

**STATE OF NEW YORK OFFICE OF GENERAL SERVICES – EXECUTIVE DEPARTMENT
MEMORANDUM**

October 30, 2012

TO: State Procurement Council

FROM: OGS Procurement Services

SUBJECT: NYSID Application to add Recycled Copy Paper – Less than Truckload Lots), containing 30% Post Consumer Recycled Copy Paper to the Commodity List

Summary of Application Timeline

- On March 19, 2012, OGS advertised Invitation for Bids (IFB) - 22478 (Recycled Copy Paper – Less than Truckload Lots), containing 30% Post Consumer Recycled Copy Paper; to replace the current contract award (21239-RS) that expired on August 31, 2012.
- Application submitted by NYSID on April 5, 2012 as a request for a product line extension.
- Bids opened April 10, 2012.
- NYSID Application withdrawn and resubmitted April 20, 2012.
- NYSID estimates are based on anticipated purchase volumes referenced in the OGS IFB. Estimated value of offering requires State Procurement Council Approval.
- NYSID application limited to Zones 2 (Central NY Region) and 3 (Northeast NY Region – including Capital District). OGS believes this is the first application for a commodity that is not a statewide offering.
- OGS Centralized Contract for Paper (including 30% Post Consumer Recycled Copy Paper) issued September 13, 2012.
- Empire State Development advises on October 16, 2012 that it neither approves nor denies the application and defers to the State Procurement Council for decision.

Summary of Pricing Analysis

- Attached is an analysis detailing the prices and discounts offered by NYSID on the original April 5 and revised April 20 applications as well as by the Centralized Contract.
- Greatest price differential is in the 8 ½ x 11 size, which is the paper most frequently purchased.
- Administrative fees, excluding product production costs for the 8 ½ x 11 paper stock = 3.4% AVRE plus 3.0% NYSID or approximately 6.4%.
- April 5th application proposed pricing for 8 ½ x 11 size copy paper at amounts that ranged from 17.42% to 20.54% above the amounts bid in response to IFB. Revised application reduced the proposed pricing with ranges from 9.5% to 13.13% premium over the lowest bidder.
- The total 5 year cost differential for Zones 2 and 3 is \$456,573.16 or \$91,314.12 per year.
- This equates to a premium of \$10,146.01 per FTE per year (\$91,314.12 divided by 9 full time jobs).
- If price premium were extended in the future to all zones, 5 year cost differential would be \$676,581.16.

Other Relevant Information

- NYSID advises this preferred source initiative would provide 16 full-time jobs to individuals with disabilities in Binghamton, NY. Value Added Statement indicates the direct labor force would be 10 or

fewer employees (full time equivalents), a majority will be disabled. 9 FTE was assumed in pricing calculation.

- NYSID intends to collaborate with the Association for Vision Rehabilitation and Employment, Inc. (AVRE) to purchase the finished recycled paper stock and then distribute from NYSID's warehouse to all authorized users in Zones 2 and 3.