
**CALIFORNIA VENDORS
POLICY COMMITTEE
(CVPC)**

**Meeting Minutes
August 2, 2007**

CALIFORNIA VENDORS POLICY COMMITTEE

Meeting Minutes

Meeting commenced at 9:15 am, Thursday, August 2nd, 2007.
Location: California Department of Transportation, Los Angeles, CA

INTRODUCTION/CELL PHONE CHECK

Chair Hatch began the meeting by stating there was a closed session scheduled at 10:00 am. Only the CVPC delegates, CVPC Executive Secretary, and the Recording Secretary would be in attendance to this special meeting. There will be one guest discussing issues pertaining to the closed session. The closed session (authorized by Government Code 11126) was placed on the agenda to address some of the legal issues that may need legal resolution. The regular CVPC meeting would reconvene at approximately 11:30 am.

Chair Hatch reiterated the rules of participating in the meeting, including requesting that all cell phones be turned off during the meeting.

ROLL CALL

Chair Hatch called the meeting to order at 9:15 am. He began the meeting by taking a roll call of attendees.

The meeting was in compliance with November 1995 Motion 95.212 disclosure requirements for delegates. There were **ten (10) delegates** in attendance which satisfied the requirements of a Quorum.

Delegates in Attendance:

District	Delegate	Location
District 1	Tom Evans	Agnes Developmental Center and Main Processing Center (Post Office) in San Jose.
District 2	Joe Murphy	Turlock Roadside Rest Area, Turlock, CA
District 3	Steve Adams	Folsom State Prison, Folsom, CA

District 4	Reece Griffith	Cal Pers Public Retirement System in Sacramento
District 5	Michael Hatch	Concoran State Prison
District 7	Harry Begian	Cal Trans, Los Angeles, California
District 8	Jack Bedikian	Bulk Mail Center – U.S. Post Office in Bell City, California
District 9	David Collins	California Rehabilitation Center in Norco, California
District 10	David Hanlon	Dave’s Snack Bar in Spawar (San Diego)

Absent:

District 6	Tom Cook	Alternate, Facility No. 739
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INTRODUCTION OF STAFF AND GUESTS

John Westbrook – BEP Program Manager
Steve Miller – Assistant BEP Program Manager
Janis Friesen - CVPC Executive Secretary

Guests and BEP Vendors:

Monica Collins - wife of David Collins
Jeana Martin-Hanlon – wife of David Hanlon
Roy Harmon - BEP vendor that operates a roadside rest area in the Oceanside/San Diego area.
Hazel Harmon – wife of Roy Harmon.
John Friesen – retired BEP vendor
Michael Dowling – BEP vendor
Juan Aguilar – BEP vendor
Dan Kysor – California Council for the Blind
Toni Stratton – CVPC Recording Secretary

MINUTES – Recommended Action

Approve the minutes of the CVPC meetings held on May 16/17, 2007.

MOTION 2006.059. Moved that the committee accept the minutes of the May 16/17, 2007 California Vendors Policy Committee meeting

and the Responses to the motions for the May 16/17, 2007 as distributed.

Moved: Delegate Griffith
Seconded: Delegate Hanlon
Vote: Passed Unanimously
Absent: Delegate Bedikian

Reading of the CVPC Motions and BEP Responses of May 16-17, 2007 Meeting.

§ 7214.2 (d) and (e) Vendor Business Plan and Resume.

“failing to limit the resume and the business plan to the required length may result in the disqualification of the applicant” .

CVPC believes that vendor business plan and resume should not disqualify the vendor, but only the vendor use of either of the business plan or resume if either/or do not meet the criterion font or pages. Further the Committee would like to have the word “may” changed to “shall” in the line stating “may result in disqualification of the applicant”.

Delegate Begian said he thought the Committee did not agree with disqualifying the vendor. Mrs. Friesen explained that the Section on the Business Plan and Resume should not disqualify the vendor, but only the vendor use of either the business plan or resume if it does not meet the criterion.

7220 (i)(3): The committee believes 7220 (i)(3) should have the following added at the end of the paragraph; “In order to inflate the cost of goods for the purpose of reducing fees.

The Department response was: “As you know the Department is actively involved in developing the rules and regulations. These concerns have been forwarded to Buzz Nunn and Tony Candela and we will all continue to work with CVPC to address them. I am confident that you will be satisfied with the final product.”

Chair Hatch said since this motion was passed, no work has been accomplished with the Committee or the vendors from the Department on any regulations. Articles 1, 2, and 3 were sent on to the Health and Human Services Agency without allowing CVPC to look at any changes. However, when a vendor asked for this

information under the California Public Records Act, CVPC was then allowed a copy.

CVPC has received no response from the Department regarding its concerns with issues from the May 16-17th meetings. Chair Hatch said he did send an e-mail to Tony requesting CVPC be allowed to review the remainder of the regulation package before sending it to Agency. His response was that future articles that are sent to Agency will be provided to CVPC simultaneously. Delegate Begian said if CVPC is entitled to this information then a grievance should be filed. He requested that this be researched.

EXECUTIVE OFFICERS REPORTS

Report of the Chair

a. Reading of Action Items from the May 16/17, 2007 CVPC Meeting

On the current delinquency report submitted to Janis Friesen, Mr. Westbrook will note whether or not the vendor has been sent a termination notice and/or is on a repayment plan. For confidentiality reasons, all names are to be removed from the report submitted to the CVPC. Mr. Miller will send Mrs. Friesen the most current delinquency report.

Mrs. Friesen said she has been receiving the delinquency reports but it does not include whether letters have been sent or the repayment plans.

Status re: SB441 – Healthy Food Initiative

Chair Hatch gave a brief overview stating that this bill would require that vending machines on state property have as much as 50 percent of their selection as healthy choices. The bill is shelved for now and may come back next year because it is a 2 year bill and can be reconsidered before the committee again next year.

Status re: AB 959 – Postponed to closed session

Status re: AB 1566

AB 1566 concerns the privatization of roadside rest areas. Chair Hatch reported that this bill, as well as SB 441, were

changed to two year bills. They are shelved, but CVPC needs to keep them on the radar.

Mr. Kysor said he spoke to the sponsor of the bill, who is agreeable to a teaming partner. He said this could be advantageous to CVPC in order to come to agreement and in working together to improve the roadside rest areas.

Status re: AB 728

This bill would eliminate the sales tax on vending machines for gum, confectionaries, snack food, and bottled water. As of May 31, this bill is still in the Appropriations Committee and is in the suspense file.

Report on RSA Meeting:

Chair Hatch said the Executive Committee met with Ray Hopkins on June 5, 2007. From this meeting Mr. Hopkins will produce a report with suggestions to the Department on areas they can improve upon. The Department will then respond in writing as to how they will make the suggested changes. A final report will be produced and CVPC will see the final report once it is complete.

Mrs. Friesen noted that the Department did not sit in on this meeting because it was with the Executive Committee only. However, the new attorney for DOR sat in on the meeting to gather information. Mrs. Friesen said she is new on the job and this meeting gave her an insight on the Committee's point of view.

Delegate Murphy said he felt this was a good meeting. Mr. Hopkins highlighted a few areas that he felt could be improved upon, specifically how CVPC could be better informed regarding budget issues, funding, etc. Delegate Murphy said it is his hope, that once the report is developed, communications between CVPC and the Department will be improved.

Report of the Chair

- a. Status on enhancement proposal to Randolph-Sheppard Act.

Vice Chair Hanlon said there is still no Senate sponsorship for this bill. He believes it is a viable proposal but has a ways to

go.

- b. Assign funds for lobbyist training for Andrew Brown.

MOTION 2006.0060. Moved that CVPC hereby authorizes reimbursement of the \$225.00 registration fee from the CVPC Convention Fund for BEP Vendor Andrew Brown to attend Lobbying 101 to be held in Sacramento. And for that consideration, Andrew Brown has agreed to use this training to assist CVPC in lobbying efforts. After completion of this training, Andrew Brown will provide CVPC Delegates with a presentation on lobbying at the next CVPC meeting to be held in Sacramento.

Moved: Delegate Hanlon

Seconded: Delegate Murphy

Discussion:

Vice Chair Hanlon said CVPC will be working with assembly people and senators in the future in order to become more politically active. He asked the members to support the motion.

Chair Hatch said his original thinking was that a member of CVPC should attend this training, however since the course is being offered before the end of the year and it is not known who will be on CVPC next year then he agrees with sending Andrew Brown. Andrew has been active in helping CVPC at hearings and he is local to Sacramento.

Mrs. Friesen said the class is beneficial for anyone involved in the lobbying process; lobbyists, lobbyist's employers, state agency liaison, and legislative coordinators. The class teaches the fundamentals including the qualities of a good legislative advocate, the language, culture and mores of the Legislature, the do's and don'ts of testifying, client relations, how to find an author, and more.

Delegate Evans asked how the long course will be. Mrs. Friesen said it is a one day class.

Delegate Begian asked the background of Andrew Brown. Chair Hatch said he has been an active vendor for two years and has assisted the committee in doing lobbying efforts.

Mr. Friesen said Mr. Brown's facility is two blocks away from the Capitol. He would like some professional guidance in order to

continue assisting the Committee in their lobbying efforts. This is one course of two. Mr. Brown wanted to take the first course to see if it was worthwhile, and if it was he would then like to take the second course. He will report to the committee after he has taken the course.

Delegate Begian said it might be a good idea to have each Chair of the Legislative Committee attend this course.

Mr. Kysor said he would highly recommend that Mr. Brown get this training because it would be a good investment for the future of CVPC. He is a good lobbyist.

Vote: Motion Passed

Report of the Secretary-Treasurer

Secretary-Treasurer Griffith reported that as of July 30, 2007, there is \$9,540.56 in the account. One check has been written for the website in the amount of \$107.40 for the domain and hosting of CVPC's website.

Executive Secretary's Report

Mrs. Friesen said since the last CVPC meeting there were a couple of news articles about the BEP program in the *Capitol Weekly*. The reports expressed some of the problems in the program and are available on-line.

DOR will be moving on September 14. The office has a meeting room on the first floor that would be accessible for CVPC meetings. There are a few issues with the new building: (1) they did not Braille any of their signs; (2) from September 7 to Monday at noon DOR will not have any computers because this is the weekend that the servers will be moved. She and BEP will be moving on September 14 and will not have computers, therefore the central office and the field office in Sacramento will be unavailable until September 17 at noon. E-mail addresses will remain the same.

Telephone numbers will be changing and Mrs. Friesen will post the new numbers on the CVPC website once the move is completed. Delegate Griffith asked if members will get a new page of the telephone numbers for their books. She said once it is printed she will give each of the delegates a new page.

Mr. Miller noted that on the weekend of September 6th every computer in the State will be affected and every region in California will be down. Service orders will need to be hand-written.

Delegate Evans asked about transportation to the new building. Mrs. Friesen said the office is located on Capitol Mall between 7th and 8th Street. Light Rail stations are on both sides of the building.

Delegate Begian asked if there will be a location for a BEP facility. Mrs. Friesen said the intention is not to have a facility but a coffee cart with vending machines. The next CVPC meeting will be held in Sacramento so arrangements will have to be made for breakfast, break, and lunch.

Mr. Harmon asked if the budget for the State of California has not been approved, will it delay the move. Mrs. Friesen said, as she understands it would delay the move if the budget moves out further.

Mrs. Friesen said later in the year the Committee will hear that CVPC is not within its budget because only \$2,000 was allotted for travel and she is certain travel will be over budget.

Mrs. Friesen expressed to the delegates the things she was hearing from the vendors at the district meeting she attended. Their viewpoint is that of isolation. They do not know what is going on with the program; they do not know what is going on with the Committee; when they need help they don't know where to get it. She suggested that delegates go out and talk to vendors.

CVPC CLOSED SESSION MEETING – 10:00 am

Chair Hatch announced the closed session meeting and that the open session will reconvene at about 11:30 am. The CVPC needed to resolve and get agreement on some legal issues.

After the closed session the CVPC, DOR staff and guests reconvened at 11:30 a.m.

DEPARTMENT REPORTS

Program Manager's Report

Mr. Westbrook will be retiring after the move, which is scheduled for September 14, 2007. A list is being established for his position by

the Personnel Department. There were 25 applications received and out of the 25, 12 are acceptable. The Personnel Department will be setting up an exam.

Mr. Friesen asked if CVPC will be able to help formulate the questions. Mr. Westbrook said CVPC will participate in the interviews but not in formulating the questions for the exam. It is hoped that interviews will start in September.

As far as other positions vacant in the program, there is currently a BEC position in the northern regional office because Joanne Fleming has moved to a new position. There are two applicants to be interviewed. There is also a clerical position open in the northern region.

Financial Report

Mr. Miller said 2006-07 finished in the black. Fees last year were down around \$100,000 compared to the previous year. The Department of General Services, in years past, has charged \$118,000 pro rata, but will not be doing so this year. The federal match will bring in another \$561,103 into the trust fund. The vendor health and dental contributions increase will take place on January 1 and the tentative dollars are: \$77 for health insurance and \$21 for dental insurance which will net another \$366,562 into the trust fund with matched money. This will bring \$927,665 to the account for increased spending power.

There is \$402,000 in delinquencies (up \$322,000 from last year) and the number is climbing. P&L's are being turned in without the money.

Delegate Murphy asked if this is new debt being formed each month. Mr. Miller said it becomes new debt because it is debt that the Department did not have the figures on because they had not seen the P&L's. Some of these P&L's are 3 and 4 years old. Delegate Murphy asked how many vendors are late on their P&L's each month, or turn P&L's in without money. Mr. Miller said the pool is somewhere around 40 to 46 people.

Delegate Murphy then asked if there is some system in place that, from this point forward, someone will call them on the 25th of each month to find out where their P&L's are. Mr. Miller said the BEC's are making phone calls and sending letters. Delegate Murphy asked what could be done besides making a phone call and sending a

letter. Mr. Miller said by the third notice the termination process begins.

Delegate Bedikian asked if this debt is from vendor fees. Mr. Miller said some vendors may not have to pay fees, but have to pay workers comp, liability etc. and the majority of the debt is in the workers comp and liability. There is \$180,000 in outstanding fee and penalty. He is aggressively pursuing this and one termination has gone out and there are three ready to go in the next week.

Mr. Miller said the approximate net increase over last year is \$500,000.

Delegate Hanlon asked if the Department could make it mandatory that every vendor send a copy of their P&L to their BEC. Mr. Westbrook said years ago the vendors had to send their P&L, along with their check to the field office. Things were then changed to send everything to the Central office.

Mr. Westbrook said the process of coming down on delinquent vendors has created the missing P&L's to flow into the Department. They are not coming in with the money, but at least the Department now knows what they owe, so they can begin the termination process.

Mrs. Friesen noted that the \$402,000 includes both active and inactive vendors. The money from the inactive vendors probably will never come in. She has broken down the active and inactive vendors, along with what they owe, and will be reporting on that later in the meeting.

Mr. Friesen mentioned that the Department sent out a letter to all vendors stating that there was a no tolerance program to be implemented January 1. If after January 1, a vendor had three delinquencies or three missing P&Ls that vendor would be terminated. He noted that this has not happened. He asked Mr. Miller if the letters he referred to that are being sent out are actual termination letters. Mr. Miller said they are actual termination notices.

Mr. Friesen asked if the vendor does not file an appeal after they receive a termination notice, what process would then take place. Mr. Miller said the law provides for due process so when they get the termination letter they have the following choices: (1) they can ignore

the letter and go away; (2) they can file for a full evidentiary hearing; or (3) they can sign and agree to the stipulation. He does not know what the timeframe of the stipulations are because he has not seen the stipulations.

Mr. Kysor said the Department's new computer system should be able to organize and come up with alternative ways to save the trust fund, in terms of staffing, by outsourcing the P&L and the bookkeeping of the vendors with a website and accounting service where people can log on and do their P&L. Mr. Westbrook said he has met with Accounting on a number of occasions to try to get this accomplished but they are nowhere near modernizing their system so that vendors can send in their P&L's electronically.

Mr. Miller said since July 1, 2007 the Department has issued 18 purchase orders that are contingent upon the Governor signing the budget. The purchase orders are in the amount of \$371,662. This includes some of the left over projects that were postponed last year; the San Francisco Federal Building at 97th Street; the Department's headquarters building where there will be an Espresso Bar and vending machines; the new facility at Point Loma in San Diego; and a major purchase for a cash register system at Franchise Tax Board. Mr. Miller said this will lead to an additional \$500,000 in the budget.

Delegate Murphy asked if the \$371,662 includes the matching. Mr. Miller said it is matched.

A list of projects requested by the BEC's need to be prioritized and budgeted, in conjunction with looking at the existing projects. The two roadside rests: Gold Run will be first and get off the ground in November and Donner Pass will be the next. Mr. Westbrook said invoices cannot be paid until the budget is passed.

Mr. Westbrook said that the Department has successfully negotiated for another contract with DOD. A new vendor has been selected for the San Clemente Naval Airfield. The Marines are also doing a pre-solicitation for a contract covering 22 galleys in the western states (California and Arizona).

Mr. Friesen asked if California might be able to have a Memorandum of Understanding with Arizona to see if they are interested in bidding on the contract, and if they are not, get a waiver from Arizona to allow California to do the two sites in Arizona. If Arizona is interested California will be a teaming partner and specify what percentages

they would be willing to pay. Mr. Westbrook said legal is working on this.

Mr. Westbrook said William Novoa has been as the new BEP architect, he has years of experience, is bilingual, and will be an asset to the Department. Delegate Begian asked how CVPC might be involved in the process with regards to architecture. The designs of cafeterias are old fashioned and do not match today's operations. He asked what CVPC can do to make sure that architect designs new facilities that are comparable to today's operations. Mr. Westbrook said they will be taking the new architect to some of the more successful operations around the state so he can see what is working well. The QLDC will be involved in this process as well.

Delegate Adams asked who decides the criteria for design. Mr. Miller said the Law gives the Department the power to determine the size and type of a facility. Delegate Adams asked if the building where the vendor is being placed can dictate whether it has vending machines or a cafeteria. Mr. Miller said they can ask, but it is up to the Department to make the decision.

Mr. Miller said a new location survey will be performed in order to get commitments to things such as, food sales in the building and tying exclusivity into the permit as opposed to the older permits. Once the permit is established the food service will then be designed. He would like to have a meeting with the vendors to have them provide their feedback to both Joanne and Willy.

Chair Hatch suggested providing options to the site where if they want a snack bar or a full service cafeteria versus vending machines they could have that option at a cost to them.

Vice Chair Hanlon suggested that when a new program manager comes on board that he/she work with the QLDC to review all the facilities in an effort to re-evaluate contracts. He said that many facilities are not profitable for the vendors.

Mr. Friesen said there are two issues for supportability: (1) the profitability to the vendor; and (2) the cost return. He suggested that the Department develop models that both the vendors and Department can support in order that profits are made. It was also noted that maximum exposure for a location is critical to vendor.

Delegate Adams asked Mr. Westbrook and Mr. Miller if the Department supports the idea of a profitability model. Both Mr. Westbrook and Mr. Miller said they would support it, but a signature menu would have to be developed.

Mr. Miller continued his report as follows: The vending machine unit is reconciling contracts and getting new contracts out in order to get the backlog caught up.

A letter is being prepared to all the vending machine contractors regarding the Presidential Coin Act. This Act requires that all vending machines on federal property must be able to accept and dispense the dollar coin as of January 2008. The unit is working with Contracts and Procurement to develop a flat rate contract concept.

A letter was sent to the contracting officer at Lawrence Livermore Labs asking for a meeting. They refused the meeting. He will be protesting their process and the fact that the Department should have been offered the vending machines separate from the cafeterias. He is also requesting the commissions be paid to the Department.

Delegate Murphy asked what went wrong with the Lawrence Livermore Labs. Mr. Miller said there was no solicitation concerning BEP and its priority. They should have offered BEP the vending machine contract separate from the dining and they did not. They are not paying commissions and they should be. There are 127 vending machines at the Lab.

Delegate Murphy asked Mr. Miller when he first went to the site. Mr. Miller said it was on May 23. Delegate Murphy said if he knew that the bid package was to be submitted before this date why was it not reviewed. Mr. Miller said in November he went to the website and there was no solicitation available for the Lawrence Livermore Lab at that time. Delegate Murphy asked how it is possible that the selection of the vendor was on the same day that the bid package was due. Mr. Miller said he had asked for an extension and upon receiving the e-mail back from them a date was misread. Delegate Murphy said, in speaking for himself, and his District, the way that Livermore Labs was handled was inexcusable. The date that the bid was supposed to have been turned in was no secret. He is very disappointed in the Department and asked what could be done to make sure that this never happens again.

Mr. Westbrook said the Department is disappointed as well. Lawrence Livermore never intended for BEP to bid on this because they were happy with the company they had. The extension was granted but the date of the extension was misread and the proposal did not get in on time. They understand now that BEP has a priority and will solicit a bid next time around. They have a second campus that BEP will be bidding on.

It was mentioned that Steve Levy is willing to meet with the Department to discuss subcontracting the vending machines at the Post Offices throughout California.

Mr. Westbrook said he will start on the CVPC general elections before he leaves.

Mrs. Friesen asked for a copy of the latest Profile One Report.

COMMITTEE REPORTS

Grievance Report

Chair Hatch said there is a vacancy on this Committee, and therefore, he will provide the report.

- a. There is one grievance that CVPC is aware of and asked Mr. Westbrook if he knows of any others. Mr. Westbrook said there are two grievances regarding Livermore; (1) one was the way the selection committee was conducted; and (2) the other petitions to protest that the vending machines were not provided to BEP as a priority. They are both under administrative review.

ACTION ITEM: Mr. Westbrook will send copies of the Lawrence Livermore Lab grievances to CVPC.

- b. The other grievance that CVPC is aware of centers around the Wilshire Boulevard location. Mr. Westbrook said this grievance is with legal and a date is going to be set for a full evidentiary hearing. The cafeteria is closed at this site but there are two vendors who are interested. John Briggs does have the photo shop and coffee cart.

Fiscal Report

Delegate Collins said when the budget passes BEP will get approximately \$500,000 more dollars.

Delegate Collins asked what the check signing process is for BEP. Mr. Miller said once the purchase documents are submitted, procurement enters it into the system. Mr. Miller establishes that there is money available and writes and signs the check if it is under \$20,000 (this usually happens the same day the purchase documents are received.) If it is over \$20,000 then it has to have other approvals and may add another day to the process.

Delegate Collins said it was noted that the dollar amount on the delinquency reports are increasing. Mrs. Friesen said she took out the inactive vendors on the report that she receives from the Department because the chances of receiving those funds are minimal. The total amount that the active vendors owe is \$258,324. Of this money \$145,275 is for the liability and workers comp; penalties are \$33,835; and the fees due are \$79,213.

There are 45 vendors owing the \$258,324; 11 owe less than \$100; 20 owe less than \$500; 25 owe over \$500; 21 owe more than \$1,000; and 14 owe more than \$5,000.

In June \$5,070 was owed from the active vendors. Workers Comp was \$1,730; penalties \$1,405; fees \$1,935. Seventeen of the invoices were for May, 4 for April, and 3 for other past months.

Mr. Friesen asked if a vendor files bankruptcy are they allowed to come back into the program. Mr. Westbrook said if they have gone out of the program, he has not allowed anyone to come back in, but many of those who have filed bankruptcy have stayed in the program. Mr. Friesen asked if those vendors could be terminated because they have not submitted P&L's. Mr. Westbrook believes the system is now designed to terminate them before they get to the point of bankruptcy.

Mr. Friesen asked if a vendor does not comply with the bankruptcy court could BEP then terminate them. Mr. Westbrook said, in the past they could not be terminated, but since there are new attorneys on board now this may change.

Delegate Murphy asked if the new attorneys will provide the definition of control which CVPC previously requested. Mr. Westbrook said they are working on this and hopefully will have an answer soon.

Chair Hatch asked if there is a set amount that DOD vendors are expected to pay in fees. If so, what is it; and did the amount change,

and why. Mr. Westbrook said it did not change from 6%. The new rules and regulations may come up with a separate fee schedule for DOD facilities. Mr. Westbrook said BEP has a copy of the agreement between the vendor and the partner. BEP knows what the partner has agreed to compensate the vendor, and based on this, BEP expects 6% of the compensation. Delegate Murphy suggested that the state could get a pre-negotiated expense in exchange for the contract.

Rules Report

- a. Vice Chair Hanlon reported on the status of BEP Regulations. This document was sent to legal, who have reviewed Articles I, II and III and have sent it to Health and Human Services. CVPC was told, because of protocol, they could not look at the document. However, a vendor filed for it under the California Public Record Act Request, and CVPC has received a copy. In looking at the regulations it is almost 100% pro-Department.

Mr. Friesen asked if the Department is working on Regulations currently. Mr. Westbrook confirmed that they are working on the Regulations.

Chair Hatch said the worry is that CVPC has had very little input in DOD regulations. His concern is that they will be completed and sent to Health and Human Services and CVPC will have to wait until the public comment period to provide input. Mr. Westbrook said he thought that Buzz had been working closely with CVPC. Chair Hatch said there has been no interaction regarding regulations since before the May 16 & 17 CVPC meeting.

ACTION ITEM: Mr. Westbrook will relay CVPC's concern to Buzz.

Mr. Aguilar asked why CVPC's changes were not accepted. Chair Hatch said he has never received a straight-forward response. He explained that in working with the Department and Buzz they had a document that everyone agreed upon. CVPC passed a motion to accept the document, but changes were made after.

Delegate Murphy said CVPC should receive justification from the Department as to why they did not accept CVPC's suggestions.

ACTION ITEM: Delegate Begian asked that a letter be written to the Department explaining that CVPC has been deprived of reviewing the regulations before they were sent to Health and Human Services and ask what CVPC is entitled to in the regulation process.

Mr. Friesen said the Department of Rehabilitation does not understand what the vendors feel. CVPC wants active participation, which means policies will not be changed or implemented without consulting the Committee. This does not happen in California. The sad thing is that this is all about a matter of control, and rather than do the moral or legal correct thing, it is instead a matter of control. Mr. Westbrook is going to report this regulation issue to legal and to Tony.

Training Report

- a. Delegate Murphy said the training class has graduated. Exit interviews were performed with each student. The responses were positive, but there are a couple of issues that need to be addressed. One, is that the training media needs to be updated, i.e., put the material on CDs instead of cassette. Some students felt there should be more time spent on the vending machine module.
- b. The new vending module is still pending. Chair Hatch said he was hoping that in the new DOR location, that the vending machines in that building could be used as training areas for students. Delegate Murphy said a suggestion was made by one of the students to have a room with the top 8 vending machines and a skilled vendor at each machine so each student could spend time at each of those stations.
- c. Report on 2007 CVPC/BEP Educational Conference.

MOTION 2006.061. Moved that the CVPC Educational Sub-Committee would like to submit a motion to write a formal letter to Assemblywoman Soto inviting her to the conference October 5-7, 2007 to receive an award from the CVPC thanking her for her diligent support on SB87 and AB959 vendor loan program.

Moved: Delegate Murphy

Seconded: Delegate Hanlon

Vote: Passed Unanimously

MOTION 2006.062. Moved that the CVPC Educational Sub-Committee would like to submit a motion to invite Senator Christine

Kehoe and Senator Mark Wyland (Oceanside) and/or Congressman Brian Bilbray to attend our conference October 5-7, 2007 to be the opening and/or closing speaker at our conference.

Moved: Delegate Murphy
Seconded: Delegate Begian
Vote: Passed Unanimously

MOTION 2006.063. Move that the CVPC Educational Sub-Committee would like to submit a motion to present and notify newspaper outlets of a press release on BEP and CVPC prior to the conference on October 5-7, 2007.

Moved: Delegate Murphy
Seconded: Delegate Hanlon
Vote: Passed Unanimously

Chair Hatch asked Mr. Westbrook when the Serv-Safe tapes will be available. Mr. Westbrook said copies are being made now and he will get them to Mrs. Friesen as soon as they are completed.

Delegate Murphy noted that there was a visitation made to the hotel where the conference will be held. Mrs. Friesen is working on a textural description. Some changes have been made to the speaker list due to availability of speakers. He urged every delegate to contact all of their vendors asking them to attend.

Mrs. Harmon said there are 29 room reservations to date. She disseminated to each delegate a form listing their district people, telephone numbers, and whether they have reserved a room and sent in their reservation. If anyone has misplaced their registration form she will take their registration by telephone. She also offered to make follow-up telephone calls for those delegates who could not reach the people on their list.

Mr. Westbrook said he plans to have staff at the conference and they will do the training with CVPC on the Serv-Safe.

Delegate Begian asked if it might be possible for the Training Committee to come up with a plan to provide computer training for the vendors.

ACTION: Delegate Murphy will add to the Committee's agenda the matter of ongoing computer training for the vendors. Delegate Begian will prepare a plan to be presented to the Committee.

Benefits Report

- a. Secretary-Treasurer Griffith reported on the BEP Retirement Plan. He attended a meeting with Jeff Dierks to see what changes could be made to the health plan. At this meeting he learned that the health insurance will go up by 10-12% at the next open enrollment; liability insurance deductible may be reduced to \$1,000 from \$10,000; workman's comp will be reduced and a notice will be sent out; life insurance may be increased.

Chair Hatch said there may be a problem with having life insurance paid out of the trust fund. Mr. Friesen clarified that from a federal perspective, the federal law does not stipulate that trust fund monies can be used for life insurance. The state law specifically states that state money can be used for life insurance so the issue is whether there is any state money being spent on life insurance versus federal.

Secretary-Treasurer Griffith said vendors pay at the higher end of the rates because of their special program. The state has a cap of 6% on fees and vendors are at 3% on the medical and 10% on the dental.

Mrs. Friesen said Jeff Dierks sent the preview letter to her and she will be posting it on the website early next week. This letter will be sent to the vendors with the new rates for worker's comp, which has been reduced by 20%.

Secretary-Treasurer Griffith said Jeff Dierks has offered to come to meetings, or speak to any vendors who have questions.

Roy Harmon encouraged everyone to contact an insurance company to see what rates may be offered to them, because it may be that purchasing insurance individually would derive in better rates. He believes it is illegal for the Department to take his set aside funds to cover someone else's negligence.

Mrs. Friesen said the retirement contract is still in DOR legal and the vendors' money is still at Great West.

Vice Chair Hanlon announced that on Sunday, from 11 to 12:30 (at the conference) there will be a seminar on what a nominee agency is.

Quality Location Development

Action Item: Lloyd Anderson will have Steve Miller forward the list of development projects, along with dates, to Mrs. Friesen to post on the CVPC website.

Action Item: Mr. Anderson will forward Janis Friesen the list of projects that are fully funded. There are about 12 locations.

Mrs. Friesen read the list of projects:

1. Hiram Johnson State Building, awarded to California Handyman, October 1, 2006. Equipment will be bar coded Thursday, 1/24/07 and site will be completed. She asked Mr. Miller if these dates are correct. Mr. Miller said the dates are correct and this project is completed.
2. Federal Building in San Francisco, project will not be completed by March 2007. Vending machines for upstairs have been purchased. Date for installation will be within the first week of March 2007. Mr. Miller said in March of 2007 he was notified by accounting that the bigger purchases could not be done. There has been an interim vendor in the location. The equipment will be purchased from the new budget and he will be working to get a permanent vendor at this site.
3. Federal Courts Building in Fresno – discussion with GSA January 2007 indicates funds for this location have been requested for 2007/2008. There has been no further movement on this project and funding will be pushed back to the BEP 07/08 budget year. Total equipment package and drawings will have to be resubmitted. No funding for this project. Mr. Miller said the big problem is GSA does not have the money to do the site preparation, so the project is dead.
4. PUC San Francisco, 505 Van Ness – site has been reviewed as to what can be done with a facelift or some simple remodel. Funding set aside for 07/08. Mr. Miller said he is willing to take this project on but he needs to get together to develop a plan with the vendor.
5. Monterey County Center West Wing renovation – location is remodel and relocation of original site with new counter and back shelf area. Bid is for stainless counter at \$400 a linear

- foot plus various back area equipment including sinks and storage refrigerators. Location completion date to be revised to fall of '07. Project needs update as to when it will be done. Mr. Miller said he is waiting for the county on this project.
6. Ventura County Home of Justice – this project has been awarded to outside contract; BEP will remove equipment and end site. Mr. Miller said this has been completed.
 7. Cal Trans District 3 Food Service in Marysville – location construction concept is to be agreed upon end of March '07 and will be sent through DGS for bids. Basic population of 776 employees leaves limited resources to provide income. BEP is encouraging Cal Trans to allow public access to allow increase in guest check. Mr. Miller said the building is being constructed. If they do not let BEP have the public access and exclusivity then BEP will back away from this. Mr. Westbrook suggested getting together with the QLDC regarding this project. Joanne will visit this site to evaluate it and then she will put a notice of interest out to vendors. Mrs. Friesen suggested that when she goes out for her site visit, that perhaps someone from QLDC could go with her.
 8. Cal Trans, 1120 N Street, Sacramento – informed by DGS that this location now on the 6th floor is being moved to the 1st. It will have hot food service and be finished by May 2008. A suggestion was made that less floor space would be available and location will not have public access. Completed plans submitted earlier will be revised based on changes once they are official. Projected to be funded in 07/08. Mr. Miller said the preliminary drawings have been completed and the initial concept has been developed. Joanne is meeting with Cal Trans to work on the permit. He is not sure if the public access issue was resolved. Secretary/Treasurer Griffith said Cal Trans has always had a non-profit corporation running the vending machines in this building. Mr. Miller said he will have Joanne look into this issue.
 9. CHP Academy West Sacramento – no bids at this time; provided equipment package estimate of cost to DGS on 10/06. No further dates or confirmation have been received. Price is base cost of snack with hood. No price or date set at this time. Mr. Miller said there has been no activity on this project and he has not heard back from CHP.
 10. OB10 building, the DOR facility – county needs layout of equipment and location particulars. BEP has provided a layout and equipment list.

11. Starwars San Diego – this location will become a manufactured facility located directly off of Cabrillo Highway. The concept will be a convenient store concept. The manufactured building will be a separate bid and the total equipment will be provided under DVBE criteria. Project due for completion fall '07
12. Roadside rests: Cal Trans roadside rest Gold Run set for spring of '08; Donner reschedule for '08 by Cal Trans; Elkhorn rest stop has no funding from Cal Trans; Crystal Springs Northbound San Mateo completion set for '08; Hunter Hill has no completion date; Shandon Rest area with a completion date of '08. Mr. Westbrook said as soon as construction is started on these roadside rests then BEP will put out the announcement.

Delegate Adams provided the following report:

- a. Renovation plans for existing SRRRA facilities were covered earlier.
- b. Discussion on New DOR facility – Recommended motion:

MOTION 2006.064. Moved that the new DOR vending facility be managed by the BEP training department or co-managed by partnering with a blind vendor.

Moved: Delegate Adams
Seconded: Delegate Begian
Vote: Motion Passed
Absent: Delegate Bedikian
Delegate Collins

Mr. Friesen said this would need to be in Exhibit C of the vendor permit and it would go out as an add-on facility only and the vendor would have to meet the criteria in order to apply and they would provide the training.

Mr. Westbrook said he has talked to Bill about this but he is resistant because he is concerned who would be responsible for the inventory, liability, etc. He said this would need to be reviewed by legal.

ACTION: Delegate Adams to get the necessary information regarding this issue to Mr. Westbrook as soon as possible so it can be included in the announcement to the vendors.

District One – Yes

District Two – No
District Three - Yes
District Four – No
District Five – Chairperson
District Six – Absent
District Seven – Yes
District Eight - Absent
District Nine – Absent
District Ten – Yes

c. Discussion Pelican Bay State Prison

Mrs. Friesen said the Subcommittee had recommended a letter be sent to Joanne asking for all pertinent information regarding Pelican Bay State Prison. The letter was sent out and Joanne responded. There is a vending contract until December 21, 2010 at the Pelican Bay State Prison. She will be visiting Pelican Bay and will provide the requested information. There are, however, 16 vending machines and they pay into the program a yearly fee of \$14,679 and show gross at \$103,728.

d. Discussion on Marysville Cal Trans – This issue was covered earlier.

e. Status of Federal Prisons

The vending machine commissions are being received and the administration is actively pursuing federal locations. Mr. Miller said BEP is receiving commissions from all but two. There are 11 facilities, and because of the expense of purchasing the machines, a program will be developed and spread out over time for the Federal Prisons. Joanne will be visiting each site and she will want QLDC to be a part of the visits and surveys.

Mr. Friesen said regarding the outlay for capital expense, he does not want to see the program bypass opportunities when the federal law allows for vendors to purchase their own equipment. He suggested sending a notice out asking if there are vendors interested in purchasing the equipment to take over the prison sites.

f. E-mail financial information request to Stephen Miller – Mr. Miller said he has both requests and he will be talking to Delegate Adams about the one request that asks for the information split out by Federal Agency Cafeteria and Snack Bar for the purposes of determining financial averages. He is not sure he can sort it in this way. Delegate Adams said whatever he can provide would be helpful.

g. Discussion on the California State Universities.

MOTION 2006.065. Moved that DOR exercise BEP priority at all California State Universities. Take all necessary actions to receive vending machine commissions pursuant to W & I Code Section 19625 and 19627 of the W & I Code and Section 7216 of the California Code of Regulations.

Moved: Delegate Adams
Seconded: Delegate Hanlon
Vote: Passed Unanimously
Absent: Delegate Bedikian
Delegate Collins

MOTION 2006.066. Moved that CVPC makes a formal request to DOR to amend proposed regulations 7211 2A and 2B and to incorporate changes to existing proposed regulation as shown below.

7211 Definitions:

a)

(2) "Adequate Net Income means:

(A) Pursuant to the Welfare and Institutions Code, Section 19631, the Department has established a minimum projected net income of \$3,200 per month for the purpose of establishing **(CHANGE "and" TO "Or")** placing a licensee or vendor in a **(REMOVE "newly established")** vending facility. That minimum income shall be adjusted annually in accordance with the Welfare and Institutions Code, Section 19629(b) by using the cost of living separate indices for Los Angeles and San Francisco and as published by the United States Bureau of Labor Statistics. If the minimum projected monthly net income is less than \$3,200, it may be announced as part of a new combined or consolidated vending facility or it may be announced as available for vendors to add the site to their existing vending facility as a satellite.

(B) For the purpose of placing a licensee or vendor in a previously operated vending facility or in a facility newly formed by consolidating two or more previously operated vending facilities, as specified in Section 7216.1, the Department has established a minimum projected net income of **(CHANGE FROM "\$2,200" TO \$3,200)** per month for the purpose of establishing and placing a licensee or vendor in these previously

established vending facilities. That minimum income shall be adjusted annually in accordance with the Welfare and Institutions Code, Section 19629(b) by using the cost of living separate indices for Los Angeles and San Francisco and as published by the United States Bureau of Labor Statistics. If the minimum projected monthly net income is less than (**CHANGE “\$2,200.” TO \$3,200.**) it may be announced as available for vendors to add the site to their existing vending facility.

Moved: Delegate Adams
Seconded: Delegate Murphy
Vote: Passed Unanimously
Absent: Delegate Bedikian
Delegate Collins

LA County Task Force

- a. Status report on LA County contract. Chair Hatch said at the last meeting the Committee discussed disbanding this Task Force.

Healthy Foods Task Force

Delegate Begian said he did some research of the University of Virginia. They have a system of color coding the foods that are healthy and not healthy. He suggested the idea of filling the last line on the vending machines with healthy products. He asked that anyone having any suggestions contact him.

Vice Chair Hanlon said he agrees that CVPC needs to develop something along the lines of providing different choices, however, it should not be mandatory. CVPC had a health person speak at its conference and it shows that they are trying to actively participate in the healthy food program.

Mrs. Harmon said NAMA has developed a healthy food program, and if you are a member, they will provide the program on CD and stickers can be ordered for the vending machines.

Chair Hatch suggested developing a pilot program where a number of vendors would participate. The healthy foods program will be developed and a pilot program can be started showing that the Senator's bill will not need to be implemented.

Mr. Friesen suggested that CVPC provide a bonus to whatever vendor is complying the most with the healthy foods in their vending machines by the October Educational Conference.

DISTRICT REPORTS

District 1: Delegate Evans said one of his vendors found a math error where his number was off by \$1,000 and he will check into it.

District 2: Delegate Murphy had nothing to report.

District 3: Delegate Adams said he has spoken to half of his vendors and his experience is that they seem to want to speak more to personal issues than business.

District 4: Delegate Griffith said the vendors in his district are unhappy with the interim situation. BEC will call a vendor several times to get them to take on a location, and if they agree, then there is no assistance from BEC in providing support. They do not return calls and it is frustrating for the vendors. The vendors don't seem to want to be involved in CVPC because they don't have time.

District 5: Chair Hatch said that Avenal Prison has a new vendor. Delegate Evans will take over Coalinga State Hospital and as soon as he officially takes over, District 5 will have no interims. There is a lot of vending going on in District 5 and there is dissatisfaction over the repair contract. A-1 took over the repair contract on July 1 and there may be an improvement but it is too early to know for sure.

District 6: Absent.

District 7: Delegate Begian said some vendors are interested in working with him and others are not. He tries calling his vendors, but those who are not interested will not return calls. There is only one interim in his district, however the Department reported today that there are 2 vendors who want to be interims. He does not know who they are so he cannot report on this.

District 8: Absent.

District 9: Absent.

District 10: Delegate Hanlon said he called all his vendors reminding them about the conference in October. The primary concern of his vendors is around Cal Trans wanting cafeterias when they should be snack bars.

NEW BUSINESS

District 2: Delegate Murphy suggested that CVPC form and select a chairperson for a new Task Force strictly challenged with the responsibility of investigating the need for a Nominee Agency. Vice Chair Hanlon said he agrees that a task force should be formulated. Delegate Murphy said he would like to serve on the task force and suggested Delegate Hanlon be the Chairperson.

Mr. Harmon said this issue should be presented at the educational conference as an educational piece only.

Chair Hatch said he would like the Nominee Agency Task Force to be created and be headed by Delegate Hanlon.

Delegate Evans said that Windows Vista is improving.

Open Forum

Delegate Began found that the insurance liability is approximately \$350 less a year if he were to purchase it on his own.

Mrs. Harmon asked the delegates to remind their vendors to bring items for the auction.

ADJOURNMENT

MOTION 2006.067. Moved to adjourn at 4:45 p.m.

Moved: Delegate Murphy

Seconded: Delegate Adams

Vote: Passed Unanimously

Absent: Delegate Bedikian
Delegate Collins