

HSA Professional Services Procurement Process

HSA Contracts Department

August 2023

Office of Contract Management

- ▶ Manages over 400 contracts and grants from ‘cradle to grave’, including invoice approval
- ▶ Handles professional services procurements for both BFS, DAS and Admin/IT
- ▶ Conducts fiscal monitoring of grants

Office of Contract Management: Staff and Assignments

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Procurements are used when Program wants to fund a new program or renew an expired procurement.

Procurements time vary by funding source or by local legislation. The Office of Contract Management generally prefers having the procurement and contract for 4 years.

Why is the Public Procurement process so important?

Overview:

- ▶ Necessary & quality services
- ▶ Follow applicable laws, regulations, internal policies & principles
- ▶ Allow public to bid on services and contracting opportunities
- ▶ Transparent in accordance with Sunshine laws
- ▶ Internal Controls that decrease the potential of misuse of public funds

Advantages:

- ▶ Creates thoughtful process to determine Agency needs
- ▶ Allows a process to negotiate terms
- ▶ Works to obtain reasonable costs & increased returns
- ▶ Fair Competition
- ▶ Prevents the waste or misuse of public funds

Definitions

Term	Definition
Contracts	Legally binding agreement with an exchange of consideration - usually the provision of services or a work product for funding
Grants	Grants are agreements that meet these requirements: <ul style="list-style-type: none">• Non-profit• Services don't benefit city employees• Must be selected through a procurement process
Contractors vs. Employees	Contractors are not employees...

Procurement Ethics for Program Managers

- ▶ Support a competitive, fair, and transparent process
- ▶ No Conflicts of Interest

Program May Not:

- ▶ Favor a particular potential bidder
- ▶ Utilize an unsolicited proposal as a scope
- ▶ Have discussions with bidders outside process
- ▶ Influence the panel to change scores in evaluation

Program Manager Activities

- ▶ Developing a Scope
- ▶ Developing Objectives and Deliverables
- ▶ Developing Minimum Qualifications (MQs) and Evaluation Criteria
- ▶ Panel selection
- ▶ Panel participation
- ▶ Negotiation
- ▶ Presenting at the Commission

Procurement Types - Overview

- ▶ **RFP** = Request for Proposals
- ▶ **RFQ** = Request for Qualifications
- ▶ **IB** = Informal Bid
- ▶ **Sole Source Waiver** = an exception to the bidding process:
 - ▶ Goods & services only available from one source
 - ▶ Government entity; such as School District, Department of Rehab
 - ▶ Only one prospective vendor is willing to enter into a contract with the city
 - ▶ In order to comply with applicable law or funding source
 - ▶ Licensed or patented good or service

Procurement Types in Detail

▶ RFP = Request for Proposals

- ▶ Most commonly used mechanism
- ▶ Bid packet is widely advertised by the City's website, newspapers and specialized mailing to CARBON vendors
- ▶ Bidders submit proposals, they are scored by Review Panel, and awarded to top scorer(s)
- ▶ **Can take 3-6 months from start to finish**
 - ▶ Standard Release Time: 5 or 6 weeks from release date to bids due date

▶ RFQ = Request for Qualifications

- ▶ **Phasing out this mechanism**
- ▶ Can take 3-6 months from start to finish
- ▶ Former RFQ Process (obsolete): Bidders submit proposals, they are reviewed for MQ's, then scored, Program can choose vendor from the resulting pool...
- ▶ **Current RFQ Process**: Bidders submit proposals, they are reviewed for Minimum Qualifications (MQs), scored, a secondary selection process is run where pool of bidders is scored, award goes to top scorer(s) - now a two-tier process that could take longer than RFP...

