



Arizona Set Aside Procurement Program  
Meeting Minutes  
July 17, 2014

**Attendance:**

**Members Present:**

Barbara Corella, ADOA, Committee Chair	Richard Monaco, AIB	Rick Crago, AZ Lottery
James Apperson, DES	Gary Hahn, DES	Steven King, Beacon
Manuel Salazar, TCH	Tom Brown on behalf of Brian Radecki, ACI	Carol Carr, Achieve Human Services
Elena Beeman, DHS		

**State Procurement Office Staff Present:**

Matthew Miles                      Leslie Welch

**Others Present:**

Armando Bernasconi, QC	Doug Arnett, QC	Betsy Durkin., QC
Jennifer Baier, ValleyLife	Leslie Stein-Kramer, ValleyLife	Ryan Shim, ASDD/TCH
Greg Matuis, Beacon Group	Brandy Petrone, GSPA	

**Minutes:**

**I. CALL TO ORDER:** Barbara Corella called the meeting to order at 1:30 PM.

**II. ROLL CALL:** Barbara Corella asked all attendees to give their name in roll call.

**III. Discussions (Possible Action):**

1. Status Report from the July 8 Subcommittee meeting was given by James Apperson.
  - a. There were several items discussed including definitions of fair market price, significant disabilities and value-added. In upcoming meetings, we will be discussing applications for certification and recertification. We will also define the purpose of the Set Aside Committee. Lastly, we will review the process for new proposals for Set Aside vendors.
  - b. Recommendation for clarification of the statement in § 41-2636 "To qualify for set-aside contracts, certified nonprofit agencies must maintain an employment ratio of at least sixty percent of program employees with significant disabilities."

**MOTION:** A motion to approve the recommendation was made Steve King.

**SECOND:** The motion was seconded by Jim Apperson.

**DISCUSSION:** The question to the AG office needs to be posed as, "When it says program work is this intended to be specific to the project being approved or is it people within that agency"

**VOTE:** Passed unanimously.

- c. Recommendation to modify Set Aside reporting structure. (ARS 41-2636E)

c. Recommendation to modify Set Aside reporting structure. (ARS 41-2636E)

**MOTION:** A motion to approve the recommendation was made Manny Salazar.

**SECOND:** The motion was seconded by Carol Carr.

**DISCUSSION:** ACI is a large volume organization and when their numbers are reported along with Set Aside numbers the actual results could be obscured.

**VOTE:** Passed unanimously

2. Contract Extensions:

Stars	Sponges Scrubbing & Scouring	8/01/14 - 7/31/2015
AIB	Media Sanitization/Destruction	8/30/14 - 8/29/2015
AIB	Document Imaging Services	9/13/14 - 9/12/2015

**MOTION:** A motion to approve the contract extensions was made Manny Salazar.

**SECOND:** The motion was seconded by Gary Hahn.

**DISCUSSION:** There were no changes to the pricing or anything in the AIB contracts.

**VOTE:** Passed unanimously.

**IV. APPROVAL OF MINUTES:** The minutes for the April 16, 2014 meeting and July 8, 2014 subcommittee meeting were presented for approval.

**April 16, 2014**

**MOTION:** A motion to accept the minutes as presented was made by Dick Monaco.

**SECOND:** The motion was seconded by Carol Carr.

**DISCUSSION:** Correction on page 3 Contract Items, Item #4. Fix the motion and second.

**VOTE:** Passed unanimously (pending correction.)

**July 8, 2014**

**MOTION:** A motion to accept the minutes as presented was made by Dick Monaco.

**SECOND:** The motion was seconded by Carol Carr.

**DISCUSSION:** None

**VOTE:** Passed unanimously.

**V. Contract Items**

1. Marketing & Training Initiative (Cooperative)

- a. Brandy Petrone, AAPPD – It is a collaboration agreement between AAPPD and SPO (ADOA.) AAPPD was trying to grow the Set Aside program through legislation initially. They decided that there were other issues that needed to be fixed first. AAPPD has

begun by identifying Vendors who qualify for the program but have not participated. There are providers that don't realize that the program exists and some companies don't have the business side of their organizations prepared to make proposals. AAPPD has done an initial survey of providers. This was sent to 99 providers with 29 responses. We encourage the committee to recommend that SPO enters the agreement.

i. Dick - Would we be agreeing to the entire memorandum as it stands right now?

ii. Barbara -The agreement would be between AAPPD and SPO. I like the marketing and training portions however, there is a portion that talks about not posting a solicitation on ProcureAZ until it has been run through Set Aside. From an efficiency standpoint, that is not feasible; it would create a bottleneck. I would like to see the agreement expanded to include some of the goals that the Set Aside Committee is discussing.

iii. Jim - The committee doesn't have the authority to approve this type of agreement. We could make a recommendation.

iv. Steve - I don't think this is a take it or leave it proposal; I think it could be negotiated.

v. Jim - I don't know if there are staff and resources available for this proposal.

vi. Barbara - This agreement has been done at a high level. There is no specific timetable for when goals would need to be accomplished. So no commitments on resources have been made.

b. Recommendation.

**MOTION:** A recommendation was made by Jim Apperson to The Department of Administration to come up with an agreement, if they see fit and it is consistent with the goals of this committee, with AAPPD.

**SECOND:** The motion was seconded by Carol Carr.

**DISCUSSION:** None.

**VOTE:** Passed unanimously.

2. Quality Connections Proposal for Desktop Delivery of Office Supplies.

a. Doug Arnett, Quality Connections – We are proposing that Arizona enters into a non-mandatory statewide contract to deliver office supplies to employees' desktops. There are 32,000 items that are being provided at a cost that is 32% off MSRP. The products are of equal quality and are the same brands that you are used to. We are currently building a delivery network. We are partnered with 2 other Set Aside vendors to cover the entire state and plan to partner with additional organizations should the state accept this contract. We are able to fulfill the capacity of this contract; we are partnered with United Stationers, the largest supplier of office supplies in America. Our organization has the employees and infrastructure to fulfill this contract. The physical infrastructure would allow us to double the staff should the need arise.

i. Talk to me about your ability to integrate with punch-outs; who is going to be handling that?

