

MEETING MINUTES

September 17, 2014

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

The meeting was called to order by Chairperson Cedric Greene at 10:00 a.m. September 17, 2014 at the WVARF office located at 400 Allen Drive, Charleston, West Virginia.

ATTENDANCE: Cedric Greene, (Chairperson); Aaron Jones, Executive Director; Everette Sullivan, Carol Jarrett, Recording Secretary.

WVARF Staff: Aaron Jones
Mark Jackson
Gary Wolfe
Roy Woodard

Attended by Conference Call: Jan Smith, OP Shop

Guests: Bill Loope, KMSI
Lisa Hatcher, KMSI
Carla Cleek, WV Division of Rehabilitation Services
Joyce Birley, Goodwill Industries of Kanawha Valley

ABSENT: Brenda Bates
Phillip Mason

COMMITTEE CHAIR REPORT:

Mr. Greene, we appreciate everyone attending today. Do we have a motion for approval of the August minutes?

MOTION #1

Ms. Smith made a motion to approve the minutes, Mr. Sullivan seconded. Motion passed.

Mr. Jones, Mr. Loope and Lisa Hatcher are with us today to talk about strategic planning. They will speak in a few minutes.

Mr. Greene, where is Brenda?

Ms. Cleek, Brenda is not coming today nor is she going to be on the phone so I will be representing Division of Rehabilitation Services today.

Mr. Greene, we have Jan Smith on-line telephonically and we certainly appreciate everybody taking the time to be here.

Mr. Greene, I do have one thing I want to share. Aaron, his staff, Debbie and I were going to meet regarding the water about three weeks ago but then I ran into Keith Burdette, Cabinet Secretary for Commerce and he and I discussed the water and he had no earthly idea, he didn't know anything as it related to pictures on the water bottle, he didn't know anything about it. He said to have that meeting would have no value because he didn't know anything about it but he said I will get smart about it and come to the October or November Board meeting to explain where we are going and why we are doing what we are doing. He is on that and I will check with him the beginning of next week just to make sure we are still on his radar screen.

EXECUTIVE SECRETARY'S REPORT:

We do not have a financial report for this month. Mike Sheets advises he could not get this printed due to OASIS and he said that you may want to check with John Smolder in the Finance Division, perhaps he could print this for us.

EXECUTIVE DIRECTOR'S REPORT:

Mr. Jones, I have given you the Executive Report. We do have some concerns that I would like to share with you and I just forwarded you a spread sheet on our deposits for this period of time. You can see last year we borrowed about \$200,000 for a couple of months in a row and got it paid back pretty soon. But, I am really concerned that is not going to happen this year. With the OASIS everybody we talk with does not have a clue how to put the invoices in the system. We are working with Dave Mullins to try to get the ones on the administrative side taken care of. We are having to make copies of our invoices again because people like Department of Health and Human Resources (DHHR), it is my understanding they have piles of them over there, so we are trying to walk our invoices through. They probably owe us over a half million dollars right now.

Mr. Greene, would it be helpful - do you want me to get involved? Because the last time we did this I just did a letter to the Cabinet Secretary and then they paid, is that what we need to do or do you want me to hold off.

Mr. Jones, Dave is helping me with the contact over there, he has a good contact with someone there so we are going to try to walk the invoices through her first and if that doesn't work we may have to do something else.

On September 4th we were forced to borrow \$600,000.00 and our line-of-credit is one million dollars right now. The way payments are coming in, over the past ten days we have actually received \$34,000.00 in pcard payments. Of course the Auditor's office is the one who issues the payments. The Auditor's office even called us and put their rent on pcard. So that \$34,000.00 is costing us about \$1,000.00. The checks we have actually received in the last ten days total \$12,776.00. They are sending us \$20.00 checks, \$200.00 payments but again my concern is going forward. We can deal with it as long as we have a reserve to fall back on but as you can see our reserve will probably be depleted this month. That \$600,000 is costing WVARF \$51.85 in interest per day.

Mr. Greene, there is no way to recoup that is there?

Mr. Jones, no, there is no way we could ever recoup that. The only way and I am just going to throw this out there, we run into this with the pcard and we run into this with having to borrow to make the state's payments. The state requires us to have \$350,000.00 in reserve and in most cases that would be sufficient but in this case; we are now going to be up against the wall. I just wanted to bring that to your attention.

Mr. Greene, the \$350,000.00 is for what you have already borrowed \$600,000.00 for, right?

Mr. Jones, right, we were supposed to maintain \$350,000.00 in case the state didn't pay us within the 60 day guideline. We are at \$600,000.00 instead of \$350,000.00 you see what I am saying, we are over that by \$250,000.00 but again this month we are going to be way over if they don't get their act together. Just like Carol said about getting the financial report, that is Purchasing can't even pull a report off the system. The Auditor actually took off this week – they are in Snowshoe Resort for their Conference. I looked at their schedule and it looked like 99% of their schedule was based on OASIS and they are trying to figure out how to use it. I am looking for this probably to be after the first of the year before it even comes close, I may be wrong, but I wasn't wrong when I predicted we would be having this cash flow problem right now. I just wanted you to be aware of it and it is kind of sad the state has put all their vendors in this predicament. A lot of them do not have the reserve like we do. Again, I just wanted you to be aware of where we stand as WVARF and what we might be facing.

Mr. Greene, when did you borrow the money?

Mr. Jones, it was on September 4, 2014.

Mr. Sullivan, Mr. Chairman if we deplete our reserve, our line-of-credit and we don't have any money to operate, what happens?

Mr. Jones, it's a thing where these people who are doing the work, we won't be able to pay the CRPs and then the CRPs won't be able to pay their employees. We were looking through some of the past documents just for example, the rest areas – those are some big contracts we have, those are manned seven days a week, 24 hours a day and they might be \$30,000 a month. In that scope-of-work we have found the newest one and it states that they are to pay us in 30 days. At that point they would be in breach of contract but here we are how are we going to fight that with the situation the way it is.

Mr. Greene, this is what I will say. I took the spreadsheet you gave me and I gave it to the Secretary to get with Dave Mullins and that was at least two weeks ago if not three.

Mr. Jones, he did get in touch with me. I think it was probably near the end of the week before and I got a call Friday from a girl who was told to take care of this for General Services part of it and then she told me it would probably be next week before she could even look at it because she too was going to the Auditor's Conference. Again, I am not complaining, I'm not saying anything except I wanted you to be aware of where we stand. You have helped us tremendously in trying to move forward with this. We have to stop everything to make copies for all these people now and why should we have to make copies again when they have been billed but nobody knows where the bills are.

Mr. Greene, first of all it is not efficient. Secondly, it costs you more money because you are duplicating resources whether it is personnel, paper, and copier, all that takes time to duplicate services then at the same respect we want you to go through and inspect all of General Services buildings, you can't do it all. What I am suggesting to you is, if I were in your shoes I would be focused on anybody that is over 60 days and anybody that owes us more than \$30,000. That is who I should be doing letters to if the Committee would allow me to do that as we have previously. Respectfully, you need to go to the Cabinet Secretaries, the clerks are great people but the reality to it is you need a \$500,000 answer. You need somebody who can say, 'hey – process \$500,000.' The clerks are taught to stay within quarters so they are like, we can't spend more than 22% of our budget. They are perfectly fine to keep stringing you along because that is the way financial people are taught to do things. If everybody was treated like Appalachian Electric Power (AEP) it would be an efficient system, don't pay (AEP) and see what happens. The lights will go out on you.

Mr. Jones, what we are doing right now, we are gathering the invoices by division, whether it is Division of Highways, Department of Transportation, Department of Health and Human Resources, General Services or Department of Administration and we are making copies of all the outstanding invoices. What we will need to do is be able to present that to the right person and maybe you might be the one to help us.

Mr. Greene, yes I can do that for you with the letter on top of it and I can hand to the Cabinet Secretary and say hey, they are running out of money. It is going to be a rippling effect that is going to end up with someone down in Administration getting a phone call and then it is going to come back on us saying – when did you know and what did you do and what I don't want to be doing respectfully is relying on the \$25,000 a year employee who says, 'hey I am told to do XY&Z, I'm not told to pay a \$500,000 bill in one day – that is not what I do.' The reality to it is the people down the hall; they are going to ask the tough questions. They are going to say, when did you know it and what did you do about it when you knew it and what is your plan. That is where I see this. If you are already at \$600,000 and you roughly have \$300,000 left, that seems to be a problem. I have been in two meetings already today about OASIS and it is or has not been good. Everybody is at Snowshoe and you can't get anything done, nothing is being processed and I really don't see anything happening this week as it relates to you. People don't start getting back into it until Tuesday because they are reading 300 emails from this week. That is the rippling effect that you are about to run into and I think you have a problem.

Mr. Jones, Dave called this lady and said get it done and I appreciate that but then she turned around and said I am going to be gone next week to the Auditor's Conference. That is what we are dealing with.

Mr. Greene, what I would like for you to do is departmentalize as best as you can, the divisions over 30 and how much. And, if those rise to the level that it is an issue, anytime anybody owes you on the 60th day they are not going to pay you, their intent is not to pay you. Once they haven't paid in 60 days they are not going to pay. What I would do if I were you, I would get that information to me and I will do the letter that I typically do but I am going to put a little of this in there because I have to cover the Committee now. I have to say hey, as Cabinet Secretary if you choose not to pay that invoice that is fine with me, I just want there to be substance in that letter that covers us as a Committee that we let them know because I guarantee you what this person at this level knows and what this person knows at the Cabinet level is two totally different things.

Mr. Wolfe, DOH for example last year when we asked for the scopes-of-work, one lady in the Eastern part of the state no matter what I asked for she would say it is right here and in perfect order and hers is always back as she knows how to do it. DHHR the same way, when we sit down to talk to them they would say so and so, they don't know how to do it. There is always someone in those divisions who know how to do it. My thought would be if we are in this building and one person knows how to do something we are going to have to reorganize what we do and that one person might have to start doing purchase orders because nobody else knows how to do them. ERP which is a building we clean which is where the OASIS training takes place they send theirs back immediately.

Mr. Greene, I have been in two meetings before 10:00 a.m. and our Director's in Department of Administration (DOA) are becoming agitated because they don't understand either 1) the vendors are calling them saying they are not getting paid; or 2) people just don't know how to maneuver in the system. It is not going to get any better I don't think in the short term. We all knew there would be some speed bumps and pot holes but at some point it has to level out. I think a \$600,000 problem that could be a big problem.

Mr. Jones, I have three packets you can take.

Mr. Greene, do we have a motion for me to do correspondence to the Cabinet Secretaries on behalf of the Committee?

MOTION #2

Mr. Sullivan, I so move Mr. Chairman. Ms. Cleek seconded. Motion passed.

Ms. Smith, I know WVARF is doing all they can do but I am one of the CRPs that is heavily invested in state use and like everyone else we are waiting for money.

Mr. Greene, I will do the letter and you give me those three Aaron and give me any others and the purpose of this letter is to put them on notice that their electric is about to get cut off or some of them their electric is about to be cut off and then allow them to do whatever it is they want to do, we can only control so much.

Mr. Jones, you mentioned about us reassessing all the General Services buildings. Gary has an update on that as it shows which ones we have accessed. We have accessed 14 of them and we have a total of 7 left to reassess. We also noticed while we were doing that, there are some facilities listed here that we are not doing the cleaning for, maybe there is not a reason, and we want to pursue those also if we should be cleaning them through the state use program.

Mr. Wolfe, this sheet is self-explanatory; I have completed 14 of those reassessments highlighted in yellow at the bottom of the page. The orange indicated WVARF doesn't clean at this time. I will check in the future to see about the possibility of getting some of those. In blue indicates to be completed before the end of October. The beginning of July and we are here in September and we are exactly current. Next week I have one to do. I noticed on our Tax & Revenue we probably need to update that as well. So, we have seven (7) left to do.

Mr. Greene, why did you say that was not a General Services Building?

Ms. Birley, I was told that wasn't a General Services project, Jim Holley told me.

Mr. Wolfe, it was on the list.

Mr. Greene, what is the question, is it a General Services building?

Mr. Wolfe, I have it listed that it is.

Mr. Greene, it is as it is clearly our building. Do you all clean that building?

Mr. Wolfe, Goodwill cleans that. I don't want to take a lot of time but what Aaron asked me to do was to cover a couple of things here. We have found some substantial differences. For example, Building 4 – we have done that whole complex at the Capitol. Building 4 the square footage currently under the contract it was showing 71,219 sq. ft. and when I reassessed it the total sq. ft. was 56,215. The carpet showed 54,000 sq. ft., now after I assessed it is 42,000 sq. ft. The resilient was showing 16,000 and it is only 2,300 so there are some changes and we have done some adjustments. Probably the biggest thing is the trash cans. They had listed 920 trash cans and we only have 369.

Mr. Greene, that particular building I am never going to try to justify almost 1,000 trash cans, I doubt there are 200 people in the building. Could those numbers be skewed because parts of that building are shut down like 4th floor?

Mr. Wolfe, the 3rd floor is not occupied and it was probably at one time. I even put down per floor how many trash cans per floor.

Mr. Greene, no there is not 600 trash cans on that floor.

Mr. Jackson, I know that Gary has done this before but everything is laid out so you can see per floor what kind of flooring it is.

Mr. Wolfe, General Services takes care of the floor care. When I went into a couple of the buildings there are some areas that are not occupied as they are working on them and I went to measure them and Goodwill said no, don't measure that we don't do that. I said but they are working on them and I am going to measure it and all I do in the assessment is put not applicable at this time. It is easier for them once that is done to be able to call me and tell me and all I have to do is look at this rather than revisit then all I have to do is a change order.

Mr. Greene, I feel and the Committee feels confident in what it is that you all do when you go out and you assess the buildings to get the square footage, so you don't need to sell us, we believe what you tell us and I really like that you are going through reassessments. Once you have been there once there is no sense in going back. We do have full faith and confidence in your ability to assess a building and tell us the square footage, etc.

Mr. Wolfe, Goodwill has appointed someone to call, they have been there with me, General Services originally was supposed to go with us, and they went for about 20 minutes on the first building and haven't been with us since then. He questioned what we were doing when we did it and 20 minutes later he was saying - you know how to do it. I call him every time but he is too busy to go with us.

Mr. Jones, he even brought his wheel the first day and measured himself. It took him forever to measure and Gary was using his high tech instrument. He said that thing is junk - that doesn't work.

Mr. Wolfe, I told him to go ahead and measure it and I will do it after you get done. He spent about 15 minutes doing it with a wheel and then he said I know what I have what do you have? I was standing in the corner and hit it and we were off by one square foot. He started laughing.

Mr. Wolfe, I want to say this about the people that were before. I have said this a few times, I don't think they had the right tools, I don't know if they had people that allowed them to have the time like we get to go and do what we are supposed to do. If you walk through Building 5 for instance and if you go up on those floors, trust me you go to one floor then the next floor, it is over and over and it is monotonous and then you are walking in this cubicle and 400 times they ask what are you doing?

Mr. Greene, every floor is different. That is why you have to have due diligence and do floor-by-floor.

Mr. Jones, we are also working to reassess the rest areas. We are trying to hit the big items first. We have a range finder now that we use to measure on the outside for the lawn care. We also use the Google earth map and it has been very accurate on figuring the square footage. We ran into a situation at one of the buildings last week where it went both ways – the square footage was less than half on the contract what the building was.

Mr. Wolfe, instead of 3,000 it was actually 7,053. That way the CRP was really getting stuck.

Mr. Jones, then it turned around and the scope-of-work called for five (5) hours and they were only getting two (2) hours. Then another thing, the facility was actually buying their own supplies. A lot of those supplies were supposed to be furnished by General Services. They were buying their cleaning supplies and their floors looked horrible. It looked like it had not been waxed in years and this is the facility that handles children. When we checked into that General Services was the one who was supposed to have been taking care of the floor and they had not touched it.

Mr. Wolfe, we have had some situations where actually Goodwill did the floor care before and that was great – no problems, now we have problems.

Mr. Greene, it is not what they do, they do a great job in Building 1, 4, 5, 6 and 7 but the further you get away from the flag pole that is just not what they do. Why they even try to go down that road is amazing to me.

Mr. Wolfe, he wrote the scope-of-work when you had asked for that to be done, Mark takes that and that is very important to that spreadsheet, then I find out there is a third party involved they say no he said this is what we do and when I called him he said no there is a little deal there. I said you did the scope-of-work you didn't write a different deal there. We can only go by what you wrote in there so don't write something if that is not what it is.

Mr. Greene, the scope-of-work is the contract.

Mr. Wolfe, it is the contract and we have to follow what is on there.

Mr. Jones, we do have a couple of contracts which we didn't include in your packet because there were a couple of changes and extensions that came about after we sent the packet out.

CONTRACT PRESENTATIONS:

Mr. Jackson:

- 1) Camp Dawson lawn care is an extension. They had gotten some grant money. They are extending this from September 1st through October 1, 2014, same terms and conditions.
- 2) DHHR, Region 4 in Webster County. They were working 5 hours a day and the CRP was losing money and they said reassess the building which we did and the assessment was good but the people there said they wanted this woman working here five (5) hours a day as she is doing a good job for us and we don't want to lose her so they requested the extra 1.3 hours per day. I changed it to match what they had requested and I have an email they sent me.
- 3) DOH, District 2 headquarters. We were about \$400.00 per month higher than what we were previously. It was due to the reassessment of the resilient flooring as opposed to the carpeting. I had made that contract because I knew at \$400.00 more a month they were not going to be happy with that contract. Knowing the amount of hours they were working there and trying to massage the contract for both the CRP and the DOH I have met with Alice Riffie, the comptroller there and we have reduced the contract. The amount of resilient flooring even though it was correct, there was some that they didn't actually strip and wax because nobody ever leaves that part of the building. From this point we are about \$200.00 less per month.

Mr. Wolfe, somebody new came into that building and we visited them and we sat down and we went over it with them and some of these people that are doing their job know way more about janitorial than we do and now after today we will probably bring this back to you next month because what she asked us to take out now everybody is complaining it is bad and we told her not to take it out so we will end up putting it back in.

Mr. Jackson, we are trying to work with them as much as we can.

Mr. Greene, the customer is always right.

Mr. Wolfe, let's let her learn it the hard way.

Mr. Greene, is there a motion for Preston County Sheltered Workshop, DHHR, Bright Horizons in Webster County and Pretera for the DOH Building in Huntington, WV.

MOTION #3

Mr. Sullivan made a motion to approve. Ms. Smith seconded. Motion passed.

FINANCIAL REPORT:

Mr. Woodard, if you noticed we reworked the financials a little to make it easier for you guys. We have a summary page and page 3 starts our statement of activities – Budget vs. our proposed budget. If you will look through we are on track with what our proposed budget is.

Mr. Jones, another thing I had him do is put those lines in there going across the page which makes it a little easier to read. And as he stated these numbers are based off the proposed budget which hopefully we can get passed today.

Mr. Woodard, page 15 is the A/R report. We reduced our over 30, 60, 90 by what we were paid by about \$158,207.89. We are still quite a ways in the hole.

Mr. Jones, this is as of July 31st.

Mr. Woodard, if you look on page 16 our A/P Summary, normally our last three columns are zero but the \$508,049.40 was actually paid after we got our money borrowed. Actually our last three columns will be zero.

Mr. Greene, this \$298,000.00 who is that?

Ms. Birley, that would be me.....

Mr. Greene, is this what you guys are owed?

Mr. Jones, that would be their monthly what was owed for three months, but that was actually paid after we borrowed the money. We have to get those people paid before it goes over 60. We turned around and borrowed that, we borrowed the \$600,000.00 to operate on.

Mr. Sullivan, how much do we owe now of the \$600,000.00, how much do we have left \$300,000.00?

Mr. Jones, we owe the \$600,000.00 but we have the \$400,000.00 available.

Mr. Greene, I do like the lines on this, it is a lot better.

Mr. Greene, do we have a motion to accept the financial report?

MOTION #4

Mr. Sullivan, I move to accept the financial report. Ms. Smith seconded. Motion passed.

Mr. Woodard handed out to all present a copy of our proposed budget from last month.

Ms. Cleek, Brenda is ok with it. In our last meeting there was a question from Rehabilitation standpoint our clients are paid at least minimum wage and there was a question regarding doing some things through the Department of Labor (DOL). Just as long as that is dully noted that that is a concern but as far as the budget she is fine with it.

MOTION #5

Mr. Sullivan made a motion to accept the proposed budget. Ms. Smith seconded. Motion passed.

Mr. Jones, the last item we have, Mark prepared a region schedule for you to show what the wage rates were and those wage rates were based off Workforce's numbers and that comes from (DOL). We want your guidance today. The spreadsheet indicates what we are currently paying on our contracts, the ones that will be affected by the minimum wage increase. Our concern is if we take those that are making for example \$7.65 and give them .35 cents to bring them up to \$8.00, then in the next column the lead worker is currently making \$8.00 and maybe the Supervisor may be making \$10.00. Basically what we want to do is ask you if you are comfortable with us just increasing those percentages - if increased from \$7.65 and .35 cents and then the lead worker is \$8.00 then they would be increased the same percentage across the board. I am just saying we are looking at trying to be fair to those people who have the experience.

Mr. Jackson, the issue that I see also based on the DOL and occupational statistics is that the entry level wage is higher than what the minimum wage is currently.

Mr. Jones, right now the entry wage is like \$8.19 and we are paying \$7.65 but we are going to get that to \$8.00 so it is going to be closer.

Mr. Jackson, everything right now is based off of the current minimum wage. The medium wage and the entry level wages are, in a lot of cases higher than what we have on the contracts. I am just trying to weigh out so you guys can make the decision as to what I need to put in the contracts.

Mr. Greene, Jan what is your take?

Ms. Smith, I really understand where Mark is coming from because when you have experienced workers, as I have workers who are making more than \$8.00 an hour and everyone is going to be raised to \$8.00 an hour – minimum wage, it is not going to be fair to the ones who have been working several years who are lead workers, they are only making .25 - .50 cents more an hour than those who are just starting out. I really feel like we need to ask for the increase and the state could understand that we need to compensate the people that are working in these jobs.

Mr. Sullivan, it would appear to me Mr. Chairman that if you get an increase in wages that it should be across the board because the entry level if they get \$8.00 an hour and the guy that has been there for ten (10) years gets \$8.25, next year if you don't raise him accordingly then the entry guy is going to be making more than the lead guy.

Mr. Greene, that will be the same problem that we have in state government right now.

Ms. Smith, it has been hard for us but what we do, if minimum wage raises it will be .75 cents this time – if minimum wage is .75 cents it is not fair, people making \$8.25 they need to get that .75 cents also. I just don't think it is fair any other way. It hurts us and I don't know how much longer we are going to be able to afford to do that and I don't feel like we can legitimately do anything else. To say we are giving minimum wage people .75 cents an hour raise, it is not fair

Mr. Sullivan, what's the problem if you need a raise why wouldn't everybody involved get the same amount, I don't know why you would differentiate between the lead people and the entry people.

Mr. Greene, I am just speaking for Cedric, ok? This is what I think the mindset is. The mindset is to be in compliance with the federal law. You do enough to be in compliance with federal law. If you are taking somebody from \$7.25 an hour and you move them to \$8.00, the person who is already making \$8.00 is already in compliance with federal law so the budget doesn't allow for those managers, supervisors, lead workers and all those other people for their salary to go up .75 cents like Jan is speaking of. I think and this is just Cedric speaking that our responsibility is to be in compliance with federal law and get direction from the Administration on their take as it relates to taking that .75 cents or whatever amount it is and spread loading it to all the other employees or supervisors or managers because what you are going to have is, you will have some that are making \$7.65 and you are going to bring them in compliance with federal law and then at \$8.00 you are going to have the employee who is not the lead, not the supervisor, who is not the manager but is a good employee and you are going to skip over top of that person and focus in on the lead supervisors and managers and you are going to take them because you want to keep that buffer and you are going to move them up .75 cents to \$8.75. The managers, supervisors for their duties and responsibilities and they are going to get compensated. The \$7.65 - \$8.00 they are getting compensated but the person who is going to get missed is the tenured employee that is sitting there at \$8.00. They are going to say, hold on now, you moved these new people up to \$8.00 and I have been here for ten (10) years although I may not be a manager or supervisor or a lead worker, I'm getting forgotten about. You're going to have a group of people who are not going to be happy. Come into compliance with federal law, and everybody else will do like the rest of the state employees do because believe it or not we have people who make less than minimum wage, they make less than the new rate, so we are going to bring employees up to meet the federal law but what we are not doing unless someone knows something different from me, we are not spread loading those cents across the board – that is not happening. Nobody in my office is getting a pay raise based off the minimum wage. I think that is the theory, at least that is what I think is going on.

Ms. Smith, these minimum wage increases they are not really doing what the government thinks they say they are going to do. I can really preach this one because it is just not doing what they say they are doing. I read an article where it was saying rather than raise minimum wages which is hard for the small business owners that the government should subsidize minimum wage earners up to the \$10.00 an hour. It makes so much more sense because in the long term it would cost the government less money and it would help the small businesses, it would help the people they say they are trying to help and everyone would be better off. This is just creating bigger holes and more problems for small business owners, it really is. And, for not for profit like us who is trying to help people, it is just making it harder every day.

Mr. Sullivan, is it possible for us as a Committee to recommend that we feel it would be fair to have an across-the-board raise for all the people involved at the agencies?

Mr. Jones, in this situation we are not dealing with administrators and we are not dealing with higher salaried people, we are dealing with people who have disabilities. It is a little different than Cedric's scenario with the state because they have secretaries, etc., who are making pretty good money but we are just dealing with the hourly people that have special needs. I'm sure Jan probably won't get an increase out of this five percentage will you Jan?

Ms. Smith, I haven't had a raise in five years.

Mr. Jones, we are dealing with a special issue here.

Mr. Greene, I will agree with you on that but I will come right back to you and say that with the state government being \$42 million dollars in the hole on July 1st and every agency was hit with a 7.5% budget reduction and some were hit with even more. If you do any more than what the federal law requires, I'll just say this, we can make a motion and we can ask for guidance but we will clearly get guidance before we step out into the lane of traffic of taking .75 cents and spread loading it across any group of people regardless of what that group of people is whether managers, supervisors, directors, or people with disabilities. I don't think we are on solid ground from where I sit from my perspective. Personally, I think all you do is create a problem. You bring these people to \$8.00 and the tenured employee that has been sitting there, that is going to be drama there, so efficiency slows down and water cooler conversation goes up and disgruntled employees, they want to talk about salaries and they want to know what everybody is making so you are going to have a problem. You are going to have managers and supervisors who are making the same thing that they are managing and supervising. It is problematic, I don't disagree with that at all but I think for us to stay in our lane of traffic we need to make sure we are doing what we need to do to meet the federal mandate and then secondly, we need to get a motion for me to go back and get guidance from the administration on which way for us to go. It is entertaining, we can sit here and do a motion and we can approve it and we represent the Governor's office, we are here because the Governor can't be here. But, we need to be mindful and work within his intent of the administration and for us to get outside the box and give a raise across the board at .75 cents; I probably won't be sitting here at October's meeting. It is important that we follow the guidance and be fiscally responsible. Like I said, I get it but I think we can make a motion for Cedric to go and get guidance but I don't think we can do something like .75 cents across-the-board. The biggest problem is – we don't know the math. I think we need to do the math because the first thing they are going to say is, give me your recommendation – my recommendation is spread load it, give everybody whatever it is, give everybody .75 cents, that is my thing but their question is going to be give me the three scenario's and tell me what it is going to cost. To meet the federal mandate, what is that going to cost. If you spread load across the board, what is that going to cost me. What we can't do is assume .75 cents is going to affect every employee.

Mr. Jones, what we were looking at was a percentage increase based on that contract. A lot of them are already at \$8.00 and that is why we did the spreadsheet. If you look at page one, the first contract currently has direct labor at \$7.50 – there is .50 cents. They are all over the board but most of them are \$7.50 or more. We are not here advocating what we want to pay people, we are here trying to determine what we need to include in that minimum wage. We can go that route and go ahead and do the change orders for anybody that is below \$8.00 and leave everybody else like they are but we just wanted to present that to you. When the legislators came out with this everybody started saying this is going to affect this and this but it is not doing exactly what you thought it was going to do. Like Jan said it has a broader effect on things. Mark has done a great job in getting this information and we wanted you to have this information. The pink area on that sheet tells you who actually has to have the increase and that is just to meet the minimum.

Mr. Jackson, can I make another comment regarding what we came up with? I used the state use resource manual as a reference. I know there is a lot of state code in this manual and I don't know how much is state code and how much came up with WVARF in the past. I don't know what is gospel and what is not so to speak. Under the wages it says the prevailing wage determination utilized to determine CRP cost is to be prepared by the CRP in accordance with the requirements of the U. S. Department of Labor regulations. The survey should result in prevailing wage to experienced non entry level non-disabled workers in comparative industry and the vicinity of the essentially the same type quality and quantity of work. That was the basis that I used. If you look on the last pages I marked in yellow the median and the median is obviously the one in the middle, not the average. The entry level wages is at the entry level in those areas. Each one of them is by area. The other two pages before that are the ones that are color coded, those are directly from the Division of Labor and all I did was transpose on that and make it easier to follow. This is from Labor and Statistic website.

Ms. Smith, you are right that the fact that when the state use was created that prevailing wage was set and we decided that was how we would come up with the wages; however, it has never been followed because it has always been too high and the state can't afford it. I think the work that you did here was excellent to show us where we are.

If we do go to the \$8.00 an hour what percentage is that overall? The average looks like would be between 5% and 6% on most of them to get it to the higher rate.

Mr. Jackson, are you talking about how it would affect the entire contracts? I don't have that number.

Ms. Smith, I think that would be something we need to know. I would like to know what the average percentage would be.

Mr. Greene, do you understand what she is asking for?

Mr. Jackson, the percentage on the contract itself.

Mr. Greene, to meet the mandate it is going to be 3.5% but then what is it if you gave everybody what would be the impact from that. Could you and Aaron get that information and send out to the Committee members?

Mr. Jackson, one of the reasons I wanted to read this directly from this manual and I know Mr. Loope is going to be working on our strategic plan and probably a new resource manual, I think it would be great if we had something that was set in stone, approved by you guys stating this is how we want you to do it with no shades of grey in it as close as we can.

Mr. Greene, I think it is important to stay out of the grey area. I think it is important to be crystal clear how we do business and it should always be a standard operating procedure for how we do business and that way we stay consistent and there is no impression of impropriety, consistent across the board.

Mr. Greene, the minimum wage issue, the next meeting will be in October. I will start on my end just seeing what the temperature is, where the mindset is but I think it is important that you all do the leg work to find out the percentages of the affect.

Mr. Jones, because we have 80+ contracts, we are going to have to do change orders by the end of the year. That is why we want to move on it as soon as possible.

Mr. Greene, what do you need from us today?

Mr. Jones, what I am hearing, you are basically saying that we need to go with what is mandated right now by law and then if something else can be changed then we will go back in and redo.

Mr. Greene, right and I will check on that before we get to the point of changing contracts, I will check on my end to see if we are trying to meet standard or are we trying to keep it from becoming a clogged artery so to speak because I think that is where we are headed. I will check on my end to see what we can do. They still have some leg work and I will get the intent from the Administration.

Mr. Loope, I am going to ask if we can go off the record so that we feel that what we say here is taken in the context is just information. Mr. Chairman is that ok?

Mr. Greene, actually no, Jan we are going to have a motion to adjourn the meeting.

MOTION #6

Mr. Sullivan made a motion to adjourn the meeting. Motion passed.

Mr. Loope will give a presentation to the Committee at this time.

OLD BUSINESS:

None

NEW BUSINESS:

None

WVARF Meeting Dates for 2014:

October 15, 2014
November 19, 2014
December 17, 2014