FROM:

## Rena Cusma Executive Officer

## Executive Order #2

No longer relevant. Has been rescinded by Metro Code Chapter 2.04.



2000 S.W. First Avenue Portland, OR 97201-5398 503/221-1646 EXECUTIVE ORDER NO. 2

EFFECTIVE DATE: April 14, 1981

SUBJECT: Internal Procedure for Contracting and Selection

of Contractors

LEGAL AUTHORITY: ORS 187 and 279 and OAR 127

#### TABLE OF CONTENTS

## I. Summary and Objectives

## II. Rules and Procedures Pertaining to All Contracts

- A. Initiating a Contract
- B. Persons Authorized to Sign Contracts
  - 1. Contracts under \$2,500
  - 2. Contracts over \$2,500
- C. Documentation Required for Contract Files
- D. Contract Review
- E. Minority Business Program
- F. Awarding Contracts without Competitive Bids, Quotes, or Proposals
- G. Change Orders, Amendments, and Extensions

## III. Personal Service Contracts

- A. Definition
- B. Distinguishing Between Employees and Independent Contractors
- C. Selection Process for Personal Service Contracts
  - 1. Contracts Under \$2,500
  - Contracts Between \$2,500 and \$10,000
  - 3. Contracts in Excess of \$10,000

#### IV. Materials and Services

- A. Definition
- B. Selection Process for Materials and Services Contracts
  - 1. Contracts Under \$500
  - Contracts Between \$500 and \$10,000
  - 3. Contracts in Excess of \$10,000
- C. Insurance and Bonding Requirements

## V. Contracts Between Government Agencies

#### **ATTACHMENTS**

- I. Contract Summary Form
- II. Personal Service Evaluation Form
- III. Standard Personal Service Contract
- IV. Standard Materials and Service Contract
- V. Diagrams of Contract Selection and Approval Process
  - A. Personal Service Contract Selection
  - B. Materials and Services Contract Selection
  - C. Contract Execution Process

#### I. SUMMARY AND OBJECTIVES

These procedures describe the way in which the Metropolitan Service District (Metro) will choose its contractors and the actions that must take place before Metro binds itself to a contract. Three types of contracts are provided for; Personal Services, Materials and Services, and Contracts Between Government Agencies.

Contracts for Personal Services and Materials and Services are divided into broad categories according to the amount of money they involve. Different selection procedures are required for contracts under \$500, those between \$500 and \$10,000, and those over \$10,000. Procedures for internal review and execution of contracts differ for contracts under \$2,500 and over \$2,500.

Contracts for the purchase of services or materials are required to go through a process of soliciting quotes or competitive bidding. State law requires that public agencies use these methods for awarding contracts in order to insure the lowest possible cost and decrease the chances of favoritism. Insuring the quality of the work done under contract is largely the responsibility of the Project Manager. Utmost care should be taken in writing the contract specifications and scope of work, and in monitoring the work done under contract. If care is taken, and these procedures are followed, those involved may feel secure that the law is being obeyed and that Metro is getting quality goods and services at the lowest possible price.

#### II. RULES AND PROCEDURES GOVERNING ALL CONTRACTS

#### A. Initiating a Contract

When a department initiates a contract it must first notify the Department of Management Services of its intention and request the issuance of a contract number which shall appear on all copies of the contract. Additionally, the department must complete the Contract Cover Form (Attachment I). This must be forwarded to the Department of Management Services either with a fully executed contract, if the amount is under \$2,500, or with an unexecuted contract for review and signature.

#### B. Persons Authorized to Sign Contracts

- 1. Contracts Under \$2,500

  For contracts of an amount under \$2,500 the Director of the initiating department, or a designee of the Director approved by the Executive Officer, may sign contracts if the following conditions are met:
  - A standard contract form is used;
  - b. Any deviations to the contract form are approved by the General Counsel of the MSD;

- c. The expenditure has been previously authorized in the budget process.
- d. Signing the contract does not further obligate the organization beyond the \$2,500 limit.
- e. The appropriate Scope of Work is attached.
- f. The Contract is for an entire project or purchase; not a portion of a project or purchase which, when complete, will amount to a cost greater than \$2,500.

For contracts exceeding the \$2,500 limit either the Executive Officer or Chief Administrative Officer must sign. When designated in writing to serve in their absence, the Director of Management Services may sign contracts.

