



City of Richmond

Report to Committee

To: Finance Committee

Date: July 21, 2015

From: Jerry Chong
Director, Finance

File: 02-0745-00/Vol 01

Re: Purchasing Policy Amendments

Staff Recommendation

That:

1. Policy 3105 (Purchasing Policy – Construction Management Projects), be rescinded;
2. Policy 3103 (Environmental Purchasing Policy) be rescinded;
3. Policy 3104 (Procurement Policy), adopted by Council on May 8, 2006 be amended as set out in Attachment 3 of the staff report titled "Purchasing Policy Amendments " dated July 21, 2015 from the Director, Finance;
4. Policy 3709 (Financial Signing Authorities Policy), adopted by Council on May 8, 2006 be amended as set out in Attachment 4 of the staff report titled "Purchasing Policy Amendments " dated July 21, 2015 from the Director, Finance.

Jerry Chong
Director, Finance
(604-276-4064)

Att. 6

| REPORT CONCURRENCE | | |
|--|-------------------------------------|---------------------------------------|
| ROUTED TO: | CONCURRENCE | CONCURRENCE OF GENERAL MANAGER |
| Law | <input checked="" type="checkbox"/> | |
| Engineering | <input checked="" type="checkbox"/> | |
| REVIEWED BY STAFF REPORT / AGENDA REVIEW SUBCOMMITTEE | INITIALS: | APPROVED BY CAO |

Staff Report

Origin

This report supports Council's 2014-2018 Term Goal #7 Strong Financial Stewardship:

Maintain the City's strong financial position through effective budget processes, the efficient and effective use of financial resources, and the prudent leveraging of economic and financial opportunities to increase current and long-term financial sustainability.

- 7.1. *Relevant and effective budget processes and policies.*
- 7.2. *Well-informed and sustainable financial decision making.*
- 7.3. *Transparent financial decisions that are appropriately communicated to the public.*
- 7.4. *Strategic financial opportunities are optimized.*

The current approach to purchasing goods, services and construction services by City staff is directed by Council through the following Council policies and bylaws:

1. Policy 3103 - Environmental Purchasing Policy;
2. Policy 3104 - Purchasing Policy;
3. Policy 3105 - Purchasing Policy – Construction Management Projects;
4. Policy 3709 - Financial Signing Authorities Policy;
5. Bylaw 8215 - Officer and General Manager Bylaw; and
6. Bylaw 9220 - Five Year Financial Plan (2015 - 2019).

In addition, this report responds to the following referral from the October 22, 2014, Public Works and Transportation Committee meeting:

"That staff provide an update on the City's Environmental Purchasing Guide."

Staff have addressed the referral through a review of the City's current purchasing policies.

In April 2010 the Governments of British Columbia, Alberta and Saskatchewan signed the *New West Partnership Trade Agreement (NWPTA)* - an accord that creates the largest, most open and competitive, interprovincial marketplace in Canada - eliminating obstacles to trade, investment and labour mobility among the three provinces. The respective Governments have agreed to "be fully transparent, and to notify each other of any proposed measure that is covered by the Agreement."

The NWPTA purchasing rules apply to Municipalities and require open and non-discriminatory purchasing procedures where the anticipated costs are at or above the following thresholds:

- \$75,000 or greater for goods
- \$75,000 or greater for services
- \$200,000 or greater for construction

Staff have reviewed and amended Policies 3104 and 3709 (Procurement Policy and Financial Signing Authorities Policy), which includes amalgamating policies 3103 (Environmental Purchasing Policy) 3104 (Procurement Policy), and 3105 (Purchasing Policy – Construction Management Projects) into one comprehensive purchasing policy. In conjunction with the amended purchasing policy, a Purchasing Guideline and Procedures document has been drafted, which will provide additional guidance to staff.

The current Procurement Policy 3104 and Financial Signing Authorities Policy 3709 are included as Attachments 1 and 2. The proposed amended policies are included as Attachment 3 and Attachment 4.

