



# City of Richmond

## Report to Committee

**To:** Finance Committee **Date:** July 28, 2015  
**From:** Jerry Chong, CPA, CA **File:** 8060-20-9217  
 Director, Finance  
 David Weber  
 Director, City Clerk's Office  
**Re:** **Finance Policy Amendments and Officer and General Manager Bylaw Amendments**

### Staff Recommendation

1. That Council Policy 2003 (Disposal of City Assets) be amended as set out in Attachment 3 of the staff report titled "Finance Policy Amendments" dated July 28, 2015 from the Director of Finance;
2. That Council Policy 3001 (Budget Amendments) be amended as set out in Attachment 4 of the staff report titled "Finance Policy Amendments" dated July 28, 2015 from the Director of Finance; and
3. That Officer and General Manager Bylaw No.8125, Amendment Bylaw No.9217 be introduced and given first, second and third readings.

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

David Weber  
 Director, City Clerk's Office  
 (604-276-4098)

Att. 5

<b>REPORT CONCURRENCE</b>	
<b>CONCURRENCE OF GENERAL MANAGER</b>	
<b>REVIEWED BY STAFF REPORT / AGENDA REVIEW SUBCOMMITTEE</b>	<b>INITIALS:</b>
<b>APPROVED BY CAO</b>	

## Staff Report

### Origin

Policy 2003 and 3001 were adopted by Council respectively in 1991 and 1989. Subsequent to the dates of adoption the City's Officer and General Manager Bylaw (Bylaw 8215), the Community Charter and the Public Sector Accounting Board standards came into effect. Staff are recommending amendments to these 2 policies to reflect the changes required in order to ensure consistency and compliance with bylaws and regulatory standards.

The current Disposal of Asset Policy (2003) and Budget Amendment Policy (3001) are included in **Attachment 1** and **2** respectively. The amended Disposal of Asset Policy (2003) and Budget Amendment Policy (3001) are included in **Attachment 3** and **4** respectively.

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.*

### Analysis

#### Disposal of City Assets

This policy has been amended to ensure that internal controls are in place, the City receives the best value and consistency with the Officer and General Manager Bylaw.

The following summarizes the proposed changes to the Disposal of City Asset Policy:

- Include obsolete and damaged City assets being eligible for disposal.
- Include the availability of trading-in assets as a means of disposal in order to provide the best value to the City.
- Include offering assets to other divisions within the City in order to achieve best value.
- Include reporting to Council donation requests for assets with an original cost that were greater than \$100,000 for transparency.
- Remove redundant wording and reference to outdated accounting treatment.

#### Budget Amendments

This policy has been amended to ensure that the City adheres to the BC Community Charter, the Officer and General Manager Bylaw, the 5 Year Financial Plan Bylaw (5YFP Bylaw) and consistency with Public Sector Accounting Board standards.

The following summarizes the proposed changes to the Budget Amendments Policy:

- Include wording to acknowledge that changes may occur during the year and the budget amendments only be allowed if there are no increases to tax and utility rates and any change will be reported to Council when the 5YFP Bylaw is amended.
- Include allowing flexibility within the bylaw by allowing for transfers of budget resources within divisions while adhering to the Officer and General Manager Bylaw and the 5YFP Bylaw. Budget resources are the approved operating expenditures and revenues for a given year
- Include reporting to Council for transfers involving salaries, transfers between divisions and transfers that exceed \$100,000.
- Include allowing for changes to construction management capital projects up to \$500,000, if there is funding available within the respective General Manager's (GM's) operating or utility budget
- Include allowing for changes to capital projects up to \$100,000, if there is funding available within the respective GM's operating or utility budget
- Include reporting to Council if construction management capital projects and capital project changes respectively exceed \$500,000 and \$100,000 funding is not available from operating and/or utility budgets and any changes to the projects scope.
- Include closing any capital or construction management projects that have been previously approved by Council 3 years earlier, unless approved by the GM of Finance and Corporate Services.
- Include reporting out to Council on an annual basis all open capital and construction management projects.
- Remove references to contingency accounts and ensuring the policy is consistent with the limits as established in the Officer and General Manager Bylaw.
- Remove any redundancies and references to minor capital due to the introduction of Public Sector Accounting Board standards.

#### Officer and General Manager Bylaw

Several amendments are proposed to the Officer and General Manager Bylaw in relation to indemnities, the designation of Officers with responsibility for the FOIPPA portfolio and the updating of the title for the City's Financial Officer.

The standard wording of many legal agreements includes an indemnity. A typical indemnity requires the City to indemnify the other party for any and all losses that the other party may suffer as a result of the City's use of the product, service, or right that is the subject matter of the legal agreement. In most cases, such standard legal agreements are non-negotiable and therefore negotiating the contract to remove the indemnity is generally not an option.

Typically such indemnities are without monetary limit. The authorities in the *Officer and General Manager Bylaw* (the "Bylaw") have monetary limits. As a result, when indemnities are included in a legal agreement, the authority afforded by the Bylaw to execute such legal agreement is in question.

The proposed amendment to the Bylaw addresses this issue by allowing the officers and general managers set-out in the Bylaw to execute contracts that include an indemnity if the monetary amount of the contract is within the monetary amounts in the Bylaw, all other conditions of the Bylaw are met and the indemnity is an integral and usual part of the legal agreement.

Section 77 of the *Freedom of Information and Protection of Privacy Act* requires that a local public body designate a person or a group of persons as the head for the purposes of the Act. The effect of the proposed bylaw amendment will designate two City officers – the Chief Administrative Officer and the Corporate Officer (the Director, City Clerk’s Office) - as the persons with responsibility for the administration of FOIPPA. Given the increasing complexity and importance of the program area, authority over this function is proposed to be vested with two City Officers in order to raise its status and increase administrative effectiveness and accountability. This follows a similar structure to some other cities such as Vancouver where authority for the function is vested in three senior staff members. The day-to-day administration of the function will remain unchanged and will continue to be managed by staff that have current responsibility for the role.

At the time the Officer And General Manager Bylaw was adopted, the title for the City’s Financial Officer (the Officer appointed under s.149 of the Community Charter) was “General Manager, Business and Financial Services.” The position title has since changed to “General Manager, Finance and Corporate Services” prompting a corresponding housekeeping update.

#### **Financial Impact**

None

#### **Conclusion**

Staff have reviewed the current finance policies and the Officer and General Manager Bylaw and propose the amendments to ensure that the policies are relevant and effective.



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



David Weber  
Director, City Clerk’s Office  
(604-276-4098)

- Att. 1: Current Policy 2003 – Disposal of City Assets
- 2: Current Policy 3001 – Budget Amendments
- 3: Amended Policy 2003 – Disposal of City Assets
- 4: Amended Policy 3001 – Budget Amendments
- 5: Officer and General Manager Bylaw No. 8125, Amendment Bylaw No. 9217



# Current Policy

# Attachment 1 Policy Manual

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Adopted by Council: Feb. 25/91

Amended: Aug. 14/92

**POLICY 2003**

File Ref: 0640-00

**DISPOSAL OF CITY ASSETS**

## **POLICY 2003:**

It is Council policy that:

1. The City Treasurer shall have the authority to dispose of all surplus City assets, exclusive of land, by tender, auction or by the best means available in the circumstances. However, when the donation of surplus City assets is requested, the City Treasurer will forward the requests to Council through the Finance and Administration Committee.
2. All requests for vehicle donations must be submitted to the City Treasurer in writing.
3. The determination as to whether assets are surplus will be made by the City Treasurer in consultation with the appropriate Department Head. Vehicles will be declared surplus only if they have no alternate approved uses.
4. Vehicles will be donated "as is", with no remedial or repair work being undertaken on them prior to transfer.
5. The City assumes no liability for the condition or road-worthiness of donated vehicles at the time of transfer.
6. When a surplus City vehicle is disposed of to an affiliated City society or City-funded organization, the Vehicle Replacement Account shall be credited with the vehicle trade-in value, and the source of funds will be the City Grant Account.

(Treasury Department)



# Current Policy

# Policy Manual

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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)





# Proposed Amended Policy

# Attachment 3 Policy Manual

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Adopted by Council: Feb. 25/91

**POLICY 2003**

File Ref: 0640-00

**DISPOSAL OF CITY ASSETS**

## **POLICY 2003:**

It is Council policy that:

1. The General Manager of Finance and Corporate Services shall have the authority to dispose of all obsolete, damaged or surplus City assets, exclusive of land, by tender, auction, trade-in or by the best means available in the circumstances in order to provide the best value to the City.
2. The determination as to whether assets are obsolete, damaged or surplus will be made by the General Manager of Finance and Corporate Services in consultation with the appropriate Department Head.
3. All obsolete, damaged or surplus City assets shall first be offered to other divisions within the City.
4. Any request for a donation of obsolete, damaged or surplus City assets, which has an original combined cost that exceeds \$100,000 requires Council approval.

(Finance Department)



# Proposed Amended Policy

# Policy Manual

Page 1 of 3

Adopted by Council: Oct. 10/89.

POLICY 3001

File Ref: 0970-00

**BUDGET AMENDMENTS**

## **POLICY 3001:**

It is Council policy that budget amendments that increase the City's expenditures are only permitted where funding is from sources other than taxation or utility fees. During the year there may be a need to change how the budget was allocated in order to ensure that City staff have appropriate authority to manage budget resources to ensure programs and services are delivered in an efficient and effective manner:

### **OPERATING AND UTILITY BUDGET**

1. The General Manager of Finance and Corporate Services may approve the following budget changes at the request of a General Manager:
  - (a) Transfer of budget resources within a Division that does not exceed \$100,000 and that does not involve salaries. Requests must clearly identify the allocations that are proposed, the funding source and/or the budget resource that will be transferred. Any changes will be documented and reported at an upcoming Finance Committee, and included in the staff report when the City's 5 Year Financial Plan amendments are presented
  
2. Council approval is required for any of the following changes:
  - (a) Transfers that involve salaries;
  - (b) Transfer of budget resources between Divisions;
  - (c) Transfers that exceed \$100,000.



## **CAPITAL BUDGET**

Council will approve the budget amount for each project prior to commencement.

1. The CAO and the General Manager of Finance and Corporate Services may approve the following changes to a construction management capital project at the request of a General Manager, provided that surplus funding (based on the restrictions above (OPERATING AND UTILITY BUDGET)) is available from the respective General Manager's Divisions Operating, Utility Budget or an approved capital project:

The lesser of:

- (a) \$500,000, or;
- (b) 5% of the original construction management capital project that was approved in the City's Capital Budget.

Any changes will be documented and reported at an upcoming Finance Committee, and included in the staff report when the City's 5 Year Financial Plan amendments are presented.

2. The General Manager of Finance and Corporate Services may approve the following changes to a capital project at the request of a General Manager, provided that surplus funding (based on the restrictions above (OPERATING AND UTILITY BUDGET)) is available from the respective General Manager's Divisions Operating, Utility Budget or an approved capital project.

The lesser of:

- (a) \$100,000, or;
- (b) 5% of the original capital project that was approved in the City's Capital Budget.

Any changes will be documented and reported at an upcoming Finance Committee, and included in the staff report when the City's 5 Year Financial Plan amendments are presented.

3. Council approval is required for any of the following:
  - (a) Funding is not available from the Operating, Utility Budget, or an approved capital project, or;
  - (b) Costs for a construction management capital project exceed the original amount that was approved in the City's Capital Budget by more than \$500,000, or;
  - (c) Costs for a capital project exceed the original amount that was approved in the City's Capital Budget by more than \$100,000, or;



- (d) Changes to project scope.

### CAPITAL PROJECTS IN PROGRESS

Capital and construction management projects that were previously approved by Council 3 years or earlier, will be closed with funds returned to the original source. Any exceptions will require the General Manager of Finance and Corporate Service's approval and all capital and construction management projects work in progress will be reported annually to the Finance Committee.

(Finance Department)



**Officer and General Manager Bylaw No. 8215,  
Amendment Bylaw No. 9217**

The Council of the City of Richmond enacts as follows:

1. The **Officer And General Manager Bylaw No. 8215** is amended
  - (a) by adding the following as section 1.3.1.1(j):
    - (j) the powers, duties and functions of the “head” for the purposes of the *Freedom of Information & Protection of Privacy Act*; and
  - (b) by adding the following as section 1.3.1.1(k):
    - (k) the authority in section 1.3.1.1 to execute agreements, legal instruments, contracts and licences of occupation includes the authority to grant an indemnity that is an integral and usual part of the agreement, legal instrument, contract or licence.
  - (c) by adding the following as section 1.3.2.1(d):
    - (d) the authority in section 1.3.2.1 to execute agreements and legal instruments includes the authority to grant an indemnity that is an integral and usual part of the agreement or legal instrument.
  - (d) by adding the following as section 2.2.1(i):
    - (i) the authority in section 2.2.1 to execute agreements, legal instruments and contracts includes the authority to grant an indemnity that is an integral and usual part of the agreement, legal instrument or contract.
  - (e) by deleting the word “and” at the end of sections 1.3.1.1(h), 1.3.2.1(b), and 2.2.1(g).
  - (f) by deleting the period at the end of sections 1.3.2.1(c) and 2.2.1(h) and substituting “; and”.
2. The **Officer And General Manager Bylaw No. 8215** is amended by deleting the term “**General Manager, Business and Financial Services**” everywhere such term appears in the bylaw and substituting the term “**General Manager, Finance and Corporate Services**”.

3. This Bylaw is cited as **“Officer And General Manager Bylaw No. 8215, Amendment Bylaw No. 9217”**.

FIRST READING

SECOND READING

THIRD READING

ADOPTED

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

\_\_\_\_\_  
MAYOR

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CORPORATE OFFICER