



Arizona Set-Aside Procurement Program
Subcommittee Meeting Minutes
March 24, 2015

Attendance:

Members Present:

Thomas Colombo, DES Subcommittee Chair
Steven King, Beacon
Richard Monaco, AIB
Manuel Salazar, TCH
Rick Crago, AZ Lottery

State Procurement Office Staff Present:

Matthew Miles

Others Present:

Armando Bernasconi, QC
Dennis Stover, Vision
Brandy Petrone, GSPA for AAPPD
Lenora Falbo, Vision

Minutes:

- I. **CALL TO ORDER:** Tom Colombo called the meeting to order at 2:00 PM.
- II. **ROLL CALL:** Tom Colombo asked all attendees to give their name in roll call.
- III. **Discussions (Procedural decisions and guidelines for the set-aside Subcommittee to define.)**
 1. Introduction of Thomas Colombo as the new set-aside Subcommittee Chair.
 2. Define the "Purpose" of the set-aside Program along with the term "Program."
 - a. The Statute does not define these terms and the Attorney General gave us some leeway in the interpretation.
 - i. **Program** – The set-aside program authorized by A.R.S. 41-2636 provides certified nonprofit agencies, Arizona Industries for the blind and Arizona Correction Industries with the opportunity to enter into contracts for services and goods which are made by or performed by people with disabilities or people participating in the state prison inmate work program.
 - ii. **Purpose** – To advance the social and economic goals of people with disabilities and people participating in the state prison inmate work program by creating job opportunities while satisfying the procurement needs of state and local governments.
 - b. These definitions would help with, the previously mentioned, reporting issues. They would clearly define what belongs in the program and what does not.
 - c. One thing that might be missing from the definition is for the committee to remove obstacles that prevent people with disabilities from gaining employment.

- i. If we added the following to the end of the statement would it address the previously stated concern? "Using the most efficient and expeditious mechanism possible."
 - d. Who would be accountable to measure and reach the 1% goal?
 - i. The Committee is but, we do not have a process yet. We can recommend it at the next Committee meeting.
 - e. Does AAPPD collect information related to this goal?
 - ii. Brandy Petrone, AAPPD: AAPPD does collect this information. We do not believe that the information is completely accurate. Not everyone provides their report each quarter, Barbara also wonders why AAPPD collects the information when she should be able to go look at her system and pull up the information. Currently, AAPPD is providing quarterly reports to the State.
 - iii. The reporting for how many people disabilities is also lacking.
- 3. Assignment Process
 - a. The Assignment process should prevent a CNA from running into an obstacle, as previously suggested. The assignment process should prevent providers from sinking a large amount of time into a proposal that the committee may have no need for.
 - b. Product or service ideas for proposals can originate from the Committee, a provider, a provider and a partner, the government or other sources.
 - c. The provider will have to request an agenda item for the next quarterly meeting no less than 45 days in advance.
 - d. ADOA would research existing contracts to see if there is a need. They would then come to the committee meeting with a recommendation. We could avoid duplication of set-aside contracts as well.
 - e. The Provider would then have a presentation about the product or service offering.
 - f. The Committee would then vote to approve or disapprove an assignment.
 - i. The provider will have six months to show significant progress.
 - ii. Assignments will be tracked at all quarterly meetings until a contract is in place or the assignment is dropped.
 - g. There is a concern about a statutory requirement which Requires ADOA to come up with a list of upcoming contract opportunities. The assignment process would likely need to come first and assist in fulfilling this requirement.
- 4. Proposal Process
 - a. This process will follow an assignment from ADOA unless the Committee decides to waive the assignment process.
 - b. The proposal should be complete and on the agenda 30 days in advance of the quarterly Committee meeting. The proposal should be distributed to the entire committee at least 20 days in advance of the meeting.
 - c. The provider will present their proposal to the committee at a quarterly meeting.
 - i. A proposal template will need to be completed to facilitate this process.
 - d. The Committee will then evaluate the product or service proposal.
 - e. The Committee can take the following actions: Approve as mandatory, establish a subcommittee to review, request additional information, deny the request or designate as not mandatory but approve for governmental use.
- 5. What if there is a statewide contract already in place?
 - a. The Assignment and Proposal processes should allow for time for ADOA to do their due diligence to check set-aside contracts vs. statewide contracts.
- 6. Process for pricing updates.
 - a. There are two issues with pricing. Betty is likely not receiving these requests in a timely manner and is it solely Betty's responsibility to make sure that the pricing updates are reasonable?
 - i. Should set-aside providers be expected to follow the normal procurement procedure for requesting a pricing update?
 - ii. There could be a separate subcommittee to review pricing updates.

- iii. This point will be discussed further at the next subcommittee meeting. Steven will discuss this with Betty and have something for the next meeting.
7. There will be an update on the set-aside Website next subcommittee meeting.
 8. Procedure to ensure that set-aside providers are meeting their 60% employment requirement.
 - a. The first component of this is reporting. Employment numbers could be requested at the same time as the quarterly spend reports.
 - b. The second element would be a site visit by someone appointed by the committee.
 - i. The AbilityOne program gives about one week prior notice and requires biannual visits although; they are typically done more frequently.
 - ii. Manny will have something to present on the 60% requirement for the next subcommittee meeting.

IV. FUTURE AGENDA ITEMS

1. Measure set-aside's Impact on small businesses
2. Pricing Updates - Steven
3. Enforcement of the 60% employment requirement – Manny
4. Assignment and Proposal Templates (Pending Committee Approval of processes) - Dick
5. How to measure the set-aside program's goal to reach 1% of spend?

V. COMMITTEE COMMENTS AND SUGGESTIONS

VI. CALL TO THE PUBLIC

1. Dennis Stover, Vision: Is it the State's intent to move all contracts through set-aside?
 - a. No.
2. Dennis Stover: Is there a certain percentage of any given contract that must go through set-aside?
 - a. There is no requirement for that. The statute says that "All state governmental units shall endeavor to set-aside at least one per cent of their new purchases or contracts for any products, materials and services from the entities..."
3. Dennis Stover: Doesn't this disrupt the bidding process and how does this ensure that the State is getting the best fair market value price?
 - a. It does avoid the competitive bidding process. The intent of the Program is not to get the best price possible but to ensure people with disabilities get jobs while at the same time receiving fair market value. This committee determines if the provider is giving fair market value. In some ways it is not completely fair to the private sector.
4. Lenora Falbo, Vision: Does the State keep track of what percent of purchases go through set-aside?
 - a. The State tracks purchases of set-aside but we do not know where we are in relation to the 1% goal. The 1% applies to all spend, not 1% of every contract.
5. Dennis Stover: Who is the one policing that the set-aside providers are meeting their employment requirements?
 - a. That is an Agenda point for today's meeting that we hope to figure out.

VII. ADJOURNMENT: The meeting was adjourned at 3:25 PM.

NEXT MEETING: TBA

For inclusion on the next regular agenda, contact Betty Austin at (602) 364-0102. With prior notice 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) 364-0134 at least three working days prior to the meeting.



Thomas Colombo
DERS Acting Assistant Director,
Department of Economic Security
Division of Employment and Rehabilitation Services

4/1/15
Date

Submitted by:
Matthew Miles
Procurement Technician
State Procurement Office

APPROVED BY THE COMMITTEE:



Barbara M. Corella, C.P.M., CPPB
State Procurement Administrator

6/15/11
Date

POSTED: