

STATE OF OKLAHOMA

STATE USE COMMITTEE MEETING MINUTES

NewView Oklahoma
501 N. Douglas Ave.
Oklahoma City, OK 73106

February 3, 2016

Call to Order

William Smith called to order the regular meeting of the State Use Committee at 1:01 p.m.
The meeting agenda was posted Monday, February 1.

Roll call for Quorum

Daron Hoggatt conducted a roll call.

Members Present: William Smith, Committee Chair; David Oliver; Jim Kettler;
Jerry Tate; Travis Monroe; Robin Arter, Regina Chace;
ABSENT: None

Quorum declared with 7 members present.

Introductions: All attendees

I. Approval of Minutes

Motion to approve the minutes of the December 9, 2015 State Use Committee meeting made by Mr. Oliver and seconded by Mr. Kettler.

Correction: Under Agenda item III the fair market sub-committee in December consisted of Mr. Smith, Mr. Oliver and (Mr. Tate in place of Mr. Monroe)

YEAS: Mr. Oliver, Mr. Kettler, Mr. Monroe, Mr. Tate, Mr. Smith

NAYS: None

ABSTAIN: Ms. Arter, Ms. Chace;

ABSENT: None

Motion passed

II. Financial Information

a. Ending Balance as of January 1, 2016: \$870,895.15

Discussion: When is the \$400,000 expected to be transferred out of this fund?

The only information that was provided to State Use was that the transfer of the \$400,000

III. Discussion and possible action to approve Fair Market pricing/changes

The Fair Market Sub-Committee (Mr. Smith, Mr. Tate, Mr. Oliver, and Mr. Monroe) and Daron Hoggatt had a conference call to discuss the Fair Market pricing for a number of items.

White paper (printer/copier) (10) – South Central Industries

Fair Market Sub-Committee recommends that the State Use Committee approve the prices proposed by South Central Industries which are at or below the Fair Markets prices.

Motion to approve the sub-committee recommended prices made by Mr. Tate and seconded by Mr. Kettler.

Discussion: What is the shipping time frame once an agency places an order? The paper will be delivered within 10 business days of the purchase date. The paper will be provided to South Central on consignment so South Central will have the paper at their facility and ready to deliver when you place an order.

What will your clients be doing in regards to a Value Add for this product? This is the process that the South Central clients will be following sending some of their clients to the suppliers in Tulsa and Oklahoma City. The South Central clients will be sorting and picking out the paper that is needed and loading up the trucks. Once they have returned to South Central they will be unloading the trucks and inventorying the quantities of the 10 different items into the warehouse. When an agency places an order, the clients will pull the different items to fill the agencies order. Using forklifts the South Central clients will load the different orders onto the truck and delivering these items to the different agencies throughout the state. The South Central clients will also be responsible for keeping track and reporting the inventory that is used because South Central will only be charged for the inventory that has left the warehouse.

Will South Central be offering color paper? South Central will not be offering color copy paper immediately. They want to make sure that they can manage the white paper orders successfully before jumping into selling color paper.

Regarding all products a Committee member asked if there is a standard by which the committee would select products that are manufactured, produced or processed by the clients of the sheltered workshops.

Daron responded by explaining that State Use vendors approach him with products that they would like to provide. As you read through the statute you will come across an explanation of the term process which is defined as a decision is making process by persons with disabilities. So in the case of South Central the persons with disabilities are verifying and picking up the correct items, processing the items back at the warehouse to provide an inventory, and when an agency places an order, the clients are pulling the items ordered from the warehouse, loading the orders on the truck, delivering them to the agency, and then providing an inventory of what was sold. The statute also references a set routine decision making process which this is.

So, couldn't any product be sold by State Use because any product can fit this category? Is handling the product considered to be a process? It is as long as the clients are picking, pulling and making decisions about the items that have been ordered and verifying the order.

This is the same that has been used for toner over the past 15 yrs. The clients load the truck with a variety of toner cartridges, they make an inventory of these cartridges, when an agency places an order, they go to the shelf and find the correct cartridge, and they place it on the truck for delivery.

Daron doesn't expect any more exception requests on paper than there is on any other State Use product.

South Central will also be opening a store where the public can come in and purchase the South Central products, and that store will be run by South Central clients.

YEAS: Mr. Oliver, Mr. Kettler, Mr. Monroe, Mr. Tate, Mr. Smith, Ms. Arter, Ms. Chace

NAYS: None

ABSTAIN: None

ABSENT: None

Motion passed

SW800 - \$5.00 TRAVEL REIMBURSEMENT PROCESSING FEE - GALT

Background: OMES has requested that Galt go back to paying the travel claims for agencies that are using temps for travel purposes, so Galt is requesting a \$5.00 fee for processing each of those travel transactions.

