

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.

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