Preferred Source Town Hall Meeting

April 30 & May 1, 2019

#2019NYGovBuy   @NYSPro  @nysprocurement
Welcome & Introductions
Introductions

Sean Carroll, OGS Chief Procurement Officer

OGS Preferred Sources Team

- Susan Filburn, Deputy Chief Procurement Officer
- John Normile, Assistant Director, Intergovernmental Relations
- Judy Dorsman, Team Leader
- David Keneston, Contract Management Specialist
- John Indelicato, Contract Management Specialist
Agenda

Welcome & Introductions
Preferred Sources & OGS
Updates
Application Timelines
Communication
Questions
Preferred Sources & OGS
OGS Responsibility

OGS Preferred Source Responsibilities

- State Finance Law 162
- Procurement Council Delegations of Authority by resolution
- Procurement Council Delegation of Authority by guidelines
- Procurement Council delegation of responsibility by OGS as staff to the Council
OGS Responsibility

- NYS Finance Law Section 162(6)
  - Confirms the reasonable cost of required labor, materials, and overhead to be incurred under efficient methods of procurement, production, performance, and administration
  - Confirms that price is within 15% of prevailing market
OGS Responsibility

- Delegated by Procurement Council resolution
  - Requires OGS to approve the price of all approved commodities and services over $50,000 provided by Preferred Sources offered to state agencies, political subdivisions or public benefit corporations
  - In 2004 a Council resolution designated OGS with standing authority to act on their behalf to approve applications for new preferred source commodities where:
    - Price is within 10% of prevailing market, and
    - Value is less than $500,000 (annually), and
    - ESD has no objections from the NYS business community
OGS Responsibility

- Delegated by Procurement Council via Preferred Source Guidelines or staff designation
  - Interfaces with Preferred Sources, Procurement Council, ESD, and purchasers to ensure compliance with State Finance Law and Preferred Source guidelines
  - Reviews and approves applications for new products and product price revisions, and applications for new service offerings and service contracts
    - Confirms that the application references an approved Preferred Source offering (unless seeking approval for a new service offering)
    - Confirms that disabled labor ratios meet statutory requirements
    - Reviews applications for completeness
  - Makes recommendations to the Procurement Council for new products and services
OGS Supports the Preferred Source Program

- Supports new services
- Roadshow/outreaches/Power of Purchasing (POP Tour)
- Feedback
- Preferred source education
- Continuous updates to the electronic service application
- Cost compliance
- Periodic price review
OGS Review Process

- OGS receives an application from a preferred source member or through a designated facilitator (NYSPSP/NYSID)

- The application requires all of the following facts and details
  - Purchaser information, requirements, specification, scope of work
  - Work location, schedule
  - Staffing plan, job titles, tasks, duties
  - Hours, wages, benefits, equipment, maintenance, mileage, supplies, insurance, other costs, and the need for supporting documentation
  - Total cost
  - Evidence that the price is within 15% of the prevailing market (comps)
Compliance Review

- All Preferred Source applications must meet statutory labor requirements
- The Preferred Source must document the reasonable costs of labor, materials, and overhead
  - All costs must be based on a customer’s requirement
  - All costs must reflect efficient methods of procurement, production, performance, and administration
Compliance Review

• Proposed prices of products and services must be as close to the prevailing market price as practicable

  ➢ Preferred Source offerings may in no event be priced greater than 15% above the prevailing market prices among responsive offerors for the same or equivalent commodities or services in the same market

  ➢ OGS uses the Prevailing Market Resource sheet that is posted on the website
Updates
Updates

• New website: https://ogs.ny.gov/procurement/preferred-sources
• Electronic Service Application (ESA)
• Completeness for Commodities
• Procurement Guidelines
• Preferred Source Guidelines (coming soon)
• How to Use the Electronic Service Application guide
# Where Do I Find the Electronic Service Application (ESA)?

Where Do I Find the Electronic Service Application (ESA)?

