



POLICY REPORT
FINANCE

P6

Report Date: December 7, 2009
Contact: David Graham
Contact No.: 873-7254
RTS No.: 08448
VanRIMS No.: 08-2000-20
Meeting Date: December 15, 2009

TO: Vancouver City Council
FROM: Director of Finance
SUBJECT: Changes to Council-Delegated Authority to Contract ("Standing Authorities")

RECOMMENDATION

- A. THAT current limits on Council-delegated contracting authority (commonly referred to as Standing Authorities) be updated and increased to reflect best practice, industry standards and the needs of the organization as described in this Report and that Council concurrently approve the Procurement Policy attached as Appendix A;
- B. THAT Council make the proposed Procurement Policy effective March 1, 2010 to coincide with the establishment of resources to ensure the proposed Policy can be carried out effectively;
- C. THAT, upon the Procurement Policy taking effect, the Procurement Policy will supersede and replace those Standing Authorities related to Contracts and Procurement that are contained within Council's resolution of March 28, 1996 entitled "Changes in Administrative Authorities" (the current Standing Authorities);
- D. THAT, the Board of Administration by-law be amended as appropriate to reflect Council action on the above recommendations;
- E. THAT Council request the Director of Finance to take the Procurement Policy to the Park Board, Police Board and Library Board for endorsement and adoption of this Policy as the procurement policy of each of these Boards.

CITY MANAGER'S COMMENTS

The City Manager RECOMMENDS approval of A to E.

This policy change is one of the first significant initiatives in the supply chain project of the VSR. In formulating the Recommendations of this Report, staff have considered the present "Standing Authorities" to contract for goods and services for City operations, and is recommending changes to certain of the existing Standing Authorities. The changes being recommended take into account best practices across the public and private sector, the need to enhance the rigour and efficiency of decision making and are reflective of the needs of our organization. The changes will assist the City in functioning efficiently and effectively. The current procurement process including related standing authorities is unnecessarily prolonged, does not need industry standards and misses significant saving opportunities associated with leveraging economies of scale across the city. The new process will also incorporate sustainability principles into procurement across the city and its agencies, as recommended by GCAT. The City Manager notes that Standing Authorities and related administrative approval procedures will continue to be reviewed in light of best practices and organizational reviews, and that there may be future adjustments required as this review progresses.

COUNCIL POLICY

Amendments to established Council policy require the approval of Council.

Pursuant to Section 161 of the Vancouver Charter, a portion of Recommendation A below which establishes the Bid Committee requires a vote of no less than two thirds (2/3's) of all the members of Council.

PURPOSE

The purpose of this Report is to propose a number of changes to Council policy relating to the Standing Authorities and Policy related to the acquisition of goods and services for City operations. These Standing Authorities have been updated by Council from time to time since their inception. The Procurement Policy will, upon approval by Council, replace Council's existing Standing Authorities as summarized in staff policy documents Contracting Policy AF-009-01, Consulting Policy AF-005-01, Consulting Policy AF-005-02 and Consulting Policy AF-005-03. Staff policy documents and a Copy of the March 28, 1996 Standing Authorities Council Report are attached as Appendices B, C, D, E, F and G for reference.

BACKGROUND

Historically, Council has delegated to City staff certain aspects of the administration of the City. The Standing Authorities for the acquisition of goods and services have been reviewed by staff periodically, and reports submitted to Council recommending changes to ensure that they remain appropriate. As noted in the Recommendations, the Standing Authorities were last adjusted by City Council resolution dated March 28, 1996.

Based on the shared service concept, the new Procurement Policy details a centralization of the procurement service, the inclusion of the principles of sustainability in all procurement activities and addresses and clarifies other procurement related issues, including consulting services.

DISCUSSION

This Report reviews a number of Standing Authorities which should be adjusted to reflect market conditions, changes to the Consumer Price Index over the last several years, best practices that the City currently uses, and the way the City wishes to conduct business in the future, and takes into account the overall economic climate and the input of the vendor community. The proposed changes to the Standing Authorities will improve the administrative efficiency and overall effectiveness of the City. Importantly, the new process will lever millions of dollars of savings through strategic produrement and leveraging economies of scale across the city and all its boards.

This updated Policy proposal reflects the findings of the Bellamy Commission which addressed procurement controls at the City of Toronto and is very relevant to all public sector agencies. The findings, which are reflected within the controls and recommendations found within this Policy proposal are considered best practice within the municipal procurement sector.

Changes to 3 policy areas are proposed below.

1. Public Tender Limit

This limit establishes monetary caps for the purchase of goods and services with or without a public tender (bidding) process.

Existing Limits - There is presently a two-tier structure for the public tender of goods and services by the City, as follows:

- a) **No Public Tender on Purchases of Goods and Services \$100,000 or Less**
Supply Management obtains prices from internal price records or solicits prices by telephone or in writing from known suppliers depending on the value of the purchase, with a copy of the Request for Quotation on purchases over \$50,000 posted on the public notice board in the Supply Management Office. Written quotations from suppliers are received and opened by Supply Management, with prices available for review upon request;
- b) **Public Tenders for Purchases of Goods and Services over \$100,000**
Supply Management advertises the tender particulars in one daily newspaper or the Journal of Commerce, whichever is the most appropriate for the commodity or service being tendered. A copy of the advertisement is posted on the public notice board in the Supply Management Office and copies of the Invitation to Tender mailed to known suppliers. Tender submissions are received by the City Clerk and opened in public.
- c) **Procurement of Consulting Contracts:**
Current policy requires consulting contracts for re-engineering / Better City Government over \$ 100,000 and all other consulting contracts over \$ 30,000 to be approved by Council.

Proposed New Limits - It is proposed to change the existing structure for public tender limit to reflect market price changes since the last revision and, more importantly, to improve the efficiency and effectiveness of the purchasing process. The new limits for all contracts would be as follows:

- i) No Public Tender on Purchases *\$75,000 (\$200,000 for Construction)* or Less
Supply Management will obtain prices from internal price records or solicit prices by telephone or in writing from known suppliers. Records of prices will be available upon request.
- ii) Public Tenders Required for Purchases over *\$75,000 (and for Construction over \$200,000)*
The present policy of Supply Management advertising the tender particulars for non-public works projects in one daily newspaper or the Journal of Commerce will be discontinued. Instead, advertising for non-public work projects will continue to be by way of posting the tender particulars on the BC Bid website with links to the City's website. This practice is consistent with that of other municipalities and will reduce advertising expenses. The vendor community is generally accessing the BC Bid website to monitor opportunities from all levels of government. In addition to posting on the BC Bid website, local advertising will be done at the discretion of the Manager of Supply Management where it is deemed appropriate. It is estimated that discontinuing the current practice of advertising in a daily newspaper or the Journal of Commerce will save the City between \$25,000 and \$30,000 per year.

2. Contracting Authority

Contracting authority limits establish who makes the business decision on behalf of the City to enter into a particular contract for goods and services. Council has presently delegated the authority to enter contracts as noted below. In most cases, parallel authorities exist for the Park Board and the Library Board. Inherent in the proposed authority will be the construct of a Bid Committee comprised of City Manager, Director of Finance, and relevant Department Head (from City Department, Boards or Agencies of the City)

Existing Limits - The present policy provides as follows:

- a) The Manager of Supply Management for contracts up to \$100,000;
- b) The General Manager involved in the acquisition of the goods and services for contracts over \$100,000 and up to \$300,000, provided the contract is to be awarded to the low bidder. The Manager of Supply Management concurs on all contracts where the contract is to be awarded to other than the low bidder; and
- c) For all contracts over \$300,000, City Council.

Proposed New Limits - It is proposed to change the contract award levels as follows:

- i) For low bid or best value contracts up to \$75,000, to the proposed position of Category Manager;
- ii) For best value contracts over \$75,000, and up to \$250,000, to the Chief Purchasing Official;

- iii) For best value contracts over \$250,000, and up to \$500,000 to the General Manager of the department involved in the bid;
- iv) General Managers may, subject to the approval of the City Manager, further delegate contracting authority for all or a portion of the above limit;
- v) For all contracts over \$500,000, and up to \$2,000,000, to the Bid Committee;
- vi) For all contracts over \$2,000,000, to City Council.

As with the existing Standing Authorities, the Procurement Policy will continue to require that all procurement and contract documentation be in the standard format approved by the Director of Legal Services, and that any modifications to the standard format for special circumstances must be reviewed and approved by the Director of Legal Services before the applicable procurement is initiated or applicable contract is signed.

It is proposed that the Park Board, Police Board and the Library Board be requested to adopt the revised contracting authority limits as well.

3. Contract Signing Authority

Existing Limits - The contract signing authority establishes who is authorized to sign a contract on behalf of the City once the decision to enter a contract has been made. The current Standing Authorities provide that the Manager of Supply Management and the General Manager involved are authorized to execute contracts up to their respective contracting authority limits, presently \$100,000 and \$300,000, respectively. The authorized signatory for contracts awarded by City Council is the Director of Legal Services.

Proposed New Limits - It is proposed that, to ensure best management practice:

- i) all contracts authorized by a Category Manager, General Manager, or the Bid Committee, be signed by both that person as well as the Chief Purchasing Official or delegate, and all contracts authorized by the Chief Purchasing Official be signed by both the Chief Purchasing Official and the applicable Category Manager;
- ii) all contracts that have been awarded by Council will be signed by the Director of Legal Services;
- iii) all contracts that have any modifications to the standard format for special circumstances will be signed by the Director of Legal Services in addition to the authorized signatory referred to in paragraph (i) above;

The Police Board, Park Board and Library Board will be requested to adopt the revised contract signing authority.

4. Procurement Process Improvements

The Procurement Policy incorporates items 1-4 of the Standing Authority changes noted above. In addition to these changes, the key recommended changes contained within the proposed new Procurement Policy are as follows;

1. A recommendation that supply chain management and procurement services are shared services so that City and Board operations can benefit from volume purchasing and a standardized process.
2. Creation of positions of Category Manager (see policy Appendix A). This is a best practice management concept, designed to generate cost savings across all business units. Category Managers will manage staff across the organization involved in supply chain decisions and will be responsible for a portfolio of supply chain spend, developing and implementing strategies to ensure total cost of ownership savings and enhanced service levels for the portfolio
3. Creation of the concept of Chief Purchasing Official. This is the person who is accountable to both the Corporate Management Team and Council for delivering on the supply chain management and procurement functions.
4. Creation of the Bid Committee. This is an administrative and decision making group consisting of the City Manager, the Chief Financial Officer and the responsible General Manager so that the majority of procurement activity can be expedited and more efficiently managed by staff.
5. Incorporation of Sustainability. This section of the policy outlines the goals and objectives of the organization related to economic, social and environmental sustainability so as to effectively implement all procurement-related Greenest City Action Team objectives.

FINANCIAL IMPLICATIONS

Replacing the Standing Authorities with the proposed new Procurement Policy as set out in this Report will have no financial implications on the City, as these are administrative changes to approval levels only, not changes to the budgets for the contracts in question.

CONCLUSION

The proposed changes to the Standing Authorities outlined in this Report will improve the administrative processes of the City. The proposed changes take into account the inflationary increases in prices and the cost of doing business which have occurred since the last revisions to the Standing Authorities, and will better reflect the best practices that the City currently uses.

Approval of the Report Recommendations will provide greater financial, operational and administrative efficiencies to the City's procurement processes.

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CITY OF VANCOUVER CORPORATE POLICY

SUBJECT: Procurement Policy	
CATEGORY: Finance	POLICY NUMBER:

PURPOSE

The purpose of this policy is to outline the requirements for the procurement of goods, services and construction for the City of Vancouver, the Vancouver Park Board, the Vancouver Police Board, and the Vancouver Library Board (collectively, the “Vancouver Group”).

A separate Employee Guide to Contracting and Procurement Procedures provides information to assist staff and outside agencies in the process of supply and services to the Vancouver Group. It provides guidance to all employees on the process and responsibilities of the purchasing function. The Vancouver Group, in the performance of the duties and responsibilities assigned to it, must engage in the procurement of goods, services and construction. In order to achieve the maximum economy, efficiency, effectiveness, and sustainability (social, environmental & economic) in the performance of this function, the Vancouver Group has endorsed certain fundamental principles it considers applicable to public purchasing.

SCOPE

This policy applies to the procurement of goods, services (including consulting services) and construction for the City of Vancouver, and (subject to Board approval and endorsement) the Vancouver Park Board, the Vancouver Police Board, and the Vancouver Library Board.

DEFINITIONS/INTERPRETATION

(a) Interpretation - All references in this policy to an employee, official or other representative of the Vancouver Group is deemed to include any designate, deputy, or anyone else acting in that person’s position as authorized from time to time by the applicable Council or Board having jurisdiction or by the City Manager to carry out the authority of that person under this policy.

(b) Definitions - In this policy, the following terms have the following meanings:

Award: The business decision by a Vancouver Group member (as authorized by this policy) to enter into a contract for goods, services or construction.

Best Value: The optimal combination of total cost of ownership, economic sustainability, environmental sustainability, social sustainability, reduced carbon dependency, and zero waste as determined in accordance with the specific criteria and weighting for each criterion established by the Vancouver Group for the applicable procurement.

Bid: Depending on the type of call, either (i) a legally binding tender or quotation which upon written acceptance by the Vancouver Group, automatically creates a purchase

contract, or (ii) a non-binding proposal which forms a basis of a negotiated purchase contract, or (iii) a non-binding pre-qualification submission or expression of interest which may form the basis of a subsequent call for tenders, quotations, or proposals or may form the basis for a negotiated contract.

Bid Committee: The bid committee established under section 12 of this policy.

Bidder: Any legal entity submitting a bid in response to a call by the Vancouver Group.

Call: Any request or invitation by the Vancouver Group for a bid.

Capital Project: Any undertaking approved by the Vancouver Group in its capital budget.

Category Manager: The position responsible for managing portfolios of spend categories, developing cost reduction strategies based on lifecycle cost, conducting rigorous market analyses, recommending short-term and long-term sourcing opportunities, developing innovative procurement strategies that incorporate sustainability provisions into assigned portfolios, providing risk/benefit analysis, leading/facilitating supplier evaluations, negotiations, and change management efforts, managing cost reduction/avoidance programs and transactional activities in pursuit of total cost of ownership savings and enhanced service levels for the category portfolio, and managing staff across the organization involved in supply chain decisions.

Chief Constable: The person appointed by the Vancouver Police Board as the Chief Constable pursuant to the Police Act.

Chief Librarian: The person appointed by the Vancouver Library Board as the Chief Librarian pursuant to the Public Library Act.

Chief Purchasing Official: The person designated from time to time by the City Manager to supervise and carry out the procurement function on behalf of the Vancouver Group in accordance with this policy, and expressly includes the Assistant Manager of Contracts.

City Clerk: The person appointed by Council pursuant to section 220 of the Vancouver Charter as the City Clerk.

City Engineer: The person appointed by Council pursuant to section 288 of the Vancouver Charter as the City Engineer.

City Manager: The person appointed by Council pursuant to section 162A of the Vancouver Charter as the City Manager.

City Solicitor: The person appointed by Council as the City Solicitor.

Consulting Services: Contract where there is no material sale of goods included in the transaction and includes for example, professional and non-professional consulting services such as engineering, architectural, information technology, planning, and management consulting services as well as services which might normally be provided by City employees but which the City decides to obtain on a short-term basis on a contract basis rather than an employment basis. However, consulting services contracts would not include labour services contracts such as construction, maintenance, janitorial, or security services.

Contract: A contract for the purchase by the Vancouver Group of goods, services or construction, including the issuance of a purchase order or the execution of any agreement evidencing the obligation.

Maximum Contract Term: Five years (including all options to extend or rights of renewal) in respect of a contract other than for a capital project and, in respect of a capital project contract, the term of the approved funding for the capital project.

Construction: Construction, reconstruction, demolition, repair or renovation of a building, structure, or other civil engineering or architectural work and includes site preparation, excavation, drilling, seismic investigation, the supply of products and materials, the supply of equipment and machinery if they are included in and incidental to the construction, and the installation and repair of fixtures of a building, structure or other civil engineering or architectural work, but does not include professional consulting services related to the construction contract unless they are included in the commitment.

Co-operative Purchasing: Procurement conducted by the Chief Purchasing Official on behalf of the Vancouver Group and other public bodies, or the involvement of the Chief Purchasing Official in procurement by other public bodies on behalf of the Vancouver Group.

Department Head: Any of the following officials:

- A. any General Manager, including the City Engineer, Director of Finance, General Manager of Community Services, Chief Constable, Fire Chief, Chief Librarian, Park Board General Manager;
- B. the City Solicitor;
- C. a Deputy City Manager;
- D. any director or executive director reporting to the City Manager;
- E. the City Clerk.

Director of Finance: The person appointed by Council pursuant to section 210 of the Vancouver Charter as the Director of Finance.

Economic Sustainability: Providing and enhancing the services, infrastructure and conditions that sustain healthy, diverse and resilient local economy in which businesses of all sizes, and their employees, can flourish.

Environmental Sustainability: Protecting and enhancing the climate, ecology and natural resources for future generations through approaches that reduce carbon dependency, enhance energy resilience, conserve energy and resources and reduce waste and toxins.

Fire Chief: The person appointed by Council pursuant to section 309 of the Vancouver Charter as the City's fire chief.

Funding Approval:

- A. In relation to a capital project:

The Director of Finance provides written confirmation that the:

- entire capital expenditure for the project is identified in the budget at an appropriate project or subproject level; and

- project's cash flow funding is available in an appropriate account.
- B. In relation to other than a capital project where the cost is provided in an interim or final operating budget adopted by the applicable Council or Board:
- The Director of Finance provides written confirmation that the funding of the commitment, or the first year of a multi-year commitment, is available in an appropriate account.
- C. In relation to other than a capital project where the cost is not provided in an interim or final operating budget adopted by the applicable Council or Board:
- The written confirmation of a Department Head that the commitment is in respect of necessary current and ongoing operations and that the subject matter of the commitment was contained in a program that had funding approval in the prior year; and
 - The written confirmation of the Director of Finance that the funding of the commitment can be undertaken.

Park Board General Manager: The person appointed as the General Manager of the Vancouver Park Board.

Public Body: Any local board and commission and any non-profit corporation or municipal or government body carrying out a public function and, in addition, any corporation of which the City is a controlling shareholder.

Reduced Carbon Dependency: Reduction in the amount of carbon emitted in the operation, maintenance and disposal of goods and services purchased.

Response: The submission of a bid in response to a call.

Social Sustainability: Cultivating and sustaining vibrant, creative, safe, affordable and caring communities for the wide diversity of individuals and families who live in, work in and visit Vancouver and beyond. For a community to be socially sustainable the basic needs of its residents must be met, it must be able to maintain and build on its own resources and prevent and/or address problems as they arise.

Solicitation: The process of communicating the call to prospective bidders.

Sustainability: Meeting the social, environmental and economic needs of the present without compromising the ability of future generations to meet their needs.

Total Purchase Price: The total purchase price payable for all goods, services, and construction under the contract over the entire term of the contract (but not including options to purchase additional goods or services during the term which may or may not be exercised and not including GST, PST, or HST).

Total Cost of Ownership: The direct social, environmental and financial costs and benefits to the City of products, construction and services during their acquisition, use and end-of-life phases including factors such as transportation emissions, training,

economic development impacts, energy consumption, disposal and other related costs after taking into account sustainability, reduced carbon dependency, and zero waste.

Zero Waste: Resource life cycles that ensure all products are reused. Any trash sent for disposal is considered for energy recovery and residual waste is minimal.

POLICY STATEMENTS

1 Goals

- 1.1 An open, transparent, competitive procurement process that:
 - provides best value for the Vancouver Group and its citizens;
 - minimizes total cost of ownership;
 - incorporates wherever possible, sustainability, reduced carbon dependency, zero waste, and ethical considerations as integral evaluation components in supply selection;
 - applies best practices and strong financial controls to the procurement process.
- 1.2 Ensure compliance with the City's policies and by-laws, the Vancouver Charter, all collective agreements, and all other provincial and federal laws and regulations that apply to the procurement of goods, services and construction.

2 References

- 2.1 This Policy incorporates the following:
 - Council/Board delegated authority to Vancouver Group staff to call for bids, award contracts, sign contracts, issue change orders/amendments, and renewals and extensions to contracts for goods, services, and construction for a defined range of operating or capital accounts within a defined dollar limit;
 - An Employee Guide to Contracting and Procurement Procedures that establishes the procedures that must be followed when procuring goods, services and construction;
 - The Energy Efficiency Purchasing Policy (AF-013-01)
 - The Ethical Purchasing Policy (AF-014-01) - demonstrates a commitment to sustainability by seeking to ensure safe and healthy workplaces for the people who make products for the City, where human and civil rights are respected; and
 - The Supplier Code of Conduct - sets the minimum performance standards for the City's suppliers.
 - The Purchasing Card Policy and Procedures (AF-010-01)

3 Legal Requirements

- 3.1 All contracts, call documents, addenda and amendments to call documents, notices of awards, bonds, letters of credit, notices of intent to contract, change orders, purchase orders, renewals, extensions, and any other forms of commitments and contracts will be on terms and conditions approved by the City Solicitor. Any material deviation from the approved terms and conditions of any document requires the prior approval of the City Solicitor.

- 3.2 The concurrence of the City Solicitor is required on the award of any contract which is procured by way of a formal invitation to tender and which has a total purchase price in excess of \$2,000,000.
- 3.3 Any continuous or repetitive series of contracts that appear to be structured so as to avoid the contracting authority limits set out in this policy will be reviewed by the Chief Purchasing Official and reported to the Director of Finance and City Manager.

4 Competitive Bidding - When Required

4.1 *General Policy is Open, Public Competitive Procurement*

Except where otherwise permitted in this policy, the Vancouver Group will endeavor to procure all contracts through an open, public, competitive procurement process.

4.2 *No Public Call on Purchases \$75,000 (\$200,000 for Construction) or Less*

The Chief Purchasing Official will endeavor to obtain at least three bids for contracts that are expected to have a total purchase price of no more than \$75,000 for goods and services and no more than \$200,000 for construction. The Chief Purchasing Official's office will obtain prices from internal price records or solicit prices by telephone or in writing from known suppliers depending on the value of the purchase. Records of prices solicited will be available on request.

4.3 *Public Calls for Purchases over \$75,000*

The Chief Purchasing Official will endeavor to procure contracts that are expected to have a total purchase price of more than \$75,000 for goods and services and more than \$200,000 for construction through a public call for responses. Solicitation will be by way of posting the call particulars on the BC Bid website with links to the City's website. In addition to posting on the BC Bid website, local advertising will be carried out at the discretion of the Chief Purchasing Official where it is deemed appropriate.

5 Contract Authority Limits

- 5.1 Except where otherwise indicated, only the Council or Board having jurisdiction has the authority to award a contract under this policy.
- 5.2 Unless otherwise authorized by the City Manager, all calls must be issued by the Chief Purchasing Official's office.
- 5.3 Each of the following members or committee of the Vancouver Group has the authority to award contracts in response to a call issued by the Chief Purchasing Official's office, subject to the following conditions:
 - (a) The contract does not exceed the total purchase price indicated below for the member or committee.

- (b) The contract term does not exceed the maximum contract term.
- (c) The contract has approved funding.
- (d) The member or committee has determined in good faith that the contract represents best value to the Vancouver Group based on the criteria set out in the call documents.
- (e) For bid committee awards (but only where it is a formal invitation to tender over \$2,000,000), the City Solicitor has concurred on the award.

Category Manager: \$75,000

Chief Purchasing Official: \$250,000

Department Head: \$500,000

Bid Committee: \$2,000,000

City Council: Greater than \$2,000,000

- 5.4 Contract awards that do not meet the criteria set out in section 5.3 above must be approved by the City Manager if \$500,000 or less and by Council if over \$500,000.

6 Signing Authority

- 6.1 All contracts awarded by a Category Manager, General Manager, or the Bid Committee, must be signed by both that person as well as the Chief Purchasing Official, and all contracts authorized by the Chief Purchasing Official must be signed by both the Chief Purchasing Official and the applicable Category Manager.
- 6.2 All contracts that have been awarded by Council will be signed by the Director of Legal Services.
- 6.3 All contracts that required the approval of the City Solicitor pursuant to section 3 [Legal Requirements] of this policy, must be signed by the City Solicitor in addition to the authorized signatories referred to in section 6.1 above.

7 Change Orders

- 7.1 General Managers will have the authority to approve change orders up to the project budget. All Change orders are conditional on the following;
- (a) there are sufficient uncommitted funds within the existing project budget for that project to cover the cost of the change order, and
 - (b) the change order does not materially alter the scope of work of the project.
- 7.2 If the project budget is exceeded or the adjusted (by transfer) project budget is exceeded by 15% or less than \$50,000 (whichever is less) the Change Order proposal is forwarded to Council for approval.

8 Renewals/Extensions

- 8.1 The Chief Purchasing Official will endeavor to ensure that contracts are not renewed or extended past the maximum contract term except where expressly authorized by the sole source provisions of this policy and that in all other cases there is a new call for the goods or services which are the subject of the expiring contract.
- 8.2 In the event that the sole source provisions of this policy do not apply to a renewal or extension, only Council or the City Manager (on the request of the Chief Purchasing Official in a City Manager's minute) may approve such renewal or extension.

9 Exceptions - Sole Sourcing, Consulting, Credit Card Purchases, Etc.

9.1 Sole Source Contracts

Despite section 4 above, competitive bidding is not required and a contract may be sole sourced in the following circumstances. (Procurement of 'goods via auction', used goods or distress sale goods, will also be considered to be sole source purchases and may only be authorized in accordance with this section):

(a) Small Value Contracts

Where the contract does not exceed \$5,000 and the Vancouver Group member is satisfied that the contract price is best value.

(b) Emergency

Where goods, services or construction are urgently required and delay would be injurious to the public interest, provided

- the City Manager has so determined this to be the case, where the required sole source contract total purchase price is in excess of \$250,000
- the Chief Purchasing Official has so determined this to be the case if the required sole source contract total purchase price is not in excess of \$250,000
- the sole source contract is signed by both the City Manager and Director of Legal Services if in excess of \$250,000 and signed by both the Director of Finance and Chief Purchasing Official if not in excess of \$250,000
- the Chief Purchasing Official promptly issues a public notice so as to give the vendor community notice of the contract and an opportunity to comment on same

(c) Single Supplier

Where, to the best of the Chief Purchasing Official's knowledge, only one supplier is available and capable of performing the contract, and it would not be practical and expeditious to enter into a competitive process, provided

- the sole source contract is not signed until after the Chief Purchasing Official has posted (for at least 14 days) a Notice of Intent to Contract on the BCBid web-site or such other public forum as the Chief Purchasing Official may deem appropriate, advertising the City's intent to enter into a contract without a public competitive procurement process
- no complaints or concerns have been lodged in response to the Notice of Intent to Contract (or if there have been any such communications, the Chief Purchasing Official has relayed these to the City Manager and the City Manager has authorized the sole source to proceed)
- the sole source contract is signed by both the City Manager and Director of Legal Services if in excess of \$250,000 and signed by both the Director of Finance and Chief Purchasing Official if not in excess of \$250,000

(d) City Manager Authorization

Where the circumstances set out in paragraphs (a), (b) and (c) above do not or may not apply, then the City Manager may authorize a sole source contract provided such contract is signed by the City Manager and another member of the Vancouver Group and the total purchase price does not exceed \$500,000, and the contract is then promptly reported on (i) to Council (if the contract is of a confidential or sensitive nature) or (ii) the Chief Purchasing Official for prompt issuance of a public notice so as to give the vendor community notice of the contract and an opportunity to comment on same.

9.2 Employee Credit Card Purchases

Vancouver Group employees who have been issued an authorized employee credit card are authorized to purchase goods and services not exceeding \$2,000 in value per calendar month utilizing the credit card, provided all purchases are made in strict accordance with the Vancouver Group's policy on the use of such credit cards. (See Corporate Policy AF-010-01)

9.3 Transactions Not Subject to Procurement Process

The following contracts and types of transactions are not covered by this policy (but may be governed by other applicable Council policies):

- Purchase of Regulated Tariffed Services (eg. electricity, transmission portion of natural gas, cable, tariff portion of non-wireless telecommunications services)
- Inter-Governmental Grants/Transfers
- Tax Rebates
- Real Property Transactions (including leases, licences, purchases, sales, easements, rights of way)
- Library Media including Books
- Transactions Specifically Authorized by City's "Transaction-Specific" Standing Authorities

9.4 Other Exceptions

All other exceptions to this policy must be approved by request to the Chief Purchasing Official and then documented by the Chief Purchasing Official with a City Manager's minute signed by the City Manager.

10 Monitoring and Review

10.1 Application of the City's Procurement Policy will be monitored and reviewed by the Chief Purchasing Official who will annually report to the Corporate Management Team and City Council on implementation progress, financial implications, procurements that appear to avoid proper authorizations, supplier compliance, supplier feedback, surplus asset sales, and other stakeholder input. As part of this review, the Chief Purchasing Official will report specifically on application of the sustainable and ethical procurement standards (section 11). Where the City has knowingly entered into, or maintained, contracts with suppliers and their subcontractors who do not fully comply with the Supplier Code of Conduct or the sustainable and ethical standards of this Policy, these exceptions will be reported to Council along with a rationale for maintaining the relationships and plan for improving the performance of the supplier or achieving compliance.

11 Sustainable and Ethical Procurement

- 11.1 Sustainable and Ethical Procurement aligns the Vancouver Group's overall approach to procurement with its Corporate Long-Term Priorities related to people, prosperity and the environment as expressed in the Corporate Strategic Business Plan.
- 11.2 The Vancouver Group intends to formally recognize and reward within the supplier selection process excellence and innovation among suppliers who demonstrate leadership in sustainability, environmental stewardship and fair labour practices.
- 11.3 The Vancouver Group is committed to safe and ethical workplaces, where human and civil rights are respected. The Vancouver Group will endeavor to ensure that all its suppliers meet and where possible, exceed the performance standards outlined in the Supplier Code of Conduct.
- 11.4 The Vancouver Group is committed to maximizing benefits to the environment and minimizing costs to the Vancouver Group through product and service selection. The Vancouver Group will set minimum specifications for goods and services that achieve environmental benefits such as increased energy and resource efficiency, reduced toxicity and pollution, reduced carbon dependency, zero waste and other environmental attributes. Minimum specifications for key product and services categories will be maintained and updated and periodically presented to Council for endorsement.
- 11.5 The Vancouver Group will use, where appropriate, an evaluation model that incorporates the Total Cost of Ownership of products and services including environmental, social and economic costs and benefits (where reasonably quantifiable). These costs will be factored into the vendor pricing, evaluation and selection process.

- 11.6 The Vancouver Group will give preference where feasible, to products and services that represent a non-carbon alternative, are carbon neutral or that minimize green house gas emissions and thereby contributes to reducing the carbon footprint of the Vancouver Group.
- 11.7 The Vancouver Group will work collaboratively with suppliers to advance environmental performance of products and services and ensure compliance with the Vancouver Group's Supplier Code of Conduct.
- 11.8 The Vancouver Group will select suppliers based on best value both in terms of the supplier's overall social and environmental performance and the social and environmental attributes of the goods and/or services. Efforts to reduce the overall environmental impacts of their operations and any efforts to advance sustainable and ethical purchasing in the marketplace, above and beyond the minimum requirements of this policy and the Supplier Code of Conduct, will be taken into consideration.
- 11.9 Within the limits set out by applicable trade and investment legislation, and the Vancouver Charter, the Vancouver Group will seek to identify opportunities where procurement activities may serve to leverage Vancouver Group goals related to local economic development and, in particular, support the development of an environmentally sustainable local economy. The Vancouver Group will actively work with the supplier community and economic development agencies to identify and capitalize on such opportunities and catalyze industry relationships through hosting supplier forums, creating opportunities for dialogue with existing and potential suppliers and related outreach programs.
- 11.10 Where opportunities exist, the Vancouver Group will work with other organizations (e.g. municipalities) on monitoring and verification processes to ensure suppliers adhere to all applicable legal requirements and trade agreements.
- 12 Bid Committee/Chief Purchasing Official/Category Manager**
- 12.1 Establishment of the Bid Committee**
- The Bid Committee will be established which will consist of the following representation:
- (a) The City Manager
 - (b) The Director of Finance
 - (c) Any Department Head whose budget will be totally or partially funding the award that is before the Committee at any given meeting (in this Section 12 a "Voting Department Head").
- 12.2 A Voting Department Head referred to in Subsection 12.1 (c) is only entitled to vote in respect of an award referred to in that Subsection 12.1(c).
- 12.3 A quorum of the Bid Committee will be two voting members.

12.4 All business and decisions of the Bid Committee will be posted on a publicly available source subject to the confidentiality provisions of the call documents, the Freedom of Information and Protection of Privacy Act, and any other applicable law.

12.5 Authority of the Bid Committee

Subject always to the limits set out in section 5 above, the Bid Committee is authorized to make an award in respect of a bid call, if all of the following conditions are met:

- The Chief Purchasing Official, after consulting with the Voting Department Head(s) has recommended the award in the report submitted as being in compliance with the terms of the call;
- All voting members of the Bid Committee who are present at the meeting vote in favor of the award.

12.6 Extended Authority of Bid Committee

The Bid Committee is authorized to exercise the power of Council or Board to make an award in the following circumstances:

- If a regularly scheduled meeting of Council/Board to which the bid would be normally reported for award is cancelled for whatever reason, including labour disruption, and there is no meeting of Council/Board scheduled either prior to or within the week following the cancelled Council/Board meeting to which the bid could be reported; or
- If, during the summer recess of Council/Board or during the period between the last scheduled meeting of Council/Board and the first meeting of a new Council/Board after an election, no Council meetings are scheduled or held; and
- The goods, services or construction are urgently required and delay would be injurious to the public interest as determined by the City Manager; and
- the total purchase price of the contract is greater than \$2,000,000.

12.7 If the Bid Committee makes an award under Subsection 12.6, the award will be reported by the Chief Purchasing Official to Council/Board at the next Council/Board meeting.

12.8 The Bid Committee will meet on an as needed basis to make vendor selection decisions. Any award may be referred to Council/Board at any time in the Bid Committee's sole discretion.

12.9 Chief Purchasing Official

The Chief Purchasing Official will have the authority and be responsible for:

- Determining, in accordance with policies and directives as may be adopted or provided from time to time by Council, the appropriate form and method by which all goods, services and construction will be procured on behalf of the City, including the form of any call document or contract, the circumstances and means for the pre-selection of

equipment and materials, the pre-qualification of bidders, and the delegation to any Vancouver Group member of any aspect of the procurement process.

- Compiling and maintaining a compendium of all policies adopted by the Vancouver Group from time to time affecting the procurement process and communicating such policies to bidders and all staff involved in the procurement process.
- The solicitation of goods, services or construction.
- Determining the method and scope of solicitation, including, without limitation, by public advertising, mailing invitations, posting notices, telecommunicated messages or any combination or all of these.
- Scheduling the place, date and time for the receipt and opening of responses.
- Determining whether recommendations for an award should appropriately go to the Bid Committee or Council or Board as the case may be and as determined by this Policy.
- Reporting to the Bid Committee on all bids where the Bid Committee has authority to make an award.
- Providing advice and support to the Bid Committee.
- Reporting on, along with the Voting Department Head, all bids which must be reported to Council or the appropriate Board.
- Generally monitoring, supervising and reporting to the Corporate Management Team as required from time to time, on the procurement process.
- Acting on behalf of other public bodies when requested to do so by such bodies and where authorized by this policy or Council.
- Drafting and finalizing procedures and guidelines in respect of any aspect of the procurement process, including any of the listed responsibilities of the Chief Purchasing Official in this section, and ensuring appropriate communication of such procedures and directives to staff and to the public.
- Undertaking a comprehensive review of this policy and all policies affecting the procurement process every five years.

12.10 Authority of Chief Purchasing Official to Pre-Select and to Pre-Qualify

The Chief Purchasing Official will be authorized to determine:

- The selection of specified equipment and materials, if required in the opinion of the department head, for incorporation in any call; and
- In consultation with the Voting Department Head, those bidders meeting the requirements of any pre-qualification call as a basis for the issuance of any subsequent call for the submission of bids.

12.11 Chief Purchasing Official and Opening of Responses

- Responses received by the Chief Purchasing Official in the location specified in the call before the time stipulated for receipt will be opened by the Chief Purchasing Official or designate at the time and location specified in the call, and the names of the bidders will be recorded.

- The prices contained in bids will also be recorded but only where deemed appropriate in the sole discretion of the Chief Purchasing Official.

12.12 Cancellation of Calls

The Chief Purchasing Official will be authorized to cancel any call where:

- (a) There is a request by the Voting Department Head and responses are greater than the funding approval for the award in respect of the call; or
- (b) In the opinion of the Chief Purchasing Official or the Voting Department Head:
 - (i) A change in the scope of work or specifications is required and therefore a new call should be issued; or
 - (ii) The goods, services or construction to be provided by the call no longer meet the Vancouver Group's requirements; or
- (c) In the opinion of the Chief Purchasing Official the integrity of the call process has been compromised.

12.13 Category Managers

Category Managers are responsible for managing a portfolio of spend categories as assigned by the Chief Purchasing Official. This includes strategic sourcing initiatives, vendor management, reviewing and seeking out new technologies and processes that will optimize value for the Vancouver Group and incorporating sustainability as an integral component products/services provided to the City.

13 Surplus Asset Disposal

- 13.1 If any materials or equipment owned by the Vancouver Group are declared by the department head having control over them to be surplus to present and future department requirements, and are declared by the Chief Purchasing Official to be surplus to present and future corporate requirements, the Chief Purchasing Official may either dispose of the materials or equipment by public auction or solicitation deemed appropriate by the Chief Purchasing Official in the circumstances.
- 13.2 Funds received for the disposal of surplus materials and equipment will be credited back to the Vancouver Group cost center where the asset originated from prior to being declared surplus.
- 13.3 In exceptional circumstances, surplus assets may be transferred gratuitously to a not-for-profit organization or public agency or sold at less than fair market value when, in the opinion of the Chief Purchasing Official, such action serves the public interest better than sale on the open market, provided always that the contract transferring the asset is signed by the City Manager and Director of Legal Services.

13.4 Surplus assets will be segregated for reuse or recycling and those, which are classified as electronic waste, will be recycled according the appropriate governing guidelines for e-waste and in a manner that ensures that toxic products are not sent to landfill.

14 Co-operative Purchasing

14.1 The Chief Purchasing Official may participate with public bodies in co-operative purchasing.

14.2 Participation in co-operative purchasing will be in compliance with the provisions of this policy in proportion with the Vancouver Group's participation in the co-operative purchasing.

RELATED POLICIES

Related Policies

AF-013-01 The Energy Efficiency Purchasing Policy

AF-014-01 Ethical Purchasing Policy

AF-010-01 Corporate Purchasing Cards Policy

APPROVAL HISTORY

ISSUED BY:	APPROVED BY:	DATE: yyyy/mm/dd
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CITY OF VANCOUVER CORPORATE POLICY

SUBJECT: Contracts - Goods and Services	
CATEGORY: Finance	POLICY NUMBER: AF-009-01

PURPOSE

This sets out the City of Vancouver's policy and procedures for contracts for goods and services.

