



MEMORANDUM

To: New York State Procurement Council (“Procurement Council”)
From: Office of General Services (“OGS”) Preferred Sources Team (as Staff to the Procurement Council)
Date: January 28, 2025
Subject: **New York State Industries for the Disabled (“NYSID”) request to amend the definition of Mail Fulfillment services**

OVERVIEW

NYSID has submitted an application to OGS and Empire State Development (“ESD”) to amend the approved service definition of Mail Fulfillment. Mail Fulfillment is an approved Preferred Source service for NYSID and is available for purchase by all State, local and municipal agencies.

Due to changes in technology and customer needs, NYSID believes it is reasonable to have electronic mail, text messages, and other electronic communications included in the definition of Mail Fulfillment services.

NYSID is working with the New York City Department of Finance (“DOF”) to implement a new contract utilizing Mail Fulfillment Services related to the issuance and mailing of parking violation notices. One of the tasks within DOF’s scope is for the sending of follow-up electronic mail or text messages related to the initial mailing of the notices.

BACKGROUND

Due to changes in technology, industry standards, and other relevant factors, it may be appropriate from time to time to amend approved preferred source service definitions on the List of Preferred Source Offerings (“List”). The Office of Children and Family Services, the Education Department, or the facilitating entities may file an application to amend an approved preferred source service definition.

The current, approved definition is included as Attachment A to this memo. The proposed, amended definition is included as Attachment B to this memo.

On November 21, 2024, and revised on January 16, 2025, NYSID submitted the request to amend the approved service definition of Mail Fulfillment to OGS acting as staff to the Procurement Council and ESD. Therefore, it is being presented to the Procurement Council for a vote at the February 05, 2025 meeting.

LEGAL AUTHORITY

The Preferred Source Guidelines adopted by the Procurement Council contain detailed requirements for applications to amend an approved service definitions on the List, set forth in Section 8.1 - Application Requirements for Amending an Approved Preferred Source Service Definition. Such requirements include, among other things: (1) Proposed Amended Service Definition - the application shall include the proposed amended service definition and a recitation as to how it is different from the existing approved service definition; (2) Market Information – The applicant should provide information on the scope of the potential market and explain any anticipated expansion of the market due to amending the currently approved service definition, or anticipated loss of the market due to not amending the currently approved service definition. The application must contain the projected first-year value of anticipated contracts and should also include sufficient information to demonstrate the proposed service definition meets industry standards, including any green purchasing requirements, for the service; (3) Client Employment – The applicant should identify the nature of the tasks the clients of the preferred source will perform in providing the service. Projected employment opportunities for clients should be quantified; (4) Preferred Source – The applicant should identify the specific preferred source that will provide the service and provide evidence of the preferred source’s qualifications and expertise to provide the service. If applicable, the applicant shall also identify the corporate partner the preferred source will be working with to provide the service; (5) Value Added – The application must specifically address the value added by preferred source client labor in performing the service; (6) Direct Labor Workforce – The application must specifically detail how the objective that 50% or more of the direct labor be provided by the preferred source will continue to be met. Direct labor includes all labor other than non-working supervisors;

(7) Cost/Benefits Analysis – The application will provide a summary of projected costs and benefits expected to accrue to the State, its agency(ies), political subdivision(s), public benefit corporations(s), or the preferred source, as well as any broader social and economic impacts on client employment and government costs. (For example, will a successful application maintain client employment, create employment opportunities for new clients, or result in reduced governmental support being provided to clients through other government programs?) The analysis should have a quantitative basis but may include qualitative factors; (8) Cost/Price Data – The application must include information sufficient to demonstrate that the pricing structure will not significantly change from the currently approved service and will remain compliant with Section 162 of the New York State Finance Law. The price of each individual service component may not exceed 15% above prevailing market price. Preferred source facilitating entities are encouraged to provide independent market analyses to be considered by OGS in the determination of prevailing market price; and (9) Current Suppliers – If the amended service is already being purchased by state agencies, public benefit corporations, or political subdivisions, the application shall list the current contract holders if they are known to the applicant.

NYSID APPLICATION INFORMATION

1. Proposed Amended Service Definition

The only change being sought to the current definition is to add the passage that is highlighted in yellow, below. Everything else within the current definition will remain unchanged.

- **Sending electronic mail, text messages, and other electronic communications directly tied to mailing and document production tasks being performed.**

2. Market Information

This change is being pursued as NYSID is working with the NYC Department of Finance (DOF) on a new contract involving mailing services related to parking violation notices. The bulk of the contract involves services that fit the current definition of mail fulfillment services, however, there is one aspect of the customer's scope that involves sending out follow-up notices to the mail recipients via electronic mail or text messages. This contract value is estimated at approximately \$2.6 million annually, but the electronic mail portion of the service cost is anticipated to be less than a quarter percent of that cost, or about \$7,500 annually. While this DOF opportunity provided the impetus for the definitional amendment, NYSID anticipates this type of electronic communication being a requirement on future contracts of this nature.

3. Client Employment

The NYSID memo details that the aforementioned contract will lead to the employment of 10 staff resources. Of those, 7 will be full time and 3 part time. 6 of the full-time staff and 2 of the part time staff will be performing the bulk of the mail fulfillment services such as production, folding inserting, metering. The electronic services leading to this request for a definition revision are anticipated to incur a minor portion of one of the full-time staff member's time.

4. Preferred Source

The New York State Industries for the Disabled will be the preferred source entity on this contract. NYSID indicated that their Member Agencies, Fedcap Rehabilitation Services, Inc. and The Center for Disability Services are two of their approved service providers amply qualified to provide mail fulfillment services through NYSID. There will be no corporate partner involvement on this contract or for future mail-fulfillment opportunities.

5. Value Added

NYSID reported that mail fulfillment services are ideal for providing jobs to people with a diversity of functional abilities. Per NYSID, the addition of the NYC DOF contract alone will provide jobs for 10 individuals (7 full time and 3 part time).

6. Direct Labor Workforce

The direct labor on this initial contract will consist of 6 full time staff resources and 2 part time staff resource. Of those, 4 of the full-time staff are disabled, constituting 56.9356% of the FTE direct labor staff.

7. Cost/Benefit Analysis

NYSID's position is that the core objective for implementing this definition change is so that they can enter into a contract with NYC DOF with an initial annual value of \$2.6 million and on future mail-fulfillment opportunities requiring electronic communications.

8. Cost/Price Data

NYSID has already submitted a Preferred Source Application for this contract to the New York State Office of General Services. That application included a quote provided by a private vendor. In comparison with that quote, NYSID's price, percentage of the cost attributable to the electronic mail component of the scope, was within 15% of market. As is the case on all contracts with an anticipated dollar value of \$100K or more, a formal application will be submitted to OGS inclusive of information demonstrating our proposed pricing to be within 15% of prevailing market rates.

9. Current Suppliers

NYSID reviewed all active contracts listed on Open Book New York that included mail services in the description. There were 11 such active contracts, but none list electronic mailing in their description.

STAFF COMMENTS ON THE APPLICATION

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

OGS confirms that the addition of, "Sending electronic mail, text messages, and other electronic communications directly tied to mailing and document production tasks being performed" to the definition of Mail Fulfillment services is reasonable and necessary to meet changing technology, industry standards, and NYS government customer needs.

OGS confirms that the NYSID project with DOF will employ over four disabled FTEs per year and has a five year value of approximately \$13.7 million. Passage of the proposed amendment will allow the NYSID to provide Mail Fulfillment services that meet New York State government customers' current and future needs.

OGS confirms that NYSID's pricing for the proposed amended service element is within 15% of prevailing market price, and that NYSID's prices for Mail Fulfillment services will continue to be reviewed on a per application basis to confirm the prices are within 15% of prevailing market price before approving them.

STAFF FINDINGS

1. The NYSPSP application submitted to OGS and ESD is complete and meets the requirements of the NYS Procurement Bulletin – Preferred Source Guidelines, § 8.1.
2. OGS also finds the proposed price is within 15% of prevailing market price.

STAFF RECOMMENDATION TO THE PROCUREMENT COUNCIL

The amendment as proposed to the definition of Mail Fulfillment services will provide New York State government purchasers Statewide with a Preferred Source option to meet their purchasing needs, and it will provide ongoing employment to over four FTEs at Fedcap Rehabilitation Services, Inc. Further, amending the definition to meet changing technology and customer needs will also allow for NYSID to pursue additional employment opportunities for disabled individuals in the New York State government Mail Fulfillment service market.

Based upon the foregoing, Staff recommends that the Procurement Council approve the proposed amendment to Mail Fulfillment services as presented above.

ATTACHMENT A

Definition of Mail Fulfillment Services

Mail Fulfillment Services is work that occurs at the not-for-profit Preferred Source site and includes the production of documents received from a customer in either paper or electronic format which may require variable data (text only) and one or more of the below identified tasks:

- Folding, inserting, addressing, tabbing, gluing, sorting, tying and bagging or trayed documents, weighing and spraying and metering mail;
- Delivering mail to post office, courier, or customer;
- Picking-up, time stamping, opening, reading, pre-sorting, sorting, routing and delivering inbound and outbound postal and interoffice mail;
- Handling and processing all mail, any category or class, and performing inter-facility mail runs;
- Keeping necessary records and completed forms, such as return receipts on certified mailings; and
- Post-mailing services, including, but not limited to, scanning and securely shredding returned undeliverable mail, data scrubbing, receiving corrected addresses, processing through National Change of Address (NCOA), creating a new mail merge, recreating PDF files, reprocessing mailings within 10 days, and updating mailing lists.

Documents can be produced only in conjunction with one or more of the above identified tasks. The documents produced by the Preferred Source via digital printing must meet the following requirements:

- Everything printed by the Preferred Source **MUST** be mailed to an identified recipient;
- Documents printed shall not be larger than 11" x 17";
- No coated paper;
- Variable content limited to text only (no images or graphic designs);
- No static digital printing of the documents on the List of Excluded Documents (non-variable data);
- Documents printed shall only be bound by a single stapled corner;
- Documents may be produced in black & white or color, as required by the customer;
- Color can be used for logo and enhancing type but not for four-color images;
- Documents may be produced only by a Preferred Source and **not** by a corporate partner;
- The types of documents that **may be printed** as part of a Mail Fulfillment Services contract are limited to: letters, notices, statements, invoices/bills, postcards, flyers, brochures, announcements, certificates, order forms, newsletters, and similar documents that are personally addressed to the

- recipient and not being printed in bulk for stock purposes or to be shipped to the customer in bulk;
- Documents printed **may not be** on the List of Excluded Documents set out below; and
 - If the documents to be printed by the Preferred Source **do not meet** the above requirements, then the contract **may not be awarded** as a preferred source contract.

List of Excluded Documents

Ad Slicks	Non-personalized Brochures
Badges	Non-personalized Certificates
Binder Covers	Non-personalized Flyers
Binder Inserts	Non-personalized Newsletters
Booklets	Non-personalized Order forms
Bookmarks	Non-personalized Pamphlets
Bound Annual Reports	Non-personalized Postcards
Business Cards	Note Cards
Calendars	Note Pads
Catalogs	Perfect Bound Books
Carbonless Forms	Periodicals
Checks	Placemats
Comb Bound Books or Manuals	Plastic Spiral Bound Books
Dimensional Products	Posters
Document Covers	Presentation Folders
Donor Cards/Inserts	Rack Cards
Election Ballots	Saddle-Stitched Books
Food Menus	Sell Sheets
Greeting Cards	Staggered Inserts
Hang Tags	Stationery Envelopes
Labels (except address labels)	Stationery Letterhead
Magnets	Stationery Packages
Maps	Stickers
Non-personalized Announcements	Wire-o-bound Books or Manuals
Non-personalized Applications	
Every Door Direct Mail (EDDM) items and sizes approved and any changes made to EDDM sizes and approved items	

NOTES:

The definition of Mail Fulfillment Services allows Preferred Members to temporarily move Mail Fulfillment production to another site to satisfy a Purchasing Agency's need for continuity of Mail Fulfillment Services in the event of a disaster to meet a Purchasing Agency's form, function, and utility as defined in its scope of work. When required by the Purchasing Agency, members may shift production on a non-permanent basis to another site to ensure functionality of the disaster recovery

site. All work at the disaster recovery site must meet required disabled labor ratios. In addition, the Preferred Member may not enter into an agreement with a for-profit entity functioning as a corporate partner or subcontractor to establish or operate a disaster recovery site, although equipment and the disaster recovery site may be leased or rented from a for-profit entity.

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- Folding, inserting, addressing, tabbing, gluing, sorting, tying and bagging or traying documents, weighing and spraying and metering mail;
- Delivering mail to post office, courier, or customer;
- Picking-up, time stamping, opening, reading, pre-sorting, sorting, routing and delivering inbound and outbound postal and interoffice mail;
- Handling and processing all mail, any category or class, and performing inter-facility mail runs;
- Keeping necessary records and completed forms, such as return receipts on certified mailings; and
- Post-mailing services, including, but not limited to, scanning and securely shredding returned undeliverable mail, data scrubbing, receiving corrected addresses, processing through National Change of Address (NCOA), creating a new mail merge, recreating PDF files, reprocessing mailings within 10 days, and updating mailing lists.
- **Sending electronic mail, text messages, and other electronic communications directly tied to mailing and document production tasks being performed.**

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Binder Covers	Non-personalized Flyers
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Booklets	Non-personalized Order forms
Bookmarks	Non-personalized Pamphlets
Bound Annual Reports	Non-personalized Postcards
Business Cards	Note Cards
Calendars	Note Pads
Catalogs	Perfect Bound Books
Carbonless Forms	Periodicals
Checks	Placemats
Comb Bound Books or Manuals	Plastic Spiral Bound Books
Dimensional Products	Posters
Document Covers	Presentation Folders
Donor Cards/Inserts	Rack Cards
Election Ballots	Saddle-Stitched Books
Food Menus	Sell Sheets
Greeting Cards	Staggered Inserts
Hang Tags	Stationery Envelopes
Labels (except address labels)	Stationery Letterhead
Magnets	Stationery Packages
Maps	Stickers
Non-personalized Announcements	Wire-o-bound Books or Manuals
Non-personalized Applications	
Every Door Direct Mail (EDDM) items and sizes approved and any changes made to EDDM sizes and approved items	

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