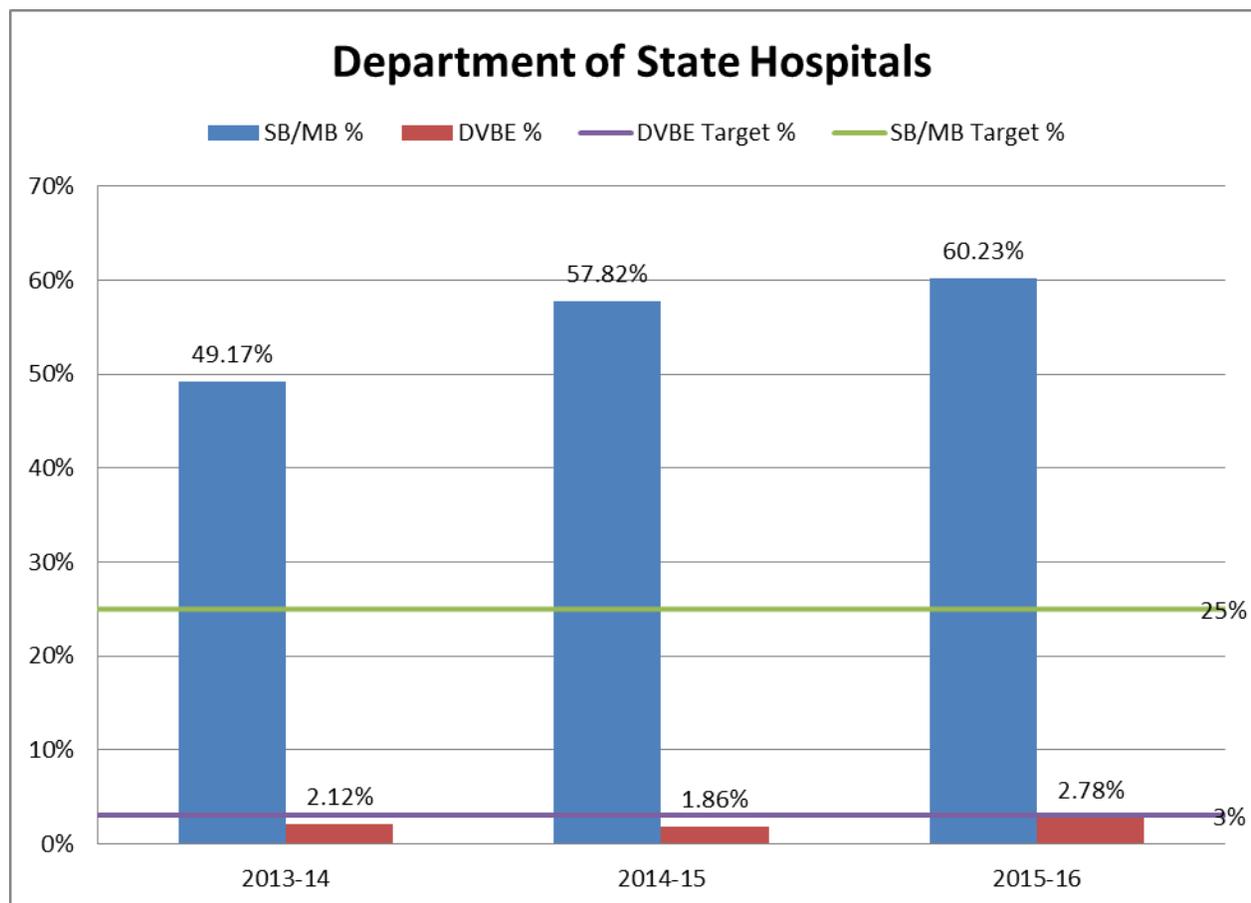


State Hospitals, Department of			
Fiscal Year	Total Contract Dollars	DVBE Dollars	DVBE %
2013-14	553,519,167	11,720,367	2.12%
2014-15	813,823,395	15,109,167	1.86%
2015-16	389,301,876	10,836,155	2.78%

State Hospitals, Department of			
Fiscal Year	Total Contract Dollars	SB/MB Dollars	SB/MB %
2013-14	553,519,167	272,185,418	49.17%
2014-15	813,823,395	470,576,842	57.82%
2015-16	389,301,876	234,466,278	60.23%



**Department of State Hospitals
Small Business and Disabled Veteran Business Enterprise Participation
Plan of Improvement for Fiscal Year 15/16
Prepared By: Dawn DiBartolo, Chief, Acquisitions and Business Services Office**

The Department of State Hospitals (DSH) has provided the Fiscal Year (FY) 2015-2016 Contracting Activity Reports. These reports include data from the Sacramento location and the eight state hospital facilities at: Atascadero, Coalinga, Metropolitan, Napa, Patton, Salinas Valley, Vacaville, and Stockton.

The department has awarded 60.23 percent of its total purchasing and contracting dollars to SB/MB vendors, with a decrease of \$424,521,519 in total awarded dollars and a 52.1 percent decrease over last year's total dollars spent.

The department has awarded 2.78 percent of its total purchasing and contracting dollars to DVBE vendors. This represents an increase in its number from FY 14-15, even though the department decreased the dollar amount awarded to DVBE's by \$4,273,012. Additionally, 3 of 9 DSH locations reported above 3% in the DVBE category.

The department has historically made every effort to contract with DVBE vendors where possible. DSH includes the DVBE Incentive in all of its applicable solicitations, and utilized the SB/DVBE Option (GC 14838.5) in 558 solicitations in Fiscal Year 2015-16 (up from 375 the previous year), with a total award of \$18,092,428.15.

Explain why your SB and/or DVBE participation goal was not achieved.

- a. **Identify specific large or specialty contracts where you were unable to locate SB and/or DVBEs, either as contractor or subcontractor. A table may be helpful to show the impact of this contract(s) on your level of participation for the entire year.**

The DSH makes every effort to meet or exceed DVBE participation goals. The difficulty DSH faces with meeting the DVBE participation goal is due to the nature of DSH contracted services. The bulk of DSH contracted services are medical services where it has proven very difficult to locate DVBE vendors.

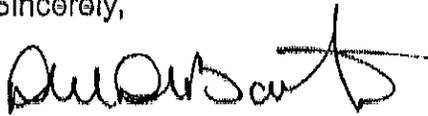
In reviewing the department's purchasing and contracting data (by category and location) to determine why DSH failed to meet the 3% goal, the following observations were made:

- DSH awarded more Non-IT Service contracts than any other type of acquisition with a total of \$261,561,226 awarded here (compared to the \$389,301,876 in total by the department).
- This category made up 67% of the department's total awarded dollars.
- Unfortunately, DSH only awarded \$3,568,455 to DVBE firms, which is a rate of 1.36%.
- These contracts tended to be in the multi-millions due to being medical in nature, which reflects heavily on the overall contract dollars represented. The vast majority of these contracts are for either:

- Focus on dual certified vendors and/or shift focus from SB/MB vendors towards DVBE's when using the option or using Leveraged Procurement Agreements (this is especially true for Information Technology purchases).
- Developing a reporting tool for headquarters purchases and contracts for management to review the department's usage of the SB/DVBE Option in relation to other solicitation efforts.

Please let us know if you need additional information or have questions regarding the enclosed reports. Please contact Dawn DiBartolo, Chief, Acquisitions and Business Services Office, at (916) 654-0497 or Dawn.DiBartolo@dsh.ca.gov.

Sincerely,



Dawn DiBartolo
Chief, Acquisitions and Business Services Office

Enclosures

- STD 810 Contracting Activity Report
- STD 810S Supplemental Report
- STD 810C Consulting Services Report
- STD 810E ERG Report
- STD 810A I-Bond Activity Report
- SB/DVBE Plan of Improvement for FY 15/16

- o Medical staffing services (firms locating and referring qualified medical staff to work at DSH facilities when vacancies cannot be filled, despite civil service recruitment efforts, primarily due to the location of the facility and/or pay rate differentials).
- o Local contracts with various types of hospitals for inpatient treatment
- o Local contracts with physicians for medical referrals and services.
- These medical contracts have very, very low numbers of eligible DVBE firms. This is because:
 - o The contracts for local hospital services are typically exempt from bidding and structured on the basis of Medicare rates. This makes awarding to the DVBE prime impossible and subcontracting almost so.
 - o For staffing contracts, due to the Medical Practices Act, the contracted firms must be registered Medical Corporations (physician owned). The number of DVBE firms that meet this requirement seems to be quite small, with only a single (no more than 2) DVBE firm that chooses to bid (they are typically outbid, even with the DVBE Incentive). Unfortunately, as these are purely recruiting contracts, there is no viable commercially useful function for subcontracting.
 - o For medical specialty contracts, the contracts are awarded directly to local physicians to see hospital patients on a referral basis. These contracts are also structured on the basis of Medicare rates, and involve no subcontracting. Because of the nature of how these contracts are awarded, even physicians that can certify as a DVBE have no incentive to do so.

Plan to improve contracting opportunities for SBs and/or DVBEs (if your report covers more than one department/office, please include a specific response for each of the entities covered)

- a. **Policy:** Does your department have a SB/DVBE First Policy for contracting with SB/DVBEs? If yes, how long has this policy been in place?

DSH provides, via bi-weekly Contracts Workgroup conference calls, twice annual Face to Face meetings, and DSH policy news bulletins, requirements and instruction for the use of SB and/or DVBE vendors when seeking vendors for goods or services. This policy has been in place for several years, begun under previous management.

- b. **Contracting Practices:**

- i. How does your department monitor its SB and DVBE participation goals during the course of the fiscal year? Please explain. Are there any plans to improve this process?

DSH contracting / procurement is quasi-decentralized in that each of the 5 standalone hospitals and 3 psychiatric programs can execute service agreements under \$50,000 at the hospital level, and all procurement documents without dollar threshold, UNLESS DGS must purchase on DSH's behalf. With this limited autonomy, DSH HQ provides for continued training and information sharing, tools to assist, and policy bulletins. Each of the facilities is responsible for their own tracking; however, annually, for CAR reporting, each facility must report up to HQ with backup

documentation. Therefore, tracking of SB/DVBE goals is not performed at a HQ level during the FY. Continuous plans for improvement are underway, and tools are being developed by HQ to be utilized at the hospital level for this purpose.

- ii. Does your department use a SB or DVBE Option for purchases under \$250,000 or up to \$291,000 for Public Works? If so, please explain how the option is utilized.

DSH contracting staff are instructed to utilize the SB/DVBE option for Public Works solicitations / agreements. The option is primarily utilized, provided that vendors are able to be located that are capable of providing the service needed. Further, if the solicitation cannot be completed via the SB/DVBE option due to lack of available / qualified vendors, the SB/DVBE Incentive, whereby preference is given for the participation of a SB/DVBE subcontractor, must be included. Additionally, a department policy bulletin is currently in progress for the processing of Public Works contracting, which will include specific provisions for the use of the SB/DVBE option. Flowcharts defining the Public Works process, as well as DSH policy relative to SB/DVBE use and reporting, currently exist.

- iii. How does your department solicit and/or search for SBs and DVBEs? Please explain. Are there any plans to improve this process?

Currently the DSH utilizes standardized templates, to be used by all facilities, for the conduction of varying types of solicitations (i.e. RFP, IFB, SB/DVBE option). Dependent upon the service and the availability of SB/DVBE vendors that can be located on Cal eProcure, the SB/DVBE option is the first choice in solicitation vehicle. If vendors are not able to be located, staff are instructed to proceed with the IFB / RFP, to include the SB/DVBE Incentive. Plans to improve this process include further training for contracting / procurement staff and the implementation of additional DSH policies on the subject.

- iv. Does your department require bid proposals to target the SB/DVBE communities? Please explain. If not, please explain when and how the department plans to implement this requirement.

The predominant service contracting executed by the DSH is medical in nature. The availability of SB/DVBE medical providers is very small. For goods, the procurement method most utilized by DSH is the SB/DVBE solicitation process. DSH does not require or mandate that prime vendors subcontract a portion of the contracted work to a DVBE. This practice would effectively eliminate the vendor pool for certain services. However, we do require the DVBE Incentive be included in all solicitations. If participation or inclusion of the incentive language is waived, documentation must be contained in the contract / procurement file, along with the applicable rationale for the exemption. At this time, we have no plans to make DVBE participation mandatory due to the nature of many of the DSH's contracts.

Outreach, Advocacy and Training

- a. What avenues has your department used to reach out to the SB/DVBE community and how does it plan to improve?

The DSH has a SB/DVBE advocate that attends workgroups as available. The DSH periodically conducts Requests for Information (RFI) for the purposes of doing market research for the availability of SB/DVBE vendors in the provision of specific services. The primary research tool for SB/DVBE vendors is the Cal eProcure website maintained in Fi\$Cal. Going forward, DSH contracting management can work with DGS and other agencies to better define outreach opportunities.

- b. What training or communication is provided to the department's buyers regarding how to contract with the SB/DVBE community? Please list below.

Currently, the DSH utilizes the bi-weekly Contracts Workgroup forum to facilitate training on contracting best practices, to include reminders about the utilization of SB/DVBEs. Additionally, as a focus for FY 16/17, Acquisitions and Business Services Office (ABSO) at HQ intends to roll out analyst training sessions. The department has a consistent rollover in contracts/procurement staff at the facilities; many have been, or are awaiting CalPCA training. The focus of ABSO's forthcoming training is to equip all staff with the requisite knowledge for SB/DVBE utilization, as well as DSH contracting best practices. All new staff are advised to take CalPCA classes, and many of the new staff at the hospitals / psychiatric programs travel to Sacramento for in-house / individual training by the seasoned staff at the DSH Sacramento facility.

- c. Does the department have a SB/DVBE Advocate? If yes, please provide name and their contact information (phone number and email address):

The SB/DVBE Advocate for the DSH is Dawn DiBartolo, 916-654-0497, email dawn.dibartolo@dsh.ca.gov

- d. Does the department list the SB/DVBE Advocate and their contact information at least two clicks from the home page on the department's website? If so, please provide the link to where the advocate's information is listed.

No, the department does not. A request to do so will be submitted by September 1, 2016.

- e. Does the department's SB/DVBE Advocate actively participate in the quarterly SB/DVBE Advocate workshops hosted by DGS and CalVet?

The current advocate became so in January 2016 upon the departure of the previous advocate. Since that time, the current advocate has attended (or sent a designee to attend) approximately two workshops. Participation will increase in FY 16/17.

- f. Does your department subscribe/solicit to trade organizations or network groups for specialized services? If so, please list the entities.

No. The DSH publishes all applicable solicitations on Fi\$Cal. Occasionally, for A&E purposes, certain additional publications are utilized. For medical services, the DSH solicits openly (i.e. IFB) to medical registry firms, or contracts directly for specialty medical services.

- g. What products and services present the greatest challenge in locating qualified SB/DVBE suppliers? How does the department plan to improve this process?

The greatest challenge for service contracting and the location of qualified SB/DVBE vendors is for the provision of medical services. Specialized medical services require in-depth medical training and certification, which is not often found within the SB/DVBE vendor pool. Additionally, it is challenging to persuade vendors who might be SBs or DVBEs to register as such, as they see little benefit to themselves. The DSH's patient population is one that many vendors are reluctant to serve (i.e. mentally ill penal code patients) and several of DSH's hospital locations are rural / inconvenient for vendors to serve. As the DSH operates acute psychiatric hospitals, a way to improve upon our contract needs and the use of SB/DVBE vendors has not been determined. For those needs other than medical services, SB/DVBE is considered / solicited first; if no SB/DVBE vendors can be located, the incentive is utilized to encourage appropriate subcontracting.

- h. Does your department participate in local or statewide outreach events in collaboration with DGS, when possible? If so, how many outreach events does the department attend each fiscal year.

To date, the DSH has not participated in outreach events in collaboration with DGS. One of the challenges in doing so is that the outreach events tend to be held quite some distance from the DSH's service locations, presenting little likelihood of finding vendors for the DSH's needs in rural locations; this often renders the cost/benefit ratio unbeneficial. However, going forward, the advocate will make every effort to participate as appropriate, or send a designee.

Next Steps (if your report covers more than one department/office, please include a specific response for each of the entities covered)

- a. Indicate how your department plans to improve its SB participation goal within the next quarter and what best practices, if any, it plans to put into action. Additionally, please list any obstacles your department may foresee.

SB participation far exceeded the goal for FY 15/16. The DSH plans to continue to make it a practice to seek SB vendors first; if no SB can be located, the incentive will be included in solicitations in order to encourage SB subcontracting.

- b. Indicate how your department plans to improve its DVBE participation goal within the next quarter and what best practices, if any, it plans to implement. Additionally, please list any obstacles your department may foresee.

