



MEMORANDUM

To: New York State Procurement Council
From: OGS Preferred Sources Team (as Staff to the New York State Procurement Council)
Date: September 14, 2016
Subject: Corcraft Commodity Application for Approval of Chemical and Cleaning Products

Corcraft's application seeks NYS Procurement Council approval of the following:

1. Authorization to update the List of Preferred Source Offerings (the "List"), to more accurately reflect the Corcraft Chemical and Cleaning products that have been offered under the general category of "Cleaning Products" established in 1996, and,
2. The addition of three (3) new commodity descriptions in Section A of the List of Preferred Source Service Offerings ("Automatic Dishwasher Rinse Aid," "Mold and Mildew Stain Remover," "Windshield Wiper Fluid") as these offerings do not fit under any descriptions currently on the List.

OVERVIEW

The List of Preferred Source Offerings ("the List") was established in 1996 and Corcraft has continuously offered products designated as Preferred Source offerings with a single checkmark for a broad category titled "Cleaning Products." The List has evolved since its creation, and over time, more specific product categories such as "Personal Care Products," "Glass Cleaner," and "Vehicle Wash" were added to assist purchasers in the identification of more specific offerings. However, Corcraft's products were not identified under these detailed categories, but instead were offered under the single heading of "Cleaning Products." In an effort to more appropriately identify the products offered by Corcraft on Attachment A, the present application seeks to add checkmarks to the List in 17 existing and 3 new categories as reflected on Attachment B.

In a letter application dated July 21, 2016, Corcraft requested Procurement Council approval to update the List to identify the chemical and cleaning products identified on Attachment A, produced by NYS Department of Corrections and Community Supervision (DOCCS), Division of Industries (Corcraft) at the Great Meadow and Washington Correctional Facilities.

BACKGROUND

Since the inception of the List in 1996, Corcraft cleaning products have been sold as Preferred Source Offerings under the general category titled "Cleaning Products." As stated above, over time, more descriptive product categories were added to assist purchasers in the identification of Preferred Source offerings. These changes to the List have been applied to NYS PSP and NYSID offerings, and now Corcraft seeks the opportunity to clarify their offerings.

The State Procurement Council is responsible for recommending the addition or deletion (at the request of a preferred source) of commodities to the list, in order to insure that the List reflects current production and/or availability of commodities. Typically, additions are made only for new commodities, or commodities that are substantially different from those reflected on the List for that entity. Although these are not new offerings for Corcraft, we were unable to find prior Procurement Council approval for these items.

Under NYS Finance Law, Article 11, § 162 Preferred status has been accorded to commodities produced by the Correctional Industries program of the NYS Department of Corrections and Community Supervision (DOCCS). DOCCS has also been granted first priority among the Preferred Source entities, meaning that if a Corcraft commodity meets the form, function and utility requirement of state agencies, public benefit corporations, and political subdivisions, such entities are required to purchase from Corcraft.

LEGAL AUTHORITY

State Finance Law § 162(3)(b) provides that the Procurement Council may recommend the addition of commodities to the List based upon a review of relevant factors as determined by the Procurement Council "including costs and benefits to be derived from such addition and shall include an analysis by the Office of General Services."

In addition, the Preferred Source Guidelines adopted by the Procurement Council contain detailed requirements for applications to add commodities to the List, set forth in Section X.D., Application Requirements. Such requirements include, among other things: (i) Commodity Specifications, including a recitation as to how the commodity is new or substantially different from the commodities already offered by the preferred source; (ii) Market Information, including information on the potential market for the new commodity; (iii) Client Employment, including the nature of the tasks workers with disabilities will perform; (iv) Preferred Source, identifying of the specific preferred source member organizations that will provide the commodity; (v) Value Added, identifying the value added by the preferred source client labor to the commodity; (vi) Direct Labor Workforce, identifying the number and hours of direct labor to be performed by people with disabilities, including the percentage of direct labor to be performed by workers with disabilities; (vii) Cost/Benefit Analysis, including a summary of projected costs and benefits expected to accrue to the State and the preferred source, as well broader social and economic impacts on client employment and government costs; (viii) Cost/Price Data, providing information sufficient for OGS to approve the price data and confirm that the price of each commodity will not exceed 15% above prevailing market price; (ix) Current Suppliers, identifying the current suppliers or contract holders of the proposed commodity, if known; and (x) Preferred Source Suppliers, providing the projected first year value of anticipated contracts, information on any proposed suppliers, and any information as to methods employed in selecting such suppliers.

Corcraft commodity prices are established by the Commissioner of Corrections and Community Supervision in accordance with the Correction Law §186 and State Finance Law §162(5). Prices may not exceed a reasonable fair market price (the price at which a vendor of the same or similar product who is regularly engaged in the business of selling such product offers to sell such product under similar terms in the same market). Lastly, the costs of the products are to be determined in accordance with an agreement between the Commissioner of DOCCS and the Division of Budget (DOB). These requirements for Corcraft are met via the letter from DOCCS Acting Commissioner Anthony Annucci, and the memo from DOB Chief Budget Examiner, Robert Barbato, attached to the Corcraft application.

OGS does not have responsibility for determining fair market price for Corcraft commodities. However, OGS does ensure that items added to the eMarketplace catalog are competitive with current markets.

CORCRAFT APPLICATION INFORMATION

1. **Commodity Specifications**
Attachment A identifies 50 unique product lines, each available in a variety of sizes and configurations (e.g., 5, and 15-gallon, 55-gallon concentrate, 28 oz. ready to use, etc.), as reflected on the spreadsheet attached to Corcraft's application. All of these products are currently available through Corcraft's catalog. No products identified in the application are new offerings.
2. **Market Information**
Corcraft products are available only to state agencies, public benefit corporations, and political subdivisions. Using annual sales estimates provided by DOCCS Acting Commissioner, Staff estimates Corcraft's sales for their Chemical and Cleaning products contained in Attachment A, at \$3,792,000.
3. **Client Employment**
Corcraft states that inmate workers add raw materials and water to a large mixing vessel following a prescribed formulation to complete a batch of cleaning product. Before packaging, a sample of the batch is sent to an in-house laboratory for testing to certify quality. Once certified and released for packaging, the finished product is transferred to storage tanks, which feed filling equipment operated by inmates. The cleaning products are then packaged in container sizes ranging from 1-ounce bottles, to 330 gallon IBC Totes to meet customer needs.

There are currently 160 employees (civilians, corrections officers, and up to 133 inmates) working in the manufacturing plants, warehouses, and business offices at Great Meadow and Washington Correctional Facilities. At current staffing levels, inmate labor represents 83% of the total staffing required to produce these products. Corcraft anticipates that the inclusion of these products on the List will increase demand, which may also increase production. At full capacity, Corcraft could employ an additional 45 inmates daily.
4. **Preferred Source**
Corcraft has been manufacturing cleaning products since 1963. Corcraft's manufacturing goal is to produce quality goods for customers while employing inmates and providing them with realistic work experience. Corcraft states that this helps reduce recidivism and lowers the taxpayer cost of maintaining inmates in prison, which is Corcraft's mission.

At Great Meadow and Washington Correctional Facilities, Corcraft produces soaps, detergents, disinfectants, sanitizers, vehicle maintenance supplies, and more. Great Meadow operates a manufacturing plant for a variety of products, while Washington manufactures only windshield washer fluid and maintains three warehouses.

5. Value Added

An application must specifically address the value added by preferred source client labor to the finished commodity or service. It describes the steps required to produce, manufacture, assemble or repackage a commodity. Corcraft provides the following examples in their application:

- Inmate workers blend Soap pellets and other ingredients in an amalgamator. The product is then processed through simplex and duplex soap plodders, which produce a single long soap billet. The billet continues on a conveyor to a cutter, which cuts the soap billet to the appropriate length for pressing. The billets then enter a Mazzoni Bar Soap Press, which presses the bar into .5, 1, and 3-ounce bars. As a final step, inmate workers package the soap bars in boxes as required by customer order.
- Raw materials (chemicals) are received in bulk containers. Under civilian supervision, inmate workers add raw materials and water to a large mixing vessel following a prescribed formulation to complete a batch of a product. Before packaging, a sample of the batch is taken to Corcraft's in-house laboratory for testing to certify quality. Once certified and released for packaging the batch is transferred to storage tanks, which feed filling equipment operated by inmates. Products are then packaged per order in container sizes ranging from 32-ounce spray bottles, 1 and 2.5-gallon bottles, 5, 15, 30, and 55-gallon drums, or 275 and 330-gallon IBC Totes. Products manufactured include food service degreaser, high-speed floor polish, liquid laundry detergent, and vehicle wash.
- Repackaging: Product is received in 55-gallon drum, inmate staff apply label, fill, cap, and seal 1-gallon container, quality check, pack in case, move full cases to pallet, and shrink-wrap for shipping.

6. Direct Labor Workforce

There are currently 160 employees (civilians, corrections officers, and up to 133 inmates) working in the manufacturing plants, warehouses, and business office at Great Meadow. At current Corcraft staffing levels, the inmate labor ratio makes up 83% of the total workforce.

7. Cost/Benefit Analysis

Corcraft produces quality goods and services to customers while employing inmates and providing them with realistic work experience. Inmate employment offers many benefits including, promoting a safer prison environment by keeping inmates busy, preparing inmates for community reentry, and potentially lowering recidivism. The income generated from the sale of Corcraft commodities supports the programs and lowers the taxpayer cost of maintaining inmates in prison.

Through the Corcraft program, inmate workers are trained to use Personal Protective Equipment (PPE) and learn how to interpret Material Safety Data Sheets (MSDS) for the chemicals they handle. Inmates are also trained in appropriate spill containment and disposal, as well as the appropriate handling of various chemical compounds, even ones considered hazardous. They are trained to use handcarts, pallet jacks, stretch wrap machines, as well as electric- and propane-powered fork trucks. These skills may be transferable into the workplace outside of the prison environment.

8. Cost/Price Data

Corcraft has provided sufficient information to confirm that prices proposed do not exceed fair market price, as supported by the correspondence from the Acting Commissioner of DOCCS and the Chief Budget Examiner from the Division of the Budget. Both are included in Corcraft's application.

9. Current Suppliers

Corcraft is a current provider of the commodities listed in this application. Preferred Sources NYSPSP and NYSID also offer a variety of chemical and cleaning products, and there is some overlap in these products. In addition, OGS centralized contracts Award 22918 - Industrial & Commercial Supplies and Equipment and Award 22830 - Environmentally Preferable Cleaning Products, Programs, Equipment and Supplies offer similar products.

10. Preferred Source Suppliers

Corcraft did not identify suppliers, however they stated that they conduct competitive solicitations and accept bids for the raw materials and supplies used in manufacturing. This helps ensure they get the lowest possible price and these savings keep their prices competitive.

STAFF COMMENTS ON THE APPLICATION

OGS, acting as Staff to the Procurement Council, has reviewed the Corcraft application and confirmed that the application meets the requirements of the State Finance and Correction Laws as set forth above.

The application submitted to OGS was complete and contained specific product information, comparable pricing, material and value added labor costs, and sufficient details to confirm that the work being performed is meaningful and has the potential to result in long term employment.

Staff has confirmed that these Corcraft commodities are being produced, manufactured, assembled, or repackaged by preferred source (inmate) participation, which provides the value added labor to produce the finished commodity.

Upon approval of the Procurement Council, the List of Preferred Source Offerings, Section A will contain additional checkmarks (✓) to identify Corcraft's Preferred Source Status for the chemical and cleaning products identified in this application. These checkmarks (✓) will be added under the Corcraft column on the List of Preferred Source Offerings. In addition, three new categories will be added to Section A of the List. See Attachment B.

Annual sales for Corcraft chemical and cleaning products referenced within this application have been estimated at \$3,792,000 and prices do not exceed fair market value. Lastly, Corcraft has confirmed there are no services included in this application.

PREFERRED SOURCE COMMENTS

Both NYSPSP and NYSID are recused from comment and voting on this application because they offer similar products. They were provided with advance notice, a copy of Attachment A and Attachment B, and the opportunity to submit written comments, which have been included below.

