

Direct Buy Policy Refresh Stakeholder Feedback

Sent to: Internal DES C&P Staff, PCAG, WACS, PTAC, PTAG, OMWBE, Business Diversity Advisory Group, Bi-weekly broadcast – sent the week of 11/20/17. Feedback was due 12/15/17.

Stakeholder	Feedback	Limit Suggestion	Documentation to Support Limit Increase	DES Response
Paula Reiner - SOS	Increase the \$10,000/\$13,000 limit (*supporting documentation provided)	\$30,000	I have reviewed for one fiscal year purchase orders and contracts between \$10,000 and \$30,000. We are a small agency, and most of our contracts and purchase orders are either with other governmental entities or under master contracts. We had few competitive projects between \$10,000 and \$30,000; however, competitive bidding takes up lots of time so we would like to save that effort for larger projects with bigger impact. About half of our competitive projects between \$10,000 and \$30,000 were for software maintenance and subscription. The other half was a mix of products and services.	Draft Policy proposes increase.
	Clarify that limit is up to <i>and including</i> \$10,000;			Addressed in draft policy.
	State whether or not policy applies to public works procurements;			Draft Policy specifically states that it is for goods and services under RCW 39.26
	Update and expand FAQs; and			Done.
	Provide details about “repetitive purchases” (we currently monitor repetitive purchases within one fiscal year)			Addressed in draft policy.
Harry Speelman – WSDOT	Increase the limit	\$25,000	Here are a couple examples of low-risk purchases that required WEBS in 2017; 1) HVAC equipment for server room \$16,000 2) Ground mats for heavy equipment \$24,000 And in 2016 I advertised in WEBS for signs \$19,000. (the Sign Shop in Yakima said they could not manufacture them).	Draft Policy proposes increase.
Jilene Siegel – DRS	Increase the dollar threshold	Tiers	Please consider increasing the dollar threshold for direct buy procurements, to better reflect current economic realities. This would provide agencies with more discretion to increase utilization of OMWBE certified businesses, and would give small businesses more opportunities to do business with the state	Draft Policy proposes increase.

Stakeholder	Feedback	Limit Suggestion	Documentation to Support Limit Increase	DES Response
			<p>without committing precious resources to preparing a full RFP response. (Perhaps a “modified” Direct Buy for purchases between the lower threshold (\$10k/\$13k) and a higher threshold, that would require three documented informal quotes by telephone or some other method short of a full RFP, to ensure funds are still being well spent. Procurements above the higher threshold would still require a full, open and competitive solicitation.)</p> <p>Regrettably, my response is anecdotal rather than evidence-based. Occasionally people internally have expressed an interest in procuring a service, but when they find out that it would require a full, open-competitive solicitation, they look for substitutes or give up and settle on a sub-optimal alternative approach. This is usually because the need requires a solution quicker than a full solicitation allows, or because it takes resources to prepare and conduct a full solicitation that aren’t available.</p>	
	<p>FAQs: There does not appear to be a page with FAQs related to this policy, so a link to that page causes confusion.</p>			<p>Will be addressed with proposed policy draft.</p>
<p>Doug Hinzmann – WSDOT</p>	<p>Increase the limit</p>	<p>\$20,000</p>	<p>I wish the direct buy was even higher. Webs is a pain to process and along wait time to actually get to the purchase order. Because of such a long process, a lot of your customers, do whatever they can to go around and hope they don’t get caught.</p> <p>That makes Purchasing the bad guy, when we say that it can’t be purchased, direct buy, because it is over \$10k and not on contract. Because it cannot be purchased in a timely fashion, especially around end of Biennium time. They say we are an uncooperative department or individuals.</p> <p>Limits should be adjusted up substantially.</p> <p>Now days big organizations like ours think nothing of spending 10k. In fact they spend 50K and don’t blink an eye.</p>	<p>Draft Policy proposes increase.</p>

