

# HSA Professional Services Procurement Process

HSA Contracts Department

January 2024

# Office of Contract Management

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

# Office of Contract Management: Staff and Assignments

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## **OCM - Program Liaisons:**

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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
<b>Contracts</b>	Legally binding agreement with an exchange of consideration - usually the provision of services or a work product for funding
<b>Grants</b>	Grants are agreements that meet these requirements: <ul style="list-style-type: none"><li>• Non-profit (<i>KIND OF...we'll explain...</i>)</li><li>• Services don't benefit city employees, or are mandated in some way...</li><li>• Must be selected through a procurement process</li></ul>
<b>Contractors vs. Employees</b>	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 - not really used anymore
- ▶ **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

<b><u>Procurement Info Needed Up Front:</u></b>	<b><u>Why It's Important for Contracts:</u></b>
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
For-Profit vendor likely?	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
  - ▶ i.e. *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
  - ▶ i.e. *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** - OCM Procurement Specialist 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
  - ▶ 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; are the sole basis on which proposals are scored
  - ▶ 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
- ▶ OCM Procurement Specialist 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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