

KITSAP TRANSIT FINANCIAL POLICY DISCUSSION

1. Proposed changes to the procurement policy

- a.* Signature authority
- b.* Multi-year, indefinite quantity contracts
- c.* Authority to exercise options to extend board approved contracts
- d.* Board reauthorization
- e.* Procurement method thresholds

2. General Discussion

- a.* Board authorization to go to bid
- b.* Contract award when in budget
- c.* Decentralized procurement at a micro level

KITSAP TRANSIT PROCUREMENT POLICIES

Policy 01 – Signature Authority

Purpose

To establish proper approval thresholds for Kitsap Transit purchases and contract obligations.

DOLLAR LIMIT ^{(1) (2) (3)}	SIGNATURE REQUIRED
<\$25,000	<ul style="list-style-type: none">• Department Director
\$25,000 – \$510,000	<ul style="list-style-type: none">• Department Director• Executive Director
>\$510,000 ^{(4) (5)}	<ul style="list-style-type: none">• Department Director• Executive Director• Board of Commissioner Approval

(1) Limit amounts include sales tax and shipping costs.

(2) In the case of multi-year agreements, the limit amounts reflect Kitsap Transit's maximum annual expenditure or obligation. [In the event of multi-year contracts with indefinite quantity or service commitments in future years \(eg unit price or task order contracts\), staff is not required to seek reauthorization with the Board of Commissioners subsequent to the initial award of the contract provided the board approved budget incorporates anticipated annual expenditures each year.](#)

(3) [In the case of board approved contracts with options to extend the term of the agreement, the Executive Director or designee may exercise those options without authorization of the Board of Commissioners provided the board approved budget incorporates those approximate expenditures.](#)

(4) In the event expenditures are expected to exceed initial [or previously reauthorized](#) approval of the Board of Commissioners by greater than 10%, reauthorization of amounts exceeding, or expected to exceed, initial authorization must occur at the next available Board of Commissioners meeting. If timing is critical and reauthorization cannot wait until the next Board of Commissioners meeting, the Executive Director has authority to authorize additional expenditure amounts with concurrence of the Board Chairperson.

(5) Revenue contracts or lease agreements greater than \$50,000 annual revenue require authorization of the Board of Commissioners.

Policy 02 – Delegation Authority

Purpose

To ~~establish~~ delegate authority to execute agreements or purchase goods and services or obligate Kitsap Transit to purchase goods or services subsequent to proper authorization.

DOLLAR LIMIT	DELEGATION AUTHORITY	MORE INFORMATION
<\$5,000	<ul style="list-style-type: none"> • Purchase - Procurement Department • Execution of Agreement - Department Director 	Section 2
>\$5,000	<ul style="list-style-type: none"> • Purchase – Procurement Department • Execution of Agreement - Executive Director (or his/her designee) 	Section 3
Open Purchase Orders	<ul style="list-style-type: none"> • Open purchase orders may not exceed \$5,000 • Maximum delegated purchase authority of department employees of \$500 set by each department director • <u>Purchases exceeding \$500 cumulatively must be made with a requisition rather than an open purchase order.</u> • Department director signatures are required for purchases greater than \$500 	Section 1.2.2
Credit Card Purchase	<ul style="list-style-type: none"> • Directors and select employees • Credit card expense reports require the authorization of the department director or the executive director 	Sections 1.6

Policy 03 – Procurement Method

Purpose

To establish procurement method thresholds to most effectively achieve fair and open competition while ensuring that Kitsap Transit receives fair and reasonable value from the most qualified, responsible vendor or service provider.

DOLLAR LIMIT	METHOD	PROCESS	MORE INFORMATION
<\$5,000	Micro Purchase	Fair & Reasonable Documentation	Section 2
\$5,000 – \$50,000	Small Purchase (Excluding Roster Lists)	Originating Department Provides Three Written Quotes	Section 3
\$50,000 – \$100,000	Small Purchase (Excluding Roster Lists)	Procurement Department Provides Three Written Quotes	Section 3
<\$100,000	Small Works / Consulting Services Rosters	Applicable Roster Process	Section 8
>\$100,000	Formal Competitive Procurement	Invitation for Bid or Request for Proposal	Sections 4
>\$100,000	Architectural & Engineering	Formal A&E procurement process	Section 7
N/A	Sole Source	<ul style="list-style-type: none"> Justification Documentation Cost Analysis 	Section 6
N/A	Emergency Purchase	<ul style="list-style-type: none"> A real, immediate, and extreme threat to the proper performance of essential functions May reasonably be expected to result in material loss or damage to property, bodily injury, or loss of life, if immediate action is not taken Must be reported to the board at next regular meeting 	Section 1.18
N/A	Revenue Contract or Lease Agreement	<ul style="list-style-type: none"> Contract or lease agreement must reflect market rates Bid solicitation is not required for lease agreements Federally funded assets must comply with applicable federal restrictions 	Section 11

Policy 04 – Complaint Policy / Protest and Appeal Policy

A. Purpose

To establish policies for vendor or service provider complaints and protests to ensure fair and open competition.

B. Complaint Policy

Who May Submit a Complaint

A potential bidder demonstrating a substantial economic interest in Kitsap Transit's competitive bid process.

Timing of Complaint

Complaints must be received five business days prior to bid response deadline.

Basis of Complaint

Complaints must be based on the following criteria:

1. The solicitation unnecessarily restricts competition
2. The solicitation evaluation process is unfair or flawed
3. The solicitation requirements are insufficient to prepare a response

Complaint Form and Content

1. Complaints must be in writing
2. Complaints must be addressed to the Purchasing Coordinator
3. Complaints must clearly articulate the basis for the complaint
4. Complaints must include proposed remedy

Kitsap Transit Response to Complaint

The Purchasing Coordinator will respond to complaints in writing within three business days of receipt.

C. Protest and Appeal Policy

Who May Protest or Appeal

A potential bidder demonstrating a substantial economic interest in Kitsap Transit's competitive bid process.

Timing of Protest

A protest must be filed within five business days of the award of a contract or notice of apparent successful proposer/bidder, whichever is sooner.

Basis of Protest

Protests must be based on the following criteria:

1. A matter of bias, discrimination, or conflict of interest
2. Non-compliance with procedures described in the procurement documents
3. Error in computing scores

Protest Form and Content

1. Protests must be in writing
2. Protests must be addressed to the Purchasing Coordinator
3. Protests must clearly articulate specific grounds for the protest and include supporting documentation
4. Protests must include proposed remedy

Protest Procedure

A protest must be filed with Kitsap Transit's Purchasing Coordinator within five business days of the award of a contract or notice of apparent successful proposer/bidder, whichever is sooner. Upon receipt of a timely written protest, the Purchasing Coordinator will consider the protest in accordance with established procedures and issue a written decision within five business days stating the reasons for the action taken and informing the allegedly aggrieved vendor or service provider (Protesting Vendor) of his/her right to appeal the decision.

Appeal Procedure

An appeal must be filed within five business days of the Purchasing Coordinator decision. The Finance Director and an independent Department Director will consider the appeal and issue a written decision within five business days informing the Protesting Vendor of his/her right to further appeal the decision.

In the event the Protesting Vendor elects to continue the appeal process, a request for a second appeal must be filed within five business days of the decision of the first appeal. The Executive Director will consider the appeal and issue a written decision within ten business days. The decision of the second appeal will be final and conclusive.

Failure to Comply with Requirements

Failure to comply with the protest and appeal requirements will render a protest or an appeal untimely or inadequate and may result in rejection thereof.

Protests to the Federal Transit Administration

The Protesting Vendor may only appeal to the FTA pursuant to violations of federal law or regulation.

Exhausted Administrative Remedies

A Protesting Vendor may not commence litigation prior to exhausting all administrative remedies. Failure to exhaust all administrative remedies shall constitute an absolute waiver of the Protesting Vendor rights, if any, to commence litigation.

Policy 05 – Standards of Conduct

A. Conflict of Interest

Procurement personnel have a responsibility to act in the best interest of Kitsap Transit. Employees are prohibited from using their positions for personal benefit or gain. Sometimes an employee may have a personal or financial stake in the outcome of a decision, as well as influence over that decision. In this type of situation, a potential conflict of interest exists. This includes any arrangement or circumstance, including a family or other close personal relationship, that might cause the employee to act other than in the best interest of Kitsap Transit, or that creates the appearance of such a conflict.

Additionally, as provided in the Common Grant Rules and the Federal Transit Administration Master Agreement, no Kitsap Transit employee, officer, agent, or public official may influence or participate in the selection, award, or administration of a contract supported with Federal Transit Administration assistance if a conflict of interest, real or apparent, would be involved. Such a conflict would arise when any of those previously listed have a financial or other interest in the firm selected for award.

In the event of questions or concerns pertaining to a potential conflict of interest, real or apparent, consult with the Finance Director or the Executive Director immediately.

B. Gifts and Gratuities

No employee, officer, agent, or public official of Kitsap Transit shall accept any gratuity, gift, favor or any other item of substantial economic value from any person, firm, or organization providing services or seeking to provide services, materials, equipment or property to Kitsap Transit. Substantial economic value shall exclude de minimis promotional or holiday gifts and gratuities with a value of less than \$25 or other de minimis gifts that are shared among all employees of Kitsap Transit. Invitations from vendors or service providers to treat employees, officers, agents, or public officials to meals or entertainment venues shall be declined. Employees or public officials must be mindful of their duty to represent Kitsap Transit and proper use of judgment when gifts and gratuities are offered from vendors and service providers.

Any employee, officer, agent or public official of Kitsap Transit who willfully or negligently violates this policy may be subject to disciplinary action, including termination. Further, employees, officers, agents, and public officials of Kitsap Transit may be subject to civil penalties as prescribed and set forth in the Revised Code of Washington and by any other governmental laws and regulations providing penalties and sanctions for actions that may be deemed inappropriate and in conflict with the discharge of the individual's official duties and responsibilities.

In the event of questions or concerns pertaining gifts and gratuities, consult with the Finance Director or the Executive Director immediately.

C. Ethics

Kitsap Transit employees, officers, agents, and public officials have a responsibility to maintain standards of conduct that will ensure each representative of Kitsap Transit will:

1. Behave with impartiality, fairness, independence, openness, integrity and professionalism in all dealings with vendors and service providers.
2. Advance the interests of Kitsap Transit in all transactions with vendors and service providers.
3. Ensure that its procurement personnel attain the highest level of credibility with vendors and service providers.

D. Violation of Standards of Conduct Policy

To the extent permitted by the State of Washington regulations, this standard of conduct will consider appropriate penalties or other disciplinary action for violation of such standards by Kitsap Transit, employees, officers, agents, or public officials.

Survey - Procurement Authorization Levels:

	Kitsap Transit	Whatcom Transit	Community Transit	Spokane Transit	Intercity	Ben Franklin Transit	Kitsap County	City of Poulsbo
Procurement Authorization (annual amounts):								
Designated Staff or managers, if applicable (eg purchase requisition, credit / purchase card)	<\$500 with open PO for designated employees	\$3,500	<=\$3,000 (various administrative staff, depending on need assessment)	<= \$1,000	< \$3,500	Varies, but up to \$3,500		N/A
Managers	refer to above	\$15,000	<=\$10,000 (all managers + some individuals who are not managers)	<= \$25,000	< \$10,000	<\$10,000		N/A
Directors	< \$5,000	\$30,000	<=\$100,000	<= \$50,000	< \$100,000	<\$10,000		<\$15,000
Executive Director	< \$50,000	\$100,000	<=\$150,000	<= \$200,000 general operations <= \$1,000,000 capital (new equipment & within capital budget) unlimited (replacement equipment within capital budget)	< \$100,000	<\$100,000		Mayor <\$75,000
Governing Board	> \$50,000	Authorize GM	>\$150,000/year or per project	> \$200,000 general operations > \$1,000,000 capital	> \$100,000	>\$100,000		City Council > \$75,000

Delegated Authority to Execute a Contract (subsequent to receiving proper authorization):

Directors	< \$5,000	\$0	<=\$100,000	<= \$200,000	< \$100,000	< \$10,000		Unknown
Executive Director	> \$5,000	All	> \$100,000	> \$200,000	> \$100,000	> \$100,000		Unknown

Change Order Authority (subsequent to authorization and execution of agreement):

Project Manager	Delegated Exec Dir authority	Delegated per project	Delegated authority as above	<= \$20,000		Delegated Exec Dir authority		Lesser of \$35,000 or 5% of contract
Executive Director	cumulative changes within 10% of the initial executed contract amount	\$100,000	Unlimited if the change order amount is in the approved annual budget.	> \$20,000	< \$100,000	cumulative changes within 10% of the initial executed contract amount		Lesser of \$75,000 or 10% of contract

Survey - Procurement Method Thresholds:

Procurement Method	Kitsap Transit	Whatcom Transit	Community Transit	Spokane Transit	Intercity	Ben Franklin Transit	Kitsap County	City of Poulsbo
Micro Purchase	< \$5,000 Simple fair & reasonable determination	\$3,500 fair & reasonable	Micro Purchase <=\$10,000	<\$10,000	\$3,500	<\$3,500	< \$5,000 Originating dept places order	< \$15,000
Large Purchase	< \$50,000 minimum of 3 written quotes	minimum of 2 quotes Procurement can also require formal competition depending on the need/procure	Simplified Purchase Threshold <=\$250,000	Small Purchase \$10,001 - \$250,000	Small Purchase \$3,500 - \$10,000	<\$70,000	** Materials, Equipment < \$25,000 3 - 5 written quotes ** public works < \$300,000 IFB with Small Works Roster	General Services < \$35,000 ** Written quotes
Formal Competitive Purchase	> \$50,000 competitive bid, RFP, A&E	>\$100,000	Formal Purchase >\$250,000	>\$250,000	Formal Purchase >\$10,000	>\$70,000	Formal Competitive Bid Process ** Materials, Equipment > \$25,000 ** public works > \$300,000 ** Personal Services, A&E, RFP	Formal Competitive Bid Process ** Materials, Supplies, & Equip > \$15,000 ** General Services > \$35,000

Survey - Purchasing Cards:

Procurement Cards / Credit Cards	Kitsap Transit	Whatcom Transit	Community Transit	Spokane Transit	Intercity	Ben Franklin Transit	Kitsap County	City of Poulsbo
Does your agency issue procurement cards or credit cards?	credit cards (plan to transition to p-cards)	Pcards	PCard (State of WA contract)	limited credit cards	Credit cards	Credit cards		
Is distribution restricted to managers / Directors?	Credit cards are restricted to directors and select supervisors and employees	Authorized for employees that purchase goods as a regular course of their jobs	PCard are provided by a need assessment. It is not title based.	Credit cards are restricted to directors and one for the Purchasing Dept.	Credit cards are restricted to directors and select supervisors and employees	Credit cards are restricted to directors and select supervisors and employees		
Purchase thresholds?	refer to procurement authorization above	Can change these w/Director approval \$3,500 single transaction 5 transactions / day 15 transactions / month \$5,000 limit / day \$10,000 total credit limit	Refer to procurement authorization above	CEO - lesser of credit card limit or policy above < \$500 - all other credit card holders unless approved by the CEO	refer to procurement authorization above	Varies		