

# MWBE Waiver Request

<b>Contract No.:</b> C150022	<b>Facility (if applicable):</b> NYS Gaming Commission
<b>Project Description:</b> Certified Public Accounting Services	<b>Contract Value:</b> \$1,409,408.00
<b>Contractor:</b> KPMG, LLC	<b>Contract Term:</b> 6/1/16 – 5/30/21
<b>Agency contact information:</b> <b>Name:</b> Stacey Relation <b>Email:</b> Stacey.relation@gaming.ny.gov <b>Phone number:</b> 518-388-3404	

**Description:** Certified Public Accounting Services used for observation of New York Lottery studio drawings, and ball weight certifications.

**Reason for Request:** Seeking partial waiver as all services are provided by KPMG, LLP, except for the Drawings Coordinator, who is provided by Bronner Group, LLP, a certified WBE. Historically the Commission has had an 8% goal on the contract. The Commission is seeking a 10% WBE goal / 20% waiver.

**Original Goal:** MBE 15 % WBE 10 %

**Recommended Goal:** MBE 15 % WBE 0 %

**Explanation of Good Faith Efforts:** KPMG utilizes their own staff for the oversight of the contract activities (Partner, Manager, and Senior Associate), as well as their own CPA staff as contingent backup in the event the interns do not show up for a drawing. KPMG utilizes Bronner Group, LLC for the Drawing Coordinator, who is used 300 hours per year to coordinate the interns used for drawing observations and ball weighing. KPMG utilizes local interns for each drawing and ball weighing, and pays them through their own payroll, as a KPMG employee. The interns make up the bulk of the contract cost. Due to the 30% goal implemented in the RFP for these services, KPMG proposed utilizing Bronner group to process the intern's payroll. This proposition resulted in additional administrative costs/markup, resulting in added costs of \$18,400 annually, \$92,000 over the term. Utilizing the same interns under a certified MWBE does not provide a commercially useful function and does not provide any added value, therefore is not in the best interest of the Commission or the State. Therefore, the Commission requested a revised proposal without the added markup of utilizing Bronner Group for the interns.

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The chart below outlines the annual cost of CPA Services through KPMG, LLP, with interns provided by KPMG.

	June 1, 2016 - May 31, 2017		
Staff Titles	Hourly Rate	Estimated Annual Hours	Total Annual Amount
Partner	\$385	60	\$23,100
Director/Manager	\$310	144	\$44,640
Senior Associate	\$180	96	\$17,280
Contingent	\$160	72	\$11,520
Drawing Coordinator	\$110	300	\$33,000
Advisory Intern	\$40	3,680	\$147,200
	<b>*Annual Total:</b>		\$276,740

There are no other areas available for subcontracting under this agreement, as KPMG, LLP is providing professional staff with training specific to the New York Lottery drawings and ball weighing procedures.

**From:** [MWBE Waivers](#)  
**To:** [Relation, Stacey \(GAMING\)](#)  
**Cc:** [June, Michele \(GAMING\)](#)  
**Subject:** Re: MWBE Waiver template-KPMG C150022 Drawing Observations\_Revised  
**Date:** Tuesday, May 17, 2016 12:49:31 PM

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Hi Stacey,

I reviewed and agree with your assessment to grant this waiver request.

Best,

Alex

Alexandra M. Greene  
mwbewaivers@exec.ny.gov

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**From:** Relation, Stacey (GAMING) <Stacey.Relation@gaming.ny.gov>  
**Sent:** Monday, May 16, 2016 9:29 AM  
**To:** Alexandra Greene (esd.ny.gov); MWBE Waivers  
**Cc:** Michele June (gaming.ny.gov)  
**Subject:** MWBE Waiver template-KPMG C150022 Drawing Observations\_Revised

Hi Alex,

KPMG provided us a discounted rate. Attached is the updated waiver request form for a partial waiver for Lottery Drawings Observation Services. We are seeking a 10% WBE goal, please.

Thank you,  
Stacey