Charter*,

- (a) **Chief Administrative Officer**;
- (b) **General Manager, Finance and Corporate Services**; and,
- (c) **Director, City Clerk's Office**.

**1.2 Appointment of City Officers**

1.2.1 On the recommendation of the **Chief Administrative Officer**, **Council** may appoint persons to the positions of (i) **General Manager, Finance & Corporate Services**, and (ii) **Director, City Clerk's Office**.

**1.3 Powers, Duties And Functions Of City Officers**

**1.3.1 Chief Administrative Officer**

1.3.1.1 The **Chief Administrative Officer** is assigned:

- (a) the chief administrative responsibility for the **City** and the statutory powers, duties and functions specified in Section 147 of the *Community Charter*;
- (b) responsibility for the administration of exempt staff compensation within the corporate policies and budget established by **Council**;
- (c) responsibility for authorizing the execution of agreements and licences of occupation, or other legal instruments, with regard to the use of **city**-owned property, but excluding those which, statutorily, must be executed by **Council**;
- (d) authority, together with the **General Manager, Engineering and Public Works**, to award engineering and public works construction contracts to the lowest qualified bidder when all of the following conditions are met:
  - (i) the contract has been publicly tendered;
  - (ii) the tendered amount is within the budget approved by **Council** for the project; and
  - (iii) a minimum of three qualified tenders have been received;

- (e) authority, together with the **General Manager, Finance and Corporate Services**, or in the absence of the **General Manager, Finance & Corporate Services**, any General Manager, to award quotations between \$50,001 and \$250,000 on behalf of the **City**, provided that the corporate policies and procedures with regard to the administration of such quotations have been followed,
- (f) authority to terminate any employee other than the **General Manager, Finance & Corporate Services** or the **Director, City Clerk's Office**; and
- (g) authority to perform the duties and functions of the other Officers of the **City** in their absence.

### 1.3.2 **General Manager, Finance and Corporate Services**

1.3.2.1 In addition to the powers, duties and functions assigned to all General Managers in accordance with section 2.2, the **General Manager, Finance & Corporate Services** is assigned the following powers, duties and functions:

- (a) the responsibility of financial administration for the **City**, which includes the statutory powers, duties and functions specified in Section 149 of the *Community Charter*; and
- (b) collector of taxes for the **City**.

### 1.3.3 **Director, City Clerk's Office**

1.3.3.1 The **Director, City Clerk's Office** is assigned the following powers, duties and functions:

- (a) responsibility of corporate administration for the **City**, which includes the statutory powers, duties and functions specified in Section 148 of the *Community Charter*;
- (b) the overall management of the operation of the City Clerk's Office;
- (c) the administration of civic elections as the Chief Election Officer; and
- (d) the "head" for the purposes of the *Freedom of Information & Protection of Privacy Act*.

## 1.4 **Termination of City Officers**

1.4.1 Unless otherwise provided in a contract of employment, the employment of an Officer may be terminated:

- (a) on reasonable notice, if the termination is approved by an affirmative vote of at least two-thirds of all members of **Council**; or
- (b) without notice, for cause, if the termination is approved by a majority of the votes cast.

## PART TWO: GENERAL MANAGERS

### 2.1 Appointment of General Managers

2.1.1 On the recommendation of the **Chief Administrative Officer**, **Council** may appoint a person to a General Manager position.

### 2.2 Powers, Duties and Functions of General Managers

2.2.1 Each General Manager is assigned the following powers, duties and functions:

- (a) the overall management of the operation of their respective corporate divisions, including the appointment and termination of any employee, except an Officer, within their division;
- (b) the authority to award quotations up to \$50,000 on behalf of the **City**, provided that the corporate policies and procedures with regard to the administration of such quotations have been followed;
- (c) the powers, duties and functions of the **Chief Administrative Officer**, where such General Manager has been appointed as the Acting Chief Administrative Officer by the **Chief Administrative Officer**, in his absence;
- (d) the authority to serve as “department heads” for the purposes of hearing grievances, as specified in the CUPE Collective Agreements, on the understanding that if another officer or employee within the same corporate division is designated as a “department head that officer or employee may hear the grievance, and
- (e) the power to appoint an Acting General Manager in the General Manager’s absence.

## PART THREE: INTERPRETATION

3.1 In this bylaw, unless the context otherwise requires:

<b>CHIEF ADMINISTRATIVE OFFICER</b>	means the person appointed by <b>Council</b> to the position of Chief Administrative Officer, who has been assigned the chief administrative responsibility of the <b>City</b> , which includes the powers, duties and functions specified in Section 147 of the <i>Community Charter</i> .
<b>CITY</b>	means the City of Richmond.
<b>COUNCIL</b>	means the Council of the <b>City</b> .
<b>DIRECTOR, CITY CLERK’S OFFICE</b>	means: <ul style="list-style-type: none"> <li>(a) the Corporate Officer appointed by <b>Council</b> and assigned responsibility for corporate administration of the City under Section 148 of the <i>Community Charter</i>; and</li> <li>(b) City Clerk for the purposes of all other City bylaws.”</li> </ul>

**GENERAL MANAGER,  
ENGINEERING & PUBLIC  
WORKS**

means the person appointed by **Council** to the position of General Manager, Engineering & Public Works.

**GENERAL MANAGER,  
FINANCE & CORPORATE  
SERVICES**

means the person appointed by **Council** to the position of General Manager, Finance & Corporate Services.

## **PART FOUR: PREVIOUS BYLAW REPEAL**

- 4.1 Officers Designation and Establishment of Powers, Duties and Responsibilities Bylaw No. 6970 (adopted on October 26, 1998) is repealed.

## **PART FIVE: SEVERABILITY AND CITATION**

- 5.1 If any section, sub-section, paragraph, clause or phrase of this bylaw is for any reason held to be invalid by the decision of a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this bylaw.
- 5.2 This bylaw is cited as "**Officer and General Manager Bylaw No. 7407**".



**OFFICER AND GENERAL MANAGER**

**BYLAW NO. 8062**

**EFFECTIVE DATE –**

**DRAFT**

**CITY OF RICHMOND**  
***OFFICER AND GENERAL MANAGER***  
**BYLAW NO. 8062**  
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## Officer and General Manager Bylaw No. 8062

The Council of the City of Richmond enacts as follows:

### PART ONE: CITY OFFICERS

#### 1.1 Establishment of City Officers

1.1.1 **Council** declares that the persons holding the following positions are Officers of the **City**, under Section 146 of the *Community Charter*;

- (a) **Chief Administrative Officer**;
- (b) **General Manager, Business and Financial Services**; and,
- (c) **Director, City Clerk's Office**.

#### 1.2 Appointment of City Officers

1.2.1 On the recommendation of the **Chief Administrative Officer**, **Council** may appoint persons to the positions of (i) **General Manager, Business and Financial Services**, and (ii) **Director, City Clerk's Office**.

#### 1.3 Powers, Duties And Functions Of City Officers

##### 1.3.1 Chief Administrative Officer

1.3.1.1 The **Chief Administrative Officer** is assigned:

- (a) the chief administrative responsibility for the **City** and the statutory powers, duties and functions specified in Section 147 of the *Community Charter*;
- (b) responsibility for the administration of exempt staff compensation within the corporate policies and budget established by **Council**;
- (c) responsibility for authorizing the execution of agreements and licences of occupation, or other legal instruments, with regard to the use of **city**-owned property, but excluding those which, statutorily, must be executed by **Council**;
- (d) authority together with the **General Manager Engineering and Public Works** to direct City forces to undertake capital funded infrastructure installations when all the following conditions are met:

- (i) the decision is cost effective for the **City**;
  - (ii) staff have the skills to carry out the work;
  - (iii) **Council** has approved the funding for the project; and
  - (iv) the manpower capacity is available to complete the project within the time frame.
- (e) authority, together with the applicable Department General Manager to award construction contracts to the lowest qualified bidder when the following conditions are met:
- (i) the contract has been publicly tendered;
  - (ii) the contract amount is within the budget approved by **Council** for the project.
- (f) authority, together with the **General Manager, Business and Financial Services**, or in the absence of the **General Manager, Business and Financial Services**, any General Manager, to award bids or authorize spending between \$100,001 and \$500,000 on behalf of the **City**, provided that the corporate policies and procedures with regard to the administration of bids have been followed,
- (g) authority to terminate any employee other than the **General Manager, Business and Financial Services** or the **Director, City Clerk's Office**; and
- (h) authority to perform the duties and functions of the other Officers of the **City** in their absence.

### 1.3.2 **General Manager, Business and Financial Services**

1.3.2.1 In addition to the powers, duties and functions assigned to all General Managers in accordance with section 2.2, the **General Manager, Business and Financial Services** is assigned the following powers, duties and functions:

- (a) the responsibility of financial administration for the **City**, which includes the statutory powers, duties and functions specified in Section 149 of the *Community Charter*;
- (b) collector of taxes for the **City**; and
- (c) the authority together with any General Manager, to award bids or authorize spending between \$100,001 and \$500,000 on behalf of the **City**, provided that the corporate policies and procedures with regard to the administration of such bids have been followed.

### 1.3.3 **Director, City Clerk's Office**

1.3.3.1 The **Director, City Clerk's Office** is assigned the following powers, duties and functions:

- (a) responsibility of corporate administration for the **City**, which includes the statutory powers, duties and functions specified in Section 148 of the *Community Charter*;

- (b) the overall management of the operation of the City Clerk's Office;
- (c) the administration of civic elections as the Chief Election Officer; and
- (d) the "head" for the purposes of the *Freedom of Information & Protection of Privacy Act*.

#### **1.4 Termination of City Officers**

- 1.4.1 Unless otherwise provided in a contract of employment, the employment of an Officer may be terminated:
- (a) on reasonable notice, if the termination is approved by an affirmative vote of at least two-thirds of all members of **Council**; or
  - (b) without notice, for cause, if the termination is approved by a majority of the votes cast.

### **PART TWO: GENERAL MANAGERS**

#### **2.1 Appointment of General Managers**

- 2.1.1 On the recommendation of the **Chief Administrative Officer**, **Council** may appoint a person to a General Manager position.

#### **2.2 Powers, Duties and Functions of General Managers**

- 2.2.1 Each General Manager is assigned the following powers, duties and functions:
- (a) the overall management of the operation of their respective corporate departments, including the appointment and termination of any employee, except an Officer, within their department;
  - (b) the authority to award bids or authorize spending up to \$100,000 on behalf of the **City**, provided that the corporate policies and procedures with regard to the administration of bids have been followed;
  - (c) the power to delegate spending authority and award contracts to department staff in performing their work.
  - (d) the powers, duties and functions of the **Chief Administrative Officer**, where such General Manager has been appointed as the Acting Chief Administrative Officer by the **Chief Administrative Officer**, in his absence;
  - (e) the authority to serve as "department heads" for the purposes of hearing grievances, as specified in the CUPE Collective Agreements, on the understanding that if another officer or employee within the same corporate department is designated as a "department head" that officer or employee may hear the grievance, and
  - (f) the power to appoint an Acting General Manager in the General Manager's absence.

### PART THREE: INTERPRETATION

3.1 In this bylaw, unless the context otherwise requires:

<b>CHIEF ADMINISTRATIVE OFFICER</b>	means the person appointed by <b>Council</b> to the position of Chief Administrative Officer, who has been assigned the chief administrative responsibility of the <b>City</b> , which includes the powers, duties and functions specified in Section 147 of the <i>Community Charter</i> .
<b>CITY</b>	means the City of Richmond.
<b>COUNCIL</b>	means the Council of the <b>City</b> .
<b>DIRECTOR, CITY CLERK'S OFFICE</b>	means: <ul style="list-style-type: none"> <li>(a) the Corporate Officer appointed by <b>Council</b> and assigned responsibility for corporate administration of the City under Section 148 of the <i>Community Charter</i>; and</li> <li>(b) City Clerk for the purposes of all other City bylaws.</li> </ul>
<b>GENERAL MANAGER, ENGINEERING &amp; PUBLIC WORKS</b>	means the person appointed by <b>Council</b> to the position of General Manager, Engineering & Public Works.
<b>GENERAL MANAGER, BUSINESS AND FINANCIAL SERVICES</b>	means the person appointed by <b>Council</b> to the position of General Manager, Business and Financial Services, which includes the powers, duties and functions specified in Section 149 of the <i>Community Charter</i> .

### PART FOUR: PREVIOUS BYLAW REPEAL

4.1 Officers Designation and Establishment of Powers, Duties and Responsibilities Bylaw No. 7407 (adopted on November 12, 2002), and Amendment Bylaw Nos. 7587 and 7937 are repealed.

### PART FIVE: SEVERABILITY AND CITATION

5.1 If any section, sub-section, paragraph, clause or phrase of this bylaw is for any reason held to be invalid by the decision of a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this bylaw.

5.2 This Bylaw is cited as “Officer And General Manager Bylaw No. 8062”.

FIRST READING

\_\_\_\_\_

SECOND READING

\_\_\_\_\_

THIRD READING

\_\_\_\_\_

ADOPTED

\_\_\_\_\_

CITY OF RICHMOND
APPROVED for content by originating dept.
APPROVED for legality by Solicitor

\_\_\_\_\_  
MAYOR

\_\_\_\_\_  
CORPORATE OFFICER

**City of Richmond****Policy Manual**

Page 1 of 2

Adopted by Council: March 10/97

**POLICY 3102**Amended: March 29<sup>th</sup>, 2005File Ref: 0745-00/  
0775-00**PURCHASING AND PUBLICLY TENDERED CONTRACTS****POLICY 3102:**

It is Council policy that:

1. The purchasing of goods and services by the City shall be undertaken through the Purchasing Section in the Finance and Corporate Services Division (hereinafter called the "Purchasing Section"), with the following exceptions:
  - (a) Fire Department Equipment Maintenance purchases under \$1,000;
  - (b) Purchases up to \$1,000, using either a Local Purchase Order or a Purchasing Card;
  - (c) Payment Vouchers;
  - (d) Petty Cash Payments;
  - (e) Mileage Claims;
  - (f) Travel Expense Reimbursements.

All such exceptions shall, however, be subject to audit by the Purchasing Section.

The purchase of all other goods and services shall be supported by a Standard Purchase Order, and payment shall not be made unless the invoice in question refers to a valid Standard Purchase Order number.

2. **\$0 - \$1,000 - Local Purchase Orders/Purchasing Card**

The purchase of goods and services up to \$1,000 in value (inclusive of applicable taxes) are to be undertaken using a Local Purchase Order or Purchasing Card.

3. **\$1,001 - \$2,500 - Standard Purchase Orders (Verbal Quotations)**

The purchase of goods and services of between \$1,001 and \$2,500 in value (inclusive of applicable taxes) shall require verbal quotations from at least three suppliers, with such quotations to be noted on a Purchase Requisition. Where "firm price" quotations are available, these may be accepted for the purposes of this policy, but such quotations must be verified at least once per year by the Purchasing Section, to ensure that lower prices are not available.

4. **\$2,501 - \$10,000 - Standard Purchase Orders (Written Quotations)**

The purchase of goods and services of between \$2,501 and \$10,000 in value (inclusive of applicable taxes) shall require written quotations from at least three suppliers, with such quotations to be noted on a Purchase Requisition. Where "firm price" quotations are available, these may be accepted for the purposes of this policy, but such quotations must be verified at least once per year by the Purchasing Section, to ensure that lower prices are not available.



**5. 10,001 - \$250,000 - Formal Written Quotations**

The purchase of goods and services of between \$10,001 and \$250,000 in value (inclusive of applicable taxes) requires formal written quotations through the Purchasing Section, except in the case of a "sole source" item, and the following process shall be followed:

- (a) The requesting division must provide a written specification to the Purchasing Section, of the goods or services which are required, after which the Purchasing Section will assign a quotation number, determine requirements, and ensure proper distribution of the request to the marketplace.
- (b) Upon receipt of these quotations, a review and evaluation will be undertaken jointly by the Purchasing Section and the requesting division.
- (c) The requesting division shall then complete and authorize a Purchase Requisition to allow the Purchasing Section to issue the Purchase Order and formal contracts, if required.

**6. \$250,001 and over - Publicly Tendered Contracts**

The purchase of goods and services of \$250,001 and over (inclusive of applicable taxes) shall require a publicly tendered contract, administered by the Purchasing Section, in consultation with the requesting division in question. In such cases, the requesting division shall provide the Purchasing Section with written specifications of the goods or services required, in order to allow the development of a formal publicly tendered contract document.

**For the Oval Project Only**

- (a) when an unforeseeable situation of urgency exists that prevents the issue of a public tender for the purchase of goods and services, the General Manager, Engineering & Public Works, together with the Project Manager, may authorize the use of 3 or more written quotations;
- (b) when there are insufficient qualified vendors, the Chief Administrative Officer upon recommendation from the General Manager, Engineering & Public Works and the Project manager, may authorize the use of less than 3 written quotations;
- (c) any significant change order that will result in a change of scope to the project will require Council approval; and
- (d) Council is to be notified by memorandum immediately if any processes identified in Parts (a) and (b) of the above are utilized.



# City of Richmond

# Policy Manual

Page 1 of 11

Adopted by Council:

**POLICY**

Amended:

**DRAFT**

File Ref:

**Procurement Policy**

## **POLICY \_\_\_\_:**

### **I. PURPOSE**

The purpose of this policy is to maximize value from the procurement activities of the City of Richmond and provide safeguards for maintaining a system of quality and integrity.

### **II. APPLICATION**

Subject to the authorities and limitations stipulated in the Officer and General Manager Bylaw, this policy applies to contracts for the procurement of supplies, services and construction entered into by the City of Richmond with the exception of the goods and services listed in Schedule 1 attached to this policy.

### **III. GUIDING PRINCIPLES**

The following principles shall guide the procurement decisions towards the delivery of programs approved by Council in the annual Operating and Capital Budget.

1. Procurement methods used are for the purpose of encouraging competitive bidding for the supply of goods and services.
2. Procurement process is to be open, fair and consistent.
3. In the awarding of a contract, the total cost of acquisition is considered rather than the lowest bid price. The total cost of acquisition is calculated using the net present value concept and takes into account life cycle cost including all operating and maintenance costs (operating, repair, training, disposal) in addition to the initial cost of acquisition.
4. Award of bids shall be based on:
  - (i) The lowest total cost of acquisition,
  - (ii) Experience of the bidder,
  - (iii) Bidder's references of performance on previous similar contracts,
  - (iv) The bidder's financial resources,
  - (v) Bidder's capability of supervision, staffing and use of subcontractors,
  - (vi) Bidder's ability to meet City specifications and performance criteria,
  - (vii) Any additional evaluation criteria stated in the contract document.

The award of a contract resulting from a Request for Proposal will be made to the bidder whose proposal is found to be the most advantageous to the City based upon the evaluation criteria in the Request for Proposal.

The City of Richmond may enter into cooperative procurement agreements with other public sector entities for the purpose of combining requirements to increase efficiency or reduce administrative expenses in the procurement process. All cooperative procurement agreements shall comply with the principles contained in this policy.





## IV. PROCUREMENT METHODS

1. **Small Purchases** (Dollar Value up to \$ 1,000) shall include but are not limited to the following:

- (i) **Petty Cash.** Purchases of less than \$50 other than reimbursement of employee mileage, tuition, membership dues and meals may be paid from the departmental petty cash float. Reimbursement of purchases from the petty cash float shall comply with the Petty Cash procedures in effect.
- (ii) **Purchasing Card.** Purchase of goods and services up to \$1,000 per transaction limit (taxes included), may be made by using the Corporate Purchasing Card, in accordance with the Purchasing Card procedures, when the purchase is:
  - Random in nature,
  - Within the cardholder's single transaction limit as authorized by his/her General Manager,
  - Not included in an existing supply agreement (unless p-card is a form of payment in the supply agreement),
  - Not available from inventory,
  - Not of a capital nature.

Purchases from vendors requiring Internet commerce shall be under the guidance and support of the Information Technology Division.

The purchaser is responsible for obtaining reasonable and competitive rates in the open market for the item purchased.

Authorized purchasing card transactions in excess of \$1,000 shall comply with the provisions of this policy.

- (iii) **Local Purchase Order.** In lieu of a purchasing card, the purchase of goods and services not exceeding \$1,000 (taxes included), may be made using a Local Purchase Order after verification by the purchaser that the item purchased is:
  - Not included in an existing supply agreement and,
  - Not available from inventory,
  - Not of a capital nature.

The purchaser is responsible for obtaining reasonable and competitive rates in the open market for the item purchased.



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File Ref:	<b>Procurement Policy</b>	

**2. Verbal Price Quotations (Dollar Value \$1,001 to \$5,000)**

For purchases valued more than \$1,000 but less than \$5,001, a minimum of three (3) businesses shall be solicited for price quotations. The names of businesses submitting quotations and the date and the amount of each quotation shall be recorded and maintained as public record. Duly authorized purchase requisitions are prepared for the Purchasing Section to issue a Purchase Order and appropriate contract to the selected bidder.

**3. Written Price Quotations (Dollar Value \$5,001 to \$25,000)**

Informal written price quotations from a minimum of three (3) businesses are to be solicited for purchases valued more than \$5,000 but less than \$25,000. Quotations submitted shall be maintained as public record. Duly authorized purchase requisitions are prepared for the Purchasing Section to issue a Purchase Order and appropriate contract to the selected bidder.

**4. Formal Written Competitive Bid (Dollar Value \$25,001 to \$250,000)**

Purchases valued more than \$25,001 but less than \$250,000 require a minimum of three (3) businesses be solicited by a formal quotation through Purchasing.

The requesting Department shall provide a written specification of the required goods or services to the Purchasing Section after which the Purchasing Section will assign a quotation number, determine the contract requirements and ensure proper distribution of the request to the marketplace.

Upon receipt of quotations, the Purchasing Section and the requesting Department shall jointly undertake a review and an evaluation. The requesting Department shall then complete and authorize a Purchase Requisition for the successful bidder to allow the Purchasing Section to process the contract award and issue a Purchase Order and/or formal contract, if required.

Quotations submitted shall be maintained as public record.

**5. Formal Publicly Tendered Competitive Sealed Bid (Dollar Value more than \$250,000)**

The purchase of goods, services, equipment or construction in excess of \$250,000 requires a formal, competitive, sealed-bidding process through the issue of an invitation to tender.

The requesting Department shall provide the Purchasing Section with written specifications of the goods or services required and any other required information to develop a formal publicly tendered contract document.



All general contractors bidding for major capital building projects will be pre-qualified using an administrative process involving the appropriate City staff and project consultants engaged (if any). Other suppliers may be pre-qualified as determined by the Manager of Purchasing, in consultation with the requesting Department.

## 6. Emergency Purchases

An emergency purchase occurs when a situation creates immediate and serious need which may not be reasonably met by any other procedure and includes without limitation:

- (i) A condition where lack of supplies or services may adversely affect the functioning of local government, threaten public or private property or the environment, or jeopardize the health or safety of the public;
- (ii) Interim contract arrangements following the expiration; or breach of a contract; or the receipt of unacceptable or uncompetitive bids.

A written determination of the basis for the emergency and for bidder selection require the approval of the applicable Department General Manager. Emergency purchases shall be made with such competition as is practical under the circumstances.

## 7. Sole/Single Source Procurement

- (i) **Sole Source.** The CAO or the applicable Department General Manager with the concurrence of the General Manager, Business and Financial Services may waive the competitive bidding process and award a contract without competition when it is determined by the requesting Department after conducting a review of available sources, that there is only one source available for the required goods, service or construction item. Negotiations shall be conducted, as appropriate, to obtain the best price, delivery and terms.
- (ii) **Single Source.** Where there is more than one source of supply in the open market but only one of these is recommended for consideration by the requesting Department on the grounds that it is more cost effective or beneficial to the City, the Department responsible shall submit a report showing the rationale for the use of the single source to the applicable Department General Manager for approval and concurrence of the General Manager, Business and Financial Services. Negotiations shall be conducted, as appropriate, to obtain the best price, delivery and terms.



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File Ref:	<b>Procurement Policy</b>	

## 8. Request for Proposals

A formal Request for Proposal may be issued for contracts with an estimated life cycle value of more than \$10,000 for professional services or to invite vendors to propose a solution to a problem, requirement or objective.

The Manager of Purchasing and the Department Manager shall prepare proposal documents setting out the City's requirements and the evaluation criteria for selection. In consultation with the Department Manager, the Manager of Purchasing shall evaluate all proposals and prepare a report summarizing the proposals and making recommendations for selection.

## 9. Vendor Disqualification

Vendors may be subject to disqualification if there is sufficient evidence of consistent failure to meet the specifications or requirements of the City of Richmond and any of their quotations/bids received will not be considered.

## V. AWARDING OF CONTRACTS

The ability to award quotations, tenders, proposals and contracts for the procurement of goods and services is subject to the availability of sufficient funds in the appropriate accounts within Council's approved budget and the authority delegated to staff by the Officer and General Manager Bylaw.

The authority to award quotations, tenders, proposals and contracts for the provision of goods and services is:

1. **For contracts up to \$50,000** – Manager of Purchasing and/or designates in conjunction with the applicable Department Manager or their designates.
2. **For contracts of \$50,001 to \$100,000** – General Manager of the applicable Department.
3. **For contracts of \$100,001 to \$500,000** – CAO or the General Manager, Business and Financial Services and any other Department General Manager.

**OR**

*The Manager of Purchasing and the Department General Manager may sign on behalf of the CAO and the General Manager, Business and Financial Services if the following criteria have been satisfied.*

- (i) *Corporate procurement policies and procedures have been followed*
- (ii) *The funds in question have been approved as part of the budget.*



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- (iii) *The contract is within the amount budgeted for the work in question.*
- (iv) *The lowest responsive and responsible bidder is being awarded the contract in question.*

4. **Prior Project Approval by Council.** Where Council has given prior budget approval for the project, the CAO and the applicable Department General Manager may award a construction contract of any value to the lowest qualified bidder when the following conditions are met:

- (i) Corporate procurement policies and procedures have been followed
- (ii) The contract amount is within the budget approved by Council for the project.
- (iii) The lowest responsive and responsible bidder is being awarded the contract in question.

All competitive bidding contracts valued greater than \$250,000 shall be reported to the Finance Committee.

5. **Standing Offer Agreements SOA** - Standing offer agreements are intended to facilitate increased supply service to users, provide overall cost savings in the acquisition of low value repetitively acquired goods or services and may be revoked or withdrawn at anytime. A procurement of items under the SOA is considered to be individual transaction in itself. Any contract arising from an SOA is to be treated in a similar manner as procurement of goods and services requiring the authorization referred above in items 1 to 4, V Awarding of Contracts.

A multi-year SOA may be approved and awarded by the General Manager of the applicable Department and the Manager of Purchasing for inventory replenishment, on-call maintenance contractors and cooperative purchases with other local government jurisdictions.

6. **For all other awards** - Council approval

7. **Change Orders** - A purchasing contract may include provisions for modification of the contract during performance, but no fixed price contract may be increased by more than 10% of the original contract value, without the advance approval from the appropriate level of approval authority required under Section V Awarding of Contracts in this policy and funding is available in the respective budget. The total cost of the contract including the cost of modifications is used in determining the approval level required.



8. **Sureties** – All bids for construction in excess of \$250,000 shall be accompanied by a bid bond at 10% of the bid value as a guarantee that if the contract is awarded to such bidder, that bidder will enter into the contract for the work mentioned in the bid.

In lieu of a bid bond, a bidder or contractor may provide cash, a certified cheque or an irrevocable letter of credit in the face value required by the bond.

Upon the award of any construction contracts in excess of \$250,000 the contractor shall provide the City of Richmond with a Labour and Materials Payment Bond at 50% of the contract value and a Performance Bond at 50% of the contract value.

## **VI. EXECUTION OF CONTRACT DOCUMENTS**

Contracts shall be executed for and on behalf of the City of Richmond by the applicable authorities specified in the Awarding of Contracts section of this policy.

Where the purchase of goods and services has been authorized under this Policy, the contract shall be in a form approved by the City Solicitor.

In the event that the City Solicitor determines that a written contract shall be executed, the City Solicitor shall review and approve the contract for Division Head or General Manager/CAO signature where applicable. All Council approved contracts or agreements require the signature of the Mayor and Director, City Clerk's Office.

All contracts executed pursuant to this Policy shall be delivered to the Director, City Clerk's Office for safekeeping.

## **VII. BID REVIEW COMMITTEE**

In the event that a proposal, quotation or tender contains an informality or irregularity, the proposal or tender shall be referred to a Bid Review Committee to determine whether the proposal, quotation or tender complies with the requirements and specifications as stated in the documents.

The Bid Committee shall be established and composed of, at a minimum, the following Richmond staff members:

- (i) Manager of Purchasing;
- (ii) A representative from the Department requiring the goods and services;
- (iii) City Solicitor.



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Adopted by Council:

**POLICY**

Amended:

**DRAFT**

File Ref:

**Procurement Policy**

In the event that the Bid Review Committee does not agree unanimously that the proposal or tender shall be accepted or rejected, a report shall be prepared for submission to the General Manager, Business and Financial Services for a decision.

### **VIII. ETHICS IN PUBLIC PROCUREMENT**

All staff involved in the procurement process shall adhere to the Ethics and Conduct established by the Purchasing Management Association of Canada. These provisions supplement and do not supersede or replace other policies adopted by Council in respect to staff code of conduct or conflict of interests.

No employee of the City of Richmond who is involved in the procurement process shall have any interest directly or indirectly as a contracting party, partner, shareholder, surety or otherwise in any purchasing contract for goods and services or in any of the monies that may derived there from.

Division of one contract into two or more contracts to avoid the requirements of this policy is strictly prohibited.

The personal use of City purchased goods or services is prohibited.



