Procedure: Procuring Goods & Services

As a political subdivision of the State of Washington, ESD is subject to procurement requirements set forth under RCW 28A.335.190. Additionally, as a recipient of Federal funding, ESD is subject to procurement provisions set forth under Uniform Grant Guidance found in 2 CFR 200.318-326. Purchase decisions are to be executed to provide fair opportunity to vendors to do business with ESD while achieving the overall goal of executing the most efficient use of funds for ESD.

As best practice, procurement practices should comply with the most restrictive standards, regardless of the funding source. This provides for transparency and fairness in our contract practices and provides for maximum flexibility in funding sources for expenditure of funds, including use of matching funds. As noted in the table below, State standards are more restrictive for purchases of goods; Federal standards, are more restrictive for purchase of services. If staff is making a procurement with non-Federal dollars and has determined that it is detrimental or not reasonable to follow the best practice for procurement of services, the Superintendent or his/her designee can grant an exception for the procurement selection in that circumstance. This would most typically be considered for professional /contract services.

The chart below provides a summary of current thresholds for procurement requirements.

<table>
<thead>
<tr>
<th>PURCHASE METHOD</th>
<th>GOODS</th>
<th>SERVICES</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Micro Purchase</td>
<td>Use More Restrictive Federal</td>
<td>Not Required</td>
<td></td>
</tr>
<tr>
<td>No required quotes; price must be reasonable and distributed equitably among suppliers</td>
<td>State threshold is $40,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Small Purchase (Informal)</td>
<td>$25,000**-$75,000</td>
<td>Not Required</td>
<td>$25,000*-250,000*</td>
</tr>
<tr>
<td>Document quotes from a reasonable number of qualified sources (minimum 3)</td>
<td>Use more restrictive Federal minimum - State minimum is $40,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Formal Competitive Bids</td>
<td>$75,000+</td>
<td>Not Required</td>
<td>$250,000*+</td>
</tr>
<tr>
<td>Non Competitive Proposals</td>
<td>Available ONLY when:</td>
<td>Not Required</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Available only from sole source</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Public emergency purchase</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Expressed authorized in writing by awarding Federal agency</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Competition is deemed inadequate after solicitation</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Purchase of services from non-Federal funds, with prior fiscal approval</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Set & updated per FAR – Federal Acquisition Regulations
The micro purchase threshold is certified annually based on ESDs most recent audit report available and ESD's status as a low-risk auditee. Should that status change as the result of an audit, thresholds would be adjusted consistent with requirements of 2 CFR 200.318-326, which may be lower than the current authorized threshold.

Any amendments to the Federal or state procurement thresholds would be considered as automatic updates to the current documented procedures, unless the Superintendent or his/her designee elects a threshold lower than Federal or state procurement thresholds.

Supplies, materials and services may be purchased on a continuing contract, not to exceed 5 years, including renewal options. Equipment and related maintenance services may be purchased on a continuing contract, not to exceed 10 years, including renewal options, consistent with RCW 28A.335.170. The entire term of the continuing contract should be considered when assessing against purchase thresholds and the potential need for a formal bid process. Agreements, such as interlocal cooperative purchasing agreements, may be structured with automatic renewals and no termination dates. In such cases, the Superintendent shall develop procedures for periodic evaluation of the Agreement.

Procurement for public works are addressed separately under Board Policy 6225 and relate procedures.

Selection & Documentation
In general, there are four selection options for procurement for purchases less than Formal Competitive Bid thresholds:

1. Selection based on quote or vendor comparison
   a. Requires documentation of vendor selection.
   b. Use 6211-F1 Vendor Selection Criteria
2. Sole source selection
   a. Requires documentation of vendor selection.
   b. Use 6211-F2 Sole Source Documentation
3. Selection by virtue of interlocal agreement
   a. Interlocal agreements do not require selection documentation on State and Federal guidelines
   b. Purchase order language should reflect selection basis (refer to training & application guides).
4. Selection from approved bid vendor (purchasing cooperatives)
   a. Does not require selection documentation/quote comparisons.
   b. Purchase order language should reflect selection cooperative bid purchase (refer training & application guides).
   c. When purchasing from purchasing cooperatives, agency membership in cooperative is required. Refer to 6210-P3 Cooperative Purchasing Agreements
5. Exception, with approval, for certain procurement of services purchased with non-Federal funds
   a. Please discuss with fiscal services if there are supportable and reasonable circumstances for issuing non-competitive contracts for services procured with non-Federal funds under procurement option 5 above.
   b. This exception may also be granted for an entire class of contracts (i.e., workshop contractors).

Selection Evaluation (options 1-3 above)
Micro Purchase
While no quotes or price comparisons are required, consideration must be given as to whether the price is reasonable and to the extent practical, distributed equitably among suppliers.

Small Purchase Quote Comparison
Small purchase quote documentation (below bid thresholds) may be as simple as looking up the item(s) on the internet or in catalogs, making phone calls as appropriate, or getting written responses to email inquiry. The level of effort should increase respective to the level of purchase and other risks involved (i.e., procurement with Federal funds or procurement of highly competitive goods and services). Written quote response is highly recommended for procurement between $40,000 and the bid threshold.

Vendors used for quote comparison should be fairly and objectively selected. Form 6211-F1 Vendor Selection Criteria should be used to document vendor quotes, selection criteria and the basis for vendor selection.

**Sole Source**
Sole source procurement documentation justification must be capable of withstanding public, legislative and executive scrutiny. Sole source purchases are defined as those purchases that are clearly and legitimately limited to a single source supplier per RCW 39.04.280. State or local geographical preferences without specific justification are not an acceptable criteria for sole source and violate 2 CFR 200.319(b).

Sole source as a justification for vendor selection should be rare. If you have executed a reasonable solicitation of vendors and they have been non-responsive or cannot meet key requirements, this is a competitive procurement and should be documented as such. Continuation of service is not in itself a justification for sole source procurement. Initial contracts should extend the length of expected service. Any contract renewals or extensions thereafter need to re-address sole source documentation.

For sole source procurements of $20,000 or greater, ESD is required to publicly advertise the anticipated “award”. A sample notice is included at the end of this document. Attach evidence of the public notification with all sole source documentation; include the name of the newspaper the advertisement was published in, the date(s) of the advertisement, and the name(s) of entities responding. If no responses are received, so indicate. If one or more responses are received, explain how ESD concluded the contract is appropriate for sole source award.

Finally, for sole source procurement, documentation, as recorded on Form 6211-F2 Sole Source Documentation must address the reasonableness of costs of the procurement since competition was not a factor. Documentation must include and explanation of how ESD concluded that the costs, fees, or rates negotiated were fair and reasonable. Options for this evaluation include a comparison with comparable contracts, use of a market survey, or some other appropriate means calculated to make such a determination.

**Formal Bid Solicitation**
Any purchase estimated to be in excess of $75,000 for goods and $250,000 for services must be made using a formal bid procedure, which includes advertising in a local paper once each week for two consecutive weeks. Refer to Board Policy 6211 Purchasing: Procurement for criteria under with bid requirements may be waived.

Bids shall be in writing and opened and read in public on date & place named in the notice. Bids shall be available for public inspection. (See 6211-P2 Bid Requirements)