Analysis

Purchasing Policy

Policy sets Council direction and is used as an instrument to delegate management responsibilities to staff. The updated Procurement Policy aligns the authority to award contracts and the authority to execute contract documents with the Officer and General Manager Bylaw 8215.

Purchasing process has been removed from the Policy and placed into the Purchasing Guidelines and Procedures document to allow flexibility in purchasing methodology contingent on the service, good or construction requirement.

Policy 3105 – Purchasing Policy - Construction Management Projects 3105 was adopted by Council in May, 2006 specifically to support construction projects approved by Council. Staff recommends that Policy 3105 now be rescinded as the process for acquisition of construction services is defined in the Purchasing Guidelines.

Specifically, the proposed new Purchasing Policy attached as Attachment 3 identifies:

Purpose – To ensure that through open, transparent, fair and accountable purchasing practices best value is obtained by the City when acquiring all goods and services.

Application – To contracts for the procurement of goods, services and construction entered into by the City subject to the authorities stipulated in the Officer and General Manager Bylaw.

Policy Statements – To encourage open, transparent, fair and accountable purchasing processes for all City requirements that result in best value for money spent applying strong financial controls to the purchasing process.

Purchasing Methods - The intent of the new Policy is to align the City's purchasing directive with interprovincial trade agreements specifically the *New West Partnership Trade Agreement (NWPTA)*.

Purchasing utilizes a range of bidding processes when seeking competition from the marketplace for requirements. The acquisition method selected is dependent on a combination of a

predetermined level of risk, the complexity of the requirement, lead time, supplier availability and the estimated cost of the good or service required. A collaborative approach is to be undertaken by purchasing staff and the user department when planning for acquisition of goods and services.

Authority to Award Contracts – This section complies with the Officer and General Manager Bylaw for authority to award contracts.

Sustainable and Ethical Purchasing - The City will encourage all suppliers to demonstrate innovation and leadership in sustainability, environmental stewardship and fair labour practices. This section incorporates the content of Policy 3103 – Environmental Purchasing Policy.

Financial Signing Authorities Policy

Policy 3709 defines and establishes a process for staff to initiate or approve expenditures against Council’s approved expenditure bylaw (5 Year Financial Plan Bylaw). This policy supports the proposed revised Purchasing Policy and Bylaw 8215 Officer and General Manager Bylaw.

Staff recommends that the current policy be amended to reflect administrative changes and consistency with the amended Purchasing Policy.

Financial Impact

There is no financial impact.

Conclusion

Amendment and consolidation of Policies 3103, 3104, 3105 and 3709 provides staff with clear direction and assignment of authority for all purchasing activities. The proposed amended policies and guidelines reflect a prudent balance of effective corporate administration and public accountability.



Syd Stowe
Manager, Purchasing
(604-276-4061)

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- Att.1: Policy 3104 (Procurement Policy)
- Att.2: Policy 3709 (Financial Signing Authorities Policy)
- Att.3: Amended Policy 3104 (Procurement Policy)
- Att.4: Amended Policy 3709 (Financial Signing Authorities Policy)
- Att.5: Policy 3105 (Purchasing Policy-Construction Management Projects-Rescinded)
- Att.6: Policy 3103 (Environmental Purchasing Policy-Rescinded)



City of Richmond

Policy Manual

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|----------------------|---------------------------------|--------------------|
| Page 1 of 12 | Adopted by Council: May 8, 2006 | POLICY 3104 |
| File Ref: 01-0745-00 | Procurement Policy | |

POLICY 3104:

It is Council Policy that:

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.

Current Policy



City of Richmond

Policy Manual

Page 2 of 12

Adopted by Council: May 8, 2006

POLICY 3104

File Ref: 01-0745-00

Procurement Policy

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.

Current Policy



City of Richmond

Policy Manual

Page 3 of 12

Adopted by Council: May 8, 2006

POLICY 3104

File Ref: 01-0745-00

Procurement 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.

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.

Current Policy



City of Richmond

Policy Manual

Page 4 of 12

Adopted by Council: May 8, 2006

POLICY 3104

File Ref: 01-0745-00

Procurement Policy

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.



Page 5 of 12

Adopted by Council: May 8, 2006

POLICY 3104

File Ref: 01-0745-00

Procurement Policy

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.

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.*
- (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.

Current Policy



City of Richmond

Policy Manual

Page 8 of 12

Adopted by Council: May 8, 2006

POLICY 3104

File Ref: 01-0745-00

Procurement Policy

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:



Page 9 of 12

Adopted by Council: May 8, 2006

POLICY 3104

File Ref: 01-0745-00

Procurement Policy

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

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.



Page 10 of 12

Adopted by Council: May 8, 2006

POLICY 3104

File Ref: 01-0745-00

Procurement Policy

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.



Page 11 of 12

Adopted by Council: May 8, 2006

POLICY 3104

File Ref: 01-0745-00

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.

Current Policy



City of Richmond

Policy Manual

Page 12 of 12

Adopted by Council: May 8, 2006

POLICY 3104

File Ref: 01-0745-00

Procurement Policy

APPENDIX 1 - DEFINITIONS

| | |
|-------------------------------|--|
| Award | The acceptance of a bid or a proposal by the City. |
| Bids | A formal price response contained in a quotation, proposal or tender. |
| Bid Bond | A guarantee that if a bidder's tender or proposal is accepted that the bidder will enter into the contract within the time specified. |
| Call | Solicitation from the City to external suppliers or providers to submit a tender, quotation, proposal, pre-qualification or expression of interest. |
| CAO | Chief Administrative Officer of the City of Richmond. |
| Capital | 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. |
| Expression of Interest | A submission in response to a call to determine the market place interest in bidding on a particular contract contemplated by the City. |
| Payment Bond | 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. |
| Performance Bond | An undertaking that the contractor will complete the contract in accordance with the plans and specifications, on time and at the agreed price. |
| Pre-qualification | 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. |
| Proposal | 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. |
| Quotation | 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. |
| Responsible Bidder | 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. |
| Responsive Bidder | A person who has submitted a bid, which conforms in all material respects to the requirements, set forth in the invitation to bids. |
| Single Source | 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. |
| Sole Source | There is only one source of supply of a particular goods and/or services. |
| Sureties | Undertaking to pay money or take any other action if the principal fails in the performance of a contract. |
| Standing Offer | A contract for the supply of goods or services on an as and when required basis. |
| TAG | The Senior Management Group of General Managers and the Chief Administrative Officer in the City of Richmond. |
| Tender | 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. |
| Transaction Limit | Total value of an individual GNOL-157 transaction. |



City of Richmond

Policy Manual

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|-------------------------------|---|--------------------|
| Page 1 of 3 | Adopted by Council: May 8, 2006 Amended: | POLICY 3709 |
| File Ref: 0745-00/ 0775-00 | Financial Signing Authorities Policy | |

POLICY 3709:

It is Council Policy that:

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.

Current Policy



City of Richmond

Policy Manual

Page 2 of 3

Adopted by Council: May 8, 2006

POLICY 3709

Amended:

File Ref: 0745-00/
0775-00

Financial Signing Authorities Policy

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.

Current Policy



City of Richmond

Policy Manual

Page 3 of 3

Adopted by Council: May 8, 2006

POLICY 3709

Amended:

File Ref: 0745-00/
0775-00

Financial Signing Authorities Policy

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.
- 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.

Proposed Amended Policy

Page 1 of 7

Adopted by Council: May 8, 2006

POLICY 3104

File Ref: 02-0745-00

PROCUREMENT**POLICY 3104:****1.0 Purpose**

- 1.1 The City is committed to ensuring that best value is obtained for all funds expended.
- 1.2 The purpose of this Policy is to ensure that through open, fair and transparent purchasing practices, best value is obtained by the City for all goods and services required.

2.0 Scope

- 2.1 Subject to the Officer and General Manager Bylaw No. 8215 and subject to any Council resolution to the contrary, this Policy applies to contracts for the procurement of goods, services and construction management entered into by the City.

3.0 Policy Statements

- 3.1 The City will endeavour to practice an open, transparent, fair and accountable purchasing process for goods, services and construction management utilizing purchasing leading practices identified in the Purchasing Guidelines and Procedures document supplemental to this Policy.
- 3.2 The following principles shall guide procurement decisions towards the delivery of programs and services as approved by Council in the City's Financial Plan.
- *Integrity*
 - *Best Value*
 - *Open and Fair Access*
- 3.3 Authorized City staff are required to ensure compliance with all City policies, all City Bylaws and all provincial and federal laws and regulations that apply to the purchasing of goods, services and construction.
- 3.4 Procurement planning will be undertaken as part of the City's financial processes. Departments will advise the Purchasing Section of their procurement plans and requirements for goods, services and construction in advance of program needs. Aggregating similar requirements can substantially reduce purchase prices and costs relating to maintenance, delivery, ordering and payment processing. All Departments will work with the Purchasing Section to review and identify opportunities for demand aggregation that provide overall savings to the City.

Proposed Amended Policy City of Richmond

Page 2 of 7

Adopted by Council: May 8, 2006

POLICY 3104

File Ref: 02-0745-00

PROCUREMENT

3.5 In order to ensure best value, the City must ensure that capital projects are fully funded.

4.0 Procurement methods

4.1 All City purchasing activities shall meet the terms of the following trade agreements:

5.1.1 The New West Partnership Trade Agreement; and

5.1.2 The Agreement on Internal Trade.

4.2 All purchases for goods and services within the established thresholds in the New West Partnership Trade Agreement shall be formally competitively bid via methods described in the Purchasing Guidelines and Procedures document.

4.3 All formal competitive bid opportunities will be publically advertised on the BC Provincial Government's BC Bid website.

5.0 Reporting Requirements

5.1 The Purchasing Section shall report to Council all new contract awards and aggregate contract extension figures on a quarterly basis for all contracts greater than \$75,000.

6.0 Authority to Award Contracts

6.1 The authority to award a contract as a result of a purchasing process for goods, services and construction is subject to the availability of funds within Council's approved Financial Plan and either express Council authority or the authority delegated to staff through the Officer and General Manager Bylaw No. 8215.

7.0 Execution of Contract Documents

7.1 Contract documents for purchases of goods, services and construction shall be executed on the City's behalf in accordance with an express resolution of Council or by the applicable authorities identified in the Officer and General Manager Bylaw No. 8215. Where the purchase of goods, services and construction has been authorized under this Policy, the contract shall be in a form approved by the City Solicitor.

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

Proposed Amended Policy City of Richmond

Page 3 of 7

Adopted by Council: May 8, 2006

POLICY 3104

File Ref: 02-0745-00

PROCUREMENT

8.0 Exclusions

- 8.1 When an unforeseeable Urgent Situation or Emergency exists and goods, services and construction cannot be obtained in time by means of open procurement procedures, the CAO or any respective General Manager may authorize procurement of goods, services and construction via single source procurement. Purchases made in these situations are subject to competition where circumstances permit and when practical.
- 8.2 The CAO and/or any respective General Manager is authorized to approve an expenditure that has been incurred for unforeseeable Urgent Situations when the expenditure can be accommodated within the Financial Plan, whether out of contingency funds or budget reallocations.
- 8.3 The CAO and/or any respective General Manager is authorized to approve an expenditure that has been incurred for an Emergency when the expenditure can be accommodated within the Financial Plan, whether out of contingency funds or budget reallocations. Emergency purchases that cannot be accommodated within the Financial Plan can be authorized by the CAO and/or any respective General Manager and will be reported to Council following the event. The Financial Plan will be amended to include the expenditure and the funding source for the expenditure.

