
**Arizona Set Aside Procurement Program
Committee Meeting Minutes
April 14, 2010**

Attendance:**Members Present:**

Branson, Bill
Clark, Jean

Monaco, Richard
Perkins, John

Siegel, Fred
Thompson, Mark
Walters, Delia

Members Absent:

O'Brien, Rebecca

Weber, Lisa

State Procurement Office Staff Present:

Red Horse, John

Mandelholm-Couch, Lucy

Others Present:

Williamson, D.
Hamrick, Cliff

King, Steven R.
Kizu, Liza

Minutes:

- I. **CALL TO ORDER:** Jean Clark
- II. **ROLL CALL – Rebecca and Lisa Weber are not there.**
- III. **ANNOUNCEMENTS / DISCUSSIONS:**
 - **House Bill 2328** moved to the Senate. It was heard by Senate committees and has passed out of committee. We have been having discussions, primarily with Bev, about amendments to the language that hopefully accomplishes the original goals and assists on the administrative side.

Changes:

- **Add another oversight to the Set Aside Committee.**

The **Set Aside** committee would include the Assistant Director for Rehabilitative Services from DES (or designee) to serve on the committee. The governor would also appoint another businessperson from one of the qualified organizations.

- **Formalize the name as the "Set Aside Committee."**
- **Quarterly Report Requirement**

Another change is the requirement to provide quarterly reports to the committee members. We will begin posting updates from meetings (previously mailed out) on the website. You will be able to view them on the web versus our mailing them to the committee. (The reports are on the purchases for the previous quarter.)

- **Expiring Contracts**

Included is an amendment regarding expiring contracts. We will be looking at about a year into the future and will coordinate with the agencies. Currently, we cannot see all the contracts of the agencies. However, when we come live with our new system over the next year (with everyone coming live by July 2011), ultimately, all the contract information will be on one system and the spend will be there. Going into FY12, we will have a lot more data.

For example: SPO had a request from the governor's office for a list of all contracts. The only way to find the information was to email the agency procurement officers and attach a spreadsheet for them to fill out. Everyone has different systems so they have different information. However, over the next couple of years, we will be able to facilitate much more information. As purchases are made off the contracts, we will be able to look in the system and know, for example, the spend on trash bags, pencils, pens. Now we are at the mercy of our contractors to provide that information. We are very excited with the new system and the capabilities the state is going to see helping with transparency and cost savings. In addition, it will be a huge advantage to this body as to being able to provide additional data. **Question:** Is it any small business or non-profit? **Answer:** Non-profit.

- **Upcoming Contract Expirations**

- I know there is a concern in not knowing what is happening in another agency. What we have to do from a process perspective, because we have agency representation on the committee but do not have all the agencies represented, is to communicate monthly. We did communicate to most state agencies and to their procurement officers, the need to start a routine to identify what is coming up, for example, in six months or in a year, so we can begin providing their contract information to you.

It is going to be a manual process for us. What we have available is from our office, the State Procurement Office, which is primarily the large state agencies contracts. John put together an initial document that outlines what is coming up. (See handout). You can see items such as multi-channel recording devices, tires, court reporting, environmental contract, two-way radios, the industrial supplies and equipment, legal research, disc data storage hardware, cabling, and flooring. This gives you an idea of what we are focused on, going out until next year. If something interests you and you would like additional information, we can delve

into them more. We can outline for you what is the service and those items. Or, we can walk you through on ProcureAZ where to find that contract so you can delve at your leisure.

- At the next meeting agenda, we hope to give an overview of how to search ProcureAZ to independently find items so you are not as dependent on us. Besides ProcureAZ, another place we recommend to view upcoming solicitations is on our website (www.spo.gov – select Quick Links | [Notices and Opportunities](#)). You will find agency solicitation notices not posted in ProcureAZ that are being conducted by the agency directly. Agencies must post large contract solicitations. Checking this site will also help for planning purposes. Again, at the next meeting, we hope to walk you through our SPO website and ProcureAZ, to show how the system works and how to search.

- **Questions?**

- **Comment:** It sounds like you are saying, we should take responsibility on matching up what is out there with what we do and with our capabilities.

Response: Yes, it is difficult for us to know what the right fit is for you. We will provide those lists. At the next meeting, we will show you the technology and what is currently on the website.

- **Question:** When do you think ProcureAZ will include all the agencies?

Answer: It is not going to be for another year. The last agencies go up, July 1, 2011. Most of the medium-sized and large agencies are scheduled to be up by January. Starting in July, more agencies are rolling it out and will be doing all of their solicitations and notices. You will see more notices electronically.

- **Delia:** Current contracts are in ProcureAZ and you can do comprehensive searches.

Jean: Yes, we hope to have someone do a demo on the system.

- **Preliminary Set Aside Report, 3rd Quarter**

- **John:** The preliminary Set Aside numbers are in. All the information should be pulled a month after the first, hopefully, in a couple of weeks. The numbers from AFIS for the third quarter are at \$23.7 million. That includes everything through Set Aside vendors.

Year	Quarter Total	Transactions	Agencies
2009	\$27.0 million	7500	70
2010	\$23.7 million	5800	71
Difference	\$ 3.7 million	1700	

- That total is 5,800 transactions among 71 agencies. Comparing this to the same quarter last year, we were just over \$27 million. Therefore, we are down about \$3.3 million from last year and 70 agencies but the transactions are down from 7,500 to 5,800 transactions this year. With all the budget cuts, it is still a healthy number. Historically, in the third and fourth quarter the numbers go up.
- **Bill - Question:** Is that pulling from just Set Aside contracts or is this is pulling everything, beyond the contracts?
- **John:** That will come with the new ProcureAZ.

- **Closing Print Shop**

- **Jean:** We raised this topic at the last meeting with the budget cuts ADOA is closing our Print Shop at the end of April. In the correspondence to agencies, we are identifying Set Aside providers that do printing along with their contact information. We are communicating to the agencies a list of Set Aside providers. One area of particular interest is our business cards. At one time, all went through DOA for their business cards and they contracted it out. With the closing of the Print Shop, many agencies are questioning what they are going to do about business cards. John is trying to get some set pricing so that each agency does not have to talk to the providers themselves and so we have an agreement and a contract available.

- **Closing Repair and Maintenance section**

- **Jean:** The other area closing is the Repair and Maintenance section. They do repair services for the old typewriters, printers, facsimile machines, and older equipment. Is there any possibility, capability there but we do know there is definitely an interest in fixing the older equipment and we are getting many inquiries as to where to go. Many of the newer products are under the initial warranty or have a purchased maintenance agreement. It is the legacy-type of equipment that there is a need for maintenance and repair. If there is any possibility or capability, there is a need.

Bill Branson: On the business cards, we have full service for business cards and provide to 12 different agencies.

- **Review**

- **John:** I have talked to Bill. I have also talked to the Foundation of Blind Children and also Valley Life, formerly Valley of the Sun, now Valley Life. We are having conversations, asking if they have a print shop and if they did business cards. They all said "yes." I am working on getting the specs from the Print Shop, all the seals and everything else, to get that information to them, so I can get the right pricing. Everyone has said, they are all ready to go. It is just a matter of getting the specs. Then I will have a chance to find out what pricing is going to be.

IV. APPROVAL OF MINUTES: January 27, 2010

Do we have a motion to approve the January 27, 2010 minutes?

Approved: **Mark Thompson**
John Perkins

The January 27, 2010 minutes approved unanimously.

