

Date: May 15, 1996

SUBJECT: CHANGES TO ADMINISTRATIVE AUTHORITIES

RECOMMENDATIONS:

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

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

- B) THAT the Board approve a two-tier bid structure reflecting a bid limit of up to \$100,000 for price quotations and a bid limit of over \$100,000 for tenders, including the special purchase conditions and the advertising change around public notice of Board tenders, all as proposed in this report; and
- C) THAT the Board increase the contract award limits for Purchasing Manager, the General Manager, and the Board approvals to \$100,000, \$300,000 and over \$300,000 respectively, as proposed in this report; and
- D) THAT the Board approve the changes to the contract execution authorities as proposed in this report; and
- E) THAT the Board delegate approval authority to the General Manager for contract change orders as proposed in this report; and
- F) THAT the Board increase the award limits on consultant contracts for the General Manager and the Board approvals to \$30,000 and over \$30,000 respectively, including the changes to the contract execution authorities, both as proposed in this report; and

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- G) THAT the Board approve the changes to the City's policy on bid and performance bonds as proposed in this report; and

- H) THAT the Board delegate approval authority to the General Manager to hire contract employees into vacant exempt positions as proposed in this report; and
- I) THAT the Board receive quarterly reports with analysis on the administration and conduct of the Board business in relation to the above delegations of authority.

BOARD POLICY:

The Board normally adopts the operating policies as approved by Council.

BACKGROUND AND DISCUSSION

On March 28, 1996, Council received a staff report recommending changes to the current policies regarding the delegation of administrative authorities to senior City staff. All of the recommendations were approved by Council including the recommendation that Council request the Park and Library Boards to adopt these revised authorities. The purpose of this report is to seek Board approval of the revised authorities.

In order to give the Board some idea of how these changes would apply to the Park Board a separate highlighted section has been inserted into the report subsequent to each section. This highlighted area (entitled "Applicability to Park Board") outlines current Board Policy and translates the proposed City changes into their proposed Park Board equivalents. The recommendations of this report also represent the Park Board equivalents of the recommendations adopted by City Council.

It should also be noted that City Council added a further recommendation to those being proposed in the Council report, as follows:

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

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This was added in response to some Councillors' concerns that they be kept informed of the City's business decisions. This resolution has been added to those recommended to the Board, to ensure that Commissioner's are also kept informed of Board business.

CONCLUSION

It has been a long term practise of the Board to adopt the operating polices approved by City Council. The recommendations being proposed in this report represent a translation of approved City Policies into comparable Park Board policies.

Prepared by:
Finance Division
Board of Parks and Recreation
City of Vancouver
WL/lw
Attachment.
PBR\002-0177.96

APPENDIX I

POLICY REPORT
ADMINISTRATION

Date: January 31, 1996

TO: Vancouver City Council

FROM: Corporate Management Team

SUBJECT: Changes to Administrative Authorities

RECOMMENDATION

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

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

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

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

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

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

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

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

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

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

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

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

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

- G. THAT Council increase the limit on the City Manager's legal settlement authority from \$20,000 to a maximum of \$50,000 as proposed in this report.
- H. THAT Council approve the changes to the City's policy on bid and performance bonds as proposed in this report; and

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

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

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

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

CITY MANAGER'S COMMENTS

The City Manager RECOMMENDS approval of A to J, noting that this report has been prepared by the Corporate Management Team (the "CMT").

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

We believe the report recommendations accomplish that objective and reflect the intent of the City's Better City Government initiative.

We also recognize that Council may not share the same conclusion and welcome that perspective.

COUNCIL POLICY

Amendments to established Council policy require the approval of Council.

PURPOSE

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

BACKGROUND

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

This present report reviews a number of administrative authorities which should be adjusted to reflect present day market conditions and the way the City wishes to conduct business in the future.

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Council will remember that previous reports dealing with steps to "Better City Government" outlined a business environment wherein responsibility and authority would be delegated, as practicable, to empower staff to deliver high quality, economic programs and services to our customers.

This report is a step in that direction.

DISCUSSION

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

The policy areas outlined in this section deal with budget and spending matters. A companion policy report, dealing with personnel

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administration, will be submitted to Council for consideration at a

later date.

Changes to nine policy areas are proposed below.

1. Budget Transfers/Management

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

Operating Budget

(a) Normal Operating Accounts

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

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

Applicability to Park Board

The Boards current policy has delegated the General Manager with the authority to transfer up to \$10,000 between operating budget accounts. It is recommended that this be increased to \$50,000.

(b) Non-recurring Operating Accounts

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

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

Applicability to Park Board

The current policy of the Board includes NNR budget transfers in the \$10,000 limit applicable to other operating budget transfers that can be approved by the General Manager. This limit will continue in the new policy.

(c) General Operating Budget Provisions

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

Applicability to Park Board

The Board already receives a report twice a year with details of Budget Transfers. This will be increased to three times a year subsequent to the end of the second, third and fourth quarters.

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Capital Budget

(d) Approved Projects

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

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

Applicability to Park Board

The Boards current policy authorizes the General Manager to approve Capital Budget transfers up to and including \$50,000. This practice will continue under the new policy.

(e) New Projects

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

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

Applicability to Park Board

This is included in the General Managers current authority and will continue under the new policy. Transfers in excess of \$50,000 will continue to be referred for Board approval.

(f) Close-outs

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

Our proposal is to have Council authorize Department Heads to close capital projects and change the acceptance criteria to those

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projects whose expenditures do not exceed 15% AND \$50,000 of the approved budgets. Projects not meeting the revised criteria will still be reported to Council for information and approval.

Applicability to Park Board

Current policy of the Board authorizes the General Manager to close capital accounts whose expenditures do not exceed \$50,000 of the approved budget. Projects exceeding this limit are reported to the Board for approval. This practice will continue under the new policy.

(g) General Capital Budget Provisions

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

Applicability to Park Board

Current practice is that all Capital Budget transfers are reported to the Board twice a year. This will be increased to three times a year at the end of the second, third, and fourth quarters.

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

2. Bid Limits

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

- Pricing - for routine purchases under \$10,000 Purchasing Services obtains prices from internal price records or known suppliers in verbal or written form.

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

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

- Quotations - for purchases of up to \$100,000 Purchasing Services will obtain prices from internal price records or solicit prices by telephone or in writing from known suppliers depending on the value of the purchase, with a copy of the request for quotation on purchases over \$50,000 posted on the public notice board in the purchasing office. Written quotations from suppliers will be received and opened in the purchasing office with prices available for review on request.
- Tenders - for purchases over \$100,000 Purchasing Services will advertise the tender particulars. A copy of the advertisement will be posted on the public notice board in the purchasing office and copies of the tender mailed to known suppliers. Tender submissions will continue to be received by the City Clerk and opened in public. Additionally, we propose that the City advertise in only one daily newspaper or the Journal of Commerce, whichever is the most appropriate for the commodity or service being tendered, in order to reduce/contain costs.
- Special Purchases - new or near-new equipment is occasionally available at substantially reduced prices, usually through a distress sale. The equipment is offered for sale by a variety of methods including public auction, bailiff/trustee sale or sealed bid. In January, 1983, City Council authorized staff to purchase equipment in this manner without the requirement for calling tenders. Given the potential financial advantage to the City, we propose that Council allow the CMT to continue this acquisition practice on the following basis:

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

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

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

Applicability to Park Board

The current and proposed policies regarding bid limits as outlined above apply to the Park Board with the following changes in titles;

- (a) Substitute Park Board Purchasing Manager for Purchasing Services, and
- (b) The General Manager or the Director of Finance in place of the City Clerk (i.e. for tender opening), and
- (c) The Board in place of Council (for purchases over \$300,000)

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3. Contract Awards

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

- the City's Purchasing Manager for contracts up to \$50,000.

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

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

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

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Additionally,

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

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

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Applicability to Park Board

Current Board Policy has delegated the authority to award contracts as follows:

- (a) Purchasing Manager and Divisional Directors for contracts up to \$10,000
- (b) General Manager for contracts up to \$50,000
- (c) Board for contracts over \$50,000

The new policy being proposed would increase these limits as follows:

- (a) for low bid or best value contracts up to \$100,000 to the Boards Purchasing Manger or Director of Finance
- (b) for low bid or best value contracts over \$100,000 and up to \$300,000 to the General Manager. The Purchasing Manager or Director of Finance will concur on all best value awards
- (c) for all contracts over \$300,000 to the Board

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

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Applicability to Park Board

Current Board policy requires the standard tender and contract documentation as approved by the City's Director of Legal Services. This will continue under the new policy.

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

4. Contract Execution

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

Presently, routine purchases reflected in the pricing/offer process are

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

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

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

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

Applicability to Park Board

Board policy currently authorizes the Purchasing Manager or Director of Finance to execute contracts up to \$10,000 for routine purchases reflected in the pricing/offer process. Contracts in excess of \$10,000 are executed by the General Manager.

The proposed policy would authorize the Purchasing Manager or Director of Finance to execute contracts up to \$100,000 for routine purchases. The General Manager would execute contracts up to the approved award level (\$300,000) and the Director of Legal Services would execute all contracts awarded by the Board (over \$300,000).

5. Contract Change Orders

Presently, change orders to executed contracts must be approved by the City Manager and, if the change is significant, reported to City Council. It can be reasonably argued that Department Heads have been given the responsibility and authority by Council to manage their

respective operating and capital budgets in a prudent and fiscally sound manner. Since change orders are a relatively common practice in construction projects, it seems appropriate that Department Heads should have the ability to manage this sub-level of budget control as well.

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

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

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Applicability to Park Board

Current Board Policy delegates authority to Divisional Directors for approval of contract change orders up to \$10,000. Amounts in excess of \$10,000 are approved by the General Manager.

The proposed policy will apply to the Board as outlined above but substituting "General Manager" for Department Head and "Board" for Council.

6. Consultant Awards

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

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

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

Our proposal is to have Council authorize Department Heads to award

consultant contracts up to \$30,000 and to maintain the requirement of Council approval for contracts over \$30,000, including the City Manager's authority to award contracts up to \$100,000 related to corporate re-engineering work. The contracts would be executed by the Department Head, or the Director of Legal Services for Council, as appropriate. Additionally, the City's administrative systems will be changed to allow the Budget Office to submit an annual report to Council identifying all consultant contracts awarded by Department Heads during the budget year. The individual consultant reports will be filed with the City Clerk to be made available to members of Council wishing to review their contents.

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Applicability to Park Board

Under current Board policy the General Manager approves all consultant contracts up to \$30,000. Contracts in excess of \$30,000 are awarded by the Board and are executed by the General Manager. The contract format is as approved by the Director of Legal Services. This policy remains unchanged under the new policy proposal.

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

Applicability to Park Board

This is the current policy of the Board and will continue as part of the new policy being proposed.

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

7. Legal Settlements

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

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

Applicability to Park Board

All Board claims settlements are currently approved by the Director of Legal Services/City Manager and this will continue under the new policy proposals.

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8. Bid and Performance Bonds

Present policy on bid and performance bonds is discussed below.

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

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

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

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

Applicability to Park Board

The current policy of the Board is as outlined above. The proposed new policy will continue with the present policy but allow the acceptance of cash, a certified cheque or letter of credit as an acceptable alternative to the bid bond if a Performance Bond is not required and if approved by the Director of Finance or Purchasing Manager.

(b) Performance Bonds

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

covers the maintenance clause. A Performance Bond is appropriate where installation, custom work or modification is included in the contract.

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

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

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

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

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

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

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

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

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Applicability to Park Board

Current policy of the Board is as outlined above in the City policy. The proposed policy will raise the limit to a \$100,000 contract before a Performance Bond is required. The acceptance of cash, a certified cheque or a letter of credit as an alternative to a Performance Bond must be approved by the Director of Finance or Purchasing Manager. The authority to waive the requirement for a Performance Bond in unusual circumstances, or to adjust the bond limits is delegated to the General Manager.

9. Contract Employees

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

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

Applicability to Park Board

This is current Policy of the Board and the General Manager will continue to have Board authority to fill exempt positions with contract employees under the new proposal.

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

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CONCLUSION

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

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