Contracts exceeding \$50,000 will be submitted to the Metro Council for their review. After a Department Director makes a recommendation on the award of a contract, the Department Director will arrange for review by the Council Coordinating Committee. After the Committee has reviewed the contract, the item will be put on the Consent Agenda for review by the full Council.

#### C. Documentation Required for Contract Files

The Department of Management Services will maintain central files for all contracts. Individual departments should keep an original copy of the contracts which they have initiated and all subsequent extensions and amendments. A third original copy should be given to the contractor. All correspondence relating to a contract which alters conditions or amounts must be included in the central files as should all papers which document the process of obtaining competitive bids, quotes, or proposals. In any case where a low bid, quote, or proposal is not accepted, a detailed justification must be included with the contract file. Other documentation that should be included in the files includes:

- Mailing lists
- Affidavits of Publication
- Insurance endorsements and certificates
- Amendments
- Extensions
- Related Correspondence
- Quotes, Proposals, and Bids

#### D. Contract Review

Any contract which deviates from the standard form must be reviewed by the Metro General Counsel.

Contracts involving federal or state grant funds must be reviewed by the Finance Officer.

Contracts which have been made after advertised competitive bids, quotes or proposals must be reviewed by the Contracts Manager.

#### E. Minority Businesss Program

All contracting and purchasing is subject to the Metro Minority Business Enterprises Program. Metro will take affirmative action to do business with Minority Business Enterprises. The Contracts Manager will maintain a directory of minority businesses which shall be consulted and used in all contracting and purchasing of goods and services. If a minority business is available that appears capable of providing needed goods or services, that business must be contacted and given an opportunity to compete for Metro business. Contracts awarded subject to the MBE program may be exempted from the competitive bidding process.

## F. Awarding Contracts Without Competitive Bids, Quotes or Proposals

In some cases competitive bidding may not be required. The Contracts Manager will make a determination of whether a contract must be awarded subject to competitive bidding. Examples of the contracts which may not be legally subject to competitive bidding are:

Rare Animals
Price Regulated Items
Emergency Contracts
Advertising Contracts
Recycled Materials
Products of the Handicapped
Contracts between Government Agencies
Affirmative Action Contracts
Data Processing Contracts
Insurance Contracts
Contract Amendments and Extensions
Personal Service Contracts

In most cases these exempt categories must be interpreted narrowly. An <a href="Emergency Contract">Emergency Contract</a>, for example, may only be executed if the emergency conditions could not have reasonably been foreseen and the only way to remedy the situation is through the execution of a contract.

<u>Personal Service Contracts</u> are subject to a separate set of procedures which are described below in Section III.

Any request for an exemption from competitive bidding must

give a detailed explanation of how it would save money or improve quality to award a contract without competitive bids, quotes, or proposals.

#### G. Change Orders, Amendments and Extensions

Adjustments to contract price, work scope or contract specifications may be approved, after initial execution, by the individual originally executing the contract. Adjustments resulting in increased contract price must be consistent with the current district budget. Adjustments resulting in an increase in contract price of 10% or \$1,000, whichever is greater, must be approved by the Executive Officer or Chief Administrative Officer prior to adjustment. Adjustments in excess of amounts currently budgeted must be approved by the Council.

#### III. PERSONAL SERVICE CONTRACTS

#### A. Definition

Personal Services Contracts are for services that are not normally performed by the Metro department staffs and will not require continuous supervision by Metro staff. Examples of services that may be performed under Personal Services Contracts are: economic consultants; engineers; archi- tects; special photography; legislative liaison; public relations and professional advice on retainer.

#### B. <u>Distinguishing Between Employees and Independent</u> Contractors

It is important that employees not be hired under the guise of a Personal Service Contract. To determine whether a particular worker is to be an employee or an independent contractor, the most important factor to consider is the employer's right to control. If the employer is to retain the right to control the manner and means of accomplishing a desired result, the worker is generally considered an employee; if, however, the employer has the right to control only the results of the work, the worker is considered an independent contractor. Thus, the question usually comes down to who is to have the right to direct what shall be done and when and how it shall be done. This test of control does not look to the actual exercise of control, but looks to the employer's right to interfere.