OMES told Galt a year ago that because travel reimbursement was not a line item on the Galt contract that Galt could process travel reimbursements but Galt could not request an invoice for reimbursement for those travel claims. So at that time we were told to go ahead and have the agency process it internally through the agencies own OSF 19 form and through their finance system.

Three weeks ago, Galt received an e-mail from someone else in OMES that stated that Galt has to process the reimbursement through the Galt Foundation. Before, when Galt was processing reimbursements they only had 4 or 5 to process each month. Over the past year Galt has increased its partnerships with a couple of agencies. Oklahoma Emergency Management contract employees have now been changed to Galt employees, and they travel a lot. Drivers for another organization went from contract drivers changed to Galt employees, so the volume of travel processing has increased drastically. Galt will be processing from 20 to 50 travel reimbursements per week. If the forms are completed correctly, it will take Galt's software was not set-up to accommodate this added responsibility, so at this time a lot of the process has to be done manually. Eventually this process will be coded into Galt's software and the manual portions will be done by the software. A time study was done to see how long it would take to process a claim from beginning to end. Each travel claim takes 20 minutes to process individually, and then additional steps are done depending on the claim. From this information Galt calculated that it costs approx. \$5.00 to process each claim, and this fee has to be on the contract for Galt to be able to process these claims. Only agencies that use their temps for travel will pay the \$5.00. If a temp travels 3 times in one week the amount will still be just \$5.00. If agencies do not have temps that travel, the agency will not be charged the \$5.00. So if 50 claims are processed at \$5.00 per, the organization will spend about \$240.00 to \$250.00 per week. The \$5.00 processing fee is per person per week, so if an employee travels 3 days during the week, the processing fee will still be \$5.00.

Discussion: Prior to this change, the state agency was processing a travel claim internally for the Galt employee and reimbursing back to the Galt employee. Now the agency will fill-out the form, the state agency supervisor will approve the forms and provide Galt with the form and all of the associated documentation. The paperwork will be transferred to Galt. Galt will process the paperwork, pay the Galt employee and invoice the agency for the amount of the travel reimbursement.

In addition, the state stopped paying the travel reimbursements to Galt employees a month ago. So at this time there are Galt employees that were approved for travel and their reimbursements of up to \$3000.00 are being held because Galt does not have a way to invoice the months worth of travel because it isn't on the Galt contract, and the state central finance department is not going to pay it because they are not state employees. For this month's reimbursements the site supervisors will approve the amounts of the reimbursements and then Galt will send the reimbursement amounts through their system to get the reimbursement on the Galt employee paycheck, and then Galt will invoice the state for the amount of the reimbursements.

Committee member: So what's stopping Galt from doing this now? At this time the contract does not have a line item for processing travel reimbursements, so Galt can invoice the agency to recoup the reimbursement or the \$5.00 fee.

Committee member: What will Galt need to submit in order to get the reimbursement? The agency will need to provide Galt with a completed, approved travel reimbursement form and the associated invoice. This will provide the agency with specifics on the Temp employee, who approved the invoice, and how much the invoice is for.

Motion to approve the processing fee requested by Galt Foundation made by Mr. Monroe and seconded by Ms. Chace.

YEAS: Mr. Oliver, Mr. Kettler, Mr. Monroe, Mr. Tate, Mr. Smith, Ms. Arter, Ms. Chace

NAYS: None

ABSTAIN: None

ABSENT: None

Motion passed

SW078 - TOOTHPASTE - SOUTH CENTRAL INDUSTRIES

Fair Market Sub-Committee recommends that the State Use Committee approve the South Central Industries price which are below the Fair Market Prices.

Motion to approve the sub-committee recommended prices made by Mr. Oliver and seconded by Ms. Arter.

Questions: None

YEAS: Mr. Oliver, Mr. Kettler, Mr. Monroe, Mr. Tate, Mr. Smith, Ms. Arter, Ms. Chace;

NAYS: None

ABSTAIN: None

ABSENT: None

Motion passed

SW001 - DISPOSABLE OVEN LINERS - SOUTH CENTRAL INDUSTRIES

Fair Market Sub-Committee recommends that the State Use Committee approve the South Central Industries prices which are below the Fair Market prices.

Motion to approve the sub-committee recommended prices made by Ms. Chace and seconded by Mr. Kettler.

Discussion: The Fair Market prices are very skewed on this item, but these prices have been verified. Apparently this item is not a niche item for places like Wal-mart and Sears, so their price is much higher than the South Central Industries price. The other two Fair Markets researched were lower than Wal-mart and Sears, but they were still much higher than South Central Industries.

A committee member inquired about the minimum order and the shipping fee: The minimum order is 1 case and shipping is free.

YEAS: Mr. Oliver, Mr. Kettler, Mr. Monroe, Mr. Tate, Mr. Smith, Ms. Arter, Ms. Chace;

NAYS: None

ABSTAIN: None

ABSENT: None

Motion passed

SW203 – (5) Incontinence Products – People First

Fair Market Sub-Committee recommends that the State Use Committee approve the People First prices which are below Fair Market prices.

Motion to approve sub-committee recommended prices for these products made by Mr. Oliver and seconded by Mr. Monroe.

Discussion: What is the minimum quantity and what is the shipping price. The minimum quantity is one case and shipping is free.

YEAS: Mr. Oliver, Mr. Kettler, Mr. Monroe, Mr. Tate, Mr. Smith, Ms. Arter, Ms. Chace;

NAYS: None

ABSTAIN: None

ABSENT: None

Motion passed

SW22 – (5) Zebra Brand Pencils – People First

People First has had a price increase from their manufacturer. The price that People First is requesting for these items is below the Fair Market price.

Motion to approve the sub-committee recommended price for this product by Mr. Oliver and seconded by Ms. Arter.

Discussion:

YEAS: Mr. Oliver, Mr. Kettler, Mr. Monroe, Mr. Tate, Mr. Smith, Ms. Arter, Ms. Chace;

NAYS: None

ABSTAIN: None

ABSENT: None

Motion passed

IV. Department of Corrections Exception Request (Continuation of Discussion from 12/5/15 Mtg)

This is the continuation from the last State Use Committee meeting. The documents you will find regarding this include a letter from the State Purchasing Director Mr. Barger supporting the exception, a memorandum to Jim Harris (DOC) from Roger Sprague (State office of finance) stating that the fund has been reclassified for the canteen purposes, followed by the canteen operation sheets. If you look at Title 57 it does state that items purchased for the canteen are exempt from the Central Purchasing Act. These funds are from the inmates and the families of the inmates, they are not State Funds.

Does the committee want to approve or deny the exception at this time?

Discussion: If Title 57 gives a specific exemption to title 74 than why are we even voting on this? Per Tim Tuck, The activities going on here are not really Central Purchasing in nature, it's vaguely connected to Central Purchasing but you aren't under competitive bidding, or any other restrictions of the Central Purchasing Act. Another Committee member is concerned that if we open this door and allow this exemption, next the Dept of Tourism will be asking for an exemption. The difference is that the DOC inmates and their families are paying for this service. The Dept of Tourism would have to use state monies, but the DOC canteen is funded by the inmates and their families.

The inmate fund is a 700 special fund. It is essentially a bank account for the offenders and the canteen service provider is responsible for the accounts. A payment to the offender account is made through the offender banking system, not through the state voucher system. Money sent from

families is deposited into the offenders account and the vendors can draw on this money for personal purchases. The State does not have access to these funds. The fund can also be used by the offenders to make phone calls, they can send money home to family, and when they are released they receive any remaining monies that they paid into their personal account.

When offenders make purchases, the canteen revenue from those purchases are used to purchase new canteen inventory, to pay canteen employees, and to provide microwaves, recreational equipment for the offenders.

The reason that DOC wants to make this change is that they want to have a full system of purchasing where the canteen inventory is purchased from one source, it's shipped in from one source, and that source also allows the family members to go into their online system and order items for the offenders. At the December 2015 meeting, individual State Use vendors polled said that they would not be able to provide this full system of both the products and the service of taking care of the offender accounts, and the online site for family member orders etc.

According to the AG, if the product has a service attached (in this case the canteen product includes the service of operating the ordering system, and the service of administrating the offender banking system) than it is exempt from the procurement schedule of the State Use Program.

Daron explained that when he denied this exemption he was not aware that the canteen funds are private funds and not state funds, and that Title 57 provides an exemption. Than the AG opinion came back stating that a product comprised of an "item + service" excludes it from the procurement schedule.

A number of the State Use Committee members were not comfortable taking on the responsibility of allowing or denying this exemption. They asked Tim Tuck if instead of approving or denying the exception if they could motion to reconsider the original exception denial based on additional information received by the State Use Administrator Daron Hoggatt.

Motion made by Mr. Monroe and seconded by Ms. Arter to reconsider the Oklahoma Department of Corrections Request for Exemption from State Use for the Reselling of Goods in the DOC Canteen System due to revisiting of Title 74 O.S.§85.12 and Title 57 O.S.§ 537 from the Oklahoma Central Purchasing Act, and the Attorney General opinion of 2010 regarding products attached to services.

Additional Discussion: None

YEAS: Mr. Oliver, Mr. Kettler, Mr. Monroe, Ms. Arter, Ms. Chace

NAYS: Mr. Smith

ABSTAIN: Mr. Tate

ABSENT: None

Motion passed

V. Senate Bill 1110

This is an emergency bill submitted by Senator Thompson suggesting to move the State Use Program from the Office of Management and Enterprise Services (OMES) to the Department of Rehabilitation Services (DRS). Some vendors are currently researching this bill and there are issues concerning this bill that need to be addressed. Mr. Smith will be meeting with Senator Thompson, DRS and OMES to discuss this bill. Today this bill was amended and now the State Use Program would be going to the Department of Human Services.

Judy Goodwin was going to speak about this bill during the comments portion of the meeting, but the State Use Committee allowed her to share her information here. The Oklahoma Community-Based Providers (OCP) was very confused on what position to take regarding this bill. They were not aware that the bill was being filed, who was filing it, or why it was being filed, and they couldn't get any answers from elected officials or state officials. Some OCP members are not exactly comfortable with moving the State Use Program to DRS because generally speaking, DRS is an employment first agency that moves towards competitive employment for everyone which is a dichotomy with center based work. About half of the OCP members stated that they didn't care where the State Use Program went, it wasn't relevant to them. The other half of the OCP members gave very long vehement objections to the State Use Program being moved. From an OCP point of view we will go for, or against this bill depending on what the membership wants to do. The amendment changing the destination from DRS to DHS may cause a change in the Oklahoma Community-Based Providers view on whether to support this Bill or not. Judy is still concerned about the reason for this bill and she would like to hear from someone about who requested this bill and why it was requested. Judy is concerned that if State Use is taken out of OMES and put into one of these other departments that this change could be the first step to dissolving the State Use Program. Judy stated that the OCP is fairly politically active and that if they can get their questions answered the OCP will make a decision to support or oppose the bill and she will share that information with the committee when the OCP decision has been made.

Nellie Sanders who also signed up to speak during the comments portion of the meeting shared the following information. Nellie, spoke with Preston Doerflinger last week and Preston indicated that he was surprised by this legislation. Preston said that he would speak with the Senator about not running the legislation, but when Nellie met with Senator Thompson he relayed that this bill was authored partly because of the canteen issue with DOC and because the Senator felt that the missions of OMES and the State Use Program did not connect. We in this room know that the connection between OMES and the State Use Program is procurement.

Preston also mentioned that he didn't understand how the missions of OMES and the State Use Program mesh together. Finally Preston stated that we are lucky that we have a program at all, that the lawmakers are not knowledgeable about this program and that we need to get out and meet with the lawmakers. Preston also shared that there had been talk about eliminating the program entirely.

It's important that that the State politicians, and the State agencies understand that the State Use Program like the rest of the OMES group in our office are contract managers. The 1% levy that you pay is used to manage those contracts. For some reason there seems to be a misconception among some of these politicians that the State Use Program is managing the workers, when in truth the State Use Program is managing the contracts, which employees the workers, which provides goods and services to the State Of Oklahoma.

Another vendor stated that she has been receiving phone calls from agencies that have never purchased from her program before, and she believes this is due to the efforts of Daron and his team getting with the agencies, and the CPO's and sharing information about the Mandatory State Use contracts. This vendor asked the State Use Team for additional information on how we are getting the word out about the State Use Program. Daron replied that the State Use team has been working heavily with the CPO's, purchasing agents, and managers to make sure they are educated on why the State Use program is important, how it benefits both the persons with disabilities, and the State of Oklahoma, and the varied products and services that are provided by the State Use Program. At the CPO summit put on by the State Use Program last October, we had 250 buyers in attendance which is a significant number of the purchasing agents.

As Nellie stated earlier many of the lawmakers who are voting on these bills don't understand the State Use Program. Unfortunately Daron and his team cannot go and meet with the lawmakers because we have a liaison that is supposed to take care of that. You as vendors however can meet with the lawmakers.

Daron is also publishing a State Use bi-monthly newsletter that has information about the State Use Program and contracts. It has articles that introduce the reader to the vendors and their clients. It has information about existing and new products and services. It also has links to web pages that agencies can use to find the items they are looking for.

In addition, since he first started as State Use Administrator, Daron has been preparing and posting online, an annual legislative report that anyone can access. It is sent to the legislature and they may or may not read-it.

When it comes to educating the lawmakers, it is up to the vendors to save the State Use Program, by speaking to these legislators and sharing information about what the program does and its benefits. The vendors could invite the legislators to sign-up for the online State Use newsletter and/or the legislative report. The legislators need to hear from the vendors.

VI. SUPRA Conference

The conference took place in New Orleans last week. Due to the budget crunch, not of the State Use staff was able to attend. A few of the vendors (Galt, South Central Industries, and Kiamichi) did attend the conference.

These 3 vendors learned how other State Use programs are doing, how they were operating nationally. Will felt that no one else in the US has the same budget crunch that OK has.

State Use Programs around the country are doing very well. There are several items or services that we are providing that others at the conference aren't doing. There were also products and services being provided by others at the conference that we don't offer.

There was also a speaker at the conference who spoke about how State Use Programs need to get together with parents, etc. and creating a grass root advocacy to get the word out about the program. This speaker is putting together a tool kit on how to create an advocacy group, and how to get started.

VII. Liaison update

Amanda has been to 38 of 46 vendors. Outreach community janitorial has decided to close their workshop. They only had one statewide contract that we are in the process of getting re-bid. There a lot of questions being asked by vendors in regards to the 2019 changes of sheltered workshops. Daron has spoken to the specific vendor involved in this credit card purchase, and they understand that credit card information is not to be kept on file. This is just being brought up to make sure that all of the vendors are aware of this rule.

There is a new vendor that we would like to get approved as a new vendor. Community Enterprises is out of Enid Oklahoma, and they provide janitorial services

Motion to approve Community Enterprises as a new State Use Vendor made by Ms. Chace and seconded by Mr. Kettler.

Discussion: A committee member requested that proposal of new vendors have their own line item on the committee agenda rather than being part of the liaison update. A committee asked the prospective vendor if the Massachusetts address is the home address. The prospective vendor replied that Mass. is the home office and that Community Enterprises has branches in Massachusetts, Connecticut, New Your, Rhode Island, Oklahoma They currently operate a location in Enid OK.

YEAS: Mr. Oliver, Mr. Kettler, Mr. Monroe, Mr. Tate, Mr. Smith, Ms. Arter, Ms. Chace;
NAYS: None
ABSTAIN: None
ABSENT: None
Motion passed

VIII. New Business

Mr. Tate made a motion that he replaces Ms. Arter as the parent or guardian of a child that is in the State Use Program. The motion was seconded by Mr. Kettler.

Discussion: Mr. Tate stated that there have been numerous meetings that Ms. Arter has missed since being elected into this position. It is a voluntary position, and Mr. Tate would have to take annual leave if he moves into this committee member position. Mr. Tate feels that if you volunteer for a committee seat that you need to come to every committee meeting unless there is something extraordinary that is causing you to miss the meeting. In addition if you cannot attend a committee meeting you must communicate to Daron that you will not be at the meeting. Not communicating to Daron that have to miss a meeting is unacceptable. Ms. Arter responded that she notified Daron when she joined the State Use Committee that she had a pre-existing engagement and would not be able to attend the October 14 meeting. She was absent from the December 9th committee meeting because she was out of town, but she did not notify Daron that she would not be attending this meeting.

Another committee member stated that he has known Ms. Arter for years and he thinks it's too early to make a judgment on whether she should stay on the committee.

Mr. Tuck commented that "New Business" should really be restricted to things that are an emergency (something not known 24 hrs in advance of the meeting). An item of this nature should be, brought up at a future committee meeting as a line item for the committee to discuss and vote on. Mr. Tuck stated that this discussion should be discontinued at this point.

IX. Public Comments

Nellie Sanders has set-up a meeting with Representative Lee Denny (the House co-author of the bill) regarding HB1110 on Monday February 8th at 3 p.m. All vendors are invited to attend this meeting. This is the chance for the vendors to have their voice heard by the House and Senate authors of SB1110. See Nellie after this meeting if you would like the meeting with the representatives.

Judy Goodwin did not have anything to add to her previous comments regarding SB111

X. Adjourn

Motion to adjourn made by Ms. Chace and seconded by Mr. Kettler.
Meeting Adjourned at 2:50 pm