SCOPE

All City staff.

POLICY STATEMENTS

1 Calling Bids

1.1 **Authority:** Apart from the overall authority granted to the City Manager, only the following officials are authorized to call bids:

- The City's Purchasing Manager may call bids for the purchase of equipment, material, supplies and services (excluding consultant services - see AF-005-01, Procedures) for use in City operations;
- The General Manager of Engineering Services may call bids for City engineering works and services;
- The General Manager of Corporate Services may call bids for construction, alteration, repair and maintenance of City buildings;
- The General Manager of the Park Board may call bids for goods and services for use in Park Board operations.
- The Director of the Vancouver Public Library may call bids for goods and services for use in Library Board operations.

1.2 **Bid Limits:** Approximate dollar limits establish the methods employed to purchase equipment, material, supplies and services:

- **Quotations or Requests for Proposal (up to \$100,000);** prices are obtained by Purchasing Services from internal price records or from known suppliers by telephone or in writing depending on the value of the purchase, with a copy of the Request for Quotation or RFP on purchases over \$50,000 posted on the public notice board in the Purchasing Office. Written quotations or proposals are received and opened in the Purchasing Office, with prices available for review on request.
- **Tenders or Requests for Proposal (above \$100,000);** are advertised by Purchasing Services in one daily newspaper or in the Journal of Commerce, whichever is the most appropriate for the commodity or service being tendered. A copy of the advertisement is posted on the public notice board in the Purchasing Office and copies of the tender or

RFP are mailed to known suppliers. Tenders or proposals are received and opened in public in the City Clerk's office.

- The above bid structure and limits also apply to situations where Purchasing Services is not involved and City departments have conduct of the purchasing process (e.g. Engineering for City engineering works and services and Corporate Services for construction, alteration, repair and maintenance of City buildings).

1.3 **Documentation:** The quotation, tender, proposal, contract award and contract execution processes require that the RFQ, tender, RFP and contract documentation are in the standard format approved by the City's Director of Legal Services, or that any modifications to the standard format for special circumstances will have been reviewed and approved by the Director of Legal Services before the applicable RFQ, tender or RFP is called.

2 Awarding & Executing Contracts

2.1 **Environmentally Sound Purchasing:** In order to contribute to waste reduction and to increase the development and awareness of environmentally sound purchasing of goods and services, contracts and tender specifications should be reviewed to ensure that wherever possible and economical, specifications provide for expanded use of durable products, reusable products, and products that contain the maximum level of post-consumer waste and/or recyclable content, or that minimize environmental impacts.

2.2 **Awarding Contracts:** Listed below are the officials to whom City Council has delegated the power to accept tenders and proposals, and award contracts. These delegated powers are subject to the signing authority detailed in Section 2.3.

- For low bid or best value contracts up to \$100,000; the City's Purchasing Manager.
- For low bid or best value contracts above \$100,000 and up to \$300,000; the initiating Department Head or Heads (CMT). The City's Purchasing Manager must concur on all best value awards where Purchasing Services has conducted the tender or proposal process.
- Above \$300,000; City Council, excluding Park Board contracts. The Park Board has legal authority in the Vancouver Charter to award contracts for work which is under their exclusive jurisdiction and control.

The above contract award levels also apply to situations where Purchasing Services is not involved and City departments have conduct of the purchasing process. In those cases, the initiating Department Head or Heads (CMT) may award contracts up to the value of \$300,000.

The information regarding the award of contracts at the administrative level must be made available quarterly for review by City Council.

2.3 **Executing Contracts:** City Council has delegated the following authorities to execute contracts on behalf of the City.

- **Up to \$100,000;** the City's Purchasing Manager. This execution authority also applies to situations where Purchasing Services is not involved and City departments have conduct of the purchasing process. In those cases, the signing authority is the initiating Department Head or Heads (CMT).
- **Above \$100,000 and up to \$300,000;** the initiating Department Head or Heads (CMT).
- **Above \$300,000;** the Director of Legal Services.
- **Department Heads (CMT)** are authorized to execute contract change orders up to the level of the approved budget for the project. In cases where approval of a change order will exceed the existing project budget or the project budget as adjusted by transfer under the Department Head (CMT) authority, the matter must be reported to City Council for consideration and approval.
- **Persons who are authorized** to execute contracts on behalf of the City can only delegate that signing authority if absent, and then only to those persons appointed in an acting capacity.

2.4 **Surety Bonds (Deposits):** Surety bonds are obtained to assure performance by a contractor. The City requires surety bonds depending on the contract value and the risk factors.

- **Bid Bonds (10% of the bid amount)**
 - A bid bond is a guarantee that if a bidder's tender or proposal is accepted, the bidder will enter into the contract within the time specified. If the bidder fails this obligation, the bid bond will provide a sum of money up to the face amount of the bond to bridge the difference between the amount of the original bid and the amount for which the City legally contracts with another party to do the work or supply the goods or services under the tender or RFP.
 - A bid bond also provides assurance that the bidder is bondable by the surety (bonding company) and that the bidder will provide the City with the specified security, which is usually a performance bond.
 - A bid bond is not required for a tender or RFP administered by the City's Purchasing Manager but the City's Purchasing Manager is authorized to demand a bid bond in cases where unusual risk factors are involved.
 - The acceptance of cash, a certified cheque or a letter of credit is an acceptable alternative to a bid bond if a performance bond from a surety (bonding company) is not required on the contract.
- **Performance Bonds**
 - A performance bond, subject to its limits, provides that the contractor will complete the contract in accordance with the plans and specifications, on time, and at the agreed price. Where a maintenance clause is included in the contract, a performance bond automatically covers the maintenance clause. A performance bond is appropriate where installation, custom work or modification is included in the contract. Performance bonds are required with contracts with a value above \$100,000 for the following types of purchases, except that the City's Purchasing Manager is authorized to demand performance bonds for any type of purchase regardless of value as necessary to protect the interests of the City.

- equipment specially manufactured;
- services;
- construction contracts; and,
- specialized installations including supply of equipment.

The acceptance of cash, a certified cheque or a letter of credit is an acceptable alternative to a performance bond in certain circumstances as determined by the agency having conduct of the purchasing process.

Performance bonds must be for 100% of the contract amount except for construction contracts where the performance bond may be for 50% of the contract amount provided there is also a labour and materials payment bond for 50% of the contract amount.

The City Manager has the authority to waive the requirement for a performance bond in unusual circumstances, or to adjust the bond limits as appropriate for the contract.

The policy on bid and performance bonds also applies to situations where Purchasing Services is not involved and City departments have conduct of the purchasing process. In those cases, the initiating Department Head or Heads (CMT) administer the policy.

3 Non-Resident Contractors

3.1 ***City Required to Withhold Tax:*** The Income Tax Act requires the City to withhold income tax on payments the City makes to non-residents providing a service in Canada. The following types of contracts are subject to this tax:

- Royalties on Computer Software, or;
- Interest or;
- Rent or Lease Payments, or;
- Consultant or Management Services.

3.2 ***Contract Clauses:*** All service contracts with non-residents must include a withholding tax clause. The Law Department has various precedent clauses that can be used when negotiating contracts with non-residents.

3.3 ***Withholding Tax Rate:*** Specific tax rates, and the taxable status of different payments, will be determined by the City's GST Administrator in Financial Services, as part of the payment process. However, if non-resident withholding tax information is required during or after negotiations, the GST Administrator can be contacted for details.

4 Special Purchases

New or near-new equipment is occasionally available at substantially reduced prices, usually through a distress sale. The equipment is offered for sale by a variety of methods including public auction, bailiff/trustee sale or sealed bid. Department Heads (CMT) are authorized to purchase equipment in this manner without the requirement for calling tenders, on the following basis:

- purchases are to be by open competition;
- closed or private negotiations with individuals or suppliers are not to be considered;
- equipment purchases are to be limited to established requirements only for which funding must be approved and in place;
- purchases up to and including \$300,000 must be periodically reported to City Council for information; and,
- purchases of over \$300,000 must be immediately reported to City Council.

RELATED POLICIES

AF-005-01	Consultants - Hiring
AF-005-02	Consultants - Contract
AF-005-03	Consultants - General

APPROVAL HISTORY

ISSUED BY: Council	APPROVED BY: Council	DATE: 1977/05/10
REVISED BY: Council	APPROVED BY: Council	DATE: 1982/06/15
REVISED BY: Council	APPROVED BY: Council	DATE: 1993/07/06
REVISED BY: Council	APPROVED BY: Council	DATE: 1996/03/28



CITY OF VANCOUVER CORPORATE POLICY

SUBJECT: Consultants - Hiring	
CATEGORY: Finance	POLICY NUMBER: AF-005-01

PURPOSE

This sets out the City of Vancouver's policy on hiring consultants.

SCOPE

All City staff.

POLICY STATEMENTS

1 Authority

1.1 *City Council Authorization:*

- All projects excluding Corporate Re-Engineering/Better City Government (BCG) projects: City Council approval is required to appoint the consultant, if the gross cost will exceed \$30,000.
- Re-Engineering/BCG projects: City Council approval is required to appoint the consultant, if the gross cost will exceed \$100,000.

1.2 *City Manager Authorization:* For Corporate Re-Engineering/Better City Government (BCG) projects, City Manager approval is required to appoint the consultant where the gross cost does not exceed \$100,000.

1.3 *Department Head Authorization:* Department Heads who are members of the Corporate Management Team (CMT) may approve the appointment of consultants for all projects, excluding Corporate Re-Engineering/BCG projects, where the gross cost does not exceed \$30,000.

2 Funding

2.1 *Approved Budget:* Hiring consultants is subject to approved budgets.

3 Reporting Requirement

3.1 *City Council:* Consultant appointments made by City Council will be dealt with in open Council.

3.2 *Quarterly:* Consultant appointments made by the City Manager or Department Heads (CMT) must be reported quarterly to City Council.