NYSPSP advised Staff that it has no objections since all products are currently being offered by Corcraft and this application does not contain any new products and this is a List clean up.

NYSID, Ronald Romano, President & CEO, NYSID, stated in an email addressed to OGS staff on 09/09/2016, "Based upon our review of the information provided the impact on NYSID sales will approximate \$1.5 million for 61 comparable and approved NYSID items within the 20 categories presented. More importantly there are approximately 50 – 60 individuals with disabilities employed in the production of these products at 3 upstate member agencies that with the loss of these sales will more than likely no longer be employed."

STAFF RESPONSE TO PREFERRED SOURCE COMMENTS

There are no new products being offered by Corcraft. The application is to update the List relative to Corcraft's current offerings. Since there are no new products being offered, Staff is unable to find a basis for NYSID's belief that approval will have a \$1.5M impact on NYSID sales.

In 2015-16 NYSPSP and NYSID both received updates on the List of Preferred Source Offerings. The List was updated to add checkmarks for 80 NYSPSP items previously approved by the Procurement Council and 33 checkmarks for NYSID. These updates were done in conjunction with OGS eMarketplace efforts. Prior to making additions to the OGS eMarketplace catalog, Staff worked with NYSPSP and NYSID to review and verify the original approval and current price reasonableness of all items. During periodic updates to eMarketplace, both NYSPSP and NYSID are asked to provide evidence of past approvals. NYSPSP and NYSID were able to demonstrate prior approvals, therefore the Procurement Council action was not required and Staff updated the List.

EMPIRE STATE DEVELOPMENT REVIEW:

ESD has completed its review of the application from Corcraft for the addition of the chemical products list as a preferred source offering.

ESD researched ten chemical product companies located in New York State. Each company sells the cleaning supplies and degreasers on the preferred source product list. However, they also sell a variety of other products including fans, heaters, cleaning equipment for rental/repair, waste receptacles, liners and food service supplies, among other products. Therefore, it is determined that the majority of small businesses in New York State will not be greatly affected by the preferred source selling the listed chemicals.

Empire State Development has no objections to this application.

STAFF FINDINGS:

1. The proposed prices have been established by the Acting Commissioner of DOCCS, in accordance with NY State Correction Law § 186. These prices do not exceed OGS centralized contract (fair market) prices.
2. The prices established by the Acting Commissioner of DOCCS are based on costs and do not exceed the prevailing/fair market price (as determined at the time of this application).
3. Costs have been determined in accordance with an agreement between the Acting Commissioner of DOCCS and the Director of the Budget, as evidenced in the signed statements attached to the application.
4. Approval will support the goals and mission of the NYS Preferred Source program by providing ongoing employment for over 100 inmate workers. As demand grows, it is expected that Corcraft will create new employment opportunities for 45 additional inmate workers.
5. No new product or service offerings are requested for approval.

STAFF RECOMMENDATION TO THE PROCUREMENT COUNCIL

As detailed above, this application contains products that have previously been offered by Corcraft under the general heading of "Cleaning Products," which should have been previously approved under the more specific headings identified in Attachment B.

Based upon the foregoing, Staff recommends that the Procurement Council approve this Corcraft application for Preferred Source Status for products listed in Attachment A, and approve the identification of Corcraft cleaning and chemical items under more specific Section A categories hereafter.

Enclosures:

ESD Recommendation Memo Dated 09/02/16

Attachment A – Corcraft Chemical and Cleaning Products

Attachment B – List of Preferred Source Offering Commodity Categories



TO: Susan Filburn, Office of General Services
FROM: Christine McCann, Empire State Development
COPY: Beth Warren, ESD; Michael Elmendorf, Corcraft; Christine Irvine, OGS
DATE: September 12, 2016
RE: Application for Preferred Source New Product:
Chemical Products List

ESD has completed its review of the application from Corcraft for the addition of the chemical products list as a preferred source offering.

I researched ten chemical product companies located in New York State. Each company sells the cleaning supplies and degreasers on the preferred source product list. However, they also sell a variety of other products including fans, heaters, cleaning equipment for rental/repair, waste receptacles, liners and food service supplies, among other products. Therefore, it is determined that the majority of small businesses in New York State will not be greatly affected by the preferred source selling the listed chemicals.

Empire State Development has no objections to this application.

CORCRAFT ITEM #	CORCRAFT PRODUCT DESCRIPTION	CORCRAFT INDIVIDUAL CONTAINER SIZE (#Qt, #Gal, #Oz, etc.)	CORCRAFT "SOLD BY" UNIT OF MEASURE (Case, drum, each, pack, etc.)	CORCRAFT QUANTITY PER "SOLD BY" UNIT (how many are in the case, pack, etc.)	CORCRAFT PROPOSED PREFERRED SOURCE PRICE	CORCRAFT UNIT PRICE
U00GERM128004	GERMICIDAL CLEANER 128	1 GAL	CASE	4	\$50.00	\$12.50
U00GERMRTU004	GERMICIDAL CLEANER RTU	GAL	CASE	4	\$34.00	\$8.50
U00HANSAN004	LIQUID HAND SANITIZER	GAL	CASE	4	\$49.00	\$12.25
U00HANSAN07	FOAM HAND SANITIZER	7 OZ.	CASE	16	\$45.00	\$2.81
U00HANSAN17BC	FOAM HAND SANITIZER with BELT CLIP	1.7 OZ.	CASE	24	\$52.00	\$2.17
U015574A0	DEODORANT BAR SOAP	1OZ.	CASE	336	\$30.00	\$0.09
U015574A1	Deodorant/ AntiBacterial BAR SOAP	.5OZ	CASE	1000	\$32.00	\$0.03
U015574B0	DEOD. SOAP (100/Carton)	3OZ.	CASE	100	\$28.00	\$0.28
U015574C0	BAR SOAP ANTIBACTERIAL (200/Carton)	3OZ.	CASE	200	\$49.00	\$0.25
U015574CW	WRAPPED BAR SOAP	3OZ.	CASE	200	\$49.00	\$0.25
U015575A0	TRANSLUCENT SOAP	1OZ.	CASE	336	\$47.00	\$0.14
U015575B0	TRANSLUCENT ANTI-BAC SOAP	3OZ.	CASE	100	\$42.00	\$0.42
U015576B0	TRANSLUCENT TOILET SOAP	3 OZ.	CASE	100	\$42.00	\$0.42
U015578B0	FACE SOAP NO FRAGRANCE	3 OZ.	CASE	100	\$30.00	\$0.30
U015578BW	FACE SOAP WRAPPED	3OZ.	CASE	100	\$32.00	\$0.32
U015579B0	TOILET SOAP (Face and Hand Soap)	3 OZ.	CASE	100	\$28.00	\$0.28
U01FSDGR002	FOOD SERVICE DEGREASER	GAL	CASE	2	\$25.00	\$12.50
U01FSDLR002	FOOD SERVICE DELIMER	GAL	CASE	2	\$16.00	\$8.00
U01FSDWD002	AUTOMATIC DISHWASH DETERGENT	GAL	CASE	2	\$37.00	\$18.50
U01FSDWR002	AUTO DISHWASH RINSE AID	GAL	CASE	2	\$75.00	\$37.50
U01FSPPD002	FOOD SERVICE POT & PAN DET.	GAL	CASE	2	\$22.00	\$11.00
U01FSSAN004	FOOD SERVICE QUATERNARY SANITIZER	GAL	CASE	4	\$55.00	\$13.75
U01GRBC004	BATHROOM CLEANER CONC.	GAL	CASE	4	\$85.00	\$21.25
U01GRBC32RTU	TOILET URINAL CLEANER RTU	32 OZ.	CASE	12	\$50.00	\$4.17
U01GRBCRTU004	TOILET AND URINAL CLEANER	GAL	CASE	4	\$40.00	\$10.00
U01GRCD004	GREENLINE CLEANER DEGREASER	GAL	CASE	4	\$43.00	\$10.75
U01GRDSGT004	DRAIN SEPTIC TRAP MAINTAINER	GAL	CASE	4	\$29.00	\$7.25
U01GREC005	ENZYMATIC ALL PURPOSE CLEANER	5 GAL	DRUM	5	\$41.00	\$8.20
U01GRFF004	GREENLINE FLOOR FINISH	GAL	CASE	4	\$59.00	\$14.75
U01GRFHS004	GREEN SEAL FOAM HAND SOAP	GAL	CASE	4	\$50.00	\$12.50
U01GRFSL015	LIQUID LAUNDRY SOFTENER	15 GAL	DRUM	15	\$94.00	\$6.27
U01GRGC004	GREENLINE GLASS CLEANER	GAL	CASE	4	\$38.00	\$9.50
U01GRHP4004	HYDROGEN PEROXIDE CLEANER 4%	GAL	CASE	4	\$70.00	\$17.50
U01GRLLD004	LIQUID LAUNDRY DETERGENT	GAL	CASE	4	\$27.00	\$6.75
U01GRNFC004	NEUTRAL FLOOR CLEANER	GAL	CASE	4	\$39.00	\$9.75
U01GRNYFF004	OGS APPROVED FLOOR FINISH	GAL	CASE	4	\$59.00	\$14.75

CORCRAFT ITEM #	CORCRAFT PRODUCT DESCRIPTION	CORCRAFT INDIVIDUAL CONTAINER SIZE (#Qt, #Gal, #Oz, etc.)	CORCRAFT "SOLD BY" UNIT OF MEASURE (Case, drum, each, pack, etc.)	CORCRAFT QUANTITY PER "SOLD BY" UNIT (how many are in the case, pack, etc.)	CORCRAFT PROPOSED PREFERRED SOURCE PRICE	CORCRAFT UNIT PRICE
U01GRWR004	GREENLINE WAX REMOVER	GAL	CASE	4	\$67.00	\$16.75
U01GRXB004	OXYGEN BLEACH	GAL	CASE	4	\$26.75	\$6.69
U035580004	SPRAY BUFF MAINTAINER	GAL	CASE	4	\$16.80	\$4.20
U035585004	ZINC BASED ACRYLIC FLOOR FINISH	GAL	CASE	4	\$31.25	\$7.81
U035586004	HI SPEED BUFFABLE FLOOR FINISH	GAL	CASE	4	\$33.00	\$8.25
U045595004	ACRYLIC FLOOR SEALER	GAL	CASE	4	\$26.00	\$6.50
U05CB125004	CHLORINE BLEACH 12.5%	GAL	CASE	4	\$22.00	\$5.50
U065515004	ORANGE GROVE	GAL	CASE	4	\$53.00	\$13.25
U065525004	GREEN MEADOW	GAL	CASE	4	\$33.00	\$8.25
U065589055	INDUSTRIAL STRENGTH CLNR DEGREASER	55 GAL	DRUM	1	\$140.00	\$140.00
U0655MSR32	MOLD AND MILDEW STAIN REMOVER	32 OZ.	CASE	12	\$15.75	\$1.31
U0681VW004	VEHICLE WASH	GAL	CASE	4	\$18.00	\$4.50
U085597004	GLASS CLEANER RTU	GAL	CASE	4	\$9.50	\$2.38
U08WWFRTU004	WINDSHIELD WIPER FLUID	GAL	CASE	4	\$12.00	\$3.00

List of Preferred Source Offering Section A Update Corcraft Proposed ✓ Additions September 2016	
Janitorial & Housekeeping Supplies	
1	Floor Finishes (4&5 Gal Pails)
2	Tough Job Cleaner
3	Bleach
4	Degreaser
5	Dishwashing Detergent
6	Drain Cleaner, Biological Digestant/Deodorant
7	Fabric Softener
8	Floor Finish Remover
9	Food Service Cleaner
10	Glass Cleaner
11	Liquid Antibacterial Cleaner
12	Low Foam All Purpose Cleaner
13	Neutral Disinfectant Cleaner
14	Toilet Bowl Cleaner
15	AUTOMATIC DISHWASHER RINSE AID (New Category)
16	MOLD AND MILDEW STAIN REMOVER (New Category)
Personal Care Products	
17	Antimicrobial Hand & Skin Cleansers
18	Bathing Products
Vehicle Care	
19	Car / Truck Wash, or Fleet Wash Agent
20	WINDSHIELD WIPER FLUID (New Category)