9.0 Prohibitions

- 9.1 The following activities are prohibited under this Policy:
- i. The dividing of contracts or purchases to avoid the requirements or thresholds of this or any Policy.
 - ii. Committing the City to contract without the appropriate level of authority to do so.
 - iii. Purchases by the City of any goods or services for personal use by or on behalf of any member of City Council, appointed officers, employees of the City or their immediate families unless permitted under a separate policy.
 - iv. Purchases by the City from any member of City Council, appointed officers, employees of the City or their immediate families that could result in a conflict of interest unless that conflict has been disclosed.
 - v. Purchases made by appointed officers, employees of the City or their immediate families or from any other source that could result in a conflict of interest unless that conflict has been disclosed and approved by the CAO.

CNCL - 163

Proposed Amended Policy City of Richmond

Page 4 of 7

Adopted by Council: May 8, 2006

POLICY 3104

File Ref: 02-0745-00

PROCUREMENT

- vi. The purchase of any City goods by a member of City Council, appointed officers, employees of the City or their immediate families unless purchased through an authorized asset disposal process (e.g. auction).

10.0 Ethics in Public Purchasing

- 10.1 All purchasing staff engaged in the purchasing process for the City shall abide by the Code of Ethics established by the Supply Chain Management Association of Canada.

<http://www.scmanational.ca/en/join-scma/code-of-ethics>

- 10.2 These provisions supplement and do not supersede or replace other policies adopted by City Council with respect to staff code of conduct or conflict of interest.
- 10.3 No City employee directly involved in procurement activities shall have any interest, directly or indirectly, with or as a contracting party, surety or otherwise in any purchasing contract for goods, services or construction, or in any of the monies that may be derived there from.

11.0 Sustainable and Ethical Purchasing

- 11.1 Sustainable and ethical purchasing practice will align City's approach to purchasing with the objectives relating to people, the environment and prosperity as referenced in the City's Sustainability Policy 1400.
- 11.2 The City will encourage all suppliers within the purchasing process to demonstrate excellence and innovative leadership in sustainability, environmental stewardship and fair labour practices; and where practical will take these factors into consideration during the evaluation process.
- 11.3 The City will work collaboratively with suppliers to advance environmentally friendly products and services.
- 11.4 The City will select suppliers based on best value, including, but not limited to, the economic attributes of the supplier's products and services.
- 11.5 In order to increase the development and awareness of environmentally-sound products and services, City staff will review their contracts and tender specifications for goods and services, to ensure that wherever possible and economically feasible, specifications are amended to provide for consideration of environmental characteristics. Consideration may be given to those environmental products that are certified by an independent accredited organization.

Proposed Amended Policy City of Richmond

| | | |
|-------------|---------------------------------|--------------------|
| Page 5 of 7 | Adopted by Council: May 8, 2006 | POLICY 3104 |
|-------------|---------------------------------|--------------------|

| | |
|----------------------|--------------------|
| File Ref: 02-0745-00 | PROCUREMENT |
|----------------------|--------------------|

- 11.6 The City will endeavor to increase its use of products and services that are more responsible to the environment in the way that they are made, used, transported, stored and packaged and disposed of. It is recognized that analysis is required in order to ensure that the products are made available at competitive prices and that the environmental benefits provided by a product or service should not significantly affect the intended use of that product or service.

- 11.7 The operators and caterers of City-run facilities are requested to use only certified organic, free-range or free-run whole (shell) chicken eggs.

12.0 Co-Operative Purchasing

12.1 The Manager of Purchasing may recommend the City awarding and/or entering into co-operative purchasing agreements with other public bodies for the purpose of combining requirements to increase efficiencies and reduce administrative costs in the purchasing process. All co-operative agreements shall comply with the principles contained in this policy and the Purchasing Guidelines and Procedures document, supplemental to this policy. For greater clarity and certainty, the execution of such agreements shall be governed by section 7.0 of this Policy.

13.0 Procedures & Guidelines

13.1 The Purchasing Procedures and Guidelines document is supplemental to this Policy and contain procedures and guidelines to be followed by City staff. Purchasing Procedures and Guidelines may be changed or updated as required by the General Manager, Finance and Corporate Services.

14.0 Definitions/Interpretation

14.1 All references in this Policy to City staff, an employee, official or other representative of the City are deemed to include any designate as contemplated by the Officer and General Manager Bylaw No. 8215.

14.2 In this Policy, the following terms have the following meanings:

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| Agreement on Internal Trade | The Agreement on Internal Trade is an intergovernmental trade agreement signed by Canadian First Ministers that came into force in 1995. Its purpose is to reduce and eliminate, to the extent possible, barriers to the free movement of persons, goods, services, and investment within Canada and to establish an open, efficient, and stable domestic market. |
| Award | The business decision by City staff authorized under City Bylaws to enter into a contract for goods, services or construction work. |

Proposed Amended Policy City of Richmond

Page 6 of 7

Adopted by Council: May 8, 2006

POLICY 3104

File Ref: 02-0745-00

PROCUREMENT

| | |
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| Best Value | The optimal combination of compliant responses to the City's terms and conditions and contract documents; providing the City with best value in total cost of ownership including, but not limited to, economic, environmental and social aspects as determined in accordance with specific criteria established by authorized City staff. |
| CAO | Chief Administrative Officer of the City of Richmond. The person appointed by Council pursuant to section 1.1.1 (a) of the Officer and General Manager Bylaw as an Officer of the City under section 146 of the Community Charter. |
| Construction – Construction Management | Construction management is the process of professional management applied to a construction project from the project inception to completion for the purpose of controlling time, cost, scope, and quality. Construction, reconstruction, demolition repair or renovation of a building structure or other civil engineering or architectural work. Includes site preparation, excavation, drilling, seismic investigation, the supply of products and materials, the supply of equipment and machinery (incidental to construction) related to construction. |
| Contract | A contract for purchase by the City of goods, services or construction, including the issuance of a purchase order or the execution of any agreement evidencing obligations. |
| Co-operative Purchasing | Purchasing conducted by the Manager, Purchasing on behalf of the City and other public bodies, or the involvement of the Manager, Purchasing in purchasing by other public bodies on behalf of the City. |
| Council | The City Council of the City of Richmond |
| Emergency | As defined under the Emergency Program Act of British Columbia. "emergency" means a present or imminent event or circumstance that (a) is caused by accident, fire, explosion, technical failure or by the forces of nature, and (b) requires prompt coordination of action special regulation of persons or property to protect the health, safety or welfare of a person or to limit damage to property." |
| Financial Plan | As defined under section 165 of the Community Charter. A municipality must have a financial plan that is adopted annually, by bylaw. The planning period for the financial plan is 5 years and will set out the following for each year of the planning period: (a) the proposed expenditures by the City; (b) the proposed funding sources; (c) the proposed transfers to or between funds The financial plan may be amended by bylaw at any time. |
| Formal Competitive Bid | A bid advertised on BC Bid and the City's website |
| Fully Funded | The entire procurement cost must be funded in the year in which the item is procured. |
| GM Finance and Corporate Services | The person appointed by Council pursuant to section 1.1.1 (b) of the Officer and General Manager Bylaw as an Officer of the City under section 146 of the Community Charter. |
| Integrity | The procurement process will be conducted with honesty, moral principles and ethical standards. |
| New West Partnership Trade Agreement | An accord between the Governments of British Columbia, Alberta and Saskatchewan that creates Canada's largest, barrier-free, interprovincial market |

CNCL - 166

Proposed Amended Policy City of Richmond

Page 7 of 7

Adopted by Council: May 8, 2006

POLICY 3104

File Ref: 02-0745-00

PROCUREMENT

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| Officer and General Manager Bylaw | The Bylaw which Council has delegated responsibility for entering into contracts, procedures for tendering/purchasing and limits on spending authority within limits established by Council. |
| Open and Fair Access | Ensuring that the public is aware of and permitted to compete for supply opportunities in their demonstrated field of expertise. |
| Purchasing Guidelines and Procedures Document | The City's administrative procedure which provides information to guide staff in the process of acquiring goods and services and in the process of construction management for the City. |
| Purchasing Process | The City's purchasing / acquisition process, from requisition, to purchase order or contract, to product or service receipt, to payment. |
| Purchasing Section | The Purchasing Section operates as a centralized function that manages the acquisition of all goods and services and construction for the City through acquisition processes identified in the Purchasing Guidelines and Procedure document. |
| Sustainability | The term used to describe a vision and practice for making choices that meet the diverse needs of communities today and those in the future. |
| Total Cost of Ownership | The direct social, environmental and financial costs and benefits to the City of products, services and construction during their acquisition, use and end of life phases. All contracts will be evaluated based on the full range of costs including acquisition, maintenance, replacement, legal, disposal and training costs associated with goods or services. |
| Urgent situation | Means a present or imminent event or circumstance that requires immediate attention where a lack of supplies or services may adversely affect the functioning of the City. |

CNCL - 167



Proposed Amended Policy

Policy Manual

Page 1 of 3

Adopted by Council: May 8, 2006

POLICY 3709

File Ref:

Financial Signing Authorities**POLICY 3709:**

It is Council Policy that:

I. PURPOSE

The purpose of this policy is:

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 5 Year Financial Plan Bylaw sets out the proposed expenditures proposed funding sources, and proposed transfers to or between funds.

Spending authority is the delegated authority to initiate and approve expenditures within a defined dollar limit. It is not the power to directly enter into agreements with suppliers or contractors for the purchase of goods and services. The City's Procurement Policy 3104 provides the authority and the methodology of entering into contracts for the purchase of goods and services.

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.



Proposed Amended Policy

City of Richmond

Policy Manual

Page 2 of 3

Adopted by Council: May 8, 2006

POLICY 3709

File Ref:

Financial Signing Authorities

Employees with spending authority can:

- Approve Requisition for Purchase
- Approve Vendor invoices and cheque requisitions (payment vouchers) for goods and services listed in the Purchasing Procedures Guidelines
- Approve 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

The delegation of spending authority is set out in the Officer and General Manager Bylaw 8215.

The maximum spending limits which are delegated to the following staff levels for a single transaction against City accounts are stated below:

- | | |
|------------------------------------|----------|
| • Authorized employees | \$1,000 |
| • Administrative Assistants | \$5,000 |
| • Supervisors/Executive Assistants | \$10,000 |
| • Managers | \$25,000 |
| • Directors/Department Heads | \$50,000 |

V. PAYMENT AUTHORITY

The General Manager, Finance and Corporate Services may delegate payment authority to designated Finance Department Managers to pay the accounts and expenditures provided that they have been included in the 5 Year Financial Plan Bylaw.



**Proposed
Amended Policy
City of Richmond**

Policy Manual

Page 3 of 3

Adopted by Council: May 8, 2006

POLICY 3709

File Ref:

Financial Signing Authorities

VI. DELEGATION OF PAYMENT AUTHORITY

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



Policy to be Rescinded

Policy Manual

Page 1 of 1

Adopted by Council: May 8, 2006

POLICY 3105

File Ref: 01-0172-00

Purchasing Policy – Construction Management Projects

Policy 3105:

It is Council policy that:

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.



Policy to be Rescinded

Policy Manual

Page 1 of 1

Adopted by Council: Nov.14, 2000

POLICY 3103

Amended by Council: May 28, 2007

File Ref: 6405-00

ENVIRONMENTAL PURCHASING POLICY

POLICY 3103:

It is Council policy that:

In order to increase the development and awareness of environmentally-sound products and services, City of Richmond staff will review their contracts and tender specifications for goods and services, to ensure that wherever possible and economically feasible, specifications are amended to provide for consideration of environmental characteristics. Consideration may be given to those environmental products that are certified by an independent accredited organization.

The City of Richmond as a whole will endeavour to increase its use of products and services that are more responsible to the environment in the way that they are made, used, transported, stored and packaged and disposed of. It is recognized that analysis is required in order to ensure that the products are made available at competitive prices, and that the environmental benefits provided by a product or service should not significantly affect the intended use of that product or service.

The operators and caterers of City-run facilities be requested to use only certified organic, free-range or free-run whole (shell) chicken eggs.