

**PURCHASES EXEMPT FROM  
THE NCB CONTRACT PROCESS**  
(May 2005)

**2645**

**PURCHASES EXEMPT BY STATUTE OR POLICY**  
(May 2005)

**2645.1**

In addition to what has already been discussed, there are purchases that may be awarded without advertising or competitive bidding as a result of being exempt by statute or policy. For a list of these types of purchases, refer to [SAM](#) section 1233.

Although exempt by statute or policy, the purchasing authority dollar thresholds still apply. Purchases that exceed a department's purchasing authority must be submitted to DGS/PD for review, approval, and execution.

**ADDITIONAL PURCHASES EXEMPT BY DGS POLICY**  
(No. 3 February 2006)

**2645.2**

The following purchases may be awarded without advertising or competitive bidding subject to the restrictions noted. These purchases are exempt based on a determination by DGS that competitive bidding is not feasible. Although exempt by DGS policy, the purchasing authority dollar thresholds still apply.

Purchases that exceed departments purchasing authority must be submitted to DGS for review, approval, and execution:

- Proprietary subscriptions, proprietary publications and/or technical manuals (manuals, law books, technical manuals, technical services related to publications, etc.) regardless of media format, up to \$250,000.00.
- Rental of proprietary postage meters, if they are interfaced and inter-member with existing mailing equipment and there is only one authorized manufacturer's branch or qualified dealer representative providing services for a manufacturer in a specified geographical area. This exemption applies only in circumstances where annual postage meter rental services to be provided are less than \$100,000.00. Rental service agreements for stand-alone proprietary postage meters, which are not interfaced, or intermembered with mailing equipment must be competitively bid. Contracts with business entities operating Community Based Rehabilitation Programs (CRP), which meet the criteria established by Welfare and Institutions Code Section 19404. Note: Exception does not apply to contracts justified pursuant to GC section 19130(a).

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- Amendments to existing purchase documents under the same terms and the same or lower rates, where a protest or other legal action delays the award of a new contract. These amendments should only last during the period the protest or legal action is pending and a new purchase document can be executed, but in no case shall this exemption extend beyond six (6) months for a particular amendment.

## **SUPPORTING STATEMENT**

**2645.3**

(May 2005)

Procurement files should include a statement indicating the basis for exemption from advertising or competitive bidding either by policy or statute. Documentation can be a statement of fact identifying how the exemption is authorized.

Example #1

“This purchase is exempt from advertising and/or competitive bidding based on DGS policy as identified in [SAM](#) section 1233 Article 3.e.”

Example #2

“This purchase is exempt from advertising and/or competitive bidding based upon the use of a master agreement that has been competitively bid and identified as such either in the MA user instructions or in the DGS Statewide checklist dated XXXXXX.”

## **COST REASONABLENESS**

**2645.4**

(May 2005)

As indicated by SAM section 1233, purchases although exempt by statute or policy, must still be reasonable in cost and justification. It is recommended that procurement files should include documentation to support fair and reasonable pricing.

[\(see next section\)](#)

[\(see HB Table of Contents\)](#)

[\(see Forms or Forms Samples\)](#)