

HOUSE BUSINESS AND INDUSTRY

January 16, 1981

SUMMARY OF BILLS TO BE HEARD TODAY -

HOUSE BILL 67 -

Introduced by Rep. Fabrega and others by request of SRS to authorize that department to make available to persons with vision deficiencies space for operation of vending machines. Purpose of the bill is to provide the blind or partially blind opportunities for self-supporting businesses.

HOUSE BILL 106 -

Introduced by Rep. Switzer, amends the definition of "rural" for the purpose of determining the right to provide rural telephone, cable television and broadband facilities from an area not within a city of population in excess of 1,500 to not in excess of 3,500.

HOUSE BUSINESS AND INDUSTRY

The House Business and Industry Committee met in Room 129, Capitol Building, Helena, Montana, on January 16, 1981 at 8:00 a.m. Ray Jensen, Vice Chairman, acted as Chairman since Rep. Fabrega had bills in other committees and had a bill of his own in committee. Reps. Vincent and Ellerd were excused, as was Rep. Schultz, but he came in later during the meeting. All other members were present.

House Bills 67 and 106 were to be heard.

HOUSE BILL 106

Rep. L. Dean Switzer, District 54, sponsor of HB 106, explained this is an act amending the definition of rural area as the term applies to the rural electric and telephone cooperative act and amends 35-18-102, MCA, which was requested by the trustees and manager of the Mid-River Cooperative at Circle. They want this bill amended in anticipation of population growth expected in connection with industrial development.

PROPOSERS:

W. Riley Childers, Executive Representative of the Montana Association of Independent Cooperatives, supports the bill explaining that in 1939 when the rural electric act came into being, the national statute read 1,500 and was adopted by most of the states. The electric part of the act raised the population figure to 3,500 while the telephone part didn't change. Montana Rural Telephone cooperative have recently purchased the Continental and are now not complying with the statutes in the towns of Big Timber, Chinook and Havre, and other towns are approaching the 3,500 figure.

Joe Thayers, Mountain Bell, has no problem with the bill as it enables the cooperative to do some long-range planning. He supports the bill.

OPPOSERS:

Lester Loble II, General Telephone of the Northwest, Inc., opposes HB 106 saying that cooperatives have unfair advantages in taxation and operating expenses are less than those of private companies. General Telephone serves the town of Libby, Montana, which is under the 3,500 limit, but expects to reach that limit before very long and would then come under this act. He would like to have those communities served by private companies exempt from the regulations of this proposed act. Is in opposition to HB unless it is amended because cooperatives could serve at cheaper rates than private companies.

Rep. Switzer was agreeable to an amendment. The amendment would say that where there is a cooperative, they could continue to expand and serve. Loble and Rep. Switzer will work out an amendment.

HOUSE BILL 67

Rep. Jay Fabrega, House District #44, Cascade County, Great Falls, MT, sponsored HB 67 at the request of the Division that handles problems of the blind of the Social and Rehabilitation Department.

The Randolph-Sheppard Act is a federal law providing for the operation of vending stands in federal buildings by blind vendors. The present codes are a hodgepodge and this would provide more clear language.

PROPOSERS:

Rosemary Zion, Montana Association for the Blind, Inc. representative, Helena, said the Randolph-Sheppard Act is a means of putting the blind to work to enable them to be more self-sufficient. The present law has no implementing power, although a bill passed in 1979 gave the SRS rule-making powers. Implementing the act may be putting the Visual Services Division of SRS out on a limb, so they feel the existing law should be stricken and a law should be put in its place so that the federal law and the state law will be within the requirements of the Act.

This bill specifically gives SRS the ability to make agreements with private buildings and local government building owners to set up vending facilities that are operated by a blind or visually disabled person, and will make it clear that SRS can administer this program in any buildings.

Sharon Cromeenes, Helena Legislative Chairman for the Montana Association for the Blind, Inc., is helping to sponsor this bill. He feels HB 67 is simply sort of a housekeeping bill putting into writing the service that the Visual Services Division is permitted to carry on. It will not upset those concessions that are already being operated. When their contract is up, then there would be an opportunity to take over the concession and have blind handicapped personnel operate it. No intention to upset any contracts presently in effect with any vending machine dealers. The revenue from these concessions will come to the operators and to the program for the administration of the program.

Al E. Lester, has a concession in the City-County Building through an agreement with the City-County building and the Association for the Blind. This is appreciated by both parties. He was turned down on other jobs because he was uninsurable. He feels HB 67 will provide much needed protection for the SRS program.

Cliff E. Bigelow, operator of the snack bar in the new federal building, likes to be a taxpayer again.

Cary B. Lund, staff attorney with the SRS, drafted HB 67 which gives the visually handicapped a preference at the time of bidding for such concessions. It seemed appropriate to set up a state act to parallel the federal act and provide a program which would set up the proper procedure to transfer in an equitable way the operation of vending stands since it is something the visually handicapped can do.

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Luther Glen, administrator of the Purchasing Division of the Department of Administration is in favor of this act and has no problem with it. Present contracts will be eliminated. He wants to delete two words: Page 2, line 24, delete "or lease".

Mr. Toni likes the idea that this will provide greater assurance that trained blind persons will have an opportunity to serve in these positions.

OPPONENTS: None

Questions asked brought out the following:

The state will own the concession and someone will be put out there to make a business of it. The state will buy the equipment for the stands and will retain ownership; also buy the initial stock for the vendors to sell. The vendors will replenish the stand and will leave the same amount of stock as they had to start.

