



Direct Buy Policy

FREQUENTLY ASKED QUESTIONS

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1. Question: What is a Direct Buy Purchase?

Answer: A Direct Buy purchase is the purchase made by a state agency at any of the following direct dollar thresholds:

- \$40,000 threshold (Level 1).
- \$50,000 threshold (Level 2), for purchases from a microbusiness, mini business, or small business.
- \$50,001 to \$100,000 (Level 3).

Agencies may purchase directly from a small or veteran-owned business when utilizing the Level 1 or Level 2 Direct Buy threshold. Agencies using the Level 3 Direct Buy threshold must obtain quotes from at least three small or veteran-owned businesses.

Direct buys are a single purchase. Agencies cannot unbundle or manipulate a purchase into smaller purchases to qualify for the direct-buy limit to avoid the competitive process. Each agency determines what is appropriate to purchase to meet their business needs. [FAQ Published 05-XX-2025]

2. Question: Are agencies required to use ~~master~~statewide contracts or DES approved cooperative contracts for purchases under the direct buy limits?

Answer: Yes. If there is a ~~master~~statewide contract or DES approved cooperative contract that meets an agency's needs, it should be used. In the event the ~~master~~statewide contract or DES approved cooperative contract cannot justifiably satisfy agency needs, the agency may make the purchase from a non-~~master~~statewide contract vendor. Strategic sourcing offers the state many benefits, including competitive pricing, increased efficiencies, and improved value creation. One of the main tenets of strategic sourcing is aggregating spend to increase buying power. [FAQ Revised XX05-XX-XXXX2020]

3. Question: What should be included in calculating the direct buy threshold?

Answer: When calculating the value of a direct buy purchase agencies should consider the total life cycle cost, including amendments. If the total life cycle cost with amendments exceeds the direct buy limit, a competitive solicitation method should be used. [FAQ Published 05-XX-2025]

4. Question: What is an e-commerce marketplace?

Answer: An e-commerce marketplace is a website that allows buyers and sellers to connect and conduct business. It's a type of e-commerce site that displays products and services from

multiple sellers. [FAQ Published 05-XX-2025]

3.5. What is meant by “cannot justifiably satisfy agency needs?”

Answer:

Agencies are directed to use their discretion and good, sound judgment when making this decision. For example: the product does not meet the required performance specifications, the contractor’s delivery time does not meet the agency’s needs, the agency requires different terms (i.e., pricing, warranty provisions or insurance requirements), etc. In addition, all agencies have been encouraged to increase spending with certified-small and minority-, women- and veteran-owned businesses. If a diverse spend option is not available on a masterstatewide contract and an agency has identified a diverse spend option that meets its needs and complies with all procurement rules, then the agency would be justified to purchase outside of a masterstatewide contract, or DES-approved cooperative contract, or undertake a competitive solicitation process to fulfill needs. The reasons justifying the off contract purchase should be documented. [FAQ Revised XX05-XX-XXXX2020]

4. ~~Question: What should be included in calculating the direct buy threshold?~~

~~Answer:~~

~~When calculating the value of a direct buy purchase agencies should consider the total life cycle cost, including amendments. If the total life cycle cost with amendments exceeds the direct buy limit, a competitive solicitation method should be used.~~

5.6. Question: What are repetitive purchases?

Answer:

Repetitive purchases occur when agencies make the same type of purchases repeatedly, during the same year or during consecutive years, even if from different contractors. The timing (within a year/yearly) is only a factor for determining whether a purchase is repetitive. Agencies should monitor repetitive purchases and test the market by either conducting a competitive procurement or using any other exceptions allowed by law. The reasons for conducting a competitive procurement for the same type of purchases include that an agency may receive volume discounts, better pricing, and/or other favorable contract terms. In this way, agencies maximize state resources and increase fairness and transparency in contracting.

Note: agencies are expected to regularly examine their direct buy purchases to assess whether they may be repetitive. Factors to consider include:

- Is the agency making the same types of purchases (e.g., first aid kits and related items) repetitively?
- Is the purchase for an ongoing, indefinite need?
- Is there a competitive market for the good/service?
- Are there opportunities to unbundle or otherwise incorporate strategies from the supplier diversity policy?
- The total life cycle cost of the contract, which includes options for amendments to extend the period of performance and/or add funds.

When in doubt, agencies should utilize the full competitive solicitation process unless another competitive solicitation exception applies. [FAQ Published XX05-XX-202025]

Examples of repetitive purchases:

	<u>Types</u>	<u>Scenarios</u>	<u>Analyses</u>
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1	<u>Commodities:</u>	An agency purchases a good item repeatedly due to an ongoing business need. The monthly purchase orders are typically under \$10,000 and may be purchased through different contractors depending on availability and pricing.	<p>Analysis: Even though each purchase order is under direct buy thresholds, the agency is making the same type of purchase repetitively for ongoing business needs, and there is a competitive market. The agency should utilize the full competitive solicitation process for this purchase unless another exception applies. The agency may receive volume discounts, better pricing, and/or other favorable contract terms for establishing a contract for these goods through a competitive process.</p> <p>Note: each commodity and service are unique; agencies are advised to use critical thinking, professional judgement, and all available resources when determining whether or not the agency is making the same types of purchases repeatedly and whether the full competitive solicitation process should be utilized.</p>
2	<u>Services</u>	An agency is purchasing services, year over year, for an ongoing business need. The cost of the services is around \$25,000 each year. The agency believes that it will need these services indefinitely and that if it signs only one-year contracts, then it can keep the cost under \$30,000 and purchase the services under the direct buy policy.	Analysis: This is incorrect; agencies may not manipulate a purchase to have the purchase qualify as a Direct Buy purchase to avoid using a competitive process (per DES-POL-125-03 section 4). Although the yearly contract total is under direct buy thresholds, the purchase is for an ongoing, repetitive need, and should be competed (unless another exception applies). The agency should also consider entering into a multi-year contract because it may receive better pricing, and/or other favorable contract terms.
3	<u>IT services</u>	An agency is purchasing annual subscription services to access an online database for ongoing business needs. The cost is \$12,500/year and the contract specifies that there will be six, annual auto-renewals.	Analysis: When calculating the value of a direct buy purchase, agencies should consider the total life cycle cost, including amendments. If the total life cycle cost with amendments exceeds the direct buy limit, a competitive solicitation method should be used. If there is an ongoing/indefinite/continuous need with no end in sight, and it is repetitive, and there may be a competitive market for the commodity/service, then it should utilize the full competitive solicitation process unless another exception applies. Even though the yearly subscription price is

			<u>below the direct buy thresholds, the purchase is repetitive. By conducting a competition, the agency may receive multi-year discounts and/or other favorable contract terms.</u>
<u>4</u>	<u>Small dollar value repetitive purchase</u>	<u>An agency is purchasing annual subscription services to access an online database for ongoing business needs. The need is ongoing/indefinite. The cost is under \$1,000 per year.</u>	<u>Analysis: When calculating the value of a direct buy purchase, agencies should consider the total life cycle cost, including amendments. If the total life cycle cost with amendments exceeds the direct buy limit, a competitive solicitation method should be used. If there is an ongoing/indefinite/continuous need with no end in sight, and there may be a competitive market for the commodity/service, then agencies should consider utilizing the full competitive solicitation process these requirements unless another exception applies.</u>

6-7. Question:

What documentation is required to support a direct buy purchase and that a vendor qualifies for a Direct Buy Level 2 or 3?

Answer:

This policy provides agencies with discretion to make a non-competitive purchase, using an appropriate level of due diligence, and corresponding record keeping (e.g., monitoring repetitive purchases). Agencies must retain documentation that confirms that a vendor meets qualifying small or veteran-owned business criteria for a Direct Buy Levels 2 or 3. This may include validation using WEBS or the Office of Minority and Women’s Business Enterprises (OMWBE) Directory of Certified Businesses.

For a Direct Buy Level 3, agencies must retain documentation that they invited at least three Washington small and/or certified veteran-owned vendors to submit written quotes. Additionally, agencies must document the method(s) used to invite quotes, evidence that the price proposal of the awarded vendor is reasonable compared to other vendors, and that the purchase complied with the state environmental and other applicable policies. See the sample worksheet (Direct Buy Level 3 worksheet) for guidance on documentation.’ [FAQ Revised XX-XX-XXXX Published 03-09-2020](#)

7-8. Question:

What should I include to show that a vendor qualifies for a Direct Buy Level 2?

Answer:

Agencies must confirm that a vendor meets the qualifying criteria for a Direct Buy Level 2. This may include validation using WEBS or OMWBE’s Directory of Certified s Businesses. When purchasing under Direct Buy Level 2, staff should retain documentation supporting that the firm meets the qualifying business criteria (e.g., Washington small business or certified veteran-owned business).

8-9. Question:

Do direct buy purchases need to be coordinated with the state Washington Technology Solutions (WaTech)?

Answer:

Yes, when they are IT related. All information technology related investments must conform to WaTech PM-01 Policy -OCIO Policy #121. Regardless of price or complexity, IT

purchases carry liability and/or security impacts that are orders of magnitude above the price and require approvals prior to purchase. In addition, you should check with your internal IT team to ensure that the technology that is being purchased can be integrated into the current infrastructure and that IT staff are able to provide the required support. Agencies should coordinate with their assigned OCIO consultant. DES will also be available to assist agencies with procurement related issues [\[FAQ Revised XX05-XX-2025\]](#) [\[Revised May 27, 2020\]](#).

9.10. Question:

Can you define sound professional judgment?

Answer:

Sound professional judgment is defined as "The use of relevant training, knowledge and experience in making informed decisions." Agencies are to exercise sound professional judgment in implementing direct buy. Although some direct buy purchases can be made using a purchasing card, others require creating a formal contract. An agency's record of compliance with the direct buy policy will be a factor in an agency's risk assessment. [\[FAQ Published 03-09-2020\]](#)

10.11. Question:

Can you define market research?

Answer:

~~Market research is defined as "Collecting and analyzing information about capabilities within the market to satisfy agency needs. The results of market research are used to arrive at the most suitable approach to acquiring, distributing, and supporting goods and services." While market research has been removed from the policy, it can be used to support the reasonableness of the purchasing decision.~~

~~Market research is the process of systematically gathering of information on a particular commodity or service through research conducted directly and indirectly with vendors, end-users, other agencies, and/or consumers, in order to evaluate (a) the feasibility of the service or product (including specific and justified agency needs); and (b) the existing capabilities of vendors in the market to provide the goods/services the agency needs.~~

~~Market research may include, but not limited to:~~

- ~~• [Gathering detailed information about the past, present, and potential service/good\(s\) being acquired.](#)~~
- ~~• [A market analysis of trends, pricing, and service/product availability.](#)~~
- ~~• [Searching WEBS to find other vendors registered under the commodity code\(s\).](#)~~
- ~~• [Connecting with the Office of Minority and Women's Business Enterprises \(OMWBE\) and/or searching the OMWBE online portal for businesses.](#)~~
- ~~• [Connecting with the Department of Veteran's Affairs \(DVA\) for other possible businesses. \[FAQ Published 03-09-2020; Revised XX-XX-2025\]](#)~~

11.12. Question:

Can you define due diligence?

Answer:

Due diligence is defined as "A business and legal term which refers to research and inquiry made prior to committing to a purchase or making a major business decision." The nature of a procurement will determine how much work is needed to fulfill the due diligence requirement. This policy provides agencies with discretion to make a non-competitive purchase, using an appropriate level of due diligence, and corresponding record keeping. [\[FAQ Published 03-09-2020\]](#)

12.13. Question:

If an agency has a direct buy purchase agreement under Direct Buy Level 1 for \$40,000, which needs to be amended to add \$500, would they have to conduct a competitive procurement for the \$500 additional cost?

Answer: Yes, the direct buy purchase is now above the Direct Buy Level 1 for \$~~4~~30,000. A competitive procurement for the \$500 additional cost would need to occur. [\[FAQ Published 03-09-2020\]](#)

14. Question: **Under the new Direct Buy policy, can an agency amend a current direct buy contract that had an original cost of \$10,000 or less, if the amended contract value is less than the current direct buy limit? Or does the agency have to write a new contract?**

Answer: As long as the amendment is within the scope of the original contract, the amendment is permissible. Otherwise, the agency must write a new contract. [\[FAQ Published 03-09-2020\]](#)