ARC 0508D

COMMUNICATIONS NETWORK, IOWA[751]

Notice of Intended Action

Proposing rulemaking related to purchasing and providing an opportunity for public comment

The Iowa Communications Network hereby proposes to rescind Chapter 5, "Purchasing," Iowa Administrative Code, and to adopt a new Chapter 5 with the same title.

Legal Authority for Rulemaking

This rulemaking is proposed under the authority provided in Iowa Code chapter 8D.

State or Federal Law Implemented

This rulemaking implements, in whole or in part, Iowa Code chapter 8D and Executive Order 10.

Purpose and Summary

The proposed chapter describes the purchasing structure and guidelines in which the statewide network is administered throughout the State. This proposed chapter was reviewed pursuant to Executive Order 10. As a result, the Iowa Communications Network removed redundant and obsolete language.

Regulatory Analysis

A Regulatory Analysis for this rulemaking was published in the Iowa Administrative Bulletin on June 24, 2026. A public hearing was held on the following date(s):

- July 15, 2026

Fiscal Impact

This rulemaking has no fiscal impact to the State of Iowa.

Jobs Impact

After analysis and review of this rulemaking, no impact on jobs has been found.

Waivers

Any person who believes that the application of the discretionary provisions of this rulemaking would result in hardship or injustice to that person may petition the Iowa Communications Network for a waiver of the discretionary provisions, if any, pursuant to 751—Chapter 2504.

Public Comment

Any interested person may submit written or oral comments concerning this proposed rulemaking, which must be received by the Iowa Communications Network no later than 4:30 p.m. on October 1, 2026. Comments should be directed to:

Lori Larsen
Iowa Communications Network
Grimes State Office Building
400 East 14th Street
Des Moines, Iowa 50319
Phone: 515.725.4713
Email: lori.larsen@iowa.gov or lori.larsen@icn.state.ia.us

Public Hearing

Public hearings at which persons may present their views orally or in writing will be held as follows:

September 30, 2026 10 to 11 a.m.	ICN Director's Conference Room Grimes State Office Building Des Moines, Iowa
October 1, 2026 9 to 10 a.m.	ICN Director's Conference Room Grimes State Office Building Des Moines, Iowa

Persons who wish to make oral comments at a public hearing may be asked to state their names for the record and to confine their remarks to the subject of this proposed rulemaking.

Any persons who intend to attend a public hearing and have special requirements, such as those related to hearing or mobility impairments, should contact the Iowa Communications Network and advise of specific needs.

Review by Administrative Rules Review Committee

The Administrative Rules Review Committee, a bipartisan legislative committee which oversees rulemaking by executive branch agencies, may, on its own motion or on written request by any individual or group, review this rulemaking at its regular monthly meeting or at a special meeting. The Committee's meetings are open to the public, and interested persons may be heard as provided in Iowa Code section 17A.8(6).

The following rulemaking action is proposed:

ITEM 1. Rescind 751—Chapter 5 and adopt the following **new** chapter in lieu thereof:

CHAPTER 5
PURCHASING

751—5.1(8D) Applicability of competitive bidding.

5.1(1) *Thresholds.* The commission shall use the following competitive bidding thresholds for the purchase of goods and services:

a. Direct purchasing, tier 1. The commission may purchase goods and services costing less than $15,000 without competitive bidding, using reasonable efforts to obtain the best price and value.

b. Informal competition, tier 2. The commission shall use informal competition, soliciting quotes from at least three vendors, for purchases where:

(1) The estimated cost is between $15,000 and $50,000; or

(2) The estimated value of a multiyear contract in the aggregate, including renewals, does not exceed $150,000.

c. Formal competition, tier 3. The commission shall use formal competitive bidding for purchases where:

(1) The estimated cost exceeds $50,000; or

(2) The estimated value of a multiyear contract in the aggregate, including renewals, exceeds $150,000.

5.1(2) *Determination of cost.* The estimated total cost of a purchase shall be the aggregate cost of the purchase, including freight and installation but excluding the cost of any existing hardware or software maintenance renewals if such renewals are sole-source by nature. Contracts shall not be artificially divided to avoid competitive bidding thresholds.

5.1(3) *Exemptions.* Competitive bidding is not required for:

a. Sole source, when the executive director or designee determines that:

(1) The goods or services are available from only a single source;

(2) Immediate action is required to prevent a service outage; protect network security; or avoid immediate threat to public health, safety, or welfare;

(3) The procurement is for the network and must be compatible with existing systems and compatibility is the overriding consideration;

(4) The procurement is for the upgrade, maintenance, or renewal of existing software or hardware;

(5) The goods or services involve work of such a specialized nature or related to a specific geographic location that only a single source, by virtue of experience, expertise, proximity to the project, or ownership of intellectual property rights, could satisfactorily provide the service;

(6) The commission is purchasing directly from the original equipment manufacturer (OEM); or

(7) The commission is hiring legal counsel, expert witnesses, or consultants to assist in legal proceedings, including testifying or assisting in the preparation of quasijudicial or judicial proceedings.

b. Shared contracts, when the commission purchases from contracts let by the department of administrative services, the department of management, the federal government, or other governmental entities.

751—5.2(8D) Methods of procurement.

5.2(1) *Informal competition.* For procurements requiring informal competition under paragraph 5.1(1)*"b"*:

a. The commission shall attempt to solicit quotes or proposals from at least three qualified vendors.

b. The solicitation may be conducted via electronic mail or telephone.

c. Public notice is not required.

5.2(2) *Formal competition.* For procurements requiring formal competition under paragraph 5.1(1)*"c"*:

a. *Notice.* The commission shall also comply with legal requirements for notifying targeted small businesses. Notice of the solicitation shall be posted on the state's centralized bidding website or the commission's website not less than ten days prior to the submission deadline.

b. *Evaluation.*

(1) When an Invitation to Bid is used, the contract shall be awarded to the lowest cost responsible bidder who meets the specifications.

(2) When a Request for Proposals is used, the contract shall be awarded to the vendor offering the best value based on the evaluation criteria identified in the solicitation.

c. *Negotiation.* The commission reserves the right to negotiate with the highest-ranked vendor or request a best and final offer (BAFO) from finalists.

5.2(3) *Auctions.* The commission may purchase goods or services through:

a. Electronic auctions, including reverse auctions where vendors bid down the price in real time.

b. Standard auctions, when purchasing new or used equipment or materials, provided the auction is conducted by a reputable organization.

5.2(4) *Purchasing cooperatives and consortiums.* The commission may join public or private purchasing cooperatives or consortiums to reduce costs for the network and authorized users. The commission may purchase goods and services through these entities without conducting a separate competitive bidding process, provided the cooperative or consortium utilized a competitive procurement procedure.

751—5.3(8D) Master agreements.

5.3(1) *Purpose.* To reduce administrative costs and improve efficiency, the commission may enter into master agreements (blanket purchase agreements) for goods or services that are purchased repeatedly.

5.3(2) *Competition.* A master agreement shall be established through any manner deemed appropriate by the commission, using the methods of procurement identified within rule 751—5.2(8D) or sole source as allowed by subrule 5.1(3).

5.3(3) *Ordering.* Once a master agreement is established, individual purchase orders may be issued to the contracted vendor without further competition for the duration of the agreement.

751—5.4(8D) Agency rights and vendor performance.

5.4(1) *Rejection of bids.* The commission reserves the right to reject any or all bids or proposals at any time prior to the execution of a contract. The commission may reject a bid for any reason, including but not limited to:

a. The financial insecurity of the vendor.

b. Failure to meet the specifications or terms of the solicitation.

c. Evidence of unfair bidding procedures or collusion.

d. Cancellation of the project or insufficient funds.

e. When the best interests of the commission will be served by rejection.

5.4(2) *Suspension and debarment.* The commission may suspend or debar a vendor from participating in future solicitations if the vendor has demonstrated a failure to perform or other serious misconduct.

a. *Causes.* Causes for suspension or debarment include:

(1) Material failure to perform in accordance with the terms of a previous contract;

(2) Failure to deliver goods or services on time;

(3) Attempts to influence the decision of any commission employee involved in the procurement process;

(4) Debarment by the federal government or another state agency;

b. *Process.* The commission shall notify the vendor of the intent to suspend or debar and provide an opportunity to respond. The suspension or debarment shall be for a specific period of time commensurate with the severity of the offense.

751—5.5(8D) Vendor appeals. 7—Chapter 2506 applies to contested case proceedings conducted by the agency, including vendor appeals.

These rules are intended to implement Iowa Code sections 8D.3(3)*"b"* and 8D.11.