

MANAGEMENT MEMO

SUBJECT:
**REQUIREMENTS FOR THE USE OF CALIFORNIA MULTIPLE
AWARD SCHEDULES (CMAS), MASTER AGREEMENTS, AND
NON-COMPETITIVELY BID CONTRACTS**

REFERENCES:
**GOVERNOR'S TASK FORCE ON CONTRACTING AND
PROCUREMENT REVIEW REPORT, August 30, 2002
PCC 10295, PCC 12100, et seq.
RESCINDS AND SUPERSEDES MM 02-19 REVISION 3
AND ATTACHMENTS**

<i>NUMBER:</i> MM 03-10
<i>DATE ISSUED:</i> MAY 28, 2003
<i>EXPIRES:</i> UNTIL RESCINDED
<i>ISSUING AGENCY:</i> DEPARTMENT OF GENERAL SERVICES

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It is the intent of the Department of General Services (DGS) to ensure that competitive bidding processes are employed to the maximum extent required by law. The purpose of this Management Memo is to provide requirements for the acquisition of information technology and non-information technology goods and services obtained through the use of CMAS, Master Agreements, and Non-Competitively Bid acquisition methods.

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In accordance with the Governor’s Task Force on Contracting and Procurement Review Report, DGS is developing formal delegated purchasing authority requirements for state departments’ use of the CMAS/Master Agreements known as leveraged procurement agreements (LPA), including a requirement that departments formally request the authority to use the LPA’s. Those requirements will become effective July, 2003. In the interim, all departments are hereby granted delegated purchasing authority to use the state’s LPA’s in accordance with the relevant agreement requirements (e.g., CMAS Agency Packet, Master Agreement User Guides) and within the parameters of this Management Memo. This authority is a continuation of the authority historically granted by DGS to all departments. All PCO’s will be notified when the new requirements are released. DGS cautions departments to differentiate between delegated purchasing authority for the use of LPA’s and delegated purchasing authority to conduct competitive procurements.

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Separate standards and processes are required for contracts \$250,000 or less and those greater than \$250,000. These are delineated in Attachments A and B. Attachment A provides requirements for acquisitions from CMAS and Master Agreements, distinguishing between information technology (IT) acquisitions and non-information technology (non-IT) acquisitions, and is further categorized by dollar threshold. Attachment B provides requirements for Non-Competitively Bid (NCB) contracts,

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again distinguishing between IT and non-IT acquisitions and categorized by dollar threshold. Attachments C and D identify and provide further procedures for exempting contracts from the requirements of this Management Memo, subject to specific conditions. Attachment C exempts contracts by statute and Attachment D exempts contracts by policy. Attachment D also provides direction on how to amend a contract that was previously competitively bid. Any contracts issued pursuant to this Management Memo cannot exceed a department’s purchasing authority. Contracts and contract amendments exceeding a department’s purchasing authority must be issued/approved by the DGS.

1. *As a result of the recommendations contained in the Governor’s Task Force on Contracting and Procurement Review Report, each agency/department/commission/board shall*

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designate and maintain a Procurement and Contracting Officer (PCO) as a single point of contact. The PCO will:

- *Be responsible for all procurement and contracting activities within the department.*
- *Be the person the DGS will contact for participation in procurement and contracting activities.*

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- *Fulfill the agency officer requirement identified in Public Contract Code (PCC) section 10333(a)(1) as well as section 10351(a)(1).*
- *Serve as the contract officer identified in the State Contracting Manual (SCM), section 9.02A.*
- *Approve the department's Request for Delegated Purchasing Authority (Request)*

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prior to submission of the Request to the DGS, including requests for any outlying offices. (Outlying offices include, but are not limited to, correctional facilities, district agricultural associations, hospitals, developmental centers, field offices, and district offices.)

- *Serve as department signatory on reports for purchasing program compliance reviews conducted by the DGS, including reports for any outlying offices.*

The following information was required to be submitted by 1/31/03.

*Name, Working Title, State Classification, Department
Street Address, including address, city, and zip code
Mailing Address, including address, city, and zip code; IMS Code*

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*Phone Number, including area code; Fax Number, including area code
E-mail address*

*This information must be kept updated. Please submit changes to Cheri Shaw,
Purchasing Authority Management Section, Procurement Division, at (916) 375-4350 or
cheri.shaw@dgs.ca.gov.*

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2. *Failure to comply with the procedures and requirements provided in this Management Memo **will** result in the loss of purchasing authority and/or contract approval exemptions.*
3. *Contracts shall not be executed, and/or work shall not be commenced until all of the approvals required by this Management Memo and Attachments have been obtained.*
4. *Contracts for services procured pursuant to Government Code Section 4525 et seq, are exempt from this Management Memo.*
5. *The departmental approval limit for Non-IT service contracts is \$50,000.00 unless DGS-Office of Legal Services (OLS) has granted increased authority. Contracts exceeding these limits must be submitted to DGS-OLS for approval.*

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- 6. Application of the requirements of this Management Memo to Master agreements shall be as follows:
 - a. Master Agreements using a Pre-qualified list of suppliers: Competition must be achieved when awarding contracts to a pre-qualified list of suppliers. To ensure that

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competition is achieved to the fullest extent possible, pre-qualified bidders on the master agreement must have an opportunity to compete. Follow the applicable User Guide for each Master Agreement. The dollar limit for orders using information technology master agreements is \$500,000 unless prior approval has been granted from DGS-PD to exceed that amount. See Attachment A for requirements.

Amendments to contracts based on these Master Agreements are exempt from the Non-Competitively Bid Contract process of Attachment B, if the evaluation of the original Request for Offers evaluated options for changes to the Scope of Work, e.g., quantity or time, to be undertaken by the amendment.

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- b. *Master Agreements based on competition:* Information on how to purchase from Master Agreements based on competition, such as the CAL-Store, the Master Rental Agreement, Western States Contracting Alliance (WSCA), etc., is published on the Procurement Division website. (See #11 below) Follow the applicable User Guide for each Master Agreement.

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Amendments to contracts based on these Master agreements are exempt from the requirements of Attachment B and are not considered NCB contracts.

- c. *Information on how to acquire goods through the State Price Schedules and Statewide Contracts is available on DGS-PD's website at: www.dgs.ca.gov/pd.*
7. *This Management Memo shall apply to amendments as follows:*
- a. *The requirements apply to amendments of existing non-competitively bid contracts based on the cumulative dollar value after including the amendment.*

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- b. The requirements apply to amendments to a previously competitively bid contract when the originally awarded contract is to be amended to increase the monetary value of the contract and such increase was not considered during the original evaluation process.*

Amendments in a. and b. above shall be based on the cumulative value after including

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the amendment (e.g., a \$200,000 contract plus a \$60,000 amendment shall be considered a \$260,000 contract, and shall be subject to the requirements accordingly).

Amendments in a. and b. above may be executed for incidental omissions such as: transposition of numbers from the solicitation bid response to the purchase order, or for inadvertent failures to include such things as contact names or for mistyped addresses. This does not apply to changes in quantity or time, see Attachments A and B.

- 8.** *Acquisitions and contracts not addressed by this Management Memo are subject to the DGS' oversight and must be processed in accordance with existing statutory requirements as well as applicable Procurement Division Delegated Purchasing Authority requirements and/or the State Contracting Manual.*

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- 9. *Order of precedence: In applying these Management Memo requirements, the precedence shall be applied in the following order:*
 - a. *Management Memo 03-10*
 - b. *Procurement Division Delegated Purchasing Authority Manual (a.k.a. Delegation*

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Guidelines) for information technology (IT) goods and services and non-IT goods; State Contracting Manual for Non-IT services.

Copies of these documents are available on either the Procurement Division website at: www.dgs.ca.gov/pd or the Office of Legal Services website at: www.ols.dgs.ca.gov .

- 10. *The requirements provided in this Management Memo are subject to future revision as determined by DGS.*

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- 11. *Additional information regarding this Management Memo will be published on the Procurement Division website (www.dgs.ca.gov/pd) as it becomes available. Of particular interest will be the FAQ (Frequently Asked Questions) section, which will address common inquiries regarding the application of the procurement requirements addressed herein.*

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- 12. *Although all Constitutional Officers, the University of California, the California State University, the Lottery Commission, the Public Employees' Retirement System, the State Teachers' Retirement System, the State Compensation Insurance Fund, and other independent state entities are exempt from this Management Memo, they are encouraged to take all necessary actions to comply with the intent of this Management Memo. This Management Memo does not cover contracts by local government entities.*

Questions regarding this Management Memo may be directed to:

IT Goods & Services, Non-IT Goods:

Non-IT Services:

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Glenn Ford
Customer Relations Management
Department of General Services
Procurement Division
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Kathleen A. Yates, Senior Staff Counsel
Department of General Services
Office of Legal Services
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*Questions related to **status** of Non-Competitive Bid (NCB) documents may be directed to:*

Sallianne Salinas
Technology Acquisitions
Department of General Services
Procurement Division
Telephone: (916) 375-4486
e-mail: sallianne.salinas@dgs.ca.gov

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*J. Clark Kelso, Interim Director
Department of General Services*

Attachments

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