The persons who are presently operating the stands will have their contracts terminated upon termination dates, and those stands the SRS feels would be as well operated by visually handicapped would be taken over by the Visual Services Division of the SRS and a visually handicapped person would be set up to operate those taken over. The Visual Services Division would make the determination as to whether the place of operation would be feasibly operated by visually handicapped persons.

The subject of insurance was brought up. No definite means of insuring visually handicapped persons in such positions had been determined. There is a possibility they could come under the State plan.

The state does not intend to buy vending machines - that would probably be contracted out again.

There is no provision for rent payment on the space. Janitorial questions were raised.

It was felt that already disabled persons should not be replaced by visually handicapped.

Effective date of this program would be July 1, 1981. Present contracts are for 1, 2, or 3 years. Any revenue from facilities under the purview of the Visual Services Division would go to the program and not to the general fund. If all the vending concessions in state buildings reverted to the state, those not chosen as feasible for the blind would be administered by the Dept. of Administration. The Division would only take over those stands where over 200 people are in the building in order to make for a profitable business for a visually handicapped person. Two parties would be receiving revenues from such a business and it might cause persons in the building to pay more than their share for financing the program.

Questions were raised about stands in state parks, universities, and state buildings other than those in Helena. It was felt two departments handling these concessions would cause problems.

The accuracy of the fiscal note was questioned. The rent income would be lost to the state. Harrison Lowe, General Services Division, Department of Administration, said he wrote the original fiscal note. At the present time rent is paid by the capitol cafe for the use of the facilities, and he also provides the janitorial services for his space himself because of the theft problem of his supplies. If this were taken over by SRS, SRS would get the rent payment - the state would not lose rent payment, but it would be paid to SRS rather than the Dept. of Admin. The HB 67 says janitorial service will be provided by the state and they intend to do that themselves. Question of who pays for janitorial services was discussed at length.

State parks can be included in the state program.

It was assumed there would be a training program for the blind.

Mr. Fiscus, cafeteria operator, advised he pays every month for maintenance and retirement to the SRS, but no rent is paid by him.


Mr. Lester advised he does his own janitorial service, and there has never been any expense to the state.

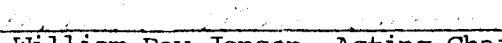
Rep. Fabrega closed saying the bill would create a preferential system for the opportunity of operating vending facilities for the blind and would parallel the federal act. It is a general philosophical idea of helping the blind.

OPPONENTS:

Because of being unfamiliar with the procedures of a committee, Arley Stram asked at this time if he could have the opportunity to object to HB 67. The acting chairman and committee agreed he could leave a written testimony and ask a few questions. He represents the Golden West Vending Enterprises. He asked what provisions the bill provides if a blind person is awarded the contract and provides unsatisfactory service. He also asked who determines the amount of equipment and what equipment goes with it. He was advised the SRS makes this decision

The meeting adjourned at 10:05.


Jo Lahti, Secretary


William Ray Jensen, Acting Chairman

VISITORS' REGISTER

HOUSE B & I COMMITTEE

LL H.B. # 67

Date 1-16-81

SPONSOR

[illegible]

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR LONGER FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Date: January 20, 1981

To: Representative Jay Fabrega
Representative Hal Harper
Members of the House Business and Industry Committee

From: J.C. Weingartner, Representing Golden West Enterprises

A hearing on House Bill 67 was held on January 16, 1981. This bill would grant to blind people the opportunity to operate vending facilities in and on state owned property. The proponents of this measure were heard. Although two of the partners in Golden West Enterprises were present during the hearing they chose not to testify except when the hearing was ended. Golden West, erroneously, did not testify at the hearing because it felt it was not proper to oppose anything that would help the blind. When it saw that House Bill 67 may close its business doors, it decided that it must defend its very existence. After the hearing, Golden West Enterprises contacted their district representative, Hal Harper, and asked for permission to submit written testimony to the committee.

Golden West Enterprises

Golden West Enterprises is a partnership owned by Arlee Strom, Mike Purcell, and Shirley Purcell - all of Helena Mt. This is a small business which owns and operates vending machines. It has operated vending machines in the Capitol complex for many years and has received praise from the state officials who oversee their operation.

In October, 1980, a request for bids was let by the purchasing division of the Department of Administration. The bid, as is set forth in the attachment, was awarded to Golden West because it submitted the highest bid. (The successful bidder pays the state). The contract gave Golden West the right to vend for one year and the option to extend the contract for two successive years. If it satisfactorily fulfills the contract, it has what maybe deemed a "right" to exercise its option.

In order to perform the contract, Golden West expended \$25,000 in purchasing new equipment, relocated an additional \$25,000 of equipment, purchased many thousands of dollars in inventory, and hired additional employees. Golden West was banking on having this contract for three years. Since it was awarded the contract, everything has turned sour -- through no fault of its own.

Golden West was to move its machines into the Capitol complex on Jan. 1, 1981. However, on December 31, 1980, a disgruntled bidder enjoined Golden West from placing its machines - said bidder filed suit in district court claiming that the state committed a blunder in securing bids. Golden West had to retain counsel and fight this lawsuit. Golden West was successful and moved its machines on location on Jan. 8, 1981. Everything was rosey until House Bill 67 surfaced. It has the effect of establishing a state supported small business and closing a small private business.

