Preferred Sources 101

WHAT – What are preferred sources?

Preferred source vendors provide services and commodities to state agencies, political subdivisions and public benefit corporations. This status allows these vendors to be the first stop in choosing a procurement method.

WHY – Why do we use preferred sources?

Designating certain vendors with the "preferred source" status, allows New York State to:

- To promote the purchasing of goods and services from these provides
- Ensure that what you buy helps you to fulfill your core mission
- To provide information to you that helps you follow state purchasing requirements

WHO – Who does this apply to?

If you are a state agency, political subdivision, or a public benefit corporation (including most public authorities) you must purchase approved products and services from preferred sources before other methods of procurement are considered. This does not apply to the New York State Legislature and Judiciary.

WHEN – When do I use preferred sources?

As a state agency, political subdivision, or a public benefit corporation your first stop must be a preferred source vendor when seeking services and commodities as required by New York State Finance Law.

WHERE – Where can I find these preferred sources?

New York State recognizes three preferred source organizations:

NEW YORK STATE DEPARTMENT OF CORRECTIONAL SERVICES (CORCRAFT) Division of Industries 550 Broadway, Menands, NY 12204 Phone (518) 436-6321 or 1 (800) 436-6321 FAX (518) 436-6007 1 (800) 898-5895 Web Address: http://www.corcraft.org/ Vendor ID #042000082	**NYS PREFERRED SOURCE PROGRAM FOR PEOPLE WHO ARE BLIND (NYSPSP)** 194 Washington Avenue , Suite 300 Albany, NY 12210 Phone (518) 456-8671 FAX (518) 456-3587 Web Address: http://www.nyspsp.org Vendor ID #1100070977
NEW YORK STATE INDUSTRIES FOR THE DISABLED, INC. 11 Columbia Circle Drive Albany, NY 12203 Phone (518) 463-9706 FAX (518) 463-9708 Email: administrator@nysid.org Web Address: http://www.nysid.org/ Vendor ID #1000001252	

HOW – How do I use preferred sources?

Preferred source vendors are broken down into commodities and services.

Purchasing Commodities from Preferred Sources

1. Determine your need, including quantity and timeframe in which it would need to arrive. This should include any necessary product specifications/requirements. These specifications should not be written to exclude the preferred sources (or any other competitive selection) unless necessary.
2. Review the list of preferred source offerings for each vendor, making sure that it meets the "form, function and utility" of your needs. The purchasing agency should review the preferred source offerings, and any corresponding specifications, including, but not limited to delivery timeframes, units of measure, physical characteristics, etc. and determine if these meet its needs. The following are important notes to purchasing agencies:
   A. The order of Precedence among preferred sources for commodities is as follows:
      i. Correctional Industries (Corcraft)
      ii. NIB
      iii. NYSID
   B. Pricing cannot be used as a factor in determining form, function, and utility. The pricing must be "necessarily incurred by such preferred sources under efficient methods of procurement, production, performance and administration;
   C. Products "shall be as close to prevailing market price as practicable, but in no event greater than fifteen percent above, the prevailing market prices among responsive offerors for the same or equivalent commodities…."
   D. All commodity pricing is "Not to Exceed" Pricing. The preferred sources can and should offer lower pricing for volume commitments. This volume pricing does not result in a global reduction/reduction of the published pricing.
3. If you cannot find what you are looking for you need to provide a 10 day notice to the preferred source. This should be in the form of a Waiver request sent to the preferred source vendor.
   - Within 10 days the preferred source vendor must: agree, provide no response, or provide notice to you that they disagree.
   - If they agree or there is no response, you may proceed with using another procurement method (using centralized contracts, piggybacking, or conducting your own procurement).
   - If the preferred source disagrees they may consult or negotiate the procurement with you.
   - If negotiations are successful you may purchase from them.
   - If negotiations are unsuccessful, you may proceed with another procurement method.
   - The preferred source vendor may file an objection with your commissioner which is included in the Procurement Record.
4. If you find what you are looking for, make the purchase from the preferred source.
5. Receive goods and invoice.
6. Pay invoice.

Purchasing Services from Preferred Sources

1. Determine your need for services and develop a service specification. This specification should not be written to exclude the preferred source (or any other competitive procurement method), unless it is necessary. The purchasing agency must be able to defend its business decision.
2. Review the list of preferred source offerings to see if the services are available.
   A. All preferred source providers have equal preference.
   B. If multiple preferred source providers offer the same or similar services, the method of selection should be the lowest-price service which the agency determines best meets its form, function, and utility needs.
   C. Pricing cannot be used as a factor in determining form, function, and utility and only as a determining factor for selection among the preferred sources when they offer the same or similar services which meet

the user's form, function, and utility needs. The pricing must be "necessarily incurred by such preferred sources under efficient methods of procurement, production, performance and administration;

D. Services offered "shall be as close to prevailing market price as practicable, but in no event greater than fifteen percent above, the prevailing market prices among responsive offerors for the same or equivalent …services."

3. If available from one or more of the Preferred Source vendors, notify the preferred source vendor(s) by emailing/calling them using the information on their website links (see below) of your need and they have 10 days to respond.
    - If the preferred source agrees that the service they offer does not meet the form, function, and utility of the purchasing agency, they should issue a Waiver request to the agency, or not respond.
    - If they respond that they want to provide the service and it meets your "form, function, and utility requirements" proceed with the procurement. The purchasing agency needs to review the service response proposed by the preferred source vendor. Some possible criteria of form, function, and utility include, but are not limited to service timeframes/deadlines, security/personnel requirements, professional standards, etc.
    - If the service exceeds $50,000, the preferred source vendor (except for Corcraft) needs to obtain OGS pricing approval. The preferred source vendor will submit the application to OGS for price approval.
    - For services exceeding $50,000 for state agencies, once OGS approves the pricing, the contract must submitted by the state agency to the State Comptroller to be approved prior to it becoming valid.
4. Preferred Source commences performing the service.
5. Pay invoice.
7. If the services are not available or the services available do not meet your "form, function, and utility requirements" you may proceed with using another procurement method (using centralized contracts, piggybacking, or conducting your own procurement.
    - The preferred source vendor may file an objection with your commissioner which is included in the Procurement Record.