



Arizona Set Aside Procurement Program
Subcommittee Meeting Minutes
July 8, 2014

Attendance:

Members Present:

James Apperson, Subcommittee Chair, DES
Rick Crago, AZ Lottery

Richard Monaco, AIB
Manuel Salazar

Barbara Corella, SPO
Steven King, Beacon

State Procurement Office Staff Present:

Matthew Miles
David Gonzales

Betty Austin

Leslie Welch

Others Present:

Armando Bernasconi, QC
Mark Botterbusch, Gompers
Paul Brown, Goodwill

Brandy Petrone, AAPPD
Jennifer Baier, ValleyLife
Eddie Ayala, Goodwill

Betsy Dunkin, QC
Lenora Falbo, Vision BP

- I. **CALL TO ORDER:** James Apperson, subcommittee chair, called the meeting to order at 10:02 A.M.
- II. **ROLL CALL:** Mr. Apperson asked all attendees to give their name in roll call.
- III. **Discussion (Possible Action):**
 - a. Dick Monaco gave an update of what has been going on since the last meeting. Definitions are being worked on for fair market price, significant disabilities, and value-added of a product or service. Steve and Dick are reviewing these currently. Dick has also completed draft applications for certification and recertification which have been based off the Texas model. Also, there are some other issues that have come up along the way such as reporting. I feel that reporting does not truly reflect what the Set Aside Program does. We also need a step-by-step process for creating Set Aside Contracts. We talked about communicating our actual needs to Set Aside vendors. We also talked about the website. We also examined the Texas and New York Set Aside program models which are both successful. We had a little bit of a controversy over the part in the statute refers to an employment ratio of 60% of the program employees being people with significant disabilities. The question is, "is that in the performance of the contract or the organization as a whole?" We have no mechanism to verify that employees are who these organizations say they are. AAPPD submitted a proposal for a collaboration agreement which called for commitments from the State Set Aside committee and community resource providers. We would like to reiterate the point that none of what we do is approved until it goes to the Set Aside Committee as a whole. All of these things are recommendations.

- b. Barbara gave her thoughts on her vision for the subcommittee and what they will be working on. She thinks there is a good framework to make a formal process. The information that we receive for the Set Aside Committee never comes in in a consistent manner so formalizing the application process would be a good way to help with that. An application would hopefully help Set Aside vendors think of issues that might not normally such as capacity issues. Knowing the capacity would help us determine whether a contract should be mandatory or not. It looks like you have most of the things that you need to create a formal process outlined in last meetings action items. They just need to be prioritized and then picked off one by one. We have to work within the current parameters including the legislation and the statute.
- c. A recommendation was made by the subcommittee to seek a formal review the portion of the statute that states, "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." Does this refer to the people who actually perform the work on the contract or the organization as a whole? We will ask for legal advice from the Attorney General rather than a formal clarification.
- d. Next, the issue of reporting was discussed. We suspect that there are contracts that are reported as Set Aside when they may not meet the above stated requirement. They were also not brought before the State Set Aside Committee to be approved. If we address this, it will be for contracts moving forward; we would not review contracts already in place. The other issue with reporting is that Set Aside and ACI are reported together. This is how the statute was written, but within the same report the numbers could be separated into three different categories for ACI, AIB and Set Asides. ACI is a large volume organization and reporting in this manner could mislead legislators or others who must interpret the information. A recommendation was made to separate reporting within the overall report into three separate categories for ACI, AIB and Set Aside.
- e. Definitions, Applications and rough draft of proposal procedure should be ready for the next meeting.
- f. The next issue discussed was the communication process of determining what's available and what can be provided for Set Aside. One common issue is identifying contracts that could be fulfilled by Set Aside. In the past, we have always relied on the Set Aside Vendors to come forward with proposals. Is there a way to target these vendors? It is also believed that the law may require the Set Aside committee to come up with a list of contracts that could be performed by Set Aside vendors at the beginning of each year. From a vendor's perspective they may want increase their capacity but they have no idea if it is possible to obtain a state contract which would justify them to do so. On the procurement side there are challenges because customers and constituents expect a level of efficiency. This means the process can't be held up to check and see if every contract could be put on set aside. The CRP not knowing where to find or how to ask for information is an issue. Barbara suggested the creation of a working group separate from the subcommittee that could focus on this one issue. Many of the contracts that are statewide for SPO cannot be fulfilled by Set Aside because of their capacity and their strategic value. However, many of the smaller agencies publish solicitations on their websites and this may be a good place for Set Aside vendors to go. By the time these solicitations are posted, it is often too late for Set Aside organizations. Rehabilitation services may be able to help develop a process since they have experience with this type of training.
- g. Subcommittee meetings were scheduled for the rest of the calendar year. They will be on Tuesday, September 30th at 10:00 A.M. and Tuesday December 9th at 10:00 A.M. (These dates are subject to change.)

IV. FUTURE AGENDA ITEMS

- a. Make it easier to identify State needs to Set Aside Vendors.
- b. Define the purpose of the Set Aside Committee.

V. COMMITTEE COMMENTS AND SUGGESTIONS

VI. CALL TO THE PUBLIC

- a. Brandy Petrone from AAPPD – If the formal committee does agree to seek the AG opinion will that legal advice have to be reported back to the full committee in October? Meaning, the subcommittee will not get that advice prior to that meeting. I'm just concerned that the subcommittee would not get to consider the information at the subcommittee meeting prior to the next full committee meeting.
 - 1. We can request that the AG have the information reviewed by a certain date.
 - 2. Directed to SPO – Can we ask the AG the best manor to ask the question so that we can receive a timely response?
- b. Armando Bernasconi from Quality Connections – I've been involved with the Set Aside Committee for about 10 years and the work and progress that the subcommittee has been doing has been fantastic. My only request is that the Set Aside committee does not come to a screeching halt while waiting on a recommendation from the subcommittee. I'm hoping that it does not hold up any proposals.
 - 1. We will be as expeditious as we can, Thanks.

VII. ADJOURNMENT: The meeting was adjourned at 11:23 A.M.

NEXT COMMITTEE MEETING: Thursday, July 17, 2014 at 1:30 P.M.

NEXT SUBCOMMITTEE MEETING: Tuesday, September 30th at 10:00 A.M.

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) 364-0134 at least three working days prior to the meeting.


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

7/16/14
Date

Submitted by:
Matthew Miles
Procurement Technician
State Procurement Office

APPROVED BY THE COMMITTEE:


Barbara M. Corella
State Procurement Administrator

7/29/14
Date

POSTED: