

Title: Purchasing	Policy Number: POL 130.002
Reference(s): Snohomish Health District Division of Responsibilities 2 CFR 200 - Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards	Effective Date: Supersedes: POL 130.002 Dated 09/20/2020
Approved By: Stephanie Wright, Chair, Board of Health	Revised Date:

PURPOSE:

To ensure the procurement of goods and services by Snohomish Health District is reasonable, properly documented, and aligns with applicable state regulations and Uniform Guidance: 2 CFR 200.

PHILOSOPHY:

Public purchasing strives to procure goods and services in proper quantities and qualities, at the proper time, from proper sources, and at fair prices while exhibiting transparency, integrity and accountability in compliance with the laws and regulations governing public purchases.

DEFINITIONS:

Architectural and Engineering Services (A&E): Services rendered by any person, other than a District employee, to perform activities within the scope of the professional practice of architecture RCW 18.08, professional practice of engineering and land surveying RCW 18.43, and/or professional practice of landscape architecture RCW 18.96.

Bid: An offer to do work or provide an item for a specific price and selected through a formal selections process.

Bid Splitting: Breaking a purchase of equipment, supplies or a public works project into segments to avoid bid thresholds.

Contract: A legally binding agreement between the District and a third party. The term covers a broad range of agreements, including but not limited to: expenditure contracts, revenue contracts, collaborative agreements, and agreements of mutual understanding.

Competitive Procurement: Opening the purchasing process to bids and proposals to obtain the best value.

Competitive Quotes: Price quotes from vendors that are obtained using a variety of mediums such as phone, web search, e-mail, or writing. The selection of the vendor is primarily based on the lowest cost from a responsible vendor.

Emergency: RCW 39.04.280 defines an emergency as unforeseen circumstances beyond the control of the municipality that either: (1) present a real, immediate threat to the proper performance of essential functions: or (2) will likely result in material loss or damage to property, bodily injury or loss of life if immediate action is not taken.

Formal Competitive Bid: The process of advertising and receiving sealed written bids and qualifications from prospective vendors.

Personal 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.

Public Work: RCW 39.04.010, means a complete project, and includes all work, construction, alteration, repair, or improvement other than ordinary maintenance executed at the cost of the District or which is by law a lien or charge on any District property. Public work projects include the related materials, supplies, and equipment to complete the project.

Non-Competitive Procurement: Exemptions to competitive bidding requirements utilized by municipalities when awarding contracts for public works and contracts for purchases. The municipality may also include other exemptions from competitive bidding requirements.

Purchased Services: Services provided by a vendor to accomplish routine, continuing and necessary functions. Includes, but is not limited to, services for equipment maintenance and repair; security; and computer hardware and software maintenance.

Quote: The asking price for a product or service.

Qualifications based selection (QBS): Award of contract is based on qualifications not price.

Request for Proposal (RFP): A process that requests interested firms to submit a statement of their proposal for completing a project. Proposals are evaluated based upon the suitability, practicality, quality of the proposal, experience and cost.

Request for Qualifications (RFQ): A request only for a firm's general capabilities, including a list of principals, previous projects, number of employees, and licenses. An RFQ does not include pricing information.

Request for Qualifications and Quote (RFQQ): A request for a firm's general capabilities, including a list of principals, previous projects, number of employees, licenses, and a price quote for the project.

Small Works Roster: A roster of qualified contractors maintained for use in a modified formal bid process. When the contract amount for a public works project is \$350,000 or less, the District may follow the small works roster process for construction of a public work or improvement as an alternative to formal competitive bid requirements. (Chapter 39.04 RCW)

Sole Source: When purchase is clearly and legitimately limited to a single supplier. These situations often arise when an agency has specific technological requirements. Examples include: (a) licensed, copyrighted, or patented products or services that only one vendor provides; (b) new equipment or products that must be compatible with existing equipment or products; (c) proprietary or custom-built software or information systems that only one vendor provides; and (d) products or services where only one vendor meets the required certifications or statutory requirements. (RCW 39.04.280(1)(a))

POLICY:

It is the policy of the District to ensure integrity in the procurement process and to maximize economic benefits. To this end, the purchasing method for most goods and services shall be based upon a balance of cost, quality, and availability. The procurement process conforms to all state and federal laws and guidelines for government contracts, cooperative purchasing agreements, competitive and noncompetitive bid process, and small works roster. The District will establish and maintain inclusive practices that provide a fair and

equitable 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.

A. 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). Where this policy conflicts with state law requirements, the more restrictive provision shall prevail. Where this policy is silent with regards to purchasing and/or bidding requirements, state law shall prevail.

Purchases and/or contracts that include federal funding shall also comply with the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, published under Title 2 of the Code of Federal Regulations (2 CFR 200). Federal General Services Administration contract can be used by Health Districts only in a declared health emergency using federal grant funds. When procuring property and services under a Federal award, the District will follow 2 CFR §200.318 General procurement standards through §200.327 Contract provisions or District purchasing procedures whichever is more restrictive.

B. TYPES OF PROJECTS

Local government purchases and projects generally fall into one of five categories:

Public works

All work, construction, alteration, repairs, or improvements to physical property, other than ordinary maintenance. (RCW 39.04.010)

Professional architecture and engineering services

Professional services provided by a consultant that fall under architecture, engineering, land surveying, or landscape architecture. (RCW 39.80)

Personal services

Technical expertise provided by a consultant to accomplish a specific study, project, task, or other work statement, not including professional architecture and engineering services.

Purchased services

Services provided by vendors for the routine, necessary, and continuing functions of a local agency, mostly related to physical work.

Materials, Supplies, Equipment

Purchases of goods, equipment, supplies, or materials that are not connected with a public works project.

C. COMPETITIVE PROCUREMENT

1. Micro-purchase: \$0 – \$5,000

- a. May be awarded without soliciting competitive quotations if the price is considered to be reasonable unless funding for the purchase is provided by a federal direct or indirect grant or contract.
- b. Purchase must be distributed equitably among a range of qualified vendors when practical.

2. Informal Competition: \$5,001 - \$49,999.99

- a. Rate quotes must be obtained from an “adequate” number of qualified sources.
- b. Three sources will be considered to have met this requirement.
- c. Can be informal, e.g., phone call, email or web search.

- d. All quotes, including phone calls, web searches, etc., must be documented and kept on file.

3. Formal Competition: \$50,000 and over

a. Request for Bids (RFB)

- i. Used when selection of successful bidder can be made principally on the basis of price.
- ii. Must be publicly advertised in the local newspaper at least once; no less than 13 days prior to the last date upon which bids/proposals will be received. A complete, adequate, and realistic specifications must be provided.
- iii. All bids shall be publicly opened at the time and place prescribed in the invitation and the bid tabulation made available for public inspection.
- iv. The Administrative Officer or designee has the authority to reject any or all bids if there is a sound documented reason.
- v. The Board of Health shall:
 - 1. Be notified of the RFB in a briefing if the purchase is included as part of the approved budget.
 - 2. Approve entering the RFB process if there is a shift in funding from the approved budget and/or is not included in the approved budget.
 - 3. Approve entering a contract (see POL 130.004 - Contracts) with the successful bidder.

b. Request Proposals (RFP), Qualifications (RFQ) and Quotes & Qualifications (RFQQ)

- i. Must be publicly advertised in the local newspaper at least once; no less than 13 days prior to the last date upon which bids/proposals will be received.
- ii. Provide a complete, adequate, and realistic specifications.
- iii. Identify all evaluation factors and their relative importance.
- iv. Contracts must be awarded to the responsible firm whose proposal or qualifications is most advantageous to the program, with price and other factors considered.
- v. The Administrative Officer or designee has the authority to reject any or all bids if there is a sound documented reason.
- vi. The Board of Health shall approve:
 - 1. Be notified of the RFP in a briefing if the purchase is included as part of the approved budget.
 - 2. Approve entering the RFP process if there is a shift in funding from the approved budget and/or is not included in the approved budget.
 - 3. Approve entering a contract (see POL 130.004 - Contracts) with the successful proposers.
- vii. After the contract is awarded, the proposal evaluations must be recorded, open to public inspection, and available by public records request.

D. NON-COMPETITIVE PROCUREMENT:

In certain situations, one of the following methods may be used in place of competitive procurement:

- 1. Sole Source - If a purchase is clearly and legitimately limited to a single supplier (RCW 39.04.280(1)(a));
- 2. Contracts for goods or services competitively bid by other government agencies pursuant to Interlocal Cooperation Act, RCW 39.34.030 (piggybacking) and RCW 39.34.040
- 3. Purchases using Washington State DES master contracts
- 4. Purchases using Federal contracts
- 5. Purchases involving special facilities or market conditions RCW 39.04.280(1)(b);
- 6. Purchases in the event of an emergency;
- 7. Purchases of insurance or bonds RCW 39.04.280(1)(d);
- 8. Purchases at auctions if the item can be obtained at a competitive price RCW 39.30.045;
- 9. After solicitation of a number of sources, competition is determined inadequate;

10. Pre-Approval:
 - a. When goods or services have been pre-selected and authorized by the grantor. A copy of the grant agreement is required. Justification statement may also be requested.
 - b. When non-competitive procurement is deemed in the best interest of the agency by the Board of Health or Administrative Officer
 - c. Documentation of due diligence and pre-approval is required.
11. The following types of purchases may be made without requesting quotes or competitive bids if they are less than \$50,000:
 - a. Upgrades or purchase of additional modules/features (for previously purchased equipment and software).
 - b. Purchased Services
 - c. Professional licenses and memberships.
 - d. Publications and subscriptions.
 - e. Personal Services.
 - f. Miscellaneous fees.
 - g. Training, conferences, and seminars.
 - h. Legal and promotional advertising.

E. GRANTS AND FEDERAL FUNDING

1. If federal or state funding, financial assistance, or grant funding is involved in the proposed acquisition or contract, the solicitation requirements and clauses should be obtained from the appropriate granting entity and all required grant management procedures must be followed.
2. Regardless of price the most restrictive of federal, state or District purchasing policy-level requirements must be met.
3. When procuring property and services under a Federal award, the District will follow 2 CFR §200.318 General procurement standards through §200.327 Contract provisions or District purchasing procedures whichever is more restrictive.
4. Procurement requirements when using Federal funds are detailed in Table 1.

Table 1: Federal, State and District Monies Threshold Crosswalk

Procurement Method	Goods	Services
Micro-Purchase	\$10,000 Federal threshold \$5,000 District threshold <i>Must use more restrictive District threshold</i>	\$10,000 Federal threshold \$50,000 District threshold <i>Must use more restrictive Federal threshold</i>
Informal Competition	\$10,001-\$250,000 Federal threshold \$5,001-\$50,000 District threshold <i>Must use more restrictive District threshold</i>	\$10,001-\$250,000 Federal threshold \$50,000 District threshold <i>Must use more restrictive Federal threshold</i>
Formal Competition	Over \$250,000 Federal threshold Over \$50,000 District threshold <i>Must use more restrictive District threshold</i>	Over \$250,000 Federal threshold Over \$50,000 District threshold <i>Must use more restrictive District threshold</i>

5. Competitive proposals: Used when conditions are not appropriate for the use of sealed bids.
 - a. Must publicize request for proposals soliciting from an adequate number of qualified sources
 - b. Maintain written method for conducting technical evaluations
 - c. Contract must be awarded to the responsible firm whose proposal is most advantageous to the program
6. Non-competitive proposals: Appropriate only when,

- a. Available only from a single source; or
 - b. Public emergency; and
 - c. Expressly authorized by awarding or pass-through agency in response to written request from Snohomish Health District; or
 - d. After soliciting a number of sources, competition is deemed inadequate.
- 7. Construction contracts will utilize Federal Supplemental Conditions appropriate to the grant funding the project.
- 8. Goods and service contracts will utilize the Federal Terms and Conditions (which may be modified based on the requirements of each grant agreement).
- 9. Contracts for more than the simplified acquisition threshold currently set at \$250,000 must address administrative, contractual, or legal remedies in instances where contractors violate or breach contract terms and provide for such sanctions and penalties as appropriate.
- 10. Contracts and subgrants of amounts in excess of \$250,000 requires that the District will comply with all applicable standards, orders or regulations issued pursuant to the Clean Air Act and the Federal Water Pollution Control Act.
- 11. The District will:
 - a. monitor procurements to avoid unnecessary or duplicative purchases.
 - b. continue to enter into inter-entity agreements to realize cost savings for shared goods and services when possible.
 - c. verify and document that vendors are not suspended or debarred from doing business with the Federal government.
- 12. The Uniform Guidance, 2 C.F.R. § 200.323, requires the performance of a cost or price analysis in connection with every federal procurement action in excess of the micro-purchase acquisition threshold. The independent cost estimates must be on file before receiving bids or proposals.
- 13. 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

F. AUTHORITIES AND OVERSIGHT

- 1. Purchasing Authority
 - a. Purchases are approved and signed according to the Division of Responsibilities as set forth by the Board of Health.
 - b. District authorized signatories are based on agency role and total invoice value. See Table 2.
 - i. Managers: total invoice ≤\$5,000.
 - ii. Executive Assistants: total invoice ≤ \$5,000
 - iii. Assistant Directors: total invoice ≤ \$10,000.
 - iv. Directors: total invoice ≤ \$15,000
 - v. Deputy Administrative Officer: total invoice less than \$50,000 except for emergencies and as authorized by the Board of Health
 - vi. Administrative Officer: total invoice less than \$50,000 except for emergencies and as authorized by the Board of Health

Table 2: Authorized Signatories Based on Total Invoice Value*

Role	Total Invoice Value				
	≤ \$5,000	\$5,000.01 to \$10,000	\$10,000.01 to \$15,000	\$15,000.01 to <\$50,000	≥ \$50,000
Manager and Executive Assistant	X				
Assistant Director	X	X			
Director	X	X	X		
Administrative Officer and Deputy Administrative Officer**	X	X	X	X	
Board of Health					X
* In alignment with Division of Responsibilities					
** Except for emergencies and as authorized by the Board of Health					

2. Oversight

The responsibility for procurement oversight is with the Finance Manager. The Finance Manager is responsible to ensure that:

- Purchases made through the procurement process are monitored in compliance with the account code parameters that are provided by the State Budget, Accounting and Reporting System (BARS).
- That the Purchasing Procedures should ensure the fiscal responsibility of the District in expending resources for goods and services for District operations.

G. PURCHASING CODE OF ETHICS

- Public Trust: Employees of a public institution, such as the District, hold a public trust that obligates them, in a special way, to honesty and integrity in fulfilling the responsibilities of their positions. Purchasing procedures based on a clear ethical foundation demonstrate credibility and integrity in spending public funds and demonstrate accountability to the residents of Snohomish County.
- Employee Standards: District employees will maintain a code of conduct as defined in the POL 120.001 – Employee Handbook. District staff are expected to follow high standards of ethical behavior including:
- Avoiding Conflicts of Interest: No employee, officer, or agent may participate in the selection, award, or administration of a contract 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. Employees shall disclose in writing to their Supervisor and Purchasing Coordinator any potential conflict of interest which they are aware of related to any purchase of equipment or goods and services.
- Accepting Gratuities and Business Gifts: Based on their employment with the District, staff may not solicit, request, accept, or agree to accept gratuities, business gifts (except of very small value such as a calendar or pens), meals, or personal monetary discounts from any person, company, firm, or corporation, except where given for the use and benefit of the District.
- Encouraging Competition: While considering the advantages to the District of maintaining a continuing relationship with a supplier, any arrangement that might, in the long term, prevent the effective operation of fair competition, should be avoided.

6. Sanctions: Violations of this policy may result in disciplinary action; willful violations may result in disciplinary action up to and including immediate dismissal.

H. OTHER PROVISIONS

1. Architectural and Engineering Services: The District will follow the uniform requirements of Chapter 39.80 RCW when procuring professional A&E contracts. A&E contracts will be awarded based on qualifications, rather than cost, a process known as "qualifications-based selection" (QBS).
2. Bid Bonds: The District may require bidders submitting bids for the construction or maintenance for any of the works of the district, or for the furnishing of labor or material, to accompany their bids by a deposit in cash, certified check, cashier's check or surety bond in an amount equal to five percent of the amount of the bid and a bid shall not be considered unless the deposit is enclosed with it.
3. Public Works: The District will follow the uniform requirements of Chapter 39.04 RCW when procuring public works projects. The responsible bidder will meet the criteria in RCW 39.04.350. The District may use the small works roster process of RCW 39.04.155 for public works contracts less than \$350,000.
4. Bid Splitting or Stringing: A purchase that exceeds a threshold limit may not be deliberately broken up into multiple requests with smaller amounts, solely to qualify for the less complicated procedures. The District may not break a public works project to avoid compliance with bidding statutes. RCW 35.23.352(1).
5. Equal Opportunity: The District shall not discriminate against, or grant preferential treatment to, any individual or group on the basis race, color, creed, sex, sexual orientation, religion, marital status, familial status, age, national origin, veteran's status, disability, or use of service animal or any other basis prohibited by local, state or federal law.