

Finance and HR Sub Committee Meeting

9/10/24 Summary

Attendance: Stephanie Porter, Roz Plumb, Jennifer McLean, David Lindley, Dave Swann

The Procurement Policy and Financial Management Policy were reviewed.

The committee members will submit comments/suggestions via email or through smart sheets for both policies by Monday September 16, 2024. The goal is to have the Financial Management Policy ready to be sent to the Governing Board by Tuesday September 17th, and approved at the September 30, 2024.

West Klickitat Regional Fire Authority

Financial Management Policies

Adopted on September 30, 2024

Statement of Purpose

The financial integrity of the West Klickitat Regional Fire Authority (the “WKRFA”) is of utmost importance. To discuss, write, and adopt a set of financial management policies is a key element to maintaining this integrity. The set of policies within this document serve as a central reference point of the most important of our policies, which are critical to the continued financial health of our local government.

Written, adopted financial management policies have many benefits, such as assisting the elected officials and staff in the financial management of the municipality, saving time and energy when discussing financial matters, bolstering public confidence, and providing continuity over time as elected officials and staff members change. While these policies will be amended periodically, they will provide the basic foundation and framework for many of the issues and decisions facing the WKRFA. They will promote sound financial management and assist in the WKRFA’s stability, efficiency, and effectiveness.

Financial Goals

Our financial goals seek to:

- Ensure the financial integrity of the municipality
- Manage the financial assets in a sound and prudent manner
- Improve financial information for decision makers at all levels:
 - Policy makers as they contemplate decisions that affect the municipality on a long- term basis
 - Managers and staff as they implement policy on a day-to-day basis
- Maintain and further develop programs to ensure the long-term ability to pay all costs necessary to provide the level and quality of service required by the citizens
- Maintain a spirit of openness and transparency while being fully accountable to the public for the WKRFA’s fiscal activities

Financial Policies

WKRFA financial management policies address the following major areas:

- General Policies
- Revenue Policies
- Expenditure Policies
- Operating Budget Policies
- Capital Management Policies
- Accounting Policies
- Debt Policies
- Communication Policies
- Compliance Policies
- Investment & Cash Management Policies
- Reserve Policies

These policies may be addressed in this policy or separate policies, including but not limited to a Post-Issuance Compliance Policy for Bonds.

I. General Policies

1. The WKRFA may adopt resolutions to set financial policies to assure the financial strength and accountability of the WKRFA.
2. The WKRFA Manager shall develop administrative directives and general procedures for implementing the Governing Boards' financial policies.
3. All Departments will share in the responsibility of meeting policy goals and ensuring long-term financial health. Future service plans and programs will be developed to reflect current policy directives, projected resources, and future service requirements.
4. To attract and retain employees necessary for providing high quality services, the WKRFA shall establish and maintain a competitive compensation and benefit package with the public and private sectors.
5. Efforts will be coordinated with other governmental agencies to achieve common policy objectives, share the cost of providing governmental services on an equitable basis, and support favorable legislation at the state and federal level.
6. Initiate, encourage, and participate in economic development efforts to create job opportunities and strengthen the local economy.
7. The WKRFA will strive to maintain fair and equitable relationships with its contractors and suppliers.

II. Revenue Policies

Design, maintain, and administer a revenue system that will assure a reliable, equitable, diversified, and sufficient revenue stream to support desired services.

General Revenues

1. Current expenditures will be funded by current WKRFA revenues.
2. Budgeted revenues will be estimated conservatively using accepted standards and estimates provided by the county Assessor.
3. General Fund and other unrestricted revenues will not be earmarked for specific purposes, activities or services unless otherwise authorized by the Governing Board or required by law, or generally accepted CASH Basis accounting. 10% of the nonrestricted revenues will be deposited into the Capital Fund and utilized by the WKRFA in accordance with the approved budget and/or Governing Boards' approval.
4. If revenues from "one-time" or limited duration sources are used to balance the annual operating budget, it is to be fully disclosed and explained at the time the budget is presented. It is the WKRFA's goal to not rely on these types of revenues to balance the operating budget.
5. The WKRFA will not use deficit financing and borrowing to support on-going operations in the case of long-term (greater than one year) revenue downturns. Revenue forecasts will be revised, and expenses will be reduced to conform to the revised long-term revenue forecast or revenue increases will be considered.

Fees and Charges

- a. WKRFA reimbursable work performed by the WKRFA (labor, contracted services, equipment and other indirect expenses) shall be
- b. billed at actual. cost.

Grants and Gifts

6. Grant funding for programs or items which address the WKRFA's current priorities and policy objectives should be considered to leverage WKRFA funds. Inconsistent and/or fluctuating grants should not be used to fund on-going programs.
7. Before accepting any grant, the WKRFA shall thoroughly consider the implications in terms of ongoing obligations that will be required in connection with acceptance of said grant.
8. All grants and other federal and state funds shall be managed to comply with the laws, regulations, and guidance of the grantor, and all gifts and donations shall be managed and expended in accordance with the wishes and instructions of the donor.

General Funds

The Maintenance Funds are the primary operating accounts and are used for the payment of operating and maintenance expenses, including labor costs related to the day-to-day operation

of the WKRFA.

Capital Project Funds

The Capital Funds are used for purchase or construction of capital projects and may be used for debt payments as approved by the Board of Commissioners.

Debt Service Funds

Revenue Bond Accounts are maintained to pay the principal and interest payments associated with bond issues. Monies are transferred semi-annually from the Maintenance and Capital Funds in the amount of the debt service payment(s) to the related Revenue Bond Account.

Bond Reserve Funds

The Bond Reserve Fund is maintained to meet bond covenants and to provide an additional source to draw upon if an unforeseen revenue decrease occurs.

Petty Cash

The WKRFA's petty cash shall be balanced and replenished monthly. Any out-of-balance conditions (Cash Over/Short) shall be immediately reported to the Administrative Manager, reviewed, and posted. Cash over/short conditions of more than \$50 shall be reported to the Governing Board no later than the next regular meeting.

Depository Account

All monies collected from customers are receipted and sent to the County Treasurer to be deposited. All WKRFA funds received shall be sent to the County Treasurer within one business day of receipt, except when staffing levels are inadequate, but in such event such deposits shall be made as soon as possible.

Fund Balance and Maintenance of Minimum Reserve Levels

The WKRFA shall strive to maintain adequate fund balances (reserves) to provide sufficient cash flows to meet operating and capital expenses, while also providing the financial ability to address economic downturn and system emergencies. Operating expenditures shall include salaries, benefits, supplies, professional services, intergovernmental and interfund expenses, capital outlays and transfers.

1. Unrestricted Cash Reserve – The WKRFA's goal is to maintain an unrestricted cash reserve that is equivalent to 3 months of operating expenditures or greater. (The Unrestricted Cash Reserve goal of 3 months or greater, includes the Maintenance Funds, Capital Funds, Emergency Funds and Replacement Funds).
2. Bond Reserve Fund – The Bond Reserve Fund is a restricted fund and may be legally required for specific debt issues subject to the determination by the General Manager and/or the Finance Administrator. Bond Reserve Funds will be established in

accordance with the legal covenants of the debt issue. The Bond Reserve Fund may be funded from bond proceeds, purchase of a Surety Policy from a bond insurance company, or surplus cash that is available.

III. Expenditure Policies

Identify priority services, establish appropriate service levels, and administer the expenditure of available resources to assure fiscal stability and the effective and efficient delivery of services.

1. The WKRFA will strive to adopt an annual General Fund budget in which current expenditures do not exceed current projected revenues. Capital expenditures may be funded from one-time revenues.
2. Department managers are responsible for managing their budgets within the total appropriation for their department.
3. The WKRFA will take immediate corrective actions if at any time during the fiscal year expenditure and revenue re-estimates are such that an operating deficit is projected at year-end. Corrective actions can include expenditure reductions, or use of contingencies. The WKRFA may approve a short-term interfund loan or use of one-time revenue sources to address temporary gaps in cash flow, although this will be avoided if possible.
4. Long-term debt or bond financing shall not be used to finance current operating expenditures.
5. Emphasis will be placed on improving individual and work group productivity rather than adding to the work force. The WKRFA may invest in technology and other efficiency tools to maximize productivity. The WKRFA may hire additional staff only after the need for such positions has been demonstrated and documented.
6. All compensation planning will focus on the total costs of compensation which includes direct salary, health care benefits, pension contributions, and other benefits which are a cost to the WKRFA.
7. Periodic comparisons of service delivery will be made to ensure that quality services are provided to our citizens at the most competitive and economical cost. Privatization and contracting with other governmental agencies will be evaluated as alternatives to service delivery where appropriate. Programs that are determined to be inefficient and/or ineffective shall be reduced in scope or eliminated.
8. The WKRFA will make every effort to maximize any discounts offered by creditors/vendors.

IV. Operating Budget Policies

1. The WKRFA will adopt and maintain a balanced annual operating budget.
2. The WKRFA will strive to adopt a budget where current annual operating revenues will be equal to or greater than current operating expenditures.

3. Balanced revenue and expenditure forecasts will be prepared to examine the WKRFA's ability to absorb operating costs due to changes in the economy, service demands, contractual obligations, and capital improvements. The forecast will encompass five years and will be updated annually.
4. In the event a balanced budget is not attainable, and the cause of the imbalance is expected to last for no more than one year, the planned use of reserves to balance the budget is permitted. If a budget shortfall is expected to continue beyond one year, the planned use of reserves must be developed as part of a corresponding strategic financial plan to close the gap through revenue increases or expenditure decreases.
5. Any year-end operating surpluses will revert to unappropriated balances for use in maintaining reserve levels set by policy and will be available for capital expenditures and/or "one-time" only General Fund expenditures.
6. The WKRFA will provide for adequate maintenance and the orderly replacement of capital assets and equipment.
7. The operating budget shall serve as the annual financial plan for the WKRFA. It will serve as the policy document of the WKRFA for implementing the Governing Boards' goals and objectives. The budget will provide the staff with the resources necessary to accomplish the determined service levels.
8. The WKRFA Administrative Manager shall present a proposed annual operating budget to the Governing Board in November. The Governing Board will adopt by resolution a final balanced budget no later than December 31.
9. Funds may not be expended or encumbered for the following fiscal year until the budget has been adopted by the Board of Commissioners.
10. Budget control and accountability is maintained at the departmental level.
11. The WKRFA Administrative Manager and/or Finance Administrator has the authority to approve appropriation transfers between programs or departments within a fund. In no case may total expenditures of a particular fund exceed that which is appropriated by the Governing Board without a budget amendment. Amendments to the budget are approved by the Governing Board.

V. Capital Management Policies

Review and monitor the state of the WKRFA's capital equipment and infrastructure, setting priorities for its replacement and renovation based on needs, funding alternatives, and availability of resources.

Capital Improvement Plan

1. The WKRFA may develop a Capital Improvement Plan (CIP).
2. The CIP will include all projects to maintain public capital facilities required to maintain service levels at standards established by the WKRFA. It may also include for consideration such other projects as requested by the Governing Board.
3. The CIP will provide details on each capital project plan including estimated costs, sources of financing and a full description of the project.

4. The WKRFA will finance only those capital improvements that are consistent with the adopted CIP and the WKRFA's priorities. All capital improvement operating, and maintenance costs will be included in operating budget forecasts.
5. A status review of the CIP will be conducted annually, and a report will be presented by the WKRFA Administrative Manager to the Governing Board.

Capital Asset Management

6. The WKRFA will maintain its capital assets at a level adequate to protect the capital investment and to minimize future maintenance and replacement costs. The budget will provide for adequate maintenance and orderly replacement of capital assets from current revenues where possible.
7. The capitalization threshold used in determining if a given asset qualifies for capitalization is \$5,000 per item with a useful life of over one year. All capital assets shall have an assigned asset number when placed into service.
8. The WKRFA Chief and/or Administrator will conduct an annual physical count/inspection of all capital assets.
9. Adequate insurance will be maintained on all capital assets consistent with the results of the annual physical count/inspection.

VI. Accounting Policies

Comply with prevailing federal, state, and local statutes and regulations. Conform to a comprehensive basis of accounting in compliance with Washington State statutes and with Cash Basis Accounting as promulgated by the Governmental Accounting Standards Board (GASB) and the Government Finance Officers Association (GFOA) where applicable.

1. The WKRFA uses Cash Basis Accounting
2. The WKRFA will maintain expenditure categories according to state statute and administrative regulation. The WKRFA will use the "Budgeting, Accounting & Reporting System" (BARS) prescribed by the State Auditor for its revenue and expenditure classification.
3. Monthly budget reports showing the current status of revenues and expenditures will be prepared and presented to the Governing Board. Board approved budgets will be available for public inspection on the WKRFA's website.
4. Monthly financial updates will be presented to the Governing Board.
5. Electronic financial systems will be maintained to monitor revenues, expenditures, and program performance on an ongoing basis.
6. The Annual Financial Report will be prepared and submitted to the State Auditor's Office no later than 150 days from the end of the preceding fiscal year.
7. The Annual Financial Report will be prepared by Cash Basis Accounting and demonstrates compliance with Washington State statutes and the BARS manual prescribed by the State Auditor, which is a comprehensive basis of accounting. The

report will provide full disclosure of all financial activities and related matters.

8. An accountability audit (i.e., accountability for public resources and compliance with state laws and regulations and its own policies and procedures) shall be performed at least once every three years by the Washington State Auditor's Office as currently performed.
9. The WKRFA's budget should satisfy criteria as a financial and programmatic policy document, as a comprehensive financial plan, as an operations guide for all organizational units, and as a communications device for all significant budgetary issues, trends and resources.

VII. Debt Policies

Establish guidelines for debt financing that will provide needed capital equipment and infrastructure improvements while minimizing the impact of debt payments on current revenues.

Purpose and Overview

The Debt Policy for the WKRFA is established to help ensure that all debt is issued both prudently and cost effectively. The Debt Policy sets forth comprehensive guidelines for the issuance and management of all financing. Adherence to the policy is essential to ensure that the WKRFA maintains a sound debt position and protects the credit quality of its obligations.

Capital Planning:

The WKRFA shall integrate its debt issuance with its Capital Improvement Program (CIP) spending to ensure that planned financing conforms to policy targets regarding the level and composition of outstanding debt. This plan considers the long-term horizon, paying particular attention to financing priorities, capital outlays and competing projects. Long-term borrowing shall be confined to the acquisition and/or construction of capital improvements and shall not be used to fund operating or maintenance costs. For all capital projects under consideration, the WKRFA shall set aside sufficient revenue from operations to fund ongoing normal maintenance needs and to provide reserves for periodic replacement and renewal. The issuance of debt to fund operating deficits is not permitted.

Legal Governing Principles

In the issuance and management of debt, the WKRFA shall comply with the state constitution and with all other legal requirements imposed by federal, state, and local rules and regulations, as applicable.

1. State Statutes – The WKRFA may contract indebtedness as provided for by State law, subject to any limitations on indebtedness.
2. Federal Rules and Regulations – The WKRFA shall issue and manage debt in accordance with the limitations and constraints imposed by federal rules and regulations including the Internal Revenue Code of 1986, as amended; the Treasury Department regulations there under; and the Securities Acts of 1933 and 1934.

3. Local Rules and Regulations – The WKRFA shall issue and manage debt in accordance with the limitations and constraints imposed by local rules, policies, and regulations.

Roles & Responsibilities

The Governing Board shall:

- Approve indebtedness;
- Approve appointment of the bond underwriter and bond counsel;
- Approve the Financial Management Policy, including the section on the Debt Policy;
- Approve budgets sufficient to provide for the timely payment of principal and interest on all debt; and

The WKRFA Chief, Administrative Manager, and/or Finance Administrator in consultation with the Governing Board shall:

1. Assume primary responsibility for debt management.
2. Provide for the issuance of debt at the lowest possible cost and risk;
3. Provide for the issuance of debt at appropriate intervals and in reasonable amounts as required to fund approved capital expenditures;
4. Recommend to the Governing Board the manner of sale of debt;
5. Monitor opportunities to refund debt and recommend such refunding as appropriate.
6. Comply with all Internal Revenue Service (IRS), Securities and Exchange (SEC), and Municipal Securities Rulemaking Board (MSRB) rules and regulations governing the issuance of debt.
7. Provide for the timely payment of principal and interest on all debt and ensure that the fiscal agent receives funds for payment of debt service on or before the payment date;
8. Provide for and participate in the preparation and review of offering documents;
9. Comply with all terms, conditions and disclosure required by the legal documents governing the debt issued;
10. Submit to the Governing Board all recommendations to issue debt;
11. Provide for the distribution of pertinent information to rating agencies;
12. Comply with undertakings for ongoing disclosure pursuant to SEC Rule 15c2-12
13. Apply and promote prudent fiscal practices.

Ethical Standards Governing Conduct

The members of the WKRFA staff will adhere to the standards of conduct as stipulated by the Public Records Act, RCW 42.56, and Ethics in Public Service, RCW 42.52, as applicable.

Types of Debt Instruments:

The WKRFA may utilize several types of municipal debt obligations to finance long-term capital projects.

1. **Revenue Bonds** – The WKRFA shall use Revenue Bonds as permitted under State law for the purpose of financing construction or improvements to facilities of enterprise (i.e., utility) systems operated by the WKRFA in accordance with the Capital Improvement Plan.
2. **Short Term Debt** – The WKRFA may use short term debt as permitted by State law for the purpose of meeting any lawful purpose of the municipal corporation, including the immediate financing needs of a project for which long term funding has been secured but not yet received. The WKRFA may use inter-fund loans rather than outside debt instruments to meet short-term cash flow needs for the project. Inter-fund loans will be permitted only if an analysis of the affected fund indicates excess funds are available and the use of the funds will not impact the fund’s current operations. All inter-fund loans will be subject to Governing Board approval and will bear interest at prevailing rates.
3. **Leases** – The WKRFA is authorized to enter into capital leases under State law, subject to the approval of the Commissioners.

General Requirements

1. The WKRFA will not use long-term debt to pay for current operations. The use of bonds or certificates of participation will only be considered for significant capital and infrastructure improvements.
2. The term of the debt shall never extend beyond the useful life of the improvements to be financed.
3. The general policy of the WKRFA is to establish debt repayment schedules that use level annual principal and interest payments.
4. Interest earnings on bond proceeds will be limited to 1) funding the improvements specified in the authorizing bond resolution, or 2) payment of debt service on the bonds.
5. Proceeds from debt will be used in accordance with the purpose of the debt issue. Funds remaining after the project is completed will be used in accordance with the provisions stated in the bond resolution that authorized the issuance of the debt.
6. The WKRFA will use the most prudent methods of acquiring capital outlay items, including the use of lease-purchase agreements. In no case will the WKRFA lease-purchase equipment whose useful life is less than the term of the lease.
7. The WKRFA will maintain its bond rating at the highest level fiscally prudent, so that future borrowing costs are minimized and access to the credit market is preserved. The WKRFA will encourage and maintain good relations with financial bond rating agencies and will follow a policy of full and open disclosure.
8. The WKRFA shall use refunding bonds in accordance with the Refunding Bond Act, RCW 39.53. Unless otherwise justified, the WKRFA will refinance debt to achieve true savings as market opportunities arise. Refunding debt shall never be used for the

purpose of avoiding debt service obligations. A target 5% cost savings (discounted to its present value) over the remainder of the debt must be demonstrated for any “refunding”, unless otherwise justified.

9. With Governing Board approval, interim financing of capital projects may be secured from the debt financing marketplace or from other funds through an inter-fund loan as appropriate in the circumstances.

VIII. Communication Policy

1. It is the policy of the WKRFA to remain as transparent as possible.
2. The WKRFA shall manage relationships with the rating analysts assigned to the WKRFA’s credit, using both informal and formal methods to disseminate information.
3. The WKRFA’s Basic Financial Statements and Notes shall be a vehicle for compliance with continuing disclosure requirements. The Notes to the Financial Statements may be supplemented with additional documentation as required. Each year included in the Notes to the Financial Statements, the WKRFA will report its compliance with debt targets and the goals of the Debt Policies.
4. The WKRFA shall seek to maintain and improve its current bond rating.

IX. Compliance Policy

Investment of Proceeds

The WKRFA shall comply with all applicable Federal, State and contractual restrictions regarding the investment of bond proceeds. This includes compliance with restrictions on the types of investment securities allowed restrictions on the allowable yield of invested funds as well as restrictions on the time period over which some of the proceeds may be invested.

Legal Covenants

The WKRFA shall comply with all covenants and conditions contained in governing law and any legal documents entered into at the time of a bond offering.

Periodic Policy Review

At a minimum, the Debt Policy and the Post Issuance Compliance Policy (for Bonds) will be reviewed and updated every five years.

X. Investment and Cash Management Policies

Manage and invest the WKRFA's operating cash to ensure its legality, safety, provide for necessary liquidity, avoid imprudent risk, and optimize yield.

1. Cash and Investment programs will be maintained in accordance with WKRFA regulations and will ensure that proper controls and safeguards are maintained.
2. WKRFA funds will be managed in a prudent and diligent manner with an emphasis on safety of principal, liquidity, and financial return on principal, in that order.
3. The WKRFA will develop and adopt an investment policy. Currently the Local

Government Investment Pool (LGIP), which is an investment vehicle maintained by the County Treasurer's Office to help local governmental entities achieve higher rates of return by pooling local funds for economies of scale, is one authorized investment vehicle available to the WKRFA.

4. The WKRFA will maintain written guidelines on cash handling, accounting, segregation of duties, and other financial matters.
5. Monthly investment reports will be prepared, reviewed and distributed to the Governing Board showing cash position, and year-to-date budgeted and actual expenditures.
6. The WKRFA will conduct annual reviews of its internal controls and cash handling procedures.
7. Internal controls will be tested on a quarterly basis at a minimum.

West Klickitat Regional Fire Authority PROCUREMENT POLICY

Purpose

It is the purpose of this policy to provide guidelines for the purchase of public works, goods and services by the RFA in order to maintain an accountable procurement process. It is also the purpose of this policy to allow for the flexible application of these guidelines for more efficient and cost effective purchases where their strict application would not be in the RFA's best interest.

Federal Funds.

If the RFA is using federal funds for a purchase of equipment, materials, supplies, services or public works RFA staff shall follow the Federal Procurement Rules attached as **Exhibit A** otherwise procurement should be conducted in accordance with the following rules.

Definitions

Bid Exemptions. RCW 39.04.280 establishes specific exemptions from the statutory bidding requirements in the following limited situations: 1) Purchases that are clearly and legitimately limited to a single source of supply; 2) Purchases involving special facilities or market conditions; and, 3) Purchases and Public Works in the event of an emergency.

Budget. The formally adopted budget of the RFA

Commercially Reasonable Means. Any method of purchasing property that insures the RFA and its taxpayers are getting the best deal possible. Examples could include negotiated, purchases, bidding procedures, obtaining multiple quotes, etc.

Cooperative Purchase. A Cooperative Purchase allows the RFA to comply with the statutory bid requirements by purchasing off of a bid that another municipal corporation has awarded or a purchase through a Designated Purchasing Cooperative. Use of a Cooperative Purchase requires Cooperative Purchasing Agreement with the municipal corporation that is going to bid or has gone to bid.

Best Value. The basis for awarding bids for equipment, materials and supplies which includes consideration of various factors determined by the RFA when going to bids, with price being a primary factor.

Designated Purchasing Cooperatives. The following interlocal cooperative purchasing arrangements are authorized for use by the RFA in accordance with the requirements of the sponsoring agencies.

Department of Enterprise Services. The Department of Enterprise Services "State Bid" operates cooperative purchasing under chapters 43.19 RCW and 39.34 RCW.

Other Purchasing Cooperatives. Other purchasing cooperatives as authorized by the Fire Chief that may be used when use of such cooperatives are in the best interest of the RFA. Examples include Houston Galveston Area Council (HGAC), National Purchasing Partners Government Division (NPPgov), Sourcewell Cooperative Purchasing, and King County Directors Association (KCDA) procurement services.

Emergency. Unforeseen circumstances beyond the control of the RFA 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. (RCW 39.04.280(3)).

Public Work. Means all work, construction, alteration, repair, or improvement other than ordinary maintenance, executed at the cost of the RFA, or which is by law a lien or charge on any property within the RFA (RCW 39.04.010).

Responsible Bidder. In determining whether the bidder is a responsible bidder, the agency must consider the following elements:

1. Equipment, Materials and Supplies Purchases.

- a. The ability, capacity, and skill of the bidder to perform the contract or provide the service required;
- b. The character, integrity, reputation, judgment, experience, and efficiency of the bidder;
- c. Whether the bidder can perform the contract within the time specified;
- d. The quality of performance of previous contracts or services;
- e. The previous and existing compliance by the bidder with laws relating to the contract or services; and
- f. Such other information as may be secured having a bearing on the decision to award the contract.

2. Public Works Projects.

- a. Contractor must have valid certificate of registration.
- b. Contractor must have valid State UBI number.
- c. Contractor must maintain workers compensation coverage and unemployment insurance coverage for all employees and maintain a state excise tax registration number.

- d. Contractor cannot have been disqualified from bidding on any previous public works contract.
- e. Contractor cannot have violated the state apprenticeship utilization requirements on any public works project during the one-year period prior to the RFA's Project.
- f. Contractor must meet the statutory public works training requirements under RCW 39.04.350.

Small Works Roster A process authorized by RCW 39.04.155 that allows the RFA to publish and maintain a roster of contractors available to perform public works contracts. The RFA can establish and maintain its own roster or joint a cooperative roster such as MRSCRosters.

Single Trade Public Works Project: Projects that require only a single contractor performing a single trade as identified in chapter 296-127 Washington Administrative Code.

Multi Trade Public Works Project: Projects that require contractors or subcontractors to perform two or more of the trades as identified in chapter 296-127 Washington Administrative Code.

Sole Source Procurement: Non-competitive selection process to procure a product of service from a sole source vendor. If an item, even a specific name brand, is available from more than one vendor, it is not appropriate to declare the purchase sole source.

Vendor List. A process authorized by RCW 39.04.190 that allows the RFA to publish and maintain a roster of vendors available to sell equipment and supplies to the RFA. The RFA can establish and maintain its own roster or join a cooperative roster such as MRSCRosters.

Purchasing Authority.

Board of Commissioners: The Board of Commissioners shall approve an annual budget that authorizes specific and general expenditures within certain budgetary limits. The Board shall also review and approve all vouchers on at least a monthly basis.

Option 1. Fire Chief. The Fire Chief, or designee shall have authority to make expenditures within the general budgetary limits adopted by the Board. The Fire Chief shall specifically notify and inform the Board of all purchases or contracts with a value in excess of \$ _____.

Option 2. Fire Chief. The Fire Chief, or designee shall have authority to make expenditures within the specified budgetary line item limits adopted by the Board. The Fire Chief shall specifically notify and inform the Board of all purchases or contracts with a value in excess of \$ _____.

Option 3. Fire Chief. The Fire Chief, or designee shall have authority to make expenditures within the general budgetary limits adopted by the Board. Provided, however, the Fire Chief

shall obtain advance Board approval prior to making any specific expenditure that exceeds \$ _____ in value.

Option 4. *[Insert Designated Staff Position]*/. The _____, or designee shall have the authority to approve all budgeted purchases of \$ _____ or less.

Staff Purchases: The routine re-ordering of materials, supplies and equipment, as defined and limited by the Fire Chief or designee, may be made by staff members without requiring any additional advance approval.

Purchases Made Using a Bid Exemption. Purchases made using a Bid Exemption shall require formal action of the Board of Commissioners in the form of a Resolution approving use of the Bid Exemption.

Non Budgeted Purchases. Purchases of goods or services outside of budgetary limits shall require approval by the Board of Commissioners.

Emergency Purchases. In the event of an emergency the Fire Chief, or in the Fire Chief's absence the Assistant Fire Chief, may approve a purchase outside of the budget if it is not feasible to obtain approval of the Board of Commissioners but not in excess of \$ _____.

Purchase of Materials, Equipment and Supplies.

Purchases under \$75,500. No statutory process requirements. Staff shall use commercially reasonable means to make such purchases.

Purchases from \$75,500 to \$150,000. Purchases must be made from one of the RFA's Vendor List, Designated Purchasing Cooperatives or Bid Exemption, if applicable. If purchase cannot be made through the RFA's Vendor List, Designated Purchasing Cooperative, Cooperative Purchase or Bid Exemption, the purchase must be made through competitive bidding procedures as if the purchase price exceeded \$150,000.

Purchases over \$150,000. Formal sealed bidding procedure must be used unless purchase can be made through a Cooperative Purchase or Bid Exemption. Bids shall be awarded to the Lowest Responsible Bidder as defined in the bid documents or the Bidder providing the Best Value to the RFA as defined in the bid documents.

Public Works

Single Trade Public Works projects under \$75,500. No statutory bidding procedures required. Staff shall use commercially reasonable means to contract for such Public Works.

Multi Trade Public Works projects under \$150,000. No statutory bidding procedures required. Staff shall use commercially reasonable means to contract for such Public Works.

Single Trade Public Works Projects \$75,500 - \$350,000. The RFA shall establish and use a Small Works Roster.

Multi Trade Public Works Projects \$150,000- \$350,000. The RFA shall establish and use a Small Works Roster.

Public Works projects over \$350,000. Formal Sealed bidding shall be used except in case of an emergency. Bids shall be awarded to the Lowest Responsible Bidder as defined in the bid documents.

Direct Contracting under the Small Works Roster for projects estimated to cost under \$150,000:

- i. The RFA may seek quotes from all eligible contractors that have expressed interest in working in the RFA's geographical area. **Or**
- ii. Use Direct Contracting.
 - (a). The RFA shall follow its Small Business Utilization Plan when using Direct Contracting.
 - (b). If there are six or more contractors meeting the definition of small, minority, women or veteran owned businesses on the roster, the RFA may directly contract with one of those small businesses that have indicated interest in performing work in the RFA's geographical area.
 - (c). The RFA shall rotate through the eligible contractors and shall, when qualified contractors are available from the roster who may perform the work or deliver the services within the budget described in the notice or request for proposals, use different contractors on different projects.
 - (d). If there are five or less contractors meeting the definition of small business on the roster, the RFA may direct contract with any of those small businesses that have indicated interest in performing work in your geographical area.
 - (e). Under both of the above procedures the RFA shall notify all small, minority, women or veteran owned businesses on the RFA's roster you the RFA is using direct contracting.

Services – Architects, Engineers and Land Surveyors.

OPTION 1. The RFA shall use the RFQ process established under chapter 39.80 RCW prior to retaining the services of architects, engineers and land surveyors.

OPTION 2. The RFA is a member of the MRSC Rosters consultant roster and shall use the Statements of Qualifications submitted to MRSC Rosters to select a qualified architect, engineer or land surveyor.

Services – Telecommunications and Data Processing.

The RFA shall use the competitive negotiation procedures established under RCW 39.04.270 when purchasing telecommunication and data processing services unless the purchase is made through a Designated Purchasing Cooperative, Cooperative Purchase or Bid Exemption t.

Services – Other

No statutory procedures required. RFA staff shall use commercially reasonable means to identify and contract with service providers.

Procurement Policy Exhibit A

Procurement Policy For Purchases or Projects Using Federal Funds. Uniform Guidance Procurement Policy Compliance Statement

Contracts funded with federal grant or loan funds must be procured in a manner that conforms with all applicable Federal laws, policies, and standards, including those under the Uniform Guidance (2 C.F.R. Part 200).

The policy of the RFA when spending federal funds is to follow the most restrictive rule applicable under the RFA's adopted Procurement Policy or under the federal Uniform Guidance (2 C.F.R. 200, Subpart D) ("UG"). The purpose of this Policy is to identify those areas where the Uniform Guidance requirements are the most restrictive rule. For any federal grant funded project, the specific federal grant guidelines should be closely reviewed and the granting agency should be consulted as necessary to insure compliance with the Uniform Guidance.

Equipment, Materials and Supplies.

Follow RFA procurement policy except where noted below:

General Requirement. May not specify specific brands when equal products exist.

Cost under \$10,000. Use commercially reasonable methods, fairly and equitably distribute service contracts.

Cost over \$10,000 or when value of goods purchased over prior fiscal year exceeds \$10,000. When purchase is for items designated by the EPA under 40 CFR Part 247, must procure items that contain the highest percentage of recovered materials consistent with maintaining a satisfactory level of competition. Consult 40 CFR 247.10 through .17 for full list but general items include paper and paper products, vehicle lubrication products, tires and parts, some construction products, and certain landscaping products.

Cost between \$10,000 and \$75,500. Use vendor list process or obtain quotes from an adequate number of qualified sources and award to lowest cost responsible bidder (Note Best Value bid awards not permitted).

Cost between \$75,500 and \$250,000. Follow RFA procurement policy.

Cost over \$250,000. Conduct price/cost analysis prior to advertising for bids. Five percent bid bonds required when using sealed bid process.

Vendors that assist in drafting of bidding documents cannot be awarded contract.

For all contracts in excess of \$10,000 must take affirmative steps to encourage small and minority firms and women-owned business participation.

Conduct Federal Debarment check on vendors prior to awarding bid. Cannot award if vendor is debarred.

Public Works Contracts.

Cost under \$10,000. Use commercially reasonable methods, fairly and equitably distribute service contracts.

Cost between \$10,000 and \$50,000. Use small works roster process or obtain quotes from an adequate number of qualified sources and award to lowest cost responsible bidder (Note Best Value bid awards not permitted).

Cost between \$50,000 and \$250,000. Follow RFA procurement policy.

Cost over \$250,000. Cannot use small works roster, must use competitive sealed bidding. Conduct price/cost analysis prior to advertising for bids. Five percent bid bonds required when using sealed bid process.

Contractors that assist in drafting of bidding documents cannot be awarded contract.

For all contracts in excess of \$10,000 must take affirmative steps to encourage small and minority firms and women-owned business participation.

Conduct Federal Debarment check on contractor prior to awarding bid. Cannot award if contractor is debarred.

Service Contracts other than Architects, Engineers and Surveyors.

There are no state mandated bid requirements for service contracts. The Uniform Guidelines establish the following more restrictive requirements.

Cost under \$10,000. Use commercially reasonable methods, fairly and equitably distribute service contracts.

Cost between \$10,000 - \$250,000. Obtain quotes from an adequate number of qualified sources and award to lowest cost responsible bidder.

Cost over \$250,000. Use a competitive sealed bidding process following procedures used for public works . Conduct price/cost analysis prior to advertising for bids. Award to lowest responsive, responsible bidder. If conditions are not appropriate for using a sealed competitive bid process may use the Competitive Negotiation process established under RCW 39.04.

Service Providers that assist in drafting of bidding documents cannot be awarded contract.

For all contracts in excess of \$10,000 must take affirmative steps to encourage small and minority firms and women-owned business participation.

Conduct Federal Debarment check on service provider prior to awarding bid. Cannot award if provider is debarred.

Bid Exemptions.

Follow RFA procurement policy.

Cost over \$250,000. Perform cost or price analysis prior to contracting. Must negotiate profit as separate element of the contract price.

For all contracts in excess of \$10,000 must take affirmative steps to encourage small and minority firms and women-owned business participation.

Conduct Federal Debarment check on contractor prior to awarding bid. Cannot award if contractor is debarred.

Cooperative Purchasing (Piggyback).

Strictly scrutinized under Uniform Guidance. Must be able to document that entity that went out for bid fully complied with Uniform Guidance in addition to complying with the local or state bid laws applicable to the entity.

For all contracts in excess of \$10,000 must take affirmative steps to encourage small and minority firms and women-owned business participation.

Conduct Federal Debarment check on contractor prior to awarding bid. Cannot award if contractor is debarred.

Conflicts of Interest.

The RFA follows the conflict of interest rules set forth in chapter 42.23 RCW and prohibits acceptance of gifts from contractors, vendors and service providers. The RFA's standards of conduct rules apply to all elected officials and all employees, volunteers and agents that are involved in the procurement process.