



BUSINESS ENTERPRISE PROGRAM

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I. ESTABLISHING BUSINESS ENTERPRISE MERCHANDISING OPERATIONS

A. Establishment and Stocking of a Business Enterprise Merchandising Operation

1. Initial Survey

- a. The initial survey will be completed within 30 days of the decision by the BEP manager to proceed. Both a BEP consultant and the BEP Contract Specialist will be involved in the conduct of the initial survey.
- b. The form "Vending Facility Initial Site Survey" (see appendix) will be used for conducting and recording the results of the initial site survey.
- c. When the survey has been completed, the BEP manager will sign the completed form and indicate whether it appears that the location will meet guidelines for a suitable location, and whether BEP:
Plans to proceed, not to proceed, or
request consultation from APOC before
proceeding.
- d. The signed completed survey will be submitted to the APOC for consultation.
- e. The individual designated by APOC will provide comments and record them, as appropriate, on the form.



2. Comprehensive Survey and Facility Development Plan

- a. BEP staff will prompt the potential grantor to submit a "Letter of Intent" to the BEP. This letter requests and authorizes the BEP to proceed with conducting a Comprehensive Survey and Facility Plan (see appendices). The BEP is to request such a letter within 10 working days of the decision to proceed. With such a letter of intent, the BEP may incur costs (such as architectural consulting) as part of a comprehensive survey and the development of a Business Enterprise Merchandising Operation plan. This survey is not conducted until after the "Letter of Intent" is received from the potential grantor.
- b. A copy of the "Letter of Intent" is sent to the RSA Administrator's office and is placed on the agenda of the next regular BEP operating plan meeting.
- c. "Survey of Location" form-will be used to survey a site, do initial planning and to negotiate a facility development plan with the potential Grantor.
- d. A facility number number(#) will be assigned and a separate folder will be initiated upon return receipt of the "Letter of Intent" from a potential grantor. This number will be used to identify that facility from that point on. It is especially useful to track the negotiation and planning process.



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- e. Any services that need to be purchased in order to complete the Comprehensive Survey and Facility Development Plan (e.g. architectural services) will contain a reference to the assigned facility number. NOTE: besides architectural and professional consulting service, no purchases of goods or equipment for a potential Business Enterprise Merchandising Operation will be made until there exists an approved and signed Grantor agreement.
- f. The BEP will strive to complete its site survey and complete initial planning within 45 days after receipt of the "Letter of Intent".
- g. The completed survey/plan will be signed by the BEP manager and sent to APOC for review and written comments.
- h. After review by APOC, if a decision is made to proceed, the survey/plan will be sent to RSA Central Office and reviewed at the next BEP budget/operating plan meeting.
- i. A formal letter will be sent to the potential Grantor indicating RSA's decision to proceed, or not to proceed, with the next phase: i.e., development of a Grantor Agreement.
- j. Decisions on when final negotiations are to be conducted and the project scheduled for initiation will be decided by RSA and BEP management based on the BEP budget and the grantor's requested time schedule.



- k. The APOC will be routinely updated on all active and pending projects by means of receipt of updated Operating Plans.

3. Grantor and BEP responsibilities for development/ establishment of a Business Enterprise Merchandising Operation

In negotiating the establishment of a Business Enterprise Merchandising Operation, BEP staff must be clear what the responsibilities of the potential grantor and BEP are. These responsibilities are based in law and in what are allowable and unallowable expenditures under the federal VR and Randolph-Sheppard laws as well as State laws.

- a. The BEP cannot participate in the costs of acquiring, constructing, expanding, remodeling or altering any building.

This relates to structural remodeling (e.g. load bearing walls, and other basic structural elements). The BEP can participate in costs of making modifications to existing buildings or spaces to adapt them and make them suitable for cafeteria or other vending purposes as well as providing equipment and furniture. The BEP can participate in costs of hooking equipment to existing power and sewage lines but not for bringing power and sewage lines to the site.

- b. The BEP cannot pay for normal cleaning, maintenance, and repair of the building structure in, and adjacent to, the vending facility.



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- c. The BEP cannot participate in payment of commissions for the privilege of operating a Business Enterprise Merchandising Operation.
- d. The BEP cannot participate in the costs of debts incurred by the Grantor.

4. Grantor Agreements

Grantor Agreements are agreements with federal, State, County, City, or other entities ("grantors") who provide an opportunity for a Business Enterprise Merchandising Operation. Grantor Agreements establish and regulate the relationship between the RSA/BEP and the Grantor (NOTE: See Appendix for a copy of such an agreement. For federal locations, "permits" are used for vending operations other than cafeterias. In either case, the following policies and procedures apply).

The BEP incorporates the terms of the Grantor Agreement into the Operator Agreement. (NOTE: The Operator Agreement is an agreement between the RSA/BEP and the assigned BEP operator for that location.)

Grantor Agreements must be properly executed where an agency enters into an agreement with the BEP to provide an opportunity for the operation of a merchandising business.

The process described above for selecting a Business Enterprise Merchandising Operation must be followed and will culminate in the development of a Grantor Agreement as follows:



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a. Policies regulating Grantor Agreements

i. There will be no expenditures for modifications, initial stock, equipment or supplies at a potential Business Enterprise Merchandising Operation prior to a completed, approved and signed Grantor Agreement. A Grantor Agreement is not final until signed by the Department designee.

ii. The agreement incorporates, as applicable, information developed from the "Comprehensive Survey and Facility Development Plan".

iii. The contents of the Grantor agreements may vary depending on the type and level of Business Enterprise Merchandising Operation, such as whether it is an:

Assigned vending banks;
Assigned cafeteria, snack bar, coffee shop - with/without vending machines;
Assigned vending route only;
Assigned non-food merchandising operation;
Other (such as "revenue sharing" agreements).

b. Procedures

i. The BEP Contracts Specialist and a BEP consultant will both be present for discussions, beginning with the "Initial



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Survey,” with potential Grantors for new merchandising opportunities and for amendments/renewals of existing Grantor Agreements.

ii. After APOC and the RSA Administrator approve a new merchandising operation, the BEP Contract Specialist puts together the agreement, has the agreement reviewed by the RSA Contracts Unit supervisor, and then processes it for required signatures.

iii. The grantor signs two contract sets. The BEP Contract Specialist completes a DES Contracts Coordination Sheet and submits both original sets and coordination sheet to the RSA Contracts Unit supervisor.

iv. The Contract Unit Supervisor assigns an “E538XXXX” contracts number (the “8” is specific to BEP contracts), reviews and forwards both sets to the DES Contracts Management Section (CMS) for DES signature. The DES/CMS retains one original signature set; the Grantor receives the second original signature set.

v. The RSA Contracts Unit retains a photo-copy of the agreement in its file and forwards a photo-copy and the original signature Grant set to the BEP Contracts Specialist.

vi. The BEP Contracts Specialist retains the photo-copy and sends the original signature set, with a transmittal letter, to



the Grantor.

vii. The copies are filed by BEP in the appropriate Grantor file. Grantor files, of both actual and potential grantors, are maintained in accordance with records retention policies in place for BEP.

5. DES Vending Machine Income Distribution agreements

Policies for DES vending machine management agreements:

- a. It is the policy of the BEP that each operator will be directly involved in the operation of their assigned facility to the extent possible. Therefore sub-contracting, partnering, or teaming relationships are to be considered exceptions. They may be approved by BEP Management in consultation with APOC when the following criteria exist:
 - i. When a temporary health situation, six months or less, existing that prevents a permanent operator from managing all operational aspects of their facility.
 - ii. When there is a question about the profitability of a facility. Under a temporary operator agreement, subcontracting out some aspects of the operation may be allowed when it would be economically unfeasible to staff, or provide all equipment necessary.



iii. When the BEP does not have adequate funding to establish a new facility and APOC and BEP agree that it is in the best interests of the BEP to establish a Teaming relationship.

6. Renewal Process of a Subcontract

- a. When an operator elects to subcontract with providers of branded services or products when these products are not available from regular or customary vendors.
- b. The operator must submit a request in writing to the BEP Manager to enter into a subcontracting, partnering, or teaming agreement. This request must outline the specific services and or management functions that they wish to sub contract, and show why this is necessary. The BEP Manager will share this request with the APOC committee. The BEP Manager will respond to the operators request within 15 days of APOC review.
- c. The BEP will review agreements made between the operator and the vendor of services.
- d. Those operators who have been subcontracting must resubmit an application to BEP within sixty days before the expiration of the current contract; to be presented to APOC.
- e. Subcontracts will be renewed earlier if there are changes in the contract terms, contract vendor, and/or if a new operator is assigned.



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- f. Cancellation of a subcontract by either party must be done with a thirty (30) day written notice to both the subcontractor and to BEP
- g. Subcontracted sites are held at the same standards as the operators' current operations.

Please note that all contracts for goods or services paid for by the state must be governed by Office of Procurement rules and regulations.



B. Establishment and Stocking of a Business Enterprise Merchandising Operation

The BEP shall provide each business facility with suitable equipment, adequate initial stock, utensils, and cash necessary for the establishment and operation of the facility. The Operator shall return the equipment, stock, utensils and cash upon surrender of the facility.

What follows are the categories of equipment and supplies needed to establish and stock a Business Enterprise Merchandising Operation.

No authorizations or expenditures for initial equipment or supplies (including modifications to a new BEP facility) will be made until there is an approved and signed Grantor Agreement.

1. Initial stocks and supplies (paid for by BEP):

Initial stocks and supplies include:

- a. Foods and other items for resale;
- b. Supplies and other consumable items not for resale (e.g. cleaning supplies, cooking supplies, seasoning, paper products, etc.).

The amount of initial stocks and supplies to be provided a new BEP food/drink merchandising operation will be based on a forecast for the first 2.5 weeks of the operation.

The amount of initial stocks and supplies to be available for an existing BEP food/drink merchandising



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operation (for a new incoming operator) is based on a forecast for the first 2.5 weeks of the operation using the average actual gross sales data for that facility for the last six months.

The amount of initial stock and supplies to be available for Gift Shops and other non-food Business Enterprise Merchandising Operations is individually negotiated for facilities, such as gift shops.

2. Initial Cash (provided by BEP)

Initial cash is provided by BEP to a new operator for use in vending machines, money changers, and cash registers (this includes the amount of money actually placed in the vending machine, money changer, or cash register and the amount of money that goes into the cash bank).

The amount of cash to be made available is calculated as follows:

- a. \$55 will be provided per vending machine.
- b. For money changers, the amount must be negotiated. Negotiations start with \$100 dollars per machine.
- c. For cafeterias, snack bars and other vending operations, \$250 cash will be provided per each register.
- d. Exceptions to these rules for establishing the beginning inventory for a Business Enterprise Merchandising Operation must be approved by the RSA Administrator.



3. Kitchen Appliances and Equipment Office Equipment and Other Goods/Services

Decisions about what, and how many, kitchen appliances will be purchased for a new location will be made by a committee of two BEP consultants and a member of APOC.

Decisions about what office equipment and other goods and services will be made by a committee of two BEP consultants and a member of APOC.

A signed copy of this inventory will be filed with the Operator Agreement. The operator will be assessed for any inventory that is lost and has not been replaced when he/she leaves the operation.

4. Vending Routes

Vending Routes consist of one or more vending banks in different locations that have been assigned to a BEP operator who does not also operate another type of Business Enterprise Merchandising Operation.

The following only applies to vending routes:

- a. Vehicles
 - i. BEP will not provide or purchase vehicles for vending routes.
 - ii. BEP will allow deductions for documented operator owned or leased vehicle operating expenses (such as gasoline, repair, insurance, and preventative maintenance) for purpose of



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computing the net profits of the operation (on which BEP operator assessments are based). To document such expenditures, both mileage information and a record of expenditures will be sent in by the operator with the monthly statement.

If the vehicle is used both for business and non-business purposes, the amount of deductible business expense is computed by multiplying the % of business miles (of the total miles traveled in the month) by the month's documented operating expenses.

iii. Federal mileage rates (used for computing taxes) multiplied by the miles traveled during the month will be used for deducting expenses for vehicles not owned or leased by the operator.

b. Storage

The operator is responsible for identifying and obtaining his/her own storage.

i. Rented or leased storage
the costs of rented or leased storage for the vending route operation may be deducted for purposes of calculating the BEP operator assessment.

ii. Operator owned storage
for use of storage owned by the operator, the operator can deduct a percentage of costs equivalent to the % of square feet dedicated solely for BEP operation storage.



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The State is not liable for leases or rental agreements negotiated by an operator.

The agreements relating to deductible expenditures are recorded in the Operator's Agreement.



II. RECRUITING, PREPARING AND TRAINING OPERATORS

Licensing as a "BEP licensee"

A. The licensing process

The licensing process includes an application, a review of the qualifications of the candidate (including evaluations done during each of the three phases for individuals who have completed BEP sponsored training), and a one hour interview.

B. Licensing Committee

The Licensing Committee will be comprised of two Operator representatives, two BEP staff, the APOC Chairperson, the Manager of BEP and the VR counselor. The vote will be done after an interview and a review of records. Only the two Operator representatives and the two BEP staff will vote. The BEP Program Manager will vote in the event of a tie, after consultation with the APOC Chairperson.

C. The license shall remain in effect unless revoked or surrendered by the BEP operator.



III. MATCHING OPERATORS WITH A BUSINESS ENTERPRISE MERCHANDISING OPERATION

A. Maintenance of an up-to-date list of BEP licensees and licensed operators

The Arizona Business Enterprise Program will maintain an up-to-date list of licensed operators and BEP licensees who are eligible to bid on an available Business Enterprise Merchandising Operation. This list will be available and reviewed at monthly APOC meetings.

1. A review of each individual on the list will be made on his/her anniversary date.
2. Both BEP licensees (licensed in accordance with the BEP policies contained in this Handbook) and licensed operators will be on the list unless their names have been removed, as follows:
 - a. The BEP License has been formally revoked;
 - b. The individual has failed to meet requirements for maintaining their licensing set by the BEP but formal revocation of the license has not yet occurred;
 - c. BEP has received a written statement from a BEP licensee or licensed operator rescinding their certificate or license and involvement with the BEP.
3. The following individuals on the list will be separately identified:



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- a. Individuals who are temporarily disqualified (for 90 days after refusal) because they refused a placement for which they were selected.
- b. Individuals who are currently on performance probation.
- c. Operator who have been out of the BEP more than 12 months. (Such individuals will be re-screened and may be required to participate and complete additional training to update skills in order to be eligible for placement).

B. Announcing and accepting Applications for placement in a BEP business operation.

1. The process of identifying and selecting someone to operate a new Business Enterprise Merchandising Operation, or one that is or will be vacant, should be started at the earliest opportunity to provide for continuity at a Business Enterprise Merchandising Operation (e.g. for a new operation when the Grantor Agreement has been negotiated and is in process for signatures, when the BEP has been notified by existing operator of planned retirement, when an existing BEP operator accepts a new location, etc.).
 - a. The mailing of an announcement is the first step in the process of identifying potential candidates and selecting an operator. The announcements, including enclosures, will be sent by USPS mail and Email.
 - b. The announcement (with inclusions) will be sent to:

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- i. All individuals on the current list of Licensed Operators (all current operators, all operators on probation, all displaced operators);
 - ii. BEP licensees;
 - iii. Courtesy announcements (clearly marked as such), without the enclosures, will also be sent to:
 - A. The grantor.
 - B. Rehabilitation counselors for the blind (RCB).
 - C. BEP trainees who have not yet been certified.
2. The announcement will include the announcement itself and accompanying enclosures, as follows:
- a. The announcement notice itself will contain application instructions;
 - i. The Application deadline. The deadline date set for the receipt of applications will be at least 15 days after the mailing of the announcement, and may be more if speed is not essential for the specific situation;
 - ii. Address where to send the application.
 - iii. Who to contact if there are questions and how to contact him/her.



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- b. Information about the BEP merchandising location:
 - i. The name;
 - ii. The location;
 - iii. The type and size of the operation.
 - iv. Estimated building population;
 - v. Type of merchandising operation and equipment in the facility;
 - vi. Average gross sales for the last six months and percentages of gross profit, net payroll expenses, business operating expenses, profit from operation, and total purchases taken from the monthly Operating Statements;
 - vii. Any information to clarify or qualify Operating Statement information and any known future, or planned, changes which may affect: sales, potential income, or the nature and type of the merchandising operation;
 - viii. Contact(s) to obtain more information regarding the available merchandising operation.
- c. A copy of the qualifications for applying (see above).
- d. A blank application that contains, at minimum, essential required information and a dated signature indicating interest in applying for the advertised merchandising operation. A signed



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letter of interest containing the required information will also be accepted.

The application form, or letter of interest, must include:

- i. Full legal name;
- ii. The specific merchandising operation that the individual is interested in;
- iii. A statement that the individual is:
 - aa. Either a BEP licensee (and date of licensing) or licensed operator in the State of Arizona (and date of license).
 - bb. Legally blind.
 - cc. In good standing (i.e. meets all of the preconditions to qualify for placement in a Business Enterprise Merchandising Operation and license has not been revoked.
 - dd. Qualified to operate the merchandising operation that is available.
 - ee. The individual's dated signature.
- iv. The application will also contain pre-printed information about the fact that there is a priority order for selection and placement into a Business Enterprise Merchandising Operation.



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- e. Any additional information about the operation that may be useful or necessary for a potential applicant to decide whether to apply.
- f. The formal notice shall be mailed at least fifteen (15) calendar days prior to the announced closure of the application filing period.

3. Application review and notification

The BEP shall inform the applicant within 2 working days from the application filing closure date if any required information is missing or if the individual is not qualified to apply.

- a. If the BEP determines that the application information is not complete or correct, the BEP shall provide a list of the specific deficiencies in a written notice to the applicant and give the individual ten (10) working days to supply the missing information.
- b. Review of the application, or letter of interest, for completeness. Completeness means, at a minimum, the identification of the BEP business he/she is applying for, the name and BEP status (licensed operator or BEP licensee) of the applicant, and a statement of interest in operating the business;
- c. Verification of the individual's status as a BEP licensee or licensed operator through review of BEP records.



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4. The BEP will acknowledge receipt of the application, or letter of interest, and inform the applicant on whether he/she met the pre-screening criteria as soon as possible.
5. If the BEP determines that the individual is not eligible **after receipt of application**, BEP will explain in writing **(within 5 working days)** why **the application was found ineligible**. The applicant shall have ten (10) working **days to provide information disputing the ineligible notification**.
6. At the same time that individuals are informed that their applications were received, qualified applicants are invited to the final selection process.
7. During the time of receiving the individual's application and the making of a final selection for placement into a new Business Enterprise Merchandising Operation, the BEP will determine whether the individual qualifies for selection into a new verify whether the individual is in good standing and is qualified to be selected.

C. Qualifying an Eligible Applicant

An eligible applicant must be in **good standing** for consideration of placement into a new BEP merchandizing operation.

Applicants will not be allowed to change the status of their application after the closing date except to withdraw their letter of application.

Individuals who don't meet the following qualifying criteria for being in good standing are not included in the selection



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process nor are they interviewed. The individual shall:

1. Be in substantial compliance with the provisions of their Operator's Agreement
2. Currently owe no past due debts to BEP.
 - a. Inventory debts for a prior facility shall be considered past due 60 days from notification of the final inventory valuation.
 - b. Setaside debts shall be considered past due 60 days from receipt of BEP invoice.
3. Not currently be in non-compliance with the health code.

A review of exhibits, I, II, and III from the operators past or current Operators Agreement will be made by the consultant.

Any documented and substantiated violations on file will be noted and the qualification committee will consider those in the final qualification vote.

4. Not have had more than two substantiated customer complaints during the prior six-month period.
 - a. "Customer" includes both a customer of the Business Enterprise Merchandising Operation and the Grantor.
 - b. A "substantiated" complaint will be considered to exist only when:



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- i. A written complaint has been received from a customer; and
- ii. Follow-up on the complaint has been done by BEP consultant and the consultant finds factual evidence to support the complaint; and
- iii. The consultant has met with the operator on the complaint and a written corrective action plan has been attempted or initiated; and
- iv. The operator was given an opportunity to appeal the corrective action plan; and
- v. There was a failure by the operator to either accept a corrective action plan or to comply with an agreed on action plan within the time frames stated within that corrective action plan; and
- vi. The operator has been notified of failure to comply, it's potential impact on selection for placement in a new Business Enterprise Merchandising Operation, and a copy has been filed in the operator's file.

There cannot be a "substantiated customer complaint" if there was a failure by BEP to follow up on a customer complaint.

5. Have maintained a level of inventory adequate for the location in which the operator is currently placed.

As regards the criteria that an operator qualifies based on "Maintenance of a level of inventory adequate for the location..." he/she must:



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- a. Consistently maintain a level of "responsible inventory" consistent with the one filed with BEP and the Operator's Agreement;
 - b. Failure to maintain an adequate level of inventory must be documented by past inventories for at least the preceding two inventories. The results of these inventories must have been communicated to the operator, as well as information about the potential consequences for not maintaining an adequate inventory level.
 - c. Submit a complete annual inventory within 30 days of the due date prescribed by BEP.
6. Demonstrate a degree of profitability of the facility currently under the operator's management.
 7. Show involvement in training and seminars.

An operator does not meet this criterion when:

- a. He/she does not follow through in attending seminars or training after having been advised of a deficiency and required to comply with a training plan;
- b. He/she fails to attend any other training that was identified as being mandatory without being "excused" (see below);
- c. Have attended the entire last "all operators" meeting, unless excused.

Attendance at the "entire" meeting means being present at the "call to order" until announced adjournment.



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An "excused" absence means a written request to the APOC Chairman to be excused. No request to be excused will be accepted if it is made more than ten (10) days after the meeting. The APOC committee will determine whether to grant an excuse at its next scheduled APOC meeting.

d. Not have refused placement in Business Enterprise Merchandising Operation in the last 90 calendar days without good cause.

Repaid money given for cash banks, remitted all operating reports due and set-aside for those reports. Submit or make arrangements to pay all inventories, set-aside due from previous locations or other debts as required by BEP.

A displaced operator shall have met the qualifications of a current operator at the time he/she was "displaced".

8. Whether a BEP licensee applying for placement is in good standing is determined, as follows:

The individual shall:

- a. Have relevant knowledge, skill, training, prior experience or education.

"Relevant knowledge, skill, training, prior experience or education, and the performance of the individual during training" are evaluated at the time an individual becomes a "BEP licensee" (see above).



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- b. Have been licensed by the Arizona BEP as a “BEP licensee”, and
- c. Have successfully participated, as appropriate, in follow-up training if he/she has still not been placed within a Business Enterprise Merchandising Operation after 12 months of licensing.

9. Qualifications - other

For any licensed operator who has not operated a Business Enterprise Merchandising Operation for twelve months or more, the background checks done for an applicant trainee will be redone (see policies discussing background checks for applicant trainees, above), as well as a new:

- a. Financial review;
- b. Review of skills;
- c. Review of fitness for operating a facility.

D. Process for selecting a qualified eligible candidate for an available BEP ***business operations***.

- 1. An information packet will be sent to all eligible applicants who met qualifying criteria for placement. The packet will include:
 - a. The priority order for selecting an operator;
 - b. The time frames for completing this part of the process;



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- d. Information to the applicant that the selection process includes an interview and an oral examination to determine the individuals' general knowledge. The list of potential questions that may be asked as part of the interview will be included in the packet;
- e. A request will be made for the applicant to develop, and bring to the interview, a proposed business plan for the location. The applicant will be told that he/she is expected to present the plan and what evaluation criteria will be used.
- f. For existing operators, the package will include a list of items that will be discussed about their current or recent history with BEP as part of the interview. Advise to the applicant should suggest that the applicant bring along supporting information or documentation as appropriate.
 - i. Profitability of current operation (e.g. Copies of operating statements);
 - ii. Participation in training;
 - iii. Complete and timely submission of monthly reports;
 - iv. Bill payment history (timeliness, regulatories, debts);
 - v. Compliance history (e.g. sanitation, repair, maintenance, etc.) as contained in sanitation and consultant reports;
 - vi. Participation in BEP activities, such as:



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(For APOC members) attendance at APOC;
(For all active operators) attendance at "All
Manager" meetings.

vii. The evaluation criteria that will be used.

2. Priorities in selecting an operator

The selection will be made of the best candidate in the following order of priority. The priority categories (from the highest priority for placement to the lowest) are:

- a. Displaced operators who managed a BEP business at, or above, the level of the available BEP business operation.
- b. All current BEP operators who manage a BEP business at, or above, the level of the available BEP business operation and who are no longer on initial probation.
- c. Any current BEP operator who manages a BEP business at, or above, the level of the available BEP business operation who is on initial probation.
- d. Any trainee BEP licensee for the level of the available BEP business operation.

3. Notifying applicants of the selection committee's decision

Applicants shall be notified of the selection committee's decision by the BEP within seven calendar days of the selection. Those applicants who have not



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been selected shall be notified in writing of right to appeal and the appeal process to be followed.

4. If no qualifying applicant can be selected for placement, a temporary operator shall be placed.
5. A BEP licensee who has been certified within a year of the qualification review is automatically pre-qualified.

E. *Candidate Interview*

Applicants will be informed of the precise date and time at least five working days prior to the interview.

The final part of the process in selecting an operator involves a one hour oral interview. Interviews with each candidate shall include: a review of his/her general knowledge; a discussion of the candidate's proposed business plan for the available BEP business operation; and a review, with the candidate, of his or her history with BEP, qualifications, work experience, training, and level of interest. Specifically:

1. The oral interview contains three elements and must be completed within one hour's time:
 - a. An oral test of general knowledge
 - b. A presentation of the business plan
 - c. A review, with the applicant, of his/her history with BEP, qualifications, work experience, training, and level of interest and involvement with BEP.
2. Although the Grantor does not have a vote, Grantor's input will be solicited. Serious consideration will be



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given to the ideas and input of the Grantor.

3. Both the APOC Chairperson and the BEP Manager will be involved and present throughout the entire qualification and selection process, both to monitor the process and to participate, as necessary and permitted, in the decision making process.
4. Evaluation criteria will be as follows:
 - a. For presentation of the business plan, the individual is evaluated on:
 - i. The quality of the presentation and knowledge of the business plan;
 - ii. The technical accuracy of the business plan;
 - iii. Evidence of familiarity with the available Business Enterprise Merchandising Operation;
 - iv. Completeness of the plan.
5. For the review, with the applicant, of his/her history with BEP, qualifications, work experience, training, and level of interest and involvement with BEP, the individual is evaluated on:
 - a. How well the individual's experience and training correspond with the needs/requirements of the available location;
 - b. How well any performance issues or questions have been resolved or questions answered;
 - c. The level of interest and involvement with BEP
 - d. The applicants' appearance and general demeanor.
6. For the oral test portion, the applicant will be evaluated based on:



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- a. The correctness of the answers;
 - b. The completeness of the answers;
 - c. The clarity and quality of the applicant's responses.
7. The actual selection (vote) will be based on the results recorded on scoring sheets provided for this purpose to committee members. The scoring sheet will contain separate scores for each of the 3 elements of the interview. The assigned weight of each element will be as follows:
- (0) for below average;
 - (1) for average; and
 - (2) for above average or excellent.
8. The result totals will be tallied and certified by the BEP Manager in the presence of the APOC chairperson. The APOC chairperson will certify that process was correct.
9. In the case of a tie, the selection will go to the applicant with greatest seniority in the program as long as the scores are acceptable (at least a score of 1 or 2). If there is only one applicant, the applicant will be selected as long as the score is acceptable.
10. The interviews will be recorded on audiotape. These tapes and supporting documentation will be saved and kept on file for a minimum of 90 days after the selection in case of appeals.