#### SPECIFIC FACTORS

A consideration of the following factors is helpful in determining a worker's status:

1. Whether or not the person to be employed is to be engaged in a distinct occupation or business.

Independent contractor status is often accorded those who are engaged for their special skills. Thus, the hiring of an architect, broker, doctor, painter or plumber may indicate that an independent contractor relationship is being contemplated.

2. Whether or not the employer or the worker is to supply the instrumentalities, tools and the place of work for the person to do the work.

Whether the worker or the employer is to have the power to dictate the particular manner in which the instrumentalities or tools shall be used and the way the laborers shall do their work.

The fact that a worker employs, pays and has full power of control over assistants is an important factor.

3. Whether or not the work is part of the regular business of the employer.

## C. Selection Process for Personal Service Contracts

1. Contracts Under \$2,500

For Personal Service Contracts under \$2,500, the Department Director shall state in writing the need for the contract. This statement shall include a description of the contractor's capabilities in performing the work. Multiple proposals need not be obtained. This statement will be kept in the Department of Management Services contract file.

2. Contracts Between \$2,500 and \$10,000

For personal services contracts between \$2,500 and \$10,000 the Department Director shall use the following process:

a. Proposals shall be solicited from at least three (3) potential contractors who, in the judgment of the Department Director, are capable and qualified to perform the requested work. The Minority Business Enterprise Directory maintained by the Contract Manager shall be consulted and at least one (1) of the potential contractors notified shall be an MBE if an MBE service provider appears in the MBE Directory.

- b. The initiating Department shall document the fact that at least three (3) proposals have been solicited. Preferably, the proposals should be written but this is not required. Metro shall reserve the right to reject any or all proposals for any reason.
- c. Evaluation, as determined by the Department Director, shall include use Appendix II or its equivalent and may require oral presentations. The objective is highest quality of work for most reasonable price. The quality of the proposal may be more important than cost.
- d. Notification of selection or rejection shall be made in writing after final review by the initiating department.
- e. If the contract is over \$2,500 it shall be submitted to the contractor for signature and then to either the Executive Officer or Chief Administrative Officer for signature by Metro.

## 3. Contracts Over \$10,000

For Personal Services Contracts in excess of \$10,000, an evaluation of proposals from potential contractors shall be performed as follows:

- a. A request for proposals shall be prepared by the department. Where appropriate the request shall be published in a newspaper of general circulation or in trade magazines. In addition, Metro shall notify in writing at least three (3) potential contractors, who, in the judgment of the Department Director are capable and qualified to perform the requested work. The Director of Management Services will be responsible for maintaining the file and making the appropriate notification.
- b. Evaluations of proposals shall use Appendix II or its equivalent. The use of an oral interview or an evaluation team is recommended.
- c. After evaluation is complete, the Department Director will recommend the final selection to the Executive Officer.
- d. Notifications of selection and rejection shall be made in writing by the initiating department.
- e. Such Personal Services Contracts (Appendix III) with a Scope of Work will be reviewed by the

department head, legal counsel and by the Contracts Manager prior to signature by the contractor and subsequent signature by the Executive Officer or Chief Administrative Officer.

#### 4. Sole Source Personal Service Contracts

If there is only one provider of the service required, the initiating department need not solicit and document three (3) proposals as required by subparagraphs (C)(2) and (C)(3) above. The initiating department must document that there is only one provider of the service required, and the Council shall be given notice in the manner provided in the Public Contract Review Board Rules for awarding contracts to a single seller (sole source) without competitive bids.

#### D. Renewal and Extension of Personal Service Contracts

#### 1. Continuing Activities

A Personal Service Contract may be renewed without receiving competitive proposals if the contractor is performing a continuing activity for the agency. This applies to such contracts as those for construction observation, public relations consulting and annual auditing. Except as provided in paragraph D(2) below, competitive proposals must be solicited for these services at least once every three (3) years and if the contractor proposes a price increase of more than 10% over the previous year, competitive proposals must be solicited.

#### 2. Limited Source Contracts

Personal services contracts may be renewed, extended or renegotiated without soliciting competitive proposals if, at the time of renewal, extension or renegotiation, there are fewer than three (3) potential contractors qualified to provide the quality and type of services required. If a personal services contract is renewed, extended or renegotiated under this paragraph without soliciting proposals, the initiating department shall document in detail why the quality and type of services required make it unnecessary or impractical to solicit three (3) proposals.

#### IV. MATERIALS and SERVICES

A. Definition: This section is intended to provide guidance

for contracting services other than Personal Services and is not intended to interfere with the purchase order system. If a Department Director is in doubt as to whether a purchase requiring some services should be on a purchase order or contract, the Department Director or his designee should contact the Contracts Manager for a decision. Contracts for materials and services are those for specific goods or products or for the labor required to produce a specific product.

#### B. SELECTION PROCESS FOR MATERIALS AND SERVICES CONTRACTS

#### 1. Contracts Under \$500

For all purchases of materials and services costing less than \$500, the initiating department should obtain three (3) quotes. The lowest quote obtained will be accepted unless valid reason for rejecting it can be shown. After accepting a quote, the initiating department will follow up with a contract, attaching the quotes to the Department of Management Services file copy of the contract.

#### 2. Contracts Between \$500 and \$10,000

All contracted materials and services costing between \$500 and \$10,000 will require written quotes. The initiating department will write specifications, sending them to possible contractors whom they feel can do the job. If possible, at least three (3) contractors will be contacted. After receipt of the quotes and review by the initiating department's staff, a contract will be developed. If three (3) quotes are not available, a lesser number will suffice provided that a written record is made of the effort to obtain the quotes. If it is over the amount of \$2,500 the contract will then be submitted to the contractor for signature and then to either the Executive Officer or Chief Administrative Officer for signature by Metro. The initiating department will attach all quotes received to the Department of Management Services' copy of the contract. The Minority Business Enterprise Directory maintained by the Department of Management Services shall be consulted to determine whether an MBE is available that may possibly do the work or supply the goods required by the specifications. If one is available it must be given the opportunity to make a bid or quote.

#### 3. Contracts Over \$10,000

Unless a general or specific exemption applies, all contracted materials and services costing over

\$10,000 will be subject to a formal sealed bid process. The following procedure will be used:

- a. The initiating department staff will write bid specifications and compile a list of potential bidders.
- b. The bid document will be reviewed by the Department of Management Services and by legal counsel before bids are solicited.
- c. A request for bids will be advertised in the <u>Daily Journal of Commerce</u>, or when feasible, in an appropriate trade magazine.
- d. The Department of Management Services will receive and open sealed bids.
- e. The opened bids will be reviewed by the requesting department and a recommendation and contract will be submitted to the Department of Management Services.
- f. The Department of Management Services will make recommendation to the Executive Officer or Chief Administrative Officer.
- g. The Management Services Department will notify all bidders of the contract award, obtain signatures on the contract and obtain any necessary bonds and insurance certificates.

Metro shall reserve the right to reject any or all quotes or bids received.

## C. INSURANCE AND BONDING REQUIREMENTS

All contracts which produce a possible liability to Metro must be accompanied by a certificate of liability insurance from the contractor naming Metro as a certificate holder or additional insured.

- a. Any improvements contract in excess of \$10,000 must be accompanied by a bid bond of 10% of the amount of the contract and a performance bond of 100% of the amount of the contract.
- b. If a liability exposure to the District exists, certificates of insurance are required.

Minimum insurance requirements are:

1) \$100,000 for personal injury to any one (1) person;

- \$300,000 for any number of claims resulting from one (1) accident;
- 3) \$50,000 property damage for all damage claims resulting from one (1) accident.

## V. Contracts Between Government Agencies

Contracts between government agencies may be made without competitive bids, quotes, or proposals.

Each contract being initiated by a department must be reviewed by the Department Director, Legal Counsel and appropriate state or federal agencies. If the contract is made pursuant to federal or state grants, it must be reviewed by the Finance Officer.

The initiating department shall then obtain the signature of the contractor prior to signature by the Executive Officer or Chief Administrative Officer.

## VI. Repeal of Executive Order No. 1

Executive Order No. 1 adopted September 7, 1979, is hereby repealed.

Ordered by the Executive Officer this  $14^{\tau h}$ 

day of

1981

Executive Officer

MH:gl 4775A/0053A

## ATTACHMENT I

## CONTRACT SUMMARY

,	Contract #Budget Code # Department
1.	Purpose of Contract:
	- La concract:
2.	Type of Contract:
3.	Extension, Amendment or New:
4.	Parties:
5.	Effective Date/Termination Date:/
6.	Amount of Contract:
7.	Summary of Bids or Quotes:
	Submitted by Amount
	/
	Submitted by Amount
8.	Number and Location of Originals?
9.	Approved by State/Federal Agencies?
10.	Is Contract or Subcontract with a Minority Business?
11.	Will Insurance Certificate be Required?
12.	Bid and Performance Bonds Submitted?
	Amount(s)
13.	List Known Subcontractors:

	IF CONTRACT EXCEEDS \$50,000, COMPLET	E 14-16
14.	Policy Impact:	
15.	Budget Impact:	
16.	Consistency with Five Year Operational Plan: _	
· :		
17.	Comments:	
		·
APPR	ROVED:	
Depa	artment Director Legal Counsel F	inance Officer
	Date of Council Appro	val
Rev.	Date Contract Execute	b

# ATTACHMENTII

		•		
		•		
NAME (	OF	FIRM:	·	
•				

Please score the consulting firm on a scale from low 5 to high 1 as you feel his performance rates on the following list of items:

WEIGHTED POINTS = Factor Times Score

	Criteria	1	2	3	4	5	Factor	Weighted Points
1.	Demonstrated competance in							
2.	this type of work							
3.	Approach to the accomplishment							
4,	Size of job in relation to firm size							
	Availability							
б.	Acility to perform the work locally							
7.	Ability of contractor to supply all of the major disciplines necessary to perform the work							
8.	Consultants present work volume					<u>.</u>		

		·	'
EVALUATION,	TEAM	MEMBER	 

#### ATTACHMENT III

#### PERSONAL SERVICES AGREEMENT

THIS AGREEMENT dated this day of, 19,
is between the METROPOLITAN SERVICE DISTRICT, a municipal
corporation, hereinafter referred to as "METRO," whose address is
527 S. W. Hall Street, Portland, Oregon 97201,
and, hereinafter
referred to as "CONTRACTOR," whose address
is, for the period
of, 19, through, 19,
and for any extensions thereafter pursuant to written agreement of
both parties.

#### WITNESSETH:

WHEREAS, This Agreement is exclusively for Personal Services;

NOW, THEREFORE, IT IS MUTUALLY AGREED AS FOLLOWS:
CONTRACTOR AGREES:

- To perform the services and deliver to METRO the materials described in the Scope of Work attached hereto;
- 2. To provide all services and materials in a competent and professional manner in accordance with the Scope of Work;
- 3. To comply with all applicable provisions of ORS
  Chapters 187 and 279, and all other terms and conditions necessary
  to be inserted into public contracts in the state of Oregon, as if
  such provisions were a part of this Agreement;
- 4. To maintain records relating to the Scope of Work on a generally recognized accounting basis and to make said records available to METRO at mutually convenient times;

- 5. To indemnify and hold METRO, its agents and employees harmless from any and all claims, demands, damages, actions, losses and expenses, including attorney's fees, arising out of or in any way connected with its performance of this Agreement, with any patent infringement arising out of the use of CONTRACTOR'S designs or other materials by METRO and for any claims or disputes involving subcontractors; and
- 6. To comply with any other "Contract Provisions" attached hereto as so labeled.

#### METRO AGREES:

- 1. To pay CONTRACTOR for services performed and materials delivered in the maximum sum of \$\_\_\_\_\_ and in the manner and at the time designated in the Scope of Work; and
- 2. To provide full information regarding its requirements for the Scope of Work.

#### BOTH PARTIES AGREE:

- 1. That METRO may terminate this Agreement upon giving CONTRACTOR five (5) days written notice without waiving any claims or remedies it may have against CONTRACTOR;
- 2. That, in the event of termination, METRO shall pay CONTRACTOR for services performed and materials delivered prior to the date of termination; but shall not be liable for indirect or consequential damages;
- 3. That, in the event of any litigation concerning this Agreement, the prevailing party shall be entitled to reasonable attorney's fees and court costs, including fees and costs on appeal to an appellate court;

- 4. That this Agreement is binding on each party, its successors, assigns, and legal representatives and may not, under any condition, be assigned or transferred by either party;
- 5. That this Agreement may be amended only by the written agreement of both parties; and
- 6. That CONTRACTOR is an independent contractor and assumes sole responsibility for the performance of its services and assumes full responsibility for all liability for bodily injuries or physical damage to person or property arising out of or related to this Agreement.

METROPOLITAN SERVICE DISTRICT
By:
Date:

:gl 3365/40

#### ATTACHMENT IV

## RECEIVED JUN 6 1980

Metro	Contract	No		
Metro	Account	No.		

#### LABOR & MATERIAL CONTRACT

	THIS CONTRACT, effective as of the day of	
is by	and between the METROPOLITAN SERVICE DISTRICT, hereinafter called	"Metro",
whose	principal offices are located at 527 S.W. Hall Street, Portland, G	Oregon 97201;
and _		
herei	nafter called "Contractor", whose address is	
-		

THE PARTIES AGREE AS FOLLOWS:

#### ARTICLE I - SCOPE OF THE WORK

- A. Contractor shall perform the labor and deliver to Metro the materials described in the Scope of the Work attached hereto as "Attachment A". All labor and materials shall be provided in accordance with accepted standards of quality and the Scope of Work.
- B. Metro is not responsible for payment of any materials delivered to the site for the Contractor's use.

#### ARTICLE II - COMMENCEMENT & COMPLETION OF CONTRACT

This Contract shall commence when it has been signed by both parties and will be completed no later than \_\_\_\_\_\_\_, 19\_\_\_\_.

#### ARTICLE III - CONTRACT SUM & TERMS OF PAYMENT

- B. The Contract Sum is payable within thirty (30) days after Contractor completes the Scope of Work to the satisfaction of Metro.

#### ARTICLE IV - LIABILITY & INDEMNITY

Contractor is an independent contractor and assumes full responsibility for the content of its work and performance of Contractor's labor and assumes full responsibility for all liability for bodily injury or physical damage to person or property arising out of or related to this Contract, and shall indemnify and hold harmless Metro, its agents and employees, from any and all claims, demands, damages, actions, losses, and expenses, including attorney's fees, arising out of or in any way connected with its performance of this Contract. Contractor is solely responsible for paying Contractor's subcontractors. Nothing in this contract shall create any contractual relation between any subcontractor and Metro.

#### ARTICLE V - TERMINATION

Metro may terminate this Contract upon giving Contractor seven (7) days written notice. In the event of termination, Contractor shall be entitled to payment for work performed to the date of termination. Metro shall not be liable for indirect or consequential damages. Termination by Metro will not waive any claim or remedies it may have against Contractor.

#### ARTICLE VI - INSURANCE

Contractor shall maintain such insurance as will protect Contractor from claims under worker's compensation acts and other employee benefits acts covering all of Contractor's employees engaged in performing the work under this Contract; from claims for damages because of bodily injury, including death; and from claims for damages to property, all with coverage limits satisfactory to Metro. This insurance must cover Contractor's operations under this Contract, whether such operations be by Contractor or by any subcontractor or anyone directly or indirectly employed by either of them.

#### ARTICLE VII - PUBLIC CONTRACTS

Contractor shall comply with all applicable provisions of ORS Chapters 187 and 279 and all other conditions and terms necessary to be inserted into public contracts in the state of Oregon, as if such provisions were a part of this Contract. Contractor acknowledges receipt of copies of ORS 187.010 - .020 and 279.310 - .430.

#### ARTICLE VIII - ATTORNEY'S FEES

In the event of any litigation concerning this Contract, the prevailing party shall be entitled to reasonable attorney's fees and court costs, including fees and court costs on appeal to an appellate court.

#### ARTICLE IX - MISCELLANEOUS

This Contract represents the entire and integrated agreement between Metro and Contractor and supersedes all prior negotiations, representations or agreements, either written or oral. This Contract may be amended only by written

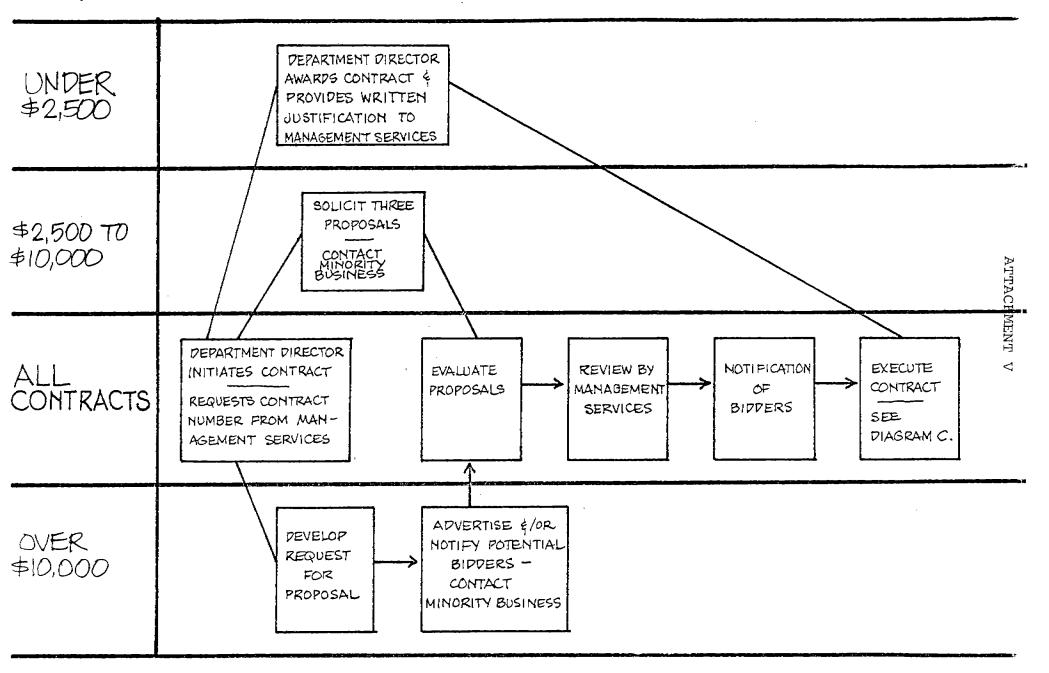
instrument signed by both Metro and the Contractor. The law of the state of Oregon shall govern the construction and interpretation of this Contract. This Contract may not be assigned or transferred without Metro's written consent.

METROPOLITAN SERVICE DISTRICT	CONTRACTOR:
Ву:	By:
Date:	Date:

