County of Los Angeles
DEPARTMENT OF PUBLIC SOCIAL SERVICES
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April 12, 2005

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

RECOMMENDATION TO CANCEL THE REQUEST FOR PROPOSALS FOR CASE MANAGEMENT SERVICES TO NON-ENGLISH/NON-SPANISH SPEAKING WELFARE-TO-WORK PARTICIPANTS (ALL DISTRICTS - 3 VOTES)

IT IS RECOMMENDED THAT YOUR BOARD:

1. Instruct the Director of the Department of Public Social Services (DPSS) to cancel the Request for Proposals (RFP) for Case Management Services to Non-English/Non-Spanish (NE/NS) speaking Welfare-to-Work (WtW) Participants approved by your Board on November 16, 2004.

2. Instruct the Director of DPSS to assume responsibility for providing direct case management services to NE/NS speaking WtW participants, effective as soon as possible, but no earlier than June 1, 2005, and to immediately begin working with the existing RITE contractors to ensure a smooth transition of services.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The RITE Program provides case management and employment services to NE/NS speaking WtW participants. Currently, services are provided through nine contracts. On July 30, 2004, the Auditor-Controller (A-C) submitted his final RITE Contractor Monitoring Status report to your Board. The report noted significant problems in the administration and operation of the RITE program, potential cost effectiveness issues, and the excessive costs for additional County resources that would be needed to monitor and ensure that the contractors correct identified deficiencies.

On October 5, 2004, your Board instructed DPSS to prepare an RFP and return to your Board by November 16, 2004 for approval to release the RFP.

The RFP resulted in only three cost-effective proposals out of the eight that were submitted. Of these three proposals, the highest rated proposer in all seven service areas was rated only as fair in many areas of their business plan and needed improvement in the key area of serving the NE/NS population's needs. A second proposer provided a plan for one service area, but failed to meet the RFP's expectations related to space and County indemnification language. The third proposer provided a plan that was rated unacceptable and only addressed the needs of a sub-population of NE/NS participants within the service area. Based on the results of the RFP process, the NE/NS welfare-to-work participants with an estimated County caseload of 4,596 would best be served by providing services through County staff. Consequently, our recommendation is to bring the NE/NS caseload in-house.

To the extent possible, DPSS will hire displaced RITE contractor staff. We are reviewing existing GAIN Services Worker (GSW) lists to identify RITE contractor staff on the list. Hiring priority will be given to displaced RITE staff that are in a reachable band, in accordance with Civil Service Rules. In addition, we will open our GSW exams for those who have not yet applied and make other employment opportunities available to contractor staff that may not have qualified for the GSW position.

Your Board previously approved delegated authority for the Los Angeles County Office of Education (LACOE) to assume responsibility for the Orientation and Job Club services that are currently being provided by the RITE contractors. The Department will amend the LACOE contract under the previously approved delegated authority and allow LACOE a start-up period that will allow Orientation and Job Club services to begin effective with the termination of the current RITE contracts.

DPSS projects providing in-house case management services effective no earlier than June 1, 2005 to ensure an orderly transition of services. If it becomes necessary to finalize transition of services beyond June 1, 2005, the Department will exercise the previously approved delegated authority to extend the existing RITE contracts. Your Board approved this authority on November 16, 2004.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The recommended actions are consistent with the principles of Countywide Goal #5: Children and Families' Well-Being: Improve the well-being of children and families in Los Angeles County.

FISCAL IMPACT/FINANCING

The estimated cost of bringing services in-house is $3,457,100, fully financed with the CalWORKs Single Allocation. There is no additional net County cost after the required CalWORKs Maintenance of Effort is met. This cost is based on our Prop A analysis that detailed our avoidable costs for bringing services in-house. The A-C reviewed and approved our Prop A analysis.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

In order to bring services in-house, the County is required to cancel the RFP. Because your Board approved the release of the RFP on November 16, 2004, we require your approval to cancel the RFP. Should you approve this recommendation, we will formally notify the proposers of the RFP's cancellation.

The A-C has reviewed our recommendation and concurs with the recommended actions.

County Counsel has reviewed and approved this Board Letter and recommendations as to form.

CONTRACTING PROCESS

On November 16, 2004, your Board approved the release of the NE/NS RFP. The RFP was advertised in mid-October in 13 area newspapers and posted on the County's Doing Business With Us Website. The County released the RFP on November 24, 2004 and was mailed to a total of 37 interested vendors who requested it. The RFP was also posted on the DPSS website and the LA County's website.

A mandatory Proposer's Conference was held on December 6, 2004. Twenty-six (26) vendors were represented. At the conference, the Department conducted a general proposers' workshop to provide vendors with helpful tips on preparing proposals.

Nine vendors submitted their proposals on or before December 27, 2004. All proposals were evaluated for minimum requirements and one was disqualified for non-responsiveness. The vendor failed to submit a business plan with their submission.

The Department assembled an evaluation panel of three County managers (non-DPSS personnel) and managers from two other counties (Riverside and San Bernardino). This panel independently evaluated business proposals with no influence from DPSS.

On January 24, 2005, the A-C approved the Department's Prop A cost analysis (avoidable costs and monitoring costs). The eight responsive proposals were reviewed for cost-effectiveness and it was determined that seven were **not** cost-effective.

On February 9, 2005, with County Counsel's approval, a "last, best and final offer" letter was sent informing the eight proposers that it was in the County's best interest to provide them the opportunity to submit revised cost proposals. The letter provided the vendors with the County's Prop A avoidable costs and the County's Contract Administration costs.

This process for a "last, best and final offer" resulted in two additional cost-effective proposals. However, the cost-effective proposals were average, at best, and did not meet the needs of our NE/NS WtW population, as described below.

The highest rated proposer in all seven service areas benefited from high scores related to their lower costs. However, the evaluation panel rated their business plan as fair and rated them as needing improvement in their plan to meet the needs of the NE/NS population. The Department also has concerns related to the proposer's past performance and its ability to maintain quality staff at a pay rate for case managers that is approximately $8.50 per hour, with health benefits. This rate is less than they are currently paying their case managers and less than all other proposers.

The second highest rated vendor was cost-effective in one service area (Area 6). However, the proposer did not fully accept the County's standard contract terms related to indemnification, and they proposed using County offices to provide services. County space was not offered to proposers. These exceptions were deemed unacceptable to the Department.

The third highest rated vendor bid on one service area (Area 4) and the panel rated their business plan as not acceptable. Their proposal only addressed the needs of a specific NE/NS sub-population and provided no plan to meet the needs of other NE/NS sub-populations in the service area.

Throughout this process, the Department worked closely with County Counsel and the A-C.

IMPACT ON CURRENT SERVICES

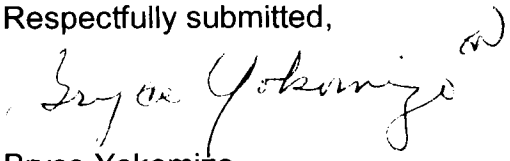
These recommendations will allow the County to ensure uninterrupted WtW case management services to NE/NS speaking WtW participants, which will assist them in achieving self-sufficiency. In addition, the recommendations will not infringe on the

rights of the County in relationship to its residents and the County's ability to respond to emergencies will not be impaired. There is no change in risk exposure to the County.

CONCLUSION

The Executive Officer, Board of Supervisors, is requested to return one adopted, stamped Board Letter to the Director of DPSS.

Respectfully submitted,



Bryce Yokomizo
Director

BY:vn

c: Auditor-Controller
Chief Administrative Officer
County Counsel