Stakeholder	Feedback	Limit Suggestion	Documentation to Support Limit Increase		DES Response
			I buy signals items, and they are always changing or converting over to newer technology. Sometimes they want to buy bulk for a project, and since it isn't on contract, webs is required. It would be great to be able to purchase 20K direct buy for these type of situations. I don't have supporting examples.		
Dave Davis – WSDOT	Increase the limit	\$25,000	3) Direct Buy Purchase Authorization:	Effective January 1, 2013, agencies are authorized to purchase goods and services up to a cost of \$10,000 (excluding sales tax) directly from a vendor and without competition. In addition, effective July 1, 2018 agencies are authorized to purchase goods and services up to a cost of \$13,000 25,000 (excluding shipping and sales tax) directly from a vendor and without competition if the purchase is being made from a microbusiness, minibusiness, or small business as those terms are defined by RCW 39.26.010 (19), (20) and (21) .	Draft Policy proposes increase.
	Add shipping as an exclusion				Addressed in draft policy.
Marci Phillips – ATG	What is meant by “cannot justifiably satisfy agency needs?” Additional QAs/examples would be helpful.				DES will address in new policy by way of policy language and/or FAQ for clarification.
	Define “repetitive purchase.” We understand that normally, DES looks to single purchases. However, if an agency is making multiple purchases from the same vendor, can they make such purchases as long as the aggregate of the purchases remains under the direct buy limit? Is there a time period associated with “repetitive purchase?” For example, does an agency add up the single purchases with a vendor in a calendar year to see if that amount exceeds direct buy limit?				

Stakeholder	Feedback	Limit Suggestion	Documentation to Support Limit Increase	DES Response
	Is the direct buy limit for the agency or can it be used separately for each agency funding source?			DES will address in new policy by way of policy language and/or FAQ for clarification.
	The policy is clear that sales tax is excluded from the direct buy limit. Questions have arose about shipping and handling. Add clarification that shipping and handling is included in the direct buy limit. Shipping and handling charges are variable – sometimes shipping is free and sometimes it isn't, so an agency could get the exact same item and sometimes it would push it over the limit and sometimes it wouldn't. Why isn't the direct buy limit based on only the item itself and taxes, shipping, and handling all excluded?			Addressed in draft policy.
	Increase direct buy limits	\$15,000/\$18,000		Draft Policy proposes increase.
	Should there be a DES policy on Small Purchases with a different \$\$ threshold? So for example, purchases of \$1 - \$2,500 are small purchase (number may be set lower by agencies, but not above \$2,500) and no competition is required. Direct Buy is then \$2,501 to \$15,000. I think the limit for competition should be higher, perhaps up to \$4,999. The old limit years ago was \$2,499 and prices have definitely increased since that limit was established. If direct buy can go up to \$15,000/\$18,000, then the no competition limit should also go up.			Addressed in draft policy.
	Add a watermark, such as "Do Not Use - Historical Reference Only" to the Washington Purchasing Manual that is still available on DES's website. Staff have inadvertently relied on the manual which contains information that was modified during procurement reform.			Thank you for sharing and your suggestion. This has been passed onto the Enterprise Procurement Policy team to consider the value of retaining the Washington Purchasing Manual on DES' website; and if so the best way to ensure it is clearly marked as a historical reference only.
Servando Patlan – DES	Suggested asking our DES' master contract customers: "In order to further encourage small business procurement, should DES remove the requirement for agencies to use a qualified master contract, if the purchase can be made with reasonable risk from a Washington Small Business?"			Suggestion considered. However, one of the main tenants of strategic sourcing is aggregating spend to increase buying power. Therefore, if there is a master contract that meets an agency's needs

Stakeholder	Feedback	Limit Suggestion	Documentation to Support Limit Increase	DES Response
				<p>then it should be used. In the event that the contract does not meet their needs, they can document their file and go off contract (and either compete, direct buy, or sole source – as appropriate). There are a few instances on two-tier master contracts where a rapid selection is allowed (a direct buy with one of the pre-qualified firms).</p>
Howard Cox – DES	<p>Include OMWBE certified firms and WDVA certified veteran owned businesses in the increased limit for diverse vendors.</p>			<p>WDVA certified veteran-owned businesses are included in the increased limit proposal. However, the proposed policy draft recommends does not limit the higher limit with OMWBE certified M/W-owned businesses as this excludes other small businesses that are not registered in WEBS or certified by OMWBE (which is not in compliance with RCW 39.26.090(6)).</p>
	<p>Consider a different model/approach: It seems that having a Direct Buy Policy and a Delegation of Authority Policy is counterintuitive. If we really conduct nationwide research I think a common model we would find is a tiered Purchasing Authority structure based on commodity type and dollar value. At each tier the degree of competition required increases. For an example of what I mean I am attaching a link to California’s online State Purchasing Manual. See Chapter 1, Purchasing Authority.</p> <p>I would suggest the we don’t need two separate policies, but combine them. Direct Buy is a remnant from a prior era and actually unique to this state.</p> <p>When I held listening sessions with customers a few years ago many of the m lamented that we let stopped updating and providing the Wa Purchasing Manual. We are now several years into Procurement Reform. So far into it, it’s not reform, it’s the way we do business. It might be time we look at providing a manual much like the Cali model.</p>			<p>Thank you for sharing this great example. We seriously considered this for WA. However, after consulting with our AAG, this approach does not resolve one of the goals (reduce the procurement process related to protests in lower dollar value procurements) we were trying to achieve with the new direct buy policy.</p> <p>Procurement Manual in the works. Anticipated due date is 12/2019.</p>

