

RESOLUTION NO. 25-52

A RESOLUTION OF KITSAP TRANSIT BOARD OF COMMISSIONERS AUTHORIZING A CHANGE TO KITSAP TRANSIT'S PROCUREMENT POLICY

WHEREAS, the Board of Commissioners approved a comprehensive revision of Kitsap Transit's procurement policies and procedures in 2015 by Resolution 15-65 to ensure compliance with federal and state requirements and to improve its procurement processes; and

WHEREAS, procurement policy oversight and authority to amend its policies resides with Kitsap Transit's Board of Commissioners; and

WHEREAS, Kitsap Transit staff will periodically propose changes for the Board of Commissioners' consideration and approval to enhance procurement policies or comply with federal and state requirements; and

WHEREAS, the Board of Commissioners approved several proposed changes to Kitsap Transit's procurement policy at its regularly scheduled Board meeting on July 15, 2025; and

WHEREAS, the Board of Commissioners voted to defer one (1) change to the Procurement Policy, whereby staff recommended increasing the Approval Authority to award contracts for previously approved projects to the Executive Director from one hundred thousand dollars (\$100,000) to two hundred fifty thousand dollars (\$250,000), to maintain consistency between Kitsap Transit Approval Authority and Procurement Method policies; and

WHEREAS, additional information was requested by the Board of Commissioners to better prepare and inform themselves prior to making a determination whether to support staff's proposal to increase the Executive Directors Approval Authority; and

WHEREAS, in accordance with the request for additional information, contracts awarded between one hundred thousand dollars (\$100,000) and two hundred fifty

thousand dollars (\$250,000) included seven (7) contracts in 2023, eleven (11) contracts in 2024, and two (2) contracts through July 2025; and

WHEREAS, the proposal is to delegate to the Executive Director the ability to award contracts for projects the Board of Commissioners has previously reviewed and authorized as part of the process to develop, review, and authorize the annual Operating and Capital Budgets; and

WHEREAS, the proposal to increase Delegated Authority of the Executive Director is to award a contract, rather than a new unbudgeted project, after staff has completed a proper solicitation process to ensure fair and open competition in accordance with federal and state regulations; and

WHEREAS, Kitsap Transit's Procurement Policy requires that any capital project not already reviewed and approved by the Board of Commissioners within the previously authorized budget must be brought to the Board of Commissioners for their authorization and action of a Board resolution regardless of the value of the proposed unbudgeted project; and

WHEREAS, Kitsap Transit has consulted with several peers that have approved similar thresholds of Delegated Authority to the Executive Director to award contracts; and

WHEREAS, a redline copy of the proposed procurement policy with the deferred changes are attached and incorporated herein as Exhibit A.

NOW THEREFORE, BE IT RESOLVED the Board of Commissioners hereby approves changes to the procurement policy as provided within this resolution and incorporated within the redline changes of Exhibit A.

ADOPTED by the Kitsap Transit Board of Commissioners at a regular meeting held on the 2nd day of September, 2025.

Signed by:

Rob Putaansuu

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Rob Putaansuu, Chairperson

ATTEST:

DocuSigned by:

Jackie Bidon

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Jackie Bidon, Clerk of the Board

Exhibit A

PROCUREMENT POLICIES

Policy 01 –Approval Authority

Purpose

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

| DOLLAR LIMIT | APPROVAL AUTHORITY REQUIRED |
|---|---|
| < \$25,000 (1) (2) | <ul style="list-style-type: none"> • Department Director |
| \$25,000 – \$ 100 250,000 (1) (2) | <ul style="list-style-type: none"> • Department Director • Executive Director |
| > \$ 100 250,000 (1) (2) (3) (4) (5) (6) (7) | <ul style="list-style-type: none"> • Department Director • Executive Director • Board of Commissioner Approval |

1. Limit amounts include sales tax and shipping costs.
2. Change orders may be authorized at the level of authority of the initial purchase or contract award. For Board authorized contract awards, the Board of Commissioners delegate cumulative change order authority of no more than 10% to the Executive Director. 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, most recent Board of Commissioner 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. The Board of Commissioners delegates approval authority to the Executive Director for change order amounts exceeding the Executive Director approval authority of greater than \$100250,000 provided the cumulative sum of those change orders have not exceeded the 10% cumulative contingency noted above.
3. 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 (e.g. 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 the anticipated expenditures each year.
4. 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.
5. 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, most recent Board

Exhibit A

of Commissioner 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. The Board of Commissioners delegates approval authority to the Executive Director for change order amounts exceeding the Executive Director approval authority of greater than \$100,250,000 provided the cumulative sum of those change orders have not exceeded the 10% cumulative contingency noted above.

6. The Board of Commissioners delegate authority to the Executive Director with concurrence of the Chairperson of the Board (Vice-Chairperson in the absence of the Chairperson) to approve change orders for vessel repairs or services. The authority delegated to the Executive Director, with concurrence of the Board Chairperson, is not restricted by amount or scope. The authority delegated to the Executive Director is limited to operating repairs and must be reported to the board at the next regular meeting of the Board. Change orders related to vessel builds or improvements accounted for as an addition to Kitsap Transit fixed assets are excluded from this delegation authority.
7. Revenue contracts or lease agreements greater than \$50,000 annual revenue require authorization of the Board of Commissioners.
8. Staff must seek authorization from the Board of Commissioners to formerly advertise a competitive bid if the service or product exceeds \$500,000 or is not included within the board approved capital budget.

Policy 02 – Delegation Authority

Purpose

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

| DOLLAR LIMIT | DELEGATION AUTHORITY | MORE INFORMATION |
|----------------------|---|------------------|
| <\$25,000 | <ul style="list-style-type: none"> Purchase - Procurement Department Execution of Agreement - Department Director | Section 2 |
| >\$25,000 | <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 Purchases exceeding \$500 cumulatively must be made with a requisition with proper department director authorization rather than an open purchase order | 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 |

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| Exigent Purchase (Severe threat to operations) | <ul style="list-style-type: none"> The Executive Director or designee may make exigent purchases, with concurrence of the Board Chair, of any amount necessary to mitigate or prevent severe disruption to Kitsap Transit service operations as a result of infrequent, unforeseen circumstances The Executive Director must report purchases or contract awards under special exigent circumstance at the next scheduled regular meeting of the Board of Commissioners | Section 1.18 |
| Emergency Purchase (Severe threat of bodily injury, life, or property) | <ul style="list-style-type: none"> The Executive Director, or Director in Charge in accordance with Kitsap Transits Emergency Response Chain of Command, has authority to make, or delegate authority to make, emergency purchases of any amount necessary to respond to or mitigate the loss or damage to property, bodily injury, or loss of life and restore essential functions of the agency as a result of an emergency event. Emergency purchases are exempt of competitive bidding requirements in accordance with RCW 39.04.280 Emergency purchases do not require a declaration of state, federal, or local authorities. The Executive Director or Director in Charge must notify the Board Chair and/or Vice Chair within 24 hours of emergency circumstance and status. The Executive Director must report purchases or contract awards under special emergency circumstance at the next scheduled regular meeting of the Board of Commissioners | Section 1.18 |

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.

| LIMIT | METHOD | PROCESS | SECTION |
|----------------------|--|--|------------|
| <\$5,000 | Micro Purchase | Fair & Reasonable Documentation | Section 2 |
| \$5,000 – \$50,000 | Small Purchase (Excluding Roster Lists) | Three Written Quotes provided by requesting department | Section 3 |
| \$50,000 - \$250,000 | 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 |
| >\$250,000 | Formal Competitive Procurement | Invitation for Bid or Request for Proposal | Sections 4 |

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| >\$250,000 | Architectural & Engineering | Formal A&E procurement process | Section 7 |
| N/A | Sole Source | A. Justification Documentation B. Cost Analysis | Section 6 |
| N/A | Exigent Purchase (Severe threat to service operations) | <ul style="list-style-type: none"> • Infrequent, unforeseen circumstance that requires immediate action to mitigate or prevent severe disruption to Kitsap Transit service operations. • The Executive Director or designee must approve, with Board Chair concurrence, the circumstance and need for Exigent Purchases. • Declared exigent circumstances may bypass competitive, locally funded procurements (no federal funds). • Staff must make good faith effort to ensure and document fair and reasonable pricing to the greatest extent possible and the circumstances that led to the Exigent Purchases. • Exigent purchases and awards must be reported at the next regular meeting of the Board of Commissioners. | <u>Section 1.18</u> |
| N/A | Emergency Purchase (Severe threat of bodily injury, life, or property) | <ul style="list-style-type: none"> • An unforeseen 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 the 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 |

Exhibit A

Policy 04 – Protest and Appeal Policy

A. Purpose

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

B. 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. The solicitation is believed to unnecessarily restrict competition
2. A matter of bias, discrimination, or conflict of interest
3. Non-compliance with procedures described in the procurement documents
4. Error in computing scores or perceived flaw in proposal evaluation

Protest Form and Content

- Protests must be in writing
- Protests must be addressed to the Finance Director
- Protests must clearly articulate specific grounds for the protest and include supporting documentation
- Protests must include proposed remedy

Protest Procedure

A protest must be filed with Kitsap Transit's Finance Director 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 Finance Director, or designee, 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 Finance Director's decision.

The Executive Director will consider the appeal and issue a written decision within ten business days. The Executive Director's decision of the 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 Federal Transit Administration pursuant to violations of federal law or regulation.

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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.

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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.