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BY EMAIL

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012
<https://publiccomment.bos.lacounty.gov/>

Re: Contract for Information and Referral Services
Hearing Date: August 2, 2022 Item No. 11

Dear Honorable Board of Supervisors:

Our firm represents 211 LA, a not-for-profit organization, that has provided 211 social services to the County of Los Angeles as the designated 211 provider by the California Public Utilities Commission ("CPUC") for more than 40 years. 211 LA handles imperative social service referrals (housing, food, medical and mental health, hate crime, elder and child abuse, and other basic services) for the vulnerable low income community that rely on public service. 211 LA employs AIRS-certified, experienced, trained call center personnel, who are primarily women and people of color, have longstanding connections in their community, and are union members of SEIU 721. They are the last line of defense to those living in poverty, and without the full assessment and personal services provided by 211 LA, there will be an increase in poverty, homelessness, hunger and illness that will directly impact the overall cost of care to the County.

On August 2, 2022, the County Board of Supervisors ("**Board**" or "**BOS**") will consider awarding the 211 Information and Referral ("**I&R**") contract to Deloitte, a for-profit national corporation, with a long history of failures of social service call centers, increased cost to remedy failures, and litigation to force cities and states to extend the contracts. Deloitte has no experience providing 211 services, and has no Los Angeles staff qualified to provide 211 services. The Deloitte Proposal is for purchase of a technology platform created by Salesforce, and not for providing social services. In fact, a Deloitte policy statement clarifies that Deloitte can reduce the greatest cost (and make the most profit) by relying primarily on technology automation and bots to respond to inquiries. This automation may work for obtaining standard bank services, but will be a disaster for social service referrals, where more than 25% of the 211 service population do not have access to the internet, and many have additional challenges due to language barriers, aging, abuse and mental health.

We request that the Board suspend the award of the 211 I&R contract, and re-bid the contract to include separate requests for proposals ("**RFP**") for the 211 I&R referral Contact Center services, and the County's larger technology platform upgrade. Here, Deloitte had the highest RFP scoring based entirely on the points allocated for the lowest bid cost, which Deloitte obtained by creating an automated platform and eliminating most of the trained Community Resource Specialists ("**CRS**") staff without any consideration of Deloitte's qualifications as a 211 service provider, which the CEO waived. As the 211 provider for decades, 211 LA is deeply committed to ensuring the impoverished unhoused community are not left behind by the County's attempt to prioritize cost over community care.

The key issues are outlined in the six page Executive Summary, and then evaluated in detail with citations in the following sections.

I. **Executive Summary**

A. ***Deloitte Has a History of Failure for Social Service Platforms and the CEO Waived Reporting the Failure in the RFP Proposal Just For Deloitte.*** Deloitte has a stark recent history of failures in social services programs across the nation, and Deloitte's bid fails to disclose these failures and pending litigation, or any information regarding contract partners Athena, Fortuna or Salesforce. Deloitte's pattern is to underbid a contract, request additional funds when the platform fails to respond to the level of actual calls or service needed, and then threaten litigation to force the agency to increase the cost and extend the contract. This pattern was repeated in contracts for California's EDD unemployment call center, Rhode Island's UHIP medical appointment system, the CDC's VAMS Covid vaccination system, and Florida's CONNECT unemployment center, to name a few. This resulted in hundreds of millions of calls being unanswered, and significant increases in costs resulting in refunding of hundreds of millions by Deloitte after litigation. The RFP evaluators had no knowledge of these extensive breaches of contract and extortion, because they were informed there was no litigation or contract amendments. In response to 211 LA's Request for Proposed Contractor Selection Review ("**PCSR**" "**RFP Protest**"), the County CEO stated they had the right to waive these disclosures, which they did for Deloitte and not for 211 LA. Although fully known by the CEO, these failures were not disclosed to the Board and the public in the staff report or to the RFP evaluators. (See **Exhibit 16-19, 27-36**, "Deloitte Articles") (See **Exhibit 42, 43**, County Independent Review Findings; **Exhibit 39**, County Protest Response)

B. ***The County's Own Study Supports Retaining 211 LA with Additional Funding.*** In December 2018, the County hired KH Consulting to prepare three phased reports analyzing the 211 I&R services, which included document review, focus groups, interviews, analysis and recommendations. The KH Reports, dated March 2019 through February 2020, show that 211 LA has provided excellent service, is very efficient with its funding, and that its users are very satisfied. The KH Reports identify the 211 caller population as a very vulnerable community that rely on 211 services, and identified the need for live phone and voice support for aging populations and

tech saavy younger users. It recommended investing in 211 LA website capability and multiple modalities to access the integrated system, but did not even mention full automation or reliance on bots. The selection of Deloitte and its reliance on primarily user access through automation is strictly contrary to the County's KH Study results and recommendations. (See **Exhibit 37**, KH Study and Summary)

C. *Deloitte Lacks Qualifications for 211 Service and the CEO Waived the Qualifications Section for the RFP After Acknowledging Improper RFP Review Standards and Grading.* Deloitte has never run a 211 service center, does not have AIRS certification, and based on its substantive responses in its Proposal, significantly misunderstands the actual requirements for certifying, training, staffing, creating a system accessible to the low-income population, and being selected by the CPUC as the 211 community service provider. In addition, it has no employees in Los Angeles qualified or certified to provide CRS 211 service. In fact, Deloitte should have been disqualified from the RFP process, because it does not have any experience in providing direct I&R services, as required by CPUC Decision 03-02-029. Deloitte relies on other consultants to provide I&R services on its referenced projects, and has never provided these I&R services directly; however, those consultants are not part of the Deloitte Proposal.

Despite this complete lack of qualifications, 11 out of 16 reviewers gave a perfect score of 10 for Deloitte's Qualifications, which was 25% of the score. This was the result of unclear instructions which only asked evaluators to consider (i) if the proposer provided references for the 211 contract center, and (ii) if the proposer provided references for experience with self-service portals. It did not require evaluation of the actual qualifications, just the number of references provided, despite a statement in the RFP that the "*proposer will be evaluated on their experience and capacity as a corporation . . . to perform the required services . . .*".(Paragraph 3.2.1) In response to the 211 LA Request for PCSR, the CEO admitted that the evaluators may have interpreted the instructions and qualifications differently, but recommended giving 211 LA and Deloitte a maximum score of 25 for the Qualifications section. The CEO stated that even if 211 LA received 25 points for Qualifications, Deloitte would have to receive 7.2 points to change the outcome of the selected proposer. However, a 7.2 score was likely based on Deloitte's complete lack of qualifications, and considering the other flaws in the evaluation of the RFP. Either way, Deloitte's actual qualifications to provide the 211 service were not considered in the evaluation and were waived by the CEO. (See **Exhibits 38, 40, 41**, 211 LA Protest; **Exhibits 39, 42, 43**, County CIS Response, **Exhibit 1**, County RFP for I&R Services, **Exhibit 12**, County Evaluation of Deloitte Proposal)

D. *Deloitte Intentionally Underbid the RFP to Win the Contract By Understaffing the 211 CRS Call Center and Claiming it Will Primarily Rely on Automation and Bots.* For 211 Contact Center services, the RFP provides CRS Tier 1 and Tier 2 level services. Tier 1 services include handling inbound digital communications (online chat, SMS, MMS, email, portal) and voice calls, including prescreening eligibility and initiating referrals; Tier 2 services include includes referrals with specialized assessments and screenings with warm hand off referrals and

follow up and information about events and incidents. (RFP A-2) The existing 211 service and proposed 211 LA service provides a "**Person Centered Approach**" – a holistic complete assessment (Tier 2) for all callers to determine complex needs, opportunities for prevention, and for efficiency to reduce additional future calls. The Deloitte Proposal is a "**Technology Centered Approach**" that requires three steps. First, all requests will be initially answered by a chatbot/virtual assistant and will rely on automated questionnaires to respond to constituent needs. Second, the resident can select the option to be transferred to a live voice call with a Tier 1 agent, who will read from a drafted script following a flow chart. Third, if the scripts do not provide the answer, the constituent is transferred to a trained Tier 2 agent for a full analysis or to respond to individual non-scripted questions.

Deloitte's Proposal assumes that 88% of agent-assisted inquiries will be ONLY Tier 1 level (only prescreening and initiating referrals), and 12% of agent-assisted inquiries will be elevated to Tier 2 services (special assessment and screening (ie holistic analysis), warm handoff and follow up). Therefore, assuming 50,000 inquiries a month, it would only provide the existing Tier 2 service to 6,000 inquiries, assuming all callers requested an agent; 211 LA currently provides Tier 2 service to 42,000 voice calls monthly (per RFP) (in addition to 40,000 web visits, and 21,000 TAY portal users) which has increased significantly recently. Considering that 25% of the 211 callers do not have access to the internet and more, who are elderly or suffer from mental health issues, this is far short of the number of trained CRS agents needed to cover existing demand. (See **Exhibits 7, 8, 9** Deloitte Proposal)

Deloitte estimates only \$11.68 per inquiry in the contract, whereas 211 LA bid \$28.91 per inquiry, which is the amount needed to pay union wages and meet the existing and estimated demand based on decades of experience. Deloitte has a very high annual cost for technology (\$4,815,000 annually, compared to \$105,000 annually for 211 LA). This is because the technology amount will stay steady, and Deloitte will be back to the Board to request double the fees to respond to their "unanticipated" call volume. This has been their tactic of underbidding and then doubling the contract cost through claims of increased call volume. In the 211 LA Request for PCSR, the CEO stated that it had to rely on the numbers provided by Deloitte as being sufficient to meet the contract; however, clear substantial evidence has been provided that Deloitte's cost is not true and accurate.

E. ***Deloitte Does Not Currently Qualify to Be the Selected 211 Provider By the CPUC, and is Unlikely to Qualify During the Required Timeframes.*** The County does not have the authority to bid out 211 I&R Services, because this authority lies solely in the CPUC as authorized by the State of California under the auspices of the Federal Communications Commission ("FCC"). Although the County may recommend service providers to the CPUC for I&R services within their county, they have no authority to require the CPUC to designate a specific company. 211 LA has the current designation as the 211 I&R service provider by the CPUC. In order for the CPUC to transfer the 211 designation from 211 LA to the County, based on Deloitte as the I&R service provider, Deloitte must demonstrate that it complies with the AIRS

standards and is AIRS accredited with certified staff within 2 years, demonstrate that it has the necessary experience and capability to provide comprehensive I&R services to LA County residents, and provide strong community support from a wide range of organizations and agencies that are stakeholders in the health and human services network. Deloitte failed to show that it would qualify for the 211 designation, because it is not accredited in AIRS in any state, and it has no staff that have AIRS certification. Deloitte is not even a member of this primary industry association, let alone experts in the I&R field. Deloitte is not likely to qualify within the 2-year time frame, because the process requires a history of experience with I&R services verified by local community partners and the Board of Directors in a rigorous review process. Deloitte cannot use 211 LA's Board of Directors, as it claims. The CPUC 211 Decision specifically states, "[O]rganizations with previous I&R history should be given greater weight; organizations with experience providing services within the proposed service area should be given greater weight." (CPUC Decision 03-02-029, Section 1.3) (**Exhibits 13, 14, 15**, CPUC Documents)

In addition, the RFP does not cover even a portion of the community services currently provided under 211. From January to August 2021, only 13 percent of calls to 211 LA were referred to County departments. Therefore, the County, with Deloitte as the selected vendor of the I&R services, would not cover the majority of work currently provided by 211 LA as the 211 service provider. In response to the 211 Protest, the CEO claims that "*There is no expectation that any proposer would already have the 211 designation before responding to the RFP.*" However, this does not address the allegation. In addition, the CEO states that Deloitte can just obtain a 1-800 number, and 211 LA will be required to refer all calls to it; however, 211 LA cannot refer to any entity that does not meet the qualifications of the CPUC.

F. The County RFP Should Have Been Split Into Two Separate RFPs: (1) Upgrade of the County's Technology Platform, and (2) Provision of 211 I&R Services. It is our understanding that the Board desires to upgrade the technology platform for providing County services among various departments so that all of the departments have platforms that are compatible with each other, easily share information, and are accessible to County residents. The RFP Statement of Work includes three initial workstreams: (1) 2-1-1 Contact Center Services; (2) Deployment of Self-Service Portals; and (3) Deployment of Online Services and New Special Projects. However, these should have been divided into two separate Scopes of Work, which were divided in the RFP Cost Proposal: (i) providing the technology portal services, and (ii) providing 211 Contact Center services. These areas have different qualifications, require different experience, training and certifications, and have different cost implications. It is highly likely that a company or entity that is very qualified and efficient in one area may not be as qualified or efficient in the other one. Therefore, in order to obtain the best cost, experience and result, it is in the County's best interest to separate the RFP into two separate Scopes of Work. This is the case for Deloitte, who proposes a Salesforce technology platform that may streamline information across departments, but who has no experience in providing 211 CRS response services. In addition, it may open the number of proposers to other corporations that can provide less expensive and more efficient technologies, but who decided not to bid on the RFP because of their lack of

experience providing 211 CRS services. We request that the County stop the current contract, and proceed with re-bidding the RFP as two separate contracts.

G. ***Deloitte's Intent is To Reduce Cost to Increase Efficiency and Profits and Not to Provide the Best 211 Service for the County's Residents.*** An intention precedes every thought and every action, and the outcome of any experience is determined by this intention. 211 LA's intention is to provide ***Person Centered Services***, by developing the highest quality of information and referral services to create a safety net for basic life sustaining services to the vulnerable low income community, while providing a living wage and benefits to the qualified employees that provide this invaluable service, without taking a profit for the organization. Deloitte's intention is to provide ***Technology Centered Services*** by taking over the social services "market" from local established not-for-profit providers, while using automation and a centralized national market to provide a product that can be sold to other Counties (as stated in Deloitte's Proposal) at a profit to LA County, while maximizing profits for Deloitte without requiring union labor or local hiring. In a Deloitte Global Contract Center Study, Deloitte states a goal to maximize use of technological integration to decrease person to person interaction and increase chatbots to cut out human costs whenever possible to maximize profits. (See **Exhibit 37**, Deloitte Global Contract Center Study) Deloitte's goals will increasingly result in a reduced quality of services for the low-income community, while focusing on manipulated statistics to justify the platform, such as amount of time for an automated system to answer a call, instead of holistically improving the quality of life for the community, which is harder to quantify. The County staff has not engaged the community of experienced social service providers, and has completely disregarding the analysis and recommendations in its own KH Study to select what they believe is the lowest bidder of the RFP.

H. ***Deloitte Replaces Existing Local Union Jobs by Primarily Women and People of Color with a National For-Profit Corporation That Does Not Require Local Jobs or Living Wage in Contrast to Board Policy.*** Los Angeles County Board Policy specifically supports and provides preference for contracts with Community Business Enterprise (CBE) firms, which include minority and women-owned businesses, disadvantaged/disabled veteran-owned, and Lesbian, Gay, Bisexual, Transgender, Queer, and Questioning-owned business (Board Policy § 5.130) 211 LA is a majority minority and women run organization with multiple generations of families employed. However, 211 LA does not qualify for credit as a CBE firm, because it is a nonprofit organization. Los Angeles County Board Policy specifically requires local and Targeted Worker hiring for all County-sponsored construction and development projects, but not specifically for service contracts (Board Policy § 5.270) 211 LA employees are all local to the Los Angeles County area, and invested in their local communities. The Deloitte Proposal fails to require payment of a living wage to the CRS and other employees, and specifically states that the employees could work outside of Los Angeles County, and outside of California. This allows Deloitte to provide low bidding rates for payment of CRS employees at the Contact Center. In

addition, it allows the loss of highly trained union employees that will not be hired by Deloitte under the new contract.

The I&R Staff Report and proposed Contract provisions do not provide any relief in this issue for existing qualified 211 LA employees, and only provide red herrings that claim to address wage issues, but are in fact not actually available to 211 LA staff. First, the proposed Contract, Section 52 requires, after the Effective Date of the contract, a first consideration preference for hiring County employees targeted for layoff or former employees on the re-employment list. The 211 LA staff would not qualify, because they are a not-for-profit organization and are not considered County employees. Therefore, they would be harmed by other County employees being considered before them. Second, the proposed Contract, Section 74, requires a right of first refusal for a CRS position for 211 LA employees that have been laid off within one year of the Go-Live date for Deloitte. The right of first refusal applies for the first two weeks after the position is announced. However, the 211 LA staff will not be laid off until the end of the 211 LA contract term in December 2021, and Deloitte is already advertising for the jobs, which may be entirely filled by the time of transition. Third, this right of first refusal does not apply to surge support for high demand, and considering that the Contract provides for only minimal staff, most of Deloitte's CRS workforce will be surge staffing. Fourth, the Contract, Section 70, requires a minimum payment of \$44,028 for CRS staff, which is far below the current rates for trained and AIRS-certified CRS staff, and does not require a cost of living increase or other protections during the term of the contract. And finally, the proposed Contract requires that the 211 LA staff leave their union job with bargaining power to accept lower rates without any protections. This is directly contrary to the Board policy and local law, because it intentionally replaces union labor at a not-for-profit with primarily women and people of color with a national for-profit corporation without any basic living wage standards and protections.

I. *The 211 LA Request for PCSR and County Independent Review Revealed Significant Violations of State and Local Law and Board Adopted Policy in Reviewing, Grading and Selecting Deloitte.* As set forth in the 211 LA Protest documents and exhibits and the 211 LA Request for County Independent Review and Exhibits, the County violated Federal, State and County law and Board adopted policies with respect to several aspects of the evaluation of the RFP and response to 211 LA's protests. First, the County CEO waived the entire Qualifications section, which they stated was confusing and improperly graded, based solely on the fact that they did not believe re-grading the Qualifications section would result in a change of the selected bidder. (See **Exhibit 38**, 211 LA Protest, **Exhibits 40, 41**, 211 LA Request for County Independent Review)

Second, 211 LA identified several nationwide lawsuits and contract amendments by Deloitte for social service platforms, including where Deloitte had to refund agencies hundreds of millions of dollars for failure to perform. These were not disclosed as required in the RFP. In response, the CEO stated that they "waived" the requirements for Deloitte when they accepted the RFP, but did not acknowledge that this would have significantly impacted the grading if the

evaluators had known this information. In addition, by failing to include it without advising the evaluators that information had been waived, the evaluators assumed that Deloitte had a spotless litigation record, and thus 11 out of 16 awarded a perfect 10 for Qualifications to Deloitte. Deloitte also failed to disclose any lawsuits or contract amendments for any of its partners in the contract, including Salesforce, Athena and Fortuna, despite specifically relying on their experience to meet qualifications. The CEO also waived this requirement.

Third, 211 LA identified numerous evaluators who clearly spoke with each other and changed their answers to be identical to each other in violation of the requirement to independently evaluate the proposals based on their own experience and qualifications. In fact, two evaluators that significantly favored Deloitte had the exact same scores for each of the scored items, both preliminary and final scores, for both the Deloitte and 211 LA, and included identical comments, word for word. It is clear that either one person copied the other or the same person filled out both evaluations. The CEO responded that the evaluators met to discuss the RFP, and that it was likely that they changed their answers to use the same phrases after the discussion. In addition, the CEO stated that even if these two scores were eliminated, Deloitte would still be the selected proposer. This is not the standard, because it is clear that at least one person's answers were based solely on another's answered and likely that many changed their scores to favor Deloitte in reliance on the group discussion. The CEO refused 211 LA's request to regrade the RFP Proposals so that there could be an independent verification of the scores and the impact of one of the evaluators.

Fourth, Deloitte's Proposal was non-responsive to the RFP in numerous additional ways, including (i) intentionally underbidding the CRS Contract Center portion with an intent to ask for additional funding later, (ii) proposing work beyond the scope of the RFP, (iii) being unlawfully contingent on future compliance, (iv) providing incorrect or inaccurate statements that do not meet the RFP requirements, and (v) multiple additional reasons identified in the 211 LA Request for PCSR and Request for County Independent Review.

II. 211 LA Followed All of the Protest Requirements under State and Local Law, Including Requested Review of the PCSF and Independent Contract Review.

The County of Los Angeles (the "County") issued the Request for Proposal ("RFP") for Information and Referral ("I&R") Services in February 2021. (See [Exhibit 1](#)) On May 14, 2021, 211 LA submitted a Business Proposal ("211 LA Proposal") (See [Exhibit 2](#)) and 211 LA's Cost Proposal ("211 LA Cost Proposal") (See [Exhibit 3](#)) for the RFP, and submitted 211 LA's Presentation, in September 2021 ("211 LA's Presentation") (See [Exhibit 4](#)) On October 19, 2021, the County notified 211 LA that it was not selected as the preferred bidder for the I&R Services contract, but was the second place bidder. (See [Exhibit 5](#)) On November 10, 2021, the County held a debriefing of the scoring of the 211 LA Proposal. On November 10, 2021, 211 LA submitted a Request for Proposed Contractor Selection Review. (See [Exhibit 6](#)) On April 22, 2022, 211 LA submitted a Request for PCSR (See [Exhibit 38](#)) This request included a response to the County's evaluation of the 211 LA Proposal, 211 LA Cost Proposal, and 211 LA

Presentation, as well as Deloitte's Business Proposal, dated May 14, 2021 ("Deloitte Proposal")(See Exhibit 7), Deloitte's Cost Proposal, dated May 14, 2021 ("Deloitte Cost Proposal").(See Exhibit 8), and the Deloitte Presentation, Reimagining and transforming how connections are made, dated September 2, 2021. ("Deloitte Presentation").(See Exhibit 9) On May 24, 2022, 211 LA submitted a Request for County Independent Review (See Exhibits 40, 41), and on July 1, 2022, the County provided a Response to the Request for County Independent Review. (See Exhibit 42, 43) These documents listed and all of their exhibits and attachments are part of the public record and incorporated in their entirety by reference herein.

III. **Deloitte Has a History of Failure for Social Service Platforms and the CEO Waived Reporting the Failure in the RFP Proposal Just For Deloitte.**

Deloitte, one of the country's "Big Four" professional services firms, became notorious in 2020 for its disastrous handling of California's EDD system and now continues to expand its pursuit of privatizing public services around the country. As a private corporation, Deloitte is ultimately accountable to its investors and executives, not the taxpayers funding its expensive contracts with federal, state and local governments. (See Exhibits 16, 17, 18, 19, 27, 28, 29, 30, 31, 32, 33, 34, 35 and 36)

Deloitte has been selected as the preferred bidder by the CEO's office for 211 I&R services, despite a track record of obtaining contracts for social service platforms, failing to provide the staffing and technology necessary to meet the community needs, obtaining additional funding to fix the platforms and hire additional staff, and then demanding significant budget increases to continue the work under threat of costly litigation to the County or State. This has happened repeatedly across the nation on programs ranging from vaccine distribution to employment benefits. Deloitte cited these programs as qualifications in the RFP, but then failed to disclose any litigation, or refunded contracts as required. In a Deloitte Global Contract Center Study, Deloitte states a goal to maximize use of technological integration to decrease person to person interaction and increase chatbots to cut out human costs whenever possible and maximize profits. (Exhibit 37)

A. **CA Employment Development Department (EDD).** In April 2020, the State of California entered a no-bid contract with Deloitte to run the Employment Development Department's (EDD) unemployment call centers for \$11 million through June 2020, which was eventually increased to \$55 million and extended. (See Exhibit 16, 27, 28, 34) As set forth in a Cap Radio investigation of the EDD phone centers, journalist Scott Rodd reported on March 11, 2021, that since late September 2020, the EDD phone center failed to answer over **73 million calls** to its unemployment insurance call center, and answered only 5.5 million calls. California's backlog of beneficiaries applying for benefits or trying to access frozen accounts remained at above 1 million claims for weeks at a time. At the request of many unemployed Californians who could not get assistance from EDD, Assemblyman David Chiu stated that Legislature is "absolutely" considering an investigation into EDD and the contracts awarded over the last year, and that the

state auditor released several reports examining the failures of EDD. (**Exhibit 49**) In addition, Deloitte failed to disclose the issues and potential investigation of the Deloitte contract as part of the Deloitte Proposal, which is material to the requirements of the RFP. A summary of articles were prepared by the California Senate Republicans regarding the EDD catastrophe, and posted on their website at cssrc.us (See **Exhibit 23**). EDD has spent \$259 on no-bid contracts with Deloitte over the past 10 years. (See **Exhibit 16**)

Deloitte had done prior similar work with unsuccessful results for EDD and California. “*We keep hiring the same company, and they keep having the same issues,*” said Sen. Anthony Cannella (R-Ceres). “*At some point, it’s on us for hiring the same company. It’s faulty logic, and we’ve got to get better.*” (See **Exhibits 16**) In 2003, California estimated it would pay \$58 million to upgrade its 30-year-old unemployment benefits system. By the time the state awarded Deloitte the contract in 2010, the cost estimate had grown by more than \$30 million. The software was expected to ease the agency’s ability to verify who was eligible to receive benefits. But problems began when the EDD transferred old unemployment data to the new system. The software flagged claims for review — requiring state workers to manually process them. Officials initially thought the workload would be manageable, but internal emails showed the agency was quickly overwhelmed. Phone lines were jammed with frustrated people seeking answers. For weeks, EDD employees have been working overtime hours to clear the backlog. By 2014, an independent auditor found Deloitte still had \$53 million in work still to be completed on the unemployment software upgrade project – despite Deloitte reporting it was 99% complete (See <https://www.auditor.ca.gov/pdfs/reports/2014-602.pdf>)

In 2013, the EDD launched an upgrade to another program it operates: the state’s disability insurance. Deloitte was the contractor hired for that \$86-million upgrade intended to make it easier for those temporarily disabled or on maternity leave to file online claims. But the software malfunctioned and delayed thousands of disability checks for weeks. It took six months to clear the backlog. Assemblyman Henry T. Perea (D-Fresno) said he was prompted to set up a hearing after his office was flooded with complaints from affected residents.

B. CDC National Vaccination Administration Management (VAMS) System. As set forth in a New York Times article, “*Immunization Expert Accuses CDC and Deloitte of Stealing Her Idea,*” by Sheryl Gay Stolberg, in Spring 2020, the Trump administration awarded two no-bid contracts to Deloitte worth up to \$44 million to help patients register to be immunized and states collect detailed data. (See **Exhibits 17, 18**) VAMS, a vaccine administration management system built by Deloitte using a Salesforce platform, has become an object of scorn for its failure to efficiently administer the vaccine. An immunization expert, Tiffany Tate, claimed that she developed and previewed her immunization platform to the CDC and Deloitte, because CDC expressed interest in buying it; however, in a no-bid contract, the CDC hired Deloitte to build its own system based allegedly on specifications that mirror Tiffany Tate’s platform. The VAMS system was rife with problems, including being unable to connect to other government data sharing platforms and logging in and making appointments. Deloitte failed to disclose this pending lawsuit

which was material to the RFP response, because it included the VAMS system, which is also a **Salesforce platform** similar to the one proposed for I&R Services. In its RFP Response, Deloitte proposes that the County can "sell" the technology platform to other counties, despite pending litigation for similar systems.

C. ***Rhode Island Unified Health Infrastructure Project (UHIP)***. Deloitte failed to disclose that it entered an agreement with Governor Gina Raimondo of Rhode Island to pay back **\$50 million** in 2019 for services it performed far below expectations for Unified Health Infrastructure Project ("UHIP") and provide the state with additional discounted work. UHIP was supposed to streamline eligibility verifications for food stamps, Medicaid, subsidized child care and cash assistance. The Deloitte UHIP service led to under payments, overpayments, long lines at field offices, and application-processing backlogs for food stamps so high that the ACLU of Rhode Island sued over the issue. In total, the state will have received more than \$210 million in cash and discounts from Deloitte since their system launched in 2016, and will only pay Deloitte for future operation and maintenance costs. Under the agreement, the state waived claims against Deloitte for prior work. The effort to fix the system took years, although the State just extended Deloitte's contract (See **Exhibit 19**). The federal government is fining Rhode Island about \$2 million for problems with the state's benefits system, UHIP, and Rhode Island told them to send the fines to Deloitte. (**Exhibit 33**)

D. ***Florida Unemployment Center (CONNECT)***. Florida's online unemployment system, known as CONNECT, debuted in October 2013 at a cost of \$77.9 million. It had problems from the start, crashing frequently and proving difficult to log in to. By March 2020, it was still the slowest in the country to process claims. Residents described a nightmare experience as they tried to get benefits. By April 20, just 6% of Floridians who had applied for unemployment benefits had received a check. "Having studied how [the unemployment system] was internally constructed, I think the goal was for whoever designed, it was, 'Let's put as many kind of pointless roadblocks along the way, so people just say, oh, the hell with it, I'm not going to do that,'" Governor DeSantis told a Miami CBS affiliate. (**Exhibits 29, 30, 31, 32**) In its first year, "fraudulent claims" shot up more than 600 percent. At the same time, the original contract for \$39 million increased to \$77 million after 17 amendments to the contract. Democrats like State Senator Jose Javier Rodriguez have said the investigation must go beyond the failed technology and the past administration. "*We should take a wholesale look at the damage done to the entire state, including employers and employees who rely on the system,*" said Rodriguez. At a legislative hearing, Deloitte stated that they would not apologize for the system's failures. (**Exhibit 31**)

E. ***Deloitte's Failure to Disclose Litigation and Amended Contracts in the RFP Proposal***. The RFP requires disclosure of all contracts terminated in the past three (3) years (RFP, Exhibit E), and disclosure of pending litigation and judgments in the past five (5) years against the

proposer or principals of the proposer (**Exhibit 1**, RFP, § 2.6.2(iv)(d), p.B.4). The RFP requires a statement of the "size and scope" of the pending or threatened litigation. (RFP, Page B.4)

In response to the RFP's disclosure of all contracts terminated in the past three (3) years, Deloitte makes a general statement that large scale systems projects frequently evolve during the course of implementation with revised objectives or systems enhancements, which will inevitably result in a change of the initial contract requirements. (Deloitte Proposal, **Exhibit 7**) Deloitte states "*Occasionally, those conditions create elements impacting contract requirements; however, we do not believe that such matters will affect our ability to provide consulting services to the County.*" Then, Deloitte states that to the personal knowledge of the undersigned, it is unaware of a determination by a court that Deloitte has materially defaulted on "a contract serving the State of California which has led to a terminated contract." (Deloitte Proposal) Deloitte is nonresponsive to the RFP, because it fails to disclose any contracts terminated in the past five (5) years outside of the State of California, even though all of Deloitte's experience with providing I&R services are located in the States of Michigan, Kentucky, and Indiana through the GovConnect Resource Engine platform. (Deloitte Proposal, p. B-5) A failure to identify any contracts terminated by the GovConnect Resource Engine program is material to whether Deloitte can effectively perform the contract services in the County's I&R services RFP. In addition, Deloitte improperly qualifies its response as only listing those contracts where a court found a material default which resulted in a terminated contract (Deloitte Proposal, Exhibit H). However, Deloitte fails to disclose terminated contracts where the client elected to terminate a contract with Deloitte for a material breach, and Deloitte decided not to seek a court determination.

In response to the RFP's request for pending litigation and judgments in the past five (5) years, the Deloitte Proposal responds that it is rarely involved in litigation in matters with their clients, and "*The rare matters of litigation with a client over our service contracts represent a very small portion of our consulting engagements, and there have been no judgments against Deloitte Consulting in the past five (5) years. We are unaware of any pending or threatened litigation with Los Angeles County or governmental entities of the State of California.*" (Deloitte Proposal, p. B-27) The Deloitte Proposal identifies one pending litigation matter, which includes a dispute with Avnet, Inc. in connection with a contract for the implementation of an enterprise software package. (Deloitte Proposal, p. B-27) The disclosure fails to disclose the "size and scope" of the pending litigation as required by the RFP (RFP, p. B.4) The Deloitte Proposal summarizes that there is no issue with any prior engagement, nor litigation, that would affect our ability to provide consulting services. (Deloitte Proposal, p. B-27)

The County Review and Determination (**Exhibit 39**, pages 9, 10) cites to RFP, paragraph 3.1.1, which states that "*Failure of the proposer to comply with the minimum requirements may eliminate its proposal from any further consideration. The County may elect to waive any informality in a proposal if the sum and substance of the proposal is present.*" The County then states that it accepted Deloitte's submission and **the County agreed to waive any requirement to provide responses regarding litigation or amended contracts.** The County

identified that Deloitte had no judgments against them in LA County in the past 5 years, which was sufficient, even though Deloitte did not identify settlements or pending litigation in other states. The County noted that Deloitte failed to provide amended contracts in Exhibit 4, as required, but merely stated that **the County waived the requirement**. Based on the examples above, it was essential that information regarding Deloitte's amended contracts and threatened litigation be included in the Deloitte Proposal. It would likely have significantly changed the scoring by evaluators when considering Deloitte's qualifications to do the 211 services work, because it would have shown that Deloitte lacked the qualifications and that their prior government services websites and call centers has significant failures. In addition, the County did not waive these requirements for 211 LA, who provided the full information requested.

IV. **The County's Own KH Study Supports Retaining 211 LA with Additional Funding**

In December 2018, the County hired KH Consulting to prepare three phased reports analyzing the 211 I&R services, which included document review, focus groups, interviews, analysis and recommendations. The KH Reports, dated March 2019, December 2019 and February 2020, show that 211 LA has provided excellent service, is very efficient with its funding, and that its users are very satisfied. Even though the KH Reports were finalized, the County failed to release them to the public or consider them in the process, and instead created an RFP that stressed funding automation and reduced funding for CRS Contract Center. The KH Reports were obtained by 211 LA through a public records request, but these were unknown to County staff or the evaluators. (**Exhibit 45**)

A. ***KH Report Findings.*** In brief, the KH Reports provided the following recommendations.

Phase I Final Report

- The 211 LA caller population is highly vulnerable and dependent on 211 services.
- The County will need to balance the need for live phone and voice support for aging populations in addition to tech-savvy younger populations that may prefer online methods.
- More people in LA County are in need of and would use the 211 service if there were a higher level of awareness.
- Callers who reach 211 LA CRAs are highly satisfied with the service offered.
- 211 LA is cost-effective and efficiently manages its indirect costs, but the contract base has been underfunded, resulting in tradeoffs.
- The County's 211 contracted services are among the most comprehensive services in the nation.

Phase II Final Report The County should:

- Preserve identified strengths of current I&R services (provided by 211 LA), including responsiveness and quality, service provision, and database;
- Use 211 San Diego’s Community Information Exchange as a model for best practices;
- Move LA County’s I&R Maturity Model service in phases from Level 2 & 3 to Level 5; and
- Consider recommendations including:
 - Invest in 211 LA website capability and multiple modalities to access the integrated system;
 - Improve its ability to ensure that those individuals in need reach support organizations and receive needed services;
 - Maintain a robust, secure, updatable, integrated, and widely accessible County database;
 - Coordinate a regular assessment of social and health service program outreach and “hotline” initiatives; Diversify 211 LA funding sources;
 - Apply its Performance-Based Outcomes funding model with payments for I&R base services;
 - Ensure that the I&R services are marketed effectively; and
 - Use I&R metrics to understand client needs better and potential resource allocation requirements.

Phase III Final Report The County should:

- Develop a vision for an enhanced Countywide IR&C system;
- Phase requirements to expand on current phone based I&R and use multiple contracts to handle system transition complexity; and
- Include RFP selection criteria that will include track records, diversity of experience, and cultural competence across a variety of populations.

B. *The 211 LA Proposal Complies With the Person Centered Approach Proposed By the KH Study.* The 211 LA Proposal stresses the importance of a person centered approach identified in the KH Study, due to the limitations and inherent bias in how the tools support its services, including:

- ***25% of 211 LA's inquirers lack regular access to the internet***, and some, elderly in particular, distrust technology or have a low digital literacy and are overwhelmed by new technology.
- ***Many inquirers have outdated phones with inadequate capabilities***, including those distributed under the Lifeline program with limited data plans, poor reception and sound quality, or are unable to utilize the functionality such as conversational AI or voice to text.

- ***Those in crisis, such as reporting elder abuse or hate crimes, may not be able to maneuver through a chatbot system***, and will reconsider and hang up. It is important that they immediately reach a Tier 2 CRS agent who can respond to their crisis timely without multiple layers of AI and agents. The existing 211 service includes response for elder abuse and hate crimes, but it is not a service in the new I&R RFP.
- ***Inquiries often need Tier 2 service, a holistic analysis***, because when they are calling for one issue, such as housing, they cannot often determine that they need health, food and other basic services.
- ***Many residents do not want to share personal private information*** on a government database, and do not trust it will remain confidential. This requires user consent.

Technology Upgrades. In addition, in its Proposal, 211 LA expands the technology to include multi-modal access, as proposed by the KH Study. Currently, 211 LA offers Tier 2 services to all inbound communications and phone calls, if needed. 211 LA offers a platform that includes digital communications (SMS, MMS, e-mail, online chat) and voice calls. The 211 LA Proposal includes a technology system with the existing Nexus 211 proprietary base platform, and includes upgrades to a mobile app, AI-powered bots, voice, video, TDD/TTY, video relay, and call control, in addition to traditional web and telephone systems; and 211 Care Suite of new applications. The 211 LA Proposal provides direct contact with a live CRS agent (via NICE inContact) through portals, e-mail, video relay, and TTD/TTY; conversational IVR via Omelia through phone calls that can easily immediately connect to a live CRS agent; and chatbot interaction with chat, SMS/MMS, in app messaging and social media, which can easily immediately connect to a live CRS agent as the top customer experience priority. The CRS agent provides Tier 1 and Tier 2 services. The 211 LA Proposal specifically addresses the needs and upgrades evaluated and recommended by KH, the County's expert consultant, in a two-year study.

V. Deloitte Does Not Currently Qualify to Be the Selected 211 Provider By the CPUC, and is Unlikely to Qualify During the Required Timeframes.

Since 1981, the County has been contracting with 211 LA, formerly Info Line, as the I&R service provider. The CPUC designation for local 211 Authority is held by 211 LA, who is the qualified provider of 211 services, and has held the designation since October 16, 2003. On August 9, 2021, the County of Los Angeles applied to transfer the designation as the local 211 Authority for I&R services within its jurisdiction; however, the County's application relied entirely on the work of 211 LA, including AIRS agency accreditation and staff certification, to support the required findings. (See **Exhibit 13**), CPUC Application, Section 3) On February 3, 2022, the County withdrew its application to the CPUC for the 211 designation, (See **Exhibit 14**) and reserved the right to resubmit the application through a different contracted I&R provider, which would be selected as part of a competitive solicitation process for enhanced I&R services. However, Deloitte does not currently meet the qualifications for CPUC designation, because it does not have an AIRS accredited call center or staff with AIRS certification, its partners do not have an AIRS accreditation/ certification, and it does not have any employees yet that will perform

the function of the CRS. (Deloitte Proposal, pp. A-2, A-9, A-13) The CPUC 211 Decision specifically states, "[O]rganizations with previous I&R history should be given greater weight; organizations with experience providing services within the proposed service area should be given greater weight." (CPUC Decision 03-02-029, Section 1.3) (Exhibit H (21) Therefore, the County will not be able to obtain the CPUC designation, unless and until Deloitte hires employees, creates the programs required, has significant experience in the industry and community partners that will confirm this experience, creates a Board of Directors, obtains certification of the employees after 1 or 2 years of experience in I&R depending on their educational degrees, obtains AIRS accreditation of the company, and other qualifications to transfer the designation within the required time periods. Prior to this time, 211 LA will be solely responsible for managing and operating the 211 number, because it will continue as the designated authority.

On September 17, 2021, 211 LA filed a protest objecting the County's application as the 211 service provider. (See **Exhibit 15**, "CPUC Protest Letter") The CPUC Protest Letter clarified that the County's application was inconsistent with the policies and procedures adopted in Decision 03-02-029 for implementing 211 dialing in California. In 2000, the Federal Communications Commission (FCC) adopted 211 as the national abbreviated dialing code for accessing information about, and referral to, community-based social services. The FCC clearly differentiated 311 services for access to local government and non-emergency police services from 211 services, which provide access to all community services, public and private, and a range of other human services not accessed through 311, such as housing assistance, maintaining utilities and food, finding counseling and legal services, hospice services and services for aging and people with disabilities, substance abuse programs, and programs dealing with physical and mental abuse. (CPUC Protest Letter, p. 2) In February 2003, the CPUC adopted policies and procedures to implement 211 dialing in California, including detailed guidelines for the selection of the designated 211 service provide for each county. More specifically, among other requirements, the CPUC required applicants to the 211 designation to comply with the Alliance of Information and Referral Services (AIRS) standards for (i) providing an acceptable level of service, including access to people with disabilities, (ii) developing and maintaining health and human service (HHS) databases, (iii) developing service reports and measurement standards, and (iv) developing and maintaining cooperative relationships with other I&R service providers. (See **Exhibit 15**, CPUC Protest Letter, p. 2)

In order for the CPUC to transfer the 211 designation from 211 LA to the County, based on Deloitte as the I&R service provider, Deloitte must demonstrate that it complies with the AIRS standards and is AIRS accredited with certified staff within 2 years, demonstrate that is has the necessary experience and capability to provide comprehensive I&R services to LA County residents, and provide strong community support from a wide range of organizations and agencies that are stakeholders in the health and human services network. (See **Exhibit 15**, CPUC Protest Letter, p. 5) Deloitte's Proposal fails to show any understanding of how to meet these qualifications, and even falsely claims that it can use 211 LA's not-for-profit Board of Directors as its Board, which is entirely untrue and shows complete incompetence.

In response to the 211 LA Request for PCSR, the County CEO responded that it would just use a 1-800 number for I&R services and force 211 LA to refer all 211 calls to that number; however, the CPUC authority would not permit 211 LA to refer 211 calls to an unqualified vendor. In addition, the proposed Contract states that Deloitte must maintain the toll-free number (800) 339-6993 for wireless telephone users who cannot call 211, but this is 211 LA's company number and is not available for use by Deloitte. (Contract, p. A-8) In addition, the RFP does not cover even a portion of the community services provided under 211. From January to August 2021, only 13 percent of calls were referred to County departments. Therefore, the County, with Deloitte as the selected vendor of the I&R services, would not cover the majority of work currently provided by 211 LA as the 211 service provider. The proposed Contract states that the County will withdraw its support from 211 LA as the 211 service provider, and provide a letter supporting Deloitte as the 211 service provider, based on the CPUC preference for County support. However, mere County support is not sufficient for the CPUC to transfer all of the 211 community services to Deloitte, because most are not part of the I&R Contract, and Deloitte has not shown any qualifications to perform the services.

VI. The 211 LA Request for PCSR and County Independent Review Revealed Significant Violations of State and Local Law and Board Adopted Policy in Reviewing, Grading and Selecting Deloitte.

A. **Legal Standards.** The purpose of requiring governmental entities to open the contracts process to public bidding is to eliminate favoritism, fraud and corruption; avoid misuse of public funds; and stimulate advantageous market place competition. *See Konica Business Machines USA, Inc. v. Regents of University of California*, 206 Cal. App. 3d 449, 456 (1988); *Miller v. McKinnon*, 20 Cal. 2d 83, 88 (1942). Because of the potential for abuse arising from deviations from strict adherence to standards, the letting of public contracts universally receives close judicial scrutiny and contracts awarded without strict compliance with bidding requirements will be set aside. *Id.* This rule applies even where it is certain there was in fact no corruption or adverse effect upon the bidding process, and the deviations would save the entity money. *Id.* The importance of maintaining integrity in government, and the policy goals underlying the competitive bidding process, mandates strict compliance with bidding requirements. *Id.*

In competitive bidding procedures a proposal must be (i) submitted by responsible bidder, and (ii) responsive to the RFP. It must also include appropriate assurances that the bidder can and will perform. *See MCM Construction, Inc. v. City and County of San Francisco*, 66 Cal. App. 4th 359, 373-74 (1988). A "responsible" bidder is one that possesses trustworthiness, as well as the quality, fitness and capacity to satisfactorily perform the work proposed under the bid. *See City of Inglewood-Los Angeles County Civic Center Auth. v. Sup. Court*, 7 Cal. 3d 861, 867 (1972). "Responsiveness" on the other hand, requires a bidder's literal compliance with the bid documents. "A bid is responsive if it promises to do what the bidding instructions demand". *Great W. Contractors, Inc. v. Irvine Unified Sch. Dist.*, 187 Cal. App. 4th 1425, 1452 (2010). The case law

is clear that bids which do not meet these requirements cannot be accepted.¹ A bid is materially non-responsive if it gives the bidder a competitive advantage not available to other bidders. *Konica Business Machs. U.S.A., Inc. v. Regents of Univ. of Cal.*, 206 Cal. App. 3d 449, 456-57 (1988) (quoting 47 Ops.Cal.Atty.Gen. 129, 130-131 (1966).).

Therefore, 211 LA's Proposal for I&R Services should have been determined to be the highest scoring proposal, and County staff's selection of Deloitte is arbitrary and unsupportable. These claims are based on violations of the Federal and State law (CA Public Contract Code § 1100 *et seq.*, CA Labor Code), the due process and equal protection clauses of the California Constitution and United States Constitution, Los Angeles County Code (LACC § 2.121 and others), and procedures in the Los Angeles County Board of Supervisors Policy Manual, Chapter 5 (Contracting and Purchasing) and related adopted Board Policies, and the Los Angeles Board of Supervisors Board Service Contract Solicitation Protest Implementation Guidelines (Board Policy 5.055, dated July 9, 2019).

B. *The Evaluation Committee Failed to Independently Score the Proposals, as Required by Law.* First, members of the Evaluation Committee demonstrated bias in the conduct of the evaluation, because multiple evaluators who provided the highest scores for Deloitte and the lowest scores for 211 LA had identical evaluations, including identical scores in both the initial and final scores, and identical comments with either identical text or identical references and substantively the same material. There is clear evidence of collusion in the review to award the contract to Deloitte. It is unclear how many evaluators participated in this collaborative effort, and therefore, Deloitte's bid must be voided and 211 LA should be determined as the highest scoring responsive proposal, or alternatively, all of the bids must be re-evaluated by neutral third parties.

Evaluators 9 and 10 provided identical grading for each question for Deloitte and 211 LA's Proposals, and provided a near perfect score of 67/70 for Deloitte, and 36/70 for 211 LA for the three Evaluator categories (Proposer Qualifications, Proposers Approach, Proposers Quality Assurance/Quality Control Plan). The Deloitte scores of 67/70 from Evaluators 9 and 10 were among the top 4 scores for Deloitte, and were well above the average Deloitte score of 58.5/70. In addition, both their Initial Scores and Final Scores were identical for each category. It is clear that Evaluators 9 and 10 illegally coordinated answers, because a number of their comments had identical language. Other evaluators appeared impacted as well. For instance, Evaluator 19 also presents evidence of bias in favor of Deloitte. Evaluator 19 gave Deloitte a perfect score of 70/70

¹ See *Taylor Bus Serv., Inc. v. San Diego Bd. of Educ.*, 195 Cal. App. 3d 1331 (1987) (bidder failed to provide liability insurance); *Pac. Bell v. Cal. State & Consumer Servs. Agency*, 225 Cal. App. 3d 107 (1990) (bidder proposed a leasing system while RFP specifically stated that no proposals involving a leasing system would be accepted); *Domar Elec., Inc. v. City of Los Angeles*, 41 Cal. App. 4th 810 (1995) (bidder failed to provide documentation prior to RFP deadline); *M & B Const. v. Yuba Cnty. Water Agency*, 68 Cal. App. 4th 1353 (1999) (RFP required "class A" license and bidder listed "class B" and class "C" licenses); *Nat'l Coach Corp. v. State Bd. of Control*, 137 Cal. App. 3d 750, 753 (1982) (bid required 46 buses equipped with wheelchair lifts with a stepwell not exceeding 13 inches from the street; bidder proposed 46 buses with a stepwell of 15 inches from the street).

and 211 LA a score of 56/70. The comments for Deloitte do not provide any analysis or cites to specific evidence, but are a lobbying effort towards the RFP grading reviewers. Evaluator 12 inexplicably provides a perfect score of 70/70 to both Deloitte and 211 LA.

In the County's Review and Determination (**Exhibit 39**, page 1, **Exhibits 42, 43**), the County states that pursuant to the Policy and its Implementation Guidelines for Evaluation Methodology for Proposals Policy (Informed Averaging), updated December 2020 ("Guidelines"), the evaluators independently scored their proposals, and then "*met and shared their scores and comments in "informing" meetings.*" The County then stated, "*Pursuant to the Guidelines, individual evaluators had the option after the meeting to revise their scores and comments or keep their initial score. As a result of this process as provided under the Policy, it is possible there may be identical scores and similar comments.*" However, this process does not provide evidence as to why some evaluators had identical initial scores prior to meeting. It also provides evidence that some evaluators were pressured, or agreed to, change their scores to be identical to other evaluators, and did not maintain their independent judgment, as required by the Guidelines. The County stated that even if the two identical evaluations were removed, Deloitte would still have a higher total score (**Exhibit 39**, pages 11, 12); however, this does not resolve the issue of bias and pressure to alter scores. In fact, after meeting, every single evaluator changed their scores to favor Deloitte over 211 LA, and so there is clear evidence that there was bias not only between the two evaluators with identical scores and comments, but that their discussions specifically impacted all evaluators.

C. The Evaluation Committee Improperly Scored the Qualifications Section and the CEO Waived Qualifications Review. The County failed to properly assess and grade the Qualifications section, based on confusing and unclear criteria, and this is evidenced in the wide range of scoring. The entire Qualifications criteria should be revised, and considered in a new evaluation. In fact, Deloitte should have been disqualified from the RFP process, because it does not have any experience in providing direct I&R services, as required by CPUC Decision 03-02-029. Deloitte relies on other consultants to provide I&R services on its referenced projects, and has never provided these I&R services directly; however, those consultants are not part of the Deloitte Proposal. In addition, the Deloitte Proposal relies on its partner in the RFP, Fortuna, to hire all employees needed for the RFP; however, it is unlikely that these employees are available in the current economy, especially at the required experience and low pay necessary to meet Deloitte's Cost Proposal.

For Proposer's Qualifications, the RFP Evaluators awarded 146/160 points for Deloitte, and 110/160 points for 211 LA. The RFP asked only two questions: (i) If the proposer provided additional Contact Center References that are relevant to the County's 211 Contact Center requirements, and (ii) if the proposer provided references for additional experience in the development and deployment of self-service portals. It failed to ask evaluators to consider if the

Proposer substantively qualified based on its experience, and not just how many references it included in the proposal, which is what the evaluators relied on.

In the County's Review and Determination (**Exhibit 39**, page 12), the County states, "*Both of the evaluation criteria introduce the concept of "additional references" although "additional" is not defined in the RFP instructions for proposal submission and evaluation. The evaluators may have interpreted these evaluation criteria differently and there appears to be variation in their scores and associated comments. The lack clarity in the RFP instructions and evaluation criteria may have impacted the qualification evaluations.*" The reviewer recommended giving the maximum score of 25 to both Deloitte and 211 LA. However, this does not solve the issue, because Deloitte does not have any experience in 211 services, and so should not be provided the maximum points. The reviewer states "*Deloitte would have had to have received 7.2 or less points out of 25 in this evaluation area for it to have changed the outcome.*" However, considering Deloitte's lack of any 211 experience, it is possible that Deloitte would have received a low score. In addition, if the corrections were made to the other areas based on the comments in this letter, including disclosing Deloitte's litigation, amended contracts and EDD failure, it is highly likely that the evaluators who were not acting in collaboration would have properly evaluated the RFP Proposals and it would not be considered a "de minimus" scoring impact. Clearly, the RFP Proposals need to be rescored with new evaluators based on clear guidelines for Qualifications as acknowledged by the County reviewer.

D. *The Review of the Cost Proposals for Deloitte and 211 LA Failed to Evaluate the Feasibility of the Cost Proposal Based On the Known Number of Callers and Website Users in the RFP.*

The review of the Cost Proposals for Deloitte and 211 LA included identifiable mathematical or other errors because Deloitte's cost estimates, as set forth in the Deloitte Cost Proposal, do not accurately reflect the actual cost of hosting the Contact Center for the low income community served by 211. (See **Exhibits 7, 8**)

Deloitte bids \$7,013,800 annually (reduced to \$6,761,665 over 7 years) for Workstream 1, Contact Center Services, for 50,000 inquiries per month (600,000 annually). This is an average of ***\$11.68 per inquiry for CRS Contact Center work***. (Note that it is approximately half of the ***\$28.91 per inquiry for CRS Contact Center work*** proposed by 211 LA, based on 40 years experience and paying union wages.) This is based on only 12% of the agent-assisted inquiries (6,000 per month or less) being answered by a Tier 2 agent with special assessment and screening (ie holistic analysis), warm handoff and follow up, and the remaining 88% agent assisted inquiries (44,000 per month) providing AI scripted information digitally or by an agent, if requested. The reduction in costs over time assumes a reduction in CRS labor force responding to inquiries, despite an anticipated growing population. However, as stated, 211 LA knows that at least 25% of the monthly inquiries (10,000 individuals) do not even have access to internet, smartphones or computers to interact efficiently with Deloitte's system.

The Deloitte Proposal substantially misunderstands the 211 service community, and provides a framework that would only benefit wealthier clientele with full technology access and ability. Therefore, the reviewers should have recalculated points for the Cost Proposal based on determining the actual number of 211 users, and understanding that 12% Tier 2 service, as stated in Deloitte's Proposal, is clearly insufficient to handle the existing need and therefore does not respond to the RFP.

E. ***Deloitte Failed to Disclose Pending and Prior Litigation and Contract Amendments as Required by the RFP.*** As stated above, the RFP requires disclosure of all contracts terminated in the past three (3) years (RFP, Exhibit E), and disclosure of pending litigation and judgments in the past five (5) years against the proposer or principals of the proposer (RFP, § 2.6.2(iv)(d), p.B.4). The RFP requires a statement of the "size and scope" of the pending or threatened litigation. (RFP, Page B.4) Deloitte's Proposal makes a general statement about large scale systems projects frequently evolving and requiring modified contracts over time, but specifically fails to disclose all of the litigation and potential litigation for multiple contracts across the US, including the California EDD contract, Rhode Island UHIP contract, Florida CONNECT contract, and CDC VAMS system, to name a few. It also failed to disclose any litigation or pending contracts for its partners in the RFP, Salesforce, Fortuna and Athena, although it relies on the partner's experience to claim to qualify for the 211 services work.

The County Review and Determination (**Exhibit 39**, pages 9, 10) cites to RFP, paragraph 3.1.1, which states that "*Failure of the proposer to comply with the minimum requirements may eliminate its proposal from any further consideration. The County may elect to waive any informality in a proposal if the sum and substance of the proposal is present.*" The County then states that it accepted Deloitte's submission and the County agreed to waive any requirement to provide responses regarding litigation or amended contracts; however the "sum and substance of the proposal" was not present, because the undisclosed litigation was for identical Salesforce platforms for social services. The County noted that Deloitte failed to provide amended contracts in Exhibit 4, as required, but merely stated that the County waived the requirement. Based on the examples above, it was essential that information regarding Deloitte's amended contracts and threatened litigation be included in the Deloitte Proposal. It would likely have significantly changed the scoring by evaluators when considering Deloitte's qualifications to do the 211 services work, because it would have shown that Deloitte lacked the qualifications and that their prior government services websites and call centers has significant failures. In addition, the County did not waive these requirements for 211 LA, who provided the full information requested.

F. ***Deloitte's Proposal is Materially Non-Responsive to the RFP in Additional Multiple Ways.*** First, as stated above, Deloitte's Proposal relies on future contingencies, such as obtaining the California Public Utilities Commission ("CPUC") 211 designation and AIRS agency accreditation and staff certification. Deloitte has never performed 211 work, obtained a PUC approval for the work, or sought AIRS agency accreditation. In the County's Review and

Determination of the PCSR, the CEO states that it would not be expected that a proposer would already have a CPUC designation. However, it would be expected that the company have AIRS agency accreditation and have local staff with AIRS certification. Deloitte is not even familiar with the process. Deloitte failed to show that it would qualify for the 211 designation, because it is not accredited in AIRS in any state, and it has no staff that have AIRS certification. Deloitte is not even a member of this primary industry association, let alone experts in the I&R field. Second, Deloitte's bid included work beyond the scope of the RFP, which requires the County to rebid the RFP to all bidders and include the additional scope of work. Third, Deloitte's Proposal does not meet the substantive requirements of the RFP, because Deloitte is selling a technology platform, but does not have any employees that are trained and qualified to either (i) manage the technology of the platform, or (ii) provide the social service expertise for a CRS agent. Deloitte's bid relies solely on their partners to hire and provide the social services in the future. Also, Deloitte fails to provide staff located in Los Angeles County or the State of California, and fails to pay a living wage or union labor, in violation of specific Board policy.

The County's Review and Determination of the PCSR did not provide adequate review or response to the issues set forth above, and specifically claimed that the County was not required to follow the RFP's procedures. (See **Exhibits 39, 42, 43**) For example, the County claimed that they could, and did, waive many requirements for Deloitte, such as related to disclosure of prior litigation and amendments to government contracts. The County found no obligation to disclose their partners' litigation and amendments to government contracts, even when the partners are doing the substantive work of the contract. The County also agreed that the RFP evaluators all met, shared information, and changed their scores based on their discussion so that many evaluators had the same scores and the exact same wording in their analysis; however, the County denied that this showed bias or collusion, even when two evaluators had the exact same scores in every category, the exact same final scores in every category, and the exact same wording in the written evaluation in each paragraph. The County agreed that the criteria for evaluating Qualifications was confusing, but stated that even if both Deloitte and 211 LA had a perfect score, it would not change the outcome of the highest total score for Deloitte. This is not the standard; Deloitte must be properly evaluated on their Qualifications, as required by the RFP. Here, the County failed to respond to the substantive allegations that Deloitte does not currently have any employees that would work on the 211 contract for LA County, and therefore does not show any qualified workforce, which is a requirement under the RFP provisions. In response to the allegations that only 211 LA has the local 211 designation from the California Public Utility Commission ("CPUC"), the County claims that they can use a 1-800 number for the contract and force 211 LA to transfer all calls to them, which clearly violates State law and the CPUC regulations. Deloitte would not even meet the requirements for inclusion in 211 LA's database for referral, because it does not have the required experience in I&R services.

Therefore, 211 LA's response to the solicitation for I&R Services should have been determined to be the highest scoring proposal, and County staff's selection of Deloitte is arbitrary and unsupportable.

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Los Angeles
July 30, 2022
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211 LA requests that the Board deny the I&R Services Contract to Deloitte, and approve 211 LA as the selected bidder to continue its work for I&R services in Los Angeles County. In the alternative, 211 LA requests that the Board halt the consideration of the current RFP, and based on the information herein, rebid the work as two separate RFPs: a technology platform upgrade and 211 Contract Center services. This will allow the organizations with the greatest experience and expertise to bid on the appropriate scope of work, and ultimately provide the highest quality and most efficient service for the County.

Very truly yours,



SHERI L. BONSTELLE for
Jeffer Mangels Butler & Mitchell LLP

SLB

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Encls:

- Exhibit 1 County Request for Proposal ("RFP") for Information and Referral ("I&R") Services, dated February 2021
- Exhibit 2 - 211 LA Business Proposal, dated May 14, 2021 ("211 LA Proposal")
- Exhibit 3 211 LA Cost Proposal, dated May 14, 2021 ("211 LA Cost Proposal")
- Exhibit 4 211 LA Presentation, dated September 2021 ("211 LA Presentation")
- Exhibit 5 County Letter Notifying 211 LA of Selected Bidder, dated October 19, 2021
- Exhibit 6 211 LA Letter Request for PCSR, dated November 10, 2021
- Exhibit 7 Deloitte Business Proposal, dated May 14, 2021 ("Deloitte Proposal")
- Exhibit 8 Deloitte Cost Proposal, dated May 14, 2021 ("Deloitte Cost Proposal")
- Exhibit 9 Deloitte Presentation, dated September 2, 2021 ("Deloitte Presentation")
- Exhibit 10 I&R Evaluation Criteria and Instructions
- Exhibit 11 211 LA Evaluator Worksheets and Cost Evaluator Worksheet ("211 LA Worksheets")
- Exhibit 12 Deloitte Evaluator Worksheets and Cost Evaluator Worksheet ("Deloitte Worksheets")
- Exhibit 13 County Application to CPUC to Transfer 211 Designation, dated August 9, 2021
- Exhibit 14 County Withdrawal of application to CPUC, dated February 3, 2022

- Exhibit 15A 211 LA Protest Letter to County's CPUC Application, dated September 17, 2021
- Exhibit 15B 211 LA Protest Letter Supplement
- Exhibit 15C 211 CPUC Protest Letter
- Exhibit 16 *"Cost of Deloitte's EDD Phone Center Balloons to \$55 M, As Millions of Calls Go Unanswered,"* Scott Rudd, CapRadio, March 11, 2021.
- Exhibit 17 *"Immunization Expert Accuses CDC and Deloitte of Stealing Her Idea,"* Sheryl Gay Stolberg, New York Times, February 6, 2021.
- Exhibit 18 *"What went wrong with America's \$44 million vaccine data system?"* Cat Feguson, MIT Technology Review, January 30, 2021.
- Exhibit 19 *"UHIP debacle: RI to extend contract, as Deloitte agrees to more concessions,"* Katherine Gregg, The Providence Journal, March 15, 2019.
- Exhibit 20 Federal Communications Commission Order FCC 00-256, dated July 21, 2000 ("FCC Order")
- Exhibit 21 California Public Utilities Commission (CPUC) Decision 03-02-029, dated February 13, 2003 ("CPUC Guidelines")
- Exhibit 22 California Public Utilities Commission (CPUC) Resolution T-16776, dated October 16, 2003 ("CPUC Resolution T-16776")
- Exhibit 23 "EDD Systematic Failure Timeline", California Senate Republicans
- Exhibit 24 E-mail from LACOUNTY Information and Referral RFP <mailto:InfoReferralRFP@ceo.lacounty.gov> to Amy Latzer at 211 LA, dated April 19, 2022, titled Request for Cost Proposal scoring.
- Exhibit 25 Scoring Summary, Excel Spreadsheet provided by LACOUNTY Information and Referral RFP ("Scoring Summary")
- Exhibit 26 Scoring Comparison of Evaluator Worksheets, prepared by 211 LA ("Scoring Comparison")
- Exhibit 27 *"As many as 300,000 jobs affected by State software snags,"* Ricardo Lopez, The Los Angeles Times, October 22, 2022.
- Exhibit 28 *"California Lawmakers Blast Unemployment Agency Over Payment Delays,"* Maria Dinzeo, Courthouse News Service, July 30, 2020
- Exhibit 29 *"Gov. Says Florida's Unemployment System was Designed to Create Pointless Road Blocks,"* Laurel Wamsley, NPR, August 6, 2020.
- Exhibit 30 *"More evidence that Florida's unemployment system was designed to fail,"* Tampa Bay Times Editorial Board, March 23, 2021.
- Exhibit 31 *"Investigation into Florida's unemployment system underway,"* Cap News Service, May 28, 2020
- Exhibit 32 *"Company defends CONNECT website at root of Florida's unemployment claim and woes,"* James Call, Tallahassee Democrat, March 9, 2021.
- Exhibit 33 *"Rhode Island is Still Holding a Grudge Against Deloitte,"* Jason Bramwell, Going Concern, September 4, 2019.
- Exhibit 34 *"Calls overwhelm disability benefits call centers,"* Grace Gedye, Cal Matters, June 14, 2022.

- Exhibit 35 *"Editorial - Don't Leave 211 Callers Hanging,"* LA Times Editorial Board, July 19, 2022.
- Exhibit 36 *"A Call for Help from LA's Lifeline – Deal Would Take Humans Out of Human Services,"* Mark Hedin, Ethnic Media Service, July 26, 2022.
- Exhibit 37 Deloitte Global Contract Center Policy
- Exhibit 38 211 LA's Request for Proposed Contractor Selection Review (with Exhibits, incorporated herein by reference) ("RFP Protest")
- Exhibit 39 211 LA Proposed Contractor Selection Review (PCSR) – County Review and Determination ("County Protest Response")
- Exhibit 40 County's PCSR Response Letter ("County Protest Letter")
- Exhibit 41 211 LA Request for County Independent Review (with Exhibits, incorporated herein by reference) ("RFP Independent Review")
- Exhibit 42 County Notifications of CIR Findings ("County CIR Response")
- Exhibit 43 County CIR Findings ("County CIR Findings")
- Exhibit 44 Press Release – Thanks to LA Times
- Exhibit 45 KH Study and Summary