Stakeholder	Feedback	Limit Suggestion	Documentation to Support Limit Increase	DES Response
	<p>Finally, you asked about data. I'm not expert in this area but I do know ITPS data was captured from 2012 through last summer. They know \$ value per engagement. We are talking about ending the 2-tier model. We should look at data for all these contracts to find a sweetspot. To help agency diversity goals if we are going to set a Purchasing Authority structure we require inclusion of diverse vendors in our tiered structure.</p>			<p>Addressed in draft policy.</p>
<p>Lislie Sayers – DNR</p>	<p>One area of improvement that DNR recommends is that the solicitation exemptions be linked or listed in the direct buy policy; as opposed to just listing them in the sole source policy. Not having direct access to the list and having to refer staff to the sole source policy to locate exemptions (then explain why they are located in a sole source policy) is a bit time consuming and cumbersome.</p>			<p>Draft policy links to statute (RCW 39.26.125) with exceptions. These are different from the exemptions listed in the Sole Source Policy #DES-140-00, which are exemptions from the sole source process.</p>
	<p>Another suggestion is in relationship the flow and language within when describing exemptions; specifically the following areas:</p> <ul style="list-style-type: none"> • in 1) Purpose, bullet #2, it's stated that the policy provides for "...and exemptions for direct buy purchases." • in 2) Enabling Legislation, it's stated that "direct buys are exempt from solicitation." • in 4) Additional Requirements, bullet #3, it's stated "...unless exempt...unless otherwise exempt." • in 7) Definitions, it defines direct buy as "not requiring a competitive process." 			<p>Draft policy addresses this suggestion.</p>
	<p>Increase in the direct buy limit to meet our business needs</p>	<p>None</p>	<p>Unfortunately, I'm not able to come up with a great justification to increase the dollar amount of the direct buy limit except for the consistency limited public works (\$35k) - RCW 39.04. At least nothing that I want to implement at DNR at this point. I definitely don't want to get into a situation where every procurement is based on risk, requiring a risk assessment. That would make my life a nightmare. I like the definite line in a dollar threshold - it's clear.</p>	<p>Draft policy proposes increase.</p>

Stakeholder	Feedback	Limit Suggestion	Documentation to Support Limit Increase	DES Response
			<p>We do have some work to do on our part to possibly enter into convenience contracts or maybe solicit DES to initiate possible Master Contracts. And, I think overall we could probably benefit statewide by doing some collaborative procurements. But again, that's a time constraint too.</p> <p>At this point, I'll leave our official comments made on the clarity and exemptions listed below and if you want to use it, consistency w/public works.</p>	
L&I	Increase in the direct buy limit		*Provided a detailed spreadsheet with purchasing history data to support the increase	Draft policy proposes increase.
John Nispel – DOC	No comment			
DSHS – Jim Schnellman and Ed Maynard	Increase the direct buy limit	\$30,000 - \$100,000 range	<p>Here is the Order Review data for all procurements DSHS ran for RFQ's, Sole Source and Emergency Purchases that either resulted in a DSHS Purchase Order or Contract.</p> <p>70 total procurement PO's for Calendar Year 2016 thru May 2017.</p> <ul style="list-style-type: none"> • 31 are \$ 30k under • 19 are \$ 30k to \$ 100k • 11 are \$100+k to \$250k • 9 are above \$250+k <p>31 Procurements resulting in a Purchase Order could potentially be Direct Buy purchases with a \$ 30k limit, 50 of the 70 total procurements were \$100k and under.</p> <p>115 total Contracts for Calendar Year 2016 thru May 2017</p> <ul style="list-style-type: none"> • 32 are \$ 30k and under • 31 are \$ 30+k to \$100K • 31 are \$100+k to \$250k • 21 are above 250+k 	Draft policy proposes increase.

Stakeholder	Feedback	Limit Suggestion	Documentation to Support Limit Increase	DES Response
			<p>32 Contracts could potentially be Direct Buy purchases with a \$ 30k limit, 63 of the 115 total contracts were under \$100k.</p> <p>*DSSH also provided detailed spreadsheets with purchasing history data to further support the above.</p>	
Jeff Speer – WSP	More clarification is needed in the inclusiveness of the \$10,000 direct buy limit. Are shipping charges included in that amount?			Addressed in draft policy.
	Need clarification on re-occurring (repetitive) purchases. It talks about unbundling or manipulating purchases but does not provide clarity of re-occurring purchases during a specific period of time. What does “when warranted mean”?			DES will address in new policy by way of policy language and/or FAQ for clarification.
	Increase the direct buy limit	\$50,000 - \$75,000 range	<p>Based on the type of equipment we purchase (law enforcement equipment, crime lab equipment, aviation equipment etc) even small items quickly exceed \$10,000 (or even \$13,000 for small business). A few specialized rifles, one airplane part or a microscope can be over \$10,000. Having to do a competitive solicitation in these circumstances makes no sense, is time consuming for everyone involved and generally limits competition instead of increasing it and tends to exclude rather than include small business, micro business and OWMBE vendors.</p> <p>Our experience is that most small businesses (many of which are OWMBE vendors) do not have the staff time or financial resources to monitor WEBS (if they’re even registered or know what WEBS is), for current solicitations. Even if they are aware of a bid that’s posted many don’t have the staff or resources to complete all the work needed to prepare a quote that they may or may not win. This is especially true on</p>	Draft policy proposes increase.

Stakeholder	Feedback	Limit Suggestion	Documentation to Support Limit Increase	DES Response
			<p>small procurements in the \$15-\$20K range. Even though we reach out to OWMBE vendors and other small businesses, many times it is just not worth their while to try and compete. Subsequently when we run a bid on these fairly small purchases that are just over the direct buy limit we tend to get few responses and sometimes only one or two.</p> <p>I believe if the direct buy limit was significantly increased, our trained procurement staff would be able to directly and informally negotiate prices with many different vendors and get the best price and terms possible. This would really open up new possibilities for OWMBE and small businesses to have a much better chance to compete and win our business. And it would streamline our processes and make us much more efficient. Of course the expectation would be that our procurement staff maintains very good records documenting their efforts.</p> <p>If there is a concern about transparency and/or lack of competition, audits should be performed on procurement departments to make sure they are reaching out to multiple vendors on these direct buys and just not using the same ones out of a matter of convenience.</p> <p>An increase in the direct buy limit would probably greatly reduce the need for emergency purchases or requesting sole source exemptions. Many of these types of procurements are in excess of current direct buy limits but are under \$50 - \$75K if that was what the new direct buy limit was increased to. This would reduce the staff time for our agency and DES and allow us to move quickly to get the commodities that our people need to do their work.</p>	

Stakeholder	Feedback	Limit Suggestion	Documentation to Support Limit Increase	DES Response									
Angela Williams – DSHS	DES should remove the requirement that agencies purchase off a master contract before making a direct buy purchase, or at least remove it if we are able to make a purchase from a diversity vendor rather than use a master contract. This requirement interferes with agency efforts to increase spend with veteran-, minority- and women-owned business enterprises.			Suggestion considered. However, one of the main tenants of strategic sourcing is aggregating spend to increase buying power. Therefore, if there is a master contract that meets an agency’s needs then it should be used. In the event that the contract does not meet their needs, they can document their file and go off contract (and either compete, direct buy, or sole source – as appropriate). There are a few instances on two-tier master contracts where a rapid selection is allowed (a direct buy with one of the pre-qualified firms).									
	Increase the direct buy limit	\$50,000/\$75,000	<p>DSHS recommends increasing the direct buy limit to \$50,000, with a \$75,000 limit for small, mini, and micro businesses. Increasing these limits would give agencies more latitude in purchasing and would save time and money. It would also support and assist with efforts to increase state spend with veteran, minority- and women-owned businesses.</p> <p>The table below represents how many formal procurements we’ve completed at Central Contracts and Legal Services over the past three years for smaller dollar values. This does not include data from the Central Purchasing Unit at DSHS.</p> <table border="1" data-bbox="1311 1097 1964 1349"> <thead> <tr> <th colspan="3" data-bbox="1311 1097 1964 1166">Last 50 Completed Procurements</th> </tr> <tr> <th data-bbox="1311 1166 1526 1279"><i>0 < \$25,000</i></th> <th data-bbox="1526 1166 1741 1279"><i>\$25,001 < \$50,000</i></th> <th data-bbox="1741 1166 1964 1279"><i>\$50,001 < \$100,000</i></th> </tr> </thead> <tbody> <tr> <td data-bbox="1311 1279 1526 1349" style="text-align: center;">0</td> <td data-bbox="1526 1279 1741 1349" style="text-align: center;">4</td> <td data-bbox="1741 1279 1964 1349" style="text-align: center;">5</td> </tr> </tbody> </table>	Last 50 Completed Procurements			<i>0 < \$25,000</i>	<i>\$25,001 < \$50,000</i>	<i>\$50,001 < \$100,000</i>	0	4	5	Draft policy proposes increase.
Last 50 Completed Procurements													
<i>0 < \$25,000</i>	<i>\$25,001 < \$50,000</i>	<i>\$50,001 < \$100,000</i>											
0	4	5											

Stakeholder	Feedback	Limit Suggestion	Documentation to Support Limit Increase	DES Response
Michelle Gessner - WSH	Revise direct buy limit		I am at WSH and oversee the food and nutrition department. We spend about 3M in food and supplies. We offered only one main food vendor contract and that vendor has a fill rate of about 97%, which means I have 3% of my budget that I need to source from another main food supplier. Currently, I am not allowed to have another supplier because I will spend more than 10K. I would like to see the dollar amount changed to a percentage, this will allow us to get the food we need on time to feed patients at WSH.	Draft policy proposes increase (in dollars).
Rick Flores	Direct buy limit outdated		The limit on Delegated Authority is outdated, does not account for current prices inflation, taxes or business expenses, which are passed on to the customer/agency. DES can remove the self-imposed cost limit for a year (pilot test period) while tracking procurements and monitor the pros and cons of increased spending.	Draft policy proposes increase to align with purchasing habits, inflation, and risk.
	Flaw in existing policy		YES "Only when an existing qualified master contract cannot justifiably satisfy agency needs may the agency make a direct buy purchase" CONFLICTS WITH "Agencies are encouraged to buy from in-state small businesses to include certified minority, women and veteran owned businesses." Maybe a simple exception process is needed for in-state small businesses to include certified and non-certified minority, women and veteran owned businesses.	Suggestion considered. However, one of the main tenants of strategic sourcing is aggregating spend to increase buying power. Therefore, if there is a master contract that meets an agency's needs then it should be used. In the event that the contract does not meet their needs, they can document their file and go off contract (and either compete, direct buy, or sole source – as appropriate). There are a few instances on two-tier master contracts where a rapid selection is allowed (a direct buy with one of the pre-qualified firms).
	Current policy doesn't support business needs		We need an up to date, user friendly, DIRECTORY for locating OMWBE, Veterans and small business, too included goods and services that vendors can provide.	Agencies are encourage to use WEBS and OMWBE's directory posted on their website. DES and OMWBE collaborate on a monthly basis with the intent of reaching out to those that are not on their lists.

Stakeholder	Feedback	Limit Suggestion	Documentation to Support Limit Increase	DES Response
	Master contract support		It would be great to see Master Contracts include smaller vendors who subcontract or that can supply goods and services under the same contract...or at a minimum a list of alternate small vendors (especially local contracts) that qualify as OMWBE, Veterans, small mini micro etc (listed in or on the actual master contracts). Also having NASPO add a search function for direct buy vendors across the states.	Great suggestions. DES' Business Diversity Team has developed strategies to increase the small businesses on master contracts, such as inclusion plans. We will also pass along the suggestion regarding the NASPO ValuePoint contracts.
Kyla Moore - SOS	Flaws in existing policy – need clarification		Clarification of the small business requirement: several years ago, OSPI inquired whether the \$13,000 threshold would apply to an out-of-state small business. We were told that the intention was to encourage in-state businesses, so the entity would need to be a Washington state small/micro/etc. business. We were also told though, that if the entity was a MWBE business, they could be out-of-state. This is confusing. 2. What happens if an agency needs to amend a Direct Buy contract above the threshold? EX: contract is \$9,000, and we need to increase to \$14,000. Several years ago we were told to file the original contract and new amendment. I recently sent this inquiry to DES to see if this is still accurate, but have not received a response.	<ol style="list-style-type: none"> 1. DES will address in new policy by way of policy language or guidelines or FAQ for clarification. 2. Draft policy addresses clarification.
Christine Fox - LNI	Increase in direct buy limit	None		Draft policy proposes increase.
William Leak - vendor	The current policy supports business needs.		<p>Probably. We've been a registered emergency (& non-emergency) service-provider vendor for some time, and I don't recall ever being contacted (King/Snoho typically). But then I can't readily quantify the numbers & types of state facilities in our area, nor the number of instances/occurrences state facilities may have experienced.</p> <p>I do have some longstanding background providing equipment and emergency services to school districts, and other public agencies.</p>	No changes to policy suggested.

