

RESOLUTION NO. 1215

A RESOLUTION OF THE BOARD OF COMMISSIONERS FOR THE APPROVAL AND ADOPTION OF A PROCUREMENT POLICY REVISION


BACKGROUND: The Kittitas County Public Utility District No. 1 adopted the current Procurement Policy on March 29th, 2022, by Resolution No. 1132.

WHEREAS, the commission desires to update the policy to comply with changes to purchasing and bid laws, update authority limits, and safeguarding District assets; and

WHEREAS, the policy revision is effective January 1, 2025 and rescinds and replaces the previous versions of the Procurement Policy adopted March 29th, 2022; and

NOW, THEREFORE, BE IT RESOLVED that the Commissioners of Kittitas County Public Utility District No. 1 approve and adopt the Procurement Policy revisions, as set forth in Exhibit A attached hereto.

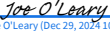
IN WITNESS WHEREOF, the undersigned, being all the members of the Board of Commissioners of Kittitas County Public Utility District No. 1 have executed this Resolution of the Board of Commissioners on this 23rd day of December 2024.


Shan Rowbotham (Dec 25, 2024 12:17 PST)

President, Shan Rowbotham


Rick Catlin (Dec 29, 2024 09:50 PST)

Vice President, Rick Catlin


Joe O'Leary (Dec 29, 2024 10:24 PST)

Secretary, Joe O'Leary

PROCUREMENT POLICY REVISION

December 23, 2024

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Policy Intent

This Procurement Policy is intended to protect Kittitas County Public Utility District No.1 (“District”) by establishing purchasing procedures and authority limits, ensuring adherence to bid laws, and safeguarding District assets from unauthorized expenditures.

The Controller will work closely with the General Manager to ensure adherence to purchasing and bidding requirements. The Controller is responsible for internal controls, financial procedures, legal and regulatory compliance regarding all financial functions, external audits, accounts payable with supporting documents in accordance with state and federal laws, and other reporting.

This policy outlines District purchasing approval authority and requirements for purchases. The approving authority is responsible for ensuring the following prior to submitting the documentation to Accounting for payment:

- The purchase was made in the conduct of District business.
- The purchase was made in accordance with District Policies.

- The product meets District standards at the lowest cost.
- The goods and services have been received and are satisfactory.
- The amount of the invoice reflects the agreed upon price.
- The expenditure has been charged to the proper general ledger account.
- The transaction is processed in a timely fashion.
- The purchase is in compliance with any applicable contracts.

All payments (or disbursements) are reviewed and approved by the Auditor.

The District shall not purchase any goods or services from a Commissioner or employee, an entity belonging to a Commissioner or employee, or an immediate family member of a Commissioner or employee in which they may benefit from such procurement, unless authorized under applicable law and approved by the Commission after full disclosure of the potential benefits.

The District has adopted Employee Handbook addressing conduct as well as a Governance Policy.

The District will not split any project or purchases into units or phases for the purpose of avoiding higher levels of approval, including the change order process.

District employees may accept gifts or donations from vendors, potential vendors, contractors, potential contractors, customers, or potential customers of fifty dollars (\$50) or less, but only if it could be reasonably expected that the gift or donation would not (i) influence the vote, action, or judgment of the employee; or (ii) be considered as part of a reward for action or inaction.

Purchasing Approval

The District requires approval for all purchases. The purchasing authorization limits are as follows:

Authorized Amount	Approval Authority
Up to \$5,000 within approved budget	Supervisor
Up to \$30,000	Department Manager and Lead
Up to \$120,000	General Manager
Over \$120,000 Power Sales Agreements and other approved expenditures in the budget	General Manager
Over \$120,000 not included in adopted budget	Commissioners
\$15,000 credit card limit	Authorized Personnel

Delegation of Duties

In the absence of the General Manager, a Department Manager or Lead may be delegated some of the General Manager's responsibilities. In the absence of the Department Managers or Leads, their duties shall be delegated to the General Manager. In the rare case that Managers are all absent, each manager will delegate limited responsibilities to an employee of the District.

In the absence of the General Manager, the signing authority for purchases and contracts will remain as authorized unless an Acting Manager is named by the Board. In the event a purchase exceeding the Department Manager or Lead's approval authority is required, the General Manager may provide a secure electronic approval or signature. Due to potential fraud risk, email may not be used to approve purchases.

District Credit Cards and Fuel Cards

Credit Card Authority

The District is authorized to use credit cards for official District purchases and acquisitions, as set forth in RCW 43.09.2855. Credit cards will only be distributed to Management-level personnel, or other authorized personnel which includes:

- General Manager
- Department Manager
- Department Lead
- Authorized personnel

Each employee with a credit card is required to sign the Employee Credit Card Agreement.

Fuel Card Authority

The District may provide fuel credit cards to employees, with the required Fuel Credit Card Agreement signed.

Authorized Card Use

Cardholders are authorized to use the card to purchase merchandise or services required as a function of their duties at the District. The cardholders may use the card to cover expenses related to authorized travel for District personnel.

Fuel cardholders are authorized to purchase petroleum from designated sources for District vehicles only.

Cards may not be transferred to another individual for use.

Unauthorized and/or Inappropriate Card Use

Unauthorized and/or inappropriate card use includes, but is not limited to:

- Items for personal use
- Items for non-District purposes
- Cash or cash advances
- Food and beverages for an individual employee (however, food and non-alcoholic beverages for business-related meetings and travel may be allowed in lieu of per diem reimbursement and subject to per diem reimbursement limits)
- Alcoholic beverages
- Weapons of any kind or explosives
- Relocation expenses
- Entertainment
- Recreation

In the event of accidental unauthorized/inappropriate card use, the cardholder must immediately notify the Accounting department and provide personal funds to cover the cost. Disciplinary action may result in the event of personal use.

Required Receipts

All purchases require a signed receipt from the cardholder, with the appropriate account coding. The approved purchase order must accompany the receipt, if applicable.

If the cardholder cannot present a receipt, the cardholder may be financially responsible for those charges.

Responsibility and Accountability

It is the responsibility of each individual cardholder to:

- Safeguard the credit card and credit card account number at all times; lost or stolen credit cards must be reported immediately to the Accounting department
- Always keep credit card in a secure location
- Not allow anyone to use the card and/or card account number who is not authorized to do so
- Obtain and retain original itemized receipts for goods and services purchased. All forms of canceled checks and copies of credit card bills do not substitute for original receipts.

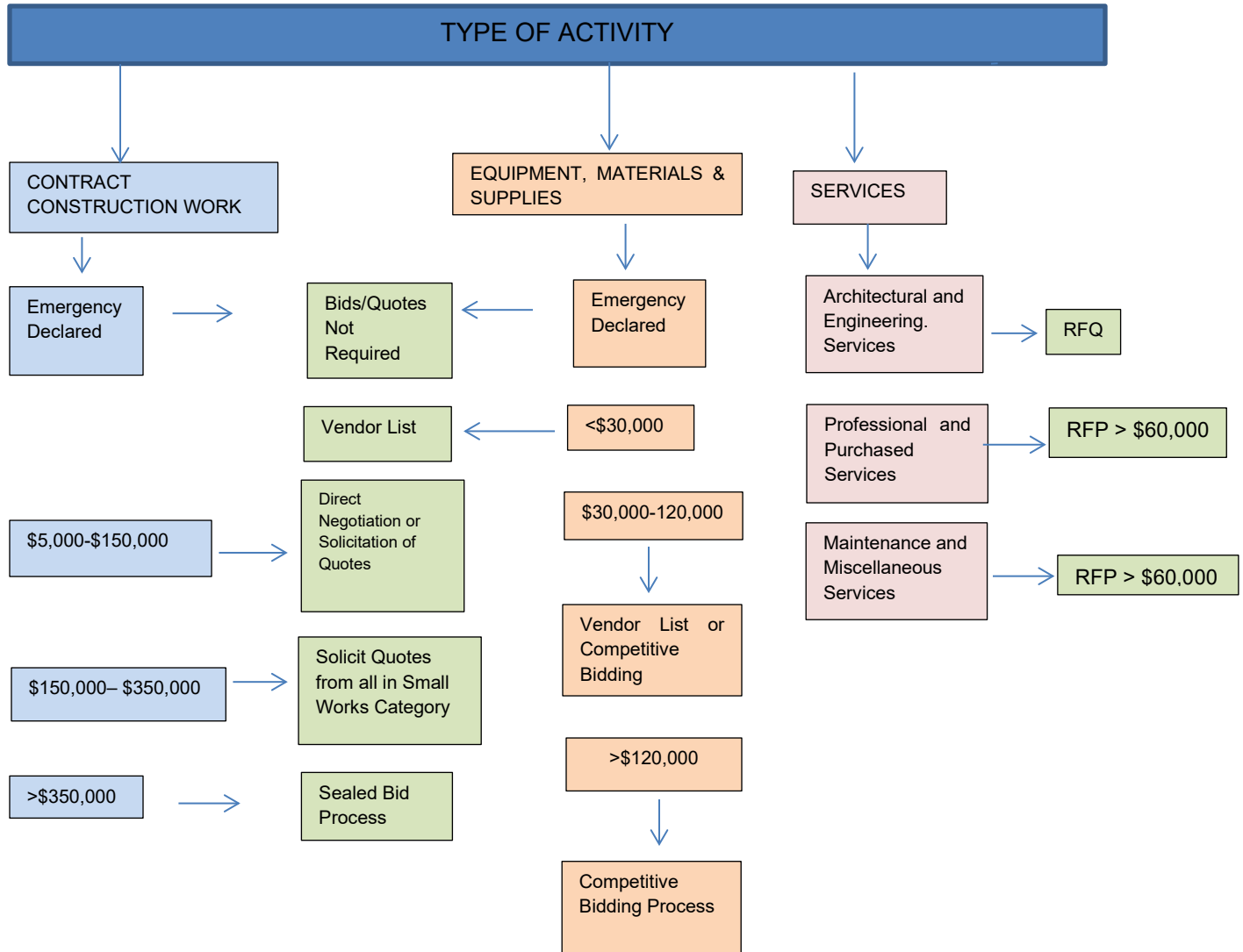
An employee may be allowed to file an affidavit in lieu of a receipt if the original receipt is lost or a receipt is not obtained (must be approved by the General Manager);

