WISCONSIN STATE USE BOARD MEETING

October 9th, 2014, 10:00 a.m. – 12:00 p.m.

Department of Agriculture, Trade, and Consumer Protection (DATCP)

2811 Agriculture Drive

Madison, WI 53718

**Opening Business**

Call to Order – The meeting was called to order by Jean Zweifel at 10:15AM.

Introductions:

 Board Members Present:

* Jean Zweifel, Greenco Industries
* Enid Glenn, Department of Workforce Development, Division of Vocational Rehabilitation
* Bill Smith, National Federation of Independent Business
* Helen McCain, Department of Administration
* Michael Casey, (via teleconference)

Board Staff Present:

* Nadine Malm, Department of Administration
* Mason Aumanstal, Department of Administration

 Audience:

* Ken Maciejewski, Opportunities Inc
* Gary Goodsell, Careers Industries
* Toby Johnson, Superior Vocation Center
* Karl Schmig, Riverfront
* Isobel O’Rourke, Kenosha Achievement Center
* Alyssa Williams, Kenosha Achievement Center
* Susan Davis, Roadside Facilities Maintenance
* Todd Karkowski, Goodwill Industries
* Ben Coley, Lakeside Curative Services

Phone:

* Ryan Hoffman, Beyond Vision
* Joseph Giertych, Handishop Industries
* Paul Thornton, Black River Industries
* Don Hugill, ECB

Approval of July 10, 2014 Minutes – **Enid motioned, Helen 2nd – Motion approved**

**Chairperson Report --** Nothing to report

**Continuing Business**

**2012 Annual Report –** Nadine discussed the 2012 annual report. The report will be complete unless there are any changes that board members need to make. Any changes need to be submitted to Nadine by Thursday, 10/16/2014. Nadine will provide report to absent and teleconferencing board members.

**Fair Market 2013 --** Nadine has all the information for the fair market review and is still verifying the information. There are currently 25 work centers with no state contracts. 22 work centers held 32 state contracts for Rest Area Maintenance (RAM) and State Weight Enforcement Facilities (SWEF) for almost $6 million. For contracts valued $5,000 and less, there are six work centers that hold eight contracts for a total value of just less than $19,000. There were 10 new contracts awarded this last year – eight to Easter Seals mostly for lawn mowing and janitorial services and two to Indian Head which were both janitorial. These contracts totaled $127,000. Thirteen work centers submitted Executive Summary contracts for 39 contracts for a total of over $2.1 million. This number includes Kenosha Achievement Center’s food service contracts which covers food service for the Racine Youthful Offender Correctional Facility (RYOCF) as well as the UW Milwaukee food contracts. For comparability, 17 contracts are being looked at from 13 work centers. Work centers did have some service pricing changes, but only a few products price changes. Helen asked if there had been any change to the fair market pricing review; Nadine confirmed that the methodology has not changed for determining fair market pricing. Enid asked that Nadine repeat the information about Kenosha Achievement Center’s contract. Nadine noted that the number appears to be large on the executive summary due to the cost covering food supplies for RYOCF and UW Milwaukee. The cost for the two contracts alone combined for a little over $1.5 million. Jean asked if there were more questions, there were no further questions.

**2013 Annual Report -** Nadine is working through the 2013 annual report but should be completed soon. The board staff will be working on this report as well as gathering the information needed for the 2014 report. Board staff has the needed information to complete the 2013 annual report, but forms need to be updated for the 2014 report to be completed.

**Appreciable Contribution –** At the last meeting, Nadine stated that definitions are needed for the Initial Cost Analysis Form that work centers complete in order to perform work for the state. It was decided that a survey be created but the survey was not yet finished because there was some confusion as to what to put on the survey. Specifically, Nadine cited concern about the definition of “overhead.” It was agreed that more questions should be added to the survey and Jean advised that the questions have to be directed and not open-ended. It was agreed that an “other” portion would need to be added where the work center is to indicate what additional costs might be included (specifically of interest to the board is what is included when work centers cite indirect and overhead charges?). Since there is a concern about consistency, it was determined that the board would define indirect and overhead costs, and the “other” field is not to be left open-ended so as to eliminate confusion. Enid asked what the board wanted to get from the responses. Helen noted that the responses would help the board determine how to revise any potential changes to the fair market analysis with clear definitions on all factors on costs. Since contracts will vary, the board has to analyze what definitions are being used currently; the survey will help create a solid definition so there is consistency and a standard for all work centers and future contracts. Nadine will revise the survey and send out the completed draft to the board for review.

**Recertifications 2014 –** Nadine noted that recertifications for work centers are now complete. 65 work centers were certified last year, this year there are 64 with no new certifications. The work center that was lost was one that was run by a county. The work center’s work and staff were transferred to an agency called East Suburban Resources (ESR) that is incorporated in Minnesota, rather than Wisconsin. For this reason, the work center cannot be certified in the State of Wisconsin. The company has sent paperwork for incorporation to Wisconsin’s Department of Treasurer department in order to be incorporated into the state. The loss of certification affects approximately 150 individuals including five individuals employed through RAM and SWEF maintenance. The state statute governing the State Use Program requires that Work Centers be incorporated in the State of Wisconsin. Once the paperwork is completed, Nadine would like permission to certify ESR instead of having to wait for the first board meeting of 2015. Helen clarified that this is not a new certification, but rather a recertification. Jean asked for a motion to certify the work center. Bill motioned to certify the work center when the articles of incorporation are completed for the state of Wisconsin, Helen 2nd, -- **motion approved**. Helen also requested that an email go out to the board to indicate the articles of incorporation have been approved for the State of Wisconsin and the certification is complete.

**Officer Uniforms** -- At the previous board meeting, Nadine asked if the board would be willing to have a conference call to complete the contract with Black River Industries (BRI) for officer uniforms. The meeting took place and the contract was approved and BRI is now creating all the uniforms for the Department of Corrections (DOC). Nadine asked Paul of BRI if he had anything that he would like to add. Paul advised the board that BRI is currently sewing badges on officer caps, shirts and two-style jackets. BRI will also be adding a security patch on the rear flap of a cargo pant for each officer. This order is for 6,000 pieces and production will begin in January with training starting in December. Paul anticipates having up to 16,000 pairs of the pants completed by June. The order increased from two pair of pants per officer to three pair per officer. BRI have been sewing badges on shirts for seven or eight years. BRI is still waiting on the caps to begin training on their production. BRI had previously been receiving the badges directly, but they are now coming from DOC and BRI is currently awaiting shipment. The jackets come from Spiewack out of New York, and the sales manager brought samples to BRI and also trained the staff on how to sew the badges on the jackets. The process is now very different. The jacket has an inner and an outer shell. Paul noted that the fabric is also very different. 300 jackets have already been shipped, but since the process now involves an inner shell and an outer shell, the order is for 600 pieces and both have badges sewn on. That order was completed on schedule. BRI currently has three people sewing full time. There are two free machines as well as the resources for more as they are needed, but BRI is currently awaiting the trouser order to determine how much more equipment is needed before investing. Paul noted that the current sewing operation is operating in the main production room with the intention of moving sewing to a newer 4,500 square foot area. Things are going well for BRI and Paul is very optimistic that the deadlines will be met. Paul also appreciates the board completing the contract via teleconference. It helped move the process along.

**State use program –** At the previous meeting,Nadine introduced Kirsten Cooper and Tami Jackson who wanted to address the board about some suggested changes to the program. Enid wants to discuss what the protocol is for having a discussion outside of the open session. Enid believes that the board needs to come together to understand and distill information to bring cohesion to discussions so that everyone is working from the same understanding. Specifically, Enid noted that the board needed to have a consensus about the use of subminimum wage, the definition of disability, the use of work centers as training resources and private business partnerships. Enid believes the board needs to work together to review the issues; reach a consensus as to what is and what is not appropriate board business. Jean noted that a closed session should occur so that there is a clear understanding before bringing these issues to the people. Bill agrees that, with regard to the State Use Program, some of the issues can be volatile and that a closed door session can be beneficial. Enid further clarified that the goal is to allow board members to be able to speak freely and noted that there is a valid concern that the process is not open. Jean thinks that a closed session is a good idea, especially since it can be difficult getting the entire board together. Nadine noted that at least 24 hours’ notice is needed to alert the public to the meeting. Helen noted that there are still some questions that need to be addressed and a closed session is a good way to get some of the ideas fleshed out. Some of the proposals can have some negative ramifications and some analysis needs to be done so that the board has a fine understanding of the impact of proposed changes. Bill believes that there is a value in this type of discussion. Michael advised that in his 15 years on the board, there has never been a closed session; he doesn’t believe there is an obstacle, but thinks that other avenues might be feasible. Helen stated that the other option is to have a subcommittee formed that would allow the board to have this information analyzed. Jean referenced the size of the board as a reason to not form a subcommittee and expressed concern that not all board members would have the same knowledge. Nadine floated the possibility of a teleconference if all board members could not be at the same place at the same time. Nadine asked if she should attempt to look at meeting times and Jean agreed. Helen asked for a time sooner rather than later (within the month). Bill asked if there is background information on the issues that the board is looking over. Nadine said that there is information available on the internet as well as the previous meeting’s meeting minutes that will help with a basis of understanding. The letters that the board has received in the past cite the same concerns with regard to paying subminimum wage. Bill thinks that the meeting minutes do a good job of summarizing the information. Nadine offered to send further information via email (unclear crosstalk). Nadine specifically referenced Disability Rights as a reference point that has a lot of information. Jean again referenced the impact that changes can have on the people of Wisconsin. Helen agreed saying that everything is integrated – every decision will have an impact on something else. The board should work together to analyze how changes to the state use program will affect work centers. Enid asked if public notice was needed to have the closed session. Nadine confirmed that a closed session would require a public notice.