## SCHEDULE 1

### **GOODS AND SERVICES NOT SUBJECT TO THE PROCUREMENT POLICY**

1. Training and Education including:
  - (i) Conferences/Seminars
  - (ii) Courses/Workshops
  - (iii) Conventions
  - (iv) Magazines
  - (v) Memberships
  - (vi) Periodicals
  - (vii) Staff Development
  - (viii) Staff Workshops
  
2. Labour Relations Expenses
  
3. Refundable Employee Expenses including:
  - (i) Cash advances
  - (ii) Meal allowances
  - (iii) Travel expenses
  - (iv) Accommodation
  - (v) Mileage allowance
  
4. Employer's General Expenses including:
  - (i) Payroll deduction remittances
  - (ii) Medical and dental expenses
  - (iii) Insurance premiums
  - (iv) Tax remittances
  - (v) Debt payments
  - (vi) Grants to agencies
  - (vii) Payment of damages
  - (viii) Petty cash replenishment
  - (ix) Charges to or from government bodies or Crown Corporations
  - (x) Real property payments including land, buildings, leasehold interests, easements, encroachments and licences or the like.
  
5. Licenses, certificates and other like required approvals .
  
6. Ongoing maintenance and service contracts for proprietary equipment, computer hardware and software.





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Adopted by Council:

**POLICY**

Amended:

**DRAFT**

File Ref:

**Procurement Policy**

7. Other Professional and Special Services including:

- (i) Additional non-recurring accounting and auditing services
- (ii) Banking services not covered by agreements.
- (iii) Group benefits
- (iv) Realty services regarding the lease, acquisition, demolition, sale of land and appraisal of land. Real property payment including payments for land, buildings, leasehold interests, easements, encroachments and licenses or the like.
- (v) Liability and property insurance premiums.
- (vi) Legal services.

8. Utilities

- (i) Postage
- (ii) Charges to other government bodies
- (iii) Hydro
- (iv) Natural gas
- (v) Telephone service charges

9. Original equipment manufactured parts for maintenance, repairs and operating.



## APPENDIX 1 - DEFINITIONS

<b>Award</b>	The acceptance of a bid or a proposal by the City.
<b>Bids</b>	A formal price response contained in a quotation, proposal or tender.
<b>Bid Bond</b>	A guarantee that if a bidder's tender or proposal is accepted that the bidder will enter into the contract within the time specified
<b>Call</b>	Solicitation from the City to external suppliers or providers to submit a tender, quotation, proposal, pre-qualification or expression of interest.
<b>CAO</b>	Chief Administrative Officer of the City of Richmond.
<b>Capital</b>	Expenditure or item which is City owned, has an economic useful life of three or more years and is intended to provide productive benefit to the City during its useful life.
<b>Expression of Interest</b>	A submission in response to a call to determine the market place interest in bidding on a particular contract contemplated by the City.
<b>Payment Bond</b>	A protection of all persons supplying labour and material to the contractor or its subcontractors for the performance of the work provided for in the contract.
<b>Performance Bond</b>	An undertaking that the contractor will complete the contract in accordance with the plans and specifications, on time and at the agreed price.
<b>Pre-qualification</b>	The submission of qualifications by a bidder or proponent in response to a call as part of a process to determine those bidders or proponents that would qualify to be solicited in a subsequent bid call leading to an award.
<b>Proposal</b>	An offer to furnish goods or services which cannot be fully defined or specified at the time of a request to the marketplace as a basis for negotiation to enter into a contract. Proposals are evaluated based upon best value.
<b>Quotation</b>	A request for prices of goods and/or services in respect of a project and used where bid deposit and performance bonds are not normally required. Bid at a fixed price as to total amount or on a unit basis, or both, where all of the material terms, conditions and specifications to be met for the project, aside from price and, in some cases, time for completion, are contained in the call and determined at the time a bid is opened so there is no prospect of negotiations between parties.
<b>Responsible Bidder</b>	A person who has the capability in all respects to perform the contract requirements, and the tenacity, perseverance, experience, integrity, reliability, capacity, facilities, equipment and credit which will assure good faith performance.
<b>Responsive Bidder</b>	A person who has submitted a bid, which conforms in all material respects to the requirements, set forth in the invitation to bids.
<b>Single Source</b>	There is more than one source of supply in the open market place but only for reasons of function and service that one vendor is recommended for consideration for the particular goods and services.
<b>Sole Source</b>	There is only one source of supply of a particular goods and/or services.
<b>Sureties</b>	Undertaking to pay money or take any other action if the principal fails in the performance of a contract.
<b>Standing Offer</b>	A contract for the supply of goods or services on an as and when required basis.
<b>TAG</b>	The Senior Management Group of General Managers and the Chief Administrative Officer in the City of Richmond.
<b>Tender</b>	An offer in respect of a project at a price fixed as to total amount or on a unit basis, or both, and where all of the material terms, conditions and specifications to be met for the project, aside from price and, in some cases, time for completion, are contained in the call and determined at the time a bid is opened so that there is no prospect of negotiations between the parties.
<b>Transaction Limit</b>	Total value of an individual procurement transaction.



# City of Richmond

# Policy Manual

Page 1 of 3

Adopted by Council:

**POLICY**

Amended:

File Ref: 0745-00/  
0775-00**Financial Signing Authorities Policy**

## **POLICY \_\_\_\_\_:**

### **I. PURPOSE**

The purpose of this policy is as follows:

1. To define a process for establishing and monitoring spending authority.
2. To authorize the payment of accounts and expenditures.

### **II. FINANCIAL SIGNING AUTHORITIES**

Financial signing authorities consist of spending authority and payment authority. Spending authority is the authority to commit or expend funds against the budget. Payment authority is the authority to disburse funds.

### **III. SPENDING AUTHORITY**

The operating and capital budget approved by Council establishes the spending authority for the City of Richmond. Department General Managers and Division Heads shall ensure that expenditures do not exceed the approved budget.

Spending authority is the delegated authority to initiate and approve expenditures against the operating or capital budget within a defined dollar limit. It is not the power to directly enter into agreements with suppliers or contactors for the purchase of goods and services. The City's Procurement Policy provides the authority and the methodology of entering into contracts for the purchase of goods and services.

Council approved contracts/agreements provide the necessary authority for staff to proceed with spending. Staff in signing the vendor invoices/progress claims are not exercising spending authority but attesting to the fact that the goods and services have been received.

