



# County of El Dorado

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## Legislation Text

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**File #:** 11-0762, **Version:** 1

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Department of Human Services recommending the Board approve continuation of the Department's current perpetual contracts and memoranda of understanding as listed on Attachment A and further detailed on Attachment B, pursuant to section 4.5 of Board Policy C-17, "Procurement", which requires departments to "obtain authorization from the Board of Supervisors, initially, and on an annual basis, to utilize any contract that does not have a stated term".

**FUNDING:** The majority of the perpetual contracts are funded primarily with Federal and State funds or grants with County share of cost or required match met with realignment or other non-General Fund resources.

**BUDGET SUMMARY:**

Maximum Annual Compensation Associated with Placement Agreements: \$25,050,000

Maximum Annual Compensation Associated with Other Agreements: \$ 546,640

Maximum Annual Compensation Associated with all Agreements: \$25,596,640

FY 11-12 Amount Budgeted for Placement Services: \$ 6,139,410

FY 11-12 Amount Budgeted for Other Services: \$ 546,640

Total Amount Budgeted for FY 11-12 Costs Associated with all Agreements: \$ 6,686,050

**Fiscal Impact/Change to Net County Cost:** No Change. These contracts represent a variety of funding sources and a range of required County match or share of cost dollars. Funding associated with the financial contracts is included in the Department's Fiscal Year 2011-12 budget based on anticipated expenditures. Attachment B lists the maximum annual compensation for each perpetual contract which, for the majority of these contracts, would seldom, if ever, be reached during any given fiscal year.

**Compensation for Services:** With a few exceptions, such as software maintenance and other contracts with set monthly or annual payment schedules, payments to each contractor is made within 45 days following the County's receipt and approval of itemized invoices. Payments are made to contractor based upon monthly invoicing at specified billing rates for actual services performed and documented per contract requirements.

**Termination:** Termination option information, including Fiscal Considerations language, is detailed for each contractor on Attachment B.

**Background:**

The Department of Human Services brings this matter before the Board pursuant to the requirements of County of El Dorado Board of Supervisors Policy Number C-17, "Procurement Policy" Section 4.5 which states that "Departments must obtain authorization from the Board of Supervisors, initially, and on an annual basis, to utilize any contract that does not have a stated term." This policy provision ensures that the current Board is advised of contracts that were approved by this or preceding

Boards in the current or prior fiscal years and to enable the Purchasing Agent to prepare the necessary purchase orders for Fiscal Year 2011-12 to process payments associated with those perpetual contracts that are financial in nature.

**Reason For Recommendation:**

DHS administers a number of perpetual contracts for a variety of services in order to ensure the provision of services that are mandated or otherwise necessary to DHS operations and benefit the County and its residents. One hundred fifteen (115) perpetual contracts are being brought to the Board's attention for Fiscal Year 2011-12. Eighty-six (86) of the contracts are for the provision of emergency shelter care and/or foster care/group home placement services. Each of these vendors is assigned a limited annual maximum compensation amount ranging from \$100,000 to \$1,400,000 based on anticipated usage. Working in conjunction with the CAO, DHS has established a tracking system that regularly monitors the level of expenditures for placement services by total amount expended and by individual vendor. This tracking system ensures that overall expenditures will remain within the department's annual budget, while also allowing DHS sufficient time to amend any individual contract's maximum compensation due to heavier than anticipated placement costs resulting in the contract's annual not-to-exceed maximum compensation amount to exceed the compensation originally assigned to it.

The remainder of the perpetual contracts relate to a diverse array of services, including software maintenance contracts, contracts that enable community agencies to participate in the County administered Medi-Cal Administrative Activities (MAA) Program, memoranda of understanding (operational agreements) that set forth the roles and responsibilities of participating parties as it applies to DHS clients and/or services, the formal structure for the use of the California Statewide Automated Welfare System Consortium IV (C-IV) system as it relates to determining the eligibility of DHS clients for program-related services and the provision of certain client information to assist the Sacramento Area Council of Governments (SACOG) in its transportation planning and funding studies for the counties of El Dorado, Placer, Sacramento, Sutter, Yolo and Yuba.

Contracts for services to clients are accessed on an as-needed basis. In order to allow for fluctuations in the usage of any given vendor and to limit administrative costs associated with contract amendments, the maximum compensation for placement contracts is set considerably higher than actual expected use. The total maximum compensation for all placement agreements (emergency shelter and foster care/group homes) is \$25,596,640; however, only \$6,139,410 is included in the Department's FY 2011-12 budgeted based on the historical and projected use of these contracts. The budgeted amount of \$546,640 for the remaining perpetual contracts is sufficient to cover the maximum compensation amounts for those contracts.

Attachment A provides a summary of the perpetual contracts.

Attachment B provides information describing services provided under each contract, fiscal obligations or budgeted revenues, County Counsel approvals, Fiscal Considerations language and contract termination provisions.

Attachment C provides copies of Blue Routes containing comments by County Counsel about certain contracts and clarifications from or required corrections made by DHS.

Because each of these contracts is required for the administration and provision of important services to the community, DHS is recommending their continuation.

**Action to Be Taken Following Board Approval:**

- 1) DHS will notify Procurement and Contracts of the Board's approval of the list of perpetual agreements
- 2) DHS shall continue to administer the contracts and process payment requests upon receipt and approval of invoices.

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**Concurrences:** County Counsel, Risk Management, and Human Resources approvals were obtained prior to execution of each perpetual contract.