- Review in a timely manner monthly statements from the financial institution provider for accuracy, ensuring all transactions posted are legitimate transactions made by the cardholder. Receipts and/or packing slips and the customer's copy of the charges shall be submitted to Accounting. The authorized user of the credit card shall sign the receipts indicating that the goods have been received.
- Submit the documentation in a timely manner to the Accounting department for payment processing
- Surrender the cards and corresponding support documentation to the Accounting department upon separation from the District
- Take any other steps necessary to ensure that the credit card is used for only authorized purposes.

Administration

The Procurement Policy is administered by the Procurement Officer and Accounting department. The Auditor shall conduct periodic reviews for proper card use.

Purchase Flow Chart



Equipment, Materials, & Supplies

Vendor List

Section 5. Vendor Roster. The District adopts the use of the MRSC Rosters Vendor Roster (vendor list) to be used for the procurement and award of materials, supplies, equipment or similar. The following vendor list roster procedures are established for use by the District pursuant to RCW 39.04.190 and RCW 36.96.010:

- A. **Purchase of materials, supplies, or equipment not connected to a public works project.** The District is not required to use formal sealed bidding procedures to purchase materials, supplies, or equipment not connected to a public works project where the cost will not exceed the statutory threshold of the District as provided in RCW 39.04.190. The District will attempt to obtain the lowest practical price for such goods and services.
- B. **Publication.** At least twice per year, MRSC shall, on behalf of the District, publish in a newspaper of general circulation within the municipality's jurisdiction a notice of the existence of the vendor list roster and solicit the names of vendors for the vendor list roster. MRSC shall add vendors licensed to do business in the State of Washington to the Vendor Roster at any time when a vendor completes the online application and meets and minimum requirements.
- C. **Electronic Quotations.** The District shall use the following process to obtain written quotations from vendors for the purchase of materials, supplies, or equipment not connected to a public works project:
 - 1. A written Invitation (to Bid or Quote) with description shall be drafted for the specific materials, supplies, or equipment to be purchased, including the number, quantity, quality, and type desired, the proposed delivery date, together with any evaluation criteria and any relevant information of the purchase. The contract intended to be signed by the successful vendor is also to be included in with the invitation.
 - 2. The Department Lead, or their designee, shall make a good faith effort to contact at least three (3) of the vendors on the roster to obtain written quotations from the vendors for the required materials, supplies, or equipment;
 - 3. The Department Lead, or their designee, shall not share written quotations received from one vendor with other vendors soliciting for the bid to provide the materials, supplies, or equipment;
 - 4. A written record shall be made by the Department Head, or their designee, of each vendor's bid on the material, supplies, or equipment, and of any conditions imposed on the bid by such vendor;
- D. **Determining the Lowest Responsible Bidder.** The District shall purchase the materials, supplies, or equipment from the lowest responsible bidder, provided that

whenever there is reason to believe that the lowest acceptable bid is not the best price obtainable, all bids may be rejected, and the District may call for new bids.

E. **Award.** All of the bids or quotations shall be collected by the Department Lead or their designee. The Department Lead, or their designee, shall create a written record of all bids or quotations received, which shall be made available by request after the award of the contract.

1. The Department Lead, or their designee, shall then present all bids or quotations and their recommendation for award of the contract to the Board. The Board shall consider all bids or quotations received, determine the lowest responsible bidder, and award the contract; or
2. If the Board delegates the authority to award bids to the General Manager of the District for materials, supplies, or equipment costing less than or equal to the statutory threshold of the agency as provided in RCW 36.96.010, the General Manager shall have the authority to award public works contracts without Board approval, provided that the Board shall ratify the General Manager's approval at the next scheduled Board meeting by means of the consent agenda. For materials, supplies or equipment costing more than the statutory threshold of the District as provided in RCW 36.96.010, the Board shall award all vendor contracts.

F. **Posting of Awards.** In accordance with RCW 39.04.200, all vendor contract awards will be posted to the District's website at least every other month. The posting will include the vendor awarded the contract, the amount of the contract, a brief description of the items purchased, and the date it was awarded.

Eligibility Maintenance

The Vendor List shall be reviewed on an annual basis to ensure required documentation and information is kept up to date, and that vendors' statuses are updated to inactive when appropriate. Procurement Officer will update modifications to the vendor status for the District.

