



ADMINISTRATIVE REPORT

Report Date: February 13, 2018
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VanRIMS No.: 08-2000-20
Meeting Date: April 17, 2018

TO: Vancouver City Council
FROM: Director of Finance
SUBJECT: Changes to Delegated Authorities and Policies for Procurement and Budgets

RECOMMENDATIONS

- A. THAT current limits on Council delegated authority (also referred to as a "Standing Authority") with respect to procurement be updated 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 current limits on Council delegated authority with respect to capital budgets be updated to reflect best practice, industry standards and the needs of the organization as described in this Report and that Council concurrently approve the Capital Budget Policy attached as Appendix B.
- C. THAT current limits on Council delegated authority with respect to operating budgets be updated to reflect best practice, industry standards and the needs of the organization as described in this Report and that Council concurrently approve the Operating Budget Policy attached as Appendix C.
- D. THAT, if Council approves the new policies referred to in Recommendations A through C (the "Policies"),
 - a. they become effective on June 1, 2018 or such earlier date determined by the Director of Finance so as to coincide with the establishment of processes and changes to enterprise systems to ensure the Policies can be implemented effectively; and
 - b. the Director of Finance provide copies of the Policies to the Park Board, Police Board and Library Board and request that they work with

the Director of Finance to adopt a similar version of the Procurement Policy as a policy for their board or affiliate and to adopt operating and capital budget policies that align effectively with the new Capital Budget Policy and operating Budget Policy;

- c. the City Manager, Director of Finance, and City Solicitor be authorized to make all such administrative amendments and modifications as are considered appropriate from time to time to the Policies to reflect changes in organizational structure or staff titles, to incorporate the policies of the Library, Police, Park Board and the City's affiliates that may be adopted by them from time to time to better align with the City's Policies, and any other elements of the Policies other than the elements which legally delegate authority reserved to Council from Council to City staff.
- E. THAT, upon the Procurement Policy taking effect, the Procurement Policy will supersede and replace those delegated authorities related to procurement that are contained within Council's resolution of December 15, 2009 entitled "Changes to Council-Delegated Authority to Contract (Standing Authorities)".
- F. THAT, upon the Capital Budget Policy and Operating Budget Policy taking effect, the Capital Budget Policy and Operating Budget Policy will supersede and replace those delegated authorities related to capital and operating budgets that are contained within Council's resolution of March 28, 1996 entitled "Changes to Administrative Authorities".

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

REPORT SUMMARY

This report recommends revisions to Council policy and delegated authorities for the procurement of goods, services, and construction as well as management of operating and capital budgets. These delegated authorities have been updated from time to time since their inception. The changes proposed have taken into consideration benchmarks from other municipalities, efficiency impacts, business needs and changes in the business, financial, and regulatory environment. Specific authorities discussed in this report include contract commitment and execution, sole source procurement, capital and operating budget adjustment, and capital project close out. This report also includes policy highlights and clarifications.

COUNCIL AUTHORITY/PREVIOUS DECISIONS

Amendments to established Council policy and delegated authorities require the approval of Council.

CITY MANAGER'S/GENERAL MANAGER'S COMMENTS

The City Manager and the General Manager of Finance, Risk and Supply Chain Management support the recommendations in this report. It is appropriate and best practice for organizations to regularly review policies and delegated authorities. It has been a number of years since the last update of the Procurement and Budget policies and delegated authorities. This report and accompanying policies reflect a thorough review of the organizational needs and benchmarks with other municipalities. Implementation of these updated authorities and policies will improve the efficiency, accountability and transparency of City operations. An ongoing regular review of these and other Council policies will ensure the City's policies remain up to date.

REPORT

Background/Context

The purpose of this report is to propose a number of changes to Council policy and delegated authorities related to the acquisition of goods, services, and construction, and the effective management of City of Vancouver budgets. These delegated authorities have been updated by Council from time to time since their inception. The report recommends adjustments to reflect changes in the current business and financial environment, regulatory environment, organizational changes as well as to ensure efficient operations and alignment with other corporate policies.

The Procurement Policy will, upon approval by Council, replace Council's existing delegated authorities for the acquisition of goods and services as summarized in the current Procurement Policy AF-015-01.

The Operating Budget Policy and Capital Budget Policy will, upon approval by Council, replace Council's existing delegated authorities for the management of operating and capital budgets summarized in the following staff policy documents; Budgets - Basic Capital AF-003-01, Budgets - Supplemental Capital AF-003-02, Budgets - Capital AF-003-03.

Strategic Analysis

Delegated authorities are granted by Council to City staff where Council determines that it is appropriate for the efficient functioning of the City to delegate certain administrative or executive functions of Council to those staff by Council resolution. Many of the City's delegated authorities are quite dated and this Report represents the first phase of an ongoing project to update, modernize, and streamline all of the City's delegated authorities. In this regard, staff have performed an analysis of the current state, identified critical administrative authorities and core policies to be revised, and in the process have consulted key senior stakeholders across the organization. When reviewing existing authorities and proposed changes, staff have taken into consideration the organizational risk framework, municipal benchmarks, financial controls and efficiency impacts.

This report presents Council with a suite of recommended revised policies related to financial authorities. This report will be followed by further updated and streamlined delegated

authority policies for other business functions and units across the organization as those reviews are completed.

To inform the review of delegated authorities, staff have benchmarked municipalities with respect to the method of delegation, delegated authority limits, documentation of authorities and processes for revision of existing authorities. The scope of benchmarking included local, Canadian as well as non-Canadian cities. The data collected indicated that the dollar thresholds for budget reallocation, contract commitment and contract execution authorities granted to staff at a majority of benchmarked municipalities are higher for senior level staff, compared to the City of Vancouver. The benchmarks are included in appendix D for reference.

Changes to 7 policy areas and associated delegation of authorities are proposed below:

Procurement Authorities

1. Commitment Authority

Commitment authority is an authority to approve a recommendation to enter into a contractual obligation, subject to any conditions imposed by the committing authority.

Existing Limits - The present policy provides the following limits:

- a) For contracts up to \$75,000 to the Category Manager
- b) For contracts over \$75,000 and up to \$250,000 to the Chief Procurement Officer (CPO)
- c) For contracts over \$250,000 and up to \$500,000 to the Department Head of the department involved in the bid
- d) For contracts over \$500,000 and up to \$2,000,000 to the Bid Committee
- e) For contracts over \$2,000,000, to City Council

Proposed New Limits (outlined in Table 1) -

- a) For contracts up to \$200,000 to the Supply Chain Manager
- b) For contracts over \$200,000 and up to \$500,000, to the CPO
- c) For contracts over \$500,000 and up to \$750,000 to the Department Head, or their Deputy, of the department involved in the bid
- d) For contracts over \$750,000 and up to \$2,000,000 to the Bid Committee
- e) For contracts over \$2,000,000 to City Council

2. Contract Execution Authority

The contract execution authority establishes who may execute or sign a contractual obligation on behalf of the City once the decision to award a contract has been made. This power allows the relevant authority to bind the City to the terms and conditions of the corresponding contract or agreement.

Existing Limits - The present policy provides as follows:

- a) All contracts committed by a Category Manager, Department Head, or the Bid Committee, be signed by both that person as well as the CPO or delegate, and all contracts committed by the CPO be signed by both the CPO and the applicable Category Manager
- b) All contracts committed by Council will be signed by Director of Legal Services

- c) All contracts that have 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 (a) above.

Proposed New Limits (outlined in Table 1) -

- a) All contracts committed by a Supply Chain Manager and Department Manager must be executed by the Supply Chain Manager
- b) All contracts committed by a Supply Chain Manager, Department Director, and CPO must be executed by the Supply Chain Manager and CPO
- c) All contracts executed by Supply Chain Manager, Department Head, and CPO or the Bid Committee, must be executed by the Supply Chain Manager, Department Head and CPO

All contracts committed by Council must be executed by the Department Head, CPO, and City Solicitor

Table 1 - Commitment and Execution Authority

Total Price	Commitment Authority (Award to be Approved by All, not just one of the Named Below)	Execution Authority (Contract to be Signed by All - not Just one of the Below)
Up to \$200,000	<ul style="list-style-type: none"> • SCM Manager; and • Department Manager 	<ul style="list-style-type: none"> • SCM Manager
\$200,001 - \$500,000	<ul style="list-style-type: none"> • SCM Manager; and • Department Director; and • Chief Procurement Officer 	<ul style="list-style-type: none"> • SCM Manager; and • Chief Procurement Officer
\$500,001 - \$750,000	<ul style="list-style-type: none"> • SCM Manager; and • Department Head; and • Chief Procurement Officer 	<ul style="list-style-type: none"> • SCM Manager; and • Department Head; and • Chief Procurement Officer
\$750,001 - \$2,000,000	<ul style="list-style-type: none"> • Bid Committee 	<ul style="list-style-type: none"> • SCM Manager; and • Department Head; and • Chief Procurement Officer
Greater than \$2,000,000	<ul style="list-style-type: none"> • Council 	<ul style="list-style-type: none"> • Department Head; and • Chief Procurement Officer; and • City Solicitor

The proposed changes to the commitment and contract execution limits will result in the following efficiencies:

- a) Time savings for the executive level staff
- b) Operational efficiencies - 33% reduction in staff time
- c) Alignment with proposed financial authorities.
- d) Provides appropriate level of control, including continued oversight by CPO.

3. Sole Source Authorities

Provides authority to commit and execute a contract without competitive bidding

Existing Limits -

- a) Small contracts may be currently sole sourced up to \$5,000
- b) CPO may approve emergency sole source up to \$250,000, with concurrence from Department Head and City Manager may approve an emergency sole source for over \$250,000

Proposed New Limits

- a) Small contracts may be sole sourced up to \$10,000.
- b) CPO may approve emergency sole source up to \$500,000, with concurrence from Department Head. City Manager approve emergency sole source for over \$500,000

Additional Procurement Policy Highlights and Clarifications

The proposed Procurement Policy incorporates items 1-3 outlined above and also introduces some changes to the following:

- a) Call Authority - If a call is designed to procure multiple Contracts (e.g. standing offers, requests for applications, or split awards) where the aggregate value of all contracts exceeds \$750,000, such calls will be approved by Bid committee
- b) Maximum Contract Term is currently set at 5 years (for capital project it is the term of approved funding). Proposed change is to authorize the CPO to set the maximum term in consultation with the Department Head up to 10 years with Bid Committee approval for over 10 years.
- c) Change Orders
New materiality limits outlined in Table 2 will allow Financial Planning and Analysis (FPA) and Supply Chain Management to approve material changes in scope as well as budgets, with major changes above these thresholds continuing to go to Council for approval.

Table 2 - Materiality Thresholds

Original Total Price	Materiality Thresholds
Under \$500,000	15% of original Total Price
\$500,000 or More	10% of original Total Price

- d) New Living Wage requirements
 - i. CPO will ensure that all Contracts that meet Living Wage criteria will require the contractor to:
 - a) Pay no less than Living Wage to all employees
 - b) Provide City with audit rights to ensure compliance
 - c) Ensure that the above also apply to all sub-contractors
- e) New - Unsolicited Proposals
Upon receipt of an unsolicited proposal, the CPO will determine if the proposal:
 - i. appears to offer something unique or innovative that the Vancouver Groups does not typically acquire by way of a Call
 - ii. aligns with the City's corporate and policy goals

Where the proposal does not meet the above criteria it will be rejected.

Where the proposal does meet the above criteria, it will be forwarded to the GM or appropriate committee for comment and one of the following decisions:

- i. Not pursue
 - ii. Issue a Call seeking market responses to the goods and services being offered
 - iii. Instruct the CPO to pursue the proposal as a permitted sole source in accordance with the Procurement Policy
- f) New - Real Estate Dispositions
- i. CPO will have sole conduct of administration of ITO Real Estate dispositions from issuance of the Call document to issuance of an Award
 - ii. GM Real Estate and Facilities Management (REFM) will have sole conduct and responsibility for any phases not referred to above
 - iii. Pursuant to Vancouver Charter Section 190 and related Council policy, Real Estate dispositions involving sale of real property in excess of \$400,000 will continue to be approved by 2/3 vote of Council.

Capital Budget

4. Capital Adjustments - Multi-Year Capital Project Budget Adjustments

Existing Limits -

Current policy limits the amount that the Department General Managers can transfer to/from capital accounts, including creating new capital accounts, to \$50,000

Proposed New Limits -

Provided there is no change to the total Citywide Multi-year Capital Project Budget, a reallocation of capital funding between existing open multi-year capital project budgets requires the approval of (outlined in Table 3):

- a) Department Head for reallocations up to \$200,000;
- b) Department Head, Director of Finance and City Manager for reallocations greater than \$200,000 and up to \$500,000;
- c) Council for reallocations greater than \$500,000.

Council will continue to approve any new funding to be added to budgets from the existing Capital Plan or from additions to the Capital plan as well as any changes in funding sources for those budgets.

Table 3 - Multi-year Capital Budget Adjustment Thresholds

Multi-Year Capital Project Budget Adjustments *no net change to Citywide total of open multi-year capital project budgets	Department Head & Department Finance Director	City Manager	Council
Reallocation up to \$200,000*	X		
Reallocation between \$200,001 and \$500,000*		X	
Reallocation greater than \$500,000*			X
Increase funding from Capital Plan			X
Increase from new funding to be added to Capital Plan			X
Change in funding source (not a reallocation)			X

5. Capital Adjustments - Annual Capital Expenditure Budget Adjustments

Existing Limits -

Current policy limits the amount that the Department General Managers can transfer to/from capital accounts, including creating new capital accounts, to \$50,000

Proposed New Limits (outlined in Table 4)-

Provided there is no change to the total Citywide Annual Capital Expenditure Budget, changes to project specific Annual Capital Expenditure budgets can be made with the following approvals:

- a) Department Head for adjustments up to \$200,000
- b) Department Head, Director of Finance and City Manager for adjustments greater than \$200,000 through the quarterly capital budget adjustment process.

Council will continue to approve any increases to the total Annual Capital Expenditure Budget.

Table 4 - Annual Capital Expenditure Adjustment Thresholds

Annual Capital Expenditure Budget Adjustment *no net change to total department Annual Capital Expenditure Budget **no net change to total Citywide Capital Expenditure Budget	Department Head & Department Finance Director	City Manager	Council
Reallocation up to \$200,000*	X		
Reallocation over \$200,000**		X	
Increase to Citywide Annual Capital Expenditure Budget			X

The proposed changes to the authority levels for Multi-Year Capital Project Budget adjustments and Annual Capital Budget adjustments will ensure material adjustments are approved by Council, while low value adjustments are approved at senior staff level.

6. Capital Project Closeouts

Existing Limits -

Present policy limits the closing of capital accounts under the authority of Departmental Head to those projects whose surplus/deficit do not exceed 15% or \$50,000 of the approved project budget.

Proposed New Limits -

The Department Head may close projects funded by all sources except Voter-Approved Borrowing Authority (Capital from Revenue, Utility Capital, Grant Capital, CAC's, and DCL's) where there is a surplus/deficit of \$200,000 or less. Projects where there is a surplus/deficit greater than \$200,000 will be reported to Council for approval prior to closing.

Operating Budget

7. Operating Budget Reallocation Authority

Existing Limits -

The current authority to reallocate operating budget within department is set at \$50,000 for ongoing budget line items and \$10,000 for temporary line items is delegated to the Departmental Head.

Proposed New Limits -

Department Head, subject to Director of Finance approval, may approve budget transfers of up to \$200,000 per budget line item, such that the Annual Operating Budget remains balanced

Director of Finance and City Manager may approve budget transfers or increase to a department budget of up to \$750,000 only where the Director of Finance has determined that such adjustments can be made from Reserves or Operating Revenues such that the Annual Operating Budget remains balanced.

The Director of Finance is authorized to determine the structure of budget accounts and budget line items represented in the City's financial system, and such structure will be used for the purposes of applying the Operating Budget Policy.

Additional Operating Budget Policy Highlights and Clarifications

The proposed Operating Budget Policy incorporates item 7 outlined above and also introduces some changes to the following

1. Utilities -
Costs charged to a utility must be consistent with the scope and purpose of the utility
2. The City's annual operating budget is presented on an accrual accounting basis, but excludes certain non-cash expenses such as amortization and post-employment benefit expenses, and includes certain cash transactions such as debt transactions and reserve transfers

Implications/Related Issues/Risk

Financial

There are no financial implications.

CONCLUSION

In conclusion, the proposed revisions recommended in this report will better align the City with current best practices, increase the efficiency of Council and allow it to focus on more complex and strategic matters, while empowering the Corporate Leadership Team and senior staff with more responsibility and authority for business decisions on routine operating matters and increasing the time available for the Corporate Leadership Team to focus on strategic matters.

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Appendix A

Proposed Procurement Policy

POLICY TITLE	Procurement Policy
CATEGORY	Administrative
POLICY NUMBER	AF-015-01
LEGISLATION	<i>Vancouver Charter, Police Act, Library Act</i> , and any laws of British Columbia or Canada ratifying and implementing Trade Agreements with public procurement provisions binding on the Vancouver Group
POLICY OWNERS	Finance, Risk & Supply Chain Management + Legal Services
ACCESS	Public/Internal

1. LEGAL

The *Vancouver Charter* (and *Police Act, Library Act*, and other applicable legislation) does not permit any employee or officer to purchase or enter into Contracts or dispose of anything owned by the Vancouver Group unless Council or the applicable Board has delegated such authority to such employee or officer in writing. The intent of this policy is that it be approved by Council and other members of the Vancouver Group so as to set out the extent of certain Vancouver Group employees' and officers' restricted legal authority to undertake the actions expressly authorized under this policy.

2. SCOPE

Subject to the approvals and adoptions referred to in section 1 above, this policy applies to the City of Vancouver, Vancouver Police Board, Vancouver Park Board, Vancouver Public Library Board, and City Affiliates (collectively, the "Vancouver Group").

3. PURPOSE

This policy sets out the requirements for the procurement of goods, services and construction as well as the disposition of surplus assets.

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.

4. ADMINISTRATION OF POLICY

The Supply Chain Management (SCM) division of the Finance, Risk and Supply Chain Management group, overseen by the Chief Procurement Officer, is the owner and administrator of this policy. Except where separately authorized by a Department Head and City Solicitor, all procurement and disposition activities are to be administered by SCM.

5. ADMINISTRATION OF CONTRACTS

Following SCM's exercise of its primary authority over the Call, and where a Contract results from the Call, the Department Head will have the primary responsibility for proper administration and enforcement of the Contract, subject to the Legal Services Policy (where a legal enforcement step is required) and subject to this Procurement Policy (where any change to the Contract requires the approval of the Chief Procurement Officer).

6. TRANSACTIONS NOT SUBJECT TO THIS POLICY

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);
- Grants or transfers to the City from other governmental authorities;
- Grants from the City to non-governmental third parties authorized by City Council;
- Tax rebates;
- Grants or donations to the City from non-governmental third parties;
- Grants, payments, or donations to the City from non-governmental third parties including agreements having as their primary purpose; sponsorships, naming rights, or event or sport hosting rights;
- Real property acquisitions (including leases, licences, purchases, easements, and rights of way);
- Real property dispositions where the disposition is not by way of a formal Invitation to Offer (ITO);
- Retaining external legal counsel and related experts (such as expert witnesses) in the course of providing legal advice to the Vancouver Group; and
- Library media including books.

7. DEFINITIONS/INTERPRETATION

(a) Interpretation

- (i) All references in this policy to an employee, official, officer or other representative of the Vancouver Group is deemed to include any designate,

- deputy, or anyone else properly authorized in writing or by Council resolution to act in that person's position.
- (ii) Where a position title or name is changed following the adoption of this policy, due to a re-organization of the Vancouver Group's functions, or for any other reason, the City Manager will have the authority to amend this policy to reflect such change or re-organization.
 - (iii) The City Manager will have the authority (in consultation with the Director of Finance, City Solicitor, and Chief Procurement Officer) to approve (in writing) any request from any Department Head for authority to sub-delegate any authority granted in this policy to a Department Head.

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

Award: The decision by a Vancouver Group member (as authorized by this policy) to enter into a Contract.

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 and for Revenue-Generating Contracts and dispositions the highest Total Price after discounting for all applicable criteria being utilized for the Call, such as security for payment, risk of default, social and environmental factors, etc.

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 Contract, or (ii) a non-binding quotation or proposal which forms a basis of a negotiated Contract, or (iii) any non-binding pre-qualification submission or expression of interest or request for information which may form the basis of a subsequent Call.

Bid Committee: The bid committee established under Section 122 of this policy.

Bidder: Any legal entity submitting a Bid in response to a Call.

Call: Any request or invitation by the Vancouver Group for a Bid (for example, requests for proposal, requests for expressions of interest, invitations to tender, invitations to quote, invitations to offer).

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 Public Library Board as the Chief Librarian pursuant to the *Library Act*.

Chief Procurement Officer: The person designated from time to time by the City Manager to oversee and lead Supply Chain on behalf of the Vancouver Group.

City Affiliates: Means the following affiliates of the City of Vancouver, Vancouver Economic Commission, Vancouver Affordable Housing Agency Ltd., Vancouver Public Housing Corporation, Vancouver Civic Development Corporation, Harbour Park Development Corporation, The Hastings Institute Inc., and the Pacific National Exhibition.

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.

Contract: A Contract for the purchase by the Vancouver Group of goods, services or construction or for the disposition of assets by the Vancouver Group. For further certainty, a Contract includes documents that create or modify or may create or modify legal rights and obligations:

- purchase order
- work order
- change order
- memorandum of understanding, letter of understanding, letter of intent, or similar
- standing offer
- supply arrangement
- notice or other communication to a prospective supplier prior to a Contract, including notice to award, conditional notice to award, notice or permission to proceed or start work prior to Award or Contract
- assignment or consent to assignment of a Contract
- security for performance of a Contract such as a letter of credit, bond, insurance, deposit, security interest, and other financial instruments, and
- renewals, extensions, modifications or amendments to any of the above.

Commitment Authority: The authority to Award a Contract.

Construction: Construction, reconstruction, deconstruction, demolition, repair or renovation of a building, structure, infrastructure 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, infrastructure 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 Contract (for example a design-build Contract).

Co-operative Purchasing: Procurement by the Vancouver Group in cooperation with other Public Sector Entities.

Department Head: Any of the following officials:

- (a) any General Manager, and
- (b) in the case of a City Affiliate, the CEO or such other director or officer of the affiliate who has been delegated signing authority for the applicable Contract by the City Affiliate's board.

Department Manager: An employee who reports to a Department Head where that Department Head has expressly delegated to that employee (or employee's position) the Commitment Authority referred to in Row 2 of Table 1 of this Procurement Policy.

Department Director: An employee who reports to a Department Head where that Department Head has expressly delegated to that employee (or employee's position) the Commitment Authority referred to in Row 3 of Table 1 of this Procurement Policy.

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.

Extension: Any extension or renewal or other amendment to a Contract which results in the Maximum Contract Term being lengthened (and "Extend" will have the analogous meaning).

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

Funding Authority: Means that there is sufficient and authorized budget for the Contract anticipated by the Call and that the funding is confirmed and approved for expenditure:

- (a) with respect to the City of Vancouver and City Affiliates, in full compliance with the Capital Budget Policy (AF-003-04) and Operating Budget Policy (AF-003-04.1),
- (b) with respect to the other Vancouver Group members, in full compliance with their capital and operating budget policies, and
- (c) with respect to all Vancouver Group staff, in full compliance with the expenditure limits and controls outlined in the Expenditure Authority and Financial Control policy.

General Manager: The members of the City Leadership Team, including the City Manager, Deputy City Manager, City Engineer, Director of Finance, Chief Constable, Fire Chief, Chief Librarian, Park Board General Manager, City Solicitor, Chief Human Resources Officer, General Manager of Arts, Culture & Community Services, General Manager of Real Estate and Facilities Management, General Manager of Planning, Urban Design, and Sustainability, General Manager of Development, Buildings, and Licensing, and Director of Corporate Communications.

ITO Real Estate Disposition: A Call for Bids to purchase or lease Vancouver Group-owned real property where the Call potentially creates Contract "A" obligations on the City (or Board).

Living Wage: The hourly wage established by the Living Wage for Families Campaign from time to time, which includes: (i) direct wages; and (ii) the value of any non-mandatory

benefits such as paid sick leave, employer-paid Medical Services Plan premiums and extended health benefits.

Living Wage Employee: Any and all employees of a vendor and subcontractors of vendors that perform services on a property owned by or leased to the City for at least one consecutive hour, but excluding Students, volunteers and employees of Social Enterprises.

Maximum Contract Term: Means the maximum years (including all options to extend or rights of renewal) in respect of a Contract as set by this policy.

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

Permitted Sole Source: A sole source Contract of the type described in section 9.1 below.

Person with Barriers to Employment: a person who faces one or more circumstances that can lead to underemployment or unemployment.

Public Sector Entities: Other municipal, regional, provincial, federal, or governmental authorities or entities carrying out a public function.

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.

Revenue-Generating Contract: Any Contract which requires or contemplates revenues derived from the Contract to be paid to the City.

Signing Authority: The authority to execute and deliver the Contract.

Social Enterprise: A business that: (i) is owned by a non-profit organization or community services co-operative; (ii) is directly involved in the production and/or selling of goods and services for the combined purpose of generating income and achieving social, cultural, and/or environmental aims; and (iii) has a defined social and/or environmental mandate.

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.

Student: An individual who is enrolled in a school, college, university or other educational institution and is employed by a vendor or a subcontractor of a vendor, as the case may be, to obtain practical workplace experience as a requirement of or credit for their education.

Supply Chain: The Supply Chain Management, Warehouse Operations, Inventory and Logistics division within the Finance, Risk & Supply Chain Management group of the City of Vancouver.

Supply Chain Manager (SCM Manager): The position within Supply Chain, designated by the Chief Procurement Officer to conduct and oversee procurement, warehousing and logistics activities on behalf of the Vancouver Group.

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

Total Price: The estimated Total 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; nor including the value of goods, services and construction for any renewed optional Contract term, and not including any sales or other taxes payable). For Revenue-Generating Contracts, the estimated or anticipated gross revenue to be received by the City over the Maximum Contract Term. For dispositions or sales of assets, the estimated total price payable by the purchaser to the City for the asset.

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 (i.e. lifecycle costs) 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.

Un-Solicited Proposals: An un-solicited proposal received by the City independently of a Call. Un-Solicited Proposals are typically submitted by third parties wishing to sell certain goods or services to the Vancouver Group.

Zero Carbon: Eliminating the dependence on fossil fuels and minimizing the release of greenhouse gases by reducing energy demand and converting to renewable energy sources and low carbon fuels.

Zero Waste: Eliminating solid waste by reducing the demand for new goods and materials, reusing old goods, materials and component parts and recycling and composting remaining materials. Residual waste is minimal.

8. 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, sustainable and ethical procurement considerations as integral evaluation components considerations in supply selection;
 - applies leading practices; risk mitigation strategies and strong financial controls to the procurement process.
- 1.2 Ensure compliance with the City's policies and by-laws, the *Vancouver Charter*, *Police Act*, *Library Act*, collective agreements, inter-provincial,

national, and international trade agreements that are binding on the City and all other provincial and federal laws and regulations that apply to the procurement of goods, services and construction.

1.3 Maximize Best Value and minimize Total Cost of Ownership by:

- 1.3.1. ensuring that the Vancouver Group utilizes Supply Chain to conduct all Calls and wherever possible avoid sole source Contracts and avoid Calls that do not utilize the expertise of Supply Chain,
- 1.3.2. ensuring that the terms of Contracts, and the frequency with which the Vancouver Group undertakes competitive Calls for each category of goods, services or construction is optimized to obtain Best Value and minimize Total Cost of Ownership.

2 References

2.1 This policy must be read and applied in conjunction with the following related policies:

- Operating Budget Policy;
- Capital Budget Policy;
- 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;
- A Supplier Code of Conduct - sets the minimum performance standards for the City's suppliers;
- The Purchasing Card Policy and Procedure ([AF-010-01](#)); and
- City's Code of Conduct Policy (AE-028-1)

3 City Solicitor Requirements

- 3.1 All Contract, Call, and Award documents, will be on standardized templates with standard terms and conditions approved by the City Solicitor. Any deviation from the standardized terms and conditions or any material deviation from the approved use of such documents requires the prior review and approval of the City Solicitor.
- 3.2 The concurrence of the City Solicitor is required on the Award of any Contract which has a Total 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 approval requirements set out in this policy will be reviewed by the Chief Procurement Officer and reported to the City Solicitor.

4 Competitive Bidding and Maximum Contract Term

- 4.1 *General Policy is Open, Public Competitive Procurement*

Except where otherwise permitted in this policy, the Vancouver Group will procure all Contracts through an open, public, competitive Call.

4.2 *General Policy is to Limit Contract Term to Maximize Competitiveness*
In furtherance of Sections 1, 3.1 and 12, the Chief Procurement Officer will set the Maximum Contract Term for each Call, in consultation with the Department Head. For proposed Maximum Contract Terms of ten (10) years or greater, such terms will be approved by Bid Committee before Calls being issued by the Chief Procurement Officer. In the event of any disagreement, the Bid Committee will determine the Maximum Contract Term.

4.3 *No Public Call on Purchases \$75,000 (\$200,000 for Construction) or Less*
The Chief Procurement Officer will endeavor to obtain three bids for Contracts that are expected to have a Total Price of no more than \$75,000 for goods and services and no more than \$200,000 for construction. The Chief Procurement Officer's office may obtain prices from internal price records or sources or solicit prices from known suppliers.

4.4 *Public Calls on Purchases over \$75,000 (\$200,000 for Construction)*

The Chief Procurement Officer will endeavor to procure Contracts that are expected to have a Total Price of more than \$75,000 for goods and services and more than \$200,000 for construction through a public Call. Solicitation will be by way of posting the Call particulars through an electronic bidding system accessible to the general public. In addition to posting through the electronic means, local, regional, national, or international advertising may be carried out at the discretion of the Chief Procurement Officer where it is deemed appropriate.

5 Call Issuance Authority and Commitment Authority Limits

5.1 Except where expressly granted under this policy, only the Council or Board having jurisdiction has Commitment Authority, Signing Authority, or the authority to issue a Call.

5.2 The Chief Procurement Officer has the exclusive authority to issue any Call once Funding Authority is established. However, for any Call that is designed to procure multiple Contracts (for example requests for standing offers, requests for applications, multiple vendors or split Awards) which are reasonably estimated to exceed \$750,000 in aggregate, such Calls will be approved by the Bid Committee before being issued by the Chief Procurement Officer with subsequent Commitment Authority and Signing Authority for each Award being authorized in accordance with Table 1.

5.3 Each of the following members or committee of the Vancouver Group set out in Table 1 below has the following Commitment Authority, subject to the following conditions:

- (a) The Contract does not exceed the Total Price indicated in Table 1 below for the member or committee.
- (b) The Contract term does not exceed the Maximum Contract Term.
- (c) There is Funding Authority for the Contract.

- (d) The member or committee or the Chief Procurement Officer 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) Where the Total Price is over \$2,000,000, the City Solicitor has concurred on the Award.

Table 1 - Commitment Authority and Signing Authority

Total Price	Commitment Authority (Award to be Approved by All, not just one of the Named Below)	Signing Authority (Contract to be Signed by All - not Just one of the Below)
Up to \$200,000	<ul style="list-style-type: none"> • SCM Manager; and • Department Manager 	<ul style="list-style-type: none"> • SCM Manager
\$200,001 - \$500,000	<ul style="list-style-type: none"> • SCM Manager; and • Department Director; and • Chief Procurement Officer 	<ul style="list-style-type: none"> • SCM Manager; and • Chief Procurement Officer
\$500,001 - \$750,000	<ul style="list-style-type: none"> • SCM Manager; and • Department Head; and • Chief Procurement Officer 	<ul style="list-style-type: none"> • SCM Manager; and • Department Head; and • Chief Procurement Officer
\$750,001 - \$2,000,000	<ul style="list-style-type: none"> • Bid Committee 	<ul style="list-style-type: none"> • SCM Manager; and • Department Head; and • Chief Procurement Officer
Greater than \$2,000,000	<ul style="list-style-type: none"> • Council 	<ul style="list-style-type: none"> • Department Head; and • Chief Procurement Officer; and • City Solicitor

- 5.4 Awards that do not meet the criteria set out in Section 5.3 above must be approved by the City Manager if Total Price is \$750,000 or less and by Council if over \$750,000.

6 Signing Authority

- 6.1 Contracts that required the approval of the City Solicitor pursuant to Section 3 [City Solicitor Requirements] of this policy must be signed by the City Solicitor in addition to the authorized signatories referred to in Table 1 above.

7 Change Orders (and any Other Changes to Contracts)

- 7.1 This section sets out the limited authority to make any change to any Contract governed by this policy.
- 7.2 The authority set out in this section is separate and apart from Funding Authority restrictions on capital and operating budget transfers.
- 7.3 *Under Limit Changes* - Where a change to a Contract will increase the Total Price but not in excess of the Funding Authority and the change in Total Price will *not* exceed the materiality thresholds set out in Table 2

below (in the aggregate taking into account all prior changes), the change will be authorized if one of the following conditions are met:

The change is on a form or template

(i) approved by the City Solicitor and then completed and approved to the satisfaction of the Chief Procurement Officer, or

(ii) completed and approved in its completed form by the City Solicitor.

7.4. *Over Limit Changes* - Where a change to a Contract will increase the Total Price but not in excess of the Funding Authority and the change in Total Price *will* exceed the materiality thresholds set out in Table 2 below (in the aggregate taking into account all prior changes), the change will be authorized if the following conditions are met:

(a) The change is on a form or template

(i) approved by the City Solicitor and then completed and approved to the satisfaction of the Chief Procurement Officer, or

(ii) completed and approved in its completed form by the City Solicitor,

and

(b) The change document is approved and signed by the Vancouver Group person or body set out in Table 1 as having the requisite Commitment Authority and Signing Authority for the change (except that "Total Price" is to be read as "change in Total Price" for the purposes of this section).

Table 2 - Materiality Thresholds

Original Total Price	Materiality Thresholds
Under \$500,000	15% of original Total Price
\$500,000 or More	10% of original Total Price

7.5. *Limits are Cumulative* - The above materiality thresholds are cumulative and apply to all changes to the Total Price over the term of the Contract and not merely to each individual change.

7.6. *Over Funding Authority* - Changes to Contracts that increase the Total Price beyond the Funding Authority require further Funding Authority prior to being authorized under this section.

8 Contract Renewals / Extensions

8.1 Contracts may not be Extended past the Maximum Contract Term except in accordance with this section 8.

8.2 Contracts may only be Extended where one of the following conditions are met:

- (a) The Extension is a Permitted Sole Source.
- (b) There is (or is about to be) a new Call for the goods or services being provided under the expiring Contract and the Extension is approved by the Chief Procurement Officer so as to provide time to complete the new Call.

9 General Exceptions to Competitive Process - Permitted Sole Source

9.1 Permitted Sole Source

Despite Section 4.1 above, competitive bidding is not required and a Contract may be sole sourced ("Permitted Sole Source") if

- (a) *Urgent Life & Safety Matter* - all of the following conditions have been met:
 - (i) the City Manager (if the Total Price exceeds \$500,000) or the Department Head (if the Total Price is not more than \$500,000) has determined that goods, services or construction are urgently required and bypassing the City's competitive procurement process is, in the City Manager's/Department Head's determination, reasonably necessary to protect human, animal or plant life or health;
 - (ii) the Chief Procurement Officer has received written confirmation of the City Manager's/Department Head's determination in section i. above;
 - (iii) The Chief Procurement Officer posts (as soon as practical in the circumstances) a Notice of Contract on the City web-site or such other public forum as the Chief Procurement Officer may deem appropriate, advertising the City's decision to enter into a Contract without a public competitive procurement process
 - (iv) The form of Contract has been approved by the City Solicitor; and
 - (v) The Contract is approved and executed in accordance with Table 1 (Commitment Authority and Signing Authority) according to the Total Price of the sole source Contract, except that where the approving authority is City Council or Bid Committee, the Contract may instead be approved and signed by the City Manager and Chief Procurement Officer (if over \$500,000) or Department Head and Chief Procurement Officer (if not over \$500,000),
- (b) *Single-Supplier or Other Exigent Circumstances Precluding an Effective Competitive Procurement* all of the following conditions have been met:

- (i) The Chief Procurement Officer or City Solicitor has determined that the contemplated sole source will obtain Best Value for the Vancouver Group and will not violate any applicable trade agreement governing the Vancouver Group;
 - (ii) The Chief Procurement Officer has posted (for at least 14 days or such longer period as the Chief Procurement Officer considers appropriate in the circumstances) a Notice of Intent to Contract on the BC Bid and/or City web-site or such other public forum as the Chief Procurement Officer may deem appropriate, advertising the City's intent to enter into a contract without a public competitive procurement process (except where the contemplated sole source is of a confidential or privileged nature and disclosure could reasonably be expected to compromise Vancouver Group confidentiality, cause adverse economic consequences, or otherwise be contrary to the public interest);
 - (iii) No complaints or concerns have been lodged in response to the Notice of Intent to Contract referred to in Section 9.1(b) (or if there have been any such communications, the person or body referred to in Table 1 as having the requisite Commitment Authority has reviewed such communications and has authorized the sole source to proceed);
 - (iv) The form of Contract has been approved by the City Solicitor; and
 - (v) The Contract is approved and executed in accordance with Table 1 as to Commitment Authority and Signing Authority according to its Total Price;
- (c) Where the Total Price does not exceed \$10,000, the Contract is on a Law-approved template or otherwise approved by the City Solicitor, and the Chief Procurement Officer is satisfied that the Total Price is Best Value;
- (d) The purchase is of 'goods via auction', used goods or distress sale goods, the Chief Procurement Officer is satisfied that the Total Price is Best Value, the terms of the Contract have been approved by the City Solicitor, and the Contract has been approved and executed in accordance with Table 1 as to Commitment Authority and Signing Authority according to its Total Price; or
- (e) The sole source purchase is made by a Vancouver Group employee using an employee credit card in strict accordance with the Vancouver Group's policy on the use of such credit cards. See the Corporate Purchasing Cards Policy ([AF-010-01](#)).

10 Monitoring ,Review and Reporting

- 10.1 Application of the City's Procurement Policy will be monitored and reviewed by the Chief Procurement Officer, who will annually report to the Corporate Leadership Team and City Council on the procurement activities of the Vancouver Group for the previous year.

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 greenhouse 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 value for money 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

- 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 the 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.

11A Living Wage

11A.1 This Section 11.A shall apply to service Contracts where:

- the estimated annual value of the Contract is greater than \$250,000;
- the services are to be performed on properties owned by or leased to the City, including all streets, sidewalks and other public rights of way; and
- the services are provided on a regular, ongoing basis and the contractor is expected to perform the services for greater than 120 hours per year of the Contract,

but shall exclude:

- emergency or non-recurring repairs or maintenance services where no standing Contract is in place;
- services performed by organizations pursuant to a lease of City property; and
- Contracts with social enterprises.

11A.2 The Chief Purchasing Official shall ensure that all Contracts that meet the criteria set out in Section 11A.1 require the contractor to:

- i. pay no less than the Living Wage to all Living Wage Employees
- ii. provide the City with sufficient audit rights to confirm compliance with Section 11A.2(i); and
- iii. ensure that the requirements of section 11A.20 and 11A.2i also apply to any of the contractor's subcontractors.

11A.3 Any exception to this Section 11A must be approved in writing by the General Manager of Finance following a request from the Chief Purchasing Official.

12 Bid Committee/Chief Procurement Officer

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 recommended 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(c) is only entitled to vote in respect of an Award referred to in that Subsection 12(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 Table 1 of section 5 above, the Bid Committee is authorized to make an Award of a Contract(s) in respect of a Call, if all of the following conditions are met:

- The Chief Procurement Officer, 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 During Council Recess

Where an Award is required to be authorized by Council and is being considered for approval by Bid Committee at a time when Council is not scheduled to meet for another 4 weeks (as measured from the date the matter is brought to Bid Committee) such as for example (but without limitation) during the summer recess or winter holiday recess, the Bid Committee is authorized to make the Award on behalf of Council.

12.7. If the Bid Committee makes an Award under subsection 12.6, the Award will be reported by the Chief Procurement Officer to Council at the next scheduled Council meeting.

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

12.9. Chief Procurement Officer

The Chief Procurement Officer 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 and by which surplus assets will be disposed of on behalf of the City, including the form of any Call document or Contract (provided it is also approved by the City Solicitor), the circumstances and means for the pre-selection of goods and services, 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 Bids for the acquisition of goods, services or construction; the disposition of surplus assets; as well as real property dispositions related to ITOs.
- 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 Bids.
- 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 City Leadership 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 Procurement Officer 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 Procurement Officer to Pre-Select and to Pre-Qualify

The Chief Procurement Officer 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 Procurement Officer and Opening of Responses

- Responses received by the Chief Procurement Officer in the location specified in the Call before the time stipulated for receipt will be opened by the Chief Procurement Officer 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 Procurement Officer.

12.12. Cancellation of Calls

The Chief Procurement Officer 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 Authority for the Award in respect of the Call; or
- (b) In the opinion of the Chief Procurement Officer 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 Procurement Officer the integrity of the Call process has been compromised.

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 Procurement Officer to be surplus to present and future corporate requirements, the Chief Procurement Officer may either dispose of the materials or equipment by public auction or solicitation deemed appropriate by the Chief Procurement Officer 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 Procurement Officer, 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 City Solicitor.

- 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 Procurement Officer may participate in Co-operative Purchasing.
- 14.2 All Call documents and Contracts relating to Co-operative Purchasing must be reviewed and approved by the City Solicitor prior to the Chief Procurement Officer participating in a Co-operative Purchasing process.
- 14.3 Subject to Sections 14.1 and 14.2, the provisions of this policy apply to the rights and obligations assumed by the Vancouver Group with respect to any Co-operative Purchasing process.

15 Un-Solicited Proposals

- 15.1 All Un-Solicited Proposals are to be forwarded to and reviewed by the Chief Procurement Officer.
- 15.2 The Chief Procurement Officer must review each Un-Solicited Proposal and assess same applying the following criteria:
 - (a) The Un-Solicited Proposal appears to offer something unique or innovative that the Vancouver Group does not typically acquire by way a Call,
 - (b) The Un-Solicited Proposal appears to offers something that is aligned with the City's corporate and policy goals.
- 15.3 Where the Un-Solicited Proposal does not, in the Chief Procurement Officer's view, satisfy both of the criteria in section 16.2, it will be rejected and notice of same to the third party who submitted it will be issued by the Chief Procurement Officer.
- 15.4 Where the Un-Solicited Proposal does, in the Chief Procurement Officer's view, satisfy both of the criteria in section 15.2, it will be forwarded to the Department Head and / or an appropriate committee for comment and decision.
- 15.5 Upon receipt of a report pursuant to section 15.4, the Department Head and / or an appropriate committee will review and then decide to either:
 - (a) Not pursue the proposal,
 - (b) Instruct the Chief Procurement Officer to issue a Call seeking market responses to the goods and services being offered,

- (c) Instruct the Chief Procurement Officer to pursue the Un-Solicited Proposal as a Permitted Sole Source.

16 Real Estate Dispositions

- 16.1 Except as set out in this Section 16, this policy applies to all ITO Real Estate Dispositions, with all such changes as are necessary to apply this policy to a disposition as opposed to an acquisition.
- 16.2 Subject to Section 16.2, the Chief Procurement Officer will have sole conduct of the administration of all ITO Real Estate Dispositions from issuance of the Call document through to issuance of an Award.
- 16.3 The General manger of Real Estate will have sole conduct and responsibility for all ITO Real Estate Dispositions during all phases not referred to in Section 16.2. All Call documents (including the evaluation matrix) and Contracts relating to ITO Real Estate Dispositions must be prepared, reviewed and approved by the City Solicitor and General Manager of Real Estate (or equivalent if an external Board) prior to submitting same to the Chief Procurement Officer.
- 16.4 The Chief Procurement Officer may be consulted on all aspects of the ITO Real Estate Disposition not referred to in Section 16.2 and must review and approve all Call documents (including the evaluation matrix) and Contracts upon receipt of same from the General Manager of Real Estate and City Solicitor.
- 16.5 Pursuant to the Vancouver Charter, Section 190 and related Council policy all ITO Real Estate Dispositions involving sales of real property in excess of \$400,000 must be approved by 2/3 vote of Council and all other ITO Real Estate Dispositions must be approved in accordance with this and any other related Council policy prior to issuance of the Call documents and prior to any Award.

RELATED POLICIES

- [AF-013-01](#) Energy Efficiency Purchasing Policy
- [AF-014-01](#) Ethical Purchasing Policy
- [AF-010-01](#) Corporate Purchasing Cards Policy

APPROVAL HISTORY

ISSUED BY:	Director of Finance	APPROVED BY:	Council	DATE:	2009/12/15
AMENDED BY:	Director of Finance	APPROVED BY:	Director of Finance	DATE:	2010/02/26
AMENDED BY:	Director of Supply Chain Management	APPROVED BY:	City Manager	DATE:	2010/06/08
AMENDED BY:	Director of Supply Chain Management	APPROVED BY:	Council	DATE:	2018/04/17

APPENDIX B
Proposed Capital Budget Policy

POLICY TITLE	Budgets - Capital
CATEGORY	Administrative
POLICY NUMBER	AF-003-04
LEGISLATION	
POLICY OWNER	Finance, Risk, and Supply Chain
ACCESS	Public

1. Purpose

- 1.1 The purpose of this policy is to outline the requirements for presenting Capital budgets to City Council and to delegate limited authority to the Director of Finance and other City staff in relation to the spending of Capital.
- 1.2 This policy is *not* intended to outline the requirements or process for levying, raising, or otherwise receiving Capital.

[NOTE: A separate Employee Guide to Capital Project Budget Procedures provides information to assist City staff in the process of developing, authorizing, monitoring, and closing of Capital Project Budgets. It provides guidance to all employees on the process and responsibilities associated with the Capital Project Budgeting function. The Employee Guide document is to be updated over time to align with changes in process and practices.]

(NOTE: This policy replaces previous policies AF-003-01, AF-003-02, and AF-003-03.)

2. SCOPE

- 2.1 This policy applies to all Capital Expenditures undertaken by the City of Vancouver.
- 2.2 This policy will apply to the Boards and City Affiliates where and to the extent that each such entity adopts capital budget policies aligned with this policy.
- 2.3 The City of Vancouver is required by the Vancouver Charter, Library Act and Police Act to produce a consolidated capital budget incorporating the separate internal capital budgets of the Boards, and is required by Public Sector Accounting Standards to include the City Affiliates in its consolidated financial statements. To the extent of these requirements, this policy applies to these requirements but subject always to the independent internal policies and budget decisions of these external boards and affiliates.
- 2.4 This policy is intended to supplement and provide operational clarity and promote best practices within the statutory requirements relating to budgeting set out in the Vancouver Charter, Police Act, and Library Act, excerpts of which are attached in Appendix "A".

DEFINITIONS/INTERPRETATION

(a) **Interpretation**

- (i) All references in this policy to an employee, official, officer or other representative of the City is deemed to include any designate, deputy, or anyone else properly authorized in writing or by Council resolution to act in that person's position.
- (ii) Where a position title or name is changed following the adoption of this policy, due to a re-organization of the City's functions, or for any other reason, the City Manager will have the authority to amend this policy to reflect such change or re-organization.
- (iii) The City Manager will have the authority (in consultation with the Director of Finance and City Solicitor) to approve (in writing) any request from any Department Head for authority to sub-delegate any authority granted in this policy to a Department Head.

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

"Annual Budget Report" is the report to Council that contains the Annual Operating Budget and Capital Budget.

"Annual Capital Expenditure Budget" means the aggregate Budget for all of the City's approved Capital Expenditures (including the current year portion for those relating to all approved Multi-Year Capital Project Budgets) for a given year including those Capital Projects being undertaken for the Boards and those being undertaken in the name of the City for the City Affiliates.

"Boards" means the Vancouver Board of Parks and Recreation, the Vancouver Public Library Board, and the Vancouver Police Board.

"Budget" means the amount approved by Council as "the approved budget" which is referred to in the Vancouver Charter as the "adoption of estimates" in each year (Sections 200, 202, and 219).

"Budget Increase" means any increase to any Capital Project Budget which is not a Budget Reallocation. This is typically only applicable where a Budget Reallocation is not being sought and instead additional or a new (previously unidentified) Capital is being sought to fund the Budget Increase.

"Budget Outlook" refers to a report to Council in advance of the Annual Budget Report that provides the economic and financial outlook for the upcoming budget.

"Capital" means any and all amounts received by the City as Utility Capital, Voter-Approved Capital, Community Amenity Contributions, Development Cost Levies, Grant Capital, or General Levy Capital.

“Capital Budget” means the overall Budget relating to Capital, namely the Annual Capital Expenditure Budget and the Multi-Year Capital Budget.

“Capital Project Budget” means the Capital estimates for a single Capital Project (including the Multi-Year Capital Project Budget and the applicable portion of the Annual Capital Expenditure Budget for the related Capital Project for the related Capital Project), as determined by and approved by the Director of Finance from time to time (and then designated with a segregated project code in the City’s financial/accounting system).

“Capital Expenditures” are expenditures incurred directly and necessarily in relation to a Capital Project, as determined by the Director of Finance.

“Capital Plan” means the City’s four-year financial plan for investments in the City’s facilities and infrastructure. Capital Plans are developed in four-year terms coinciding with municipal elections held every four years (at which new Voter-Approved Borrowing Authority is usually also obtained). The Capital Plan states the implementation and funding strategies for Capital Projects and is developed through a consultative process involving City Council, the public, the Boards and City Affiliates.

“Capital Project” means a project or program (including for certainty a Multi-Year Capital Project) that may span over more than one fiscal year for the planning, acquisition, construction, expansion, renovation, or replacement of City facilities, infrastructure, or other capital assets (as determined by the Director of Finance). A Capital Project may be a one-time event, as in the construction of a new community centre or library, or a recurring capital program, as in street paving or facility roof replacements.

“City” means City of Vancouver.

“City Affiliates” means any separate entity that is considered controlled by the City of Vancouver for purposes of PSAB (Public Sector Accounting Board) and are part of the City’s Annual Capital Expenditure Budget. These entities are identified in the Budget Outlook and Annual Budget Report and include but are not limited to the Vancouver Economic Commission, Vancouver Affordable Housing Agency Ltd., Vancouver Public Housing Corporation, Vancouver Civic Development Corporation, Harbour Park Development Corporation, The Hastings Institute Inc., Vancouver Downtown Parking Corporation (aka “EasyPark”), and the Pacific National Exhibition.

“City Engineer” means the person appointed by Council pursuant to section 288 of the Vancouver Charter as the City Engineer.

“City Manager” means the person appointed by Council pursuant to section 162A of the Vancouver Charter as the City Manager.

“Community Amenity Contribution” or “CAC” means a community amenity contribution voluntarily offered to the City by a developer of a site so as to address the impacts of a rezoning that can be anticipated from rezoning the site. Such a CAC is typically made through the provision of either on-site amenities or a cash contribution towards other

public benefits taking into consideration community needs, area deficiencies and the impact of the proposed development on City services.

“Contingency” means the proportion of a Capital Project Budget that ‘allows for items, conditions or events for which the state, occurrence and/or effect is uncertain and that experience shows will likely result, in the aggregate, in additional cost.’ [Source for quoted material: AACE International, Association for the Advancement of Cost Engineering]. There are two categories of contingency:

- (i) *General Cost Contingency: the category of contingency for expected but unclassified expenditures;*
- (ii) *Contingency for Unknown Risks: the category of contingency for unexpected risks.*

“Department” means each department to which a Departmental Budget relates, namely those departments of the City, as determined by and approved by the Director of Finance from time to time (and then typically recorded as such within the general ledger of accounts in the accounting system utilized by the Director of Finance), but excluding Boards and City Affiliates.

“Departmental Budget” means a group of Capital Project Budgets which are segregately defined and grouped together to show those Capital Projects applicable to and to be administered by, each Department, as determined by and approved by the Director of Finance from time to time (and then typically recorded as such within the general ledger of accounts in the accounting system utilized by the Director of Finance).

“Department Head” refers to any General Manager or Chief of a City Department or Board.

“Development Cost Levy” or “DCL” means funds received pursuant to Section 523D of the Vancouver Charter, representing a growth-related charge on all new development. Related by-laws: <http://bylaws.vancouver.ca/9418c.PDF>; <http://bylaws.vancouver.ca/9755c.PDF>

“Director of Finance” means the person appointed by Council pursuant to section 210 of the Vancouver Charter as the Director of Finance.

“Finance Committee” has the meaning set out in the Operating Budget Policy (AF-003-05).

“Finance Director” means any City employee designated as a “Finance Director”, by the Director of Finance and the FP&A Director from time to time.

“FP&A Director” means any City employee designated as a “Financial Planning and Analysis Director”, by the Director of Finance from time to time.

“Fire Chief” means the person appointed by Council pursuant to section 309 of the Vancouver Charter as the City’s fire chief.

“Five-Year Financial Plan” is based on a set of financial sustainability guiding principles and financial health targets and is used to guide the allocation of resources needed to fund operating costs and capital investments. The Five-Year Financial Plan is not an

approved budget; Council approves the budget for the upcoming year as part of the annual budget process.

“General Levy Capital” means amounts allocated by City Council for Capital Expenditures from general revenue raised pursuant to the City’s general assessment-based levy on property.

“Grant Capital” means funds received from another governmental authority or any agency which are in the nature of a grant and which, pursuant to the terms of the associated grant agreement, are required to be spent on Capital, as opposed to operating expenses (as that term is defined in the Operating Budget Policy (AF-003-05)).

“Multi-Year Capital Budget” means the portion of the Capital Budget referencing and covering the aggregate of the Multi-Year Capital Project Budgets.

“Multi-Year Capital Project” means a Capital Project requiring the expenditure of Capital over more than one year.

“Multi-Year Capital Project Budget” means the Capital Project Budget for a Multi-Year Capital Project.

“Project Manager” means the City employee who is expressly designated by a Department Head as the project manager for a Capital Project and it therefore responsible for managing a particular Capital Project from its initiation to completion. In the absence of any express designation, the Project Manager will be deemed to be the Department Head.

“PSAB” means the requirements and standards published from time to time by Public Sector Accounting Board, which publishes the Public Sector Accounting Standards Handbook (as updated and amended from time to time and which is a set of generally accepted accounting principles applied by public sector entities for financial reporting).

“Reallocation” means a transfer of an amount from an approved Capital Project Budget to another approved Capital Project Budget.

“Utility” means the separate water, sewer, solid waste, and energy utilities authorized by Sections 300, 300.1, 302 and 303 of the Vancouver Charter and implemented via the following By-laws: 4848, 8093, 8417, and 9552.

“Utility Capital” means Capital received for waterworks, sewer, solid waste, and energy utility systems and funded from debenture borrowing pursuant to the Vancouver Charter, Section 242 which gives City Council the authority to borrow funds without the assent of the electorate for the construction, installation, maintenance, replacement, repair and regulation of waterworks, sewer, solid waste, and energy utility systems.

“Voter-Approved Capital” means Capital raised pursuant to the borrowing authority set out in Vancouver Charter Section 245 which requires that the borrowing authority be established by plebiscite question which if approved by the voters gives Council the authority to issue a borrowing by-law for the purposes set out in the plebiscite question.

3. POLICY STATEMENTS

1. Requirement to set a budget:

- 1.1. The Capital Budget process is the primary tool by which the City seeks and then obtains Council approval of Multi-Year Capital Budgets and Annual Capital Expenditure Budgets. Upon Council's approval each year of the Capital Budget, this policy provides the delegated authority and framework for City staff to proceed with the applicable Capital Project expenditures (subject to other applicable policies such as the Procurement Policy and Expenditure Authority and Financial Control Policy).
- 1.2. The Capital Budget is important in fostering and maintaining public accountability and transparency, and provides detailed information about each Capital Project, including cost categories, funding sources, and outcomes that are clearly identifiable and measurable.
- 1.3. The City's Capital Budget process has been developed to ensure assets and investments are managed comprehensively, with rigor and transparency, in a manner that ensures the City achieves value for money, and that staff resources are used efficiently.
- 1.4. Capital Projects can only be initiated once Council has approved both the Capital Project and the Capital Project Budget. An approved Capital Project Budget is required prior to any expenditure or commitment being made on any Capital Project.
- 1.5. In addition to the requirements and guidance contained in this policy, all staff must comply with the City's Procurement Policy (AF-015-01) and the expenditure limits and controls outlined in the Expenditure Authority and Financial Control Policy.

2. Goals

- 2.1. An annual Capital Budget process that:
 - Ensures Capital Projects only proceed in accordance with Capital Project Budget approvals ;
 - Ensures best value in capital investments for the City and its citizens;
 - Fosters and maintains public accountability and transparency;
 - Applies best practices and strong financial controls.
- 2.2. Ensure compliance with the Vancouver Charter, By-laws, and this and the City's other budget and expenditure policies.
- 2.3. A Five-Year Financial Plan is included in the Annual Budget Report to Council. The Five-Year Financial Plan is included in the Annual Budget Report for information only and is not an approved budget; Council approves the Capital Budget for the upcoming year as part of the annual budget process

3. References

- 3.1. This policy incorporates relevant elements from the City's Procurement Policy ([AF-015-01](#)) and the Expenditure Authority and Financial Control Policy.

4. Authority to Commence Capital Expenditures

4.1 Budget Authority is required but not sufficient expenditure authority. All Capital Expenditures authorized under this policy require compliance with this and other applicable policies as set out in Section 4.2.

4.2 City staff have the legal authority to commence Capital Expenditures only when:

- a) The Capital Project has been approved by Council,
- b) The Capital Project Budget is approved by Council, as evidenced by its approved Multi-Year Capital Project Budget (if a Multi-Year Capital Project) and its inclusion in the Annual Capital Expenditure Budget,
- c) City staff have complied with
 - i. the City's Procurement Policy (AF-015-01) (where the Capital Project involves the procurement of goods, services (including consulting services) and construction), and
 - ii. The Expenditure Authority and Financial Controls Policy, and
 - iii. All other applicable City policy.

4.3 Special rules for Multi-Year Capital Projects:

In addition to the requirements in section 4.2, it is required that

- a) Prior to bringing a proposed Multi-Year Capital Project and the related Multi-Year Capital Project Budget to Council for approval, the requesting Department must review the associated Operating Expense implications for current and future Operating Budgets to ensure that:
 - i. Operating Budget capacity has been examined; and
 - ii. the associated Operating Budget impacts have been or will be considered in the Five-Year Financial Plan.
- b) The Multi-Year Capital Project Budget for the Multi-Year Capital Project has sufficient funds and sufficient General Cost Contingency and/or Contingency for Unknown Risks to provide for the payment of any and all Capital Expenditures anticipated for the Multi-Year Capital Project.
- c) A Multi-Year Capital Project Budget is to be recommended to Council for approval only when Capital funding for the total Multi-Year Capital Project Budget,

- i. can be obtained from available unallocated Capital funding within the current Capital Plan; or
- ii. legally eligible Capital funding has been secured and can be added to the current Capital Plan; or
- iii. legally eligible Capital can be reallocated from another Capital Project Budget to the proposed Multi-Year Capital Project Budget; or
- iv. legally eligible Capital from Capital Project Budget closeout surpluses can be transferred to the proposed Multi-Year Capital Project Budget; and
- v. the Director of Finance has confirmed and approved (in consultation with the City Solicitor where necessary) each proposed source of the Capital (whether it is Voter-Approved Capital, General Levy Capital, Utility Capital, Grant Capital, CAC's, or DCL's) can be legally utilized in the proposed manner and has directed the responsible Department Head on how each source of Capital must be spent so as to be in strict accordance with the legal requirements and rules applicable to each applicable proposed source of Capital.

5. Contingency

- 5.1 All Capital Projects for which the project scope or cost estimates includes some level of uncertainty must include, as applicable, a General Cost Contingency for identified risks (e.g., expected but unclassified expenditures) and/or a Contingency for Unknown Risks for unexpected risks.
- 5.2 The Contingency for Unknown Risks reflects the level of uncertainty; the greater the uncertainty, the greater the Contingency for Unknown Risks relative to the total project budget. For example, a Capital Project in an early planning and design phase would be expected to have a larger Contingency for Unknown Risks than a Capital Project in the construction phase with a fixed-price contract.
- 5.3 Use of a General Cost Contingency requires the approval of the Project Manager.
- 5.4 The appropriate amount for a General Cost Contingency is to be decided by the Project Manager requesting the Capital Project Budget.
- 5.5 Use of a Contingency for Unknown Risks requires the approval of the Department Head and the Director of Finance/CFO (or their assigned delegates).

6. Adjustments to Capital Project Budgets

- 6.1 Adjustments to Capital Project Budgets are subject to 2 different review process under this policy, depending on the type of proposed change to an existing approved Capital Project Budget:

- a) Change which affects the Multi-Year Capital Project Budget, and
- b) Change which does not impact Multi-Year Capital Budget and impacts only the Annual Capital Expenditure Budget.

7. Changes Which Impact a Multi-Year Capital Project Budget

- 7.1 This section applies to a Budget Increase or Budget Reallocation involving one or more Multi-Year Capital Project Budgets.
- 7.2 A Budget Increase as well as a Budget Reallocation require approval from the Director of Finance that the proposed source of Capital is available and is legally allowed to be used for the proposed purpose in accordance with Section 7.3:
- 7.3 In reviewing any request for a Budget Increase or Reallocation, the Director of Finance will ascertain whether or not the proposed source of Capital for the proposed Budget Increase or Budget Reallocation can be obtained from:
 - i. Available and unallocated Capital from the current Capital Plan; or
 - ii. legally eligible new Capital that has been secured and can be added to the current Capital Plan; or
 - iii. legally eligible Capital that can be reallocated from another Capital Project Budget to the proposed Capital Project Budget; or
 - iv. legally eligible Capital from Capital Project Budget closeout surpluses that can be legally transferred to the proposed Capital Project Budget; and
 - v. the Director of Finance has confirmed and approved (in consultation with the City Solicitor where necessary) each proposed source of the Capital (for Voter-Approved Capital, General Levy Capital, Utility Capital, Grant Capital, CAC's, and DCL's) can be legally utilized in the proposed manner and has directed the responsible Department Head on how each source of Capital must be spent so as to be in strict accordance with the legal requirements and rules applicable to each source of Capital.
- 7.4 Subject always to compliance with Section 7.3, where a Budget Increase (of any amount) or a Budget Reallocation (over \$500,000) is being sought, such Budget Increase or Budget Reallocation requires approval from Department Head, Department Finance Director, FP&A Director, Director of Finance/CFO, and City Manager in the sequence noted in rows 3, 4 and 5 of Table 1 (1st, 2nd, 3rd, 4th and 5th) with the final approval from City Council through:
 - a) The annual Capital Budget process;

- b) The quarterly Capital Budget adjustment process; or
- c) A Capital Project-specific Council authorization occurring outside of the annual and quarterly processes referred to in (a) and (b) above.
- 7.5 Subject always to compliance with Section 7.3, where a Budget Reallocation (of more than \$200,000 but no greater than \$500,000) is being sought, the Budget Reallocation requires approval from Department Head, Department Finance Director, FP&A Director, and Director of Finance/CFO in the sequence noted in row 2 of Table 1 (1st, 2nd, 3rd and 4th) with the final approval from City Manager, and can only be approved if such Budget Reallocation does not increase the Multi-Year Capital Budget.
- 7.6 Subject always to compliance with Section 7.3, where a Budget Reallocation (of no more than \$200,000) is being sought, the Budget Reallocation requires approval from Department Head and Department Finance Director as noted in row 1 of Table 1 and can only be approved if such Budget Reallocation does not increase the Departmental Budget portion of the Multi-Year Capital Budget.
- 7.7 Subject always to compliance with Section 7.3, where a change to one or more of the sources of Capital funding associated with any Capital Project Budget is being sought, such change requires approval from Department Head, Department Finance Director, FP&A Director, Director of Finance/CFO, and City Manager in the sequence noted in row 6 of Table 1 (1st, 2nd, 3rd, 4th and 5th) with the final approval from City Council through:
- d) The annual Capital Budget process;
- e) The quarterly Capital Budget adjustment process; or
- f) A Capital Project-specific Council authorization occurring outside of the annual and quarterly processes referred to in (d) and (e) above.

Table 1 - Multi-Year Capital Project Budget Adjustments Approval Thresholds

Multi-Year Capital Project Budget - Adjustments	Department Head	Dept Finance Director	FP&A Director	Director of Finance/CFO	City Manager	City Council
Reallocation up to \$200,000	FINAL (joint)					
Reallocation between \$200,001 and \$500,000 *	1st	2nd	3rd	4th	FINAL	
Reallocation greater than \$500,000	1st	2nd	3rd	4th	5th	FINAL
Increase funded from Capital Plan	1st	2nd	3rd	4th	5th	FINAL
Increase from new funding to be added to Capital Plan	1st	2nd	3rd	4th	5th	FINAL
Change in project funding source (not a reallocation)	1st	2nd	3rd	4th	5th	FINAL

* no net change to Citywide total of open Multi-Year Capital Budget

8. Changes Which Impact an Annual Capital Expenditure Budgets

- 8.1 This section applies to a Budget Increase or Budget Reallocation which does not involve a change to any Multi-Year Capital Project Budgets.

- 8.2 Any Budget Increase (of any amount) to the Annual Capital Expenditure Budget requires approval from Department Head, Department Finance Director, FP&A Director, Director of Finance/CFO, and City Manager in the sequence noted in row 3 of Table 2 (1st, 2nd, 3rd, 4th and 5th) with the final approval from City Council through:
- The annual Capital Budget process;
 - The quarterly Capital Project Budget adjustment process; or
 - A Capital Project-specific Council authorization occurring outside of the annual and quarterly processes referred to in (a) and (b) above.
- 8.3 A Budget Reallocation (of more than \$200,000 per reallocation) between existing Annual Capital Expenditure Budgets requires approval from Department Head, Department Finance Director, FP&A Director, and Director of Finance/CFO in the sequence noted in row 2 of Table 2 (1st, 2nd, 3rd and 4th) with the final approval from City Manager, and can only be approved if such Budget Reallocation does not result in a net increase to the Annual Capital Expenditure Budget.
- 8.4 A Reallocation of Capital Expenditure (of no more than \$200,000) requires approval from Department Head and Department Finance Director as noted in row 1 of Table 2 and can only be approved if such Budget Reallocation does not result in a net increase to the Departmental Budget portion of the Annual Capital Expenditure Budget.

Table 2 – Annual Capital Expenditure Budget Adjustments Approval Thresholds

Annual Capital Expenditure Budget	Department Head	Dept Finance Director	FP&A Director	Director of Finance/CFO	City Manager	City Council
Reallocation up to \$200,000 *	FINAL (joint)					
Reallocation over \$200,000 **	1st	2nd	3rd	4th	FINAL	
Increase to Citywide Annual Capital Expenditure Budget	1st	2nd	3rd	4th	5th	FINAL

* no net change to total department Annual Capital Expenditure Budget

** no net change to total Citywide Annual Capital Expenditure Budget

9. Special rule for Multi-Year Capital Project Budgets for Capital Grants by the City

- 9.1 Multi-Year Capital Project Budgets for capital grants by the City are managed at an overall grant program level. In the event that a grant recipient is unable to satisfy conditions or subjects attached to the grant disbursement, or for any other reason the grant is cancelled prior to disbursement or refunded due to non-compliance, the grant funding can only be allocated to another eligible organization within the grant program if the requisite approval by 2/3's vote of Council as required by Section 206 of the Vancouver Charter is first obtained.

10. Completed Capital Projects

- 10.1 All budget surpluses or deficits (of any amount) for completed Capital Projects funded by Voter-Approved Capital are to be reported to Council as part of the quarterly Capital Budget reporting process.
- 10.2 A completed Capital Project of all funding sources except Voter-Approved Borrowing Authority (General Levy Capital, Utility Capital, Grant Capital, CAC's, and DCL's), with a budget surplus or deficit up to \$200,000 requires Department Head and Department Finance Director approval to close out.
- 10.3 A completed Capital Project with a budget surplus or deficit greater than \$200,000 requires City Council approval to close out, including an explanation for the surplus or deficit.
- 10.4 Once the required closeout approval under section 13.2 or 13.3 is issued, the Director of Finance will then proceed to administer such funds in accordance with Section 10.5 below.
- 10.5 All closeout surpluses are to be transferred to a Citywide capital account ("Citywide Unallocated from Closeouts") with identification of the corresponding funding sources, to be used for contingency and/or emerging priorities as applicable at the discretion of the Director of Finance in consultation with the City Solicitor (where necessary) and the City Manager. All closeout surpluses must only be spent in accordance with the following conditions:
 - a) The Director of Finance has confirmed and approved each proposed source of the Capital (for General Levy Capital, Voter-Approved Capital, Utility Capital, Grant Capital, CAC's, and DCL's) can be legally utilized in the proposed manner and has directed the responsible Department Head on how each source of Capital must be spent so as to be in strict accordance with the legal requirements and rules applicable to each source of Capital; and
 - b) The use of funding from Citywide Unallocated from Closeouts for a new or ongoing Capital Project requires
 - i. The approval of the Director of Finance, and
 - ii. Upon approval of the Director of Finance, the approval of Council, through the provisions in this policy.

RELATED POLICIES:

Operating Budget Policy ([AF-003-05](#))

Procurement Purchasing Policy ([AF-015-01](#))

Expenditure Authority and Financial Control Policy

APPROVAL HISTORY

ISSUED BY: Director of Financial Planning & analysis	APPROVED BY: Council	DATE: April 17, 2018
REVISED BY:	APPROVED BY:	DATE:

Appendix A -Applicable Vancouver Charter, Library Act, and Police Act provisions relating to the budget:

VANCOUVER CHARTER

[SBC 1953] CHAPTER 55

Part III – The Council and Its General Powers

Expenditures to be kept within estimates

200. (1) Except with the consent of the Lieutenant-Governor in Council, the Council shall not wilfully permit the total expenditures made in any year to exceed the amount allocated therefor in the estimates as adopted, but the Council may, except with respect to money allocated for
- (a) interest on debentures;
 - (b) payments to sinking fund;
 - (c) instalments of principal in respect of debentures;
 - (d) amounts required for school purposes,
- authorize the expenditure for some other lawful purpose of money allocated in such estimates for a specific purpose; provided that if during any year it becomes apparent that revenue will exceed the estimated amount, the Council may authorize the expenditure of such excess for any lawful purpose.
- (2) The Council may authorize the expenditure for any lawful purpose of any balance carried forward from a previous year.

Expenditures prior to adoption of estimates

202. In any year, before the estimates are adopted, the Council may nevertheless authorize such expenditures as are necessary to carry on the business of the city, but such expenditures shall in no case exceed the amounts expended in the previous year for the like purposes, save where not less than two-thirds of all the members of the Council concur in such excess expenditure.

Director of Finance responsibilities

212. The Director of Finance shall exercise a general control and supervision

(a) over the collection and application of the revenues of the city of every description, and over the lawful expenditure thereof;

(b) over the sale, realization, and redemption of debentures of the city, and over the sinking funds of the city;

(c) [Repealed 1985-89-2.]

(d) over all other financial affairs of the city.

Fund to be adequate

218. No warrant for payment shall be drawn unless there is sufficient money in the fund out of which the payment is to be made to meet the warrant.

Part XXIII – Parks***Board's estimates to be submitted each year***

492. The Board shall, at the beginning of each year, cause to be prepared and submitted to the Council a detailed estimate of the receipts from every source, and of the expenditures of the Board of every kind, during that year, showing the amount estimated to be necessary for the purposes of the Board up to the thirty-first day of December next thereafter. The said estimate shall be considered by the Council and adopted in whole or in part.

1953-55-492.

Adopted estimates not to be exceeded

493. (1) Save by resolution of the Council, the Board shall not authorize or make any expenditures except those provided for in the estimate as adopted by the Council.

(2) The Board may, for periods of not more than twelve months at a time, give authorization in advance to the General Manager to draw warrants for payment prior to approval of the Board, but every warrant for a payment so authorized in advance shall be reported in writing by the General Manager to the Board within fifteen days after the end of the month in which the warrant is drawn.

LIBRARY ACT

[RSBC 1996] CHAPTER 264

Budget and financing

10 (1) On or before March 1 in each year, the library board must prepare and submit to the municipal council its annual budget for providing library service in the municipality.

(2) The municipal council must approve, with or without amendment, the budget submitted to it under subsection (1).

(3) At the request of the library board, the municipal council may approve an amendment to the approved budget.

(4) The municipal council must include in the municipality's annual budget a sum sufficient to finance the library board's approved budget.

(5) The municipality must pay to the library board the sum included in the annual budget and the payments must be made on the dates scheduled by the library board and the municipality.

Expenditures and financial statements

- 11** (1) The library board has, subject to the approved budget, exclusive control over the expenditure of
- (a) all money provided by the municipal council for library purposes,
 - (b) all money given to the library board,
 - (c) the revenue derived from any source, including
 - (i) fees,
 - (ii) fines, and
 - (iii) money recovered by the library board for detention, damage or loss of library materials, and
 - (d) all money received by the library board under an agreement to provide library service.
- (2) The library board must provide to the municipality annual financial statements that have been audited in the same manner and at the same time as the financial statements of the municipality.

POLICE ACT**[RSBC 1996] CHAPTER 367****[Part 5 — Municipal Police Boards](#)**[23 Municipal police board](#)[24 Membership of municipal police board](#)

[25 Chair of municipal police board](#)

[26 Board to establish municipal police department](#)

[27 Estimates and expenditures](#)

[28 Rules](#)

[29 Studies by municipal police board](#)

[30 Keeping of provincial prisoners](#)

Estimates and expenditures

27 (1) On or before November 30 in each year, a municipal police board must prepare and submit to the council for its approval a provisional budget for the following year to provide policing and law enforcement in the municipality.

(1.1) If a municipality has entered into an agreement referred to in section 66.2 (1.1) (b) with a treaty first nation, or an agreement referred to in section 66.2 (1.11) (b) with the Nisga'a Nation, for the duration of the agreement, the reference in subsection (1) of this section to "municipality" must be read as including the treaty lands of the treaty first nation or Nisga'a Lands, as applicable.

(1.2) If a municipality is a specialized service provider, the reference in subsection (1) to "municipality" must be read as including areas within the specialized service area that are outside the municipality.

- (2) Any changes to the provisional budget under subsection (1) must be submitted to council on or before March 1 of the year to which the provisional budget relates.
- (3) If a council does not approve an item in the budget, the director, on application by the council or the municipal police board, must
- (a) determine whether the item or amount should be included in the budget, and
 - (b) report the director's findings to the municipal police board, the council and the minister.
- (4) Subject to subsection (3), a council must include in its budget the costs in the provisional budget prepared by the municipal police board.
- (5) On certification by the municipal police board members that an expenditure is within the budget prepared by the municipal police board, the council must pay the amount of the expenditure.
- (6) Unless the council otherwise approves, a municipal police board must not make an expenditure, or enter an agreement to make an expenditure, that is not specified in the board's budget and approved by the council.

APPENDIX C
Proposed Operating Budget Policy



POLICY TITLE	Budgets - Operating
CATEGORY	Administrative
POLICY NUMBER	AF-003-05
LEGISLATION	
POLICY OWNER	Finance, Risk, and Supply Chain
ACCESS	Public

1. PURPOSE

- 1.1. The purpose of this policy is to outline the requirements for Operating Revenues and Expenditures, including authorization requirements, for the City of Vancouver.

2. SCOPE

- 2.1. This policy applies to all Operating Revenues and Operating Expenditures undertaken by the City of Vancouver.
- 2.2. This policy will apply to the Boards and City Affiliates where and to the extent that each such entity adopts operating budget policies aligned with this policy.
- 2.3. The City of Vancouver is required by the Vancouver Charter, Library Act and Police Act to produce a consolidated operating budget incorporating the separate internal budgets of the Board of Parks and Recreation, the Vancouver Public Library Board, and the Vancouver Police Board, and is required by Public Sector Accounting Standards to include the Vancouver Downtown Parking Corporation (aka EasyPark) in its consolidated financial statements. To the extent of these requirements, this policy applies to these requirements but subject always to the independent internal policies and budget decisions of these external boards.
- 2.4. This policy is intended to supplement and provide operational clarity and promote best practices within the statutory requirements relating to budgeting set out in the Vancouver Charter, Police Act, and Library Act, excerpts of which are attached in Appendix "A".

3. DEFINITIONS/INTERPRETATION

a) Interpretation

- i) All references in this policy to an employee, official, officer or other representative of the City is deemed to include any designate, deputy, or anyone else properly authorized in writing or by Council resolution to act in that person's position.
- ii) Where a position title or name is changed following the adoption of this policy, due to a re-organization of the City's functions, or for any other reason, the City Manager will have the authority to amend this policy to reflect such change or re-organization.
- iii) The City Manager will have the authority (in consultation with the Director of Finance and City Solicitor) to approve (in writing) any request from any Department Head for authority to sub-delegate any authority granted in this policy to a Department Head.

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

"Accrual Accounting Basis" is a basis of accounting used to prepare financial statements in accordance with the PSAB Public Sector Accounting Standards Handbook. Revenues are accounted for in the period in which the transactions or events occurred that gave rise to the revenues. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the creation of a legal obligation to pay.

"Annual Budget Report" is the report to Council that contains the Annual Operating Budget and Capital Budget.

"Annual Consolidated Operating Budget" is the annual budget for the operations of the City of Vancouver Departments and Boards, including revenue, expenditures and any transfers to or from Reserves or Other Funds.

"Annual Operating Budget" is the annual budget approved by City Council for the Revenue Fund, including revenue, operating expenditures and any transfers to or from Reserves or Other Funds.

"Boards" means the Vancouver Board of Parks and Recreation, the Vancouver Public Library Board, and the Vancouver Police Board.

"Budget" means the amount approved by Council as "the approved budget" which is referred to in the Vancouver Charter as the "adoption of estimates" in each year (Sections 200, 202, and 219) and, depending on the context in this policy, may mean the Operating Budget, Capital Budget, budgets for the City's Other Funds, its Departments, Boards and City Affiliates.

"Budget Account" means a category or group of Budget Line Items which are segregately defined and grouped together as a distinct category or group, as determined by and approved

by the Director of Finance from time to time (and then typically recorded as such within the general ledger of accounts in the accounting system utilized by the Director of Finance).

“Budget Line Item” refers to any Operating Revenue or Operating Expense item which has its own separate dollar amount and segregated description within the Annual Operating Budget.

“Budget Outlook” refers to a report to Council in advance of the Annual Budget Report that provides the economic and financial outlook for the upcoming budget.

“Budget Transfer” means any transfer of an amount initially recorded within one Budget Line Item to a different Budget Line Item.

“Capital Expenditures” has the meaning set out in the Capital Budget Policy (AF-003-04).

“City” means the City of Vancouver.

“City Affiliates” means any separate entity that is considered controlled by the City for purposes of PSAB and are part of the Consolidated Operating Budget. These entities are identified in the Budget Outlook and Annual Budget Report and include but are not limited to the Vancouver Economic Commission, Vancouver Affordable Housing Agency Ltd., Vancouver Public Housing Corporation, Vancouver Civic Development Corporation, Harbour Park Development Corporation, The Hastings Institute Inc., Vancouver Downtown Parking Corporation (aka “EasyPark”), and the Pacific National Exhibition.

“Consolidated Operating Budget” includes Revenues, Expenditures and Transfers for all Departments, Boards and City Affiliates entities.

“Department” means the departments of the City, led by General Managers reporting to the City Manager, excluding Boards and City Affiliates.

“Departmental Budget” means a group of Budget Line Items which are segregately defined and grouped together to show those Budget Line Items applicable to and to be administered by, each Department as determined by and approved by the Director of Finance from time to time (and then typically recorded as such within the general ledger of accounts in the accounting system utilized by the Director of Finance).

“Department Head” refers to any General Manager or Chief of a Department or Board.

“Director of Finance” means the person appointed by Council pursuant to section 210 of the Vancouver Charter as the Director of Finance.

“Finance Committee” means the finance committee established under Section 9 of this policy.

“Multi-Year Operating Contract” means a contract obligating the City to incur Operating Expenditures beyond the current budget year.

“Operating Expenses” are amounts paid or obligations that give rise to a liability in a given year, including but are not limited to salary obligations to employees, building occupancy costs, fleet costs, and other payments to third parties, but expressly excluding payments

made for Capital (as that term is defined in the Capital Budget Policy).

“Operating Revenues” are amounts received or obligations of an external third party to pay money or transfer an asset in a given year, including but not limited to: taxation, fees, cost recoveries, grants, and transfers from other levels of government, but expressly excluding receipts for Capital (as that term is defined in the Capital Budget Policy).

“Other Funds” is a reference to the Capital Fund, Property Endowment Fund, Sinking Fund, and Capital Financing Fund.

“PSAB” means the requirements and standards published from time to time by the Public Sector Accounting Board, which publishes the Public Sector Accounting Standards Handbook (as updated and amended from time to time and which is a set of generally accepted accounting principles applied by public sector entities for financial reporting).

“Reserves” has the meaning set out in the Reserves Policy (AF-016-01).

“Revenue Fund” is the fund that receives the Operating Revenues and from which the Operating Expenses are paid for the operations of the City Department and Boards, and is distinct from Other Funds kept segregately by the Director of Finance to provide good governance of the City finances.

“Specific Purpose Revenues” means Operating Revenue received for a specific purpose (for example a donation made for a specific project or a contribution agreement requiring the funds to be used towards a specific project or program (but not a Capital Project)).

“Utility” means the separate water, sewer, solid waste, and energy utilities authorized by Sections 300, 300.1, 302 and 303 of the Vancouver Charter and implemented via the following By-laws: 4848, 8093, 8417, and 9552.

4. POLICY STATEMENTS

1. Requirement to set a budget

- 1.1. The Director of Finance is to present an Annual Operating Budget for the upcoming year as a report to Council in December of each year. On an exception basis, as determined by the Director of Finance, such as may occur in the year of a municipal election, an internal working budget will be developed by December of that year, and a budget will be adopted by Council no later than April 30th of the following year as required by section 219 of the Vancouver Charter.
- 1.2. In any year in which the budget is not approved by Council before December 31st, Council may authorize expenditures as are necessary to carry on the business of the City until the budget is adopted, if the following conditions are met:
 - (a) the amounts for that Budget Line Item does not exceed the amount for the Budget Line Item in the prior Annual Operating Budget, and
 - (b) the expenditure is approved by at least two-thirds of City Council.

- 1.3. The City Annual Budget Report presented by the Director of Finance to Council is to include a balanced five-year financial plan. The five-year financial plan is to be based on a such financial sustainability guiding principles and financial health targets as are determined by the Director of Finance to be consistent with best practices so as to assist City Council in determining the optimal allocation of Operating Revenues and Operating Expenses. The approval by Council of the five-year financial plan is not considered an “adoption of the estimates” under the Vancouver Charter.
 - 1.4. The Operating Budget document presented to Council will also include an Annual Consolidated Operating Budget for the City.
 - 1.5. The Director of Finance is to work cooperatively with the Boards and City Affiliates to assist them to align their policies and practices as optimally as possible with this policy and the Capital Budget Policy.
 - 1.6. Budget Line Items related to matters of a confidential nature and required or permitted to be considered by City Council in a closed meeting pursuant to the Vancouver Charter will be presented separately to Council in a closed (aka in-camera) Council meeting, unless City Council otherwise directs.
- 2. Basis of Budgeting**
- 2.1. The Director of Finance is to present the Annual Operating Budget on an Accrual Accounting Basis, in accordance with PSAB, or expressly noting any exception to PSAB.
 - 2.2. The Director of Finance is to present the Annual Consolidated Operating Budget on an Accrual Accounting Basis, in accordance with PSAB, or expressly noting any exception to PSAB.
- 3. Requirement for the City’s Annual Operating Budget to be Balanced**
- 3.1. The Director of Finance is to present an Annual Operating Budget that is balanced: Operating Revenues and Operating Expenses must be equal, net of transfers to or from Reserves and Other Funds.
 - 3.2. Subject to section 3.3, Council may amend the Annual Operating Budget at any time throughout the year, including amendments requested by the Boards or City Affiliates (see section 493 of the Vancouver Charter, section 10 of the Library Act, and section 27 of the Police Act, as applicable).
 - 3.3. Despite section 3.2, amendments to the Annual Operating Budget may only be approved by Council if the Annual Operating Budget remains balanced. This is typically achieved by transfers from Reserves or where there is a larger than estimated source of Operating Revenues.

4. Operating Expenditures Must be Authorized by Annual Operating Budget and Expenditure Authority and Financial Control Policy

4.1. Except where otherwise authorized by Council, this policy, the Expenditure Authority and Financial Control Policy, or another policy approved by Council, the Director of Finance will only authorize spending in relation to a Budget Line Item that is not in excess of that same Budget Line Item of the Annual Operating Budget.

4.2. Despite section 4.1, the Director of Finance and the City Manager may approve

- (a) Budget Transfers, or
- (b) Budget Increases to a Departmental Budget,

if they are not in excess of \$750,000 in aggregate for any given year for any given Department, and only where the Director of Finance has determined that such adjustments can be made from Reserves or Operating Revenues (including where applicable new Operating Revenues approved by the Director of Finance as being allocable to such Budget Transfer or Budget Increases) such that the Annual Operating Budget remains balanced.

4.1. Despite section 4.1, the Department Head and Director of Finance may approve Budget Transfers of up to \$200,000 per budget line item, but only where the Director of Finance has determined that such adjustments do not result in an annual operating budget that is unbalanced as defined in section 3.1.

5. Authority to Delegate Expenditure Authority:

5.1. Despite section 4.1, the Director of Finance may sub-delegate the expenditure authority limits of the Director of Finance to Department Heads and other City staff as determined by the Director of Finance from time to time.

5.2. The Director of Finance will document these sub-delegations of expenditure authority limits and controls in the Expenditure Authority and Financial Control policy, and the Director of Finance may amend same at any time and from time to time.

5.3. Department Heads are responsible for ensuring that appropriate processes are in place in their Departments to ensure that their staff comply with the Expenditure Authority and Financial Controls Policy and all other applicable sections of this policy.

6. Allocation of Revenues

6.1. All Operating Revenues will be categorized as general revenue of the Revenue Fund except as otherwise provided in this Section 6 for the purposes of determining revenue offsets as described in section 4.2 of this policy. The Operating Revenue to be allocated to the Revenue Fund includes amounts received from the general assessment-based tax levy, program and user fee revenue related to City operations, revenue sharing from other levels of government, rental income, and other revenues as described in the annual budget report.

- 6.2. Utility Revenues: Operating Revenues generated by a Utility will only be allocated to that Utility.
- 6.3. Revenue Generating Departments: Where a Department provides a service which generates Operating Revenue, such as Civic theatres, the Operating Revenues from the service will be allocated to that Department's Departmental Budget, but only where the Director of Finance has made this determination.
- 6.4. Board Revenues: Operating Revenues generated by Boards will be allocated to the Board which generated the Operating Revenue.
- 6.5. Other Fund and City Affiliate Revenues: Revenues related to the operations of other funds and City Affiliates will be allocated to those funds and entities.
- 6.6. Specific Purpose Revenues: Specific Purpose Revenues will be allocated to the Departmental Budget which is incurring the Operating Expenses connected with such Specific Purpose Revenues or as determined by the Director of Finance.
- 6.7. Where there is any question as to how any particular Operating Revenue is to be allocated, the Director of Finance will determine the appropriate allocation in accordance with this Section 6.

7. Allocation of Operating Expenses - Utility Levies and User Charges

- 7.1. All Operating Expenses will be categorized and allocated generally in accordance with PSAB unless otherwise determined by the Director of Finance.
 - 7.1B. Where there is any question as to how any particular Operating Expense is to be allocated, the Director of Finance will determine the appropriate allocation in accordance with this Section 7.
 - 7.1A The Director of Finance is to present the proposed Operating Revenues and Operating Expenses (and associated rates, fees, and other charges, and costs) for each Utility to Council for approval as part of the Annual Operating Budget.
- 7.2. Operating Expenses incurred in relation to a Utility will be allocated to that Utility (but only such Operating Expenses).
- 7.3. Subject to Section 7.4, the Operating Revenues and Operating Expenses relating to each Utility must be balanced on an annual basis.
- 7.4. Despite Section 7.3 where, pursuant to the Reserve Policy, the Director of Finance has authorized the Operating Revenue and Operating Expenses to be balanced against year over year fluctuations in rates due to both planned and unplanned costs, by way of deposits into and withdrawals out of an applicable Utility's Reserve, such deposits and withdrawals may be authorized by the Director of Finance.

8. Council Contingency

- 8.1. As part of the Annual Operating Budget, the Director of Finance will present for Council's approval, a Budget Line Item called "Council Contingency" for any unanticipated or unavoidable expenses encountered after Council's approval of the Annual Operating Budget.
- 8.2. Except where authorized pursuant to procurement delegated authorities (Sole Source approved by City Manager or Chief Procurement Officer for emergency situations), Council must approve all expenditures to be paid for from the Council Contingency.

9. Finance Committee

9.1. Establishment of the Finance Committee

The Director of Finance has the authority to convene a Finance Committee which will consist of the following representation:

- a) The City Manager
- b) The Director of Finance

9.2. A quorum of the Finance Committee will be two voting members.

9.3. Authority of the Finance Committee:

- 9.3.1. The Director of Finance has the authority, as set out in Section 212 of the Vancouver Charter, to exercise general control and supervision over all financial affairs of the City.
- 9.3.2. The Finance Committee has authority, derived from the Director of Finance authority in Section 9.3.1., to set budget targets and direction on strategic priorities for the City as part of the process of balancing the overall Annual Budget.
- 9.3.3. The Director of Finance will, on behalf of the Finance Committee, present a Budget Outlook for the City to Council at the start of each annual budget process, which provides the context and factors that will influence the development of the City's Annual Budget and the Five-Year Financial Plan.
- 9.3.4. The Finance Committee has authority, derived from the Director of Finance authority in Section 9.3.1., to approve a proposed Annual Budget for the City, which incorporates draft budgets for the Boards and City Affiliates.

ISSUED BY: Director of Financial Planning & Analysis	APPROVED BY: Council	DATE: April 17, 2018
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Appendix A -Applicable Vancouver Charter, Library Act, and Police Act provisions relating to the operating budget:

VANCOUVER CHARTER

[SBC 1953] CHAPTER 55

Part III – The Council and Its General Powers

Expenditures to be kept within estimates

200. (1) Except with the consent of the Lieutenant-Governor in Council, the Council shall not wilfully permit the total expenditures made in any year to exceed the amount allocated therefor in the estimates as adopted, but the Council may, except with respect to money allocated for
- (a) interest on debentures;
 - (b) payments to sinking fund;
 - (c) instalments of principal in respect of debentures;
 - (d) amounts required for school purposes,
- authorize the expenditure for some other lawful purpose of money allocated in such estimates for a specific purpose; provided that if during any year it becomes apparent that revenue will exceed the estimated amount, the Council may authorize the expenditure of such excess for any lawful purpose.
- (2) The Council may authorize the expenditure for any lawful purpose of any balance carried forward from a previous year.

Expenditures prior to adoption of estimates

202. In any year, before the estimates are adopted, the Council may nevertheless authorize such expenditures as are necessary to carry on the business of the city, but such expenditures shall in no case exceed the amounts expended in the previous year for the like purposes, save where not less than two-thirds of all the members of the Council concur in such excess expenditure.

Director of Finance responsibilities

212. The Director of Finance shall exercise a general control and supervision

(a) over the collection and application of the revenues of the city of every description, and over the lawful expenditure thereof;

(b) over the sale, realization, and redemption of debentures of the city, and over the sinking funds of the city;

(c) [Repealed 1985-89-2.]

(d) over all other financial affairs of the city.

Fund to be adequate

218. No warrant for payment shall be drawn unless there is sufficient money in the fund out of which the payment is to be made to meet the warrant.

Part XXIII – Parks***Board's estimates to be submitted each year***

492. The Board shall, at the beginning of each year, cause to be prepared and submitted to the Council a detailed estimate of the receipts from every source, and of the expenditures of the Board of every kind, during that year, showing the amount estimated to be necessary for the purposes of the Board up to the thirty-first day of December next thereafter. The said estimate shall be considered by the Council and adopted in whole or in part.

1953-55-492.

Adopted estimates not to be exceeded

493. (1) Save by resolution of the Council, the Board shall not authorize or make any expenditures except those provided for in the estimate as adopted by the Council.

(2) The Board may, for periods of not more than twelve months at a time, give authorization in advance to the General Manager to draw warrants for payment prior to approval of the Board, but every warrant for a payment so authorized in advance shall be reported in writing by the General Manager to the Board within fifteen days after the end of the month in which the warrant is drawn.

LIBRARY ACT

[RSBC 1996] CHAPTER 264

Budget and financing

10 (1) On or before March 1 in each year, the library board must prepare and submit to the municipal council its annual budget for providing library service in the municipality.

(2) The municipal council must approve, with or without amendment, the budget submitted to it under subsection (1).

(3) At the request of the library board, the municipal council may approve an amendment to the approved budget.

(4) The municipal council must include in the municipality's annual budget a sum sufficient to finance the library board's approved budget.

(5) The municipality must pay to the library board the sum included in the annual budget and the payments must be made on the dates scheduled by the library board and the municipality.

Expenditures and financial statements

11 (1) The library board has, subject to the approved budget, exclusive control over the expenditure of

(a) all money provided by the municipal council for library purposes,

- (b) all money given to the library board,
 - (c) the revenue derived from any source, including
 - (i) fees,
 - (ii) fines, and
 - (iii) money recovered by the library board for detention, damage or loss of library materials, and
 - (d) all money received by the library board under an agreement to provide library service.
- (2) The library board must provide to the municipality annual financial statements that have been audited in the same manner and at the same time as the financial statements of the municipality.

POLICE ACT

[RSBC 1996] CHAPTER 367

[Part 5 — Municipal Police Boards](#)

[23 Municipal police board](#)

[24 Membership of municipal police board](#)

[25 Chair of municipal police board](#)

[26 Board to establish municipal police department](#)

[27 Estimates and expenditures](#)

[28 Rules](#)

[29 Studies by municipal police board](#)

[30 Keeping of provincial prisoners](#)

Estimates and expenditures

27 (1) On or before November 30 in each year, a municipal police board must prepare and submit to the council for its approval a provisional budget for the following year to provide policing and law enforcement in the municipality.

(1.1) If a municipality has entered into an agreement referred to in section 66.2 (1.1) (b) with a treaty first nation, or an agreement referred to in section 66.2 (1.11) (b) with the Nisga'a Nation, for the duration of the agreement, the reference in subsection (1) of this section to "municipality" must be read as including the treaty lands of the treaty first nation or Nisga'a Lands, as applicable.

(1.2) If a municipality is a specialized service provider, the reference in subsection (1) to "municipality" must be read as including areas within the specialized service area that are outside the municipality.

(2) Any changes to the provisional budget under subsection (1) must be submitted to council on or before March 1 of the year to which the provisional budget relates.

(3) If a council does not approve an item in the budget, the director, on application by the council or the municipal police board, must

(a) determine whether the item or amount should be included in the budget, and

(b) report the director's findings to the municipal police board, the council and the minister.

(4) Subject to subsection (3), a council must include in its budget the costs in the provisional budget prepared by the municipal police board.

(5) On certification by the municipal police board members that an expenditure is within the budget prepared by the municipal police board, the council must pay the amount of the expenditure.

(6) Unless the council otherwise approves, a municipal police board must not make an expenditure, or enter an agreement to make an expenditure, that is not specified in the board's budget and approved by the council.

APPENDIX D
MUNICIPAL BENCHMARKING

Procurement Authority (Commitment) – Benchmarks

(within council approved budget)

City	\$50 K	\$75K	\$100 K	\$150K	\$200K	\$250K	\$300K	\$500K	\$750K	Other	
Sydney (pop ~5M)	Mgr.			Snr. Mgr.		Dir. >\$150K					
Toronto (pop ~2.8M)								CM or Delegate		Bid Committee up to \$20M Council over \$20M	
Vancouver (pop ~648)		Dir. & SCM Mgr.			Dir. & SCM Mgr.	CPO		GM CPO	GM	Bid Committee up to \$2M Council >\$2M	
Surrey (pop ~499K)					Mgr.		GM	CM		Mayor & City Clerk >\$500K	
Brampton (pop ~570K)			GM	GM & Treasurer >\$100K							Council >\$1M
Vaughn (pop ~320K)	PM		Mgr.	Dir., GM, or CM > \$100K							

■ Proposed Changes

Capital Budget Reallocation Authority - Benchmarks

City	Maximum Capital Reallocation Authority Limit (within council approved budget)								
	\$50K	\$100K	\$150K	\$200K	\$250K	\$300K	\$500K	Other	
Toronto (2016 capital budget = \$3.1B)					CFO	CFO & Council >\$250k			
Calgary (2016 capital budget = \$2.3B)				GM	Council >\$200k				
Surrey (2016 Capital Budget = \$435M)						GM	CM	Council >\$500k	
Vancouver (2016 capital budget = \$325M)	GM	Council >\$50k		GM (Multiyear) GM (Annual)	CM >\$200K (Multiyear & Annual)			Council >\$500k (Multiyear)	

■ Proposed Changes