

CITY OF SURREY

BY-LAW NO. 16535

Purchase and Expenditure Authorization By-law
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As amended by By-law No. 16616, 04/14/08; 16947, 06/15/09; 17408, 06/13/11; 19311, 07/24/17

THIS IS A CONSOLIDATED BYLAW PREPARED BY THE CITY OF SURREY FOR CONVENIENCE ONLY. THE CITY DOES NOT WARRANT THAT THE INFORMATION CONTAINED IN THIS CONSOLIDATION IS CURRENT. IT IS THE RESPONSIBILITY OF THE PERSON USING THIS CONSOLIDATION TO ENSURE THAT IT ACCURATELY REFLECTS CURRENT BYLAW PROVISIONS.

- (a) WHEREAS Council may by by-law delegate its powers, duties and functions, including those specifically established by an enactment, to an Officer or other Authorized Designate of the City;
- (b) AND WHEREAS Council wishes to delegate to its Officers and other Authorized Designates the authority to make Purchases and Expenditures within the prescribed amounts of this By-law and the Annual Budget.

Under its statutory powers, including Section 154(1)(b) of the *Community Charter*, S.B.C. 2003, c. 26, the Council of the City of Surrey enacts the following provisions:

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Part 1
Introductory Provisions

1. TITLE

1.1 This By-law may be cited as the "Purchase and Expenditure Authorization By-law, 2007, No. 16535".

2. DEFINITIONS

2.1 In this By-law:

- (a) "Annual Aggregate Value" means the total amount to be spent annually by departments on particular types of Goods and Services;
- (b) "Annual Budget" means the amounts in the applicable five-year financial plan adopted by Council for Purchases and Expenditures during the year for the purposes of the City;
- (c) "Assets" includes without limitation supplies, equipment, furniture, fixtures, machinery and vehicles, but shall not include Real Property;
- (d) "Authorized Designate " means an Employee or an Officer provided with the written authority to act on another person's behalf, notice of which shall be filed with the General Manager, Finance;
- (e) "Capital Works" includes construction of roads, sewers, water mains, and general infrastructure, and includes the construction or improvement of buildings, structures or facilities;
- (f) "City" means the City of Surrey;
- (g) "City Manager" means the Officer position of the city manager;
- (h) "City Solicitor" means the Officer position of the city solicitor;
- (i) "Clerk" means the Officer position of the city clerk;
- (j) "Council" means the elected Council of the City;
- (k) "Emergency" means a situation where the immediate acquisition of Goods or Services is essential to provide community service; prevent serious delays, injury, or further damage; or restore or maintain minimum service;
- (l) "Employee" means an exempt or union employee of the City other than an Officer;
- (m) "Employment Contract" means an agreement between an Employee and the City establishing the terms and conditions of employment of an Employee other than

an Officer;

- (n) "Expenditure" means all amounts authorized to be paid in this By-law and the Annual Budget and includes the Purchase of Goods and Services within the monetary limits prescribed by this By-law;
- (o) "General Manager" means the Officer who is the head of any City department and whose department requires the Goods and Services and whose Annual Budget includes the funds from which Expenditures will be met;
- (p) "General Manager, Finance" means the Officer position of the City financial administration officer;
- (q) "Goods and Services" includes supplies, equipment, furniture, fixtures, machinery, vehicles, insurance, employee benefits, construction, labour and materials, legal or damage claims, maintenance, Employment Contracts, service contracts and Professional and Consulting Services, but does not include Real Property;
- (r) "Manager" means the City Manager or a General Manager or their Authorized Designates;
- (s) "Officer" means the persons defined as officers in Surrey Officer and Indemnification By-law, 2006, No. 15912, as amended;
- (t) "Professional and Consulting Services" includes the services of architects, engineers, designers, surveyors, management and financial consultants, brokers, lawyers, accountants, auditors, and any other professional and consulting services required by the City;
- (u) "Proposal" means a written Submission from a supplier in response to a written request for proposals or applications to provide Goods and Services on certain terms and conditions, which may be the subject of further negotiations;
- (v) "Purchase" means the acquisition of Goods and Services, Professional and Consulting Services or Real Property or any interest therein by purchase, contract, lease, rental or otherwise;
- (w) "Purchasing Manager" means the person designated to this position by the General Manager, Finance;
- (x) "Purchase Order" means a written-acceptance of an offer to purchase Goods and Services made on the City's numbered form approved by the City Manager and the General Manager, Finance to acquire Goods and Services;
- (y) "Purchase Requisition" means an internal form approved by the City Manager and the General Manager, Finance for the purchase of Goods and Services;
- (z) "Qualified Supplier" means a supplier of Goods and Services who has been pre-qualified in accordance with Section 9 of this By-law;

- (aa) "Quotation" means a verbal or written Submission from a supplier in response to a request for quotations or applications to supply Goods or Services from sources of supply, not opened in public, which may be the subject of further negotiations;
- (bb) "Real Property" includes lands, buildings, tenements and any interest, estate, right or easement in lands;
- (cc) "Submission" means a person's response to a request for Proposals, a request for Quotations, an invitation to Tender, a contract to Purchase Real Property, or any other documents issued by the City to purchase Goods and Services, Professional and Consulting Services and Real Property;
- (dd) "Tender" means a formal written offer in response to an invitations to Tender for the supply of Goods or Services;
- (ee) "Term" means:
 - (a) in the case of a contract for the Purchase of Goods and Services, a lease or a rental agreement entered into by the City, the initial term of the contract, lease or rental agreement not including any optional renewal terms; and
 - (b) in the case of a renewal of a contract for the Purchase of Goods and Services, a lease or a rental agreement by the City, the renewal term of the contract, lease or rental agreement not including the initial term; and
- (ff) "Total Cost" means the sum of all costs, including all contingencies and applicable taxes, that are to be paid during the Term for the Purchase of Goods and Services, Professional and Consulting Services or Real Property; or, in the case of a contract, lease or rental agreement, the sum of all contract, lease or rental payments for the Term.

3. INTERPRETATION

- 3.1 When the authority to Purchase has been delegated or assigned to a local board, either by Council or by statute, the procedures set out in this By-law shall not apply to such Purchase, provided that the financing has been approved by Council prior to the commitment of funds.
- 3.2 Where any person is authorized to take any action pursuant to this By-law, such action may be taken by that person's Authorized Designate except where specified otherwise in this By-law.

4. GENERAL

- 4.1 No Purchase or Expenditure or commitment shall be incurred or made on behalf of the City, and no account shall be paid by the City, except as provided in this By-law or otherwise approved by Council.
- 4.2 No contract shall be entered into and no Purchase or Expenditure shall be authorized or incurred unless Council has provided funds in the Annual Budget, as amended from time to time, and no Expenditure shall be authorized or incurred

in excess of the funds provided.

- 4.3 No Purchase or Expenditure shall be made by the City for the personal use of elected or appointed officials or Officers or Employees except as provided in a City agreement, a City policy or otherwise approved by City Council.
- 4.4 Purchases or Expenditures are not permitted by an Officer or Employee of the City unless the extent of the interest of such Officer or Employee has been fully disclosed and the Purchase has been approved by the City Manager. Any such Purchase or Expenditure by the City Manager must be approved by Council.
- 4.5 Where Purchases or Expenditures of the same description are required in connection with one project, all of those Purchases and Expenditures shall be included in determining the Total Cost for the purposes of this By-law and no requirement for Purchases or Expenditures shall be divided to avoid any provision of this By-law.

5. APPLICATION OF BY-LAW

- 5.1 This By-law shall apply to all Purchases and Expenditures for the City.

Part 2 Purchase and Expenditure Procedures

6. PURCHASE AND EXPENDITURE PROCEDURES

- 6.1 Exemptions

The Purchase and Expenditure procedures set out in this section shall not apply to the Purchases and Expenditures set out in Schedule "A", provided that the Total Cost of the Purchases or Expenditures do not exceed the amount approved in the Annual Budget.

- 6.2 Legal Action Exemption

The City may, in its absolute discretion, reject a Quotation, Tender or Proposal submitted by a person pursuant to Sections 6.4 or 9.2 of this By-law if the person, or any of its officers or directors, is or has, either directly or indirectly through another corporation or entity, been engaged in legal action against the City, its elected officials, Officers or Employees or if the City has initiated the legal action against the person or any of its officers or directors, in relation to:

- (a) any other contract for Goods or Services; or
- (b) any matter arising from the City's exercise of its powers, duties, or functions under the *Local Government Act*, *Community Charter* or another enactment,

within five years of the date of the request or invitation. In determining whether to reject a Quotation, Tender or Proposal under this Section 6.2, the City will consider whether:

- (c) the legal action has the potential to affect the person's ability to work with the City, its consultants or representatives;
- (d) the legal action relates to the person's inability or failure to comply with City by-laws, and those by-laws may be applicable to the subject matter of the contract;
- (e) the City's experience with the person indicates that the City is likely to incur increased staff and legal costs in the administration of the contract if it is awarded to the person; and,
- (f) the legal action has or may give the person access to information related to a similar Quotation, Tender or Proposal which is not available to others.

6.3 Authorized Purchasing Limits

- (1) Where the Total Cost of the Purchase or Expenditure does not exceed Ten Thousand (\$10,000.00), Dollars a Manager may authorize the Purchase or Expenditure.
- (2) Where the Total Cost of the Purchase or Expenditure exceeds Ten Thousand (\$10,000.00) Dollars, but does not exceed Twenty-Five Thousand (\$25,000.00), Dollars a Manager may authorize the Purchase or Expenditure or select the best valued Submission meeting the requirements of the City.
- (3) Where the Total Cost of the Purchase or Expenditure exceeds Twenty-Five Thousand (\$25,000.00) Dollars but does not exceed Five Hundred Thousand (\$500,000.00) Dollars:
 - (a) a Manager shall solicit a minimum of three written Submissions and shall select the best valued Submission meeting the requirements of the City; or
 - (b) if the Manager determines that the Purchase or Expenditure must be made from a supplier who provides a highly specialized or unique type of Goods and Services or that the supplier is the only person who is practically available to provide the Goods and Services, then the Manager may authorize the Purchase or Expenditure without meeting the requirements of clause (a) above.

- (4) If the Purchase or Expenditure is for Professional and Consulting Services:
- (a) Where the Total Cost of the Purchase or Expenditure exceeds Ten Thousand (\$10,000.00) Dollars, but does not exceed Seventy-Five Thousand (\$75,000.00) Dollars, a Manager may authorize the Purchase or Expenditure or select the best valued Submission meeting the requirements of the City; and
 - (b) Where the Total Cost of the Purchase or Expenditure exceeds Seventy-Five Thousand (\$75,000.00) Dollars but does not exceed Five Hundred Thousand (\$500,000.00) Dollars, a Manager must solicit a minimum of three written Submissions and shall select the best valued Submission meeting the requirements of the City.
- (5) Where the Total Cost of the Purchase or Expenditure exceeds Five Hundred Thousand (\$500,000.00) Dollars, the Purchase shall be authorized as follows:
- (a) a Manager and the General Manager, Finance shall prepare the request for Submissions, specifications and criteria;
 - (b) the request for Submissions may be reviewed by the City Solicitor; and
 - (c) a Manager, in consultation with the City Manager, the General Manager, Finance and the City Solicitor, shall evaluate all Submissions received and prepare a report summarizing the Submissions and making recommendations to Council.
- (6) Notwithstanding Section 6.3(5) of this By-law, the City Manager shall be authorized to increase a contract in respect of Capital Works by way of a change order provided that:
- (a) the sum of all change orders does not exceed the greater of Five Hundred Thousand (\$500,000.00) Dollars or 10% of the approved contract value;
 - (b) the original contract award was made based on the best value to the City; and
 - (c) the portion of the Total Cost in any given calendar year of the contract does not exceed the funding available in the Annual Budget for that year.

6.4 Submissions

- (1) The Officers and Employees of the City are authorized to Purchase Goods and Services, Professional and Consulting Services or Real Property by issuing any of the following:
 - (a) a request for Proposals (including a request for applications);
 - (b) a request for Quotations (including a request for applications);
 - (c) an invitations to Tender;
 - (d) a contract to Purchase Real Property; or
 - (e) any other documentation authorized by a Manager.
- (2) A Manager shall prepare the request for Submission specifications and criteria.
- (3) The General Manager, Finance or a Manager may request Submissions on the City's web site or in one or more publications, or may request Submissions from Qualified Suppliers.
- (4) A Manager, the Clerk or the Purchasing Manager shall receive the Submissions until the deadline, if any, specified in the request for Submissions.
- (5) Written record of all Submissions received shall be prepared by a Manager, the Clerk or the Purchasing Manager.

6.5 Petty Cash Funds

- (1) Notwithstanding anything in this By-law, petty cash funds may be established for departments in amounts approved by the General Manager, Finance and not exceeding Five Thousand (\$5,000.00) Dollars in the case of any one department. Except for those departments that have multi locations, in which case the petty cash funds must not exceed \$1,000 for each location. A Manager may authorize expenditures from such funds not exceeding Two Hundred (\$200.00) Dollars with respect to any one Purchase.
- (2) Petty cash funds shall be reimbursed only upon delivery of receipts or other evidence satisfactory to a Manager of the Expenditure of monies from the person receiving the money.

7. EMPLOYMENT CONTRACTS

- 7.1 A Manager is given the authority of hiring, suspending or terminating Employees, other than Officers.
- 7.2 A Manager is authorized to enter into Employment Contracts with Employees, other than Officers.
- 7.3 In this Section 7, the authority of a Manager to suspend or terminate Employees shall not be exercised by an Authorized Designate and must include consultation with the City Manager, General Manager, Finance.

8. EMERGENCY PURCHASES

- 8.1 In cases of Emergency, the Purchase or Expenditure may be authorized in accordance with this section.
- 8.2 Where the Total Cost of the Purchase or Expenditure does not exceed Twenty-Five Thousand (\$25,000.00) Dollars per incident, a Manager may authorize the Purchase or Expenditure.
- 8.3 Where the Total Cost of the Purchase or Expenditure exceeds Twenty-Five Thousand (\$25,000.00) Dollars, but does not exceed Five Hundred Thousand (\$500,000.00) Dollars per incident, the City Manager may authorize the Purchase or Expenditure, and a report shall be submitted by the City Manager quarterly to Council setting out the details of any Purchases or Expenditures made pursuant to this authority and the circumstances to justify the action taken.
- 8.4 Where the Total Cost of the Purchase or Expenditure exceeds Five Hundred Thousand (\$500,000.00) Dollars per incident, the City Manager may authorize the Purchase or Expenditure, and a report shall be submitted by the City Manager to Council at the next available Council Meeting setting out the details of any Purchases or Expenditures made pursuant to this authority and the circumstances to justify the action taken.

9. QUALIFICATION OF SUPPLIERS

- 9.1 A Manager or the General Manager, Finance may compile a list of Qualified Suppliers whenever it is desirable to pre-qualify suppliers according to established criteria prior to selecting a supplier.
- 9.2 In order to compile a list of Qualified Suppliers, a Manager or the General Manager, Finance may, from time to time, invite suppliers to apply for inclusion in such list.

10. REPORTS TO COUNCIL

- 10.1 Notwithstanding anything in this By-law, a report shall be submitted to Council by a Manager prior to authorizing a Purchase or Expenditure in each of the following circumstances:
- (a) the Total Cost of the Purchase or Expenditure is Five Hundred (\$500,000.00) Dollars or more; or
 - (b) the term of the proposed contract is for a period longer than five (5) years with an Annual Aggregate Value over \$500,000, or where the renewal of the contract would result in an aggregate term of longer than five (5) years; or
 - (c) the Purchase or Expenditure requires the initiation of an alternate approval process, the assent of the electors, or a partnering agreement; or
 - (d) where a Purchase is not authorized by this By-law.

Part 3 Contract Documents

11. CONTRACT DOCUMENTS

- 11.1 Where the authorization for the Purchase or Expenditure has been given by Council and the City Solicitor has approved the form and content of the contract, and the General Manager, Finance has approved the monetary value, the Mayor and the Clerk or any other person or persons designated as a signatory by Council in its authorization, shall execute the contract approved by the City Solicitor on behalf of the City.
- 11.2 Where the authorization for the Purchase or Expenditure has been given by a Manager pursuant to this By-law, the Manager may execute the contract on behalf of the City.

Part 4 Disposal of Obsolete, Damaged or Surplus Assets

12. DISPOSAL OF OBSOLETE, DAMAGED OR SURPLUS ASSETS

- 12.1 Each Manager shall submit to the General Manager, Finance from time to time a list of Assets which are obsolete, damaged or surplus to the department's needs.
- 12.2 All obsolete, damaged or surplus Assets shall first be offered to other departments within the City, at their net value as determined by the General Manager, Finance and the Manager.

- 12.3 Where obsolete, damaged or surplus Assets are offered to but not required by any City department they shall be disposed of by means of public auction or advertised for public tender and sold to the highest bidder.
- 12.4 If the General Manager, Finance determines that a higher return net of disposal costs can be achieved by sale or trade-in of obsolete, damaged or surplus Assets, the General Manager, Finance shall sell such Assets at the highest return.
- 12.5 Where Assets have been declared obsolete, damaged or surplus by a Manager and offered to other departments within the City, and are determined by the General Manager, Finance to have little or no value, the General Manager, Finance may dispose of such Assets in the most appropriate manner.
- 12.6 No Officer or Employee of the City shall be permitted to Purchase any goods to be disposed of by the City except by successfully bidding on the same at a public auction or where permitted by a City policy, but in no case if the duties of that Officer or Employee include making decisions regarding the disposal of such goods or activities relating to the conduct of the auction.

**Part 5
Payment of Accounts**

13. PAYMENT OF ACCOUNTS

- 13.1 Except as otherwise provided, the General Manager, Finance is authorized to pay all accounts for the Purchases or Expenditures where the Purchase or Expenditure has been made in accordance with this By-law, or has been otherwise approved by Council.

**Part 6
Reporting Requirements and Additional Provisions**

14. REPORTING REQUIREMENTS

- 14.1 The General Manager, Finance shall:
 - (a) upon approval by Council of the Annual Budget, provide to Council a report as at March 31, June 30 and October 31 summarizing and comparing the year to date approved budget to actual year to date Expenditures under the jurisdiction of Council; and
 - (b) annually provide consolidated financial statements summarizing total capital and operating Expenditures and funding sources.

15. ADDITIONAL PROVISIONS

- 15.1 Between the last regular meeting of Council in any year and the provision of interim appropriations in the next year the General Manager, Finance is authorized to pay the accounts necessary to maintain ongoing operations of the City.
- 15.2 The General Manager, Finance may prepare forms of certificates and approvals and develop appropriate administrative policies and procedures necessary to enact the provisions contained herein and the same shall be adhered to by all members of Council, the City Manager, General Managers and other Officers and Employees of the City.

16. REPEAL

- 16.1 "Purchase and Expenditure Authorization By-law, 2005, No. 15742" and "Purchase and Expenditure Authorization Bylaw, 2005, No. 15742, Amendment Bylaw, 2006, No. 15953" are hereby repealed.

PASSED THREE READINGS on the 17th day of December, 2007.

RECONSIDERED AND FINALLY ADOPTED, signed by the Mayor and Clerk, and sealed with the Corporate Seal on the 14th day of January, 2008.

_____ MAYOR

_____ CLERK

SCHEDULE "A"

RECURRING NON-COMPETITIVE EXPENDITURES

ITEM

1. Refundable Employee Expenses
 - (a) Advances
 - (b) Meal Allowances
 - (c) Miscellaneous – Non Travel
 - (d) Travel Expenses

2. Employer's General Expenses
 - (a) Wages, Salaries, Benefits and Payroll Deduction Remittances
 - (b) Training, Education, Conferences and Staff Development
 - (c) Memberships
 - (d) Medical and Group Benefits
 - (e) Licenses (vehicles etc.)
 - (f) Debenture Payments
 - (g) Insurance
 - (h) Grants to Agencies
 - (i) Economic Development and City Promotion
 - (j) Legal or Damage Claims
 - (k) Petty Cash Replenishment
 - (l) Tax Remittances
 - (m) Sinking Fund Payments
 - (n) Indefinite Software Maintenance Payments

3. Special Services
 - (a) Committee Fees
 - (b) Temporary Help
 - (c) Utility Relocations

4. Utilities
 - (a) Postage
 - (b) Water
 - (c) Hydro
 - (d) Gas
 - (e) Telephones
 - (f) Communications, Cable and Satellite Services

5. Library
 - (a) Audio Books
 - (b) Books
 - (c) Magazines and Periodicals
 - (d) Videos, CD's and DVD's

6. R.C.M.P.
 - (a) R.C.M.P. contract costs