



SBCAG

SANTA BARBARA COUNTY ASSOCIATION OF GOVERNMENTS

**SANTA BARBARA COUNTY
ASSOCIATION OF GOVERNMENTS
PROCUREMENT POLICY MANUAL**

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**SANTA BARBARA COUNTY ASSOCIATION OF GOVERNMENTS
PROCUREMENT POLICY**

I. Purpose

The purpose of this policy is to:

- Establish efficient procedures for the purchase of goods, services, and construction at the lowest possible cost commensurate with the best quality needed.
- Establish procedures for contracting for professional services.
- Exercise positive financial control over purchases.
- Clearly define authority for the purchasing function.
- Assure the quality of purchases.

This policy does not cover the issuance of grants or MOU's with other governmental agencies or private entities as these have separate policies or procedures

II. Executive Director and Authority

Pursuant to the Santa Barbara County Association of Governments (SBCAG) Ordinance No. 3, Section 8, subdivision (d) the Executive Director is authorized to approve disbursements of funds consistent with the annual budget and shall have other duties, powers, and responsibilities as may be assigned by the SBCAG Board of Directors. On November 16, 2017, the Board by Resolution 17-39, designated the Executive Director as the Purchasing Officer for SBCAG in accordance with the policy described herein. On December 17, 2020 by Resolution 20-30, and again on September 19, 2024 by Resolution 24-24, the Board affirmed the Executive Director as the Purchasing Officer and approved administrative updates to this Purchasing Policy.

As the Purchasing Officer, the Executive Director shall be responsible for the purchase of all goods and services for SBCAG under this policy. No expenditures shall be submitted or recommended to the Board of Directors without approval of the Purchasing Officer. The Purchasing Officer shall have the authority to make purchases for SBCAG in accordance with this policy, unless otherwise directed by the Board of Directors. The Purchasing Officer has the authority to interpret this policy in the case of unique circumstances or situations not explicitly covered within the policy. The Purchasing Officer shall ensure that all purchases are made in accordance with the budgets authorized by the Board of Directors. The Purchasing Officer may delegate any or all purchasing activities at his/her discretion. For avoidance of doubt, the Purchasing Officer may designate an SBCAG employee to act as the Purchasing Officer in the case of an absence by the Executive Director.

III. Purchasing Officer Authority

The Purchasing Officer is authorized to enter and sign on behalf of SBCAG, without the prior approval of the Board of Directors, a contract for goods, services, professional services, or public works:

- A. Which contains up to a maximum amount not to exceed \$100,000;
- B. When an emergency exists as defined under "Emergency Purchases". In such events, the Purchasing Officer may authorize the expenditure of any unencumbered moneys, notwithstanding the fact that such moneys may not have been appropriated for such purpose, to the extent that other moneys have not been appropriated or are otherwise unavailable; and
- C. To approve monthly progress payments when required or to release contract retention.

The Purchasing Officer is authorized to accept donations (as defined) of up to \$10,000 in accordance with the policy described herein.

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GOODS & NON-PROFESSIONAL SERVICES

Local Funds Only or Blended State/Local Funds

These include: materials, supplies, furnishings, equipment, operating, maintenance, and miscellaneous services.

Purchasing requirements shall not be artificially divided to avoid the provisions of this section.

CATEGORY	PROCESS/PROCEDURE
Purchase up to \$10,000	Identified in the OWP & Budget Division Director authorizes purchase
Purchase of \$10,001 to \$100,000	Identified in the OWP & Budget Quotations from at least 3 sources Divisional recommendation Purchasing Officer authorizes purchase
Purchase over \$100,000	Identified in the OWP & Budget Formal Bid Required Board authorizes purchase

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IV. Methods of Purchasing—Goods and Non-Professional Services

A contract for goods is a contract for the purchase of supplies, materials or equipment, including, but not limited to, office supplies, janitorial supplies, furnishings, machinery, tools, vehicles, computer hardware and other personal property, materials or goods. A contract for goods may include purchase of labor incidental to the purchase of goods, such as set-up, installation and testing. SBCAG will commit, where feasible, to purchase Energy Star office equipment and appliances, and EPEAT SILVER or GOLD printers, computers and laptops, monitors, and mobile phones.

A non-professional services contract is a contract, with or without the furnishing of supplies or equipment, for work, labor or non-professional services, including, but not limited to:

- Maintenance* of public buildings, streets, parks and playgrounds and other public improvements;
- Repair, modification, and maintenance of equipment;
- Licensing, installation, maintenance of computer software, and subscription (click-wrap) software so long as these do not involve professional software engineering services or custom software programming;
- Janitorial services, uniform cleaning, tree trimming, street sweeping, power washing, and landscape maintenance;
- Leasing of personal property for use by SBCAG; and
- Temporary employment or payroll service contracts.

*Non-professional service agreements for maintenance, land surveying work, inspection, job site cleanup, and hauling may require payment of prevailing wages. See Public Works , Section VI. (Labor Code §§ 1720, 1720.3, 1771.)

A. Purchases less than Ten Thousand and No/100ths (\$10,000) Dollars or less--Micro purchases.

Purchases with the cost of which are \$10,000 or less in any one transaction, shall be made using simplified and cost-effective operational procedures without the required use of formal or informal bids. Purchases less than \$10,000 require Division Director authorization prior to purchase, so long as the Purchasing Officer has delegated this authority to the Division Director.

B. Purchases greater than Ten Thousand and No/100ths (\$10,000) Dollars, up to One Hundred Thousand and No/100ths (\$100,000) Dollars –Small Purchases: Informal bid process.

1. The purchase of goods and non-professional services greater than \$10,000 but less than \$100,000, may be made on the open market, following the procedure prescribed below:
 - a. Minimum number of quotations. Open-market purchases shall, whenever possible, be based on at least three (3) quotations and shall be awarded to the lowest responsible bidder in accordance with Public Utilities Code § 180154;
 - b. Notice inviting quotations. The division making the purchase shall solicit quotations by written (including e-mail) or verbal request to prospective vendors;
 - c. Quotations. Quotations shall be submitted in writing (including facsimile and e-mail or generated via online search engine) to SBCAG, which shall keep a record of all open-market orders and period specified; and
2. The Purchasing Officer is authorized to award a contract of up to \$100,000 or less when the Board of Directors has appropriated funds for the item(s) and the amount of the award is not

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more than the appropriated amount as described herein.

3. The dollar amount of the proposal shall be considered and awarded to the lowest responsible bidder for purchases of non-professional services, supplies, equipment and materials in excess of \$10,000 unless an exception applies. (Pub. Util. Code § 180154.)
4. Exceptions. The request for informal proposal procedure may be dispensed with as described in Section IV.D below.

