




## Dane County Department of Human Services

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TO: Dane County Board, Health and Human Needs Committee

FROM:  Michele Dickinson, Planning & Evaluation Manager, Dane County Department of Human Services

DATE: Monday, January 10, 2021

SUBJECT: 2023 Bid Waivers and Requests for Proposals

Dane County Department of Human Services (DCDHS) has made several significant changes in its annual purchasing process since 2019. These changes reflect the Department's continued focus on data-driven decision making and its values of transparency and accountability. Our intention is to continue reviewing and modifying our purchasing processes with the goals of 1) expanding our Purchase of Services (POS) network to include more providers of color (Vision: Next 2021-2026, Priority 1 – Advance Racial Justice) and 2) supporting the development of contracted and non-contracted providers to strengthen their performance (Vision: Next 2021-2026, Priority 4 – Strengthen Our Partnerships).

The purpose of this memo is to describe the procurement changes DCDHS has made over the past several years, describe the process by which DCDHS has arrived at the list of Request for Proposals (RFPs) and Bid Waivers for 2023, and to connect those decisions to the Dane County Ordinances.

The first significant change DCDHS made to the procurement cycle occurred in early 2020, for the 2021 procurement cycle. Several key staff changes in DCDHS in 2019 provided an opportunity to re-examine the process and timeline for the annual RFP cycle. Staff learned that DCDHS requested bid waiver approval from the Personnel and Finance (P&F) Committee at different times each year, and there were times when the bid waivers were not approved until late in the process. DCDHS decided to address this issue for the 2021 procurement cycle by requesting all bid waivers from P&F at the same time, about six weeks prior to when the RFP drafts were due to the DCDHS Planning & Evaluation office. This modified process and timeline would allow the Department sufficient time to procure services through an RFP if P&F were to deny any of the requested bid waivers.

As a result of this change, on February 10, 2020 DCDHS presented 23 bid waiver requests to P&F, totaling \$5.4 million dollars (for the five year period). All bid waivers were approved during the P&F meeting, though there was lengthy discussion about the change in process since P&F had not previously seen this

many bid waivers from DCDHS at one time. During that discussion P&F requested that DCDHS take all bid waivers to the Health and Human Needs (HHN) Committee prior to the P&F meeting. The County Ordinances, Title 5, Chapter 25.07, give P&F authority over purchasing activities. County ordinances were not changed to include HHN oversight, so the inclusion of HHN was intended to be, and is, strictly informational only.

DCDHS implemented this change for the 2022 procurement cycle, bringing nine bid waivers, totaling \$13.2 million for the five-year period, to HHN in mid-January 2021 and then to P&F for approval in late January or early February. This was the first time the HHN committee had been briefed on bid waivers and its members spent a significant amount of time discussing the role of HHN in approval of the bid waivers and discussing justification of each bid waiver. The high dollar amount of the bid waivers in 2021, for 2022, was due to several large housing initiatives that were on the list.

In 2021, for the 2022 RFP cycle, DCDHS released 19 RFPs. For these RFPs DCDHS significantly modified the budget template that applicants complete and more clearly defined units of service for all services that were put out for bid. These changes took significant work from Department contract managers and Fiscal and Management (FMS) Division staff. These changes allowed the Department to evaluate RFP responses on a per unit cost basis and enabled the Department to assign the cost evaluation to one DCDHS staff person. These changes resulted in less confusion for the RFP evaluation teams and the ability to shift some services from a fixed-cost contract (1/12 contracts) to unit-based contract.

For the 2023 procurement cycle DCDHS continues to modify the budget template, update documents with the guidance of the DOA Purchasing Division, and develop a web-based application platform similar to that used for the local non-profit grants through the American Rescue Plan Act (ARPA) funding. The most significant change though, which HHN and P&F will see reflected in the attached bid waiver requests, is a more systematic and critical review of all DCDHS contracts and services for which procurements may be necessary. This review has resulted in enhanced justification of the bid waiver requests.

Our annual review process includes a thorough review of all programs to determine contracts that have not been put out to bid in the last five years and are due for RFP or a waiver of bid. This list is then carefully reviewed by procurement and fiscal staff to remove programs which are no longer operating and programs for which the Department does not need to solicit competitive bids due to the low dollar amount, per Dane County Ordinance 25.08(4). This shortened list is sent to contract managers and Division Administrators in late October. They review the list to determine which programs have ended and can be removed and the procurement approach (bid waiver or RFP) for the remaining programs.