<table>
<thead>
<tr>
<th>Forms</th>
<th>Preferred Source Service Application Overview</th>
<th>MS Word</th>
<th>DOWNLOAD</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Preferred Source Form 1 Agency Application</td>
<td>MS Word</td>
<td>DOWNLOAD</td>
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<tr>
<td></td>
<td>Preferred Source Form 2 Preferred Source Application</td>
<td>MS Word</td>
<td>DOWNLOAD</td>
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<tr>
<td></td>
<td>Preferred Source Form 3 Service Cost Summary</td>
<td>MS Excel</td>
<td>DOWNLOAD</td>
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<tr>
<td></td>
<td>Preferred Source Form 4 Agency Acceptance</td>
<td>MS Word</td>
<td>DOWNLOAD</td>
</tr>
<tr>
<td></td>
<td>Preferred Source Checklist &amp; Guide to Prevailing Markets</td>
<td>MS Excel</td>
<td>DOWNLOAD</td>
</tr>
</tbody>
</table>

[https://ogs.ny.gov/procurement/preferred-sources-resources#formsRegular](https://ogs.ny.gov/procurement/preferred-sources-resources#formsRegular)
Service Application Timeline
Electronic Service Application (ESA)

• Required for all proposed Preferred Source Services Applications with a value exceeding $50,000

• The Overview, 4 Forms plus attachments
  - Application Overview – process summary, instructions, and index of documents
  - Form 1 – Purchasing Agency Statement of Work
  - Form 2 -- Preferred Source Facilitating Entity Service Application
  - Form 3 -- Preferred Source Cost Summary
  - Form 4 -- Purchasing Agency Approval
  - Attachments -- Application Letter to OGS & Market Comparison (mandatory), Designating Agency Corporate Partner Approval/Prevailing Wage/Prior Contract Approval Letter (if applicable)
Electronic Service Application - ESA

• Process

- The purchasing agency fills out Form 1 and sends it to the Preferred Source facilitating entity.
- The Preferred Source facilitating entity fills out Forms 2 and 3 and submits them to the purchasing agency with all applicable attachments.
- The purchasing agency will review all forms and attachments.
- The purchasing agency completes Form 4 and returns all forms and attachments back to the Preferred Source facilitating entity.
- The Preferred Source facilitating entity will submit all required service application documents to OGS.

• The overview, forms and How To Use Guide are online.
How Are We Doing?
- Application approval metrics
- Expediting approvals
- Goal setting
Commodity Application Approval Metrics

Meet or Exceed 90 Day Approval Goal

- FY 2016-2017: 79%
- FY 2017-2018: 83%
- FY 2018-2019: 88%

Average Days to Approval

- FY 2016-2017: 55
- FY 2017-2018: 49
- FY 2018-2019: 32
Service Application Approval Metrics

**Meet or Exceed 90 Day Approval Goal**
- FY 2016-2017: 57%
- FY 2017-2018: 78%
- FY 2018-2019: 71%

**Average Days to Approval**
- FY 2016-2017: 104
- FY 2017-2018: 76
- FY 2018-2019: 74
Anatomy of a Successful Application

- Quality control - OGS often gets applications that contradict themselves, or contain errors
- Clear expectations on equipment amortization and cost escalators, including salary increases
- Automation and standardization
- Scope, form, function, and utility, and matching work to the definitions
Anatomy of a Successful Application

• Quality control

  ➢ Terminology
  ➢ Completeness
  ➢ Consistency
  ➢ Conflicting information
  ➢ Math
Anatomy of a Successful Application

• Equipment amortizations
  ➢ State agencies and authorized users start with the expectation that equipment costs will reflect proportional usage

• Escalators and adjustments
  ➢ Our starting expectation is that increases will have a justification tied to their inclusion and will be specific
  ➢ Increases when appropriate are tied to actual not anticipated market changes
  ➢ CPI, PPI, prevailing wage, minimum wage, etc.
  ➢ Work as both increases and decreases
Anatomy of a Successful Application

• Automation
  ➢ Use Form 3 as intended
  ➢ Do not hard code cells
  ➢ Maximize use of formulas
  ➢ Include all required data generated in Microsoft Excel in Excel format
Anatomy of a Successful Application

- Scope of work, form, function, and utility, and definitions
  - Past is not prologue: Each time a service application is submitted to OGS for review it is a new application
  - Consider what has changed since the last time the same service was included in an application.
    - The service was not defined in the prior approval cycle
    - Another preferred source may provide the same services now
    - The needs of the agency may have changed
    - New laws, policies, and procedures
  - The economic landscape for the commodity or service may have changed
  - Changes to Minimum and/or prevailing wage
  - Updated forms
Anatomy of a Successful Application

• New service Contracts are not extensions or renewals
  
  o A new price concurrence requires a complete application
Shared OGS & Preferred Source Goals

• Proposed goals
  1. 90% of all applications are approved in 90 days
  2. Commodity applications approval time average reduced to 30 days
  3. Service Application approval time average down to 60 days
Shared OGS & Preferred Source Goals

- OGS will coordinate through the facilitating entities to provide specific examples of each of these pitfalls
  - Sample best practice applications as training tools
  - Procurement Council can revise the Preferred Source guidelines
  - Facilitating entities can support additional application training and can review all submissions for these issues before OGS receives them
  - Preferred Source facilitating entities can review applications for quality control before submissions
  - State agencies can provide clear and concise explanations of scope that facilitate easy to understand explanations and reconciliations
Application Timeliness

- How we are doing?
- Impact when applications are not timely.
- What does a best practice timeline look like?
Timely Submissions of Applications 2016-2018

<table>
<thead>
<tr>
<th>Application Received After New Contract Start Date (days)</th>
<th># Apps</th>
</tr>
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<tbody>
<tr>
<td>0-30</td>
<td>21</td>
</tr>
<tr>
<td>31-60</td>
<td>14</td>
</tr>
<tr>
<td>61-90</td>
<td>10</td>
</tr>
<tr>
<td>91-180</td>
<td>10</td>
</tr>
<tr>
<td>over 180</td>
<td>14</td>
</tr>
<tr>
<td><strong>Total:</strong></td>
<td><strong>69</strong></td>
</tr>
</tbody>
</table>

- **2016**: 42% After the start of the contract, 19% 1-30 days prior, 15% 31-60 days prior, 5% 61-89 days prior, 19% 90 days prior.
- **2017**: 34% After the start of the contract, 7% 1-30 days prior, 18% 31-60 days prior, 10% 61-89 days prior, 31% 90 days prior.
- **2018**: 54% After the start of the contract, 14% 1-30 days prior, 11% 31-60 days prior, 8% 61-89 days prior, 13% 90 days prior.

Number of applications by number of days after the new contract start date:
- **0-30**: 21
- **31-60**: 14
- **61-90**: 10
- **91-180**: 10
- **over 180**: 14
- **Total**: 69
Impact When Submissions are Not Timely

- Individuals with disabilities working at risk
- Financial strain on preferred source and facilitating entity which may affect other services
- Potential risk to the corporate partner relationship
- Confusion among stakeholders
- All normal contract review processes become strained or approvals are rushed and expose all participants to unneeded risk
Sample Timeline

10d  
Communication with agency, to confirm the service will continue

30d  
Agency scope and service changes ESA Part 1

10-30d  
Preferred source reviews scope and existing definitions, proposes scope staff and other costs, along with all requirements

1-45d  
Submission of Proposal to agency user, acceptance and sign off

10d  
Submission of application for completeness

90d  
OGS application review including all LOIL and Questions

60d  
OSC application review, contract execution
Things That May Affect Your Application Timeline

- Agency completion of application Form 1
- Preferred Source or facilitating entity time to prepare a response
- OGS completion review – 10 business days
- OGS review of application – up to 90 days
- Comptroller review up to 90 days
  - Applications not subject to State Comptroller review may be subject to legislative or other review – note that these boards may only meet periodically

- Based on these timelines, OGS recommends you begin the planning process 9-12 months in advance
Communication
In Support of the Program…

- Open invitation for any member to come into the office and meet with OGS
- Updated website: https://ogs.ny.gov/procurement
- Application status tracker
- Maximizing the communication at all stages will save time later – the sooner we resolve issues, the faster approvals can happen
- Webinars
- Ongoing education of facilitating entities
- Quarterly meetings
- Third town hall is the continuation of our commitment to communication
Conclusion
OGS Commitment

• Supporting the meaningful, long-term employment of disabled, blind, and visually impaired residents of NYS
• Fulfilling the responsibilities set forth by NYS Finance Law
• Contact the OGS Preferred Source Team at OGS.sm.PS_CM_PreferredSource@ogs.ny.gov
Questions?