F. Review of Committee Selection and Notification of results



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The BEP Manager will share the voting results verbally with all candidates immediately following the selection committee vote. The BEP manager will also indicate to the candidates that the vote is not final until they are officially notified by RSA that there are no substantive issues with the selection.

The results of the selection process will be communicated to the RSA for review. The RSA will make known any issues they may have with the selection, or the selection process, within one working day upon receipt of the selection information.

If there are no substantive issues raised by the RSA, the results of the selection process will be communicated in writing to all applicants (with a copy to the VR counselor, the BEP Contracts Specialist, and the Grantor) within a day of the selection decision. This communication should be done before, or at a minimum concomitant with, any public announcements.

The letter to the applicants will be in writing and contain information relating to rights of appeal and the process to be followed.

All persons involved in the selection process shall not discuss or release any information pertaining to the selection at any time unless requested to do so by RSA, BEP or APOC.

G. *Operator's Agreement*

The Operator's agreement refers to AAC R6-4-312.



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An Operator's agreement will be developed and signed by the operator on the day that the operator takes over management of a Business Enterprise Merchandising Operation: i.e. at the time of the inventory. The Operator's Agreement is not time limited and will remain in effect, as is, until officially modified or rescinded.

The Operator Agreement and the Grantor Agreement will be presented and read to the incoming operator at least three days prior to the take-over/inventory day. The BEP will also have the operating permits available. At that same time, the incoming operator is to submit a copy of all required licenses and insurance.



IV. CLOSING AND COMBINING BUSINESS ENTERPRISE MERCHANDISING OPERATIONS

Decision by BEP to Abandon an Existing Business Enterprise Merchandising Operation or to Combine Two or More Existing Operations

A. Reasons to abandon or combine existing Business Enterprise Merchandising Operations include:

1. When a Business Enterprise Merchandising Operation does not generate sufficient income to sustain an operator and cannot reasonably be expected to become profitable; and
2. The Business Enterprise Merchandising Operation cannot, or should not, be combined with another existing Business Enterprise Merchandising Operation
3. Unavailability of a qualified BEP operator.

B. Process to decide whether to abandon or combine locations

The decision to abandon or combine an existing Business Enterprise Merchandising Operation, based on low profitability must follow the following process:

1. Monthly reports must indicate insufficient revenues based on standards for a "successful" Business Enterprise Merchandising Operation.
2. When there are insufficient revenues in succeeding months which cannot be explained by a seasonal fluctuation or other known factors, the BEP consultant



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will identify the operation as a "problem" operation and begin work with the existing operator to determine the reasons for low revenues.

3. While the decision to place a vending machine is based on a number of factors including services requested, hours of operation, staff/visitor counts, competing services near the location and type of work done, there is a need to measure the viability of a machine as a contributing part of a facility once placed. The following are recommended guidelines to evaluate if a machine is "viable" to continue being serviced by a blind vendor or a subcontractor:

- Does the machine average less than \$200 per month in sales for a minimum of six months (\$100 pulled in cash every two weeks)?

4. The BEP consultant will notify both the APOC chairperson and the BEP manager of an operation's "problem" status. A committee will be formed to develop a proposed action plan, including time-frame for a final report/ recommendation.

5. The APOC chairperson and the BEP manager will monitor the action plan and act on a consultant's recommendations. Actions can consist of a plan to make the operation profitable, a decision to abandon the operation, strategies to combine the operation with another existing or with a new operation.



C. A decision to close a BEP operation

1. A decision to abandon a BEP operation can be based on:
 - a. Low profitability and no reasonable alternative to make the operation profitable (by combining operations, expanding the operations, etc.); or
 - b. Unavailability of a qualified operator or a BEP licensee and no reasonable way to obtain a qualified or temporary operator; or
2. A decision to abandon an operation can be made only by the Administrator of RSA on recommendation of the BEP Manager and concurrence of APOC.
3. Proper notice must be given both the Grantor as required by the Grantor Agreement and the existing operator. An existing operator becomes a displaced operator and has priority in obtaining a new location that becomes available for which he she is qualified (certified).

D. Combining two or more BEP operations

1. If the profitability of a BEP operation cannot be enhanced to the required level, one option is to combine that operation with either another existing operation or with a new BEP operation.
2. Since combining two operations means that one person could become a displaced operator and the other acquires the potential for increased income, a



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decision to combine existing operations must be weighed carefully.

3. Selection of an operator to manage what used to be two operations is usually based on the nearness of the remaining operation to the one being combined and on an operator's ability to manage both operations. This decision is only made after full consultation between the Manager of BEP and the APOC.

4. The two operations being combined become a single operation. This means that the number of one of the locations is abandoned and that a new Operator's Agreement is developed which reflects the expanded Business Enterprise Merchandising Operation that results.

E. Managing an abandoned BEP operation

1. A BEP operation which is abandoned must be made available to qualified applicants as soon as possible.

2. In the meantime, the operation can be managed on a temporary basis by a "temporary operator" as described below.



V. OPERATOR SUPPORT SERVICES

A. Upward Mobility Training

Skills enhancement training will be incorporated in the bi-annual “All Managers” meetings. A standing committee (with lead from APOC and which also includes representatives from BEP and VR Program) on training is responsible to develop additional training opportunities for operators throughout the year.

1. Operator Travel Procedures

a. Approval

The BEP Manager must approve all requests for travel. The training or seminar must be related to the Randolph Sheppard or other BEP areas. Approval request must be in writing and contain the following information: (Use BEP Operator Travel Request Form)

1. Name and Dates of seminar or training activity.
2. Dates of travel
3. Agenda or description of training to be taken
4. Approximate cost of attendance including registration. If any.
5. How will attendee benefit by attending.

The BEP Manager will review the form and return within five (5) business days with approval or disapproval. An explanation will be given if travel is not approved.

b. Making Travel Arrangements

All travel arrangements must be made and paid for by the by the Operator.



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c. Reimbursements

Expenses for spouses or guest are not reimbursable. BEP will reimburse eligible travel expenses after receipt of necessary documentation.

Reimbursements for travel, lodging, registration and meal per diem will be made as follows:

aa. Travel will be reimbursed per invoiced amount for airfare, bus or other transportation mode. Transportation to the hotel and back to airport will be covered. Gratuities will not be reimbursed.

bb. Lodging will be reimbursed at the State designated rate according to the State in which you travel.

cc. Registration fee(s) are reimbursed at the stated rate.

dd. Meal per diem is reimbursed according to the state rate.

ee. State rates for lodging and meals can be found on the internet at www.gao.state.az.us

Please detail the need for lodging for in state training or Seminars. Click on Travel information then locate the state of Arizona.

ii. Request for reimbursement must be made within 15 days after completion of



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travel on the designated form supplied by BEP and submission of 20% match fee of amount to be reimbursed.

iii. Reimbursement of travel funds will be processed and received with 30 days of submission.

B. Remedial Training

1. The need for remedial training is normally identified by the BEP consultant for the locations/operators he/she is assigned to, although the identification of such a need can be identified by APOC or BEP manager as well.
2. Remedial training is often a requirement for someone placed on performance probation but can be required under other circumstances:
 - a. For a returning operator who has not operated a facility within the past 12 months.
 - b. As a preventive measure for an operator who has been identified as having deficiencies which are not yet severe enough to require being placed on probation.
 - c. When remedial training is requested by an operator.
3. Remedial training is usually based on an action plan. An action plan is prepared by the BEP consultant in consultation with the affected operator.



4. Remedial training will only become a “requirement” when the BEP manager, after consultation with APOC, has decided to make it a requirement.

- a. Remedial training will be required for all operators that have been removed from a facility due to performance issues.
- b. Completion of the assigned remedial training will be considered “mandatory training” for the purpose of qualifying an individual for future placement in a permanent or temporary facility.

D. *Guaranteed "fair minimum of return"*

See R6-4-322 for additional explanation

- 1. Federal Minimum Hourly Wage times 160 hours per month for the primary facility; or
- 2. Federal Minimum Hourly Wage times the number of documented hours worked at the secondary facility.

E. *Operator Benefits*

Comment [LK2]:

1. Health Insurance

- a. BEP shall reimburse BEP Operators for health insurance policy expenses incurred as directed under this policy.
- b. Operators may purchase a health insurance policy using his/her own funds and may request reimbursement from BEP as outlined in this policy.



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- c. BEP Shall only reimburse the actual costs incurred by the operator for health insurance premiums.
- d. Allowable expenditures shall be capped at \$750.00 per month, per Operator.
- e. Payments made under this policy shall be reported on the yearly 1099 provided to the operator, as allowed by law.
- f. Operators requesting reimbursement shall submit documentation demonstrating the premium amount, as well as proof of payment of the premium (if already paid), to receive reimbursement.

If the Operator's coverage is an addition to an existing group or family policy, any documentation submitted must clearly identify the amount of the premium related to the operator's coverage under the plan.

2. Proof of the premium owed and payment of the premium must be submitted to BEP by the end of each calendar year quarter or if a yearly policy, it may be submitted once per year at the beginning of the year. The dates are March 31, June 30, September 30, and December 31 of each year.

- a. Requests not received during these periods will not be honored.
- b. Operators shall NOT submit reimbursement documentation to BEP with, or as a part of, the



operator's monthly statement. Any documentation provided to BEP shall be submitted as their own separate transaction.

c. Any policy expenses/premiums incurred during a particular quarter not submitted timely as described above shall result in a waiver of the claim of reimbursement.

d. Any unclaimed health insurance reimbursement funds shall be reallocated to the appropriate account.

3. BEP shall make payments within 30 days of each quarter for those Operators who submitted appropriate documentation within the time frames outlined in this policy.

F. Retirement

Comment [LK3]: 2014.09 Approved by all parties

1. BEP shall reimburse BEP Operators for contributions made to qualifying retirement accounts as directed under this policy.

2. Operators may establish and contribute to their own qualifying retirement account and may request reimbursement from BEP as outlined in this policy.

Determination of what constitutes a qualified retirement account should be made by a qualified tax or investment professional. BEP staff shall not advise Operators on what constitutes a qualified retirement account.

3. BEP shall reimburse the BEP Operator for the maximum allowable as determined in each payment cycle only.



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4. Payments made under this policy shall be reported on the yearly 1099 provided to the operator, as allowed by law.

Proof of contributions and/or deposits made by the Operator shall be submitted to BEP within 60 days following receipt of quarterly distribution (The quarter end dates are March 31, June 30, September 30, and December 31 of each year, coinciding with health documentation submissions).

a. Requests not received during these periods will not be honored.

b. The entirety of funds provided under this policy shall be contributed to/deposited in a qualified retirement account. If an Operator fails to provide documentation that the entirety of the funds previously issued to the Operator for retirement under this policy was contributed/deposited in a qualified account, the Operator's rights to reimbursement shall be considered waived by BEP until such time as documentation is submitted.

c. Operators shall NOT submit retirement documentation to BEP with, or as a part of, the operator's monthly statement. Any documentation provided to BEP shall be submitted as their own separate transaction.

5. In the instance that an Operator does not meet the criteria noted in policy G(6)(b)(iii) above, all funds in the Operator retirement account shall be distributed among those who have met the criteria.



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6. New Operators operating their first facility shall be considered to be “opted-in” automatically by the BEP and shall receive a payment in the next quarter payment cycle initially. After the first payment, the Operator shall be subject to the terms of this policy.

7. BEP shall make payments in January, April, July, and October of each year those Operators who submitted appropriate documentation within the time frames outlined in this policy provided there are appropriate funds at those times. If funds are limited, the payments will be sent out annually.



VI. MAINTENANCE AND REPAIR OF MERCHANDISING LOCATIONS AND EQUIPMENT

Business Enterprise Merchandising Operations will be well maintained and equipment kept in good repair.

Comment [LK4]: Policy 2014.02 Approved by all Parties

A. Preventive Maintenance

1. Preventative Maintenance: Food Service. BEP shall be responsible for scheduling and payment of preventative maintenance for the following items when not maintained by the grantor:
 - a. Fire Extinguishers;
 - b. Refrigeration units;
 - c. Exhaust equipment.
 - d. Water and other filters excluding hood filters
 - e. Facility lights and light bulbs

2. Preventative Maintenance: BEP shall be responsible for scheduling and payment of preventative maintenance on vending equipment according to the manufacturer's instructions for the de-scaling of hot drink water tanks.

3. Operators Responsibilities: When not maintained by the Grantor, the BEP Operator (Food Service) shall be responsible for the preventative maintenance, cleaning, and sanitation of all equipment including:
 - a. cleaning of grease traps and removing grease;
 - b. de-scaling; Dishwasher, Hot Beverage machines and ice machines
 - c. Cleaning of hood filters
 - d. Cleaning of door gaskets on all applicable equipment.



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4. The BEP Operator (Vending) shall be responsible for:
 - a. Changing vending equipment light bulbs;
 - b. Changing vending equipment water filters; and
 - c. Cleaning refrigeration unit cooling coils.
 - d. BEP will provide light bulbs and water filters as described above.

Comment [LK5]: 2014.02 Policy approved by all

B. Repair and Service

Comment [LK6]: 2014.03 APPROVED BY ALL PARTIES

1. Policies
 - a. Costs of repair and service for a Business Enterprise Merchandising Operation is arranged and paid for by BEP unless specifically authorized otherwise.
 - b. Repair calls to authorized vendors may come only from a BEP staff person.
2. Procedures for repairs authorized by BEP
 - a. The operator places a repair or service request by telephone Email or Website to the BEP assigned consultant, other assigned BEP staff,
 - b. The operator requesting repair services needs to have the following information:
 - i. Facility Number
 - ii. Address where the equipment is located
 - iii. Type of equipment (i.e. cold food, beverage, hot beverage, frozen food)And at least two of the following:
 - iv. Model Number
 - v. Serial Number



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vi. Tag number or BEP Asset Number

c. The authorized individual to place a repair order:

- i. Contacts the BEP operator to schedule a service time.
- ii. Places the repair order with the appropriate authorized vendor
- iii. Mails or Emails the *Vending Facility Work Order* to the authorized vendor. Along with a vendor Status sheet that is to be left on site with the equipment repaired

d. The repairman must leave a signed copy of the work order and the Vendor status form that work has or has not been completed.

i. The repairman's invoice is sent to the BEP office. The BEP staff (BEP Consultant for expenditures over **\$300.00** and BEP clerk for repairs less than that) reviews the invoice, verifies acceptability of the work with the operator, and authorizes payment of the bill.

ii. The invoice with a dated "OK to Pay" from the BEP consultant written on it is provided to BEP fiscal services for payment.

iii. The Operator will send copies of the completed work orders to BEP with the monthly reports.

Comment [LK7]: Policy 2014.03 Approved by all

e. BEP Maintenance and Repair Procedures for after Normal Business Hours

Comment [LK8]: Policy 2014.04 Approved by all parties

After Business Hours are:



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Weekdays: 5:01 pm to 6:59 am,

Weekends: Saturday & Sunday:
7:00 am to 7:00 pm

f. BEP Staff with Procurement Authority will:

i. Respond to the hot line repair call within one (1) hour with the specified hours above or within the first hour of the next set of specified hours above.

ii. Contact a contracted maintenance and repair vendor to arrange repairs, and have the contracted maintenance and repair vendor contact the BEP Operator to schedule the repair call.

g. BEP Operators will:

i. Only call the maintenance and repair hot line for equipment repairs that cannot wait until BEP Regular work hours (Monday through Friday 7:00 am to 5:00 pm). For Example:

- A risk to public health or safety
- A risk of significant property damage

ii. Provide the BEP Procurement staff answering the hot line with all necessary equipment information – The operator requesting repair service needs to have the following information:

- aa. Facility Number
- bb. Address where the equipment is located
- cc. Full Address



- dd. Floor
- ee. North/East/South/West
- ff. Suite Number
- gg. Type of equipment (i.e. cold food, beverage, hot beverage, frozen food)
- hh. Model Number
- ii. Serial Number
- jj. Tag number or BEP Asset Number

h. BEP Operator Financial Responsibility:

- i. Any after hour's maintenance and repair scheduled by the BEP Operator and not authorized by a BEP staff with procurement authority shall be considered a non-authorized repair and shall be the financial responsibility of the BEP Operator.
- ii. If BEP Operator is not present when the contracted maintenance & repair vendor arrives for the scheduled call and the vendor has to reschedule due to the BEP Operator's absence, the BEP Operator shall be responsible for paying for the costs incurred due to the BEP Operator's absence.

Comment [LK9]: Policy 2014.04 Approved by all parties

Comment [LK10]: Policy 2014.04 Approved by all parties

C. Charges to the operator

Costs to the BEP for repair calls which turned out to be unnecessary or resulted from operator negligence or failure to do preventative maintenance will be charged back to the existing operator.

The process is as follows:



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1. The BEP consultant will contact operator for information about the repair call and indicate plan to do a charge-back to the operator;
2. If warranted, the BEP consultant will recommend, in writing, a charge back to the operator, the basis of charging back costs of a repair, and the \$ amount being assessed;
3. The BEP manager will sign and approve the assessment;
4. The original invoice and the request for the operator to pay BEP back, with a written explanation, will be sent to the operator with the monthly operating statement.
5. The operator will indicate the fact and amount of the pay-back separately on his/her monthly operating statement.
6. The BEP operator can appeal a charge-back using the normal appeal procedures.



VII. PERFORMANCE REQUIREMENTS AND PROBLEM MANAGEMENT

A. *BEP Operators - Minimum Performance Expectations*

BEP operators are expected to meet basic performance requirements, to maintain established profitability levels, and to actively participate in BEP activities.

1. Performance requirements

The BEP operator is expected to operate a Business Enterprise Merchandising Operation: (i) in a competent manner; (ii) in accordance with standards of behavior; (iii) in accordance with the appropriate existing Grantor Agreement; (iv) in accordance with the policies and procedures contained in this Policy Handbook; and (v) in a manner that is satisfactory to customers.

a. Competence

The BEP has developed a list of "basic competencies" for BEP operators. When applied and used, these competencies define professionalism for the BEP Operator. The "basic competencies" are divided into nine categories (see Appendix), as follows:

Administrative and Management
Marketing Management
Financial Management
Employee Relations and Supervision
Product Inventory Management
Food Service
Sanitation and Safety



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Knowledge of BEP history, regulations, policies,
procedures
Management of Vending Machines.

b. Standards of behavior

The BEP operator will maintain standards of behavior. Noncompliant behavior includes:

- i. Fraud in securing appointment as a BEP business operator;
- ii. Dishonesty in dealings with the grantor, clientele, or BEP staff;
- iii. Drunkenness or being under the influence of narcotic or other illegal substances while on duty;
- iv. Use of narcotics, alcohol, or other habit-forming drugs which impact performance and/or leads to conviction;
- v. Behavior involving moral turpitude which results in final conviction of a felony or misdemeanor;
- vi. Discourteous treatment of the public;
- vii. Misuse or unauthorized use of State property.

c. Compliance with Grantor Agreement

The BEP operator will respect the contractual relationship between the BEP and the Grantor. The BEP operator will not initiate discussions or



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engage in activities which affect or change the terms and conditions of the Grantor Agreement or the nature of the relationship between RSA/BEP (as the SLA) and the Grantor. The RSA/BEP alone can negotiate or process any changes to a Grantor Agreement.

The BEP Operator will abide by conditions and agreements contained in the Grantor Agreement. This is an agreement between the BEP and the Grantor relating to the conduct of the Business Enterprise Merchandising Operation. Specific attention needs to be paid to the following:

- i. The normal business/day hours and holiday schedule,
- ii. Compliance with all applicable health laws, and regulations,
- iii. Requirements to work with the Grantor and cafeteria committee for menu planning, resolution of customer complaints, etc.,
- iv. Coordination with the Grantor about access to the Business Enterprise Merchandising Operation and security issues,
- v. Selection and Pricing policies,
 - aa. Selection of items to be sold will be consistent with those agreed to in the Grantor Agreement
 - bb. Prices to be charged shall be as agreed to in the Grantor Agreement.



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- cc. Prices cannot be raised without prior review of the grantor and approval by the BEP,
- dd. Machines should be maintained at minimum of 75% face front fill level on a regular basis; (machines with more than 75% of the available selections empty for more than 48 hours, or machines noted as less than 75% filled after 24 hours from notification by a customer/grantor/BEP staff would be considered out of compliance with this policy).
- vi. The number and placement of vending machines cannot be changed without agreement of the Grantor and approval by the BEP.
- vii. Maintaining the equipment and notify BEP to repair equipment in order to meet time frames specified in the Grantor Agreement.
- viii. Provide Grantor with a contact telephone # and name at all times to deal with problems/emergencies.
- ix. Operator recommended to meet level of appearance in building compliance.

d. Compliance with BEP Policies and Procedures

What follows is a list of the major policies and procedures that directly impact on the operator.

- i. Each BEP operator shall submit to the BEP Office a monthly operator's report no later than



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the 22nd of the following month. Reports may be submitted electronically, via mail, or in person. Regardless of the method of submission, a signed report, supporting documentation and payment must all be received by BEP by the due date to be considered timely. Submissions that are incomplete, substantively inaccurate, or without a full set-aside payment are considered late.

- aa. shall be on a form developed and prescribed by the BEP, in consultation with APOC,
 - bb. shall include all of the information required by the BEP
 - cc. shall be consistent with all reporting instructions provided by the BEP. This report contains a report of income, deductions from income, net profit, and assessment to be paid, and adjusted net profit.
 - dd. BEP staff shall audit the monthly report. Any discrepancies or corrections will be noted on a reconciliation invoice to the operator. Subsequent to receipt of invoice, any additional documentation must be provided within 30 days, or the corresponding assessment must be paid with the following monthly report.
- ii. The BEP operator will pay assessments to the BEP per the Assessment Schedule, based on net profits. Monthly assessments which are due and owing to the Department



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- shall accompany the monthly operator's report in the form of a personal check.
- (a) If an insufficient funds check has been submitted in the preceding 12 months, the payment will be by certified check or money order for the remainder of the 12-month period.
- iii. Along with the monthly operating reports, the BEP operator will also submit:
- aa. Revenue Documentation such as: Vending machine meter readings taken on the last day of each month, z tapes, catering invoices (on prescribed form) along with any applicable subcontract reports including at a minimum: sales report, commission report, and meter reading report
 - bb. Expense Documentation for payroll, regulatory, and other expenses
- Proof of payment of "regulatories" such as:
- Insurance (for policies that will expire in the following month), taxes, license fees, unemployment insurance, etc.;
 - Copies of completed repair work done.
- iv. Merchandise taken from stock-in-trade of the Business Enterprise Merchandising Operation by the operator for his own use shall be accounted for by the vendor and paid for at cost prices.



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- v. BEP will notify operators of debts which are overdue. BEP staff will verify with the operator to be sure it was received and to answer any questions. Evidence must be provided within 30 days if the debt is incorrect or has been paid. The operator's right of appeal will be clearly outlined in the letter. If payment has not been made within 60 days, the debt will be considered past due and may be turned over to the DES Office of Accounts Receivable and Collections for further action.

- vi. The BEP Operator will notify both the BEP and the Grantor of any voluntary leave or absence from the Business Enterprise Merchandising Operation a reasonable time in advance of taking such leave, and of any involuntary leave (sickness, emergencies, etc.) as soon as is possible.

The Operator must have a weekly work schedule which equals at least a 40-hour week.

- vii. The BEP operator will operate the Business Enterprise Merchandising Operation on a cash basis except for such credit accounts as may be established or approved by BEP manager.

- viii. The BEP Operator must notify the BEP Manager 60 days in advance in writing before starting any personal business venture (Letter of intent). We want to be sure no conflict of interest issues exists as



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far as sharing of inventories, potential staffing issues and other items. If any conflict of interest issues is found operator will be notified in writing by the BEP Manager within ten business days. If no issues are found the operator will be notified in writing within one week of receiving letter of intent.

- ix. The BEP operator will provide BEP (and maintain records of) documentation verifying insurance coverage. In case of renewals, documentation of coverage must be available 30 days prior to the renewal/expiration date of the existing policy as follows:

- aa. Insurance certificates that are maintained and up to date and the grantor listed as an additional insured

- bb. Public and product liability coverage

General Aggregate	\$2,000,000
Products—Completed Operations Aggregate	\$1,000,000
Personal and Advertising Injury	\$1,000,000
Blanket Contractual Liability—Written/Oral	\$1,000,000
Fire Legal Liability	\$ 50,000
Each Occurrence	\$1,000,000

- cc. If the business operation includes vending routes that require use of vehicle as part of the business operation, vehicle liability insurance coverage is required (a minimum of \$1 million coverage).



dd. Worker’s Compensation and
Employers’ Liability
Worker’s Compensation--Statutory
Employers’ Liability
Each Accident \$ 500,000
Disease--Each employee \$ 500,000
Disease—Policy Limit \$1,000,000

ee. The operator will be responsible for tracking of when policies expire. Current operators will be required to submit the required insurance certificates no less than 30 days in advance of any policy expiring as noted in policy. This would apply for renewals, carrier changes, or other processes and will be expected to be sent via email to BEP (Office Administrator/or designated party). If the operator directs his/her agent to email the documents to BEP, and there are any issues with the coverage levels, additional insured names, or other, BEP will contact the operator and not the agent for resolution. The agency will no longer be dealing with insurers or agents directly. Operators should contact the BEP office to verify receipt of any document after Operator or agent sends the information.

- If your insurance documents are not received within 21 days of expiration, the operator will



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receive a written notice for violation of policy.

- If insurance documents are not received before seven (7) days of expiration, BEP will notify the operator and grantor(s) that the facility could potentially close after the date of expiration if a new certificate is not provided.
 - If insurance is not submitted by expiration date, the facility will not open the following business day.
- x. The BEP operator will maintain the BEP merchandising facility and the equipment and follow all procedures and guidelines for preventive maintenance and equipment repair, including: grease trap schedule, and any other preventive maintenance schedules on file for the Business Enterprise Merchandising Operation.
- xi. The BEP operator will maintain security of the facility and its equipment.
- xii. The BEP operator will complete the required inventories of their Business Enterprise Merchandising Operation and submit copies to the BEP at the end of each Federal Fiscal year. Failure to submit the required inventories by the prescribed deadline shall result in BEP generating a work order for



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the inventory to be performed, at the operator's expense.

Comment [LK11]: Policy 2014.05 Approved by all parties

- xiii. The BEP operator will consistently maintain a level of inventory consistent with the current "operator's responsible inventory".
- xiv. The BEP operator will permit and cooperate with regular inspections of the Business Enterprise Merchandising Operation by BEP staff.
- xv. The BEP operator will follow policies for purchasing new equipment and rules for ownership.
- xvi. The BEP operator shall not transfer assets/equipment which he/she owns but are determined necessary for the continued successful operation of a BEP merchandising business to others outside of the BEP program or to a corporation (in the case he/she incorporates) without giving the BEP the first option to buy such assets/equipment.
- xvii. The BEP operator will attend any mandatory training, participate in training required under a corrective action or improvement plan, and attend all Operators meetings, unless excused;
- xviii. The BEP operator will maintain records meeting federal and BEP requirements. This includes, but is not limited to: permits, licenses, security codes, proof of insurance,



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workman's compensation payments, payroll data, invoices of all purchases, cashier tapes, inventory results.

- xix. The BEP operator, and staff, will maintain a neat business-like appearance while working at the merchandising location.

The appearance and dress of operator and staff should be appropriate: to the clientele being served and to the functions and kind of business being operated (e.g. kitchen staff need to dress meeting health regulations). The grantor may also set standards which must be observed.

- xx. The BEP operator will handle customer complaints in a prompt and satisfactory manner mutually agreed upon by both parties.
- xxi. The BEP operator will comply with the rules for maintaining good employee relationships and all of the requirements of ADA.
- xxii. Vending Machines merchandised by an operator should be clearly labeled with the operator's contact information:
- aa. Name of Business and/or contact name
 - bb. Phone Number (number where customers can contact someone with feedback)



cc. Other contact information as applicable (refund process, email address, website)

e. Dealing effectively with customer complaints

Operators are expected to work with grantor committees and to deal quickly and effectively with customer complaints (see below #2, "Operator performance – monitoring and management").

Operators are also expected to cooperate and comply with corrective action plans or performance probation requirements dealing with customer complaints.

2. Maintaining established Profitability Levels

The BEP operator will maintain established profitability levels. These will be updated on an annual basis.

3. Attend All Operators' Meetings

a. All BEP operators are expected to attend the All Operators' Meeting: Attendance at the "entire" meeting means being present at the "call to order" until announced adjournment.

b. An "excused" absence means a written request to the APOC Chairman to be excused. No request to be excused will be accepted if it is made more than ten (10) days after the meeting. The APOC committee will determine whether to grant an excuse at its next scheduled APOC meeting.



4. Awards

There are two major BEP awards:

- a. The "All Managers' Award"
- b. The "BEP Tenure Award" which is based on the amount of time an operator has been under a BEP operator's agreement.

B. Operator Performance - Monitoring and Problem Management

1. Monitoring an operation's Profitability Levels

The process is as follows:

- a. The BEP Fiscal Services specialist, who inputs the monthly operating reports, will flag any operator whose profits are below expected averages continuously for three months and report that to the Manager of BEP;
- b. The Manager of BEP involves the APOC and establishes a committee comprised of: the Manager of BEP, the Chair of APOC, the assigned BEP consultant, and the APOC representative assigned to the operator;
- c. The committee will assess the situation and does an initial evaluation by looking at labor costs, recent purchasing pattern, and gross profit margins. Based on this evaluation, the committee, as necessary:
 - i. Instructs the Fiscal Services specialist to collect additional information, such as:



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- inventories, audits, and fiscal records for the last several years;
- ii. Instructs the Consultant to use this information to review issues and concerns with the operator;
- iii. Instructs the APOC representative to inform the operator of APOC's interest and concern.

- d. The committee will meet again in ten days to review the results with the operator. At the end of this meeting, decisions will be made:
 - i. Whether to recommend the BEP put the operator on performance probation and/or initiate a corrective action plan; or
 - ii. Whether to begin a process of determining whether the business operation is viable, should be closed, or should be combined with another business operation.
- e. The location will be monitored to determine whether the profitability level remains low. If the level remains low three months after last committee meeting, APOC will again be brought in and a bi-annual joint review of the situation will be instituted until issue is resolved.

2. Resolution of Conflicts between the Public and an Operator

The primary responsibility for dealing with conflicts between the public and a BEP operator is the operator.

However, since the BEP has management oversight responsibilities for the BEP, since the APOC represents operators, and since grantors have a stake in how



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their customers are dealt with there is potential for considerable confusion of roles and responsibilities.

Guidelines are as follows:

- a. Customer complaints are to be forwarded to the BEP operator immediately, regardless of their source, and the BEP operator should be given the opportunity to deal with the issues(s) before a formal process is initiated.
- b. If the complaint involves serious allegations, e.g.:
 - i. Sexual harassment
 - ii. Health safety concerns

A copy of the complaint needs to be shared with BEP and APOC.

- c. The formal steps for dealing with a customer complaint include:
 - i. The grantor, consultant, or operator obtains a written complaint from a customer;
 - ii. The BEP consultant follows up on the complaint and the consultant finds factual evidence to support the complaint;
 - iii. The consultant meets with the operator on the complaint and together they initiate a written corrective action plan (The operator will be given an opportunity to appeal the corrective action plan);



iv. Failure by the operator to comply with an agreed on action plan within the time frames stated within that corrective action plan can result in the following:

One substantiated customer complaint may be sufficient to place an operator on performance probation. Failure by an operator to meet conditions set during a performance probation will lead to termination of the operator's authority to operate the existing merchandising business. Such failure(s) could eventually lead to revocation of his/her license.

Two substantiated customer complaints during the prior six months will automatically disqualify the operator from applying for other locations.

3. Resolution of Conflicts between an Operator and a Grantor

Operators and grantors need to have strong communication links if the BEP program is to ensure good customer satisfaction and good working relationships with its partners.

However, since the Grantor Agreement is between the SLA and the Grantor, conversations and issue resolution relating to the contractual relationship between the Grantor and the SLA need to include and to involve the BEP staff. Issues that cannot be resolved within the context of the existing Grantor Agreement need to be forwarded to the RSA for resolution.



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The Grantor Agreement includes information about the formal resolution of disputes relating to the Agreement.

Guidelines are as follows:

a. Customer complaints are to be forwarded to the BEP operator immediately, regardless of their source, and the BEP operator should be given the opportunity to deal with the issues(s) before a formal process is initiated.

b. A copy of the complaint is shared with BEP and APOC if the complaint involves serious allegations, e.g.:

- (i) Sexual harassment
- (ii) Health safety concerns

c. The consultant and the operator initiate a written corrective action plan;

One substantiated customer complaint may be sufficient to place an operator on performance probation. Failure by an operator to meet conditions set during a performance probation will lead to termination of the operator's authority to operate the existing merchandising business. Such failure(s) could eventually lead to revocation of his/her license.

Two substantiated customer complaints during the prior six months will automatically disqualify the operator from being selected for other Business Enterprise Merchandising Operations.



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A substantiated customer complaint exists if:

- a. There is a failure by the operator to comply with an agreed on action plan within the time frames stated within that corrective action plan; and
- b. The operator has been notified of failure to comply, it's potential impact on selection for placement in a new Business Enterprise Merchandising Operation, and
- c. A written copy of the notice has been filed in the operator's file.

4. Performance probation

- a. A decision to place an individual on performance probation shall be based on:
 - i. Complaints from the grantor or the public

The decision to place an operator on Performance Probation based on substantiated complaints from any member of the public or the grantor.

The existence of one (1) substantiated complaint may be sufficient to place an individual on performance probation.

- ii. Other



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The following kinds of violations of the Operator's Agreement and of BEP policies also provide the grounds to place an individual on performance probation:

- aa. Gross sanitation issues;
- bb. Actions or conditions which pose dangers to the safety or wellbeing of the customers;
- cc. Falsification of documents;
- dd. Pattern of violations, including but not limited to:
 - Performance problems identified by the BEP during on-site inspections;
 - Profit margins falling below preset levels due to operator performance;
 - Continued failure by the operator to file monthly operating statements on time;
 - Failure to comply with reporting of regulatory requirements (licenses, permits, etc.).



VIII. FINANCIAL AND DATA MANAGEMENT

A. *BEP record keeping*

At a minimum, the BEP will maintain:

1. BEP Facility Files for all Assigned Locations

BEP Facility Files for all Assigned Locations will contain, at a minimum:

- a. Copy of the Facility Survey(s);
- b. The Grantor Agreement;
- c. Signed Preventive Maintenance schedules;
- d. Signed "Responsible Inventory";
- e. Current Annual Inventory Report, including:
 - i. consumable supplies,
 - ii. equipment,
 - iii. vending machines,
- f. Information about operator selection process;
- g. Monthly Operating Reports;
- h. Licenses and permits to operate a food establishment.

2. Operator Files

- a. Operator files will contain, at a minimum:
- b. Qualifying information from selection process
- c. Documentation of training completion
- d. Operator Agreement
- e. Operator's BEP License
- f. Personnel actions (e.g. initial probation, performance probation, revocations of license, complaints, etc.)
- g. Copy of signed "Responsible Inventory"



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- h. Records of liability insurance coverage
- i. Mandatory training requirements: e.g. required during initial probation or remedial probation, which is part of an improvement plan, etc.

B. BEP Operator's Reports and record keeping

1. Access to information

- a. The BEP operator shall maintain financial records of all operations in accordance with generally accepted accounting principles. These records shall be available for inspection by the Department and shall be retained by the operator at least five years unless involved in an audit by the Department. In case of an audit the records shall be retained until the audit is closed and any appeals finalized.
- b. Each BEP operator shall submit to the Department an annual inventory report which shall comply with RSA requirements.
- c. Each BEP operator shall furnish copies of any records and accounts pertaining to the operation of a Business Enterprise Merchandising Operation requested by the Department.

2. Reporting Requirements

The following items must be turned in to BEP with the Operating Statement on a monthly basis.

- a. Z2 tape plus Vending Machine Log. Any commissions received cannot claim as an expense. This can be deducted on your personal income taxes.



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b. Regulatories, including copies of monthly or quarterly reports, cancelled checks, bank statements, money orders, or 940/941 bank deposits. Regulatories include all state, federal, and local taxes, unemployment and insurance payments. Military accounts must also include documentation for payments for insurance and any other employee benefits such as pension and union dues.

c. Copies of all invoices of all expenses including the detail of telephone bills with justification of unusual expenses. Please include copies of cancelled checks or check numbers that can be verified at a later date. Monthly charges for internet services will be allowed if the service is installed in the facility and used in the operation of the business.

d. Fiscal Services Specialist will review adjusted operating statements with consultants for their assigned facilities and consultant will sign off on adjustments. All consultants will also complete a monthly report with the following items:

i. Analysis of line item percentages, note those that are out of line with BEP standard percentages

ii. Any problems or concerns from monthly visitations.

iii. Any communications from the grantor or other individuals.

iv. BEP Manager, Assistant Manager, and Fiscal Services Manager review reports as follows:



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- aa. The date of the last visitation and evaluation.
- bb. Decisions related to requests or recommendations made by the specialist or operator. These decisions will be communicated to the appropriate Specialist and operator
- cc. Analysis of each operating statement and visitation or evaluation report, and determination of any actions or additional review necessary.

- v. Any facilities that have indications of financial problems will have a financial review completed with 30 days.

- vi. Comments on appropriate or inappropriate business expenses and other financial info

- vii. The date of the last financial review for that facility.

- viii. Other comments as appropriate
A copy of the report will be forwarded to the Manager, SBVI

- e. Catering Income:

All catering sales and expenses are to be reported in the month in which they are incurred.

- f. Non-Cash Operations



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Since all credit card transactions require the operator to pay a transaction charge for each transaction this charge must be taken into consideration in respect product pricing to the customer. This charge may be listed as an expense on monthly operating statements.

- g. Complimentary\employee meals are not allowed as a separate expense item on monthly operating statements. They are expensed in total food purchases and cannot be double expensed.
- h. Sales of Lottery and Other Tickets:

Sales should be shown in the month, which the tickets are sold. Ticket expense should also be shown in the month which payment occurs.
- i. Lottery Settlement Invoices will be turned in with monthly report as documentation of sales and commission activity.
- j. Telephone bills: Electronic Communication Expense
 - i. Land lines will be allowed as a deductible expense in order to support the following:
 - aa. Normal phone usage
 - bb. Internet access
 - cc. Credit card Verification
 - dd. Lottery terminals
 - ee. Dedicated fax line
 - ii. Cell phones will be allowed as a deductible expense as follows:



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- aa. Normal business phone usage, no land line charges are considered.
 - bb. Employee business cell phone usage may be claimed as a deductible expense.
 - cc. Employees must work off site or away from the operator to be considered for the deduction.
- h. Employee meals are not an allowable expense.
- i. Internet access will be allowed as a deductible expense as follows:
- i. Computer and line items must be in the operator's facility and be used for business purposes only.
 - ii. Operator must notify BEP of email address for communication purposes.
- j. Late Reports:

One report submitted over 30 days late or two consecutive late reports (after 22nd of the month) will result in the operator being put on performance probation for 60 days.

3. BEP Reconciliation Sheet

The BEP fiscal services will send each designated operator an "expense reconciliation sheet" invoice, which will list any expense item(s) not allowed with an explanation of the problem. The operator will be responsible to respond to BEP concerning the items listed within 30 days or pay the adjusted set aside fee. Proper documentation must be clearly labeled and included with the following months' operating statement or before, if possible. Additional set aside owed is due and must be paid with the following



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months' operating statement or before, if possible. Unresolved expenses will be reflected as a permanent change on the operator's monthly statement. Resolved expense items will be noted by BEP fiscal services and a copy will be sent to the designated operator.

4. Financial Reviews

BEP will perform or arrange for a financial review of each facility every year. Additional facility reviews may be conducted for noncompliance with BEP standards. Any unusual expense incurred by the operator to provide records for review by BEP can be expensed subject to approval of BEP on the subsequent monthly operating statement. BEP fiscal services will contact the operator with respect to review time frames and records needed in advance. The results of the financial review will be forwarded to the operator within 30 days after the initial review.

Operator must respond to findings within 30 days. If a written response is not received within 30 days, the operator will be placed on performance probation per policy I-2(f) for 30 days. If discrepancies have not been resolved within 60 days of the report, the report will be forwarded to DES Office of Accounts Receivable and Collections (OARC) for collection. In addition, the operator will be put on performance probation per policy listed above. Findings may require modification of Monthly Operating Statements for the months reviewed. These modifications may reflect either increased or decreased set-aside requirements for the months reviewed. All financial payments required as a result of the financial review must be paid within 60 days after notification unless extenuating circumstances



exist and different arrangements have been made and approved by the BEP Manager).

A letter of compliance will be issued by BEP Fiscal Services upon resolution of financial review items.

Operators have the right of appeal in respect to financial reviews as stated in BEP Policy Section M- Problem Resolution and Appeal Process.

C. Calculating operator "total income", "total allowable expenses", "net profits", "assessments" and "adjusted net profits"

The operator's monthly "total income", "total allowable expenses", "net profits", "assessments" and "adjusted net profits" is calculated and reported monthly.

Assessment against net profits of operators

The BEP operator shall pay a monthly Assessment based on the net profits of the BEP merchandising business. The monthly assessment will be calculated using an assessment schedule developed by BEP and APOC and approved by the Secretary of the U.S. Department of Education.

The currently approved monthly assessment schedule is:

Net Profits Assessment Schedule

First \$400	2%
\$401-\$500	\$8.00 plus 5% of the amount over \$400
\$501-\$600	\$13.00 plus 10% of the amount over \$500
\$601-\$700	\$23.00 plus 15% of the amount over \$600
\$701 and over	\$38.00 plus 20% of the amount over \$700
<u>*not including commissions</u>	



IX. ASSET MANAGEMENT AND SECURITY

A. Security

Security of the Business Enterprise Merchandising Operation and its assets are a primary concern of both BEP staff and of APOC and the operators. Both the Grantor and Operator agreements contain information regarding security arrangements that have been made. Policies and procedures relating to security that must be adhered to are as follows:

1. BEP staff's responsibility for security

- a. BEP will control availability of Business Enterprise Merchandising Operations' keys under its control by storing the keys in a secured location and controlling access to the keys by designating a security person within BEP responsible for signing keys in and out.
- b. BEP staff will access and use keys for Business Enterprise Merchandising Operations only in emergency situations.
 - i. Such use and access to a facility or its vending machines is only allowed with written authorization from the BEP operator.
 - ii. Only in emergencies in which it is impossible to obtain prior permission from the BEP operator can unauthorized access be gained to a Business Enterprise Merchandising Operation. Any such access should be documented in writing after the fact to the operator.



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iii. The BEP operator is to be informed of any unauthorized access to his/her facility by BEP staff within one working day after the occurrence.

iv. BEP staff must always be accompanied by a second person when accessing a BEP operator's facility.

v. In no instance may BEP staff give someone else access to a Business Enterprise Merchandising Operation. The individual is to be referred to the assigned operator.

c. BEP staff is responsible for purchasing locks and/or other security devices, using non-duplicating keys, for Business Enterprise Merchandising Operations when not provided by the Grantor, or when it is clearly not the Grantor's responsibility.

d. BEP staff is responsible to change over locks when needed and when there is a changeover of an operator.

e. Files relating to specific BEP locations, including financial and personnel records, will be maintained in locked cabinets and accessed only by authorized individuals.

f. When negotiating a Grantor Agreement, security arrangements are documented, including the need for, and use of, special ID badges, access to the building, etc.

2. Vending Machines



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All vending machines assigned to Business Enterprise Merchandising Operations will be fitted with a special lock system which is maintained by BEP staff.

- a. The operator will be assigned two sets of keys; additional sets are maintained by BEP and the vendor who is under contract to service the machines.
- b. If the operator loses keys, all locks in his/her operation will be re-keyed and the cost charged back to the operator. The invoice, with written explanation, will be included with the monthly assessment statement.
- c. The vendor who services BEP vending machines must be bonded. The vendor must make pre-arrangements with the operator before accessing the operator's facility or equipment.
- d. Liability for any thefts or losses of BEP owned equipment, goods or supplies belongs to the State and is covered by the State's Risk Management. Liability for any thefts, or losses, of operator owned goods or supplies belongs to the individual operator. Police reports should be filed for all thefts or losses. The BEP staff is responsible to file the necessary reports to the State's Risk Management.



B. INVENTORY

1. Annual inventories required of BEP operators

BEP operators shall be responsible for conducting a complete inventory for each location on a form prescribed by the Department no later than September 30th of each year, as prescribed by Federal RSA requirements. Operator Annual Inventory Report shall be provided to the BEP no later than the September monthly operating report due date. This requirement will have been met if a complete inventory was done within the previous quarter of the year (July 31, August 31, or September 30) for new BEP locations or change in operator.

Comment [LK12]: 2014.05 Policy Approved by all parties

2. Inventories conducted by BEP

a. When done

- i. An inventory of stocks and supplies, as necessary, to determine/re-determine level of responsible inventory
- ii. A full inventory is done by BEP when an existing operator leaves a Business Enterprise Merchandising Operation and when placing a new operator in an existing location

b. Scope and conduct of the inventory:

The purpose of the inventory is to identify all of the assets of a merchandising operation which are necessary for the continued successful operation of that business. It includes all BEP owned assets and all operator owned assets which are necessary for the



continued successful operation of the merchandising business:

Scope:

- i. BEP owned:
 - (a) The “responsible inventory” (stocks and supplies, initial cash);
 - (b) Standard office equipment;
 - (c) Kitchen appliances and equipment;
 - (d) Vending machines;
 - (e) Standard adaptive equipment.

- ii. Operator owned
 - (a) Cash and stock in excess of the “responsible inventory” levels
 - (b) Insurance and retirement benefits
 - (c) Any equipment or appliances which are necessary for the continued successful operation of the merchandising business which was purchased, and still owned, by the operator.

Conduct of the Inventory

- iii. On-site physical inventory to include:
 - a. Stocks and supplies
 - b. China and flatware
 - c. Kitchen appliances and equipment
 - d. Vending Machines
 - e. Cash
 - f. Office equipment, including standard adaptive equipment

- iv. Inventory extension –



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Outgoing operator is responsible to extend transition inventory to include total valuation of product and cash banks, within 30 days of physical count.

Failure to submit the required extension by the prescribed deadline shall result in BEP generating a work order for the inventory to be performed, at the operator's expense.

Comment [LK13]: Policy 2014.08 approved by all parties

v. All State owned equipment must also be listed on State inventory listed in accordance with departmental regulations.

c. The ownership of everything inventoried must be reviewed and identified in the report, including stocks and supplies, for example:

i. What is Level of "responsible inventory", per the most recent Operator agreement, and what is to be considered over/under and therefore the operator's responsibility?

ii. What is operator owned equipment that is inventoried because it is necessary for the continued successful operation of the merchandising business and will need to purchase from the operator at fair market value when he/she leaves the program or moves to another location?

iii. What is operator owned equipment that is not considered necessary for the continued successful operation of the merchandising business and will remain the property of the operator when he/she leaves the program or moves to another location.



3. The Operator's Responsible Inventory

The "Operator's Responsible Inventory" means the value of initial stocks and supplies, china, flatware, and cash provided by BEP for which the operator becomes financially responsible when he/she initially accepts a Business Enterprise Merchandising Operation; which is the level of inventory the operator is obliged to maintain during his/her tenure (unless level of inventory has been renegotiated); and which must be available and/or paid for when the operator leaves that operation.

a. The operator's responsible inventory consists of:

- i. Initial Cash
- ii. Initial Stock and Supplies at BEP food/drink merchandising operation

The value of initial stocks and supplies provided a new BEP food/drink merchandising operation, based on a percentage of the forecast for the first 2.5 weeks of the operation, becomes part of the incoming operator's responsible inventory.

The value of initial stocks and supplies for an existing BEP food/drink merchandising operation for a new incoming operator, based on a percentage of the forecast for the first 2.5 weeks of the operation using the average actual gross sales data for that facility for the last six months, becomes part of the operator's responsible inventory.



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The percentages to be used are as follows:

- aa. 60% of the value of initial stocks and supplies (for vending banks or vending routes);
 - bb. 48% of the value of initial stocks and supplies (for full service cafeterias without china);
 - cc. 48% of the value of initial stocks and supplies (for snack bars);
 - dd. 45% of the value of initial stocks and supplies (for full service cafeterias, with separate amount for china).
- iii. The value of the initial stock and supplies for Gift Shops and other non-food Business Enterprise Merchandising Operations to be considered the operator's responsible inventory is individually negotiated.
 - iv. China and flatware

The value of china and flatware is based on actual or estimated costs.
 - v. Exceptions to these rules for establishing the value of inventory for a Business Enterprise Merchandising Operation must be approved by the RSA Administrator.



b. Management of "operator initial inventory" for existing Business Enterprise Merchandising Operation

i. The value of the "operator's responsible inventory" will be calculated when an operator accepts assignment of a Business Enterprise Merchandising Operation and again when he/she leaves that Business Enterprise Merchandising Operation.

ii. A copy of the "operator's responsible inventory" will be signed by the operator and BEP manager, **and will be provided to the incoming operator within ninety (90) days of the taking of said inventory.** It will be part of the Operator Agreement.

iii. The BEP is responsible to ensure that stock is good, based on printed guidelines developed jointly by BEP and APOC. Canned foods will not be older than one year, frozen foods no older than six months. Materials with "sell by" dates that will expire within 14 days after end of inventory in vending machines will not be counted or transferred to new operator. (It is important to distinguish between "sell by" or "origination" date. Normal appeal procedures are available to a new operator if he/she objects to determinations of quality and value of initial stock.

iv. When the value of inventory is below the set level, the BEP will provide the incoming operator with the dollar resources to bring the inventory



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up to required levels.

- v. The BEP manager must agree to and sign for:
 - aa. The determination of the value of the operator initial and final responsible inventory;
 - bb. The dollar amount level determined to be necessary (by the BEP consultant) for an initial inventory for a new operator in a new facility;
 - cc. The dollar amount level to be paid to a new operator in an existing operation to purchase additional inventory to bring the initial inventory to acceptable level for the location (and to be used as the new operator's responsible inventory).
- vi. It is the responsibility of BEP staff to recoup the difference between the actual ending inventory and the operator's responsible inventory level (as recorded and filed with the Operator Agreement) from the outgoing operator.
- vii. The BEP manager, in consultation with APOC, will resolve any issues regarding responsible inventories. If resolution cannot be attained at this level, the RSA Administrator (or designee) will resolve the issue, in consultation with APOC.



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- viii. Inventories must be reconciled whenever an operator leaves a BEP location. This inventory can be used by the new operator as the year-end inventory if it was done within three months prior to the required inventory date.
- ix. Inventories cannot be carried forward from one location to another.
- x. The dollar value of a "responsible inventory" changes when there is an increase/decrease in business, introduction of new product lines, new and/or larger vending machines, etc.
 - aa. Approval for the anticipated change is obtained from BEP, which will provide the money needed by the operator to increase the inventory level using the formulas already described. For situations in which the operator has funded an increase in the level of responsible inventory him/herself, the BEP will pay the operator the difference, using the same formulas to calculate appropriate a new inventory level as was used in establishing the initial inventory. The increased value of the operation must be reported and will result in an increased assessment per the approved set-aside schedule.
 - bb. The operator is responsible to negotiate with the BEP for the establishment of a new/different



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minimum level of stocks and supplies he/she must maintain when needed.

- cc. If the operator paid for the increase in inventory level, he/she is responsible to seek payment from BEP at the time a new level is negotiated.
- xi. The BEP is responsible to make sure that any change in the level of the "responsible inventory" is recorded and filed as an amendment to the Operator Agreement.
- xii. The outgoing operator is responsible to use or dispose of any food and consumable supplies in excess of the responsible inventory. Excessive stocks can be refused by BEP (if clearly excessive) when he/she leaves a Business Enterprise Merchandising Operation.

In any case, the departing operator's last month's assessment will be based on Net Profit plus the dollar amount of the excess inventory, using the current set-aside schedule.

- xiii. The operator is obliged to reimburse the BEP for any amount in the value of the operator's responsible inventory below the pre-established "operator responsible inventory" level when he/she leaves his/her Business Enterprise Merchandising Operation.



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- xiv. The operator will be assessed for any movable kitchen appliances that have been lost and have not been replaced when he/she leaves the operation.
- xv. Operators who owe BEP money at the time their Operator's Agreement is terminated shall not receive any money in excess of coin bank allocation from vending machines at the time of inventory. All excess funds shall be used to pay outstanding debts. Any amount in excess of their debt shall be returned to the operator.

C. Ownership of Equipment & Responsible Inventory

The Arizona BEP policies further provide:

1. BEP approval for owner purchased equipment

The BEP is responsible to equip and supply a Business Enterprise Merchandising Operation to the established standards and levels (described in Section C) when a new operator is assigned to the location/business.

An operator of a Business Enterprise Merchandising Operation must obtain approval from BEP to purchase and/or install his/her own equipment. The request must be made in writing to the BEP Manager. A reply will be given within 10 business days.

The approval by BEP must be in writing by the BEP (and filed in the Operator's file as an amendment to



the Operator’s Agreement), as follows:

- a. Whether the equipment will be considered by the BEP as necessary for the continued successful operation of the merchandising business and therefore included in the inventory for that business, or not;
- b. Recognition that all equipment listed as inventory for the business, whether BEP or operator owned, cannot be transferred from that facility by the operator without giving the BEP the option to buy it at fair market value; In addition the BEP can elect to purchase operator owned equipment at any time for fair market value if the operator agrees.
- c. Who will be responsible for the costs of maintaining and repairing of operator owned equipment which is inventoried and considered necessary for the successful operation of the business and operator owned equipment which has been approved for use but is not inventoried and considered necessary for the successful operation of the business.

2. The BEP inventories all goods and equipment

The BEP identifies and inventories all goods and equipment necessary for the continued successful operation of the merchandising business, including what is BEP owned and what is Operator owned (see above).

3. Disposal of equipment owned by the operator



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Disposal of any equipment or appliances which are necessary for the continued successful operation of the merchandising business which was purchased, and still owned, by the operator will be as follows:

- a. In the event the equipment is owned by the operator when he/she dies, leaves the BEP, or transfers to another location, ownership of the equipment reverts to the BEP.

(NOTE: the BEP is required to pay the operator the fair market value for such equipment).

- b. If the operator plans to sell or dispose of his/her equipment, the BEP will have first option to repurchase the equipment.
- c. The BEP will for pay for maintenance and repairs of operator owned equipment which is considered necessary for the continued successful operation of the merchandising business in order to ensure proper operation of the vending facility.

4. Responsibilities for assets

- a. The operator is responsible for keeping all equipment and supplies secure.
- b. The operator is responsible for obtaining authorization to purchase and add new equipment to the business.
 - i. The operator and the BEP are jointly responsible to determine if the new equipment is necessary for the continued



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- successful operation of the business and should therefore inventoried, or not.
- ii. The operator and the BEP are jointly responsible to discuss maintenance and repair responsibilities, consistent with these policies.
 - iii. The BEP is responsible to make sure that the inventory is modified to include any operator owned equipment which is necessary for the continued successful operation of the business.
 - iv. The BEP is responsible to make sure that all agreements are recorded and filed with the Operator Agreement.
- c. The operator is responsible for obtaining authorization to change the level of stocks and supplies which he/she must maintain as stated in his operator's agreement.

5. Ownership transfers

The BEP operator cannot transfer assets which he/she owns but are determined necessary for the continued successful operation of a BEP merchandising business to others outside of the BEP program or to a corporation (in the case he/she incorporates).

The BEP cannot transfer BEP assets for use outside of the BEP program without review and approval of the APOC.



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(NOTE: Any contrary understandings and agreements that exist when these policies become effective must be written down, reviewed, approved and filed prior to January 1, 2001. After that date, no exceptions to these policies will be approved.)



X. PROBLEM RESOLUTION AND APPEAL PROCESS

Conflicts within the BEP can arise in a number of ways. Conflicts can arise because of decisions made by the BEP which adversely affects a BEP candidate, trainee, or operator. Conflicts can also arise between the licensed operator and BEP Section staff.

A. Resolution of Issues between A BEP Operator and the SLA

A BEP candidate, trainee, or operator adversely affected by any decision made by the BEP Section staff shall have recourse to informal reviews of the issue, and fair hearings.

Parties to any dispute will have the right to informally resolve the dispute or to have the dispute mediated prior to Due Process Hearings and Arbitration, as long as the informal processes used do not deny or delay the right of the applicant or eligible individual to a hearing or to deny any other right afforded under laws regulating the VR and BEP programs.

REVIEW THROUGH AN IMPARTIAL DUE PROCESS HEARING

Any applicant or eligible individual who is dissatisfied with any determinations made by a consultant concerning the furnishing or denial of services may request, or, if appropriate, may request through the individual's representative, a timely review of those determinations either through their APOC or directly to the BEP Manager.

Formal impartial due process hearing procedures.

The RSA has formal review procedures that provide that--



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1. A hearing by an impartial hearing officer is held within 45 days of an individual's request for review; unless informal resolution is achieved prior to the 45th day or the parties agree to a specific extension of time;

A written request for a Fair Hearing will be considered received by and filed with the designated State agency (ADES) on the date it is mailed if transmitted via the U.S. Postal Service, or on the date it is received in the office of the ARSA administrator if transmitted by any other means. A request for a Fair Hearing that is not filed within the specified 20 days from the action being grieved, or the mailing of a decision resulting from an informal review, will be considered timely if it is established to the satisfaction of the Department that the delay in the submission was due to Department error or misinformation, or to delay or other action of the U.S. Postal Service.

2. The agency will not institute a suspension, reduction, or termination of services being provided pending a final determination of the formal impartial due process hearing, or informal resolution, unless the individual or, in an appropriate case, the individual's representative so requests or the agency has evidence that the services have been obtained through misrepresentation, fraud, collusion, or criminal conduct on the part of the individual;

3. The individual or, if appropriate, the individual's representative is afforded an opportunity to present additional evidence, information, and witnesses to the impartial hearing officer, to be represented by counsel or other appropriate advocate, and to examine all witnesses and other relevant sources of information



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and evidence;

4. The impartial hearing officers are instructed to make a decision based on the provisions of the approved State plan, the Act, Federal vocational rehabilitation regulations, and State regulations and policies that are consistent with Federal requirements and to provide to the individual or, if appropriate, the individual's representative and to the ARSA Administrator a full written report of the findings and grounds for the decision within 30 days of the completion of the hearing;

5. If the ARSA Administrator decides to review the decision of the impartial hearing officer, the Administrator shall notify in writing the individual or, if appropriate, the individual's representative of that intent within 20 days of the mailing of the impartial hearing officer's decision;

6. If the ARSA Administrator fails to provide the notice required, the impartial hearing officer's decision becomes a final decision;

7. The decision of the ARSA Administrator unit to review any impartial hearing officer's decision must be based on standards of review contained in written State unit policy;

8. If the ARSA Administrator decides to review the decision of the impartial hearing officer, the Administrator provides the individual or, if appropriate, the individual's representative an opportunity to submit additional evidence and information relevant to the final decision;



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The ARSA's review procedures provide for reasonable time extensions for good cause shown at the request of a party or at the request of both parties

9. The Administrator will not overturn or modify a decision, or part of a decision, of an impartial hearing officer that supports the position of the individual unless the Administrator concludes, based on clear and convincing evidence, that the decision of the impartial hearing officer is clearly erroneous because it is contrary to the approved State plan, the Act, Federal vocational rehabilitation or BEP regulations, or State regulations or policies that are consistent with Federal requirements;

Within 30 days of providing notice of intent to review the impartial hearing officer's decision, the ARSA Administrator makes a final decision and provides a full report in writing of the decision, including the findings and the statutory, regulatory, or policy grounds for the decision, to the individual or, if appropriate, the individual's representative;

The ARSA Administrator's decision to review the decision resulting from the Fair Hearing must be based on the following substantive criteria:

- a. The decision is clearly inconsistent with the facts (i.e., the evidentiary record) and applicable Federal and State law and policy (and, therefore, is not supported by substantial evidence);
- b. The decision erroneously interprets or fails to apply provisions of the Rehabilitation Act, Federal regulations, the State plan, or State



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policies and procedures that are consistent with Federal requirements;

c. The decision fails to give appropriate or adequate interpretation to key portions of conflicting testimony or fails to recognize State agency options in the delivery of services which are permissible by Federal Statute or regulations.

The ARSA Administrator’s review of the decision shall be limited to the findings with which s/he takes issue based on the above substantive criteria.

If the ARSA Administrator decides to review the decision, an opportunity shall be provided all parties involved in the hearing to submit additional evidence and information that may be pertinent to the final decision. The ARSA Administrator shall make a final decision and provide a full report in writing of the decision within 30 days of providing notice of intent to review the decision. Reasonable time extensions may be granted at the request of a party, or at the request of both parties, for good cause shown. The final decision shall contain all the findings and grounds upon which the decision is based. Copies of the decision are to be provided to the appellant or, if appropriate, the appellant’s parent, guardian, or other representative.

11. The ARSA Administrator does not delegate responsibility to make any final decision to any other officer or employee of the designated State unit; and

12. A final decision of the Independent Hearing Officer (or the RSA Administrator) may be appealed by a BEP operator for arbitration through the Secretary of



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the U.S. Department of Education pursuant to 34 CFR 395.13.

Selection of impartial hearing officers.

1. From among the pool of persons qualified to be an impartial hearing officer who are identified jointly by the ARSA and members of the State Rehabilitation Council; and
2. Selected
 - i. On a random basis; or
 - ii. By agreement between the ARSA Administrator and the individual or, if appropriate, the individual's representative.

Informing affected individuals.

The State unit informs, through appropriate modes of communication, all operators of--

1. Their right to an impartial due process review, including the names and addresses of individuals with whom appeals may be filed; and
2. The manner in which an impartial hearing officer will be selected (see above).

B. Resolution for Conflicts between BEP Section Staff and A BEP Operator

Conflicts may arise between BEP consultants and BEP operators which are either not appropriate subjects for Fair Hearings or which the operator would rather handle more informally.



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Informal

The BEP manager, in consultation with the APOC chairman, resolves the conflict if possible within two calendar weeks, unless all parties agree to an extension in writing.

If issue cannot be solved in this manner, either the BEP consultant or the BEP operator can request a review and resolution from the RSA Administrator's Office. This request must be made within 10 working days of the earlier decision.

The RSA Administrator's office will resolve the issue in consultation with APOC within a month, unless all parties agree to an extension in writing.

If the issue cannot be resolved in this manner, the formal appeal process will be used.



XI. APOC

State Committee of Blind Vendors

- A. In Arizona, the Arizona Participating Operators Committee (APOC) shall be the state committee of blind vendors which shall actively participate in the Business Enterprise Program as provided below and elsewhere in this Article.
- B. APOC shall enact and publish by-laws consistent with this Article and any applicable regulatory or statutory provisions and provide BEP with a copy.
- C. In fulfilling its ultimate responsibility for the administration and operation of all aspects of the Business Enterprise Program, the Department shall assure that APOC shall actively participate in (including but not limited to the following):

Developing and proposing rules and policies for the BEP.

Resolving grievances filed in writing with APOC by BEP operators. At the discretion of the BEP operator, a member of APOC can act as his/her representative at any fair hearing.

Working with the BEP to establish training curricula and by serving as lecturers, faculty members, or in other roles at such training.

Accepting new trainees, licensing new operators, and selecting operators for placement in BEP merchandising locations.



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Developing Upward Mobility Training opportunities.

Identifying, accepting and developing new Business Enterprise Merchandising Operations.

Deciding to combine, abandon, or assign Business Enterprise Merchandising Operations.

Monitoring and developing action plans for Business Enterprise Merchandising Operations that are in trouble.

Maintaining the list of BEP Licensed Operators eligible to bid on newly available Business Enterprise Merchandising Operations and reviewing each operator annually.

Modifying the Operator's Agreement.

Solving disagreements about payment of "Fair Minimum" payments.

Solving disagreements relating to "Responsible Inventories".



XII. APPENDIX

- a. BEP Eight Step Process/Checklist**
- b. Introduction to the Business Enterprise Program**
- c. Forms**
- d. Initial Contact form (for potential BEP location)**
- e. Vending Facility Initial Site Survey form (for Initial use)**
- f. Survey of Location: Business Enterprise Program form (used for comprehensive survey and as a facility development plan)**
- g. Letter of Intent (sample - used with potential grantor)**
- h. Business Enterprise Program Initial Application form (used by VR client)**
- i. BEP Internship Dress Code (also used for job shadowing)**
- j. BEP Letter of Understanding (used by VR client)**
- k. Trainee License**
- l. Operator License**
- m. Application for Business Enterprise Merchandising Operation**
- n. Operator's Agreement (standard format)**
- o. DES Vending Machine Income Distribution agreement (standard format)**



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- p. Grantor's Agreement (standard format)**
- q. BEP Profitability Chart**
- r. Questions to be used as Test of General Knowledge
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- s. Basic Competencies of Operators**
- t. Monthly Operating Statement (and instructions)**
- u. APOC By-Laws***



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Vending Machines

Vending Routes



XIV. GLOSSARY

"Abandoned facility" means a Business Enterprise Merchandising Operation where a BEP operator has failed to open the facility without good cause for 24 hours.
AAC Title 6, Chapter 4, Article 3 (R6-4-301)

"Active Participation" by the Arizona Participating Operators Committee means that committee members actively participate in: (1) making major BEP administrative decisions, in developing policy, and in making program development decisions which affect the overall administration of the state's BEP merchandising program; (2) receiving and transmitting grievances at the request of operators and serving as advocates in connection with such grievances; (3) developing and administering a system for the transfer and promotion of BEP operators; (4) developing training and retraining of BEP operators; and (5) sponsoring meetings and instructional conferences for BEP operators within the State. 34CFR 395.14(B)

"Active Participation as defined by the Federal Merchants Association"- An ongoing process of negotiations between the State Licensing Agency and the Committee to achieve joint planning and approval of program policies, standards, and procedures affecting the overall operation of the vending facilities program, prior to their implementation by the Agency. The implementation of agreed upon policies, standards and procedures affecting the overall operation of the vending facilities program, shall be subject to review by the committee. It is understood that the agency bears final authority and responsibility for the administration and operation of the vending facilities program, including the assurance of continuing Active Participation with the committee.



"ADA and Accessibility" ADA Title 1(i)(ii); ADA Title 2(i)(ii)(iii); ADA Title 3(i)(ii)(iii); Article 8 RSA Policy Handbook

"Adaptive Equipment" AAC Title 6, Chapter 4, Article 3 R6-4-302; R6-4-302(D).

"Adjusted Net Profits" means the amount remaining after deducting allowable business expenses and the operator's assessment from all income accruing to a BEP operator from the operation of a Business Enterprise Merchandising Operation.

"APOC Vision" Arizona State Statute ARS 23-504, Randolph Sheppard Act 20 USC 107(e) definition 7, 17A(5); 107A(5), 107B, 107B(3)(d)

"Arizona Participating Operators Committee" or "APOC" means a fully representative committee of blind operators elected biennially by their peers in accordance with the APOC by-laws. This committee is an active participant in the administration of the Business Enterprise Program. AAC Title 6, Chapter 4, Article 3, R6-4-301

"Assessments" or "Operator's Assessments" means the charges assessed to licensed operators from their "net profits" which are set aside to pay for management services and operator benefits, i.e., retirement or pension funds, health insurance contributions, provision for paid sick leave and vacation time. Randolph Sheppard Act 107b(3).

"Assigned Location" means a Business Enterprise Merchandising Operation which has been identified as one which will be managed by a blind BEP operator.

"Assistive Technology Assessment"
AAC Title 6, Chapter 4, Article 3, R6-4-302(D)



"Assistive Technology Reassessment after selection"

AAC Title 6, Chapter 4, Article 3, R6-4-302(D)

"Authority"

Authority for the BEP program is derived from the following:

- B. The federal Randolph-Sheppard Act (P.L. 93-516) and 34 CFR Part 395
- C. A.R.S. 23-504 and Arizona Administrative Code (6 A.A.C. Chapter 4, Article 3)
- D. A.R.S. 34-504A
- E. A.R.S. 23-901(f)
- F. A.R.S. 41-1954(A) (1)

"Business Enterprise Program (BEP)" means all of the activities of the Rehabilitation Services Administration, with the active participation of the Arizona Participating Operators Committee, relating to the operation of: (1) vending facilities on federal properties under the authority of the federal Randolph-Sheppard Act (20 U.S.C.S. 107); and (2) merchandising businesses on state, county, or (3) municipal properties under the authority of A.R.S. 23-504.
34CFR 395.1 Terms AAC(P)

"Business Enterprise Program (BEP) Licensee" means a legally blind client of the Arizona Vocational Rehabilitation Program who has successfully completed the BEP requirements for licensing and has been licensed by the SLA.

"Business Enterprise Merchandising (BEP) Operation" is defined in State Statute. It means merchandising businesses on state, county or municipal property include, but are not limited to food service operations, including cafeterias, snack bars and vending machines for food and beverages and souvenir and gift shops. Arizona State Statute 23.504(a); 23.504(b).



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"Business Enterprise Program (BEP) Operator" means a licensee who enters into an operator's agreement with the BEP to manage and operate a Business Enterprise Merchandising Operation. AAC Title 6, Chapter 4, Article 3
R6-4-301.

"Business Enterprise Program (BEP) Manager" means the manager of the BEP Section.

"Business Enterprise Program (BEP) Section" means the administrative unit within the Rehabilitation Services Administration responsible for providing BEP management services.

"Business facility" means a Business Enterprise Merchandising Operation. AAC Title 6, Chapter 4, Article 3
R6-4-301.

"Candidate" means a legally blind client receiving vocational rehabilitation services who is referred to the BEP by a vocational rehabilitation counselor for training and placement within the BEP. AAC Title 6, Chapter 4, Article 3
R6-4-301.

"China, flatware" (purchased by BEP) AAC Title 6, Chapter 4, Article 3, R6-4-302(D)

"Continuing inspections of business facilities"
AAC Title 6, Chapter 4, Article 3, R6-4-316.

"Contracts and procurements definitions" Arizona
Procurement Code



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"Decision to pursue as an "assigned" Business Enterprise Merchandising Operation" 34 CFR 395.3(3), Arizona State Statute ARS 23-504A (SOP)

"Degree of Profitability" AAC Title 6, Chapter 4, Article 3, R6-4-308(C)(1)(D)

"Department" means the Arizona Department of Economic Security. Title 6, Chapter 4, Article 3, R6-4-301.

"DES Vending Agreements" AAC Title 6, Chapter 4, Article 3, R6-4-324(A)(B)

"Displaced operator" means a licensee who has operated a Business Enterprise Merchandising Operation in Arizona under the provisions of this Article and is not currently assigned to a Business Enterprise Merchandising Operation as a result of a facility or building closure or medical leave.
AAC Title 6, Chapter 4, Article 3, R6-4-301.

"Exchange of business facilities prohibited" AAC Title 6, Chapter 4, Article 3, R6-4-317,

"Fair Minimum of Return" means a minimum level of net profit for a licensed operator based on the federal minimum usage at 160 hours per month (Number of Business Days times Eight (8) hours=Allowable). AAC Title 6, Chapter 4, Article 3, R6-4-301.

"Federal Regulations" 34 CFR - 395.4(c); 395.4(c); 395.13;

"Formal acceptance into the BEP training program"
34 CFR 395.3(7); 34 CFR 395.7(a);
AAC Title 6, Chapter 4, Article 3,
R6-4-304(A)(1)(2)(3)(4),(B)(C)(F);



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"Formal Application Review Process" ARS § 41-1074; ARS § 41-1075

"Funding for the BEP Program" AAC Title 6, Chapter 4, Article 3, R6-4-323 and R6-4-321; Randolph Sheppard Act, 107(B)(3)(c); 34 CFR 395.8; 34 CFR 361.49(A)(5)

"Grantor" means the agency that grants a permit to, and/or enters into an agreement with, the BEP to provide a satisfactory permission for the facility of a Business Enterprise Merchandising Operation. AAC Title 6, Chapter 4, Article 3, R6-4-301

"Grantor Agreement" is an agreement between the RSA/BEP and a Grantor to establish and regulate a Business Enterprise Merchandising Operation on the grantor's premises. DES Policy 1-54-01C, Definitions, 7; AAC Title 6, Chapter 4, Article 3, R6-4-302C.

"Guaranteed fair minimum of return" means a guaranteed level of net profit for a licensed operator. AAC Title 6, Chapter 4, Article 3, R6-4-301, R6-4-322(A), R6-4-322(B)(C); Randolph Sheppard Act § 207(b)(3).

"Identifying and recruiting of a potential referral"
34 CFR 395.3(11)(v), 34 CFR 395.7(a)

"Initial probation" means the first six months after an operator assumes management of their first Business Enterprise Merchandising Operation, or a higher level Business Enterprise Merchandising Operation. AAC Title 6, Chapter 4, Article 3, R6-4-301 and R6-4-314(A)(B)(C)(D); (SOP).

"Job Shadowing" AAC Title 6, Chapter 4, Article 3, R6-4-305D.



"Law provides..." (20 USCS 107(B)(2))

"Legally blind person" means a person who, after examination by an optometrist or physician skilled in diseases, has been determined to have no vision or acuity or has a central visual acuity of 20/200 or less in the better eye, with the best correction by single magnification, or who has a field defect in which the peripheral field has been contracted to such degree that the widest diameter of visual field subtends an angular distance no greater than 20 degrees. Arizona State Statute 23.504(A); AAC Title 6, Chapter 4, Article 3, R6-4-301.

"Levels of Business Enterprise Merchandising Operation"

are categories of Business Enterprise Merchandising Operations. The levels are as follows:

1. Level One
 - a. Snack bars, vending banks, and
 - b. Gift shops (at which food is not prepared) and all other non-food merchandising operations.
2. Level two
 - a. Coffee shops with limited food preparation (includes, Delis, and "Grab'n Go's").
3. Level three
 - a. Cafeterias with full food preparation; with china or without, and
 - b. Vending Routes.

AAC Title 6, Chapter 4, Article 3, R6-4-305 (B)(C)(D);

"License Requirement" 34 CFR 395.7(a); 34 CFR 305.3(7); AZ § 41-1074; AZ § 41-1075; Randolph Sheppard Act Title 20 USC 107d-4; AAC Title 6, Chapter 4, Article 3, R6-4-308B(1)(2)(3); R6-4-309(4);

"Licensed Operator" means a legally blind person who has a BEP licensee and who is currently managing a Business



Enterprise Merchandising Operation under a BEP Operator's Agreement. Title 6, Chapter 4, Article 3, R6-4-301.

"Management Services" means supervising, inspecting, controlling for quality, consulting, accounting, regulating, in-service training, and providing other related services provided on a systematic basis by the BEP Section staff or by contractors to support and improve businesses managed and operated by licensed operators.

"Manager of BEP is responsible that all selection policies and procedures are followed" 34 CFR 395.3(7)

"Minimum Standards for a Business Enterprise Merchandising Operation"

34 CFR 395.1 (q), Form OHD-RSA-15, II Vending Facilities and Vendors A, 34 CFR 393.3 (3), ARS-23-901f, ARS 41-9154 (A)(1), Arizona State Statute ARS 23-504B, AAC Title 6, Chapter 4, Article 3, R6-4-302.
(SOP)

"Minimum Performance Expectations" (BEP section)

AAC Title 6, Chapter 4, Article 3, R6-4-302(D);
R6-4-322(B)(C); R6-4-306(A)(B), Randolph Sheppard Act § 107(A)(6); RS Act § 107(B)(3); 34 CFR 395.3(5); 34 CFR 395.6(B)

"Net Profits" means the amount remaining after deducting the cost of sales and allowable business expenses from all income accruing to a BEP operator from the operation of a Business Enterprise Merchandising Operation (prior to computing the operator's assessment). R6-4-301, Title 6, Chapter 4, Article 3

"New Operator Installation, Training, Support"

AAC Title 6, Chapter 4, Article 3, R6-4-305(A)(B)(C)(D), R6-4-305(E)(1)(2); 34 CFR § 395.11;



"Operator's Agreement" or "Agreement for operation of a vending facility" means the written contract between the RSA (State Licensing Agency) and a licensee/licensed operator. The Operator's Agreement" indicates the operator's agreement to manage and operate the assigned Business Enterprise Merchandising Operation in accordance with the rules and policies of the BEP. AAC Title 6, Chapter 4, Article 3, R6-4-312; R6-4-301

"Operator's Responsible Inventory" means the amount of initial cash and the dollar value of initial stocks provided by the BEP. The operator becomes financially responsible for this inventory when he/she accepts a Business Enterprise Merchandising Operation. The operator's responsible inventory can increase or decrease during an operator's tenure. The operator is financially responsible to leave or repay BEP for the value of the "operator's responsible inventory" when he/she leaves that operation.

"Orientation and training of the new operator"
AAC Title 6, Chapter 4, Article 3, R6-4-305(A)

"Performance probation" means a period of time not exceeding six months during which a Business Enterprise Merchandising Operation operator who is not on initial probation shall correct documented, unacceptable performance or deficiencies upon written notice by the BEP.
AAC Title 6, Chapter 4, Article 3, R6-4-301,
R6-4-315(A)(B)(C)(D)(1)

"Pre-screening/Initial contact" 34 CFR 395.3(3) (SOP)

"Procurement procedures" Arizona Procurement Code

"Qualifying an individual for entry into the BEP"



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34 CFR 395.7(a)(1)(2)(3), AAC Title 6, Chapter 4, Article 3, R6-4-303D; Arizona State Statute 23.504(A).

"Reciprocity" Randolph Shepherd Act Title 7; 34 CFR 395.7

"Referring procedures/requirements"

AAC Title 6, Chapter 4, Article 3, R6-4-303(a)(c)(e)(f).

"Refusal of a location—disqualification for 90 days"

AAC Title 6, Chapter 4, Article 3, R6-4-310(A); R6-4-310(B).

"Rehabilitation Services Administration" or "RSA" means

the organizational unit within the Department which is responsible for the administration of the Vocational Rehabilitation Program and which is identified as the State Licensing Agency by the federal government. AAC Title 6, Chapter 4, Article 3, R6-4-301.

"Revocation of License" AAC Title 6, Chapter 4, Article 3,

R6-4-319(A)(B)(C); R6-4-319(A)(1)(2)(3)(4)(5)(6)(7).

"Satisfactory Site Requirements" Randolph Sheppard Act 107d(3)(1).

"Selection Committee" 34 CFR 395.3(7)

"Set Aside" means the income received from licensed operators through monthly assessments and income accruing which are set aside to pay for: (1) maintenance and replacement of equipment; (2) purchase of new equipment; (3) management services; (4) guaranteed fair minimum of return; and (5) operator benefits, i.e., retirement or pension funds, health insurance contributions, provision for paid and vacation time.

34 CFR 395.9(a)(b); 34 CFR Part 395;

AAC Title 6, Chapter 4, Article 3, R6-4-321(B);

Randolph Sheppard Act 107(b); 107(a); 107(c); 107(b)(3)(1).



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"State Licensing Agency" means the Rehabilitation Services Administration. 34 CFR 395.7; Randolph Sheppard Act 107(b).

"Steps in the Selection Process" 34 CFR 395.3(7)

"Temporary Business Enterprise Program operator" or "temporary operator" means an individual who contracts with the Department to operate a Business Enterprise Merchandising Operation for a specified period of time and who may or may not be a legally blind person. AAC Title 6, Chapter 4, Article 3, R6-4-301 and R6-4-313(A)(B)(C).

"Termination of Operator's Agreement"
AAC Title 6, Chapter 4, Article 3, R6-4-318(A)(B)(C)(D).

"Trainee" means a candidate who has been accepted into and is receiving training from the BEP prior to placement and licensure. AAC Title 6, Chapter 4, Article 3, R6-4-301.

"Training" Title 20 Randolph Sheppard Act USC 107d-4; AAC Title 6, Chapter 4, Article 3, R6-4-305(A), R6-4-305(E)(1)(2); 34 CFR § 395.11.

"Types and Levels of Business Operated by BEP"
34 CFR 395.3(3), AAC Title 6, Chapter 4, Article 3, R6-4-305(B)(C)(D); (SOP).

"Upward mobility training" means other training that enhances a BEP operator's promotional opportunities within BEP. Randolph Sheppard Act 107a(b); AAC Title 6, Chapter 4, Article 3, R6-4-301.

"Using a Temporary Operator" AAC Title 6, Chapter 4, Article 3, R6-4-313(A)(B)(C).



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"Vending Banks" (as used to describe a Business Enterprise Merchandising Operation) means a location consisting only, or primarily, of vending machines which is part of an assigned location.

AAC Title 6, Chapter 4, Article 3, R6-4-301.

"Vending facility" is defined in the federal law. It means automatic vending machines, cafeterias, snack bars, cart service, shelters, counters, and such other appropriate auxiliary equipment which may be operated by blind licensees, and which is necessary for the sale of newspapers, periodicals, confections, tobacco products, food, beverages, and other articles or services dispensed automatically or manually and prepared on or off the premises in accordance with all applicable health laws, and including the vending or exchange of chances for any lottery authorized by state law and conducted by an agency of a state within such state. Randolph Sheppard Act 107d(3)(7); 107a(5); CFR 34 395.1.

"Vending Machines" 34 CFR 107(a)(b)(c)(d)(e)(f); ARS 23-504A

"Vending Route" means a Business Enterprise Merchandising Operation consisting of a series of vending machines or banks of vending machines in different locations which is "assigned" to a BEP operator.

"Vocational rehabilitation counselor" or "counselor" means the person employed by RSA in the Vocational Rehabilitation Program (VR) who provides counseling and placement services, determines VR eligibility, develops Individualized Plans for Employment, and makes closure decisions. AAC Title 6, Chapter 4, Article 3, R6-4-301.



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"Within 30 calendar days, if same or another Business Enterprise merchandising Operation becomes available"
AAC Title 6, Chapter 4, Article 3, R6-4-309(E).