

**8A.311 Competitive bidding — preferences — reciprocal application — direct purchasing.**

The director shall adopt rules establishing competitive bidding procedures.

1. *a.* All equipment, supplies, or services procured by the department shall be purchased by a competitive bidding procedure as established by rule. However, the director may exempt by rule purchases of noncompetitive items and purchases in lots or quantities too small to be effectively purchased by competitive bidding. Preference shall be given to purchasing Iowa products and purchases from Iowa-based businesses if the Iowa-based business bids submitted are comparable in price to bids submitted by out-of-state businesses and otherwise meet the required specifications. If the laws of another state mandate a percentage preference for businesses or products from that state and the effect of the preference is that bids of Iowa businesses or products that are otherwise low and responsive are not selected in the other state, the same percentage preference shall be applied to Iowa businesses and products when businesses or products from that other state are bid to supply Iowa requirements.

*b.* The department and each state agency shall provide notice in an electronic format available to the public of every competitive bidding opportunity offered by the department or the state agency as provided in section 73.2, subsection 2. The department may establish by rule requirements relating to such notice. A competitive bidding opportunity that is not preceded by a notice that satisfies the requirements of this paragraph is void and shall be rebid. A request for proposals for architectural or engineering services may be posted electronically by a department or state agency.

2. Notwithstanding section 72.3, if the competitive bidding procedure used by the department involves the use of a reverse auction or similar competitive bidding procedure requiring the disclosure of bid information submitted by vendors, the department shall disclose the bid information as necessary and appropriate.

3. The director may also exempt the purchase of an item or service from a competitive bidding procedure when the director determines that the best interests of the state will be served by the exemption which shall be based on one of the following:

*a.* An immediate or emergency need existing for the item or service.

*b.* A need to protect the health, safety, or welfare of persons occupying or visiting a public improvement or property located adjacent to the public improvement.

4. *a.* The director may contract for the purchase of items or services by the department. Contracts for the purchase of items or services shall be awarded on the basis of the lowest competent bid. Contracts not based on competitive bidding shall be awarded on the basis of bidder competence and reasonable price.

*b.* Architectural and engineering services shall be procured in a reasonable manner, as the director by rule may determine, on the basis of competence and qualification for the type of services required and for a fair and reasonable price.

5. The director may enter into a cooperative procurement agreement with another governmental entity relating to the procurement of goods or services, whether the goods or services are for the use of the department or other governmental entities. The cooperative procurement agreement shall clearly specify the purpose of the agreement and the method by which that purpose will be accomplished. Any power exercised under the agreement shall not exceed the power granted to any party to the agreement.

6. The director may refuse all bids on any item or service and request new bids.

7. The director shall establish by rule the amount of security, if any, to accompany a bid or as a condition precedent to the awarding of any contract and the circumstances under which a security will be returned to the bidder or forfeited to the state.

8. The director shall adopt rules providing a method for the various state agencies to file with the department a list of those supplies, equipment, machines, and all items needed to properly perform their governmental duties and functions.

9. The director shall furnish a list of specifications, prices, and discounts of contract items to any governmental subdivision which shall be responsible for payment to the vendor under the terms and conditions outlined in the state contract.

10. *a.* The director shall adopt rules providing that any state agency may, upon request and approval by the department, purchase directly from a vendor if the direct purchasing is

more economical than purchasing through the department, if the agency shows that direct purchasing by the state agency would be in the best interests of the state due to an immediate or emergency need, or if the purchase will not exceed ten thousand dollars and the purchase would contribute to the agency complying with the targeted small business procurement goals under sections 73.15 through 73.21.

b. Any member of the executive council may bring before the executive council for review a decision of the director granting a state agency request for direct purchasing. The executive council shall hear and review the director's decision in the same manner as an appeal filed by an aggrieved bidder, except that the three-day period for filing for review shall not apply.

11. a. When the estimated total cost of construction, erection, demolition, alteration, or repair of a public improvement exceeds the competitive bid threshold in section 26.3, or as established in section 314.1B, the department shall comply with chapter 26.

b. In awarding a contract under this subsection, the department shall let the work to the lowest responsible bidder submitting a sealed proposal. However, if the department considers the bids received not to be acceptable, all bids may be rejected and new bids requested. A bid shall be accompanied by a certified or cashier's check or bid bond in an amount designated in the advertisement for bids as security that the bidder will enter into a contract for the work requested. The department shall establish the bid security in an amount equal to at least five percent, but not more than ten percent of the estimated total cost of the work. The certified or cashier's checks or bid bonds of unsuccessful bidders shall be returned as soon as the successful bidder is determined. The certified or cashier's check or bid bond of the successful bidder shall be returned upon execution of the contract. This subsection does not apply to the construction, erection, demolition, alteration, or repair of a public improvement when the contracting procedure for the work requested is otherwise provided for in law.

12. The state and its political subdivisions shall give preference to purchasing Iowa products and purchasing from Iowa-based businesses if the bids submitted are comparable in price to those submitted by other bidders and meet the required specifications.

13. The director shall adopt rules which require that each bid received for the purchase of items purchased by the department includes a product content statement which provides the percentage of the content of the item which is reclaimed material.

14. The director shall review and, where necessary, revise specifications used by state agencies to procure products in order to ensure all of the following:

a. The procurement of products containing recovered materials, including but not limited to lubricating oils, retread tires, building insulation materials, and recovered materials from waste tires. The specifications shall be revised if they restrict the use of alternative materials, exclude recovered materials, or require performance standards which exclude products containing recovered materials unless the agency seeking the product can document that the use of recovered materials will hamper the intended use of the product.

b. The procurement by state agencies of biobased hydraulic fluids, greases, and other industrial lubricants manufactured from soybeans in accordance with the requirements of section 8A.316.

c. The procurement of designated biobased products in accordance with the requirements of section 8A.317.

15. a. A bidder, to be considered for an award of a state construction contract, shall disclose to the state agency awarding the contract the names of all subcontractors and suppliers who will work on the project being bid within forty-eight hours after the published date and time by which bids must be submitted.

b. A bidder shall not replace a subcontractor or supplier disclosed under paragraph "a" without the approval of the state agency awarding the contract.

c. A bidder, prior to an award or who is awarded a state construction contract, shall disclose all of the following, as applicable:

(1) If a subcontractor or supplier disclosed under paragraph "a" by a bidder is replaced, the reason for replacement and the name of the new subcontractor or supplier.

(2) If the cost of work to be done by a subcontractor or supplier is changed or if the replacement of a subcontractor or supplier results in a change in the cost, the amount of the change in cost.

16. A state agency shall make every effort to purchase those products produced for sale by sheltered workshops, work activity centers, and other special programs funded in whole or in part by public moneys that employ persons with an intellectual disability or other developmental disabilities or mental illness if the products meet the required specifications.

17. A state agency shall make every effort to purchase products produced for sale by employers of persons in supported employment.

18. The department shall not award a contract to a bidder for a construction, reconstruction, demolition, or repair project or improvement with an estimated cost that exceeds twenty-five thousand dollars in which the bid requires the use of inmate labor supplied by the department of corrections, but not employed by private industry pursuant to section 904.809, to perform the project or improvement.

19. Life cycle cost and energy efficiency shall be included in the criteria used by the department, institutions under the control of the state board of regents, the state department of transportation, the department for the blind, and other state agencies in developing standards and specifications for purchasing energy-consuming products. For purposes of this subsection, the life cycle costs of American motor vehicles shall be reduced by five percent in order to determine if the motor vehicle is comparable to foreign-made motor vehicles. "*American motor vehicles*" includes those vehicles manufactured in this state and those vehicles in which at least seventy percent of the value of the motor vehicle was manufactured in the United States or Canada and at least fifty percent of the motor vehicle sales of the manufacturer are in the United States or Canada. In determining the life cycle costs of a motor vehicle, the costs shall be determined on the basis of the bid price, the resale value, and the operating costs based upon a useable life of five years or seventy-five thousand miles, whichever occurs first.

20. Preference shall be given to purchasing American-made products and purchases from American-based businesses if the life cycle costs are comparable to those products of foreign businesses and which most adequately fulfill the department's need.

21. a. The director may authorize the procurement of goods and services in which a contractual limitation of vendor liability is provided for and set forth in the documents initiating the procurement. The director, in consultation with the department of management, shall adopt rules setting forth the circumstances in which such procurement will be permitted and what types of contractual limitations of liability are permitted. Rules adopted by the director shall establish criteria to be considered in making a determination of whether to permit a contractual limitation of vendor liability with regard to any procurement of goods and services. The criteria, at a minimum, shall include all of the following:

(1) Whether authorizing a contractual limitation of vendor liability is necessary to prevent harm to the state from a failure to obtain the goods or services sought, or from obtaining the goods or services at a higher price if the state refuses to allow a contractual limitation of vendor liability.

(2) Whether the contractual limitation of vendor liability is commercially reasonable when taking into account any risk to the state created by the goods or services to be procured and the purpose for which they will be used.

b. Notwithstanding paragraph "a", a contractual limitation of vendor liability shall not include any limitation on the liability of any vendor for intentional torts, criminal acts, or fraudulent conduct.

c. The rules shall provide for the negotiation of a contractual limitation of vendor liability consistent with the requirements of this section and any other requirements of the department as provided in any related documents associated with a procurement of goods and services.

22. a. The state, through the department, shall give a preference to purchasing equipment, supplies, or services from or awarding public improvement contracts pursuant to subsection 11 to an Iowa-based business as provided under paragraph "b", as appropriate, if the bid submitted is comparable in price to those submitted by other bidders and meets the required specifications. However, before giving the preference, the department shall confirm with the Iowa employer support of the guard and reserve committee that the requirements of paragraph "b" have been met by the Iowa-based business.

b. To receive a preference as provided by this subsection, the Iowa-based business

employer shall have adopted policies beyond those otherwise required by law to support employees who are officers or enlisted persons in the national guard and organized reserves of the armed forces of the United States consistent with standards adopted by the Iowa employer support of the guard and reserve committee. To be eligible for such preference, an employer shall submit to the committee a copy of the applicable policies adopted by the employer and shall sign and submit to the committee a statement of support of persons in the employ of the employer who serve in the national guard and the reserves, recognizing the vital role of the national guard and the reserves, and pledging all of the following:

(1) To neither deny employment nor limit or reduce job opportunities because of an employee's service in the national guard or organized reserves of the armed forces of the United States.

(2) To grant leaves of absence during a period of military duty or training.

(3) To ensure that all employees are aware of the employer's policies and the requirements of section 29A.43.

2003 Acts, ch 145, §30; 2004 Acts, ch 1101, §5; 2005 Acts, ch 52, §3; 2005 Acts, ch 100, §1; 2006 Acts, ch 1017, §16, 42; 2006 Acts, ch 1072, §3; 2007 Acts, ch 115, §6, 18; 2007 Acts, ch 207, §1, 18; 2007 Acts, ch 215, §79; 2008 Acts, ch 1032, §201; 2008 Acts, ch 1104, §1; 2010 Acts, ch 1031, §72; 2011 Acts, ch 25, §2; 2011 Acts, ch 127, §33, 89; 2012 Acts, ch 1019, §3

Referred to in §8A.311A, 8A.317, 8A.321, 15.106B, 216B.3, 262.9, 303.9, 307.21, 459.505

[P] Preferences; see also chapter 73, §73A.21

[SP] Requirements for state government purchasing efforts to be administered by the department of administrative services; 2010 Acts, ch 1031, §76; 2011 Acts, ch 131, §109

[T] Subsection 16 amended