Quotes and Purchasing Responsibilities

It is the responsibility of the District staff soliciting quotes or making purchases to verify that the vendor is on the Vendor List with active status, prior to making contact. If the vendor is on the list but shown as inactive, the District staff shall determine what documents are necessary to update their status to active.

When the alternative bid procedure authorized under RCW 54.04.082 is used, then immediately after the award is made bid quotations shall be recorded, open to public inspections, and available by telephone inquiry. In accordance with RCW 39.04.200, the District will post a list of contracts awarded under RCW 39.04.190 to MRSC at least once every two months.

Same Kind

For purposes of RCW 54.04.070(1) and RCW 54.04.082, any purchases of the same kind of materials, equipment, or supplies shall be determined based on inventory item classification or fixed asset depreciable item. The District will not phase material, supply, or equipment purchases to avoid bid requirements.

Purchases of Materials, Supplies, and Equipment Under \$30,000

Purchases less than \$30,000, excluding taxes, shall be purchased from the Vendor List. Three quotes should be obtained, when possible, to ensure the District is receiving the lowest price.

Purchases of Materials, Supplies, and Equipment Between \$30,000 and or equal to \$120,000

Purchases over 30,000 and under \$120,000 shall require a minimum of three written quotes from the Vendor List, in accordance with RCW 39.04.190. If three quotes are not obtained, the District shall advertise for Sealed Bids. Bid bonds are hereby waived for these purchases in accordance with RCW 54.04.082 unless otherwise determined by the General Manager or Procurement Officer, as applicable, for a given purchase. The vendor shall be notified of award and a purchase order prepared.

Purchases of Materials, Supplies, and Equipment Over \$120,000

Any purchase of a single item, or multiple items of the same kind of materials, equipment, or supplies, where the estimated total cost during the calendar year is in excess of \$120,000, exclusive of sales tax, shall be by contract in accordance with RCW 54.04.070 and RCW 54.04.080. The General Manager shall review the bids and grant the final award. Bids in excess of the General Manager's purchasing authority must be awarded by the Board of Commissioners. The District shall notify the participating vendors of the bid award and prepare a contract.

Single Source Supply

In accordance with RCW 39.04.280, competitive bidding requirements may be waived for single source supply by written resolution adopted by the Commissioners. The resolution must recite the factual basis for the exception.

Contract Construction Work

MRSC Rosters

The District shall use the statewide small works roster established under RCW 39.04.151(2) and administered by the Municipal Research Services of Washington (MRSC).

Small Works Roster

Small works, as defined by RCW 39.04.152, are public works construction projects estimated to cost \$350,000.00 or less, excluding Washington State sales tax for construction, renovation, remodeling, repair, or improvement of real property. A Small Works Roster is a pre-established list of properly licensed contractors registered to do business with the District under selected project types and (work) categories. The Small Works Roster process is an alternative to publicly advertising public works projects. Every small works contract is subject to the same public works

bidding, award, and compliance requirements of RCW 39.04 unless specifically included in RCW 39.04.151-154 or the plan and procedures identified below. Small Works Roster contracts will be bid through the District's procurement processes by sending an invitation to bid to all contractors on the applicable roster category that have indicated interest in performing work in the District's service area, except as may be used in the small works roster direct contracting process (RCW 39.04.152(4)) described below.

Only those contractors registered with MRSC Rosters will be invited to bid on small works projects. Invitations for bid or direct contracting negotiations shall include an estimate of the scope and nature of the work to be performed as well as materials and equipment to be furnished. However, detailed plans and specifications need not be included in the invitation. Small Works contracts will be awarded to a responsible contractor (RCW 39.04.350) submitting the lowest responsive bid, unless using direct contracting where a contract will be awarded to a responsible contractor submitting a competitive bid or negotiated bid. Small works bidding and award information will be entered into the statewide small works roster platform immediately upon conclusion of each small works roster award. Small works bidding and award data will be part of the District's procurement files and records, and all documentation will be available for review to the General Manager.

At least once a year, MRSC shall, on behalf of the District publish in a newspaper of general circulation within the District's jurisdiction a notice of the existence of the Small Works Roster and invite contractors to register on the statewide small works roster. Additionally, as required by RCW 39.04.151(1)(c) MRSC will notify the Office of Minority and Women's Business Enterprise (OMWBE) directory of certified firms and invite small businesses to apply to the roster. MRSC shall add responsible contractors to the small works roster at any time that a contractor completes the online application provided by MRSC and meets minimum State requirements for roster listing.

Direct Contracting

The District reserves the option to use the Direct Contracting option (RCW 39.04.152(4)) as practicable for Small Works projects estimated to cost \$150,000.00 or less, excluding Washington State sales tax. The District has developed additional procedures to ensure the District uses Direct Contracting with the spirit and intent of the statute; which procedures are attached hereto and incorporated herein by this reference as follows:

- Exhibit A: Direct Contracting Rotation Procedure
- Exhibit B: Small Business Utilization Plan
- Exhibit C: Direct Contracting Negotiation Procedure

Direct Contracting under \$150,000

If the estimated cost of work is less than one hundred fifty thousand dollars (\$150,000), RCW 39.04.152 allows the District to direct contract with small businesses without a competitive process before direct contracting with other contractors on the appropriate small works roster. If there are six or more contractors meeting the definition of small businesses on the applicable

roster, the District must direct contract with one of those small businesses that have interest in performing work in the applicable area. If there are five or fewer contractors meeting the definition of small business on the applicable roster, the District is not required to use a competitive process to direct contract with any contractor on the applicable roster.

Delegated Authority

The District has the delegated authority to oversee and manage the Small Works Roster “program” to the General Manager. As the delegated authority, the General Manager will be responsible for ensuring all necessary policies, procedures, templates, contracts, or similar requirements are developed and used in accordance with the applicable statutes and guidance provided by MRSC.

Further, the General Manager shall be responsible for and authorized to establish, revise, update, and implement the District’s Small Business Utilization Plan, Direct Contracting Rotation Procedure, and Direct Contracting Negotiation Procedure. The Small Business Utilization Plan shall be updated by the General Manager no less than annually. The General Manager is further authorized to replace the versions of such documents attached to this Procurement Policy with any updates or revisions that may be established by the General Manager from time to time. The General Manager is also responsible for reporting annually on the utilization and improvements needed to the Small Business Utilization Plan or contracting processes to meet or exceed the established goals for small business utilization through Direct Contracting opportunities.

The General Manager will also be responsible for data collection, reporting, and similar on all activities, uses, and awards for small works and will ensure all information is provided to MRSC, the state, or the public as required or requested.

Estimates

The District shall create an estimate and bid range prior to requesting quotations/bids. The estimate shall be created using unit item prices. A lump sum estimate must have prior approval from the General Manager, as well as supporting documentation indicating unit bid items are not applicable.

Small Works Contracts under \$5,000

For small public works contracts under \$5,000.00, there is no requirement for retainage or performance bonds. After the award is made, the bid quotations must be recorded and publicly available.

Small Works Contracts Between \$5,000 and \$150,000

In the event the District does not have a current Small Business Utilization Plan in effect or elects to not use Direct Contracting for projects estimated to cost up to \$150,000, then for such projects the District shall use either the Small Works Roster process described above or the competitive bidding process described below.

Small Works Contracts Between \$150,000 and \$350,000

If the estimated cost is between \$150,000 and \$350,000, the District will solicit quotes from all contractors on the applicable small works roster category that have indicated interest in

performing work in the District's service area. In the alternative, the project may be advertised for sealed bids using the competitive bidding process below.

Public Works Contracts Over \$350,000

Any public works project with an estimated total cost, exclusive of sales tax, is greater than three hundred fifty thousand dollars (\$350,000), the contract shall be advertised for sealed bids. The General Manager shall review the bids and grant the final award. Bids in excess of the General Manager's purchasing authority must be awarded by the Board of Commissioners. The District shall notify the participating vendors of the bid award and prepare a contract.

Retaining Records

The District shall keep a record of each contractor's bid on the project and of any conditions imposed on the bid. Immediately after an award is made, the bid quotations shall be recorded, open to public inspection, and available by telephone inquiry. Pursuant to RCW 39.04.200, the District shall make available a list of the contracts awarded under the Small Works Roster process at least once every year. The list shall contain the name of the contractor awarded the contract, the amount of the contract, a brief description of the type of work performed or items purchased under the contract, and the date it was awarded. The list shall also state the location where the bid quotations for these contracts are available for public inspection.

Competitive Bidding

The District may select competitive (sealed) bids for:

- (i) Public works projects between fifty thousand dollars (\$50,000) and three hundred fifty thousand dollars (\$350,000) rather than soliciting quotes from the Small Works Roster; and
- (ii) Purchase of materials, supplies, and equipment between thirty thousand dollars (\$30,000) and one hundred twenty thousand dollars (\$120,000) rather than soliciting quotes from the Vendor List.

Competitive bidding is required for:

- (i) Public works projects in excess of three hundred fifty thousand dollars (\$350,000); and
- (ii) Purchases of materials, supplies, and equipment in excess of one hundred twenty thousand dollars (\$120,000).

However, notwithstanding the above, public works projects may be performed by regular employed personnel and no contract is required if material utilized for work does not exceed three hundred thousand dollars (\$300,000).

The District shall publish a notice once or more in a newspaper of general circulation in the district at least thirteen days before the last date upon which bids will be received, inviting sealed

proposals for the work or materials. Plans and specifications for the work or materials shall at the time of publication be on file at the office of the District and subject to public inspection. Sealed bids will be opened at the published date and time. Upon opening, the bids shall include a completed proposal, including authorized signature and a bid bond.

Determining Lowest Responsible Bidder

The District shall award the contract to the lowest responsible bidder; however, whenever there is a reason to believe the lowest acceptable bid is not the best price obtainable, all bids may be rejected, and new bids solicited. The District shall prepare a bid tabulation for review and comparison of all bids. No contract shall be let for more than fifteen percent above the District estimated cost

Award

A manager may award a contract based on their authorized purchasing limits as stated in this Procurement Policy. Any contract that exceeds the General Manager's authorized limits shall be approved and executed by the Board of Commissioners.

If it is determined to be the best interest of the District, all bids may be rejected.

Prior to being awarded a contract as the lowest responsible bidder for public works project, the contractor must meet the criteria set forth in RCW 39.04.350.

Special Requirements for Construction or Improvement of Electric Facilities

If the contract to be let by the District is to construct or improve electrical facilities, then the District shall comply with the requirements of RCW 54.04.085 to prequalify bidders before furnishing any person, firm, or corporation desiring to bid upon such work with a contract proposal form. For purposes of this requirement, the term "construction or improvement of any electrical facility" shall have the meaning set forth under RCW 54.04.080 then in effect. As of the date this policy was adopted, "construction or improvement of any electrical facility" is defined under RCW 54.04.080 to mean the construction, the moving, maintenance, modification, or enlargement of facilities primarily used or to be used for the transmission or distribution of electricity at voltages above seven hundred fifty volts, including structures directly supporting transmission or distribution conductors but not including site preparation, housing, or protective fencing associated with but not included in a contract for such construction, moving, modification, maintenance, or enlargement of such facilities.

Bonds

In accordance with RCW 54.04.080, all sealed bids for purchases of materials, supplies or equipment and all sealed bids for public works projects require a minimum 5% bid bond to be submitted with the proposal. In accordance with RCW 39.08.010, a Performance and Payment Bond will be required before a Notice to Proceed is issued for a public works project.

Retainage

In accordance with RCW 60.28.011, the District will withhold five percent (5%) of the pre-tax money due the contractor for a public works project. The retainage may be released upon

completion of work by the contractor, acceptance of the work by the District, approval from the Department of Revenue and L&I, and proof of prevailing wage compliance.

Prevailing Wages

All public works projects are subject to Washington State Prevailing Wages, in accordance with RCW 39.12. The District must have a copy of the approved Statement of Intent to Pay Prevailing Wages, which the contractor files with the Industrial Statistician of the Department of Labor and Industries, before it can make payment under the contract. Certified Payroll for the period covered by an invoice is also required before payment will be released.

After completion of the contract, the contractor must file an Affidavit of Wages Paid with Labor and Industries Statistician. The District must have a copy of the approved Affidavit before it can release the contract retainage.

Emergency Contracts

When the Commissioners declare an emergency by resolution, the Procurement Policy bidding and quote requirements will be waived, per RCW 39.04.280. The factual basis for the exception must be recorded and open to public inspection. Although competitive bidding is not required when an emergency has been declared by a resolution, the District should strive for the highest level of competition that is practical under the circumstances. Bonds may be waived for emergencies. Payment of prevailing wages is required.

RCW 39.04.280(2)(b): If an emergency exists, the person or persons designated by the governing body of the municipality to act in the event of an emergency may declare an emergency situation exists, waive competitive bidding requirements, and award all necessary contracts on behalf of the municipality to address the emergency situation. If a contract is awarded without competitive bidding due to an emergency, a written finding of the existence of an emergency must be made by the governing body or its designee and duly entered of record no later than two weeks following the award of the contract.

The declaration of emergency will be in place until the General Manager determines the State of Emergency is over, at which time the Procurement Policy bidding and quote requirements will be reinstated. This will be ratified by the Board at their next regularly scheduled meeting.

Records Management

In accordance with RCW 39.04.155(3), the District shall maintain records of estimates, quotes/bids, contractors contracted, contracts awarded, advertisements, and Small Works Rosters for a minimum of twenty-four months. When Revenue Bonds are utilized for the funding of projects, Revenue Bond covenants shall apply when determining the required period for record retention.

The District will maintain all bid documents, make them available for public review, and post results on the District website.

Services

Services are non-public works activities requiring labor, equipment, supplies, and/or materials for which an agency contracts on a periodic and/or routine basis.

Architectural and Engineering Services

In accordance with RCW 39.80 these professional services include, but are not limited to:

- Architectural design
- Engineering study and design
- Land surveying
- Landscape architecture
- Structural design

A Request for Qualifications (RFQ) will be published for these services when exceeding \$60,000. A qualifications-based selection process is required. If the District cannot reach an agreement with the most highly qualified firm when negotiating the final project scope, schedule, and budget, the District shall negotiate with the next most highly qualified firm.

When services amounting to less than \$60,000 are required, District staff shall obtain three quotes from the Vendor List, whenever possible.

Personal and Purchased Services

Personal services involve technical expertise provided by a consultant to accomplish a specific study, project, task, or other work. These activities and products are mostly intellectual in nature.

Purchased services are those provided by vendors for routine, necessary, and continuing functions of the District, mostly relating to physical activities. These services are usually repetitive, routine, or mechanical in nature; support the agency's day-to-day operations; and involve the completion of specific tasks or projects.

A Request for Proposals (RFP) or Request for Qualifications (RFQ) will be published for these services when exceeding \$60,000. When services amounting to less than \$60,000 are required, District staff shall obtain three quotes from the Vendor List or Small Works Roster, as applicable, whenever possible.

Maintenance and Miscellaneous Services

Maintenance is defined as work performed to keep existing facilities in good usable, operational condition. When maintenance is contracted, it is subject to public works bidding and prevailing wage requirements.

Miscellaneous services are non-maintenance activities performed by contract. Typically, these services are performed with physical or manual labor as opposed to intellectual.

A Request for Proposals (RFP) will be published for these services exceeding \$60,000. When services amounting to less than \$60,000 are required, invitations to bid shall be sent to all

contractors on the applicable small works roster category that have indicated interest in performing work in the District's service area, unless using Direct Contracting.

Interlocal Agreement or Piggybacking

The District may purchase from a bid solicitation listed on the WA State Department of Enterprise Services site without a bidding process.

The District may utilize another local government entity bid if the following conditions are met:

- The contract is determined to have been awarded in compliance with all bidding requirements of the District.
- The contract was awarded with terms indicating that it would be available for use by other public entities.
- There is no statutory provision prohibiting such a purchase.
- The District has performed due diligence to confirm the contract is the lowest competitive price available.

The Commission will pass a resolution approving an Interlocal Agreement for the intergovernmental purchase.

Federal Contracts

Federal Purchasing Limits

Purchases of materials, supplies, and equipment for a federally-funded project with a cost greater than ten thousand dollars (\$10,000) must be secured by the sealed bid process.

Contracts to be issued by the Small Works Roster process with a cost greater than two hundred fifty thousand dollars (\$250,000) must be secured by the sealed bid process.

Conflict of Interest

In accordance with 2 CFR 200.318, no employee, officer, or agent may participate in the selection, award, or administration of a contract supported by a Federal award if he or she has a real or apparent conflict of interest. Such a conflict of interest would arise when the employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in or a tangible personal benefit from a firm considered for a contract.

Change Orders

The approval limits are applicable to the total of the original purchase or contract amount plus change order amounts. If the revised total amount exceeds the purchasing approval limit, a

higher-level authority must approve the change order per the established limits. If the Commissioners approved the original purchase, the General Manager may approve change orders up to 15% of the original contract amount.

Change orders may be issued due to inclement weather conditions, change in conditions, environmental protection requirements, and other circumstances. The contractor shall request the change order and provide supporting documentation to the District.

Purchase Orders

The District shall maintain a Purchase Order system and associated procedures for purposes of pre-authorizing purchases. Every Purchase Order requires manager approval in accordance with the approval authority. Purchase Orders should be created and signed during the contract process when awarding is completed.

Real Estate Transactions

All real estate transactions shall be approved by the Board of Commissioners in a resolution, granting signing authority to the General Manager.

Exhibit A

Small Works Roster Direct Contracting Rotation Procedure

Purpose

This document provides procedure and implementation guidance regarding small works roster direct contracting rotation.

As required under RCW 39.04.152(4)(b) when an authorized local government or state elects to direct contract, rotation of contractors is required.

This procedure applies exclusively to small works roster direct contracting procurements.

Procedure

It is the responsibility of the District to equitably distribute contracting opportunities to small and diverse businesses on the small works roster when possible.

When project(s) are estimated to cost \$150,000 or less, a rotation of contractors must be used in accordance with this procedure on every direct contracting procurement, when the District has more than one procurement in a single project type and category within a 12-month period.

Documentation evidencing compliance with this policy shall be included with each small works direct contracting procurement record.

Each procurement opportunity under which direct contracting is used shall also be consistent with the District's Small Business Utilization Plan.

It is the District's responsibility to not favor certain contractors on a specific roster by repeatedly awarding contracts without Rotation Documentation (RCW 39.04.152(4)(b)(iv)).

Implementation

A. Project Specific Roster/List of Businesses

A list of contractors to which “rotation” must be applied is generated by starting a solicitation, selecting project type and category of work, and generating a project specific roster through the statewide roster.

B. Six or more Small Businesses

If the project specific roster contains six or more Small Businesses, rotation must be applied to those Small Businesses.

C. Five or fewer Small Businesses

If the project specific roster contains five or fewer Small Businesses, the District is not required to use a competitive process to direct contract with any contractor on the applicable roster.

D. No Small Businesses

If there are no Small Businesses on the project specific roster, rotation must be applied to all businesses.

E. One Business

If there is only one business on the project specific roster, rotation is not practical. Documentation will include the project specific roster to demonstrate the single contractor.

F. Rotation Process

Rotation is applied by reviewing the date of the last contract with a business on the project specific roster in the order they appear. If the last contracted date is within a 12-month period, the next business on the project specific roster is reviewed.

G. Rotation Documentation

Procurement staff shall document the process and approach used to rotate through responsible contractors on a project specific roster. Documentation could include, but is not limited to, printing the project specific roster, and noting each contractor considered through review of their “last contracted” date and reference to the Small Business Utilization Plan.

H. Multiple Procurements in the same Project Type and Category

Procurement staff are encouraged to use the same project specific roster and rotate starting at the bottom of the list when procurements for the same Project

Type and Category are anticipated. This approach provides the maximum practicable opportunities to rotate through the same list of contractors and equitably distribute work among all Small Businesses registered in a project type and category.

I. Notification

At the conclusion of negotiations with the directly selected, rotated contractor, procurement staff must send notification to all small businesses on the project specific roster of the selection which includes the basis of rotation as documented.

J. Rotated Business Decline to Negotiate

If a rotated business declines to negotiate, procurement staff will first attempt to negotiate with the next rotated business. If all rotated businesses decline to negotiate, procurement staff can elect to revert the solicitation to the competitive process and invite all businesses on a project specific roster, cancel the solicitation all together, or publicly bid.

Definitions

A. Small Works Roster has the same meaning as RCW 39.04.151.154

B. Direct Contracting means the ability to select one contractor and negotiate a price for a public works project that is estimated to cost \$150,000 or less in accordance with RCW 39.04.152(4)(b)

C. Small Business means the same as RCW 39.04.010(7)

D. Small Business Utilization Plan means the same as described in RCW 39.04.152(4)(b)(iv)

E. Project Specific Roster means the same as “appropriate roster” or “applicable roster” and is the specific list of business generated for an individual solicitation.

F. Rotation means identifying a contractor not previously awarded in the same project type and category.

G. Rotation Documentation means the documented process procurement staff use to ensure compliance with this procedure.

Exhibit B

Small Business Utilization Plan

Effective Date:

End Date:

Purpose

The District is reserving the option to use Direct Contracting as practicable in the Small Works Roster process. As required under RCW 39.04.152(4)(b)(iv), the District is preparing the following small, minority, women, and veteran-owned business utilization plan.

Intent

It is the District's intent to not favor contractors by repeatedly awarding contracts without documented attempts to negotiate with others.

This plan is intended to help increase the likelihood of small works roster awards going to a broad range of small businesses.

This plan is to be referred to with each procurement for small works with a \$150,000 estimate or less and will be referred to by the District staff as they solicit and negotiate using Direct Contracting.

Transparency

This plan will be assessed and posted annually by the General Manager. The achieved utilization will be publicly reported as required by law.

Goal

The District's goal is to award small works projects to small and diverse businesses during the plan's effective period whenever possible.

Projects Anticipated	Target Small Business Awards

Project Type	Categories	Contractor	Small Business ID

Exhibit C

Direct Contracting Negotiation Procedure

Intent

The direct contracting “negotiation” procedure is intended to build capacity of small contractors by affording the contractors one-on-one conversation with the agency to prepare a bid without the pressure of competition. It is not intended to be a process to “haggle” or “lower” a bid price. The intent is to build a “pathway to being a prime.”

Negotiation option 1 – Q&A, Addenda

One option for documenting negotiations is to set up a specific “questions and answer” process. In this option, the bidder requests “negotiations” by submitting questions/clarifications in the form and format provided in the bidding documents. Staff will then respond as appropriate and then issue an addendum that memorializes the new agreed terms, schedule, price, etc. The bidder proceeds to submit a bid on the template bid form.

Negotiation option 2 – Bid Form

Another option for documenting negotiations is to use the Small Works Direct Contracting Bid Form that includes a section for negotiation. In this option, staff requests negotiations by countering the bid submitted with questions, clarifications, or similar, to establish an award amount.

Bid Breakdown

It is the duty of the District to review all bids received through direct contracting at the “bid item” or “schedule of values” level to help the small business carefully and accurately build a bid. As such, all direct contracting processes will include a review of the bid item breakdown and/or schedule of values with the award request.

Failure to reach an agreed award amount

Although rare, there may be an occasion where an award amount cannot be agreed upon. If such occurs, staff will need to send notice to the contractor from the project-specific roster, Should a negotiation process be terminated staff will need to document the rationale in place in the project file.

Allowable rationale for terminating direct contract negotiation is:

- A. Scope. The scope of work cannot be agreed.
- B. Schedule. The schedule cannot be agreed,
- C. Budget. *After confirmation of scope, schedule, and some cost verification, the budget is determined not sufficient.












Resolution 1215 - Procurement Policy Revision

Final Audit Report

2024-12-29

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