WISCONSIN STATE USE BOARD MEETING

February 8, 2018, 10:00 a.m. – 12:00 p.m.

Department of Agriculture, Trade and Consumer Protection

2811 Agriculture Drive

Madison, WI

**Opening Business**

Call to Order – The meeting was called to order by Jean Zweifel at 10:08 a.m.

Introductions

Board Members Present:

* Jean Zweifel, Greenco Industries
* Jim Langdon, Department of Administration
* Nick George, MFPA, Teleconference
* Bill Smith, NFIB
* Amy Grotzke, Department of Workforce Development

Board Staff Present:

* Nadine Malm, Department of Administration
* Cheryl Edgington, Department of Administration
* Terri Hagstrom, Department of Administration

Audience:

* Rick Hughes, Department of Administration
* Joe Greene, Careers Industries
* Stacy Quicksand, Careers Industries
* Candace Sikraji, Careers Industries
* Isobel O’Rourke, KAC Inc.
* Lori Voss, UW Madison
* Brad Bauman, UW Madison
* Jeff Kaphengst, Disability Service Provider Network (DSPN)
* Lincoln Burr, D Disability Service Provider Network (DSPN)
* Amber Fallos, Black River Industries
* Rebecca Hoefs, Department of Corrections
* Charlene Orsted, Department of Corrections
* Donna Krippner, Department of Health Services

Teleconference Participants:

* Tracy Nelson, Algoma Mop Manufacturers/ East Shore Industries
* Alan Wartella, Algoma Mop Manufacturers/ East Shore Industries
* Tenaya Grant, MARC West Madison
* Jim Taray, Superior Vocations Center
* Ryan Tichenor, Handishop Industries
* Mike Snodgrass, Lakeside Curative
* Wanda Kleinschmidt, Lincoln Industries
* Amy Newman, Shawano County Lakewood Industries

**Discussion and approval of Wisconsin State Use Board meeting minutes from Thursday, October 12, 2017** – Bill made a motion, Jim 2nd – Motion approved.

**Spices and Seasonings Bid Update** – Nadine Malm – The contract with Spices and Seasonings has been cancelled by the work center. Another bid was awarded to Black River Industries. Fair market was completed with every required pricing being met and have met all the requirements needed for the bid. What was being asked is if a motion to begin contract on March 1, 2018. Jim made a motion, Bill 2nd – Motion approved.

**Can Liner Contract Price Increase** – Cheryl Edgington and Nadine Malm – Cheryl did a recap on what was presented at the last State Use Board meeting in October 2017.

* The Bureau of Procurement presented the board with the results of a fair market price analysis on can liners. This was conducted due to a price increase request from Careers Industries (Careers) in April. After conducting the fair market price analysis, it was determined that Careers Industries prices were outside the fair market. The results were presented. Careers was asked to respond last October. The executive director was not in attendance, so Careers asked to table the discussion until today.
* Per the State’s policy and the State Procurement Manual, it is required to conduct a fair market price analysis on any price increase request that has been received. In previous years when fair market was done, it seemed like they had a hard time of obtaining prices on comparable items. There are a lot of variables that go into the can liners such as the height, width, thickness and color. It became increasingly difficult to get a true idea of what the market looked like. During that same time, the agency was hearing from some of the other agencies and campuses that many of the items on that contract were higher priced than what they were seeing can liners available for, through other sources.
* It was decided to look at other options that were available, within the policy, for a way to conduct a fair market analysis differently than what had been done in the past. One that would allow to get as many comparable items in the analysis as possible, reaching the widest pool of vendors possible but also leveraging the State’s volume. Previously, when conducting a fair market analysis, the State’s volume was not considered. It had been told that it was not truly establishing the market in terms of where the state is positioned in the market. Looking at all the variables, it opted to conduct a “request for information”. Through this process the same outreach effort as a solicitation but not a full blown “request for bid or solicitation” process was issued. This route was chosen because it was not looking to signal that the contract would be changing hands. The “request for information” process allowed to ask for pricing on the items that were currently being bought at the volume that they had been purchased. It allowed a narrowing defined tolerance within those can liners that would help to obtain a more accurate pool of items on our analysis. Once the decision was made a conversation with Careers was scheduled because we didn’t want them to be caught off guard when they saw the “request for information” came out. In this conversation an explanation of what we were doing and why we were doing it was made.
* Seven responses were received from the “request for information” with one vendor being disqualified because items submitted were not comparable items and did not meet specifications.
* The fair market formula was applied with the only thing different about this process was the method to obtain the other sources for pricing. The analysis formula was applied the same as it always had been applied. With this analysis, it was found that Careers was outside of fair market on all items on contract. This was shared with Careers in advance of the October 2017 meeting.
* A meeting was set up in late October with Careers to sit down and talk about the process and answering any questions they had about the fair market. As a follow up to that meeting, Careers emailed the bureau with questions about some requirements that appear to be put in place by Department of Administration (DOA) with respect to Careers operations for how they meet the appreciable table contribution requirement as well as the requirement that 75% of the direct labor is used for this contract. With a thorough look back at the State Use Board meeting minutes dating back 12 plus years (whenever this contract was first discussed) and could not locate anything in those minutes, that spoke to that. Additionally, there was no documentation to show that there was any kind of directive by DOA. Joe at Careers has since indicated that a previous employee at DOA who may have indicated that requirement and he can speak to that requirement. Based on the records that we could fine, there was nothing we could see. The response back to Careers if they wanted to make any changes to their business operations, particularly if any of those changes might impact the 75% direct labor requirement, then they would likely come to the board to propose an alternate operation plan that might meet the requirements of the State Use contract.

On Monday, February 5, 2018, an email was received from Careers saying they had not found any option to lower their pricing to meet fair market. Joe confirmed saying that they cannot buy those bags and still be in fair market pricing and are completely unable to do anything. Rick Hughes, State Procurement Director clarified that the board has the authority to cancel a contract. Board member Jim Langdon gave an example that UW Madison requested a waiver from the contract because they thought they could get better pricing. A reverse auction was done. It was determined that the waiver was not properly granted and the wavier was revoked. UW Madison returned to the State contract. Board member, Jean Zweifel mentioned that Greenco Industries had to give up their 20 year “Toothpaste” contract in November 2017 due to not meeting fair market pricing. The ‘Medical Supplies’ contract is where vendors are going for toothpaste, which is a before-profit vendor.

The question was asked of Joe at Careers is if they would be giving up their contract with an answer of “yes, he will have to give it up”. A motion by the board needs to happen. Board member, Jim Langdon said there needs to be a 60-day provision for transition. The State of Procurement will have to take some action to get a replacement contract. Careers is willing to sell to the State of Wisconsin at the current prices for the transition period.

Discussion was made regarding the concern of how non-profit vendors are losing over before profit vendors. Board member, Bill Smith mentioned that without the fair market pricing in this law it wouldn’t be here today. A need to figure out a way to accommodate before profit/non-profit is a challenge from a public policy standpoint, a procurement standpoint and a tax standpoint. The challenge is to balance the interest of this program and the outside interests.

Joe from Careers went on record that the board cancel the contract building in a transition period. Board member Jim Langdon, mentioned that in the interest of Careers, the agencies and the State there should be a conversation on transition and bring forward to the board meeting in April 2018. Joe at Careers agreed. A motion to table this till the next meeting was made by Bill, Amy 2nd – Motion approved.

**Set Aside Request Update for Disposal and Recycling of Mixed Electronic Surplus** – Nadine Malm – A request to receive an extension on the set aside due to Randy Klein leaving his position to go to Greenco Industries. New members Tenaya Grant and Scott Poffinbarger will need to get up to speed on the contract. Bill made a motion, Jim 2nd – Motion approved.

**2017 Fair Market Pricing** – Nadine Malm – This Is still under review hoping to get it out soon.

**2017 Annual Report** – Nadine Malm – Nadine is still waiting for 1 work center to get their information in. They have been contacted several times. Once this information is in, the Annual Report can be finished.

**Work Center Closed – Waupaca County Industries –** Nadine Malm – Nadine received a call that Waupaca County Industries would be closing effective December 31, 2017. It is a County run work center (before profit vendor). The county did not put money into their budget and Department of Transportation (DOT) permanently closed the waysides that the work center was responsible for, leaving them nothing to do. These affected individuals are going to other work center in the area or at home.

**SUPRA Conference – St. Petersburg, FL, January 24-26-2018** – Nadine Malm – Nadine gave an update/report of the Supra Conference she attended in January 2018. Retired Congressman, John Porter spoke about “A day on the hill”. This entails inviting State and organizations to come to Washington to meet with their representatives and senators explaining what they do and what their programs are about. This has been going on for the last 2 years.

Issues brought up:

* Government affairs that could affect State Use.
* Concern with the competitive integrated employment definition.
* Veterans Administration rule that if not address could cause issues with the Javits-Wagner O’Day (JWOD) Act, a federal law.
* A continuous conversation about the Olmstead Act and keeping an eye on any changes to the 14(c) rules.
* The different roundtables and the history of State Use Programs Association. A collaboration between work centers and between states was emphasized. A PowerPoint presentation was given and can be provided to by Nadine. IT Development for work centers where there are free or nearly free applications to help promote and market a non-profit business including Techsoup <https://www.techsoup.org/> which offers Office 365 and Google Adwords.For training resources go to Lynda.com [www.lynda.com](http://www.lynda.com). Security awareness was brought up mentioning that hackers like to attack non-profits so to make sure the firewalls were up for protection.
* Hi-lights from the Product and Services booklet were “Slurpits” biofilters that absorb and digest pollution in the water effectively and inexpensively and “Worm Tee” creates a healthy soil and provides a short and long-term plant nutrition to alleviate or reduce the need for pesticides.

**Public Comment**

Lori Voss of UW Madison spoke. She appreciated the comments about profit vs non-profit. State agencies are seeing the same financial pressures. They are struggling with the same tax dollars resources and competing for the same resources. It was mentioned that there is reorganization going on at the UW system where the 2-year campuses are being consolidated regionally with some 4-year campuses. She wants to make sure the Board knows the UW-Madison State Procurement folks are interested in helping with this process. If there are things they can do to make sure UW Madison is giving good information in finding contract opportunities. They are motivated to help with that. She thinks there is a mutual benefit between agencies sharing and leveraging those contracts. As a member of the inter- agency Procurement counsel, they would be happy to help by getting information to us, so work centers don’t have to face the pressures they are now.

Board member, Bill Smith spoke asking where we get our ‘New Product Ideas/Opportunities’ and thinks that it should be a regular part of our agenda. We should be focusing on and looking at different opportunities to pursue. Board member Jean Zweifel agreed. Nadine mentioned that work centers need to add all of the jobs that they are doing to the “Product and Services” listing and update when making changes.

Rick Hughes, Bureau Director shared one of the things done in his area was a manager of Rick’s attended a Conference of the State of School Board Association in December 2017. The initial interest in doing this was to market our Statewide contracts to get more use by local government including schools. Another interest was to make people aware of the WisBuy website. A banner was put together to feature WisBuy, State Use Bureau Procurement, Federal and State Surplus programs and doing business with the state.

**Adjournment – Jim motioned, Bill 2nd - Motion carried**

**Future Meetings Review**:

1. April 12, 2018, at 10:00 a.m.-Department of Agriculture, Trade and Consumer Protection
2. July 12, 2018, at 10:00 a.m.-Department of Agriculture, Trade and Consumer Protection
3. October 11, 2018, at 10:00 a.m.-Department of Agriculture, Trade and Consumer Protection