

# MEETING MINUTES

November 19, 2010

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

The meeting was called to order by Chairperson Cedric Green at 9:00 a.m. November 19, 2010 at the F. Ray Power Building, located at the West Virginia Division of Rehabilitation Services' office in Institute, West Virginia.

### ATTENDANCE:

Committee: Cedric Greene (Chairperson); Everette Sullivan; Brenda Bates; Jan Smith; Phillip Mason; Jan Lilly-Stewart; Mike Sheets, Executive Secretary; Carol Jarrett, Recording Secretary.

WVARF Staff: Greg Raber, Chris Miller, Sherry Briggs, Leona Huffmann

Guests: Bob Johnson, Nicholas County Workshop  
Liz Sampson, Clay County Unlimited  
Debbie Birthisel, Green Acres  
Bob Paulson, Department of Administration  
Afton Hutson, Department of Administration

Mr. Mason and Ms. Smith attended by conference call.

Committee members absent: Everette Sullivan, Jan Lilly-Stewart.

Ms. Bates, we have contracts to be voted on before 10:30 a.m. as Ms. Smith has an appointment.

### CONTRACT PRESENTATIONS:

Ms. Huffmann, contract **change orders**:

DOH, District 9, Monroe County Office. The sq. ft. was increased by adding a bathroom and fixtures. The new annual cost is \$5,356.56, an increase of \$76.32.

DHHR, Region 4, Greenbrier/Lewisburg location. The sq. ft. increase was for adding bathrooms and fixtures and also adding garbage cans. The new annual cost is \$43,919.28, an increase of \$821.40.

Ms. Huffmann, see attached email from Joe Bess. I sent her justification for cleaning more than the contract which was two additional bathrooms that was added + workers cleaning 80 garbage cans and the contract had 50. I haven't gotten a response back from Joe Bess.

Mr. Greene, memo reads no contract can be increased, look for the memo.

Mr. Raber, that memo went out last year and it didn't affect us. The services not changed.

Ms. Huffmann, these workers are cleaning 80 garbage cans and the old contract had 50 garbage cans. I sent letters of justification and we have not heard from Joe Bess. I sent the letter on November 16, 2010.

Brenda, because of the question in the paragraph, if we could get that back from them, let's see what DHHR says about that. The other one looks ok to me.

Mr. Green, District 9 looks fine, did they approve it?

Ms. Huffmann, yes

### **Qualifying Matrix:**

DOH, District 9, Peterstown  
Two new contracts.

Ms. Bates, are you recommending CRP #2?

Mr. Green, explain Qualifying Matrix.

Mr. Raber, we send RFI out and when we get it back in we fill it out and they suggest a CRP 1 or CRP 2 and it is anonymous. The Governor's Committee did this several years ago so that there would be no favoritism shown.

Ms. Bates, the highest number is the one that gets the contract. On this one you are recommending CRP 2?

Ms. Huffmann, yes

Ms. Bates, RFI goes out to all CRP's and everyone interested has the opportunity to look at this.

Mr. Green, it guarantees if you are not in that County you don't have a chance.

Ms. Bates, the District is recommended and they usually have prior relationship. It took years for the Committee to do this.

Ms. Huffmann, the next Matrix is Courthouse Authority in Charleston. We recommend CRP 2.

Mr. Green, we are good on that one.

Ms. Huffmann, **we have four new contracts.**

Courthouse Authority in Charleston. Customer is pleased with the contract. Annual price of \$1,942.20.

DOH, District 9 in Peterstown. Customer agreed on the dollar figures on this. Annual price of \$1,390.44.

Division of Tourism, WV Information Center, Lewisburg. Annual price of \$1,629.84. The CRP getting this is the one that has had it previously. The customer is happy with the contract.

The last one is WV Board of Barbers and Cosmetologists in Dunbar, WV. RFI is out on that one now. The customer did respond and he was happy with the contract and wanted it to go forward. We can't approve until we get this one back. Annual price will be \$1,421.52.

### **MOTION # 1**

**Ms. Bates, I make a motion to approve the contracts we have discussed except for the Barbers & Cosmetologists, as well as DOH 4. Jan Smith seconded. Motion passed.**

### **QUARTERLY REPORT:**

Ms. Briggs, the report shows the CRPs have met their 75% goal. This is every quarter. They send a form of all disabled workers, and non disabled, number of hours and how much money without names of course. We have not received a report from three: Clay County Services Unlimited, Green Acres and Hancock County Sheltered Workshop.

Ms. Bates, the first quarter they are usually a little late.

Mr. Green, what happens if it falls under 75%?

Mr. Raber, you send them a letter.

Ms. Bates, it means they are in jeopardy of losing their contract. We are continuing with the audit.

Mr. Raber, if you get three agencies in a building and one moves out, then we go in and do another audit.

Ms. Briggs, we are educating everyone.

### **CONTRACT COMPLAINTS**

Ms. Huffmann, we have no complaints at this time.

Mr. Raber, there are some questions that came up with Robin Perdue with the Grievance Board. I met with Ms. Perdue, Ross Taylor and Chris. We explained the contract to her and she was very satisfied. She was ready to sign. She had those problems before and they were never addressed. That was before I came on board.

Mr. Raber, both Debbie and I met with the Retirement Board.

Mr. Green, I have to be careful as CPRB is under Department of Administration. My concern is what transpired in that meeting.

Mr. Raber, we met with Teresa Miller and Green Acres had legal counsel. The meeting went very well. Green Acres is putting together a proposal.

Ms. Birthisel, we have a deadline of December 15, 2010 to get the proposal ready. They will get a letter to the Auditor's Office to get water on the statewide contract.

Ms. Bates, November 19 – and Green Acres is supposed to have that by December as we have to have that before our meeting.

Mr. Green, I got a letter from Mr. Johnson and it talks about Ms. Johnson's perspective.

Mr. Johnson, the impact on us would be great. We have eight vehicles, fleet that we would no longer need. Five full-time jobs would be in jeopardy - \$350,000. Of that number, 70% is state contracting. We would lose 40% of revenue.

Mr. Green, could you explain that?

Mr. Johnson, the water is made at Green Acres. We have two box trucks we send to Lesage, to Morgantown and Lewisburg and we have drivers on the road all week.

Mr. Raber, regarding billing, Green Acres sells water to Nicholas County and Mr. Johnson takes care of the billing and they invoice customers as well. Green Acres still bills to state agencies. We do Cabell, Wayne and Putnam. We have 23 State Use customers and Nicholas County does the rest.

Mr. Mason, I don't understand the workshop of Nicholas County and Green Acres. Who is ultimately responsible for making sure they are in compliance? Is the contract with Green Acres or Nicholas County or do they operate under the umbrella of the workshop?

Mr. Raber, it is a partnership. CRP's trying to work together, sharing the wealth. Once we get the issue resolved I would like to get this statewide. Mr. Johnson is getting a piece of the pie so to speak.

Mr. Johnson, in 2008 the water was being delivered by Pretera and there were some concerns of customer service on the deliveries. We agreed to take over the route and we have operated the Kanawha Valley since that time.

Ms. Bates, if Bob is buying the water from Green Acres, why? If Bob is buying the water from Green Acres, why can't that contract be with Bob and not go through Green Acres?

Mr. Johnson, I currently use another supplier for oddball.

Ms. Smith, wouldn't it be better for you if the contract was separated?

Ms. Johnson, that would be wonderful.

Ms. Bates. If you are buying the water for every county you are delivering to, it is still a commodity under the contract.

Mr. Mason, I think that is an avenue we may want to pursue. How much money is owed to the state and by whom and who owes that money?

Mr. Raber, Consolidated Public Retirement Board (CPRB) is owed that money from Green Acres. It goes back to 2003. It is now down to \$590,000.

Mr. Mason, if Green Acres defaults then who would cover that debt?

Mr. Green, I think the \$590,000 if for some reason Green Acres defaults there would be legal action. I am still baffled as to why we got to that amount.

Mr. Raber, that was the employer pay into retirement.

Ms. Birthisel, they were associated with Kanawha County schools.

Mr. Raber, I asked how CPRB could let that happen and their reply was they would send letters and they would back off, get payments and then not get payments.

Mr. Green, my concern is the dollar amount. I don't think we are being responsible to continue that relationship. You are supposed to draft a plan by December 15<sup>th</sup>. The question is I think, do we continue for the next month or do we not.

Mr. Mason, I think that handles it for the short term. The concern is if the relationship between Nicholas County Workshop and Green Acres is purely contractual then Nicholas County would not be on the hook for that amount.

Ms. Bates, no, if you buy the water, why do you need a contract to deliver? If they are buying the water, they could buy the water from anybody. If they are buying the water then they are delivering the water they bought. There is no need for a contract with Green Acres.

Ms. Smith, are you able to remove yourself from that now?

Mr. Johnson, whatever number that may remain in the field office. Coolers are the only thing I am aware of.

Mr. Sheets, part of the problem with Purchasing's point-of-view, no contract may be awarded to a vendor or a related party to the Vendor. I am not a lawyer and we are aware of this and very cautious of this. We are currently under contract until that comes up, and I believe it is the end of the year.

Mr. Mason, I am just a confused guy. If WVARF has the contract with the state and they contract Green Acres and they are in default, since the state is in contract with WVARF they are not in default but Green Acres is? This is a problem for us.

Mr. Raber, WVARF sub contracts to Green Acres.

Ms. Bates, we have gone through this for years. CPRB and the Auditor's office, they can take a plan for repayment but the Auditor's office still has to clear it. We have to wait until we get the letter. It really helps to have Purchasing on the Committee.

Mr. Green, on December 15, if CPRB approved it and the Auditor disapproves it, then what are we going to do?

Ms. Bates, I love the bottled water contract but the problems are not going to go away. This is a deep hole here.

Ms. Smith, if he could get the water from someone else.

Ms. Bates, please don't take this is wrong way, the whole reason we got the contract was that we got the water from a company that got it from a spring.

Mr. Green, it sounds like we are giving Nicholas County an unfair advantage.

Ms. Bates, a lot of people are affected by that.

Mr. Johnson, we are considering bottled water in the center of the state. It has been in the works for a while.

Mr. Mason, if the relationship is going to be between WVARF and Nicholas County Workshop. My point is we are looking at a significant problem and if we ignore the problem then we are not doing our job. The problem is with Green Acres and Mr. Johnson if you can find someone to replace them then the CRP would be in a position to go after them. We can't keep kicking this down the street. It is our responsibility.

Mr. Green, are you ok Ms. Smith and Mr. Mason until December 15th to get guidance?

Ms. Smith, I would encourage you Mr. Johnson to continue working on this water.

Mr. Mason, if Green Acres is not going to be part of the team then I believe Mr. Johnson spoke of someone to replace Green Acres. I think that would be good.

Mr. Green, I believe I think it should go out to everybody to come back with a plan.

Ms. Bates, that would be fair and now have an RFI to go out. The time is an issue.

Mr. Green, I spoke to Dave Tincher as he is going to comply with the Code. We have to do the right thing for the right reason. He wants to work with us and do the right thing. Maybe you could go out with an RFI now.

Ms. Sampson, is it specific to Green Acres or bottled water. It may make for a road block.

Mr. Sheets, the issue is Green Acres debt.

Ms. Bates, the water is on the contract and not Green Acres. It would be an RFI then are you saying the contract is not manufacturing bottled water; it is the distribution of it.

Mr. Sheets, the distribution for bottled water is on the contract, not the manufacturing of water. The RFI needs to go out.

Ms. Bates, we could go ahead with the RFI and do it now.

Mr. Mason, we have to stop kicking this down the street.

Mr. Green, I don't think we need to make a motion. December 15<sup>th</sup>. They will have their meeting and they will accept or not accept. That will go to the Auditor. If anyone doesn't accept the plan, I would do the RFI. Send that information to me prior to the 17<sup>th</sup>. What I don't want to do is go to Mr. Tincher because we have been negligent.

Ms. Smith, I have to leave now for an appointment.

Mr. Mason, the concern I have considering what we perceive to be that Green Acres is pretty significant with revenue and I am wondering if someone could be lined up to replace them?

Mr. Johnson, I think we can do that with a supplier in the Northeast. Will be unlike the Tyler Mountain of this world. It is my understanding that they deliver to the sidewalk and it is up to you to get it to your office.

Ms. Bates, that is a good plan that you have as we need something by January 1. What you need to tell us is that you can keep the bottled water. We need someone to hit the ground running January 1. You can't raise the price for the State. Your profit may be a little less in the beginning. You have to come back and tell us you can do it. We are not going to raise the cost. The cost of the water has not increased since 2003.

Mr. Mason, how can it be that we have not approved the price since 2003?

Mr. Raber, the contract came up last year and all the commodities were approved and the bottled water has not been approved because of the debt.

Ms. Bates, we are not going to raise that price because someone has to get that from someone else. There may be other CRP's that think they can do that for the price. Come December 17<sup>th</sup>, we go with Green Acres or go with whatever comes back from the RFI.

## FINANCIAL REPORT:

Chris, our Independent Auditors' Report was handed out to all present.

I drafted a letter, an older receivable within 60 days of invoice date. We send a letter to them from Greg. If we still don't get paid then we have another letter prepared for you to sign to send out. I will give to you as you may want to change the language, etc. Also, if you would look at this report and if you could give me a call and let me know if you have any questions.

The accounts receivable over 60 as of October is \$66,163. Receivables In '09 was \$343,000, and in '08 \$158,000. We are looking good.

Our next meeting will be December 17, 2010.

### **MOTION# 2**

**Brenda made a motion to adjourn**

Mr. Mason, \$1,163,970.58 total amount of receivables, that is a lot of money lying around that we could have. Another issue is our accounts payables \$1,347,122.69 that is a lot and I don't understand that. I am sure there is a reason. I just don't understand it.

Mr. Miller, on this particular one, receivables and payables, you can see from our revenues in one month's time we do about a million in billing and contract expenses about a million a month. Customers will usually pay us in 50 days receivables.

Mr. Mason, I guess my thought is that democratic process could move things up a little bit. We need to pay our bills a little quicker and our customer could pay us a little quicker.

Mr. Miller, the state will not pay for services until the services are provided. We have done that consistently. We don't think there is anything we could do to help this situation.

Mr. Greene, what is this \$350,000?

Mr. Miller, this is CNA – in order to establish an account we took \$350,000 out of WVARF's funds and put into another account.

Ms. Bates, CNA



This report has not changed from July, 2010

WEST VIRGINIA ASSOCIATION OF  
REHABILITATION FACILITIES

LAST SIX MONTHS' GROSS REVENUES

Feb '10	Mar '10	Apr '10	May '10	Jun '10	Jul '10	FY 2010 Year-to- date*	FY 2009 Total *
\$1,024,591	\$1,057,704	\$1,197,277	\$1,110,531	\$1,123,435	\$1,089,296	\$12,713,066	\$12,012.757

AGED RECEIVABLES AS OF JULY 31, 2010

Current	31 -60	61-90	90+ Days	Total
\$1,087,641.57	\$482,124.10	\$213,098.43	\$158,539.74	\$1,941,404
			\$371,638	
56.02%	24.83%	10.98%	8.17%	100.00%
			20.58%	

Comparative Figures (Acc. Rec. Over 60):		
	61 +	% of Total
7/31/09	\$52,829	4.74%
7/31/08	\$156,059	10.80%

Advanced Guaranteed Payments made to CRPs:

Jul '09 – Jun '10	\$2,462,345
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\* - Fiscal Year runs from July 1 - June 30