Attachment to 5/5/21 Regular Committee Minutes

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Sent: Tuesday, May 4, 2021 4:02 PM
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Subject: In my opinion: combine Kunia/Rochefort

My opinion is that the Kunia and Rochefort facilities should be combined to one blind vendor.

Background:

1. Ted Chinn was the first blind vendor to operate Kunia for the BEP.

This was a troop dining contract with ACC-Atlantic Coast Contracting as the teaming partner. ACC operated the facility and, at the beginning, only gave Ted Chinn approximately 20% of the profit. Towards the end of the contract ACC increased the compensation to Ted to about 40%.

1. In the middle of the 3rd 5-year contract, BCI Blackstone Consulting Inc obtained a Randolph Sheppard troop dining contract at Schofield and teamed with Hoopono. Ted was selected and transferred to Schofield.
2. Virgil Stinnett was selected and placed into Kunia. He decided to use BCI as his teaming partner. ACC took Virgil to court to try to remain the teaming partner at Kunia. Virgil prevailed and installed BCI as his teaming partner at Kunia on a set monthly compensation from BCI on a troop dining contract.
3. After completing the balance of the contract, that he took over from Ted, and during his second contract, the Rochefort facility was added, both under one contract from NSA. The facilities were then converted from troop dining contract to a profit and loss operation. Under the troop dining contract, most of the expenses such as food, supplies, equipment, maintenance and repair, were covered by the U.S. Navy.
4. To cope with the lower profits, because of the expenses, Virgil went forward without BCI, so as not to have to split his profits. It also became burdensome to operate, coordinate, finance, and manage the whole operation, including sales, cost of goods, labor, payroll, insurance, etc. Although he did not have to split his profits with a teaming partner, the burden  prompted him to apply for another facility which is a troop dining contract and not a profit and loss operation.

The facts as to why Kunia and Roshefort should be combined Into one blind vendor facility.

1. Both facilities are under one NSA contract and the command structure, NSA/U.S. Navy, is under one unified command with one commanding officer.
2. Splitting the facilities with 2 blind vendors has split the potential profits and management fees in half. With the split between the vendors and BCI has again parceled the profits. If you take the profits at 100%, splitting the it into 2 vendors, gives each 50%, and splitting it with the teaming partner leaves each vendor with 25 to 30% of the profits. This small amount is bases on 100% profitability. It’s been far less.
3. The fact is that the facilities have been operating, with the vendors working their facilities, and the full complement of employees (customers) back to work, the profits have been meager or not at all.
4. Over $300,000 has been expended for renovations and new equipment, and still it has not shown a significant increase in sales or return on the investment, at least not enough to compensate the 2 vendors positively.
5. So, for over a year, both vendors have not received any profits, and in fact owe a refund of $4000 each on their draw. Both are also in debt for covering their personal expenses like rent and utilities, while making zero income.
6. President Biden has signed an executive order that all federal contracts will have to pay a minimum wage of $15 per hour. How this will affect this facility will probably be negatively because this is not a troop dining facility but a profit and loss facility.
7. The Arizona and Honolulu Airport facility have not had significant, relative, loss, when you consider that the loss will be made up as the opening proceeds. Whereas, Kunia and Rochefort are open , have been open with 100% employees, and still not producing significant returns or profits.

In conclusion, combining the 2 facilities under one vendor will give one vendor a chance to pull out a profit. The program’s goal should be to provide a viable source of income for a blind vendor. Consider the fact that BCI , as teaming partner, also needs to make a profit in order to remain as a teaming partner. If BCI pulls out, the program will expose itself to the possibility of substantial financial  losses.

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