



Arizona Set Aside Procurement Program
Subcommittee Meeting Minutes
March 4, 2014

Attendance:

Members Present:

James Apperson, Subcommittee Chair, DES Richard Monaco, AIB
Rick Crago, AZ Lottery Betty Austin, SPO
Steven King, Beacon

State Procurement Office Staff Present:

Matthew Miles Delia Walters

Others Present:

Armando Bernasconi, QC Brandy Petrone, AAPPD Lenora Falbo, Vision Business Products
Mark Botterbusch, Gompers Jennifer Baier, ValleyLife D. Williamson, Nobody's Perfect
Manuel Salazar, TCH

- I. **CALL TO ORDER:** James Apperson, subcommittee chair, called the meeting to order at 9:00 A.M.

- II. **ROLL CALL:** Mr. Apperson asked all attendees to give their name in roll call.

- III. **Discussion:**
 - a. Dick Monaco distributed a handout and discussed what we can do now based on the existing statute 41-2636.
 - i. Establish a fair market price definition.
 - ii. Define a process for reporting new procurement requests and renewals.
 - iii. 46-1-2636 states: "To qualify certified non-profits must maintain an employment ratio of at least 60% of program employees with significant disabilities." This is currently not reported, enforced or audited.
 - iv. Arizona Correctional Industries has an exemption for office products and furniture refurbishing, both require definition.
 - v. All state governmental units shall endeavor to set aside at least 1% of their contracts for state set aside. This is reported and continues to include contracts that are outside the scope of 46-2636.
 - vi. The Department shall communicate with each gov't unit to comply with this. There is no definition of the department. We assume it is meant to mean Arizona Department of Administration/
 - vii. The Committee is to report quarterly their progress for increasing state governmental purchases with certified non-profits. This is not currently done.
 - viii. State Set Aside Committee shall compile quarterly reports detailing new purchases or contracts that are pursuant to the subsection. Current reporting does not distinguish new contracts from existing contracts.

- ix. The first month of each year the committee shall identify new products or services that could be eligible for Set Aside. This is currently not done.
 - x. The Committee is to include a business person from the private sector. Investigate the intent of this requirement and can this be a business person from a non-profit satisfy this requirement.
 - xi. Certification as non-profit for disabled individuals has no formal process to be followed.
- b. Action Items
- i. Define Fair Market Price **** Assigned to Dick Monaco**
 - ii. Define the process for submitting a new product or service request to the state set-aside committee. ****Assigned to Dick Monaco**
 - 1. Process flow, forms and timeline
 - iii. Define reporting process for Certified Non-Profit Agencies maintaining an employment ratio of at least 60% of program employees with significant disabilities. ****Assigned to Betty Austin**
 - 1. ADOA to work with Attorney General's Office to determine the intent of 41-2636 Section A which states:
 - a. *"To qualify for set-aside contracts, certified nonprofit agencies must maintain an employment ratio of at least sixty per cent of program employees with significant disabilities."*
 - b. The Subcommittee agreed the above means that 60% of the work performed on the product or service is to be done by people with significant disabilities.
 - c. The Subcommittee would also like the definition of **"Program."**
 - iv. Define the term significant disabilities. ****Assigned to Stephen King/Dick Monaco**
 - v. Create a formal application for certification as a Non-Profit Agency for disabled individuals. ****Assigned to Dick Monaco**
 - 1. The Subcommittee agreed that all existing certified non-profits should re-apply when application form is completed.
 - vi. Agenda item for every State Set-aside Meeting should include progress report on increasing state governmental purchases or contracts with Certified Non-Profit Agencies. (employment goal) ****Assignment TBD**
 - vii. The first month of each year Set-aside Committee identifies new articles or products that should be manufactured or could be eligible for procurement. ****Assignment TBD**
 - viii. Governor's Office is to appoint a business person to the Set-aside Committee. ****Assigned to Betty Austin**
 - 1. ADOA to work with Attorney General's Office to determine the intent of 41-2636 Section A (also appearing in Chapter 23 of the Arizona Procurement Code)
 - a. *"Membership shall include the assistant director for rehabilitation services in the department of economic security or the assistant director's designee and a private sector businessperson appointed by the governor who contracts or employs persons with disabilities in the private sector."*
 - b. The Subcommittee is asking for the definition of a "private sector businessperson."
 - ix. Define the purpose of the State Set-Aside Committee. ****Assignment TBD**
 - 1. Encourage employment opportunities for people with disabilities through the State Set-Aside Program.
 - x. Define a policy for "Value Added of Product or Service" ****Assigned to Dick Monaco/Stephen King**
 - xi. Product or Service Cost Analysis (part of the process for requesting a new product or service) ****Assigned to Dick Monaco/Stephen King**
 - xii. Redefine reporting requirement to include "wage report." ****Assigned to Dick Monaco**
 - xiii. Establish set-aside program training for governmental units. **Assignment to TBD**
 - 1. 41-2636 Section E

- a. "The department shall communicate with each state governmental unit regarding its responsibility to comply with this subsection."
- xiv. Contact Texas Council on Purchasing from Persons with Disabilities for presentation on the Texas State Use Program – How it works. ****Assigned to Jim Apperson**

Other Discussion:

We are using Texas as the model program to help guide the Subcommittee towards improving the Arizona State Set Aside Program.

Texas has a Central Non-profit (CNA) agency runs and facilitates their program.

1. Community Resource Provider's (CRP) pay 5% of each Set Aside Contract to the CNA.
2. The CNA has a training program for CRP's that are new to the Set Aside Program
3. Texas has preferential order of the contracts that is used is as follows:
 - a. Correctional Industries
 - b. Set Aside
 - c. On State Contract
 - d. Off Contract
4. They report their wages paid to people with disabilities.
 - a. Non-profits present at the Subcommittee Meeting did not feel that this would be too burdensome.
5. Texas requires documentation of disabilities for people with disabilities which is subject to audit.
6. More robust website.
7. The CNA is run by approximately 12 people in Texas; Arizona could probably start with 2.
 - a. In Texas there are no pass-through products. People with disabilities must perform tasks that are value added. We believe this includes Services as well.

The Subcommittee reviewed an example of the process currently used for a new service/product from Arizona Industries for the Blind. The example included an executive overview, business justification, competitive pricing section and a statement of work that is a comprehensive view of will be done for the project.

Future Action Items

1. Reporting from ACI and Set Aside should be separated.
2. Mandatory vs. Optional contracts.
3. Issues that arise include: problems with capacity, competition with other small business and there is an ever increasing group of cooperatives which will complicate buying off of set aside.
4. Determine legislative requirement to focus on employment of people with disabilities and address resource issues.

IV. FUTURE AGENDA ITEMS

V. COMMITTEE COMMENTS AND SUGGESTIONS

- a. Steven King thanked Dick Monaco for presenting this information. Stephen also stated that Texas is a good model to build our program towards and that a CNA will be necessary to accomplish what we want.

VI. CALL TO THE PUBLIC

- a. Brandy Petrone from AAPPD stated that one of the areas that would be a good action item to add to the list is for ADOA to educate their governmental units on the State Set-Aside Program. I know it's a resource issue but it's in the statute and I think this would be helpful.
- b. Lenora Falbo from Vision asked how many current Set Aside contracts are there?

- i. There are 14 listed on SPO's website.
- c. Lenora Falbo then asked if these contracts are audited.
 - i. The contracts are not audited for compliance with Set-Aside parameters but are administered through ADOA who constantly monitors contracts.

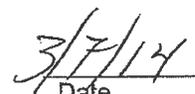
VII. **ADJOURNMENT:** The meeting was adjourned at 10:40 A.M.

NEXT COMMITTEE MEETING: Wednesday, April 16, 2014 at 1:30 p.m.

NEXT SUBCOMMITTEE MEETING: TBD. Notifications will be sent out when the meeting is scheduled.

For inclusion on the next regular agenda, contact Betty Austin at (602) 364-0102. With prior notice to Barbara Corella, committee members can appoint a proxy if they are unable to attend the meeting. If you require special accommodations, please contact Matthew Miles at (602) 542-9143 at least three working days prior to the meeting.


James J Apperson
Assistant Director,
Department of Economic Security
Division of Employment and Rehabilitation Services


Date

Submitted by:
Matthew Miles
Procurement Associate
State Procurement Office

APPROVED BY THE COMMITTEE:


Barbara M. Corella
Acting State Procurement Administrator


Date

POSTED: