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Doing Business with HHSC Procurement Overview

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Course Outline

- Procurement and Contracting (PCS) Staff
- Maintenance & Construction (M&C) Staff
- Doing Business with the State of Texas
 - Statewide Procurement Program Overview
 - Historically Underutilized Business (HUB) Information
 - What is 'Best Value'?
- Open Market Procurement \$ Thresholds & Requirements
- Solicitation Methods
- M&C FY2022/2023 Project Forecast
- How to Respond to these Opportunities

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Health & Specialty Care System - Program Mission



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*"Providing Texans with high quality
and individualized care"*

Doing Business with the State of Texas



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Procurement for the State of Texas is overseen by the Comptroller of Public Accounts Statewide Procurement Division*:

<https://comptroller.texas.gov/purchasing/>

This website should be used as a resource for you when pursuing state contracted work:

Vendor Resources:

<https://comptroller.texas.gov/purchasing/vendor/>

Register as a vendor on the Centralized Master Bidders List (CMBL):

<https://comptroller.texas.gov/purchasing/vendor/cmb/>

Find opportunities for contracts >\$25K:

<http://www.txsmartbuy.com/sp>

**This website is best utilized using Google Chrome as your web browser*

Doing Business with the State of Texas (cont)



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State of Texas Historically Underutilized Business Program Certification Criteria:

51% or more active ownership in a State of Texas for-profit business
whereas the majority ownership be one or more of the following groups:

- African American
- Hispanic American
- Native American
- Asian American
- American Women
- Service-Disabled Veteran (20% or more service-connected disability)

To pursue HUB certification contact the Texas Comptroller of Public Accounts:

<https://comptroller.texas.gov/purchasing/vendor/hub/>

For procurement opportunities >\$5K, solicitation notices must include HUB's
(more information on slides 11 and 12)



'Best Value' Standard

- You hear a lot about 'best value' in public procurement. What exactly is 'best value'?
- Believe it or not, there is a law (statute) that defines it: Texas Gov't Code 2155.074 'Best Value Standard for Purchase of Goods and Services'.



'Best Value' Statute §2155.074

'In determining the best value for the state, the purchase price and whether the goods or services meet specifications are the most important considerations. However, the comptroller or other state agency may, subject to Subsection (c) and Section 2155.075, consider other relevant factors, including:

- (1) installation costs;
- (2) life cycle costs;
- (3) the quality and reliability of the goods and services;
- (4) the delivery terms;
- (5) indicators of probable vendor performance under the contract such as past vendor performance, the vendor's financial resources and ability to perform, the vendor's experience or demonstrated capability and responsibility, and the vendor's ability to provide reliable maintenance agreements and support;
- (6) the cost of any employee training associated with a purchase;
- (7) the effect of a purchase on agency productivity;
- (8) the vendor's anticipated economic impact to the state or a subdivision of the state, including potential tax revenue and employment; and
- (9) other factors relevant to determining the best value for the state in the context of a particular purchase.'

Open Market \$ Thresholds



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- **\$0.00 - \$5,000.00** Spot Purchase
 - Use of the state bidders list (CMBL) **not required**
 - ONE bid required, as long as the agency purchaser determines the purchase is 'best value'
 - HUB inclusion suggested

- **\$5,000.01 - \$25,000.00** Informal Purchase
 - Use of the state bidders list (CMBL) **required**
 - The agency purchaser must send THREE bid notices to CMBL vendors, in the applicable Class/Item code, with at least two of the three being currently active HUB's
 - Award to low bidder, unless justifiable reason

- **\$25,000.01 - UP** Formal Purchase
 - **Required notification to all vendors on the CMBL** in the applicable Class/Item code
 - Minimum posting times (14-21 days); complex solicitations typically 30 days (or can be longer)
 - Formal process and statutory requirements apply



Open Market \$ Thresholds (cont)

\$100,000 or more

- All solicitations valued at \$100,000 or more MUST require a completed HUB Subcontracting Plan (HSP) when subcontracting is probable
- Requires all Prime respondents to demonstrate evidence of Good Faith Effort (GFE) in developing the plan and must provide opportunity to Historically Underutilized Businesses (HUBs) for all of its subcontracting needs
- Use one of the following GFE methods:
 - ALL subcontractors are certified HUBs
 - HUB utilization meets the stated agency % goal for HUB subcontracting
 - Solicitation GFE requires respondent to notify a minimum of (3) HUBs, and at least (2) minority/women trade organizations or development centers of the subcontracting opportunities, providing (7) working days to respond. In addition, this GFE must provide evidence of the required outreach
 - Mentor-Protégé: Mentor in a state of Texas sponsored agreement may use their protégé as a subcontractor
 - Self Performing – Prime respondent will utilize only their internal resources for the performance of the contract, with no subcontracting



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HUB Subcontracting Plan (HSP)

The HSP is evaluated on a Pass/Fail basis – No changes may be made after the proposal submission.

Changes can be made during the execution of the awarded contract, should subcontracting needs/vendors change, however the changes must be approved by HHSC HUB.

HHS strongly encourages respondent to seek an HSP courtesy review prior to submission to the HHSCHUB@hhs.texas.gov or call 512-406-2570 for assistance

HHS HUB Program:

<https://hhs.texas.gov/doing-business-hhs/contracting-hhs/historically-underutilized-business-opportunities-program>

Pre-recorded HSP Training:

<https://attendee.gotowebinar.com/register/2235999142197410832>

Note: a subcontractor is defined as providing supplies, materials, equipment and/or services in completing a contract (HHS defines a subcontractor as IRS 1099)



Solicitation Methods

Invitation For Bid (IFB)

- Primarily used for the purchase of Goods
 - When there is a clearly defined specification, such as a part number
 - Very little ambiguity, if any, about what is expected to be delivered
- Also utilized in Emergency and Proprietary purchases
- Awarded to lowest bid amount
 - As there is little to no ambiguity as to what is expected to be delivered
- Contractor must meet the agency stated minimum qualifications, and demonstrate these minimum qualifications in their bid response
 - Once the defined minimum qualifications are demonstrated, you must consider all bidders equally qualified
- No Negotiation allowed
 - Two Exceptions:
 - Emergency Purchase
 - When there is only one bid response
- Bid Opening – Open to the Public
 - Names and all prices are read aloud

Solicitation Methods (cont)



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Request For Proposal (RFP)

- Primarily used for the purchase of Services, a combination of goods and services, or highly complex procurements
- The respondent is required to propose how the goods/services will be delivered
- The evaluation criteria is based upon a combination of factors (example):
 - Pricing 40 points
 - Qualifications 60 points
- Standardized Qualifications criteria, can vary from solicitation to solicitation:
 - Respondent's Ability to Provide Construction Services and Proposed Team's Relevant Experience 30 points
 - Respondent's Quality and Safety Program 5 points
 - Respondent's Financial Stability and Risk 10 points
 - Respondent's Proposed Methodology 15 points
- Process allows for an 'Interview', also known as an 'Oral Presentation', to clarify vendor's responses and to further evaluate the highest ranked respondents
- Awarded to the highest ranked respondent once evaluation/interview/oral presentation is completed
- 'Best and Final Offer' (BAFO) and Negotiation IS allowed
- RFP Opening – Open to the Public
 - TGC §2269 Construction - Names and all prices are read aloud; all others, names only

Solicitation Methods (cont)



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Request For Qualifications (RFQ)

- Primarily used for the purchase of Professional Services, as defined by Texas Gov't Code §2254.
- The respondent is required to demonstrate their qualifications for the services required.
- Standardized Qualifications criteria, can vary from solicitation to solicitation:
 - Respondent's Relevant Experience & Qualifications 60 points
 - Respondent's Methodology 25 points
 - Respondent's Quality Control & Safety Program 15 points
- Process allows for an 'Interview, also known as an 'Oral Presentation' ' to clarify vendor's responses and to further evaluate the highest ranked respondents.
- Awarded to the highest ranked respondent, based upon demonstrated qualifications, once evaluation/interview/oral presentation is completed.
- Negotiation IS allowed
 - This is where the agency negotiates a fee schedule for the project, as you cannot request fees in the initial response
- RFQ Opening – Open to the Public
 - Names of respondents only

Solicitation Methods (cont)



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IFB	vs.	RFP	vs.	RFQ
IFB		RFP		RFQ
<ul style="list-style-type: none"> • Shorter overall time frame • Evaluated against specs / price • Public Bid Opening – Names & Prices • Technical <u>clarifications</u> only • No Negotiation Allowed Two exceptions: emergency, and only one bid received • Best Value = Low Bid 		<ul style="list-style-type: none"> • Longer overall time frame • Evaluated against criteria • Public Proposal Opening - Names only • Interviews/Oral Presentations • BAFO/Negotiation allowed • Best Value = Combo of Price & Qualifications, ranked 		<ul style="list-style-type: none"> • Longer overall time frame • Evaluated against criteria qualifications only • Public Submittal Opening - Names only • Interviews/Oral Presentations • Negotiation allowed • Best Value = reasonable and customary fee schedule negotiated with 'most qualified'

Solicitation Methods (cont)



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Solicitation methods planned for M&C during the FY22/FY23 biennium:

Competitive Sealed Proposal / Request for Proposal

- Single solicitations where drawings are 100% completed
- Includes bundled projects where scope is similar or related
- Includes trade specific Indefinite Delivery Indefinite Quantity (IDIQ) multiple awards

Construction Manager at Risk (CMR)

- Facility targeted
- Includes bundled projects where scope is similar or related

Job Order Contracting (JOC)

- to be used for emergencies / unanticipated need
- multiple awards, with one vendor awarded per facility grouping
- RS Means and negotiated pricing

HHSC M&C Project Forecast



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Tony Hackney, Director, Construction Services



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HHSC Maintenance & Construction

The HHSC/Facility Support Services Maintenance and Construction Department (M&C) is the department that oversees the development, procurement and management of deferred maintenance projects on the 24 State Hospitals and State Supported Living Centers across Texas. These facilities represent approximately 9.5 Million square feet of aging buildings that are in a continual need for building system, equipment and environmental upgrades. This is funded through appropriations by the Texas Legislature on a bi-annual basis.

M&C oversees the construction projects on a cradle-to-grave process from gathering and combining of deficiency reports from individual facilities to funding request for Agency to Legislature, to hiring of consultants to develop the projects and finally overseeing the contract for construction.

The recent focus on mental health has allowed us the largest funding the department has ever seen in excess of \$200M the last biennium, excluding funds for the replacement Hospitals which is a separate effort and department within M&C.

HHSC Maintenance & Construction (cont.)



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Our Professional Services consultants are selected through an RFQ process that places emphasis on renovation of existing healthcare buildings. The projects are assigned to match scope and experience, as well as ability to service the contract for construction.

The following projects are what was submitted for approval to the Texas Legislature for funding. While in session now, the funds are not finalized until the bill is forwarded for signature by the Governor.

COVID has impacted our process for project bidding and construction. On-site review of the buildings and systems for bidding that are included in the projects, initially virtual, is now moving to a case by case review for on-site attendance. Initially, construction has seen schedule impacts due to outbreaks, but with vaccination increases and protocols in place we can better manage the project schedule.

Link to website below for viewing procurement opportunities:

<https://hhs.texas.gov/doing-business-hhs/contracting-hhs/procurement-opportunities>

HHSC M&C Project Forecast

FY2022-2023 MAINTENANCE & CONSTRUCTION FORECAST STATE HOSPITALS (SH)

Facility	Description	Amount*	Type Contract*
Austin	Interior Renovations/Site System and Equip Upgrades	\$3,222,442.38	CMR
Big Spring	Exterior and MEP Upgrades	\$2,368,025.16	RFP
El Paso	Interior Renovations/Site System and Equip Upgrades	\$422,661.16	RFP
Kerville	Interior and Exterior Building Reno/MEP Equip Upgrades	\$1,217,455.00	CMR
Rio Grande	MEP System and Equip Upgrades	\$302,338.20	RFP
Rusk	Site Electrical /Roofing/Equip Upgrades	\$922,656.80	RFP
San Antonio	Elec Upgrades/Exterior Building & Site System Upgrades	\$4,516,992.80	CMR
Terrell	Interior and Exterior Building Upgrades	\$10,829,122.72	CMR
Vernon	Interior and Exterior Building Renovations	\$15,025,443.00	CMR
Waco	Interior and Exterior Building Renovations	\$2,380,779.05	CMR
Wichita Falls	Interior and Exterior Building Renovations	\$16,155,345.73	CMR
TOTAL Funding		\$57,363,262.00	

* The amount of funding/type of delivery system is to be finalized when Legislature confirms appropriations



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HHSC M&C Project Forecast

FY2022-2023 MAINTENANCE & CONSTRUCTION FORECAST STATE SUPPORTED LIVING CENTERS (SSLC)

Facility	Description	Amount *	Type Contract*
Abilene	Interior Renovations/Equip and Fire Sprinkler Upgrades	\$4,985,231.12	CMR
Austin	Equip and Fire Sprinkler Upgrades	\$2,293,888.92	RFP
Brenham	Interior Renovations/Site System and Equip Upgrades	\$6,027,907.70	CMR
Corpus Chr.	Interior Renovations/Site System and Equip Upgrades	\$1,347,919.05	RFP
Denton	MEP System and Equip Upgrades, Foundation renovations	\$866,924.64	RFP
El Paso	Interior Renovations/Roofing and New Construction	\$421,686.46	RFP
Lubbock	Roofing/Equip Upgrades	\$4,940,537.64	CMR
Lufkin	Interior Reno/Elec Upgrades/Ext. site system & Equip Upgrades	\$769,106.98	RFP
Mexia	Mech Equip & Code Req'd Upgrades, Fire Sprinkler Upgrades	\$1,884,329.36	RFP
Richmond	Roofing and Site System Upgrades, and New Construction	\$3,095,823.37	CMR
Rio Grande	MEP Equip Upgrades	\$1,791,542.42	RFP
San Antonio	Exterior Site System Upgrades	\$5,394,938.62	RFP
San Angelo	Exterior Site system and MEP Upgrades	\$2,650,908.72	CMR
TOTAL Funding		\$36,470,745.00	

* The amount of funding/type of delivery system is to be finalized when Legislature confirms appropriations



How to respond to these opportunities



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- **REGISTER** on the CMBL so that you receive notice of informal and formal solicitation opportunities, and to be considered for spot purchases
- **READ** every requirement specified in the solicitation document
- **ASK**, in the specified manner, the single point of contact (the agency purchaser) about any questions you may have or clarifications you may need
- **CONSIDER** your time, effort, and resources to determine if the goods and/or services are something you can provide, as specified, in the manner and time prescribed
- **BE COMPETITIVE**
- **BE RESPONSIVE**
 - Meaning you have submitted your bid, proposal, or submittal **on time** and with **all of the required documentation specified by the agency** in the solicitation document
- **BE RESPONSIBLE**
 - Meaning once you are approached for award, you are ready, willing, and able to perform