House Bill 67

The proposed legislation allows the STATE to operate, manage, and control "vending facilities" on state property. Vending facility includes restaurants, cafeterias, and vending machines.

The State, operating through SRS, can set up business for a blind person (or one that "may be certified as a blind vendor" Sec. 3 (2)) by providing by sale, lease, loan, or grant such equipment, stocks, and supplies. The State, however, reserves the right to "repurchase" the equipment sold to the blind vendor.

The bill takes from the Department of Administration, a department that has the expertise to administer such a program, and gives the supervisory power to manage this program to a department that has no capabilities, qualifications, qualified personnel, or track record to run the program. (Sec. 5)

If passed, this bill could not terminate the contract Golden West has with the State for the first year. It may, however, prohibit Golden West from exercising its two one year options - a fact that it was relying upon when it committed nearly \$50,000 of its own money to secure the contract. (Sec. 5)

The bill gives SRS the authority to operate a vending facility if it cannot find a blind vendor. What qualifications does SRS have to run a business? Should the State compete with the private sector? If this is the case, no private vendor would ever seek to operate the facility if it knew the state could kick them out at anytime.

The bill, would create a liability for the State rather than being revenue producing program as it is now. The blind would pay no rent, utilities, janitorial costs or building maintenance costs. These would be borne by the State.

Not only does SRS get to purchase, sell and lease vending machines but it has to service and maintain them.

The bill not only authorizes SRS to compete with private business for State contracts, it also allows it to compete with private business for contracts in the private sector. (Sec. 9)

A cafeteria and vending machines cannot compete in the same building. If they each sell comparable merchandise, the vending machines are going to suffer and will not be able to pay its commission to the State. At the present time, Golden West is protected from such practices by its contractual agreement with the State.

Conclusion

Sponsors of the bill testified that they have no intention of operating vending machines. If this is so, vending machines should be stricken and expressly excluded, from Section 2 (8) (9). SRS is not qualified to run a business - ~~past performance of SRS is not qualified to run a business~~ - past performance of SRS proves this. In the late 60's and early

70's the SRS purchased vending machines for the Visual Services and placed them in almost every State Complex building as well as in the State Armory, City-County Airport building, and two hospitals in Helena. To keep them stocked with product and operating satisfactorily became an almost impossible task. It was then decided by SRS to have private enterprise do the job on a commission basis. Golden West Enterprises handled this until it was decided to junk the machines that could not be kept in an operable condition and to sell the others. This was done in August of 1973.

Now the SRS has begun to buy vending machines again. It has been said that between May 1976 and October 1978, from one company, SRS purchased vending machines for a total of \$19,752.52. The cost to the State is reflected in the fiscal note. If SRS decides to purchase stock, and maintain equipment, the cost to the State will increase by at least \$50,000 just for the Capitol Complex.

SRS did also indicate that it may select certain areas in the Capitol Complex to operate vending machines. If this is done, i.e. they pick the cream of the crop, the whole vending machine program will fail. Golden West installs machines in nearly all State buildings - some are profitable locations. If the state selects to operate the profitable machines, no private business is going to operate the other machines because it could not make a profit. The State would then, in effect, deprive certain State buildings of any commercial vending.

The State should not compete with private enterprise. Golden West has committed its time, its money, its experience, and its future when it submitted its bid to service the State for the next three years. This all may be lost with House Bill 67. It is recommended that H.B. 67 DO NOT PASS.

DEPARTMENT OF ADMINISTRATION
PURCHASING DIVISION



THOMAS L. JUDGE, GOVERNOR

CAPITOL STATION

STATE OF MONTANA

(406) 449-2575

HELENA, MONTANA 59601

November 19, 1980

Golden West Enterprises
P. O. Box 6049
Helena, Montana 59601

Dear Sir:

This correspondence is issued to confirm the receipt and acceptance of your quotation to install and service vending machines in State owned buildings for the contract period of January 1, 1981 through December 31, 1981.

In accordance with the terms and conditions of award specified within State of Montana Request for Quotation T.C. 664-80-LG, opened November 18, 1980, documentation of your firm's compliance with all stipulated insurance requirements must be presented to the Department of Administration, Purchasing Division, Room 165, Mitchell Building, Helena, Montana before November 28, 1980. In addition, a monthly payment in the amount of \$453.08 must be directed to the Department of Administration General Services Division, Room 229, Mitchell Building, Helena, Montana prior to January 1, 1981. Upon receipt of these requirements, the Term Contract will be valid and effective January 1, 1981.

A copy of the notification of award of the Term Contract is enclosed for your records.

Thank you for your quotation.

Sincerely,

DEPARTMENT OF ADMINISTRATION
PURCHASING DIVISION

A handwritten signature in dark ink, appearing to read "Luther Glenn".

LUTHER GLENN, Administrator

LG:pj

Enclosure

CC: Department of Administration
General Services Division



STATE OF MONTANA
DEPARTMENT OF ADMINISTRATION
PURCHASING DIVISION

TERM CONTRACT

VENDOR

Golden West Enterprises
P. O. Box 6049
Helena, Montana 59601

CONTRACT
NUMBER

T.C. 664-80-LG

COMMODITY
CATEGORY

Vending Machines

EFFECTIVE
DATES

From January 1, 1981

To December 31, 1981

COMMODITY DESCRIPTION

To furnish, install and service Vending Machines for State owned buildings.

ORDERING INFORMATION

ADDRESS

1924 North Montana Avenue
Helena, Montana 59601

Phone: 442-7094

CONTRACT
AGENT

Michael F. & Shirley L. Purcell

PRICES

DELIVERY

F.O.B.

TERMS

Please see the attached terms and conditions
of award.

REMARKS:

INVOICES SHALL BE FURNISHED IN TRIPLICATE

CONTRACT VALIDATED BY

Luther Glenn
LUTHER GLENN, Administrator

11/19/80

DATE

DEPARTMENT OF ADMINISTRATION
PURCHASING DIVISION
RM. 165 MITCHELL BUILDING
HELENA, MONTANA 59601

DEPARTMENT OF ADMINISTRATION
PURCHASING DIVISION



THOMAS L. JUDGE, GOVERNOR

CAPITOL STATION

STATE OF MONTANA

(406) 449-2575

HELENA, MONTANA 59601

November 19, 1980

VENDING MACHINE SERVICE

T. C. 664-80-LG

Effective January 1, 1981 to December 31, 1981

Terms and Conditions of Award

By submitting a bid proposal, the bidder covenants and agrees that he has satisfied himself from his own investigation of the conditions to be met, that he fully understands his obligations, and that he will not make any claims for, or have any right to cancellation or relief without penalty of the contract because of misunderstanding or lack of information.

Award will be determined by the consideration of the highest priced proposal submitted by a responsible bidder.

Extension of Contract

Bidder and the State of Montana Purchasing Division agree that this contract may, upon mutual agreement, be extended in one (1) year intervals for a period not to exceed two (2) additional years. In no case may a contract run longer than a three (3) year period and may be extended for one (1) year intervals only according to the terms of the existing contract.

Cancellation

Any intentions to cancel or extend the contract must be initiated in writing no later than forty-five (45) days prior to the termination date of the existing contract or termination date of a contract which has been previously extended.

Prevailing Wage Determination

In accordance with Section 18-2-403, MCA, all contractors and subcontractors shall pay the standard prevailing rate of wages, including fringe benefits for health and welfare and pension contributions and travel allowance provisions in effect and applicable to the county or locality in which the work is being performed.

VENDING MACHINE SERVICE

Terms and Conditions of Award

Prevailing Wage Determination

Any questions concerning the amount of prevailing wages should be directed to the Montana Department of Labor and Industry, Labor Standards Division, 35 South Last Chance Gulch, Helena, Montana 59620. Phone: 449-5600.

Compliance

The contractor shall in the performance of work or services, fully comply with all applicable Federal, State and local laws, rules, regulations, etc. and shall hold the State of Montana harmless from any liability from failure of such compliances. All cigarette vending machines will be required to be registered and comply with the current regulations issued by the State of Montana, Department of Revenue, and the City of Helena.

Insurance

For the protection of the State of Montana, all contractors will be required to procure and maintain during the term of the contract, at his own expense, the following minimum insurance coverage:

- a) Product liability insurance, each occurrence \$100,000/aggregate \$300,000;
- b) Property damage liability, \$75,000;
- c) Public liability insurance, each occurrence, \$100,000/aggregate \$300,000;
- d) Workers compensation insurance.

Evidence of the insurance requirements listed above will not be required to be submitted or attached to each proposal; however, the apparent successful contractor will be required to present such written documentation within ten (10) days following the date of bid opening. Upon receipt, the contract will become firm and written notification issued to contractor quoting the highest total dollar amount.

Pricing and Selection

The successful contractor must agree that the selling price of all merchandise must be competitive and not more than the majority of prices and vending machines currently operating in the Helena area. The product selection must be representative of the best selling brands and manufacturers. Any deviations of competitive prices and product quality as documented by the Department of Administration will constitute sufficient grounds to cancel this contract.

Monthly Unit Cost

Each proposal will be required to be presented by quoting a firm monthly unit cost of machine and service and will be properly extended for the total twelve (12) month contract period. In the event the unit price and extension do not numerically agree, the unit price per month shall prevail.

VENDING MACHINE SERVICE

Terms and Conditions of Award

Payment to State

The following schedule of payment to be directed to the Department of Administration, General Services Division is mandatory:

- 1) The successful contractor will agree to provide a monthly payment prior to the beginning date of the contract.
- 2) All subsequent payments shall be made prior to the tenth day of the following month.

Failure of the vendor to comply with the prescribed schedule of payments will be considered a deviation from the terms of the contract.

Machine Placement or Removal

All placement or removal of machines must receive prior approval from the Department of Administration.

Vendor's Service Responsibilities

- A) Vending machines may be new or used, but guaranteed to be maintained in good working condition.
- B) Machines may only be filled or serviced during regular State office hours.
- C) All supplies, materials, repairs, maintenance and cleaning of machines plus collections and refunds of money will be the responsibility of the vendor.
- D) Machines must be filled at least once a week. Vendor will monitor machines to determine areas where more frequent filling is required.
- E) Vendor must also agree to fill machines when notified they are empty within a twenty-four (24) hour period.
- F) The vendor must post his name and telephone number on each machine to facilitate service calls.
- G) Vendor must clean machines when required.

VENDING MACHINE SERVICE

BID PROPOSAL

<u>Item No.</u>	<u>Location</u>	<u>Quantity</u>	<u>Monthly Rate</u>	<u>Annual Rate</u>
1.	<u>CAPITOL BUILDING</u> Estimated Employees - 350			
	Basement - Pop Machines	3 each	\$ 57.00	\$ 684.00
	4th Floor (During Legislative Session only) - Pop Machines	2 each	20.00	40.00
2.	<u>LIVESTOCK BUILDING</u> Estimated Employees - 43			
	Pop Machine	1 each	3.00	36.00
	Candy Machine	1 each	6.00	72.00
3.	<u>BOARD OF HEALTH BUILDING</u> Estimated Employees - 37			
	Pop Machine	1 each	1.25	15.00
	Candy Machine	1 each	3.00	36.00
4.	<u>COGSWELL BUILDING</u> Estimated Employees - 64			
	Pop Machine	1 each	15.25	183.00
	Candy Machine	1 each	24.00	288.00
5.	<u>EMPLOYMENT SECURITY BUILDING</u> Estimated Employees - 250			
	Pop Machines	1 each	17.00	204.00
6.	<u>MITCHELL BUILDING</u> Estimated Employees - 584			
	Basement - Candy Machine	1 each	115.00	1,380.00
	Pop Machine	2 each	40.00	480.00
	4th Floor - Pop Machine	1 each	24.00	288.00
	2nd Floor - Pop Machine	1 each	24.00	288.00

VENDING MACHINE SERVICE

BID PROPOSAL

<u>Item No.</u>	<u>Location</u>	<u>Quantity</u>	<u>Monthly Rate</u>	<u>Annual Rate</u>
7.	<u>FISH AND GAME BUILDING</u> Estimated Employees - 118			
	Pop Machines	2 each	\$ 16.00	\$ 192.00
	Candy Machine	1 each	25.00	300.00
8.	<u>MUSEUM</u> Estimated Employees - 50			
	Pop Machine	1 each	3.25	39.00
	Candy Machines	2 each	8.00	96.00
9.	<u>OLD HIGHWAY BUILDING</u> Estimated Employees - 179			
	Basement - Snack Machine	1 each	13.50	162.00
	Pop Machine	1 each	11.00	132.00
	3rd Floor - Snack Machine	1 each	19.00	228.00
	Pop Machine	1 each	14.00	168.00
10.	<u>STATE ARMORY BUILDING</u> Estimated Employees - 150			
	Pop Machine	1 each	4.00	48.00
	Candy Machine	1 each	6.50	78.00

NET TOTAL CONTRACT:

\$5,437.00

VENDING MACHINE SERVICE

Terms and Conditions of Award

Vendor's Service Responsibilities - cont.

- D) Machines must be filled at least once a week. Vendor will monitor machines to determine areas where more frequent filling is required.
- E) Vendor must also agree to fill machines when notified they are empty within a twenty-four (24) hour period.
- F) The vendor must post his name and telephone number on each machine to facilitate service calls.
- G) Vendor must clean machines when required.

The right is reserved to award by item, groups of items, or total bid according to the best interest of the State of Montana.

B I D P R O P O S A L

<u>Item No.</u>	<u>Location</u>	<u>Quantity</u>	<u>Unit Price</u>	<u>Monthly Rate</u>	<u>Annual Rate</u>
1.	CAPITOL BUILDING Estimated Employees - 350				
	Basement - Pop Machines	3 each	\$ 19.00	\$ 56.00	\$ 672.00
	4th Floor (During Legislative Session only) - Pop Machines	2 each	\$ 10.00	\$ 20.00	\$ 40.00
			Based on a legislative session of 2 months. Machines and commission to be extended if session is extended.		
2.	LIVESTOCK BUILDING Estimated Employees - 43				
	Pop Machine	1 each	\$ 3.00	\$ 3.00	\$ 36.00
	Candy Machine	1 each	\$ 6.00	\$ 6.00	\$ 72.00

VENDING MACHINE SERVICE

B I D P R O P O S A L

<u>Item No.</u>	<u>Location</u>	<u>Quantity</u>	<u>Unit Price</u>	<u>Monthly Rate</u>	<u>Annual Rate</u>
3.	BOARD OF HEALTH BUILDING Estimated Employees - 37				
	Pop Machine	1 each	\$ 1.25	\$ 1.25	\$ 15.00
	Candy Machine	1 each	\$ 3.00	\$ 3.00	\$ 36.00
4.	COGSWELL BUILDING Estimated Employees - 64				
	Pop Machine	1 each	\$ 15.25	\$ 15.25	\$ 183.00
	Candy Machine	1 each	\$ 24.00	\$ 24.00	\$ 288.00
5.	EMPLOYMENT SECURITY BUILDING Estimated Employees - 250				
	Pop Machines	1 each	\$ 17.00	\$ 17.00	\$ 204.00
6.	MITCHELL BUILDING Estimated Employees - 584				
	<u>Basement</u> - Cigarette Machine	1 each	\$ 48.00	\$ 48.00	\$ 576.00
	Candy Machine	1 each	\$ 115.00	\$ 115.00	\$ 1380.00
	Pop Machine	2 each	\$ 20.00	\$ 40.00	\$ 480.00
	<u>4th Floor</u> - Pop Machine	1 each	\$ 24.00	\$ 24.00	\$ 288.00
	<u>2nd Floor</u> - Pop Machine	1 each	\$ 24.00	\$ 24.00	\$ 288.00

VENDING MACHINE SERVICE

B I D P R O P O S A L

<u>Item No.</u>	<u>Location</u>	<u>Quantity</u>	<u>Unit Price</u>	<u>Monthly Rate</u>	<u>Annual Rate</u>
7.	FISH AND GAME BUILDING Estimated Employees - 118				
	Pop Machines	2 each	\$ 8.00	\$ 16.00	\$ 192.00
	Candy Machine	1 each	\$ 25.00	\$ 25.00	\$ 300.00
	Cigarette Machine	1 each	\$ 8.00	\$ 8.00	\$ 96.00
8.	MUSEUM Estimated Employees - 50				
	Pop Machine	1 each	\$ 3.25	\$ 3.25	\$ 39.00
	Candy Machines	2 each	\$ 4.00	\$ 8.00	\$ 96.00
	Cigarette Machine	1 each	\$ 4.50	\$ 4.50	\$ 54.00
9.	OLD HIGHWAY BUILDING Estimated Employees - 179				
	<u>Basement</u> - Snack Machine	1 each	\$ 13.50	\$ 13.50	\$ 162.00
	Cigarette Machine	1 each	\$ 5.00	\$ 5.00	\$ 60.00
	Pop Machine	1 each	\$ 11.00	\$ 11.00	\$ 132.00
	<u>3rd Floor</u> - Snack Machine	1 each	\$ 19.00	\$ 19.00	\$ 228.00
	Cigarette Machine	1 each	\$ 6.50	\$ 6.50	\$ 78.00
	Pop Machine	1 each	\$ 14.00	\$ 14.00	\$ 168.00

VENDING MACHINE SERVICE

B I D P R O P O S A L

<u>Item No.</u>	<u>Location</u>	<u>Quantity</u>	<u>Unit Price</u>	<u>Monthly Rate</u>	<u>Annual Rate</u>
10.	STATE ARMORY BUILDING Estimated Employees - 150				
	Pop Machine	1 each	\$ 4.00	\$ 4.00	\$ 48.00
	Candy Machine	1 each	\$ 6.50	\$ 6.50	\$ 78.00
	Cigarette Machine	1 each	\$ 5.00	\$ 5.00	\$ 60.00

Any Cafeteria competition to Golden West must be limited to fountain drinks only.



MONTANA ASSOCIATION FOR THE BLIND, INC.

an Affiliate of the National Federation of the Blind

P. O. Box 536

Kalispell, Montana 59901

VENDING FACILITIES FOR THE BLIND -- THE CASE IN SUPPORT OF H.B. 67

A position paper by the Montana Association for the Blind, Inc., Tony Persha, President

The Montana Association for the Blind strongly supports H.B. 67, a bill to strengthen and clarify Montana's laws regarding operation of vending facilities on state property by the blind. The present Montana law was enacted many years ago to provide a state counterpart to the federal Randolph-Sheppard Act, the federal law providing for the operation of vending stands in federal buildings by blind vendors. Until recently it was largely unimplemented because it is very general in its language and contained no rule-making power. The last session of the Legislature provided rule-making power to the Department of Social and Rehabilitation Services for the law, but otherwise left the language unchanged.

In the time since the last legislative session, the Visual Services Division of the Department of Social and Rehabilitation Services has begun implementing the state law regarding vending concessions in public buildings. In particular, the Division has attempted to coordinate the state program with the federally-based Randolph-Sheppard Act vending program which the Division administers as the State Licensing Agency designated under the federal act. Based on the experience of the past biennium, the Department has concluded that the state law needs to be redrafted to parallel more closely the provisions of the Federal Randolph-Sheppard Act and to provide greater assurance that vending concessions in state buildings will be available to blind vendors who complete the Visual Services Division's training program. After discussing the situation extensively with representatives of the Department, we agree that the proposed changes are indeed necessary to obtain the greatest benefit from the program.

The public building vending concession program is very important to blind people in Montana. While the total number of vendor positions is small (probably no more than 15 positions will be filled during the next biennium), the persons involved in the program are people who might otherwise be unable to obtain employment. Nationally the rate of unemployment for the blind is significantly higher than for the handicapped population as a whole.

As a matter of organizational policy, the Montana Association for the Blind has always laid great stress upon the development of self-sufficiency by our members. We prefer to be productive members of society rather than objects of charity. The blind vendor program is one means by which blind people can be put to work. For this reason the Association has in the past contributed financially to the program. We expect to make contributions to the program in the future as well. In addition, according to figures we have reviewed from the Department of Social and Rehabilitation Services, it appears that the program, as implemented by H.B. 67 will generate revenues which the Department can use to help run the program. In other words, the blind vendors who participate in this program will be able to help pay their own way, both as taxpayers and as contributors to the program itself.

We hope that members of the Legislature will give favorable consideration to H.B. 67. Although the bill is introduced at the request of the Department of Social and Rehabilitation Services, it has our full support. Any legislator with questions about the intent or language of the bill is encouraged to get in touch with us either through our Legislative Committee (Sharon Croxones, Chairman; phone: 442-7473 in Helena) or our friend and lobbyist, Rosemary Zion; phone: 442-3261; address: P. O. Box 1258, Helena, MT 59624). We want to work with the legislature to insure the enactment of a workable law.

WITNESS STATEMENT

Name Barley W. Chublers Date Jan 16/81
Address 11820 4th Ave No Great Falls Support ? ✓
Representing Mont Telephone Association Oppose ? _____
Which Bill ? HB 106 Amend ? _____

Comments:

oral statement.

Please leave prepared statement with the committee secretary.

WITNESS STATEMENT

Name JOSEPH F. THARPS Date 1-16-51
Address 560 NW. PARK AVENUE Support ? X
Representing MOUNTAIN BELL Oppose ?
Which Bill ? HB 106 Amend ?

Comments:

This bill enables cooperatives to
expand their services as the
community grows. There appears to
be no territorial conflict between
the service provided by the
Coop and the service provided
by Mountain Bell.

Please leave prepared statement with the committee secretary.

WITNESS STATEMENT

Name Lester H Loble E Date 1/16/8
Address POB 176 Helene 5424 Support ?
Representing General Telephone of the Northwest, Inc Oppose ? X
Which Bill ? H B 106 Amend ?

Comments:

Please leave prepared statement with the committee secretary.

NAME C. F. BIGELOW BILL No. 67
ADDRESS 120 WEDGEWOOD HILL DATE MT.
WHOM DO YOU REPRESENT VENDERS
SUPPORT YES OPPQSE _____ AMEND _____

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

NAME Chester H. Ficus BILL No. H.R. #67
ADDRESS 410 S. Fee Helena DATE 1-16-81
WHOM DO YOU REPRESENT SELF
SUPPORT ✓ OPPOSE _____ AMEND _____

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

This program The act refers To
is a good one and has been
beneficial in helping me obtain
gainful employment and
self-sufficiency.

WITNESS STATEMENT

Name AL E Lester Date 1-16-81
Address 314 N. PARK Support ? YES
Representing VENDING STANDS Oppose ?
Which Bill ? 67 Amend ?

Comments:

I support this much needed
Bill to help & support the Visually
Handicapped person to become
once again, a productive Tax
Paying Citizen.

Please leave prepared statement with the committee secretary.

STATEMENT OF INTENT. The current statutory authority providing a preference to blind and handicapped persons in the leasing of vending facilities on state property is not adequate for the purposes of authorizing the Department of Social and Rehabilitation Services to administer the federal Randolph-Shepard Act for either federal or state purposes. The state statutory scheme for providing a preference to blind vendors in the leasing of vending areas in state property is poorly defined and difficult to administer.

This act will provide specific statutory authority in Section 10 by which the Department may administer the programs it has established for the purposes of the federal Randolph-Sheppard Act. Section 10 subsection 2 authorizes the Department to adopt rules for the purposes of implementing the administration of vending facilities on Federal property by the Department as authorized in the federal Randolph-Sheppard Act and for administering programs mandated by the federal Randolph-Sheppard Act.

This act provides for a state program administered by the Department which will make available to qualified blind persons vending facilities to be operated by them. This programmatic statutory scheme is a more appropriate mode for providing vocational opportunities to blind persons than was the prior preference system. This scheme will insure that federal and state vocational programs are available to those blind persons who are most qualified to become blind

vendors. The preference system did not distinguish as to degree of handicap or economic need. This scheme will also insure continuity in the administering of these vending facilities and related programs. The preference system did not insure that vending facilities would be available to qualified blind persons nor did it encourage the investment of program resources in the training of qualified blind persons and the equipping of vending facilities for operation by them. This act clearly defines what state property is subject to the act. This act also provides that the Department may enter into agreements with private parties and local governments in order to make vending facilities on their properties available to qualified blind vendors. The prior preference system in not defining the property subject to the preference raised serious questions as to its intended scope, nor did the prior preference system allow for the expansion by agreement of the blind vendor program into vending facilities on private property.

The certification of blind persons qualified to be blind vendors provided for in this act is necessary for administration by the Department of the federal Randolph-Sheppard Act on federal properties. This certification will constitute the "licensing" mandated in the federal Randolph-Sheppard Act. This certification will be utilized for the purposes of the state program as well. The administration of the program for federal and state purposes will be therefore more congruent.

This act provides that the Department may administer a health and retirement fund for the blind vendors. This fund as well as the blind vendors program may be funded by a set-aside from the net income of blind vendors. This set-aside is to be a reasonable percentage which will not affect the financial status of the blind vendors to such a degree as to deny them the intended vocational and economic benefits of the program. The health and retirement fund and the blind vendors program may be funded as well by the department from the income the department may receive from vending facilities which it may operate directly. The health and retirement fund is authorized for the purpose of implementing that aspect of the federal Randolph-Sheppard Act. The applicability of this fund to blind vendors on state property will insure that there will be congruence between the program as administered for federal and state purposes.

This act states the authority of the Department for the purposes of the act and provides the general criteria and procedure for the transfer of the administration of vending facilities on state property to the Department. The prior preference system did not define administrative authority nor did it state what the appropriate criteria and procedure would be.

The act provides the Department with the rulemaking authority necessary for the implementation in a definitive manner of the purposes of this act.

Proposed amendments to H.B. 67

P. 2, Line 24, after the word "leased", add the words: "under a lease-purchase agreement, or in the case of a building, leased in its entirety"

P. 5, Line 5, after ".", add the following new material:

"In addition, this [act] shall not be interpreted to require or authorize the failure to renew any contract for a vending facility on state property in effect on [the effective date of this act] if the contract contains a provision permitting the renewal of the contract for a specific term at the option of the vendor or the state or both. In any case where the department determines that a private vendor operating a vending facility on state property on [the effective date of this act] who, but for this [act], could reasonably be expected to renew his contract for the vending facility would be subjected to economic hardship should the contract be allowed to expire at the end of its term, the department may agree to a one-time renewal of that vendor's contract for the vending facility for a period not to exceed 2 1/2 years."

P. 6, Line 15, after the words "janitorial services" add the words "in accessible, public areas"

P. 6, Line 13, after the ".", add the following new material:

"However, the department shall not directly operate vending machines on any state property where the department does not directly operate vending machines on [the effective date of this act], unless, after competitive bid, the department is unable to obtain a suitable private contractor to operate vending machines on the state property. The department shall not, except through competitive bid, authorize a blind vendor to operate on state property a vending facility which consists solely or primarily of vending machines and which does not require the active presence of a vendor during its hours of operation."

P. 6, Line 17, after the ".", add the following new material:

"Provided, however, that the department may charge a use fee in lieu of rental, on a basis to be determined by the department, in the case of any blind vendor operating a vending facility on state property whose net income for at least 10 of the preceding 12 months has exceeded twice the poverty level income for an urban family of 4 as determined by the federal government."

P. 6, after line 21, add the following new material:

"(11) The department shall, by rule, provide for appropriate allocation between the department and the blind vendors of liability for the operation of vending facilities operated pursuant to this [act]."

P. 7, Line 6, strike word "shall" and insert word "may" .

Proposed changes in the statement of intent accompanying H.B. 67

After the end of the 3rd paragraph of the statement of intent proposed by the Department of Social and Rehabilitation Services , add the following paragraph:

"The act is intended to provide vocational training and active employment for persons handicapped by blindness or serious visual impairment. Since active employment is an important objective of the legislation, the act limits the department's ability to directly operate or to include in its vocational program such passive operations as maintenance of self-service vending machines, particularly on state property. While the department will be able to derive the revenues from vending machines which are now received by the department of administration, it is anticipated that the department will continue the present practice of the department of administration and let contracts for provision of vending machines by competitive bid. The act specifically provides for a gradual phasing in of blind-vendor operated vending facilities in any case where the immediate implementation of the program would cause an economic hardship to the current vendor, who could otherwise expect a renewal of contract. The language is written in discretionary terms in order to permit the department to respond to situations as they actually exist and to preclude the language being used to provide a new contract to a private vendor whose contract, in the normal course of events, would have been terminated without this act. However, it is intended that the department employ its discretion in a compassionate manner to avoid inflicting economic hardship on an otherwise satisfactory private vendor. The department is authorized to charge a fee in lieu of rental to blind vendors on state property whose operations become financially successful. Again, the language is made discretionary so that the department can deal with the situation as it actually exists in practice. However, the intent of this provision is that the department charge to the financially-successful blind vendor a fee in lieu of rental which will provide the state with some compensation for the use of the space without working a financial hardship on the blind vendor."

INDEPENDENT RECORD



FROM
MONTANA'S
CAPITAL
CITY

Helena, Montana, Friday evening, November 17, 1978

Sweets sour in vending machine bids

By JEANNIE CROSS
State Bureau

A state government "takeover" of capitol complex candy machines has left a sour taste in the mouths of state employees and vending machine operators alike.

Especially distasteful is the fact that machines in two buildings are exempt from the "takeover." Some of the exempt machines are operated by blind clients of the state Department of Social and Rehabilitation Services (SRS); the others are run by a moonlighting SRS official.

What may seem like small change to folks outside the Capitol complex amounts to a power play to those on the inside.

The vending-machine changes have been instituted by the state Department of Administration, which next week will put out for bid the right to place vending machines in all capitol office buildings except those of the highway department, where they are operated by SRS management officer Lee Tickell, and at SRS, where they are operated by the blind.

The changes are opposed by employee associations and the vending machine operators with whom they have contracted for soft drink, snack and cigarette machines.

The battle has escalated to the point where one vendor, Arley Strom of Golden West Enterprises, Thursday took his case to the public by placing an ad in the Helena Independent-Record protesting the takeover.

In his ad, Strom also protested an allegation by Dave Lewis, director of the Department of Administration, that the state derives no income from Strom's machines. Strom said he's paid the state and its employee associations almost \$10,000 in commissions from the 10 machines he's operated in the Capitol complex during the past seven years.

Traditionally, vendors pay agencies and associations 10 percent of the income from soda and candy machines and 40 percent of that from cigarette machines. The money is used to buy flowers for ill employees, throw parties and pay for other employee activities.

But now the Department of Administration wants vendors to pay a set fee per machine — just to cover the costs of the electricity powering the machines, says Lawrence D'Arcy, department deputy director.

"This is not a money-making situation," D'Arcy said.

The vendors claim the fee system is unworkable. Machine sales are erratic and unpredictable, they claim. Consequently, they can't guarantee a set income from any given machine. D'Arcy, however, says the percentage commission system is an "accounting problem."

The vendors also are leery of competitive bidding. All it will do is kick up the price people pay for their pop and cigarettes, they say.

And the money will go to the state — not to its employees, grumble members of the employee associations.

Apparently the only association that will continue to benefit from vending machines is the Highway Employees' Benefit Association which recently awarded its vending machine contract to Tickell. Tickell told the State Bureau Thursday he plans to bid on the Department of Administration contract, too.

Tickell added that he doesn't have a conflict of interest in operating the machines because the vending work is done at night or by an assistant.

He said that a conflict would occur only if he took over the SRS vending machines.