**BECC RULEMAKING MEETING**

MONDAY, AUGUST 14, 2017

9:00 A.M.

**MR. HAUTH:** Anyway, we'll go ahead and open the meeting. Let's start in the room and do introductions once again, and then we'll go to the phone. So we can start with Terry.

**MR. SMITH:** Terry Smith, facilitator.

**MR. PILEGGI:** Tom Pileggi, BEP.

**MR. RIESMEYER:** Mark Riesmeyer, BEP.

**MS. EWING:** Kathy Ewing, BEP.

**MR. MORRIS:** Good morning, everybody. My name is Eric Morris. I am the Director of the Business Enterprise Program.

**MR. GORDON:** Steve Gordon, North Santiam Distributors, also BEC board member.

**MR. ART STEVENSON:** Art Stevenson from Salem, vice chair of the Elected Committee and Salem 2 Rep.

**MR. ALLEN:** Cary Allen, attorney.

**MR. HAUTH:** Randy Hauth, BECC Chair.

**MR. GRUELICK:** Luther Gruelick, ACB.

**MS. MOORE:** Jeanne-Marie Moore, Commissioner.

**MR. HAUTH:** Okay. All right. Thank you. Let's go to the phone.

**MS. MIRANDA:** Lewanda Miranda, Eastern Oregon. Lewanda Miranda here.

**MR. HAUTH:** Lewanda Miranda. Okay. We heard Lewanda. Who else?

**MR. SMITH:** Gordo.

**MR. HAUTH:** Okay. Gordon Smith.

**MR. DERRICK STEVENSON:** Derrick Stevenson.

**MS. HAWKINS:** Char Hawkins.

**MR. HAUTH:** Okay. We heard Derrick Stevenson and Char Hawkins. Anybody else?

**MR. EDWARDS:** James Edwards, ACB.

**MR. HAUTH:** James, welcome.

**MR. YOUNG:** Harold Young.

**MR. HAUTH:** Harold, welcome. Anybody else?

**MR. HODDLE:** Vance Hoddle, Canteen Vending.

**MR. HAUTH:** Vance. Who else? Is there anyone else on the phone? Okay. And I know I believe Steve Jackson's on his way in, so we'll -- we'll see him when he gets here, but -- let me see. We do --

**MS. MOORE:** Well, I want to tell you, Randy, too, that I'm -- I will -- today will be my last day here.

**MR. HAUTH:** Well, thank you for showing up, Jeanne-Marie and Luther. So we have a quorum, I believe.

**MS. MOORE:** Yeah, you’re all BECC members except Steve.

**MR. HAUTH:** Art, myself, Derrick, Steve. Okay. Is there anybody else that I have not heard from on the phone? All right. Well, this is like beginning of our third day, the rulemaking summit, and it’s supposed to go through early afternoon on Wednesday. And Terry said yesterday we were somewhat kind of on schedule, and I think we've had some progress, and there's still some things to iron out. I know today will be a big day, and so with that being said, let's -- let's work hard to make this a successful and fruitful day for everybody. So. And I guess we'll go to Terry Smith.

**MR. ART STEVENSON:** No public comment?

**MR. HAUTH:** Oh, yeah, yeah. Well, let's go ahead and do public, yeah, public comment. We can do public comment. That's fine. Any public comment?

**MR. ART STEVENSON:** Mr. Chair?

**MR. HAUTH:** Yes, Art?

**MR. ART STEVENSON:** And -- and to answer your question, Terry, yes, I am a member of the Elected Committee, but I'm also a blind licensed manager, and I'm making a public comment today as a blind licensed manager of the vending program for 31 years.

**MS. MOORE:** Don't take 31 years today.

**MR. ART STEVENSON:** No, I won't. Today is a very important day in the rulemaking process, probably going to be the hardest day that we've had so far, or it can be the easiest day we've had so far. And I think it could be easy if we examine the intent of the Randolph-Sheppard Act, we examine and use the rules and regs of the Randolph-Sheppard Act, and we all work together at doing the purposes and the intent of the Act.

As manager for 31 years, I've been on and off the Elected Committee, and I've always had great respect for the law and -- and have studied it a lot, and all across this great country and examined good programs and also with some not so good programs.

We're very fortunate today to have a man in the room helping us facilitate this whole thing, Terry Smith, who has my great respect as a past leader and director of one of the most successful vending programs in the country, and -- and I am very happy that we have his knowledge and expertise to help guide us. He has a legacy that I hope our agency and director and -- and program from his knowledge and experience creates.

I also want to say that I feel that today we're going to make decisions that are going to either enhance the maximum vocational potential of blind licensing managers or deter that. And as far as I'm concerned, the agency is supposed to enhance the maximum vocational potential of every blind licensed manager in this program and support them in their efforts to do that.

One of the things that we're going to talk about is whether a blind licensed manager remains an independent entrepreneur and is allowed to make business decisions with the support and help of the Commission for the Blind, and that's part of their responsibilities.

I've been a successful vendor in this program because I've been allowed to make independent business decisions from the training and education that I received not only at this agency, but in college education. And I for one do not want to see us write rules and regulations that deter in any way a manager's right to be an independent entrepreneur.

I would like to see us write rules today that the agency supports and -- and defends that right, but also helps each individual in this program make independent decisions that's best for them as a manager, but also for what's best for them as a business and for their customers. If we do that, we're going to be successful today. If we do not, then we have failed.

And I know, Terry, that you have succeeded, because I've seen what Tennessee is, and I hope we listen to your knowledge and expertise, and every person in this room that has knowledge and expertise in the Randolph-Sheppard vending program, and that we not only write rules that are fair and equitable for the agency, but are also fair and equitable for every blind licensed manager, and they remain independent entrepreneurs, which is exactly what this vending program was created for and has been the most successful employment opportunity for blind people in this great country of ours.

**MR. HAUTH:** Thank you, Art. Thank you very much. Very well said, if you are done.

**MR. ART STEVENSON:** I am done.

**MR. HAUTH:** Thank you very much. Anybody else?

**MR. DERRICK STEVENSON:** Derrick.

**MR. HAUTH:** Derrick, Go ahead.

**MR. DERRICK STEVENSON:** Yeah. I – I guess I'm going to probably be an unpopular person, but I -- I for one don't agree that the things that we've done are -- are legal.

And to start off, I do not believe that -- that it's right to -- to not allow a manager to be a part-time employee or a part-time type manager based on the size of their locations or -- or whatever.

I think -- I've tried to find -- find it in the federal act, though, and -- and I can't find anything that -- that says that we have to be full- time. We do have -- the commission does have to supply continuous employment, but I don't think they're -- they're obligated to make a manager do full-time employment.

That's -- to -- to me I think that's -- that's precluding the person who just maybe wants to do – feed 10 machines or be in one -- one vending location that -- that doesn't require full-time -- full-time work. I'll be challenging this, and keep challenging this, because I don't think it -- it -- it fulfills the intent of what the legislatures were asking for.

I do -- I do believe that -- and will do all the things that we came up with as – as required as far as contacting people and site visits and all that. I -- I don't have a problem with that.

But the 30 hours -- I do not think it's a -- it's a -- it's a legal thing to do, and I – and I think that if we do that, we do not allow managers to come in and just work part-time. I don't think that's something that we can legally do.

**MR. HAUTH:** Thank -- thank you, Derrick. Anybody else?

**MR. GRUELICK:** Yeah. This is Luther.

**MR. HAUTH:** Luther?

**MR. GRUELICK:** Two comments. I think it's important we keep in mind that what we're doing today is -- and the vending program as a whole is it has two purposes, one to support the existing one and, two, continue to expand the opportunities for other people. And I think, you know, that we need to look at that second part very carefully and keep that in mind. The other thing is I'm a little bit concerned about this whole list process. It looks like to me it has potentially capricious or bureaucratic reasons to be an impediment to people getting to work with the subcontractors of their choice, or they may be the most effective. I don't know if this is the place to put in some procedural rules about how often the list is updated, you know, what the responses are from everybody and so on and so forth, but it's something I think we need to look at a little bit. If it's a long, arduous and bureaucratic process, it has the potential to create problems for both the subcontractors and the vendors that may need somebody that's not on the list to be approved. So I don't know -- I don't know that it's a problem, but it's a concern of mine. Thank you.

**MR. HAUTH:** Thank you, Luther. Anybody else?

**MR. GORDON:** Yeah, Randy. I have a comment.

**MR. HAUTH:** Yeah, Steve.Hey, Steve, come on in, bud. Go ahead, Steve Jackson.

**MR. GORDON:** It's Steve Gordon, Randy.

**MR. HAUTH:** Oh, okay, go ahead.

**MR. GORDON:** It’s Steve Gordon over here.I'll wait till Steve gets settled.

**MR. HAUTH:** Yeah.

**MR. GORDON:** No, basically, you know, we've got to go back and -- I don't want to bring up old bones, but we want to start out good and fresh according to what the law and what the intention of the law and what was it designed for. And we can go clear back to 1935, '37 when it was, and then the '74 mini Randolph-Sheppard Act that was implemented that gave the states and that more teeth and that for preference.

And we’ve got some great things going through the new bill that passed and to be, to me, in compliance with that and to be in accordance to the laws, to follow. It's very important that we follow these things. They're not just there for no reason.

And I really feel that experience, going back to what Art said with Terry Smith getting involved in the program at Tennessee, is a good example. I mean, we talk about sideboards and all of these little different things, but let's look at experience from other agencies with what they've done.

And we all have problems, and we all have disagreements, and that's man. We're all going to have our own opinion and all that. And again, I'm going back to, you know, opinions and -- and rights and all the things that include us to be successful as blind entrepreneurs. And even take the blindness out of it. Just what's equal and what's right out there by what the law says and -- and let’s go according to what it is.

And again, interpretation is only an interpretation. But what the law, what the intent of it is meant is what we should be following. And if we want to have this program successful for the future, that's what we're going to have to -- to do and follow.

I'm just a great advocate to help people out there, and they'll be representing the

Commission and the BECC board and to try to make the right decisions, what will be best for the people.

And I'd like, you know, there's a lot of us that, like Art had suggested, we've been in the program 30, 35 years and been independent businessmen for years. We know a lot of the ups and downs, and I don't want any of my rights taken away from me.

I don't want to make my job in these last days harder by not being able to subcontract. I went into subcontracting because of, again, the old bones of we did… the Commission had no money; we couldn't buy equipment. So, you know, where else were we going to turn? VR apparently didn't have it, which they may have, they may not have. I'm not going to point fingers.

But we need to get back focused to where we're heading today, and let's -- let's just go forward and leave a great legacy for not only us but for the future blind people coming into this program that could be greatly expanded.

And I've said it over and over again in different requests and different tallies or whatever you call it that would be sent out for expanding, into franchises and opportunities like that. So that's all I have to say. Thank you.

**MR. HAUTH:** Thank you, Steve. Any other public comment?

**MS. HASEMAN:** Linda Haseman.

**MR. HAUTH:** Hey, Linda.

**MS. HASEMAN:** Hi. Yeah. I looked last night and couldn't find, actually, in Oregon where there's a requirement for a set number of hours employment. What I did find is that there is a 30-hour minimum for employers to -- which is the threshold that’s when you cross into requiring [inaudible] requirements under federal Obamacare.

But as I said yesterday, and maybe I wasn't clear enough, I think when you guys start setting hours, in an Oregon Administrative Rule that when it becomes adopted, has the effect of law. You guys are starting down that slippery slope, from a human resources perspective that I have, of an employer/employee relationship.

And the only thing I can really find is the reason there are hour requirements out there is for benefit purposes for when you are an employee. And so you guys aren't an employee, and if you start adding requirements into an OAR, demands for a particular hour requirement, I think you cross that threshold and almost become an employee of the state.

And if no one has made that distinction or contacted Bureau of Labor & Industries or done homework on it, I think you guys might be remiss in just agreeing to a 30-hour requirement.

You guys are managers. Managers in any typical employment situation are normally exempt employees, and under exempt laws, they actually -- it doesn't matter what they worked; they can work 20 hours; they can work 80 hours -- but they get -- whatever it takes them to get their job done. And they have job duties and job titles and job responsibilities.

And so when you -- I looked under self-employment. You guys actually fall out. It's my understanding if you are self-employed individuals, you actually don't even follow under the 30-hour requirement for Obamacare if you own your own company or are a limited liability company.

So I think just extracting out 30 hours because somebody ran out and decided that's what to do and put it in an Oregon Administrative Rule when the statutes, the newly revised statutes, do not require a time constraint, I think you're starting to cross a slippery slope.

And unless somebody starts making a call to Bureau of Labor & Industries and see how that twists you all up when it's put in an Oregon Administrative Rule, I think you guys need to do your due diligence on that. And that's strictly coming from a human resources professional with lots of years of experience and what constitutes hourly employment. So thank you.

**MR. HAUTH:** Thank you. Anybody else?

**MR. EDWARDS:** Yeah, Randy?

**MR. HAUTH:** Yes. James.

**MR. EDWARDS:** James.

**MR. HAUTH:** Yes.

**MR. EDWARDS:** I just listened to Linda. She's exactly right, you know. And I was trying to think about this the other day when you guys were discussing the 30-hour work week. That 30-hour work week is strictly for, the way I believe -- so that employers don't have to pay benefits to people that work under 30 hours a week. If they work over, they have to. That's why all these fast food companies hire people for 20 hours a week, and so they don't have to pay benefits.

So good point, Linda.

**MR. HAUTH:** Thank you, James. Is there anybody else for public comment?

**MR. GRUELICK:** Can I respond to that?

**MR. HODDLE:** Yeah. This is Vance Hoddle with Canteen Vending.

**MR. HAUTH:** Yes, Vance.

**MR. HODDLE:** I just wanted to say a couple of things, Chairman Hauth. One is to remind people that the Randolph-Sheppard Act is an act that was put together to benefit blind individuals and give them employment opportunities. Also, the legislation, the House Bill 3253 that was, you know, sponsored by Representative Keny-Guyer and others, had really basically two intents. One of those was to protect the rights of licensed blind vendors who are blind entrepreneurs.

And the other is two expand the opportunities for blind entrepreneurs. So I think that the intent -- that those intents should frame every conversation that takes place going forward, and limitation of any choice that blind entrepreneurs have under the program would be counter to the intent. I would remind you also that every blind entrepreneur in the program has unique circumstances. It's, you know, Derrick-- literally every single one of -- one of our business partners has a unique or -- or business that's unique in some way from Derrick Stevenson's to -- to Randy's, to Art's, to Jerry's, to Steve Gordon, Gordon Smith. There's not one of those that are identical. So I would advise you and urge you to not pigeonhole by applying some arbitrary percentage to anything as the program moves forward. Anyway, I wish you the best of luck today, that you have a successful meeting.

**MR. HAUTH:** Thank you, Vance. Is there anybody else?

**MS. MOORE:** I want to ask you something.

**MR. HAUTH:** Yes, Jeanne-Marie.

**MS. MOORE:** I want to know if I can have three minutes as an ACBO member because the agency has been gracious enough to pay for my room here. But I've thought about everything

I've heard about this and people wanting to fill vending machines themselves is apparently a vision someone has stated out loud. And, you know, what I realize is that without a sighted partner, you guys, it's going to really be -- I could not do this job. I could, probably, but it would take me many, many, many, many extra hours to do it without sighted help, because the technology is changing. But everyone who is doing their own thing has a sighted person doing it with them. And I thought, well, so it's either that person is the blind person's subcontractor that just is in their family, or they have subcontractors, you know, that are more clear-cut. And there isn't that big of a difference. There's really not, no matter how I played it. Thank you.

**MR. HAUTH:** Thank you, Jeanne-Marie. Is there anybody else before we move forward? Okay. Well, thank you, everybody, for your comments. I do want to say again this is the beginning of our third day. Nothing has been finalized. I know there's a lot of concern out there, and maybe rightfully so. However, nothing has been finalized. We have framed up some basic ideas and concepts and language. May need to be tweaked; all right? And our due diligence probably does need to occur on specifically the 30-hour requirement. I mean, I've tossed and turned about that as well and, you know, how do we -- how do we all move forward, especially when sometimes we're on opposing sides. Well, we'll have to figure that out as we go forward.

I think Terry's doing a great job. Today's going to be rather interesting. I think, you know, we'll see how it unfolds. But hopefully, it will be a successful time. And, Terry, I will ask you to begin the meeting.

**MR. SMITH:** All right.

**MR. HAUTH:** Or facilitation. Thank you.

**MR. SMITH:** So we left yesterday. We sort of said how we're going to start this morning. And we're going to start this morning with hearing from Eric and hearing from Randy on why subcontracting is good and why subcontracting is bad. And so I’m assuming Randy's going to take the position that it's good, and Eric's going to take the position that it's bad. And I’m going to put one qualifier on it. I don't care what you think the legislature's intent was, okay? We're pretending there's not even a law out there. So -- so the -- the intent of the legislature is not part of this particular conversation. We're talking strictly what's good about subcontracting and what's bad about subcontracting, okay? So -- and I'm going to be fair about this; do either one of you want to volunteer to go first?

**MR. MORRIS:** I'll go first.

**MR. SMITH:** Okay. Go first.

**MR. MORRIS:** I got no problem with that. Because you're assuming I'm going to say it's bad, right? That's the way you teed it up.

**MR. SMITH:** Yeah, that's the way I teed it up.

**MR. MORRIS:** Excellent. Let's just get into instant controversy.

[Laughter.]

**MR. SMITH:** That's what we agreed yesterday.

**MR. MORRIS:** It was.

**MR. JACKSON:** That’s what we’re perceiving.

**MR. MORRIS:** So -- so yesterday, you know, we had -- we had some, and back to the ground rules, clear and honest communication. We had some difficult discussions yesterday and went round and round and round about what has been brought back up this morning about working a 30-hour week and what that looks like and what people were doing.

And so the thing that I reflected on last night was the thing that subcontracting has done to Oregon was made that an all-day conversation, to where managers, licensed blind managers, vending facility managers now in the state of Oregon need to spend almost an entire day talking about what they do and coming up with different things that they can put on a list of things that they do to run their operation.

And it wasn't just bam, bam, bam, bam, bam. It was, like, “Well, you know, I guess I could do some creative job description time-tracking kind of thing.” And I think what's happened in, for all the best intentions, and there's not -- blame goes all the way around, with the agency, with the managers, when it comes to the subcontracting issue.

Like Steve talked about money, all the other things that set this up and teed it up, from my perspective, is that we went down a road that seemed really good in the beginning, to where managers were trying to maximize what there was to maximize. And now you're -- you're basically locked in to where you can only maximize so much that you can do with a subcontractor.

And then you're, like, well, I -- I get phone calls, and I have to call somebody to get a refund. You're not managing people. You're managing a contract, which is -- and that's a whole, I know, a separate argument.

But being an employer, being an independent businessperson is about managing staff, hiring staff, being -- that's the business. That's a business. But literally we spent half the day yesterday trying to come up with, you know, some kind of a work log type of thing like we talked about in the - - in the statute.

So that's the piece that I know it felt good in the beginning, but the issues of money, we went out and got the money, and so now -- now kind of pulling back to really empowering you guys to do all that you can do.

And when I go out and I talk to agency people, and I know that the Elected Committee and the managers want me to go out and advocate. They do. And I was telling Cary Allen this the other day. I said, I go into a room and I'm a blind person, I never forget the fact that I'm a blind person. I'd sure like to.

So the whole conversation about this is for the blind. Yeah, I got that, because I'm there with you. And, I mean, I haven't been as long as many people. I'm hurtling up to my tenth anniversary pretty soon, and I can keep track of it.

So when I meet with agency people and I say, “Well, hey, you know, you need to work with the Commission for the Blind, because this puts blind people to work -- independent, blind business people.” And they're like, “Okay, that's great, I'm buying that.” And most people, if ou have a good conversation with them, will understand that and support that.

But then, I say -- and they say, “Well, how is it going to work?” I'm going to say, “Well, Steve Gordon's going to come in, because it happens to be Steve's deal. And then Steve's going to bring a contractor in to actually do the work.” And that's when the discussion -- the person -- I understand how the program works, because I've been here for a while. But nobody else does.

Now, if I said, “Steve's going to be your blind manager's going to come in. Steve isn't going to be here every day filling this machine, because that's not practical. He runs the business. He'll have drivers that come in and fill the machine, and Steve will be back to supervise those drivers to make sure you're doing good.” And that -- that business model makes sense to 99.5% of people that I would probably run into.

But the subcontracting piece is not --it's not the benefit that it seems. And I know over the past couple of decades, it has provided a benefit. But that's the -- that's why I think it's not a good thing. Because it continues to reinforce the fact that blind people can't do it.

**MS. MOORE:** But they can’t without a sighted person --

**MR. SMITH:** He’s talking. This is Terry.

**MR. MORRIS:** That's all I got.

**MR. SMITH:** All right. Randy?

**MR. HAUTH:** Sure, yeah. Thank you, Eric. You know, I want to tag onto what Jeanne- Marie said earlier about being blind and wondering how to function -- or how to get the job done without a partner and/or, in many cases, an employee. And I can tell you as a high-functioning, partial blind person -- even though I'm blind, I have a lot of usable sight -- it is still a major struggle for me, okay?

I have over the last 30 years operated cafeterias, espresso, snack bars, and most recently vending. And I've done a lot of vending my own. I have moved machines. I've repaired machines. I had warehouses. I ordered. I filled. I stocked. So, you know, no disrespect to what Eric's position is or the agency's position on how subcontracting maybe is thought not to be as profitable as doing it yourself. I'm here to disagree.

I also trust that the managers in this room and on this phone and in this program have a pretty good sense of what business and profitability is about and how to maximize their potential.

So Eric also said that, you know, he goes out and talks to different entities, and maybe they share concerns about subcontractors being in there. I think that's something that can be overcome with the statement of work and all the responsibilities around making sure that a blind vendor is the face of that business.

I'll tell you, honestly, the agency at times has gone out and done some -- and I'm not trying to be personal; I'm just trying to share the stage -- the agency and actually members of the commission board previously have gone out and discredited subcontracting and the licensed blind vendors and maybe even had highlighted that blind vendors just sit home, and “We have a whole new direction for how these folks can make more money, okay?”

So with that being said, I have done my own vending, and I've used subcontractors. There's good and bad to all of them. While I have always use subcontractors or teammate partners, maybe, maybe not, I don't know, but what I have found as far as the benefit of using a subcontractor is that they have the expertise and the support to provide the responsiveness to repairs, and previously to provide the equipment that the agency just did not have the resources to. So that kind of forced us into that position.

However, I also believe that the purchasing power of the subcontractors and the availability to provide a commission payment to the licensed blind vendors is also a -- a strong benefit.

As far as functionality of the services, okay, so the products and services, many subcontractors have a cutting-edge availability to get the most recent, healthy vending products, the most recent industry trends. They have the availability to be able to keep on top of that and track that.

So I have benefited from my subcontractors, specifically from their expertise and their connection with the building and building managers and bringing me along as their partner. And so as far as -- as far as subcontracting and the benefit, I mean, that's -- I have made more money as a subcontractor.

I have not had to try and figure out who's going to drive me down the street when my employee doesn't show up, right? I have not tried to figure out how I'm going to get this machine replaced and this part replaced when I can't get any parts from -- you know, I have to go through the whole procurement process of getting a new machine or getting parts for that machine through the agency.

So previously, when I did my own machines, there were a lot of missteps along the way. If the director was out or if staff was busy or in another part of the country, I would end up having machines shut down, broken down. It’s not good for our customers.

Renting my own warehouse -- and I think people are missing out, that there's a lot of requirements here for licensing of warehouses, licensing of machines that I think maybe the agency is missing and maybe the managers who are servicing their own locations are missing. I've done some research, and it looks like that might not be occurring.

So the extra cost in opening a warehouse, right, the extra cost in employing those persons to do what I can't do -- I can't read the date on a bag of chips or soda to make sure it's good or not good. I have trouble with doing my bookkeeping, so I have to hire all those things out. I can't drive. I have to hire that done.

So, you know, bottom line, the profitability of my business is greater than it has ever been. And so those are some of the things that have been challenges to me previously, but I see as a benefit now.

We have systems in place through my teaming partner to make sure that the responsiveness is there, you know, and the machines are up and going just as soon as possible. And that we get the job done, we provide the best services to our customers.

And I -- I think from what I've seen, my customers are completely satisfied and happy with the relationship that I have with my teaming partner. We go, and we sit down with the health and wellness committees. We work through a collaborative effort on how to provide them products and services. We work through any of the issues with the pricing. We work through any of the issues with, you know, the placement or replacement of the machines.

And, you know, I'm -- I'm a little concerned about the infrastructure. I know Eric said that now we have the money, before we didn't have the money. What I've seen even in the last year with this projected rollout is a lot of missteps from the agency.

I'm concerned about the -- the funding or the functionality of the infrastructure. Like, if I were to say right now I want to go 100% self-service, what a monumental task that would be specifically for my location. Does the agency have the resources to provide me the vans and the lift trucks I would need? Do they have the resources to provide me the extra training that I would need? Do they have the resources to help me set up racking and, you know?

So on a little bit of side note, those are some of the concerns that I think we'll talk about today. I don't think they do, and it looks like there's been some missteps. So when I go back to my subcontractor being able to provide that service to me, that's a benefit to me as using a subcontractor.

So bottom line, the profitability, the products, the services and the support I've received from a subcontractor are far and above what -- and I have a lot of pride in my ability -- but I believe are far and above what I would be able to do with the assistance of the agency. So.

**MR. ART STEVENSON:** Terry?

**MR. SMITH:** Okay.

**MR. ART STEVENSON:** Terry?

**MR. SMITH:** Wait just a second.So I guess -- are we in a position at this point where the vendors' position is -- as I understand it, I'm just restating it, see if I’m stating it correctly

-- is that vendors should be allowed to subcontract out 100% of their operations as long as they’re meeting the requirement of full-time work, which is in the law?

**MR. HAUTH:** That's my position, and that's what the majority of the managers have decided, that choice -- choice is --

**MR. SMITH:** I just want to make sure that -- I understand that. And, Eric, it's your position, or the agency's position, that the vendor should be subcontracting a minimal amount of their operations and serving the vast majority of the machines themselves. Is that correct?

**MR. MORRIS:** Correct.

**MR. SMITH:** Okay. So we’re only about eight miles apart.

[Laughter.]

**MR. ART STEVENSON:** Well, it's actually ten, you know, I mean, or 100% apart. But Terry, can I mention something real quick?

**MR. SMITH:** Go ahead.

**MR. STEVENSON:** Okay. Because there are some factors there that weren't talked about by Eric or Randy, because Randy services a certain amount of machines and -- and doesn't have certain instances that I have. I have a prison. Actually, I have Oregon State Penitentiary, and I also have Mill Creek Correctional Facility. And during the process of us getting the prisons -- of course, subcontracting was talking about, individuals servicing the thing, but one of the aspects of what the prison wanted is, especially in the scrip vending, was that they mostly wanted one person, one entity doing the scrip vending, because it was more convenient to them to only have to deal with a minimal amount of people, the paperwork, the reimbursement, et cetera, et cetera, et cetera. And so they actually -- because I was part of this process -- I mean, I was told no, you're not going to service those machines; we're going to hire Canteen Vending to service all those machines, because we don't want to deal with all these separate entities, blind licensed managers, and doing scrip vending. And so as we move forward, that is also a very, very important aspect of the subcontracting issue and cost and stuff. Because I've talked to Vance about this, who does 75% of the scrip vending. Now, some of the prisons are in other areas that he doesn't service, but he does 75%. He gets a deal on the scrip vending, the prisons only have to deal with one individual, and they mandated that they want it that way. We, the Elected Committee, haven't had conversations with them, but I'm sure that they want that relationship to continue. And -- and, therefore, we also have to not only consider what the blind licensed managers want; we have to consider what our -- the people that we contract want for their feasibility and -- and running the situations that they have. And so I wanted to interject that, because it is a part of the puzzle.

**MR. SMITH:** So the scrip you're talking about -- is that a voucher, or is that, like, paper money?

**MR. STEVENSON:** Yes. Yes.

**MR. SMITH:** Does it go in -- goes into the coin or bill acceptor?

**MR. STEVENSON:** The cons use it. Yeah. The -- the convicts use it.

**MR. SMITH:** It’s used in the vending machine?

**MR. STEVENSON:** Yes. Yes. To purchase on-site pop.

**MR. SMITH:** They have access to it anytime they want?

**MR. STEVENSON:** Out in the yards and stuff, yes, there are -- and in their recreation rooms. It's part of a privilege for -- for them -- or benefit or whatever you want to call it. But they do have -- Now, the scrip vending is strictly pop vending, because you can only have a certain value for each scrip. And so that's how they run that.

**MR. SMITH:** And they got a commissary to buy other stuff?

**MR. STEVENSON:** Yes. They do.

**MR. SMITH:** And is the vending in the scrip in the visitation sort of scrip also?

**MR. STEVENSON:** The what?

**MR. SMITH:** In the visitation area.

**MR. STEVENSON:** It depends on the locations. Mill Creek Correctional Facility, which is my location, they are allowed to use coins and dollar bills, because it's a minimum security. But others in the visiting, it's basically tokens that are used in most of the places, especially the maximum security places.

**MR. SMITH:** We're talking tokens, then that they use in the vending machines?

**MR. STEVENSON:** In -- in the visiting areas, Terry. But the visiting areas are completely different.

**MR. SMITH:** All right. Well, you can -- you can -- I'm getting us off track. I'm just really fascinated by it, because prisons are something I haven't done a lot of work with. So what I want to do is we're going to -- I'm going to ask the agency to leave, and we're going to have a conversation.

**MR. MORRIS:** For good?

[Laughter.]

**MR. SMITH:** They are gone. They are gone.

**(WHEREUPON, the audio of the BECC**  **Rulemaking Meeting ended.)**

Transcription: Davilyn Payne, Naegeli Deposition and Trial, with corrections by Mark Riesmeyer