

Lansing, Michigan

May 7, 2002

A regular meeting of the State Administrative Board was held in the State Capitol, Senate Appropriations Room, 3rd Floor, on Tuesday, May 7, 2002, at 11:00 a.m.

Present: Brian DeBano, Director of State Government Affairs, representing John Engler, Governor, Chairperson
David Hildenbrand, Deputy Chief of Staff, representing Dick Posthumus, Lt. Governor
Theodore Hughes, Assistant Attorney General for Law, representing Jennifer M. Granholm, Attorney General
Julie A. Croll, Chief Deputy State Treasurer, representing Douglas B. Roberts, State Treasurer
A. Edwin Dore, Deputy Secretary of State, representing Candice Miller, Secretary of State
Carol Wolenberg, Deputy Superintendent of Public Instruction representing Thomas D. Watkins, Superintendent of Public Instruction
Arlene Oisten, Secretary

Absent: None

Others Present:

Socorro Guerrero, Department of Attorney General; Wes Van Malsen, Department of Career Development; Sherry Bond, James Burris, Robert Hall, Kathy Jones, Jim Konrad, of the Department of Management and Budget; Darby Schlagheck, of the Department of Transportation; Stewart Binke of Howard and Howard

1. CALL TO ORDER:

The meeting was called to order by Mr. DeBano. Pastor Kirkland D. Hall of Galilee Baptist Church in Lansing gave the invocation. Mr. DeBano then led the Pledge of Allegiance to the Flag.

2. READING OF MINUTES OF PRECEDING MEETING AND APPROVAL THEREOF:

Mr. Hughes moved that the minutes of the State Administrative Board for the regular meeting of April 16, 2002 be approved as distributed. Ms. Wolenberg supported the motion, and it was unanimously adopted.

3. HEARING OF CITIZENS ON MATTERS FALLING UNDER JURISDICTION OF THE BOARD

Mr. Binke of Howard and Howard spoke on behalf of Evans Food Service concerning contract Number 071I000507 for canned fruits, vegetables and juices to be awarded to Gordon Food Services. The first summary report of the Joint Evaluation Committee (JEC) awards the contract to Evans Food Services, the second award, based on the summary report, awards the contract to Gordon Food Services. He feels the second summary report was improperly given. Mr. Binke stated that Evans Food Service has a higher quality product and lower price than the Gordon Food Service proposal.

He stated various items that were listed in the appeal to the Department of Management and Budget (DMB), Acquisition Services Division. He felt that Gordon Food Service samples and quantities tested were not in compliance with the bid specifications. The minimum order specification was \$200 minimum and Gordon Food Service was a \$250 minimum order. He felt the cost plus basis provided by Evans Food Service was less than the cost plus basis of Gordon Food Services. Evans Food Service had locked into a quarterly price while Gordon Food Service provided for monthly price adjustments. He estimated the Evans Food Service pricing would save the state \$275,000.

Mr. Binke felt the second award “trumped up” allegations of two problem contracts, one with cereal, the other with pasta. Both situations were immediately corrected. Mr. Binke thought that the criteria had been changed between the first award and the second award. The sanitary requirement was also brought to question on the second award. Evans Food Services had the same award level as Gordon Food Service. Evans Food does use a consortium as does Reinhart Institutional Foods, who was awarded the bid for the Upper Peninsula portion of this contract.

Based upon this information, Gordon Food Services should have been disqualified for not complying with bid specifications and the original award made in December to Evans Food Service should have been accepted.

Mr. Hughes asked if Mr. Binke was aware of whether the award was made based upon the lower bid price, quality, or best value.

Mr. Binke acknowledged this award was based upon the best value to the State of Michigan. He felt DMB should also include the bid specification, which he felt Gordon Food Services did not comply.

Mr. Hughes asked Mr. Binke if he would agree that reasonable minds could differ as to what is "best value for the State."

Mr. Binke agreed that ideally this would be true. However, in this case he disagreed because he felt that the other bidder did not satisfactorily meet the bid qualifications and therefore, should have been disqualified.

Mr. Hughes asked if the award was targeted to Gordon Food Services and if the evidence of that was stated in the appeal letter.

Mr. Binke stated he was not sure that was in the appeal letter.

Mr. Hughes asked if the appeal letter included any claim that "this contract award to Gordon is highly suspicious, if not unlawful.."

Mr. Binke stated that he needed to check with the actual appeal document and could not answer that at this time.

Ms. Wolenberg asked if there had been any response by DMB to the letters sent to Mr. Berger, the DMB Director, from State Representative Lockwood and State Senator Emerson, or to the letter to Thomas McTavish, Auditor General, from Senator Loren Bennett.

At this time the Secretary of the Administrative Board had not received any information concerning a response to those letters.

Ms. Croll asked Ms. Jones, Acquisition Services Director, if Evans Food Service had submitted their appeal within the allotted time frame.

Ms. Jones affirmed that the appeal had been timely.

Ms. Croll asked if the DMB response was timely.

Ms. Jones responded that it had been responded to within the appropriate time frames.

Ms. Croll asked if there had been any other appeals on this contract.

Ms. Jones responded that there had been no other appeals.

4. COMMUNICATIONS:

None

5. UNFINISHED BUSINESS:

None

6. NEW BUSINESS:

Retention and Disposal Schedules:

Department of Civil Service, Employment Relations and Management
Services, 6/3/00

Department of Civil Service, Evaluations Division, 7/6/00

Department of Civil Service, Hearings, Employee Relations and Mediation,
6/8/00

Department of Civil Service, Human Resources Services, Compensation,
6/22/00

Department of Civil Service, Merit Systems Administration – Classification
and Selection Operations Bureau, 6/20/00

Department of Civil Service, Office of the General Counsel, 6/19/00

Department of Civil Service, Policy and Public Affairs, 6/14/00

Department of Civil Service, State Personnel Director, 6/14/00

Michigan Economic Development Corporation, Emerging Business Sectors,
1/12/02

Department of Environmental Quality, Drinking Water and Radiological
Production, 2/26/02

Family Independence Agency, Office of Program Coordination and Support,
Food Stamp Division, 3/21/02

Department of Transportation, Office of Equal Opportunity, 3/11/02

Northern Michigan University, Auxiliary Services, 1/7/02

Mr. Hughes moved that the Retention and Disposal Schedules be approved by the State Administrative Board. The motion was supported by Ms. Croll and unanimously adopted.

7. **REPORTS AND RECOMMENDATIONS OF COMMITTEES:**
(Please see the following pages)

Ms. Croll presented the Finance and Claims Committee Report covering the regular meeting held April 30, 2002. This agenda included the annual grant allocations for the Carl D. Perkins Vocational and Technical Act of 1998.

After presentation and review of the forgoing Committee Report, Ms. Croll moved that the regular Finance and Claims Committee Report of April 30, 2002 be approved and adopted. The motion was supported by Mr.

Hildenbrand and unanimously approved.

Ms. Croll presented the Building Committee Report covering the regular meeting held May 1, 2002. After presentation and review of the forgoing Committee Report, Ms. Croll moved that the regular Building Committee Report of May 1, 2002 be approved. The motion was supported by Mr. Hildenbrand and unanimously approved.

Mr. Dore presented the Transportation and Natural Resources Committee Report for the regular meeting of May 1, 2002. After review of the forgoing Transportation and Natural Resources Committee Report, Mr. Dore moved that the Transportation and Natural Resources Committee Report covering the regular meeting held May 1, 2002 be approved and adopted, noting the Committee meeting withdrawal of item 75 and the additional requested withdrawal of items number 61, 65, and 115 of the regular Transportation agenda at the request of the Department of Transportation. Supported by Ms. Croll, the motion was unanimously adopted.

8. MOTIONS AND RESOLUTIONS:

None

9. ADJOURNMENT:

Mr. Hildenbrand moved the meeting be adjourned. The motion was supported by Mr. Dore and unanimously approved. Mr. DeBano adjourned the meeting.

SECRETARY

CHAIRPERSON