

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 via 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, staff recommends increasing Kitsap Transit's Procurement Method policy thresholds for Micro and Small Procurements consistent with Federal Transit Administration (FTA) requirements and several public transit peers in Washington State; and

WHEREAS, Kitsap Transit's Procurement Method Policy thresholds will increase from three thousand dollars (\$3,000) to five thousand dollars (\$5,000) for Micro Purchases and from one hundred thousand dollars (\$100,000) to two hundred fifty thousand dollars (\$250,000) for Small Purchases; and

WHEREAS, concurrent with policy changes to Kitsap Transit's Procurement Method thresholds, staff also recommends increasing the Approval Authority of 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, Kitsap Transit has maintained a substantially lower Approval Authority threshold of one hundred thousand dollars (\$100,000) for the Executive Director as compared to several public transit peers in Washington State; and

WHEREAS, the Board of Commissioners would then be asked to authorize service and purchase contract awards of large, formal solicitations greater than two hundred fifty thousand dollars (\$250,000); and

WHEREAS, staff also recommend policy changes to its Protest and Appeal Policy that will improve the efficiency of Kitsap Transit's Protest and Appeal process; and

WHEREAS, the proposed change will replace the Purchasing Supervisor with the Finance Director as the designated position to first receive, review, and prepare an opinion in regard to a protest of an award to an apparent successful bid or proposal of a competitive solicitation; and

WHEREAS, Kitsap Transit's Executive Director will then be Kitsap Transit's designated position to receive, review, and decide on the first and final appeal rather than providing for two-step appeal process of the Finance Director and Executive Director that can further delay commencement of a project by at least two weeks and up six weeks based on potential requirements and timing of board authorization; and

WHEREAS, staff also recommends consolidating the Complaint and Protest and Appeal Policies; and

WHEREAS, staff believes there is no added value or remedy of a separate Complaint Policy that is not already available to the vendor in a consolidated Protest and Appeal policy; and

WHEREAS, staff also recommends adding an Exigency Purchase to the Procurement Method policy to better clarify and designate non-competitive procurements that do not meet Washington State's narrow definition of an Emergency Purchase; and

WHEREAS, Washington State narrowly defines circumstances allowing for emergency purchases as a set of unforeseen circumstances beyond the control of the agency that either present a real, immediate, and extreme threat to the proper performance of essential functions; or 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; and

WHEREAS, staff recommends adding circumstances of exigency that allow for non-competitive purchases when circumstances do not strictly meet Washington States defined circumstances of an emergency, but Kitsap Transit service operations will be severely impacted as a result of an extensive competitive procurement process; and

WHEREAS, the application of an exigent purchase is more likely applicable to vessel repair in Marine Service operations where there is more urgency to respond to an unexpected repair and return a vessel to service that may not otherwise have a backup vessel to avoid extended service disruptions; and

WHEREAS, the procurement policy currently provides delegated authority to the Executive Director to authorize change orders, with concurrence of the Board Chair, in excess of the Executive Director Approval Authority when a vessel is in dry dock for inspection or repairs for purposes of saving time and expense of vessel repairs; and

WHEREAS, the proposed addition of an Exigent Purchase to Kitsap Transit's Delegation Authority and Procurement Method policies will similarly delegate authority to the Executive Director, with Board Chair concurrence, to declare exigent circumstances in an effort to expedite unexpected repairs that will otherwise severely impact Kitsap Transit operations for an extended period of time if urgent action is not taken; and

WHEREAS, it is expected that a declaration of exigent circumstances should be infrequent, unforeseen circumstances or repairs that should otherwise be mitigated to the greatest extent possible by the utilization of multi-year unit price contracts that are designed to respond to urgent repair needs of a more frequent and common nature; and

WHEREAS, the Executive Director would similarly be required to report in the Executive Director Items of the Board agenda or by Board resolution at the next regular meeting of the Board of Commissioners for purposes of record and impact of declared Exigent Purchases; and

WHEREAS, a redline copy of the proposed procurement policy 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 outlined in this resolution and incorporated into the redline changes of Exhibit A, with the exception of increasing Board approval authority from one hundred thousand dollars (\$100,000) to two hundred fifty thousand dollars (\$250,000) as provided in Policy 01 – Approval Authority, which the Board has deferred action based on request for additional information for review and discussion.

ADOPTED by the Kitsap Transit Board of Commissioners at a regular meeting held on the 15th day of July, 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 <u>250</u> ,000 ^{(1) (2)}	<ul style="list-style-type: none"> • Department Director • Executive Director
> \$ 100 <u>250</u> ,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 authorized value of the contract remains the initial contract authorization, or most recent reauthorization, of the Board until the Board of Commissioners approves a resolution that will reset the Board authorized value of the contract. The Board of Commissioners delegates approval authority to the Executive Director for change order amounts exceeding the Executive Director approval authority of \$~~100~~250,000 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 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 ~~\$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
<u>Exigent Purchase (Severe threat to operations)</u>	<ul style="list-style-type: none"> • <u>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</u> • <u>The Executive Director must report purchases or contract awards under special exigent circumstance at the next scheduled regular meeting of the Board of Commissioners</u> 	<u>Section 1.18</u>
Emergency Purchase <u>(Severe threat of bodily injury, life, or property)</u>	<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 <u>under special emergency circumstance in excess of the Executive Directors authority level</u> 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
<\$ 35 ,000	Micro Purchase	Fair & Reasonable Documentation	Section 2
\$ 35 ,000 – \$50,000	Small Purchase (Excluding Roster Lists)	Three Written Quotes provided by requesting department	Section 3
\$50,000 - \$ 10250 ,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
>\$ 10250 ,000	Formal Competitive Procurement	Invitation for Bid or Request for Proposal	Sections 4

> \$40250 , 00 0	Architectural & Engineering	Formal A&E procurement process	Section 7
N/A	Sole Source	A. Justification Documentation B. Cost Analysis	Section 6
<u>N/A</u>	<u>Exigent Purchase</u> <u>(Severe threat to service operations)</u>	<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 <u>(Severe threat of bodily injury, life, or property)</u>	<ul style="list-style-type: none"> • An <u>unforeseen</u> 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 <u>the</u> next regular meeting if the award exceeds the Executive Director authority 	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

C. Purpose

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

D. ~~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:~~

- ~~• The solicitation unnecessarily restricts competition~~
- ~~• The solicitation evaluation process is unfair or flawed~~
- ~~• 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.~~

G.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
- 4.2. A matter of bias, discrimination, or conflict of interest
- 2.3. Non-compliance with procedures described in the procurement documents
- 3.4. 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~~Purchasing Coordinator~~
- 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~~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 Finance Director, or designee, 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 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.

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.