- QC - We have the ability to integrate our system with the SPO website. State purchasers would login to our website where they can view the catalog. There is the ability to have hierarchal approval.

ii. I received your top ten items list. Who is buying these products? We would expect usage reports for this type of contract.

- I don't have a list in front of me but I believe they're DES, RSA and DOC. In the case of DOC we would not be able to deliver it all the way, but as far as they will let us.

iii. Some of the products may conflict with items that are already on contract like office supply furniture with ACI and other technology items.

- We do not want to step on the toes of any other Set Aside providers. We view this as an opportunity for co-promotion. Because of our infrastructure,

we would have the ability to list other Set Aside products on our website. We can also remove any items from our list that would conflict with the ACI contract. As for technology items, we would include small items like USB cords and things. Anything with a screen would not be included on this contract.

iv. With your collaboration with Valley Iife, how many people with disabilities are currently employed?

- There are currently two individuals working on delivery with a Job coach. This is the ratio for this area of our department. We would have up to 16 disabled employees for our delivery crew pending the approval of this contract. For ordering, there are four receptionists with disabilities with a job coach. Our call center has 2 of 3 people with disabilities. Our shipping facility will have anywhere from 2-5 workers with one job coach. 35 individuals go through this program a year where they work 1-3 months.

v. Do you meet the 60% requirement discussed earlier?

- If program is defined as those who perform work on the contract we are at about 75% workers with disabilities. We have approximately 80 employees within our organization, many of whom work in the residential section. If the AG determines that 60% applies to an agency as a whole I would have concerns.

vi. You say you sell 32% off list price; what do other vendors sell their items at?

- It's hard to do a direct comparison. Many companies will offer deep discounts for their core items but will provide no discount for the non-core items.

vii. Have you checked with the DOR to ensure that these items will not be taxed?

- We've done that twice and it has been approved by the Set Aside Committee. This is for any product we sell.

viii. Because a statute is not logical, it should be disregarded (middle of page 2.) I'm concerned about this legal justification. It also says in the legal opinion that ACI does not offer several products that it does.

- To address the concern about the legal justification, we consider this matter settled 9 years ago when the State first entered into a contract with Quality connections for toner. This is an office supply which would set a precedent. To the ACI point, we could remove any products that would conflict with what ACI offers.

ix. From a distribution perspective, what is the delivery ARO?

- 95% of items will be delivered next day. Four days would be the max delivery time. This is across Arizona.

x. How would the vendor respond to us taking products off the list?

- We are not concerned about it. We are under no contractual obligation to sell all of the items on the list.

xi. Are you going to respond to the RFP for the office supplies contract? (Currently held by staples, QC's proposal would go into effect immediately after the end date of that contract.)

- We do not want to.

xii. How do we know if these prices really stack up? This brings us back to fair market value. There is a difference between the contract price, MSRP and when you walk into a store and buy these products. So QC could check the retail side and we could check the contract side of things. One of the best things I heard today was putting other Set Aside items on this list; could we formalize that?

- Encouraging other Set Aside vendors to put their items on the list is already in the proposal. If I may offer a revision to this proposal striking out every furniture item so that it is clear that there are no contradictions. All the legal items are important but I believe that the AG would sign off on all of this.

**MOTION:** A recommendation was made pending legal approval by Carol Carr that Quality Connections' revised proposal for Desktop Delivery of office Supplies for 32,000 products minus any items that would conflict with other Set Aside vendors be approved.

**SECOND:** The motion was seconded by Steve King.

**DISCUSSION:** None.

**VOTE:** Failed in a split decision 5-5.

**2<sup>nd</sup> motion**

**MOTION:** A recommendation was made by Jim Apperson to table this decision to address the following concerns: the legal opinion, ACI Items, Set Aside products in conflict, price competition and a revised offer from QC. These investigations will be completed and a meeting will be scheduled before the September 9<sup>th</sup> deadline to decide on this proposal.

**SECOND:** The motion was seconded by Tom Brown.

**DISCUSSION:** None.

**VOTE:** Passed unanimously.

## **VI. FUTURE AGENDA ITEMS**

1. Revision of the Quality Connections Proposal.

## **VII. COMMITTEE COMMENTS AND SUGGESTIONS**

## **VIII. CALL TO THE PUBLIC**

1. Ryan Shim, ASDD/TCH - "We currently have dual contracts with the state for document destruction. We would like to make you aware that we have been in contact with Betty Austin to be included on the next Set Aside Agenda to propose our new 5-year contract for document destruction as our current 5-year contract expires in November. We will be proposing new prices as market prices and practices have changed over the last five years. We will also be proposing destruction of other media destruction, hard drive destruction and on-site destruction. We would also like to propose a second, mandatory contract for on-site destruction of confidential documents."
2. Greg Matuis, Beacon Group - "We would also like to add that there are two separate contracts that cover different counties but they add up to cover the entire state and this new proposal would act in a similar manner."

**IX. ADJOURNMENT:** The meeting was adjourned at 3:05 p.m.

**NEXT MEETING:** Wednesday, October 15, 2014 at 1:30 p.m.

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.

  
Barbara M. Corella  
State Procurement Administrator

  
Date

Submitted by:  
Matthew Miles  
Procurement Associate  
State Procurement Office

APPROVED BY THE COMMITTEE:

  
Barbara M. Corella  
State Procurement Administrator

  
Date

POSTED: