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I. PROCUREMENT POLICY SUMMARY TABLE

Procurement Type	Thresholds	Purchase Order Requirement	Supervisor Approval	Secretary-Manager Approval	Award/Approval Board
Micro-Purchase - No required quotes	<#3,500 or less <\$2,000 or less (Public Works)				
Public Works - Minimal	<\$10,000			X	
Public Works - Limited Works/Vendor List (All or 3 bids)	\$10,001 - \$50,000			X	
Written Contract Requirement**	>\$10,000				
Public Works - Small Works Roster (All or 5 bids)	\$50,001 - \$300,000			\$50,000	>\$50,000
Written Contract Requirement**	>\$10,000				
Contractor Bond Requirement**	\$35,001 - \$300,000				
Public Works - Formal Bid Process	>\$300,000				
Public Works - Formal (if not using Small Works Roster)				\$20,000 annually or included in budget	
Public Works - Emergent ***				X	
Public Works - Change Orders				<\$20,000 or 20% of contract amount	>\$20,000 or 20%
PROFESSIONAL SERVICES					
Professional Services (Architect & Engineer) RCW 39.80	Qualification Based			<\$20,000	>\$20,000
Non-Professional (Personal & Purchase of Services)					
Direct Selection/Negotiation					
Legal Services (Settlements, Separations)**				<\$25,000	X >\$25,000
Legal Council					X
Accounting					X
Human Resources					X
Lobbyist					X
PURCHASING- (NON-PUBLIC WORKS RELATED)					
Purchasing - Direct Purchase					
Purchasing - Informal - Secretary-Manager		X		<\$50,000	>\$50,000
Travel				<\$3,500	

Procurement Type	Thresholds	Purchase Order Requirement	Supervisor Approval	Secretary-Manager Approval	Award/Approval Board
Purchasing - Field Supervisor	>\$500.00	X			
Purchasing - Staff	Every Purchase	X	X		

Procurement Type	Thresholds	Purchase Order Requirement	Supervisor Approval	Secretary-Manager Approval	Award/Approval Board
Controlled Commodities					
Computers and related Equipment, cell phones, fax machines, printers, scanners and copiers, software or systems	<\$15,000	X	X		
Purchasing - Formal Bidding - Request for Bids					X
**Conditional - KRD Resolution - 2019-6					
*** Notification to Board at next Board meeting					
Board Reporting: All purchases made and/or contracts executed, regardless of the Board approval threshold, shall be reported to the Board at their next Regular Board meeting. All Personal Service agreements are renewed annually.					
Small Works Roster: May be used for public works projects between \$50,001 - \$300,000. Participating pre-qualified contractors in appropriate work category are notified of bidding opportunities. No need to advertise or have public bid. Board awards contracts over \$50,000.					
Federal Funding: If any federal funds are used, including pass-thru grants/loans, refer to the Federal Code of Conduct.					

II. OVERVIEW

2.1 Purpose:

The purpose of this document is to implement the requirements of state law regarding procurement and bidding on public contracts for public works, goods, services, supplies and materials. It is the Kittitas Reclamation District's (KRD) policy to follow state requirements regarding the expenditure of public funds, to provide a fair forum for those interested in bidding on public contracts and to help ensure that public contracts are performed satisfactorily and efficiently at least cost to the public, while avoiding fraud and favoritism in their award.

2.2 Controlling Laws:

The expenditure of public funds for the purchase of and contracting for, goods, services, supplies and materials shall comply with all applicable state law requirements as set forth in the Revised Code of Washington (RCW) and the Washington Administrative Code (WAC), in addition to any applicable local and federal laws and regulations.

2.3 Monitoring and Compliance:

The KRD management shall implement, monitor and enforce these policies. In the event of any conflict in procurement requirements or questions about proper procedure or other requirements, the matter shall be referred to the Treasurer for further action. Willful or intentional violations of public procurement requirements may result in personal penalties, financial liabilities, and/or discipline.

2.4 Proper Authorization:

Only authorized employees acting within the scope of their authority may obligate the KRD in the acquisition of goods or services. Any employee purchasing goods on behalf of the KRD without proper authorization may be personally liable to the vendor and the KRD, and subject to disciplinary action.

III. DEFINING THE NEED

Before determining the procurement method and approval authority, the type of purchase must be established. The major categories of purchases include:

3.1 Public Works:

Includes all work, construction, alteration, repair or improvement other than ordinary maintenance, executed at the cost of the KRD:

- Examples: demolition, remodeling, renovation, road construction, building construction, and utilities construction;
- Ordinary maintenance is not specifically defined in RCW 39.04 but is generally considered to include work not performed by contract and performed on a regular basis to service, check or replace items that are not broken;
- For purposes of prevailing wage requirements, public works includes ordinary maintenance when performed by contract.

3.2 Materials, Supplies and Equipment:

Materials, supplies and equipment are tangible items which are manufactured and are moveable at the time of purchase. It is important to distinguish between materials, supplies and equipment used in public works contracts as opposed to non-public works contracts as different bidding requirements apply to each. *Examples: Office supplies, off the shelf software, hardware, trucks, copy machines, auto parts, gravel, janitorial supplies.*

3.3 Services:

Services are the labor, time, or effort of a human being. Distinguishing between services and public work is also important, as services may also have different bidding requirements. The KRD has four classifications of services:

- 3.3.1 Professional Services: Services provided by independent consultants that require specialized knowledge, advanced education, professional licensing or certification and where the primary service provided is mental or intellectual, involving the consistent exercise of judgment and discretion. *Examples: accountants, attorneys, consultants, graphic artists.*
- 3.3.2 Architectural and Engineering Services (A&E Services): These services are to be acquired under the authority and procedures outlined in RCW Chapter 39.80. *Examples: Engineers, land surveyors, architects, and landscape architects.*
- 3.3.3 General Services/Purchased Services: All other service-related work that is not considered a public work or professional service. Most often these are routine in nature (i.e.: yearly, monthly, weekly, etc.) *Examples: Building maintenance, elevator maintenance, automotive services, and instructors.*
- 3.3.4 Technology Systems and Services: Any technology hardware or software system purchase, or maintenance agreement. *Examples: Computers, tablets, servers, annual licensing agreements, custom or off the shelf software, technology consulting.*

3.4 Determining the Cost:

Once a need has been defined, the estimated cost of the goods and/or services will generally determine what competitive selection process the KRD will follow. Estimated costs for competitive bidding purposes must include:

- All construction related work (but not engineering/architectural design fees, as all A&E must be selected based on qualifications before cost is negotiated);
- All phases of the project;
- Any internal permitting costs of the project;
- All applicable sales and use taxes;

IV. PURCHASING CODE OF ETHICS

The public must have confidence in the integrity of its government. The purpose of this Code of Ethics is to apply and give guidance to all employees so that they may conduct themselves in a manner which will be compatible with the best interest of themselves and of the KRD.

4.1 To instill public confidence in the award of public contracts and the expenditure of public funds, the KRD adopts the following code of ethics regarding public contracting:

4.1.1 Actions of KRD employees shall be impartial and fair.

4.1.2 Government decisions and policies shall be made in compliance with required procedures and within the proper channels of government structure.

4.1.3 Public employment shall not to be used for personal gain, and KRD employees shall not solicit, accept, or agree to accept any gratuity for themselves, their families or others that would or could result in personal gain. Purchasing decisions shall be made impartially, based upon the KRD's specifications for the contract and the responses of those bidding on the contract.

4.1.4 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. This conflict of interest extends beyond the individual employee, officer, or agent to include that individual's immediate family members, partner, and other employers.

V. PROHIBITED PRACTICES

5.1 Collusion among bidders:

Agreement or collusion among bidders or prospective bidders to either buy or sell in restraint of freedom of competition, be as agreement to bid a fixed price or otherwise, shall render the bids void. Such bidders may be subject to possible exclusion from future bidding with the KRD when determined by the KRD Secretary-Manager to be in the best interest of the KRD.

5.2 Disclosure of Formal Bid Contents:

Disclosure in advance of opening bids of any information contained in the sealed or formal bid made or permitted by a KRD employee may render each bid void by the KRD. Notwithstanding anything herein to the contrary, bids submitted by bidders taking advantage of any information revealed contrary to this section shall at once become null and void.

