

Minutes of the West Virginia Governor's Committee for the Purchase of Commodities and Services from the Handicapped

July 13, 2023 Meeting In Person and Telephonic from Room E-131 Capitol Complex Building One Charleston, West Virginia

The West Virginia Governor's Committee for the Purchase of Commodities and Services from the Handicapped met Thursday, July 13, 2023 in Capitol Complex Bldg. 1, Room E-131, Charleston, West Virginia, at 11:00 AM. Chairperson Kim Nuckles called the meeting to order.

Present at the Meeting or by telephone: Chairperson Kim Nuckles, Committee Members Aaron Topping, Glenn McEndree, John Hyre, Susannah Carpenter, Jerry Boyco, and Executive Secretary Mark Totten.

Guests Present at the Meeting: West Virginia Department of Administration Cabinet Secretary Mark D. Scott, Deputy General Counsel Misty Peal, and Purchasing Director Mike Sheets.

Nita Hobbs, Andrea Higginbotham, Gary Wolfe, Misty Mayville, Robin Godfrey, were present representing the Central Nonprofit Agency (WVARF, Inc.) in person or by phone. Daniel Hall of Access Strategies, LLC, was present for WVARF, Inc.

Jack Holcomb and Rachel Barrow were present representing Precision Services, Inc. Travis Kline and Jennifer Preston were present representing The Job Squad, Inc. Herman Pierson and Joe Leftkay were present representing PACE Enterprises, Inc. Eric Freeman was present representing The Op Shop, Inc. Jason Bailey was present from the West Virginia Association for Disability Employment.

John Davidson was present by phone as a member of the public.

Tracy Call from the Jackson County Developmental Center, Inc., later joined by phone.

APPROVAL OF MEETING MINUTES

Draft minutes of previous meetings were sent for committee review. Minor corrections were suggested. John Hyre makes a motion to approve the meeting minutes. Kim Nuckles seconds the motion. The motion passes with one abstention from a new committee member who was not present for the meetings covered.

ITEM FOR DISCUSSION

Electronic versus wet signatures on committee documents were briefly discussed. At Kim Nuckles' request, Mark Totten recollected a discussion from a previous meeting. Representatives from WVARF, Inc., stated they would like to use electronic signatures.

COMMODITY OR SERVICE PRICING FORMS

1. Three (3) Fair Market Price Forms for SW Resources, Inc., WorkAble Industries, Inc., and Integrated Resources for low-impact monitoring for tolls. Susannah Carpenter makes motion to approve; seconded by Glenn McEndree. Items voted on and approved by Committee (3 forms).

FAIR MARKET PRICE MODIFICATION FORMS

2. Two (2) Fair Market Price Forms for The Job Squad, Inc. for mail sorting of first-class letters.

Susannah Carpenter asks the Central Nonprofit Agency (WVARF, Inc.) how the documentation included supports a price increase. Nita Hobbs of WVARF, Inc., indicates some rates are above the current price and some are below. Susannah Carpenter asks Purchasing Division for clarification; Purchasing Director Mike Sheets responds. Jack Holcomb defers to Jennifer Preston of The Job Squad, Inc. for additional information. Nita Hobbs of WVARF, Inc., indicates it is hard to find competitors for pricing in West Virginia.

Susannah Carpenter also asks for clarification about the higher-rate Purchasing Card price. Nita Hobbs of WVARF, Inc., indicates that some agencies pay the CNA by Purchasing Card, which incurs a 3% credit card transaction fee to the vendor, which WVARF, Inc., then adds to the total contract price for self-reimbursement.

Susannah Carpenter makes a motion to approve. John Hyre seconds the motion. Items voted on and approved by Committee (2 forms).

3. Five (5) Fair Market Price Form for SW Resources, Inc., WorkAble Industries, Inc., and Integrated Resources, Inc. for low-impact monitoring.

Kim Nuckles notes for the record an issue with the CNA's requesting language, which states "...the CRP is operating at a loss." Ms. Nuckles states she has spoken to several CRPs and, from these direct conversations, has learned their programs are not actually losing money, but are actually doing quite well. Ms. Nuckles indicates to the CNA that language indicating CRPs are losing money needs to end because it is contradictory to the facts. Nita Hobbs from WVARF, Inc., responds saying this contradictory language is a result of differentials in their recorded silos of business. Herman Pierson of PACE Enterprises, Inc. clarifies that some individual routes are technically a loss, depending on distance, and some are profitable; they also include prices for both Purchasing Card transactions and regular transactions. Kim Nuckles asks if there are additional questions.

John Hyre makes a motion to approve. Motion is seconded by Glenn McEndree. Forms voted on and approved by Committee (5 forms).

4. Fair Market Price Forms for Jackson County Development Center, Inc. for data management.

Nita Hobbs of the Central Nonprofit Agency, WVARF, Inc., states that fair market cost is hard to come up with, and they had to invent a way to measure what others provide. Kim Nuckles states the proposal is confusing. Andrea Higginbotham of WVARF, Inc. indicates this service was created for the State of West Virginia and, therefore, it is difficult to compare a custom service to anything else. Ms. Higginbotham emphasizes that labor cost has increased. Ms. Hobbs asks Ms. Higginbotham when the contract started; Ms. Higginbotham cannot remember. Gary Wolfe of WVARF, Inc. states this was previously worked on by Mark Jackson at least five years ago. Kim Nuckles asks, for a large price increase, if there is a way to not combine it and, instead, itemize the pieces within the increase; Susannah Carpenter agrees. Nita Hobbs of WVARF, Inc. states the breakdown is elsewhere in the report. Glenn McEndree asks what percent increase is the requested \$7/hr; Susannah Carpenter states that courier services reflect a requested increase of 36%. Kim Nuckles asks if anyone from Jackson County Development Center, Inc. is on the teleconference; they are not. Nita Hobbs of WVARF, Inc. states it is difficult for Andrea Higginbotham to prepare the information because of the way it has to be broken up on the forms. Ms. Higginbotham emphasizes the backup documentation is within the proposal and shows details of the requested increase. Kim Nuckles asks about wage data for various job descriptions and the current wages, requesting before-and-after details of employee wages, which cannot be deciphered from the proposal. Ms. Higginbotham states she does not know and would have to ask the Jackson County Development Center, Inc. Misty Mayville of WVARF, Inc. reaches Tracy Call of JCDC Inc. by phone. Susannah Carpenter and Nita Hobbs clarify wage numbers compared to the total proposed cost. Ms. Hobbs asks Ms. Call how JCDC Inc. arrived at the \$7/hr proposed increase. Ms. Call states she is not the person who worked on that, but says JCDC Inc. is not top heavy on overhead, further stating that they make very little profit at JCDC Inc. because they pay a living wage, and in some cases, have to employ two people to do the job of one, then saying they operate at a loss. Kim Nuckles asks for the person who prepared the JCDC Inc. price increase spreadsheets; Ms. Call says she did, along with long-time employee Mark Crockett. Kim Nuckles states her concerns with the proposal surround its wages, benefits, occupancy, and various questions lingering from the data presented. Tracy Call states that JCDC Inc. pays workers' compensation for all their employees, as well as 80/20 for Blue Cross/Blue Shield benefits. Kim Nuckles replies that information is blank in the proposal and occupancy is not defined; Ms. Call states JCDC Inc. does not that information, either. Nita Hobbs of WVARF Inc. states they understand the proposal needs revisions with data explanation and data clarification. Kim Nuckles states this request is going to go into a holding pattern. Ms. Call indicates that July 5 was her first year when she took over and quickly realized JCDC Inc was operating at a big loss, for example, on commodities like wipers; they are figuring out how to keep their heads above water. Ms. Call goes on to state that JCDC Inc.'s 990 form can be searched for, reflecting a loss, but that they should be profitable this year; she promises to get the Committee the needed answers.

Kim Nuckles makes a motion to hold this request pending clarification. Motion is

seconded by Glenn McEndree. Motion voted on and approved by Committee.

5. Eighteen (18) Fair Market Price Form for PACE Enterprises, Inc. for shredding.

Herman Pierson of PACE Enterprises, Inc. comments on the difficulty finding competitor pricing. He also had a conversation with Donna Lipscomb at the West Virginia Office of Technology in regard to the logistics of pricing for shredding. Mr. Pierson states that PACE Enterprises, Inc., makes an effort to provide competitive pricing. Kim Nuckles states the proposal from PACE Enterprises, Inc., is very well organized, particularly the table that was included.

Susannah Carpenter makes a motion to approve. John Hyre seconds the motion. Forms voted on and approved by Committee (18 forms).

6. Eleven (11) Fair Market Price Form for Jackson County Development Center, Inc. for wipers.

Kim Nuckles states to Tracy Call from the Jackson County Developmental Center, Inc. that adding wage data to an increase request is a red flag to the GCPCSH. Tracy replies that they already increased wages. Kim asks the committee if there are any questions. Following a request for clarification about the comparable prices, Tracy clarifies to Kim that the increase is about the cost of materials per pound, not because of wage increases.

Susannah Carpenter makes a motion to approve. Kim Nuckles seconds the motion. Forms voted on and approved by Committee (11 forms).

Tracy Call from the Jackson County Developmental Center, Inc. leaves the teleconference and thanks the committee for tracking her down to join.

7. Ten (10) Fair Market Price Form for Precision Services, Inc. for data imaging and microfilm services.

Jack Holcomb from Precision Services, Inc. states the CRP has not had an increase since 2010. He states the contract specified \$7.24/hour in 2010, and the contract now stands at \$10.62, with wages of \$9.25 paid to most employees. Mr. Holcomb added that Precision Services, Inc. brought an increase request to the committee 1-2 years ago, but it had to be rejected because the CRP did not include the required market comparables; today's request includes the required comparables. Kim Nuckles asks why the CRP did not come to the committee sooner for an increase; Mr. Holcomb states that they try not to come to the state and that it is difficult to get competitive pricing for comparison because the other players in the industry are competitors. Travis Kline from The Job Squad, Inc. adds insight about getting data from competitors, adding that Champion hired away their project manager and took their Ticketmaster and United Bank contracts with them by underbidding. Kim Nuckles asked Purchasing Director Mike Sheets for suggestions; he agreed the situation described was a difficult one. Mr. Holcomb said that, in order to get competitive pricing, one of their representatives pretended to be a vendor, but was unsuccessful. Kim Nuckles asked if the committee had any questions. John Hyre

encouraged the examination of pricing every few years to avoid large requested increases. Susannah Carpenter noted one request represented a 55% increase. Kim Nuckles indicated reservations about such a large increase, noting the concern of whether state agencies would be able to pay that expense since their budgets are fixed. Andrea Higginbotham of the Central Nonprofit Agency, WVARF, Inc., states this is just what it costs, and that customers would pay the same price in the regular market as well. Ms. Higginbotham added that the mission is not to make money and the state should want to pay CRP employees more because they employ persons with disabilities. Furthermore, Ms. Higginbotham stated that CRPs will lay off employees if today's increases are not approved. Kim Nuckles replied that she is not opposed to the price modification, but does not see it feasible for state agencies to pay the increased prices. Susannah Carpenter encouraged the CNA not to outprice itself. Jack Holcomb from Precision Services, Inc. states that the cost would be shouldered by several state agencies. Glenn McEndree asks if Purchasing Division will review; Mark Totten replies that the ultimate decider on using the contract is the state agency.

Glenn McEndree makes a motion to approve. John Hyre seconds the motion. Forms voted on and approved by Committee (10 forms).

OLD BUSINESS

There is no old business.

NEW BUSINESS

Kim Nuckles instructs the committee to prepare for a mid-November meeting. Various scheduling conflicts are discussed.

Kim Nuckles states that she has received a lot of communication from agencies throughout the state, from cabinet secretaries on down, about quality-of-work issues. Ms. Nuckles points out that while there is conversation about price increases, there are current issues with the levels of work being delivered for existing services. Ms. Nuckles also points out that some state employees are having to supervise CNA-provided workers instead of doing their assigned duties. Furthermore, it is stated that some CRP employees are refusing to complete tasks, saying the tasks are not covered by contract. However, when contracts are referred to for clarification, those tasks are indeed in the contract. Additionally, Ms. Nuckles has received reports of CNA-provided workers reading books while hiding in state employee cubicles. In response, Andrea Higginbotham of the Central Nonprofit Agency, WVARF, Inc., states that the buildings at the capitol complex are managed by the West Virginia General Services Division, and that GSD tells WVARF, Inc., what tasks they want completed. Ms. Higginbotham states that task lists are not being communicated to them by GSD, and that people at the capitol do not know who is responsible for what. Ms. Higginbotham goes on to state that complaints are not happening statewide, and that WVARF, Inc., has a process where they listen to quality-assurance issues, which are more complex than what is being stated. Ms. Higginbotham states that WVARF, Inc., is aware of some complaints from Capitol Complex Building 5, and objects to complaints coming up right before WVARF, Inc., requests a price increase. Ms. Nuckles asks Ms.

Higginbotham to send the Bldg. 5 complaints to her. Ms. Higginbotham states that WVARF, Inc., has a list of complaints from the West Virginia Department of Transportation, but they are GSD issues. She also states that each contract has a point of contact.

Ms. Nuckles also mentions a complaint from the West Virginia Purchasing Division regarding water service where the agency was overbilled for deliveries. Ms. Higginbotham replies that it is an accounting problem and not a quality-of-service issue.

Glenn McEndree asks if WVARF, Inc., reaches out to state agencies at any time. Ms. Higginbotham replies that, at times, they send out a contract-management team.

Ms. Nuckles asks if there are any other issues. Ms. Higginbotham asks Ms. Nuckles to follow up on signatures.

Ms. Nuckles asks if there are any issues for the November meeting; Ms. Higginbotham replies that janitorial rates will be an issue.

Kim Nuckles asks for a motion to adjourn the meeting. Glenn McEndree makes a motion to adjourn. John Hyre seconds the motion. Meeting is adjourned.