C. Purchases greater than One Hundred Thousand and No/100ths (\$100,000) Dollars-Formal bid process.

1. Formal Sealed-bid procedures. SBCAG shall purchase goods and non-professional services of a value greater than \$100,000 following the formal bid procedure prescribed below:
 - a. Notice inviting bids. The notice inviting bids shall include a general description of the goods or non-professional services to be purchased, and shall state where bid forms and specifications may be secured and the time and place for opening bids;
 - i. Published notice. The notice inviting bids shall be published on SBCAG's website at least thirty (30) days before the date of the opening of the bids; and
 - ii. Bidders' list. SBCAG shall also solicit sealed bids from responsible prospective suppliers whose names are on a bidders' list.
 - b. Bidders' security. When necessary, SBCAG shall require bidders' security. Bidders' security shall be in accordance with the provisions of the California Public Contract Code;
 - c. Bid opening procedure. Bidders shall submit electronic submissions via the SBCAG e-Procurement Portal <https://procurement.opengov.com/portal/sbcag>. Bids shall be opened at the time and place stated in the public notices.;
 - d. Rejection of bids. Bids failing to meet requirements shall be determined non-responsive and rejected from consideration. At its discretion, the Board of Directors may reject any and all bids presented and may instead direct SBCAG staff to re-advertise for bids;
 - e. Award of contracts. The Board of Directors shall award a contract for the purchase of goods and non-professional services with a value of more than \$100,000. A contract shall be awarded to the lowest responsible bidder, except as otherwise provided herein. A contract may be awarded to the next lowest responsible bidder if the successful bidder refuses or fails to execute the contract. If the first two lowest responsible bidders fail to execute the contract, then SBCAG will reopen the bidding.
 - f. Tie bids. If two (2) or more bids received are for the same total amount of unit price and quality, service, and delivery being equal, and if the public interest will not permit the delay of re-advertising for bids, those involved in the evaluation of the bids shall accept the most qualified and lowest good faith offer by negotiation with the tie bidders; and
 - g. Performance bonds. SBCAG has the authority to require a performance bond before entering a contract, in such amount as is reasonably necessary to protect the best interest of SBCAG or any of the jurisdictions. If a performance bond is required, the form and amount of the bond shall be described in the notice inviting bids.
2. Exceptions. Bidding under this section may be dispensed with in accordance to the provision set forth in the Exceptions to the bidding process (Section IV.D below)

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D. Exceptions to the bidding process – When using local funds only.

Contracts for goods, non-professional services which the cost to SBCAG in one transaction will be more than \$10,000 shall be permitted by either informal or formal competitive bidding or proposals pursuant to this policy.

Nothing in this section shall preclude the solicitation of competitive bids or proposals, when possible. The following are exemptions to the competitive bidding requirements:

1. Emergency purchases made under a declaration of an emergency by the Board, executive committee, or designee per Public Utilities Code section 180154;
2. Situations where solicitations of bids or proposals would for any reason be impractical, unavailing, or impossible;
3. Cooperative purchasing that has been competitively bid within the past five (5) years whose purchasing process is consistent with the provision of the policy;
4. Where the Purchasing Officer has determined the good or non-professional service is only available as is a sole source. Sole source means there is only one supplier, or source, to the best of the requester's knowledge based upon thorough research and is the only supplier capable of delivering the required product or non-professional service;
5. Insurance and bonds;
6. Purchasing funded by grants, donations, or gifts when the special conditions attached to the grants, donations, or gifts require the purchase of goods and/or non-professional services to be purchased in a more specific manner than described herein;
7. Goods and/or non-professional services obtained from or through agreement with any governmental, public, or quasi-public entity including, but not limited to goods or services selected through a state or federal procurement process; or, the purchase of professional services that have already been through a procurement process from any governmental, public, or quasi-public entity;
8. Works of art, entertainment, or performance;
9. Surplus personal property owned by another governmental, public, or quasi-public entity;
10. Membership dues, conventions, training, and travel arrangements;
11. Advertisements, including but not limited to radio, television, magazines, newspapers, internet/social media, or other media; or
12. Where competitive bids or proposals have been solicited and no bid or proposal has been received. In such a situation SBCAG may proceed to have the non-professional services performed or the goods purchased without further competitive bidding.
13. If, after rejecting bids the Purchasing Officer for micro- and small- purchases, or the SBCAG Board for formal purchases, determines and declares that, in its opinion, the services, supplies, equipment, or materials may be purchased at a lower price on the open market. (Pub. Util. Code § 180154.)

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PROFESSIONAL SERVICES

Local Funds Only or Blended State/Local Funds

Includes advisory services from professionals and specialized consultants (i.e. engineering, accounting, and legal services)

Purchasing requirements shall not be artificially divided to avoid the provisions of this section.

CATEGORY	PROCESS/PROCEDURE
Purchase up to \$10,000	Identified in the OWP & Budget Division Director authorizes purchase
Purchase of \$10,001 to \$100,000	Identified in the OWP & Budget Informal bid from at least 3 sources Divisional recommendation Purchasing Officer authorizes purchase
Purchase over \$100,000	Identified in the OWP & Budget Formal bid required Board authorizes purchase

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V. Methods of Purchasing--Professional Services

Professional services are occupations requiring special training in the arts or sciences. Some professional services require holding professional licenses such as architects, auditors, engineers, doctors, and lawyers. Procurement of professional services is based on the standard of “most qualified” per the California “Mini-Brooks Act” for contracts with private architects, engineering, land surveying, and construction project management firms. (Gov. Code §§ 4525 et seq.; 23 CFR Part 172.) Procurement for other professional services (special services) such as advice in financial, economic, accounting, engineering, legal or administrative matters are based on best value and SBCAG may pay such compensation to these experts as it deems proper. (Gov. Code §§ 31000, 37103.)

Professional service agreements for maintenance, land surveying work, inspection, job site cleanup, and hauling refuse and materials may require payment of prevailing wages. See Public Works, Section VI. (Labor Code §§ 1720, 1720.3 [hauling materials includes materials for paving, grading, and fill onto the public works site; hauling refuse includes items such as soil, sand, gravel, rocks concrete, asphalt, excavation materials, and construction debris], 1771.)

A. Professional services less than Ten Thousand and No/100ths (\$10,000) Dollars – Micro purchase.

Professional services valued at \$10,000 or less, shall be contracted using simplified and cost-effective operational procedures without the requirement of soliciting requests for proposals from multiple professional service providers. Purchases less than \$10,000 require Division Director authorization prior to purchase, so long as the Purchasing Officer has delegated this authority to the Division Director.

B. Professional services greater than Ten Thousand and No/100ths (\$10,000) Dollars to One Hundred Thousand and No/100ths (\$100,000) Dollars.

1. The purchase of services with a value greater than \$10,000 up to \$100,000 shall be made following the procedure prescribed below:
 - a. Solicitation of proposals. SBCAG may solicit proposals by written (including e-mail) or verbal request to prospective consultants. SBCAG should solicit at least three (3) proposals, and the agreement shall be awarded to the best qualified and most responsible offeror per the California “Mini-Brooks Act” for contracts with private architects, engineering, land surveying, and construction project management firms. (Gov. Code §§ 4525 et seq.; 23 CFR Part 172.) Procurement for other professional services (special services) such as advice in financial, economic, accounting, engineering, legal or administrative matters are based on best value and SBCAG may pay such compensation to these experts as it deems proper. (Gov. Code §§ 31000, 37103.).
 - b. Award of contracts. The Purchasing Officer is authorized to award a contract of up to \$100,000 or less when the Board of Directors has appropriated funds for service and the amount of the contract is not more than the appropriated amount as described herein.
2. Exceptions. The open-market procedure may be dispensed with in accordance with provisions set for in the “exceptions to the competitive Process” (section V.D.)

C. Professional services greater than One Hundred Thousand and No/100ths (\$100,000) Dollars.

1. Formal Request for Proposal (RFP) procedures. SBCAG may use an RFP procedure or in conjunction with an RFQ procedure for procurement of services with a value of more than \$100,000 following the procedure prescribed below:

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- a. Request for Proposals. The request for proposal (RFP) shall include a general description of the services to be purchased, shall include a proposed professional services agreement, and the time and place for submission of proposals. A notice inviting proposals shall be distributed to at least three (3) organizations and shall be posted on the SBCAG website at least thirty (30) days prior to the deadline for submission of proposals. Offerors shall submit proposals in accordance with the RFP instructions;
 - b. Evaluation of proposals. All responsive proposals shall be reviewed and evaluated by SBCAG in order to determine which offeror best meets SBCAG's needs as described in the RFP. The criteria by which SBCAG shall evaluate proposals will be set forth in the RFP. SBCAG reserves the right to reject any and all proposals or waive any irregularities in any proposal or the proposal process; and
 - c. Award of contract. The Board of Directors shall award a contract for services with a value of greater \$100,000. A contract shall be awarded per the California "Mini-Brooks Act" for contracts with private architects, engineering, land surveying and construction project management firms. (Gov. Code §§ 4525 et seq.; 23 CFR Part 172.) Procurement for other professional services (special services) such as advice in financial, economic, accounting, engineering, legal or administrative matters are awarded based on best value and SBCAG may pay such compensation to these experts as it deems proper. (Gov. Code §§ 31000, 37103.). A contract may be awarded to the next highest ranked offeror if the successful offeror refuses or fails to execute the contract. If the first two ranked offerors fail to execute the contract, then SBCAG will reopen the competitive process.
2. Formal Request for Qualifications (RFQ) procedures. RFQ procedures may be used as an alternative or in conjunction with RFP procedures. SBCAG shall procure services with a value of more than \$100,000 following the procedure prescribed below:
- a. Request for Qualifications. SBCAG may prepare a Request for Qualifications (RFQ) that shall include a general description of the professional services to be procured, shall include a proposed professional services agreement, and the time and place for submission of qualifications. A notice inviting the submittal of qualifications shall be distributed to at least three (3) consultants and shall be posted on the SBCAG website at least thirty (30) days prior to the deadline for submitting the Statements of Qualifications (SOQ's);
 - b. Evaluation of Statements of Qualifications. All responsive SOQ's shall be reviewed and evaluated by SBCAG in order to determine the most qualified consultant that best meets SBCAG's needs by demonstrating the competence and professional qualifications necessary for the satisfactory performance of the required professional services. The criteria by which SBCAG shall evaluate SOQ's will be set forth in the RFQ. SBCAG reserves the right to reject any and all SOQ's or waive any irregularities in any qualifications-based submittal process; and
 - c. Award of contract. The Board of Directors shall award a contract for services with a value of greater \$100,000. A contract shall be awarded to the best qualified and most responsible offeror as a result of the evaluation of proposals received rankings/scores, except as otherwise provided herein with respect to those services not subject to the California Mini-Brooks Act. (Gov. Code §§ 4525 et seq.) A contract may be awarded to the next highest ranked offeror if the successful offeror refuses or fails to execute the contract. If the first two ranked offeror fail to execute the contract, then SBCAG will reopen the competitive process.
3. Exceptions. The competitive process under this section may be dispensed with in accordance

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to the provision set forth in the Exceptions to the competitive process (Section V.D. below)

D. Exceptions to the competitive process – When using local funds only or blended State/local funding.

Contracts for professional services which the cost to SBCAG in one transaction will be more than \$10,000 shall be permitted by either informal or formal competitive bidding or proposals pursuant to this policy.

Nothing in this section shall preclude the solicitation of competitive bids or proposals, when possible. The following are exemptions to the competitive requirements:

1. Emergency purchases made under a declaration of an emergency by the Board, executive committee, or designee per Public Utilities Code section 180154;
2. Situations where solicitations of bids or proposals would for any reason be impractical, unavailing, or impossible;
3. Cooperative purchasing that have been competitively bid within the past five (5) years whose purchasing process is consistent with the provision of the policy;
4. Where the Purchasing Officer has determined the professional service is only available as a sole source. Sole source means there is only one supplier, or source, to the best of the requester's knowledge based upon thorough research and is the only supplier capable of delivering the required professional service;
5. Insurance and bonds;
6. Purchasing funded by grants, donations, or gifts when the special conditions attached to the grants, donations, or gifts require the purchase of particular goods and/or services to be purchased in a more specific manner than described herein;
7. Professional services obtained from or through agreement with any governmental, public, or quasi-public entity including, but not limited to goods or services selected through a state or federal procurement process; or, the purchase of professional services that have already been through a procurement process from any governmental, public, or quasi-public entity;
8. Works of art, entertainment, or performance;
9. Surplus personal property owned by another governmental, public, or quasi-public entity;
10. Membership dues, conventions, training, and travel arrangements;
11. Advertisements in magazines, newspapers, or other media; or
12. Where competitive bids or proposals have been solicited and no bid or proposal has been received. In such a situation the SBCAG may proceed to have the professional services performed without further an additional competitive process.
13. If, after rejecting bids the Purchasing Officer for micro- and small- purchases, or the SBCAG Board for formal purchases, determines and declares that, in its opinion, the services, supplies, equipment, or materials may be purchased at a lower price on the open market. (Pub. Util. Code § 180154.)

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PUBLIC WORKS CONTRACTS¹

Includes construction², reconstruction, renovation, improvement, painting and repair work of publicly owned facilities

Purchasing requirements shall not be artificially divided to avoid the provisions of this section.

CATEGORY	PROCESS/PROCEDURE
Purchase of \$1,001 to \$10,000	Identified in OWP & Budget Division Director authorizes purchase
Purchase of \$10,001 to \$25,000	Identified in the OWP & Budget Informal bid from at least 3 sources Divisional recommendation Purchasing Officer authorizes purchase
Purchase over \$25,001	Identified in the OWP & Budget Formal bid required Purchasing Office authorizes purchase up to \$100,000 Board authorizes purchase greater than \$100,000

¹ Defined in accordance with Public Contract Code § 22002

² Construction projects using Federal funding require conferring with counsel

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VI. Methods of Purchasing – Public Works Contracts

Public Works Contracts Defined

A “Public Works Contract,” means an agreement for the erection, construction, alteration, repair, or improvement of any public structure, building, road, or other public improvement of any kind. (Pub. Contract Code § 1101.)

Public improvement includes:

1. Construction, reconstruction, erection, alteration, renovation, improvement, demolition and repair work involving any publicly owned, leased or operated facility; or
2. Painting or repainting of any publicly owned, leased, or operated facility. (Pub. Contract Code § 22002(c).)

Public improvement does not include maintenance. For purposes of this section maintenance work includes the following:

1. Routine, recurring and usual work for the preservation or protection of any publicly owned or publicly operated facility for its intended purposes;
2. Minor repainting;
3. Resurfacing of streets and highways at less than one inch; or
4. Landscape maintenance, including mowing, watering, trimming, pruning, planting, replacement of plants and servicing of irrigation and sprinkler systems. (Pub. Contract Code 22002(d).)

Facility means any plant, building, structure, ground facility, real property, streets and highways or other public work improvement. (Pub. Contract Code § 22002(e).)

Prevailing Wage Requirements

Under the Labor Code “Public Works” is defined more broadly to include any construction, alteration, demolition, installation, repair work, maintenance, land surveying work, inspection, job site cleanup, and hauling of materials or refuse. (Labor Code §§ 1720, 1720.3 [hauling materials includes materials for paving, grading, and fill onto the public works site; hauling refuse includes items such as soil, sand, gravel, rocks concrete, asphalt, excavation materials, and construction debris], 1771.) “Construction” includes work performed during the design, site assessment, feasibility study, and other preconstruction phases and post construction phases. (Labor Code § 1720.)

- Any agreement exceeding \$1,000 that includes Public Works as defined under the Labor Code requires payment of prevailing wages. (Labor Code §§ 1720, 1771, 1720.3.)

Public Works Contracts subject to Prevailing Wage requirements must be registered with the State Department of Industrial Relations (DIR) at <http://www.dir.ca.gov/Public-Works/PublicWorks.html> as follows:

- SBCAG must register any project subject to Prevailing Wages greater than \$25,000 when the project is for construction, alteration, demolition, installation, or repair work, or if greater than \$15,000 when the project is for maintenance work. (Labor Code 1773.3.)
- Any contractor must register to bid on any project subject to Prevailing Wages greater than \$25,000 when the project is for construction, alteration, demolition, installation, or repair work, or if greater than \$15,000 when the project is for maintenance work. (Labor Code § 1773.3.)

Note: Some contracts meet the definition of “public works” under Labor Code section 1720, thereby requiring prevailing wages, but may not meet the definition of a Public Works Contract

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or Public Project under Public Contract Code § 1101, therefore, may not be subject to other provisions of the Public Contract Code.

A. Public Works less than Ten Thousand and No/100ths (\$10,000) Dollars.

Public works valued at \$10,000 or less, shall be contracted using simplified and cost-effective operational procedures without the requirement of soliciting requests for bids from multiple providers. Purchases less than \$10,000 require Division Director authorization prior to purchase, so long as the Purchasing Officer has delegated this authority to the Division Director.

Purchasing requirements shall not be artificially divided so as to avoid the provisions of this section.

B. Public works greater than Ten Thousand and No/100ths (\$10,000) Dollars to Twenty-Five Thousand and No/100ths (\$25,000) Dollars.

1. Informal bid procedure. The purchase for which a public project has a value of \$10,000 to \$25,000 or less, may be made on the open market, following the procedure prescribed below:
 - a. Minimum number of quotations. Open-market purchases shall, whenever possible, be based on at least three (3) quotations and shall be awarded to the lowest responsible quotation;
 - b. Notice inviting quotations. The division making the purchase shall solicit quotations by written (including e-mail), verbal request to prospective vendors;
 - c. Quotations. Quotations shall be submitted in writing (including facsimile and e-mail or generated via online search engine) to SBCAG, which shall keep a record of all open-market orders; and
 - d. Award of contracts. The Purchasing Officer is authorized to award a contract of up to \$100,000 or less when the Board of Directors has appropriated funds for the item(s) and the amount of the award is not more than the appropriated amount.
2. Exceptions. Bidding under this section may be dispensed with in accordance with provisions set forth in the section titled "Exceptions to the bidding process" found in section VI.D below.

C. Public works greater than Twenty-Five Thousand and No/100ths (\$25,000) Dollars.

1. Formal Public Project Contract procedures. SBCAG may enter into a contract for completion of a public project with a value of more than \$25,000 through the following below:
 - a. Notice inviting bids. The notice inviting bids shall include a general description of the public project to be completed, and shall state where bid forms and specifications may be secured and the time and place for opening bids:
 - i. Published notice. The notice inviting bids shall be published on SBCAG's website at least thirty (30) days before the date of the opening of the bids; and
 - ii. Bidders' list. SBCAG shall also solicit sealed bids from responsible prospective suppliers whose names are on a bidders' list.
 - b. Bidders' security. When necessary, SBCAG shall require bidders' security. Bidders' security shall be in accordance with the provisions of the California Public Contract Code and California Civil Code. Any public works contract in excess of \$25,000 shall, before commencement of work, give a payment bond to SBCAG in an amount not less than 100 percent of the total amount payable under the public works contract. The bond shall be executed by an admitted surety insurer. (Civ. Code §§ 9550, 9554.)
 - c. Bid opening procedure. Bidders shall submit electronic submissions via the SBCAG e-

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Procurement Portal <https://procurement.opengov.com/portal/sbcag>. Bids shall be opened at the time and place stated in the public notices.. A tabulation of all bids received shall be open for public inspection during regular business hours for a period of not less than fifteen (15) calendar days after the bid opening.

- d. Rejection of bids. Bids failing to meet requirements shall be determined non-responsive and rejected from consideration. At its discretion, the Board of Directors may reject any and all bids presented and may instead direct SBCAG staff to re-advertise for bids.
 - e. Award of contracts.
 - i. The Purchasing Officer is authorized to award a contract of up to \$100,000 or less when the Board of Directors has appropriated funds for the item(s) and the amount of the award is not more than the appropriated amount.
 - ii. The Board of Directors shall award a contract for the purchase of goods and services with a value of more than \$100,000. A contract shall be awarded to the lowest responsible bidder, except as otherwise provided herein. A contract may be awarded to the next lowest responsible bidder if the successful bidder refuses or fails to execute the contract. If the first two lowest responsible bidders fail to execute the contract, then SBCAG will reopen the bidding.
 - f. Tie bids. If two (2) or more bids received are for the same total amount of unit price and quality, service, and delivery being equal, and if the public interest will not permit the delay of re-advertising for bids, the committee conducting the evaluation of the bids may accept the one it chooses, or accept the lowest good faith offer by negotiation with the tie bidders.
 - g. Performance bonds. SBCAG has the authority to require a performance bond before entering a contract, in such amount as is reasonably necessary to protect the best interest of SBCAG or any of the jurisdictions. If a performance bond is required, the form and amount of the bond shall be described in the notice inviting bids.
2. Exceptions. Bidding under this section may be dispensed with in accordance with provisions set forth in the section titled "Exceptions to the bidding process" found in section VI.D below.

D. Exceptions to the bidding process – When using local funds only.

Contracts for Public Works which the cost to SBCAG in one transaction will be more than \$10,000 shall be permitted by either informal or formal competitive bidding or proposals pursuant to this policy. Nothing in this section shall preclude the solicitation of competitive bids or proposals, when possible. The following are exemptions to the competitive bidding requirements:

- 1. Emergency purchases made under a declaration of an emergency by the Board, executive committee, or designee per Public Utilities Code section 180154;
- 2. Situations where solicitations of bids or proposals would for any reason be impractical, unavailing, or impossible;
- 3. Works of art, entertainment, or performance;
- 4. Surplus personal property owned by another governmental, public, or quasi-public entity; or
- 5. As allowed by the California Public Contract Code.

E. Local Agency Design-Build Projects

If SBCAG determines it is in the best interest of SBCAG to award a public project based on the design-build method of project delivery, using a best value procurement methodology, it will make such an award in accordance with California Public Contract sections §§ 22160 — 22169, as may be allowed.

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Federal Funding/Blended Local and/or State with Federal Funds

Applies to all purchases that utilize Federal funds for the thresholds listed below. Purchases under these thresholds follow the guidelines elsewhere in this policy

Purchasing requirements shall not be artificially divided to avoid the provisions of this section.

CATEGORY	PROCESS/PROCEDURE
Purchase of \$1,001 to \$10,000	Identified in the OWP and Budget Division Director authorizes Purchase
Purchase of \$10,001 to \$249,999	Identified in the OWP & Budget Informal bid from at least 3 sources. Purchasing Officer authorizes purchase up to \$100,000. Board authorizes purchase over \$100,000.
Purchase of \$250,000 and above	Identified in the OWP & Budget Formal bid required Board authorizes purchase

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VII. Methods of Purchasing – Federal Funding/Blended Local and/or State with Federal Funds

A. Goods, Services, and Professional services less than Ten Thousand and No/100ths (\$10,000) Dollars – Micro purchase.

Goods, Services, and Professional services valued at \$10,000 or less, shall be contracted using simplified and cost-effective operational procedures without the requirement of soliciting requests for proposals from multiple professional service providers. (2 CFR § 200.320(c)(1).) Purchases less than \$10,000 require Division Director authorization prior to purchase, so long as the Purchasing Officer has delegated this authority to the Division Director.

B. Purchases greater than Ten Thousand (\$10,000) Dollars to Two Hundred Thousand (\$250,000) Dollars – Small Purchases: Informal Bid.

1. Informal bid procedure. When a purchase uses federal funding to procure goods, non-professional services, and professional services* has a value of \$10,001 to \$249,999, the procurement must be made on the open market, following the procedure prescribed below:

- a. Minimum number of quotations. Open-market purchases shall, whenever possible, be based on at least three (3) quotations and shall be awarded to awarded to the responsible offeror whose quotation is most advantageous to SBCAG with price and other factors considered, or when applicable, for engineering and design related services to the “most qualified” in accordance with the Federal Brooks Act. (2 CFR Part 200; 23 CFR Part 172.) ;
- b. Notice inviting quotations. The division making the purchase shall solicit quotations by written (including e-mail), verbal request to prospective vendors;
- c. Quotations. Quotations shall be submitted in writing (including facsimile and e- mail or generated via online search engine) to SBCAG, which shall keep a record of all open-market orders; and
- d. Award of contracts. The Purchasing Officer is authorized to award a contract of up to \$100,000 or less when the Board of Directors has appropriated funds for the item(s) and the amount of the award is not more than the appropriated amount. Awards of contracts over \$100,000 must be approved by the Board of Directors.

*Professional services that are for architects, engineering, land surveying, or construction project management firms if being funded with blended State and Federal funds must follow the Federal Brooks Act and the California Mini-Brooks Act. SBCAG will consult with counsel for guidance as to requirements at the time of purchase to ensure compliance.

2. Exceptions. The open-market procedure may be dispensed with in accordance with provisions set forth in “Exceptions to the competitive process” in section VII.D below.

C. Purchases greater than Two Hundred Thousand (\$250,000) Dollars – Formal Bid.

Formal request for proposal (RFP) procedures. When a purchase uses federal funding to procure goods, non-professional services, and professional services with a value of more than \$250,000 following the procedure prescribed below, or in the alternative the request for proposal (RFP) procedure:

1. Request for proposals. The RFP shall include a general description of the goods, services, or professional services to be purchased, shall include a proposed agreement, and the time and place for submission of proposals. A notice inviting proposals shall be distributed to at least three (3) organizations and shall be posted on the SBCAG website at least thirty (30) days prior to the deadline for submission of proposals. Offerors shall submit proposals;
2. Evaluation of proposals. All responsive proposals shall be reviewed and evaluated by SBCAG

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in order to determine which offeror is the responsible offeror whose proposal is most advantageous to SBCAG with price and other factors considered, or when applicable, for engineering and design related services to the “most qualified” in accordance with the Federal Brooks Act. (2 CFR Part 200; 23 CFR Part 172.) The criteria by which SBCAG shall evaluate proposals will be set forth in the RFP. SBCAG reserves the right to reject any and all proposals or waive any irregularities in any proposal or the proposal process; and

3. Award of contract. The Board of Directors shall award a contract for goods, services, or professional services with a value of greater \$250,000. A contract shall be awarded to the responsible offeror whose proposal is most advantageous to SBCAG with price and other factors considered, or when applicable, for engineering and design related services to the “most qualified” in accordance with the Federal Brooks Act, except as otherwise provided herein. (2 CFR Part 200; 23 CFR Part 172.) A contract may be awarded to the next highest ranking proposal if the successful bidder/offeror refuses or fails to execute the contract. If the first two highest ranking bidders/offerors fail to execute the contract, then SBCAG will reopen the competitive procurement.

D. Exceptions to the competitive process - Procurements partially or fully funded through federal dollars.

Pursuant to Title 2, Code of Federal Regulations, section 200.320, procurement by noncompetitive proposals is procurement through solicitation of a proposal from only one source and may be used only when one or more of the following circumstances apply:

1. The aggregate amount of the procurement does not exceed the micro-purchase threshold in Section VII.A;
2. The item is available only from a single source;
3. The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation;
4. The Federal awarding agency or State expressly authorizes noncompetitive proposals in response to a written request from SBCAG; or
5. After solicitation of a number of sources, competition is determined inadequate.

E. Purchases for Construction

Purchases using Federal funds for construction require more stringent rules under the cross-cutting regulations of the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (“Uniform Guidance” 2 CFR Part 200). The Uniform Guidance requires additional contract clauses for Construction contracts. (*Id.* at Appendix II.)

Construction under the federal requirements of Davis-Bacon and Related Acts Provisions and Procedures must be included in any contract in excess of \$2,000 which is entered into for the actual construction, prosecution, alteration and/or repair, including painting and decorating, of a public building or public work, or building or work financed in whole or in part from Federal funds. (29 C.F.R. § 5.5.)

The term “building or work” generally includes construction activities of all types, as distinguished from manufacturing, furnishing of materials, or servicing and maintenance work. The term includes, without limitation, buildings, structures, and improvements of all types, such as bridges, solar panels, wind turbines, broadband installation, installation of electric car chargers, plants, highways, parkways, streets, tunnels, sewers, mains, heavy generators, railways, airports, terminals, levees, canals, rehabilitation and reactivation of plants, scaffolding, drilling, blasting,

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excavating, clearing, and landscaping. The term “building or work” also includes a portion of a building or work, or the installation (where appropriate) of equipment or components into a building or work.

The terms “construction, prosecution, completion, or repair” includes all types of work done on a particular building or work site by laborers and mechanics employed by a contractor or subcontractor, or in the construction or development of a project under a development statute. These terms include, without limitation:

- Altering, remodeling, installation on the site of the work of items fabricated offsite;
- Painting and decorating;
- Manufacturing or furnishing of materials, articles, supplies or equipment, but only if such work is done by laborers or mechanics;
- “Covered transportation” as defined in detail in Title 29 of the Code of Federal Regulations section 5.2 such as transportation entirely in the worksite, between a primary and secondary work site, or onsite activities essential or incidental to offsite transportation;
- Demolition and/or removal activities such as removal of asbestos, paint, components, systems, or parts from a facility that will not be demolished; as well as contracts for hazardous waste removal, land recycling, or reclamation that involve substantial earth moving, removal of contaminated soil, re-contouring surfaces, and/or habitat restoration. (29 C.F.R. § 5.2.)

In addition to the above, specific Federal requirements are likely to apply in accordance with a Federal Notice of Funding Opportunity or grant award document. In California, typically, California Prevailing Wage law is more stringent than Federal labor requirements. SBCAG will follow the most stringent requirements. SBCAG will consult with counsel for guidance as to Federal requirements in place at the time of purchase to ensure compliance.

General Considerations and Information

VIII. Competitive and non-competitive negotiations

- A. Applicability. A purchase may be had by negotiations when the purchase is for a sole source item, service, or professional service including, but not limited to: a technology product; an addition to, repair to, or maintenance of existing equipment which can be more efficiently added to, repaired, or maintained by a particular company or manufacturer; equipment which must be compatible with existing equipment, by reason of the training of the personnel; or an inventory of existing replacement parts kept by SBCAG. Sole source means there is only one supplier, or source, to the best of the requester’s knowledge based upon thorough research and is the only supplier capable of delivering the required product or non-professional service. The affected division of SBCAG shall state in writing the basis for determination that this section applies. Before any negotiations take place, that determination and the method of negotiation (competitive or noncompetitive) must be first approved by the Purchasing Officer when the purchase is more than \$25,000.
- B. Competitive negotiation.
 - 1. Request for Proposals. Proposals are requested from a minimum of three (3) vendors. The notice inviting proposals shall be published at least thirty (30) days before the date of the opening of the bids if the value of the product is expected to reach more than \$50,000 unless a declaration of an emergency is issued. (see Emergency Purchases below.) Notice shall be

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published on SBCAG’s website inviting bids. The request for proposals must identify all of the significant evaluation factors, including cost and their relative importance.

2. Receipt of proposals. Proposals must be submitted by the date and time specified on the notice inviting proposals and shall be identified by the Request for Proposal number.
3. Negotiation. The most qualified and responsive offeror will be selected for contract negotiations, unless otherwise described herein. If agreement cannot be reached with the highest ranked offeror, the second highest ranked offeror (and then the third and so on) will be contacted with the first choice offeror (or other offerors, in order) dismissed from further consideration on that particular project. All elements of the negotiation process shall be documented by the negotiating division and submitted to the Purchasing Officer.

Responsible offerors shall be given fair and equal treatment with respect to opportunity for discussion and revision of proposals. Any revisions that may be permitted after submission will be authorized in writing and prior to the award of a contract.

4. Award and notification. A contract award may be made to the responsible offeror whose proposal will be best for SBCAG considering evaluation factors, unless otherwise described herein. All offerors participating in the process shall be notified in writing of the successful award.
- C. Noncompetitive negotiations. When there is only one source, purchase can be made through solicitation and negotiation directly with that source. The affected divisional lead shall state in writing, that basis for this determination. Before any purchase is made, that determination must be approved in writing by the Purchasing Officer.

IX. Determination of the lowest responsible bidder

In determining the lowest *responsible* bidder, “responsible” has reference to trustworthiness, quality, fitness, and capacity of the low bidder to satisfactorily perform the proposed work. To determine whether or not a bidder is “responsible” or “not responsible”, the following will be considered:

- A. Quality of the materials, supplies, services, and/or equipment offered;
- B. The ability, capacity, and skill of the bidder to perform the contract or provide the materials, supplies or equipment;
- C. Whether the bidder can perform the contract or provide the materials, supplies or equipment promptly or within the time specified, without delay or interference;
- D. Past performance of the bidder;
- E. The sufficiency of the bidder’s financial resources to perform the contract or provide the materials, supplies, or equipment;
- F. The ability of the bidder to provide future maintenance and services if essential;
- G. The compatibility of the materials, supplies and/or equipment with SBCAG’s existing inventory of same;
- H. The quality and timeliness of the bidder’s performance on previous orders or contracts for SBCAG;
- I. The ability of the bidder to provide future maintenance and service where such maintenance and service is essential; and
- J. The character, integrity, reputation, judgment, experience, and efficiency of the bidder.

When a determination of “not responsible” is made, the low monetary bidder will be afforded an opportunity to rebut any adverse evidence and be permitted to present evidence that the bidder is

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qualified to perform the contract. A quasi-judicial proceeding, however, prior to rejection of the low monetary bidder as a non-responsible bidder shall not be required.

X. Determination of Most Qualified or Best Value

When the determination of the “most qualified” or “best value” is made the following criteria shall be used:

- A. Professional qualifications necessary for satisfactory performance of the required service.
- B. Specialized experience and technical competence in the type of work required.
- C. Capacity to accomplish the work in the required time.
- D. Past performance on projects of similar scope and nature in terms of cost control, quality of work, and compliance with performance schedules and standards.
- E. Location of the Firm relative to where the project services will be performed and/or pertinent knowledge of the project area.
- F. Proposed fee schedule based on fair and reasonable compensation for services to be performed.

XI. Procurements partially or fully funded through federal dollars – Exceptions to the bidding process

Pursuant to Title 2, Code of Federal Regulations, section 200.320, procurement by noncompetitive proposals is procurement through solicitation of a proposal from only one source and may be used only when one or more of the following circumstances apply:

- A. The item is available only from a single source;
- B. The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation;
- C. The Federal awarding agency or State expressly authorizes noncompetitive proposals in response to a written request from SBCAG; or
- D. After solicitation of several sources, competition is determined inadequate.

XII. Local business purchasing consideration

Non-federally funded purchases. Notwithstanding any other provision contained herein to the contrary, a five percent (5%) adjustment may be granted to local businesses whenever the SBCAG purchases services, supplies, materials, and/or equipment for SBCAG’s use through the competitive bid process, which shall be defined herein to include quotes, bids, and proposals. The Purchasing Officer, in evaluating competitive bids, shall determine the most qualified, lowest responsive bidder, and if the lowest responsive bidder is a non-local bidder, then a five percent adjustment shall be granted to local bidders. Local consideration only applies to the purchase of services, supplies, materials, and/or equipment, and will not apply to bids conducted with other public agencies nor when prohibited by state or federal statutes or regulations to be awarded to the “lowest responsible bidder” or otherwise exempted from local consideration. The total amount of such an adjustment granted in a single competitive bid shall not exceed \$5,000 over a non-local bidder.

The five percent local adjustment shall be deducted from the total dollar amount bid by local bidders on competitive quotes and bids and assessed on the total evaluated aggregate score obtained by local bidders on proposals.

For the purposes of this section, “local business” means any business which meets all of the following criteria:

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1. A principal place of business located within Santa Barbara County with a valid and verifiable business license, if applicable, issued by a jurisdiction within the county, or a business located in the unincorporated areas of the county. Post office boxes do not qualify as verifiable local business addresses;
2. Employs at least one full-time employee within the county, or if the business has no employees, shall be at least fifty percent (50%) owned by one or more persons whose primary residence(s) is located within the county; and
3. Has had a fixed office or place of business having a street address within the county for at least six months immediately prior to the issuance of the request for competitive bids by SBCAG.

To qualify for the local business consideration, local bidders may submit proof of the address of its principal place of business and a copy of their current business license, if applicable, with each bid for which an adjustment is claimed. Proof of address is normally the address to which purchase orders or contracts will be sent.

XIII. Emergency purchases

The Purchasing Officer, or designee, may make or authorize others to make emergency purchases, regardless of the cost, if there is an urgent necessity to do so. An emergency shall be deemed to exist if personal property or contractual services are needed without undue delay for the preservations of life or property or to prevent the breakdown of a SBCAG service at a substantial expense to SBCAG and when it is not possible to acquire prior approval. Such emergency purchase shall be made with such competition as is practical under the circumstances and shall be limited to those goods and services necessary to satisfy the emergency need. If the purchase is in excess of \$50,000 the Purchasing Officer or designee must declare an emergency to justify the absence of the bidding and award requirements identified in Public Utilities Code section 180154(b). In such instances, a written report of the purchase will be given to the Purchasing Officer including a description of the emergency and the basis for selection of the particular contractor, and a copy of this report shall be included in the purchase records. In the event that such emergency action is necessary, and the purchase cost is more than \$50,000 in any one transaction, the Purchasing Officer or designee shall make a full and complete report to the Board of Directors at its next regularly scheduled meeting.

XIV. Disposition of Surplus Property

- A. Authority.** The Purchasing Officer is authorized to sell or dispose of surplus personal property having a salvage value in the open market by public auction, by competitive sealed bids, by exchange or trade-in for new goods, or in accordance with Federal requirements when federal funds were used and remain applicable. The sale or lease of surplus personal property to a governmental, public or quasi-public agency may be without advertisement for or receipt of bids.
- B. Property with no salvage value.** Surplus personal property with no salvage value shall be disposed of in a manner that salvages recyclable components, if practical, or in accordance with Federal requirements when federal funds were used and remain applicable.
- C. Records.** The SBCAG will keep records, which indicate surplus personal property disposed of, the method of disposal, and the amounts recovered from its disposal and shall maintain records for public inspection relative to the disposal of surplus personal property for a period of time in compliance with record-keeping provisions.
- D. Donations.** Surplus personal property may be donated to governmental, public or quasi- public agencies, charitable, nonprofit organizations, or in accordance with Federal requirements when federal funds were used and remain applicable.

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- E. **Proceeds of sale.** Proceeds from the sale of surplus personal property shall be deposited into the appropriate SBCAG fund or account.

XV. Credit Card Purchases

Credit card purchases are subject to the same authority identified elsewhere in this policy. Credit cards should be used for small non-routine items not exceeding \$1,000, subscription services where credit cards are the best option or when traveling on SBCAG business. Payments for routine purchases or payments should be set up in the SBCAG financial system and processed when invoices are received. Individual credit cards have a single purchase limit of \$1,000 and a maximum credit line of \$3,500 for employees and \$5,000 for the Management team. Request to increase these limits should be coordinated with the assistance of the SBCAG finance team. The following guidelines should be used when utilizing an SBCAG credit card:

- A. Credit Card Purchases up to \$1,000 for goods or services can be made with authorization by the Division Director via written consent or email.
- B. Credit Card Purchases for goods or services between \$1,001 and \$5,000 can be made with authorization from the Procurement Officer or the Chief Financial Officer via written consent or email.
- C. Credit Card Purchases over \$5,001 will be authorized by the Purchasing Officer or designee on a case by case basis giving consideration to the best purchasing options for the agency.
- D. Credit cards utilized for employee travel shall be completed utilizing the pre-approval process for employee travel and could exceed the thresholds listed under this section.

Purchases shall not be artificially divided to avoid the provisions within this section.

All charges must be supported with receipts and must be forwarded to the finance team in a timely manner. (i.e. as soon as the charge has been incurred). If a receipt is unavailable or lost, a Cal-Card lost receipts form must be completed and sent to the finance team in a timely manner.

XVI. Donations (cash and non-cash)

SBCAG may from time to time may receive cash and non-cash (in-kind) donations from the public and other governmental agencies. This policy has been developed to encourage, recognize, and report donations in the most proper manner as guided by the government code, the Internal Revenue Code, and generally accepted accounting principles.

The Purchasing Officer or Designee has the authority to accept or reject any individual "gift bequest or device" (donation) for the agency in a sum not to exceed \$10,000 from one source, excluding real property. If a donation is greater than \$10,000, an acceptance or rejection decision shall be determined by the Board of Directors. Acceptance of a donation requires that the accounting and Internal Revenue Service procedures, as described in later sections, be followed by SBCAG. A donation of any amount may be presented to the Board of Directors for acceptance or rejection if the Purchasing Officer determines that doing so would be in SBCAG's best interest or serve the public interest.

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Policies and Definition of Terms

- Authority:** SBCAG Joint Powers Agreement, Government Code section 6500, Government Code Section 25355, California Code of Regulations, Title 2, Section 18944
- IRS Authority:** SBCAG may accept donations as charitable contributions under Internal Revenue Code Section 170(c)(1).
- Donor Types:** Donations may be accepted directly from taxpayers, such as individuals, partnerships, and corporations, or from non-profit organizations.
- Donation Defined:** A voluntary transfer of money or tangible item (real property is not a tangible item) without compensation to a charity or public institution. A transfer that stipulates advertising, marketing, or other quid-pro-quo in return for the transfer is not a donation, rather it is “sponsorship” and is beyond the scope of this policy.
- Donor Influence:** Donations are not to be accepted from individuals or agencies where acceptance will require the donor to receive a substantial benefit from SBCAG or will allow the donor to determine policy or to exert influence on SBCAG.
- Donation Types:** Cash or non-cash (in-kind). Non-cash donations can include goods, supplies, equipment, vehicles, buildings, land, computer software, works of art, historical treasures, and other. Non-cash donations (excluding real property) should have value to SBCAG in its form for acceptance.
- Non-profit Organization and Foundation (NPO)** NPOs that donate to SBCAG must be independent of SBCAG or per Governmental Accounting Standards these accounts would be considered fiduciary and custodial activities of SBCAG. If it is determined an NPO is controlled by SBCAG, it is required that all financial activity is to be recorded in the books of SBCAG, the deposits will be made directly to the County Treasury by SBCAG’s finance division..
- Employees of SBCAG must not control the Board of Directors or management of the NPO. Employees of SBCAG must not hold control offices such as president or treasurer, control the bank accounts, or be signatories on the bank accounts.
- Donation Threshold:** SBCAG Purchasing Officer has the authority to accept or reject an individual “gift, bequest or device” (donation), in an amount up to \$10,000. If a donation is greater than \$10,000, an acceptance or rejection decision shall be determined by the Board of Directors. If more than one donation during a fiscal year from the same donor will sum to more than \$10,000, the additional donation(s) that will make the cumulative amount exceed \$10,000 will be brought to the Board of Directors for acceptance. A pledge of more than \$10,000, paid in installments, will be brought to the Board of Directors for acceptance.

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- Acceptance Timing: Donations over \$10,000 shall be officially accepted by SBCAG or the Board of Directors prior to placing the donation in use. SBCAG may have physical possession of a donation prior to official acceptance but must return the donation if it is not accepted.
- Donation Solicitation: SBCAG must avoid any actual or perceived conflict-of-interest surrounding donations. All donations must be made, and any actions taken by SBCAG must be with complete impartiality and without favoritism, and the appearance of partiality or favoritism must be avoided. SBCAG may not solicit donations from organizations over which they have regulatory or enforcement authority.
- Appraisal/Valuation: If a donor estimates that a non-cash donation has a value of \$5,000 or more, an appraisal may be necessary. The appraisal cost cannot be added to the estimated value of the item.
- Additionally, the cost and the pursuit of the appraisal should be the responsibility of the donor. The reference to “qualified appraisals” in this document is in accordance with IRS Publication 561 available at www.irs.gov. Supplies and materials that are new and have never been placed in service prior to the donation may be valued with purchase receipts provided by the donor as long as the elapsed time of transfer would not have affected the value.
- Policy Exclusions: The following items are excluded from the acceptance or rejection requirements of this policy since they are not donations with respect to this policy. Although excluded, SBCG may need to develop internal policies or criteria for these specific exclusions for their own tracking or reporting needs.
- a) Volunteer service hours – these are not considered donations since these services are not allowable as IRS charitable deductions and their value is not reported on SBCAG financial statements. If SBCAG wishes to acknowledge volunteer service hours as matter of public interest, it is allowable under this policy.
 - b) Shared cost programs – programs that share the cost of a SBCAG project with individuals or agencies resulting in a benefit for both SBCAG and the cost-sharer. These are not considered donations since the individual is receiving something from SBCAG in return for their contribution.
 - c) Operating or capital grants
- Donation Receipt: SBCAG shall provide donors a receipt as noted in the following procedures.
- Reporting: In accordance with Government Code section 25355, SBCAG will file with the Board of Directors a report that describes the source and value of all donations received in excess of \$10,000.

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A. Procedures for CASH Donations

All cash donations should be recorded in FIN as donation revenue and appropriated as necessary.

1. Less than or equal to \$10,000:

- a. Provide a receipt to the donor;
- b. Deposit cash immediately into the County Treasury; and
- c. Complete a budget revision, if necessary, to appropriate the donation revenue.

2. Greater than \$10,000 requires Board Approval:

- a. Provide a receipt to the donor;
- b. SBCAG finance division shall deposit cash immediately into the County Treasury;
- c. Prepare a staff report recommending Board acceptance or rejection of the donation and include:
 - A recommendation to accept or reject donation;
 - The amount of the donation and name of donor;
 - The facts and circumstances of the donation;
 - All caveats or obligations that acceptance of the donation will require;
 - A description of how the donation will be used for SBCAG operations or other purpose;
 - The accounting (fund, department, account) identifying where the cash will be deposited; and
 - The budget revision resolution, if necessary, to appropriate the donation revenue.
- d. Action of the Board will result in an acceptance or rejection. If rejected, the gift shall be returned to the rightful owner.

B. Procedures for NON-CASH Donations

Non-Cash donations are to be recorded in FIN with both a Source (Donation Revenue) and a Use (Capital Asset, Equipment, etc.). The procedures for accepting non-cash donations may be more extensive than cash donations based on donor entity type (taxpayer or a non-profit agency) and the value of the donation.

1. Less than \$5,000:

- a. Provide a receipt to the donor, if requested. The value of the donation should be agreed upon between the SBCAG and the donor; and
- b. Prepare a budget revision to appropriate the donation revenue and asset, if necessary.

2. More than \$5,000 and up to \$10,000, and received from a Taxpayer:

- a. A receipt, documentation, or a qualified appraisal is necessary to support the valuation amount for proper asset recognition in SBCAG's financial statements;
- b. A budget revision to appropriate the donation revenue and asset, if necessary;
- c. If donor is planning to claim the donation as a charitable deduction on their tax return:
 - Per IRS regulations, a qualified appraisal is necessary to support the valuation amount and the donor should complete IRS Form 8283. The department accepting the donation must sign IRS Form 8283; and
 - A copy of the appraisal and IRS Form 8283 should be forwarded to the Chief Financial Officer of SBCAG..

3. More than \$5,000 and up to \$10,000, and received from an NPO:

- a. A receipt, documentation, or a qualified appraisal is necessary to support the valuation amount for proper asset recognition in SBCAG's financial statements;
- b. A budget revision to appropriate the donation revenue and asset, if necessary; and

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- c. SBCAG will provide a receipt to the donor for the amount of the value, if requested by the donor.
- 4. More than \$10,000 and received from a Taxpayer requires Board Approval:**
- a. A receipt, documentation, or a qualified appraisal is necessary to support the valuation amount for proper asset recognition in SBCAG's financial statements;
 - b. SBACG will provide a receipt to the donor for the amount of the appraised value, if requested by the donor;
 - c. If the donor is planning to claim the donation as a charitable deduction on their tax return:
 - Per IRS regulations, a qualified appraisal is necessary to support the valuation amount and the donor should complete IRS Form 8283. The department accepting the donation must sign IRS Form 8283; and
 - A copy of the appraisal and IRS Form 8283 should be forwarded to the Chief Financial Officer of SBCAG..
 - d. SBCAG will prepare a staff report recommending Board acceptance or rejection of the donation and include:
 - A recommendation to accept or reject donation;
 - The amount of the donation and name of donor;
 - The facts and circumstances of the donation;
 - All caveats or obligations that acceptance of the donation will require;
 - A description of how the donation will be used for SBCAG operations or other purpose;
 - An estimate of annual operating expenses associated with any donated asset;
 - A budget revision to appropriate the donation revenue and asset, if necessary; and
 - Send the minute order to the Chief Financial Offer of SBCAG who will record the item in the capital asset inventory.
- 5. More than \$10,000 and received from an NPO requires approval from the Board:**
- a. A receipt, documentation, or a qualified appraisal is necessary to support the valuation amount for proper asset recognition in the SBCAG's financial statements;
 - b. Department to provide a receipt to the donor for the amount of the appraised value, if requested by donor;
 - c. Prepare a Board Letter recommending Board acceptance or rejection of the donation and include:
 - A recommendation to accept or reject donation;
 - The amount of the donation and name of donor;
 - The facts and circumstances of the donation;
 - All caveats or obligations that acceptance of the donation will require
 - A description of how the donation will be used for SBCAG operations or other SBCAG purpose;
 - An estimate of annual operating expenses associated with any donated asset; and
 - The budget revision resolution, if necessary, to appropriate the donation revenue.
 - d. Action of the Board will result in an acceptance or rejection. If rejected, the gift shall be returned to the NPO.