**New Business – Can Liners:** Nadine received emails and telephone calls from Gary Goodsell from Careers Industries (CI) requesting to be put on the agenda to discuss an increase in resin prices from CI’s supplier due to an industry-wide resin shortage. Nadine included emails from Gary in the board information packet that discussed the price increase, and further included prices from April to illustrate price decreases from that time to show the full-scale of the price increase. Gary noted that CI’s can-liner partner was implementing a six percent increase due to an industry-wide resin cost increase. Dow Chemical and Exxon Mobil announced that they were increasing costs. Other major bag makers such as Pitt Plastics, Fortune Plastics and AEP have announced in September that they were also going to be implementing an approximate six percent increase. CI is asking for an approximate four percent increase to offset these additional expenses and asking that the implementation date be November 1st, 2014. Gary made mention of the previous five percent cost reduction in April. Bill noted that the resin price increase was effective September 1st, Gary advised that CI was holding off on the increase as CI was still in negotiations with Heritage Bag but is asking that the expense increase be effective November 1st. Nadine cited an email requesting an effective date of November 16th, Gary agreed that the date in the email should be the effective date (November 16th). Helen sought clarification and stated that the increase does not appear to be a six percent price increase as some products had been adjusted significantly and others not as much. Gary reported that the price increase is approximate and is not an across-the-board increase in prices. The new pricing represents an average of an increase of six percent. Jean found it interesting that can liner costs are increasing while gas prices are decreasing across the nation – usually the cost for plastic and gas go hand-in-hand. Gary stated that traditionally, can liners will follow oil prices in correlation, but this was a basic principle of supply and demand -- since there is a supply shortage on resin, the costs are going up. Jean is also finding that shrink wrap prices are holding steady and is surprised to see an increase in can liners. Gary stated that low density and high density polyethylene are priced independent of one another. Enid clarified that there was a decrease at one point, but now there’s an increase. Bill confirmed that this is correct stating that in April there was an average five percent decrease. Enid asked if this is normal, Bill and Nadine confirmed that these fluctuations are normal and cited a previous increase in cost from January 2014. Jean asked if these costs were checked using the fair market pricing methodology. Nadine had done brief checking of can liners, and has seen that CI’s prices are lower than average prices across the industry, even with the price increase. The true fair-market calculations have not been performed. Helen asked if CI is reaching out to the state agencies to advise them of the price increase with an explanation of why it occurred; Helen’s concern is that agencies run on fairly tight budgets and there are lapses that occur that can make trouble when costs increase. Helen thinks it would be wise to note that this is really a one percent net price increase due to the changes in April and November. Helen advised that CI put information together to let agencies know of the increase so that the increase is well-received. Helen is concerned that agencies are not happy seeing price increases as most agencies are seeing budget costs decrease. Nadine asked if the notification should come through Badger State Industries (BSI) as BSI is the entity that provides and charges for can liners. Gary will put together some information and submit it to BSI so if they want to disseminate the information, they can. Helen thinks this is a good idea. Bill asked Nadine if she was comfortable with the fair-market prices; Nadine confirmed but can perform a full calculation. Helen would like a full analysis completed so that there is no confusion from other agencies. Helen clarified the motion that the board is approving the increase in pricing depending on the results of the fair-market analysis. Bill moves for approval of the price increase contingent on fair market price analysis. Michael 2nd -- **motion approved**.

