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**MEMORANDUM**

**To:** New York State Procurement Council  
**From:** OGS Preferred Sources Team (as Staff to the New York State Procurement Council)  
**Date:** September 20, 2017  
**Subject:** **NYSPSP Commodity Application for Preferred Source Designation of Central Association for the Blind and Visually Impaired (CABVI) Medicine Cups**

**OVERVIEW**

On March 27, 2017, New York State Preferred Source Program for People Who are Blind (“NYSPSP”), in partnership with Central Association for the Blind and Visually Impaired (“CABVI”) presented the Office of General Services (“OGS”) and Empire State Development (“ESD”) with an application for preferred source designation of Medicine Cups specified in the table below.

Preferred Source Item #	Item Description
176	Medicine Cups, Plastic 1oz, Graduated Markings, 100 per sleeve / 1,000/case
176.1	Medicine Cups, Paper Soufflé 1oz, 250 per box / 1250 per case
176.5	Medicine Cups, Plastic 5oz 100/sleeve 10 sleeves / case

Blind and visually impaired CABVI employees will receive the medicine cups in bulk packages that contain pre-counted, sealed bags of cups. CABVI employees remove items from bulk containers and count the appropriate number of bagged cups, create packaging, and repackage to create a finished product that may be appealing to consumers such as residential group homes and small clinics. The addition of Medicine Cups as a NYSPSP preferred source offering will help ensure the blind and visually impaired workforce at CABVI is provided with ongoing, meaningful, long-term employment.

**BACKGROUND**

The New York State Procurement Council (“Procurement Council”) delegated authority to OGS to approve applications for new commodity and service offerings meeting all the following criteria:

- i. The Preferred Source price must be within 10% of the prevailing market,
- ii. The annual sales volume is less than \$500,000.00, and
- iii. An application review by ESD does not identify any objections from the business community.

Any application that does not meet all the above criteria must be submitted to the full Procurement Council for review and recommendation.

OGS is unable to approve the application under our delegated authority based upon ESD’s determination that the addition of Medicine Cups as a preferred source offering would negatively impact small businesses in NYS. Therefore, the application is being presented to the Procurement Council for a vote.

**LEGAL AUTHORITY**

State Finance Law § 162(3)(b) provides that the Procurement Council may recommend the addition of commodities to the List of Preferred Source Offerings (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.

**NYSPSP APPLICATION INFORMATION**

1. Commodity Specifications are itemized in the table below:

Preferred Source Item #	Item Description	Quantity Per UOM	UOM	Proposed Price	Unit Price
176	Medicine Cups, Plastic 1oz, Graduated Markings, 100 per sleeve / 10 sleeves/case	1,000	CS	\$9.01	\$0.00901
176.1	Medicine Cups, Paper Soufflé 1oz, 250/box 5 boxes/case	1,250	CS	\$10.97	\$0.00878
176.5	Medicine Cups, Plastic 5oz 100/sleeve 10 sleeves / case	1,000	CS	\$15.85	\$0.01585

2. Market Scope

NYSPSP estimates first year sales at \$15,892.00 if purchased by multiple NYS agencies. Upon approval, this product will be available as a preferred source offering to purchasers across the state. Market value is expected to increase as new customers are identified.

3. Client Employment

This application presents expanded opportunities for direct visually impaired employment at CABVI. A successful application will result in additional work for existing employees and provide CABVI with a basis to provide ongoing employment.

4. Preferred Source

CABVI currently has well-trained staff performing production and repackaging in their manufacturing facilities. Adding these products will allow the opportunity for this line to be run on a steady basis, providing consistent employment. There will be training provided but NYSPSP and CABVI do not anticipate any major time demands for this phase-in.

5. Value Added

- a. The Value-Added Labor Statement included in the NYSPSP application states that 10 or fewer employees will provide direct labor for these commodities and that the majority (75%) are people with disabilities.
- b. Direct blind or visually impaired labor will pull bulk product from stock and set up at the packaging work station. They will then open the bulk case, form the new corrugated carton and tape one end, pull out the sleeves/boxes of cups, and insert the necessary number into the new corrugated carton. They will then seal the corrugated carton, label it, place on a pallet, and shrink wrap full pallets for warehousing.

6. Direct Labor Workforce

- a. CABVI provides comprehensive vision rehabilitation, employment and technology services tailored to people with visual impairments. In 2015, they expanded their employee-base to nearly 252 visually impaired individuals.
- b. NYSPSP has estimated that annual Medicine Cup production will require 43.56 direct labor hours; 36.25 of which will be direct blind/visually impaired labor. The blind/visually impaired labor ratio is expected to be 83.22% in their first year of production.

7. Cost/Benefit Analysis

This application presents the opportunity to sustain the ongoing employment of visually impaired workers at CABVI. A successful application will result in additional work for existing employees and provide CABVI with a basis to provide ongoing employment to individuals who might otherwise be dependent upon public resources to meet their basic needs.

8. Cost/Price Data  
NYSPSP has provided sufficient information to allow the OGS Preferred Source Team to confirm that the prices proposed are within 10% of NYS Centralized Contract / prevailing market prices. This information is supported by the market comparable data included in the NYSPSP application, #1307-C Medicine Cups.
9. Current Suppliers  
OGS Group 10100 Basic Medical Supplies and Equipment (Statewide) Award 22720 PC66414 identifies Healthcare Equipment and Parts Co. Inc. d/b/a Med-Part, and PC66415 MedLine as current suppliers. Both companies offer similar products, but packaged in different quantities.
10. Preferred Source Suppliers  
Mountainside Medical Equipment has been identified as the supplier for this product line. Mountainside Medical is a Service-Disabled Veteran-Owned Small Business located near CABVI in Marcy, NY and has been a supplier partner for several years.

#### **STAFF COMMENTS ON THE APPLICATION**

OGS, as Staff to the Procurement Council, has reviewed the NYSPSP application and confirmed that the application meets the requirements of State Finance Law and the Preferred Source Guidelines, as set forth above.

The application submitted to OGS by NYSPSP was complete and contained specific product information, comparable pricing, material costs, labor cost, value added labor details, and sufficient information to confirm that the work being performed by blind and visually impaired individuals adds value and will support the long-term employment of 0.0193 FTE's within the visually impaired workforce at CABVI.

OGS confirmed that these Medicine Cups are being repackaged by individuals who are blind or visually impaired and that this repackaging provides the value-added labor to produce the finished commodity.

Projected annual sales for the NYSPSP Medicine Cups referenced within this application have been estimated at \$15,892.00, and the prices proposed are within 10% of NYS Centralized Contract / prevailing market prices. OGS Contract sales data indicates that between 2014 and 2016 actual sales for medicine cups (all types and sizes) averaged \$61,748.00. The average annual sales for Medicine Cups that are equivalent to those specified in the NYSPSP application is \$30,509.99.

Lastly, OGS has confirmed there are no services included in this application.

#### **ESD REVIEW:**

The ESD memo citing potential adverse impact to NYS small businesses is attached.

#### **STAFF FINDINGS:**

1. The NYSPSP application submitted to OGS is complete and meets the requirements of the NYS Procurement Bulletin – Preferred Source Guidelines, § X. D.
2. Based on the labor steps described in the application, OGS has determined that the value-added labor (manufacturing, producing, assembling, and repackaging) meets the requirements of Preferred Source Guidelines, § B 1-3.
3. OGS also finds the proposed price is within 10% of the prevailing market price that was identified under OGS Contract PC66414, Med-Part, Medical Supplies and Equipment and PC66415, Medline, Medical Supplies and Equipment.
4. This application is for three commodities (items). No service offerings are included in this request for approval.
5. Medicine Cups similar to the items proposed by NYSPSP have been available under OGS Centralized Contracts for many years. Annual sales for these like items have averaged approximately \$30,509.99 between 2014-16.

Note: The table below provides NYSPSP / CABVI product pricing and compares this to OGS Centralized Contract pricing.

Preferred Source Item #	Item Description	Quantity Per UOM	UOM	Proposed Price	Unit Price	OGS Contract Price	OGS Quantity Per UOM	OGS Unit Price
176	Medicine Cups, Plastic 1oz, Graduated Markings, 100/sleeve 10 sleeves / case	1000	CS	\$9.01	\$0.0090	\$40.94	5000	\$0.0082
176.1	Medicine Cups, Paper Soufflé 1oz, 250/box 5 boxes/case	1250	CS	\$10.97	\$0.0087	\$42.70	5000	\$0.0085
176.5	Medicine Cups, Plastic 5oz 100/sleeve 10 sleeves / case	1000	CS	\$15.85	\$0.0158	\$36.45	2500	\$0.0146

**STAFF RECOMMENDATION TO THE PROCUREMENT COUNCIL**

The addition of Medicine Cups will provide purchasers with a preferred source option to meet their purchasing needs and it will provide ongoing employment to 0.0193 FTEs at CABVI.

Based upon the foregoing, Staff recommends that the Procurement Council approve NYSPSP application #1307-C and designate preferred source status to NYSPSP/CABVI Medicine Cups.