

MEETING MINUTES
March 16, 2006

**GOVERNOR'S COMMITTEE FOR THE PURCHASE OF COMMODITIES
AND SERVICES FROM THE HANDICAPPED**

The meeting was called to order by Chairperson Penney Hall at 10:00 a.m. March 16, 2006 at the F. Ray Power Building, located at the West Virginia Division of Rehabilitation Services' office in Institute, West Virginia.

ATTENDANCE:

Committee: Penney Hall (Chairperson); Brenda Morford; Pete Cuffaro; John Liller; Everette Sullivan; Jan Smith; Evan Williams (Executive Secretary); Carol Jarrett, Recording Secretary.

WVARF Staff: Glenn McEndree; Chris Miller; Craig Greening and Ken Kennedy.

Public Attendance: Lou Ann Summers, DRS

Chairperson, Ms. Hall, called the meeting to order. The first order of business was approval of minutes.

MOTION #1

Mr. Sullivan moved to approve the minutes as presented. Ms. Smith seconded. Motion passed.

Ms. Hall presented a letter from David Tincher, Director of the Division of Purchasing regarding increasing the program fee to 4.9%. Mr. Tincher's letter included a list of seven questions he had in regard to the fee increase and that the increase was denied.

Ms. Smith raised several concerns regarding the denial. Included in her concerns were late payment from the state resulted in borrowing from a line-of-credit and the fact that the reserve account is going to be depleted shortly. She went on to say she found it difficult to believe a private vendor would be willing to wait two to six months for payment. She also said from experience she knew building occupants do not like their custodians changing constantly and that is what would likely happen if a small cleaning firm took over the janitorial contracts. She also questioned how Mr. Tincher came to the conclusion that an increase from 3.75% to 4.9% amounted to a 23.5% increase. Mr. Cuffaro agreed with Ms. Smith that the 23.5% was overstated.

Mr. Sullivan said the committee had worked hard to get to the 4.9% increase. He asked what happened that we now are being scrutinized saying we don't need this and we don't need that, if we don't have any authority to make any decision, what are we doing here?

Mr. Liller stated he had gotten a call the day before from a gentleman from the Governor's Office regarding this issue. He said he informed him the fee was not at 4.1% that it had been rolled back to 3.75% and with that being done the budget was automatically in the deficit. WVARF operated in a deficit all of last year and this year even with a 4.9% it is going to be \$2,000 - \$3,000 in the deficit. This gentleman was and is a business man. I said are you going to present a deficit budget to your board? I pointed out some other things, why there was a deficit, why this needed to be and I was told there was going to be a meeting with Penney and some people in the Governor's Office. To me I really don't understand from a business standpoint how anybody can present a letter like this to a committee, whether you're an accountant or a business man. Maybe all the numbers weren't given to Mr. Tincher, I don't know. But, this has been an issue for a year and a half and I have only been here a half year, but I would think they would understand that we, WVARF is going to go about this in the most economically, feasible business like manner because we know that is going to be criticized. To get a letter like this is very insulting to me, period. We didn't sit here last meeting and come up with that 4.9% just off the top of our head. For him to dictate that it will remain at 3.75% is absurd to me.

Mr. Sullivan said he agreed with Mr. Liller, it is very insulting and somebody should tell the Governor that this is a bad situation.

Mr. Cuffaro asked the WVARF staff to present the power point presentation they had prepared address this issue. The power point presentation addressed the seven points in Mr. Tincher's letter. There was discussion around why WVARF does not charge the State interest for late payments. The answer from WVARF staff is that the State customer views it as being sued. Mr. Cuffaro said Donna Libscomb when she was chair of the Committee said it was frowned upon to charge interest to the state that it would go through Small Claims Court.

Mr. Sullivan said he didn't understand why WVARF didn't build in the interest fee when renewing contracts that is standard business practice. He said he also doesn't understand why WVARF keep renewing contracts and never increasing them, there has to be an increase in the fair market price. Mr. Miller answered the only way WVARF can do that is in the fee they charge.

Mr... Liller said WVARF has operated on the same premise as day one even though it has gotten bigger it is still operating as a small business. He warned that once the new fair market pricing is done there is going to be an increase in contract prices.

Mr. Cuffaro said, the first hurdle we had when I came on board with John, Mr. Liller, was the money WVARF had and we wasted six months time on that issue. We finally got that resolved. We came back with that issue resolved and budget and now something else is fired off. My concerns are I don't want this program sabotaged, disrupt the program for the folks that are out there working. It is one of the top programs, an established program, very structured. One of the best things we have in the state as we are ranked top ten in the nation. I think and I would

propose to this board we have a meeting with the Governor and his staff. The Governor and his staff need to know and have a presentation from our Board of what is going on. I would propose that we have a meeting with the Governor and his staff so they can fully understand what is going on here.

Ms. Hall reported she had met two of the Governor's top staff along with Dave Tincher and the legal counsel, Jim Kirby from the Department of Administration. She said basically she has been told by the Governor's staff they believe the 4.9% increase is too large of an increase. They can see the money issue is resolved and they, in fact, said, the money belongs to WVARF. They were allowed to collect it, they were allowed to earn it, and it is theirs. That is off the table. They are questioning what is the state getting for its 3.75% they are questioning can it be done better, more efficiently, less costly by another vendor. Can we pull it in house and do it cheaper. Every last cent in state government is looked at and although there is a surplus that money is not distributed among all the different agencies. First of all, a certain percentage goes into the rainy day fund. The rest of it is used as the legislature sees fit for other new programs, expanding programs, or however they see fit to spend that money. A lot of state agencies budgets remain the same year-to-year or they are reduced, even in times of surpluses agencies get reduced budgets.

After much more discussion:

MOTION #2

Mr. Liller moved to table this discussion with the stipulation that a letter be sent to Mr. Tincher responding to his questions and noting the fee increase is 1.2% not 23%. Mr. Cuffaro seconded. Motion passed.

EXECUTIVE SECRETARY REPORT:

\$1,630.87 - FY06 annual allocation;
0 - Outstanding unpaid expenses, travel, hospitality & accounting fees;
452.24 - Expenses paid-to-date;
\$1,178.63 - Unencumbered balance.

Penney, I asked Donna Monday if the raise was still in the budget for this committee and it is, looks like this committee will have about \$5,000 for next year.

REPORT OF THE CENTRAL NONPROFIT AGENCY:

Mr. McEndree reported that he had received notification that two CRP's are having their awards dinner and if anyone is interested in attending than he was sure they would be welcomed.

FINANCIAL REPORT:

Mr. Miller reported receivables as of February 28, 2006, over 60 is 2.94%. Our over 60 there is really no issues there. I do have several from November and prior which amount to \$19,000, at about 15 different locations. At mid-month I will be sending out a third notice. At last month's meeting the Committee wanted a letter that would go with the third notice. The Committee

reviewed the letter and agreed with a couple of small changes. The letter with the chairperson's signature will go out with the third notices.

CONTRACT COMPLAINTS:

There were no complaints this month.

CONTRACT PRESENTATIONS:

Mr. Greening presented a form entitled. **PROJECTS APPROVED FOR EXPLORATION.** These are projects which the Committee had approved from CRPs to initiate exploration of for WVARF04. CRPs are to have 90 days to look at the project and to decide if it is something they want to offer to the state. After which they are to do a business plan, at the end of nine months (total) they are supposed to be ready to either undertake the project or release it. For all of the ones presented the time had expired.

MOTION #3

Ms. Smith moved for WVARF to request a business plan from the listed CRPs within 60 days or release the project. Mr. Liller seconded. Motion passed.

Mr. Kennedy reported the DNR wanted to add two more lakes similar to Bee Run which the Committee approved a couple of months ago. Bear Rock Lakes & Castleman Run Lake is in the Northern Panhandle and they are small lakes anywhere from 22 acres up to 40 acres. There were two CRPs interested in this project, WATCH and Seeing Hand Association. The Committee compared the two CRPs capabilities, past performance and learned they would be collaborating on the project.

MOTION #4

Mr. Cuffaro moved that Seeing Hand Association be given the contract. Mr. Liller John seconded. Motion passed.

Mr. Greening reported the DEP office in Philippi has lost their contractor for janitorial services. The building less than 10,000 sq. ft. Workers wages are \$6.25 and \$7.50 for supervisors. There were two CRPs which expressed interest in this contract Randolph County Sheltered Workshop and Buckhannon – Upshur Work Adjustment Center. The Committee compared the two CRPs on capabilities, past performance and location.

MOTION #5

Mr. Cuffaro moved to award to Buckhannon – Upshur. Ms. Morford seconded. Motion passed.

Mr. Greening reported there is a contract renewal at the District 7 Warehouse in Weston. We had a fee adjustment and the agency was perfectly fine with that. The total is \$551.00 a month.

The Elkins DHHR office has relocated from a 14,000 sq.ft. building to a 18,000 sq.ft. building so they are adding about 4,487 sq.ft. about a 30% increase. The Hampshire DHHR office is

relocating from a 6,000 sq.ft. building to a 10,000 sq.ft. building. Both of these contracts had to be redone to reflect the increased size.

MOTION #6

Ms. Smith moved to approve these renewals. Ms. Morford seconded. Motion passed.

OLD BUSINESS:

Fair Market Price Sub Committee Report

Mr. Liller reported on the sub-committees activities. The sub-committee recommended the following plan:

- 1) Requiring the CRPs do FMP costing. The CRPs need to present this information to WVARF and WVARF needs to validate and verify a FMP then present that information to the Committee.
- 2) The CNA is to arrange training. In order for CRPs to do this WVARF needs to present training programs for these CRPs to take part in so that they have the knowledge and where to get the information to do this.
- 3) The CNA will adopt/practice the NISH standard for overhead/profit which is 9.5% on all costs;
- 4) The CNA will develop a FMP implementation plan, with time frames, for the Committee to approve (Process Forms);
- 5) The Committee chairperson will activate the FMP subcommittee to initially meet at least quarterly or as needed;
- 6) The full implementation of all parts of this proposal is to be by July 1, 2007.

Mr. McEndree reported initial training will be done with participating CRPs on March 24 in Institute and March 28 in Morgantown.

MOTION #7

Ms. Morford moved to adopt the ad hoc committee plan for FMP. Mr. Cuffaro seconded. Motion passed.

The next meeting will be all day and will focus on the 2007 action plan.

MOTION #8

Ms. Morford move to adjourn. Mr. Liller seconded. Motion passed.

**WEST VIRGINIA ASSOCIATION OF
REHABILITATION FACILITIES**

LAST SIX MONTHS' GROSS REVENUES

Aug '05	Sep '05	Oct '05	Nov '05	Dec '05	Jan '06	FY 2006 Year-to-Date	FY 2005 Total *
\$890,662	\$905,468	\$895,961	\$873,351	\$889,477	\$897,577	\$6,091,059	\$10,465,483

AGED RECEIVABLES AS OF FEB. 28, 2006

Current	31 -60	61-90	90+ Days	Total
\$1,127,911	\$183,289	19,642	\$20,187	\$1,351,029
		\$39,829		
83.49%	13.57%	1.45%	1.49%	100.00%
		2.94%		

Comparative Figures (Acc. Rec Over 60):

	61 +	% of Total
02/28/05	\$52,908	3.59%
02/29/04	\$58,733	4.39%

Advanced Guaranteed Payments made to CRPs:

Jul'05 -Jan'06 \$2,073,242

* - Fiscal Year runs from July 1 - June 30