

MANAGEMENT MEMO

	NUMBER: MM 02-19, REVISION 3
SUBJECT: GUIDELINES FOR THE USE OF CALIFORNIA MULTIPLE AWARD SCHEDULES (CMAS), MASTER AGREEMENTS, AND NON-COMPETITIVELY BID CONTRACTS	DATE ISSUED: JANUARY 21, 2003
REFERENCES: PCC 10295, PCC 12100, et seq. SUPERSEDES MM 02-19 REVISION 2 AND ADDENDA	EXPIRES: UNTIL RESCINDED ISSUING AGENCY: DEPARTMENT OF GENERAL SERVICES

The primary modification to this Management Memo 02-19 allowed by this Revision 3 is to clarify signature approval requirements of Purchase Orders for \$250,000 and higher, when issued against California Multiple Award Schedule (CMAS) and Master Agreements. Approval of all CMAS and Master Agreement orders valued at \$250,000 or higher, for information technology (IT) goods and services must be obtained from Agency Secretaries and Department Directors or immediate next ranking official. This requirement is referenced in Attachment A. The Notice of Contract Award form has been modified to reflect this change. Additionally, this Revision 3 provides modification to the requirement for a Procurement Liaison (PL) as the single point of contact for each department/commission/board. The PL is replaced by a Procurement and Contracting Officer (PCO). See below for an outline of the PCO's responsibilities. Questions regarding this Management Memo for IT goods and services and commodities should be directed to Glenn Ford, whose contact information is contained at the end of this memo. Italicized wording indicates additions; please thoroughly review this Management Memo in its entirety to become familiar with its contents.

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 guidelines for the acquisition of goods and services obtained through the use of CMAS, Master Agreements, and Non-Competitively Bid acquisition methods.

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 attached. Attachment A provides guidelines for purchases from CMAS and Master Agreements, distinguishing between information technology (IT) purchases and non-information technology (non-IT) purchases, and is further categorized by dollar threshold. Attachment B provides guidelines for Non-Competitively Bid (NCB) contracts, again distinguishing between IT and non-IT purchases and categorized by dollar threshold. Attachments C and D identify and provide further procedures for contracts exempt from competitive bidding by statute (Attachment C) or by policy (Attachment D), subject to specific conditions, including the Health Insurance Portability and Accountability Act (HIPAA) master service agreement, and the California Integrated Information Network (CIIN) contract. 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 your purchasing authority. Contracts exceeding your purchasing authority must be issued/approved by the DGS.

1. Each department/commission/board shall 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 in accordance with the Task Force's Recommendation No. 18.*
 - *Be the person the DGS will contact when participation is needed to implement other recommendations made by the Task Force.*
 - *Fulfill the agency officer requirement identified in Public Contract Code (PCC) section 10333(a)(1).*

- *Fulfill the agency officer requirement identified in PCC section 10351(a)(1).*
- *Serve as the contract officer identified in the SCM, section 9.02A.*
- *Approve the department's Request for Delegated Purchasing Authority (Request) 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.)*
- *Sign for the department 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 11/30/02 in a memo dated 11/12/02 sent to all Department Directors, Boards, Commission Heads and Agency Secretaries.

*Name, Working Title, State Classification, Department
Street Address, including address, city, and zip code
Mailing Address, including address, city, and zip code; IMS Code
Phone Number, including area code; Fax Number, including area code
E-mail address*

Please submit this information no later than 1/31/03 if you have not already done so to Cheri Shaw, Acquisition Specialist, Delegation Resources Program, Procurement Division, at (916) 375-4350 or cheri.shaw@dgs.ca.gov.

2. Failure to comply with the procedures and guidelines provided in this Management Memo will result in the loss of purchasing authority or contract review exemptions.
3. Contracts should not be executed, and/or work should not be commenced until all of the approvals required by this Management Memo and Attachments have been obtained.
4. Contracts for services procured through a statutorily required competitive selection process as set forth in Government Code Section 4525 et seq, are exempt from this Management Memo.
5. Effective immediately, the approval limit for Non-IT service contracts is increased from \$35,000.00 to \$50,000.00.
6. 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 competition is achieved to the fullest extent possible, pre-qualified bidders on the master agreement must have an opportunity to compete. The ceiling on information technology master agreements is \$500,000. However, departments may request an exemption to this ceiling. The ordering department must have prior approval of DGS for an exemption to the \$500,000 limit. The exemption request must address how the department intends to ensure effective competition to the fullest extent possible.
7. 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., will be published on the Procurement Division website. (See #13 below) All applicable ordering instructions and/or requirements included in Attachments A-D of this Management Memo are also reflected in the User Guide for each of these master agreements.
8. 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 the Management Memo. Contracts by local government entities are exempt from the Management Memo, but remain subject to their own laws or procedures.

9.
 - a. Application of these guidelines to amendments of existing non-competitively bid contracts will be based on the cumulative dollar value after including the amendment (e.g., a \$200,000 base contract plus a \$60,000 amendment would be considered a \$260,000 contract).
 - b. These guidelines shall apply to a previously competitively bid contract when the 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. Application of the guidelines to such amendments shall be based on the cumulative value after including the amendment (e.g., a \$200,000 competitively bid/awarded contract plus a \$60,000 amendment shall be considered a \$260,000 contract, and shall be subject to the guidelines accordingly).
10. Purchases and contracts not addressed by this Management Memo will be subject to the DGS' oversight and must be processed in accordance with existing statutory requirements as well as applicable Procurement Division Delegation requirements and/or the State Contracting Manual.
11. Order of precedence: In applying these Management Memo guidelines, the precedence shall be applied in the following order:
 - a. Management Memo 02-19
 - b. Procurement Division Delegation for information technology and commodities.
 - c. State Contracting Manual (Non-IT services).

Copies of these documents are available on the Procurement Division website. (See #13 below)
12. The guidelines provided in this Management Memo are subject to future revision as determined by DGS with the approval of the Department of Finance.
13. 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 guidelines addressed herein.

Questions regarding this Management Memo may be directed to:

IT Goods & Services, Commodities:

Glenn Ford
Customer Relations Management
Department of General Services
Procurement Division
Telephone: (916) 375-4566
e-mail: glenn.ford@dgs.ca.gov

Non-IT Services:

Kathleen A. Yates, Senior Staff Counsel
Department of General Services
Office of Legal Services
Telephone: (916) 376-5115
e-mail: kathleen.yates@dgs.ca.gov

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

Clothilde V. Hewlett, Interim Director
Department of General Services

Attachments