REFERENCE

[Consultants Hiring Procedure](#)

RELATED POLICIES

[AF-005-02](#)

Consultants - Contract

[AF-005-03](#)

Consultants - General Considerations

APPROVAL HISTORY

ISSUED BY: Council	APPROVED BY: Council	DATE: 1989/02/21
REVISED BY: Council	APPROVED BY: Council	DATE: 1992/10/20
REVISED BY: Council	APPROVED BY: Council	DATE: 1996/03/28



CITY OF VANCOUVER CORPORATE POLICY

SUBJECT: Consultants - Contract	
CATEGORY: Finance	POLICY NUMBER: AF-005-02

PURPOSE

This sets out the City of Vancouver's policy governing the terms and approval mechanisms for contracts with consultants.

SCOPE

All City staff.

POLICY STATEMENTS

1 Terms

- 1.1 **Written Contract:** Written contracts are required in all cases and must include the following:
- What the consultant is to do, and the timing of the service delivery;
 - Terms of payment:
 - maximum contract amount inclusive of all taxes;
 - timing of payments relative to the delivery of the services;
 - responsibility for payment of sub-consultants and disbursements, and any dollar limits thereon;
 - If the City may be held liable for any of the consultant's actions, indemnification/insurance is required.

2 Contract Approval and Execution

- 2.1 **Director of Legal Services:** The Director of Legal Services must approve and execute:
- Any contract in excess of \$30,000, or any Corporate Re-Engineering/BCG contract in excess of \$100,000, awarded by City Council; and
 - Any contract that does not exceed \$30,000, or any Corporate Re-engineering/BCG contract that does not exceed \$100,000, that is not in a pre-approved Law Department form, or varies in any way from such a pre-approved form.
- 2.2 **City Manager:** The City Manager must approve and execute any contract for a Corporate Re-Engineering/BCG project that does not exceed \$100,000 and is in a pre-approved Law Department form.
- 2.3 **Department Heads (CMT):** Department Heads (CMT) must approve and execute any contract, excluding a Corporate Re-Engineering/BCG contract, that does not exceed \$30,000 and is in a pre-approved Law Department form.

3 Executed Copy

- 3.1 *Manager of Accounting Services:* An executed copy of the contract, accompanied by a copy of the approval authority, must be filed with the Manager of Accounting Services.

RELATED POLICIES

- [AF-005-01](#) Consultants - Hiring
[AF-005-03](#) Consultants - General Considerations

APPROVAL HISTORY

ISSUED BY:	City Manager	APPROVED BY:	City Manager	DATE:	1987/01/30
REVISED BY:	City Manager	APPROVED BY:	City Manager	DATE:	1996/03/28



CITY OF VANCOUVER CORPORATE POLICY

SUBJECT: Consultants - General Considerations	
CATEGORY: Finance	POLICY NUMBER: AF-005-03

PURPOSE

This provides general considerations that must be taken into account before employing consultants.

SCOPE

All City staff.

POLICY STATEMENTS

1 Employment Issues

- 1.1 *Work of Unionized Employees:* If the work of the proposed consultant involves work presently done by unionized employees, then the Director of Human Resources must approve the contract.
- 1.2 *Employer/Employee Relationship:* Current jurisprudence has established specific rules which define contract employees. Any consultant to whom these rules apply would be subject to statutory deductions. The Law Department can assist in determining if the consultant is deemed to be a contract employee.

2 Splitting Contracts

- 2.1 *Circumventing Approval:* Splitting contracts to circumvent the approval limits specified in the section 1 of AF-005-01 (Consultants-Hiring) will not be permitted.

3 Pre-Payments

- 3.1 *Personal Services Contracts:* There will be no pre-payments on personal services contracts.

4 City By-Laws

- 4.1 *Business License:* All consultants must have a valid City business license.

RELATED POLICIES

- [AF-005-01](#) Consultants - Hiring
- [AF-005-02](#) Consultants - Contract

APPROVAL HISTORY

ISSUED BY: City Manager	APPROVED BY: City Manager	DATE: 1987/01/30
REVISED BY: City Manager	APPROVED BY: City Manager	DATE: 1996/03/28



CITY OF VANCOUVER CORPORATE POLICY

SUBJECT: Corporate Purchasing Cards	
CATEGORY: Finance	POLICY NUMBER: AF-010-01

PURPOSE

The purpose of purchasing cards is:

- to provide City staff with an efficient and cost effective means to make bona fide purchases of goods and services on behalf of the City necessary in the performance of their duties;
- to reduce administrative order costs associated with purchase transactions;
- to improve internal control over purchases.

SCOPE

All City staff, including Vancouver Police Department, excluding Vancouver Public Library, and Park Board. Although Park Board uses the same purchasing card vendor, there is a separate policy for Park Board staff that is consistent with the City policy. Park Board users should refer to this latter policy.

POLICY STATEMENTS

- 1 *Purchasing cards* should be used by City staff for purchase transactions where they have been determined to be the most efficient way to handle payments.

PROCEDURES

[Corporate Purchasing Card Procedure](#)

RELATED POLICIES

AF-004-01	Travel
AF-005-02	Consultants - Contract
AF-009-01	Contracts - Goods and Services
AE-017-01	Training - External

APPROVAL HISTORY

ISSUED BY: Director of Finance	APPROVED BY: Corporate Management Team	DATE: 2001/05/11
REVISED BY: Manager, Materials Management	APPROVED BY: Director of Finance	DATE: 2001/09

CITY OF VANCOUVER



MEMORANDUM

From: City Clerk's Office

Date: 28th March 1996

Refer File: 1000

To: Corporate Management Team:
 Ken Dobell, City Manager
 Judy Rogers, Deputy City Manager
 Madge Aalto, Director of Vancouver Public Library
 Ray Canuel, Chief Constable
 Ted Droettboom, General Manager of Community Services
 Vic Kondrosky, General Manager of Parks & Recreation
 Glen Maddess, General Manager of Fire & Rescue Services
 Dave Rudberg, General Manager of Engineering Services
 Eileen Stewart, General Manager of Human Resource Services
 Ken Stoke, General Manager of Corporate Services

Subject: CHANGES TO ADMINISTRATIVE AUTHORITIES

Please be advised that at its meeting today, March 28th, City Council approved the following recommendations of the Standing Committee on City Services & Budgets with regard to the above matter:

- A. THAT the transfer limits be increased on normal and non-recurring operating budget accounts for Department Heads to \$50,000 and \$10,000 respectively, and that Department Heads be authorized to transfer up to \$50,000 to/from approved capital accounts, including the transfer authority to create new capital accounts up to that amount, all as proposed in the Policy Report dated January 31, 1996;

FURTHER THAT a change in the close-out criteria for capital projects be approved, authorizing Department Heads to close out capital projects whose expenditures do not exceed 15% and \$50,000 of the approved budgets. Capital projects that do not meet this requirement will be reported to Council for information and approval; and

FURTHER THAT the Park and Library Boards be requested to adopt these revised authorities as well, subject to the modifications noted in the foregoing Policy Report.

Changes to Administrative Authorities (Continued)

- B. THAT a two-tier bid structure reflecting a bid limit of up to \$100,000 for price quotations and a bid limit of over \$100,000 for tenders be approved, including the special purchase conditions and the advertising change around public notice of City tenders, all as proposed in the Policy Report dated January 31, 1996; and

FURTHER THAT the Park and Library Boards be requested to adopt the revised bid limits and advertising change as well.

- C. THAT the contract award limits be increased for Purchasing Manager, Department Head, and City Council approvals to \$100,000, \$300,000 and over \$300,000 respectively, as proposed in the Policy Report dated January 31, 1996; and

FURTHER THAT the Park and Library Boards be requested to adopt the revised contract award limits as well, subject to the modifications noted in the foregoing Policy Report.

- D. THAT the changes to the contract execution authorities be approved, as proposed in the Policy Report dated January 31, 1996; and

FURTHER THAT the Park and Library Boards be requested to adopt the revised execution authorities as well, subject to the modifications noted in the foregoing Policy Report.

- E. THAT approval authority be delegated to Department Heads for contract change orders as proposed in the Policy Report dated January 31, 1996; and

FURTHER THAT the Park and Library Boards be requested to adopt this revised authority as well, subject to the modifications noted in the foregoing Policy Report.

- F. THAT the award limits be increased on consultant contracts for Department Head and City Council approvals to \$30,000 and over \$30,000 respectively, including the changes to the contract execution authorities, both as proposed in the Policy Report dated January 31, 1996; and

FURTHER THAT the Park and Library Boards be requested to adopt the revised consultant contract award limits as well, subject to the modifications noted in the foregoing Policy Report.

- G. THAT the limit be increased on the City Manager's legal settlement authority from \$20,000 to a maximum of \$50,000 as proposed in the Policy Report dated January 31, 1996.

Changes to Administrative Authorities (Continued)

- H. THAT the changes to the City's policy on bid and performance bonds be approved, as proposed in the Policy Report dated January 31, 1996; and

FURTHER THAT the Park and Library Boards be requested to adopt the revised policy as well, subject to the modifications noted in the foregoing Policy Report.

- I. THAT approval authority be delegated to Department Heads to hire contract employees into vacant exempt positions as proposed in the Policy Report dated January 31, 1996; and

FURTHER THAT the Park and Library Boards be requested to adopt this revised authority as well, subject to the modifications noted in the foregoing Policy Report.

- J. THAT the Board of Administration by-law be ^{amended} changed as appropriate to reflect Council action on the above recommendations.

- K. THAT quarterly reports with analysis be provided on the administration and conduct of City business.

Saija Tuominen
COMMITTEE CLERK

TTuominen:mfm

Also sent to:

Mr. Ken Davidson, President, CUPE Local 1004
Unit 2 - 8506 Ash Street V6P 3M2

P1

POLICY REPORT
ADMINISTRATION

Date: January 31, 1996

TO: Vancouver City Council
FROM: Corporate Management Team
SUBJECT: Changes to Administrative Authorities

RECOMMENDATION

- A. THAT Council increase the transfer limits on normal and non-recurring operating budget accounts for Department Heads to \$50,000 and \$10,000 respectively, and that Department Heads be authorized to transfer up to \$50,000 to/from approved capital accounts, including the transfer authority to create new capital accounts up to that amount, all as proposed in this report.

THAT Council approve a change in the close-out criteria for capital projects, authorizing Department Heads to close out capital projects whose expenditures do not exceed 15% AND \$50,000 of the approved budgets. Capital projects that do not meet this requirement will be reported to Council for information and approval.

Further that Council request the Park and Library Boards to adopt these revised authorities as well, subject to the modifications noted in this report.

- B. THAT Council approve a two-tier bid structure reflecting a bid limit of up to \$100,000 for price quotations and a bid limit of over \$100,000 for tenders, including the special purchase conditions and the advertising change around public notice of City tenders, all as proposed in this report.

Further that Council request the Park and Library Boards to adopt the revised bid limits and advertising change as well.

- C. THAT Council increase the contract award limits for Purchasing Manager, Department Head, and City Council approvals to \$100,000, \$300,000 and over \$300,000 respectively, as proposed in this report.

- 4 D. THAT Council approve the changes to the contract execution authorities as proposed in this report; and

FURTHER THAT Council request the Park and Library Boards to adopt the revised execution authorities as well, subject to the modifications noted in this report.

- 5 E. THAT Council delegate approval authority to Department Heads for contract change orders as proposed in this report; and

FURTHER THAT Council request the Park and Library Boards to adopt this revised authority as well, subject to the modifications noted in this report.

- 6 F. THAT Council increase the award limits on consultant contracts for Department Head and City Council approvals to \$30,000 and over \$30,000 respectively, including the changes to the contract execution authorities, both as proposed in this report; and

FURTHER THAT Council request the Park and Library Boards to adopt the revised consultant contract award limits as well, subject to the modifications noted in this report.

- 7 G. THAT Council increase the limit on the City Manager's legal settlement authority from \$20,000 to a maximum of \$50,000 as proposed in this report.

- 8 H. THAT Council approve the changes to the City's policy on bid and performance bonds as proposed in this report; and

FURTHER THAT Council request the Park and Library Boards to adopt the revised policy as well, subject to the modifications noted in this report.

- 9 I. THAT Council delegate approval authority to Department Heads to hire contract employees into vacant exempt positions as proposed in this report; and

FURTHER THAT Council request the Park and Library Boards to adopt this revised authority as well, subject to the modifications noted in this report.

- 10 J. THAT the Board of Administration by-law be changed as appropriate to reflect Council action on the above recommendations.

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CITY MANAGER'S COMMENTS

The City Manager RECOMMENDS approval of A, B, C, D, E, F, G, H, I and J, noting that this report has been prepared by the Corporate Management Team (the "CMT").

In formulating the recommendations of this report, the CMT has examined the present administrative authorities around budget control and the acquisition of goods and services for City operations, with a view to improving the efficiency and effectiveness of the City's administrative processes.

We believe the report recommendations accomplish that objective and reflect the intent of the City's Better City Government initiative. We also recognize that Council may not share the same conclusion and welcome that perspective.

COUNCIL POLICY

Amendments to established Council policy require the approval of Council.

PURPOSE

The purpose of this report is to propose a number of changes to Council policy dealing with administrative issues around the conduct of City business. These administrative policies have been reviewed and updated by Council from time to time since their inception.

BACKGROUND

Staff have periodically submitted reports to Council dealing with changes to administrative authorities that affect the acquisition of goods and services, and the effective management of budget resources.

This present report reviews a number of administrative authorities which should be adjusted to reflect present day market conditions and the way the City wishes to conduct business in the future. Council will remember that previous reports dealing with steps to "Better City Government" outlined a business environment wherein responsibility and authority would be delegated, as practicable, to empower staff to deliver high quality, economic programs and services to our customers.

This report is a step in that direction.

DISCUSSION

The discussion which follows outlines the policies recommended for adjustment and the proposed dollar levels and approval authorities under which City business may be conducted. Council should note that the "Department Head" authorities recommended in this report apply only to the heads of Service Groups, Outside Boards and the City Manager and the Assistant City Manager, commonly referred to as the Corporate Management Team (CMT). It is not intended that these specific authorities be delegated to managers, supervisors and other line staff in the respective organizational units.

The policy areas outlined in this section deal with budget and spending matters. A companion policy report, dealing with personnel administration, will be submitted to Council for consideration at a later date.

Changes to nine policy areas are proposed below.

1. Budget Transfers/Management

During a budget year, it is common practice to adjust individual budget accounts (line items) to reflect changing requirements or movements in market prices. This situation exists for both the City's operating and capital budgets.

Operating Budget

(a) Normal Operating Accounts

Present policy limits the amount that Department Heads can transfer to/from operating budget accounts to \$10,000 for a single purpose. There is a further restriction barring transfers to overtime, business travel and training, and Department Head discretionary accounts.

Our proposal is to raise the transfer limit to \$50,000 on operating accounts and to remove the transfer restriction on overtime and business travel and training accounts. The restriction on transfers to Department Head discretionary accounts will remain.

(b) Non-recurring Operating Accounts

Present policy limits the amount that Department Heads can transfer to/from non-recurring operating budget accounts to \$2,000 for a single purpose. A non-recurring account is used to fund one-time expenditures such as purchases of office furniture and equipment.

Our proposal is to raise the transfer limit to \$10,000 on non-recurring accounts.

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(c) General Operating Budget Provisions

The administrative system presently in place to govern the processing of operating budget transfers will be modified to accommodate the changes proposed above. An annual listing of approved transfers will be provided to Council for information.

Capital Budget

(d) Approved Projects

Present policy limits the amount that the City Manager can transfer to/from capital accounts/projects to \$50,000. Department Heads must seek the prior approval of the City Manager for all transfers.

Our proposal is to retain the \$50,000 transfer limit but have Council authorize Department Heads to exercise this transfer authority.

(e) New Projects

Present policy limits the amount that the City Manager can transfer from existing approved funding to create new capital projects to a maximum of \$50,000. Examples include capital areas which have general funding approval but specific projects (e.g. opening lanes) may emerge throughout the budget year.

Our proposal is to retain the \$50,000 limit but have Council authorize Department Heads to exercise this new project authority.

(f) Close-outs

Present policy limits the closing of capital accounts under the City Manager's authority to those projects whose expenditures do not exceed 15% OR \$50,000 of the approved project budgets. Projects not meeting this criteria must be reported to Council for information and approval.

Our proposal is to have Council authorize Department Heads to close capital projects and change the acceptance criteria to those projects whose expenditures do not exceed 15% AND \$50,000 of the approved budgets. Projects not meeting the revised criteria will still be reported to Council for information and approval.

(g) General Capital Budget Provisions

The administrative system presently in place to govern the processing of capital budget transfers will be modified to accommodate the changes proposed above. An annual listing of approved transfers will be provided to Council for information.

We also propose that the Park and Library Boards be requested to adopt this revised budget transfer/management authority as well, with appropriate changes to reflect their individual organization and governance structures.

2. Bid Limits

Bid limits establish dollar limits for the purchase of goods and services with or without a public tender process. There are presently three mechanisms which govern the City's purchasing process.

- Pricing - for routine purchases under \$10,000 Purchasing Services obtains prices from internal price records or known suppliers in verbal or written form.
- Offers - for routine purchases between \$10,000 and \$50,000 Purchasing Services mails offer requests to known suppliers with a copy of the request posted on a public notice board in the purchasing office. Offers are received and opened in public in the purchasing office.
- Tenders - for purchases over \$50,000 Purchasing Services advertises the tender particulars in two daily newspapers and in the Journal of Commerce. A copy of the advertisement is posted on the public notice board in the purchasing office and copies of the tender are mailed to known suppliers. Tender submissions are received by the City Clerk and opened in public.

Our proposal is to change to a two-tier bid structure for the purchase of goods and services and increase the bid limits to reflect market price changes since the last revision and, more importantly, to improve the efficiency and effectiveness of the City's purchasing process overall. The new bid structure and limits would be as follows:

- Quotations - for purchases of up to \$100,000 Purchasing Services will obtain prices from internal price records or solicit prices by telephone or in writing from known suppliers depending on the value of the purchase, with a copy of the request for quotation on purchases over \$50,000 posted on the public notice board in the purchasing office. Written quotations from suppliers will be received and opened in the purchasing office with prices available for review on request.
- Tenders - for purchases over \$100,000 Purchasing Services will advertise the tender particulars. A copy of the advertisement will be posted on the public notice board in the purchasing office and copies of the tender mailed to known suppliers. Tender submissions will continue to be received by the City Clerk and opened in public. Addition-

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City advertise in only one daily newspaper or the Journal of Commerce, whichever is the most appropriate for the commodity or service being tendered, in order to reduce/contain costs.

- Special Purchases - new or near-new equipment is occasionally available at substantially reduced prices, usually through a distress sale. The equipment is offered for sale by a variety of methods including public auction, bailiff/trustee sale or sealed bid. In January, 1983, City Council authorized staff to purchase equipment in this manner without the requirement for calling tenders. Given the potential financial advantage to the City, we propose that Council allow the CMT to continue this acquisition practice on the following basis:

- purchases will be by open competition;
- closed or private negotiations with individuals or suppliers will not be considered;
- equipment purchases will be limited to established requirements only for which funding must be approved and in place;
- purchases up to and including \$300,000 will be periodically reported to Council for information; and,
- purchases of over \$300,000 will be immediately reported to Council.

The revised bid structure and limits and the advertising change will also apply to situations where Purchasing Services is not involved and City departments have conduct of the purchasing process (e.g. Engineering for public works, Facilities Development for construction and renovations, Building Management for maintenance).

We also propose that the Park and Library Boards be requested to adopt the revised bid structure and limits and the advertising change as well.

3. Contract Awards

Contract award limits establish the executive body or administrative position in the City's organization that makes the business decision to enter into a particular contract for goods and services. Council has presently delegated the power to award contracts as noted below. In most cases parallel authorities exist for the Library and Park Boards and their respective staffs.

- the City's Purchasing Manager for contracts up to \$50,000.
- the City's Purchasing Manager and the Department Head concerned for contracts over \$50,000 and up to \$100,000, provided the following conditions are present:

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- the City's Purchasing Manager for contracts up to \$50,000.
- the City's Purchasing Manager and the Department Head concerned for contracts over \$50,000 and up to \$100,000, provided the following conditions are present:
 - acceptance of low bid meeting specifications;
 - a maximum 5% allowance proportionate to the amount of local content stated in the tender is given to those bidders whose tenders reflect local content; and,
 - the information regarding the award of tenders is made available periodically for review by City Council. In the event the contract is to be awarded to other than the low bidder (i.e., for best value), then the award must be referred to the City Manager for approval.
- the City Manager for contracts over \$100,000 and up to \$200,000. Due to special circumstances around the construction of Library Square, City Council authorized the City Manager to approve contracts up to \$400,000, subject to reporting those approvals to Council on a regular basis.
- City Council for contracts over \$200,000.

Our proposal is to change the contract award levels as follows:

- for low bid or best value contracts up to \$100,000 to the City's Purchasing Manager;
- for low bid or best value contracts over \$100,000 and up to \$300,000 to the initiating Department Head or Heads. The City's Purchasing Manager will concur on all best value awards where Purchasing Services has conducted the tender process; and,
- for all contracts over \$300,000 to City Council.

Additionally,

- the 5% allowance proportionate to the amount of local content stated in the tender will be discontinued.
- the information regarding the award of tenders at the administrative level will be made available for periodic review by City Council.

The revised contract award levels will also apply to situations where Purchasing Services is not involved and City departments have conduct of the purchasing process. In those cases the initiating Department Head will be able to award contracts up to the value of \$300,000.

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The proposed changes to the tender, contract award and contract execution processes as outlined in this report will require that the tender and contract documentation are in the standard format approved by the City's Director of Legal Services, or that any modifications to the standard format for special circumstances will have been reviewed and approved by the Director of Legal Services before the applicable tenders are called.

We also propose that the Park and Library Boards be requested to adopt the revised contract award limits as well, with appropriate changes to reflect their individual organization and governance structures.

4. Contract Execution

The contract execution authority establishes who may execute or sign a contract on behalf of the City once the decision to award a contract has been made. The signing authority is not necessarily the same person that is authorized to award the contract.

Presently, routine purchases reflected in the pricing/offer process are executed by the Purchasing Managers for the City, Park Board and Library Board respectively. No change to this practice is proposed at the present time noting, however, that routine purchases would in the future be conducted by the quotation process proposed above. This execution authority will also apply to situations where Purchasing Services is not involved and City departments have conduct of the purchasing process for quotations. In those cases the initiating Department Head will be the signing authority.

For tenders, the present signing authorities comprise a combination of the City's Purchasing Manager, the Department Heads, and the City Manager depending on the nature of the contract.

Our proposal is to change the authority for contract execution to correspond with the proposed authority to award a contract. This means that Department Heads would execute contracts for goods and services up to their permitted award level, and the Director of Legal Services, instead of the City Manager, would execute all contracts awarded by Council. Presently, persons who are authorized to execute contracts on behalf of the City can only delegate that signing authority if absent, and then only to those persons appointed in an acting capacity. This stipulation would remain in place under the proposed change of authorities.

We also propose that the Park and Library Boards be requested to adopt the revised contract execution authority as well, with appropriate changes to reflect their individual organization and governance structures.

5. Contract Change Orders

Presently, change orders to executed contracts must be approved by the City Manager and, if the change is significant, reported to City Council. It can be reasonably argued that Department Heads have been given the responsibility and authority by Council to manage their respective operating and capital budgets in a prudent and fiscally sound manner. Since change orders are a relatively common practice in construction projects, it seems appropriate that Department Heads should have the ability to manage this sub-level of budget control as well.

Our proposal is to have Council authorize Department Heads to approve contract change orders up to the level of the approved budget for the project. In cases where approval of a change order will exceed the existing project budget, or the project budget as adjusted by transfer under the Department Head authority, the matter will be reported to Council for consideration and approval.

We also propose that the Park and Library Boards be requested to adopt this revised authority as well, with appropriate changes to reflect their individual organization and governance structures.

6. Consultant Awards

Consultant awards comprise a special category of City expenditures that are treated differently than the contract awards for general purchases of goods and services. The present award limits and execution authorities for consultant contracts are as follows:

- for contracts up to \$5,000 Department Head approval is required;
- for contracts up to \$30,000 City Manager approval is required. The City Manager was authorized by Council to award consultant contracts up to \$100,000 for the Library Square project, with a similar authority to award contracts related to corporate/departmental re-engineering work, subject to reporting those awards to Council on a regular basis; and,
- for contracts over \$30,000 City Council approval is required.

For consultant contracts awarded by City Council, the Director of Legal Services is the authorized signatory.

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as appropriate. Additionally, the City's administrative systems will be changed to allow the Budget Office to submit an annual report to Council identifying all consultant contracts awarded by Department Heads during the budget year. The individual consultant reports will be filed with the City Clerk to be made available to members of Council wishing to review their contents.

The proposed changes to the tender, contract award and contract execution processes around consultant services as outlined in this report will require that the tender and contract documentation are in the standard format approved by the City's Director of Legal Services, or that any modifications to the standard format for special circumstances will have been reviewed and approved by the Director of Legal Services before the applicable tenders are called.

We also propose that the Park and Library Boards be requested to adopt the revised award limits for consultant contracts as well, with appropriate changes to reflect their individual organization and governance structures.

7. Legal Settlements

Present policy authorizes the City Manager, on recommendation of the Directors of Legal Services/Risk Management, to settle claims against the City up to an amount of \$20,000. Settlements in excess of \$20,000 require the approval of Council.

Our proposal is to increase the City Manager's authority for settling legal claims to a maximum of \$50,000, with settlements above that amount reported to Council for approval.

8. Bid and Performance Bonds

Present policy on bid and performance bonds is discussed below.

(a) Bid Bonds (10% of bid amount)

A Bid Bond is a guarantee that if a bidder's tender is accepted, the bidder will enter into the contract within the time specified. If the bidder fails this obligation, the Bid Bond will provide a sum of money up to the face amount of the bond to bridge the difference between the amount of the original bid and the amount for which the City legally contracts with another party to do the work or supply the goods or services under the tender. The Bid Bond will also provide assurance that the bidder is bondable by the surety (bonding company) and that the bidder will provide the City with the specified security, which is usually a Performance Bond.

or services under the tender. The Bid Bond will also provide assurance that the bidder is bondable by the surety (bonding company) and that the bidder will provide the City with the specified security, which is usually a Performance Bond.

Our present policy states that "Bid Bonds are not required for tenders administered by the City's Purchasing Manager but the City's Purchasing Manager is authorized to demand Bid Bonds in cases where unusual risk factors are involved."

Our proposal is to essentially continue with the present policy on Bid Bonds, but allow the acceptance of cash, a certified cheque or a letter of credit as an acceptable alternative to a Bid Bond if a Performance Bond from a bonding company is not required on the contract.

(b) Performance Bonds

A Performance Bond, subject to its limits, provides that the contractor will complete the contract in accordance with the plans and specifications, on time, and at the agreed price. Where a maintenance clause is included in the contract, a Performance Bond automatically covers the maintenance clause. A Performance Bond is appropriate where installation, custom work or modification is included in the contract.

Our present policy states that "Performance Bonds are required with contracts with a value of \$50,000 or more for the following types of purchases, except that the City's Purchasing Manager is authorized to demand Performance Bonds for any type of purchase regardless of value as necessary to protect the interests of the City.

- equipment specially manufactured,
- services,
- specialized installations including supply of equipment."

Our proposal is to essentially continue with the present policy on Performance Bonds but raise the value of the contract to over \$100,000 for the types of purchases noted below before a Performance Bond is required. We additionally propose that cash, a certified cheque or a letter of credit be approved as an acceptable alternative to a Performance Bond in certain circumstances as determined by the agency having conduct of the purchasing process.

- equipment specially manufactured;
- services;
- construction contracts; and,
- specialized installations including supply of equipment.

Performance Bonds must be for 100% of the contract amount except for construction contracts where the Performance Bond may be 50% of the contract amount provided there is also a Labour and Materials Payment Bond for 50% of the contract amount.

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We further propose that the City Manager be given the authority to waive the requirement for a Performance Bond in unusual circumstances, or to adjust the bond limits as appropriate for the contract.

The revised policy on Bid and Performance Bonds will also apply to situations where Purchasing Services is not involved and City departments have conduct of the purchasing process. In those cases the initiating Department Head will administer the revised policy.

We also propose that the Park and Library Boards be requested to adopt the revised policy on Bid and Performance Bonds as well, with appropriate changes to reflect their individual organization and governance structures.

9. Contract Employees

Our present policy permits the City Manager to fill vacant exempt positions with contract employees instead of recruiting incumbents on a regular basis. Solicitor positions in the Law Department are frequently filled in this manner. Depending on the operating situation, there may be good rationale to fill exempt positions for a term certain, especially if organizational changes are expected down the road or if the position was created for a specific purpose (workload peak shaving, a special project, or other similar activities).

Our proposal is to have Council authorize Department Heads to fill vacant exempt positions within their organizational units with contract employees on a situational basis as may be practicable.

We also propose that the Park and Library Boards be requested to adopt this revised authority as well, with appropriate changes to reflect their individual organization and governance structures.

CONCLUSION

We believe that the proposed changes to the policies outlined in this report will improve the administrative processes of the City. The proposed changes also take into account the inflationary increases in prices and the cost of doing business which have occurred since the last revisions to these policies. Approval of the report recommendations will empower the Corporate Management Team with more responsibility and authority for business decisions on routine operating matters.

* * *