V. CONTRACT ITEMS (Possible Action)

1. New Contract Request – Gompers: Adult Incontinence & Feminine Hygiene Products

- **John:** Look in packet for pricing information.
 - **Fred:** We looked at six different manufacturers of hygiene products and narrowed it down to two different mgrs with product info and links to their websites. Briefs/pull-ups are like adult diapers. For brand recognition and quality – we selected Kendall & Attends. Others may be less expensive but the quality is not there. What they have now is the initial proposal but they may want to expand down the road but they do not want more than they can handle in the beginning. We are modeling this after a couple of other states, including New York Set Aside and the success they have had running this item as a set aside for over 15 years. I traveled to New York. (See handout.)

Q. Main customer? **A:** The main customer would be state agencies utilizing these products. They could be a hospital; they could be correctional institutions.

In addition, we have arranged with a third-party provider to handle the logistics of warehousing, order taking and the delivery, and that is the Waxie company. They, in addition, are targeting some of the agencies they currently have relationships with will help drive the commercial market.

Q: Is there a contract now? **A:** There is no current contract.

Delia: DES uses several different types at lower prices but they have ended up more expensive. They found that better quality, in the end, is more cost effective.

Fred: We will be doing packaging. We are certified by the FDA as an approved re-packager of medical devices. We are going to be packing in patient six-packs. The average patient uses about 4.6 per day. The pricing listed is the delivered price. We are going to be repackaging, cartoning, labeling and shipping. Waxie agreed that they are going to be distributing them.

Q: So the delivered price includes all the other functions that Waxie is providing – there is not additional pricing?

A: Correct. That is the “to-the-door” price.

If there is anything else, when they hit certain thresholds, they will get together at the end of the year. Waxie may give rebate based on volume. Per handout, the starting date products will be available is July 1st.

Q: Jean – John, did you have some pricing comparisons?

- **John:** I did some comparative pricing from the Internet. **Attends** was not as successful as **Kendall** products. See handouts and the highlighted/ circled items are the ones that map up with Fred’s items. In checking Amazon on other discount retailers online, they are significantly lower if comparing case to the case. Many sites have their pricing closer in line to what the retailers show, the smaller, individual packs, a pack of 12 versus a case.
- **Q (Jean):** Delia, have you been soliciting separately or selecting a variety of personal care products? **A (Delia):** A variety.
- **Q (Jean):** Fred have you had any conversations with **DHS or Corrections**?
- **Fred:** We have talked to Corrections. They have gotten information back. We are target ourselves to be competitive but we are not asking for a sole-supplier agreement.
- **Q - Jean:** Have you reached out to Veteran services?
 - **A-Fred:** Yes, through a third-party, as well. With that agency we do believe we will be competitive and possibly offer savings.

If approved by the committee, if give an example of Veteran’s services, substitute your product for what they have been paying and if we could do some analysis to cost savings. This would be something beneficial and something we could advertise as a positive to the Set Aside committee as to the product and what the savings just generated. As you keep the dialect going, I will continue to try to monitor where you are at. Same with DES. If they came onboard and started to show cost savings, it would be good testimonial to add to the website and another good advertisement.

Motion to approve a new contract for Gompers?

Dick Monaco so motioned.

Discussion: (none)

Vote: Approved unanimously.

Jean: One of the benefits with Waxie, just so you know, is under the new system, we have the capability for our contracts for punch-out ability where it goes to their website through our system. Identify what you want to order and it goes electronically to their system. Right now we have Staples up and running. We have Grainger and the next one is Waxie. So that gives you greater searching capabilities and ease of ordering by the agencies.

VI. FUTURE AGENDA ITEMS

1. **New Contract Request: Business Cards** (ACI, Foundation for Blind Children, ValleyLife)

2. **Gompers: Rag Update, Microfiber rags, towels, mop-heads, etc...** possibly through Janitorial (Waxie) contract.

a. **John:** Basically, there is just a change in the type of rag.

b. **Fred:** Everyone finds microfiber works well. Met with Waxie. They think the way the market is going, everyone is trying to be more and more green. Microfiber can really take off and they would like to work with us. Microfiber towels is part of the rags and they think they can really take off. We are trying to carve out the same arrangement where we are going to be purchasing them from beyond our borders, bringing them in, buying them in bulk. We will be processing them and doing what is needed for resale. We will use them as our call center and distribution office. That information should be ready in the next meeting.

