



California Department of General Services  
Procurement Division



**Interim Guidelines**



Pursuant to  
Executive Order  
D-55-02

The Executive Order

Interim Guidelines

Actions Under Way

Preparing for Day 91

**PRESENTATION  
OBJECTIVE**

*To achieve  
uniform understanding  
and implementation of the  
Interim Guidelines*

# Executive Order D-55-02



## COMPETITIVE PROCESS

To The Maximum Extent  
Required by Law

- CMAS procurements
- Master Agreements
- Procurements without competitive bidding

Review of current state  
procurement processes

- *To identify necessary safeguards and areas of improvement*

- **Cliff Allenby**  
Department of Developmental Services Director
- **David Janssen**  
Los Angeles County Chief Administrative Officer
- **Annette Porini, Chair**  
Chief Deputy Director of Finance

Report of findings and recommendations due to the Governor within 90 days from the date of the Executive Order (**May 20, 2002**)

*No state contract or procurement greater than \$100,000 shall be executed unless awarded pursuant to a competitively bid process*

Includes those bid under

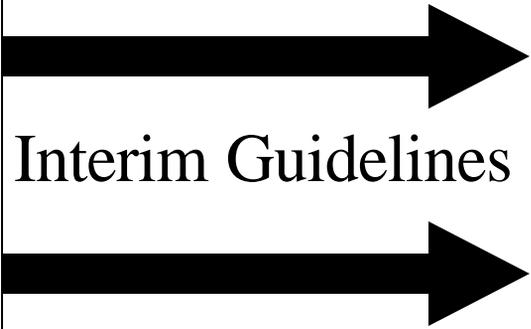
- CMAS
- Any Master Service Agreement
- The Cal-Store Master Service Agreement

*Any state contract or procurement in the amount of \$100,000 or less must comply with interim guidelines applicable to contracts valued at less than \$100,000*

*Any state contract or procurement greater than \$100,000 and NOT COMPETITIVELY BID may ONLY be executed...*

- To ensure the provision of essential services; or
- Where public health or safety so require; or
- In the case of an emergency as defined in Public Contract Code Section 1102; or
- To avoid financial loss to the state

And THEN ONLY pursuant to interim guidelines applicable to contracts over \$100,000



# Interim Guidelines

# Interim Guidelines

STATE ADMINISTRATIVE MANUAL

NUMBER

## MANAGEMENT MEMO

MM 02-12

SUBJECT: RESTRICTIONS REGARDING USE OF CMAS, MASTER SERVICE AGREEMENTS AND NON-COMPETITIVE BIDDING CONTRACTS DURING INTERIM REVIEW PERIOD

DATE ISSUED: MAY 28, 2002

REFERENCES:

EXPIRES: UNTIL RESCINDED  
ISSUING AGENCY: DEPARTMENT OF GENERAL SERVICES

EXECUTIVE ORDER D-55-02

It is the intent of Executive Order D-55-02 that competitive bidding processes will be employed to

## MANAGEMENT MEMO ADDENDUM #1

SUBJECT: RESTRICTIONS REGARDING USE OF CMAS, MASTER SERVICE AGREEMENTS AND NON-COMPETITIVE BIDDING CONTRACTS DURING INTERIM REVIEW PERIOD  
CLARIFICATION OF SIGNATURE AUTHORITY AND ADDITION OF ATTACHMENT D

DATE ISSUED: JUNE 11, 2002  
EXPIRES: UNTIL RESCINDED

# Tightens Approval Requirements

Services Agreements, and Non-Competitive Bidding methods during the review period established by Executive Order D-55-02. Separate standards and processes are required for Contracts \$100,000 or less and those greater than \$100,000. These are designated as Attachments A, B, and C, attached hereto. Attachment D is added to identify categories pursuant to State Administrative Manual Section (SAM) 1233 that are exempt from this Management Memo. NOTE that this Attachment D is a modified listing, and there are certain constraints placed on the use of these categories.

ATTACHMENT B AND ATTACHMENT C HAVE BEEN MODIFIED TO REFLECT THAT CMAS/MASTER APPROVALS OVER \$100.00 BUT LESS THAN \$500,000 REQUIRE

## Attachment D Management Memo 02-02 Addendum #1

# Adds Attachment D to identify exempt procurement categories

University of California, the California State University, a California community college, a foundation or auxiliary organization incorporated to support the universities and colleges, or a Joint Powers Agency.

- c. Services for which the state has entered into a master service agreement; Note: This is limited to those master contracts which have been competitively bid or which have been determined to be required for essential services and which have been established by a methodology that assures the state of a reasonable price for the goods/services offered. See the DGS Procurement web page at

Interim Guidelines for the acquisition of goods and services obtained through the use of

CMAS

Master Agreements

Non-Competitively Bid Acquisitions

*During the review period established by Executive Order D-55-02*

*What about acquisitions that are not CMAS, Master Agreements and Non-Competitively Bid Awards?*

*They ARE NOT  
subject to the Executive Order  
and the Management Memo*

*They are to be processed  
either by the Procurement  
Division or by agencies under  
their delegated authority,  
following the delegation  
guidelines*

*Non – IT contracts processed  
by awarding department  
subject to the EO and MM  
IT contracts processed by PD  
or by department under a  
delegation from the PD*

*Are there any contracts  
that can be  
awarded without advertising  
or competitive bidding?*

**Yes**

**Attachment D  
Management Memo 02-02  
Addendum #1  
(June 11, 2002)**

The following contracts may be awarded without advertising or competitive bidding subject to the restrictions noted. The categories are either exempt by Statute, or by a determination by the Procurement Division is not Feasible and of Type A or B as defined in State Contracting Manual Section 1233 and State Contracting Manual Section 5.80.

- a. Emergency contracts which are necessary for the immediate preservation of life or state property.
- b. Contracts for the work or services of a state, local or federal agency, the University of California, the California State University, a California community college, a foundation or auxiliary organization incorporated to support the universities and colleges, or a Joint Powers Agency.
- c. Services for which the state has entered into a master service agreement;

**Note:** This is limited to those master contracts which have been competitively bid or which have been determined to be required for essential services and which have been established by a methodology that assures the state of a reasonable price for the goods/services offered. See the DGS Procurement web page at

*What about the streamlined procurement process applicable to awards under \$100,000 to Small Businesses and DVBEs?*

- ✓ Two price quotations from two Certified Small Businesses or DVBEs if award is to a Certified Small Business or a Certified DVBE

**Interim Guidelines**

*First: Clarification*

*A Change in "Language"*

**Sole Source Contract**

Non-Competitively Bid  
Contract

*Expanded Coverage*

Master  
Agreement

- **Master Service Agreement**
- **Master Purchase Agreement**
- **Master Rental Agreement**
- **State Price Schedule**
- **Western States Contracting Alliance**
- **Cal-Store Master Purchase Agreement**

- CMAS and Master Agreements
- Non-Competitively Bid Contracts

CMAS and  
Master Agreements

IT Goods and Services  
&  
Non-IT Services

- Solicit and obtain offers from 3 suppliers
  - Including one small business (if available)
- If less than 3 offers received
  - Solicitation methods must be documented and included with contract report to DGS

- Variance of model contract terms permitted *ONLY* with DGS approval

### DOLLAR LIMIT

IT Goods and Services

CMAS \$500,000

NO EXEMPTIONS

Master Agreements \$500,000

Lower dollar limits established by existing agreements may further reduce this maximum

### DOLLAR LIMIT

Non-IT Services

CMAS \$250,000

NO EXEMPTIONS

Master Agreements \$250,000

NO EXEMPTIONS

**MUST MEET THE CRITERIA**  
**OF THE**  
**EXECUTIVE ORDER**

- Required to ensure the provision of essential services; or
- Where public health or safety so require; or
- In the case of an emergency as defined in Public Contract Code 1102; or
- To avoid financial loss to the state.

STATE ADMINISTRATIVE MANUAL W/M 02-12 page 5  
ATTACHMENT C

# Attachment C Of Management Memo

Procedures and Definitions regarding Executive Order D-55-02  
1. All contracts for goods and services exceeding \$100,000, and those greater than \$100,000 shall be limited to the following persons:

- a) Agency Secretaries or their immediate next ranking official, or
- b) For departments or other entities not reporting to an Agency Secretary, approval authority is limited to the highest two ranking executive officials.

2) Required approvals for CMAS and Master Agreement contracts exceeding \$100,000 shall be limited to the following persons:

- a) Department Director, their immediate next ranking official, or
- b) For departments or other entities not reporting to the Department Director, the highest two ranking executive officials.

3) Paragraph #6 of the Executive Order applies additional qualifying criteria in addition to those that are statutorily required. Approval of contracts exceeding \$100,000, as covered by the Executive Order, must contain documentation of facts that support the existence of any of the applicable criteria.

4) Definitions of Paragraph 6 Criteria

a) Essential services

## Qualifying Criteria of Executive Order

4) Definitions of Paragraph 6 Criteria

a) Essential services

Includes services determined to be critically necessary for the operation of the department or the delivery of services required to be provided by the department.

b) Required for Health and Safety

Goods or services determined as necessary to preserve, protect or promote public health, including persons under the care or custody of the state, or necessary to preserve, protect or promote public safety.

c) Emergency (Public Contract Code 1102)

A sudden, unexpected occurrence that poses a clear and imminent danger, requiring immediate action to prevent or mitigate the loss or impairment of life, property or essential public service.

(Note: In the event of an emergency, statute permits the immediate acquisition of necessary goods and services as needed, with necessary approvals and documentation to follow.)

d) Avoidance of financial loss to the state:

Goods and services necessary, as determined, to prevent the waste of state funds or resources, including but not limited to:

1. Failure to obtain will result in the loss of federal or other funding.
2. Failure to obtain will result in damage to or deterioration of state resources.
3. Failure to obtain will result in the interruption of essential state operations or programs.
4. Failure to obtain could expose the state to liability based on the risk of damage to the property of others.
5. Failure to obtain could expose the state to risk based on the harm to the public.
6. Failure to obtain could result in the imposition of additional payments, penalties or fines.

## Definitions

4) Definitions of Paragraph 6 Criteria

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4. Failure to obtain could expose the state to liability based on the risk of damage to the property of others.
5. Failure to obtain could expose the state to risk based on the harm to the public.
6. Failure to obtain could result in the imposition of additional payments, penalties or fines.

## APPROVALS REQUIRED

Up To \$100,000

## Non-IT Services

- CMAS over \$35,000
  - ✓ DGS/Procurement Division
- Masters over \$35,000
  - ✓ DGS/Office of Legal Services

Over \$100,000

### IT Goods and Services

- ✓ Department Director or Immediate Next Ranking Official
- AND*
- ✓ Agency Secretary or Immediate Next Ranking Official

### Non-IT Services

- ✓ Department Director or Immediate Next Ranking Official
- AND*
- ✓ Agency Secretary or Immediate Next Ranking Official
- AND*
- At \$35,000 and up:*
- ✓ CMAS: DGS/Procurement Division
- ✓ Masters: DGS/Office of Legal Services

For departments or other entities not reporting to a Department Director

- ✓ Approval authority limited to the highest two ranking executive officials
- AND*
- ✓ Agency Secretaries or their Immediate Next Ranking Official
- *If no Agency Secretary, approval authority limited to the highest two ranking executive officials*

• If over \$100,000, contract ~~must be reported to DGS within 5 working days after execution~~

- ✓ IT Goods and Services  
Over \$100,000 to \$500,000
- ✓ Non-IT Services  
Over \$100,000 to \$250,000

If GS \$Mart is used for financing, DGS/Procurement Division approval required before award

## Commodities

Commodities  
CMAS

Limited to \$100,000  
NO EXEMPTIONS

## Commodities Master Agreements

Competitively bid master contracts  
for commodities are *EXEMPT* from  
the Executive Order

If GS \$Mart is used  
for financing,  
DGS/Procurement Division  
approval required  
before award

## Non-Competitively Bid Contracts

### IT Goods and Services

- Emergency
- Only Source

*Public Contract Code 12102*

## Non-IT Services

✓ *Must comply with  
Public Contract Code 10340*

## Commodities

- Emergency
- Only Source

*Public Contract Codes 10301  
and 10302*

*ALL non-competitively bid  
CMAS, Master Agreement and  
Commodity contracts over  
\$100,000 must meet the criteria  
of the Executive Order*

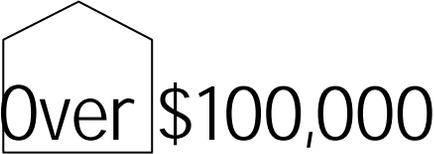
- Required to ensure the provision of essential services; or
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**APPROVALS REQUIRED**

Up To \$100,000



- ✓ Department Director or Immediate Next Ranking Official (No delegation)
- AND
- ✓ Agency Secretary or Immediate Next Ranking Official (No delegation)
- AND
- ✓ DGS/Procurement Division
  - *If over \$25,000 for IT Goods and Services and Commodities*
  - *If over \$5,000 for Non-It Services*



- ✓ Department Director or Immediate Next Ranking Official (No delegation)
- AND
- ✓ Agency Secretary or Immediate Next Ranking Official (No delegation)
- AND
- ✓ DGS/Procurement Division
  - *At \$25,000 and up for IT Goods and Services and Commodities*
  - *At \$5,000 and up for Non-It Services*
- AND
- ✓ Department of Finance

- For departments or other entities not reporting to a Department Director
- ✓ Approval authority limited to the highest two ranking executive officials (No delegation)
  - AND
  - ✓ Agency Secretaries or their Immediate Next Ranking Official (No delegation)
    - *If no Agency Secretary, approval authority limited to the highest two ranking executive officials (No delegation)*

*Actions Under Way*

INTERIM GUIDELINES  
IMPLEMENTATION TASKS

- Review of Non-Competitive Procurements by Department of Finance
- Review of CMAS and MSA Orders by DGS-PD
- Identification of Exempt Master Contracts

- Review of PD Internal Purchasing Practices
- Review of PD Internal Signature Authority Levels

- Establish Effective Communication Management
- Provide Training on Executive Order and Management Memo
- Develop Presentation on PD Acquisition Programs

- Hold Vetting Committee Meetings
- Track Necessary Clarifications to Executive Order and Management Memo

- Establish Agency Procurement Liaison
- Provide Consulting Services to Customers
- Establish Supplier Relationship Management to Address Supplier Concerns

- Assess Impact of the Executive Order and Management Memo on PD Acquisitions

*What You Can Do*

*Become thoroughly familiar with Executive Order D-55-02*

<b>MANAGEMENT MEMO</b>	NUMBER 02-12, ADDENDUM #1
SUBJECT: RESTRICTIONS REGARDING USE OF CMAS, MASTER SERVICE AGREEMENTS, AND NONCOMPETITIVELY BID CONTRACTS DURING INTER-REVIEW PERIOD CLARIFICATION OF SIGNATURE AUTHORITY AND AUTHORITY OF EMPLOYMENT	DATE ISSUED: JUNE 11, 2002
REFERENCES:	ISSUING AGENCY: DEPARTMENT OF GENERAL SERVICES

**EXECUTIVE ORDER D-55-02**

**CHANGES/MODIFICATION TO THIS MANAGEMENT MEMO AS A RESULT OF THIS ADDENDUM #1 ARE EFFECTIVE IMMEDIATELY. CHANGES ARE INDICATED IN BOLD.**

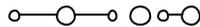
It is the intent of Executive Order D-55-02 that competitive bidding processes will be employed to the maximum extent required for the purposes of this Management Memo. Provide Interim Guidelines for the acquisition of goods and services obtained through the CMAS, Master Services Agreements and for competitive bidding processes during the review period established by Executive Order D-55-02. Separate standards and processes are required for Contracts \$100,000 or less and those greater than \$100,000. These are designated as Attachments A, B, and C, attached hereto. Attachment D is added to identify categories pursuant to State Administrative Manual Section (SAM) 1233 that are exempt from this Management Memo. NOTE that this Attachment D is a modified listing, and there are certain constraints placed on the use of these categories.

**ATTACHMENT B AND ATTACHMENT C HAVE BEEN MODIFIED TO REFLECT THAT CMAS/MASTER APPROVALS OVER \$100,00 BUT LESS THAN \$500,000 REQUIRE**

*Access the Procurement Division's Web Site on a regular basis for the latest information*

The Procurement Division's  
Web Site  
[www.dgs.ca.gov/pd](http://www.dgs.ca.gov/pd)

*Preparing for Day 91*



The Review Panel's  
Findings and  
Recommendations  
*Will Be Key*

TAKE ADVANTAGE OF  
THE OPPORTUNITY

TO PROVIDE  
INPUTS TO THE PANEL

TO ENSURE THE  
*RIGHT* REFORMS  
ARE IN PLACE