5.3 Gratuities:

Except for normal business and social courtesies, or donation publicly given and accepted, the acceptance of any gift or gratuity in the form of cash, merchandise or services of significant value by an official or employee of the KRD from any vendor or

contractor in return for a commitment to continue or initiate a purchasing agreement is prohibited

5.4 Employee Owned Businesses:

Generally, KRD goods or services shall not be obtained from businesses in which KRD officials, employees or their immediate family members have a majority ownership interest except as allowable by RCW 42.23.030.

5.5 Sale of Materials and Supplies:

The KRD shall not use its purchasing power or lend its credit to acquire goods or services for any private party, nor shall the KRD sell its materials or supplies to KRD officials, employees, or the public except when said materials have been declared surplus and disposed of as provided herein.

5.6 Conflict of Interest:

An employee is not to participate directly or indirectly in a procurement when they are aware of or know there is a conflict of interest.

5.7 Solicitation of Donations:

The KRD will not accept donations of materials or services in return for a commitment to continue or initiate a purchasing agreement

5.8 Bid Splitting:

Issuing several PO's or orders under the dollar limit or breaking a project into phases to avoid bidding is against state law. Combine the total of foreseen identical items purchased at the same time or similar items (or items that are used together) within a calendar years' time, in which the cost exceeds competition limits or when it is determined that volume discounts can be obtained by combining KRD wide usage (i.e. office supplies, laundry services, janitorial paper products, etc.)

5.9 Conflicts of Interest:

All local governments in Washington are subject to the state's Conflicts of Interest statute (Chapter 42.23 RCW). Generally, municipal officers are prohibited from having financial interests in contracts made by or under the officer's supervision or for the benefit of their office. RCW 42 .23.020(2) defines "municipal officer" rather broadly and basically means any KRD employee acting on behalf of the KRD. RCW 42.23.020(3) defines "contract" as including any contract, sale, lease or purchase.

VI. SIGNATURE AUTHORITY

KRD management does not have the authority to sign contracts. Only the KRD Secretary-Manager, as authorized designee, has certain delegated authority to sign contracts. See Definitions Section to determine what constitutes a "Contract".

The KRD Secretary-Manager has ultimate signature authority for the KRD. As authorized designee, the KRD Secretary-Manager has authority to sign contracts, including Interlocal Agreements, up to \$50,000 and approve all budgeted purchases without dollar limitation.

VII. PURCHASE ORDERS & REQUISITIONS

Purchase orders are preferred for encumbering funds and determining budget prior to ordering goods or services. KRD office staff have the authority to produce Purchase Orders for the KRD.

VIII. GRANT & FEDERAL FUNDING

Purchases made or work performed with Federal grant funds must follow the standards identified in the Federal Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (OMB Title 2, Subtitle A, Chapter 11, Part 200. See Federal Code of Conduct and Federal Award Standards sections for summary requirements.

Please note, the federal government does not recognize Washington State's Small Works alternative procedures or thresholds. Do not use SWR procedures or thresholds if any federal funding is included or used.

ALL GRANTS ARE DIFFERENT, so one size does not fit all. Some grants simply require you to use your own procurement rules, while others require you to insert their contracting clauses into your contract.

Please note that all grant applications, without limitation, must be signed by the KRD Secretary-Manager. Additionally, all Federal grant reimbursement requests must be signed by the KRD Secretary-Manager. Designees are not permitted.

Prior to initiating any purchases or contracts with federal funds, the KRD Secretary-Manager will document that the procurement complies with the requirements of RCW 87.03.435 and Uniform Guidance (note: the most restrictive procurement method will be used whether it be federal, state, or local law). A copy of the documentation shall be retained in the KRD files.

IX. ANTI-DISBARMENT AND NON-COLLUSION

On construction work or purchases over twenty-five thousand dollars (\$25,000.00) involving federal grants, a Declaration of Anti-disbarment and a Non-collusion Affidavit will be required. KRD will provide notice to prime contractors of their responsibilities to

make this a requirement of subcontractors. In place of the Declaration of Antidisbarment, KRD may check the excluded parties list system through <https://www.sam.gov>. A hard copy of the report should be kept on file.

X. STANDARDS OF CONDUCT AND CONFLICTS OF INTEREST IN FEDERAL GRANTS

10.1 Standards of Conduct:

In accordance with 2 C.F.R. §200.318(c)(1), KRD maintains the following standards of conduct covering conflicts of interest and governing the actions of its employees engaged in the selection, award and administration of contracts.

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.

The officers, employees, and agents of KRD may neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or parties to subcontracts, unless the gift is an unsolicited item of nominal value.

10.2 Organizational Conflicts:

If KRD has a parent, affiliate, or subsidiary organization that is not a state, local government, or Indian tribe, the District must include written standards of conduct covering organizational conflicts of interest. Organizational conflicts of interest means that because of relationships with a parent company, affiliate, or subsidiary organization, the non-Federal entity is unable or appears to be unable to be impartial in conducting a procurement action involving a related organization. 2 C.F.R § 200.318(c)(2).]

XI. INSURANCE/LICENSES/PREVAILING WAGES

When hiring anybody to do anything for the KRD, the following requirements need to be met:

11.1 Certificates of Insurance:

Before any contractor is allowed to work on KRD property (no matter the dollar amount of the work), they must contact the Assistant KRD Manager to determine if a Certificate of Insurance is required. If required, the contractor must furnish the KRD with a Certificate of Insurance, naming the KRD as primary & noncontributory additional insureds with an additional attached endorsement.

11.2 Responsibility Criteria for Contractors:

Before award of a public works contract, a bidder must meet the following responsibility criteria set forth in RCW 39.04.350 as now existing or hereafter amended which includes the following:

- Be a registered contractor at the time of bid submittal, in compliance with Chapter 18.27 RCW. This can be checked at <https://fortress.wa.gov/lni/bbip>. Verify that the status is “Active”, that the “effective date” is on or before the bid submittal deadline, and that the “expiration date” is not before the end of the contract period. In addition, RCW 39.06.010(1) requires all electrical and elevator contractors must also be licensed.
- Have a current state unified business identifier (UBI) number. This can be checked at <http://dor.wa.gov/content/doingbusiness/registermybusiness/brd/>.
- If applicable, have industrial insurance coverage (workers comp) as required in Title 51 RCW unless self-insured. Workers comp premium status can be checked at <https://secure.lni.wa.gov/verify/?SAW=False>. The status should say, “Account is current. Firm has voluntarily reported and paid their premiums.”
- If applicable, have an employment security department number as required in Title 50 RCW. Since this information is not available through a website, KRD will request the information in the bid form or request that the contractor obtain the information from the employment security department.
- If applicable, have a state excise tax registration number as required in Title 82 RCW. This information can be checked at <http://dor.wa.gov/content/doingbusiness/registermybusiness/brd/>.
- Not be disqualified from bidding on any public works contract under RCW 39.06.010 or RCW 39.12.065(3). Violations of RCW 39.12.065(3) can be found at <http://www.lni.wa.gov/TradesLicensing/PreWage/AwardingAgencies/DebarredContractors/>. Since this search is for state debarment, not federal the KRD will print the search results to prove the contractor was not debarred at the time of bidding.
- Until December 31, 2013, not have violated RCW 39.04.370 more than one time as determined by the department of labor and industries; and
 - Not have willfully violated, as defined in RCW 49.48.082, any provision of chapter 49.46, 49.48 or 49.52 RCW as determined by the department of labor and industries.

- Before award of public contract, a bidder shall submit to the contracting agency a signed statement in accordance with RCW 9A.72.085 verifying under penalty of perjury that the bidder is in compliance with the responsible bidder criteria requirement of the subsection above. A contracting agency may award a contract in reasonable reliance upon such a sworn statement.
- Have received training on prevailing wage and public works requirements under RCW 39.04.350 or that the bidder is exempt from this training because they have completed three or more public works projects and have had a valid Washington business license for three or more years. To verify if a contractor has received training, <https://secure.lni.wa.gov/verify/> or is exempt at <https://www.lni.wa.gov/TradesLicensing/PrevWage/files/ExemptFromTraining.pdf>.
- FEDERAL CONTRACTS - Federal Debarment: It is unlawful to hire any firm to do business with the KRD that is not registered and in good standing with the US Government. KRD staff will check the status of an entity so see if they have been debarred at <https://www.sam.gov/SAM/> and will print out the resulting page (even if no records were found) and file it with KRD paperwork for audit.

11.3 Prevailing Wage Requirements:

Chapter 39.12 RCW is the Washington State Public Works Act, also known as the Prevailing Wage Law. This law requires that workers be paid certain hourly wages for all public work and public service maintenance contracts, no matter what the dollar amount.