Employees with spending authority can

- Approve Requisition for Purchase.
- Approve Vendor invoices and cheque requisitions (payment vouchers) for goods and services listed in Schedule 1 of the Procurement Policy.
- Approve time sheets, training forms, petty cash and expense reports.
- Request the Finance Department to initiate periodic payments supported by contracts.
- Sign for purchases on the City's Purchasing Card



**IV. DELEGATION OF SPENDING AUTHORITY**

Spending authorities are delegated by Department General Managers/Division Heads to appropriate employees in their department for the discharge of their job duties.

The delegation of spending authorities for a single transaction against City accounts is subject to the maximum limits stated below:

- Authorized employees \$1,000
- Administrative Assistants \$5,000
- Supervisors/Executive Assistants \$10,000
- Managers \$25,000
- Directors/Division Heads \$50,000
- Department General Managers/CAO \$100,000
- Chief Administrative Officer and General Manager, Business and Financial Services \$500,000

Spending authority in excess of \$500,000 requires Council approval.

**V. PAYMENT AUTHORITY**

The General Manager, Business and Financial Services may delegate payment authority to Finance Department Managers to pay the accounts and expenditures provided that funds are available in the Council approved operating budget or capital budget.

Payment authority is exercised when a Finance Department employee

- Approves accounting journals in the recording of electronic fund transfer EFT.
- Approves accounting journals in the transfer of funds between City bank accounts for the City's biweekly payroll and investment
- Approves refund of security deposits.
- Approves refund of deposits for tax sale.
- Approves transfer payments to the Richmond School Board and other local government authorities for monies collected on their behalf through property taxes; approves transfer payment of hotel tax.
- Approves payment including interest and principle on the City's debentures.



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Adopted by Council:

**POLICY**

Amended:

File Ref: 0745-00/  
0775-00

**Financial Signing Authorities Policy**

- Authorizes automated payments for leases under authorized agreements.
- Authorizes payments on Council approved contracts and agreements.
- Authorizes the payment of City grants approved by Council.
- Transfer of payroll related deductions and remittances.
- Authorizes payments for utilities.

**VI. DELEGATION OF PAYMENT AUTHORITY**

Finance Department Managers shall delegate payment authority to appropriate employees within the Finance Department to disburse the funds as required in the performance of their duties.



# City of Richmond

# Policy Manual

Page 1 of 1

Adopted by Council:

**POLICY**

Amended:

**DRAFT**

File Ref:

**Purchasing Policy – Construction Management Projects**

## 1. Soliciting of Bids

- (a) when an unforeseeable situation of urgency exists that prevents the issue of a public tender for the purchase of goods and services, the General Manager, Engineering & Public Works, together with the City's Project Manager, may authorize the use of three or more written quotations;
- (b) when there are insufficient qualified vendors, the CAO upon recommendation from the General Manager, Engineering & Public Works and the City's Project Manager, may authorize the use of less than three written quotations; and
- (c) Council is to be notified by memorandum immediately if any processes identified in (a) and (b) of the above are utilized.

## 2. Change Orders

- (a) The City's Project Manager may authorize changes to a contract up to a 10% cumulative amount over the original contract value, if the funds are within the project budget and approved scope of work.
- (b) The Senior Management Group (TAG) may authorize changes to a contract greater than a 10% amount over the original contract value, if the funds are within the project budget and approved scope of work.
- (c) Any significant change order that will result in a change of scope to the project will require Council approval.

Monthly, the City's Project Manager will advise Council by memorandum of any significant change orders to the project. A summary of change orders will also be included in the Finance Department's quarterly reporting of contract change orders to the Finance Committee.



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Adopted by Council: Oct. 10/89

**POLICY 3001**

File Ref: 0970-00

**BUDGET AMENDMENTS**

## **POLICY 3001:**

It is Council policy that:

### **OPERATING BUDGET**

1. The City Treasurer may approve the following budget changes at the request of a department head:
  - (a) Changes within a main heading of less than \$25,000 which do not involve salaries;
  - (b) Appropriations from the contingency account of less than \$25,000.
2. The City Treasurer may approve the following budget changes, at the request of a department head. The changes will be reported monthly to the Finance and Administration Committee:
  - (a) Changes that involve salaries;
  - (b) Changes within a main heading of \$25,000 or more, and less than \$100,000;
  - (c) Changes within a departmental responsibility up to \$100,000 which involves moving funds between main headings;
  - (d) Appropriations from the contingency account of more than \$25,000 and less than \$100,000.
3. A Council resolution is required for the following changes:
  - (a) Changes that require moving of budget amounts between departmental responsibilities;
  - (b) Changes of more than \$100,000.



## **CAPITAL BUDGET**

### **Major Projects**

A major capital project is any capital project with an estimated cost of over \$100,000. Council will approve the budget amount for each project prior to commencement (normally at the time the tender is awarded).

1. The City Treasurer may approve the following changes at the request of a department head, provided that funding is in place:
  - (a) Changes of up to \$25,000, or
  - (b) 5% of the total project cost, whichever is greater.
2. A resolution of Council is required for the following changes:
  - (a) Changes of more than 5% of the project cost or \$25,000, whichever is greater, or
  - (b) Changes on a project which has previously been overspent.

### **Minor Capital Projects**

Minor capital projects are those of less than \$100,000. Council approves the annual program for public works, building construction and parks capital to be funded from the current budget. This includes a list of projects or programs and dollar values. These projects may proceed after budget approval without further Council consideration.

1. The City Treasurer may approve the following changes, at the request of a department head, if sufficient funds are available:
  - (a) Changes to a project or program total of up to \$25,000;
  - (b) New projects of up to \$25,000.





2. A resolution of Council is required for the following changes:
  - (a) Changes to a project or program of \$25,000 or more;
  - (b) New projects of \$25,000 or more.

### **Equipment Reserve Expenditures**

1. Council approves the list of equipment at the time the Equipment Reserve Expenditure Bylaw is passed.
2. The City Treasurer may approve the following change if sufficient funds are available:

Change in the cost of an individual item of up to \$25,000.
3. A Council resolution is required for the following change:

Change in the cost of an individual item of \$25,000 or more.
4. Additional items not included in the schedule require an amendment to the Equipment Reserve Expenditure Bylaw.

(Treasury Department)

**Bylaw amendments summary:**

1. Add a new clause under section 1.3.1.1 dealing with the authority of the CAO:

***New Clause***

- the authority together with the General Manager Engineering and Public Works to **direct City forces to undertake capital funded infrastructure installations** when all the following conditions are met:

- *Cost effective for the City.*
- *Staff has the skills to carry out the work.*
- *Council approved funding for the project.*
- *Manpower capacity is available to complete the project within the time frame.*

***Rationale***

This amendment will provide staff the authority to direct city workforces to install capital funded infrastructure projects which will optimize the use of existing staff resources for operating and/or capital projects

2. Amend Clause 1.3.1.1 (d) dealing with the authority of the CAO

***From***

- authority, together with the General Manager, Engineering and Public Works, to award engineering and public works construction contracts to the lowest qualified bidder when all of the following conditions are met:

- (i) the contract has been publicly tendered;
- (ii) the tendered amount is within the budget approved by Council for the project; and
- (iii) ***a minimum of three qualified tenders have been received***

***New Clause***

- authority, together with the ***applicable Department General Manager*** to award construction contracts to the lowest qualified bidder for a project which has already received prior budget approval from Council when the following conditions are met:

- (i) *the contract has been publicly tendered;*
- (ii) *the tendered amount is within the budget approved by Council for the project.*

***Rationale***

Currently staff may only award a construction contract for engineering and public works infrastructure projects. This amendment will allow the CAO and a General Manager the authority to award any construction contract on a project approved by Council if the specified criteria are met. Currently this would include contracts for the Olympic Oval and Parks construction projects. This approach allows the expedient award of a contract which can reduce a project's overall construction period.

Eliminating the requirement for the receipt of three tenders will permit staff the authority to evaluate, award or cancel tender calls that receive less than three responses, as may be the case on a prequalified contract to solicit two bidders. In addition an administrative procedure will require a senior staff review when a single tender is received in a competitive bidding process.

## 3. Amend Clause 1.3.1.1 (e) dealing with the authority of the CAO

**From**

- authority, together with the General Manager, Finance and Corporate Services, or in the absence of the General Manager, Finance & Corporate Services, any General Manager, to award quotations between \$50,001 and \$250,000 on behalf of the City, provided that the corporate policies and procedures with regard to the administration of such quotations have been followed.

**New Clause**

- authority, together with the General Manager, Finance, or in the absence of the General Manager, Finance, any General Manager, to award bids or authorize spending **between \$100,001 and \$500,000** on behalf of the City, provided that the corporate policies and procedures with regard to the administration of bids have been followed,

**Rationale**

This will increase the assigned combined authority of the CAO and General Manager Finance (or any General Manager) to \$500,000 to mirror the cost of today's procurement activities and assigns the authority to award sole or single sourced procurement activity.

## 4. Add a new clause 1.3.2.1 (c) dealing with the Powers, Duties and Functions of the General Manager, Finance:

*- the authority together with any General Manager, to award bids or authorize spending between \$100,001 and \$500,000 on behalf of the City, provided that the corporate policies and procedures with regard to the administration of such bids have been followed.*

**Rationale**

This new clause provides a back up to the combined authority of the CAO and the General Manager of Finance (or any General Manager) to award bids or authorize spending to \$500,000 to mirror the cost of today's procurement activities

## 5. Amend 2.2.1 (b) Which deals with the awarding authority of a General Manager

**From**

the authority to award quotations up **to \$50,000** on behalf of the City, provided that the corporate policies and procedures with regard to the administration of such quotations have been followed;

**New Clause**

*the authority to award bids or authorize spending up to \$100,000 on behalf of the City, provided that the corporate policies and procedures with regard to the administration of bids has been followed;*

**Rationale**

This amendment increases a General Managers' assigned authority to mirror current contracting values and assigns the authority to award sole or single sourced procurement activity.

## 6. Add New Clause 2.2.1 (c)

**New Clause**

*-the power to delegate spending authority and award contracts to appropriate departmental staff in performing their work.*

**Rationale**

This amendment will allow General Managers to further delegate authority to staff in discharging their duties.

**PROCUREMENT PROCESS**

	TRANSACTION VALUE			
	Up to \$1,000	\$1,001 to \$5,000	\$5,001 to \$25,000	\$25,001 to \$250,000
<b>Procurement Method</b>	Discretionary <ul style="list-style-type: none"> <li>▪ Petty cash</li> <li>▪ Purchase Card</li> <li>▪ Local Purchase Order (LPO)</li> </ul>	Verbal Quotations <ul style="list-style-type: none"> <li>▪ Standard PO</li> <li>▪ Purchase Card</li> </ul>	Written Quotations <ul style="list-style-type: none"> <li>▪ Standard PO</li> </ul>	Formal Written Competitive Bids <ul style="list-style-type: none"> <li>▪ Formal contract</li> </ul>
<b>Spending authority (administrative)</b>	Spending authority is delegated to staff who may request a purchase order to commit city funds within Council approved budget to the maximum limit of:  Authorized employee \$1,000 Administrative Assistants \$5,000 Supervisors/Exec. Assist Managers \$10,000 \$25,000	Directors/Department Heads \$50,000 General Managers (GM)/CAO \$100,000 CAO or General Manager, Finance and other GM \$500,000		Publicly Tendered Sealed Bid. <ul style="list-style-type: none"> <li>▪ Formal contract</li> </ul>
<b>Commitment Authority (contracting)</b>	Limited authority is delegated to staff by GM for Purchase Card and LPO only, all other authority is through a Standard PO approved by the Manager of Purchasing.	Delegated to Manager of Purchasing	Up to \$50,000 delegated to Manager of Purchasing and Department Manager  GM to \$100,000  CAO or GM Finance and other GM to \$500,000 or may substitute Manager Purchasing & GM if criteria meet.	All Construction Contracts <ul style="list-style-type: none"> <li>▪ Chief Administrative Officer (CAO) &amp; GM</li> </ul> All other greater than \$500,000 <ul style="list-style-type: none"> <li>▪ City Council</li> </ul>
<b>Payment Authority</b>	Payment authority to disburse funds is delegated to Finance Department Staff only. All transactions authorizing the disbursement or transfer of funds require one over one signature.			

1. All delegated commitment authority is reviewed on an ongoing basis by Finance