



MANAGEMENT REPORT

Date: July 18, 2018

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Meeting Date: July 25, 2018

TO: Vancouver Public Library Board

FROM: Julia Morrison

SUBJECT: Changes to Delegated Authorities and Policies for Procurement and Budgets

SUMMARY

This report recommends revisions to Library Board 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, most recently in 2010 for procurement and 1996 for budgets. 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 adjustments, and capital project close outs. This report also includes policy highlights and clarifications.

PURPOSE

The purpose of this report is to propose a number of changes to Library Board policy relating to Administrative Authorities (the Standing Authorities and Policy related to the acquisition of goods and services for Library operations) and to approve revised policies for procurement, capital budget and operating budget. These Standing Authorities have been updated by the Board from time to time since their inception.

RECOMMENDATION

- A. THAT current limits on Library Board delegated authority (also referred to as “Standing Authorities”) 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 the Library Board concurrently approve the **Procurement Policy** attached as Appendix A;

- B. THAT current limits on Library Board 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 the Library Board concurrently approve the **Capital Budget Policy** attached as Appendix B;
- C. THAT current limits on Library Board 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 the Library Board concurrently approve the **Operating Budget Policy** attached as Appendix C;
- D. THAT, if the Library Board approves the new policies referred to in Recommendations A through C (the “Policies”),
 - i. they become effective on July 26, 2018; and
 - ii. the Chief Librarian 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, and any other elements of the Policies other than the elements which legally delegate authority reserved to Library Board/Council from Library Board/Council to Library/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 the Library Board’s resolution of February 24, 2010 entitled “Changes to Administrative Authorities / Board 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 the Library Board’s resolution of May 22, 1996 entitled “Changes to Administrative Authorities”.

COMMITTEE DISCUSSION

The SFHR Committee discussed at its June 20, 2018 meeting the draft policies and provided comments including: add references to the Reserves Policy and the *Library Act*, remove definition of fire chief from the Capital Budget Policy, the need to clarify the role of the Board for non-capital adjustments, and the need to incorporate informing the Board of capital adjustments under the authority of Council. A lengthy discussion ensued on the interpretation of section 4.2 and the Committee asked staff to clarify from the City the intent of this section.

The Committee also discussed the timing of the budget submissions as per the *Library Act*. After discussion, the Committee moved to refer the report to the July 27, 2018 Library Board meeting for a full discussion of the draft policies, with clarifications incorporated.

CHIEF LIBRARIAN'S COMMENTS

The Chief Librarian recommends approval of A through F.

City Council has approved changes to the Standing Authorities and approved a revised Procurement Policy, Capital Budget Policy and Operating Budget Policy for the City of Vancouver. Council requested that the City of Vancouver's Director of Finance provide copies of the policies to the Library and request that the Library work with the Director of Finance to recommend that the Library Board adopt a similar version of the Procurement Policy as a policy for the Library, and to adopt operating and capital budget policies that align effectively with the new Capital Budget Policy and operating Budget Policy.

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 Library/City operations. An ongoing regular review of these and other Library Board policies will ensure the Library's policies remain up to date.

Following Committee discussion, staff have clarified the policies with the City of Vancouver's Chief Procurement Officer and Legal Counsel and incorporated changes.

BOARD POLICY

Amendments to established Library Board policy require the approval of the Library Board.

The Chief Librarian and Director Corporate Services and Facilities are delegated the authority to enter into contracts and agreements on behalf of the Library.

BACKGROUND

Historically, the Library Board has delegated to Library staff certain aspects of the administration of the Library as permitted under the Library Act. The Standing Authorities for the acquisition of goods and services have been reviewed by staff periodically, and reports submitted to the Board recommending changes to ensure that these Authorities remain appropriate. The last time Standing Authorities were adjusted by the Library Board was in 1996 and 2010.

Similarly, the existing Procurement Policy outlines the general requirements for procurement of goods and services. Based on the move towards shared service (with the City and other Boards) concept, the new procurement policy details a centralization of this service, the inclusion of the principles of sustainability in all procurement activities and addresses and clarifies other procurement related issues. The last time the Procurement Policy was updated was 2010.

DISCUSSION

Delegated authorities are granted by the Library Board to Library staff where the Board determines that it is appropriate for the efficient functioning of the Library to delegate certain administrative or executive functions of the Board to those staff by Board resolution. Many of the Board's delegated authorities are quite dated and this Report represents the first phase of an on-going project to update, modernize, and streamline all of the Library's/City's delegated authorities. In this regard, City 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 the Board with a suite of recommended revised policies related to financial authorities

To inform the review of delegated authorities, City 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.

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

Procurement Authorities

1. Contract Authority and Signing limits

Existing Limits: The present policy provides the following limits:

- a) Library specific contracts not exceeding \$75,000 in value may be entered into and signed by the Manager of Facilities and Purchasing

- b) Non-library specific products and contracts up to \$75,000 in value may be entered into and signed by the Manager of Facilities and Purchasing with the concurrence of the City's Category Manager
- c) Library specific contracts not exceeding \$250,000 in value may be entered into and signed by the Library's Director of Corporate Services and Facilities
- d) Non-library specific contracts not exceeding \$250,000 in value may be entered into and signed by the library's Director of Corporate Services and Facilities with concurrence of the City's Chief Procurement Official
- e) Library specific contracts not exceeding \$500,000 in value may be entered into and signed by the Chief Librarian or Director Corporate Services and Facilities with the concurrence of the Chief Librarian
- f) Non-library specific contracts not exceeding \$500,000 in value may be entered into and signed by the Chief Librarian with the concurrence of the City's Chief Purchasing Official or by the Director Corporate Services and Facilities with the concurrence of the Chief Librarian and the City's Chief Purchasing Official

All other contracts not listed above may be signed on behalf of the Library:

- g) By the Chief Librarian and Director Corporate Services and Facilities for values up to \$2,000,000 on approval of the Bid Committee and the Library Board
- h) By the City Solicitor and either the Chief Librarian or Director Corporate Services and Facilities for values over \$2,000,000, on approval of the Bid Committee, the Library Board, and Council

Proposed Limits: The proposed new commitment and contract execution (signing) limits are outlined in Table 1:

Table 1 – New Commitment and Execution (Signing) Authority

Total Price	Commitment Authority (Award to be approved by all, not just one of the persons named below)	Signing Authority (Contract to be signed by all, not just one of the persons named below)
Up to \$75,000 (Library Specific Contracts)	<ul style="list-style-type: none"> • Manager of Facilities and Purchasing 	<ul style="list-style-type: none"> • Manager of Facilities and Purchasing
Up to \$75,000 (City Initiated Contracts)	<ul style="list-style-type: none"> • Manager of Facilities and Purchasing, with the concurrence of a City Supply Chain Manager 	<ul style="list-style-type: none"> • Manager of Facilities and Purchasing, with the concurrence of a City Supply Chain Manager
\$75,001 to \$200,000 (Library Specific Contracts)	<ul style="list-style-type: none"> • Manager of Facilities and Purchasing • a Library Director 	<ul style="list-style-type: none"> • Director of Corporate Services and Facilities
\$75,001 to \$200,000 (City Initiated Contracts)	<ul style="list-style-type: none"> • Manager of Facilities and Purchasing with the concurrence of a City Supply Chain Manager 	<ul style="list-style-type: none"> • Director of Corporate Services and Facilities

Total Price	Commitment Authority (Award to be approved by all, not just one of the persons named below)	Signing Authority (Contract to be signed by all, not just one of the persons named below)
	<ul style="list-style-type: none"> • a Library Director 	
\$200,001 - \$500,000 (Library Specific Contracts)	<ul style="list-style-type: none"> • Manager of Facilities and Purchasing • a Library Director • Director of Corporate Services and Facilities 	<ul style="list-style-type: none"> • Manager of Facilities and Purchasing • Director of Corporate Services and Facilities
\$200,001 - \$500,000 (City Initiated Contracts)	<ul style="list-style-type: none"> • Manager of Facilities and Purchasing • a Library Director • Director of Corporate Services and Facilities, with the concurrence of the Chief Procurement Officer 	<ul style="list-style-type: none"> • Manager of Facilities and Purchasing • Director of Corporate Services and Facilities
\$500,001 - \$750,000 (Library Specific Contracts)	<ul style="list-style-type: none"> • Manager of Facilities and Purchasing • Chief Librarian • Director of Corporate Services and Facilities 	<ul style="list-style-type: none"> • Manager of Facilities and Purchasing • Chief Librarian • Director of Corporate Services and Facilities
\$500,001 - \$750,000 (City Initiated Contracts)	<ul style="list-style-type: none"> • Manager of Facilities and Purchasing • Chief Librarian • Director of Corporate Services and Facilities, with the concurrence of the Chief Procurement Officer 	<ul style="list-style-type: none"> • Manager of Facilities and Purchasing • Chief Librarian • Director of Corporate Services and Facilities
\$750,001 - \$2,000,000 (all Contracts)	<ul style="list-style-type: none"> • Bid Committee • Board 	<ul style="list-style-type: none"> • Manager of Facilities and Purchasing • Chief Librarian • Director of Corporate Services and Facilities
Greater than \$2,000,000 (all Contracts)	<ul style="list-style-type: none"> • Board • Council 	<ul style="list-style-type: none"> • Chief Librarian • Director of Corporate Services and Facilities • City Solicitor

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

- a) Alignment with proposed financial authorities.
- b) Provides appropriate level of control, including continued oversight.

2. 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) If (a) does not apply the Chief Librarian may authorize a sole source contract provided that such contract is signed by the Chief Librarian, in consultation with the City Manager, and the total purchase price does not exceed \$500,000, and the contract is then promptly reported to the Board (if confidential or sensitive in nature) or the Manager of Facilities and Purchasing promptly issues a public notice.
- c) The Manager of Facilities and Purchasing and Director Corporate Services and Facilities, in consultation with the Chief Librarian, may approve emergency sole source up to \$250,000
- d) The Chief Librarian or delegate, in consultation with the City Manager, may approve emergency sole source over \$250,000

Proposed New Limits:

- a) Small contracts may be sole sourced up to \$10,000.
- b) The Director Corporate Service and Facilities may approve emergency sole source up to \$500,000, with concurrence from the Chief Librarian.
- c) The Chief Librarian may approve emergency sole source for over \$500,000, in consultation with the City Manager.

Additional Procurement Policy Highlights and Clarifications

The proposed Procurement Policy incorporates items 1-2 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 a capital project it was the term of approved funding). Proposed change is to authorize the Manager of Facilities and Purchasing to set the maximum term in consultation with the Director Corporate Services and Facilities up to 10 years with Bid Committee approval for over 10 years. Notwithstanding the foregoing, the Library will comply with any restrictions on contracting set out in the Library Act, which currently provides that the Board may contract for professional or other services for Library purposes for a term of not more than (5) five years.
- c) Change Orders - New materiality limits outlined in Table 2 will allow the Director Corporate Services and Facilities and the Chief Librarian to approve material changes

in scope as well as budgets, with major changes above these thresholds continuing to go to Board/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) Living Wage requirements

- i. Manager of Facilities and Purchasing 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 Library/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 Manager of Facilities and Purchasing will determine if the proposal:

- i. appears to offer something unique or innovative that the Library does not typically acquire by way of a Call
- ii. aligns with the Library’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 Chief Librarian 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 Manager of Facilities and Purchasing to pursue the proposal as a permitted sole source in accordance with the Procurement Policy

Capital Budget

3. Capital Adjustments – Multi-Year Capital Project Budget Adjustments

Existing Limits:

Current policy limits the amount that the Director Corporate Services and Facilities 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) Chief Librarian or Director Corporate Services and Facilities for reallocations up to \$200,000;
- b) Chief Librarian, Director Corporate Services and Facilities, 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. The Library Board will be informed of this.

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	Chief Librarian or Director Corporate Services and Facilities	City Manager	Council
Reallocation up to \$200,000*	X		
Reallocation between \$200,001 and \$500,000*	X	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

4. Capital Adjustments – Annual Capital Expenditure Budget Adjustments

Existing Limits:

Current policy limits the amount that the Director Corporate Services and Facilities 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) Chief Librarian or Director Corporate Services and Facilities for adjustments up to \$200,000

- b) Chief Librarian and Director Corporate Services and Facilities, 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. The Library Board will be informed of this.

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	Chief Librarian or Director Corporate Services and Facilities	City Manager	Council
Reallocation up to \$200,000*	X		
Reallocation over \$200,000**	X	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.

5. Capital Project Closeouts

Existing Limits:

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

Proposed New Limits:

The Chief Librarian or Director Corporate Services and Facilities may close projects funded by all sources except Voter-Approved Borrowing Authority (Capital from Revenue, Utility Capital, Grant Capital, Community Amenity Contributions (CACs), and Development Cost Levies (DCLs)) 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

6. Operating Budget Reallocation Authority

Existing Limits:

The current authority to reallocate operating budget within departments is set at \$50,000 for on-going budget line items and \$10,000 for temporary line items is delegated to the Director Corporate Services and Facilities.

Proposed New Limits:

The Chief Librarian or Director Corporate Services and Facilities, may approve budget transfers of up to \$200,000 per budget line item, such that the Annual Operating Budget remains balanced.

The Chief Librarian and Director Corporate Services and Facilities, in consultation with the Director of Finance may approve budget transfers or increase to the library's budget of up to \$750,000 only where the Director Corporate Services and Facilities or Director of Finance has determined that such adjustments can be made from Reserves or Operating Revenues such that the Annual Operating Budget remains balanced. Any transfers from Reserves must comply with the Library Financial Reserves Policy.

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.

FINANCIAL IMPLICATIONS

Adjusting the standing authorities and the three policies as set out in this report will have no financial implications on the Library, as these are administrative changes to approval levels only, not changes to the budgets for the contracts in question.

FINAL REMARKS

The proposed changes to the Standing Authorities and accompanying policies outlined in this Report will bring the Library's policies into alignment with the City's policies. The changes will take into account the inflationary increases in prices and the cost of doing business which have occurred since the last revisions to these Authorities, and will better reflect the best practices that the Library currently uses.



BOARD POLICY

SUBJECT: Procurement Policy		
CATEGORY: Board	POLICY CODE: VPL-BD-Finance-001-2016	

Objective

This policy sets out the requirements for the procurement of goods, services and construction as well as the disposal of surplus assets for the Vancouver Public Library (also referred to as the “Library”).

The Library, 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 Library and the City of Vancouver have endorsed certain fundamental principles it considers applicable to public purchasing.

Legal

The Library Act (British Columbia) states that the Vancouver Public Library Board (the “Board”) has, subject to the approved budget, exclusive control over Library expenditures. The intent of this policy is to set out the extent of certain Library employees’ and officers’ restricted legal authority to undertake the actions expressly authorized under this policy.

Scope

This policy applies to the procurement of goods and services (including consulting services) and construction for the Library. This policy is intended to align with the City of Vancouver’s Procurement Policy (ADMIN-008).

Administration Of Policy

The Director of Corporate Services and Facilities is the owner and administrator of this policy. Except where separately authorized by the Director of Corporate Services and Facilities, all procurement and disposition activities are to be administered by the Library’s Manager of Facilities and Purchasing.

Administration Of Contracts

Following the Manager of Facilities and Purchasing’s exercise of their primary authority over the Call, and where a Contract results from the Call, the Director of Corporate Services and Facilities will have the primary responsibility for proper administration and enforcement of the Contract, subject to the City’s Legal Services Policy (where a legal enforcement step is required) and subject to this policy (where any change to the Contract requires the approval of the Manager of Facilities and Purchasing).

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 Board policies):

- Purchase of regulated tariffed services (e.g. electricity, transmission portion of natural gas, cable, tariff portion of non-wireless telecommunications services);
- City Initiated Contracts not affecting Library interests;
- Grants or transfers to the Library from other governmental authorities;
- Grants from the Library to non-governmental third parties authorized by the Board;
- Tax rebates;
- Grants or donations to the Library from non-governmental third parties;
- Grants, payments, or donations to the Library 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 Library;
- Library media including books and digital content; and
- Advertising space in targeted media.

Interpretation/Definitions

Interpretation:

- (i) All references in this policy to an employee, official, officer or other representative of the Library are deemed to include any designate, deputy, or anyone else properly authorized in writing by the Board or Chief Librarian 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 Library's functions, or for any other reason, the Chief Librarian will have the authority to amend this policy to reflect such change or re-organization.
- (iii) The Chief Librarian will have the authority (in consultation with the Director of Corporate Services and Facilities) to approve (in writing) any request from a Library Director to sub-delegate any authority granted in this policy to a Library Director.

Definitions: In this policy, the following terms have the following meanings:

Award: The business decision, as authorized under this policy, to enter into a Contract.

Best Value: The optimal combination of Total Cost of Ownership, Economic Sustainability, Environmental Sustainability and Social Sustainability as determined in accordance with the specific criteria and weighting for each criterion established or adopted by the Library 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 Library, 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 committee established under Section 12 of this policy.

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

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

Chief Librarian: The person appointed by the 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 Library and others.

City: The City of Vancouver.

City 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 City.

City Initiated Contracts: Contracts for the purchase of City-wide goods and services (for example janitorial, security) that are procured by Supply Chain.

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

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

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).

Contract: A contract for the purchase by the Library of goods, services or construction or for the disposition of assets by the Library. 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.

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

Council: The elected council of the City of Vancouver.

Director of Corporate Services and Facilities: The person appointed by the Chief Librarian as the Library's chief financial officer.

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).

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 expenditures:

- with respect to the Library, in full compliance with the Capital Budget Policy and Operating Budget Policy,
- with respect to all Library staff, in full compliance with the expenditure limits and controls outlined in the Expenditure Authority and Financial Control Policy.

Library Director: An employee appointed by the Chief Librarian as a library director, where the Chief Librarian has expressly delegated to that employee (or employee's position) the Commitment Authority referred to in Column 2 of Table 1 of this policy.

Library Specific Contracts: Means any Contract entered into pursuant to this policy that is not a City Initiated Contract.

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 Library or 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, which for professional and other services is set by the Library Act (currently 5 years).

Manager of Facilities and Purchasing: The person holding the position whose responsibility it is to supervise and carry out the procurement function on behalf of the Library in accordance with this policy, and includes their designate.

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.

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 Library or 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.

Social Value: Contributing positively to the health and well-being of individuals and communities by addressing issues such as poverty, social exclusion and isolation.

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 for 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.

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 amount 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 Library over the Maximum Contract Term. For dispositions or sales of assets, the estimated total price payable by the purchaser to the Library for the asset.

Total Cost of Ownership: The direct social, environmental and financial costs and benefits to the Library 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 Library independently of a Call. Un-Solicited Proposals are typically submitted by third parties wishing to sell certain goods or services to the Library.

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.

Policy Statements

1 Goals

- 1.1 An open transparent, competitive procurement process that:
 - provides best value for the Library, the City and its citizens;
 - minimizes Total Cost of Ownership
 - incorporates wherever possible, sustainability and ethical procurement considerations as integral evaluation components in supply selection;
 - applies best practices; risk mitigation strategies and strong financial controls to the procurement process.
- 1.2 Ensure compliance with the Library's policies, City bylaws, the Library Act, collective agreements, inter-provincial, national, and international trade agreements that are binding on the Library and 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 Library utilizes the Manager of Facilities and Purchasing to conduct all Calls and wherever possible avoid sole source Contracts and avoid Calls that do not utilize the expertise of the Manager of Facilities and Purchasing,
 - 1.3.2 ensuring that the terms of Contracts, and the frequency with which the Library undertakes competitive Calls for each category of goods, services or construction is optimized to obtain Best Value and minimize Total Cost of Ownership, and
 - 1.3.3 where appropriate the Manager of Facilities and Purchasing will seek advice from Supply Chain.

2 References

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

- Guidelines on the Relationship between the Vancouver Public Library and the City of Vancouver;
- Expenditure Authority and Financial Control Policy;
- Operating Budget Policy;
- Capital Budget Policy;
- The City's Energy Efficiency Purchasing Policy (AF-013-01);
- The City's 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 Library, where human and civil rights are respected;

- The City's Supplier Code of Conduct - sets the minimum performance standards for Library and City suppliers;
- The City's Purchasing Cards Policy and Procedure (AF-010-01); and
- Code of Conduct Policy.

