

TITLE I - FINANCES AND ACCOUNTING

SECTION 300 - CONTRACTS AND AGREEMENTS

A. PURPOSE

The purpose of the Contracts and Agreements policy is to provide entities with requirements for entering into contracts and agreements on behalf of the County of Santa Cruz.

B. CONTRACT ADMINISTRATION

All contracts for goods and services provided to the County of Santa Cruz are entered into under the legislative authority of the Board of Supervisors (the Board). Unless authority is delegated to another official (for example, to the Purchasing Agent for certain contracts under the purchasing ordinance, or to another individual as specified in this Section), ALL contracts must be approved by official action of the Board before their terms can be enforced, except for contracts entered into by constitutional office holders pursuant to Government Code Section 25303 and 29601. Verbal contracts are acceptable only under emergency circumstances when necessary for the detection or prosecution of criminal matters. The basic provisions of any verbal contracts shall be confirmed in writing within 1-10 working days.

For the Board and interested members of the Public to assess the financial impact of an agreement being considered by the Board, the agenda items asking for the agreement to be approved must summarize the fiscal content of the contract. An appropriate formal title might read, for example:

"Approve agreement with the Family Services Agency of the Central Coast in the amount of \$2,255,350 for provision of mobile crisis response services as part of the Community Response Initiative to Strengthen Emergency Systems Grant Pilot Program, and take related actions, as recommended by the Director of Health Services."

Contracts are initiated by the department that requires a service, and it is the department's responsibility to administer the contract after it is approved by the Board or Purchasing Agent.

Contract amendments must be approved by the Board or Purchasing Agent based on whether the original contract was approved by the Board or Purchasing Agent. Contract amount thresholds are detailed in the County Purchasing Policy.

1. Delegated Authority to Departments

Departments have the authority to enter into, renew, amend, terminate and/or take any and all necessary actions related to a contract if this authority has been delegated by law, ordinance or Board action. A Department seeking delegation from the Board must first demonstrate why such a delegation is necessary and in the best interest of the County and provide an expiration date for the delegation.

If the Board authorizes a Department Head to negotiate an agreement, it must be returned to the Board for approval. Agreements shall be submitted to the Board prior to the commencement of any work. In extraordinary circumstances, if the terms of a contract are to be retroactive, the Board must state their intent in advance. IF THE BOARD DOES NOT CLEARLY STATE ITS INTENT TO MAKE CONTRACT PROVISIONS RETROACTIVE TO A SPECIFIC DATE, NO PAYMENTS WILL BE ALLOWED FOR SERVICES RENDERED PRIOR TO BOARD APPROVAL OF THE AGREEMENT.

When the Board authorizes a Department Head to execute an agreement, it is authorizing the Department Head to sign the Board approved agreement on behalf of the Board. The terms and conditions of these contracts must not be altered. Further Board action is required to modify contracts beyond the scope or maximum dollar authority of the original delegation.

2. Standard Services Contract

It is recommended that the Standard Services Contract, approved by County Counsel, be used. Any deviations from the approved Standard Services Contract must be reviewed and approved by County Counsel, regardless of amount, and by the Board of Supervisors or Purchasing Agent when applicable. Using the County Standard Services Contract does not exempt departments from obtaining the required review and approval from both County Counsel and Risk Management.

C. GENERAL INFORMATION

1. Expenditure Contracts

Expenditure contracts are any other form of lease or agreement for contracted services or supplies. The originating department must provide that each contract contains each of the provisions outlined in the County Standard Services Contract. Deviations from the County Counsel approved Standard Services Contract must be approved by County Counsel.

Form W-9 is used to gather from County vendors required tax information for reporting payments to Federal and State tax agencies. All applicable items must be completed, and the form must be signed. The Auditor-Controller or Purchasing Agent will access the W-9 form in the County Financial system vendor file.

Caution must be exercised with contractors who are sole proprietors or LLCs filing taxes as sole proprietors. Contractors of this type must ensure both their personal name, Social Security Number and business name are reported correctly on the W-9. Failure to submit a correct W-9 will result in the automatic backup withholding of income taxes pursuant to IRS regulations.

2. Revenue Contracts

Revenue contracts include grant awards and State financing agreements for which the County will receive revenue.

These agreements must be approved by the Board each year and detail the revenue expected during that year. Board approval may be obtained through an individual Board item or, when applicable, the Continuing Agreements List process. Prior to entering into a revenue contract, departments shall submit the agreement to County Counsel for review and approval. Please refer to the CEO Agenda Preparation Deadlines to ensure Board agenda items are reviewed in advance of the meeting. Agenda items containing revenue contracts may also include the Board approval to accept a grant award, or a Resolution Accepting Unanticipated Revenue - AUD-60. The review and approval process should be completed before returning the signed agreement to the granting/financing agency.

Within 30 days of receiving a proposed Revenue Agreement, departments shall submit the agreement to County Counsel for review and approval. This should be completed before returning the signed agreement to the vendor.

The W-9 is not required for revenue contracts.

D. APPROVAL PROCESS

1. Department

New contracts are assigned a system generated, or departmental controlled contract number in the County Financial System Contract Management Module.

The originating department is responsible for ensuring that all required standard and special provisions are included in the agreement and that payment terms and conditions are clearly stated and the proper amount and timing of payments under the contract can be computed.

The originating department is also responsible for obtaining the following required signatures prior to submitting contracts or contract amendment documents to the Board for approval:

- a. County Counsel – Required
- b. Risk Management – Required
- c. Vendor/Non-County Party – Preferred, but not required
- d. Vendor/Non-County Party Counsel – Preferred, but not required

Electronic signatures are permissible when obtained via DocuSign or other County counsel approved electronic signature system. For documents with DocuSign signatures the DocuSign “Certificate of Completion” must be included in the attachment submitted for Board approval.

Contract financial information shall be included in the Financial Impact section of the Board item and entered into the County Financial System and will be subject to budgetary controls. If appropriations are NOT sufficient, an appropriate AUD-74 or AUD-60 shall be submitted to ensure sufficient appropriations are available for the contract or contract amendment.

The Financial Impact section of the Board item shall include the following:

- a. General Fund impact of the contract
- b. General Ledger account used
- c. Resolution Accepting Unanticipated Revenue when applicable

2. County Counsel

The department will route the original contract or contract amendment documents to County Counsel. County Counsel will review and approve by signature for "approval as to form". Such approval indicates that the contract contains all the necessary elements of a Contract and is binding on the parties. Such approval does not necessarily indicate that the Contract contains all clauses, which may be advisable, or that the language clearly expresses the intent of the parties. **SUCH CONCERNS SHOULD BE RAISED BY SPECIFIC QUESTIONS TO COUNTY COUNSEL.** It is recommended that the Standard Services Contract, approved by County Counsel, be used.

Please refer to the CEO Agenda Preparation Deadlines to ensure Board agenda items are reviewed in advance of the meeting.

3. Risk Manager

Contracts and contract amendments shall be routed to Risk Management to review and ensure that the County is adequately protected against liability for the potential negligence of the contractor while under contract with the County.

The Risk Manager must approve departures from the standard insurance requirements.

4. Purchasing Agent

The County Purchasing Agent has delegated authority to enter into contracts for services using contracts with County with standard and/or non-standard terms in an amount not to exceed \$200,000 in annual aggregate value with any single vendor if:

- a. The contract can be completed within the same fiscal year; or if its term cannot be completed in the same fiscal year and has a clause that allows for termination without penalty to the County in the event that funds are not appropriated to pay the County's obligation under the contract; and
- b. The contract complies with the Santa Cruz County Code; and
- c. County Counsel determines after review of the contract that it is a legally binding and enforceable agreement, and that there are no provisions in that contract that present sufficient legal risk as to merit Board approval; and
- d. Risk Management approves the contract as to insurance.

5. County Executive Office (CEO)

Assigned analysts from the CEO shall review all contract and contract amendment documents in the Agenda Management System (AMS).

Analysts shall verify that appropriations are available and have been or will be encumbered for contracts or contract amendments based upon the Financial Impact section of the Board

item. If appropriations are NOT sufficient, analysts shall verify an appropriate AUD-74 or AUD-60 has been prepared and submitted to ensure sufficient appropriations are available for the contract or contract amendment.

6. Clerk of the Board

The Clerk of the Board reviews the documents related to contracts and contract amendments requiring Board approval when they are placed on the Board agenda through the Agenda Management System. The Clerk of the Board maintains final versions of contracts routed to the Board for approval within the Agenda Management System.

Once contracts are Board approved, the department obtains any remaining signatures from the department head, then routes the contract or contract amendment to the Clerk of the Board for final processing and upload into the Agenda Management System. For contract documents requiring wet signatures, departments should obtain the signatures and then route the documents electronically to the Clerk of the Board after all the signatures are obtained.

7. After Board Approval

The department shall finalize the contract data entry in the County Financial System, attach the fully executed contract or contract amendment and initiate the contract Workflow routing. The County Financial System Workflow notifies the department contract originator and the Purchasing Agent that the contract or contract amendment has been approved and is ready to encumber the funds.

Each department is responsible for preparing the agreement and administering it after Board approval. This includes executing the agreement, obtaining and maintaining insurance certificates, overseeing compliance with agreement terms and conditions, renewal and recertification or renegotiation for contracts every four (4) years, and reconciling revenue deposits to revenue agreements.

E. ADVANCES

Advance payments to contractors are authorized only under the following conditions:

1. Organizations are Non-profit, community-based organizations granted tax- exempt status under IRC Section 501.
2. Cash advances are limited to a one-time payment, not to exceed 1/4th of the total contract amount. Subsequent payments will be made based on actual services.
3. The Department Head or designee shall determine that the program cannot be carried out without the advance. Evidence of this must be submitted to the Auditor- Controller, retained in the department files, and attached to the contract in the County Financial System.
4. The contract shall include a written assurance by the contractor that cash

advances will not be used to provide working capital for non-County programs, and when possible, such advances shall be deposited in interest bearing accounts, and the interest used to reduce program costs.

5. The Board must approve advance payments when the original contract is approved.
6. Cash advances for all other organizations shall require the analyses and assurances in (1-5) above AND may require faithful performance and fidelity bonds naming the County as loss payee depending on the necessity, which will be determined and approved by both the County Administrative Office and Auditor-Controller.

F. California Uniform Public Construction Cost Accounting Act (CUPCCAA)

The Purchasing Agent has the authority to engage independent contractors to perform services for the County and its offices and to employ independent contractors for construction and repairs within limits prescribed by the Government Code and according to the Public Contract Code as related to the Uniform Public Construction Cost Accounting Act (UPCCAA). To establish necessary procedures to be followed in these areas, the Purchasing Agent should be consulted as particular requirements arise. This authority has been provided in Santa Cruz County Code Chapter 2.37. Section 10 of the Purchasing Policy Manual details the requirements for agreements entered under the provisions of the UPCCAA.

State law prohibits the splitting of projects into smaller projects to circumvent any or all limitations. All personal service agreements and all public project agreements must be approved by the Board if they are greater than the thresholds indicated in Section 2.1.b and 3.0, respectively, of the Purchasing Policy Manual and according to the Public Contract Code as related to UPCCAA. Contracts submitted to the Board must be accompanied by a Financial Impact section in the Board item. The Purchasing Agent may approve agreements below these levels or other Board authorized agents.

G. BUDGET AND ENCUMBRANCE CONSIDERATIONS

Multi-Year Grant Agreements should be prorated and budgeted in the appropriate fiscal year. At fiscal year end, the Board authorizes the Auditor-Controller and County Administrative Officer to make necessary budget adjustments to account for the multi-year nature of the agreement and provide for year-by-year budget requirements.

Departments must request all re budgets.

If appropriations are not sufficient for the contract or contract amendment, an appropriate AUD- 74 or AUD-60 shall be submitted to ensure sufficient appropriations are available.

Contract encumbrance changes may be made when approved by the CEO where the original terms of an agreement are unaffected. In these cases, if the new agreement is only changing the term and amount, if applicable, the new agreement does not require signature from Risk Management. The agreement must still be signed by County Counsel, the

authorized department signer and the vendor. If the new agreement may influence insurance or indemnification provisions, it must be signed by Risk Management.

H. CONTINUING AGREEMENTS

1. General Information

A continuing agreement continues from one year to the next, with some exceptions. Agreements are grouped into sections depending on the nature, the dollar amount, and the terms of the agreement. Different types of agreements require different actions, as described below. Some continuing agreements are subject to administrative action while others require Board action.

2. Continuing Agreements Categories

Continuing Agreements comprise five categories of agreements:

Section I Agreements (CALSECI)

CALSECI agreements are Board approved agreements which are multi-year or continuous whose ORIGINAL terms extend from the old fiscal year into the new fiscal year and require no changes from the original terms. These contracts will not return to the Board for any future action, because the original terms and conditions are considered approved by the Board at that time. WIDGET I are a type of Section I agreement that are based on a rate or unit of service. Any contract whose terms and conditions contain built-in changes such as cost-of-living escalators or periodic rate changes are No-Change agreements because the Board has already approved these escalators when they considered the original contract terms. Agreements with built-in escalators or modifications DO NOT need to return to the Board to implement the new fiscal year agreement.

Section I contracts, including Widget I contracts, with escalators or rate changes that require increases in encumbrances above the prior year amount, require a brief explanatory memo to be attached to the contract in the County financial System and reviewed by the CEO analyst for approval in the Financial System Workflow.

Contracts approved by the Purchasing Agent under the authority of County Code Section 2.35- 2.37, and contracts approved by the Board for specific public works construction improvements by formal bid process are NOT continuing contracts for purposes of this section and DO NOT require Board approval to allow payments into the new fiscal year unless Board approved contingency amounts are exceeded.

Section II Agreements (CALSECII)

CALSECII agreements are Board approved agreements which terminate on June 30 of the old fiscal year or September 30 of the old federal fiscal year, but which will be re-established by a new agreement in the new fiscal year. These agreements include NO program changes and any increased payment amounts do not exceed 10% of the prior year approved contract amount. Widget II agreements are a type of Section II that are based on a rate or unit of service. "Widget" refers to a subset of a CALSEC type; however, it must still adhere to the 10% threshold in terms of total expected payments. The Widget

serves to identify the contract as a rate-based contract rather than a not-to-exceed — it does not supersede or define the 10% change criteria on its own.

Section III Agreements (CALSCIII)

CALSCIII agreements are Board approved agreements which do not meet the criteria for Section I or II above and which terminate during the old fiscal year or incorporate changes in scope or program activities in the new year. Widget III agreements are a type of Section III that are based on a rate or unit of service.

Purchasing Authority Renew Agreements (PACRENEW)

PACRENEW agreements were entered into originally under the purchasing agent authority described in the County Procurement Policy and in section D.4 of this policy at the time the agreement was originally established. These agreements may be either multi-year or continuous or terminate during the old fiscal year but which will be re-established by a new agreement in the new fiscal year.

Section IV Agreements (SCIVNOAM) and (SECIVAMD)

Section IV agreements are Board approved revenue agreements.

Section IV Agreements with no amendments (SCIVNOAM) have either not expired nor had changes to scope or terms.

Section IV Agreements requiring amendments (SECIVAMD) include agreements which require amendments to the original terms. These may include grant awards and State financing agreements and must be approved by the Board each year.

Any revenue agreement with original signatures (whether new or an amendment to an existing agreement) must be retained by the department and attached to the contract record in the County Financial System.

I. THE CONTINUING AGREEMENTS LIST (CAL) PROCESS

1. General Information

While departments should strive to have a fully executed and approved contract in place prior to accepting and paying for services each new fiscal year, the Continuing Agreements List (CAL) process is meant to streamline the approval process for some agreements and provide a means of service continuity in the instance it is not possible to have a fully executed and approved contract in place at July 1 of a new fiscal year.

The CAL Process is a means to ensure continuity of County services at the start of each new fiscal year through the following methods:

- a. Uploading agreements to the County Financial System
- b. Obtaining Board authorization for Continuity of Service Payments and acceptance of goods and/or services for appropriate agreements

- Continuity of Service Payments are payments made for contracted services prior to obtaining a fully executed contract.
 - Continuity of Service Payments will be authorized to be the lesser of two-twelfths of the prior year contract amount, or two-twelfths of the new year amount until an executed contract is in place and necessary approvals are obtained. Additionally, payments will not be made after September 30th without necessary approvals.
 - Exceptions are as follows:
 - i. For Federal fiscal year ended September 30th contracts, two-twelfths Continuity of Service Payments will be allowed through December 30th without necessary approvals.
 - ii. Upon consultation and documented approval of the department's CEO Analyst and the Auditor-Controller management, Continuity of Service Payments on CAL agreements may be extended to the lesser of three-twelfths of the prior year amount, or three-twelfths of the new year amount until necessary approvals are obtained. For contracts ending June 30, Continuity of Service Payments will not be made after October 31st without necessary approvals. For Federal fiscal year ended September 30th contracts, Continuity of Service Payments will be allowed through January 31st without necessary approvals.
 - iii. If the County is in a declared State of Emergency on the day the Board approves the CAL, and the emergency is determined to impact the County's ability to obtain a fully executed contract, Continuity of Service Payments on CAL agreements are extended to the lesser of three-twelfths of the prior year amount, or three-twelfths of the new year amount until necessary approvals are obtained. For contracts ending June 30, Continuity of Service Payments will not be made after October 31st without necessary approvals. For Federal fiscal year ended September 30th contracts, Continuity of Service Payments will be allowed through January 31st without necessary approvals.
 - iv. PACRENEW contracts are not eligible for Continuity of Service Payments. A finalized agreement/renewal must be established and necessary approvals obtained before any payment on PACRENEW contracts.
- c. Obtaining Board approval for appropriate agreements

2. Uploading Agreements

All five categories of continuing agreements may be uploaded to the County Financial System.

- a. CALSECI and PACRENEW contracts may be uploaded once the proposed budget for the new fiscal year has been established in the County Financial System.
- b. CALSECI agreements shall be eligible for payment when the executed contract has been attached to the County Financial System and necessary approvals have been obtained.
- c. PACRENEW shall be eligible for payment when the executed contract has been established and attached to the County Financial System and necessary approvals have been obtained.
- d. CALSECII, CALSCIII, SCIVNOAM and SECIVAMD agreements may be uploaded after the Board approves the CAL during Budget Hearings.

3. Obtaining Board authorization for Continuity of Service Payments and acceptance of goods and/or services for appropriate agreements

CALSECII and CALSCIII agreements shall be submitted for the Board to authorize Continuity of Service Payments and acceptance of goods and/or services.

- a. CALSECII agreements shall be authorized for Continuity of Service Payments and acceptance of goods and/or services pending execution of the new agreement or amendment.
 - Following approval of the CAL during budget hearings, the new agreements or amendments will be presented to the CEO for review and approval before October 1st of the new year, or January 1st for federal fiscal year agreements.
 - After October 1st or January 1st, for federal fiscal year agreements, new agreements or amendments will need to be presented as an item on the Board's agenda with an explanation as to why the contract is being back dated unless an extension based on expressed business needs, not to exceed 60 days, is approved by the CEO and County Counsel prior to the October 1st or January 1st deadline.
- b. CALSCIII agreements shall be authorized for Continuity of Service Payments and acceptance of goods and/or services.
 - CALSCIII agreements shall be submitted as individual items on the Board's agenda before October 1st of the new year, as approval of the CAL constitutes only temporary authority for Continuity of Service Payments until the new contract is executed.
 - After October 1st or January 1st, for federal fiscal year agreements, new agreements or amendments will need to be presented as an

individual item on the Board's agenda with an explanation as to why the contract is being back dated.

4. Obtaining Board Approval for appropriate agreements

CALSECII, SCIVNOAM and SECIVAMD agreements shall be submitted to the Board on the CAL for approval during budget hearings in June.

a. CALSECII agreements shall be approved for the following actions:

- Section II agreements including Widget II agreements are approved by the Board for the new year, pending execution and approval of the new agreement or amendment.
- Following approval of the CAL during budget hearings, the new agreements or amendments will be presented to the CEO for review and approval before October 1st of the new year, or January 1st for federal fiscal year agreements.
- After October 1st or January 1st, for federal fiscal year agreements, new agreements or amendments will need to be presented as an item on the Board's agenda with an explanation as to why the contract is being back dated unless an extension based on expressed business needs, not to exceed 60 days, is approved by the CEO and County Counsel prior to the October 1st or January 1st deadline.

b. Section IV agreements shall be approved for the following actions:

- i. SCIVNOAM are approved by the Board for the new year, pending execution and approval of the new agreement or amendment.
- ii. SECIVAMD are approved by the Board for the new year, pending execution and approval of the new agreement or amendment. However, these agreements may require additional board action depending on the details of the agreement.

Omission of an agreement from the CAL considered during budget hearings will result in delayed or denied contract payments because there is no legal authority to pay on that contract. Agreements which are inadvertently omitted from the Board approved CAL or require adjustments other than amount, may be discussed with the departmental CEO analyst and Auditor-Controller to determine if it is appropriate to add or adjust the agreement prior to the CAL adoption as part of the Adopted Budget.

J. SHERIFF AND DISTRICT ATTORNEY SPECIAL FUND CONTRACTS

Whenever these offices hire an independent contractor and pay for those services from a Special Fund, those departments must submit to the Auditor-Controller, at least annually on or before January 5th, a listing of the individual contractor paid, and **the total paid to each for the calendar year. In addition, the department must secure and submit to**

the Auditor-Controller a completed W-9 with required tax -payer information.

K. HUMAN SERVICES DEPARTMENT HOUSING FOR HEALTH VENDOR POOL CONTRACTS

Pursuant to County Code 2.37.060 Exceptions to the Competitive Process for Expert Professional Services and as outlined in the Purchasing Policy Manual Sections 2.4 and 4.9, contracts awarded through the Housing for Health Vendor Pool are executed under the Human Services Department Director authority per the following thresholds:

- (1) Up to \$3,000,000 for Shelter Operations
- (2) Up to \$3,000,000 for Leasing & Rental Assistance
- (3) Up to \$1,000,000 for Consulting & Project Management
- (4) Up to \$1,000,000 for Supportive Services

All contracts that are executed through the Housing for Health Vendor Pool must be brought to the Board of Supervisors, as soon as practicable, for ratification at a public meeting.

L. FINAL REPORTS

Departments which contract for a study or evaluation, which results in a final report, shall provide a copy of the final report to the Board.

M. APPLICABLE LEGAL AUTHORITY

The applicable legal authority for this Section includes, but is not limited to the following:

California Government Code Sections 23004, 23005, 25500 – 25009; 31000

County of Santa Cruz Ordinance Code Chapter 2.37 – Purchasing Procedures

Uniform Public Construction Cost Accounting Act

Public Contract Code Sections 20101; 20122; 22032

N. RELATED POLICIES AND PROCEDURES

Title III, Section 100 – Purchasing Procedures

<http://sccintranet/Portals/0/GSDPortal/Purchasing%20Forms/Purchasing%20Policy%20Manual.pdf?ver=2024>

Finance Enterprise Contracts End User Guide

<https://sccintranet.co.santa-cruz.ca.us/Portals/0/GSDPortal/Purchasing%20Forms/FE%20Contract%20Entry%20User%20Guide.pdf>

O. HISTORY

Date	Changes Made
6/19/2017	Policy Amended
6/16/2020	Policy Amended
12/8/2020	Policy Amended
6/8/2021	Policy Amended
6/28/2022	Policy Amended
6/13/2023	Policy Amended
6/4/2024	Policy Amended
2/11/2025	Policy Amended
12/16/2025	Policy Amended
2/10/2026	Policy Amended