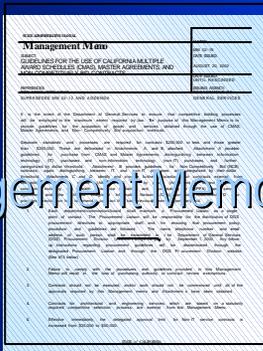




California Department of General Services  
Procurement Division

## Procurement Guidelines

- CMAS
- Master Agreements
- Non-Competitively Bid Contracts



Management Memo 02-19

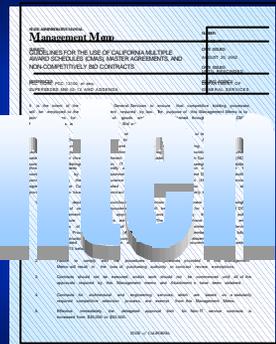
- *Commitment to Competition*
- *The Management Memo*
- *The Guidelines*

# PRESENTATION OBJECTIVE

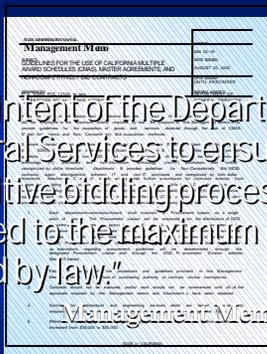
*To achieve uniform understanding and implementation of Management Memo 02-19*

# Commitment to Competition

# Intent



"It is the intent of the Department of General Services to ensure that competitive bidding processes are employed to the maximum extent required by law."



Management Memo 02-19

## The Management Memo

- Purpose/Scope
- Responsibilities
- Attachments

STATE ADMINISTRATIVE MANUAL

### MANAGEMENT MEMO

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

REFERENCES:

PCS-1029, PCS-1200, et al.

SUPERSEDES MM 02-12 AND ADDENDA

NUMBER:

MM 02-19

DATE ISSUED:

AUGUST 20, 2002

EXPIRES:

UNTIL RESCINDED

ISSUING AGENCY:

DEPARTMENT OF  
GENERAL SERVICES

It is the intent of the Department of General Services to ensure that competitive bidding processes will be 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 purchase from CMAS and Master Agreements, distinguishing between information technology (IT) purchases and non-information technology (non-IT) purchases, and 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 their 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 has previously been competitively bid.

## Supersedes Management Memo 02-12 and Addenda

## Purpose

- To provide guidelines for the acquisition of goods and services obtained through the use of:
  - California Multiple Award Schedules (CMAS)
  - Master Agreements
  - Non-Competitively Bid Acquisition Methods

- Separate standards and processes
  - For contracts valued at \$250,000 or less
  - For contracts valued over \$250,000

- Each department/commission/board required to maintain a Procurement Liaison as a single point of contact
- Contracts should not be executed and/or work should not be commenced until all of the approvals required by the Management Memo and Attachments have been obtained

- Failure to comply with the procedures and guidelines of the Management Memo will result in loss of purchasing authority or contract review exemptions



Attachments A and B

Dollar Threshold - What to Do - Attachment A			
	CMAS and Master Agreements		Attachment B
	Goods and Services*	Non-IT Services*	Non-IT Services*
1. CMAS	Use CMAS for all purchases of goods and services with a dollar value of \$250,000 or less.	Use CMAS for all purchases of goods and services with a dollar value of \$250,000 or less.	Use CMAS for all purchases of goods and services with a dollar value of \$250,000 or less.
2. Master Agreements	Use Master Agreements for all purchases of goods and services with a dollar value of \$250,000 or less.	Use Master Agreements for all purchases of goods and services with a dollar value of \$250,000 or less.	Use Master Agreements for all purchases of goods and services with a dollar value of \$250,000 or less.
3. Non-Competitively Bidding	Use Non-Competitively Bidding for all purchases of goods and services with a dollar value of \$250,000 or less.	Use Non-Competitively Bidding for all purchases of goods and services with a dollar value of \$250,000 or less.	Use Non-Competitively Bidding for all purchases of goods and services with a dollar value of \$250,000 or less.
4. Competitive Bidding	Use Competitive Bidding for all purchases of goods and services with a dollar value of \$250,000 or less.	Use Competitive Bidding for all purchases of goods and services with a dollar value of \$250,000 or less.	Use Competitive Bidding for all purchases of goods and services with a dollar value of \$250,000 or less.
5. Other	Use other acquisition methods for all purchases of goods and services with a dollar value of \$250,000 or less.	Use other acquisition methods for all purchases of goods and services with a dollar value of \$250,000 or less.	Use other acquisition methods for all purchases of goods and services with a dollar value of \$250,000 or less.

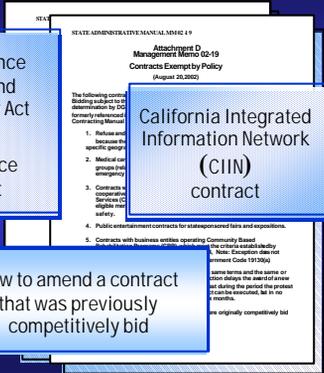


## Attachment D

Health Insurance  
Portability and  
Accountability Act  
(HIPAA)  
master service  
agreement

California Integrated  
Information Network  
(CIIN)  
contract

How to amend a contract  
that was previously  
competitively bid



## The Guidelines

# CMAS

# Master Agreements

# Non-Competitively Bid Acquisitions

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

*They ARE NOT subject to the Management Memo*

- Subject to the Department of General Services' oversight
- Must be processed in accordance with:
  - Existing statutory requirements;
  - Applicable Procurement Division Delegation requirements; and/or
  - The State Contracting Manual

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

*Yes*

*See Attachments C and D of the Management Memo*

*Also Exempt...*

Contracts for architectural and engineering services, which are based on a statutorily required competitive selection process

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

## Guidelines

## CMAS and Master Agreements

### Attachment A Guidelines for CMAS and Master Agreements

Dollar Thresholds

Dollar Thresholds — What to Do — Attachment A		
CMAS and Master Agreements		
Goods and Services*	Non-IT Services*	Non-IT Services*
1. The dollar threshold for CMAS and Master Agreements for Goods and Services is \$100,000.	2. The dollar threshold for CMAS and Master Agreements for Non-IT Services is \$100,000.	3. The dollar threshold for CMAS and Master Agreements for Non-IT Services is \$100,000.
4. The dollar threshold for CMAS and Master Agreements for Goods and Services is \$100,000.	5. The dollar threshold for CMAS and Master Agreements for Non-IT Services is \$100,000.	6. The dollar threshold for CMAS and Master Agreements for Non-IT Services is \$100,000.
7. The dollar threshold for CMAS and Master Agreements for Goods and Services is \$100,000.	8. The dollar threshold for CMAS and Master Agreements for Non-IT Services is \$100,000.	9. The dollar threshold for CMAS and Master Agreements for Non-IT Services is \$100,000.
10. The dollar threshold for CMAS and Master Agreements for Goods and Services is \$100,000.	11. The dollar threshold for CMAS and Master Agreements for Non-IT Services is \$100,000.	12. The dollar threshold for CMAS and Master Agreements for Non-IT Services is \$100,000.

Over \$500,000  
Under \$500,000

Over \$250,000  
Under \$250,000

Over \$ 50,000

## IT Goods and Services & Non-IT Services

Up to \$500,000

IT Goods and Services

Up to \$250,000

Non-IT Services

DOLLAR LIMIT  
IT Goods and Services

CMAS \$500,000

NO EXEMPTIONS

DOLLAR LIMIT  
IT Goods and Services

Master Agreements \$500,000

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

IT Goods and Services

Master Agreements over \$500,000

- DGS approval to exceed the \$500,000 ordering limit *REQUIRED*
  - Request must include how effective competition to fullest extent possible will be assured; *AND*
  - Assurance that all qualified suppliers *WILL BE CONTACTED*

DOLLAR LIMIT  
Non-IT Services

\$250,000

NO EXEMPTIONS

IT Goods and Services & Non-IT Services

- Solicit and obtain offers from a minimum of 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
- If only one source is known (competing offers cannot be obtained)
  - The *NON-COMPETITIVE BID PROCESS* must be followed

IT Goods and Services  
&  
Non-IT Services

APPROVALS REQUIRED

Up To \$250,000

IT Goods and Services  
&  
Non-IT Services

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

Non-IT Services over \$50,000

- CMAS
  - ✓ DGS/Procurement Division review and approval
- Masters
  - ✓ DGS/Office of Legal Services review and approval

Over \$250,000

### IT Goods and Services

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

### IT Goods and Services

- ✓ Approval by Department Director or Immediate Next Ranking Official

### IT Goods and Services

- Contract must be reported to DGS within 5 working days after execution, using "Notice of Contract Award" form

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

### Non-IT Goods

## Non-IT Goods

Up to \$250,000

Over \$ 50,000

## Non-IT Goods

CMAS

Limited to \$100,000

**NO EXEMPTIONS**

## Non-IT Goods Master Agreements

Competitively bid master contracts  
for Non-IT goods are *EXEMPT*

## Non-IT Goods

- Solicit and obtain offers from a minimum of 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
- If only one source is known (competing offers cannot be obtained)
  - The *NON-COMPETITIVE BID PROCESS* must be followed

## Non-IT Goods

Approvals

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

## Non-IT Goods

Approvals – Master Commodities  
Contracts

- ✓ Approvals do not apply to competitively bid Master Commodities Contracts

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

## Non-Competitively Bid Contracts

### Attachment B Guidelines Non-Competitively Bid Contracts

Dollar  
Thresholds

Non-Competitively Bid (NCB) Contracts*		
IT Goods and Services	Non-IT Services**	Non-IT Services**
<p>Emergency</p> <p>Only Source</p> <p>Contract Value: \$50,000.00 to \$250,000.00</p> <p>Contract Term: 12 months</p> <p>Contract Start Date: 12/31/2010</p> <p>Contract End Date: 12/31/2011</p> <p>Contract Description: IT Goods and Services</p>	<p>Emergency</p> <p>Only Source</p> <p>Contract Value: \$50,000.00 to \$250,000.00</p> <p>Contract Term: 12 months</p> <p>Contract Start Date: 12/31/2010</p> <p>Contract End Date: 12/31/2011</p> <p>Contract Description: Non-IT Services</p>	<p>Emergency</p> <p>Only Source</p> <p>Contract Value: \$50,000.00 to \$250,000.00</p> <p>Contract Term: 12 months</p> <p>Contract Start Date: 12/31/2010</p> <p>Contract End Date: 12/31/2011</p> <p>Contract Description: Non-IT Services</p>
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~~Over \$250,000~~

~~\$25,000.01 to \$250,000.00~~

~~\$5000.01 to \$25,000.00~~

~~\$100.01 to \$5,000.00~~

## IT Goods and Services

- Emergency
- Only Source

*Public Contract Code 12102*

## Non-IT Services

✓ *Must comply with  
Public Contract Code 10340*

## Non-IT Goods

- Emergency
- Only Source

*Public Contract Codes 10301  
And 10302*

## APPROVALS REQUIRED

Up To \$250,000



✓ Agency Secretary

*AND*

✓ Department Director or  
Immediate Next Ranking Official

*AND*

✓ For **IT Goods and Services** and **Non-IT Goods**

- \$100.01 to \$25,000.00– DGS/Procurement Division approval required for departments without delegated purchasing authority
- \$5000.01 to \$25,000.00– NCB required with delegated authority

✓ **Non-It Services**

- \$5000.01 to \$25,000.00– DGS/Procurement Division approval required

*All departments can purchase up to \$100.00 without delegated purchasing authority*

