

MANAGEMENT MEMO

SUBJECT: BIDDING EXEMPTION FOR TRAINING SERVICES	NUMBER: MM 11-05
	DATE ISSUED: November 28, 2011
	EXPIRES: UNTIL REVOKED
REFERENCES: Government Code 14600, 14615 Public Contract Code 10348	ISSUING AGENCY: DEPARTMENT OF GENERAL SERVICES

Purpose

This Management Memo establishes an exemption from advertising and competitive bidding for training contracts of \$50,000 or less.

DGS Authority

Public Contract Code section 10348 authorizes the Department of General Services (DGS) to prescribe conditions under which contracts may be awarded without competition.

- State law generally requires that contracts for services be competitively bid.
- Certain such exemptions are currently set forth in the State Contracting Manual, volume I, section 5.80.

New Bidding Exemption for Training Contracts

DGS hereby establishes an exemption from advertising and competitive bidding for training contracts. This exemption applies under the following conditions:

1. When a department has a need for training;
2. The cost of the training contract does not exceed \$50,000; and,
3. The cost of multiple training contracts with a single contractor does not exceed \$50,000 cumulatively in any 12-month period.

Such department contracts are subject to all other applicable contracting requirements, including but not limited to:

- Obtaining DGS approval of the contract if required;
- Documenting the Government Code section 19130 grounds for contracting out; and,
- Evaluating and documenting the cost reasonableness.

In addition, departments remain subject to all other rules, policies and guidelines regarding training, such as:

- Establishing that the training is needed to meet the department's mission critical core functions or is required by law

Furthermore, departments should assess their department-wide training needs to determine if their needs fall within or exceed the dollar threshold of the exemption.

Note: Agencies shall not split contracts for the purpose of obtaining the exemption to avoid the competitive bid process.

Continued on next page

Documentation This exemption will be incorporated into applicable section(s) of the State Contracting Manual. Departments should also note:

- When using the exemption, agencies should reference this Management Memo as their authority until the State Contracting Manual is updated.
- Once the State Contracting Manual is updated, agencies should reference the applicable section of the Manual as authority.

Contact For questions regarding this management memo, please contact the DGS/PD/Office of Policy, Procedure and Legislation by e-mail at PPO@dgs.ca.gov.

Authorizing Signature Original Management Memo signed by Fred Klass, Director DGS

Fred Klass, Director
Department of General Services