

# **BEP VENDOR COMMITTEE MEETING** **MINUTES**

April 27, 2018 • NRB Olympia

## **Vendor Committee Members Present**

- Stephanie Hilton, NW Region
- James Janney, NW Region
- Robert Miller, At-Large, Committee Chairman
- Robert Ott, SW Region
- Roy Gappert, SW Region

## **BEP Staff Present**

- Bobby McCalden, BEP Manager
- Elvis Pruett

## **Others in Attendance**

- Roderick Roberts, BEP SW Operator

## **MEETING AGENDA- April 27, 2018**

1. **Introductions**
2. **Financial Report for October 2017 – March 2018**
  - a) Consumable Inventory Debt owed through March.
  - b) Rent past due through March.
  - c) Cash in Bank minus warrants outstanding.
  - d) State & Federal Revenues.
  - e) Expenditures.
  - f) State of budget
3. **Training Program**

4. **Recruiting Candidates**
5. **Vendor Retention**
6. **State Rehabilitation Council (S.R.C.) update**
7. **Benefit Package Voting**
8. **Policy review – License retention**
9. **Facility Business Plans**
10. **Report on Facilities**
  - a) Department of Transportation (D.O.T.) Olympia & Employment Security Espresso (E.S.D.) – April 2018
  - b) Highway Licensing Building (H.L.B.) & Health Care Authority (H.C.A.) –August 2017
  - c) NOAA- September 2017
  - d) Snohomish County Courthouse (S.C.C.) - September 1, 2017
  - e) Clark County Courthouse (C.C.C)
  - f) Legislative Building
  - g) FAA Des Moines
  - h) US Courthouse Seattle
11. **All State Topics Discussion**
12. **Other Business – Robert Miller**

## **MEETING MINUTES- April 23, 2018**

1. **INTRODUCTIONS**
  - All present introduced themselves.
  - Agenda was read.

- Robert Miller encouraged all present to participate.

## 2. FINANCIAL REPORT FOR OCTOBER 2017 – MARCH 2018

- a) Consumable Inventory Debt: \$22186
- b) Rent past due: \$5670. This is a continuation of the same operator that had some rent issues in 2017. It is anticipated that the balance will be paid in full shortly.
- c) Cash in Bank minus Warrants Outstanding: \$781,878
- d) State & Federal Revenues
  - **STATE:** \$295,060. Down \$30k at this point in comparison to prior year. Last year BEP received 3 large payments in January, but this year only 1.
  - **FEDERAL:** \$442,000. 71% increase from this time last year. Majority of this came from the naval base. Also GSA is providing more vending opportunities.
- e) Expenditures
  - FAA Expenditures: \$93,746. Of this, \$32K was to finish electric, plumbing & install walk-in. \$53k was spent on new equipment. \$3k in smallwares. \$6-9k spent on permits, moving equipment and purchasing used equipment.
  - Total expenditures in management services (doesn't include BEP staff salaries): \$191K. It's \$316k if you include benefits and salaries. \$35k of that is reimbursable. Also includes FAA costs. \$26k in repairs. Newline and Client Service Contracts are not included in these costs due to them not being on tracking sheet.
- f) State of budget

Cash in bank minus federal revenues is \$339k. That is BEP's current operating budget.

  - Question concerning agency covering cost of Newline. Bobby has been assured by DSB Leadership Team that it will be covered for 2 years, but unsure of which fiscal year that will impact. Money came from sale of donated house, not general state funds.
  - Committee asked for research on 3 big payments from last January and possibly why they haven't come in this year.