**State Use Programs Association Conference –** Nadine is asking for permission to travel to the State Use Programs Association (SUPRA) Conference in January 2015 at Scottsdale, Arizona. Nadine has gone the previous two years and cited the State Use products and services listing as a beneficial result of a previous conference. With changes happening nation-wide, Nadine believes that the conference benefits the State Use program as it allows the program to observe and undertake new processes. The information was just being finalized but Nadine looked into it and found that the conference costs $195 for registration, approximately $150 per night for lodging and around $400-$450 for airfare with totals coming to about $1,050 to $1,100. Helen motioned for the approval of the funds for the SUPRA conference agreeing that with changes at the federal level, it’s important to keep abreast of how other states are handling changes. Bill 2nd noting that the previously discussed issues allow an opportunity for the State Use Board to evaluate how to approach moving forward. Michael was twice informed that unfortunately, he would not be able to attend. **Motion approved**.

**WisBuy –** Helen wanted to add an agenda item to new business to discuss WisBuy, the state’s in-house electronic purchasing system. The next major initiative for the WisBuy program is to get the work center contracts on the catalog. The Wisconsin Department of Administration (DOA) will soon be implementing a new Enterprise Resource Plan (ERP); one of the benefits is that the state will be able to monitor purchase orders more closely and discover which agencies are not properly using the State Use work center contracts the way they were designed. Helen recognizes that not all work centers have a way to create an online ordering system, so the state can take and host the information so the information is readily available and easily accessible. Brian Wakeham, Bureau of Procurement will hopefully be reaching out to work centers to make these contracts available. Some of the bigger contracts are already available on WisBuy, now the focus shifts to some of the smaller centers so that agencies are able to identify and utilize the existing contracts. Nadine added that Brian sent out a questionnaire to four of the work centers (ones that identified themselves as able to process purchases made by Wisconsin purchasing cards). Some work centers were not notified due to association with agencies like BSI who are operated by state correctional facilities. Helen further stated that the state is working with BSI to assist in getting associated work center catalogs available on WisBuy. The target date for implementing the new ERP is July 1st, 2015; for work centers that do not accept purchase card orders, the new ERP will allow for state agencies to purchase goods and services with the WisBuy acting as a go-between for the consumer. Helen again noted that this will allow for state agencies to order using correct contracts. When a new system like this ERP is introduced, there is a “valley of despair” where accuracy of work and productivity suffers while associates get accustomed to using the new system. Helen is hopeful that this will be short-lived and the new ERP will provide better data showing when an agency orders a mop from Grainger, for instance, rather than through a contracted work center. Nadine plans on meeting with a member of the ERP development team to discuss how to go forward with the work centers (week of 10/13/2014). Enid inquired if the work centers will be required to put their catalog online. Helen advised that if a work center is already registered in the current system, moving them to the new ERP will not be difficult; some fields may be present on the forthcoming ERP that is not on WisBuy, work centers have to adjust their data accordingly. There will be a lot of outreach from the DOA to state agencies and work centers to confirm that the switch is successful (particularly for the smaller vendors that may not be familiar to ERP systems). Enid noted that this alleviated some of her fears that smaller may have difficulty with the change. Helen advised that it’s not known what information will be required when using the new ERP, but DOA will be working with the vendors to ensure that all the information needed is collected by working with the vendors directly. Jean is excited about the change saying it’s badly needed; Helen agrees.

**Other New Business**

No other new business.

**Old/Other Business**

No old business.

**Public Comment**

Anunidentified speaker from the audience asked if the current ERP is specifically for products and not necessarily services. Helen confirmed that service contracts can be added, but this has not been approached yet. The focus has been commodities, but service contracts will be added, likely not happening before the new ERP goes live.

**Other comments –** Nadine has recertification paperwork, any work center personnel in attendance should collect their certification information before leaving.

**No other comments**

**Next meeting January 8th at Opportunities Inc. in Madison.** Change of venue because the board room is not available and other state agencies where free parking is available were not free for the meeting. Rather than having board members and the public pay for parking in downtown Madison, Ken Maciejewski offered to hold the board meeting at Opportunities, Inc. at 930 Stewart St, Madison, WI 53713.

**Enid moved to Adjourn, Helen 2nd – Meeting adjourned.**

Future Meetings:

* Thursday, January 8, 2015 10am – 12pm, Opportunities Inc., Madison WI
* Thursday, April 9, 2015 10am – 12pm, DATCP
* Thursday, July 9, 2015 10am – 12pm, DATCP
* Thursday, October 8, 2015 10am – 12pm, DATCP