Stakeholder	Feedback	Limit Suggestion	Documentation to Support Limit Increase	DES Response
Angela Ingram - DSHS	Clarify policy		Clarify \$10,000 spent at one vendor or is it \$10,000 spent at one vendor per purchase. For vendors like Amazon and Walmart, we have spent way more than\$10,000. The items are always different, but at what point do we stop using them. Clarity on when the limit has been reached.	DES will address in new policy by way of policy language and/or FAQ for clarification.
Steven Parker - ATG	The current policy needs clarification		There is some confusion regarding the new policy. According to the old purchasing manual the direct buy limit was \$10,000 excluding shipping and taxes. This is how we old timers remember the policy and adhere to this process. The new policy clearly states the Direct Buy limit to be \$10,000 excluding tax only. So now we have to add the shipping cost to the total before tax and include that amount in the total price? I do not agree since when researching prices we cannot always know what the shipping cost would be. On an urgent purchase we may need to pay extra to get the product to us in time and that shipping cost will be higher than the standard and could result in exceeding the Direct Buy limit. Could we please get clarification on the policy as to whether the shipping should be included in the total cost of the item or whether it is an exclusion as it used to be.	Addressed in draft policy.
	Flaws in current policy		The only flaw is the shipping cost. Do we add it to the total cost of the item or is it exempt? Also why is the old Purchasing Manual on the DES website if it is no longer being used. If we use it as a reference book then the processes in the manual and the processes in the current policy do not match. Very confusing and frustrating for us purchasers.	Addressed in draft policy.
Dan Larsen - DOC	Need to clarify that if tax and or shipping is included in the cost.			Addressed in draft policy.
	Increase direct buy limit		Increase direct buy limit to promote small in-state business participation	Draft policy proposes increase.

Stakeholder	Feedback	Limit Suggestion	Documentation to Support Limit Increase	DES Response
			The IT direct buy limit should be raised to to \$100K like it used to be. This would allow IT purchase to be directed more toward small and OWMBE businesses.	
Carol Shumate - LNI	Clarify current policy		clarity around requirements and all the FAQs in the Policy not separate	Addressed in draft policy.
	Flaws in current policy		DES review of WEBS bids(proactive) and listen to Agency requests/need without DES criteria/thresholds for master contract opportunities	Not a direct buy policy issue. Passed the suggestion onto DES Contracts & Procurement Team.
	Increase direct buy limit		To support rising inflation	Draft policy proposes increase.
	Other feedback		We need to have master contracts based on Agency need	Not a direct buy policy issue. Passed the suggestion onto DES Contracts & Procurement Team.
Jenna Johnson - Lottery	Increase the direct buy limit		The increase of the direct buy dollar threshold would help with support of OMWBE, vendor owned, and small business. The amount of time, effort and money it takes to put together a formal bid is not cost effective for smaller businesses.	Draft policy proposes increase.
Ashley Blowers - AGR	Clarify existing policy		For someone who specializes in contracts & purchasing, I'd say it is clear but we have a lot of folks that get confused with the two different thresholds the policy notes - \$10k for direct purchases with large vendors and \$13k for direct purchases with small vendors. I also don't believe the \$13k threshold is clear enough - OWMBE leaves out other disadvantaged businesses so do they have to be certified through OWMBE registered businesses? If not, how does one prove the business actually fits the definition?	Addressed in draft policy.
	Doesn't support business needs		No - running a full-blown procurement for anything above \$10,000 does not often seem like a good use of our resources until the costs start getting into the \$30k range (of course there are some exceptions to that statement, such as inherently risky procurements)	Draft policy proposes increase.
	Adjustments to the direct buy limit		I have heard other agencies use a tiered approach with a direct buy threshold, an information solicitation threshold (think 3 quotes) and full-blown procurement threshold	Draft policy proposes increase.

Stakeholder	Feedback	Limit Suggestion	Documentation to Support Limit Increase	DES Response
Levi Clemmens - DFI	Clarify existing policy		Language clarifying the intent of the dollar limits would be helpful. Is the amount per transaction, per commodity type, per vendor? And if not per transaction, then what is the timeframe for the limit: per fiscal month, per fiscal quarter, per fiscal year, per biennium or other? I've heard many conflicting instructions over the years in this area...	DES will address in new policy by way of policy language and/or FAQ for clarification.
Lance Yount - LNI	Increase direct buy limit	\$50,000 for goods/services; \$100,000 for IT	No, Direct Buy limit is too low. We need to move the needle on our diverse spending but with the majority of DES master contracts not awarded to these firms. The ability to direct off contract spend to these firms is difficult because the majority of dollars spent are over the \$10,000 - \$13,000 threshold and once it goes out to WEBS the diverse firms cannot compete with the big boys.	Draft policy proposes increase.
Anonymous	Clarify existing policy		Please better define how contracts with individuals are considered in the \$10,000 and \$13,000 limits. Can contracts be up to \$13,000 if they're with *individuals* who are minorities or women.	DES will address in new policy by way of policy language and/or FAQ for clarification.
	Flaws in current policy		It seems like there's an emphasis on contracting with *businesses* and not with *individuals.* We contract with a lot of individuals who are women or minorities. Since they aren't businesses we don't get to count them for diversity though. Most of the individuals do not have the time or money to become businesses.	DES will address in new policy by way of policy language and/or FAQ for clarification.
Julie Hannah - WSP	Clarify existing policy		If purchasing something on a re-occurring basis, it's not clear when the direct buy limit would be exceeded. Example: If I need to purchase xx and I may need to purchase more in the future and the 2nd purchase now exceeded \$10/\$13k, know what? There is mention of not unbundling or manipulating a purchase - however it could be that in 6 months more are needed and now what?	DES will address in new policy by way of policy language and/or FAQ for clarification.
	Flaws in current policy		There is mention that tax is not included in the amount, however it's not mentioned if shipping and handling is included in the \$10k/\$13k.	Addressed in draft policy.
	Direct buy limit is too low			Draft policy proposes increase.

Stakeholder	Feedback	Limit Suggestion	Documentation to Support Limit Increase	DES Response
Tammi Clawson	Direct buy limit is too low			Draft policy proposes increase.
Roni Field - DES	Clarify existing policy		Is there a time tied to the amount? - \$10,000 annually, quarterly, monthly?///As someone who receives emails and calls from our 2-tier programs, LOTS of customers have questions around how often they can do a direct buy. The understand the ceilings (\$10/13k) but not the actual limits (how often can they do that).	DES will address in new policy by way of policy language and/or FAQ for clarification.
	Flaws in current policy		During my last review the references to these sections of 39.26 were wrong and needed to be updated.	Corrected in draft policy.
Kevin Greene - AGR	Flaws in current policy		I recommend clarifying Additional Requirements #2 to state that it's encouraged to do business with all small in state businesses.	Addressed in draft policy.
	Direct buy limit is too low	\$30,000 or \$50,000		Draft policy proposes increase.
Heidi Whisman – DOR	Clarify existing policy		<p>Statement 3 under 4) Additional Requirements, could be rewritten – it has redundant statements about exempt in it.</p> <p>Provide more information on what DES would consider adequate justification for not using a master contract.</p> <p>Add in the Direct Buy policy some of the info that's currently only in the Exemption section of the Sole Source policy – it's not intuitive to find it under Sole Source. Such as something like:</p> <ol style="list-style-type: none"> 1. Direct Buy is allowed for equipment maintenance service contracts and parts purchases when procured directly from the Original Equipment Manufacturer (OEM), regardless of cost. 2. Direct Buy is allowed for software maintenance and support services when procured directly from the proprietary owner of the software, regardless of cost. 	<p>Draft policy addresses this suggestion.</p> <p>DES will address in new policy by way of policy language and/or FAQ for clarification.</p> <p>Draft policy links to statute (RCW 39.26.125) with exceptions. These are different from the exemptions listed in the Sole Source Policy #DES-140-00, which are exemptions from the sole source process.</p>

Stakeholder	Feedback	Limit Suggestion	Documentation to Support Limit Increase	DES Response
			3. Could do for almost all items in the Exemption section of the Sole Source policy.	
	Increase direct buy limit	\$50,000	<p>May help increase small/divers business participation</p> <p>Sometimes IT stuff is not widely available, or the way OEM's work with and authorize resellers limits who can compete, so the competition doesn't provide value.</p> <p>Increased limit may be more applicable to IT goods and services; however, we like that now there is just one direct buy limit and it applies to any type of goods or services being purchased (it's better than prior to procurement reform when there were different limits depending on what was being purchased).</p> <p>Consider allowing direct buy if it's from the OEM, especially for IT stuff.</p>	Draft policy proposes increase.
11 IT Customers (Collected by Becci Riley – DES)	Increase IT purchasing limits	\$50,000 - \$150,000 range	<p>\$150,000 IT limit matches federal funding</p> <p>Higher direct buy limit for commonly used services, such as QA, Project Management, and Business Analysis</p>	Draft policy proposes increase. However, IT is not separated out at the recommended limit. DES considered a separate threshold for IT, but decided on tiered threshold for all goods and services (for ease of use and to mitigate risks usually associated with IT).
Additional feedback received on 1/18/18 from meeting with DOH:				
Michael Maverick (DOH)	Increase direct buy limit	\$75,000 (*\$150,000 for small business)		Draft policy proposes increase.
	Authorize agencies to go off contract when purchasing from a small business up to the direct buy amount			Suggestion considered. However, one of the main tenants of strategic sourcing is aggregating spend to increase buying power. Therefore, if there is a master contract that meets an agency's needs then it should be used. In the event that the contract does not meet their needs, they can document their file and go off

Stakeholder	Feedback	Limit Suggestion	Documentation to Support Limit Increase	DES Response
				contract (and either compete, direct buy, or sole source – as appropriate). There are a few instances on two-tier master contracts where a rapid selection is allowed (a direct buy with one of the pre-qualified firms).
	Significantly increase the rapid selection option on two-tier contracts.			Shared this suggestion with the DES Contracts & Procurement team for consideration.
Rena L'Heureux (DOH)	Expand the list of business that are eligible for the higher dollar amount for direct buy, such as veteran, minority, women-owned. Allow veteran, minority, and women-owned businesses to self-certify in WEBS in order to qualify for the increased direct buy threshold.			Draft policy proposes this suggestion.
	The policy requirement (4.1) that states “with few exceptions, agencies must direct-buy from vendors on the master contract” is a barrier to supplier diversity.		<p>Diverse vendors do not always know about the state’s master contracts or how to get on them. If they do know, they must compete to be one of the vendors. This in essence, nullifies the intent of Section 3) to make it possible to award without competition.</p> <p>It’s a barrier to small, diverse, and very new or less-seasoned businesses that do not operate in a field where RFPs/RFQs are common place. These businesses lack the staff and resources to put together a bid for a state master contract.</p>	Suggestion considered. However, one of the main tenants of strategic sourcing is aggregating spend to increase buying power. Therefore, if there is a master contract that meets an agency’s needs then it should be used. In the event that the contract does not meet their needs, they can document their file and go off contract (and either compete, direct buy, or sole source – as appropriate). There are a few instances on two-tier master contracts where a rapid selection is allowed (a direct buy with one of the pre-qualified firms).
Erin Lopez (DES)	Increase direct buy limit for OMWBE certified businesses	\$25,000 or ?	Obtained ideas from State of Minnesota’s equity select policy	Draft policy proposes increase.
	Tie direct buy limits to agency’s risk assessment (higher limits are delegated for agency’s that demonstrate an inclusion/diversity plan.			Considered, but not adopted because we don’t have the resources or compliance system to manage to this level. However, the policy includes a statement that compliance with the policy will be a factor in agency’s risk assessment.

Stakeholder	Feedback	Limit Suggestion	Documentation to Support Limit Increase	DES Response
Feedback from PCAG on June 13, 2018, based on concept of increasing limits to \$20K or \$50K with WA small businesses, certified M/W, and certified Veterans:				
	Limit of \$20K is too low			One of the primary goals of the new policy is to encourage agencies to contract with minority, women, and veteran-owned businesses while raising contracting opportunities for all small businesses. The proposed limits in the draft policy are aimed at achieving this goal.
	Not enough certified M/W/V firms to meet needs in \$50K limit			DES will work with OMWBE and DVA to encourage more firms to certify and to improve the certification process.
	The certification process for M/W firms is too slow and cumbersome to offer more sources in the \$50K limit			DES will work with OMWBE and DVA to encourage more firms to certify and to improve the certification process.