

SMALL PURCHASE DOCUMENTATION PROCEDURES

Purpose: This guidance is to help explain to a subrecipient agency what qualifies as a Small Purchase and the procedures necessary to complete for the DMT review of an FTA funded Small Purchase procurement.

SMALL PURCHASE

Purchases between \$3,000 and fewer than \$100,000 may be completed using the Small-Purchase procedures below. This threshold is established by the Federal Transit Administration (FTA); however, agencies may utilize their own established threshold based on local requirements as long as it does not exceed the federal limit. The award of small purchases must include solicited competitive quotations from an adequate number of qualified sources, typically at least three. Competitive quotations may be obtained in writing or verbally. Verbal quotes by telephone is acceptable for commercially available items while written quotations are appropriate when it is necessary to provide vendors with detailed information that cannot be conveyed orally or when pricing for specific items are needed for evaluation.

Unlike a micro-purchase, a small purchase requires a formal Independent Cost Estimate (ICE). Ideally, an ICE should be completed before beginning a procurement request, i.e. when requesting funds for a grant application.

Before awarding a small purchase contract, the subrecipient must conduct a price or cost analysis to determine that the proposed price is fair and reasonable. Generally, a comparison of proposed prices received in response to the solicitation to each other is sufficient to establish price reasonableness. Other methods to determine price reasonableness may include:

1. Comparison of catalog or market prices;
2. Comparison of regulated prices such as utilities purchases; or
3. Comparison with recent prices for similar goods and services.

A cost analysis may be needed if:

1. There is insufficient price competition;
2. For single bid;
3. Sole source purchase including contract modification or change order; or
4. The solicitation required the submittal of specific cost elements, i.e., labor hours, overhead, materials, etc.

Incorporation of required contract clauses can be in the form of reference or as an attachment to the contract. FTA contract clauses and applicability can be found in the FTA Best Practices Procurement Manual Appendix A.1. DMT provides a contract clause matrix on its website to help subrecipients determine the appropriate clause to be included into the contract. The dollar figure on this chart signifies the applicability based on contract amount. Items marked with an X are applicable to all contracts regardless of contract amount.

- <http://www.dot.ca.gov/hq/MassTrans/Docs-Pdfs/Procurement/fta.req.clauses-01-2013.pdf>

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Agencies may not break down requirements aggregating more than the small purchase threshold into multiple purchases (commonly called “bid splitting” or unbundling”) merely to permit use of the small purchase procedures or to avoid the requirements that apply to purchases above the small purchase threshold.

Procedures

Prior to award of a small purchase contract or issuing a Purchase Order the subrecipient will provide DMT with a detailed Price Analysis documenting the process used to obtain competitive quotes and the vendor selection. The following information along with supporting documentations should be included with the analysis:

1. Printed on agency letterhead.
2. Date and agency information/address.
3. Agency project manager contact information.
4. Grant program information; including the Grant Program (5310, 5311, JARC/New Freedom), Standard Agreement number, funding amount, and type of contract action (New or modification to existing contract, exercising contract option(s), etc.).
5. Project or item description.
6. Specification or statement of work that was provided to each vendor.
7. Summary of bidders including: date and name of the vendors contacted, prices and other terms and conditions quoted by each vendor.
8. Statement of how quotes were evaluated and the result of the evaluation.
9. The vendor selection.
10. Justification of how the determination was made and the selected price is fair and reasonable. If award was made to other than the low quote, justification should include the reason for the award decision other than price-related factors.
11. Name, title, and signature of the agency authorized purchasing agent.

Additional information regarding the price analysis/independent cost estimate (ICE) is available on the DMT Federal Procurement website. A sample Small Purchase price analysis may also be found on the DMT website.

- <http://www.dot.ca.gov/hq/MassTrans/Docs-Pdfs/Procurement/04.ice.guidance.pdf>