



TO: BOARD OF DIRECTORS

FROM: STEVE LIDGARD, EXECUTIVE DIRECTOR – BUSINESS SERVICES

SUBJECT: APPROVAL OF THE SECOND READING OF POLICY 6220
BID OR REQUEST FOR PROPOSAL REQUIREMENTS

DATE: APRIL 19, 2022

TYPE: ACTION NEEDED

The Washington State School Directors Association has updated and recommends the district adopt the revised policy. It is identified as an essential policy by WSSDA.

The revisions add language providing for conducting a cost or price analysis. The revisions also address interlocal cooperative agreements. Other revisions serve to clarify self-certification options.

Recommendation:

We recommend the board **approve the second reading of Policy 6220 Bid or Request for Proposal Requirements and adopt.**

BID OR REQUEST FOR PROPOSAL REQUIREMENTS

The board recognizes the importance of:

- maximizing the use of district resources;
- the need for sound business practices in spending public money;
- the requirement of complying with state and federal laws governing purchasing and public works;
- the importance of standardized purchasing regulations; and
- the need for clear documentation.

I. Procurement and Public Works Using State Non-Federal Funds

A. Furniture, Supplies, or Equipment

Whenever the estimated cost of furniture, supplies or equipment (except books) will cost:

- less than \$40,000, no competitive bidding process is required to make the purchase;
- between \$40,000 and \$75,000, the board will follow the informal competitive bidding process by requiring quotes from at least three different sources to be obtained in writing or by telephone and recorded for the public to review; and
- over \$75,000, the board will follow the formal competitive bidding process by:

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1. preparing clear and definite plans and specifications for such purchases;
2. providing notice of the call for formal bids by publication in at least one newspaper of general circulation in the district at least once each week for two consecutive weeks;
3. ensuring that the district takes steps to assure that, when possible, the district will use small and minority businesses, women's business enterprises and labor surplus firms;
4. providing the clear and definite plans and specifications to those interested in submitting a bid;
5. requiring that bids be in writing;
6. opening and reading bids in public on the date and in the place named in the notice; and
7. filing all bids for public inspection after opening.

B. Exemptions

The board may waive bid requirements for purchases:

- clearly and legitimately limited to a single source of supply;
- involving special facilities or market conditions;
- in the event of an emergency;
- of insurance or bonds; and
- involving public works in the event of an emergency.

"Emergency" means unforeseen circumstances beyond the district's control that present a real, immediate threat to the proper performance of essential functions or will likely result in material loss or damage to property, bodily injury, or loss of life if immediate action is not taken.

Whenever the board waives bid requirements, the board will issue a document explaining the factual basis for the exception and record the contract for open public inspection.

C. Rejection of Bids

The board may by resolution reject any and all bids and make further calls for bids in the same manner as the original call.

D. Interlocal Cooperation Act

The board reserves the right to enter into inter-local cooperative agreements for purchases and public works with other governmental agencies pursuant to the Interlocal Cooperation Act, Chapter 39.34 RCW. **The board will ensure that the other governmental entities have followed their own procedures for procurement prior to making any purchases under this section.**

E. Crimes Against Children

The board will include in any contract for services with an entity or individual other than an employee of the district a provision requiring the contractor to prohibit any employee of the contractor from working at a public school who has contact with children at a public school during the course of his or her employment and who has pled guilty to or been convicted of any felony crime specified under RCW 28A.400.322. The contract shall also contain a provision that any failure to comply with this section shall be grounds for the district immediately terminating the contract.

F. Use of **State Non-Federal** Funds for Improvements or Repairs

The board may make improvements or repairs to district property through a district department without following the competitive bidding process if the total cost of improvements or repairs does not exceed \$75,000. If the board estimates that the total cost of a building, improvement, repair, or other public works project is \$100,000 or more, the board will follow the formal competitive bidding process outlined above, unless the contract is let using the small works roster process authorized by RCW 39.04.155 or under any other procedure authorized for school districts. There are no statutory bidding requirements for public works projects involving improvements or repairs that are within the \$75,000 to \$100,000 range. For projects in this range, the district may consider: using its small works roster process, under RCW 39.04.155; using an inter-local agreement or contract with a vendor of the district's choice, without any competitive process, under RCW 28A.335.190; or choosing to require quotes for the work to make the process more competitive.

II. Procurement Using Federal Funds

A. Goods

When the district uses federal funds for procurement of textbooks, the allowable self-certification is \$50,000.

When the district uses federal funds for procurement of goods, including furniture, supplies, textbooks and equipment:

- Purchases of \$10,000 or less do not require quotes. However, the district must consider the price to be reasonable ~~, and, to the extent practical, distribute purchases equitably among suppliers~~ **based on research, experience, purchase history, or other information and must document this determination. In addition, to the extent practical, purchases must be distributed equitably among suppliers.**
- Purchases between \$10,000 and \$75,000 must be procured using price or rate quotations from three or more qualified sources.
- Purchases of \$75,000 or more must be publicly solicited using sealed bids or requests for proposals.

Self-Certification

If during a given fiscal year, the district qualifies as a low-risk auditee in accordance with criteria in 2 C.F.R. § 200.520, as determined by the auditor, or has documentation it received a low risk assessment after an annual internal institutional risk assessment to identify, mitigate, and manage financial risks, then the district may use the following Self Certification thresholds instead of the ones described above:

- **Purchases of \$40,000 or less do not require quotes. However, the district must consider the price to be reasonable based on research, experience, purchase history or other information and must document this determination. In addition, to the extent practical, purchases must be distributed equitably among suppliers.**
- **Purchases between \$40,000 and \$75,000 must be procured using price or rate quotations from three or more qualified sources.**
- **Purchases of \$75,000 or more must be publicly solicited using sealed bids or requests for proposals.**

If the district uses Self-Certification, the Superintendent will develop Self-Certification procedures to accompany this policy. Additionally, if the district qualifies for Self-Certification and wants to go above the \$40,000 or \$50,000 Self-Certification limits, the district reserves the right to seek approval for higher limits from OSPI.

B. Services

When the district uses federal funds for procurement of services:

- Purchases of \$10,000 or less do not require quotes. However, the district must consider price to be reasonable, and, to the extent practical, distribute purchases equitably among suppliers.
- Purchases between \$10,000 and \$250,000 must be procured using price or rate quotations from a reasonable number of qualified sources.
- Purchases of \$250,000 or more must be publicly solicited using sealed bids or requests for proposals.

Self-Certification

If during a given fiscal year, the district qualifies as a low-risk auditee in accordance with criteria in 2 C.F.R. § 200.520, as determined by the auditor, or has documentation it received a low risk assessment after an annual internal institutional risk assessment to identify, mitigate, and manage financial risks, then the district may use the following Self-Certification thresholds instead of the ones described above:

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- **Purchases of \$50,000 or less do not require quotes. However, the district must consider the price to be reasonable based on research, experience, purchase history or other information and must document this determination. In addition, to the extent practical, purchases should be distributed equitably among suppliers.**
- **Purchases between \$50,000 and \$250,000 must be procured using price or rate quotations from a reasonable number of qualified sources.**
- **Purchases of \$250,000 or more must be publicly solicited using sealed bids or requests for proposals.]**

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If the district uses Self-Certification, the Superintendent will develop Self-Certification procedures to accompany this policy. Additionally, if the district qualifies for Self-Certification and wants to go above the \$40,000 or \$50,000 Self-Certification limits, the district reserves the right to seek approval for higher limits from OSPI.

C. Noncompetitive Procurement

Noncompetitive procurement may be used only when one of the following ~~four~~ five circumstances applies:

- **Acquiring property or services that do not exceed \$10,000 [or in the case of a school district who qualifies as a low-risk auditee in accordance with criteria in 2 C.F.R. § 200.520 or has documentation of an annual internal institutional risk assessment to identify, mitigate, and manage financial risks, \$40,000];**
- The item is only available from a single source;
- The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation;
- The awarding agency (e.g., OSPI) authorizes noncompetitive procurement in response to a written request from the district; or
- After solicitation of a number of sources, competition is determined inadequate.

The district must maintain documentation supporting the applicable circumstance for noncompetitive procurement.

D. Suspension and Debarment

Before entering into federally funded vendor contracts for goods and services that equal or exceed \$25,000 and any subcontract award, the district will ensure the vendor is not suspended or debarred from participating in federal assistance programs.

E. Conflict of Interest

No employee, officer, or agent may participate in the selection, award, or administration of a contract supported by federal funds if he or she has a real or apparent conflict of interest. Such a conflict would arise when the employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization that 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.

No employee, officer, or agent of the district may solicit or accept gratuities, favors, or anything of monetary value from contractors or parties to subcontracts. Violation of these standards may result in disciplinary action including, but not limited to, suspension, dismissal, or removal.

F. Interlocal Cooperation

The board reserves the right to enter into interlocal cooperative agreements for purchases with other governmental agencies pursuant to 2 CFR 200.318(e) and the Interlocal Cooperation Act, Chapter 39.34 RCW. Prior to making any purchases through agreements entered into in this manner, the district will confirm the other governmental agency has followed its purchasing procedures.

G. Cost/Price Analysis

The district will perform a cost or price analysis in connections with every procurement action in excess of the federal simplified acquisition threshold, currently set at \$250,000 or other limits identified in 48 CFR 2.101, including contract modifications. The method and degree of analysis is dependent on facts surrounding the procurement situation, but should include, as a starting point, independent estimates before receiving bids or proposals. In cases where no price competition exists and, in all cases, where the district performs the cost analysis, profit must be negotiated as a separate element in the process. To ensure profit is fair and reasonable, consideration must be given to the complexity of the work performed, the risk borne by the contractor, the contractor's investment, the amount of subcontracting, the quality of the contractor's past performances, and industry standard profit rates in the surrounding geographical area.

Costs or prices based on estimated costs for contracts are allowed only to the extent that the costs incurred or cost estimates would be allowable under 2 CFR 200.400 - .476.

III. Procedures

The superintendent or designee will establish bidding and contract awarding procedures consistent with state and federal law.

Legal References:

RCW 28A.335.190 Advertising for bids — Competitive bid procedures
— Purchases from inmate work programs — Telephone or written quotation solicitation, limitations — Emergencies
RCW 28A.400.330 Crimes against children — Contractor employees — Termination of contract
RCW 39.04.155 Small works roster contract procedures — Limited public works process Definition
RCW 39.04.280 Competitive bidding requirements — Exemptions
RCW 39.26.160 Bid Awards - Considerations - Requirements and criteria to be set forth - Negotiations - Use of enterprise vendor registrations and bid notification system
RCW 39.30.060 Bids on public works — Identification, substitution of contractors

Chapter. 39.34 RCW Interlocal Cooperation Act
2 CFR Part 200—Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards
2 CFR 200.67 Micro-purchase
2 CFR 200.88 Simplified Acquisition Threshold
2 CFR §200.318 – General Procurement Standards
2 CFR 200.320 Methods of Procurement to be Followed
2 CFR 3485 Nonprocurement Debarment and Suspension
2 CFR 200.520 Criteria for a low-risk auditee

Management Resources:

- 2020 - December Issue
- 2019 - January 2019 - January Policy Alert
- 2018 - August Issue
- 2017 - July Issue
- 2016 - March Issue
- 2015 - October Policy Issue
- 2015 - June Policy Issue
- 2013 - June Issue
- 2012 - April Issue
- 2011 - February Issue
- Policy News, October 2005 Competitive Bid Process Changes
- Policy News, June 2001 Legislation Further Simplifies Bid Compliance

Adoption Date: 06.17.03
Stanwood-Camano School District
Revised: 01.17.06; 12.03.13; 03.16.21; 4.19.22