Procurement Types in Detail

▶ **IB = Informal Bid**

- ▶ For agreements with NTE of **\$200k or less**
- ▶ **No formal advertising; no bidders conference**
- ▶ **Quicker turnaround** → about a month from start to finish, with IB out for release for 2-3 weeks
- ▶ Program provides Contracts Dept. with 3 or so vendors to send IB to for potential bidding
- ▶ Bids received by due date are evaluated by Review Panel for scoring & award
- ▶ Personal Services Contracts (PSC) will still be needed if contract is with a For-Profit provider
 - ▶ \$100k or less = Expedited PSC = 30 days for approval
 - ▶ Over \$100k = Regular PSC = 4 months for approval

Procurement Types in Detail

- ▶ **Sole Source Waiver**= exception to solicitation; requires:
 - ▶ Justification Memo
 - ▶ Budget (price quote) & Term
 - ▶ Vendor Letter confirming sole source exception
 - ▶ Approval by HSA for Grants, and the City's Office of Contract Management for Contracts

Procurement Information Needed by Contracts

<u>Procurement Info Needed Up Front:</u>	<u>Why It's Important for Contracts:</u>
Service/Program category	Determines which Commission
Annual Estimated Amount	If over \$10 million, could trigger BOS which is a lengthy, separate process
Estimated Term (start date/length in years)	Determines which Commission month
Funding Source	If Local/GF only, could trigger local requirements
Restrict to Non Profits?	For-profits trigger OCA & PSC approvals (both lengthier, time-consuming processes)
Multiple awards?	More certifications = more work for Contracts!

Main Steps in Procurement Process Overview:

Main Steps:

1. Draft RFP/IB & get approvals
2. Publish procurement / Submit Review Panel names
3. Bidders Conference
4. Q&A
5. Bids Due / Review Panel / Scoring
6. Recommendation Memo issued / Tentative Award Letter Issued

Then → Negotiation

Main Steps in Procurement Process

1. Draft RFP (or IB) & Get Approvals

- ▶ **Program informs Contracts of upcoming procurement need**
 - ▶ Ideally, it is already on annual procurement schedule
 - ▶ Inform via email, through Department Liaisons, not CMs directly (Liaison will assign the procurement to a CM)
- ▶ **Contract Manager & Program Manager work together on finalizing procurement Draft**
 - ▶ CM confirms Budget & Revenue, plus key procurement dates/deadlines
 - ▶ PM drafts programmatic language of procurement
 - ▶ PM should be thinking of names for potential Review Panelists
- ▶ **Contract Manager routes final procurement to all approving parties before publishing**

Main Steps in Procurement Process

1. Draft RFP (or IB) & Get Approvals, con't.

Developing A Scope

- ▶ Clarity on service and activities
- ▶ Clearly delineate contractor vs. city responsibilities
- ▶ Must make sense in terms of implementation
- ▶ Must have mutual agreement and understanding
- ▶ Balance between specificity and flexibility

Main Steps in Procurement Process

1. Draft Procurement & Get Approvals, con't.

Developing Objectives & Deliverables

Objectives measure the delivery and impact of services

- ▶ **Service objectives** generally capture the quantities of service
 - ▶ Number of clients, time frames, units of services, completion
 - ▶ How many widgets they make?
- ▶ **Outcome objectives** measure larger impact of services and changes in conditions
 - ▶ What is the end or ultimate goal of program?
 - ▶ Discussion on customer satisfaction surveys-can be problematic if only measure
 - ▶ How do we know the widgets work?
- ▶ **Deliverables** are the end products of certain contracts, depending on how a contract is framed
- ▶ **Various considerations:** how to measure, cost of tracking, documentation, standardizations

Main Steps in Procurement Process

2. Publish Procurement / 3. Bidders Conference / 4. Q & A

2. Publish Procurement - Contracts Department releases procurement on City website, via email, publishing in local newspapers

- ▶ PM submits 3 or more names to Contracts for Review Panel

3. Bidders Conference - CM will facilitate meeting, with primary info coming from PM; Contracts staff records meeting and all bidder questions

4. Q&A:

- ▶ Bidders will have until 2 business days after the Bidders Conference to submit questions via email to Contracts Staff
- ▶ CM works with PM to answer any outstanding questions regarding the procurement
- ▶ Contracts Staff will release Q&A to all conference attendees, email inquiries, and post it with the main procurement on the City's website

Main Steps in Procurement Process

5. Bids Due / Review Panel / Scoring

Bids Due - Contracts Department will confirm receipt within 1 business day

Review Panel - Contracts Department will facilitate review panel, either in person or via zoom meeting

- ▶ Before Review Panel, Contracts reviews proposals to make sure each one meets MQs before they're sent to the review panel for final evaluation & scoring

Scoring - Contracts Department will tabulate the panelists scores and create spreadsheet that shows each bidder, their score, and the order of scoring

Main Steps in Procurement Process

5. Bids Due / Review Panel / Scoring, con't.

Reviewing the MQs and Evaluation Criteria

- ▶ **Minimum Qualifications (MQs)** are designed to either have a 'wide door' or a 'narrow' door to eliminate agencies that cannot provide services and may limit review to those most capable
- ▶ **Evaluation Criteria** are the sole basis on which proposals are scored
 - ▶ Contracts has standard MQs and Evaluation Criteria for most projects
- ▶ **MQs** = usually minimum years of experience, could include qualifications and licenses, very concrete and easy to determine
- ▶ **Evaluation Criteria** = program approach and services, organizational capacity, budget and fiscal
 - ▶ These can and should be tailored to assist the department in selecting the best provider, without any unfair bias

Main Steps in Procurement Process

5. Bids Due / Review Panel / Scoring, con't.

Panel Selection

- ▶ Program recommends panel members who meet the following criteria
 - ▶ Panel as a whole should have broad subject matter expertise including:
 - ▶ Knowledge of services, field and clients
 - ▶ Understanding of program implementation and management
 - ▶ Understanding of budgets and fiscal
 - ▶ Technical knowledge as needed
 - ▶ No blind spots
 - ▶ Other Requirements:
 - ▶ Diverse
 - ▶ No conflicts of interest
 - ▶ Cannot be a program director or staff who have worked on the RFP
 - ▶ No more than 50% can be within the department
 - ▶ Must be able to evaluate and score based on criteria and the materials provided
- ▶ We usually have an odd number (3-5) for tie breakers and more panelists on very competitive or contentious RFPs

Main Steps in Procurement Process

5. Bids Due / Review Panel / Scoring, con't.

Panel Participation

- ▶ For most RFPs, Program may sit with a panel discussion to observe and to answer questions
- ▶ Program has an Informational Role, cannot add or change any criteria as written in the public document
- ▶ Should not communicate anything to unduly influence the panel and scoring
- ▶ We have thrown out panels due to this issue more than once

Main Steps in Procurement Process

6. Recommendation Memo & Tentative Award

Recommendation Memo issued:

- ▶ Contracts Department will confer with Program regarding the number of awards
- ▶ CM or Contracts Staff will issue Recommendation Memo based on highest score(s) and number of awards - Deputy of Admin and Finance and Executive Director approves...

Tentative Award Letter issued:

- ▶ Contracts will issue award, PM is cc'd
- ▶ **CM will begin Negotiation** - either via zoom with Program or via email, if not complicated

Negotiation

- ▶ Contracts staff facilitates negotiation meeting(s)
- ▶ Have a pre-meeting or discussion with your Contract Manager before negotiation
- ▶ Know your bottom lines
- ▶ Provide clarity in writing, preferable if scope can be sent before meeting
- ▶ Strive for mutual understanding
- ▶ Strive for success, not simply the best deal from a financial perspective
- ▶ Balance between too much detail and too little detail
- ▶ Work product is the Scope (Appendix A) and the Budget (Appendix B)

Presenting at the Commission

- ▶ Invite the Contractor/Grantee
- ▶ Follow the script provided to you by another PM or by your CM
- ▶ Know your program
- ▶ Dress professionally
- ▶ Anticipate questions
- ▶ Be ready to answer questions or to defer

Working Together

- ▶ Cooperation
- ▶ Understanding the process
- ▶ Planning ahead
- ▶ Hitting deadlines
- ▶ Mutual decision-making
- ▶ Regular communication

THANK YOU!

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