This Prevailing Wage law was enacted to protect the employees of contractors performing public works construction/maintenance from substandard earnings, and to preserve local wage standards.

The Department of Labor and Industries administers the law; the Attorney General prosecutes violators; and the State Auditor ascertains if our policies, practices and procedures meet the requirements of the law.

Owner/Operators that do not have any employees do not need to pay themselves prevailing wages, however, they do still need to file Intents and Affidavits with the Department of Labor and Industries and list in section 3 of the form that they are Owner/Operator.

Any worker, laborer or mechanic performing public work must be paid prevailing wages. It does not usually apply to work that is clerical, executive, administrative or professional (grant funded projects may be an exception).

XII. CONTROLLED COMMODITIES

The following items require approval from the KRD Secretary-Manager. They are:

- Computers and related equipment, cell phones, fax machines, printers, scanners and copiers, software or systems.
- Anything Technology Services is requested or required to install, connect, service, maintain or support.
- New Procurement – Technology. The purchasing of hardware, software, licensing, and technical services carries a set of unique requirements, risks, and challenges.

12.1 Types of technology (IT) purchases:

Purchase Type	Definition	Taxable?
Hardware	Purchase of computer hardware components	Yes
Software – Off the Shelf w/installation	Purchase of off-the-shelf software including installation. See RCW 39.04.270.	Software – Yes Installation - No
Software – Customized	Purchase of software with programming and customization. See RCW 39.04.270.	No
Annual Maintenance Agreements	Agreement to maintain KRD systems	Yes
Hosted Software (SaaS)	IT services and software provided in a hosted, or cloud, environment.	Varies
Technical/Professional Services	Professional services in support of hardware, software, and networks	No

12.2 Telecommunications and Data Processing:

When purchasing telecommunications and data processing (computer) equipment or software costing above \$15,000, KRD may follow a "competitive negotiation" process as an alternative to the bid process. RCW 39.04.270(3) allows purchases through use of an alternative competitive negotiation process requiring, at a minimum, the following steps:

- A request for proposals (RFP) must be published in the newspaper of general circulation at least 13 days before the last date on which the proposals will be received.
- The RFP must identify significant evaluation factors, including price, and their relative importance.

- KRD must provide reasonable procedures for technical evaluation of the proposals, identification of qualified sources, and selection for awarding the contract.
- The award must be made to the qualified bidder whose proposal is "most advantageous" to KRD. KRD may reject all proposals for good cause and request new proposals.

12.3 Technology Software & Services - Competitive Process:

Technology Systems and Services Purchases include any technology hardware or software system purchase or maintenance agreement.

12.4 Hardware/Software Annual Maintenance Agreements:

There are two types of annual maintenance agreements:

12.4.1 Sole Provider: When annual maintenance of a KRD system is performed by the sole proprietor/vendor of that hardware/software, and there are no other maintenance providers available, a competitive process is not reasonable. For these situations, annual maintenance agreements are treated as standalone agreements (costs are not aggregated to the original purchase agreements). If the first year of annual maintenance costs are included in the original purchase, the costs should be aggregated together, because we would not be paying for the annual maintenance without the purchase of the software. The reference to the annual maintenance costs should be included in the Board Agenda when Board approval is required.

12.4.2 Multiple Providers: When there are multiple maintenance providers available for a particular system, and competition clearly exists for the service, a quote or RFP process may be required depending on the dollar amount.

12.5 SaaS (Software as a Service) and Hosted Software Agreements:

SaaS (Software as a Service) and Hosted Software agreements are IT services and software provided to KRD in a hosted, or cloud environment, versus provided on KRD's own computer infrastructure (e.g. servers and networks).

Because KRD data may be handled, accessed, or stored by the SaaS application provider, the security of this data is very important. It is imperative that IT be contacted prior to purchasing any SaaS product. In addition, these agreements may result in a long-term solution for KRD and a competitive process may be required regardless of initial cost.

When the department receives an invoice for annual (or periodic) payment, the invoice(s) will be processed through the typical invoice approval/process.

SaaS agreements are treated the same as other standard contract agreements.

XIII. PURCHASE OF MATERIALS, SUPPLIES, EQUIPMENT

13.1 Unrelated to Services, A&E or Construction/Public Work:

It is the KRD Secretary-Manager’s responsibility to appoint who shall make purchases for their department on the KRD's behalf under the respective quote limits.

Only authorized purchases used to conduct KRD business, consistent with the KRD priorities and state and local laws that are within predetermined budgets, are allowed.

13.2 Thresholds:

KRD has adopted the purchase contract process as allowed by RCW 87.03.437 and RCW 39.04.190 for the purchases of materials, supplies or equipment and hereby adopts the following thresholds:

PURCHASING		
\$ -0- to \$14,999	Competition is not required. Department is encouraged to determine price is fair and reasonable and document in department files.	Staff may approve purchases up to \$1,000; Department Directors may approve purchases up to \$14,999
\$15,000 to \$49,999	3 Documented Quotes Phone quotes are acceptable up to 35,000. Written or electronically mailed quotes are required over \$35,000.	Staff may approve purchases up to \$49,999; the KRD Secretary-Manager may approve all purchases
Over \$ 50,000	Formal Bid or RFP Sealed bids may be required over >150,000	The Board shall approve purchases
The KRD Board of Directors approves purchases through the expenditure authorization process. The KRD Board of Directors pre-approval is not required for budgeted purchases at any dollar amount. Department Directors are required to notify the KRD Board of Directors of all purchases made above \$10,000 at the next Regular KRD Board of Directors meeting, via staff report, as part of the Department Report, or by other acceptable means.		

All dollar limits include freight, handling, and set-up cost, plus appropriate sales tax. If there will be a trade-in, the dollar limit is of the gross purchase, not the net purchase after trade-in.

13.3 Local Business Open Accounts:

The KRD may establish open accounts at local businesses, and purchases on these accounts may be made only by authorized KRD employees.

13.3.1 How to Obtain a Vendor Number: Vendor numbers are assigned through the KRD's office staff. Vendors must be in the system prior to making purchases. To create a new vendor, you must provide Treasurer with the vendor's completed W9. If the vendor is already in the system or is a KRD employee or a Board or Commission member, a W9 is not needed.

13.3.2 Payments: Specify where the vendor needs to send an invoice at time of the order. Utilize the KRD's mailing address or for electronic invoices, use the KRD's specified "invoicing" email address. All questions regarding payments should be directed to the Accounts Payable staff.

13.4 KRD Credit Cards Purchases:

- All procurement policies still apply to expenditures made by credit and on credit cards.
- Credit card limits:
 - **Secretary Manager - \$10,000.00**
 - **Shop - \$10,000.00**
 - **Office - \$4,000.00**
- Cash advances are prohibited.
- Expenditures paid with a KRD credit card shall be made in the amount of actual expenditures.
- The Treasurer or designee shall serve as the custodian of the KRD's credit cards. The secretary-manager's card is issued. The remaining cards will be kept in a locked cabinet and signed out for use.
- Employee's not assigned a credit card and desiring to utilize a KRD credit card shall request the card through their supervisor. The Department Director shall request an additional account for the employee through the Treasurer.
- Any employee using the KRD's credit card to make a KRD purchase shall submit receipts for said purchases to the Treasurer the next business day that the employee is back in the office.

- In no event, shall the KRD's credit card be used for the acquisition of alcohol or personal goods or services of any kind. In the event that a purchase is made on the card that is not permitted, the employee will be held responsible for reimbursement as soon as possible.
- The invoices for the credit cards are paid on a monthly basis with the accounts payable batch.

13.5 Pcard (Visa):

A Pcard is an alternative way to make a payment, the use of which may be authorized by Treasurer. All procurement policies still apply.

13.6 Procedure to Obtain Quotes (\$15,000 to \$50,000):

KRD personnel shall obtain quotes up to \$150,000. Written quotes are required above \$15,000.

- KRD contacts three vendors for quotations. Be sure technical information defines acceptable quality and ensure vendors are quoting on equal and comparable items. All vendors must be provided the same information. If one vendor offers an acceptable alternative, new quotes must be requested, using the alternate specifications.
- The KRD will not pay for any technical information from the vendor. If the information is to be shared with other vendors, it must be stated so up front. If you use a vendor's technical information without their approval, you may find yourself in a legal tangle.
- On-site demonstrations or delivery of preview/trial merchandise does not constitute a purchase. Competition may still be required.
- Document Quotes: Obtain freight pricing (FOB Destination), if not indicated by vendor. Include vendor contact information in case we need to get a hold of them.
- Vendor selection is made based on the recommendation of the requesting department personnel, considering price, quality and product availability.
- Quote documentation is attached to purchase order or invoice and filed with the Treasurer for auditing and document retention.

