

Arizona Set-Aside Procurement Program

Meeting Minutes

 September 6, 2017

**Attendance:**

**Members Present:**

Christiana Moore

Richard Monaco

Lori Tuell

Carol Carr

Sue Kay Kneifel

Shana Ellis

**State Procurement Office Staff Present:**

Jason Rutka

Brittany Ochs

Chris Lacey

**Others Present:**

Quality Connections

Wist

HP

**Minutes:**

1. **ROLL CALL:** Group Introductions
2. **CALL TO ORDER:** Christiana Moore called the meeting to order at 10:07AM
3. **MEETING MINUTE APPROVAL:**
	* 1. Proposed Amendments:
4. Name Spelling Correction
5. Removal of Richard Monaco from Attendance List
	* 1. Motion to approve 7/26/27 Meeting Minutes- Motion Carries/Approved with addition of Proposed Amendments.
6. **QUALITY CONNECTIONS MANDATORY CONTRACT PROPOSAL:**
	* 1. QC Slide Deck shared with Attendees
7. QC is not a Pass-Through
8. If awarded, 89% of the State would be serviced without Drop-Shipping
9. QC provides Direct Labor (Ability One/Texas defined: “Direct Labor”)
10. QC is Value Added (Texas defined: “Value Added”)
11. QC is currently doing $88,000/month in Sales ($19,000 in OEM.)
12. QC is currently covering 17% of the State
13. QC currently has 11 FTEs and employs 37 individuals with disabilities
14. QC is at 31% of current capacity, but overstaffed
15. If awarded, QC anticipates $338,000/month in Sales
16. If awarded, QC would add additional crews across the State (up to 60 new people)
17. QC would also partner with other CNADs to ramp-up capacity
18. QC is an authorized HP Dealer
19. 85% of QC deliveries happen within 48Hrs
20. 12% of current QC Orders are Drop-Shipped
21. QC addressed Liquidity Gap ($1M Line of Credit)
22. QC addressed Sales Tax
	* 1. QC Concerns:
			+ 1. Current Contract Violates Current Code
				2. QC Feasibility called into question after AG said they were “a go”
				3. NASPO Contract violates Statute by allow the purchase of remanufactured cartridges- This is supposed to be QC Business
				4. Definitions need to be agreed upon and finalized; definitions are not in Statute
				5. SPO did not provide Usage until late into negotiations
		2. Committee Member Questions after QC Slide Deck:
			+ 1. Richard Monaco Question: What is to keep Nonprofits from partnering with larger suppliers and circumventing the Procurement Process/Competitive Bidding Process?

QC Answer: There is no way to get around private sector partnership. The Statute is written poorly. The State did not anticipate an arrangement like this. New Jersey Care Plus follows this model, but it works

SPO’s Input: We do not recommend a mandatory QC Contract. Contracts such as this, circumvent the Competitive Bid Process

* + 1. SPO Slide Deck shared with Attendees
			- 1. We do not recommend a Mandatory Single-Supplier Contract with over 30,000 line items
				2. There is a massive need for OEM Toner; QC Capacity Plan is based off of State Spend; there are CoOp Customers too.
				3. The State would take on considerable Risk by awarding to a Single-Supplier and essentially inhibit competitive bidding
				4. Multi-Vendor allows State to hedge Risk if a company goes out of business, etc.
				5. 14X Growth Rate for QC Overnight. QC has only proposed a 2X Growth Headcount. SPO is not sure that that QC will be able to support such a large Growth Rate
				6. Immediate impact to other Toner Suppliers
				7. Punch-Out Pricing and Contract Pricing are not identical; this should not be
				8. These are the things that we purpose: We will fix the remanufactured toner issue. We will also assist QC get the word out about QC’s Current Contract
				9. “Big Deal” Pricing is not locked in with HP. Nothing is guaranteed; there is an approval process
1. **COMMITTEE COMMENTS AND SUGGESTIONS**:
	* 1. Form a Sub Committee to define/publish definitions
		2. Ensure that QC receives all remanufactured toner business
		3. Fix 1% Set-Aside Reporting Issues

1. **FUTURE AGENDA ITEMS:**
	* 1. “Big Deal” Pricing Issue – We need to see the letter.
2. **CALL TO THE PUBLIC:**
3. **ADJOURNMENT:** Meeting was adjourned at 12:00PM
4. **NEXT MEETING:** 11/27/17

For inclusion on the next regular agenda, contact Jason Rutka at (602) 542-8087. With prior notice Jason Rutka, committee members can appoint a proxy if they are unable to attend the meeting. If you require special accommodations, please contact Jason Rutka at (602) 542-8087 at least three working days prior to the meeting.

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|  | Submitted by:Jason RutkaChief Statewide Compliance Officer State Procurement Office |  |  |
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|  | APPROVED BY THE COMMITTEE: |  |  |
|  |  |  |  |
|  | Ashoke SethState Procurement Administrator |  | Date |

Posted: