To: New York State Procurement Council

From: NYS Office of General Services, NYS Procurement (OGS NYSPro)

Subject: New York State Preferred Source Program for People who are Blind (NYSPSP)

Application for Onsite Mailroom Services.

**OVERVIEW:**

NYSPSP is already an approved Preferred Source Provider for Offsite Mailroom/Mail Fulfillment Services, and is requesting to provide on-site services for customers who require it. NYSPSP has submitted an application to add Onsite Mailroom Services to its list of Preferred Sources Offerings which would complete their list of approved mail services. This application is for work to be performed for the New York State Department of Motor Vehicles (NYS DMV) at their Mail Processing Facility in Utica, NY starting on November 1st, 2014. Central Association for the Blind and Visually-Impaired is the member agency who will provide these services at the DMV facility. It is anticipated that work on this service will provide 10 FTEs for persons who are blind. NYSPSP estimates annual sales of $343,150. OGS NYSPro provided preliminary approval of this application pending NY Procurement Council approval, stating that if the Procurement Council denies the application, then OGS NYSPro’s approval is void.

**NYSPSP REVIEW:**

1. NYSPSP’s approved Preferred Source Offerings includes all other types of Mail Fulfillment Service (including, but not limited to Chesire Labeling, Collating, Packaging, Distribution, Pre-Sort Services, Offsite Mailroom Services, etc.). Most of the work the People who are Blind will be performing falls within these categories, with the major difference being that now NYSPSP can perform these services at a customer location. (*Attached is the current list of approved offering for NYSPSP as published on the OGS website.*)
2. NYSPSP is proposing to add Onsite Mailroom Services to its preferred source offering. Central Association for the Blind and Visually-Impaired shall be the provider (member agency) of these Services. Persons who are Blind or Visually-Impaired will use a mail extracting machine to open pre-sorted, incoming mail, sort/batch the opened pre-sorted mail for processing, pre-sort and distribute incoming mail, sort outgoing mail so postage can be computed by weight and class, operate postage machines, and maintain records of incoming mail, outgoing mail, and postage at the DMV Mail Processing Center. It is anticipated that other Member Agencies may offer these services as well in the future.
3. NYS DMV originally awarded this contract via a competitive procurement. The vendor awarded the contract did not pay its employees statutory/fringe benefits, and did not include this in its pricing. However paragraph 2 of this clause expressly required the contractor to include pay all insurance, FICA, and other benefit costs required by law, and by extension, include these in its costs in their proposal. As it does not appear that the contractor included these costs in its hourly rates, NYS DMV proceeded to replace them with a new entity. As such, NYS DMV approached NYSPSP and proceeded work with them to obtain these services. The proposed value of this offering is $343,150.00 per year.
4. The Direct Labor FTE for this work is 10.0 based on 18,750 hours worked at 1,875 hours per employee as required by NYS Department of Motor Vehicles.
5. NYSPSP confirms that this application will preserve 10 jobs for individuals who are blind and promote the socio-economic goals of boosting blind employment.

**OGS REVIEW:**

1. OGS NYSPro reviewed the application and NYSPSP’s list of Preferred Source Offerings and confirmed that NYSPSP is not currently authorized for Onsite Mailroom Services. We also found NYSID was authorized for Onsite Mailroom Services.
2. OGS NYSPro reviewed NYSPSP’s proposed service offerings for Onsite Mailroom Services and determined these are similar to the Mail Fulfillment Services which they are currently authorized to offer as Preferred Source Services.
3. OGS NYSPro received written confirmation from both NYSID and NYS DMV that NYSID had declined to participate. OGS NYSPro also advised NYS DMV that Procurement Council approval would be required.
4. OGS NYSPro reviewed our historical records to try to determine why NYSPSP is authorized to offer all other Mail Fulfillment Services except Onsite Mailroom Services. OGS did find various Blind applications for offsite mail fulfillment services, but we were unable to find an original request that was submitted to the Procurement Council. Perhaps Onsite Mailroom Services were not requested due to an oversight, or resulted from a lack of need, but we may never know.
5. OGS NYSPro conducted a price review comparing NIB/NYSPSP’s pricing to the pricing offered by NIB on its GSA contract and NYSID’s pricing on several Mail Fulfillment applications. (*Please see attached Pricing Chart*).
6. Currently, there is no Centralized Contract for the acquisition of Onsite Mailroom Services in the Utica area.

**PRICING ANALYSIS:**

1. Based on the information provided, it appears DMV’s previous contractor did not include employee benefits in its pricing as required by contract, so OGS NYSPro could not use this as a benchmarking tool.
2. NYSPSP provided comparable GSA pricing for these hourly rates from NIB’s (NYSPSP’s parent company) GSA contract. OGS NYSPro reviewed the NIB GSA pricing and determined NYSPSP was offering NYS DMV lower pricing than GSA.
3. OGS NYSPro reviewed NIB’s pricing against several NYSID contracts for Mail Fulfillment Services. The pricing is relatively comparable. Based on a review of the total costs, it appears that NYSPSP’s pricing is reasonable and within the 15% threshold established by SFL §162.
4. A summary of OGS NYSPro’s pricing analysis is attached.

**PROS:**

1. This application provides very competitive pricing and can help Authorized Users meet their mail fulfillment needs for Onsite Mailroom Services.
2. NYSPSP confirms this will allow for the continued employment of Blind persons in the Utica area by the Central Association of the Blind and Visually-Impaired (CABVI).
3. The Onsite Mailroom Services NYSPSP is proposing to offer are similar to the other Mail Fulfillment Services they

 offer, with the only difference being that NYSPSP will now be performing them onsite.

**CONS:**

1. NYSPSP’s offering provides some competition with NYSID who currently offers some On-site Mailroom Services. However, as there is no purchasing priority among preferred sources for services, OGS NYSPro does not anticipate this will affect NYSID. Competition is good for the State.

**OGS NYSPro CONCLUSION:**

NYSPSP currently offers all other categories of mail fulfillment services and there appears to be considerable overlap, this application is more of an expansion of these same services instead of a brand new offering. OGS NYSPro has determined that NYSPSP’s pricing for all Services is within or below 15% percent of prevailing market pricing as required under State Finance Law §162. OGS NYSPro recommends the State Procurement Council approve the application to add Onsite Mailroom Services to NYSPSP’s Preferred Source Offering List of Services.