### 3. TRAINING PROGRAM

- The BEP Training through the online Hadley Institute for the Blind and Visually Impaired is an option that has been discussed as far as 2015 when it was being developed. Bobby has looked further into it and reviewed several other state's training models that use Hadley. Bobby would like to use the New York guidelines to model our training revision upon. NY has had success since rolling out their current training 2.5 years ago. Clients are able to start right away and they don't have to move to attend class (except possibly for on-site training).
- Prerequisites include free online classes in math & business through Hadley and a two week assessment on-site where they work in a facility. NY requires 14 classes, but there are many available options for our program to decide upon. Most of the topics are very applicable to being a BEP Operator. NY said it takes about a month for client to finish their required 14 classes if they are ambitious. The assessment is very comprehensive and it's a tool the client's VR counselor can use to help them prepare for BEP or even a different occupation. Bobby was unsure if two weeks is necessary but it's something to discuss.
- If the client completes the prerequisites and qualifies for the program, then they enroll in the online Hadley BEP Licensee Training program. Aside from the vending portion of the program, all the other topics align with what we've been teaching. This would provide consistent professional training. There is a cost for this training (approximately \$3500) that VR would have to pick up. Might be important for a BEP staff member to take the training and that would be a cost to the program. All of these online classes would be available to existing operators that might need extended training.
- After completing Hadley training, the client would then do on-the-job training. In NY they do 6 weeks minimum, but it would be up to us to determine length. The NY program also pays a set daily amount to the training vendor. Unsure if this would be agreed to in our agency, but Bobby would present it.
- Was asked if BEP and consultants would provide additional training somewhere in the process. Bobby responded yes as there may be needs for things like cash register training. There are also workshops at L & I

and DOR student would need to take either online or in person. Unsure of what this would look like.

- Committee Chair said he suggested to Bobby that he work out 95% of training plan and then meet locally with committee subgroup to finalize details.
- Suggestions thus far would be mixing up Hadley with on-site training. Another suggestion was that a BEP staff might need to be available to guide the student through the Hadley training as it would be valuable to have instructors insight along with the online training. Committee members weighed in that they would defeat purpose of freeing up BEP staff time while another there might be a compromise of trainers reviewing topics at the end of each Hadley section. Bobby agreed some type of check in would be beneficial.
- Committee gave green light on Bobby pursuing this plan to overhaul BEP training.
- Bobby would like everything finalized, approved and in motion in a month's time. There are candidates that could start this training plan immediately.
- The prerequisites might replace need for evaluation and pre-test normally done by a contracted professional. May be something that will be determined after putting a few clients through the training.

#### **4. RECRUITING CANDIDATES**

- Discussed purpose of a BEP promotional / recruiting video. Bobby has gotten an estimate on the cost (\$5k+) for BEP to create their own video.
- Aside from recruiting candidates, video might be useful in encouraging buildings to allow BEP to open a site. Would introduce BEP to building management.
- Suggested that BEP get another estimate or perhaps see if a college has a program where students might be able to work on it. Bobby will look into it, but also doesn't want to spend extended time researching that might delay getting an end product.
- Another suggestion for recruiting candidates was putting out table tents describing BEP in vendor facilities. Customers may know someone that would be a fit for the program. Aside from recruiting it would also

educate customers on what the BEP is. Table tent could list the video link.

- Video could be linked on vendor websites.
- Concern that VR counselors may get negative impression of program from their clients that give up facility abruptly. Feel it's important for Bobby to reach out to them to ensure they don't feel BEP isn't worthwhile. Having buy-in from counselors is critical. If counselor has a client succeed with BEP, it will inevitably lead to them referring more clients. On the other hand, if the client doesn't make it after all the time and financial investment, they may hesitate to refer anyone else.

## **5. VENDOR RETENTION**

- Follow up discussion from prior meeting on what can BEP do to avoid losing vendors.
- Suggested that in order to come up with solution, it needs to be determined why vendors are failing. But if the problems are on a personal level, for example substance abuse, it may be hard to do anything about as their business will eventually fail regardless.
- Retention implies that it's in the best interest of the program to keep the individual while that might not always be the case. Would expect a vendor that was struggling with labor or making profit would bring the attention to the program. And those are things the BEP staff and/or other vendors can help with. Focus might be more critical in terms of recruiting quality candidates that will give themselves a chance to be successful. How can vendors and staff support current vendors? Bobby is good about reaching out. Allowing vendors to feel comfortable reaching out to others for support or guidance is key.
- Everyone has personal stuff going on, but if those challenges interfere with ability to operate a business then it becomes a problem.
- Should exorbitant amount of energy be spent on a vendor that isn't as committed to their success?
- The new training program should help in finding committed individuals.
- Another suggestion was a mentorship program where new vendors have a locally assignment advisor. They could check in weekly. May require a little probing by mentor to ensure they aren't getting the "everything is great" response. Ask about their sales, their expenses, to get them in

habit of thinking of these things on their own daily. Would be great to roll out for next vendors. Bobby will reach out to other state's that have a similar program for ideas.

## **6. STATE REHABILITATION COUNCIL UPDATE**

- Debbie Cook, the DSB liaison, retired. Currently Meredith Stannard is filling this role, but unsure if this is a permanent replacement.
- Sue Ammeter, long term SRC member, recently passed away.

## **7. BENEFIT PACKAGE VOTING**

- This topic was brought up a few years back. The question is should a former vendor vote on the benefit package have the same weight as an active vendor. This also goes for vendors that have been active less than a full year. Example, a vendor that's been in place for half the fiscal year would only get the equivalent of half of a vote. Currently the votes are anonymous and this would have to be taken into consideration.
- Several committee members felt that it shouldn't matter how long a vendor was active during fiscal year and that their vote should be same as an active vendor. A vote is a vote.
- Policies and laws don't state that former vendors don't get a vote. It just states eligible vendor. If vendor has license revoked then they wouldn't get a vote, but if they resigned and still had license they would.
- Bobby confirmed that former vendors were given opportunity to vote if they were active during fiscal year. But they don't get to nominate percentages for the ballot.
- Suggested that policy be changed to indicate vendors that had license revoked wouldn't be allowed to vote. Otherwise if they were active during fiscal year, they should get an equal vote. Vendors all agreed and also that former vendors could propose percentages for the ballot if they were present at All-State for nominations.
- Bobby wanted to clarify the definition of an "eligible" vendor to be someone that operated a facility during the fiscal year of the benefit package being voted on. And their license has to be in good standing with the program within that fiscal year.

## 8. POLICY REVIEW - LICENSE RETENTION

- Review reasons of when a license can be revoked especially in light of several vendors providing less than required 45 day notice to vacate facility. This greatly impacts the incoming vendor taking offer with such short notice.
- If BEP Manager can determine if a vendor is putting a facility in jeopardy, they can be removed and possibly have license suspended. It's the same consequence of not paying taxes, insurance and bills. Does giving short notice put the facility in jeopardy? It certainly puts the program in jeopardy, but that isn't in the WACS.
- Suggested the WACS, polices and Randolph-Sheppard be reviewed first in order to give good response. If the program adjusts the policy it has to be in line with RSA.
- Bobby read relevant portion of WAC 37-35-160 Termination of license— Termination of agreement for cause only: the vendor's license and vendor's agreement with the department may be terminated after a thirty-day notice and/or after affording the vendor or licensee an opportunity for a full evidentiary hearing if the department finds that the vending facility is not being operated in accordance with its rules, the terms and conditions of the permit or contract, or the terms and conditions of the agreement between the vendor and the department.
- Bobby also shared portion of WAC 67-35-425 Termination of vendor's agreement—Not affecting licensure: A vendor's agreement will be terminated without affecting licensure under any of the following three conditions: (1) When a vendor ceases to be a vendor of an existing vending facility by voluntary withdrawal in writing. This doesn't designate a length of time.
- WAC 67-35-430 Reasons for suspension of operating agreement prior to evidentiary hearing is where it states the agreement will be suspended if the facility is in eminent jeopardy. But it doesn't indicate they the vendor would lose their license. There would have to be a full evidentiary hearing in order for BEP to possibly remove their license.
- Committee Chair pointed out that Randolph-Sheppard doesn't want anyone to lose their license and neither does the committee. Just need vendors to give 45 day notice.

- Is it possible to put into policy that if a vendor gives up a facility without 45 notice then they are ineligible for bidding on another site for 6 months?
- Should be noted that vendors can take up to year medical leave of absence if necessary. WAC 67-35-415 defines this. This was brought up as someone asked what happens if a vendor falls ill and can't give 45 day notice.
- Committee Chair expressed the hardship it places on BEP staff when a vendor leaves without sufficient notice. It's been an ongoing problem and the committee should attempt to come up with some potential solutions. Revoking license is probably not an option.
- Without proper notice it generally results in the facility being taken over on an emergency agreement and thus keeping it from another potential upcoming licensee for 2 years. Bobby noted that a licensee was offered the last open facility when BEP was informed vendor was giving a 30 day notice, but licensee turned it down. Bobby also noted the emergency is 2 years to allow the vendor to recoup their investment.

## **9. FACILITY BUSINESS PLANS**

- Is there a need for a slight change in business plans for some BEP locations to improve profitability? Would some changes also assist with recruiting and retention? Where does the program need to spend its money to keep facilities relevant?
- Vendor pointed out that currently there are no facilities that specialize, i.e. a Subway. Maybe it's something to consider moving forward. On the other hand, building security might disallow non-employees into some facilities thus hindering outside traffic. So specialized food service might not be as success as building population gets tired of same menu items every day. Would really need outside traffic to make it successful.
- Bobby explained that BEP has considered this idea. Feels it may work on campus where it's amongst other BEP facilities and customers have options in walking distance. One vendor questioned if customers really have enough time on lunch break to walk to other buildings. Elvis pointed out that if having a specific menu or food style might draw customers in rather than everyone competing for same customers with the same options.

- Also been discussion on remote ordering or self-service kiosk (like some McDonald's are doing). The latter would help save labor. Bobby talked to some POS companies at Food Show this month and they've offered to do demos. Would like to compare it to Square.
- This is a long term discussion and it will continue at next meeting.

## 10. REPORT ON FACILITIES

### a) DOT & ESD OLYMPIA – April 2018

- Current operator explained taking on Emergency Agreement as of 4/23/18 with a week's notice when operator gave notice expressing immediate need to move on. Only interruption in business was a one day closure on Friday, April 20<sup>th</sup> for cleaning and inventory. This transition has been challenging and the situation put the facility at risk for the program. The facility is staffed and Operator is looking forward to getting things in order. Operator feels it's a good facility with a lot of potential, but it may take effort to pull customer's back in. There may be some BEP reputation repair work in order to due to the manner of transition.
- Operator was thanked on behalf of the committee for taking on the facility. Any help or assistance needed was offered. Operator appreciated vote of confidence and expressed that there was definitely a learning curve, but it was a fun challenge.
- Committee member asked for clarification on why there was such short notice provided by prior operator. Another member explained that despite confident feedback at meetings and positive P & L's, the operator informed the program that their financial success was dramatically in jeopardy. Operator felt it was in their best interest to relinquish the opportunity to continue with the business. The Committee Chair shared there was an emergency meeting on Thursday, April 12<sup>th</sup> with SW Committee Members & BEP staff to see if there they could do to help remedy the situation. The operator assured attendees that they would not leave the program hanging with a vacant facility. By the following Saturday, operator indicated to BEP staff that they would be out by the end of the week. Thursday, April 19<sup>th</sup> ended up being their last day of business.

- Based on concerns prior operator expressed about building population stated in Notice of Availability, current operator suggested the language in future bids states that the population provided is an estimate and not a guarantee or promise of number of customers.
- Current operator stated that facilities needed cleaning and equipment maintenance. Will be submitting invoice to BEP for hours staff spent cleaning kitchen to get it where they feel it's acceptable to serve customers. It was asked if the outgoing operator would be accountable for reimbursing program for these cleaning and maintenance costs as it was their responsibility. Committee Chair felt policies would need to be reviewed. Clarifying and strengthening these policies might be a topic for a future meeting.
- Concerning ESD, current operator wants to leave it open for now as they explore ways to change the revenue generated in that location. There has been increase in building population and they seeking food options beyond micromarket. Feels there is potential there. Committee asked that operator gives update at June meeting either in person or by proxy.
- Current operator asked that if anyone had any ideas or feedback, they were open. They are doing their best to give the customers something good, but understand it can't happen overnight.
- Committee revisited discussion on closing ESD espresso stand and may be something to happen within next 2 years. The espresso service at DOT should be brought into the café space, thus closing down stand under the stairs. It would help with labor costs. The cost to operate ESD seems too high to ever run a profit. New operator seems hopeful they can make it work, but some committee members have doubts based on sales from past few years. Closing it might pull customers over to DOT café, improving sales there. Committee member suggested Chair calls vendor to discuss this and come up with potential game plan. By consolidating 3 facilities into one, gives vendor more overview and control of business.
- DOT senior management wants café under the stairs but now might be best opportunity to convince them it's not working.

- Committee Chairs feels its administration and the committee's responsibility to put the facility in a situation where it has the best opportunity for someone to come in be successful. Feels the best chance at this is to close espresso stands. More opportunity for add-ons if espresso is sold in café. All the vendor turnover at that site has to be wearing on customer base. Might be wise for BEP to invest in doing remodeling at this location.
  - Bobby said he was open to discussing what's been happening and these ideas with building management. Hopes they will be on board based on continual turnover. It would hopefully bring stability and vitality back to the café. Current vendor also has to support this idea and Bobby has discussed it with him. Bobby asked committee if they thought DOT might bring in private company to operate espresso stand as they have in the past. They felt no because the café would still sell espresso. When the stand was contracted out in the past the BEP vendor wasn't interested in selling espresso.
  - A plan will be brought to June meeting. There would be some complexities in moving equipment based on health code requirements, electrical and plumbing needs. This would also be a chance to evaluate on-site equipment and the update facility layout and efficiency.
- b) HLB & HCA OLYMPIA (H.C.A.) – August 2017
- Operating well and sales are good.
  - Had some minor regular business problems and Elvis has been stopping in to help with those. Elvis reports vendor is showing continual growth in operations and business.
- c) NOAA - September 2017
- Sales have decreased a lot from prior operator. BEP staff check in frequently with the operator and spouse and offer help and guidance. One BEP contractor reported vendor didn't seem responsive to suggestions and appeared to want them out of their facility.
  - Committee asked if facility is in a crisis situation. Bobby responded by way of sales, yes, but not based on building management. Facility isn't show much in way of profit.

- Food quality is good. Food costs are high as they shop for inventory at grocery store versus thru a supplier.
  - Speed of service is an issue that's been observed by BEP staff and visiting consultants. Due to low sales, labor has been cut those slowing down service further. It was suggested that by investing in labor, they could speed up delivery and drive in more business.
  - BEP is using consultant to set up Square scanner and remote ordering in hopes of speeding up service and time in cashier line. BEP is trying to come up with solutions to help them improve business.
- d) SCC EVERETT - September 2017
- Operator is doing very well. Facility management is happy.
  - BEP is doing a necessary remodel to install 3 compartment sink required by Dept. of Health. It started recently.
- e) CCC VANCOUVER
- Current vendor is retiring at the end of 2018.
  - BEP is examining ways to increase business and decrease costs.
  - BEP has one potential candidate in Vancouver for BEP Training.
- f) DOME OLYMPIA – March 2018
- Current operator took over in March on a one year Non-Primary agreement.
  - Prior operator was present and discussed the transition. Felt it went smooth and has been in contact with current operator. Expressed that they really enjoyed their time there and working with government officials and guests over the past 4 years. They were sad to leave but feels current operator will do a good job.
  - Elvis reports operator is doing well and still acclimating to taking over the location. Facility management has given good feedback.
- g) FAA HQ DES MOINES
- Food is great. Operator needs to work on business processes to keep labor costs in check. Still needs to build the business and keep track of controllables. A lot of potential.
  - Customers giving good feedback.
  - BEP was trying to set up vendor committee meeting to be held at FAA, but Bobby got no response from anyone in facilities. Will try for June.
- h) US COURTHOUSE SEATTLE

- GSA offered it to BEP on a permit in April 2018. This is a big opportunity presented to us by new GSA Concessions Manager. If we are successful it could lead to further opportunities.
- Building is open to public on street level.

## **11. ALL STATE MEETING TOPICS**

- Bobby will reach out to committee members.

## **12. OTHER BUSINESS – Robert Miller**

- June Meeting proposed for the 15th.
- Todd Hughes is no longer with US Foods, but moved to FSA. He would like to put something together and present to the group.
- James brought another door prize for All-State. Everyone is encouraged to donate.
- Was asked if it written in Operating Agreement that vendors had to attend so many meetings. No, but Committee Chair thought it might be a good idea. Was explained that licensees have attend one meeting and/or training every 2 years.