



Kansas RTAP Fact Sheet

A Service of the Kansas Rural Transit Assistance Program — for Transit Agencies



Current Federal and State Purchasing Thresholds for Third Party Procurement

(and what that means to transit providers)

By Lisa Koch

Introduction

The topic of third party procurement at the federal and state level is complex (and for that reason, is covered by manuals, federal circulars and trainings.) One of the more frequently asked questions by transit providers is about the method of procurement that is necessary based on the estimated cost of the item. This article focuses on that question.

While this article is intended as a quick resource for definitions and thresholds, it is only up to date as of the time it was published. Rules and purchasing thresholds change. For example, the federal micro-purchasing threshold changed in 2018. Because of this, it is essential to verify that this information is still valid by checking both the State of Kansas and Federal Transit Administration (FTA) websites.

General Overview

Any agency seeking to purchase an item or service via a third party procurement using federal or state funding must follow the rules

set forward for purchasing by the agency who oversees the usage of this funding. In instances when both federal and state are involved in funding (such as KDOT-granted 5311 transit agencies which receive 50 percent of their operating assistance from federal funding and 30percent of their operating assistance from state funding) both state and federal provisions must be followed. When provisions are inconsistent, the most stringent provision must be followed.

Federal Resources, Definitions, and Thresholds

Agencies that receive federal funding for transit directly through the FTA are governed by FTA procurement rules. This information can be found on the FTA procurement website: <https://www.transit.dot.gov/funding/procurement/procurement>. There, the FTA Third Party Procurement Circular 4220.1F is available, which provides the specific guidance for transit agencies to comply with federal law. To support the circular, the FTA has also published the

Best Practices Procurement Manual and a set of Third Party Procurement FAQs. The 4220.1F Circular has not been updated since the Office of Management and Budget issued a memorandum in June of 2018 which implemented the statutory

change that raised the threshold for micro-purchases under federal assistance award to \$10,000. This memorandum is available at the following website: <https://www.whitehouse.gov/wp-content/uploads/2018/06/M-18-18.pdf>.

The federal rules related to thresholds for third party procurements (as of this publishing, May 2019)

Micro-purchases

For contracts that don't exceed \$10,000. These purchases may be made without obtaining competitive quotes if the transit provider determines the price paid is fair and reasonable. Purchases cannot be split to get below the micro-purchases threshold.

Small purchases

For contracts between \$10,000 and \$150,000. Transit providers must obtain price quotes from an adequate number of qualified sources.

Purchases above \$150,000

For large purchases. The transit provider must have sealed bids from an adequate number of qualified sources.

State Resources, Definitions, and Thresholds

Agencies that receive state funding for transit from KDOT are governed by State of Kansas procurement rules. The KDOT Procurement Manual provides information on compliance with state law regarding procurements. As of this publishing, the state law regarding thresholds for third party procurements are as follows:

Procurements under \$5,000

Bid if possible, but not necessary.

Procurements between \$5,000 - \$25,000

Telephone, fax or sealed bids and three day posting.

Procurements between \$25,000 - \$50,000

Sealed bids and three day posting mandated.

Procurements above \$50,000

Sealed bids and 30 day advertising mandated.

What Are The Thresholds If a Transit Agency Has Both State and Federal Dollars?

In instances in when a transit provider is working through KDOT with federal dollars, the state purchasing requirements are the most stringent and therefore must be followed. This means that the micro-purchasing threshold is \$5,000 and not \$10,000. As always, work closely with KDOT staff to make certain that requirements are met and documented appropriately.