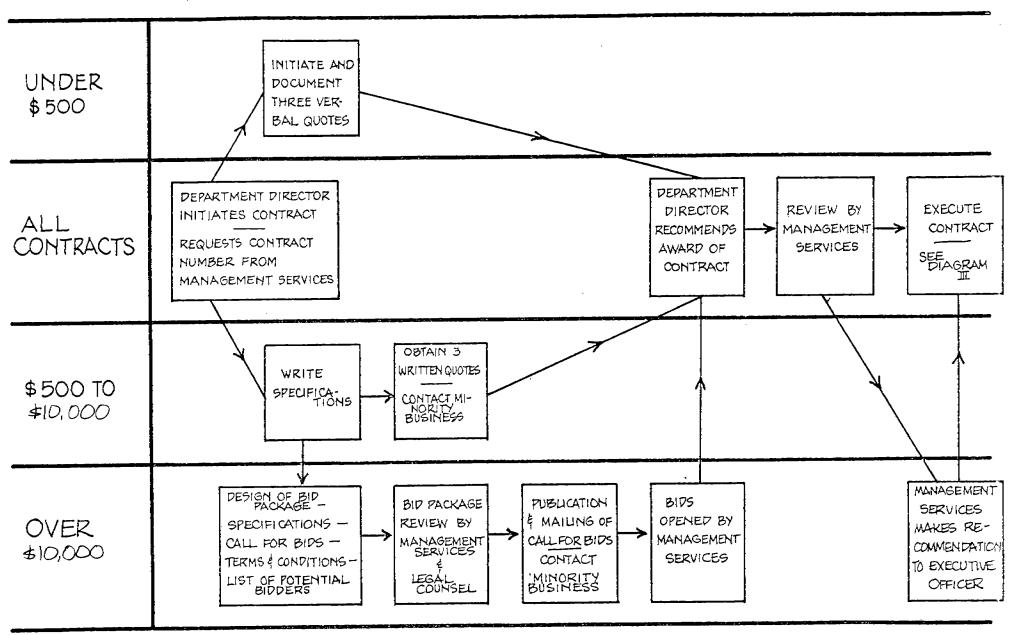
amn

1/21/80

# A. SELECTION PROCESS FOR PERSONAL SERVICES CONTRACTS

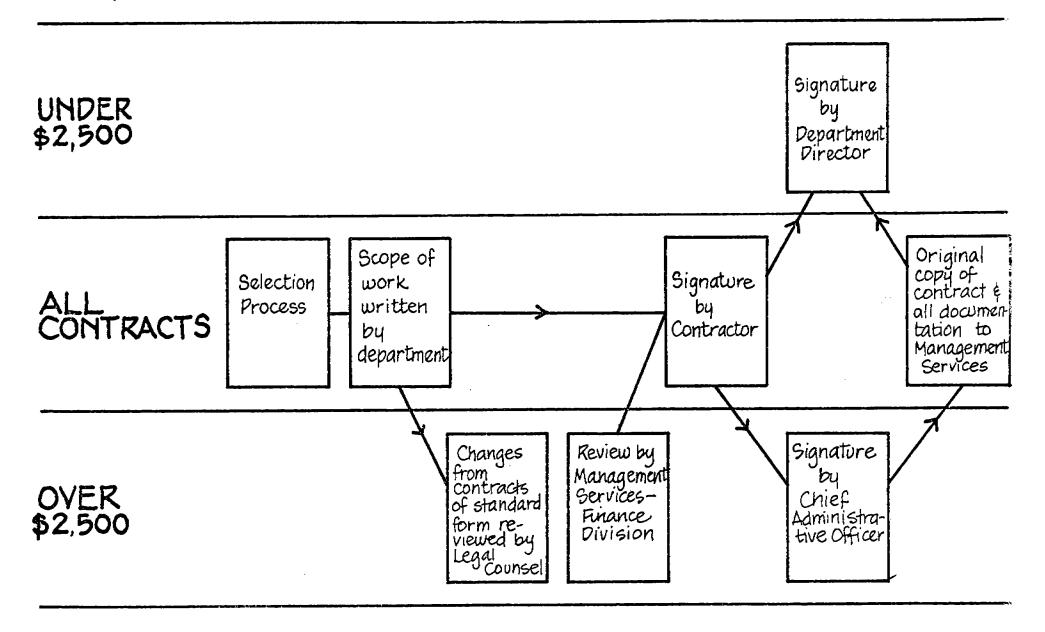


# B. SELECTION PROCESS FOR MATERIALS & SERVICES CONTRACTS



IN ALL CASES THE LOWEST BID OR QUOTE WILL BE ACCEPTED UNLESS WRITTEN JUSTIFICATION IS MADE TO THE PEPARTMENT OF MANAGEMENT SERVICES.

## C. Contract Execution Process



#### SUMMARY OF SUBSTANTIVE CHANGES IN THE INTERNAL PROCEDURE FOR CONTRACTING AND SELECTION OF CONTRACTORS

Internal procedures for contracting and selection of contractors were adopted by Executive Order No. 1. Executive Order No. 2 is adopted in place of Executive Order No. 1 and makes the following substantive changes:

- 1. The dollar limit for personal services contracts which triggers the requirement that three proposals be solicited is increased from \$500 to \$2,500. [See section III(C)(1)].
- 2. The dollar limit for personal services contracts which triggers the requirements for a request for proposals and written notification to at least three contractors is raised from \$5,000 to \$10,000. [See section III(C)(3)].
- 3. A sole source exception is added for personal services contracts. [See section III(C)(4)].
- 4. Certain personal services contracts may now be renewed, extended or renegotiated without seeking three proposals if the quality and type of services required make it unnecessary or impractial to solicit proposals. This is a narrow exception that requires detailed documentation. [See section III(1)(2)].
- 5. The dollar limit for contracts, other than personal services contracts, past which competitive bids must be sought is raised from \$5,000 to \$10,000. [See section IV(A)(2)].
- 6. An express provision is added to provide that less than three quotes will suffice for nonpersonal services contracts between \$500 and \$10,000 as long as a written record of the attempt to obtain the three quotes is kept. [See section IV(B)(2)].

MH/gl 2667B/212