The DSH is committed to both the continuation of the general efforts above, as well as:

- Attempting to identify if any of the local physicians qualify as DVBE's and advocate for them to register with DGS.
- Continuing to promote the use of the SB/DVBE Option wherever possible.
- Focusing on dual-certified vendors and/or shift focus from SB/MB vendors towards DVBE's when using the option, or using Leveraged Procurement Agreements (this is especially true for Information Technology purchases).

- Identifying specifically which facilities are struggling with the DVBE participation percentage and work closely with them to advocate participation going forward.

Agency: Health and Human Services Agency

Part 1

Certified Disabled Veteran Business Enterprise (DVEB) Participation in State Contracting Activity

CONTRACTING ACTIVITY CATEGORY	Total Contract Dollars	Total \$ to DVEB Prime Contractors	Total \$ to DVEB Sub-Contractors	Total DVEB Prime & Subs \$	Percentage (Column D divided by Column A)
1. Goods (Non-IT)	\$ 86,200.88	\$ 4,294.95	\$ 4.64	\$ 4,300.59	5.0%
2. Services (Non-IT)	\$ 2,158,726.5	\$ 3,598,065.5	\$ 62,995	\$ 3,661,060.5	1.7%
3. Construction	\$ 1,925,585	\$ 82,083	\$ 779	\$ 828,662	4.3%
4. IT Goods & Services	\$ 2,174,384	\$ 2,271,257	\$ 55,195	\$ 2,326,452	7.2%
5. Out-Of-State	\$ 289,522			\$ -	0.0%
TOTALS	\$ 8,284,086	\$ 6,274,332	\$ 62,995	\$ 6,337,327	2.7%

CONTRACTING ACTIVITY CATEGORY	Total Contract Dollars	Total \$ to SBMB Prime Contractors	Total \$ to SBMB Sub-Contractors	Total SBMB Contract Dollars	Percentage (Column J divided by Column G)
1. Goods (Non-IT)	\$ 86,200.88	\$ 10,979.80	\$ 34,707	\$ 45,686.60	42.2%
2. Services (Non-IT)	\$ 2,158,726.5	\$ 8,145,824	\$ -	\$ 8,145,824	3.8%
3. Construction	\$ 1,925,585	\$ 103,345,590	\$ -	\$ 103,345,590	40.2%
4. IT Goods & Services	\$ 2,174,384	\$ 1,082,537	\$ -	\$ 1,082,537	5.0%
5. Out-Of-State	\$ 289,522	\$ 52,822	\$ -	\$ 52,822	2.3%
TOTALS	\$ 8,284,086	\$ 115,824,748	\$ 34,707	\$ 115,859,455	10.1%

Did you report using Award amounts per PCC 10111? Yes No

If not, please explain why?

Comments:

Part 2

Certified Small Business (SB) / Microbusiness (MB) Participation in State Contracting Activity

CONTRACTING ACTIVITY CATEGORY	Total Contract Dollars	Total \$ to SB/MB Prime Contractors	Total \$ to SB/MB Sub-Contractors	Total SB/MB Contract Dollars	Percentage (Column J divided by Column G)
1. Goods (Non-IT)	\$ 86,200.88	\$ 10,979.80	\$ 34,707	\$ 45,686.60	42.2%
2. Services (Non-IT)	\$ 2,158,726.5	\$ 8,145,824	\$ -	\$ 8,145,824	3.8%
3. Construction	\$ 1,925,585	\$ 103,345,590	\$ -	\$ 103,345,590	40.2%
4. IT Goods & Services	\$ 2,174,384	\$ 1,082,537	\$ -	\$ 1,082,537	5.0%
5. Out-Of-State	\$ 289,522	\$ 52,822	\$ -	\$ 52,822	2.3%
TOTALS	\$ 8,284,086	\$ 115,824,748	\$ 34,707	\$ 115,859,455	10.1%

Preparer's Information

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 Title: Chief, Acquisitions and Business Services Office
 Signature: [Signature] Date: 07/12/16
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 Email Address: dawn.diSanto@calhhs.gov
 City: Sacramento Zip: 95814

The amounts shown in Columns 4 and 5 should be the same. If not, please see explanation with this report.
 Includes: Medical and Engineering Services (M&E) SB = Small Business MB = Microbusiness
 DVEB = Certified Veteran Business Enterprise
 Return Agency Department Reports for: Department of General Services Procurement Division/OSDS
 707 3rd Street, Room 1-400, MS Z-1, MS 2-10 West Sacramento, CA 95605