c. **Q:** Is there any requirement, on "made in the USA"?

d. **A:** No, we have a statute, actually, executive order on "off shore", out sourcing and off shore, but that's very limited scope which references technical information that we are sending. It doesn't necessarily say that we can't contract with other countries. As to "Buy America", no we don't have any set requirements. But they can not have any Sudan or Iran business interaction. Those are listed on our website:

(<http://spo.az.gov/Admin Policy/SPM/Suspended and Debarred/default.asp>)

3. **Gompers: First Aid Kits, "private label" for market consumption**

a. **John:** Next future agenda items are "**first aid kits**":

b. **Fred:** We are looking at items for, with the economy, with the creation of our own

products, we can be competitive. We currently manufacture a kit for a company that sells for ToysRUs and Target. We got jump started about three months ago, with the economy pinch and slow down so we started to look at marketing our own products, market our own name out there and built a relationship with this gentleman because he was willing to let us know of his suppliers, we started looking at creating our own "first aid kits". We did approach Waxie again and we are trying to approach Grainger. Waxie expressed a willingness to supply some of their current customers with a Gompers First Aid Kit. Who knows where it will go from there. More information on that down the road.

- c. **Jean:** We participate in the **Western States Alliance** contract, where our Grainger contract is through. We have gotten some feedback that maybe it is not as price competitive as it should be. With that being said, I directed staff to issue our own industrial supply contract so we have issued that solicitation now and it should be awarded within the next couple of weeks. I envision a couple other players besides Grainger, so there may be more opportunities.
- d. **Fred:** Waxie has expressed a willingness to replace what they have and offer a manufactured by Gompers product. Waxie may want to meet with others who have some thoughts as they are willing to work with our type of agency.
- e. **Jean:** Their contract is coming up.

VII. COMMITTEE COMMENTS AND SUGGESTIONS

- Any comments?
- **Q:** Ways to separate – stats?
- **Jean:** Only way to pull out stats is through AFIS. No differentiating between set-aside contracts and other contracts. There are plans to address it. We identify the number of employed – part of the report.
- **Q:** Office Max?

A: Jean: Office Max lost about 6-9 months ago, so it is Staples. So they should be able to discuss the inclusion of items.

VIII. CALL TO THE PUBLIC

At this time, the committee will hear comments from the public. Members of the committee may not discuss items that are not specifically identified on the agenda. Therefore, pursuant to A.R.S. § 38-431.01(G), action taken as a result of public comment will be limited to directing staff to study the matter or scheduling the matter for future consideration and decision at a later date.

There were no comments from the public.

For inclusion on the next regular agenda, contact John Red Horse at (602) 542-9127.

IX. ADJOURNMENT – The meeting adjourned at 2:20 PM.

NEXT MEETING: July 14, 2010.

FOR SPECIAL ACCOMMODATIONS: Please contact Lucy Mandelholm-Couch at (602) 542-9146 at least three working days prior to the meeting if you require special accommodations or if you cannot attend.



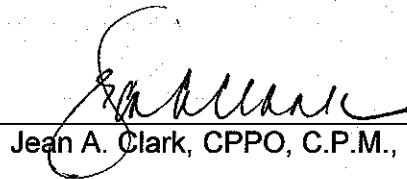
Jean A. Clark, CPPO, C.P.M., CPPB, CPM
State Procurement Administrator

8-10-2010

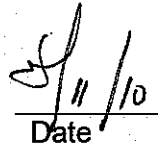
Date

Submitted by:
Jan Hart, Executive Assistant
State Procurement Office

APPROVED BY THE COMMITTEE:



Jean A. Clark, CPPO, C.P.M., CPPB, CPM



Date

POSTED: August 12, 2010

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