



<b>AGENDA</b>
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MEETING OF THE  
**FINANCE COMMITTEE**  
OF THE  
**SANTA BARBARA METROPOLITAN TRANSIT DISTRICT**  
A PUBLIC AGENCY  
TUESDAY, FEBRUARY 10, 2015  
10:00 A.M.  
**SANTA BARBARA MTD CONFERENCE ROOM (UPSTAIRS)**  
550 OLIVE STREET, SANTA BARBARA, CA 93101

1. **CALL TO ORDER**
2. **ROLL CALL OF THE FINANCE COMMITTEE**  
Bill Shelor, Committee Chair  
Dave Tabor, Director  
Roger Aceves, Director
3. **REPORT REGARDING POSTING OF THE AGENDA**
4. **APPROVAL OF PRIOR MINUTES (ATTACHMENT- ACTION MAY BE TAKEN)**  
The committee will be asked to waive the reading of and approve the draft minutes for the meeting of January 27, 2015.
5. **PUBLIC COMMENT**  
Members of the public may address the Committee on items within the jurisdiction of the Committee that are not scheduled for public hearing. The time allotted per speaker will be at the discretion of the Committee Chair. Please complete and deliver to the MTD **Board Clerk, before the meeting is convened, a "Request to Speak" form including a description of the subject you wish to address.**
6. **MID-YEAR BUDGET REVISION- (ATTACHMENT- ACTION MAY BE TAKEN)**  
Staff will update the Finance Committee on the District's Mid-year Budget Revision recommendations.
7. **PROCUREMENT POLICY & CREDIT CARD POLICY- (ATTACHMENT-ACTION MAY BE TAKEN)**  
Staff will present to the Committee modifications to the agencies' Procurement Policy to enhance existing language pertaining to credit card use.
8. **OTHER**
9. **ADJOURNMENT**

**AMERICANS WITH DISABILITIES ACT:** If you need special assistance to participate in this meeting, please contact the MTD Administrative Office at 963-3364 at least **48 hours in advance** of the meeting to allow time for MTD to attempt a reasonable accommodation.



MINUTES
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MEETING OF THE  
**FINANCE COMMITTEE**  
OF THE  
**SANTA BARBARA METROPOLITAN TRANSIT DISTRICT**  
A PUBLIC AGENCY  
FRIDAY, JANUARY 27, 2015  
2:30 P.M.  
**SANTA BARBARA MTD CONFERENCE ROOM (UPSTAIRS)**  
550 OLIVE STREET, SANTA BARBARA, CA 93101

1. **CALL TO ORDER**  
Committee Director Tabor called the meeting to order at 2:30 p.m.
2. **ROLL CALL OF THE FINANCE COMMITTEE**  
Committee Director Tabor reported all members were present with the exception of Committee Chair Shelor.
3. **REPORT REGARDING POSTING OF THE AGENDA**  
Lilly Gomez, Administrative Assistant, reported that the agenda was posted on Friday January 23, 2015 at MTD's Administrative Office, emailed and mailed to those on the agenda list, and posted on MTD's website.
4. **APPROVAL OF PRIOR MINUTES (ATTACHMENT- ACTION MAY BE TAKEN)**  
Director Aceves moved to waive the reading of and approve the draft minutes for the meeting of January 9, 2014. Director Tabor seconded the motion. The motion passed unanimously.
5. **PUBLIC COMMENT**  
None was made.
6. **SIX-MONTH FINANCIAL UPDATE- (INFORMATIONAL)**  
Staff updated the Finance Committee on the District's financial performance for the six month period ending December 31, 2014.
7. **DISCUSSION REGARDING CASH REPORTS AND CREDIT CARD POLICY- (ACTION MAY BE TAKEN)**  
The committee directed staff to draft and update the credit card policy for the full Board's consideration.
8. **OTHER**  
No other items were discussed
9. **ADJOURNMENT**  
Director Tabor moved to adjourn the meeting at 3:29 p.m. Director Aceves seconded the motion. The motion passed unanimously.



## FINANCE COMMITTEE REPORT

**MEETING DATE:** FEBRUARY 10, 2015      **AGENDA ITEM # 6**

**TYPE:** INFORMATIONAL

**PREPARED BY:** THAIS SAYAT

\_\_\_\_\_  
*Signature*

**REVIEWED BY:** GENERAL MANAGER

\_\_\_\_\_  
*GM Signature*

**SUBJECT:** MID-YEAR BUDGET REVISION

### **DISCUSSION:**

Staff will update the Finance Committee on the District's Mid-year Budget Revision recommendations.



***OPERATING & CAPITAL BUDGET***  
***FISCAL YEAR 2014-15***  
***Proposed Budget Revisions***

***Santa Barbara Metropolitan Transit District***  
***550 Olive Street \* Santa Barbara, CA 93101***  
***Telephone (805) 963-3364 \* FAX (805) 962-4794***  
***Website: sbmtd.gov \* E-Mail: cservice@sbmtd.gov***

***Submitted February 10, 2015***

**SANTA BARBARA METROPOLITAN TRANSIT DISTRICT**

**OPERATING & CAPITAL BUDGET  
FISCAL YEAR 2014-15**

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# OPERATING BUDGET SUMMARY

## FISCAL YEAR 2014-15

Operating Budget	Revised Budget FY 2014-15	Original Budget FY 2014-15	Change	Prior Year FY 2013-14
<u>Revenue</u>				
Passenger Fares	\$8,374,757	\$8,336,255	\$38,501	\$8,127,766
FTA Operating Assistance	4,943,999	4,943,999	0	4,943,999
FTA CMAQ Operating Assistance	0	0	0	0
Property Tax Revenue	965,000	965,000	0	985,328
Local Operating Assistance	76,091	69,755	6,336	93,848
Measure A	1,977,464	1,858,967	118,497	1,890,866
Non-Transportation Income	779,032	729,032	50,000	825,217
Sales Tax Revenue (TDA-LTF) CY	7,086,422	7,027,497	58,925	5,958,218
Total Operating Revenue	\$24,202,765	\$23,930,505	\$272,260	\$22,825,242
<u>Expense</u>				
Route Operations	\$14,046,696	\$13,728,715	\$317,981	\$13,026,263
Vehicle Maintenance	5,868,993	5,901,650	(32,657)	5,692,760
Passenger Accommodations	1,526,171	1,515,447	10,724	1,350,017
General Overhead	2,760,905	2,784,693	(23,788)	2,756,203
OPEB Liability	0	0	0	0
Total Operating Expense	\$24,202,765	\$23,930,505	\$272,260	\$22,825,243
	FY 2014-15	FY 2014-15		
<u>Net Assets - Unrestricted</u>				
Beginning Balance	\$9,133,078	\$9,133,078		
Net Change from Operating Activities	234,556	0		
*Ending Balance	\$9,367,634	\$9,133,078		

(\*The ending balance for fiscal years 2014-15 does not reflect the year-end adjustment to account for Other Post-Employment Benefits (retiree health insurance). Governmental accounting standards require the District to book the actuarially derived estimate each year.

**OPERATING REVENUE DETAIL**  
**FISCAL YEAR 2014-15**

	Proposed Budget FY 2014-15	Original Budget FY 2014-15	Change	Prior Year FY 2013-14
<b>FAREBOX REVENUE</b>				
Cash Fares	\$2,676,522	\$2,667,043	\$9,480	\$2,708,564
Downtown-Waterfront Shuttle/My Ride	1,087,330	1,087,330	0	1,064,400
UCSB Contract Fares	947,093	931,534	15,559	938,874
SBCC Contract Fares	994,131	999,126	(4,995)	801,644
Amtrak Fares	0	0	0	0
Special Event Fares	77,294	77,294	0	114,692
Brooks Pass Program	2,542	6,324	(3,782)	5,730
Day Pass	5,378	4,249	1,129	4,136
Adult 10-Ride Pass	755,009	733,858	21,151	746,109
Youth 10-Ride Pass	381,562	494,323	(112,761)	413,542
Senior/Mobility 10-Ride Pass	111,490	112,769	(1,279)	111,613
Coastal Express - 10-Ride Pass	92,689	94,340	(1,651)	100,128
Adult 30-Day Pass	742,112	650,637	91,475	646,925
Youth 30-Day Pass	238,786	213,874	24,913	213,068
Senior/Mobility 30-Day Pass	223,939	219,990	3,949	216,422
Ventura CE - 30-Day Pass	38,880	43,565	(4,685)	41,919
<i>Subtotal</i>	<u>\$8,374,757</u>	<u>\$8,336,255</u>	<u>\$38,501</u>	<u>\$8,127,766</u>
<b>NON-TRANSPORTATION INCOME</b>				
Advertising on Buses	\$500,000	\$450,000	\$50,000	\$496,705
Interest on Investments	70,000	70,000	0	61,719
Overpass Lease & Misc. Revenue	209,032	209,032	0	266,793
<i>Subtotal</i>	<u>\$779,032</u>	<u>\$729,032</u>	<u>\$50,000</u>	<u>\$825,217</u>
<b>SUBSIDIES</b>				
TDA Sales Tax Revenue	\$7,086,422	\$7,027,497	\$58,925	\$5,958,218
(Unrestricted - Cash Reserves)	0	0	0	0
FTA Formula Assistance	4,943,999	4,943,999	0	4,943,999
FTA CMAQ Operating Assistance	0	0	0	0
Property Tax Revenue	965,000	965,000	0	985,328
Measure A	1,977,464	1,858,967	118,497	1,890,866
LOA	76,091	69,755	6,336	93,848
<i>Subtotal</i>	<u>\$15,048,976</u>	<u>\$14,865,218</u>	<u>\$183,758</u>	<u>\$13,872,259</u>
<b>Total Operating Revenue</b>	<u><u>\$24,202,765</u></u>	<u><u>\$23,930,505</u></u>	<u><u>\$272,260</u></u>	<u><u>\$22,825,242</u></u>

**OPERATING EXPENSE SUMMARY**  
**FISCAL YEAR 2014-15**

	Proposed Budget FY 2014-15	Original Budget FY 2014-15	Change	Prior Year FY 2013-14
<i>ROUTE OPERATIONS</i>				
Drivers	\$10,499,155	\$10,203,201	\$295,954	\$9,805,524
Dispatch & Supervision	551,316	550,739	577	514,492
Hiring & Training	355,176	290,466	64,710	297,460
Risk & Safety	2,010,538	2,053,798	(43,260)	1,784,519
Transportation Subsidies	630,511	630,511	0	624,268
<i>Subtotal</i>	<u>\$14,046,696</u>	<u>\$13,728,715</u>	<u>\$317,981</u>	<u>\$13,026,263</u>
<i>VEHICLE MAINTENANCE</i>				
Mechanics	\$1,190,224	\$1,190,224	\$0	\$1,069,605
Cleaners & Fuelers	762,737	762,737	0	764,566
Supervision	597,603	602,074	(4,471)	554,533
Vehicle Consumables	2,473,448	2,501,634	(28,186)	2,408,876
Bus Parts & Supplies	709,661	709,661	0	669,076
Vendor Services	82,500	82,500	0	55,974
Risk & Safety	52,820	52,820	0	170,130
<i>Subtotal</i>	<u>\$5,868,993</u>	<u>\$5,901,650</u>	<u>(\$32,657)</u>	<u>\$5,692,760</u>
<i>PASSENGER ACCOMMODATIONS</i>				
Passenger Facilities	\$603,838	\$599,393	\$4,444	\$624,129
Transit Development	376,454	376,000	454	331,650
Promotion & Information	256,763	253,718	3,045	131,482
Fare Revenue Collection	289,116	286,336	2,780	262,756
<i>Subtotal</i>	<u>\$1,526,171</u>	<u>\$1,515,447</u>	<u>\$10,724</u>	<u>\$1,350,017</u>
<i>GENERAL OVERHEAD</i>				
Finance	\$510,297	\$658,790	(\$148,492)	\$644,331
Personnel	66,392	109,967	(43,575)	106,741
Utilities & Communication	239,200	225,200	14,000	203,370
Operating Facilities	322,642	322,465	177	281,263
District Administration	1,622,374	1,468,272	154,102	1,520,498
<i>Subtotal</i>	<u>\$2,760,905</u>	<u>\$2,784,693</u>	<u>(\$23,788)</u>	<u>\$2,756,203</u>
<i>Total Operating Cost</i>	<u><u>\$24,202,765</u></u>	<u><u>\$23,930,505</u></u>	<u><u>\$272,260</u></u>	<u><u>\$22,825,243</u></u>



**ROUTE OPERATIONS DETAIL**  
**FISCAL YEAR 2014-15**

	Proposed Budget FY 2014-15	Original Budget FY 2014-15	Change	Prior Year FY 2013-14
<b>DRIVERS</b>				
Scheduled	\$6,058,748	\$6,026,129	\$32,619	\$5,798,772
Scheduled Overtime	281,909	280,499	1,410	271,073
Unscheduled Pay	189,637	188,885	752	198,205
Driver Lite Duty	25,224	25,224	0	0
FICA	571,953	569,292	2,661	536,294
Pension	851,181	851,181	0	831,267
Health	1,523,688	1,275,175	248,512	1,279,715
Sick Pay	148,154	148,154	0	142,567
Vacation Pay	499,988	499,988	0	448,311
Holiday Pay	253,344	253,344	0	222,304
Other Paid Leave	19,507	19,507	0	22,490
Unemployment Insurance	40,824	40,824	0	36,080
Uniforms	35,000	25,000	10,000	18,446
<b>Drivers Subtotal</b>	<b>\$10,499,155</b>	<b>\$10,203,201</b>	<b>\$295,954</b>	<b>\$9,805,524</b>
<b>DISPATCH &amp; SUPERVISION</b>				
Supervisors	\$156,016	\$156,016	\$0	\$158,979
Staff	160,048	159,652	396	154,651
FICA	31,030	30,993	38	28,054
Pension	35,744	35,698	46	36,489
Health	77,392	77,389	3	69,448
Sick Pay	8,616	8,612	4	12,534
Vacation Pay	32,629	32,571	58	25,585
Holiday Pay	15,360	15,339	21	12,781
Other Paid Leave	32,956	32,945	11	14,900
Unemployment Insurance	1,525	1,525	0	1,071
<b>Dispatch &amp; Supervision Subtotal</b>	<b>\$551,316</b>	<b>\$550,739</b>	<b>\$577</b>	<b>\$514,492</b>
<b>HIRING &amp; TRAINING</b>				
Staff	\$36,492	\$36,401	\$90	\$36,172
Student Drivers	51,494	51,494	0	56,354
Existing Drivers/Supers	171,773	111,773	60,000	117,618
FICA	20,792	16,194	4,598	12,446
Pension	10,171	10,161	10	12,880
Health	21,480	21,480	0	17,233
Sick Pay	1,761	1,761	0	4,862
Vacation Pay	5,274	5,267	7	7,894
Holiday Pay	4,086	4,083	4	4,728
Other Paid Leave	907	906	1	472
Unemployment Insurance	546	546	0	357
Medical Exams & License Fees	22,000	22,000	0	23,167
Employment Advertising	400	400	0	0
Training, Travel & Meetings	8,000	8,000	0	3,277
<b>Hiring &amp; Training Subtotal</b>	<b>\$355,176</b>	<b>\$290,466</b>	<b>\$64,710</b>	<b>\$297,460</b>
<b>RISK &amp; SAFETY</b>				
<b>Wages &amp; Benefits</b>				

**ROUTE OPERATIONS DETAIL**  
**FISCAL YEAR 2014-15**

	Proposed Budget FY 2014-15	Original Budget FY 2014-15	Change	Prior Year FY 2013-14
Staff	\$44,076	\$66,526	(\$22,450)	\$65,313
Supervisors	288,609	288,609	0	255,705
Driver Accident Pay	1,698	1,698	0	1,821
FICA	28,978	31,145	(2,167)	27,173
Pension	35,576	38,409	(2,833)	35,026
Health	59,632	69,559	(9,926)	53,748
Sick Pay	4,536	5,130	(594)	12,808
Vacation Pay	24,882	27,198	(2,317)	26,735
Holiday Pay	12,483	14,465	(1,981)	10,481
Other Paid Leave	2,510	3,500	(991)	12,308
Unemployment Insurance	1,488	1,488	0	952
Wages & Benefits Subtotal	\$504,467	\$547,727	(\$43,260)	\$502,070
Public Liability				
Professional Services	\$157,689	\$157,689	\$0	\$82,295
Insurance	270,760	270,760	0	250,778
Current Year Incident Payouts	30,000	30,000	0	34,499
Current Year Incident Reserves	30,000	30,000	0	16,550
Prior Years Incident Payouts	50,000	50,000	0	41,501
Change in Prior Years Reserves	(50,000)	(50,000)	0	(16,195)
Public Liability Subtotal	\$488,449	\$488,449	\$0	\$409,428
Workers' Compensation				
Professional Services	\$198,938	\$198,938	\$0	\$178,811
Insurance	69,825	69,825	0	70,764
Current Year Incident Payouts	150,000	150,000	0	115,655
Current Year Incident Reserves	250,000	250,000	0	322,997
Prior Years Incident Payouts	375,000	375,000	0	204,551
Change in Prior Years Reserves	(51,619)	(51,619)	0	(48,383)
Miscellaneous Risk & Safety	25,479	25,479	0	28,626
Workers' Compensation Subtotal	\$1,017,622	\$1,017,622	\$0	\$873,021
<i>Risk &amp; Safety Subtotal</i>	<u>\$2,010,538</u>	<u>\$2,053,798</u>	<u>(\$43,260)</u>	<u>\$1,784,519</u>
TRANSPORTATION SUBSIDIES				
Dial-a-Ride (Easy Lift)	\$630,511	\$630,511	\$0	\$624,268
Transportation Subsidies Subtotal	<u>\$630,511</u>	<u>\$630,511</u>	<u>\$0</u>	<u>\$624,268</u>
<b>TOTAL ROUTE OPERATIONS</b>	<u><b>\$14,046,696</b></u>	<u><b>\$13,728,715</b></u>	<u><b>\$317,981</b></u>	<u><b>\$13,026,263</b></u>

**VEHICLE MAINTENANCE DETAIL**  
**FISCAL YEAR 2014-15**

	Proposed Budget <u>FY 2014-15</u>	Original Budget <u>FY 2014-15</u>	<u>Change</u>	Prior Year <u>FY 2013-14</u>
<b>MECHANICS</b>				
Mechanics	\$695,343	\$695,343	\$0	\$661,621
Less Mechanic Labor Capitalization	(29,310)	(29,310)	0	(13,351)
Mechanics-OT	25,364	25,364	0	19,293
FICA	67,863	67,863	0	59,166
Pension	84,737	84,737	0	82,399
Health	149,982	149,982	0	118,705
Sick Pay	19,534	19,534	0	20,406
Vacation Pay	112,729	112,729	0	66,596
Holiday Pay	32,667	32,667	0	28,290
Other Paid Leave	1,465	1,465	0	1,816
Unemployment Insurance	3,549	3,549	0	3,094
Uniforms	12,000	12,000	0	12,815
Tool Allowance	14,300	14,300	0	8,755
<i>Mechanics Subtotal</i>	<u>\$1,190,224</u>	<u>\$1,190,224</u>	<u>\$0</u>	<u>\$1,069,605</u>
<b>CLEANERS &amp; FUELERS</b>				
Service Workers	\$431,426	\$431,426	\$0	\$432,155
FICA	36,680	36,680	0	36,767
Pension	66,035	66,035	0	70,133
Health	149,982	149,982	0	136,101
Sick Pay	9,137	9,137	0	10,374
Vacation Pay	30,557	30,557	0	46,767
Holiday Pay	23,112	23,112	0	18,023
Other Paid Leave	1,905	1,905	0	460
Unemployment Insurance	3,577	3,577	0	2,856
Uniforms	7,098	7,098	0	6,606
Medical Exams & License Fees	3,230	3,230	0	4,324
<i>Cleaners &amp; Fuelers Subtotal</i>	<u>\$762,737</u>	<u>\$762,737</u>	<u>\$0</u>	<u>\$764,566</u>
<b>SUPERVISION</b>				
Staff	\$347,111	\$350,443	(\$3,332)	\$321,283
FICA	30,276	30,565	(289)	28,762
Pension	39,576	39,954	(378)	37,695
Health	121,621	121,645	(24)	103,721
Sick Pay	4,181	4,233	(52)	12,218
Vacation Pay	25,451	25,666	(216)	27,822
Holiday Pay	15,018	15,168	(150)	14,271
Other Paid Leave	3,004	3,034	(30)	2,845
Unemployment Insurance	1,365	1,365	0	1,190

**VEHICLE MAINTENANCE DETAIL**  
**FISCAL YEAR 2014-15**

	Proposed Budget FY 2014-15	Original Budget FY 2014-15	Change	Prior Year FY 2013-14
Training, Travel & Meetings	10,000	10,000	0	4,726
<i>Supervision Subtotal</i>	<u>\$597,603</u>	<u>\$602,074</u>	<u>(\$4,471)</u>	<u>\$554,533</u>
<b>VEHICLE CONSUMABLES</b>				
Fuel & Lubricants	\$2,226,275	\$2,254,462	(\$28,186)	\$2,169,464
Electric Vehicle Power	90,000	90,000	0	81,593
Tire Lease	147,173	147,173	0	149,126
Tire Mounting	10,000	10,000	0	8,693
<i>Vehicle Consumables Subtotal</i>	<u>\$2,473,448</u>	<u>\$2,501,634</u>	<u>(\$28,186)</u>	<u>\$2,408,876</u>
<b>VEHICLE PARTS &amp; SUPPLIES</b>				
Bus Parts Issued	\$619,661	\$619,661	\$0	\$595,198
Shop Supplies	60,000	60,000	0	61,195
Bus Servicing Supplies	20,000	20,000	0	9,416
Hazmat Disposal & Compliance	10,000	10,000	0	3,267
<i>Vehicle Part &amp; Supplies Subtotal</i>	<u>\$709,661</u>	<u>\$709,661</u>	<u>\$0</u>	<u>\$669,076</u>
<b>VENDOR BUS REPAIRS</b>				
Vandalism Repairs	\$45,000	\$45,000	\$0	\$24,713
Accident Damage Repairs	7,500	7,500	0	605
Accident Claim Collections	(5,000)	(5,000)	0	(9,058)
Other Vendor Repairs	35,000	35,000	0	39,714
<i>Vendor Bus Repairs Subtotal</i>	<u>\$82,500</u>	<u>\$82,500</u>	<u>\$0</u>	<u>\$55,974</u>
<b>RISK &amp; SAFETY</b>				
Workers' Comp Services	\$10,470	\$10,470	\$0	\$8,319
Workers' Comp Insurance	7,350	7,350	0	3,724
Current Year Incident Payouts	10,000	10,000	0	982
Current Year Incident Reserves	25,000	25,000	0	180,188
Prior Years Incident Payouts	25,000	25,000	0	5,719
Change in Prior Years Reserves	(25,000)	(25,000)	0	(28,802)
<i>Risk &amp; Safety Subtotal</i>	<u>\$52,820</u>	<u>\$52,820</u>	<u>\$0</u>	<u>\$170,130</u>
<b>TOTAL VEHICLE MAINTENANCE</b>	<u><u>\$5,868,993</u></u>	<u><u>\$5,901,650</u></u>	<u><u>(\$32,657)</u></u>	<u><u>\$5,692,760</u></u>

**PASSENGER ACCOMMODATIONS DETAIL**  
**FISCAL YEAR 2014-15**

	Proposed Budget FY 2014-15	Original Budget FY 2014-15	Change	Prior Year FY 2013-14
<b>PASSENGER FACILITIES</b>				
<b>Wages &amp; Benefits</b>				
Supervisors	\$180,134	\$180,134	\$0	\$185,661
TC Advisors	102,428	98,595	3,832	106,779
Staff	38,373	38,245	128	42,471
FICA	27,622	27,307	315	29,171
Pension	25,200	25,189	12	26,308
Health	114,663	114,663	0	112,249
Sick Pay	4,127	4,112	15	5,920
Vacation Pay	19,572	19,590	(18)	25,440
Holiday Pay	14,157	14,029	129	12,990
Other Paid Leave	2,284	2,251	32	2,046
Unemployment Insurance	2,194	2,194	0	1,916
<b>Wages &amp; Benefits Subtotal</b>	<b>\$530,755</b>	<b>\$526,311</b>	<b>\$4,444</b>	<b>\$550,951</b>
<b>Buildings &amp; Grounds</b>				
TC Contract Maintenance	\$47,720	\$47,720	\$0	\$49,661
TC Repairs/Supplies	10,000	10,000	0	7,952
Bus Stop Repairs/Supplies	10,000	10,000	0	13,675
TC Property Insurance	5,363	5,363	0	1,890
<b>Buildings &amp; Grounds Subtotal</b>	<b>\$73,083</b>	<b>\$73,083</b>	<b>\$0</b>	<b>\$73,178</b>
<b>Passenger Facilities Subtotal</b>	<b>\$603,838</b>	<b>\$599,393</b>	<b>\$4,444</b>	<b>\$624,129</b>
<b>TRANSIT DEVELOPMENT</b>				
Staff	\$217,163	\$216,777	\$386	\$213,598
FICA	18,839	18,810	30	18,429
Pension	24,626	24,588	39	22,790
Health	59,812	59,812	0	42,513
Sick Pay	5,616	5,616	0	3,484
Vacation Pay	14,167	14,167	0	15,109
Holiday Pay	9,474	9,474	0	9,161
Other Paid Leave	2,842	2,842	0	1,996
Unemployment Insurance	915	915	0	785
Training, Travel & Meetings	5,000	5,000	0	2,950
Planning Services & Supplies	18,000	18,000	0	835
<b>Transit Development Subtotal</b>	<b>\$376,454</b>	<b>\$376,000</b>	<b>\$454</b>	<b>\$331,650</b>
<b>PROMOTION &amp; INFORMATION</b>				
<b>Wages &amp; Benefits</b>				
Staff	\$81,729	\$79,460	\$2,269	\$41,961
FICA	7,111	6,913	198	3,648

**PASSENGER ACCOMMODATIONS DETAIL**  
**FISCAL YEAR 2014-15**

	Proposed Budget FY 2014-15	Original Budget FY 2014-15	Change	Prior Year FY 2013-14
Pension	9,295	9,036	259	4,769
Health	20,907	20,907	0	6,206
Sick Pay	1,368	1,358	10	667
Vacation Pay	6,357	6,166	191	2,664
Holiday Pay	3,597	3,501	95	1,780
Other Paid Leave	899	875	24	837
Unemployment Insurance	300	300	0	155
<b>Wages &amp; Benefits Subtotal</b>	<b>\$131,563</b>	<b>\$128,518</b>	<b>\$3,045</b>	<b>\$62,687</b>
<b>Outside Services</b>				
Media Ad Placement	5,000	5,000	0	2,852
Brochures & Publications	5,000	5,000	0	577
Promotional Giveaways	5,000	5,000	0	1,040
Bus/Shuttle Decorations	2,500	2,500	0	0
Other Promotions	5,000	5,000	0	5,683
Route Schedules & Information	101,700	101,700	0	58,714
Training, Travel & Meetings	1,000	1,000	0	(71)
<b>Outside Services Subtotal</b>	<b>\$125,200</b>	<b>\$125,200</b>	<b>\$0</b>	<b>\$68,795</b>
<b>Promotion &amp; Information Subtotal</b>	<b>\$256,763</b>	<b>\$253,718</b>	<b>\$3,045</b>	<b>\$131,482</b>
<b>FARE REVENUE COLLECTION</b>				
<b>Wages &amp; Benefits</b>				
Security Officer	\$102,152	\$99,792	\$2,360	\$104,739
FICA	9,144	8,963	181	8,963
Pension	11,953	11,717	236	11,298
Health	52,940	52,940	0	49,069
Sick Pay	3,175	3,175	0	1,897
Vacation Pay	7,680	7,678	1	8,717
Holiday Pay	4,350	4,350	1	4,178
Other Paid Leave	2,175	2,175	0	2,420
Unemployment Insurance	546	546	0	476
<b>Wages &amp; Benefits Subtotal</b>	<b>\$194,116</b>	<b>\$191,336</b>	<b>\$2,780</b>	<b>\$191,757</b>
<b>Outside Services</b>				
Fare Processing	\$20,000	\$20,000	\$0	\$10,596
Farebox Parts & Repairs	45,000	45,000	0	36,902
Tickets, Tokens & Transfers	30,000	30,000	0	23,501
<b>Outside Services Subtotal</b>	<b>\$95,000</b>	<b>\$95,000</b>	<b>\$0</b>	<b>\$70,999</b>
<b>Fare Revenue Collection Subtotal</b>	<b>\$289,116</b>	<b>\$286,336</b>	<b>\$2,780</b>	<b>\$262,756</b>
<b>TOTAL PSNGR ACCOMMODATIONS</b>	<b>\$1,526,171</b>	<b>\$1,515,447</b>	<b>\$10,724</b>	<b>\$1,350,017</b>

**GENERAL OVERHEAD DETAIL**  
**FISCAL YEAR 2014-15**

	Proposed Budget FY 2014-15	Original Budget FY 2014-15	Change	Prior Year FY 2013-14
<b>FINANCE</b>				
Staff	\$283,887	\$377,638	(\$93,751)	\$357,089
FICA	24,425	33,306	(8,881)	30,885
Pension	31,928	43,537	(11,609)	39,327
Health	84,493	96,078	(11,585)	82,526
Sick Pay	5,650	6,571	(921)	15,026
Vacation Pay	20,135	32,014	(11,878)	29,806
Holiday Pay	7,859	15,664	(7,805)	14,877
Other Paid Leave	1,746	3,481	(1,734)	3,264
Unemployment Insurance	1,174	1,502	(328)	1,331
Financial Audit Services	49,000	49,000	0	70,200
<b>Finance Subtotal</b>	<b>\$510,297</b>	<b>\$658,790</b>	<b>(\$148,492)</b>	<b>\$644,331</b>
<b>PERSONNEL</b>				
Staff	\$44,232	\$67,029	(\$22,797)	\$65,314
FICA	3,545	5,713	(2,168)	5,961
Pension	4,634	7,468	(2,834)	8,525
Health	8,582	18,685	(10,103)	15,922
Sick Pay	701	1,146	(446)	1,630
Vacation Pay	3,314	5,631	(2,317)	5,635
Holiday Pay	891	2,872	(1,981)	2,767
Other Paid Leave	356	1,149	(792)	749
Unemployment Insurance	137	273	(137)	238
<b>Personnel Subtotal</b>	<b>\$66,392</b>	<b>\$109,967</b>	<b>(\$43,575)</b>	<b>\$106,741</b>
<b>UTILITIES</b>				
Telephone & Data Communications	\$46,000	\$46,000	\$0	\$39,973
Power, Water & Refuse	174,000	160,000	14,000	148,037
Two-Way Radios	19,200	19,200	0	15,360
<b>Utilities Subtotal</b>	<b>\$239,200</b>	<b>\$225,200</b>	<b>\$14,000</b>	<b>\$203,370</b>
<b>OPERATING FACILITIES</b>				
<b>Wages &amp; Benefits</b>				
Staff	\$53,766	\$53,616	\$150	\$49,867
FICA	4,636	4,624	11	4,267
Pension	6,060	6,045	15	5,441
Health	10,346	10,345	1	8,403
Sick Pay	834	834	0	1,307
Vacation Pay	3,462	3,462	0	3,848
Holiday Pay	2,308	2,308	0	2,002
Other Paid Leave	231	231	0	0
Unemployment Insurance	273	273	0	238
<b>Wages &amp; Benefits Subtotal</b>	<b>\$81,915</b>	<b>\$81,737</b>	<b>\$177</b>	<b>\$75,373</b>
<b>OPERATING FACILITIES (cont'd)</b>				
<b>Service Vehicles</b>				
Parts & Repairs	\$12,000	\$12,000	\$0	\$10,692
Fuel	60,000	60,000	0	57,026

**GENERAL OVERHEAD DETAIL**  
**FISCAL YEAR 2014-15**

	Proposed Budget FY 2014-15	Original Budget FY 2014-15	Change	Prior Year FY 2013-14
Service Vehicles Subtotal	\$72,000	\$72,000	\$0	\$67,718
Buildings & Grounds				
Contract Maintenance	\$74,960	\$74,960	\$0	\$73,986
Overpass Site	7,500	7,500	0	8,696
B&G Repairs/Supplies	38,000	38,000	0	36,702
Property Insurance	48,267	48,267	0	18,788
Buildings & Grounds Subtotal	\$168,727	\$168,727	\$0	\$138,172
<i>Operating Facilities Subtotal</i>	<i>\$322,642</i>	<i>\$322,465</i>	<i>\$177</i>	<i>\$281,263</i>
<b>DISTRICT ADMINISTRATION</b>				
Wages & Benefits				
Staff	\$474,016	\$407,688	\$66,328	\$441,033
Bus Ad Revenue Placement	8,572	8,572	0	8,962
FICA	40,487	37,148	3,339	36,812
Pension	52,924	48,559	4,365	52,611
Health	122,906	104,371	18,534	96,331
Sick Pay	66,288	67,854	(1,566)	14,876
Vacation Pay	52,562	66,891	(14,330)	40,357
Holiday Pay	14,245	19,466	(5,221)	19,560
Other Paid Leave	4,274	5,840	(1,566)	8,496
Unemployment Insurance	1,856	1,638	218	1,558
Wages & Benefits Subtotal	\$838,129	\$768,028	\$70,102	\$720,596
Administrative Services				
Directors Fees	\$12,600	\$12,600	\$0	\$10,920
Public Officials Insurance	33,864	33,864	0	27,805
Legal Counsel	135,000	135,000	0	120,079
Pension Administration	20,000	20,000	0	7,298
Office Equipment Maintenance	132,948	132,948	0	132,622
Miscellaneous Services	144,098	84,098	60,000	76,617
Office & Computer Supplies	49,511	47,511	2,000	44,293
Dues & Subscriptions	43,665	43,665	0	42,907
Conferences, Meetings & Training	10,000	10,000	0	10,206
Employee Relations	16,000	16,000	0	17,425
Retiree Health Insurance	88,372	88,372	0	207,974
Mandated Fees & Permits	38,550	38,550	0	32,072
Bus Ad Revenue Program	1,500	1,500	0	106
Miscellaneous	58,136	36,136	22,000	69,578
Administrative Services Subtotal	\$784,244	\$700,244	\$84,000	\$799,902
<i>District Administration Subtotal</i>	<i>\$1,622,374</i>	<i>\$1,468,272</i>	<i>\$154,102</i>	<i>\$1,520,498</i>
<b>TOTAL GENERAL OVERHEAD</b>	<b>\$2,760,905</b>	<b>\$2,784,693</b>	<b>(\$23,788)</b>	<b>\$2,756,203</b>



**CAPITAL BUDGET  
FUNDING SUMMARY  
FISCAL YEAR 2014-15**

	<u>Proposed Budget FY 2014-15</u>	<u>Original Budget FY 2014-15</u>	<u>Change FY 2014-15</u>
<b><u>Revenue</u></b>			
<b>Dedicated Source(s):</b>			
<b><u>TDA-State Transit Assistance (TDA - STA)</u></b>			
Current Year - Allocation	\$1,713,738	\$0	\$1,713,738
Prior Year(s) - Allocation	5,645,113	6,358,851	(713,738)
	<u>\$7,358,851</u>	<u>\$6,358,851</u>	<u>\$1,000,000</u>
<b><u>Measure A Transit Capital - Sales Tax Revenue</u></b>			
Current Year - Allocation	\$861,060	\$861,060	\$0
Prior Year(s) - Allocation	1,343,519	1,343,519	0
	<u>\$2,204,579</u>	<u>\$2,204,579</u>	<u>\$0</u>
<i>sub total:</i>	<u>\$9,563,430</u>	<u>\$8,563,430</u>	<u>\$1,000,000</u>
<b><u>Grants:</u></b>			
<b><u>Proposition 1B - Bond Proceeds</u></b>			
PTMISEA	\$2,570,858	\$2,570,858	\$0
Transit Security - OHS	506,735	506,735	0
	<u>\$3,077,593</u>	<u>\$3,077,593</u>	<u>\$0</u>
<b><u>Local Capital Assistance</u></b>			
Local Grants	\$0	\$0	\$0
<b><u>Federal Capital - Grants</u></b>			
Federal Grants	\$2,796,554	\$2,796,554	\$0
<i>sub total:</i>	<u>\$5,874,147</u>	<u>\$5,874,147</u>	<u>\$0</u>
<b>Total Capital Revenue</b>	<u><u>\$15,437,577</u></u>	<u><u>\$14,437,577</u></u>	<u><u>\$1,000,000</u></u>
<b><u>Expense - Projects</u></b>			
Buses	\$7,912,250	\$7,912,250	\$0
Bus Rehab	1,119,500	1,119,500	0
Fixed Facilities	1,900,000	900,000	1,000,000
Radios & Fareboxes	75,000	75,000	0
Bus Stops	501,990	501,990	0
Shop Equipment	88,000	88,000	0
Management Info Systems	80,000	80,000	0
Intelligent Transportation Systems	3,735,837	3,735,837	0
Office Furniture & Equipment	25,000	25,000	0
<b>Total Capital Projects</b>	<u><u>\$15,437,577</u></u>	<u><u>\$14,437,577</u></u>	<u><u>\$1,000,000</u></u>

**Capital Budget**  
**FISCAL YEAR 2014-15**

	Proposed Budget FY 2014-15	Original Budget FY 2014-15	Change FY 2014-15
<b>REVENUE VEHICLE PURCHASES</b>			
40' Diesel Buses (5)	\$2,266,475	\$2,266,475	\$0
60' Articulated Buses (3) (\$756,925)	2,270,775	2,270,775	0
EV Shuttles (9) (\$375,000)	3,375,000	3,375,000	0
Subtotal	\$7,912,250	\$7,912,250	\$0
<b>REVENUE VEHICLE IMPROVEMENTS</b>			
Diesel Fleet Drivetrains	\$564,500	\$564,500	\$0
EV Drivetrain/Battery Chargers etc	64,000	64,000	0
Lithium Battery Project	491,000	491,000	0
Subtotal	\$1,119,500	\$1,119,500	\$0
<b>OFFICE FURNITURE &amp; EQUIPMENT</b>			
Office Furniture Allowance	\$25,000	\$25,000	\$0
Subtotal	\$25,000	\$25,000	\$0
<b>MANAGEMENT INFORMATION SYSTEMS</b>			
Software Programming	\$50,000	\$50,000	\$0
PC Hardware/ IT Infrastructure Upgrades	30,000	30,000	0
Subtotal	\$80,000	\$80,000	\$0
<b>INTELLIGENT TRANSPORTATION SYSTEMS</b>			
AVL Radio System	\$3,227,635	\$3,227,635	\$0
Security Cameras on Bus	508,202	508,202	0
Subtotal	\$3,735,837	\$3,735,837	\$0
<b>SERVICE VEHICLES</b>			
Service Vehicle Replacements	\$0	\$0	\$0
Subtotal	\$0	\$0	\$0
<b>BUS STOP EQUIPMENT</b>			
Superstops	\$251,990	\$251,990	\$0
Bus Stop Upgrades	250,000	250,000	0
Subtotal	\$501,990	\$501,990	\$0
<b>FIXED FACILITIES</b>			
T1 Fixed Facilities	\$350,000	\$350,000	\$0
Security Improvements T1	0	0	0
TC Expansion Project	1,550,000	550,000	1,000,000
TC Fixed Facilities	0	0	0
WIP - Calle Real Development	0	0	0
Subtotal	\$1,900,000	\$900,000	\$1,000,000
<b>FAREBOXES &amp; RADIOS</b>			
Fare Collection & Radio Allowance	\$75,000	\$75,000	\$0
Subtotal	\$75,000	\$75,000	\$0
<b>SHOP EQUIPMENT</b>			
Shop Equipment Allowance	\$88,000	\$88,000	\$0
Subtotal	\$88,000	\$88,000	\$0
Total Capital Projects	\$15,437,577	\$14,437,577	\$1,000,000



## FINANCE COMMITTEE REPORT

**MEETING DATE:** FEBRUARY 10, 2015      **AGENDA ITEM # 7**

**TYPE:** ACTION

**PREPARED BY:** THAIS SAYAT

---

*Signature*

**REVIEWED BY:** GENERAL MANAGER

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*GM Signature*

**SUBJECT:** Credit Card Policy

### **RECOMMENDATION:**

That staff finalize revisions to the Procurement Policy to update language associated with credit card use and that they are presented to the Board of Directors for approval.

### **DISCUSSION:**

Consistent with guidance provided by the Finance Committee, staff has prepared modifications to the Procurement Policy to enhance existing language pertaining to credit card use. The proposed changes are attached as an excerpt and the Procurement Policy is attached as a reference.

## MTD Procurement Policy

Excerpt from Page 9 of 50

In addition to the above, MTD maintains a credit card account.

### Purpose of the MTD Credit Card:

An MTD credit card may be issued to certain employees for the purpose making purchases in which invoicing the MTD is not an option, not practical or would result in additional costs. It is not intended to be the preferred payment method, but rather limited to necessity-based situations. Use of MTD credit card is not intended to replace effective procurement planning or circumvent the purchasing approvals and requirements. Foreseen uses for a MTD Credit Card include but are not limited to:

- a. Securing travel reservations;
- b. Paying travel expenses;
- c. Placing phone or internet orders; and
- d. Conducting MTD business in the most efficient manner.

### Acknowledgement and Receipt of Credit Card:

All cards will only be issued with the written and filled approval of the General Manager. When an individual MTD credit card is issued, the Human Resource Department shall ask the employee to sign a copy of this policy acknowledging his/her understanding of the procedures for the use of the MTD credit card and acknowledging the receipt of the credit card.

Administration shall also maintain a credit card in the name of the General Manager which is to be used by the entire organization. For identification purposes, this card will be defined as the 'generic' credit card. User of the generic card must have a signed policy acknowledgement form on file in the Human Resource Department prior to checking out a card. The Chief Financial Officer will arrange for the appropriate spending limit for all credit cards.

Prohibited uses: The MTD credit card shall not be used for the following:

- a. Any personal items and personal services, even if the intent is to repay the MTD at a later date;
- b. Cash advances, wire transfers, money orders, etc.;
- c. Betting, casino gaming or related activities;
- d. Political or religious organizations
- e. Court costs, fines, bails or bonds;
- f. Recurring rental or lease payments;
- g. Purchase of telephone services including cell phone and calling cards, except for telephone calls charged to a hotel/motel room while traveling on City business;
- h. Alcoholic beverages;

**Deleted:** MTD credit cards may not be used without prior authorization in the form of an approved requisition. All purchases made on MTD credit cards shall be supported by receipts which shall be submitted to the General Manager's designee at the time the card is returned.

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CREDIT CARD USE POLICY  
ACKNOWLEDGEMENT FORM

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I have received and read the Credit Card Use Policy and understand and will abide by its provisions. I further understand and accept full financial responsibility for any improper use of MTD's credit card on my part. I'm aware that when I sign this acknowledgment form it will be placed in my personnel file.

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(Card User Name)

(Card User Signature)

(Date)



**Santa Barbara Metropolitan Transit District**  
**Procurement Manual**

**March 2011**



Santa Barbara Metropolitan Transit District

# Procurement Manual

March 2011

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# **SANTA BARBARA METROPOLITAN TRANSIT DISTRICT**

## **PROCUREMENT MANUAL**

### **1.0 INTRODUCTION**

#### **1.1 PURPOSE**

The purposes of this Procurement Manual are to:

- (a) Promote cost-effective procurement practices which to the fullest extent practical maximize the purchasing power of public funds expended by MTD;
- (b) Ensure the fair and equitable treatment of all individuals and firms affected by the MTD procurement system;
- (c) Foster effective and broad-based competition within the free enterprise system;
- (d) Provide safeguards for the maintenance of a procurement system characterized by fairness and integrity;
- (e) Establish a single reference source for all policies, standards, and procedures applicable to MTD procurements.

#### **1.2 APPLICATION**

This document is intended to describe the methods and procedures by which the Santa Barbara Metropolitan Transit District (hereinafter “MTD” or “District”) purchases goods and services. The policies, standards, and other guidelines detailed herein shall govern all MTD procurements, regardless of their type, purpose, or dollar value. The contents of this Manual also are intended to guide the disposal of surplus property, unless governed by statute.

In some cases, procurements involving governmental grant funding are bound by special regulations promulgated by the grantor agency. Salient regulations for purchases of this nature are included and identified in this Manual so that the document may function as a comprehensive reference for all procurements regardless of their funding source.

While reasonable effort has been made to ensure that the policies of this Procurement Manual comply with applicable federal and state laws or regulations (requirements), where any conflict with such requirements exists, the federal or state requirement shall take precedence over and supersede this Procurement Manual policy. Compliance with such requirements shall not prevent MTD from implementing policies within this Procurement Manual that exceed federal or state requirements where such policies do not contradict the intent of those requirements.

#### **1.3 GOALS OF THE MTD PROCUREMENT SYSTEM**

Procurement activities conducted by MTD are guided by the following goals:

- (a) Ensure full, open, and fair competition in the procurement of goods and services;
- (b) Conduct procurements in a manner which precludes the purchase of unnecessary and duplicative items;
- (c) Ensure that materials and services are obtained only from responsible, qualified firms having the capacity to perform successfully under the terms and conditions governing each procurement;
- (d) Maintain the highest integrity in the procurement process;

- (e) Ensure full and complete compliance with all contracts for procurement of goods and services;
- (f) Resolve procurement disputes and protests in a fair and equitable manner;
- (g) Maintain complete and accurate records of all procurement activities.

## **2.0 SBMTD PROCUREMENT POLICIES**

### **2.1 PROMOTION OF OPEN COMPETITION**

In order to ensure cost-effective purchasing and maximize the buying power of public monies, MTD shall promote full and open competition by:

- (a) Under conditions appropriate for use of sealed bid procurements, letting contracts to the lowest responsible bidder for: i) purchase of all supplies, equipment, and materials when the expenditure required exceeds twenty five thousand dollars (\$25,000), and; ii) construction of facilities when the expenditure exceeds three thousand dollars (\$3,000);
- (b) Soliciting competitive bids or proposals for every item not included above which is amenable to that procedure, unless it is determined to be in the best interest of MTD to conduct an alternate type of procurement;
- (c) Developing solicitation documents which contain no exclusionary or discriminatory specifications;
- (d) Placing no unreasonable requirements on firms in order to qualify for consideration in MTD procurements;
- (e) Ensuring that bonding and other bid security requirements are reasonable and used only when appropriate;
- (f) Imposing no geographic preferences in the evaluation of bids and proposals for FTA funded procurements.

### **2.2 FAIRNESS AND EQUITY**

MTD shall ensure that procurement activities are conducted at all times in a manner which ensures the fair and equitable treatment of all. Toward this end, MTD shall adhere to the standards, procedures, and processes contained herein, and shall apply such uniformly in all procurements.

### **2.3 PRICE AND COST ANALYSES**

In its capacity as steward of public funds MTD is responsible for ensuring that goods and services are procured in a cost-effective manner. Accordingly, it is the District's policy that some type of cost or price analysis shall be conducted in connection with every procurement action, including contract modifications.

### **2.4 PURCHASE VS. LEASE OPTIONS**

As an additional method of ensuring cost-effective expenditures procurement decisions shall, where appropriate, evaluate the economic implications of purchase and lease options. As a general practice, however, MTD shall not enter into leases when such are long term in nature or involve items which should be capitalized but cannot due to current financial circumstances.

## **2.5 PROCUREMENT RECORDS AND DOCUMENTATION**

MTD shall maintain records in sufficient detail to document the significant history of each procurement. Such records shall include, but not be limited to, the following:

- (a) Rationale for method of procurement;
- (b) Selection of contract type;
- (c) Selection or rejection of bidders and proposals;
- (d) All Solicitation documents and public advertisements thereof, correspondence with bidders and proposers, and bid or proposal materials received;
- (e) All material concerning protests filed in connection with MTD procurements;
- (f) Documents relating to any contract amendment or change order;
- (g) Price and cost analyses conducted by MTD staff.

## **2.6 PROCUREMENT AWARDS**

For all procurements involving award in response to a bid or proposal solicitation, MTD shall conduct an evaluation of each firm responding. This evaluation, intended to assess capacity to comply with the terms and conditions of the procurement, shall consider such matters as integrity, history of past performance, financial resources, and technical capabilities. MTD shall make awards only to responsible firms judged to possess the ability to perform successfully under the terms governing the procurement.

## **3.0 SBMTD CODE OF CONDUCT**

**This section supplements MTD's Board adopted policy to comply with Government Code Section 87311 by resolution 03-3.**

### **3.1 PURPOSE AND APPLICABILITY**

As a governmental institution, MTD must be vigilant in its protection of the public trust. Toward this and employees, officers, and agents of MTD must conduct themselves in a manner which will foster public confidence in the integrity of the District's procurement system.

This section is intended to prescribe standards of conduct designed to ensure honesty and integrity in MTD procurements. The standards established herein shall apply to all activities associated with the procurement of goods and services, and shall extend to all employees, officers, and agents of MTD.

### **3.2 CONFLICT OF INTEREST**

No employee, officer or agent of MTD shall participate in the selection, award, or administration of a contract or purchase order if a conflict of interest, whether real or apparent, would be involved. Such conflict would arise when any of the following has a financial or other interest in the firm(s) considered or selected for award:

- (a) An MTD employee, officer, or agent;
- (b) Any member of his/her immediate family;
- (c) His/her business associate, or;
- (d) An organization which employs or is about to employ any of the above.

Employees, officers, and agents of MTD shall be subject to the laws of the State of California concerning conflicts of interest for public officials. Anyone found to violate standards established by such laws shall be subject to the penalties, sanctions, or other disciplinary actions provided for therein.

In cases where an employee, officer, or agent of MTD may have a conflict of interest, it is the policy of MTD that such individual(s) must promptly report the situation in writing to the MTD Procurement Officer. Failure to adhere to this requirement shall constitute a violation of MTD policy and shall subject the violator to disciplinary action as deemed appropriate by the MTD General Manager.

### **3.3 GIFTS AND GRATUITIES**

No employee, officer, or agent of MTD may solicit or accept, either directly or indirectly, any gift, gratuity, loan, or other item or service of value if;

- (a) The discharge of his/her official duties would be influenced;
- (b) He/she has been, is presently, or may in the near future be involved in any official act or action directly affecting the donor or lender;

Invitations received from bidders or other parties involved in a pending procurement for business lunches, parties, or similar functions shall be declined. This is intended to avoid any situation which may give an appearance of improper influence in MTD procurement activities.

Notwithstanding the above, this section shall not apply to the following:

- (a) An occasional non-pecuniary gift of nominal value accepted in the ordinary course of a business meeting;
- (b) Unsolicited advertising or promotional material of nominal intrinsic value;
- (c) A gift, gratuity, favor, loan, or other item of value when circumstances make it clear that an obvious long-standing social or family relationship, rather than a business relationship, is the motivating factor.

Failure to adhere to the provisions of this section shall constitute a violation of MTD policy and shall subject the violator to disciplinary action as deemed appropriate by the General Manager.

### **3.4 CONTACTS WITH VENDORS, BIDDERS, AND PROPOSERS**

Prior to the issuance of a procurement solicitation, informational and research contacts with prospective vendors may be made for the purpose of gathering needed data. However, in making such contacts MTD employees, officers, and agents shall avoid any commitment, or implication thereof, of a possible future contract.

Accordingly, requests for substantial complimentary services or supplies which may imply an obligation on the part of MTD shall be avoided. Also to be avoided are requests for testing services, product samples or demonstrations, and free trips to examine vendor products.

Whenever a procurement is in progress, e.g., during the solicitation, evaluation, negotiation, and award phases, all contacts with potential contractors or vendors shall be made through the Procurement Officer.

### **3.5 RELEASE AND USE OF INFORMATION**

With the exception of formally advertised sealed bid procurements, i.e., Invitation for Bids, all cost and pricing information received by MTD in negotiated procurements is to be treated as

confidential. Similar treatment shall be afforded to all technical data received in response to Requests for Proposals, with the exception of data contained in any contracts awarded by MTD.

No employee, officer, or agent of MTD shall use such confidential information for the actual or anticipated benefit of themselves, their relatives, or persons with whom they have a common financial interest.

## **4.0 DEFINITIONS**

### **4.1 GLOSSARY OF PROCUREMENT TERMS**

The following glossary is intended to define the terms used in this Procurement Manual:

**ADDENDA**: Written modifications to solicitation documents issued by MTD prior to the official opening of bids or proposals.

**APPROVED EQUAL**: A substitute offered by a prospective bidder which is approved by MTD as equal to or better than a product or process identified in a bid specification.

**BID**: A formal offer made by an individual or firm in response to a solicitation issued by MTD for procurement of goods or services.

**BID DOCUMENTS AND SPECIFICATIONS**: A set of documents issued by MTD which describes a specific project, establishes terms, conditions, parameters, and schedules for its conduct, and solicits bids for its performance by external parties.

**BID SECURITY**: A certified check or bond submitted by a bidder to MTD as a guarantee that the bidder will, if awarded the bid: a) enter into a contract with MTD for performance of the work, and; b) file all bonds and insurance certificates required in the MTD bid documents.

**BIDDER**: Any individual, firm, corporation, partnership, or combination thereof submitting a bid for work described in a solicitation document issued by MTD.

**BLANKET PURCHASE ORDER**: A method of meeting recurring needs for small quantities of supplies or services by establishing “charge accounts” between a vendor and MTD. Blanket Purchase Orders are characterized by a specified period of validity, maximum permissible dollar amounts, and designation of a specific person or persons at MTD as the authorized Ordering Agent. The use of pre-approved vendors is also acceptable with the written authorization of the General Manager. Pre-approved vendors will be limited to a term of 1-year, at which time the department originally requesting authorization will be required to seek reauthorization.

**CHANGE ORDER**: A written order signed by the MTD Procurement Officer or other duly authorized representative and issued to a Contractor which amends an existing contract.

**CONTRACT**: A written instrument which establishes a legal relationship obligating the seller to furnish goods and/or services, and the buyer to make payment therefore. This includes all types of written commitments, e.g., purchase orders, which obligate MTD to an expenditure of funds.

**CONTRACT MODIFICATION**: Any written alteration in specifications, delivery point, rate of delivery, period of performance, price, quantity, or other provisions of any contract accomplished by mutual action of the parties thereto.

**CONTRACTOR**: Any individual or firm with which MTD establishes a legal relationship by means of a contract.

**COST ANALYSIS:** A review and evaluation of Contractor cost data in which individual components or cost elements are examined. In this process actual Contractor data in each cost element is compared to what such elements should cost under assumed conditions in which the contractor performs with reasonable economy and efficiency.

**COST LIMITATION:** The total amount paid to the Contractor (generally architectural or engineering) for producing and delivering standard services, e.g., designs, plans, and specifications.

**INVITATION FOR BIDS (IFB):** The complete package of related documents furnished by MTD to prospective bidders for the purpose of soliciting bids for work described therein. The IFB, used for sealed bid procurements, defines project terms and conditions, describes technical material or service requirements, and establishes parameters for the bidding process.

**LIQUIDATED DAMAGES:** An amount assessed a Contractor as a result of its failure to complete to the work specified in a contract, and/or its failure to complete such work within the period of performance stated in the contract. Liquidated damages are assessed when the Contractor's failure to perform causes increased cost to MTD or a grantor agency, with the extent of actual damages being difficult or impossible to assess.

**NOTICE TO PROCEED:** Written direction issued by MTD to a Contractor to commence delivery, installation, services, or other work provided for in a contract.

**OPTION:** A unilateral right in a contract by which MTD may, for a specified time, elect to purchase additional goods or services identified in the contract, or extend its term.

**PERFORMANCE BOND:** A bond filed by a Contractor in favor of MTD which functions to secure fulfillment of all of its obligations under a contract.

**PERIOD OF PERFORMANCE:** The interval of time specified in the contract documents for completion of work.

**PRICE ANALYSIS:** A process of examining and evaluating a price submitted by a contractor without reviewing in detail the separate cost elements and profit included in such price. This analysis is intended to determine the reasonableness of a total price offered.

**PROCUREMENT:** The process of buying, purchasing, renting, leasing, or otherwise acquiring goods or services. This encompasses all functions pertaining to such acquisition, including development and issuance of solicitation documents, selection of sources, preparation and award of contract, and all phases of contract administration.

**PROCUREMENT OFFICER:** The person designated by the General Manager as the party responsible for management of the District's procurement process. The Procurement Officer is authorized to administer contracts and also make written determinations related thereto.

**PROGRESS PAYMENTS:** Reimbursement paid to a Contractor for costs incurred at a specified stage in the completion of work.

**PURCHASE ORDER:** A legal and contractual document used as a written confirmation describing all aspects of an agreement made between MTD and the seller.

**PURCHASE REQUISITION:** An MTD form used to initiate a procurement action for materials, supplies, or services.

**REQUEST FOR PROPOSALS (RFP):** All documents issued by MTD for the purpose of soliciting proposals from external parties for performance of work described therein.

**RESPONSIBLE BIDDER/PROPOSER:** A bidder or proposer determined by MTD to have the financial resources, technical ability, judgment, skill, and integrity to successfully fulfill the requirements of a contract.

**RESPONSIVE BID:** A bid which conforms to all technical and legal requirements contained in the Bid Documents.

**SCOPE OF SERVICES:** A description clearly defining the goods or services being procured, stated either through performance specifications and standards or a complete depiction of the tasks to be performed.

**FEDERAL TRANSIT ADMINISTRATION (FTA):** An agency of the U.S. Department of Transportation empowered to provide grants to MTD and other agencies for procurement of goods and services. Purchases financed in any part with FTA grant monies must comply with all applicable procurement requirements promulgated by that agency.

## **5.0 SBMTD PROCUREMENT ORGANIZATION**

### **5.1 DELEGATION OF AUTHORITY FOR APPROVAL OF PROCUREMENTS**

Consistent with the Santa Barbara Metropolitan Transit District Act of 1965 and, specifically, but without limitation, Section 95520 of that Act, the MTD Board of Directors authorizes and delegates to the General Manager the authority and responsibility to approve and execute:

- (a) All Purchase Requisitions;
- (b) All Purchase Orders and contracts;
- (c) Routine regular procurements, e.g., fuel and lubricants;
- (d) All contract documents, including amendments and change orders;
- (e) Settlement of claims against MTD in an amount not to exceed \$5,000 per claim;
- (f) Settlements in specific matters pursuant to authorization by the MTD Board of Directors.

The MTD General Manager is empowered to delegate any of the authorities described above. However, the General Manager shall retain overall responsibility for the control of such matters, and may, if necessary, supersede the procurement authority of any MTD employee.

Exception to this policy is permitted only in the event of an emergency situation (i.e., purchase is immediately necessary either to preserve life or property or prevent immediate termination of a critical MTD function or activity) wherein the General Manager is not available. In such situations purchases may be approved by the Controller or Assistant General Manager. If such approval is impossible due to the nature of the emergency, a necessary MTD procurement may be made by a department manager.

Notwithstanding the authority granted to the General Manager herein, the General Manager shall obtain approval from the MTD Board of Directors prior to executing any non-emergency procurement that exceeds \$250,000.

### **5.2 PROCUREMENT OFFICER**

Administrative responsibility for all procurements excepting small purchases is delegated to the MTD Procurement Officer. The Procurement Officer shall be a member of the MTD management staff designated by the General Manager to assume this responsibility.



The Procurement Officer maintains responsibility for the following functions:

- (a) Preparation and issuance of all bid and proposal solicitation documents;
- (b) Administration of procurement processes, e.g., conduct of pre-bid conferences, bidder/proposer contacts;
- (c) Preparation of bid/proposal evaluations and recommendations concerning contract award for consideration by the MTD General Manager;
- (d) Negotiation of contracts following award;
- (e) Contract administration, including amendments, change orders, and closeouts.

The Procurement Officer shall share certain of the above duties with other MTD management staff members as needed. This occurs most commonly in the evaluation of bids and proposals and in activities related to contract administration.

Additional information concerning the duties and organizational relationships of the Procurement Officer are contained in Section 7.0.

### **5.3 PROCUREMENT DOCUMENTS**

The following types of procurement documents are authorized for use by MTD. The circumstances under which they are employed are described herein.

- (a) Purchase Requisition: Requisitions are used to initiate purchases not involving bus parts, contract services, or petty cash expenditures. Requisitions must be approved prior to the issuance of a Purchase Order;
- (b) Purchase Order: Used for service, equipment or supply purchases normally involving a single delivery made within a one year period. Stock inventory items comprise the most frequent purchases in this category;
- (c) Blanket Purchase Order: Employed most commonly to cover regular, repetitive procurements, including rentals from the same vendor. Blanket Purchase Orders are issued for a maximum period of one year;
- (d) Lease: Utilized in situations where economic advantages exist over purchase options for equipment or other material. Also employed for real estate when determined appropriate by the MTD Board of Directors;
- (e) Contract: Used for professional services and procurements involving large expenditures and extensive scope of services.

### **5.4 GENERAL PROCUREMENT PROCEDURES**

Following is an explanation of the general procedures employed for MTD procurements. Information concerning procedures for source selection and conduct of bid or proposal solicitation is presented in Section 7.0.

#### **5.4.1 Requisition and Purchasing Procedures**

Five categories of purchases are made by MTD, as listed below:

- i. Purchase Order Items, including all stock inventory items and all purchases not exempted in the list below;

- ii. Requisition Items, encompassing: liability claim payments; short term contract services; expense reimbursements; fees for dues, conferences, and subscriptions; mileage and travel expenses; use of MTD credit cards.
- iii. Non-Requisition Items, including: contract maintenance services for facilities and office equipment; emergency services; pre-authorized vendors.
- iv. Professional Services, covering minor use of such services, e.g., security and audit.
- v. Petty Cash, used for non-recurring minor purchases of office, shop, or facility supplies in amounts no greater than one hundred dollars (\$100.00).

Approval procedures for purchases in each category are as follows:

- i. Purchase Order Items: Any item requiring a Purchase Order (including Blanket Purchase Orders) must be requested through use of a Requisition or Reorder Report as described in Section 5.4.2
- ii. Requisition Items: All requisitions must be signed by department managers and submitted to the Controller, who will process them for approval. Except for emergency circumstances as defined in this Manual, no purchases shall occur prior to the receipt of an approved requisition.
- iii. Non-Requisition Items: Contract services shall be obtained only from vendors authorized by the General Manager, and shall include only those items covered in current MTD contracts. Even though pre-approved, submission of requisitions accompanied by appropriate invoices is necessary. This procedure also applies to emergency services.
- iv. Professional Services: Procurement of professional services shall be coordinated through the Procurement Officer, who shall determine the appropriate method of procurement. All such services not procured via advertised solicitation, e.g., competitive proposal, shall be subject to approval through the requisition procedure described above.
- v. Petty Cash: Petty cash should be used only for purchase of non-recurring items of minor expense, e.g., special office supplies, and must be supported by receipts. Petty cash purchases must receive prior approval from the Controller or Assistant General Manager.

In addition to the above, MTD maintains a credit card account. MTD credit cards may not be used without prior authorization in the form of an approved requisition. All purchases made on MTD credit cards shall be supported by receipts which shall be submitted to the General Manager's designee at the time the card is returned.

#### **5.4.2 General Purchase Order Procedures**

The following procedures shall govern the processing of MTD Purchase Orders:

- i. No purchase order shall be issued without prior approval of a requisition. An exception is made for resupply of maintenance parts carried in perpetual inventory. For these purchases, an MTD computer generated Suggested Reorder Report (Min/Max List) signed by the Manager of Maintenance must be used in place of a requisition.

- ii. Requisitions and Reorder Reports shall be signed by the appropriate department manager and submitted to the Controller for processing.
- iii. Purchase order numbers will not be issued in advance of the actual document, except in case of emergency.
- iv. Purchase orders will be signed by the Controller and distributed as indicated on the original purchase requisition.
- v. Purchases are authorized only for the items listed on the purchase order, and only in the amounts and prices shown. When the requested items are received it shall be the responsibility of the party originating the purchase order to check such items for conformance with the purchase order.
- vi. Except as permitted under (vii), below, invoice discrepancies found by the party originating the purchase order shall be noted on a Request for Change form which shall be submitted to the Controller for review. Such form shall be processed and approved in the same manner as purchase orders. Unless such Request for Change form is approved, no invoice will be paid above the amount shown on the original purchase order unless permitted under (vii), below.
- vii. Notwithstanding anything to the contrary above, any invoice unit price that exceeds the approved purchase order unit price by less than 5%, up to a maximum of \$25, shall not require a Request for Change form as a prerequisite to payment of the invoice.

#### **5.4.3 Emergency and Contract Service Procedures**

In cases where goods or services are procured either due to emergency or for services provided under contract, responsibility for conducting the procedures detailed herein shall be assigned to the department which administers the subject activity. These responsibilities are listed below:

<u>Department</u>	<u>Services</u>
Administration	Telephones (Except T.C)
	Office Equipment
	Building Alarms
Finance	Keys & Locks
Maintenance	Plumbing (Except T.C.)
	Electrical & Lighting
	A/C & Heating
	Radios (Mobile units)
Operations	Plumbing (T.C. only)
	Telephones (T.C. only)
	Radios (fixed facilities)

For procurements of this type the originating department shall be responsible for completion and submission of a requisition accompanied by all pertinent invoices.

## **6.0 DEVELOPMENT SOLICITATION DOCUMENT STANDARDS**

### **6.1 GENERAL POLICIES**

Technical specifications and Scope of Service statements used in MTD bid or proposal solicitation documents shall be prepared by the Procurement Officer. Assistance shall be provided as needed by the department originating the procurement. Such department shall be responsible for supplying the Procurement Officer with technical data, performance criteria, and any other information necessary for production of specifications or Scope of Service descriptions.

Technical specifications and Scope of Service statements shall describe accurately and in clear, precise language all technical requirements to be met for satisfactory conduct of the task under consideration. Such descriptions shall consist of a statement of the qualitative nature of the material, product, or service to be procured along with those minimum characteristics and standards to which conformance is necessary for the satisfaction of the intended use. These materials shall be prepared in a format which clearly depicts the complete service or item(s) to be delivered throughout the entire course of the project.

The Procurement Officer shall ensure that technical specifications and Scope of Service statements are not biased in favor of any particular prospective contractor. Descriptive literature prepared by any such contractor shall not be used as the sole basis for specifications or Scope of Service descriptions contained in MTD procurement solicitation documents.

Pursuant to the MTD procurement policies contained herein, specifications and Scope of Services shall not contain items which unduly restrict free and open competition. To the maximum extent practical, such materials shall be written in a manner which describes the tasks to be conducted rather than prescribing precisely the manner in which these will be accomplished. In the case of product procurements, technical requirements shall endeavor to specify the minimum performance characteristics needed. The intent of this policy is to permit flexibility wherever possible in the approach employed by a contractor to perform the work desired by MTD.

Accordingly, detailed product specifications shall be avoided if at all possible. In order that competition is not restricted, MTD shall include a “brand name or equal” reference only when it is impractical or uneconomical to fashion a clear and accurate description of its technical requirements.

In cases where “brand name or equal” specification must be used MTD shall describe its minimum needs and clearly identify salient physical and functional characteristics of the brand name product requested. Additionally, a statement shall be included indicating that the specification is not intended to be restrictive.

MTD solicitation documents shall include a clear description of all items which bidders or proposers must submit. Such documents also shall identify all requirements applicable to the procurement, whether imposed by MTD, grantor agencies, or by local, state, or federal statutes.

### **6.2 EQUIPMENT AND MATERIAL PURCHASES**

Development of technical specifications for equipment and material procurements shall be the responsibility of the Procurement Officer. Consultant assistance may be enlisted for procurements of a highly technical nature.

All technical specification narratives shall include a statement of the qualitative nature of the equipment or material to be procured, including form and function. Such statement shall clearly

establish the minimum essential characteristics and standards required to accomplish its intended use. Also included shall be explicit references to all reliability and testing requirements, as well as any other procedures necessary to guarantee performance.

Prior to the development of technical specifications MTD may conduct a market survey to identify sources offering products suitable for the District's needs. However, in the course of its conduct MTD employees shall: 1) refrain from making any commitment for a future contract, and; 2) neither solicit nor accept any form or assistance from a potential contractor which would give such an unfair advantage in a competitive bidding process.

### **6.3 PROFESSIONAL AND CONSULTANT SERVICES**

Procurement of professional and consultant services is accomplished through a published Request for Proposals (RFP). The RFP shall contain a complete description of required tasks and identify all requirements which proposers must fulfill. In addition, the RFP shall identify all evaluation criteria to be employed by MTD as well as their relative importance.

RFP documents issued by MTD shall contain the following components:

- (a) A broad description of the services needed and the objectives underlying the procurement;
- (b) Identification of all Contractor responsibilities, including items which must be supplied by the Contractor;
- (c) Identification of all MTD responsibilities including items, property, data, and services to be supplied by the District;
- (d) Description of all standards, regulations, and laws with which the Contractor must conform;
- (e) Specific description of all tasks to be performed by the Contractor;
- (f) Identification of schedules and deadlines which must be met by the Contractor.

### **6.4 FTA CLAUSES**

It is the policy of MTD that procurements financed in any part with FTA funds shall conform in all respects to the procurement regulations promulgated by that agency. Thus, any MTD bid or proposal document issued for an FTA funded procurement shall identify all pertinent regulations applicable to the Contractor. This includes, but is not limited to, items such as Disadvantaged Business Enterprise programs, Buy America requirements, and non-discrimination provisions.

## **7.0 METHODS OF SOURCE SELECTION**

### **7.1 GENERAL POLICY**

As stated previously, open and fair competition is a basic tenet of MTD procurement policy. In the exercise of this policy it is recognized that the District purchases many types of goods and services. Since the marketplace differs for these various items, it is necessary to employ a variety of source selection techniques in order to ensure the best competition for each procurement.

Accordingly, MTD recognizes and authorizes three basic methods for the conduct of District procurement: 1) sealed bid; 2) competitive proposal, and; 3) small purchase procedures. In addition, MTD also authorizes the use of sole source and emergency procurements as exceptions to the basic methods only if necessary under conditions existing at the time.

The material presented in this section establishes the conditions under which each type of procurement may be used. Administrative procedures applicable to each procurement also are detailed.

## **7.2 SEALED BID PROCUREMENTS**

### **7.2.1 Conditions for Use**

It is the policy of MTD that, unless accepted by circumstances described herein, sealed bidding shall be performed as follows:

- (a) For purchases under \$25,000 sealed bidding shall be conducted by contacting two or more responsible suppliers who are willing and able to compete effectively;
- (b) Purchases of \$25,000 or more shall be formally advertised, subject to the provisions below.

The formally advertised sealed bid procurement shall be conducted when:

- (a) A complete, adequate and realistic specification or purchase description is available;
- (b) Two or more responsible bidders are willing and able to compete effectively for the business;
- (c) The procurement lends itself to a firm fixed price contract and the selection of the successful bidder can be made principally on the basis of price;
- (d) Sufficient time is available to accommodate formal advertising.

### **7.2.2 Advertising**

In cases where sealed bid procurements are formally advertised, such advertising shall be published in a newspaper of general circulation in the Santa Barbara area. Additional sources may be employed as appropriate, including trade publications, journals and newsletter.

The advertisement shall contain a concise description of the procurement to be conducted along with information indicating the method by which interested parties may obtain appropriate solicitation documents. Additional items contained in the formal advertisement include date, time and location for submission of bids.

As a supplement to advertising the availability of an Invitation for Bids (IFB) copies of the bid documents will be mailed directly to prospective bidders. The number of such mailings will vary by procurement, but will be sufficient to assure adequate competition.

### **7.2.3 Bidding Schedules**

Consistent with the need for obtaining goods or services, all IFB's shall be issued in a fashion which allows sufficient time to permit prospective bidders to prepare and submit bids. It is the general policy of MTD that bidding time (i.e., the period between the date of IFB issuance and the deadline for receipt of bids) shall be no less than:

- (a) Twenty (20) calendar days for procurement of standard and readily available commercial goods or services, and;
- (b) Thirty (30) calendar days for procurements of non-standard goods or services.

This policy may be varied in special circumstances as determined by the Procurement Officer or General Manager. Exceptions also are permitted where the urgent nature of a need for goods or services does not permit such delay.

#### **7.2.4 Issuance, Amendment and Cancellation of IFB**

All documents associated with an IFB for an MTD procurement shall be issued by the Procurement Officer. IFB distribution may be accomplished through direct mailing to prospective bidders at the time of formal advertisement or at a subsequent time in response to a direct request. All such requests shall be honored promptly.

Upon occasion it is necessary to make changes to an IFB document between the dates of issuance and public opening. For this purpose changes shall include, but not be limited to, modifications to specifications, quantities, delivery schedules, or Contractor requirements. In such cases changes to the IFB shall be accomplished through the issuance of an addendum to the IFB. This addendum shall be sent to each party known to have received a copy of the original IFB.

It is the general policy of MTD that any information released to a prospective bidder concerning an IFB shall be furnished promptly to all other bidders as an addendum. This shall be applied in all cases wherein: 1) such information is necessary for submission of bids, or; 2) the lack of same would be prejudicial to uninformed bidders.

IFB addenda shall be issued in sufficient time to permit all prospective bidders to consider such information in submitting or modifying their bids.

At any time prior to the award of a bid MTD may cancel an IFB. Such action shall be taken only when it is in the best interest of the District to do so pursuant to a written determination by the MTD General Manager. In this event the Procurement Officer shall notify all bidders or IFB recipients in writing of the cancellation, and shall return all bid securities as applicable.

#### **7.2.5 Modification of Bids**

Prior to the time of public opening bids may be modified or withdrawn upon receipt of a written request from the bidder or duly authorized representative. All bid modifications must be made in writing and sealed in an opaque envelope marked as directed in the IFB.

A bid may be withdrawn by a bidder or authorized representative upon receipt of a written request. In such cases MTD shall return the bid unopened to the bidder. Timely withdrawal of a bid shall in no way prevent the bidder from submitting another bid, or prejudice evaluation of same after bid opening.

No modifications to or withdrawal of bids shall be permitted after the time of public opening.

#### **7.2.6 Bid Opening**

Bids shall be opened publicly in the presence of one or more witnesses at the time and place designated in the IFB. The amount of each bid, together with the name of the bidder, shall be read aloud and recorded by the Procurement Officer. Such information shall then be a matter of public record and made available to those requesting it.

#### **7.2.7 Bid Corrections and Clarifications**

Except as provided herein, no changes to prices or other bid provisions prejudicial to the interest of MTD or fair competition shall be permitted after such bids have been publicly opened.

FTA regulations and MTD policy prohibit any clarification of ambiguous bids after a public opening. Thus, in cases where bids are unclear in an FTA funded procurement, MTD shall not solicit clarifications of same from bidders or their authorized representatives.

This policy notwithstanding, MTD may permit a bidder to correct a bid after public opening under specific circumstances. These are as follows:

- (a) A bidder shall not be permitted to correct a bid mistake after public opening which would cause such bidder to have the lowest bid, unless the mistake is clearly evident from examining the bid document, e.g., errors in addition or extensions of unit prices;
- (b) An otherwise low bidder shall be permitted to correct a mistake of fact in its bid, including price, when the intended bid is obvious from the bid document or is otherwise supported by proof which has evidentiary value. A low bidder shall not be permitted to correct a bid for mistakes or errors in judgement;
- (c) A low bidder shall be permitted to furnish information called for in the IFB and not supplied due to oversight, provided that it does not, in the judgement of the Procurement Officer, affect the responsiveness of said bid.

All decisions to permit the correction of bids, or to cancel awards or contracts based upon bid mistakes, shall be supported by a written determination by the Procurement Officer that such action was in the best interest of MTD and not prejudicial to the interest of fair competition.

#### **7.2.8 Bid Evaluation**

Following the public opening of bids the Procurement Officer shall conduct an evaluation of all bids received in timely fashion. Bids received after the time and date of public opening as stated in the IFB shall be returned to the bidder unopened and receive no further consideration.

In the evaluation of bids the Procurement Officer shall make a determination concerning the responsiveness and responsibility of bidders. The responsiveness of a bid is determined by its conformance to the technical and legal requirements of MTD's bid documents. In general, a bid is determined to be non-responsive and not considered for award when it contains a deficiency as to any material factor. This is defined as a circumstance which affects price, quality, or quantity of the goods or services being furnished.

The determination of a bidder's responsibility shall be made pursuant to the following criteria:

- (a) Financial resources, evaluated from Dun & Bradstreet Reports and other sources;
- (b) Skill, judgment, and integrity;
- (c) Technical ability to perform the required work;
- (d) Previous performance under contracts for similar work.

The results of this evaluation shall be documented by the Procurement Officer and employed in the justification of contract awards.

In addition to considerations of responsiveness and responsibility a technical evaluation shall be prepared for each procurement. This process consists of an assessment of whether the apparent low bidder is technically responsive. The technical evaluation shall make such determination in relation to the specifications in the IFB.

#### **7.2.9 Bid Rejection**

MTD reserves the right to reject any and all bids received, or to waive any informality or non-substantive defects therein, if it is in the best interest of the District to do so. Criteria established by MTD for rejection of bids are presented below. However, such criteria are not to be



considered all-inclusive; bids may be rejected due to other special circumstances as determined by the Procurement Officer.

- (a) Any bid which fails to conform to the essential requirements of the IFB, e.g., specifications or delivery schedule, shall be rejected as non-responsive. The Procurement Officer shall be responsible for making determinations concerning non-responsiveness;
- (b) Any bid may be rejected if the Procurement Officer makes a written determination that the price offered therein is unreasonable. This determination must be supported by a price or cost analysis;
- (c) Any bid which fails to include a bid security as specified in the IFB shall be rejected;
- (d) Any bid which imposes conditions modifying the requirements of the IFB, or limiting liability to MTD in such a manner that an advantage over other bidders is created, may be rejected.

However, a low bidder may be requested to delete objectionable conditions from its bid if the conditions affect the form and not the substance of the bid. For this purpose "substance" shall mean provisions affecting price, quantity, quality, or delivery of the items offered.

#### **7.2.10 Award of Bid**

Unless all bids are rejected, award shall be made by MTD via written notice to the lowest responsive and responsible bidder whose bid meets the requirements and criteria set forth in the IFB. Such award shall be made within the time specified in the IFB; the normal period observed is thirty (30) days following public bid opening.

Notwithstanding the above, special circumstances may occur under which it is in the best interest of MTD to make award to other than the apparent lowest responsive and responsible bidder. In this case the Procurement Officer shall prepare an analysis justifying such action, which shall become a part of the procurement records. For FTA funded procurements award shall be made pursuant to the provisions of Section 7.7 herein.

In the event that only one bid is received in response to an IFB, a price or cost analysis must be prepared by the Procurement Officer. If the results of the analysis demonstrate the price offered in the single bid to be reasonable MTD shall, subject to applicable provisions of Section 7.7, make award to the sole bidder. Should the price offered be deemed unreasonable, MTD shall reject the bid and notify the bidder in writing of the decision.

At the time of award the Procurement Officer shall notify all unsuccessful bidders in writing of such decision.

#### **7.2.11 Procurement Records**

The Procurement Officer shall be responsible for maintaining complete and accurate records concerning the significant history of a sealed bid procurement. Such records shall include, but not be limited to, the following:

- (a) Pre-Contract Documents
  - Purchase Requisition
  - Rationale for Method of Procurement

- IFB Bid Documents
  - Proof of Publication
  - List of Pre-Bid Conference Attendees
  - Summary of Pre-Bid Conference
  - Requests for Approved Equals and Responses Thereto (If Applicable)
  - List of Bid Document Recipients
  - List of Bidders and Bid Prices
  - Justification Statement for Use of Brand Names in Specifications (If applicable)
  - General Pre-Contract Correspondence
  - Determination of Bid Responsiveness and Bidder Responsibility
  - Technical Bid Evaluations
  - Notice of Award
  - Notice to Unsuccessful Bidders
  - Protests Prior to Award (If applicable)
  - Protests After Award (If applicable)
  - Documentation and Resolution of Bid Mistakes and Irregularities (If applicable)
- (b) Contract Administration Documents
- Executed Contract
  - Contract Amendments, Change Orders, and Supporting Correspondence (If applicable)
  - Bid Securities
  - Certificates of Insurance
  - Termination Notices and Supporting Justification (If applicable)
  - Liquidated Damages Data and Supporting Correspondence (If applicable)
  - General Contract Administration Correspondence
  - Contract Closeout Documentation

### **7.2.12 MTD Organizational Procedures and Responsibilities**

Responsibility for the conduct and administration of sealed bid procurements shall be assigned as follows:

<u>Responsible Party</u>	<u>Tasks</u>
Originating Department	<ol style="list-style-type: none"> <li>1. Submits Purchase Requisition</li> <li>2. Supplies technical and other data to Procurement Officer for use in bid documents</li> </ol>

3. Participants in Pre-Bid Conference
4. Assists Procurement Officer in technical bid evaluation and requests for approved equals as needed
5. Assists Procurement Officer in contract administration as needed

Finance Department

1. Receives Purchase Requisition from originating department, reviews for budgetary consistency and forwards to General Manager for approval
2. Processes and verified Purchase Orders and all vendor invoices

Procurement Officer

1. Prepares all bid documents and administers distribution
2. Prepares notice for publication
3. Conducts Pre-Bid Conference
4. Conducts all pre-award communications with prospective bidders
5. Responds to requests for approved equals and clarification of bid documents
6. Prepares and issues IFB addenda as needed
7. Conducts public bid opening
8. Evaluates bids and bidders for responsiveness and responsibility
9. Prepares recommendation to General Manager for bid award
10. Issues notice of award to bidders and returns bid securities as needed
11. Prepares contract documents
12. Administers bid protests pursuant to MTD policy (if applicable)
13. Administers contract

General Manager

1. Approves Purchase Requisition
2. Approves bid award
3. Executes contract

4. Provides recommendation to Board of Directors concerning bid protests (if applicable)

Board of Directors

1. Considers and rules upon bid protests (if applicable)
2. Approves non-budget capital purchases

### **7.3 COMPETITIVE PROPOSAL PROCUREMENTS**

#### **7.3.1 Conditions for Use**

Whenever the Procurement Officer determines in writing that the use of competitive sealed bidding is either not practical or not advantageous to MTD, a procurement may be conducted through solicitation of competitive proposals. In making such determination the Procurement Officer shall consider the following:

- (a) Whether quality, availability, or capability is overriding in relation to price for the type of good or service needed;
- (b) Whether the marketplace will respond more satisfactorily to a solicitation permitting not only a range of alternative proposals but discussion and evaluation of them before making award.

If the Procurement Officer makes an affirmative determination on any of the above items conditions are appropriate for use of a competitive proposal procurement.

Pursuant to FTA regulations and MTD policy competitive proposals shall be solicited for qualifications based procurements of architectural and engineering services. This shall also include related services such as construction or program management, feasibility studies, preliminary engineering design, surveying, mapping, and associated functions.

Procurement of other professional and personal services, e.g., legal counsel shall be accomplished by competitive proposal. Finally, this method of procurement shall be employed whenever it is not possible to fully detail the scope or quantity of services to be obtained.

#### **7.3.2 Contents of the Request for Proposals**

All RFP solicitations prepared by MTD shall be based upon a clear and complete description of the requirements for the material or service to be obtained. These requirements shall contain no features which unduly restrict competition.

The RFP shall clearly identify the method by which proposals will be evaluated and award made. This includes a complete list of all evaluation criteria and their relative importance in the evaluation process. The disclosure of relative importance need not be made by publication of explicit numerical weighting for evaluative criteria; a simple ranking shall be considered sufficient.

#### **7.3.3 Advertising**

Competitive proposal procurement estimated by the Procurement Officer to exceed \$25,000 shall be advertised through a Public Notice of Requests for Proposals. Such Notice shall be published in a newspaper of general circulation in the Santa Barbara area. Additional sources may be employed as appropriate, including trade journals.

Notices for RFP's shall contain a brief description of the service to be obtained as well as information concerning the method by which interested parties may obtain the solicitation

documents. Also included shall be details of the date, time, and location for submission of proposals.

Copies of the RFP documents shall be sent to prospective proposers by the Procurement Officer at the time of Public Notice publication. RFP materials shall also be provided promptly to all parties requesting them.

#### **7.3.4 Issuance, Amendment, and Cancellation of RFPS**

Proposals shall be solicited from an adequate number of potentially qualified firms or individuals to assure effective competition. Whenever possible, no fewer than three potential proposers shall be solicited.

MTD may elect to make changes to an RFP between the date of issuance and deadline for receipt. In this event such changes shall be accomplished through a written amendment to the RFP. This amendment shall be sent to each party known to have received a copy of the original RFP.

It is the general policy of MTD that any information released to a prospective proposer concerning an RFP or amendment thereto shall be furnished promptly to all other RFP recipients. This policy shall be employed in all cases wherein: 1) such information is necessary for submission of proposals, or; 2) the lack of same would be prejudicial to uninformed proposers.

Amendments to RFP documents shall be issued in sufficient time to permit all prospective proposers to consider the information in preparing their proposals.

At any time prior to execution of a contract MTD may cancel a competitive proposal solicitation. Such action shall be taken pursuant to a written determination by the MTD General Manager that it is in the best interests of the District to do so. In the event that an RFP is cancelled the Procurement Officer notifies all proposers or RFP recipients in writing.

#### **7.3.5 Modification and Withdrawal of Proposals**

At any time prior to the deadline established for their receipt, a proposer may, by written request, modify or withdraw a proposal. All RFP modifications must be made in writing and submitted as directed in the solicitation documents.

Timely withdrawal of a proposal shall in no way prevent the affected party from submitting another proposal, or prejudice evaluation of same after the date of opening.

#### **7.3.6 Receipt of Proposals**

Proposals may be opened at any time after their receipt, providing that such receipt occurred prior to the deadline established in the RFP. Proposals received after the deadline may be rejected and returned unopened to the sender.

Any response to the RFP shall be honored to the maximum extent practical. No proposals shall be rejected on the basis of non-responsiveness to the provisions of the RFP. However, this shall not absolve proposers of responsibility for fulfilling all requirements of the RFP.

It is the policy of MTD that information contained in proposals shall be treated as confidential. Such information shall not be disclosed to external parties; special care shall be taken to ensure that no disclosures are made to competing proposers.

#### **7.3.7 Evaluation of Proposals**

All proposals received shall be evaluated and ranked solely on the basis of the criteria contained in the RFP; MTD policy prohibits the use of any evaluative standard or guideline not so

published. In the application of evaluative criteria MTD shall observe their relative importance as indicated in the RFP.

Procedures for evaluation of competitive proposals are uniform for all procurements with the exception of architectural and engineering (A&E) services.

#### Non-A&E Procurements

For all procurements not involving A&E services, price is included among the criteria established for proposal evaluation. In these cases MTD ratings of all criteria (price included) are tallied for each proposer pursuant to their relative weights. The composite scores of all proposers are subsequently ranked in descending order.

If so stated in the RFP, MTD may then select the proposer receiving the highest score for award on the basis of its original proposal and price. However, the RFP may provide for an alternate evaluative process. This would entail the selection of a group of one or more proposers as being in the competitive range, i.e., those proposers determined to have a reasonable chance of being selected for award based upon price and other factors stated in the RFP. MTD would then enter into negotiations (as later described) with each proposer in the range as the final phase of proposal evaluation.

#### A&E Procurements

For procurements of A&E services FTA and MTD policy prohibit the use of price as an evaluation factor. In these cases the qualifications of each proposer are evaluated as described herein. The proposer determined to be most qualified is selected for award subject to negotiation of fair and reasonable compensation. Negotiations are conducted only with the most qualified proposer.

In the event that compensation cannot be agreed upon with the most qualified proposer MTD will formally terminate negotiations. Negotiations will be initiated with the proposer determined by MTD to be the next most qualified, with award made if the amount of compensation is determined by the General Manager to be fair and reasonable.

#### Evaluation of Proposer Qualifications

All competitive proposal procurements, whether for A&E service or otherwise, involve an evaluation of the qualifications of each proposer. This process begins with a review of technical expertise and experience of proposers in order to assess their capability to perform the services under consideration. This qualification assessment shall be performed by an Evaluation Committee comprised of MTD management personnel appointed by the Procurement Officer.

The proposer shall be evaluated on its understanding of and capacity to perform the work described in the RFP. The Evaluation Committee shall consider both organization and experience with attention to factors such as:

- (a) Experience and organizational characteristics of the firm;
- (b) Experience and commitment of key personnel assigned to the project;
- (c) Experience with public agencies and transit operators;
- (d) Record of performance in previous work;
- (e) Innovative management techniques

These factors are evaluated along with others stated in the RFP. The product of this process is a composite evaluation score for each proposer, derived from a weighted tally of scores on each

criterion. Such scores represent a numerical ranking of proposer qualifications, and are employed as described above to determine the candidate(s) for award.

### **7.3.8 Negotiation with Proposers**

MTD standards concerning the proper use of negotiations are described above. In no case shall negotiations be conducted other than as defined herein.

Proposers shall be accorded fair and equitable treatment with respect to any opportunity for negotiations, and there shall be no disclosure of any information derived from proposals submitted by competing proposers. Employees, officers, and agents of MTD shall ensure that negotiations are conducted in accordance with ethical business standards.

The following policies have been established by MTD for proposer negotiations:

- (a) All proposers selected to participate in negotiations shall be permitted a reasonable opportunity to clarify or revise their proposals. This may include correction of deficiencies, revisions resulting from negotiations, or submission of price, cost, or other data. For this purpose a deficiency is defined as that portion of a proposal which would not satisfy MTD requirements as stated in the RFP;
- (b) Negotiations shall not disclose the strengths or weakness of competing proposals or information obtained therefrom;
- (c) Auction techniques shall not be employed at any time in the conduct of negotiations. This technique includes such actions as indicating to a proposer a price which must be met to qualify for further consideration, or informing a proposer of the standing of his price relative to competitors. However, it shall be permissible to inform a proposer that his price is considered too high by MTD;
- (d) A cutoff date shall be established for submission in writing of final offers. All proposers involved in negotiations shall be so notified in writing. Such notification shall state that: i) negotiations have been concluded; ii) proposers are being given an opportunity for submission of “best and final” offer, and; iii) material must be received by the time and date specified.

### **7.3.9 Award of Proposal**

In all competitive procurement MTD shall make award to the responsible proposer whose proposal is determined to be most advantageous to MTD, taking into consideration price (excepting A&E services as provided above) and other factors set forth in the RFP. Unsuccessful proposers shall be promptly notified in writing.

In making the award MTD shall document in writing the method by which pertinent evaluative criteria were applied in ascertaining that the selected proposal is most advantageous to the District. Such documentation shall be made a permanent part of the procurement records described below.

### **7.3.10 Procurement Records**

The Procurement Officer shall be responsible for maintaining complete and accurate records concerning the significant history of competitive proposal procurements. Such records shall include, but not be limited to, the following:

(a) Pre-Contract Documents

- Purchase Requisition
- Rationale for Method of Procurement
- RFP Documents, Including Amendments
- Proof of Publication
- RFP Correspondence
  - Initial mailing list
  - Letter requests for RFP
  - General correspondence
- All Proposals Received
- Proposal Evaluation Documentation
- Negotiation Documentation
  - Cost and price analyses
  - Summary of negotiation sessions
  - General correspondence
- Notice of Award
- Notice to Unsuccessful Proposers
- Protests After Award (If applicable)

(b) Contract Administration Documents

- Executed Contract
- Contract Amendments, Change Orders, and Supporting Correspondence (If applicable)
- Proposal Securities
- Certificates of Insurance
- Termination Notices and Supporting Justification (If applicable)
- Liquidated Damages Data and Supporting Correspondence (If applicable)
- General Contract Administration Correspondence
- Contract Closeout Documentation

**7.3.11 MTD Organizational Procedures and Responsibilities**

Responsibility for administration of competitive proposal procurements shall be assigned as follows:

<u>Responsible Party</u>	<u>Tasks</u>
Originating Department	1. Submits Purchase Requisition



2. Supplies technical and other data to Procurement Officer for use in RFP documents
3. Serves on Evaluation Committee as assigned by Procurement Officer
4. Assists Procurement Officer in contract administration as needed

#### Finance Department

1. Receives Purchase Requisition from originating department, reviews for budgetary consistency and forwards to General Manager for approval
2. Processes and verifies Purchase Orders and all vendor invoices

#### Procurement Officer

1. Prepares all RFP documents and administers distribution
2. Prepares notice for publication
3. Conducts all pre-award communications with prospective proposers
4. Conducts proposer briefing concerning RFP
5. Prepares and issues RFP amendments as needed
6. Receives and records all proposals
7. Evaluates proposers for responsibility
8. Assigns members of Evaluation Committee and prepares forms and other materials for use in proposal evaluations
9. Participates in Evaluation Committee functions
10. Determines competitive range of proposers for participation in negotiations
11. Conducts negotiations and administers negotiation process
12. Prepares recommendation to General Manager for contract award
13. Issues notice of award to proposers and returns securities to same as appropriate
14. Prepares contract documents
15. Administers procurement protests and pursuant to MTD policy (if applicable)
16. Administers contract

#### General Manager

1. Approves Purchase Requisition
2. Approves contract award
3. Executes contract
4. Provides recommendation to Board of Directors concerning resolution of protests (if applicable)

#### Board of Directors

1. Considers and rules upon procurement protests (if applicable)
2. Approves non-budget capital purchases

### **7.4 NON-COMPETITIVE NEGOTIATION (SOLE SOURCE) PROCUREMENTS**

#### **7.4.1 Conditions for Use**

A non-competitive negotiation procurement is characterized by: 1) a process wherein a proposal is solicited or accepted from only one source, or; 2) after solicitation of a number of sources competition is determined to be inadequate. Pursuant to FTA regulations such procurements also include contract amendments and change orders which are outside the scope of the original contract.

Procurement by non-competitive negotiation may be employed only when: 1) the award of a contract is infeasible under procedures applicable to small purchases (described in Section 7.5), sealed bids, or competitive proposals, and; 2) at least one of the following circumstances applies:

- (a) The item to be procured is available only from a single source;
- (b) MTD has an urgent need for the item which will not permit a delay resulting from competitive solicitation;
- (c) In the case of FTA funded procurements, approval has been solicited and received from that agency;
- (d) After solicitation of a number of sources the Procurement Officer makes a written determination that competition is inadequate;
- (e) The object in question is part of an FTA funded procurement, qualifies as an associated capital maintenance item as defined by FTA, and is procured directly from the supplier of the item to be replaced. In this case MTD must certify to FTA that such supplier is the only source for the item and that its price is no higher than that paid by like customers.

No procurement shall be made by non-competitive negotiation unless the Procurement Officer makes a written determination of the necessity therefore. Such determination shall be based only upon the criteria stated herein.

#### **7.4.2 Cost Analyses**

Pursuant to the criteria above, whenever MTD determines that a non-competitive procurement must be conducted for an FTA funded purchase, a cost analysis shall be performed of the fees proposed by a prospective contractor. Cost analyses also shall be performed for all contract modifications and change orders occurring in FTA funded procurements.

An exception to this requirement is permitted if price reasonableness can be established on the basis of:

- (a) A catalog or market price of a commercial product sold in substantial quantities to the general public, or;
- (b) Prices established by law or regulation.

In these cases a cost analysis need not be performed. The Procurement Officer shall make a written determination of the basis upon which cost analysis was waived.

#### **7.4.3 Contract Price**

In non-competitive FTA funded procurements MTD shall negotiate profit as a separate element of the contract price. In determining a fair and reasonable profit, the Procurement Officer shall give consideration to the following:

- (a) Characteristics and complexities of the work to be performed;
- (b) Risks borne and investments made by the Contractor;
- (c) Extent of subcontracting activity;
- (d) Past performance of the Contractor;
- (e) General industry profit rates for similar work.

In no case shall contract pricing be based upon either a “cost plus a percentage of cost” or “percentage of construction cost”. Such “cost plus” contracting is prohibited by MTD policy.

#### **7.4.4 Award of Contract**

For non-competitive procurements not involving FTA funds, MTD shall make award of a contract only following a determination by the Procurement Officer that the proposed determination by the Procurement Officer that the proposed price is reasonable. Such determination, along with supporting cost analyses, shall be submitted to the General Manager, who shall approve and execute the contract.

For FTA funded non-competitive procurements MTD shall not award a contract until FTA approval has been received. Procedures governing this process are described in Section 7.7.

#### **7.4.5 Procurement Records**

The Procurement Officer shall be responsible for maintaining complete and accurate records concerning the significant history of non-competitive negotiation procurements. Such records shall include, but not be limited to, the following:

- (a) Pre-Contract Documents
  - Purchase Requisition
  - RFP Documents, (If applicable)
  - Proof of Publication (If applicable)
  - RFP Correspondence (If applicable)
    - Initial mailing list
    - Letter requests for RFP
    - General correspondence
  - All proposals Received (If applicable)
  - Proposal Evaluation Documentation (If applicable)

- Rationale and Justification for Non-Competitive Procurement
  - Negotiation Documentation
    - Cost and price analyses
    - Profit analyses
    - Summary of negotiation sessions
    - General correspondence
  - Notice of Award
  - Documentation and Analyses for FTA Review of Procurement (If applicable)
  - FTA Approval Letter for Procurement (If applicable)
  - Protests Prior to Award
  - Protests After Award
- (b) Contract Administration Documents
- Executed Contract
  - Contract Amendments, Change Orders, and Supporting Correspondence (If applicable)
  - Contractor Securities
  - Certificates of Insurance
  - Termination Notices and Supporting Justification (If applicable)
  - Liquidated Damages Data and Supporting Correspondence (If applicable)
  - General Contract Administration Correspondence
  - Contract Closeout Documentation

#### **7.4.6 MTD Organizational Procedures and Responsibilities**

Responsibility for administration of non-competitive proposal procurements shall be assigned as follows:

<u>Responsible Party</u>	<u>Tasks</u>
Originating Department	<ol style="list-style-type: none"> <li>1. Submits Purchase Requisition</li> <li>2. Supplies technical and other data to Procurement Officer for use in RFP documents (if applicable)</li> <li>3. Serves on Evaluation Committee as assigned by Procurement Officer (if applicable)</li> <li>4. Assists Procurement Officer in conduct of cost analysis (if applicable)</li> <li>5. Assists Procurement Officer in contract administration as needed</li> </ol>

Finance Department

1. Receives Purchase Requisition from originating department, reviews for budgetary consistency and forwards to General Manager for approval
2. Assists Procurement Officer in conduct of cost analysis (if applicable)
3. Processes and verifies Purchase Orders and all vendor invoices

**Procurement Officer**

1. Prepares justification analysis for non-competitive negotiation procurement
2. Prepares materials for FTA review of procurement (if applicable)
3. Prepares all RFP documents and administers distribution (if applicable)
4. Prepares notice for publication (if applicable)
5. Conducts all pre-award communications with prospective proposers
6. Conducts proposer briefing concerning RFP (if applicable)
7. Prepares and issues RFP amendments as needed (if applicable)
8. Receives and records all proposals (if applicable)
9. Evaluates proposers for responsibility
10. Assigns members of Evaluation Committee and prepares forms and other materials for use in proposal evaluations (if applicable)
11. Participates in Evaluation Committee functions (if applicable)
12. Determines competitive range of proposers for participation in negotiations (if applicable)
13. Conducts negotiations and administers negotiation process
14. Performs cost analysis for proposed contract price (if applicable)
15. Performs profit analysis for contract (if applicable)
16. Prepares recommendation to General Manager for contract award
17. Issues notice of award to proposers and returns securities to same as appropriate
18. Prepares contract documents

19. Administers procurement protests and pursuant to MTD policy (if applicable)
20. Administers contract

#### General Manager

1. Approves Purchase Requisition
2. Approves contract award
3. Executes contract
4. Provides recommendation to Board of Directors concerning resolution of protests (if applicable)

#### Board of Directors

1. Considers and rules upon procurement protests (if applicable)
2. Approves non-budget capital purchases

### **7.5 SMALL PURCHASE PROCUREMENTS**

#### **7.5.1 Conditions for Use**

Small purchase procedures as described herein represent simple and less formal methods which may be used to procure services, supplies, and other property which do not cost more than \$25,000 in the aggregate. Such procedures are used for minor purchases which do not justify the administrative time and expense necessary for conduct of sealed bidding processes.

However, while these procedures are intended to make small purchases administratively simpler to complete, adequate competition shall be assured. MTD policy prohibits the use of small purchase procedures for the purpose of avoiding other forms of procurement, e.g., sealed bids. This includes the dividing of procurements into individual minor purchases, and other actions taken to circumvent proper source selection methods as described herein.

#### **7.5.2 Assurance of Competition and Reasonableness of Price**

Purchases not exceeding \$2,000 in the aggregate may be accomplished without obtaining competitive quotations if the price is determined to be reasonable. Such determination shall be made through comparison of the proposed price with the following:

- (a) Current price lists;
- (b) Current catalog prices;
- (c) Printed price advertisements;
- (d) Known prices of similar items in a related industry;
- (e) Prices determined to be reasonable in recent purchases;
- (f) Buyer's knowledge of the item(s) being procured.

Small purchases in excess of \$2,000 but less than \$25,000 in the aggregate shall be accomplished by obtaining oral quotations. Such quotations shall be confirmed in writing by no fewer than two qualified sources.

Purchases in excess of \$25,000 shall be accomplished through the use of competitive procurement procedures described herein.

### 7.5.3 Procurement Records

The responsibility for maintaining small purchase procurement records belongs to the originating department. Such records shall include, but not be limited to, the following:

- (a) Source for determination of price reasonableness, e.g., price list, catalog or advertisement;
- (b) Documentation of oral price quotations solicited and received;
- (c) Written vendor price quotation confirmations.

The Procurement Officer shall ensure that departments making small purchases maintain complete and accurate records for each procurement.

### 7.5.4 MTD Organizational Procedures and Responsibilities

Responsibility for administration of small purchase procurements shall be assigned as follows:

<u>Responsible Party</u>	<u>Tasks</u>
Originating Department	<ol style="list-style-type: none"> <li>1. Solicits vendor prices and determines reasonableness</li> <li>2. Documents and prepares evaluation of each price quotation.</li> <li>3. Submits Purchase Requisition</li> <li>4. Makes award to vendor</li> <li>5. Receives items and reconciles with Purchase Order. Forwards purchase receipts and materials to Accounting</li> </ol>
Finance Department	<ol style="list-style-type: none"> <li>1. Controller receives Purchase Requisition from originating department, reviews for budgetary consistency and forwards to General Manager for approval</li> <li>2. Processes all vendor invoices</li> </ol>
General Manager	<ol style="list-style-type: none"> <li>1. Approves Purchase Requisition</li> </ol>

### 7.6 EMERGENCY PROCUREMENTS

Emergency purchases may be made under circumstances wherein the urgency of the need does not permit the delay appurtenant to more formal procurements. This procedure may be used only if:

- (a) A purchase is immediately necessary either to preserve life or property, or to protect public health, welfare, and safety, or;
- (b) An urgent purchase must be made to prevent immediate termination of a critical MTD function or activity, or;
- (c) All bids received in a sealed bid procurement are determined by the Procurement Officer to be unreasonable, and insufficient time exists to resolicit bids without endangering the public health and safety or immediately terminating a critical MTD function.

The Procurement Officer shall make a written determination of the basis for the emergency and shall indicate the reasons for selection of the contractor.

In an emergency an award may be made without competition; however, it is the policy of MTD that the procurement be made with such competition as is practicable under the circumstances.

## **7.7 PRE-AWARD REVIEW OF FTA FUNDED PROCUREMENTS**

### **7.7.1 General Policies**

Upon request by FTA, MTD shall make available technical specifications and other solicitation documents appurtenant to any procurement financed with FTA monies. The Procurement Officer shall maintain responsibility for ensuring compliance with any such request made by FTA.

Any MTD purchase for which FTA funds are expended must adhere to the procurement standards and procedures established in FTA Circular 4220.1B Third Party Contracting Guidelines. It is the policy of MTD that all FTA funded procurements shall be conducted in accordance with the provisions of this Circular.

Under specific circumstances FTA regulations require submission of procurement documentation for approval prior to contract award. This includes procurements involving non-competitive negotiation, receipt of a single bid or offer, award to other than the low bidder, and use of a “brand name” product specification.

For such procurements MTD shall submit appropriate information to FTA after a determining the proposed Contractor but before making award. For “brand name” specification procurements MTD shall submit required information to FTA prior to issuance of solicitation documents.

Procedures applicable to each situation involving FTA pre-award review are described below:

#### Non-Competitive Negotiation (Sole Source) Procurements

For procurements in which non-competitive negotiation is proposed MTD is responsible for submitting information to FTA which documents the need for use of this method. This consists of a justification statement incorporating:

- (a) An explanation of the procurement need including details concerning the unique features which result in only one source capable of meeting such need;
- (b) A description of the alternative considered and reasons for the rejection of such alternatives;
- (c) An explanation of the Contractor’s unique capabilities which result in it being the only available source;
- (d) A description of the actions taken by MTD to ensure that future procurements for like or similar goods or services will be competitive;
- (e) A statement that the price is fair and reasonable, accompanied by an explanation of the basis for that determination (e.g., cost analysis or negotiation memorandum).

#### Single Bid or Offer Procurements

For any procurement in which only one bid or offer is received MTD shall submit the following documentation to FTA:

- (a) A statement that MTD has analyzed the specification and concludes that no items exist which serve to inhibit or eliminate competition. If such analysis reveals the existence of a restrictive item, justification shall be provided that MTD needs the item in order to fulfill its minimum requirements;



- (b) For all vendors which were expected to compete but did not, MTD shall provide evidence that it requested such vendors to submit their reasons for declining participation. All responses received shall be included in such submission;
- (c) A statement that the price is fair and reasonable, accompanied by an explanation of the basis for that determination.

#### Proposed Award to Other than Low Bidder

For any procurement in which MTD proposes to make award to other than the low bidder, the following documentation shall be submitted to FTA:

- (a) A detailed explanation of the reasons why the apparent low bidder is determined to be not responsive or responsible;
- (b) A statement of assurance that the proposed recipient of the award is responsible and responsive to the solicitation in all aspects;
- (c) A statement that the price is fair and reasonable, accompanied by an explanation of the basis for that determination;
- (d) Copies of written decisions or disposition of any protests filed against MTD.

#### Procurements Involving “Brand Name” Product Specifications

For any procurement in which the use of a “brand name” specification is proposed MTD shall submit the following information to FTA prior to issuance of solicitation documents:

- (a) All portions of the proposed specification relevant to the “brand name” requirement;
- (b) A description of the reasons why MTD could not feasibly make available an adequate specification or more detailed description (by means other than inspection and analysis) in time for the acquisition under consideration;
- (c) An explanation of MTD’s minimum needs for the item, accompanied by a description of the salient physical and functional characteristics thereof.

Following submission of the information described above FTA will provide a written concurrence or denial of the proposed procurement action. In cases where FTA denies such action, MTD will proceed pursuant to the provisions of the decision.

### **7.8 PIGGYBACKING**

The term “piggybacking” is defined as the post-award use of a contractual document/process that allows someone who was not contemplated in the original procurement to purchase the same supplies or equipment through the original document/process.”

This method of procurement is deemed an acceptable practice by MTD however; MTD shall adhere to all Federal Transportation Administration (FTA) requirements related to this method of procurement.

### **7.9 COOPERATIVE PURCHASING**

#### **7.9.1 Definitions**

"Cooperative purchasing" means procurement conducted by, or on behalf of, more than one public procurement unit.

"Local public procurement unit" means any political subdivision; any agency, board, department or other instrumentality of such political subdivision; and any nonprofit corporation created for the purpose of administering a cooperative purchase agreement.

"Public procurement unit" means either MTD; any state or an agency of the United States; or a local public procurement unit.

### **7.9.2 Cooperative Purchasing Authority**

MTD may either participate in, sponsor, conduct or administer a cooperative purchasing agreement for the procurement of any goods or services with one or more public procurement units in accordance with an agreement entered into between the participants. All cooperative purchasing participated in under this section shall be through contracts awarded through full and open competition. Any public procurement unit administering a cooperative purchase shall substantially comply with the applicable competitive bidding requirements of this MTD Procurement Manual, in which case MTD shall be deemed to have complied with the requirements thereof. Cooperative purchasing may include purchasing through multiple award schedules of public procurement units; joint or multiparty contracts between public procurement units; and open-ended public procurement unit contracts that are made available to other public procurement units.

### **7.9.3 Compliance with Federal Requirements**

All cooperative purchasing participated in by MTD that is FTA funded shall follow, include, or be amended to include any applicable federal requirements, clauses or certifications.

## **8.0 BONDING AND BID SECURITY**

### **8.1 TYPES OF BONDS AND BID SECURITIES**

MTD authorizes the use of three categories of bid securities (defined in Section 4.0) in connection with procurements:

- (a) Bid guarantee, consisting of cash, bid bond, certified check, or other negotiable instrument acceptable to MTD which accompanies a bid for the purpose of assuring that the bidder will, upon MTD's acceptance of the bid, execute such contractual documents as may be required within the time specified;
- (b) Performance bond, used in connection with a contract to secure fulfillment of all the Contractor's obligations under such contract;
- (c) Payment bond, also used in connection with a contract to assure payment as required by law of all persons supplying labor and material in the execution of the work provided for therein.

No other types of bid securities shall be used in procurements conducted by MTD.

### **8.2 CONDITIONS FOR USE**

Bid securities shall not be required for non-construction procurements or contracts unless the Procurement Officer determines such to be necessary. Circumstances under which bid securities may be employed in non-construction procurements include, but are not limited to, the following:

- (a) The procurement involves equipment or services of a critical nature to the operations of MTD;

- (b) The procurement includes items being specially manufactured, thereby making procurement from another source difficult or unduly time-consuming.

The following standards shall govern the application of bid securities:

<b>Contract Type</b>	<b>Bid</b>	<b>Bond Type Performance</b>	<b>Payment</b>
<u>Construction</u>			
FTA Funded (Contracts over \$100,000)	5%	100%	100%
Non-FTA Funded (Bid bond required for contracts over \$3,000; all bond types required for contracts over \$25,000)	5%	100%	100%
<u>Equipment (No Installation)<sup>1</sup></u>			
FTA Funded	n/a	n/a	n/a
Non-FTA Funded	5% <sup>2</sup>	100% <sup>2,3</sup>	n/a
<u>Services (Except Personal or Professional)</u>			
FTA Funded	n/a	n/a	n/a
Non-FTA Funded	5% <sup>2</sup>	100% <sup>2</sup>	100% <sup>2</sup>

#### **Notes to Bid Security Standards:**

<sup>1</sup> Equipment contracts involving installation are treated as construction contracts for bid security purposes.

<sup>2</sup> Only imposed if required by circumstances described in this Section.

<sup>3</sup> On standard bus procurements financed with FTA funds, MTD will lower the performance bond requirement to 20% if requested by one or more bidders.

## **9.0 PROCUREMENT PROTEST PROCEDURES**

### **9.1 PURPOSE AND APPLICABILITY**

The procedures described in this section have been established to ensure uniform, timely, and equitable consideration of all complaints received by MTD concerning its procurement activities. The Procurement Officer shall be responsible for the conduct and administration of procurement protests pursuant to the procedures established in this Section and Section 7.0 of this document.

The following protest procedures shall be employed for procurements conducted by MTD. Such protests shall be applicable only to procurements wherein MTD requests bids, proposals or offers for goods or services financed in whole or in part by public funds.

Procurements involving FTA funds are subject to additional protest procedures established by that agency. Procedures applicable to FTA funded procurements are so identified.

### **9.2 DEFINITIONS**

The following definitions apply to terms used in this section:

**DAYS:** Unless otherwise specified, refers to MTD working days.

**FILE OR SUBMIT:** Refers to the date of receipt by MTD.

**INTERESTED PARTY:** All bidders or proposers involved in an MTD procurement. This may also include a subcontractor or supplier who shows substantial economic interest in a provision of the IFB or RFP, or in the interpretation of such provision.

**BID:** Refers to and includes: i) the terms “offer” and “proposal” as employed in this document; ii) sealed bids; iii) competitive negotiation, and; iv) non-competitive negotiation.

### **9.3 BASES FOR PROTEST**

If in the course of a procurement action an interested party has reason to believe that: a) free and open competition does not exist, or; b) MTD solicitation documents contain restrictive specifications, such party may file a protest in accordance with the procedures described herein.

In addition to the above, protests may be filed based upon the following factual or alleged circumstances:

- (a) Violation of federal, state or local law or regulation;
- (b) Sole source procurements;
- (c) Award made to other than the low bidder;
- (d) Failure to adhere to evaluation criteria set forth in solicitation documents, or use of additional criteria not so published;
- (e) Changes to evaluation criteria made during the evaluation process;
- (f) Local or DBE preferences;
- (g) Solicitation advertising violating applicable laws or regulations;
- (h) Conduct of negotiations after bid opening in sealed bid procurements;
- (i) Provision of inadequate time to prepare a bid or proposal.

Protests of MTD procurements filed by interested parties shall be considered in two general categories: 1) those filed prior to award, and; 2) protests occurring after award has been made.

### **9.4 PRE-AWARD PROTESTS**

The following procedures shall be followed for all protests filed prior to award:

1. Protests must be filed no later than ten (10) days prior to the date established in the solicitation for receipt of bids or proposals.
2. Protests must be submitted in writing to the attention of the Procurement Officer. The written protests shall include:
  - (a) The name, address, and telephone number of the protestor;
  - (b) The MTD solicitation number and project description;
  - (c) A statement of the grounds for the protest, accompanied by all supporting documentation. All grounds must be fully supported with documentation;
  - (d) The resolution sought from MTD by the protestor.
3. The Procurement Officer shall receive the protest and issue written notification to the protestor within five days that the matter is undergoing review. Notice of the protest shall be given in writing to all known recipients of solicitation documents.
4. Procurement activity shall be suspended pending resolution of a protest unless one or more of the following conditions exists:
  - (a) The goods or services being procured are urgently required;

- (b) Delivery or performance will be unduly delayed by failure to make an award promptly;
- (c) Failure to make prompt award will result in termination of a critical MTD function or activity or otherwise cause undue harm to the District, or;
- (d) The General Manager prepares a written finding that such protest is clearly frivolous in nature, and therefore does not warrant a disruption of the procurement process.

The Procurement Officer shall be responsible for making a written determination that circumstances require MTD to proceed with a procurement during a pending protest.

Unless such determination is made the procurement shall be suspended pending resolution of the protest. All parties known to have received solicitation documents shall be notified in writing of such suspension by the Procurement Officer.

5. All protests received within the specified period shall be examined by the Procurement Officer who shall evaluate the matter and, within five (5) days, forward a recommendation concerning its disposition to the General Manager.

No additional material shall be accepted for consideration during the protest review unless specifically requested in writing by MTD.

6. The General Manager may attempt to resolve the protest with the affected party. If: a) within five (5) days after receipt of recommendations from the Procurement Officer the General Manager elects not to attempt such resolution, or; b) if resolution is attempted but not achieved within twenty (20) days after receipt of the aforementioned recommendations, the General Manager shall forward the matter to the MTD Board of Directors (hereinafter "Board") for resolution.

For these purposes "resolution" shall mean the written withdrawal of a protest by the originating party.

7. The MTD Board shall formally consider the protests at a public meeting within fourteen (14) calendar days after the date on which the matter is forwarded by the General Manager. Protesting parties shall be notified in writing of the date on which their matters shall be considered by the MTD Board. Such parties shall be afforded an opportunity to present their case at the Board meeting.
8. The MTD Board shall then make a formal decision on such protests at a public meeting. The decision of the Board, along with a formal record of the protest, shall become a matter of public record, and shall be considered final. The Procurement Officer shall notify protesting parties in writing of any protest decision made by the Board.

Except under conditions described in #4 above, such decision by the MTD Board shall be made prior to award of any contract related to the subject procurement.

9. Should the Board deny the protest, MTD shall proceed with the procurement process. In the case of FTA funded procurements no contract shall be awarded within five (5) days following the Board's decision unless such award is necessary due to circumstances described in #4 above. If the decision of the Board is to uphold the protest, then MTD shall proceed pursuant to Board direction.

## **9.5 POST-AWARD PROTESTS**

Protests received after award of contract shall be considered only if received within five (5) days following the date on which such award is made. Post-award protests received after that time shall not be considered.

Post-award protests shall be processed in the same fashion as that employed for pre-award protests. However, the award shall remain valid and procurement activities shall continue unless the General Manager determines in writing that suspension of such award is necessary pending protest resolution. In that event the awardee shall be so notified in writing, and the Procurement Officer shall effect an agreement with the Contractor for suspension of activity.

## **9.6 ADDITIONAL PROTEST PROCEDURES FOR FTA FUNDED PROCUREMENTS**

For procurements involving FTA funding, MTD shall inform protesting parties that the circumstances under which FTA will accept and review protests are limited to the following:

- (a) The alleged failure of MTD to have written protest procedures;
- (b) The alleged failure of MTD to follow such procedures;
- (c) The alleged violation by MTD of a specific federal requirement which provides an applicable complaint procedure.

In the instance of (c) above, the applicable complaint procedure shall be submitted and processed in accordance with pertinent federal regulations e.g., 49 CFR Part 661, Section 661.15 for Buy America, or 49 CFR Section 23.73 for Minority Business Enterprise participation.

Should a protest be filed with FTA under either (a) or (c) above, the following process will be used by FTA pursuant to Circular 4220.1B, Chapter V:

1. Parties shall file a protest with FTA not later than five days after a final decision is rendered by the MTD Board as provided herein. In instances where the protestor alleges that MTD failed to make a final determination on the protest, protesters shall file a protest with FTA not later than five days after the protester knew or should have known of MTD's failure to render a final determination on the protest;
2. MTD shall not award a contract for five days following its decision on a bid protest except in accordance with the provisions and limitations of item 9 of this section. After five days, MTD shall confirm with FTA that FTA has not received a protest on the contract in question;
3. Protests shall be filed with the FTA Region IX office with a concurrent copy to MTD;
4. The protest filed with FTA shall:
  - a. include the name and address of the protester;
  - b. identify the grantee, project number, and the number, if any, of the contract solicitation;
  - c. contain a statement of the grounds for protest and any supporting documentation. This should detail the alleged failure to follow protest procedures or the alleged failure to have procedures, and should be supported by documentation to the extent possible;
  - d. include a copy of the local protest filed with MTD along with a copy of MTD's decision, if any.

5. FTA shall notify MTD in a timely manner of the receipt of a protest. FTA shall instruct MTD to notify the contractor of the protest if award has been made or, if no award has been made, to notify all interested parties. MTD shall instruct all who receive such notice that they may communicate further directly with FTA;
6. MTD shall submit the following information to FTA not later than ten days after receipt of notification by FTA of the protest:
  - (a) a copy of MTD's protest procedures;
  - (b) a description of the process followed concerning the protest, and;
  - (c) any supporting documentation.
7. MTD shall provide the protester with a copy of the above submission;
8. The protester may provide any comments on MTD's submission no later than ten days after the protester's receipt of such material;
9. When a protest has been filed in a timely fashion with MTD before award, MTD shall not make an award prior to five days after the resolution of the protest, or if a protest has been filed with FTA, during the period in which the protest is pending, unless MTD determines that:
  - (a) The items to be procured are urgently required;
  - (b) Delivery or performance will be unduly delayed by failure to make the award promptly, or;
  - (c) Failure to make prompt award will otherwise cause undue harm to MTD or the Federal Government

In the event that MTD determines that the award is to be made during the five day period following the local protest decision or the period in which the protest is pending, MTD shall notify FTA prior to making such award;
10. Upon receipt of the material described herein, FTA will either request further information or a conference among the parties, or will render a decision on the protest;
11. The protest procedures contained herein shall be included in solicitation documents issued by MTD for all federally assisted procurements.

## **10.0 MTD CONTRACT DOCUMENTS**

### **10.1 GENERAL POLICIES**

MTD has established the following policies for all contract documents used in connection with MTD procurements:

- (a) Fixed price contracts shall be employed in all formally advertised procurements;
- (b) The use of contracts incorporating a "cost plus percentage of cost" provision is prohibited for any procurement;
- (c) Contracts incorporating "time and material" provisions shall not be used unless the Procurement Officer makes a written determination that no

other type is suitable and the contract includes a ceiling price that the Contractor exceeds at its own risk.

The Procurement Officer shall be responsible for ensuring that all MTD contracts comply with these policies.

## **10.2 CONTRACT TYPES**

The following types of contracts have been authorized for use in procurements made by MTD:

### **FIRM FIXED PRICE (FFP)**

Contracts of this type are characterized by a lump sum price not subject to adjustment on the basis of the Contractor's costs for work performed under such contract. In FFP contracts the risk of performance falls on the Contractor; financial responsibility for cost overruns is assumed by the Contractor and not MTD.

### **FIXED PRICE WITH ESCALATION (FPE)**

FPE contracts include a lump sum price subject to adjustment (either upward or downward) based upon contingencies specified in the contract. Three types of price adjustments may be used in MTD contracts based upon:

- (a) Established prices;
- (b) Actual costs of labor or material;
- (c) Cost indexes of labor or material.

### **COST REIMBURSEMENT**

In the cost reimbursement contract remuneration to a Contractor is limited to reimbursement of allowable costs incurred in the performance of specified work. No fees are paid by MTD.

Included within this category is the cost sharing contract wherein the Contractor receives no fee and is reimbursed for only a specified portion of allowable costs incurred.

### **TIME AND MATERIALS/LABOR-HOUR**

In this type of contract remuneration is based upon actual cost of materials plus fees for supplies or services determined by labor-hours compensated at specified hourly rates. Since this arrangement normally affords the least economic advantages of all permitted contract types, its use is limited to specific circumstances established herein.

## **10.3 CONDITIONS FOR USE**

As a general practice, the type of contract to be used in a given procurement shall be that either:

- (a) Specified by the law or regulation, or;
- (b) Determined by the Procurement Officer to be the most economically advantageous to MTD and permissible under applicable law, regulation, and MTD policy.

The Procurement Officer shall determine the type of contract to be employed for each MTD procurement. Such determination shall be made pursuant to the following guidelines:

### **FIRM FIXED PRICE**

This type of contract should be used for purchases of commercial products or other supplies or services where reasonably definite functional or detailed specifications exist and fair and



reasonable prices can be established. Establishment of price reasonableness is possible where the one or more of the following conditions exist:

- (a) Adequate price competition is available;
- (b) Price comparisons are available with recent purchases of similar goods or services either made on a competitive cost basis or supported by valid cost and price data;
- (c) Available cost or price data permits realistic estimates of the probably cost of performance;
- (d) Performance uncertainties can be identified and reasonable estimates of their cost impact made, and the Contractor is willing to accept a firm fixed priced representing assumption of the risks involved.

#### FIXED PRICE WITH ESCALATION

Contracts of this type are commonly used for purchase of commodities whose price is subject to frequent change. Such contracts are appropriate in situations where the nature of the item is such that establishment of long-term fixed pricing is not feasible.

Procurements in which fixed price with escalation contracts are typically used include bus tire leases and purchase of fuel.

#### COST REIMBURSEMENT/COST SHARING

Cost reimbursement and sharing contracts properly have a narrow range of applicability in MTD procurements. Such agreements may be employed only for:

- (a) Services performed by consultants, subject to a determination by the Procurement Officer that such arrangement is either the only practical or most economically advantageous method;
- (b) Research and development work performed for or with MTD by non-profit organizations.

#### TIME AND MATERIALS/LABOR-HOUR

As previously described, this is normally the least preferred method of contracting due to the lack of economic advantages inherent therein. Use of this arrangement shall be made only when at the time of placing the contract:

- (a) It is not possible to accurately estimate the extent or duration of work to be performed, or;
- (b) Costs cannot be anticipated with any acceptable degree of confidence.

In these cases the Procurement Officer shall prepare a written determination that the use of a “time and materials” contract is necessary, and shall support such with appropriate documentation. This written statement by the Procurement Officer shall be submitted to the General Manager, who shall be responsible for approving the use of all “time and material” contracts.

No “time and materials” contracts shall be approved by MTD unless such contract includes a specified ceiling price which the Contractor exceeds at its own risk.

#### **10.4 STANDARD CONTRACT PROVISIONS**

Contracts used in MTD procurements shall include standard provisions required by District policy and applicable third party contracting regulations promulgated by FTA. Such provisions include the following:

- (a) Contracts for procurements other than small purchase shall include provisions which allow for administrative, contractual, or legal remedies when contractors violate or breach contract terms, and provide for such sanctions and penalties as appropriate;
- (b) All contracts shall contain provisions for termination by MTD, including the manner by which it will be effected and the basis for settlement. Provision shall be made for termination for default (with definitions thereof), and termination for reasons beyond the control of the Contractor;
- (c) All contracts shall include specific reference to MTD's Equal Employment Opportunity Policy, and shall contain provisions requiring the Contractor to comply with such policy and, if applicable, pertinent FTA regulations;
- (d) When applicable, all FTA funded contracts shall include provisions requiring the Contractor to certify compliance with applicable labor laws, including the Copeland Act, Davis-Bacon Act, Contract Work Hours and Safety Standards Act, and other applicable regulations promulgated by the U.S. Department of Labor;
- (e) FTA funded contracts shall include notice of FTA regulations concerning reporting and patent rights for research, development, and experimental work;
- (f) All non-small purchase negotiated contracts involving FTA funds shall include a provision reserving the right of FTA, the Controller General, and duly authorized representatives to access Contractor records directly pertinent to the contract. Contractors shall be required to maintain such records for three years after all pending contract matters have been closed;
- (g) All contracts shall include reference to MTD's Disadvantaged Business Enterprise Policy and shall require the Contractor to make positive efforts to employ such firms in the performance of work. FTA funded contracts shall include a statement of DBE participation goals established by MTD, and shall require the Contractor to document actual DBE participation and efforts made to include such in contracts.
- (h) FTA funded contracts shall include provisions requiring Contractor compliance with Buy America and other regulations pertinent to the procurement;
- (i) All contracts shall include a provision requiring Contractor compliance with the California Fair Employment Practices Act;
- (j) As appropriate to the particular procurement, all contracts shall include provisions for Contractor indemnification of MTD.

## **10.5 LIQUIDATED DAMAGES**

The Procurement Officer shall determine whether or not use of a liquidated damages provision (as defined in Section 4.0) is appropriate for each specific procurement. If determined appropriate, the amount of liquidated damages must be reasonable to compensate MTD for possible damages, yet not be so large as to be construed as a penalty.

It is the general policy of MTD to prohibit the use of liquidated damages provisions unless:

- (a) The time of delivery is of such importance that MTD can reasonably expect to suffer damage if such delivery is delinquent;
- (b) The Procurement Officer determines that the delivery schedule is reasonable at the time of award, and;
- (c) The amount of damages would be difficult or impossible to establish.

If the Procurement Officer determines that a liquidated damages provision is necessary, a supporting narrative shall be included in the contract records explaining the method by which such rate is derived.

## **10.6 TERM OF CONTRACTS**

Unless otherwise provided by law, MTD may enter into contracts for any period of time deemed by the General Manager to be in the best interests of the District. The term of the contract and any applicable conditions for renewal or extension shall be included in the procurement solicitation documents.

Multi-term contracts shall not be used unless the Procurement Officer makes a written determination that:

- (a) Estimated requirements cover the period of the contract and are reasonably firm and continuing, and;
- (b) Such a contract will serve the best interests of MTD by encouraging effective competition or otherwise promoting economies in its procurements.

Unless otherwise determined by the Procurement officer to be in the best interests of the District, MTD shall not enter into service contracts for periods exceeding five years.

## **10.7 OPTIONS**

Contract options represent a unilateral right by which MTD may, for a specified period of time, either purchase additional goods or services, or extend the contract term.

### **10.7.1 Conditions for Use**

For non-FTA funded contracts options may be included for goods or services needed by MTD on a continuing basis when the Procurement Officer determines such to be in the best interests of the District and not restrictive of open competition. In all such contracts the terms and conditions governing the options and exercise thereof shall be fully documented.

Contracts for procurements in which FTA funds are expended shall not include options if:

- (a) MTD's foreseeable requirements involve minimum economic quantities (i.e., those of sufficient size to permit recovery of startup costs and production of requirement materials at a reasonable price) and delivery

requirements sufficiently far in the future to permit competitive acquisition, production, and delivery;

- (b) The goods or services are readily available on the open market;
- (c) The Contractor will incur undue risks, e.g., the price or availability of necessary materials or labor is not reasonably foreseeable;
- (d) An indefinite quantity or requirements contract is appropriate (in this situation use of options for extension of contract term is permissible);
- (e) Market prices for the goods or services being procured are likely to experience substantial change, or;
- (f) The option represents known firm requirements for which funds are available.

### **10.7.2 Option Terms**

It is the policy of MTD that contracts shall limit quantities for additional goods or materials to not more than fifty percent of the initial quantity of each good or material. District policy also provides that in contracts for procurement of services the total of the base term and option periods shall not exceed five years. These policies may be varied for non-FTA funded procurements only upon a written determination of the Procurement Officer approved by the General Manager that the best interests of the District are served by so doing.

For FTA funded procurements MTD must obtain FTA approval for the inclusion of any option in excess of the amounts and periods stated above.

### **10.7.3 Exercise of Options**

Options shall be exercised only after the Procurement Officer makes a written determination, approved by the General Manager, that such exercise is the most advantageous method of fulfilling the needs of MTD, price and other factors considered.

The Procurement Officer shall make such determination on the basis of one of the following factors:

- (a) A new procurement solicitation fails to produce a better price or more advantageous offer than that provided by the option;
- (b) An analysis of prices and/or the current marketplace indicates that the option constitutes a better price or more advantageous offer than that available in such marketplace;
- (c) The period between the award of the contract containing the option and the exercise of such option is so short that it indicates the option price as the best or offer as the most advantageous.

The decision of whether to exercise an option shall also consider the District's need for continuity of operations and the potential costs of their disruption.

## **11.0 CONTRACT ADMINISTRATION**

### **11.1 ORGANIZATIONAL RESPONSIBILITIES**

Overall responsibility for the administration of MTD contracts is assigned to the Procurement Officer. Contract administration duties but are not limited to, the following:

- (a) Determination of proper contract type;
- (b) Preparation of all contract documents;
- (c) Ensuring compliance with applicable laws and regulations, e.g., inclusion of necessary contractual provisions;
- (d) Conduct of all contract negotiations and communications with prospective Contractors in pending procurements;
- (e) Resolution of contractual disputes;
- (f) Preparation and administration of contract amendments and Change Orders;
- (g) Monitoring contract compliance, including determination of work acceptance;
- (h) Review of subcontracts submitted by the Contractor as necessary;
- (i) Administration of contract closeout procedures.

For procurements involving small purchase procedures administrative responsibility shall be assigned to the originating department. Such department also shall be responsible for assisting the Procurement Officer upon request in monitoring contractor performance or other administrative duties related to non-small purchase procurements.

The Procurement Officer may designate a management employee of an originating department as Project Manager for a specific contract. The Project Manager is normally responsible for coordination with the Contractor in technical or procedural aspects of the work, e.g., obtaining necessary permits and licenses. The Project Manager also shall be responsible for monitoring Contractor performance as assigned by the Procurement Officer.

## **11.2 CONTRACT MODIFICATIONS**

MTD authorizes the use of the following methods for modification of an existing contract:

- (a) Under certain unforeseeable circumstances it may become necessary to redirect the Contractor's effort to prevent an adverse impact on a project. In such instances, the Procurement Officer may issue directions to the Contractor by means of a unilateral Change Order. If such direction causes a change in items specified below, the Change Order shall be incorporated into the contract by formal amendment;
- (b) For all contractual modifications affecting specifications, rate or point of delivery, period of performance, price, or quantity a contract amendment shall be employed. Contract amendments shall be accomplished by mutual action of MTD and the Contractor, and shall be executed by both parties.

All contract modifications shall be prepared and administered by the Procurement Officer. Modifications involving an increase in expense to MTD shall be approved by the General Manager.

## **11.3 DISPUTES**

Contract disputes are defined as controversies or disagreements between MTD and the Contractor which arise under, or by virtue of, a contract made between these parties. This includes a dispute based upon breach of contract, mistake, misrepresentation, or other cause for contract modification or recession.

The General Manager, or if he so designates, the Procurement Officer, is authorized, prior to commencement of an action in court concerning the dispute, to settle and resolve such matter(s).

If the dispute cannot be resolved by mutual agreement, the General Manager or Procurement Officer shall promptly issue a decision in writing. Such decision shall state the reasons for the action taken and inform the Contractor of its right to applicable legal remedies.

The decision issued by MTD shall be considered final and conclusive; no further administrative remedy shall be available.

#### **11.4 CONTRACTOR PAYMENTS**

MTD policy prohibits the use of advance payments in any contract financed with FTA monies. Advance payments include any compensation paid to a Contractor prior to the time that costs are incurred by said party.

For non-FTA funded contracts, advance payments shall not be made by MTD unless the General Manager determines the best interests of the District are served by such action.

In appropriate circumstances MTD may make progress payments to a Contractor. Such payments consist of compensation paid prior to completion of work based upon costs incurred by the Contractor and the percentage or stage of completion of the contract.

The use of progress payments in MTD contracts shall be governed by the following guidelines:

- (a) Progress payments are allowable if the Contractor will not be able to bill MTD for the first delivery of products, or other performance milestones, for a substantial amount of time after work must begin;
- (b) Provision for progress payments may be authorized when the Contractor will make expenditures for contract performance during the period prior to delivery which have a significant impact on its working capital;
- (c) In the case of small businesses and DBE firms progress payments may be employed if actual financial need is demonstrated or private financing is unavailable;
- (d) When progress payments are used MTD must obtain title to property (including materials, work in progress, and finished goods) for which such payments are made. Such title must be free from all encumbrances, or MTD must obtain a priority lien secured pursuant to applicable federal state, and local laws;
- (e) Subject to the provisions of (c) above, progress payments shall not be made in FTA funded contracts of less than \$1 million.

The use of advance payments or progress payments in any MTD contract must be approved in writing by the General Manager.

#### **11.5 TERMINATION**

All MTD contracts shall contain provisions whereby MTD is granted the right of termination. Such provisions shall fully describe the manner in which such termination shall be effected. Additionally, a clear description of the basis for settlement of remuneration, title to property, and other matters shall be included.

Contractual provisions shall establish MTD's right to terminate under conditions of Contractor default. This shall be accompanied by a provision establishing Contractor liability for excess costs in the event that MTD acquires similar services as a direct result of Contractor default.

The District also shall establish the right of termination for reasons beyond the control of the Contractor. Such termination clauses shall include provisions for payment by MTD of allowable costs incurred to the date, plus those costs deemed reasonably necessary to effect termination.

In all cases wherein contracts are terminated the Procurement Officer shall prepare a written statement fully describing the reasons therefore.

#### **11.6 CONTRACT CLOSEOUT PROCEDURES**

The Procurement Officer is responsible for ensuring that contract files are closed in a timely manner and that all closeout procedures are documented and made part of the procurement records.

All District contracts shall be subject to the following closeout procedures:

- (a) No later than sixty (60) days prior to the contract completion date the Procurement Officer or Project Manager shall confirm that no contractor effort will be required after the completion date. This assessment is conducted to: i) determine whether an overrun will occur; ii) negotiate and extend the period of performance, if necessary, and; iv) to ensure sufficient time if a follow-on effort is needed.  
  
If the contract is to be completed on schedule, the Procurement Officer shall proceed with the contract closure as described herein. If timely completion will not be achieved, appropriate action shall be taken by the Procurement Officer to extend the contract;
- (b) In order to proceed with contract closeout the Procurement Officer or Project Manager shall prepare a written statement certifying that the Contractor has completed all required work and that such work has been formally accepted by MTD. Acceptance shall be made in writing and issued to the Contractor in timely fashion;
- (c) Along with the notice of formal acceptance MTD shall send to the Contractor a Release Form which serves to release MTD of and from all liabilities arising from the Contract;
- (d) When a properly completed Release Form has been received from the Contractor, the Procurement Officer shall coordinate with the Project Manager or originating department to account for affected property. All property either furnished by MTD or acquired under the contract shall be accounted for an final disposition effected;
- (e) If required by law or regulation a final audit of the contract shall be conducted. The Procurement Officer shall arrange for such audit and shall inform the auditors of pertinent contract information;
- (f) If an audit is required, final negotiations of indirect rates and disputed costs shall be based upon its findings. Should an audit be unnecessary the Procurement Officer or Project Manager shall make a final determination of remaining monies due to or owed by the Contractor, and shall effect an agreement with such party for final payment;

- (g) Monies withheld by MTD pursuant to contractual provisions shall not be released to the Contractor until the Contractor has: i) submitted the Release and all other closing documents; ii) made final disposition of MTD property pursuant to instructions issued by the Procurement Officer, and; iii) reached final agreement with MTD concerning final payment due. Withheld monies shall be included in the final MTD payment to the Contractor;
- (h) The Procurement Officer shall review the procurement files and ensure that all appropriate materials are present.

## **12.0 DISPOSAL OF SURPLUS PROPERTY**

### **12.1 PURPOSE**

This Section is intended to define procedures and responsibilities for disposition of items to be disposed by MTD. It is the policy of MTD that surplus property shall be disposed of in a manner which:

- (a) Ensures that items which are no longer needed or whose use is not economically advantageous are disposed of in a timely, consistent, and cost-effective fashion, and;
- (b) Ensures that items are promptly removed from the MTD Fixed Asset Inventory following their disposition;

### **12.2 CAPITAL AND NON-CAPITAL ASSETS**

All MTD property subject to the procedures established herein is categorized by the Controller as either capital or non-capital assets. These terms are defined as follows:

**CAPITAL ASSET:** An item which has a unit cost of at least \$500.00 and a useful life of no less than one year. Such items are “capitalized” by the MTD Finance Department, i.e., a portion of the item’s cost is expensed each year over the expected life of the asset.

**NON-CAPITAL ASSET:** Durable material or equipment with a unit cost of less than \$500.00 which is not expended during use. Such items, e.g., calculators and cameras are assigned a fixed asset number and entered into the MTD Fixed Asset Inventory.

### **12.3 DETERMINATION OF SURPLUS STATUS**

The determination of surplus is made by the Controller. Items shall be declared as surplus by MTD when:

- (a) There is and will be no further need for such items;
- (b) Spares for replacement and/or repair are no longer obtainable;
- (c) The useful life has been completely exhausted, or;
- (d) The cost of repairing an item exceeds its book value.

No MTD capital assets shall be considered for disposal unless declared as surplus by the Controller. The General Manager shall approve all such surplus property dispositions.



## **12.4 PRE-SALE REQUIREMENTS**

The following actions must be completed prior to the disposition of any asset defined in Section 12.2:

- (a) The manager of the department to which the asset is assigned shall submit a Request for Declaration of Surplus form to the Controller for approval;
- (b) The Controller shall verify the asset information against the Fixed Asset Master File residing in the central MTD computer data base. If the asset(s) in question meet the criteria stated in Section 12.3, the Controller shall sign the Declaration of Surplus form and by return copy inform the appropriate manager that disposition is authorized.

Under specific circumstances described herein approval must be obtained from FTA prior to disposition of any grant assisted asset. Pre-Sale procedures for such assets are described in Section 12.6.

## **12.5 DISPOSITION PROCEDURES**

The Controller maintains responsibility for ensuring the proper disposition of surplus assets. The actual disposition may be conducted by the Controller or delegated to the Procurement Officer or other appropriate department manager. If the Controller determines that it would cost MTD more to follow the below-described sale procedures than MTD would receive in potential sale proceeds, the Controller shall authorize disposition of such assets through donation, recycling, or as waste disposal.

Surplus property is most commonly disposed of by means of an auction or public Notice of Sale. In the former method the Controller or designated manager shall contract with an Auctioneer to auction off all items in a public sale forum or in a series of public sales. MTD shall receive the proceeds of such sales (less applicable auction fees) and shall transmit titles and other documents as appropriate to the Auctioneer.

If an auction is not feasible, MTD may elect to dispose of items by direct sale. In this method a Notice of Sale is published in a local newspaper of general circulation and other media as considered appropriate by MTD. Such Notice shall:

- (a) Describe the items to be sold;
- (b) Reference any additional descriptive material available and the method by which it can be obtained;
- (c) Describe the method by which interested parties may obtain appropriate bid documents;
- (d) Indicate that items are sold only on a “where is as is” basis, and;
- (e) State that MTD makes no guarantees or warranties whatsoever for the items to be sold.

When a Notice of Sale method is used MTD shall award such sale to the highest responsive and responsible bidder. However, MTD may, if so established in the public advertisement and bid documents, impose a requirement that a bid must exceed a specified minimum amount in order to be considered.

MTD may utilized an alternate approach for surplus property disposition as long as such is consistent with applicable laws and regulations and conducted on a competitive basis. The

Controller and Procurement Officer shall approve any method of surplus property disposition other than auction or Notice of Sale.

Following the sale of surplus property the Controller shall be responsible for all necessary title transfers to the buyer and transmission of any other records required. Such property shall be removed promptly from the Fixed Asset Inventory, and a gain or loss based upon the sale shall be determined by the Controller pursuant to established fixed asset accounting procedures.

In the event that items remain unsold after completion of auction and/or Notice of Sale processes, the following procedures shall apply:

- (a) The Controller or designated manager may negotiate a sale for such property in a manner most economically advantageous to MTD;
- (b) If it is not possible to negotiate a sale, the items may be donated to a charitable organization or discarded as scrap.

## **12.6 FTA FUNDED ASSETS**

In addition to the MTD procedures described herein, disposition of FTA assets must comply with the requirements contained in FTA Circular 5010.1A. Responsibility for ensuring compliance with these requirements is assigned to the Controller.

Following is a brief summary of surplus property disposition procedures established by FTA:

### Disposition of Real Property

As defined by FTA, real property encompasses land and affixed land improvements, structures, and appurtenances. Moveable machinery and equipment is not included.

Any disposition of FTA funded real property must be preceded by the submission of an Excess Property Utilization Plan as required in Circular 5010.1A. This Plan describes the methods and procedures by which disposition of FTA funded property occurs. FTA concurrence in the Plan must be received before MTD disposes of the subject property or uses such for purposes other than transit.

If so provided in the Plan, disposition may be made in one of the following ways:

- (a) MTD may obtain clear title by compensating FTA for its share in the property;
- (b) MTD may market and competitively sell the property and pay FTA its share of the fair market value of such property, or;
- (c) MTD may transfer the property to another FTA grantee for use in a different FTA project without a reimbursement of funds to FTA. In this case the transferee shall acquire MTD's proportional interest in the appraised fair market value of the property and assumption of liability for any continuing federal interest in it.

Disposition of FTA funded property shall be accomplished only in accordance with the provisions of Circular 5010.1A and other applicable regulations.

### Disposition of Personal Property

FTA defines personal property as that which is not real property. Two categories of personal property exist:

- (a) Equipment, defined as tangible personal property with a useful life exceeding one year and an acquisition cost in excess of \$5,000 per unit. This includes rolling stock and all other movable items used in the provision of mass transit service;
- (b) Supplies, defined as all personal property other than equipment.

When equipment or supplies purchased under an FTA grant are no longer needed for FTA supported projects or programs they may be retained by MTD or disposed of. MTD must request disposition instructions from FTA prior to sale as specified below:

- (a) After its useful life has been reached, equipment with a unit fair market value exceeding \$5,000, or unused supplies with an aggregate fair market value exceeding \$5,000, may be retained or sold by MTD. If sold, MTD shall remit to FTA its proportional share of the proceeds;
- (b) Equipment with a unit fair market value of \$5,000 or less or supplies with an aggregate fair market value of \$5,000 or less, may be retained, sold, or otherwise disposed of. MTD shall have no obligation to reimburse FTA for any sales proceeds;
- (c) Any disposition of equipment prior to the end of its useful life is subject to FTA concurrence in the method of disposition. Reimbursement shall be made to FTA pursuant to applicable regulations;
- (d) Transfer of surplus equipment by MTD to another FTA grantee for use in mass transit operations shall require FTA coordination with the department of Labor to ascertain the applicability of Section 13(c) labor provisions.

The Controller shall be responsible for ensuring that disposition of FTA funded personal property is made in compliance with applicable regulations.