13.7 Procedure for Formal Bids or RFPs - Over \$50,000:

Bids/RFP's are required whenever the cost of materials, supplies, equipment or *ordinary* services exceeds \$50,000.

Responsibilities for the Bidding/RFP process are that of the Department. The responsibilities are as follows:

- Determine the need.
- Notify the Treasurer regarding any budget transfers to cover funding.
- Create technical specifications, bid package, and check for legalities.
- Arrange pre-bid conference, if necessary, to invite contractors to discuss bid requirements.
- Advertise the Bid
- Distribute bid packages to vendors and maintain accurate vendor records.
- If Bids are Sealed: Conduct bid opening with KRD Management. If not Sealed: Document bids and do not reveal the contents to other bidders until awarded.
- Tabulate bids and verify responsiveness.
- AWARD: After bids have been opened, recommend award. Bid must be awarded for the most responsive bid from a responsible bidder. If recommendation for award is being made to anyone other than the low bidder, attach memo stating specific reasons why the low bid is not acceptable. RFP's are awarded to the vendor who scored the most points on predetermined criteria. Don't reveal status of your recommendation to the vendor.

13.8 Cooperative Purchasing:

Bids and/or contracts by municipalities and cooperative organizations can be used to acquire goods and services. When using a cooperative option, the KRD is, in essence, "piggybacking" off of the original entity's competitive process thus eliminating the need to perform our own.

#	Task	Action
1	Confirm the KRD has a signed Cooperative Purchasing Agreement/Interlocal Agreement with the municipality or agency.	Work with Treasurer. Execute agreement if necessary.
2	Review cooperative contract/ website for piggyback requirements	Work with cooperative agent.

3	Contact vendor to verify if vendor will honor the cooperative organization's contract pricing	Obtain details regarding all aspects of purchasing including invoicing, availability, delivery, etc.
4	Contact vendor to place order	Place order and process invoice for payment.
5	Compile all bid, award, contract documents and save electronically for future audit	Documentation of compliance with State and KRD procurement policies

13.10 Completing the Purchase:

- State contracts include standard terms and conditions. When piggybacking off of a state contract, all of the state contract terms and conditions apply.
- Occasionally, the KRD may opt to change the state's contract requirements which will require the KRD to utilize its own Goods & Services Contract identifying those requirements that are unique to the KRD's purchase.

13.11 Approval Process:

The use of a cooperative purchase allows the KRD to utilize another entity's competitive process, it does not change the authorized levels for procurement and approvals. The procurement and approval process will be determined by the purchase type, as defined in this manual.

XIV. OVERNIGHT TRAVEL EXPENSE REIMBURSEMENT POLICY:

14.1 Pre-authorization Requirements:

- 14.1.1 Attendance at conventions and issues-oriented workshops by a Director or employee requires the advance approval of the Board of Directors, unless the cost of attendance is less than \$3,500, in which instance it may be approved by the Secretary-Manager. This requirement does not apply to the monthly, or other periodic meetings of organizations in which the District has a direct or supporting membership.
- 14.1.2 Travel to locations outside the state of Washington by a Director or employee, consistent with other provisions of this policy, requires the advance approval of the Board of Directors.
- 14.1.3 Director/employee will be reimbursed for reasonable and customary travel expenses actually incurred in connection with the business of the District. Travel expenses shall include meals, lodging, registration, taxi fares, transportation and other necessary expenses. Travel expenses

shall not include any personal, entertainment or bar expenses. Any such personal, entertainment or bar expenses that become charged against the District (such as spouse meals, in-room movies and personal phone calls charged to the District paid hotel bill) will be reimbursed to the District by payroll withholding or direct payment.

14.2 Receipts are required for the following travel expenses:

- 14.2.1 Air Fare: Advance planning is requested to take advantage of special fares and ticketing requirements. Level of convenience is always considered when determining lower cost fares.
- 14.2.2 Lodging: KRD will pay room rental costs supported by the hotel bill for each day that lodging away from home is required for business reasons or at the rates set by the U.S. General Services Administration, which rates can be found at www.gsa.gov/travel.
- 14.2.3 Auto rental: Auto rental requires Board approval; Rental cars may be used provided such use is either more economical than other available transportation, or a more efficient use of time. No optional insurance is approved. Cost of such insurance will not be reimbursed by KRD as a travel expense.
- 14.2.4 Conference or workshop registration or tuition fees.
- 14.2.5 Meals: Breakfast, lunch and dinner directly related to official travel on an approved overnight trip or a non-overnight trip more than 75 miles from the KRD main office in Ellensburg will be reimbursed at the rates set by the U.S. General Services Administration, which rates can be found at www.gsa.gov/travel and the Employee shall not be required to provide receipts. Breakfast, lunch and dinner directly related to official travel fewer than 75 miles of the KRD main office in Ellensburg will be reimbursed by the KRD upon the employee providing a receipt.
- 14.2.6 Cab, bus or train fare: Fares for travel to and from places of business, hotels and airports in connection with business activities are reimbursable. They must be itemized and receipts submitted.

14.3 Other expenses:

- 14.3.1 Travel Insurance: Director/employee will not be reimbursed for trip insurance premiums on commercial airlines or other forms of travel.
- 14.3.2 Telephone, Telex or Cable: KRD will pay the charges for business calls provided the calls are substantiated by a list, hotel bill or telephone bill.

KRD will reimburse Director/employee for one phone call home per day up to 5 minutes when traveling on KRD business.

- 14.3.3 Tips: Tips for meals, taxi services and baggage handling shall be considered as reasonable and necessary costs and may be claimed for reimbursement in accordance with the annual rates set by the U.S. General Services Administration, which rates can be found at www.gsa.gov/travel.

14.4 Travel Alternatives:

- 14.4.1 A Director/employee personal automobile may be used when: Other transportation is not available; and/or Economy can be realized. The total reimbursable amount charged KRD; whether for transportation by automobile or other private means is not to exceed what the cost of the trip would have been by public transportation.
- 14.4.2 The standard reimbursement allowance for personal automobiles used for KRD business shall be equivalent to the current Internal Revenue Service standards or as approved by the Board of Directors.
- 14.4.3 Director/employee is responsible for maintaining adequate insurance coverage for their vehicles. However, as zero (or no) deductible collision insurance is not available in the insurance market, Board/employees using personal autos on KRD business and involved in an accident may request reimbursement (not to exceed \$100.00) of the collision deductible charged to them. Acceptable evidence of the damage and repair charges must be submitted prior to authorization of the reimbursement of the request. This is contingent upon the fact that no other recovery for repairs to the auto is available from other sources.
- 14.4.4 If Director/employee is carpooling or otherwise traveling as a group in such cases, the transportation reimbursement will be, equivalent to the current Internal Revenue Service standards or as approved by the Board of Directors, paid to the owner of the vehicle. Others in the group will be reimbursed only for meals, lodging and other eligible expenses over a time period commensurate with district travel to and from the event.
- 14.4.5 The District may reimburse for extra lodging and meal expense if a Saturday night stay over, or other minimum stay over, is needed to qualify for an advantageous air fare.
- 14.4.6 The use of charter aircraft by Directors requires advance approval of the Board of Directors. The use of charter aircraft by employees requires the advance approval of the Secretary-Manager and Board of Directors.

14.5 Direct Payment, Credit Cards:

- 14.5.1 Where possible the District will make direct payment, either in advance or by accounts payable, for travel expenses. It is often possible to make such payment for registration fees, hotel bills and airfare.
- 14.5.2 Where possible the District will charge travel expense to credit cards. Credit card purchases are set forth in the Credit Card Policy.
- 14.5.3 The District will not advance cash to Director/employee to cover travel expenses.

14.6 Travel Companions:

Director/employee may take spouse, family members or other companions along on District related trips provided there is no resulting additional expense to the District. District insurance does not cover travel companions and the District is not liable for any resulting costs or injuries

14.7 Falsification of Travel Expenses:

The falsification of travel expenses for reimbursement by the District is unlawful. The Treasurer-Auditing Officer and clerical staff are required to report any such instances to the Secretary-Manager and/or Board of Directors.

XV. PURCHASE OF PUBLIC WORK CONSTRUCTION ACTIVITIES

Public Work is all work, construction, alteration, repair, maintenance or improvement that the KRD has performed or contracted. It includes, but is not limited to demolition; remodeling; renovation; painting; road construction; canal lining and piping; utilities construction; offsite prefabrication of flumes, dams, water control devices, liners and steel products for public works; production and delivery of gravel, rock, concrete and asphalt (to a construction site).

Dollar thresholds of when competition is required are summarized below. It is the KRD Secretary-Manager's responsibility to appoint who shall order work for their department on the KRD's behalf under the respective quote limits.

15.1 Thresholds for Public Works:

Public Works		
\$-0- to \$9,999	Competition not required. Prevailing Wage and Insurance still required.	Awarded/Approved by the KRD Secretary-Manager

\$10,000 to \$34,999	Utilize "Limited Public Work" process as described in RCW 39.04.155 (3) as authorized in RCW 87.03.436. (See procedure below)	Awarded/Approved by the KRD Secretary-Manager
\$35,000 to \$299,999	Utilize "Small Works Roster" process as described in RCW 39.04.155 as authorized in RCW 87.03.436. If not using SWR, formal competitive bidding is required for Single Craft over \$40,000, and for Multi Craft over \$65,000	Up to \$100,000 Awarded/Approved by the KRD Secretary-Manager; More than \$100,000 the KRD Board of Directors must award/approve
Over \$300,000	Formal competitive bidding is required as described in RCW 87.03.435.	Awarded/Approved by the KRD Board of Directors

15.2 KRD Labor Force:

The KRD may use KRD employees to perform and execute all projects with the approval of the Secretary-Manager

15.3 On-Call/Unit Priced Contracts:

On Call (Work Order) Contracts (OC/WO Contracts) are bid and awarded without a specific public works project or scope of work in mind, but rather are categorized around general types of anticipated work or trades. When a specific scope of work is identified, individual work (or task) orders are authorized based on either a not to exceed time and materials basis or on a negotiated lump sum amount, using the unit prices bid by the contractor and the contractor proceeds to complete the work.

Bidding and approval thresholds apply toward the total "master" on-call contract amount. The KRD approves individual task/work orders up to \$100,000 with notification to KRD Board of Directors via KRD Board of Directors Agenda Packet. Task/work orders exceeding \$100,000 must be approved by KRD Board of Directors.

- OC/WO contracts should be limited to a total dollar amount over the life of the contract to an amount less than an agency's bid limits when possible.
- Requests for bids under an OC/WC contract should incorporate unit price and lump sum price bid items as much as is practical.
- Award of an OC/WO contract should be to a responsible contractor with the lowest total price based on the sum of the unit price and lump sum bid item extensions.
- Task orders (work orders) shall be completed by the Department for each new project.

- All other public work requirements apply based on contract amount and on an individual task order basis.
- If the original unit/lump sum bid items will not cover work to be accomplished, new line items may be added by change orders or the work may be accomplished under a time and materials work order if the total contract amount will not be exceeded.

15.4 Small Works Roster:

RCW 87.03.436 authorizes the KRD to rely RCW 39.04.155, which provide small works roster provisions to award contracts for construction, building, renovation, remodeling, alteration, repair, or improvement of real property. The Small Works Roster may be used for public works projects below three hundred thousand dollars (\$300,000.00).

KRD will follow the following process, as provided by RCW 39.04.155, to establish the small works roster.

- Solicit names of interested contractors at least once a year by publishing a notice in a newspaper of general circulation.
- Responsible contractors can be added to the small works roster at any time they submit a written or verbal request and necessary records.
- Quotations (telephone, written or electronic) may be invited from any contractor on the appropriate small works roster or from at least five contractors on the appropriate small works roster. Invited quotes are to be “equitably distributed” between contractors. “Equitably distributed” means that the agency may not favor certain contractors over others.
- If the KRD chooses to solicit quotes from less than all contractors on the list and the estimated cost of the work is from \$150,000 to \$300,000, they must also notify the remaining contractors on the appropriate small works roster that quotations on the work are being sought. This notification can be made by:
 - Publishing notice in the general circulation newspaper
 - Mailing a notice to the contractors
 - Sending a notice to the contractors by fax or other electronic means (such as e-mail)
- Immediately after an award is made, the bid quotations obtained shall be recorded, open to public inspection, and available by telephone or electronic inquiry.
- All bids or quotations should be collected and presented at the same time to the municipality for consideration, determination of the lowest responsible bidder, and award of the contract. The governing body may delegate authority to award bids of certain amount(s) to an officer of the agency. Most often, there is a requirement that the municipality ratify the officer’s approval at the next scheduled meeting of the governing body.
- Any local government using the small works roster must make available a list of the contracts awarded under that process at least once every year. The list should include the name of the contractor or vendor, the amount of the contract, a brief

description of the type of work performed or items purchased, and the date it was awarded. The list shall also state the location where the bid quotations are available for public inspection.

Use of the Small Works Roster allows the KRD to not follow the advertisement requirements of the formal competitive process.

Vendors/contractors selected from the Small Works Roster are not relieved from KRD's contract requirements.

- For contracts \$150,000 - \$300,000: If the KRD solicits bids from less than all the contractors listed under the appropriate category on the small works roster the KRD will notify the remaining contractors that quotations on the work are being sought. The KRD may notify the remaining contractors using any of the following options: publishing notice in a legal newspaper in general circulation in the area where the work is to be done; mailing a notice; or sending a notice by facsimile or other electronic means.
- For contracts less than \$150,000: Proposals will be solicited from a minimum of five (5) qualified contractors in a specific category on the small work roster. If the roster includes less than five (5) qualified contractors, then all contractors for the category will be solicited.
- For limited public works contracts less than \$35,000, electronic or written quotations will be solicited from a minimum of three (3) contractors on the small work roster.
- The contract must be awarded to the contractor submitting the lowest responsive quote.
- Contract award and purchases over one hundred thousand dollars (\$100,000) requires approval and award of the KRD Board of Directors.

15.5 Procedure For "Limited Public Work" per RCW 39.04.155(3) - \$10,000 to \$50,000:

For Limited Public Work (\$10K to \$34,999K), contractors must be given a packet of information ahead of time with requirements about Responsible Bidder's Criteria, Prevailing wage, Insurance, and some general protective clauses. (See Project Coordinator for Packet)

- Department utilizes Small Works Roster pursuant to 87.03.436.
- Department solicits at least 3 informal bids (can notify all on roster).
- No advertisement required.

- Bid Bonds Optional.
- Payment/Performance Bonds Can Be Waived.
- Retainage Can Be Waived.
- Prevailing Wage Intents/Affidavits required.
- Insurance required.

15.6 Procedure for Competitive Bids - Over \$300,000 (Also applies to Single Craft projects over \$40,000 and Multiple Craft projects over \$65,000 if alternative SWR process is not used):

- Authorization Request: Request for authorization from the KRD Secretary-Manager to call for bids is required except for items identified in the current approved budget. In special circumstances, the KRD Secretary-Manager may waive portions of the bid procedures. The "special circumstances" are limited to items where publication of bids may impinge on the safety of staff or KRD assets.
- Publication of Notice: After authorization is received, the requesting department director or designee will publish the Call for Bids in the official newspaper or a newspaper of general circulation most likely to bring responsive bids at least fourteen (14) days prior to bid submittal deadline.
- Notice Contents: Call for bids should contain a summary of the project and a link to the full definite specifications and procedures for bidders to use to estimate their bids.
- Bid Submittal and Opening: Bids are submitted to the KRD Clerk, for date stamp and processing. Bid opening will be announced to the KRD Secretary-Manager, and KRD Board of Directors by the KRD Secretary-Manager.
- Award of Bid: Except as otherwise provided herein, the KRD shall accept the bid of the lowest responsive bidder. Bid awards for contracts and purchases over one hundred thousand dollars (\$100,000) require award by the KRD Board of Directors.
- Award to other than Low Bidder: When the bid award is not given to the lowest bidder, a statement of the reasons for not selecting the lowest bid shall be prepared by the responsible department head for the bid and submitted to the KRD Secretary-Manager and filed with the records relating to the transaction.
- Rejection of Bids: The KRD Secretary-Manager or designee may reject without cause any and all bids and may re-advertise for bids pursuant to the procedures herein described. If no bids are received, the KRD Secretary-

Manager or designee may negotiate the purchase with a vendor at the lowest possible cost. If the negotiate bid exceeds the current approved budget, the bid will be brought before the KRD Board of Directors for approval of award.

- Performance/Payment Bonds: On public works projects performance/ payment bonds in an amount as determined necessary by the assigned responsible department head to protect the best interests of the KRD and to assure compliance of the contract.
- Retainage: RCW 60.28.011 requires agencies to withhold up to 5% of the value of a public improvement contract, not including sales tax according to Department of Revenue ETA 3024.20 13, as retainage until the project is completed and the contract is accepted. This provides a financial incentive for contractors to finish a project, as well as a limited amount of financial protection for the involved parties.
- Retainage Bonds: Instead of having retainage withheld from the contract payments, a contractor may opt to submit a retainage bond instead covering any or all of the amount. Retainage Bonds are recommended for KRD projects.

15.7 KRD Responsibilities to Ensure Prevailing Wage Law is Followed:

- Prior to Getting an Estimate or a Quote: Notify vendor that they are to pay prevailing wages. More information may be obtained by the vendor from the Department of Labor and Industries. The list can also be obtained online at <https://lni.wa.gov/licensing-permits/>.
- After a Vendor has been selected: The vendor is required to file a "Statement of Intent to Pay Prevailing Wages" with the Department of Labor and Industries
- Prior to starting work: Most vendors file online at: <https://lni.wa.gov/licensing-permits/>. There is a fee that the Vendor will have to pay L&I, and the completed Intents are also available online. *Note*: The vendor must insert the KRD Contract number in the contract number box on the Statement form.
- After the work is completed: The vendor must also file an "Affidavit of Wages Paid" with the Department of Labor and Industries. There is another fee that the Vendor will have to pay to L&I (L&I has waived this for work <\$750.00), and completed Affidavits are also available online. *Note*: The vendor must insert the KRD Contract number in the contract number box on the Statement form.
- Final Payment: Final payment must not be released until certified intents and affidavits have been received (and for contracts over \$35,000, Notice of Project Completion has been submitted to DOR, ESD, and L&I through Secure Access Washington (or other acceptable means) and releases have

been received from all three agencies. Call the KRD Treasurer if you need help looking them up.

15.8 Change Orders:

A purchaser's written authority to the supplier to modify or add to a purchase/ project change orders are created by KRD designee.

The KRD Board of Directors may authorize individual change order increases up to 20% or \$100,000, whichever is less, over the amount of the originally approved contract. Change order must not increase total contract amount to more than the approved budget without Board of Directors approval. Change orders more than 20%/\$100,000, and/or those that cause the project to go over the budgeted amount, must receive pre-approval from KRD Board of Directors. Should a change order be required in the field, the Public Works staff person acting as project manager, may authorize the change if necessary. It must then be dually signed by the KRD Secretary-Manager in a timely manner. If the change order would cause the contract to go over budget or is more than a 20%/\$100,000 increase, the request must be pre-approved by Board of Directors and an amended contract may be necessary.

15.9 Final Project Acceptance:

The KRD Secretary-Manager is authorized to formally accept all projects as Final. The KRD Secretary-Manager may discretionarily defer any final project acceptance to KRD Board of Directors for approval.

XVI. PURCHASE OF ARCHITECT AND ENGINEERING SERVICES

Architectural and Engineering consultants are initially selected based upon their qualifications, rather than price (as allowed by RCW 39.80.050). The KRD will negotiate a contract with the most qualified firm at a price which the KRD determines is fair and reasonable. In making its determination, the KRD shall take into account the estimated value of the services to be rendered as well as the scope, complexity, and professional nature. If the KRD is unable to negotiate a satisfactory contract with the firm selected at a price the KRD determines to be fair and reasonable, negotiations shall be terminated and the KRD shall begin negotiations with the next highest qualified firm. These services are to be acquired under the authority and procedures outlined in chapter RCW 39.80. Procedures set forth in RCW 39.80 shall be followed for contracts for architectural and engineering services.

All architect and engineering services contracts and agreements should be approved by the KRD Board of Directors.

XVII. PURCHASE OF ORDINARY OR "PURCHASED" SERVICES

"Ordinary/Purchased Services" are those provided by vendors for routine, necessary and continuing functions of a local agency, mostly relating to physical activities. There are lots of ordinary services that require prevailing wages -- Check with L&I.

- Repetitive, routine, or mechanical in nature - following established or standardized procedures Contribute to the day-to-day business operations
- Completion of assigned and specific tasks
- Decision-making is routine or perfunctory in nature
- May require payment of prevailing wages

Examples include, but are not limited to:

- Delivery/courier service
- Building maintenance (janitorial)
- Landscaping
- Herbicide application service
- Vehicle inspection, lubricating and repair services
- HVAC system maintenance service (without repair)

XVIII. PURCHASE OF PROFESSIONAL SERVICES

"Professional Service Contract" means an agreement with an independent contractor for providing professional services to the KRD.

There is not a state law requiring competition when procuring Professional Service. The Secretary-Manager may negotiate a professional services agreement. All such agreement must be approved by the Board of Directors. Examples include, but are not limited to:

- Legal Services
- Management Consulting
- Accounting and Auditing
- Real Estate Broker

XIX. PURCHASE OF PERSONAL SERVICES

A "Personal Service Contract" is an employment contract with an independent contractor for providing personal services to KRD. Personal Service means hiring a consultant to provide professional or technical expertise to accomplish a specific study, project, task or other work statement.

A minimum of three quotes must be solicited for Personal Services estimated between \$15,000 and \$100,000. An RFP/RFQ process is required when the total cost in a calendar years' time exceeds \$100,000.

19.1 Thresholds for Personal Services:

Purchase of Personal Services		
\$ -0- to \$14,999	Competition is not required. Department is encouraged to determine price is fair and reasonable and document in department files.	KRD Secretary-Manager to approve
\$15,000 to \$100,000	3 Written Quotes	KRD Secretary-Manager to award and approve
Over \$100,000	Formal RFP May be Sealed or Not-	KRD Board of Directors to award and approve
The Secretary-Manager is required to notify the KRD Board of all services purchased over \$10,000 at the next Board meeting, via staff report or by other acceptable means.		

XX. HOW TO LEASE

Bids are not required on equipment leases. The KRD Secretary-Manager must approve all equipment leases and may opt to send lease to the KRD Board of Directors for approval if he so desires.

A lease of property (equipment) with option to purchase that is valued at more than \$15,000 is subject to competitive bidding. See "purchasing" thresholds for bidding requirements.

XXI. EXEMPTIONS TO COMPETITIVE BIDDING REQUIREMENTS

21.1 Sole Source Vendor:

Purchases which by their nature are not adapted to competitive bidding, such as items which, as to meet a specific need or criteria as determined by the KRD, may only be purchased from a single source, shall not be subject to the competitive bidding requirements of this policy. Purchases above the threshold requiring multiple quote or

bids, from a sole source vendor require prior approval of the KRD Administrator or designee. Follow procedures for declaring Sole Source.

21.2 Repair and Ordinary Maintenance:

Purchases for ordinary maintenance, repairs, or additions to KRD equipment which may be more efficiently added to by a certain person or firm, shall not be subject to the competitive bidding requirements of this policy.

21.3 Purchasing Involving Special Facilities or Market Conditions:

The KRD Secretary-Manager may waive established bidding requirements if an opportunity arises to purchase favorably- priced equipment at an auction, or supplies or used goods that will be sold before the KRD can conduct the bid process when over bid thresholds. Written documentation of the special condition must be prepared for justification of the purchase and waiver of bidding requirements and approved by Board of Directors via Resolution.

21.4 Surplus Property:

The KRD may by agreement acquire surplus property from another government without the use of bids.

21.5 Interlocal Agreements in Letting of Contracts for Commodities or Services (Piggybacking):

RCW 39.34.030 permits governmental agencies to utilize other entities' contracts without going to bid. Contact Treasurer to determine if interlocal purchasing is feasible for your department's particular need. The following criteria must first be met:

- There must be an Interlocal Agreement, approved by the KRD Board of Directors and/or the KRD Secretary-Manager, and signed by both parties, on file with the KRD.
- It must be a current contract with interlocal language included.
- It must have been advertised on the entity's web page and competitively bid.
- The government entity, and the vendor, must be willing to share their contract pricing.
- A complete copy of the contract must have been reviewed by Treasurer.
- Department will set up a bid file and track as if it were our own bid process.

