RA 26-112

COMMUNICATIONS NETWORK, IOWA[751]

Regulatory Analysis

Notice of Intended Action to be published: 751—Chapter 5
"Purchasing"

Iowa Code section(s) or chapter(s) authorizing rulemaking: 8D
State or federal law(s) implemented by the rulemaking: 2024 Iowa Acts, Senate File 2370

Public Hearing

A public hearing at which persons may present their views orally or in writing will be held as follows:

July 15, 2026 1 to 2 p.m.	ICN Director's Conference Room Grimes State Office Building Des Moines, Iowa

Public Comment

Any interested person may submit written or oral comments concerning this Regulatory Analysis, which must be received by the Iowa Communications Network no later than 4:30 p.m. on the date of the public hearing. Comments should be directed to:

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Des Moines, Iowa 50319
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Email: lori.larsen@icn.state.ia.us or lori.larsen@iowa.gov

Purpose and Summary

Pursuant to Executive Order 10, the agency proposes to rescind Chapter 5 and adopt a new chapter in lieu thereof. The chapter describes the purchasing structure and guidelines in which the statewide network is administered throughout the State. This proposed rulemaking eliminates language that is overly restrictive or obsolete and shortens the chapter.

Analysis of Impact

1. **Persons affected by the proposed rulemaking:**
- **Classes of persons that will bear the costs of the proposed rulemaking:**

There is no direct cost associated with the proposed rulemaking.
- **Classes of persons that will benefit from the proposed rulemaking:**

All individuals within the State benefit from a well-run and organized State communications network.

2. **Impact of the proposed rulemaking, economic or otherwise, including the nature and amount of all the different kinds of costs that would be incurred:**
- **Quantitative description of impact:**

There is no quantitative impact; this chapter simply provides purchasing structure for the agency.
- **Qualitative description of impact:**

The qualitative impact is positive; the rulemaking simplifies the regulatory environment by removing obsolete language and providing clearer guidance on the agency's purchasing structure.

3. **Costs to the State:**

- **Implementation and enforcement costs borne by the agency or any other agency:**

There are no costs to the State or the agency associated with this rulemaking.

- **Anticipated effect on State revenues:**

There are no anticipated effects on State revenues.

4. **Comparison of the costs and benefits of the proposed rulemaking to the costs and benefits of inaction:**

This rulemaking has no costs associated with it and ensures the agency has a basic structure.

5. **Determination whether less costly methods or less intrusive methods exist for achieving the purpose of the proposed rulemaking:**

The agency seeks to implement these rules in a minimally intrusive and minimally prescriptive manner while still fulfilling the responsibilities of maintaining a well-run State communications network.

6. **Alternative methods considered by the agency:**

- **Description of any alternative methods that were seriously considered by the agency:**

No other methods were considered because the proposed rulemaking is necessary to comply with the Executive Order 10 mandate to streamline and modernize existing rules.

- **Reasons why alternative methods were rejected in favor of the proposed rulemaking:**

Not applicable.

Small Business Impact

If the rulemaking will have a substantial impact on small business, include a discussion of whether it would be feasible and practicable to do any of the following to reduce the impact of the rulemaking on small business:

- Establish less stringent compliance or reporting requirements in the rulemaking for small business.
- Establish less stringent schedules or deadlines in the rulemaking for compliance or reporting requirements for small business.
- Consolidate or simplify the rulemaking's compliance or reporting requirements for small business.
- Establish performance standards to replace design or operational standards in the rulemaking for small business.
- Exempt small business from any or all requirements of the rulemaking.

If legal and feasible, how does the rulemaking use a method discussed above to reduce the substantial impact on small business?

There is no expected impact on small business.

Text of Proposed Rulemaking

ITEM 1. Rescind 751—Chapter 5 and adopt the following **new** chapter in lieu thereof:

CHAPTER 5
PURCHASING

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.

751—5.2(8D) Methods of procurement.

5.2(1) *Informal competition.* For procurements requiring informal competition under paragraph 5.1(1)*"b"*:

a. The commission shall attempt to solicit quotes or proposals from at least three qualified vendors.

b. The solicitation may be conducted via electronic mail or telephone.

c. Public notice is not required.

5.2(2) *Formal competition.* For procurements requiring formal competition under paragraph 5.1(1)*"c"*:

a. *Notice.* The commission shall also comply with legal requirements for notifying targeted small businesses. Notice of the solicitation shall be posted on the state's centralized bidding website or the commission's website not less than ten days prior to the submission deadline.

b. *Evaluation.*

(1) When an Invitation to Bid is used, the contract shall be awarded to the lowest cost responsible bidder who meets the specifications.

(2) When a Request for Proposals is used, the contract shall be awarded to the vendor offering the best value based on the evaluation criteria identified in the solicitation.

c. *Negotiation.* The commission reserves the right to negotiate with the highest-ranked vendor or request a best and final offer (BAFO) from finalists.

5.2(3) *Auctions.* The commission may purchase goods or services through:

a. Electronic auctions, including reverse auctions where vendors bid down the price in real time.

b. Standard auctions, when purchasing new or used equipment or materials, provided the auction is conducted by a reputable organization.

5.2(4) *Purchasing cooperatives and consortiums.* The commission may join public or private purchasing cooperatives or consortiums to reduce costs for the network and authorized users. The commission may purchase goods and services through these entities without conducting a separate competitive bidding process, provided the cooperative or consortium utilized a competitive procurement procedure.

751—5.3(8D) Master agreements.

5.3(1) *Purpose.* To reduce administrative costs and improve efficiency, the commission may enter into master agreements (blanket purchase agreements) for goods or services that are purchased repeatedly.

5.3(2) *Competition.* A master agreement shall be established through any manner deemed appropriate by the commission, using the methods of procurement identified within rule 751—5.2(8D) or sole source as allowed by subrule 5.1(3).

5.3(3) *Ordering.* Once a master agreement is established, individual purchase orders may be issued to the contracted vendor without further competition for the duration of the agreement.

751—5.4(8D) Agency rights and vendor performance.

5.4(1) *Rejection of bids.* The commission reserves the right to reject any or all bids or proposals at any time prior to the execution of a contract. The commission may reject a bid for any reason, including but not limited to:

a. The financial insecurity of the vendor.

b. Failure to meet the specifications or terms of the solicitation.

c. Evidence of unfair bidding procedures or collusion.

d. Cancellation of the project or insufficient funds.

e. When the best interests of the commission will be served by rejection.

5.4(2) *Suspension and debarment.* The commission may suspend or debar a vendor from participating in future solicitations if the vendor has demonstrated a failure to perform or other serious misconduct.

a. *Causes.* Causes for suspension or debarment include:

(1) Material failure to perform in accordance with the terms of a previous contract;

(2) Failure to deliver goods or services on time;

(3) Attempts to influence the decision of any commission employee involved in the procurement process;

(4) Debarment by the federal government or another state agency;

b. *Process.* The commission shall notify the vendor of the intent to suspend or debar and provide an opportunity to respond. The suspension or debarment shall be for a specific period of time commensurate with the severity of the offense.

751—5.5(8D) Vendor appeals. 7—Chapter 2506 applies to contested case proceedings conducted by the agency, including vendor appeals.

These rules are intended to implement Iowa Code sections 8D.3(3)*"b"* and 8D.11.