Attachment to 5/5/21 Regular Committee Meeting Minutes

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Subject: Merger of Kunia Tunnel and Rochefort Vending Facilities

Good afternoon,

I would like to voice out my opposition to the proposed merger of VF66 Kunia Tunnel and Rochefort.

History:

Hawaii BEP was able to acquire the vending facility at the Kunia Tunnel in 1995.  There was only the Kunia Tunnel, no Rochefort then. The latter came into operation in 2005.

Ted Chin operated Kunia Tunnel, with the help of a teaming partner, for 10 years until he got promoted to a bigger contract and moved to Schofield.

Back then VF66 KT was doing very well even with a teaming partner sharing the profit. Then came Virgil Stinnet who operated VF66 Kunia Tunnel for about 5 years. Then the NSA opened up Rochefort in 2010 and was offered to Virgil who readily accepted.

At the start of the combined operation of the 2 huge facilities, BCI was tapped to assist the vendor. However, the partnership did not last long and the vendor decided to operate the 2 huge facilities alone.

Due to the fact that the 2 vending stands are high security facilities, the staff would rather stay inside to shop for snacks and eat their meals, and therefore, it had a captured market that operated 24/7.

In 2018, it was decided to bifurcate VF66 into 2 vending facilities: Kunia Tunnel and Rochefort to be awarded to 2 vendors. Also in the process, the HSCBV approved the allocation of about $300,000 to reimburse Virgil of his investments in VF66 and cover other operating expenses necessary to startup the new business. It was the sentiment of all vendors, the HSCBV and BEP that it was fair and just to share the profits of the 2 huge military dining facilities to 2 blind vendors. There exists enough money to share even with the presence of a teaming partner.

In 2019, Virgil left VF66 and was replaced by Don Patterson for Rochefort and Steve Kim for Kunia Tunnel. The 2 "new" vendors started operating VF66 with BCI as the teaming partner in August 2019.

Facts:

In any business, usually the first 2 years are a struggle and the business usually suffers a loss.  Transitioning from an old management to a new one with a teaming partner is definitely a new startup business.

Managing 2 huge facilities without the help of a teaming partner which has extensive experience in military dining is extremely difficult for a single vendor. Adding to the challenge is the fact that the 2 facilities are physically miles apart.

Just when the new business was starting and getting situated, the pandemic struck in 2020. The whole world was affected. We are still reeling in the devastation. Some countries are still mired in deep health and economic problems.

In Hawaii, some businesses have folded up. One of our colleagues was forced to just quit the program than to lose money indefinitely.  Twenty-two out of forty-one licensed blind vendors were still closed in March 2021. Those who are open may be losing money. It is safe to say that nobody escaped (even though we are still in the pandemic window) unscathed financially or health-wise.

Putting VF66 back on its feet is surely a challenge but would be worth it. The people are going back to work in the 2 facilities. The huge parking lots in both facilities are once again full of vehicles.

Vending facilities of this magnitude plus bureaucracy take a while to move but eventually will. The forecast profit announced in 2018 may be optimistic but achievable in time. It all depends on everybody's cooperation, including the teaming partner's.

Combining the 2 huge military dining facilities into 1 is not in the best interest of the blind vending program.  It will take away one of the better vending facilities in the Hawaii BEP.  Only 1 vendor can benefit from the plan instead of 2.

If we use the same rationale that the 2 huge military dining facilities should be combined because they are losing money now while we are in a pandemic situation, then:

1. Arizona Memorial facility should only have 1 vendor not 2 because it too is losing money.

2. Honolulu Airport should reduce the 3 vendors to 2 because it lost $375,000 in 2020.

and so on...

Conclusion:

In light of the above, I submit my opposition to the merger of the 2 huge military dining facilities of VF66 Kunia Tunnel and Rochefort. The wealth gained in the operation of this business must not be concentrated in one licensed vendor alone. With the help of government, both Federal and State, this business will undoubtedly again attain profitability sooner or later.  Losing money at this point in time is not enough justification to combine the two.

Submitted by:

Ronald Flormata

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