In early December of 2021, DCDHS leaders and contract managers met to discuss each potential bid waiver and its justification. Dane County Ordinances 25.08(18)(b) outlines circumstances where the Controller may waive the requirement for competitive bids, which is directly copied in the list below:

1. When he or she determines that only one vendor possesses the unique and singular available ability to meet the County's requirements;
2. Unique and specific technical qualifications, the ability to deliver at a particular time, or services from a public utility are required;
3. When special adaptation for a special purpose is required;
4. When a unique or opportune buying condition exists.

The stated exceptions are broad and allow discretion in their application. The discussion during the meeting in early December was useful in critically thinking through these justification reasons in light of the unique nature of services provided through DCDHS contracts.

For example, five of our bid waiver requests this year are for contracts we have with the local hospitals. We have a contract with each major hospital and clinic that provides inpatient services in psychiatric units. This contract is at a reduced rate and offers local options at each provider for residents to get urgent psychiatric care. Putting this service out for a formal request for proposals would not only run the risk of us not getting any responses, it would likely reduce our local options for psychiatric inpatient services. This would in turn cause a number of issues such as reduced patient choice and an increase in trips to the Winnebago Mental Health Institute. Given the unique nature of these services and the risk of lack of response, a unique and opportune buying condition exists and therefore DCDHS is requesting a five-year bid waiver for these services.

While we consider procurement options it is important to consider what is projected to happen regarding Federal or State legislative changes or significant service changes in the coming years. In situations where significant service changes are expected it may not make sense to put out an RFP on the typical five-year cycle. An example of such a bid waiver this year is our Children Come First program. DCDHS will be working with the Wisconsin Department of Health Services in 2022 to review the current scope of contractual responsibilities and program requirements, including federally driven mandates. It is expected that this review will result in program changes. Rather than put Children Come First services out for bid now *and* next year, when these changes are identified, it makes solid business sense to hold off one year to determine what changes we need to make, and then release an accurate RFP that represents the true landscape of the funding for the next several years. Given these circumstances DCDHS is requesting a one-year bid waiver for these services pursuant to 25.08(18)(b)(3), “when special adaptation for a special purpose is required.”

The partnerships required to develop and maintain programs and services are also important and a unique consideration for the Department. Our work often involves entering into complex partnerships where multiple partners contribute towards a program or service. One example is the partnerships that have developed in the Early Childhood Zones. The Early Childhood Zones are networks of service providers that use a two-generation approach to support families and promote the healthy development and school readiness of children. The partnerships across the Zones are funded and developed by multiple collaborators, services are designed based on the needs of families in the neighborhood, and services are delivered by partners that have often adapted to meet those needs, based on a collaborative partnership approach. DCDHS is not the only decision maker in this collaborative partnership. This holds true for many of the services DCDHS contracts for. Putting these collaborative partnership services out to bid can put the entire program into peril, especially if the RFP process results in a new vendor who is not already part of the collaborative partnership. Given this, DCDHS is requesting a five-year bid waiver for the mental health services provided by The Rainbow Project, Inc. under the reasoning both that “unique and specific technical qualifications are required” and “only one vendor possesses the unique and singularly availability to meet the Department’s requirements”.

As demonstrated by these three examples not all contracts and services neatly fit into just one bid waiver exception listed in the ordinances and copied above. We have made every effort, in the attached bid waiver requests, to accurately and objectively describe the services for which we are applying for bid waivers, to check the box(es) that most reflect our justification, and to detail our rationale for the Committee.

In addition the 18 bid waivers attached to this memo, DCDHS intends to conduct approximately 25 competitive procurements through the annual RFP process. These RFPs will be posted on the Department's website, announced through public notice in the Wisconsin State Journal, advertised in local publications such as Hue and Madison 365, and sent out via email announcements to several hundred of agencies in March. Applicants will have until late May to submit proposals to the Department. All complete proposals received by the application date are reviewed by a committee of at least three people, one of which is NOT a DCDHS employee, and are evaluated based on pre-determined criteria. This review is typically completed by mid-July and allows time for DCDHS to interview applicants or request Best and Final Offers, if needed. The Department begins to draft contracts for all programs, including those solicited through the annual RFP process, in September. The procurement process is a significant and important process, involving a substantial amount of time from many DCDHS employees.

The Department appreciates the opportunity to provide this update on its procurement procedures for the Health and Human Needs Committee, and looks forward to the continual improvement of this process. We remain committed to providing a fair procurement process in order to continue provision of top-notch services to the residents of Dane County.