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 deviations 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 and 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 Manager of Facilities and Purchasing and reported to the Director of Corporate Services and Facilities, the Chief Librarian and the City Solicitor.

4 Competitive Bidding and Maximum Contract Term

- 4.1 General Policy is Open, Public, Competitive Call

Except where otherwise permitted in this policy, the Library will procure all Contracts through and 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 Manager of Facilities and Purchasing will set the Maximum Contract Term for each Call, in consultation with the Director of Corporate Services and Facilities. 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 Manager of Facilities and Purchasing. In the event of any disagreement, the Bid Committee will determine the Maximum Contract Term. Notwithstanding the foregoing, the Library will comply with any restrictions on contracting set out in the Library Act, which currently provides that the Board may contract for professional or other services for Library purposes for a term of not more than (5) five years.

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

The Manager of Facilities and Purchasing 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 or no more than \$200,000 for construction. The Manager of Facilities and Purchasing may obtain prices from internal price records or sources or solicit prices from known suppliers.

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

The Manager of Facilities and Purchasing will endeavor to procure Contracts that are expected to have a Total Price of more than \$75,000 for goods and services or 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 Manager of Facilities and Purchasing where it is deemed appropriate.

5 Call Issuance Authority and Commitment Authority Limits

- 5.1 Except where expressly granted under this policy, only the Board or Council has Commitment Authority, Signing Authority, or the authority to issue a Call.
- 5.2 The Manager of Facilities and Purchasing 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 Manager of Facilities and Purchasing with subsequent Commitment Authority and Signing Authority for each Award being authorized in accordance with Table 1.
- 5.3 Each of the Library positions set out in Table 1 below has the Commitment Authority set out in Table 1, 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 Manager of Facilities and Purchasing has determined in good faith that the Contract represents Best Value to the Library 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.
- 5.4 Awards that do not meet the criteria set out in Section 5.3 above must be approved by the Chief Librarian, in consultation with the Director of Corporate Services and Facilities if the Total Price is \$750,000 or less and by the Board and Council if over \$750,000.

Table 1 – Commitment Authority and Signing Authority

Total Price	Commitment Authority (Award to be approved by all, not just one of the persons named below)	Signing Authority (Contract to be signed by all, not just one of the persons named below)
Up to \$75,000 (Library Specific Contracts)	<ul style="list-style-type: none"> • Manager of Facilities and Purchasing 	<ul style="list-style-type: none"> • Manager of Facilities and Purchasing
Up to \$75,000 (City Initiated Contracts)	<ul style="list-style-type: none"> • Manager of Facilities and Purchasing, with the concurrence of a City SCM Manager 	<ul style="list-style-type: none"> • Manager of Facilities and Purchasing, with the concurrence of a City SCM Manager
\$75,001 to \$200,000 (Library Specific Contracts)	<ul style="list-style-type: none"> • Manager of Facilities and Purchasing • a Library Director 	<ul style="list-style-type: none"> • Director of Corporate Services and Facilities
\$75,001 to \$200,000 (City Initiated Contracts)	<ul style="list-style-type: none"> • Manager of Facilities and Purchasing with the concurrence of a City SCM Manager • a Library Director 	<ul style="list-style-type: none"> • Director of Corporate Services and Facilities
\$200,001 - \$500,000 (Library Specific Contracts)	<ul style="list-style-type: none"> • Manager of Facilities and Purchasing • a Library Director • Director of Corporate Services and Facilities 	<ul style="list-style-type: none"> • Manager of Facilities and Purchasing • Director of Corporate Services and Facilities
\$200,001 - \$500,000 (City Initiated Contracts)	<ul style="list-style-type: none"> • Manager of Facilities and Purchasing • a Library Director • Director of Corporate Services and Facilities, with the concurrence of the Chief Procurement Officer 	<ul style="list-style-type: none"> • Manager of Facilities and Purchasing • Director of Corporate Services and Facilities
\$500,001 - \$750,000 (Library Specific Contracts)	<ul style="list-style-type: none"> • Manager of Facilities and Purchasing • Chief Librarian • Director of Corporate Services and Facilities 	<ul style="list-style-type: none"> • Manager of Facilities and Purchasing • Chief Librarian • Director of Corporate Services and Facilities
\$500,001 - \$750,000 (City Initiated Contracts)	<ul style="list-style-type: none"> • Manager of Facilities and Purchasing • Chief Librarian • Director of Corporate Services and Facilities, with the concurrence of the Chief Procurement Officer 	<ul style="list-style-type: none"> • Manager of Facilities and Purchasing • Chief Librarian • Director of Corporate Services and Facilities
\$750,001 - \$2,000,000 (all Contracts)	<ul style="list-style-type: none"> • Bid Committee • Board 	<ul style="list-style-type: none"> • Manager of Facilities and Purchasing • Chief Librarian • Director of Corporate Services and Facilities
Greater than \$2,000,000 (all Contracts)	<ul style="list-style-type: none"> • Board • Council 	<ul style="list-style-type: none"> • Chief Librarian • Director of Corporate Services and Facilities • City Solicitor

6 Signing Authority

Contracts that required the approval/concurrence 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 Director of Corporate Services and Facilities or the Chief Librarian, 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 Director of Corporate Services and Facilities or the Chief Librarian, or
 - (ii) completed and approved in its completed form by the City Solicitor, and
 - (b) The change document is approved and signed by the Library persons or bodies 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 where expressly authorized in 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 Manager of Facilities and Purchasing 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 Chief Librarian, in consultation with the City Manager (if the Total Price exceeds \$500,000) or the Director of Corporate Services and Facilities, with concurrence of the Chief Librarian (if the Total Price is not more than \$500,000) has determined that goods, services or construction are urgently required and bypassing the Library’s competitive procurement process is, in the Chief Librarian’s or the Director of Corporate Services and Facilities’ determination, as applicable, reasonably necessary to protect human, animal or plant life or health;
 - (ii) the Manager of Facilities and Purchasing has received written confirmation of the Chief Librarian or Director of Corporate Services and Facilities’ determination, as applicable, in section i. above;
 - (iii) The Manager of Facilities and Purchasing posts (as soon as practical in the circumstances) a Notice of Contract on the City web-site or such other public forum as the Manager of Facilities and Purchasing may deem appropriate, advertising the Library’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 the Board, Council or Bid Committee, the Contract may instead be approved and signed by the Chief Librarian and Director of Corporate Services and Facilities (if over \$500,000) or a Library Director and the Director of Corporate Services and Facilities (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 Manager of Facilities and Purchasing has determined that the contemplated sole source will obtain Best Value for the Library and will not violate any applicable trade agreement governing the Library;
 - (ii) The Manager of Facilities and Purchasing has posted (for at least 14 days or such longer period as the Manager of Facilities and Purchasing 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 Manager of Facilities and Purchasing may deem appropriate, advertising the Library'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 Library 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)(ii) (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 template approved by the City's legal department or otherwise approved by the City Solicitor, and the Manager of Facilities and Purchasing is satisfied that the Total Price is Best Value;
- (d) The purchase is of 'goods via auction', used goods or distress sale goods, the Manager of Facilities and Purchasing 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 Library employee using an employee credit card in strict accordance with the Library's policy on the use of such credit cards. See the City's Corporate Purchasing Cards Policy (AF-010-01).

10 Monitoring and Review

Application of the Procurement Policy will be monitored and reviewed by the Manager of Facilities and Purchasing who will annually report to the Library's Directors Group on procurement activities of the Library for the previous year.

11 Sustainable and Ethical Procurement

11.1 Sustainable and ethical procurement aligns the Library with the City's overall approach to procurement and the City's Corporate Long-Term Priorities related to people, prosperity and the environment as expressed in the City's Corporate Strategic Business Plan.

11.2 The Library intends to formally recognize and reward within the supplier selection process excellence and innovation among suppliers who demonstrate leadership in

sustainability, environmental stewardship, enhancing Social Value and fair labour practices.

- 11.3 The Library is committed to safe and ethical workplaces, where human and civil rights are respected. The Library will endeavor to ensure that all its suppliers meet and where possible, exceed the performance standards outlined in the City's Supplier Code of Conduct.
- 11.4 The Library is committed to maximizing environmental and social benefits and minimizing costs to the Library and the City through product and service selection. The Library will use the City's minimum specifications for goods and services that achieve environmental benefits such as Zero Carbon, Zero Waste, water and resource conservation, reduced toxicity, pollution and other environmental attributes; as well as social benefits such as employment for Persons with Barriers to Employment and support for Social Enterprises. Minimum specifications for key product and services categories will be maintained by the City and updated and periodically presented by the City to Council for endorsement.
- 11.5 The Library 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 Library 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 Library and the City.
- 11.7 The Library will work collaboratively with suppliers to improve the environmental performance and positive social benefits of products and services and ensure compliance with the City's Supplier Code of Conduct.
- 11.8 The Library will select suppliers based on best value both in terms of the supplier's overall social and environmental performance and the social and environmental attributes of the goods and/or services. Efforts to reduce the overall environmental impacts of their operations and/or create positive Social Value in the community above and beyond the minimum requirements of this policy and the City's Supplier Code of Conduct will be taken into consideration.
- 11.9 Within the limits set out by applicable trade and investment legislation, and the Vancouver Charter, the Library will seek to identify procurement opportunities that support the development of an environmentally and socially sustainable local economy. The Library 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 Library 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 11A shall apply to service contracts where:

- the estimated annual value of the contract is greater than \$25,000 for Library specific contracts and \$250,000 for City initiated contracts;
- the services are to be performed on properties owned by or leased to the Library or 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 Library or City property; and
- Contracts with Social Enterprises.

11A.2 The Manager of Facilities and Purchasing shall ensure that all Contracts that meet the criteria set out in section 11A.1 require the contractor to:

- (a) pay no less than the Living Wage to all Living Wage Employees;
- (b) provide the Library or City with sufficient audit rights to confirm compliance with section 11A.2(a); and
- (c) ensure that the requirements of section 11A.2(a) and (b) also apply to any of the contractor's subcontractors.

11A.3 Any exception to this section 11A must be approved in writing by the Chief Librarian following a request from the Manager of Facilities and Purchasing.

12 Bid Committee/ Manager of Facilities and Purchasing

12.1 Establishment of the Bid Committee

The Bid Committee shall be established which will consist of the following representation:

- The City Manager or designate.
- The Chief Librarian or designate.
- The Director of Finance or designate.
- The Director of Corporate Services and Facilities or designate.

12.2 A quorum of the Bid Committee shall be three voting members.

12.3 All business and decisions of the Bid Committee shall 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.

12.4 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, if all of the following conditions are met:

- The Manager of Facilities and Purchasing, after consulting with the Chief Librarian or designate, 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.

12.5 Extended Authority of Bid Committee During Board/Council Recess

Where an Award is required to be authorized by the Board or by Council and is being considered for approval by Bid Committee at a time when the Board or 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 the Board and/or Council, as applicable.

12.6 If the Bid Committee makes an Award under Subsection 12.5, the Award shall be reported by the Director of Corporate Services and Facilities to the Board at the next Board meeting.

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

12.8 Manager of Facilities and Purchasing

The Manager of Facilities and Purchasing shall 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 the Board, the appropriate form and method by which all goods, services and construction shall be procured and by which surplus assets will be disposed of on behalf of the Library, 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 and the pre-qualification of Bidders.
- Compiling and maintaining a compendium of all policies adopted by the Library and the City 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 Board and Council 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 Chief Librarian, all Bids which must be reported to the Board or Council.
- Generally monitoring, supervising and reporting to the Library's Directors Group 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 the Board.
- Drafting and finalizing procedures and guidelines in respect of any aspect of the procurement process, including any of the listed responsibilities of the Manager of Facilities and Purchasing in this section, and ensuring appropriate communication of such procedures and directives to staff and to the public.
- Undertake a comprehensive review of this policy and all policies affecting the procurement process every five years to ensure that they are in line with the City's Procurement Policy and other Library policies.

12.9 Authority of Manager of Facilities and Purchasing to pre-select and to pre-qualify The Manager of Facilities and Purchasing shall be authorized to determine:

- The selection of specified equipment and materials, if required in the opinion of the Chief Librarian, for incorporation in any Call; and
- In consultation with the Library Director initiating the Call, 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.

12.10 Manager of Facilities and Purchasing and Opening of Responses

- Responses received by the Manager of Facilities and Purchasing in the location specified in the Call before the time stipulated for receipt will be opened by the Manager of Facilities and Purchasing 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 Manager of Facilities and Purchasing.

12.11 Cancellation of Calls

The Manager of Facilities and Purchasing shall be authorized to cancel any Call where:

- (a) There is a request by the Library Director who initiated the Call and responses are greater than the Funding Authority for the Award in respect of the Call; or
- (b) In the opinion of the Manager of Facilities and Purchasing or the Library Director responsible for the Call:
 - 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 Library's requirements; or
- (c) In the opinion of the Manager of Facilities and Purchasing the integrity of the Call process has been compromised.

13 Surplus Asset Disposal of Assets Owned by the Library

- 13.1 If any materials or equipment owned by the Library are declared by the unit head having control over them to be surplus to present and future unit requirements, and are declared by the Manager of Facilities and Purchasing to be surplus to present and future Library requirements, the Manager of Facilities and Purchasing may either dispose of the materials or equipment by public auction (through the City) or solicitation deemed appropriate by the Manager of Facilities and Purchasing in the circumstances.
- 13.2 Funds received for the disposal of surplus materials and equipment will be credited back to the Library 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 Manager of Facilities and Purchasing, 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 Chief Librarian and the Director of Corporate Services and Facilities.
- 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 Manager of Facilities and Purchasing 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 Director of Corporate Services and Facilities prior to the Manager of Facilities and Purchasing 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 Library 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 Manager of Facilities and Purchasing.
- 15.2 The Manager of Facilities and Purchasing 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 Library does not typically acquire by way a Call,
 - (b) The Un-Solicited Proposal appears to offer something that is aligned with the Library's corporate and policy goals.

- 15.3 Where the Un-Solicited Proposal does not, in the Manager of Facilities and Purchasing's view, satisfy both of the criteria in section 15.2, it will be rejected and notice of same to the third party who submitted it will be issued by the Manager of Facilities and Purchasing.
- 15.4 Where the Un-Solicited Proposal does, in the Manager of Facilities and Purchasing's view, satisfy both of the criteria in section 15.2, it will be forwarded to the Chief Librarian and/or an appropriate committee for comment and decision.
- 15.5 Upon receipt of a report pursuant to section 15.4, the Chief Librarian and/or an appropriate committee will review and then decide to either:
- Not pursue the proposal,
 - Instruct the Manager of Facilities and Purchasing to issue a Call seeking market responses to the goods and services being offered,
 - Instruct the Manager of Facilities and Purchasing to pursue the Un-Solicited Proposal as a Permitted Sole Source.

16 Real Estate Dispositions

All Library real estate transactions are handled by the City of Vancouver.

Policy Administration Roles and Responsibilities

Director, Corporate Services & Facilities	Oversees and recommends updates the policy as required.
Board	Approves policy and revisions to the policy.
Manager, Facilities & Purchasing	Administers the policy.

Related Policies

- Operating City Budget (VPL Board Policy)
- Capital Budget (VPL Board Policy)
- Energy Efficiency Purchasing (City Policy)
- City AF-014-01 Ethical Purchasing (City Policy)
- City AF-010-01 – Corporate Purchase Cards (City Policy)

Approval History

ISSUED BY:	Library Board	APPROVED BY:	Library Board	DATE:	2010/02/24	
REVISED BY:	SFHR	APPROVED BY:	Library Board	DATE:	2017/05/24	Content Updated
REVISED BY:	SFHR	APPROVED BY:	Library Board	DATE:	2018/06/28	Content Updated

DATE OF NEXT REVIEW	2023/06/28	REVIEW CYCLE	5 Years
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BOARD POLICY

SUBJECT: Capital Budget	
CATEGORY: Board	POLICY CODE: VPL-BD-Finance-004-2018

Objective

The purpose of this policy is to outline the requirements for presenting the Library's requests regarding Capital Budgets to the Board and Council and to delegate limited authority to the Chief Librarian, the Director of Corporate Services and Facilities and other Library staff in relation to the spending of Capital.

This policy is **not** intended to outline the requirements or process for levying, raising, or otherwise receiving Capital.

[NOTE: A separate City Employee Guide to Capital Project Budget Procedures provides information to assist Library and 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.]

Scope

This policy applies to all Capital Expenditures undertaken by the Library and by the City on behalf of the Library.

This policy is intended to supplement and provide operational clarity and promote best practices within the statutory requirements relating to capital budgeting set out in the Library Act, an excerpt of which is attached in Appendix A.

Definitions/Interpretation

- (a) Interpretation
 - (i) All references in this policy to an employee, official, officer or other representative of the Library are deemed to include any designate, deputy, or anyone else properly authorized in writing by the Board or Chief Librarian 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 Library's functions, or for any other reason, the Chief Librarian will have the authority to amend this policy to reflect such change or re-organization.
 - (iii) The Chief Librarian will have the authority (in consultation with the Director of Corporate Services and Facilities) to approve (in writing) any request from a Library Director to sub-delegate any authority granted in this policy to a Library Director.
- (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 Board and those being undertaken in the name of the City for others.

Annual Operating Budget has the meaning given in the Operating Budget Policy.

Board means the Vancouver Public Library 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 Reallocation. This is typically only applicable where a Reallocation is not being sought and instead additional or new (previously unidentified) Capital is being sought to fund the Budget Increase.

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 (as those terms are defined in the City's Capital Budget Policy).

Capital Budget means the City's 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), 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 Council, the public, the Board and others.

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.

Chief Librarian means the person appointed by the Board as the Chief Librarian pursuant to the Library Act.

City means the City of Vancouver.

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

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.

Council means the elected council of the City of Vancouver.

Director of Corporate Services and Facilities means the person appointed by the Chief Librarian as the Library’s chief financial officer.

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

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

Five-Year Financial Plan is based on a set of financial sustainability guiding principles and financial health targets and is used by the City to guide the allocation of resources needed to fund operating costs and capital investments. The City’s Five-Year Financial Plan is not an approved budget; Council approves the budget for the upcoming year as part of the annual budget process.

Library Director An employee appointed by the Chief Librarian as a library director, where the Chief Librarian has expressly delegated to that employee (or employee’s position) any authority granted in this policy.

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.

Operating Expense has the meaning given in the Operating Budget Policy.

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

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

Policy Statements

1. Requirement to set a budget:

- 1.1. The City's Capital Budget process is the primary tool by which the Library and the City seek and then obtain Council approval of Multi-Year Capital Budgets and Annual Capital Expenditure Budgets. Upon Council's approval each year of the Capital Budget, this policy and the City's Capital Budget Policy provide the delegated authority and framework for Library and City staff to proceed with Capital Expenditures related to the Library (subject to other applicable policies such as the Procurement Policy, the Operating Budget 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 Library staff must comply with the Library's Procurement Policy, the Operating Budget Policy and the expenditure limits and controls outlined in the Expenditure Authority and Financial Control Policy.

2. Goals

- 2.1. Assisting the City with 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 Library Act, Vancouver Charter, City By-laws, and this and the Library's and City's other budget and expenditure policies.

- 2.3. The Library acknowledges that the City includes a Five-Year Financial Plan 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 Procurement Policy, the Operating Budget Policy and the Expenditure Authority and Financial Control Policy.

4. Authority to Commence Capital Expenditures

- 4.1. All Capital Expenditures authorized under this policy require compliance with this and other applicable policies as set out in Section 4.2.

- 4.2. Library and 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 it is a Multi-Year Capital Project) and its inclusion in the Annual Capital Expenditure Budget,
- c) Library and City staff have complied with
 - i. the Library's Procurement Policy and the City's procurement policy, as applicable (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 Library and City policies.

- 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 Library must review the associated Operating Expense implications for current and future Annual Operating Budgets to ensure that:
 - i. Annual Operating Budget capacity has been examined; and
 - ii. the associated Annual 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 related to the Library 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 an 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 can be legally utilized in the proposed manner and has directed the Chief Librarian 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 Chief Librarian and the Director Corporate Services and Facilities (or their assigned delegates), in consultation with the Director of Finance.

6. Adjustments to Capital Project Budgets

- 6.1 Adjustments to Capital Project Budgets are subject to two 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 Project 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 any request by the Library for a Budget Increase or Reallocation involving one or more Multi-Year Capital Project Budgets.
- 7.2 A Budget Increase as well as a 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 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) that each proposed source of the Capital can be legally utilized in the proposed manner and has directed the Chief Librarian 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 Reallocation (over \$500,000) is being sought, such Budget Increase or Reallocation requires approval from the Chief Librarian, Director Corporate Services and Facilities, FP&A Director, Director of Finance, 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 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.

In addition, the Board will be informed of this Budget increase or Reallocation.

- 7.5 Subject always to compliance with Section 7.3, where a Reallocation (of more than \$200,000 but no greater than \$500,000) is being sought, the Reallocation requires approval from the Chief Librarian, Director Corporate Services and Facilities, FP&A Director, and Director of Finance in the sequence noted in row 2 of Table 1 (1st, 2nd, 3rd and 4th) with the final approval from the City Manager, and can only be approved if such Reallocation does not increase the Multi-Year Capital Budget.
- 7.6 Subject always to compliance with Section 7.3, where a Reallocation (of no more than \$200,000) is being sought, the Reallocation requires approval from the Chief Librarian or Director Corporate Services and Facilities as noted in row 1 of Table 1 and can only be approved if such Reallocation does not increase the Library's 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 the Chief Librarian, Director Corporate Services and Facilities, FP&A Director, Director of Finance, and City Manager in the sequence noted in row 6 of Table 1 (1st, 2nd, 3rd, 4th and 5th) with the final approval from 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 (d) and (e) above.

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

Multi-Year Capital Project Budget - Adjustments	Chief Librarian	Director Corporate Services	FP&A Director	Director of Finance	City Manager	City Council
Reallocation up to \$200,000	FINAL (either)					
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 Budget

8.1 This section applies to any request by the Library for a Budget Increase or 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 the Chief Librarian, Director Corporate Services and Facilities, FP&A Director, Director of Finance, and City Manager in the sequence noted in row 3 of Table 2 (1st, 2nd, 3rd, 4th and 5th) with the final approval from 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.

In addition, the Board will be informed of this Budget Increase.

8.3 A Reallocation (of more than \$200,000 per Reallocation) between existing Annual Capital Expenditure Budgets requires approval from the Chief Librarian, Director Corporate Services and Facilities, FP&A Director, and Director of Finance in the sequence noted in row 2 of Table 2 (1st, 2nd, 3rd and 4th) with the final approval from the City Manager, and can only be approved if such Reallocation does not result in a net increase to the Annual Capital Expenditure Budget.

8.4 A Reallocation (of no more than \$200,000) requires approval from Chief Librarian or Director Corporate Services and Facilities as noted in row 1 of Table 2 and can only be approved if such Reallocation does not result in a net increase to the Library's portion of the Annual Capital Expenditure Budget.

Table 2 – Annual Capital Expenditure Budget Adjustments Approval Thresholds

Annual Capital Expenditure Budget	Chief Librarian	Director Corporate Services	FP&A Director	Director of Finance	City Manager	City Council
Reallocation up to \$200,000 *	FINAL (either)					
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 The Library acknowledges that 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 The Library will comply with the requirements for completed Capital Projects set out in the City's Capital Budget Policy.
- 10.2 A completed Capital Project funded by any funding source other than Voter-Approved Capital (as defined in the City's Capital Budget Policy), with a budget surplus or deficit up to \$200,000 requires the Chief Librarian or Director Corporate Services and Facilities approval to close out.

Policy Administration Roles and Responsibilities

Director, Corporate Services & Facilities	Oversees and recommends updates to the policy as required.
Board	Approves policy and revisions to the policy
Chief Librarian	Administers the policy

Approval History

ISSUED BY:	Library Board	APPROVED BY:	Library Board	DATE:	2018/07/28	NEW POLICY
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DATE OF NEXT REVIEW	2023/07/28	REVIEW CYCLE	5 Years
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Related Policies

- Operating Budget (VPL Board Policy)
- Procurement Purchasing (VPL Board Policy)
- Expenditure Authority and Financial Control (City Policy)

Appendices

Appendix A –Applicable Library Act provisions relating to the budget:

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.

Appendix B –Applicable Guideline provisions relating to the Capital budget:

Excerpt from Guidelines on the Relationship Between Vancouver City Council and Vancouver Public Library Board (2008)

Introduction

The relationship between the City of Vancouver and Vancouver Public Library is predicated upon a common understanding that:

Vancouver Public Library is a separate legal entity governed under the Library Act of BC

The Library Board has sole authority for establishing policy governing the operations of the Library

The Vancouver Public Library will, where appropriate, adhere to Council policies. Any financial policies will be within the authority limits set by Council.

City Council approves the Library's operating and capital budgets

5. b) Finance

The Library will participate in the annual operating budget process.

The Library will adhere to City policy regarding operating and capital budget reporting and transfer authorities. The Library Board will include plans for new or revised services in its operating budget presentation to Council but also may report to Council on such items at other times of the year. Operating efficiencies will always be sought and the Library will inform Finance of the reallocation of savings to other uses.

The Library's Director of Corporate Services will collaborate closely with City staff on financial matters including the preparation of budget submissions and improved budget controls. The City will provide a variety of financial and other services to the Library including but not limited to: cheque production, periodic audits, processing insurance claims, risk management assessment, inventory control etc.

The City's Internal Audit department will review the Library's financial statements annually and report their findings to the Library Board.

The Library Board's purchasing policies will follow City policy and practice for awarding contracts.



BOARD POLICY

SUBJECT: Operating Budget	
CATEGORY: Board	POLICY CODE: VPL-BD-Finance-005-2018

Objective

The purpose of this policy is to outline the requirements for Operating Revenues and Operating Expenses including authorization requirements, for the Library.

Scope

1. This policy applies to all Operating Revenues and Operating Expenses undertaken by the Vancouver Public Library.
2. The Board is required by the Library Act to produce an operating budget for presentation to Council.
3. 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 Library Act, excerpts of which are attached in Appendix "A".
4. This policy is to be read in conjunction with the Guidelines on the Relationship between Vancouver City Council and the Vancouver Public Library Board (2008) dated October 28, 2008 (an excerpt from the guideline is attached in Appendix "B").

Interpretation/Definitions

Interpretation

- i) All references in this policy to an employee, official, officer or other representative of the Library are deemed to include any designate, deputy, or anyone else properly authorized in writing by the Board or Chief Librarian 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 Library's functions, or for any other reason, the Chief Librarian will have the authority to amend this policy to reflect such change or re-organization.
- iii) The Chief Librarian will have the authority (in consultation with the Director of Corporate Services and Facilities) to approve (in writing) any request from a Library Director to sub-delegate any authority granted in this policy to a Library Director.

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 Operating Budget is the annual budget approved by the Board and Council for the Library's portion of the Revenue Fund, including revenue, operating expenditures and any transfers to or from Reserves or Other Funds.

Board means the Vancouver Public Library 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 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 Transfer means any transfer of an amount initially recorded within one Budget Line Item to a different Budget Line Item.

Capital Budget has the meaning given in the Capital Budget Policy.

Capital Project has the meaning given in the Capital Budget Policy.

Chief Librarian means the person appointed by the Board as the Chief Librarian pursuant to the Library Act.

"City" means the City of Vancouver.

City Annual Operating Budget is the annual budget approved by Council as defined in the City's Operating Budget Policy.

Council means the elected council of the City of Vancouver.

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

Director of Corporate Services and Facilities means the person appointed by the Chief Librarian as the Library's chief financial officer.

Library Director An employee appointed by the Chief Librarian as a library director, where the Chief Librarian has expressly delegated to that employee (or employee's position) any authority granted in this policy.

Operating Expenses are amounts paid or obligations that give rise to a liability in a given year, including but 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: 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, which are managed by the City.

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 Library Financial Reserves Policy.

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 separately by the Director of Finance to provide good governance of the City finances.

Specific Purpose Revenues means Operating Revenues 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)).

Policy Statements

1. Requirement to set a budget

- 1.1. The Library is required to present an Annual Operating Budget to Council for the upcoming year. This is included in the Annual Budget 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 Library/City until the budget is adopted, if the following conditions are met:
 - (a) the amount 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 Council.

2. Basis of Budgeting

- 2.1. As the Director of Finance is to present the City Annual Operating Budget on an Accrual Accounting Basis, in accordance with PSAB, or expressly noting any exception to PSAB, the Library will also prepare its Annual Operating Budget on this basis.

3. Requirement for the City's Annual Operating Budget to be Balanced

- 3.1. As the Director of Finance is to present a City Annual Operating Budget that is balanced: Operating Revenues and Operating Expenses must be equal, net of transfers to or from Reserves and Other Funds, the Library's Annual Operating Budget will also be balanced.
- 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 Board (see section 493 of the Vancouver Charter, and section 10 of the Library 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 Expenses Must be Authorized by Annual Operating Budget and Expenditure Authority and Financial Control Policy

- 4.1. Except where otherwise authorized by the Board and Council, this policy, or the Expenditure Authority and Financial Control Policy, or another policy approved by the Board, the Director of Corporate Services and Facilities will only authorize spending that is not in excess of the Annual Operating Budget.
- 4.2. Despite section 4.1, the Director of Corporate Services and Facilities and the Chief Librarian, in consultation with the Director of Finance, may approve
 - (a) Budget Transfers, or
 - (b) Budget Increases,to the Annual Operating Budget, if they are not in excess of \$750,000 in aggregate for any given year, and only where the Director of Corporate Services and Facilities has determined that such adjustments can be made from Reserves or Operating Revenues (including where applicable new Operating Revenues approved by the Director of Corporate Services and Facilities as being allocable to such Budget Transfers or Budget Increases) such that the Annual Operating Budget remains balanced.
- 4.3. Despite section 4.1, the Chief Librarian or the Director of Corporate Services and Facilities may approve Budget Transfers of up to \$200,000 per Budget Line Item, but only where the Director of Corporate Services and Facilities has determined that such adjustments do not result in an Annual Operating Budget that is unbalanced as defined in section 3.1.
- 4.4. Notwithstanding the above, any transfers from Reserves must comply with the Library Financial Reserves Policy.

5. Authority to Delegate Expenditure Authority:

- 5.1. Despite section 4.1, the Chief Librarian or the Director of Corporate Services and Facilities may sub-delegate the expenditure authority limits of the Chief Librarian or the Director of Corporate Services and Facilities to other Library staff as

determined by the Chief Librarian or the Director of Corporate Services and Facilities from time to time.

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

5.3. The Chief Librarian and the Director of Corporate Services and Facilities are responsible for ensuring that appropriate processes are in place in the Library 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 Library Operating Revenues will be allocated to the Library.

6.2. Specific Purpose Revenues: Specific Purpose Revenues allocated to the Library by the City will be allocated within the Library as determined by the Director of Corporate Services and Facilities, in consultation with the Chief Librarian.

7. Allocation of Operating Expenses

7.1. All Operating Expenses will be categorized and allocated generally in accordance with PSAB unless otherwise determined by the Director of Corporate Services and Facilities.

7.2. Where there is any question as to how any particular Operating Expense is to be allocated, the Director of Corporate Services and Facilities will determine the appropriate allocation.

Policy Administration Roles and Responsibilities

Director, Corporate Services & Facilities	Oversees and recommends updates to the policy as required.
Board	Approves policy and revisions to the policy
Chief Librarian	Administers the policy

Related Policies

- Capital Budget (VPL Board Policy)
- Procurement (VPL Board Policy)
- Library Financial Reserves (VPL Board Policy)
- Expenditure Authority and Financial Control (City Policy)

Approval History

ISSUED BY:	Library Board	APPROVED BY:	Library Board	DATE:	2018/06/28	NEW POLICY
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DATE OF NEXT REVIEW	2023/06/28	REVIEW CYCLE	5 Years
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Appendices

Appendix A –Applicable Library Act provisions relating to the operating budget:

LIBRARY ACT [RSBC 1996] CHAPTER 264

General powers and duties of library board

- 9** The library board
- (g) May contract, for a term of not more than 5 years, for professional and other services for library purposes.

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.

Appendix B –Applicable Guideline provisions relating to the operating budget:

Excerpt from Guidelines on the Relationship between Vancouver, City Council and Vancouver Public Library Board (2008)

Introduction

Vancouver Public Library is a separate legal entity governed under the Library Act of BC.

The relationship between the City of Vancouver and Vancouver Public Library is predicated upon a common understanding that:

The Library Board has sole authority for establishing policy governing the operations of the Library

The Vancouver Public Library will, where appropriate, adhere to Council policies. Any financial policies will be within the authority limits set by Council.

City Council approves the Library's operating and capital budgets

5 b) Finance

The Library will participate in the annual operating budget process.

The Library will adhere to City policy regarding operating and capital budget reporting and transfer authorities. The Library Board will include plans for new or revised services in its operating budget presentation to Council but also may report to Council on such items at other times of the year. Operating efficiencies will always be sought and the Library will inform Finance of the reallocation of savings to other uses.

The Library's Director of Corporate Services & Facilities will collaborate closely with City staff on financial matters including the preparation of budget submissions and improved budget controls. The City will provide a variety of financial and other services to the Library including but not limited to: cheque production, periodic audits, processing insurance claims, risk management assessment, inventory control etc.

The City's Internal Audit department will review the Library's financial statements annually and report their findings to the Library Board.

The Library Board's purchasing policies will follow City policy and practice for awarding contracts.