Over  \$250,000

- ✓ Agency Secretary or Immediate Next Ranking Official  
*AND*
- ✓ Department Director or Immediate Next Ranking Official  
*AND*
- ✓ Department of Finance (For Services)

- ✓ Attach the " Notice of Contract Award " for signature by the Agency Secretary and Department Director
- ✓ Forward the signed form to DGS when contract awarded

For departments or other entities not reporting to an Agency Secretary

- ✓ Approval authority is limited to the highest two ranking officials

All Non-Competitively Bid Contract Requests

- Submit to DGS/Procurement Division
- If for Services
  - ✓ *Attach Std. 821*
  - ✓ *DGS/Procurement Division will transmit those over \$250,000 to the Department of Finance for review and approval*

# Actions Under Way

**Executive Summary**

The Department of General Services (DGS) recommends that the Task Force strengthen the contracting and procurement processes of the State of California by improving the quality and openness of the process, and by implementing a set of checks and balances to ensure its integrity.

For each of these guiding principles – higher quality on orders, higher quality on the process, and higher quality on the system – DGS should take the following actions, as soon as possible, or as soon as it is accomplished in the near term (short-term), or if it is longer term initiative.

**High Quality**

- DGS should broaden the scope of the Quality Assurance Program to include all agency procurement processes. This includes all procurement processes, including those that are currently exempt from the program, such as California Multiple Award Schedules (CMAS) and Master Agreements.
- DGS should enhance its current process for auditing state agency contracting and procurement transactions. DGS should maintain minimum standards that must be met by state agencies to use leveraged procurement instruments on an interim basis, and more stringent standards to achieve higher levels of authority.
- DGS should develop a uniform set of policies, procedures and processes to apply to all state contracting and procurements to ensure the outcomes are consistent, fair and foster competition.

**DGS/Procurement Division Recommendations for Procurement Reform Submitted to the Task Team August 12, 2002**

**Executive Summary**

The Department of General Services (DGS) recommends that the Task Force strengthen the contracting and procurement processes of the State of California by improving the quality and openness of the process, and by implementing a set of checks and balances to ensure its integrity.

For each of these guiding principles – higher quality on orders, higher quality on the process, and higher quality on the system – DGS should take the following actions, as soon as possible, or as soon as it is accomplished in the near term (short-term), or if it is longer term initiative.

These initiatives are:

- DGS should broaden the scope of the Quality Assurance Program so that state agencies conducting any state agency contracting and procurement transactions. This includes all procurement processes, including those that are currently exempt from the program, such as California Multiple Award Schedules (CMAS) and Master Agreements.
- DGS should enhance its current process for auditing state agency contracting and procurement transactions. DGS should maintain minimum standards that must be met by state agencies to use leveraged procurement instruments on an interim basis, and more stringent standards to achieve higher levels of authority.
- DGS should develop a uniform set of policies, procedures and processes to apply to all state contracting and procurements to ensure the outcomes are consistent, fair and foster competition.

**Available at**  
<http://pd.dgs.ca.gov/>

# What You Can Do

**Management Memo**  
**GUIDELINES FOR THE USE OF CALIFORNIA MULTIPLE AWARD SCHEDULES (CMAS) AND MASTER AGREEMENTS (MA) CONTRACTS**  
**NON-COMPETITIVE BID CONTRACTS**

1. In the event of the Department of General Services, to ensure that competitive bidding processes are followed in the procurement of goods and services, the Department of General Services has developed the following guidelines for the use of CMAS and MA contracts.

2. Contracts awarded under the provisions and guidelines contained in this Management Memo shall be subject to the provisions and guidelines of the contract award process.

3. Contracts awarded under the provisions and guidelines contained in this Management Memo shall be subject to the provisions and guidelines of the contract award process.

4. Contracts for additional and supplementary services shall be based on a separately negotiated competitive selection process and award from the Management Memo.

5. Revised contracts shall be subject to the provisions and guidelines of the contract award process.

6. Revised contracts shall be subject to the provisions and guidelines of the contract award process.

**Become thoroughly familiar with Management Memo 02-19**

**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)

