

State of Maine Procurement Justification Form

This form must accompany all contract requests and sole source requisitions (RQS) over \$5,000 submitted to the Division of Procurement Services.

INSTRUCTIONS: Please provide the requested information in the white spaces below. All responses (except signatures) must be typed; no hand-written forms will be accepted. See the guidance document posted with this form on the Division of Procurement Services website (Forms page) for additional instructions.

| PART I: OVERVIEW | | | |
|---|----------------------|--|------------------------------------|
| Department Office/Division/Program: | | Maine Department of Labor / Bureau Employment Services | |
| Department Contract Administrator or Grant Coordinator: | | Ginny Carroll – Division Director | |
| (If applicable) Department Reference #: | | | |
| Amount: (Contract/Amendment/Grant) | \$ 15,000 | Advantage CT / RQS #: | CT 12A 20200302000000002418 |
| CONTRACT | Proposed Start Date: | March 3, 2020 | Proposed End Date: August 31, 2020 |
| AMENDMENT | Original Start Date: | | Effective Date: |
| | Previous End Date: | | New End Date: |
| GRANT | Project Start Date: | | Grant Start Date: |
| | Project End Date: | | Grant End Date: |
| Vendor/Provider/Grantee Name, City, State: | | The ICA Group, Inc. 134 West St., #1, Northampton, MA 01060 | |
| Brief Description of Goods/Services/Grant: | | Layoff Aversion - Employee Buyout Feasibility Study | |

| PART II: JUSTIFICATION FOR VENDOR SELECTION | | | |
|---|-----------------------------------|--|----------------------------------|
| Mark an "X" before the justification(s) that applies to this request. (Check all that apply.) | | | |
| | A. Competitive Process | | G. Grant |
| | B. Amendment | | H. State Statute/Agency Directed |
| X | C. Single Source/Unique Vendor | | I. Federal Agency Directed |
| | D. Proprietary/Copyright/Patents | | J. Willing and Qualified |
| X | E. Emergency | | K. Client Choice |
| | F. University Cooperative Project | | L. Other Authorization |

| PART III: SUPPLEMENTAL INFORMATION |
|---|
| Please respond to ALL of the following: |
| 1. Provide a more detailed description and explain the need for the goods, services or grant to supplement the response in Part I. |
| A home care service provider that offers home care to the elderly and disabled throughout Maine has announced that it will close its doors at the end of April affecting just under 400 workers and discontinuing services to hundreds of elderly and disabled patients, many of whom reside in the most isolated, rural parts of the State. |
| This contract will provide funds necessary to conduct a study regarding the feasibility of these jobs to be saved though an employee buy-out option. Time is of the essence, as this study must be conducted immediately, before all the employees have exited the company and all the patients have been assigned to alternate care providers. |

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PART III: SUPPLEMENTAL INFORMATION

2. Provide a brief justification for the selected vendor to supplement the response in Part II.

The ICA group is uniquely qualified to conduct this study, they have a breadth of experience analyzing the feasibility of the success of employee-owned cooperatives in the home health care sector and in designing and crafting alternate ownership structures on their behalf. They have the expertise to identify investment resources necessary for employee buyout financing and significant experience facilitating the buyout of companies by their employees. ICA has experience providing extensive technical assistance to eight operating home care co-ops, including training for the boards of directors, developing financial planning tools, conducting market assessments and coordinating employee training necessary for employees to move forward.

Staff of the ICA group have already connected with the company regarding this option and to their knowledge the company is willing to consider all options to ensure the patients they serve will continue to have access to home care services.

3. Explain how the negotiated costs or rates are fair and reasonable; or how the funding was allocated to grantee.

Costs pertain to ICA Group's staff and overhead associated with conducting intensive outreach and research activities within a very short time period – including costs associated with:

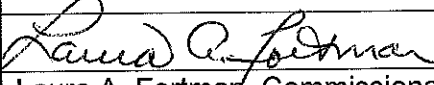

- Conducting a market analysis to assess company competition, sales history and more in order to estimate the ability to achieve the sales revenue that would be necessary
- Identifying the personnel necessary for employee-ownership and potential capacity gaps that could occur with employee ownership transition and would need to be addressed
- Propose a new organizational structure for the cooperative
- Using the finding of the marketing analysis, historic information and future forecasts, develop a financial model for the company that would determine potential sales prices, develop a financing structure for the transition to employee ownership and identify capital sources necessary to move forward.

The product of this contract will be a report that identifies whether employee ownership in this instance would be feasible.

4. Describe the plan for future competition for the goods or services.

This is a one-time need, specific to a home care service company that has announced closure.

PART IV: APPROVALS

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|---|---|--------------|---------------|
| Signature of requesting Department's Commissioner (or designee): | <i>By signing below, I signify that I approve of this procurement request.</i> | | |
| |  | | |
| Printed Name: | Laura A. Fortman, Commissioner | Date: | March 2, 2020 |
| Signature of DAFS Procurement Official: |  | | |
| | <small>41C2BA30FAF44CD...</small> | Date: | 3/3/2020 |
| Printed Name: | Kathy Paquette | | |