

REQUEST FOR SPECIAL PROCUREMENT (SP) No. REQ-DASOBO-00204874

PART A. Requesting Agency must complete Items 1 through 13.

1. **Requesting Agency Name:** Oregon Department of Human Services (ODHS), Office of the Director
2. **Date of Request:** May 20, 2026
3. **Agency Number:** 10000
4. **Agency Contact Name:** Louie Thomas
5. **Phone:** (971) 283-4755
6. **Type of Request:** Contract-specific Special Procurement
7. **Time Period Requested:** From: Upon Approval To: June 30, 2027
8. **Total Estimated Cost:** \$6,576,064

Note: The original not-to-exceed (NTE) of Contract No. 185005 was \$1,384,446, and subsequent amendments increased the NTE to a total of \$4,415,563. With approval of this SP, an additional \$2,160,501 is requested, increasing the NTE to \$6,576,064.

9. **Title: Supplies and/or Services to be Acquired:** Consultation services (Services), continuing Work on Phase 2 of the ODHS Transformation Project
10. **Request, Background, Current Need, and Proposed Contracting Procedure:**

a. Request:

ODHS requests approval of SP No. REQ-DASOBO-00204874 to amend ODHS Contract No. 185005 (OregonBuys® #PO-10000-00043781)(Contract), with Human Services Group, LLC (HSG) (Contractor) for the Services as follows:

1. Expand the Services to reflect projects and tasks as described in Section 10.c.;
2. Increase the maximum NTE total compensation by \$2,160,501, for a new NTE of \$6,576,064; and
3. Extend the term up to June 30, 2027.

b. Background:

This Contract/Contractor was part of the ODHS Transformation Project (ODHS Project). The work the Contractor (HSG) performed for the ODHS Project initially began as a sub-Contractor, working with the Primary Contractor (Deloitte) and the Director's office, in particular regarding the Office of Child Welfare Programs (CW) and the Office of Aging and People with Disabilities (APD) as sub-sets within the ONE system Program, but impacting all divisions within ODHS. This requested SP for the resulting Contract Amendment continues that work.

In Phase 1 of the Transformation Project, beginning in September 2024, ODHS initially contracted with a Primary Contractor to provide organizational change management and business operational support services in its effort to streamline operations and increase efficiency in the core services ODHS and its divisions provide to Oregonians. The Primary Contractor subsequently subcontracted with HSG to complete the work of Phase 1.

Phase 2 of the Transformation Project was awarded in February 2025 to HSG by Sole Source Determination No. S-10000-00012489, which was publicly noticed on OregonBuys® and received no protests. The award of the new Contract was based on HSG's advanced and in-depth knowledge of the processes and infrastructure of ODHS and its divisions gained providing services in Phase 1. ODHS believed those services during phase 1 provided HSG the ability to provide intelligent and expeditious process redesign of ODHS' service delivery. It was not in the State's best interest to wait for that expertise to be gained by another vendor, nor was it fiscally responsible to pay for that duplicative Work.

Phase 2 has consisted of gathering input from ODHS leadership to develop and implement a detailed project work plan; then collecting and analyzing current service delivery and organizational structure data from the various ODHS divisions and districts for the purpose of developing coordinated recommendations and scenarios. Efforts included (i) extensive data gathering, which included service delivery metrics, resource allocation, budgetary information, and geographical needs; (ii) conducting staff focus groups with key interest holders, agency heads, district administrators, local representatives and frontline staff; (iii) reviewing documents, including policies, procedures, rules and law; and (iv) conducting benchmarking with comparable human service organizations in other states to identify best-practices.

Since February 2025, the Contract has been amended five times to account for expanded responsibilities as the Transformation Project developed and matured:

Original Contract February 2025 consisted of seven original tasks, each with its own phases and timelines: (i) Establishing a Service Delivery Division; (ii) Align Administrative Functions with ODHS Regions; (iii) Establish a Children's and Family Services Division; (iv) Design a Customer-Facing Process; (v) Redesign the Safety-Assessment Process in Child Welfare; (vi) transition of the Stabilization and Crisis Unit (SACU) to a Crisis Stabilization Unit; and (vii) provide Implementation Support.

1st Amendment - April 2025 created an eighth task: Strengthen and Support Safety Systems and Processes for the Office of Child Welfare Programs. NTE was increased by \$450,000.

2nd Amendment - August 2025 created a ninth task: Strengthen and Support Safety Plans and Processes for the Safety, Oversight, and Quality Unit (SOQ) within APD. NTE was increased by \$525,000.

3rd Amendment, also in August 2025, because of the depth of additional responsibilities, there was a need to add Criminal History Check language for the Contractor and its staff. No additional funds were allocated.

4th Amendment - October 2025 refined and expanded on Task 7 "Implementation Support" and added a tenth and eleventh task: Supplemental Nutrition Assistance Program (SNAP) Payment Error Rate (PER) Reduction; and Update Long-Term Services and Supports (LTSS) Eligibility Processes and Workflows. NTE was increased by \$1,085,450.

5th Amendment - March 2026 increased the NTE of the Contract by \$970,667 to account for an error in accounting the Program made in budgeting for previous Tasks.

c. Current Need:

Based on the results of the Transformation Project to date and based on HSG recommendations, the intent of the additional projects and Tasks of Amendment 6, below, negotiated and accepted by the Director’s office and based on recommendations and need, is to continue the Transformation Project by expanding into these projects:

- Operationalize the Unified Children, Adults, and Families (UCAF) division model, a core component of the Transformation effort, as a more integrated, prevention-oriented, and outcomes-driven service delivery system. Project will add \$397,750 to the NTE of the Contract.
- Administrative Hubs Pilot Monitoring and Scale Readiness Support project, to support ODHS in monitoring and evaluating the Region 5 Administrative Hubs pilot, a part of the OCE project (described below), established previously as part of this Contract and the Transformation Project. This project will build the operational foundation required for statewide scale and provide targeted implementation support to initiate expansion beyond the pilot region. This project will add \$199,851 to the NTE of the Contract.
- The Office of Customer Experience (OCE): Operations and Innovation Implementation Support project, that continues to build the new OCE with centralized capabilities that delivers business operations, project management, training, data/quality, and implementation support services to program and policy areas as well as local districts. This project will add \$998,001 to the NTE of the Contract.

In addition, as a result of ongoing Transformation work, ODHS intends to add the following new Tasks to the Transformation Project:

- Task Twelve: Statewide Hospital Discharge Scaling and Level of Care (LOC) Implementation transitions the work of an APD pilot project that implements and structures the scaling, operational alignment, and sustainable adoption of standardized hospital discharge processes statewide. This new Task will increase the NTE of the Contract by \$393,500.
- Task Thirteen: Safety Oversight and Quality (SOQ), which will support implementing the recommended restructuring the SOQ functions and stabilizing operations under a redesigned organizational model. This new Task will increase the NTE of the Contract by \$549,000.
- Task Fourteen: Child Welfare – Data Architecture and On-Going Child Welfare Support project, which will strengthen overall operational performance in CW, with specific emphasis on the development of an operational child welfare data architecture that can be used to understand, manage, and improve the flow of work across the system in real time. This new Task will increase the NTE of the Contract by \$220,000.

The Services associated with tasks twelve through fourteen were originally solicited and awarded under Sole Source Determination No. S-10000-00012489, with no protests received. The Sole Source Determination also included language that anticipated and allowed for expansion of the Work. ODHS’ intent is to simply amend the current Contract to include work that was contemplated in the original Sole Source.

d. Proposed Contracting Procedure:

1. ODHS will issue a public notice (Notice) on OregonBuys® as required by Oregon Administrative Rules (OAR) 125-247-0287, for seven (7) calendar days, regarding approval of the SP request.
2. Advertisement of the SP and Notice will include provisions that any Affected Person(s) may protest the approval of the SP.
3. DAS SPS, in coordination with ODHS, will respond to and resolve protests, if any.
4. If no protests to this SP are received or sustained, ODHS will proceed with amending the Contract as described in Section 10.a and under the provisions of Delegation of Procurement Authority Agreement No. REQ-DASOBO-00207969.
5. Pursuant to ORS 291.047 and OAR 137-045-0015, ODHS will work with Oregon Department of Justice (DOJ) and obtain its legal sufficiency approval prior to executing the Contract Amendment, as required.

11. Justification for use of Special Procurement: Describe the circumstances that justify the use of a Special Procurement. Attach relevant documentation.

On January 8, 2025, ODHS conducted and advertised Sole Source Determination #S-10000-00012489 on OregonBuys®, which established the Contract for the benefit of ODHS. No protests to the Sole Source were received. The only procurement method available under Oregon Revised Statutes (ORS) 279B, the Public Contracting Code, through which the Contract can be amended to extend the term, increase the NTE, and expand the Work for the Services necessary, is a Special Procurement request under ORS 279B.085 and approved for use by the State Chief Procurement Officer.

