



PURCHASING POLICY AND PROCEDURES

UPDATED January 20, 2026

CITY OF OAK HARBOR

865 SE Barrington, Drive, Oak Harbor, WA 98277

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COUNCIL APPROVAL THRESHOLDS

The following tables detail the amounts when council approval for the project, contract, or purchase is required. City staff must still follow all requirements of state law, City ordinances, and these Policies and Procedures.

Public Works		
Public Works - Small Works Roster	Up to \$75,000 Mayor, City Administrator, or designee	\$75,000 and above City Council Approval
Public Works - Formal Bid Process	Up to \$75,000 Mayor, City Administrator, or designee	\$75,000 and above City Council Approval
Purchases		
Large Purchases for Materials, Supplies, & Equipment, including installation (not related to Public Works)	Up to \$10,000	Department Director or designee if there is budget capacity
	Up to \$75,000	Mayor, City Administrator, or designee if there is budget capacity
	\$75,000 and above	City Council Approval
Purchases of Professional Services and, Purchase of Personal Service	Up to \$10,000	Department Director or designee if there is budget capacity and the contract is only 1-year duration.
	Up to \$75,000	Mayor, City Administrator, or designee if there is budget capacity and the contract is only 1-year duration.
	\$75,000 and above	City Council Approval

Purchases of Architectural and Engineering Services (Ch. 39.80 RCW)	Up to \$75,000	Mayor, City Administrator, or designee if there is budget capacity
	\$75,000 and above	City Council Approval
Purchased Services-routine, contrary, and necessary functions Example-shredding, janitorial, security, yard maintenance, gardening, computer hardware and software maintenance or data entry	Up to \$10,000	Department Director or designee if there is budget capacity and the contract is only 1-year duration.
	Up to \$75,000	Mayor, City Administrator, or designee if there is budget capacity and the contract is only 1-year duration.
	\$75,000 and above	City Council Approval

Amendments & Change Orders

Contract Amendments	Amendments that do not change the contract value	Mayor, City Administrator, or designee Approval
	Amendments that do change the contract value	City Council Approval
Contract Change Orders	<p>20% of the original contract awarded or an accumulated total of \$100,000, whichever is less, administered by the Department Director</p> <p>Any additional change order allowance over 20% of the original contract awarded or an accumulated total of \$100,000, whichever is less, is administered by the Department Director, but must be pre-approved by the City Council.</p>	City Council Approval at the time of award

1.0 INTRODUCTION

Purpose of the Policy

The Purchasing Policy and Procedures Manual is provided to guide and assist city staff in understanding and following the basic procurement and contracting requirements as set forth in the Oak Harbor Municipal Code (OHMC) and Washington State statutes.

This policy establishes guidelines and clarifies the procedures for purchasing supplies and materials, public works construction, and contracting for services (personal or professional) by the City of Oak Harbor. The procedures set forth in this manual are designed to assure the citizens, the City Council, and City administrative staff that the City of Oak Harbor receives maximum value for each tax and utility dollars expended, promote adherence to legal requirements, and assure fiscal responsibility in the procurement process.

This edition of the Purchasing Policy and Procedures Manual is dated April 15, 2025, and supersedes all prior purchasing directives. All references to the Revised Code of Washington (RCW) and/or City Ordinances and Resolutions shall be incorporated as part of this policy, including all future amendments.

In cases where these policies conflict with any City Ordinance, State, or Federal law or regulation, the terms of that law or regulation prevail. In all other cases, these policies apply.

Sources

- City of Oak Harbor Municipal Code
- Washington State RCWs
- Municipal Research and Services Center
- Municipal Research and Services Center -City Bidding Book-Washington State

1.2 Contact Information and Responsibility for Purchasing

Name	Responsibility
Finance Director	Fiscal Control & Budget
Accountants	Grants & Capital Improvement Plan
Central Services	Small Works/Contracts/Purchasing
City Clerk	Agreements & Other Contracts
Accounts Payable	Accounts Payable & Vendors

The Mayor shall be responsible for all City purchases except where otherwise provided. The Mayor has appointed the Administration Manager to administer the procurement system. The Mayor's delegation of authority shall be in writing and filed with the City Clerk.

1.3 Code of Ethics (Ch. 42.23 RCW)

"Public employment is a public trust."

The public must have confidence in the integrity of its government. This Code of Ethics provides guidance to all employees and elected officials so that they may conduct themselves in a manner compatible with the best interests of themselves and the City of Oak Harbor.

All local governments in Washington are subject to the State's Conflicts of Interest Statute (Chapter 42.23 RCW). Generally, municipal officers are prohibited from having financial interests in contracts made by or under the officer's supervision or for the benefit of their office. RCW 42.23.020(2) defines "municipal officer" rather broadly and basically means any city employee acting on behalf of the City.

Violating these rules can result in serious penalties, including monetary fines, nullification of contracts, and possible forfeiture of employment and/or criminal charges. Common sense can be a good guide in this area of the law, but sometimes, gray areas can create confusion and uncertainty. If you are concerned about a specific situation, consult with the Administration Manager and then the Legal Department if needed.

It is essential that those doing business with the City observe the following guiding ethical standards:

1. Actions of City employees shall be impartial and fair.
2. The City will not accept donations of materials or services in return for a commitment to continue to initiate a purchasing relationship.
3. City employees may not solicit, accept, or agree to accept any gratuity for themselves, their families, or others that would or could result in personal gain. Purchasing decisions must be made impartially.

The following are examples of items not considered gratuities:

- Discounts or concessions are realistically available to the general population
- Items received that do not result in personal gain; Samples to the City used for general City use.

1.4 Prohibited Practices

- Collusion among bidders. Agreement or collusion among bidders or prospective bidders to either buy or sell in restraint of freedom of competition, be as agreement to bid a fixed price or otherwise, shall render the bids void. Such bidders may be subject to possible exclusion from future bidding with the City when determined by the City Administrator to be in the City's best interest.
- Disclosure of Formal Bid Contents. Disclosure in advance of opening bids of any information contained in the sealed or formal bid made or permitted by a City officer or employee may render each bid void by the City. Notwithstanding anything herein to the contrary, bids submitted by bidders taking advantage of any information revealed contrary to this section shall become null and void.
- Gratuities. Except for normal business and social courtesies or a donation publicly given and accepted, an official or employee of the city is prohibited from accepting any gift or gratuity in the form of cash, merchandise, or services of significant value from any vendor or contractor in return for a commitment to continue or initiate a purchasing agreement. The City will not accept donations of materials or services in return for a commitment to continue or initiate a purchasing agreement.
- Employee-Owned Businesses. City goods or services shall not be obtained from businesses in which City officials, employees, or their immediate family members have a majority ownership interest.
- Sale of Materials and Supplies. The City shall not use its purchasing power or lend its credit to acquire goods or services for any private party, nor shall it sell its materials or supplies to City officials, employees, or the public except when said materials have been declared surplus and disposed of as provided herein.
- Conflict of Interest. Employees are not to participate directly or indirectly in a procurement when they are aware of or know there is a conflict of interest.
- Bid Splitting. The State Auditor's Office has stated that neither projects nor purchases should be artificially split so that the cost of each contract is below the bid threshold. The SAO has also indicated that the entity should not disaggregate purchases solely for the purpose of getting the individual purchases below bidding

requirements (bid splitting). In addition, municipalities may not break a public works project into separate phases or parts to avoid compliance with bidding statutes.

1.5 Unauthorized Purchases

PURCHASES FOR PERSONAL USE ARE NOT ALLOWED. A person ordering an unauthorized and unjustified purchase is personally liable for the costs of the purchase or contract and may be subject to disciplinary action, including termination. If the purchase was made without proper authorization but is, in fact, justified, then the Department Director has the option to approve the purchase after the fact.

1.6 Sustainable Purchasing

The City shall acquire its goods and services in a manner that complies with all Federal, State, and City laws and other requirements (e.g., City resolutions). The City shall purchase and use materials, products, and services that are fiscally responsible, reduce resource consumption and waste, perform adequately, promote opportunities to lesser-advantaged segments of our community, and promote human health and well-being when possible.

Environmental factors to consider in selecting products include, but are not limited to:

- Pollutant releases, especially persistent bio-accumulative toxins (PBTs);
- Waste generation
- Greenhouse gas emissions
- Recycled content
- Energy consumption
- Depletion of natural resources
- Potential impact on human health and the environment

Social equity factors that should be considered include, but are not limited to:

- Use of small, minority, veteran, and women-owned businesses
- Ergonomic and human health impacts

Fiscal factors to be considered include but are not limited to:

- Lowest total cost

- Leveraging our buying power
- Impact on staff time and labor
- Long-term financial/market changes
- Technological advances in a rapidly changing market

1.7 What This Guide Covers

The process of selecting vendors and managing contracts shall embody the value of stewardship of public resources by providing the greatest levels of both quality and value.

The goals are to ensure that the purchase process is:

- Creates open and fair competition
- Includes terms and conditions required to protect the City
- Meets ethical standards

From Beginning to End...

Before any purchase is made, the following questions should be answered:

- **Define the need** – What kind of purchase is this?
- **Determine the cost** – How much will this cost?
- **Process** – What is the required process to procure it?
- **Protecting the City** – How do we properly protect the City from liability?
- **Authority** – Who needs to approve it?
- **Contract Administration** – What are my responsibilities?

1.8 Define the Need

The first question that should be answered is, “What type of purchase is it?” The major categories of purchases include:

Public Works: (Ch. 39.04 RCW)

Includes all work, construction, alteration, repair, or improvement other than ordinary maintenance, executed at the cost of the City (RCW 39.04.010):

- *Examples: demolition, remodeling, renovation, road construction, building construction, and utilities construction. Public works are not just large construction projects involving streets, sidewalks, and buildings, and include replacement of HVAC equipment, landscaping, and can include painting if not considered ordinary maintenance occurring at least annually.*
- *Ordinary maintenance is not specifically defined in this statute but is generally considered to include work not performed by contract and performed on a regular basis to service, check, or replace items that are not broken*
- *For purposes of prevailing wage requirements, public works include ordinary maintenance when performed by contract. See Section 3.3*

Materials, Supplies, and Equipment

Materials, supplies, and equipment are considered tangible items that are manufactured and moveable at the time of purchase. It is important to distinguish between materials, supplies, and equipment used in public works contracts and non-public works contracts, as different bidding requirements apply to each.

- *Examples: Office supplies, off-the-shelf software, hardware, trucks, copy machines, auto parts, gravel (not involved in a specific public work), janitorial supplies, furniture*

Services:

Distinguishing between services and public works is also important, as services may have different bidding requirements. Services include the labor, time, or effort of a human being. There are generally four classifications of services:

1. Professional Services:

Services provided by independent consultants that require specialized knowledge, advanced education, professional licensing, or certification and where the primary service provided is mental or intellectual, involving the consistent exercise of judgment and discretion.

- *Examples: Accountants, attorneys, consultants, graphic artists*

2. Architectural and Engineering Services (A&E Services):

These services are to be acquired under the authority and procedures outlined in RCW Chapter 39.80.

- *Examples: Engineers, land surveyors, architects, and landscape architects*

3. **Purchased Services:**

All other services-related work that is not considered a public works or professional service. Most often, these are routine in nature (i.e., yearly, monthly, weekly, etc.)

- *Examples: Building maintenance, elevator maintenance, automotive services, janitorial, software and hardware maintenance. Prevailing wages apply as applicable.*

4. **Technology Systems and Services:**

Any technology hardware or software system purchase, or maintenance agreement.

- *Examples: Computers, tablets, servers, annual licensing agreements, cloud-based software, custom, or off-the-shelf software, technology consulting*

1.9 Determine the Cost

Once the need has been defined, the estimated cost of the goods or services will generally determine what competitive selection process you will need to follow. Estimated project costs for competitive bidding purposes must include:

- All construction-related work
- All phases of the project
- All applicable sales and use taxes, there are some exceptions; see RCW 39.01.152.
- Freight

It should not include donated materials, labor, supplies, etc.

1.10 Determining Contract Value

The contract value refers to the total aggregate value of the contract including all base periods, plus potential renewal periods.

- *Example #1:* A three-year contract for \$40,000 per year is considered a \$120,000 contract.
- *Example #2:* A contract originally routed as a one-year, \$40,000 contract. If a renewal is negotiated for an additional year for another \$40,000, the aggregate value of the contract becomes \$80,000, which will require City Council authorization.

- *Exception:* Hardware/software maintenance and/or license agreements are treated as stand-alone agreements and do not need to be aggregated to the original hardware/software purchase agreement.

Routine Work:

Departments may enter a series of stand-alone contracts for routine or recurring work. **If this is done, the original contract should not contain any language pertaining to renewal periods.** Best practices dictate that a competitive process is followed every contract period.

If this is not feasible, the following alternative process outlined below shall be followed:

1. A competitive process must be performed at a minimum of every four years.
2. Each stand-alone contract may be based upon the original competitive process provided that the scope has not changed significantly. If the scope changes result in a cost differential of greater or less than twenty percent, a new competitive process will be required.
3. Typically, only the original successful vendor may be used for each contract period. Changing vendors to the “second place proposer” should not be done unless the original competitive process clearly establishes the duration of the proposal validity period. All proposers would have had to agree to these terms.
4. The duration, terms, conditions, and requirements of the contract shall be clearly identified in the original competitive process to all proposers.
5. All signature authority levels apply to each stand-alone contract.
6. Executing a series of stand-alone contracts should not be carried out for the purpose of avoiding Council approval.

Short-Term, Stand-Alone Contracts – Bridge Contracts:

A short-term, stand-alone contract may be used in instances where it is not feasible to complete a competitive process prior to contract award. The purpose of these short-term, stand-alone contracts is to “bridge” the gap between contracts until a full competitive process may be completed. The reason for utilizing a “bridge contract” must be fully explained and detailed when routing the contract.

1.11 Exceptions to the Competitive Process

1.11.1 Overview.

- Sole Source Vendor. Purchases which by their nature are not adapted to competitive bidding, such as items which, to meet a specific need or criteria as determined by the City, may only be purchased from a single source, and shall not be subject to the competitive bidding requirements of this policy. Purchases above the threshold requiring multiple quotes or bids from a sole source vendor require prior approval of the City Administrator or designee. Follow procedures for declaring Sole Source section 1.12.
- Repair and Ordinary Maintenance. Purchases for ordinary maintenance, repairs, or additions to City equipment which may be more efficiently added to by a certain person or firm, shall not be subject to the competitive bidding requirements of this policy.
- Purchasing Involving Special Facilities or Market Conditions. The City Administrator may waive established bidding requirements if an opportunity arises to purchase favorably priced equipment at an auction or supplies or used goods that will be sold before the City can conduct the bid process when over bid thresholds. Written documentation of the special condition must be prepared for justification of the purchase and waiver of bidding requirements and approved by the Council via resolution.
- Purchase of Insurance or Bonds. RCW 39.04.280(1)(d) allows agencies to waive competitive bidding for the purchase of insurance or bonds.
- Surplus Property. The City may, by agreement, acquire surplus property from another government without the use of bids (RCW 39.33.010).
- Interlocal Agreements in Letting of Contracts for Commodities or Services (Piggybacking). This includes State Maser Contracts and established Purchasing Agreements. RCW 39.34.030 permits governmental agencies to utilize other entities' contracts without going to bid. Contact Central Services to determine if interlocal purchasing is feasible for your department's particular needs. The following criteria must first be met:
 - There must be an Interlocal Agreement, approved by Council and/or Mayor, and signed by both parties, on file with the City Clerk.
 - It must be a current contract with interlocal language included.

- It must have been advertised on the entity's web page and competitively bid.
 - The government entity and the vendor must be willing to share their contract pricing.
 - A complete copy of the contract must have been reviewed by Central Services.
 - Central Services, with the assistance of the Department, will set up a bid file and track it as if it were the City's own bid process.
- Emergency Purchases. In the event of an emergency, the City Council, City Administrator, or designee may declare an emergency exists, waive competitive bidding requirements, and award necessary contracts on behalf of the municipality to address the emergency. If a contract is awarded without competitive bidding due to an emergency, a written finding of the existence of an emergency must be made by the governing body or designee and duly entered of record no later than two weeks following the award of the contract.
- Real Property. Acquisition of real property is exempt from the competitive bidding requirements of this policy. Upon approval of the City Council, the City Administrator may proceed to acquire real property through negotiation. Such negotiations shall be based upon an independent fee appraisal of the property. The City shall not pay more than fair market value for real property without prior Council approval. If the property is acquired in part or in whole with Federal funds, such acquisition shall additionally comply with the Uniform Real Property Acquisition and Relocation Assistance Act of 1970, as amended.
- Community Service Group Contracts. RCW 35.21.278 allows selected municipalities to enter into contracts with a chamber of commerce, a service organization, a community, youth, or athletic association, or other similar association located and providing service in the immediate neighborhood, for drawing design plans, making improvements to a park, school playground, public square, other public spaces, or port habitat site, installing equipment or artworks, or providing maintenance services for such a project, or for a facility or facilities as a community or neighborhood project, or for an environmental justice stewardship or sustainability project, and may reimburse the contracting association its expense. The contracting association may use volunteers to whom no wage or salary compensation is paid in the project and provide the volunteers with clothing or tools, meals or refreshments, accident/injury insurance coverage, and reimbursement of their expenses. The consideration to be received by the public entity through the value of the improvements, artworks, equipment, or maintenance shall have a value at least equal to two times that of the payment to the contracting

association. All payments made by a public entity under the authority of this section for all such contracts in any one year shall not exceed \$75,000 or two dollars per resident within the boundaries of the public entity, whichever is greater. This limit of \$75,000 applies to all contracts entered by a local government under RCW 35.21.278 in any one year. The limit is not intended to be interpreted to apply on a per-contract basis in any one year. The limit applies to the annual total, not to the amount allowed per project.

1.11.2. Sole Source (or Single Source) Contracts:

CENTRAL SERVICES INVOLVEMENT REQUIRED. On a case-by-case basis, the bid or quote requirement for a project, purchase, or service may be waived and a sole/single source purchase approved, in accordance with RCW 39.04.280. There should be careful deliberation before going to a sole/single source as this type of purchase eliminates competition and tends to drive prices up. Confirmation of and documentation of whether the contract or purchase is the sole/single source is required for this exception to the competitive bidding process.

Authority to Approve Sole/Single Source Purchases

City Administrator or Mayor \$0 to \$75,000
 City Council Over \$75,000

A **sole** source is where there is only ONE supplier of the product or service. A **single** source is where the vendor is “one vendor amongst others”, when other competitive sources may be available.

A sole/single source purchase may be approved if one or more of the following conditions are met:

- **Standardization or compatibility** with existing City standards or with existing equipment, inventory, systems, data, programs, or services. Must be evaluated for cost-benefit and/or safety.
- **Licensed or patented** product with only one dealer (and the license or patent is paramount to your procurement).
- **Only** authorized service providers, repair, and/or warranty services, e.g., a warranty, may be negated if you let someone else work on it.
- **Unique design:** Requires unique, essential features, aesthetic requirements, or is not practical enough to match existing design or equipment. Document the unique specifications needed, which will drive the research into finding a product that fits the specific needs of your department.

- **Special Market conditions:** Can be used to purchase items at auction (RCW 39.30.045) or other items that are offered at a very favorable price and will be sold before an entity will have a chance to complete the bidding process (e.g. a flood is coming and you must obtain sandbags immediately) or perhaps funds must be expended immediately, or there is a critical delivery date.

NOTE: Any sole/single source utilizing **Federal Grant money** must also include 1) a Written responsibility determination for the successful contractor and 2) a Basis for contract price (Cost-Price Analysis). Each Grantee must evaluate and state its justification for the contract cost or price. Purchases made with federal funds must not limit competition. Specifications must include, for all vendors, the option to provide an alternative.

If a sole source exception is used, the entity should still make reasonable efforts to ensure it receives the lowest price and best terms from the vendor.

- The following procedure must be followed:
 - Determine the value; contact Central Services if it is over \$75,000.
 - Central Services will fill out the Sole Source Form, which will be signed by all parties.
 - Central Services will verify the conditions; please provide them with a written statement stating why the purchase meets condition(s);
 - Central Services will draft a Resolution to bring to the City Council for approval.
 - Central Services will draft up the Agenda Bill to bring forward to City Council for approval; and
 - Once approved, Central Services will create the purchase order to be submitted to the vendor.

1.11.3. Emergency Public Works and Purchases

For purposes of this section, "emergency" means unforeseen circumstances beyond the control of the city that either (a) present a real, immediate threat to the proper performance of essential functions or (b) will likely result in material loss or damage to property, bodily injury, or loss of life if immediate action is not taken. Emergency work is only for the repair and/or restoration of facility/utilities/infrastructure to pre-damage conditions or current standards. Any betterment is not an emergency and will be planned, designed, and administered through the standard competitive processes.

When an emergency arises and City staff determine they must make emergency purchases and/or cannot perform the required work, they must contact the City Administrator.

Upon declaration by the Mayor that an emergency exists, and upon the Mayor's authorization, required purchases can be made, and contractor(s) can be called upon to make the necessary repairs.

Emergency Purchasing Procedures (not connected with a public works project)

1. When circumstances require the immediate purchase of materials, supplies, or equipment to respond to an emergency, City staff shall conduct competitive solicitation to the extent practicable given the emergency and in keeping with the dollar value of the acquisition. The department shall document any emergency purchase with a written explanation of the emergency.
2. If the emergency purchases exceed the City's bid limits, staff will notify the Administrative Manager on the first working day following the emergency.
3. If the emergency purchases exceed the City's bid limits, the City Attorney will prepare a resolution affirming the declaration of an emergency and waiving competitive bidding requirements. The resolution will be presented to the City Council within two weeks of the emergency purchases.

Emergency Public Works Procedures

1. Before emergency public work commences, the Project Manager must verify through <https://secure.ini.wa.gov/verify/> that the proposed contractor(s) meet the following mandatory requirements:
 - a) At the time of quote submittal be a registered contractor in compliance with Chapter 18.27 RCW, a plumbing contractor license in compliance with Chapter 18.106 RCW, an elevator contractor license in compliance with chapter 70.87 RCW, or an electrical contractor license in compliance with chapter 19.28 RCW, as required under the provisions of those chapters.
 - b) Have a current Washington State Unified Business Identifier (UBI) number.
 - c) Have a Washington State Employment Security Department (ESD) account as required in Title 50 RCW.
 - d) If applicable, have industrial insurance/workers' comp coverage required in Title 51 RCW.
 - e) Have a state excise tax registration number as required in Title 82 RCW.

- f) Have received training on requirements related to public works and prevailing wage by Labor and Industries or approved training provider under RCW 39.04.350, and chapter 39.12 or are exempted by Labor and Industries.
 - g) Not be disqualified from bidding on any public works contract under RCW 39.06.010 or 39.12.065.
 - h) Not currently be debarred or suspended by the Federal Government on the U.S. Government's "System of Award Management" database (sam.gov).
 - i) If quoting on a public works project subject to the apprenticeship utilization requirements in RCW 39.04.320 not to have been found out of compliance by the Washington State Apprenticeship and training council for working apprentices out of ratio, without appropriate supervision, or outside their approved work processes as outlined in their standards of apprenticeship under chapter 49.04 RCW for the one year immediately preceding the date of the bid solicitation. No apprenticeship violations, if applicable
 - j) Meet any supplemental criteria requirements, if applicable.
 - k) The Project Manager will save a copy of the verification check in the project file.
2. Before any work commences the contractor(s) must review and sign a Public Works Contract, outlining prevailing wage and bond requirements and payment type/schedule.
 3. On The first working day following the emergency, the Project Manager will notify the Administration Manager of: a) The emergency work needs. b) The name(s) of the contractor(s) called in to perform the work and provide copies of the L&I & SAM verification checks. c) The type of work being performed by the contractor(s) and any required construction specifications or standards that apply to the work. d) The estimated cost of the work and payment type.
 4. The Administration Manager will issue the emergency contracts, and the contractor(s) will be required to carry out the contract and provide all the necessary bonds and insurance documents within five (5) working days of the work commencing.
 5. The City Attorney will prepare a resolution affirming the declaration of an emergency and waiving competitive bidding requirements. The resolution will be presented to the City Council within two weeks of the award of the emergency contract(s).

1.12 Grants and Federal Funding

Are you trying to procure something involving any federal grant or funding? **Then STOP AND FOLLOW THE PROCESS IN THIS SECTION!**

Purchases or work paid for by a federal grant or using federal funding may not be covered by this manual alone. These types of purchases often have their procurement requirements.

Contact the City's Grant Administrator for guidance and assistance. Appendix B of this document outlines the current grant process.

Purchases made or work performed paid for using Federal dollars or grant funds must follow the standards identified in the Federal Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (OMB Title 2, Subtitle A, Chapter II, Part 200). See Appendix B for Federal Award Standards.

Please note, the federal government does not recognize Washington State's Small Works alternative procedures or thresholds. **Do not use SWR procedures or thresholds if any federal funding is included or used.**

ALL GRANTS ARE DIFFERENT, so one size does not fit all. Some grants require you to use your own procurement rules, while others require you to insert their contracting clauses into your contract.

Please note that all grant applications, without limitation, must be signed by the Mayor, City Administrator, Finance Director or Designee. Additionally, all Federal grant reimbursement requests must be signed by the Mayor, City Administrator, Finance Director, or Designee.

Before initiating any purchases or contracts intended to be paid for with federal funds, the administrator responsible will document that the procurement complies with all requirements and Uniform Guidance (note: the most restrictive procurement method will be used whether it be Federal, State, or Local law). A copy of the documentation shall be retained in the department files.

Grant Process – Requires matching funds or long-term commitment

1. Awareness of grant.
2. Director or Project Manager reviews the grant with the City Administrator and Grants Administrator.
3. Grants that require matching funds or a long-term commitment must be approved by the City Council before an application is submitted.
4. If the City Council approves, the grant is routed to the Grant Administrator, Finance Director, City Administrator, and Mayor for signatures.

5. Grant application is then finalized and approved by the Department Director.
6. The Grant Administrator will submit the grant application to the granting agency.

Grant Process – Requiring matching funds not to exceed \$50,000 or grant does not require matching funds, has no long-term commitment.

1. Application is routed to the Grant Administrator, Finance Director, City Administrator, and Mayor.
2. Grant application is then finalized and approved by the Department Director.
3. The Grant Administrator will submit the grant application to the granting agency.

1.13 Controlled Commodities

The following items require approval from designated people. They are:

- Computers and related equipment, phones, fax machines, printers, scanners, and copiers, software, or systems – City’s IT Team
- Anything Technology Services is requested or required to install, connect, service, maintain, or support – City’s IT Team

New Procurement - Technology

The purchase of hardware, software, licensing, and technical services carries unique requirements, risks, and challenges.

Types of technology (IT) purchases:

Purchase Type	Definition	Taxable
Hardware	Purchase of computer hardware components	Yes
Software - Off-the-Shelf w/Installation	Purchase of off-the-shelf software, including installation. See RCW 39.04.270	Software – Yes
Software – Customized	Purchase of software with programming and customization See RCW 39.04.270	No
Annual Maintenance	Agreement to maintain City systems	Yes

Hosted Software (SaaS)	IT services and software provided in a hosted, or cloud environment	Varies
Technical/Professional Services	Professional services in support of hardware, software, and networks	No

Telecommunications and Data Processing

When purchasing telecommunications and data processing (computer) equipment or software costing above \$75,000, the City may follow a “competitive negotiation” process as an alternative to the bid process. RCW 39.04.270(3) allows purchases to use an alternative competitive negotiation process requiring, at a minimum, the following steps:

- A Request For Proposal (RFP) must be *published* in the newspaper of general circulation at least 13 days before the last date on which the proposals may be received.
- The RFP must identify significant evaluation factors and their relative importance, including price.
- The City must provide reasonable procedures for the technical evaluation of the proposals, identification of qualified sources, and selection for awarding the contract.
- The award must be made to the qualified bidder whose proposal is “most advantageous” to the City. The City may reject all proposals for good cause and request new proposals.

Technology Software & Services – Competitive Process

Technology Systems and Services purchases include any hardware or software purchase or maintenance agreement.

Hardware/Software Annual Maintenance Agreements

There are two types of annual maintenance agreements: Sole Provider and Multiple Providers.

Sole Provider

When annual maintenance of a City system is performed by the sole proprietor/vendor of that hardware/software, and there are no other maintenance providers available, a competitive process is not reasonable. For these situations, annual maintenance agreements are treated as stand-alone agreements (costs are not aggregated to the original purchase agreements).

If the first year of annual maintenance costs are included in the original purchase, the costs should be aggregated together because the City would not be paying for the annual maintenance without purchasing the software. The reference to the annual maintenance costs should be included in the Council Agenda when Council approval is required.

Multiple Providers

When multiple maintenance providers are available for a particular system, and competition clearly exists for the service, a quote or RFP process may be required, depending on the dollar amount.

SaaS (Software as a Service) and Hosted Software Agreements

SaaS (Software as a Service) and Hosted Software agreements are IT services and software provided to the City in a hosted or cloud environment versus those provided on its own computer infrastructure (e.g., servers and networks).

Because City data may be handled, accessed, or stored by the SaaS application provider, its security is very important. It is imperative that IT be contacted prior to purchasing any SaaS product. In addition, these agreements may result in a long-term solution for the City and a competitive process may be required regardless of the initial cost.

When the department receives an invoice for annual (or periodic) payment, the invoice(s) shall be sent to the Administration Manager. It will be processed through the typical invoice approval/process.

SaaS agreements are treated the same as other standard contract agreements.

1.14 Fleet and Vehicle Purchases (including trade-ins)

Fleet and vehicle purchases are a controlled commodity. Anything purchased using Equipment Rental and Revolving (ER&R) funds requires approval from Central Services to determine if the purchase is warranted and if funding is available. The City has established a six (6) year project/equipment timeline. This allows the City to plan and prepare for upcoming replacements and acquisitions.

Once the purchases are valid, Central Services will begin the replacement and/or procurement process, depending on the replacement value, including trade-ins.

The City Council has expressed a desire that all vehicles and large equipment be taken to the Council for approval.

2.0 NEW PROCUREMENT

2.1 Initiate a New Procurement

The City makes many small and large purchases over the year and must comply with State and local policy for each type of procurement based on the type of work, dollar limits, and level of risk involved with each purchase.

The following table summarizes the types of new procurements typically performed at the City of Oak Harbor:

Options for New Procurements	Standard Process*	Who to contact?
Credit Card	US Bank Reconciliation	Accounts Payable
Personal Reimbursement	Expenses Claim Form	Accounts Payable
Materials, Supplies & Equipment* < \$10,000	The department will verify the lowest price by comparative pricing	Subject of Department approval and budget capacity
Materials, Supplies & Equipment* > \$10,000, but less than \$75,000	Three (3) Written Quotes, Purchase Request Completed	Subject to Department approval, Finance approval, City Administrator approval, and budget capacity
Materials, Supplies & Equipment* > \$75,000	Competitive Process Must Be Used	Subject of City Council approval
Public Works Small Roster	Invitation to Bid to MRSC Roster Vendors	Central Services
Public Works-Formal Bid Process	Competitive Process Must Be Used	Central Services /City Engineer
A&E/Professional Services	Request for Qualifications Contract	Central Services /City Engineer
Purchase Services	Quote Requisition/ITB/Formal Bidding/SWR	Central Services
Personal Services	Direct Contracting/Competitive Bidding	Central Services

*Materials, supplies, and equipment NOT associated with a public works project.

NOTE: Depending on the nature of the project, modifying the standard process may be necessary if other factors, such as risk, are involved. These modifications may occur only on a case-by-case basis.

2.2 Small Purchases of Goods & Services

Small Purchases of Goods and Services:

Small purchases are typically goods and services (excluding goods and services involved in Public Works) under \$75,000. These purchases can be made using one of the following processes:

Process	Dollar Limit	Allowed Uses	Non-Allowed Uses
Central Services -The City has established government accounts with various vendors, and MRSC Rosters has established a vendor roster. Purchase Requests and Purchase Orders are required for over \$10K	\$75,000	Materials, supplies, and equipment for office and operating use.	
Credit Card-For Goods and Services (see City of Oak Harbor Procurement Card Policy and Procedures Manual adopted by Ord. 2001-18)	Up to the issued card limit.	Business-related purchases of goods and services i.e., subscriptions, seminars, catering, maintenance, repair, operations, office supplies, computer peripherals, Software	Alcohol, capital equipment, cash advances, consulting services, personal items, professional services
Credit Card-Registration and Travel Only (see City of Oak Harbor Procurement Card Policy and Procedures Manual adopted by Ord. 2001-18)	Up to the issued card limit.	Business-related travel and class registration expenses. This may include ferry tolls, parking fees	All other purchases go through Central Services
Travel & Reimbursement-See Travel Policy	In-state and out-of-state approved by the Department Director.	All costs related to travel for City business. Airfare, per diem, mileage, hotel, registration, etc.	
Payment for Table Service (TIPS)	15%	Payment for table service at a restaurant, commonly referred to as a tip, not exceeding 15% (or \$1.00, whichever is greater) of the meal price (including sales tax), is reimbursable as a reasonable and necessary cost for such a service.	

2.3 Cooperative Purchasing / Piggybacking

Bids and/or contracts by other government agencies and cooperative purchasing organizations or groups can be used to acquire goods and services. When using a cooperative option, the City is, in essence, “piggybacking” off the original entity’s competitive process, thus eliminating the need to perform the City’s own.

Examples include the Washington State Department of Enterprise Services (DES), which offers existing “statewide master contracts” (master contracts) for goods, services, and public works that the City may use. The City has a signed Master Contract Usage Agreement (MCUA) with DES, allowing it to access master contracts free of charge. <https://des.wa.gov/purchase/how-use-statewide-contracts>

For other cooperative purchasing agreements, the City pays a fee for the ability to ‘piggyback’ on their contracts. The City encourages the use of state master contracts and cooperative purchasing agreements when practicable. For a full list of options, contact Central Services.

Other cooperating purchase options include, but are not limited to:

1. King County Directors' Association (KCDA)
2. Sourcewell (National Joint Powers Alliance (NJPA) became Sourcewell on June 6, 2018.)
3. NPPGov National Buying Cooperative
4. The Interlocal Purchasing System (TIPS)
5. OMNIA Partners (previously The Cooperative Purchasing Network (TCPN) and US Communities)
6. Plant Operations Support (POS) Consortium
7. National Purchasing Partners (NPP)
8. Houston-Galveston Area Council Cooperative Purchasing Program (HGACBuy)
9. BuyBoard Purchasing Cooperative
10. Arizona State Purchasing Cooperative

Other specific contracts entered into by other jurisdictions may allow the City to piggyback onto those agreements. In these instances, the agreement between the other/host jurisdiction and the vendor/contractor must explicitly contemplate that other jurisdictions

may procure goods, services, work, etc., via that contract, and the City must have an interlocal agreement (ILA) with the host jurisdiction before it may piggyback on that contract. The City must ensure the project plans and specifications are the same; only quantities may differ. For example, this might work with a roofing project so long as no additions, such as a gutter system, were needed. The State Auditor’s Office has assembled information about piggybacking on a public works project award in the publication *Piggybacking under Washington State Law*. It includes answers to frequently asked questions and an optional checklist to help ensure you are following the requirements.

When using a state master contract, cooperative purchasing agreement, or other piggybacking option, the City must carefully read the contract it intends to use to ensure the competitive process used meets all the criteria and requirements it needs to comply with state procurement laws and City policies and confirm that the scope of work, services, or products contemplated by the contract is consistent with the contract it is piggybacking on. Other contract terms must also be adhered to, and only terms not covered by the underlying agreement can be added to by the City.

The Competitive Process:

#	Task	Action
1.	Confirm the City has signed a Cooperative Purchasing Agreement/Interlocal Agreement with the agency	Work with the buyer. Execute agreement if necessary
2.	Review of the State contract website for ‘piggyback’ requirements	Work with State buyer
3.	Contact the vendor to verify if the vendor will honor State contract pricing	Obtain details regarding all aspects of purchasing, including invoicing, availability, delivery, etc.
4.	Contact the buyer to place an order	Place order and process invoice for payment

Completing the Purchase:

- A. State contracts include standard terms and conditions. When procuring work, services, or items using a State master contract, all the State contract terms and conditions apply, and the procurement must fall within the general scope of the agreement. However, amounts and other details, like color, may be different.
- B. Depending on the master contract, the City may opt to change the State’s contract requirements, which will require the City to develop its Purchase Agreement to identify those requirements unique to the City’s purchase. Carefully review the contract to determine how to proceed with a purchase

order, work order, or contract agreement before contacting the contractor or vendor.

- C. Contact Central Services to complete this type of purchase.

Approval Process:

Authority	Dollar Amount	Approval
Purchase Agreement for materials, supplies & equipment, or services	\$10,000 or less*	Department Director (or designee) if there is budget capacity
Purchase Agreement for materials, supplies & equipment, or services	\$10,000 to \$75,000*	Mayor, City Administrator (or designee) if there is budget capacity
Purchase Agreement for materials, supplies & equipment, or services	\$75,000 and above*	City Council Approval

*Including sales/use tax

GSA Contracts:

Local governments in Washington may also ‘piggyback’ off many federal contracts administered by the General Services Administration (GSA). This includes:

- Information technology products
- Security/law enforcement equipment
- Items to aid recovery from federally declared disasters or acts of terrorism
- Items to aid response to federally declared public health emergencies
- Equipment to support counterdrugs, homeland security, and emergency response activities

<https://www.gsa.gov/buying-selling/purchasing-programs/gsa-schedules/schedule-buyers/state-and-local-governments>

2.4 Large Purchases for Materials, Supplies & Equipment

The Competitive Process:

Per RCW 35.23.352(7), any purchase of material, supplies, and equipment not involving a public work or improvement where the cost thereof exceeds \$40,000, shall be by competitive bidding. Any purchase of materials, supplies, or equipment with an estimated cost of less than \$50,000 shall be made using the process provided in RCW [39.04.190](#).

#	Task	Who	Action
1.	Identify grants or Federal Funds as applicable	Department	Notify Accountant over Grants
2.	Prepare Bid Documents	Central Services	Forms shall include: Advertisement, Non-Collusion, Equal Opportunity, Bid Proposal Sheet, Bidders' Checklist, Bid Bond (if necessary)
3.	Prepare Product Specifications	Central Services with Department	Considerations: Warranties, Delivery
4.	Advertise, Publish and Notify	Central Services	Advertise in official newspaper and City website
5.	Addenda Required	Central Services	Addenda completed, notify plan holders and post on-line
6.	Schedule and Conduct Bid Opening	Central Services	Schedule conference room, open and read sealed bids with City Clerk or alternate
7.	Bid Award	Central Services with Department	Determine the lowest, responsive bidder, schedule award date, prepare City Council agenda materials (motion to award), include contract paperwork for vendor and Mayor to sign

Formal Equipment Bid Process:

Completing the Purchase:

- After bid opening, Central Services will prepare the agenda bill for City Council approval.

- The City Clerk will keep original bid documents and provide scanned copies to Central Services and the Department Director.
- Once awarded at City Council, Central Services will create a contract purchase order for contract tracking and payment processing purposes.

Approval Process:

Type	Dollar Amount	Authority
Purchase Agreement	\$75,000 or less*	Mayor, City Administer (or designee) if it has budget capacity
Purchase Agreement	\$75,000 and above*	City Council approval

*Including sales/use tax

2.5 Compost Procurement Local Preference Requirements

Compost Procurement Ordinance (CPO) per RCW 43.19A.150

A CPO is a local legislation that sets forth an agency’s plans to comply with these compost procurement requirements and goals. CPOs address the state law requirements for procuring compost for city or county projects. These practices could include how purchased compost materials may be incorporated into projects such as landscaping, soils amendments at construction sites, roadside maintenance, and erosion control.

When the City will use compost as defined by AMC Chapter 2.86 for (a) landscaping projects; (b) construction and postconstruction soil amendments; (c) applications to prevent erosion, filter stormwater runoff, promote vegetation growth, or improve the stability and longevity of roadways, the City, or the City's contractor, must purchase finished compost products from companies that: 1) produce compost locally within Island County; 2) are certified by a nationally recognized organization; 3) are permitted by the local health jurisdiction; and 4) produce finished compost products derived from municipal solid waste compost programs while meeting quality standards adopted by the Department of Transportation or adopted by rule by the Department of Ecology.

If compost meeting the above criteria is not available, preference for compost procurement must be given to products sourced as close as possible to the City of Oak Harbor. Proof that locally produced compost was not available at the time of purchase or was cost-prohibitive must be documented per the Organics Management Law.

Staff are required to report the volume and cost of compost purchased throughout the year, and the source or sources of the compost, using the Secure Access Washington (SAW) by March 31 of each year.

3.0 PUBLIC WORKS

RCW 39.04.010 defines "Public work" to mean all work, construction, alteration, repair, or improvement other than ordinary maintenance, executed at the cost of the state or of any municipality, or which is by law a lien or charge on any property therein. All public works, including maintenance when performed by contract shall comply with Chapter [39.12](#) RCW (Prevailing Wage Law). It includes, but is not limited to:

- Demolition
- Remodeling
- Renovation
- Painting
- Road Construction
- Utilities Construction
- Off-site Prefabrication of Ducts, Liners & Steel Products for Public Works
- Production & Delivery of Gravel, Rock, Concrete & Asphalt (to a construction site)

Dollar thresholds of when competition is required are summarized below.

THRESHOLDS FOR PUBLIC WORKS:

PUBLIC WORKS		
\$ -0- to \$350,000	Utilize "Small Works Roster (SWR)" process as described in RCW 39.04.155. If not using SWR, competitive bidding is required for Single Craft over \$75,500, and for Multi Craft over \$116,155	Up to \$75,000 Awarded/Approved by Mayor or City Administrator; \$75,001-\$350,000 City Council approval required
Over \$350,000	Must be competitively bid as described in Ch. 39.04 RCW; RCW 35.22.620.	Over \$350,000 City Council approval required

Note: The federal threshold for competitive bidding requirements changes over time. Refer to federal procurement rules under 2 CFR 200.320 for the current threshold. Additionally, local governments may not use the direct contracting method under federal rules as it does not comply with 2 CFR §200.320. For more information, refer to the Uniform Guidance federal procurement standards.

3.1 Day/In-House Labor

The City may have its own regularly employed personnel perform work, and accepted industry practice under prudent utility management without a contract. For this section, "prudent utility management" means performing work with regularly employed personnel utilizing material worth not exceeding \$300,000 without a contract. This limit on the value of material being utilized in work being performed by regularly employed personnel shall not include the value of individual items of equipment. For this section, "equipment" includes, but is not limited to, conductor, cabling, wire, pipe, or lines used for electrical, water, fiber optic, or telecommunications. See RCW 35.22.620 for further details on how to utilize this process.

3.2 Unit Priced/On-Call Contracts

Unit Priced/On-Call (Work Order) Contracts (OC/WO Contracts) must be competitively bid and awarded without a *specific* public works project or scope of work in mind, but instead are contracts for general types of anticipated work or trades. When a specific scope of work is identified, individual work (or task) orders are authorized based on the unit prices bid by the contractor and the contractor proceeds to complete the work. The invitation for bid for these types of contracts must include estimated quantities of the anticipated types of work or trades and specify how the City will issue or request work assignments, work orders, or task authorizations/directives. These contracts must always be competitively solicited or bid per statute (small works roster or sealed competitive bidding, depending on contract amount). [RCW 35.23.352](#)(13) (as referenced by [RCW 35A.40.210](#)). Most often, unit price contracts (OC/WO) are used for repair, renovation, and maintenance, of public facilities, all of which are included in the definition of public works in RCW 39.04.010. For a city, the contracts may be for a set period not to exceed three (3) years with an optional one-year renewal before they must be re-bid.

Examples of Unit Priced/On-call Contracts are but are not limited to, emergency plumbing, HVAC, or electrical repairs.

Bidding and approval thresholds apply toward the total "master" unit price contract amount. The City Administrator approves individual task/work orders up to \$100,000 with notification to the City Council via the City Council Agenda Packet. Task/work orders exceeding \$100,000 must be approved by City Council.

- Requests for bids under a Unit Price (OC/WO) contract should incorporate unit price bid items.
- An OC/WO contract should be awarded to a responsible contractor with the lowest total price based on the sum of the unit price item extensions.
- Task orders (work orders) shall be completed by the Department for each new project.
- All other public works' requirements apply based on the contract amount.
- If the original unit bid items do not cover the work to be accomplished, new line items may be added by change orders, or the work may be accomplished under a time and materials work order if the total contract amount is not exceeded.

3.3 Small Works Roster

Chapter 39.04 RCW (via RCW 39.04.151 and 152 specifically) provides optional Small Works Roster provisions allowing the City to award contracts for construction, building, renovation, remodeling, alteration, repair, or improvement of real property. The Small Works Roster may be used for public works projects of \$350,000 or less, not including sales tax.

When the estimated cost of a public works project is \$350,000 or less, the City may follow the Small Works Roster (SWR) process for the construction of a public work or improvement as an alternative to the general competitive bidding requirements. The City has contracted with the Municipal Research and Services Center of Washington (MRSC) for the City use of a statewide electronic database for small public works roster and consulting services developed and maintained by MRSC. At least once per year, the City must post a list of all small works roster contracts awarded regardless of dollar value, including the date, the name of the contractor, the amount of the contract, a brief description of the type of work performed, and the location where the bid quotations for these contracts are available for public inspection.

Publication:

At least once a year, on behalf of the City, MRSC shall publish in a newspaper of general circulation within the jurisdiction a notice of the existence of the roster or rosters and solicit the names of contractors for such roster or rosters. Responsible contractors shall be added to the appropriate MRSC roster or rosters when they submit a written request and necessary records.

To use the MRSC Roster (SWR):

1. Requests for quotes must emphasize that quotes will be accepted only from contractors on the small works roster.

- a. Sample text: In accordance with competitive bid requirements set forth under RCW 39.04.155, Small Works Roster Contract Procedures, the City of Oak Harbor is pleased to invite you to submit a quote under the subject solicitation. Contractors who quote on this project must be registered on the Small Works Roster by the time that quotes are due.*
2. Requests for quotes should list if bonds and prevailing wage will be required.
3. The Project Manager or Purchasing and Contract Coordinator contacts contractors off the Small Works Roster. Requests for quotes shall include an estimate of the scope and nature of the work to be performed, materials and equipment to be furnished, and the date, time, and location to return a quote/bid. However, detailed plans and specifications need not be included in the City's bid request. The information given to each contractor must be identical. Responses to requests for quotes/bids that do not require a bid deposit may be submitted by email.
4. At the time quotes are solicited, the City shall not inform a contractor of the terms or amount of any other contractor's quote for the same project.
5. No City employee may negotiate with any of the bidders. Some submissions may involve errors, omissions, or other irregularities; contact the Administration Manager to decide how to handle them.
6. The Project Manager or Purchasing and Contract Coordinator shall make a written record of each contractor's quote on the project and any conditions imposed.
7. The Purchasing and Contract Coordinator verifies that the lowest bidder meets the legal criteria in the quote request and is a responsive, responsible bidder (RCW 39.04.010, 39.04.350, sam.gov).
8. The Project Manager verifies the lowest responsive, responsible bidder meets the requirements to perform the Scope of Work and fills out the Public Works Contract to initiate the contract process.
9. Immediately after an award, the quotations obtained shall be recorded, open to public inspection, and available by inquiry.

Small Works Roster Process – Up to \$75,000

1. Quotations may be given from all appropriate contractors on the appropriate small works roster.
2. 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, equitably distributing the opportunity among the contractors on the appropriate roster.
3. The Purchasing and Contract Coordinator administers the contract process, and the Mayor, City Administrator, or designee must approve the contract for award.

Small Works Roster Process – Up to \$150,000

1. Quotations may be given from all appropriate contractors on the appropriate small works roster.
2. 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, equitably distributing the opportunity among the contractors on the appropriate roster.
3. The Purchasing and Contract Coordinator administers the contract process, and the contract is required to be approved for award by the City Council

Small Works Roster Process-Between \$150,000-350,000

1. For all small works contracts with an estimated cost between \$150,000 and \$350,000, excluding sales tax, that are awarded using a small works roster process, public agencies must follow the small works roster competitive bidding process established by RCW 39.04.152(4)(a).
2. This competitive bidding process may also (optionally) be used for small works contracts with an estimated cost of less than \$150,000, not including sales tax. Direct contracting methods may be permissible in projects up to \$150,000 if more than one craft or trade is involved, or up to \$75,500 if a single craft or trade is involved. RCW 35.23.352 via RCW 35A.40.210.

3. When using the competitive bid process, you must send an **Invitation to Bid to the entire List of Businesses** (“project-specific roster” or “applicable roster”) generated for your project. You will then evaluate the bids received, select the lowest responsive bid submitted by a responsible bidder, and proceed to contract award and execution.

The Invitation to Bid should contain the following information; items with an asterisk (*) are required by [RCW 39.04.152\(3\)](#):

1. Project name and number (consistent with agency accounting/contracting and/or platform identification)
2. The scope of work* including:
 - a. Existing conditions (as applicable)
 - b. Materials and equipment that will be provided by the public agency* or that the public agency requires
 - c. Current understanding of permitting requirements and authorities having jurisdiction
3. The estimated cost*
4. Project schedule and deadlines for completing the project
5. Information on a site walk and/or pre-bid conference, if offered
6. Bid due date and time
7. Bid form
8. Instructions to Bidders, including mandatory bidder responsibility criteria and any supplemental bidder responsibility criteria ([RCW 39.04.350](#))
9. Where and how to submit bids
10. How questions can be submitted and how addendums, if necessary, will be provided and communicated
11. General agency contact information
12. Sample contract (contract template form) that will be awarded, including:
 - a. General conditions
 - b. Agency required forms
 - c. Insurance requirements (could be included in *instructions to bidders*)

- d. Bonding requirements (could be included in *instructions to bidders*)
- e. Retainage approach (could be included in *instructions to bidders*)
- f. Payment procedures
- g. Any other contract or project requirements

3.4 Procedure for Sealed Competitive Bids

Public Works Contracts Over \$350,000*

*(Also applies to Single Craft projects over \$75,500 and Multiple Craft projects over \$150,000 if the small works roster process is not used)

- Authorization Request. Request authorization from City Administrator to call for bids is required except for items identified in the current approved budget. The City Administrator may waive portions of the bid procedures in special circumstances. The “special circumstances” are limited to items where publication of bids may impinge on the safety of staff or City assets.
- Publication of Notice. After City Administrator authorization, the requesting department director or designee will publish the Call for Bids in the official newspaper or a newspaper of general circulation, most likely to bring responsive bids at least fourteen (14) days before the bid submittal deadline.
- Notice Contents. Notice for bids should contain definite specifications and procedures for bidders to estimate their bids.
- Bid Submittal and Opening. Bids are submitted to the City Clerk, for date stamp and processing. Bid documents will contain the day, time, and location of where the bid opening will occur and will be open to the public. Bid openings will be announced to the Mayor, City Administrator, and department directors by the designee responsible for the project.
- Award of Bid. Except as otherwise provided herein, the City shall accept the bid of the lowest responsive and responsible bidder. Bid awards for contracts and purchases over seventy-five thousand dollars (\$75,000) require approval by the City Council.

- Award to Other than Low Bidder. When the bid award is not given to the lowest bidder, a statement of the reasons for not selecting the lowest bid shall be prepared by the responsible department head for the bid and submitted to the City Administrator and filed in the contract file.
- Rejection of Bids. The City Administrator or authorized designee may reject all bids without cause and may re-advertise for bids pursuant to the procedures herein described. If no bids are received, the City Administrator or designee may negotiate the purchase with a vendor at the lowest possible cost. If the negotiated bid exceeds the current approved budget, the bid will be brought before the City Council for approval of the award.
- Performance and Payment Bonds. On public works projects a performance and payment bonds are required ([RCW 39.08.010](#)) for contracts over \$5,000 (RCW 39.04.152(5)). Performance and payment bonds are used to guarantee the contractor or the surety will complete the project and pay all subcontractors, workers, and suppliers. If the retainage is not enough to cover claims and unpaid fees, the performance and payment bonds will cover the remaining amount. Performance and payment bonds must usually be in the amount of 100% of the contract value. Cities and towns may set a bond amount between 25% and 100% by ordinance ([RCW 39.08.030](#)). Some cities ask for separate performance and payment bonds each for 100% of the contract amount, which doubles the coverage. Contractors may request the City waive bonds and instead retain 10% of the contract amount for 30 days after final acceptance date or until all releases are received from the state, whichever is later, for public works contracts of \$150,000 or less requiring performance and payment bonds ([RCW 39.08.010\(3\)](#)).
- Retainage/Retainage Bonds. RCW 60.28.011 requires agencies to withhold up to 5% of the value of a public improvement contract, not including sales tax according to the Department of Revenue ETA 3024.2013, as retainage until the project is completed and the contract is accepted. This provides a financial incentive for contractors to finish a project, as well as a limited amount of financial protection for the involved parties. The contractor selects how the retainage will be held: a public fund, a private interest-bearing account, or a private escrow account. Contractors may request reducing retainage to 100% of the value of the remaining contract usually when at least 95% of the contract has been paid. Retainage cannot be held/required if the project is a federal transportation project. As an alternative to having retainage withheld from the contract payments, a contractor may opt to submit a retainage bond instead covering any or all the amounts. Retainage Bonds are recommended for City of Oak Harbor projects.

3.5 Apprenticeship Utilization Requirements (AUR), RCW 39.04.300-.320

Beginning July 1, 2024, the City must require contractors to perform at least 15% of labor hours using workers enrolled in state-approved apprenticeship programs (apprentice utilization) on larger public works contracts, phased in as follows:

Timeframe	Apprentice utilization required for all projects estimated to cost*:
July 1, 2024-June 30, 2026	\$2 million or more
July 1, 2026-June 30, 2028	\$1.5 million or more
July 1, 2028, and after	\$1 million or more

*"Estimated to cost" refers to the engineer's estimate or project estimate developed by the public agency which is included in the invitation to bid. The estimated cost is *not* the bid or award amount.

The AUR statutes do not specify whether sales tax is included in the estimated cost, so MRSC's guidance (consistent with guidance from the State Auditor's Office) is to include sales tax in the estimated cost of the project when determining whether AURs apply.

Under the AURs, public agencies are responsible for:

1. **Incorporating AUR elements into bid documents and contracts.** This includes provisions for apprentice utilization requirements, tracking, wages, expected costs, incentives, penalties, good faith efforts, and supporting specifications.
2. **Reviewing and approving Apprentice Utilization Plans submitted by bidders/contractors.** Ensure bidders and contractors submit an Apprentice Utilization Plan for the project.
3. **Monitoring compliance.** Verify that contractors and subcontractors submit and report the intent forms, certified payrolls, and affidavits to the L&I Prevailing Wage Intent and Affidavit (PWIA) Portal *before making contract payments*.
4. **Reviewing and adjusting the requirements.** If necessary, review and approve adjustments (reductions) to the apprentice utilization percentages, including a defined "good faith efforts" process.
5. **Assessing incentives/penalties.** Pay incentives or assess penalties as appropriate.

The City shall ensure it complies with AUR requirements as set forth in RCW 39.04.300-.320 when applicable. Staff are encouraged to work closely with the Purchasing and Contracts Coordinator to ensure they comply with all requirements of bidding, contract implementation, contract closeout, and reporting.

3.6 Insurance / Licenses / Prevailing Wages

FOUR requirements must be met when hiring a contractor or vendor to work for the City.

3.6.1 Certificates of Insurance

Before any contractor can work on City property (no matter the amount of the work), the contractor must furnish the City with a Certificate of Insurance, naming the City of Oak Harbor as primary & non-contributory additional insureds with an additional attached endorsement.

Certificates of Insurance are a complex issue, so please contact the Administration Manager to discuss insurance requirements and the limits of coverage, according to the risk involved (the Administration Manager will work with WCIA on requirements).

The City reserves the right to increase or otherwise adjust insurance amounts for all contracts, not just public works.

3.6.2 Responsibility Criteria for Contractors:

RCW 39.04.350 provides responsible bidder criteria. The City is required to award contracts to responsible, responsive bidders, and any subcontracts entered by a contractor must also include responsible bidder criteria and requirements.

Washington State Contractor's License/Federal Registration – It is unlawful for the City to hire anyone to do construction work on City property that does not have a valid State of Washington Contractor's License. You may look up a Contractor, Electrician, or Plumber at: <https://fortress.wa.gov/lni/bbip/>

- Department of Revenue Business Records Database:
<https://secure.dor.wa.gov/gteunauth>
- Verify Workers' Compensation Premium Status: <https://fortress.wa.gov/lni/crpsi/>
- Check for debarment: State of Washington
<https://secure.lni.wa.gov/debarandstrike/ContractorDebarList.aspx>
 - Federal Debarment:
 - It is unlawful to hire any firm to do business with the City on a federal project that is not registered and in good standing with the US Government. You can check the status of an entity so see if they have been debarred at <https://www.sam.gov/portal/SAM/##11>. Print out the resulting page (even if no records were found) and place it in the contract file for audit. Please contact the Finance Department if assistance is needed.

3.6.3 City of Oak Harbor Business License

A City of Oak Harbor Business License is also required for any business working inside the city limits. The vendor may obtain a state and City of Oak Harbor business license from the Washington State Department of Revenue at www.dor.wa.gov.

3.6.4 Prevailing Wage Requirements

Chapter 39.12 RCW requires that workers be paid certain hourly wages for all public works and public service maintenance contracts, no matter the dollar amount.

This Prevailing Wage Law was enacted to protect the employees of contractors performing public works construction/maintenance from substandard earnings and to preserve local wage standards.

The Department of Labor and Industries administers the law, the Attorney General prosecutes violators, and the State Auditor ascertains whether our policies, practices, and procedures meet the requirements of the law.

Owner/Operators who do not have employees do not need to pay themselves prevailing wages; however, they do still need to file Intents and Affidavits with the Department of Labor and Industries and list in section 3 of the form that they are Owner/Operator.

Any worker, laborer or mechanic performing public work must be paid the prevailing wages. It does not usually apply to work that is clerical, executive, administrative, or professional (grant funded projects may be an exception).

DEPARTMENT RESPONSIBILITIES TO ENSURE PREVAILING WAGE LAW IS FOLLOWED:

- **Prior to Getting an Estimate or a Quote** – Notify vendor that they are to pay prevailing wages. More information may be obtained by the vendor from the Department of Labor and Industries. The list can also be obtained online at: www.lni.wa.gov/TradesLicensing/default.asp.
- **After a Vendor has been selected**, the vendor is required to file a “Statement of Intent to Pay Prevailing Wages” with the Department of Labor and Industries PRIOR TO STARTING WORK. Most vendors file online at <http://www.lni.wa.gov/TradesLicensing/PrevWage/default.asp>.

There is a fee that the vendor will have to Pay L&I, and the completed Intents are also available online. Note: The vendor must insert the City Contract number in the contract number box on the Statement form.

- **After the work is completed** – The vendor must also file an “Affidavit of Wages Paid” with the Department of Labor and Industries. There is another fee that the

vendor will have to pay to L&I (L&I has waived this for work <\$750.00), and completed Affidavits are also available online. Note: The vendor must insert the City Contract number in the contract number box on the Statement form.

Final Payment must not be released until certified Intents and Affidavits have been received (and for contracts over \$35,000, Notice of Project Completion has been submitted to DOR, ESD, and L&I through Secure Access Washington (or other acceptable means). Releases have been received from all three agencies. Call the Administration Manager if you need help looking them up.

NOTE: PREVAILING WAGES FOR PROJECTS UNDER \$2,500

The City of Oak Harbor can administer the Intents and Affidavits, for projects under \$2,500 (including tax). **There is no filing fee to the vendor.** All combined Intent and Affidavit forms for the City must be submitted within 30 days by the Project Manager.

3.7 Change Orders

A change order is work added or removed from the original scope of work, as agreed upon in the contract signed by the city and contractor before work begins. As the work proceeds, either the city or the contractor decides on a change that needs to be made to accommodate unforeseen factors. Change orders can be agreed to by the Project Manager, but no party is obligated until a contract modification is fully executed.

A change order is a purchaser's written authority to the supplier to modify or add to a purchase or project. It is created by the Department or the project designee.

The City Administrator may authorize individual change order increases up to 20% or \$100,000, whichever is less, over the amount of the originally approved contract. A change order must not increase the total contract amount to more than the approved budget without Council approval. Change orders for more than 20%/\$100,000, and/or those that cause the project to go over the budgeted amount, must receive pre-approval from City Council. Should a change order be required in the field, the Public Works staff person acting as project manager may authorize the change if necessary. It must then be duly signed by the City Administrator in a timely manner. If the change order would cause the contract to go over budget or is more than a 20%/\$100,000 increase, the request must be pre-approved by Council, and an amended contract may be necessary.

3.8 Final Project Acceptance

The City Administrator is authorized to formally accept all projects as final once it is determined that the project is complete. The City Administrator may discretionarily defer any final project acceptance to the City Council for approval.

3.9 Rule 171 – Sales Tax Exemptions

Normally, sales tax applies to every sale of tangible personal property (and some services) to all persons, including cities. Thus, for bid limit purposes, the tax generally must be included when determining the cost of a public work, or when calculating the cost of materials, supplies, and equipment purchases separately from public work, though it is not necessary to determine whether a project is less than \$350,000 and eligible to use the small works roster process. However, some sales and use tax exemptions exist for certain public works projects.

The exemptions include:

- Labor and services rendered for the building, repairing, or improving of any street, place, road, highway, easement, right-of-way, mass public transportation terminal or parking facility, bridge, tunnel, or trestle owned by a city or town which is used primarily for pedestrian or vehicle traffic.
- Materials used in constructing these projects are not exempt from the sales and use tax.
- Labor and services for the processing and handling of sand, gravel, and rock taken from city pits and quarries when the material is for publicly owned road projects.
- RCW 82.04.050(10). See also WAC 458-20-171, nicknamed “Rule 171”.
- RCW 82.08.0275 and WAC 458-20-171

4.0 ARCHITECT AND ENGINEERING (A&E) SERVICES

Architect and Engineering consultants are initially selected based upon their qualifications, rather than price (see RCW 39.80.050). These services will be acquired under the authority and procedures outlined in chapter 39.80 RCW. Under these provisions, the City generally issues a Request for Qualifications (RFQ). It will negotiate a contract with the most qualified firm at a price the City determines is fair and reasonable. Please refer to Appendix C for written methods of evaluating the most qualified firm.

In making its determination, the City shall consider the estimated value of the services rendered and the scope, complexity, and professional nature. If the City cannot negotiate a satisfactory contract with the firm selected at a price the City is determined to be fair and reasonable, negotiations shall be terminated, and the City shall begin negotiations with the next highest qualified firm.

The City may also use the MRSC Consultant Roster for architectural, engineering, and surveying services.

THRESHOLDS FOR ARCHITECT AND ENGINEERING SERVICES:

ARCHITECT AND ENGINEERING SERVICES		
Bid Threshold	Procedure	Authorization Authority
\$ -0- to \$350,000	All local government agencies in Washington must follow the same qualifications-based selection (QBS) process outlined in Chapter 39.80 RCW	City Administrator/Mayor may award up to \$75,000
Over \$350,000	You must solicit competitive bids and evaluate them based on qualifications, without regard to cost	City Council must award and approve if over \$75,000
Department Directors must notify the City Council of all services purchased under \$75,000 at the next Regular City Council meeting, via staff report, as part of the Department Report, or by other acceptable means.		

5.0 ORDINARY OR “PURCHASED” SERVICES

“Ordinary/Purchased Services” are those vendors that provide for a local agency's routine, necessary, and continuing functions, mainly relating to physical activities. Many ordinary services require prevailing wages. **Check with L&I to confirm whether the services you are looking to procure require prevailing wages.**

Purchased services are generally repetitive, routine, physical, or mechanical in nature, following established or standardized procedures, and:

- Contribute to the day-to-day business operations.
- Involve completion of assigned and specific tasks.
- Include decision-making that is routine or perfunctory in nature and
- May require payment of prevailing wages.

Examples include:

- Delivery/courier service
- Building maintenance (janitorial)
- Groundskeeping (without construction-type activities)
- Herbicide application service
- Recycling/disposal/litter pickup service
- Vehicle inspection, lubricating, and repair services
- HVAC system maintenance service (without repair)

THRESHOLDS FOR ORDINARY OR “PURCHASED” SERVICES:

PURCHASE OF ORDINARY OR “PURCHASED” SERVICES		
Bid Threshold	Procedure	Authorization Authority
\$ -0- to \$10,000	The department is encouraged to determine that the price is fair and reasonable and document it in department files.	Director awards and approves
\$10,000 to \$75,000	3 Written Quotes	City Administrator/Mayor award and approve
Over \$75,000	Formal RFP -May be Sealed or Not-	City Council award and approve

Department Directors are required to notify the City Council of all services purchased under \$75,000 at the next Regular City Council meeting, via staff report, as part of the Department Report, or by other acceptable means. **Contracts that exceed 1-year duration are required to go to City Council for approval.**

6.0 PERSONAL SERVICES

A “Personal Service Contract” is an employment contract with an independent contractor, commonly where the City hires a consultant to provide professional or technical expertise to accomplish a specific study, project, task, or other work statement according to RCW 39.29.006. These activities and products are mostly intellectual in nature, **but do not include architecture and engineering services, which have their own requirements.**

The City Attorney must review, and the City Administrator or Mayor must sign all Personal Service Contracts, regardless of dollar amount in accordance with the authorized levels set forth below.

Examples include:

- Legal Services
- Management Consulting and Analyses
- Accounting and Auditing
- Real Estate Broker
- Comprehensive Plans
- Archaeology
- Material Testing

THRESHOLDS FOR PERSONAL SERVICES:

PURCHASE OF PERSONAL SERVICES		
Bid Threshold	Procedure	Authorization Authority
\$ -0- to \$10,000*	Direct contracting is allowable. The department is encouraged to determine whether the price is fair and reasonable and document it in its files.	Director awards and approves
\$10,000 to \$75,000*	Direct Contracting is allowable. The City Administrator/Mayor will determine the fair and reasonable price and	City Administrator/Mayor award and approve

	document it in the procurement file. Use of MRSC Roster is encouraged	
Over \$75,000 Formal RFP	-May be Sealed or Not-Use of MRSC Roster is encouraged	City Council award and approve
*Department Directors are required to notify City Council of all services purchased under \$75,000 at the next Regular City Council meeting, via staff report, as part of the Department Report, or by other acceptable means. Contracts that exceed 1-year duration are required to go to City Council for approval.		

7.0 HOW TO LEASE

1. Competitive bids are required on equipment leases of over \$75,000. The Legal Department must review, and the City Council must approve all equipment leases over one (1) year.
 - a. Legal Review - Send to Legal for review.
 - b. Fiscal Approval—Review proposals with the Finance Department prior to budgeting the expense. Lease-to-own purchases are to be budgeted and accounted for as if the total expense were to be incurred when the item is purchased.
 - c. Lease Approval - City Council must approve all equipment leases if over one (1) year duration.
2. A lease of property with an option to purchase valued at more than \$75,000 is subject to competitive bidding.
3. Lease vs. Rent: Leasing is generally used for mid- to long-term contracts. Renting is usually a short-term, more casual solution that can be approved by the Department Director.

8.0 DISPOSAL OF SURPLUS PROPERTY

Upon the recommendation of a Department Director or the Finance Department, property with an estimated value under \$50,000, may be declared surplus by the Mayor or City Administrator as designee, or by the City Council for property with an estimated value of \$50,000 or greater, upon one or more of the following criteria:

- The City has or soon will have no foreseen practical and efficient use for the property.
- The purpose served by the property can be accomplished using a better, more effective, or more efficient alternative.
- The purpose serviced by the property no longer exists as determined by a change of policy evidenced by an ordinance or resolution of the City Council.
- The property is damaged, worn out, or otherwise inoperable, and the cost of repairing the same is unwise or impractical.
- If the value of the property the City is seeking to surplus is greater than \$50,000, then pursuant to RCW 39.33.020 a public hearing is required.
- Additionally, RCW 35.94.040 requires that a public hearing be held if the property (real estate or personal property) originally purchased for utility purposes is no longer needed for that use and the city desires to lease, sell, or convey the property. A hearing is required regardless of the value of the property.

See the City of Oak Harbor's Disposal of Surplus City Assets Policy for further procedures.

9.0 Definitions

The following terms are often used interchangeably. We typically use these terms as described below:

Purchasing, Procurement

- **Purchasing** is the act, function, and responsibility for the acquisition of equipment, materials, supplies, and services. The term describes the process of buying.
- **Procurement** includes all functions that pertain to the acquisition, including description of requirements, selection and solicitation of sources, preparation and award of contract and all phases of contract administration.

Vendor, Contractor, and Consultant:

- **Vendor** is typically used when referring to a supplier, one who sells goods, materials, or supplies.
- **Contractor** is typically used when referring to a construction or maintenance company. Can also apply to an individual or business having a contract with the City.
- **Consultant** is typically used when working on a Professional Service Contract. The term means a person with education and/or experience which uniquely qualifies them to perform some specialized services.

Bid, Quote, Proposal

- **Bid** is an offer submitted by a contractor in response to an invitation to bid (ITB) or advertisement. Typically, bids result in contracts awarded to the lowest responsive, responsible bidder.
- **Quote** is a statement of prices, terms of sale, and description of goods or services offered by a vendor to the City. Commonly used in more informal solicitations.
- **Proposal** is the document submitted by the offeror in response to an RFP/Q. Proposals allow contract award based on factors other than cost and may result in negotiations.

Project Cost - Equipment/Material Cost + Cost of Installation = Project Cost (including tax)

Long-Term Commitment – Any commitment to a grant that exceeds an approved biennial budget.

10.0 Acronyms

SOQ – Statement of Qualifications

RFB – Request for Bids

RFQ – Request for Qualifications

RFP – Request for Proposal

ITB – Invitation to Bid (Formal Bid)

ITQ – Invitation to Quote (Small Works)

MWDBE – Minority, Women, and Disadvantaged Business Enterprise

CIP – Capital Improvement Plan

A&E - Architect and Engineering

SWR – Small Works Roster

CFR – Code of Federal Regulations

SAW – Secure Access Washington

APPENDIX A

Summary of Competitive Requirements by Project Type

Project Type	Contract Value	Competitive Process Requirements
Small Public Works Roster Projects	<\$350,000	Quotations shall be solicited from at least 5 contractors on the appropriate small works roster in a manner that will equitably distribute the opportunity among the contractors. Retainage and performance/payment bonds are required.
Competitively Bid Public Works Projects	>\$350,000	Public notice and call for sealed bids. Formal award. Retainage and performance/payment bonds are required.
Purchases of supplies, materials, and equipment unrelated to public works project A competitive negotiation process may be used as an alternative to bidding for computer and telecommunications equipment, software, and related services.	<\$10,000	Three quotes are desirable. The department is to verify the lowest price by comparative pricing.
	\$10,000-\$75,000	Minimum of 3 written quotes from approved vendor list. Purchase Request required.
	>\$75,000	Public Notice and a Call for Sealed Bids are required. Cooperative Purchasing may be used as well.
Purchase of A&E, surveying, or landscape Architecture Services	<\$350,000	Review the qualifications of firms on the consulting services roster, select the 3-6 most qualified firms, and invite proposals. Select the most qualified firm using proposals.

<p>Selection is based on a review of qualifications first, then negotiations to arrive at a price that is deemed fair and reasonable to the City.</p>	<p>>\$350,000</p>	<p>Publish RFQ, select 3-6 firms to submit proposals. Review proposals, hold interviews, and select the most qualified firm.</p>
<p>Purchased Services Examples-janitorial, landscaping, vehicle repairs, HVAC maintenance</p>	<p><\$10,000</p>	<p>Three quotes are desirable. The department is to verify the lowest price by comparative pricing.</p>
	<p>\$10,000-\$75,000</p>	<p>Minimum of 3 written quotes from approved vendor list. Purchase Request required.</p>
	<p>>\$75,000</p>	<p>Public Notice and a Call for Sealed Bids are required. Cooperative Purchasing may be used as well.</p>
<p>Personal Services Examples-Legal services, management consultant, accounting, auditing, archaeology, material testing</p>	<p><\$10,000</p>	<p>Direct Contracting is allowable. Three quotes are desirable. The department is to verify the lowest price by comparative pricing.</p>
	<p>\$10,000-\$75,000</p>	<p>Direct Contracting is allowable. The City may use a formal RFP or solicit a minimum of 3 written quotes from the approved vendor list. A Purchase Request is required.</p>
	<p>>\$75,000</p>	<p>Public Notice and a Call for Sealed Bids are required. Cooperative Purchasing may be used as well.</p>

APPENDIX B - Federal Awards Standards

CITY OF OAK HARBOR

FEDERAL AWARD STANDARDS

PURPOSE

Establish and maintain internal controls that provide reasonable assurance that Federal awards are being managed in compliance with all Federal regulations and with the terms and conditions of the award. The City of Oak Harbor will follow the Uniform Guidance, the Local Agency Guidelines (LAG) distributed by The Washington State Department of Transportation (WSDOT), Government Accountability Office Standards for Internal Control in the Federal Government (the Green Book), and the Committee of Sponsoring Organizations of the Treadway Commission's (COSO) Internal Control – Integrated Framework Principles included as Attachment A.

INTERNAL CONTROLS

The City of Oak Harbor will maintain effective internal control over Federal awards, providing reasonable assurance that the City of Oak Harbor is managing Federal awards in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. The City will:

- Take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings.
- Take reasonable measures to safeguard protected personally identifiable information and other information the Federal awarding agency or pass-through entity designates as sensitive.
- Follow the process workflow included as Attachment B.

CERTIFICATION

To assure that expenditures are proper and in accordance with the terms and conditions of the Federal award and approved project budgets, the annual and final fiscal reports or vouchers requesting payment under the agreements must include a certification, signed by an official who is authorized to legally bind the non-Federal entity, which reads as follows: "By signing this report, I certify to the best of my knowledge and belief that the report is true, complete, and accurate, and the expenditures, disbursements and cash receipts are for the purposes and objectives set forth in the terms and conditions of the Federal award. I am aware that any false, fictitious, or fraudulent information, or the omission of any material fact, may subject me to criminal, civil or administrative penalties for fraud, false statements, false claims or otherwise."

ADVANCE PAYMENTS AND REIMBURSEMENTS

Payment methods must minimize the time elapsing between the transfer of funds from the United States Treasury or the pass-through entity and the disbursement by the City of Oak Harbor whether the payment is made by electronic funds transfer, or issuance or redemption of checks, warrants, or payment by other means.

- Advanced payments must be limited to the minimum amounts needed and be timed to be in accordance with the actual, immediate cash requirements of the City of Oak Harbor to carry out the purpose of the approved program or project. Any advanced payments must be consolidated to cover anticipated cash needs.
- The City of Oak Harbor shall minimize the time elapsed between receipt of federal aid funds and subsequent payment of incurred costs.

COST SHARING OR MATCHING

For all Federal awards, any shared costs or matching funds and all contributions, including cash and third-party in-kind contributions, must be accepted as part of the non-Federal entity's cost sharing, or matching when such contributions meet all the criteria outlined in § 200.306 (b).

If the purpose of the Federal award is to assist the non-Federal entity in the acquisition of equipment, buildings or land, the aggregate value of the donated property may be claimed as cost sharing or matching.

ALLOWABLE COSTS

Federal awards will meet the following general criteria to be allowable except where otherwise authorized by statute.

- Be necessary and reasonable for the performance of the Federal award.
- Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items.
- Be consistent with policies and procedures that apply uniformly to both Federally- financed and other activities of the City of Oak Harbor.
- Be accorded consistent treatment. A cost may not be assigned to a federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost.
- Be determined in accordance with generally accepted accounting principles (GAAP).
- Not be included as cost or used to meet cost sharing or matching requirements of any other Federally financed program in either the current or a prior period.
- Be adequately documented.

PROCUREMENT

When procuring property and services under a Federal award, the City of Oak Harbor will follow 2 CFR §200.318 General procurement standards through §200.326 Contract provisions. The following table outlines procurement requirements when using Federal funds.

Procurement Method	Goods	Services
<p>Micro-Purchase – No required quotes. However, must consider price as reasonable, and, to the extent practical, distribute equitably among suppliers.</p>	<p>Refer to the federal procurement under 2 CFR 200 for the current dollar threshold amount.</p>	<p>Refer to the federal procurement under 2 CFR 200 for the current dollar threshold amount.</p>
<p>Small Purchase Procedures (Informal) – Obtain/document quotes from a reasonable number of qualified sources (at least three).</p>	<p>Refer to the federal procurement under 2 CFR 200 for the current dollar threshold amount.</p>	<p>Refer to the federal procurement under 2 CFR 200 for the current dollar threshold amount.</p>
<p>Sealed Bids / Competitive Bids (Formal)</p>	<p>Refer to the federal procurement under 2 CFR 200 for the current dollar threshold amount.</p>	<p>Refer to the federal procurement under 2 CFR 200 for the current dollar threshold amount.</p>
<p>Competitive proposals</p>	<p>Used when conditions are not appropriate for the use of sealed bids.</p> <p>Must publicize request for proposals soliciting from an adequate number of qualified sources.</p> <p>Maintain written method for conducting technical evaluations.</p> <p>Contract must be awarded to the responsible firm whose proposal is most advantageous to the program</p>	

Non-competitive proposals	Appropriate only when: Available only from a single source; or Public emergency; and Expressly authorized by awarding or pass-through agency in response to written request from the City of Oak Harbor; or After soliciting a number of sources, competition is deemed inadequate.
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Contracts for more than the simplified acquisition threshold currently set at \$250,000 must address administrative, contractual, or legal remedies in instances where contractors violate or breach contract terms and provide for such sanctions and penalties as appropriate.

Contracts and sub-grants of amounts more than \$250,000 requires that the City of Oak Harbor will comply with all applicable standards, orders or regulations issued pursuant to the Clean Air Act and the Federal Water Pollution Control Act.

The City of Oak Harbor will monitor procurements to avoid duplicative purchases. The City will also continue to enter into inter-entity agreements to realize cost savings for shared goods and services when possible.

Verify and document that vendors are not suspended or debarred from doing business with the Federal government.

SINGLE AUDIT ACT

The City of Oak Harbor, as a recipient of Federal funds, shall adhere to the Federal regulations outlined in 2 CFR §200.501 as well as all applicable Federal and State statutes and regulations.

CLOSURE

A project agreement end date will be established in accordance with 2 CFR §200.309. Any costs incurred after the project agreement end date are not eligible for Federal reimbursement.

CITY OF OAK HARBOR CODE OF CONDUCT FOR FEDERAL FUNDS USAGE

PURPOSE

The purpose of the Code of Conduct is to ensure the efficient, fair, and professional administration of federal grant funds in compliance with 2 CFR §200.112, 2 CFR §200.318 and other applicable federal and state standards, regulations, and laws.

APPLICATION

This Code of Conduct applies to all elected officials, employees or agents of the City of Oak Harbor engaged in the award or administration of contracts supported by federal grant funds.

REQUIREMENTS

No elected official, employee or agent of the City of Oak Harbor shall participate in the selection, award or administration of a contract supported by federal grant funds if a conflict of interest, real or apparent, would be involved. Such a conflict would arise when any of the following has a financial or other interest in the firm selected for award:

- The city employee, elected official, or agent; or
- Any member of their immediate family; or

- Their partner; or
- An organization which employs or is about to employ any of the above.

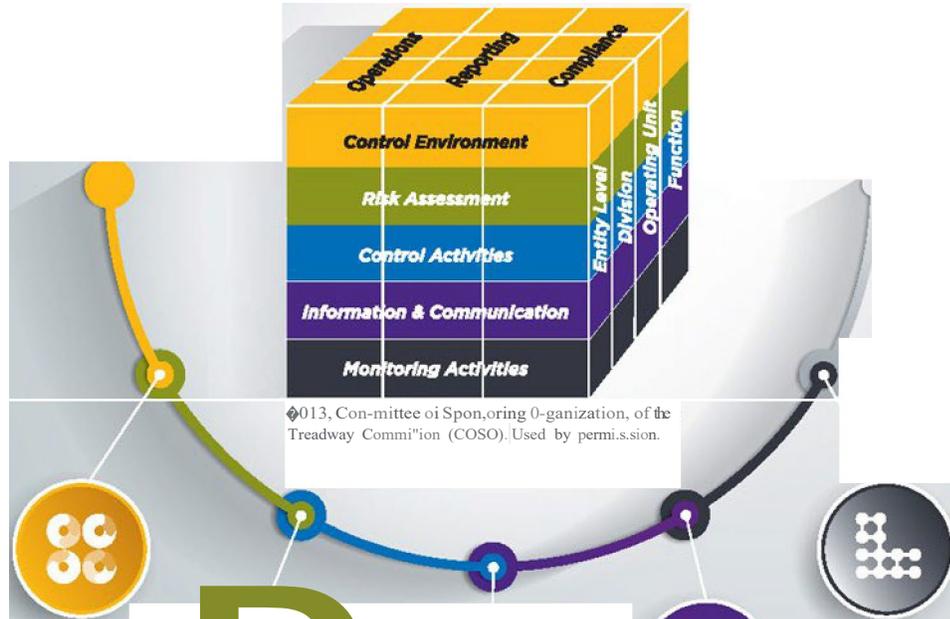
The City of Oak Harbor's elected officials, employees or agents shall neither solicit nor accept gratuities, favors, or anything of monetary value from contractors, potential contractors, or subcontractors.

REMEDIES

To the extent permitted by federal, state, or local laws or regulations, violation of these standards may cause penalties, sanctions, or other disciplinary actions to be taken against the City of Oak Harbor's elected officials, employees or agents, or the contractors, potential contractors, subcontractors, or their agents. Any potential conflict of interest will be disclosed in writing to the Federal awarding agency or pass-through entity in accordance with applicable Federal awarding agency policy.

ATTACHMENT A

COSO Internal Control Integrated Framework Principles



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Control Environment

The organization demonstrates a commitment to integrity and ethical values.

D

Monitoring Activities

The organization designs and implements its monitoring activities to provide ongoing assurance that internal control is operating effectively.

2 The board of directors

RWCAs, ..., nr

Information & Communication

Separate evaluation to evaluate what

The organization demonstrates a commitment to integrity and ethical values, including the highest standards of professional conduct for its employees.

The organization's management is committed to competence, ethical values, and the highest standards of professional conduct for its employees.

Control Activities

The organization selects and develops control activities that contribute to the mitigation of risks to the achievement of its objectives, to acceptable levels, including:

13 The organization designs and implements its control activities to support the functioning of internal control.

The organization designs and implements its control activities to support the functioning of internal control.

3 Management is committed to competence, ethical values, and the highest standards of professional conduct for its employees.

The organization designs and implements its control activities to support the functioning of internal control.

14 The organization designs and implements its control activities to support the functioning of internal control.

17 The organization designs and implements its control activities to support the functioning of internal control.

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The organization demonstrates a commitment to competence, ethical values, and the highest standards of professional conduct for its employees.

The organization designs and implements its control activities to support the functioning of internal control.

15 The organization

appropriate,

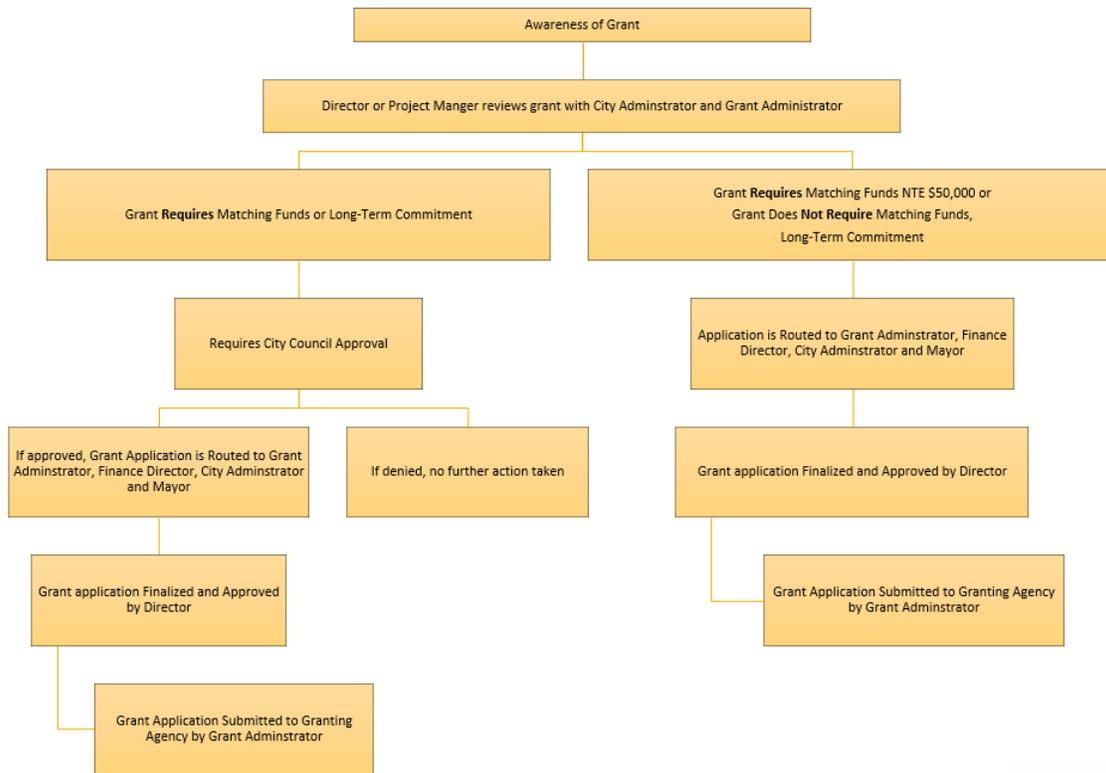
5 The organization holds its employees accountable for their internal control responsibilities in the pursuit of objectives.

The organization designs and implements its control activities to support the functioning of internal control.

12 The organization designs and implements its control activities to support the functioning of internal control.

communicated with external parties regarding the functioning of internal control.





CITY OF OAK HARBOR GRANT PROCESS





EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, O.C. 20503

OFFICE OF FEDERAL
FINANCIAL MANAGEMENT

June 20, 2018

M-18-18

MEMORANDUM FOR CHIEF FINANCIAL OFFICERS AND HEADS OF SMALL EXECUTIVE AGENCIES



FROM: Tim Soltis
Deputy Controller, Office of Federal Financial Management

SUBJECT: Implementing Statutory Changes to the Micro-Purchase and the Simplified Acquisition Thresholds for Financial Assistance

In accordance with recent statutory changes set forth in the National Defense Authorization Acts (NOAA) for Fiscal Years 2017 and 2018, this memorandum raises the threshold for micro-purchases under Federal financial assistance awards to \$10,000, and raises the threshold for simplified acquisitions to \$250,000 for all recipients. Further, it implements an approval process for certain institutions that want to request micro-purchase thresholds higher than \$10,000. Agencies are required to implement these changes in the terms and conditions of their awards, and recipients of existing Federal financial assistance awards may implement them in their internal controls.

Background

This memorandum applies to all Federal agencies, as defined at 5 U.S.C. § 551(1), that award grants or cooperative agreements. It implements changes to the micro-purchase and simplified acquisition thresholds for financial assistance under the NOAAs for Fiscal Year (FY) 2017 and FY2018. The micro-purchase threshold refers to purchases of supplies or services using simplified acquisition procedures, not to exceed an established amount pursuant to the Office of Management and Budget (OMB) Governmentwide Guidance for Grants and Agreements ("Uniform Guidance") at 2 C.F.R. § 200.67 (Micro-purchase). The simplified acquisition threshold refers to purchases of property or services using small purchase methods not to exceed an established amount pursuant to 2 C.F.R. § 200.88 (Simplified acquisition threshold). For Federal financial assistance awards, these purchases are acquired for use by a Federal program. The NDAA for FY2017 increased the micro-purchase threshold from \$3,500 to \$10,000 for institutions of higher education, or related or affiliated nonprofit entities, nonprofit research organizations or independent research institutes (41 U.S.C. § 1908). The NDAA for FY2018 increases the micro-purchase threshold to \$10,000 for all recipients and also increases the simplified acquisition threshold from \$100,000 to \$250,000 for all recipients.

Implementing the NDAA for FY2017

Section 217(b) of the DAA for FY2017 raises the micro-purchase threshold to \$10,000 for procurements under grants and cooperative agreements for institutions of higher education, or related or affiliated nonprofit entities, nonprofit research organizations or independent research institutes.¹

¹ Pub. L. No. 114-328 (codified at 41 U.S.C. § 1902(11)(2)).

The DAA for FY2017 also establishes an interim uniform process by which these recipients can request and Federal agencies can approve requests to apply a higher micro-purchase threshold. Specifically, the 2017 DAA allows a threshold above \$10,000 if approved by the head of the relevant executive agency. For purposes of this approval, the institution's cognizant Federal agency for indirect cost rates will be the relevant executive agency as defined in 2 C.F.R. § 200.19 (Cognizant agency for indirect costs). To receive a higher threshold, the institution must either have "clean single audit findings (i.e., in accordance with 2 C.F.R. § 200.520 • Criteria for a low-risk auditee), have an acceptable internal institutional risk assessment, or the higher threshold must be consistent with State law for public institutions.

Agencies should reflect this change through policy or terms and conditions in awards for those institutions. The effective date for this change was when the NOAA for FY2017 was signed into law on December 23, 2016. OMB intends to revise the Uniform Guidance to conform with the law.²

Process for Requesting a Higher Threshold Under the NOAA for FY2017

Requests for approval should be submitted to the institution's cognizant Federal agency for indirect cost rates; however, institutions should contact the agency before sending the request to determine the correct point of contact. The cognizant Federal agency will assign review of the request to the appropriate office within the agency to determine whether to approve, and will maintain records and justification of all approvals. The request should include the threshold level being requested and the justification(s) for it based on the criteria above per Section 217(b) of the NOAA for FY2017.

Implementing the NOAA for FY2018

This memorandum also implements provisions of the NOAA for FY 2018, Pub. L. No. 115-91, which became law on December 12, 2017. Specifically, section 806 raised the micro-purchase threshold from \$3,500 to \$10,000, and section 808 raised the simplified acquisition threshold from \$100,000 to \$250,000. Pursuant to 2 C.F.R. § 200.67 (Micro-purchase) and 2 C.F.R. § 200.88 (Simplified acquisition threshold), these higher thresholds are not effective until implemented in the Federal Acquisition Regulation (FAR) at 48 C.F.R. Subpart 2.1 (Definitions).³

In order to allow maximum flexibility for grant recipients in light of the changes to the NOAA for FY2018, OMB is granting an exception allowing recipients to use the higher threshold of \$10,000 for micro-purchases and \$250,000 for simplified acquisitions in advance of revisions to the FAR at 48 C.F.R. Subpart 2.1 and the Uniform Guidance. Pursuant to 2 C.F.R. § 200.102 (Exceptions), OMB may allow exceptions to the Uniform Guidance when exceptions are not prohibited by statute. The exception takes effect upon the date of issuance of this memo. Agencies should apply this exception to all recipients. Recipients should document any change based on this exception in accordance with 2 C.F.R. § 200.318 (General procurement standards).

If you have any questions regarding this memorandum, please contact Mary Tutman at Mary.E.Tutman@omb.eop.gov or Gil Tran at Gil_M._Tran@omb.eop.gov.

²The American Innovation and Competitiveness Act, Pub. L. No. 114-329, § 207(b) (2017) states that the Uniform Guidance shall be revised to conform with the requirements concerning the micro-purchase threshold.

³Codified 3141 U.S.C. § 1902(1).

APPENDIX C

Written Method of Evaluating the Most Qualified A&E Firm

Proposal Requirements

Please include the following items:

Section 1. Letter of Interest

Provide a letter interest of the firm in this project.

Section 2. Firm Profile

Provide an overall firm profile outlining the history, primary markets, services, clients, staff size and expertise.

Section 3. Relevant Experience

Provide project or service profiles highlighting similar work. Include the scope of services provided and staff personnel assigned to the project.

Section 4. Proposed Staff

Provide detailed resumes for staff proposed to work on these project, including employment history and project experience. Provide an explanation of the proposed role for each individual.

Section 5. Project Approach

Describe how you would accomplish the tasks described in the Scope of Services including a proposed delivery schedule.

Section 6. References

Provide at least three client references from similar projects.

The proposal shall be submitted via email in PDF format no longer than 20 pages.

Selection Process

A City-appointed team will review all complete proposals based on the evaluation criteria as described:

Proposal Evaluation Criteria

<i>Letter of Interest</i>	<i>15 points max</i>
<i>Firm Profile</i>	<i>10 points max</i>
<i>Relevant Experience</i>	<i>25 points max</i>
<i>Proposed Staff</i>	<i>25 points max</i>
<i>Project Approach</i>	<i>25 points max</i>

The City will short list the top three scoring firms for interviews. For the interviews the City will score the three firms based on proposed project approach and project staff.

The City will contact the firm with the highest scoring firm at the interview to begin negotiations. If an agreement cannot be reached with the top ranked firm, the City will contact the firm with the next highest scored proposal and negotiate with that firm. The process will be repeated until an agreement is reached.