

## 3300 R1 - Purchasing Procedures

### Adopted

5/22/78

There are a number of rules and regulations that define how the school district may purchase items. Different rules apply depending on the source of the funds, whether we are buying goods, services, personal services, or public works. This procedure describes the various requirements by type of purchase and source of funds to help you through the process. The first section will cover rules and regulations that apply to all purchases, followed by more detailed information for each type of purchase.

### Revised

2/19/80

7/20/81

6/18/85

7/16/85

5/17/94

7/05/05

7/2010

8/19/13

10/29/13

9/9/14

12/15/14

4/28/15

### General Purchasing Guidelines Applicable to All Purchases

The District has developed a variety of ways for you to make purchases. Regardless of the method used, all purchases must meet certain requirements.

### District Purchasing Guidelines

The following guidelines apply to ALL purchases made with District funds, regardless of purchasing method:

- Funds may only be used to purchase goods and services which further the educational mission of the District. This includes supplies and materials, consultant services, and capital fixed assets for classrooms, buildings, programs, and administrative needs,
- Due to IRS requirements, all salary and benefit payments to active District employees must be made through the Payroll process, and may not be processed through the Purchasing Department.

*Funds may not be used to purchase:*

- Gifts, (including flowers for individuals)
- Personal items or services,
- Donations to charities,
- Items from On-Line Auction Sites.

Purchases from on-line auction sites (such as EBay, EBid, Craig's List, Overstock.com, etc) are not authorized. On-line auction items are sold "as-is" from sellers whose reputation cannot always be verified, and the source of the goods cannot always be ascertained. There are no warranties and no recourse for return, exchange or payment refund. The goods may be defective or counterfeit and become a liability to the District. Purchases made from on-line sites may also violate state purchasing requirements for the District. If a product is only available off of one of these sites, please contact Business Services for approval prior to purchasing.

- Alcoholic beverages or illegal substances,
- Items from District employees or relatives. (See District Policy 6810)

## **Purchasing Methods**

District staff may use one or a combination of purchasing methods, with limited restrictions on the three methods (P-Card, checkbook and reimbursement) that actually pay for merchandise before the purchase has been officially approved. (Again, state law requires the District's Purchasing Department to review and approve all purchases)

### *Available Purchasing Options*

Requisitions: Requisitions are the basic way to make a purchase. The end user identifies what they would like to purchase and the possible vendor that they would like to use. For goods and services that are covered by bids, the district must use the bid vendors. The requisition is prepared by the end user with the items that are desired. The requisition requires administrative approval by the manager of the budget or designee that is authorized to pay for the goods or services. The requisition is then forwarded to purchasing for approval and creation of a purchase order (PO).

### **Use a District-issued Purchasing Card\* (P-card)**

The Purchasing Card is intended to simplify the purchase process in several ways:

- replace the need for low dollar purchase orders
- allow for online purchases from vendors who do not accept purchase orders
- minimize personal reimbursement transactions
- decrease the turnaround time for receiving orders

See Policy 3320 and Procedure 3320 R1

### **Use a District-Issued Checkbook\***

The checkbook is used to purchase low dollar items that are readily available. It is used to reduce the number of low dollar PO's that are generated.. The use of the checkbook for low value items helps to streamline the purchasing process.

General Fund Only: (Limits are \$250 per purchase, \$1,000 total transactions per Accounts Payable pay date, which are the 10th and 24th of each month.)

ASB Fund Only: Limits are \$250 per purchase, \$1,500 total transactions per Accounts Payable pay date, for the Middle Schools. Limits are \$500 per purchase, \$8,000 total transactions per Accounts Payable pay date for the High Schools.

To open a checking account:

1. Complete an application form and submit it to Business Services. Business Services will process your request with the bank, and you may pick up the checkbook and receive training in its use,
2. Keep all receipts, order forms, and requisitions of items purchased with your checkbook,

3. Reconcile your bank statement every month. Send all receipts and the reconciled statement to Business Services,
4. To have your account replenished, send the Reimbursement Request Form to Accounts Payable.

Do not use the District checkbook for personal or professional services performed by an independent contractor. (the B-140 Contract for Services form is required for that purpose)

### **Pre-Approved Reimbursements Through Accounting\***

Reimbursements should be very rare. Purchases should be made through one of the standard purchasing methods, requisition, PCard or district checkbook.

Any item purchased must be pre-approved by the principal, manager or person authorized to approve expenditure for the budget.

All purchases must be delivered to the employee's work location or the district office.

Reimbursement may not exceed \$500 per purchase.

Items must comply with district purchasing guidelines.

Computer equipment or network equipment may not be purchased.

Items on the Small and Attractive list

Contracted Service Agreements

### **Bids and Quotations**

Be aware that the dollar limits that determine when bids or quotations are required represent cumulative annual expenditures for the entire District. While your individual order may not exceed the dollar levels, the District is required to look at the total dollars expended for like items across the District in a year. Purchases may NOT be divided to avoid the bid limits.

### **Formal Bids: Acceptance or Rejection**

Formal bids for work or supplies shall be awarded to the lowest responsible, responsive bidder meeting the specifications. The Purchasing Agent may recommend that the board reject any and all bids in the same manner as the original call. Bidding information shall be provided based on state law governing disclosure of public documents.

### **Specifications for Purchases**

The District Purchasing Agent shall be responsible for drafting bid documents for all supplies and services purchased by the District through formal Invitation to Bid or Request for Proposal. The District Purchasing Agent shall assist District personnel in developing the required scope of work or written specifications for bids or quotations. Informal quotes may be obtained by schools or departments utilizing the available forms. For simple quotes, you may contact the vendor by phone and submit the informal quotation form to the purchasing department along with the requisition.

## **Contract Approval**

All contracts and/or purchases must be approved by the Executive Director of Business & Operations or his/her designee prior to the contractor performing any services or goods being purchased. All contracts and/or purchases \$100,000 or greater must be approved by the Board.

## **Interlocal Agreements**

Interlocal agreements are contracts between public agencies and must be approved by resolution of the school board. Business Services will assist schools or departments to create the Interlocal Agreement. Proposed interlocal agreements must be reviewed and approved by Business Services before they are submitted to the School Board for approval.

Business Services will obtain a resolution number and submit the Resolution before the board for approval and signature of each board member.

The agreement must be approved by all parties to the contract and posted on either the District website or the Snohomish County Auditor website before it is final.

## **Single/Sole Source of Supply**

*Only the Board of Directors or their designee can declare a vendor to be the "sole source" of an item or service regardless of cost. However, this option requires extensive documentation that the vendor is in fact the only supplier of the item or service, and is not easily nor frequently applied.*

- Acquisitions that qualify for sole source designation are clearly and legitimately limited to a single source of supply or involve special facilities, services, or market conditions and are designated as exempt from competitive bid requirements. (Only if the acquisition meets the requirements and is approved by the Superintendent or his/her designee. Sole Source Justification forms are available on the Business Services website and must be completed and submitted to Business Services for consideration.)
- Requestor must complete Sole Source Justification form and submit to Business Services.
- For acquisitions less than one hundred thousand dollars (\$100,000), the Superintendent or his/her designee shall determine if sole source justification meets requirements.
- For acquisitions one hundred thousand dollars (\$100,000) or greater, sole source justifications will be authorized at the discretion of the School Board.

## **Purchase of Goods**

(Furniture, Equipment, or Supplies, except Books.) These purchases follow RCW 28A.335.190, RCW 39.04.270 and all other applicable statutes.

### **Purchase of Goods with State and Local Funds**

Quotes required between \$40,000 and \$75,000: When the estimated cost of furniture, equipment, or supplies, except books, is from forty thousand dollars (\$40,000) up to seventy-five thousand dollars (\$75,000), quotations from at least three different sources shall be obtained in writing or by telephone. Purchases may not be divided to avoid competitive requirements.

1. Contact Purchasing to obtain Quote number.
2. Contact at least three different sources.
3. Make sure to request the same information from each of the vendors. In your request ask for shipping, handling charges to be included with the pricing. Ask for estimated delivery time after receipt of order (ARO).
4. Complete the quote form listing the companies contacted, name, phone number, email, and price quotation from each company.
5. Submit quotes with Requisition to the Purchasing Department.
6. Record of the quotes will be maintained in Purchasing and available for public inspection and audit.

### **Formal Sealed Bids over \$75,000 - State and Local Funds**

When the estimated cost is in excess of seventy five thousand dollars (\$75,000), a formal public bid procedure shall be followed. Purchases may not be divided to avoid competitive requirements.

1. Contact District Purchasing Agent for formal bids. Business Services will work with you to prepare written specifications or scope of work for the project, and process the required steps below
2. School Board will authorize the call for bid.
3. Complete plans and specifications shall be prepared.
4. Notice by publication given in at least one newspaper of general circulation within the District, once each week for two consecutive weeks, of the intention to receive bids and that specifications and other information may be examined at the office of the board or any other officially designated location.
5. The District will provide bidding information to any qualified bidder, or his/her agent, requesting it in person. The District will solicit sufficient bidders to assure competitive bidding.
6. The bids shall be in writing and shall be opened and read in public on the date and in the place named in the notice. Bids received after the date and time specified shall not be considered.

7. After opening, the bids shall be placed on file and made available for public inspection and audit.
8. The contract for purchases or work will be awarded to the responsive and responsible vendor/contractor submitting the lowest bid. The responsible low bidder is defined per RCW 39.26.160.
9. Formal bids are awarded by the SchoolBoard.
10. Items that are included in a bid must be purchased from the vendor awarded the bid, unless the District can document that the item was not available from the bid vendor at the time of purchase.

Purchase of books with State or local funds: With State and local funds, books are excluded from the competitive bidding process and do not require quotes or bids.

### **Purchase of Goods with Federal Funds**

When federal funds are used in combination with other sources of funding, the federal purchasing guidelines apply to the entire purchase. This means that if you use \$1000 of a federal grant and \$39,000 of general fund dollars, then the federal rules apply to the entire purchase. Also, the dollar amount is cumulative across the district for the entire school year. If you spend \$1000 of federal money with a vendor but the rest of the district spends \$39,000 with that same vendor, then the federal rules apply.

Purchase of goods and services below \$75,000 will obtain price or rate quotations from an adequate number of qualified sources. Purchases of goods and services about \$75,000 will be competitively bid.

1. Contact Purchasing to obtain Quote number.
2. Make sure to request the same information from each of the vendors. In your request ask for shipping, handling charges to be included with the pricing. Ask for estimated delivery time after receipt of order (ARO).
3. Complete the quote form listing the companies contacted, name, phone number, e-mail and price quotation from each company.
4. Submit quotes with Requisition to the Purchasing Department.
5. Record of the quotes will be maintained in Purchasing and available for public inspection and audit.

### **Formal Sealed Bids Over \$75,000 - Federal Funds**

When the estimated cost is in excess of seventy five thousand dollars (\$75,000), a formal public bid procedure shall be followed. Purchases may not be divided to avoid competitive requirements.

1. Contact District Purchasing Agent for formal bids. Business Services will work with you to prepare written specifications or scope of work for the project, and process the required steps below.
2. School Board will authorize the call for bid.
3. Complete plans and specifications shall be prepared.
4. Notice by publication given in at least one newspaper of general circulation within the District, once each week for two consecutive weeks, of the intention to receive bids and that specifications and other information may be examined at the office of the board or any other officially designated location.
5. The District will provide bidding information to any qualified bidder, or his/her agent, requesting it in person. The District will solicit sufficient bidders to assure competitive bidding.
6. The bids shall be in writing and shall be opened and read in public on the date and in the place named in the notice. Bids received after the date and time specified shall not be considered.
7. After opening, the bids shall be placed on file and made available for public inspection and audit.
8. The contract for purchases or work will be awarded to the responsive and responsible vendor/contractor submitting the lowest bid. The responsible low bidder is defined per RCW 39.26.160.
9. Formal bids are awarded by the School Board.
10. Items that are included in a bid must be purchased from the vendor awarded the bid, unless the district can document that the item was not available from the bid vendor at the time of purchase.

### **Procurement of Services**

Services include work performed by Independent Contractors, Professional Services such as Architects & Engineers, and Consultants. Purchase of services requires a clear statement of work (SOW) that identifies exactly what work is to be performed, and what measurable deliverables are expected (how do we know that we have received the services and that it is complete?). Contracting for the professional services of Engineers and Architects is governed by RCW 39.80.

### **Purchase of Services with State and Local Funds**

Every non-federally funded purchase of services shall be on a competitive basis dependent on the following procurement limits:

- Competitive procurement procedures must be followed for purchasing any non-federally funded services with a cost estimated to be in excess of one hundred thousand dollars (\$100,000) or when the contract is for multiple years,

- Whenever the estimated cost is from forty thousand dollars (\$40,000) up to one hundred thousand dollars (\$100,000), the procedure recommends solicitation of three competitive quotes from responsible vendors,
- Whenever the estimated cost is in excess of one hundred thousand dollars (\$100,000), a formal sealed bid or request for proposal (RFP) process shall be followed. Contracting for the professional services of Engineers and Architects is governed by RCW 39.80.

### **Purchase of Services with Federal Funds**

When federal funds are used in combination with other sources of funding, the federal purchasing guidelines apply to the entire purchase. This means that if you use \$1000 of a federal grant and \$2,000 of general fund dollars, then the federal rules apply to the entire purchase. The total purchase exceeds the \$3000 limit and quotes would be required. Also, the dollar amount is cumulative across the district for the entire school year. If you spend \$1000 of federal money with a vendor but the rest of the district spends \$3,000 with that same vendor, then the federal rules apply.

Every federally funded purchase of services shall be on a competitive basis dependent on the following procurement limits.

- Competitive procurement procedures must be followed for any federally funded services with a cost estimated to be in excess of three thousand dollars (\$3,000) and up to one hundred thousand dollars (\$100,000.)
- Whenever the estimated cost is from three thousand dollars (\$3,000) up to one hundred thousand dollars (\$100,000), the procedure shall require solicitation of three competitive quotes from responsible vendors.
- Whenever the estimated cost is in excess of one hundred thousand dollars (\$100,000), a formal sealed bid or request for proposal (RFP) process shall be followed.
- For each professional service contracted to a third party vendor, you should be able to provide documentation to support these questions.
  - Which providers did you consider contracting with to deliver that service?
  - What was your rationale for selecting the provider?
  - How did you determine that the pricing was fair and reasonable?
  - Before renewing the contract, how did you determine there were no other providers who were better suited or qualified?

### **Procurement of Services Classified as "Public Work"**

"Public Work" is all work, construction, alteration, repair or improvement that is executed at the cost of the state or any other local public agency. This includes, but is not limited to, demolition, remodeling, renovation, road construction, and building construction. Cost of any public work shall be the aggregate of all amounts to be paid for labor, material, and equipment on one continuous or interrelated project where work is to be performed simultaneously or in close sequence.



If the District Maintenance department is not performing the work, then the vendor selection process will be based either on the District purchasing requirements which follow RCW 28A.335.190 or on the Small Works Process as outlined in RCW 39.04.155.

### **Work Performed by Maintenance Department:**

If the cost of public work is estimated to be seventy-five thousand dollars (\$75,000) or less, the work may be performed by the District staff.

### **Public Works Purchasing Requirements per RCW 28A.335.190**

The District's procedure adheres to the state bid law for school districts:

- Quotations: Every "public work" project with a cost estimated to exceed forty thousand dollars (\$40,000) shall be awarded based on a competitive process.
- For projects estimated between \$40,000 and \$100,000, telephone or written quotations must be solicited from at least three different sources.
- Contact Purchasing to obtain Quote number.
- Contact at least three different sources.
- Complete the quote form listing the companies contacted, name, phone number, email, and price quotation from each company.
- Submit quotes with Requisition to the Purchasing Department
- Record of the quotes will be maintained in Purchasing and available for public inspection and audit.
- The Purchasing Department will notify the school board on a regular basis of projects between \$35,000 and \$100,000 by providing summary information on current projects in the monthly report to the board.

### **Formal Sealed Bids over \$100,000 - Public Works**

When the cost of the public work project is expected to exceed one hundred thousand dollars (\$100,000), the formal public bidding procedure is required unless the Small Works Roster process is used. Purchases may not be divided to avoid competitive requirements. Business Services shall be responsible for completing the following steps in the formal bidding process:

- School Board must approve call for bid for all projects over \$100,000.
- Complete plans and specifications shall be prepared with the assistance of the Purchasing Department.
- Notice by publication given in at least one newspaper of general circulation within the District, once each week for two consecutive weeks, of the intention to receive bids and that specifications and other information may be examined at the office of the board or any other officially designated location.

- The District will provide bidding information to any qualified bidder, or his/her agent, requesting it in person. The District will solicit sufficient bidders to assure competitive bidding.
- The bids shall be in writing and shall be opened and read in public on the date. Bids received after the date and time specified shall not be considered.
- After opening, the bids shall be placed on file and made available for public inspection and audit.
- The contract for purchases or work will be awarded to the responsive and responsible vendor/contractor submitting the lowest bid. The responsible low bidder is defined per RCW 43.19.1911.
- Formal bids are awarded by the School Board.

### **Small Works Roster Process**

The purpose of the Small Works Roster is to expedite the solicitation and award of quotes on public works projects by reducing the requirements for formal sealed bidding, advertising, and bid award. The Small Works Roster may be used in lieu of other procedures to award contracts for work with an estimated cost of three hundred thousand dollars (\$300,000) or less.

- Quotations for contracts estimated between \$35,000 and \$300,000. Quotations must be solicited from a minimum of 5 vendors listed on the Small Works Roster.
- Quotations may be invited from all appropriate contractors on the appropriate small works roster. As an alternative, quotations may be invited from at least five contractors on the appropriate small works roster who have indicated the capability of performing the kind of work being contracted, in a manner that will equitably distribute the opportunity among the contractors on the appropriate roster.
- "Equitably distribute" means that a department soliciting bids may not favor certain contractors on the appropriate small works roster over other contractors on the appropriate small works roster who perform similar services. If you solicit quotes from select vendors, you may not solicit those vendors again until you have rotated through all vendors on the list.
- Quotations must be sent to the Purchasing Department for recording and filing.
- School board approval is required before awarding contracts for public works estimated to cost more than three hundred thousand dollars (\$300,000). The cost includes any sales tax.

### **Limited Public Works Process**

This process covers public works contracts under thirty-five thousand dollars (\$35,000).

- The District may award public work contracts estimated to cost less than thirty-five thousand dollars (\$35,000) upon soliciting electronic or written quotations from a minimum of three (3) contractors from the Small Works Roster, and shall award the contract to the lowest responsible bidder.

- The District shall equally distribute opportunities for limited public work projects among contractors.
- The District shall maintain a list of contractors contacted and contracts awarded during the previous twenty-four months, to include the name of the contractor, the contract amount, date the contract was awarded and a brief description of the work performed.
- The District may waive the payment and performance bond requirements and the retainage requirement, thereby assuming liability for the contractor's nonpayment of laborers, subcontractors, suppliers, and taxes imposed that may be due from the contractor.
- The exercise of this option is at the sole discretion of the District, using the following criteria for determination:
  - The value of the contract,
  - The number of contractors involved,
  - Prior experience with the contractor and/or subcontractors,
  - Other factors relevant in making this determination.

### **Public Works Contracts Change Orders Procedure**

The timely preparation, consideration, approval/disapproval, administration, and internal controls applied to Public Works Change Orders are essential to project completion, owner satisfaction, and the prompt payment to the contractor under RCW 39.76 and RCW 39.04.360. The language of construction contracts takes precedence over the following procedures.

#### **A. Definitions:**

Change order: A written agreement signed by the owner, contractor and architect stating their agreement to a change in the work and/or any adjustment in the contract sum and/or time.

Construction change directive: A written order signed by the owner and architect directing the contractor to perform a change in the work and containing a proposed basis for adjusting the contract sum and/or time.

Change order proposal: A written offer by the contractor to perform changes in the work requested or directed by the architect and owner that includes the impact of the change on the contract sum and/or time. A change order proposal, when recommended by the architect and approved by the owner, becomes the basis for a change order.

Emergency change order: A change order that would normally require prior board approval but obtaining such prior board approval would result in delay that would require either: the work to stop or be significantly slowed; or students to be displaced; or cause school operations to be disrupted; or add significant costs to the project; or would result in any combination of these consequences.

Request for information: A written request by the contractor to the architect seeking clarification of or additional information or detail about Drawings or Specifications. Upon receipt of the architect's response to the request for information, there is no basis for a change order unless the contractor issues a change order proposal.

Field change directive/or field authorization: Direction to the contractor to make minor changes that do not affect the contract sum or time. Field change directives are generally confirmed in writing by the architect or owner and can become the basis for a no-cost, no-time change order.

- B. Careful advance project planning is expected to take place on all projects to minimize the need for contract change orders.
- C. Change orders are for the purpose of completing a project in the best interests of the district, not to address individual preferences beyond that contained in the original project approved by the board.
- D. All change orders are subject to an approval/disapproval process. This process shall include analysis of, without limitation, the following factors:
  - 1. Is the change critical to the success of the project, e.g., a code requirement?
  - 2. Who is responsible, and who shall pay for the change? Those responsible should be reflected in design and construction contracts.
  - 3. What is the cost of the change order, and is it the least expensive alternative to fulfill the district's needs?
  - 4. What are the consequences if a change order proposal is disapproved or modified?

E. Change Order Authorization for Capital Projects:

In order to reduce the possibility of a construction delay or violation of the State Prompt Payment Act under RCW 39.76.010, the Capital Projects Director shall be the approving authority for all change order proposals, following the analysis described above and recommendations from consulting architects or members of the District Capital Projects staff.

- 1. A change order beyond the board-approved contingency amount requires prior board approval (subject to the pre-approval authorization of the superintendent or his/her designee in the case of emergency change orders pursuant to paragraph E.3. below). The board shall authorize the Capital Projects Director to spend up to the contingency amount, cumulatively, on all change orders for the project without additional approval from the school board.
- 2. Approval of a change order above \$100,000 shall require authorization of the Executive Director of Business and Operations, regardless of whether approval would otherwise be within the authority of the Capital Projects Director per paragraph E.1. above.

3. An emergency change order may be authorized by the superintendent or his/her designee only, without prior approval by the board, upon the superintendent's (or his or her designee's) determination of an emergency and subsequent compliance with board policy and administrative procedures.
4. The Capital Projects Director will provide the board informational updates of approved change orders.
5. For projects using Alternative Contracting Procedures under RCW 39.10, such as GC/C M (General Contractor/Construction Manager), contingency amounts shall be set by the board at the time of award on a project-by-project basis.

**Legal References:**

RCW 28A.155.060	Contract with Non Public Agency
RCWW 39.04.270	Electronic dataprocessing and telecommunications systems
RCW 28A.155.160	Assisstive Devices and Services
RCW 39.04.280	Competitive bidding requirements Exemptions Emergency
RCW 28A.160.120	Transportation of the public
RCW 39.04.320	Apprenticeship training programs
RCW 28A.225.250	Cooperative programs among school districts
RCW 39.34.030	Interlocal cooeration act
RCW 28A.310.200	ESD board -- Powers and duties
RCW 39.34.080	Contracts to perform governmental activities which each contracting agency is authorized to perform.
RCW 28A.320.035	Contracting out 34
CFR 80.36	Dept of Education Procurement
RCW 28A.335.190	Advertising For Bids Competitive bid procedures
7 CFR	Child Nutrition Programs