21.6 Emergency Purchases:

In the event of an emergency, the KRD Board of Directors, the KRD Secretary-Manager or designee may declare an emergency situation exists, waive competitive bidding requirements, and award 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 designee and duly entered of record no later than two weeks following the award of the contract.

XXII. HOW TO DECLARE A SOLE SOURCE (or Single Source):

22.1 Treasurer Involvement Required:

On a case by case basis, the bid or quote requirement may be waived and a sole/single source purchase approved, in accordance with RCW 87.03.435. There should be careful deliberation before going to a sole/single source as this type of purchase eliminates competition and tends to drive prices up.

22.2 Authority to Approve Single Source Purchases as allowed by RCW 87.03.435(3)(c):

KRD Secretary-Manager	\$15,000 to \$150,000
KRD Board of Directors	Over \$150,000

- A single source purchase may be approved if one or more of the following conditions are met:
- **Standardization** or **compatibility** to existing KRD standard or to existing equipment, inventory, systems, data, programs or service. Must be evaluated for cost benefit and/or safety.
- **Licensed** or **patented** product with only one dealer (and the license or patent is paramount to your procurement).
- **Only** authorized Service Provider, Repair and/or Warranty Services, e.g. warranty may be negated if you let someone else work on it.
- **Unique design:** Requires unique features that are essential, aesthetic requirements, or not practical to match to existing design or equipment. Document the unique specifications that are needed, which will drive the research in finding a product that fits the specific needs of your department.

22.3 Special Market conditions:

Can be used to purchase items at auction (RCW_87.03.435(3)(c)) or other items that are offered at a very favorable price and will be sold before an entity will have a chance to

complete the bidding process (e.g. a flood is coming and you must obtain sandbags immediately) or perhaps funds must be expended immediately, or there is a critical delivery date.

NOTE: Any sole/single source utilizing Federal Grant money must also include 1) Written responsibility determination for the successful contractor and; 2) Basis for contract price (Cost Price Analysis). Each Grantee must evaluate and state its justification for the contract cost or price.

XXIII. DISPOSAL OF SURPLUS PROPERTY (Reference LSMC 2.92)

Property with an estimated value under \$15,000, may be declared surplus by the KRD Secretary-Manager or the KRD Secretary-Manager as designee, or by KRD Board of Directors for property with an estimated value of \$15,000 or greater, upon one or more of the following criteria:

- The KRD has or soon will have no foreseen practical and efficient use for the property.
- The purpose served by the property can be accomplished by use of a better, more effective or more efficient alternative.
- The purpose serviced by the property no longer exists as determined by a change of policy evidenced by an ordinance or resolution of the KRD Board of Directors.
- The property is damaged, worn out, otherwise inoperable and the cost of repairing the same is unwise or impractical
- If the value of the property, the KRD is seeking to surplus is greater than \$10,000, then pursuant to RCW 87.03.135 a public hearing is required.
- RCW 87.03.136 requires that a public hearing be held if real estate is no longer needed for that use and the KRD desires to lease, sell or convey the real property.

XXIV. TRADE-INS

Trade-Ins are allowed on new purchases if approved by Treasurer in advance. Trade-Ins must be negotiated, documented at "Fair Market Value" by the Department, and declared surplus ahead of time (through Treasurer) by the KRD Secretary-Manager, or the KRD Secretary-Manager as designee, if under \$15,000 and KRD Board of Directors if over \$15,000.

Fair Market Value can be obtained by finding comparable units that have been sold at online auctions, e.g., <https://www.publicsurplus.com/> , <https://www.ebay.com/> , <https://www.rockanddirt.com/> , <https://www.ironplanet.com/> or other online sources such

as Kelley Blue Book <https://www.kbb.com/>, or NADA <https://www.nadaguides.com/>. <https://www.govdeals.com/> is a good place to find auction results for comparable products.

XXV. FEDERAL AWARD STANDARDS

25.1 Purpose:

Establish and maintain internal controls that provide reasonable assurance that Federal awards are being managed in compliance with all Federal regulations and with the terms and conditions of the award.

25.2 Internal Controls:

The KRD will maintain effective internal control over the Federal award providing reasonable assurance that the KRD is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

- Take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings.
- Take reasonable measures to safeguard protected personally identifiable information and other information the Federal awarding agency or pass-through entity designates as sensitive.

25.3 Certification:

To assure that expenditures are proper and in accordance with the terms and conditions of the Federal award and approved project budgets, the annual and final fiscal reports or vouchers requesting payment under the agreements must include a certification, signed by an official who is authorized to legally bind the non-Federal entity, which reads as follows:

By signing this report, I certify to the best of my knowledge and belief that the report is true, complete, and accurate, and the expenditures, disbursements and cash receipts are for the purposes and objectives set forth in the terms and conditions of the Federal award. I am aware that any false, fictitious, or fraudulent information, or the omission of any material fact, may subject me to criminal, civil or administrative penalties for fraud, false statements, false claims or otherwise.

25.4 Advance Payments and Reimbursements:

Payment methods must minimize the time elapsing between the transfer of funds from the United States Treasury or the pass-through entity and the disbursement by the KRD whether the payment is made by electronic funds transfer, or issuance or redemption of checks, warrants, or payment by other means.

- Advanced payments must be limited to the minimum amounts needed and be timed to be in accordance with the actual, immediate cash requirements of the KRD to carry out the purpose of the approved program or project. Any advanced payments must be consolidated to cover anticipated cash needs.
- The KRD shall minimize the time elapsed between receipt of federal aid funds and subsequent payment of incurred costs.

25.5 Allowable Costs:

Federal awards will meet the following general criteria in order to be allowable except where otherwise authorized by statute;

- Be necessary and reasonable for the performance of the Federal award;
- Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items;
- Be consistent with policies and procedures that apply uniformly to both Federally- financed and other activities of the KRD;
- Be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost.;
- Not be included as cost or used to meet cost sharing or matching requirements of any other Federally-financed program in either the current or a prior period;
- Be adequately documented.

25.6 Procurement-Federal Award:

When procuring property and services under a Federal award, the KRD will follow 2 CFR §200.318 General procurement standards through §200.326 Contract provisions or KRD purchasing procedures whichever is more restrictive.

The Uniform Guidance allows for five options for the procurement of materials, supplies, equipment, services, including professional services, or public works:

- **Small Purchase Procedures.** Price or rate quotations must be obtained from an adequate number of qualified sources for purchases of services, supplies or other property costing less than the simplified acquisition threshold, currently set as \$150,000.
- **Formal sealed bids.** Advertise for purchases costing \$150,000 or more. If this method is used, there are specific requirements that apply at 2 CFR §200.320(c)(2)

- **Competitive proposals (RFP/RFQ).** Advertise for competitive proposal purchases of \$150,000 or more. However, there is no threshold for Architecture and Engineering services, whereby price is not a factor in the selection. If this method is used, there are specific requirements that apply at 2 CFR §200.320(d)(1)-(5).
- **Noncompetitive proposals.** A non-competitive purchase occurs when the grantee determines competition is inadequate, the item or service is available only from a single source of supply, or there is an emergency situation where competitive bidding would cause an unreasonable delay.
- **Micro purchases.** Procurement by micro-purchase, is the acquisition of supplies or services, the aggregate dollar amount of which does not exceed the micro-purchase threshold, currently set at \$3,500 (\$2,000 for public works). Micro-purchases may be awarded without soliciting competitive quotations if the grantee considers the price reasonable. To the extent practicable, the grantee must distribute micro-purchases equitably among qualified suppliers. Further, to use the micro purchase method, the grantees documented standards (written policies/procedures for procurement transactions) must allow for it.
- **Change in thresholds.** The Office of Management and Budget (OMB) issued Memorandum M-18-18 on June 20, 2018, which increases the micro-purchase threshold to \$10,000 and the simplified acquisition threshold to \$250,000.

Contracts and sub-grants of amounts in excess of \$150,000 requires that the KRD will comply with all applicable standards, orders or regulations issued pursuant to the Clean Air Act and the Federal Water Pollution Control Act.

Verify and document that vendors are not suspended or debarred from doing business with the Federal government. Federal guidelines require grant recipients to ensure vendors with contracts or purchases exceeding \$25,000 are not suspended or debarred from participating in federal programs. All KRD purchases and contracts issued from federal resources that exceed \$25,000 are subject to these guidelines.

Before initiating any purchases or contracts with federal funds that exceed, or may potentially exceed \$25,000 within the fiscal year, the KRD Secretary-Manager shall verify that the vendor is not listed on the System for Award Management (SAM) Exclusion list by checking at <https://www.sam.gov/SAM/>. If the vendor is listed on the EPLS the KRD Secretary-Manager shall not complete the purchase or contract with the vendor. If the EPLS shows no records for the vendor, print the screen, retain a copy in the department files and proceed to process a requisition.

NOTE: Washington State Department of Enterprise Services (DES) does not check for suspension or debarment on State bid contracts.

25.7 Single Audit Act:

The KRD, as a recipient of Federal funds, shall adhere to the Federal regulations outlined in 2 CFR §200.501 as well as all applicable Federal and State statutes and regulations.

25.8 Closure:

A project agreement end date will be established in accordance with 2 CFR §200.309. Any costs incurred after the project agreement end date are not eligible for Federal reimbursement.

The following table outlines procurement requirements when using Federal funds.

Procurement Method	Goods	Services
<p>Micro-Purchase - No required quotes.</p> <p>However, must consider price as reasonable, and, to the extent practical, distribute equitably among suppliers.</p>	<p>\$3,500 or less</p> <p>\$2,000 or less (PW)</p> <p>Must use more restrictive \$3,000 federal threshold (\$2,000 in the case of acquisition for construction subject to the Davis-Bacon Act)</p>	<p>\$3,500 or less</p> <p>\$2,000 or less (PW)</p> <p>Must use more restrictive \$3,000 federal threshold (\$2,000 in the case of acquisition for construction subject to the Davis-Bacon Act)</p>
<p>Small Purchase Procedures (Informal)- Obtain/document quotes from a reasonable number of qualified sources (at least three).</p>	<p>\$10,000 - \$40,000 (Single trade)</p> <p>\$10,000 - \$65,000 (Multi trade)</p> <p>\$15,000 - \$150,000 (Non-Public works projects)</p> <p>Must use more restrictive KRD threshold instead of \$150,000 Federal threshold</p>	<p>\$10,000 - \$40,000 (Single trade)</p> <p>\$10,000 - \$65,000 (Multi trade)</p> <p>\$15,000 - \$100,000 (Non-Public works projects)</p> <p>Must use more restrictive KRD threshold instead of \$150,000 Federal threshold</p>
<p>Sealed Bids/ Competitive Bids (Formal)</p>	<p>\$40,000 or more (Single trade)</p> <p>\$65,000 or more (Multi trade)</p> <p>\$150,000 or more (Non- Public works projects)</p> <p>Must use more restrictive KRD threshold instead of \$150,000 Federal threshold</p>	<p>\$40,000 or more (Single trade)</p> <p>\$65,000 or more (Multi trade)</p> <p>\$100,000 or more (Non- Public works projects)</p> <p>Must use more restrictive KRD threshold instead of \$150,000 Federal threshold</p>
<p>Competitive proposals</p>	<p>Used when conditions are not appropriate for the use of sealed bids.</p> <ul style="list-style-type: none"> • Must publicize request for proposals soliciting from an adequate number of qualified sources • Maintain written method for conducting technical evaluations • Contract must be awarded to the responsible firm whose proposal is most advantageous to the program 	

Procurement Method	Goods	Services
Non-competitive proposals	Appropriate only when: <ul style="list-style-type: none"> • Available only from a single source; or • Public emergency; and • Expressly authorized by awarding or pass-through agency in, response to written request from the KRD; or • After soliciting a number of sources, competition is deemed inadequate. 	

XXVI. DEFINITIONS

Adequate Appropriation Balance -- Sufficient balance existing in the appropriation line item against which the purchase order is to be charged.

Appropriation -- KRD Board of Directors authorization to expend funds for a specific purpose

As Is -- A term indicating that goods offered for sale are without warranty or guarantee. The purchaser has no recourse on the seller for the quality or condition of the goods.

Bid -- A written proposal submitted by a bidder to furnish supplies, materials, equipment and other property in conformity with the owner's specifications and conditions included in a request for bids by the KRD.

Bidding -- Procedure used to solicit quotations on price from various prospective providers of supplies, materials, equipment, and other property.

Budget -- A legal planning document that forecasts the financial resources of a government and authorizes the spending of those resources for a fiscal period.

Budget Amendment- A -- mechanism used to revise the legally binding appropriations of budgeted funds.

Budget Adjustment-A -- mechanism for the Treasurer to transfer legal appropriations within a fund. Legal appropriations are not budgeted by line item, so KRD Board of Directors approval is not required. KRD Board of Directors must be notified of adjustments of more than \$10,000 per item.

Capital Equipment -- Equipment of the KRD having an initial value of five thousand dollars (\$5,000.00) or more and an estimate useful life or more than three years (3) year.

Cash Discount -- A discount offered to the KRD to encourage payment of an invoice on or before its due date.

Change Order -- A purchaser's written authority to the supplier to modify or add to a purchase/project

Contract -- A contract is a legally binding and enforceable agreement between two or more parties stating the terms and conditions for an exchange of something of value (usually money, goods, or services) between the parties. A contract can take many different forms, ranging from major, heavily negotiated written contracts to a simple PO or telephone order for goods or services. The KRD Board should be contacted if there is uncertainty as to the need for a written contract and how to go about it. Only the KRD Secretary-Manager, as designee, of the KRD have the authority to sign contracts UNLESS they have delegated their authority over to an individual via approved Resolution.

Controlled Commodity -- Items which may fall under the quote dollar limit that require approval from designated people, i.e. office products, communication equipment and computer equipment.

Emergency -- Unforeseen circumstance beyond the control of the KRD that (a) present a real, immediate threat to the proper performance of the essential functions; and/or (b) may result in material loss, damage to property, bodily injury, or loss of life, if prompt action is not taken.

Expediting -- Attempt to reduce the contractually agreed upon delivery time of a product.

Final Project Acceptance -- Formal acceptance that the work on a project is complete. Needed prior to completed Notice of Completion and triggers dates for release of bonds, etc.

Ordinary Maintenance -- The furnishing of labor, time, or effort by a contractor or vendor not performed by contract and that is performed on a regularly scheduled basis, to service, check, or replace items that are not broken; or work performed by contract that is not regularly scheduled but is required to maintain the asset so that repair does not become necessary, and not involving the delivery of any specific end product, other than reports that are incidental to the required performance

Payment Discount -- See Cash Discount.

Personal Service Contract -- An employment contract with an independent contractor for the rendering of personal services to the KRD. The KRD Secretary-Manager or the KRD Secretary-Manager, as designee, must sign all Personal Service Contracts.

Prevailing Wage Rate -- The rate of hourly wage, usual benefits, and overtime paid in the locality, to the majority of workers, laborers, or mechanics, in the same trade or occupation; required to be paid on all public work and public building service maintenance contracts.

Professional Service Contract -- An agreement with an independent contractor for the rendering of professional services to the KRD. The KRD does not provide direction to

the provider. The KRD states a goal and objective and the provider, under his own direction, accomplishes the goal.

Public Work -- A project including all work, construction, alteration, repair or improvement other than ordinary maintenance executed at the cost of the KRD.

Purchase Order (PO) -- Official document used in authorizing the encumbrance of KRD funds toward a purchase.

Request For Proposals -- Similar to the formal bid process, except that factors other than price are used to award the contract.

Requisition --A standard form providing detailed information as to quantity, description, estimated price, possible vendors, fund account, signature and other information necessary to make a purchasing decision.

Responsible Bidder -- Contractor, supplier, or vendor, qualified on the basis that it (1) has adequate financial resources to perform a contract, (2) is able to comply with the associated legal or regulatory requirements, (3) is able to deliver according to the contract schedule, (4) has a history of satisfactory performance, (5) has good reputation regarding integrity, (6) has or can obtain necessary data, equipment, and facilities, and (7) is otherwise eligible and qualified to receive award if its bid is chosen.

Sealed Bid (Formal Bid) -- An advertised solicitation for a requirement in which the cost exceeds the bid limit. The bids are opened during a public opening.

Simplified Acquisition Threshold --The dollar amount below which a non-Federal entity may purchase property or services using small purchase methods.

Small Works Roster -- A process through which there is competition following notification to some or all public works contractors who have requested placement on a roster kept by the local government agency, or a contracted service agency, in which price is the primary basis for consideration and contract award.

Specification -- A clear, complete, and accurate statement of the technical requirements descriptive of a material, an item, or a service.

Standardization -- When it is necessary to standardize to one type of item because of uniformity or interchangeable parts issues. Authorization for standardization is obtained from Purchasing.