12. Findings to Satisfy the Required Standards: This proposed special procurement:

(a) will be unlikely to encourage favoritism in the awarding of public contracts or to substantially diminish competition for public contracts because:

The Work of the proposed contract amendment relies on the previous work of the Contractor (HSG), and its substantial knowledge and experience gained over 15 months of extensive and in-depth organizational assessment of ODHS and divisional components, as well as the intricate variables of ODHS' service deliveries.

The Work is a continuation of, and represents the final Phase of, a complex Project consisting of several major interrelated Tasks and projects created through a series of input sessions from executives, staff, community-partners, and others. Although the hard-copy Work-product itself is transferrable to another Vendor, the intangibles of the loss of accumulated context, tacit knowledge gained, and knowledge and understanding ODHS' institutional history during the creation and implementation phases is not. Any new vendor would have to rebuild the understanding of decisions, constraints, and compromises that played a role in the evolution of the Project since its beginning, which would be difficult if not impossible for a new Vendor in the Project's final stages.

Changes in the primary Contractor at this point – the completion phase - of any complicated set of interrelated Tasks that have comprised the Project is not a viable option relative to the Project's successful completion.

and

(b)(i) will result in substantial cost savings to the contracting agency or to the public because:

or

X (b)(ii) will otherwise substantially promote the public interest in a manner that could not practicably be realized by complying with the requirements of ORS 279B.055, 279B.060, 279B.065, or 279B.070, or any rules adopted thereunder because:

The planned process set out in Section 10.d above serves the following public policy interests expressed in ORS 279A.015:

1. Use simple, clear and modern government practices.
2. Make efficient use of government resources.
3. Maximize economic investment in Oregon public contracting.

It's not in the State's best interest to wait for the accumulated expertise to be gained by another vendor or the Work to be reproduced, nor is it fiscally responsible to pay for that duplicative Work. There would be major costs to replace HSG for this final phase. The cost determination would depend on a new solicitation process. The additional costs to bring a new Vendor "up-to-speed" would be substantial – and would be in addition to costs associated with the Work of the final phase.

13. Signature: The actual signature of the Agency Head or designee (e.g., Designated Procurement Officer) is not required on the Request if it is submitted through OregonBuys®. Agency may elect to attach a signed Request.

Signature: e.g. Electronically in OregonBuys®

Type Name:

Date:

PART B.

STATUTORY AND RULE AUTHORITY:

ORS 279B.085(2) states the Director of the Department of Administrative Services may approve a special procurement if the Director finds that a written request submitted under ORS 279B.085(4) demonstrates that the use of a special procurement as described in the request, or an alternative procedure prescribed by the Director will:

- (a) Be unlikely to encourage favoritism in the awarding of public contracts or to substantially diminish competition for public contracts; and
- (b)(A) Result in substantial cost savings to the contracting agency or to the public; or
- (B) Otherwise substantially promote the public interest in a manner that could not practicably be realized by complying with requirements that are applicable under ORS 279B.055, 279B.060, 279B.065 or 279B.070 or under any rules adopted thereunder.

OAR 125-246-0170 delegates the authority of the Director of the Department of Administrative Services to approve special procurements to the State Chief Procurement Officer. OAR 125-247-0285 through 125-247-0288 implement ORS 279B.085.

OAR 125-247-0700(2) Protests and Judicial Review of Special Procurements designates the State Chief Procurement Officer as the Contract Review Authority.

FINDINGS: The findings are accepted, adopted, and incorporated by reference herein.

CONDITIONS OF APPROVAL:

1. **Notice Period.** The Authorized Agency shall post the Public Notice on OregonBuys®. The Special Procurement may not be used until after the completion of the seven (7) day notice period required pursuant to OAR 125-247-0287(4), and either:
 - a. No Written protests are received by the Contract Review Authority, State Chief Procurement Officer, from an Affected Person in response to the notice, or
 - b. If any protest is received during the notice period, then not until:
 - i. the State Chief Procurement Officer or delegate issues a written disposition of the protest in accordance with ORS 279B.400 and OAR 125-247-0700 and OAR 137-047-0700, and
 - ii. confirms in writing the first possible date of use of the Special Procurement.
2. **ORS 279A.165 Requirements.** Authorized Agency shall comply with the requirements of ORS 279A.165 and OAR 125-247-0287(12) regarding a report about this Special Procurement. Agency shall use a form and follow the instructions provided by the State Chief Procurement Officer or delegate.
3. During the term of this Special Procurement, ODHS will limit the scope of work to only the tasks and projects identified in Section 10.c – Current Need. No expansion of additional work may be amended into the Contract beyond those listed in this SP.

APPROVED:



Kathryn Jones, State Chief Procurement Officer
Department of Administrative Services, State Procurement Services

7/6/26

Date: