

CITY COUNCIL
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

Of the

COMMITTEE ON TECHNOLOGY JOINTLY WITH COMMITTEE ON
OVERSIGHT AND INVESTIGATIONS AND COMMITTEE ON
CONTRACTS

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December 15, 2014
Start: 01:12 p.m.
Recess: 03:36 p.m.

HELD AT: Council Chambers - City Hall

B E F O R E:

JAMES VACCA
Chairperson

VINCENT J. GENTILE
Co-Chairperson

HELEN K. ROSENTHAL
Co-Chairperson

COUNCIL MEMBERS:

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DAVID G. GREENFIELD
MARK S. WEPRIN
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COREY D. JOHNSON
I. DANEEK MILLER
COUNCIL MEMBERS: (CONTINUED)
PETER A. KOO
RUBEN WILLS

A P P E A R A N C E S (CONTINUED)

2 [gavel]

3 CHAIRPERSON ROSENTHAL: Calling this
4 hearing to order. Today's hearing is about DOI's
5 report this summer. I'm really looking forward to
6 hearing from the commissioner. I know I'm supposed
7 to be reading from my statement. I'll get there in
8 a second but thank you so much for coming and I
9 want to thank my colleagues for, making this a
10 joint hearing with... I should really just read my
11 statement because it's in here. Hi, I'm Helen
12 Rosenthal Chair of the New York City Council
13 Committee on Contracts and I'm delighted to be
14 joined today by my colleagues Councilman Gentile,
15 Chair of Oversight and Investigations and
16 Councilman Vacca, Chair of the Technology
17 Committee. We're here today to continue the
18 council's oversight and legislative work on the
19 management of large IT contracts. It's imperative
20 that we monitor this issue to protect the integrity
21 of the city's contracting process as well the
22 interest of the city and its taxpayers. Given the
23 magnitude of the city time corruption we look
24 forward to hearing about triggers and other
25 systemic, our systematic mechanisms the city could

2 use to identify and manage IT contract

3 overspending. Close oversight would allow the city
4 to determine if the overspending is intentional or
5 malfeasants. On July 25th, 2014 the Department of
6 Investigations issued a report titled City Time
7 Investigation; Lessons Learned and Recommendations
8 to Improve New York City's Management of Large
9 Information Technology Contracts. The report
10 includes details of the investigation and six
11 recommendations with best practices for managing
12 large IT contracts moving forward. As the city
13 painfully learned through its mishandling of the
14 City Time project individuals hired to run and
15 oversee this project had latitude to engage in
16 fraudulent schemes that led to hundreds of millions
17 of lost taxpayer dollars. We're here today to
18 express our concerns about conflicts of interest
19 such as those present in the City Time project and
20 to determine how to avoid them in the future. We
21 will focus on DOI's six recommendations as well as
22 what the Mayor's Office of Contracts and the
23 Department of Information Technology are doing to
24 improve the management of such contracts. We will
25 also consider Intro number 498, a bill that would

2 require the city to establish standards and
3 procedures that require contractors to verify that
4 its subcontractors and/or consultants do not have a
5 conflict of interest. We welcome any thoughts and
6 suggestions with respect to how we can improve the
7 bill to effectively assist in avoiding another City
8 Time scheme. To make, today the committee will hear
9 testimony from the administration and other
10 interested parties. I thank you in advance for
11 providing testimony that is informative and moves
12 us forward in finding good solutions. Let me just
13 recognize any other city council members here;
14 Council Member Weprin, Council Member Annabel
15 Palma, and Council Member, oh wow, Constantinides,
16 I know we have a full house, it's really good, And
17 Council Member Matteo. Thank you so much for
18 joining us. And now Council Member Vincent Gentile,
19 Chair of the Committee on Oversight and
20 Investigations will give his opening statement.

21 CHAIRPERSON GENTILE: Thank you for
22 sharing the microphone Chair. Great. I'm Councilman
23 Gentile, the Chair of the Oversight and
24 Investigations Committee. The purpose as you've
25 heard of today's hearing is to examine

2 recommendations for improving this city's
3 management of large scale technology contracts and
4 to consider an introduction related to conflicts of
5 interest in city contracts. I would like to
6 acknowledge and thank my co-chairs and their staff
7 for holding this important hearing, Council Member
8 Helen Rosenthal the Chair of the Contracts
9 Committee, and Council Member James Vacca the Chair
10 of the Technology Committee. As you heard the
11 Department of Investigation has issued a report
12 that outlines lessons learned and recommendations
13 based on this investigation of large scale IT
14 contracts. The report offers suggestions for
15 improving this city's management of these
16 contracts. In its focus on the heavily flawed City
17 Time contract the report found that beyond
18 criminality the contract was quote flawed from the
19 outset because of the city's failure to implement
20 proper internal controls and other management
21 safeguards to prevent substantial cost overruns and
22 delays and to detect the enormous fraud against the
23 city and its tax payers, close quote. In essence
24 the DOI report approaches the problem from two
25 fronts. One is systematic, systematic

2 inefficiencies and two elements of criminality.

3 Specifically the DOI has recommended as you heard
4 that the city implement six recommendations it
5 gives in its report and I'm sure that Commissioner
6 Mark Peters will mention those recommendations in
7 his remarks and in the questioning that will
8 follow. In addition all of us this afternoon are
9 looking forward to hearing the Mayor's Office of
10 contract services on if and how they are
11 implementing the recommendations of DOI. We are
12 also... hear for the details on the investigation and
13 the DOI's recommendations from Commissioner Peters.
14 Of course our goal is not only to make sure
15 fraudulent schemes like City Time do not happen
16 again but it's also to ensure that city contracts
17 are managed properly and efficiently. We'll also
18 consider testimony on Intro 498 for which Council
19 Member Rosenthal has already spoken. And, which
20 concerns, pertaining to technology and the unique
21 issues it presents to the city when the city wants
22 to upgrade, grade it in the area... oh want to
23 upgrade that technology and CM Vacca will explore
24 those issues as Chair of the Technology Committee.

2 And with that I will hand it over to Chair James
3 Vacca.

4 CHAIRPERSON VACCA: Thank you. When you
5 have two committee chairs speaking and I'm the
6 third they've said so much that I want to say. I
7 wish they had told me that before they started. But
8 thank you, good night. But I want to say thank you
9 to my two chairs and all that stuff. But let me
10 start off by saying that we do have six
11 recommendations from DOI but that being said
12 there's more that we should be doing, more that we
13 can do. The council, don't forget last year did
14 pass Local Law 18 which was designed to increase
15 transparency in city contracts. The six
16 recommendations that DOI put forth in fact in their
17 July report can be applied broadly to IT contracts
18 throughout the city. Currently there are several
19 ongoing multi-million dollar IT contracts including
20 the Emergency Communication Transformation Program
21 which is over a billion dollars and, a billion
22 dollars over budget. Earlier this year the Mayor
23 ordered the project to be reviewed and investigated
24 both internally and by DOI and the administration
25 put forth recommendations as a result of the review

2 including breaking down large projects into smaller
3 ones, more manageable projects, ensuring technology
4 choices fit operational needs, promoting greater
5 inter-agency stakeholder communication and a vendor
6 and contact management lead for the city being
7 appointed to oversee the various contracts for each
8 project. We've seen the recommendations. There is
9 an effort to prevent overruns and put in place a
10 management structure to ensure on time, efficient,
11 on budget IT projects. While I'm hopeful the
12 administration will take heed of the, of the
13 lessons learned I must emphasize that this city's
14 tax payers cannot afford another boondoggle.
15 Millions upon Millions of taxpayer dollars have
16 been misused and it's time we put an end to it and
17 I hope that this hearing that we're having today
18 lends to that discussion. Thank you.

19 CHAIRPERSON ROSENTHAL: Thank you very
20 much. And Commissioner Peters would you like to
21 start us off. Oh, I'm sorry...

22 CHAIRPERSON GENTILE: I'll, yes I'll,
23 I'll do the oath before we start as a member of the
24 administration. I see you there by yourself you
25 know there's an IG over there, Sharron Manigold

2 [sp?], she'd love to come to the table so she could
3 be questioned right?

4 COMMISSIONER PETERS: I was, I was
5 informed before I came here that no animus would be
6 harbored to my agency from stealing Ms. Manigold
7 from the council, I'm...

8 CHAIRPERSON ROSENTHAL: [off mic] You
9 were misinformed...

10 COMMISSIONER PETERS: That's right.

11 CHAIRPERSON GENTILE: From both of us.
12 Anyway do you affirm to tell the truth, the whole
13 truth, and nothing but the truth in your testimony
14 before this committee and to respond honestly to
15 council member questions?

16 COMMISSIONER PETERS: I do.

17 CHAIRPERSON GENTILE: You may begin.

18 COMMISSIONER PETERS: Thank you. Good
19 afternoon Chair Gentile and members of the
20 Committee on Oversight and Investigations, Chair
21 Rosenthal and members of the Committee on
22 Contracts, and Chair Vacca and members of the
23 Committee on Technology. I'm Mark Peters,
24 Commissioner of the New York City Department of
25 Investigation. I'm pleased to present testimony

2 today on the lessons learned from prior
3 investigations of New York City's large scale
4 information technology contracts. This is an
5 important issue for DOI in wake of our extensive
6 investigation into City Time that led last year to
7 criminal convictions and a large monetary recovery
8 for the city. As you will recall the City Time
9 project was an information technology initiative
10 designed to provide an automated system of time
11 keeping and payroll for municipal employees. While
12 the original budget was set at 63 million the costs
13 ultimately ballooned to 700 million dollars. DOI's
14 investigation into City Time uncovered a massive
15 fraud kick back and money laundering scheme
16 involving New York City funds allocated for the
17 project. Additionally beyond the outright
18 criminality our investigation exposed a number of
19 vulnerabilities inherent in the way New York City
20 manages large scale IT contracts. Indeed while
21 criminal conduct was the clear primary cause for
22 the delays and cost overruns on City Time a
23 secondary cause existed. The city lacked proper
24 internal controls and other management safeguards
25 to detect and prevent either the fraud which

2 occurred or the delays in cost overruns that were
3 its inevitable result. DOI discussed these systemic
4 issues in a detailed report issued on July 25th,
5 2014. Our findings noted deficiencies in oversight,
6 in accountability, and in planning from management
7 of the City Time Project. Specifically DOI
8 identified six key deficiencies; first, inadequate
9 executive oversight of the project by city
10 officials, second, failure to appoint an integrity
11 monitor, third, failure to control the expansion of
12 the scope and cost of the project, fourth, failure
13 to hold contractors accountable for their inability
14 to provide deliverables on schedule and within
15 budget, fifth, failure to properly vet contractors
16 and sub-contractors for conflicts of interest and
17 potential fraud, and Sixth, failure to plan for
18 future city control over management and maintenance
19 of the completed projects. In response to these
20 deficiencies DOI issued six recommendations to the
21 city. First, the city must establish an effective
22 executive governing structure for the management of
23 future large scale technology projects that should
24 include the creation of an interagency working
25 group to oversee the project and the assignment of

2 an on sight city project manager with a requisite
3 technical expertise. Second, the city should assign
4 to all large scale information technology projects
5 an integrity monitor selected by DOI. The assigned
6 integrity monitor should perform regular audits of
7 the time worked by consultants on a project and
8 analyze the hiring of consultants based on project
9 needs. Third, the city should create a more robust
10 due diligence and approval process regarding large
11 scale technology contracts, amendments, and change
12 orders. Fourth, the city should hold contractors
13 accountable for failures to provide deliverables on
14 time and on budget by explicitly stating penalties
15 in all contracts and enforcing those penalties
16 where appropriate. Fifth, consultants on large
17 scale technology projects should be required to
18 undergo a conflicts of interest background check.
19 And the city should require that contractors
20 disclose any subcontractors that receive 100
21 thousand dollars or more and the city should vet
22 and approve these subcontractors. And Fifth, the
23 city should develop a plan on all large scale
24 technology projects to transition maintenance and
25 control to the city at the conclusion of a project.

2 Underscoring the need for reform in this area, on
3 May 19, 2014 Mayor de Blasio ordered a halt to all
4 work on the city's Emergency Communications
5 Transformation Program known as ECTP pending a
6 comprehensive review by DOI, by the Department of
7 Information Technology and Telecommunication, and
8 by the New York City Controller's Office. The city
9 launched ECTP in 2004 as an initiative to modernize
10 New York City's 9-1-1 Emergency Communication
11 System. In ordering the temporary halt of ECTP
12 Mayor de Blasio cited the program's cost and delays
13 as well as quote significant and long standing
14 technical design, systems integration and project
15 management risks, and issues that necessitate
16 immediate corrective action, close quote. As
17 requested by the Mayor DOI issued a preliminary
18 investigatory report on August 6th, 2014. While our
19 investigation into ECTP is ongoing it is clear that
20 the themes examined in both our City Time
21 investigation and our preliminary ECTP report
22 reveal a shortcoming in the way the city manage
23 these contracts and the common themes between both
24 of those projects. For example our preliminary
25 report on ECTP noted vague lines of authority and

2 ineffective governance, a lack of advanced planning
3 with respect to specifications and objectives of
4 the project and the lack of an integrity monitor.

5 All vulnerabilities uncovered in our earlier work
6 on City Time. We look forward to releasing our full
7 report on ECTP at the conclusion of our

8 investigation. DOI is committed to the mandate we
9 have to examine the policies and procedures of city
10 agencies and to make recommendations with a goal of

11 better safeguarding taxpayer dollars and ensuring
12 the most efficient and effective delivery of vital
13 government services. To effectively fulfill that

14 mandate we must work closely with the relevant
15 agency heads for each of our investigations. To
16 that end I note that DOI is currently working

17 collaboratively with the Mayor's Office of Contract
18 Services and with DoITT to explore the best ways to
19 address our concerns surrounding large scale IT

20 contracts and practice. Even as our current
21 investigation of ECTP is ongoing with the
22 information already revealed we are able to

23 anticipate needed areas for reform and proactively
24 address those needs. I also support this body's
25 historical and ongoing efforts in examining how the

2 city can implement additional safeguards against
3 cost overruns and fraud with respect to large scale
4 IT contracts which as I've described by their
5 nature have particular complexities distinct from
6 other kinds of city contracts. I and members of my
7 staff have had productive conversations with Chair
8 Rosenthal and we will continue that dialogue going
9 forward. At this time I'm happy to take any
10 questions you may have for me. Thank you.

11 CHAIRPERSON GENTILE: Thank you for your
12 testimony Commissioner. Let me, let me start off by
13 asking you if, if you, of your six recommendations
14 if you had to rank the top three of the six what,
15 what would they be, the most, the top three most
16 important?

17 COMMISSIONER PETERS: If I had to rank
18 the top three I would say that the need for
19 integrity monitor, the need for vetting of
20 subcontractor, you know the need for vetting of
21 subcontractors and sub-subcontractors are probably
22 the top two. And the third is and my staff will
23 undoubtedly yell at me for picking a third and
24 leaving the other three off. They are, let me say I

2 believe all of them important and by naming three I
3 don't want to discount the other three...

4 CHAIRPERSON GENTILE: Understood.

5 COMMISSIONER PETERS: I would say the
6 third is the need for proper lines of authority, in
7 other words to make sure that there is a single
8 person at City Hall or at DoITT or at MOCS or at
9 the relevant agency who is in charge of the project
10 and who is recognized to be in charge of the
11 project and who has the expertise to carry it out.
12 I would say those were the, those are the top three
13 but they're all important.

14 CHAIRPERSON GENTILE: Yes. Okay,
15 understand. Well let's just take a look at the six
16 recommendations and we'll have the other, some of
17 the other agencies in here to testify but what is
18 your understanding of the status of those six
19 recommendations in regard to the other, the
20 agencies you mention?

21 COMMISSIONER PETERS: Sure. I can take
22 them, I'll take them seriatim in terms of the first
23 on the effective governance structure my
24 understanding, and I know Commissioner Roest is
25 here and will be testifying, is that the mayor, my

2 understanding is I happen to know the mayor has put
3 Commissioner Roest in charge of ECTP. We have been
4 working very closely with her office. And I think
5 that in fact that piece of it is working well.

6 Obviously we need to be constantly diligent to make
7 sure that everybody is swimming in the, in their
8 appropriate lanes. But I think in fact the mayor by
9 announcing that this was a project to be run by
10 Commissioner Roest set out those lines of authority
11 rather nicely and set them out with somebody who
12 clearly has the expertise to do this. Monitor, we
13 are in my offices in the process of working with
14 Commissioner Roest's office right now on setting up
15 the proper parameters for, and scope for a monitor.
16 We are you know engaged in conversations on that.

17 I'm optimistic that we'll get that resolved in
18 short order. It is clearly very important and we're
19 having very productive conversations about it.

20 Third... sorry I lost my notes here. The due
21 diligence process... in fact some good steps have
22 been taken. Commissioner Roest you know recently
23 and this, this has been said publically so I guess
24 I can say it, Commissioner Roest has taken some
25 steps recently to curtail the use of certain

2 consultants. I think that this is an ongoing
3 process. Do we need to do more about curtailing and
4 being careful with how we use consultants? Yes I
5 do. I think some important first steps have been
6 taken. I think this is one of these things that we
7 will, that we need to be constantly vigilant, both
8 DOI and MOCK and DoITT and every other agency... This
9 is one of these things that we never get to finish.
10 It is something that I believe everybody now
11 understands the importance. As I said Commissioner
12 Roest recently took some steps to begin scaling
13 back the use of certain consultants but this is one
14 that we will, this is one that you never get to say
15 is done. The best you get to say is we are working
16 on it. Every day we have to keep working on it. You
17 know it, it's like pushing, it's pushing a rock up
18 a hill but there's no, the hill doesn't end.
19 Fourth, this is one that is sort of the hardest to..
20 which is putting, setting goals for contractors.
21 This is the hardest to do mid-stream because
22 obviously a lot of the contracts have already been
23 let. We have been talking with MOCS, we'll keep
24 talking with MOCS. I believe that going forward
25 this is a very hard one to correct post.. I believe

2 that there need to be changes in the way we think
3 about some of this contracting going forward. We
4 have certainly spoken with MOCS. We are continuing
5 to talk with MOCS about that. But that's, of all of
6 them that's the one that's probably the most
7 delayed in that sense. The, we are, the, conflict
8 of interest for consultants. This is as I said one
9 of the two that I mentioned first to you. I think
10 this is enormously important. We are in the middle
11 now of a series of discussions with MOCS about
12 changes to the Vendex [sp?] form. Dealing with a
13 number of issues but one of the issues in fact as
14 I've said, as we've said to MOCS probably the most
15 important issue from our standpoint is capturing
16 sufficient information to make sure that we know
17 about subcontractors, sub-subcontractors, and
18 affiliates. We are, as I said my, my staff and the
19 staff at MOCS in fact have had several multi-house
20 meetings over the last couple of weeks. I have a
21 meeting with my staff tomorrow to be briefed on
22 where we are. I'm hopeful in a matter of weeks we
23 will have come up with some revisions to this so
24 that going forward we are comfortable that when
25 subcontractors or sub-subcontractors come on the

2 job we know about all of their affiliations. I
3 think is incredibly important. It is incredibly
4 difficult to do because if you don't ask for enough
5 information you end up with people with conflicts
6 that you miss but if you ask for too much
7 information you end up getting barred under an
8 avalanche of information that slows the process
9 down and doesn't let you know what you're looking
10 for. So it's one of the hardest things to do. I've
11 tasked people in my agency, and I know MOCS has
12 tasked people as well to try to work through this
13 and we are in the process of doing it now. Oh and
14 sixth this is something that, that you know I am
15 certain DoITT is fully aware of which is the need
16 to think about transitions obviously it's something
17 that you have to think about on a case by case
18 basis. Does that help?

19 CHAIRPERSON GENTILE: It helps, yes.

20 COMMISSIONER PETERS: Great.

21 CHAIRPERSON GENTILE: Let me just ask
22 you a couple of questions about the six
23 recommendations particularly. The first
24 recommendation about the sufficient internal
25 controls that you suggest. What is the, what is the

2 practical difference between the on-site project
3 manager that you recommend and assigning an
4 integrity monitor?

5 COMMISSIONER PETERS: Oh sure. An on-
6 site monitor is the person who is in charge of
7 making sure the project is going forward day over
8 day both in, in two ways; one, making sure that
9 progress is being made and that timelines are
10 either being met or where they are not being met we
11 see that they're not being met in advance and we
12 can either recalibrate in the sense of saying
13 clearly this was going to take longer than we
14 thought and here's why or it's going slower than it
15 should and here's how we fix it. So an on-site
16 manager is supposed to be making sure that progress
17 is being made, it's being made at the pace we
18 expect it to be made, and that the deliverables are
19 in fact doing what we want them to do. An integrity
20 monitor is essentially reviewing things like
21 invoices billing to make sure that when the
22 contractor says I'm sending you 100 widgets we're
23 really getting 100 widgets not 95, that we're
24 really paying the price we agreed to pay of five
25 dollars per widget that if a contract said there

2 could be an eight percent markup on the widgets
3 that we only pay, that we then only pay \$5.40 if I
4 did my math right, \$5.40 for the widget and not
5 \$5.80 because two people charge separate markups.
6 So the integrity monitor is essentially, is not in
7 charge of making sure things are moving forward,
8 the integrity monitor is in charge of making sure
9 that the bills line up, the products are being
10 delivered, to some extent the integrity monitor
11 certainly if things are dramatically delayed will
12 look and see if there are problems that go to that
13 and to the extent that there are delays that if
14 contractors have penalties in their contracts those
15 are being appropriately assessed. But the integrity
16 monitor is not in charge of making sure the work
17 gets done, he or she is in charge of making sure
18 that the bills are appropriate, the product is
19 delivered, and the payment for the product lines up
20 with what the contract said.

21 CHAIRPERSON GENTILE: So, so you say
22 that the integrity monitor should be selected by
23 DOI but who, who picks the project manager?

24 COMMISSIONER PETERS: I would assume the
25 project manager would be chosen either by DoITT or

2 by the relevant agency that's been tasked by the
3 mayor with making the project happen.

4 CHAIRPERSON GENTILE: I see. Okay so
5 you, and, and in terms of the integrity monitor DOI
6 would pick the integrity monitor...

7 COMMISSIONER PETERS: Yes.

8 CHAIRPERSON GENTILE: And then how is,
9 they become part of your payroll? How, how does
10 that work?

11 COMMISSIONER PETERS: The way most
12 integrity monitors work is that that is paid, the
13 integrity monitor is usually an outside entity that
14 we hire who reports to us who is paid for by the
15 project. Either you, so another for... to give you a
16 perfect example. Right now the New York City
17 housing authority is in the middle of what's called
18 Bond B. It's a half a billion dollar project to
19 renovate you know ceilings and, and other, ceilings
20 and out, the outside of NYCHA projects. As a
21 condition of getting the half a billion dollars the
22 federal government insisted that DOI, that there be
23 an integrity monitor appointed by DOI who
24 essentially is making sure if we're paying for 500
25 windows 500 windows got delivered, that they were

2 all double paned if that's what we paid for
3 etcetera. And from the 500 billion dollar budget a
4 certain amount of money bluntly in contracts of
5 this size a trivial amount of money is set aside to
6 pay for that monitor and you would do something
7 similar here.

8 CHAIRPERSON GENTILE: I see. Okay. Now
9 who puts the, you also mentioned in, in this
10 recommendation the interagency working group. Who
11 puts that together?

12 COMMISSIONER PETERS: That would be,
13 that should be done by the mayor and by city hall.
14 In other words where city hall makes a decision for
15 example with ECTP. Where city hall makes the
16 decision that we need to engage in a huge project
17 to overhaul ECTP. It's imperative that city, that
18 city hall say this is the lead agency, this is the
19 lead person which by the way has happened here, do
20 it as the lead agency being led by Commissioner
21 Roest. But it's also imperative that City Hall say
22 the following stakeholders need to be involved so
23 that we make sure that all of the stakeholders are
24 involved in talking with one another so we have a
25 coordinated approach.

2 CHAIRPERSON GENTILE: So it's, it's,
3 it's driven by the mayor, the mayor's office once a
4 lead agency is chosen?

5 COMMISSIONER PETERS: Yes.

6 CHAIRPERSON GENTILE: Okay.

7 COMMISSIONER PETERS: Yes. In other
8 words for large scale technology projects that span
9 more than one agency obviously there are you know,
10 you know any number of agencies engaged in
11 technology projects all the time. For that you
12 don't need a coordinating agency, the relevant
13 commissioner decides I want to do this. Presumably
14 they get expert, you know they get help from DoITT
15 and things go on. But for large scale projects that
16 cut across many agencies really the you know city
17 hall obviously needs to be involved because city
18 hall is the one nexus between all those agencies.

19 CHAIRPERSON GENTILE: And, and this
20 group actually gets involved before a contract in
21 order to evaluate the, a proposed contract, a I
22 correct about that?

23 COMMISSIONER PETERS: Yes, yes.

24 CHAIRPERSON GENTILE: And then, and then
25 during the contract the other ones required or, or

2 responsible for calling for review of the contract
3 is that right?

4 COMMISSIONER PETERS: Yes.

5 CHAIRPERSON GENTILE: Now what would
6 trigger what agency to all for a review?

7 COMMISSIONER PETERS: I'm sorry I'm not...

8 CHAIRPERSON GENTILE: For, for example
9 if there were cost overruns or deadlines and you
10 have MOCS and you have Mayor's Office of
11 Operations, OMB, whatever else, law department, or,
12 or DOI, who takes, who's responsible for calling
13 for a review if there is a past deadline or, or a
14 cost overrun or, or...

15 COMMISSIONER PETERS: There are a couple
16 of different mechanisms. The first of course is
17 that if deadlines are being missed or budgets have
18 gone over the integrity monitor is going to say you
19 know this, you know these contracts called for
20 delivery of X by Y date it didn't happen. Once we
21 get that report, you know once I get that report
22 from my monitor I'm obviously going to call up the,
23 you know whoever the lead agency is I'm going to
24 call up and say hey there's an issue you need to
25 look at it. But secondly whoever the lead agency is

2 should have a series of time lines and reports on
3 those time lines. And so when they begin to get
4 reports back suggesting that they're not going to
5 hit their marks presumably they too would stop and
6 say hey wait a minutes because it may have nothing
7 to do with corruption. It may indeed be that the
8 project is simply mor3e complicated than we all
9 first thought. But for whatever reason that
10 similarly whoever the project manager at that point
11 ought to be saying look you know clearly the
12 reports I'm getting back indicate we're not going
13 to hit the end of year goals so let's figure out
14 are we not hitting them because we're not getting
15 it done right, because it's harder than we thought
16 or for some other reason let's figure it out now.
17 We shouldn't however as we did with ECTP sort of
18 wake up in early 2014 and suddenly learn that a
19 project is 700 million dollars and, and seven years
20 over deadline right. We, that's something and, and
21 we are in the middle of our investigation will be
22 issuing a rather lengthy report. My staff have
23 already reviewed over 1.5 million documents and
24 conducted over 50 interviews. We'll be issuing a
25 very detailed report on this but it's simply not,

2 it's simply impossible to say that oh all of a
3 sudden one day we realized we were 700 million
4 dollars and seven years over budget. That's
5 something that could have been seen in 2013 and
6 2012 and 2011 and even before then and should have
7 been.

8 CHAIRPERSON GENTILE: Should...

9 COMMISSIONER PETERS: ...I expect when our
10 report is issued I'll, I'll obviously be happy to
11 be back before this committee to lay out for you
12 the one and half million documents we looked at on
13 this matter. We can send you a copy of all one and
14 half million, it's an impressive site.

15 CHAIRPERSON GENTILE: Just a few more
16 questions and then I'll throw...

17 COMMISSIONER PETERS: Sure.

18 CHAIRPERSON GENTILE: ...throw it to my
19 colleagues here. One of the things you say in your
20 report that the city time data collection devices
21 are actually up and running. And you suggest that
22 consultants now be required to use those devices.
23 Can you explain that what, what you mean by that?

24 COMMISSIONER PETERS: Sure. We've now
25 gone to considerable trouble and many millions of

2 dollars to create a system that in fact tracks
3 everybody's time. Now that we have it we ought to
4 use it, we ought to use it for everybody. If we are
5 going to be hiring consultants and we are going to
6 be paying those consultants on an hourly basis then
7 there's no reason not to have those consultants
8 being tracked by city time like everybody else.
9 It's the easiest most efficient way to do it.
10 There's no, you know we went through the trouble of
11 having a City Time mechanism, let's put it to good
12 use.

13 CHAIRPERSON GENTILE: I know my, my
14 colleague has some questions on 498, the Intro. Let
15 me just finish up by asking you about
16 recommendation number six, about the transitioning
17 maintenance and control of a project to, to the
18 city.

19 COMMISSIONER PETERS: Mm-hmm.

20 CHAIRPERSON GENTILE: What are the
21 inherent dangers of not doing that?

22 COMMISSIONER PETERS: The inherent
23 dangers are that if you don't do that then you're
24 stuck with consultants forever right. Occasionally
25 I, I think everybody recognizes that there are

2 times when we need to hire consultants because they
3 have a level of technical expertise that we simply
4 don't have in house. That's true the world over.

5 But if we don't look to transition then the
6 consultant becomes not somebody who comes in and
7 helps us with a discreet problem. How do we design
8 this piece of a program? The consultant essentially
9 becomes part of the permitted government. And
10 that's simply, that is simply an unworkable
11 situation. So when you hire consultants you need to
12 at the outset say I'm hiring you to help me fix
13 this problem and to teach me enough that once it's
14 fixed I can run it thereafter and that's got to be
15 part of the thinking process from the very
16 beginning. So you may not have that expertise at
17 the beginning but you would want by the time the
18 contract is done to have that expertise some, among
19 an employee of the city?

20 COMMISSIONER PETERS: Yes.

21 CHAIRPERSON GENTILE: Right.

22 COMMISSIONER PETERS: Exactly.

23 CHAIRPERSON GENTILE: Okay. Okay I'm
24 going to turn it over to my colleague Council

2 Member Rosenthal and then to Council, Councilman
3 Vacca.

4 CHAIRPERSON ROSENTHAL: Thank you very
5 much. Commissioner just a quick follow-up on
6 Council Member Gentile's question. I didn't quite
7 understand what you were saying or I just want to
8 clarify. The ongoing maintenance piece are you
9 saying should be written into the initial contract
10 or should be added after the work has been done?

11 COMMISSIONER PETERS: Oh no I would, I
12 mean obviously I'm reluctant to make blanket
13 statements about every contract because these are
14 big complicated things and, and, and don't easily
15 lend themselves to one size fits all. Having said
16 that my experience with these things has been that
17 you're better off saying to the consultants you
18 hire when you hire them we want you to solve this
19 problem and we want you to make sure that when it's
20 solved, when you've designed this thing for us that
21 you've also taught us how to run it so that you
22 make yourself obsolete. And my experience has been
23 that's something you want to do at the front end
24 rather than at the back end for any number of
25 reasons. A, contractors should know what they're

2 doing, you know have proper expectations. Two, if
3 you're planning to have the in house capability of
4 doing it it means that you'll identify those people
5 and they can be involved at the outset so that the
6 learning, the learning can go on while the design
7 goes on.

8 CHAIRPERSON ROSENTHAL: Yep, that makes
9 sense. And then just real quickly before I kick it
10 over to Council Member Vacca, do you support Intro,
11 whatever my bill number is, 498.. [cross-talk]

12 COMMISSIONER PETERS: 498. I don't... I,
13 I've read the bill. I don't know that at this time
14 and I will leave to some extent to my colleagues at
15 MOCS and DoITT to discuss the bills since it really
16 effects them more than it does DOI. And so to some
17 extent I'll defer to them on this. I don't know
18 that at this time what we need is a legislative fix
19 although we can certainly revisit this at some
20 point in the future. Right now what we need most
21 pressingly is to design an integrity monitor and my
22 staff and Commissioner Roest's staff are working on
23 that and to redesign the vendex and related
24 questions that get asked when we do these kinds of
25 contracts and my staff and MOCS' staff are working

2 on that. So I don't know that we need... the
3 legislation that which I've read essentially says
4 we should go and do these kinds of things which I
5 agree with but I don't know that we need a
6 legislative fix at this point. And the trouble
7 with, with a legislative fix at this point is the
8 specific information I said earlier that we need to
9 capture and the designing of integrity monitors are
10 now fairly technical processes that a bunch of
11 experts, people who bluntly know a lot more about
12 this than I do are sitting down and trying to work
13 out and it doesn't lend itself easily to sort of a
14 one size fits all piece of legislation. So my
15 suggestion would be at this time let's get the
16 specifics of vendex fixed, let's get the monitor in
17 and then revisit whether there's a, whether there's
18 a broader theme necessary. I'm, at the moment we
19 are getting certainly all of the cooperation we
20 could hope for from the administration, you know
21 from the administration. We are working with them
22 on this so I don't know that we, there's a need for
23 the, a legislative component at this time.

24 CHAIRPERSON ROSENTHAL: What's your
25 sense of timing on that?

2 COMMISSIONER PETERS: Well this is
3 December and time seems to move more slowly in
4 December than any other time of the year..

5 CHAIRPERSON ROSENTHAL: So maybe you'll
6 be done by January.

7 COMMISSIONER PETERS: I would, I would
8 hope that by the end of January we will have all of
9 this resolved and it, so that we could.. I would, I
10 would hope that we would have these issues resolved
11 by the end of January. And.. [cross-talk] and at
12 which point you know I would be happy to come back
13 and talk about this further.

14 CHAIRPERSON ROSENTHAL: I mean at some
15 point yeah I appreciate that very much. I'm going
16 to have to step out for a minute. I'm going to turn
17 this over to Council Member Vacca. Thank you.

18 COMMISSIONER PETERS: Thank you.

19 CHAIRPERSON VACCA: Thank you Chair
20 Rosenthal. I just wanted to go back to the
21 integrity person that you're looking to hire..

22 COMMISSIONER PETERS: Mm-hmm.

23 CHAIRPERSON VACCA: ...set up the office.
24 In August that was part of the recommendations that
25 were made at, in August and I wanted to know, I

2 know you stated you are now in process of
3 conceptualizing that office.

4 COMMISSIONER PETERS: Mm-hmm.

5 CHAIRPERSON VACCA: But when do you
6 think you would have an integrity commissioner in
7 place?

8 COMMISSIONER PETERS: Well it would not
9 be an integrity commissioner...

10 CHAIRPERSON VACCA: Well... [cross-talk]
11 commissioner where an integrity... [cross-talk]

12 COMMISSIONER PETERS: Right. I, I yeah I
13 don't get to create new commissioners.

14 CHAIRPERSON VACCA: Right.

15 COMMISSIONER PETERS: There are quite a
16 few of us already as it happens. I would hope that
17 the, the... I mean there... I would hope that by and I
18 want to be careful here because my staff and, and
19 DoITT staff are busy talking about this even as we
20 speak. But I would hope in the fairly near future,
21 I think I said something a minute ago about the end
22 of January. We would be in a position to you know
23 have the specs on this worked out such that we
24 could put out the RFP for the relevant firm that
25 you know can do the actual work. But we are talking

2 with the administration now about this. There are
3 lots of details that need to get hammered out
4 because frankly integrity monitors like any other
5 consultants if you don't hammer out the details at
6 the front end you end up spending a huge amount of
7 money and not getting what you need. And so in the
8 same way that I believe IT consultants need to be
9 watched carefully I believe integrity monitors need
10 to be watched carefully, we watch them very
11 carefully. And so I don't want to hire someone for
12 this until specs have been worked out that DoITT is
13 comfortable with that everybody else in the
14 administration's comfortable with and that we're
15 comfortable with because I don't want, at the same
16 time that I'm criticizing other people for runaway
17 consultants I don't want to be the genesis of a
18 runaway consultant myself. And integrity monitors
19 are like every other consultant. They will do as
20 much work as you allow them to do.

21 CHAIRPERSON VACCA: Commissioner but you
22 raised a prospect that somebody is going to have to
23 watch the watcher basically. Who would oversee the
24 integrity consultant? You would?

25 COMMISSIONER PETERS: That's my job.

2 CHAIRPERSON VACCA: Your office?

3 COMMISSIONER PETERS: Yes... [cross-talk]
4 they report to me.

5 CHAIRPERSON VACCA: DOI would oversee
6 the integrity consultant. Who would, would the
7 consultant report to DOI or... [cross-talk]

8 COMMISSIONER PETERS: Yes.

9 CHAIRPERSON VACCA: ...DoITT?

10 COMMISSIONER PETERS: They report to me.

11 CHAIRPERSON VACCA: Report to you.

12 COMMISSIONER PETERS: They report to me.
13 It is my job.

14 CHAIRPERSON VACCA: Do you have an
15 estimate of how much money an, an integrity person
16 could save for the city of New York based on this
17 problem we've had?

18 COMMISSIONER PETERS: Well rough back of
19 the envelope, in City Time we ultimately discovered
20 that roughly 400 million dollars was stolen from
21 the city. I think that our estimate on a monitor
22 for, you know monitor, comparable monitors, you
23 know the monitors for example in some of the big
24 NYCHA projects that are of this size I think I'm
25 going to say it's about four million dollars but I

2 can get you a, I can get you a better number. I
3 don't know look and see if my staff's glaring at
4 me, they're not at the moment. But let's assume
5 four million and the, the amount of money stolen in
6 City Time was 400 million dollars which is real
7 money in the budget.

8 CHAIRPERSON VACCA: Would, would a
9 requirement that you would impose on a successful
10 integrity monitor contractor bid be that they not
11 be servicing other city agencies. Would you see a
12 conflict should someone bid to be the integrity
13 officer who was already retained by the city in
14 another capacity? And I say that because energy
15 contracts run across all... almost all city agencies
16 have, have, not integrity, IT projects. Almost all
17 city agencies deal with IT so therefore would that
18 be a prerequisite?

19 COMMISSIONER PETERS: I actually would
20 not make that a prerequisite and I'll tell you why.
21 There are a certain number of firms that have both
22 the expertise and the staffing to do. And a lot of
23 this is very technical auditing stuff for which you
24 need bunches of people. Most of the firms that we,
25 we have now 17 integrity monitors on city projects

2 right now. There are 17 of them already reporting
3 to us on various projects Bond B just being one of
4 them Build it Back being another for example to
5 name probably the two biggest. We have a list of
6 people that we work on this. I think that if we
7 said that you, if you do a project for us she may
8 not be working for any other city entity, many of
9 the people who are best at this would be lost to
10 us. So I'm reluctant to impose that kind of
11 stricture. Obviously we're very careful when we
12 hire monitors to make sure there are no conflicts
13 that would really impede their work. We watch them
14 closely. But as I said we have 17 of these monitors
15 operating now. I think a number of them would be
16 lost to us if we said to these entities you may not
17 do any of the city work because it's a lot of what
18 they do. You, and you would lose a, a level of
19 expertise that I think is hard to replicate. So
20 probably I would not support that.

21 CHAIRPERSON VACCA: But then
22 Commissioner I do think we need something in place
23 to make sure that the integrity consultants we
24 retained don't end up checking on the integrity of
25 their own work at other agencies.

2 COMMISSIONER PETERS: Yes, we're very
3 careful about that.

4 CHAIRPERSON VACCA: You're aware about
5 that?

6 COMMISSIONER PETERS: Yes, of course.
7 [cross-talk]

8 CHAIRPERSON VACCA: You would be aware
9 about that? Okay.

10 COMMISSIONER PETERS: Yes, no
11 absolutely. We would never permit somebody. We
12 would never permit an integrity monitor to be
13 monitoring a project they had anything to do with.
14 But that which is very different from, from saying
15 we would never hire an integrity monitor who had
16 other city projects. It's a large city.

17 CHAIRPERSON VACCA: Commissioner I have
18 to tell you in all the years I been in government
19 which now is many many years I've never heard of an
20 independent integrity officer for the large capital
21 projects that New York City has had, sewer
22 projects, highway projects. I've never heard of an
23 independent integrity monitor, not that I'm against
24 the concept. I'm, the concept sounds great but my
25 concern is that when you look at the large amounts

2 of money our city spends on infrastructure and
3 schools and libraries and all the people that we
4 employ who are successful bidders through a, an
5 open process. But there's no integrity component
6 that, and as much as I know we need it in the IT
7 section because we've had revelations that plain to
8 it of course. I was wondering are we going to look
9 at taking this a step further? Are there not, not
10 only you know we've not had the scale of
11 revelations we've had but is there a possibility
12 that this model could be replicated successfully
13 and be used to protect the taxpayers investment in
14 capital items that we fund on an ongoing basis?

15 COMMISSIONER PETERS: Well yes and in
16 fact we do this all the time. For example as I
17 mentioned Bond B which is a massive capital project
18 at NYCHA there is an integrity monitor who reports
19 to us. Build it Back which as we all know is a
20 massive infrastructure project, again there is an
21 integrity, there are, there is an integrity monitor
22 on that project who reports to me. The school
23 construction authority has an, a monitor in that
24 instance rather than hiring a private firm. There
25 is a school construction authority inspector

2 general that does exactly this kind of monitoring
3 who also reports to me. So in fact... and as I said
4 there are now 17 independent monitors functioning
5 plus the school construction authority inspector
6 general which is the equivalent of half a dozen
7 additional monitors. So there are in other words
8 upwards of 20 25 independent monitors monitoring
9 large scale capital projects. So in fact it happens
10 quite frequently. I think one difference is we're
11 better at, at this point we're a little better
12 because we've done it more at monitoring building
13 schools than building IT projects because we've
14 been doing it so long. We've gotten really good at
15 making sure the bricks got delivered and the cement
16 got poured at two inches. IT contracts are a newer
17 thing and so we are developing that expertise. But
18 we in fact have integrity monitors on most major
19 capital projects in the city.

20 CHAIRPERSON VACCA: Are they frequently
21 known as inspector generals? Does that, does the
22 work overlap; integrity officer/inspector general?

23 COMMISSIONER PETERS: They have
24 different... most of them are referred to as
25 integrity monitors in the case of the school

2 construction authority. There is a, the person who
3 runs that shop is the inspector general, is called
4 the inspector general and she reports to me. In the
5 case of a number of NYCHA projects there is also an
6 inspector general who reports to me in the case
7 where we use private entities, we call them
8 integrity monitors when the, in the case of, in the
9 case where we have institutionalized it and hired
10 somebody who will do nothing but this all the time
11 and earn a government salary. We call them
12 inspectors general and there are a number of them
13 that report to me directly.

14 CHAIRPERSON VACCA: Okay now I
15 understand that better. Thank you commissioner.

16 COMMISSIONER PETERS: Sure.

17 CHAIRPERSON VACCA: Commissioner I have
18 the PSAC 2 building in my district which is under
19 construction.

20 COMMISSIONER PETERS: Congratulations.

21 CHAIRPERSON VACCA: Well that's why I
22 ask the question. I, I want you to know I'm
23 concerned because the mayor's order originally
24 cited that... [cross-talk]

25 COMMISSIONER PETERS: Mm-hmm.

2 CHAIRPERSON VACCA: And it's under
3 construction. Are we all systems go or are, are we
4 still in the state of some limbo regarding some of
5 those contracts? I know that there was a concern.

6 COMMISSIONER PETERS: Right. I would
7 defer to some extent to Commissioner Roest who is
8 overseeing this part of the project. We've
9 obviously looked at PSAC as part of the ECTP issue.
10 We will certainly have some observations to make
11 when our investigation's completed but in terms of
12 the status I would actually defer to DoITT on this
13 because they are the lead agency.

14 CHAIRPERSON VACCA: Thank you
15 Commissioner. Chair Rosenthal so I'll hand the
16 meeting back to her.

17 CHAIRPERSON ROSENTHAL: Oh. Just one
18 last question, maybe it was already asked in my
19 absence and thank you for your patience. Let's say
20 that you haven't been able to make the progress
21 that you would have liked to have made I terms of
22 Vendex by the end of January.

23 COMMISSIONER PETERS: Mm-hmm.
24
25

2 CHAIRPERSON ROSENTHAL: Or the end of
3 March. At what point does it become legislative?
4 This one and maybe some of the others.

5 COMMISSIONER PETERS: I am, I am greatly
6 confident that we'll, we will make the progress. I
7 think it would be, I think that if we are not
8 making progress this in the same way that, that
9 this council and this committee or this set of
10 committees you know held these hearings which I
11 think are entirely... you know an entirely good idea
12 to say to all of us where are you going on this. I
13 rather assume that sometime in February March we
14 will all be invited back and asked about our
15 progress.

16 CHAIRPERSON ROSENTHAL: Great.

17 COMMISSIONER PETERS: And I think that
18 that's entirely appropriate and I look forward to
19 being back and with the strong hope that we will be
20 able to report the kind of progress that's
21 necessary.

22 CHAIRPERSON ROSENTHAL: Great. I look
23 forward to it. Thank you so much for your time.

24 COMMISSIONER PETERS: Sure. Thank you. I
25 just, I think... anyone else have questions? I didn't

2 get... anyone? No? Okay. Oh, I'm sorry Council Member
3 Gentile.

4 CHAIRPERSON GENTILE: I'm just curious
5 could it be a better way, do you see it as a better
6 way as some reports have suggested that we somehow
7 break down these large high tech projects that
8 would give better transparency and oversight?

9 COMMISSIONER PETERS: I think it's
10 probably a case by case issue. For example in some
11 instances yes but in other instances I mean one of
12 the issues with ECTP is in fact that it got broken
13 down so we had a police department CAD and a fire
14 department CAD, the call assistance centers. And in
15 fact the breaking down of that, and this is now
16 something that happened ten years ago so we're sort
17 of we are where we are. It's not clear to us that
18 in that instance the fraction was actually a good
19 thing. One bigger system might have made more
20 sense. So I think that's one of these things that
21 has to be evaluated on a case by case basis.

22 CHAIRPERSON GENTILE: So okay I, I hear
23 what you're saying. Alright I think we're...

24
25

2 CHAIRPERSON ROSENTHAL: Actually I have
3 one more question, sorry. You know on the claw
4 back, the notion of the claw back sort of..

5 COMMISSIONER PETERS: Mm-hmm.

6 CHAIRPERSON ROSENTHAL: ...looking.. How
7 many times has, does that arise in DOI in the DOI
8 world where you wish there had been a claw back
9 component of the contract.

10 COMMISSIONER PETERS: You know I would
11 say that every time there is a project that goes
12 badly array and there isn't a claw back wish there
13 had been. I haven't sort of tried to quantify it.
14 My feeling about claw back provisions is they're
15 worth putting in every contract because by the time
16 you know you want one it's too late to ask for one.
17 You know in the same way that frankly the whole
18 reason we have contracts is not for the 99 out of a
19 hundred times that everything goes fine, a
20 handshake would have done then too it's the one
21 time out of a hundred when it doesn't. So my sense
22 is that these kind of claw back provisions are
23 enormously helpful for the rare instance when
24 things go wrong but unfortunately by the time they

2 go wrong we don't know that's the instance we need
3 it in.

4 CHAIRPERSON ROSENTHAL: And that's been
5 your experience in looking at, in terms of the
6 timing of when DOI would get notification that
7 something's gone awry?

8 COMMISSIONER PETERS: Right. By the
9 time, as a general rule, by the time DOI gets
10 involved in something..

11 CHAIRPERSON ROSENTHAL: It's too late.

12 COMMISSIONER PETERS: Things have,
13 things have already gone.. you know sadly nobody
14 seems to want to talk to us when things are going
15 well.

16 CHAIRPERSON ROSENTHAL: Well...

17 COMMISSIONER PETERS: It's a very lonely
18 life.

19 CHAIRPERSON ROSENTHAL: No I mean the,
20 the, I mean when things are going well it's fine.
21 The question is when it's in that grey zone how do
22 we get them to you faster.

23 COMMISSIONER PETERS: Right, and I, the
24 answer is by putting an integrity monitor in place
25 at the beginning of the project it tends to get us

2 involved faster because there is somebody who's
3 watching this reporting to us. So for example we
4 issued a report on Build it Back earlier this year.
5 We issued that report at a time when things had not
6 gone completely off the rails. We issued a report
7 that didn't say that. We simply issued a report
8 saying here are some things that concern us and
9 we've been having a lot of productive meetings with
10 Amy Peterson and HRO about that. The reason that we
11 saw these issues earlier than we otherwise might
12 have is because there was an integrity monitor who
13 is submitting reports to us and we were seeing
14 things in real time. That's one of the advantages
15 of an integrity monitor. How many of your
16 contracts. How, how many times, should there be an
17 integrity monitor and is there one now?

18 COMMISSIONER PETERS: There are bunches
19 of integrity monitors on bunches of projects. In
20 some instances it's done in house for example with
21 the school construction authority where³ there's an
22 in-house group that does nothing but equivalent
23 that, but that kind of work. I think that on all
24 major, any project where you were spending a lot of
25 money and it is not a perfectly transparent

2 project, in other words it's simply a contract to
3 deliver 500 of something at X dollar per where any
4 clerk can sit and count 500 and do multiplication.
5 I think it's a good idea to have this obviously the
6 first thing you want to do is to find the scope so
7 you don't have runaway consultants, you don't end
8 up spending huge amounts of money on monitors
9 where's it's not necessary. But any large scale
10 project, and certainly any large scale IT project
11 where you can't just sort of count widgets quite so
12 easily I think it makes sense to have this kind of..

13 CHAIRPERSON ROSENTHAL: Do you know, do
14 you have a sense of how many do not have one now?

15 COMMISSIONER PETERS: I don't, I could,
16 I could get that answer for you but I don't have
17 it..

18 CHAIRPERSON ROSENTHAL: Great.

19 COMMISSIONER PETERS: ...off the top of my
20 head.

21 CHAIRPERSON ROSENTHAL: Okay thank you
22 very much commissioner. Thanks for coming this
23 afternoon.

24 COMMISSIONER PETERS: Thank you for
25 having me.

2 CHAIRPERSON ROSENTHAL: Great.

3 COMMISSIONER PETERS: Thank you.

4 CHAIRPERSON ROSENTHAL: I'm going to
5 call up the next panel which is Lisette Camilo
6 who's the director of the Mayor's Office of
7 Contracts and Commissioner Anne Roest from the
8 Department of Information and Technology. Thank you
9 so much for coming.

10 CHAIRPERSON GENTILE: Just want to
11 mention that we had at some point today been joined
12 by Council Members Corey Johnson, Chaim Deutsch and
13 Peter Koo.

14 CHAIRPERSON ROSENTHAL: Thank you.

15 CHAIRPERSON GENTILE: Also if anyone
16 would like to testify the witness slips are
17 required, you have to fill out a witness slip to
18 testify so if you are intending to do so please
19 come up and see the Sergeant in Arms, fill out a
20 witness slip in order to testify.

21 CHAIRPERSON ROSENTHAL: Great. Do you
22 have a preference of who goes first? I'm open.
23 Great.

24 CHAIRPERSON GENTILE: I just need to
25 administer the oath, okay. And you both could do it

2 together, yeah. Do you both affirm to tell the
3 truth, the whole truth, and nothing but the truth
4 in your testimony before this committee, to respond
5 honestly to council member questions?

6 [cross-talk]

7 CHAIRPERSON ROSENTHAL: Thank you.

8 LISETTE CAMILO: Good afternoon Chairs
9 Rosenthal, Gentile, Vacca, and members of the City
10 Council Committees on Contracts Oversight and
11 investigation and technology and government. I am
12 Lisette Camilo, City Chief Procurement Officer and
13 Director of the Mayor's Office of Contract
14 Services, thank you very much for the opportunity
15 to testify today regarding Lessons Learned and
16 Recommendations for improving New York City's
17 management of large IT contracts and Intro 498 of
18 2004 relating to conflicts of interest in city
19 contracts. Information technology plays an
20 essential role in almost every service that the
21 city provides; from education and public safety to
22 human services and the maintenance of our streets
23 and roads. IT helps New York City be more
24 accessible, equitable, transparent, and effective
25 for all of our residents. These values are all

2 central hallmarks of Mayor de Blasio's
3 administration. Maintaining the public's trust in
4 government actions is also of the highest
5 importance to this administration particularly in
6 preserving the integrity of the city's procurement
7 processes. The basic legal framework of the
8 procurement process is to, is to assure the prudent
9 and economical use of public money for the benefit
10 of all city residents and to guard against fraud,
11 corruption, and favoritism. New York City is one of
12 the largest procuring government jurisdictions in
13 the nation. In Fiscal 2014 the city spent 17.7
14 billion dollars in procuring goods and services for
15 New Yorkers via over 43 thousand contract
16 transactions. MOCS works to ensure that agencies
17 comply with all applicable laws and rules
18 associated with procurement. We accomplish this by
19 reviewing solicitation and award documentation to
20 confirm that all requirements were adhered to and
21 providing technical assistance to agencies and
22 vendors to ensure that both the spirit and the
23 letter of those requirements were followed. We work
24 very closely with our partner including the
25 Department of Investigations in particular to

2 ensure that the integrity, to ensure the integrity
3 of the system. Introduction 498 would require the
4 'Chiepo' as I am affectionately known to create
5 standards and procedures for contractors to
6 determine the existence of any conflict of interest
7 as defined in Chapter 68 of the city charter which
8 may exist between a city employee and the
9 contractor, subcontractor, or an independent
10 contractor of the contractor. Contractors entering
11 into any agreement with any, with an agency,
12 elected official, or the city council that has a
13 value of 10 million dollars or more alone or in the
14 aggregate during the preceding 12 months must
15 certify that they complied with the standards and
16 procedures set forth in the bill and that no
17 conflict of interest exists. This administration
18 supports safeguarding against conflicts of interest
19 in city contracting. While we believe that the city
20 can do more to further this goal and avert the
21 waste or fraud that can, that can arise on the rare
22 occasion as a result of conflicts we do not believe
23 that Intro 498 would provide tools for improving
24 the city's ability to detect potential conflicts of
25 interest before our contract is awarded. Despite

2 its admirable intentions we do not believe that the
3 bill achieves such goals for two main reasons.

4 Number one there are substitute issues with the
5 bill and two the bill raises practical, practical
6 concerns. Intro 498 purports to incorporate the
7 provisions of Charter Chapter 68 to prevent
8 conflict of interest between a city employee and
9 the contractor, or subcontractor or independent
10 contractor of the contractor. However... it's a
11 mouthful. However, chapter 68 governs conflicts of
12 interest between city officers and employees and
13 the city of New York. Perhaps more fundamentally
14 Chapter 68 applies to current and former city
15 officers and employees and not to contractors. It
16 is therefore difficult to find a basis for
17 requiring a contractor to certify that city
18 employees who are not within the control or
19 oversight of the contractor have no conflicts of
20 interest under chapter 68. Additionally this bill
21 would infringe upon the authority of the COIB as
22 set forth by the charter to promulgate rules
23 necessary to implement and interpret the provisions
24 of chapter 68 regarding conflicts of interest. By
25 requiring the Chiepo to establish standards and

2 procedures for contractors to determine the
3 existence of any conflict of interest the bill
4 incorrectly grants authority to the Chiepo to
5 interpret chapter 68 of the charter. The COIB is
6 the only agency vested with this power under the
7 charter and by requiring the Chiepo to share this
8 authority the bill could easily create a number of
9 problematic though unintended consequences. One
10 such consequence may be the issuance of standards
11 and procedures that may not be consistent with the
12 COIB interpretation of Chapter 68 which may result
13 in inaccurate guidance to vendors. In the case of
14 such incorrect guidance the COIB may never the less
15 prosecute the city employee in question for a
16 violation of the conflicts of interest law... only
17 advice from the COIB itself that will provide
18 immunity from prosecution determining whether or
19 not there is a conflict of interest related to our
20 particular city contract requires the expertise of
21 the COIB which neither the Chiepo nor the vendors
22 have and requiring such certification as a
23 prerequisite to entering into a city contract may
24 result in a, in conflicting guidance and risk of
25 prosecution. Finally under the charter the

2 Procurement Policy Board, PPB, was designed as the
3 body to promulgate rules regarding the procurement
4 process. The PPB has already enacted a number of
5 provisions that address conflicts of interest and
6 city contracting which I will, which I will discuss
7 a bit more thoroughly below. Intro 498 would
8 seemingly impede on the powers vested in the PPB by
9 the city charter, section 3-11 to set such rules
10 regarding city procurement. In addition to the
11 susceptible concerns related to the bill I would be
12 remiss if I did not mention the practical effect of
13 the certification require, requirement on the
14 procurement process generally. The procurement
15 process in New York City is long and complex.
16 Throughout the years a number of requirements have
17 been added to that process. These additional
18 requirements furthering very important policies
19 including policies that support the basic legal
20 framework of procurement and those that further
21 other important ones have resulted in a very long
22 and complicated process that is difficult to
23 navigate by both agencies and vendors alike. It can
24 take agencies over a year to get through a single
25 procurement due to all of their requirements placed

2 on agencies and vendors. A complicated and drawn
3 out process discourages good vendors from
4 submitting bids or proposals which means that the
5 city may not be getting the best goods or services
6 in some circumstances. The additional mandate of
7 Intro 498 that it requires one whose policies may
8 result in conflicting guidance to vendors and would
9 further complicate the process would not be
10 effective. The city has a number of tools already
11 in place that address conflicts of interest related
12 to city contracts. Chapter 68 of the city charter
13 as administered and interpreted by the COIB, the
14 ppb rules, the vendex questionnaires, and standard
15 city contracts themselves all contain provisions
16 that govern or address potential conflicts of
17 interests of public servants in city contractor.
18 The PPB rules which govern the procurement of goods
19 and services in the city of New York include
20 express language regarding ethical conduct of
21 public employees and vendors. For example the rules
22 mandate that vendors and the representative deals,
23 representatives deal ethically with the city and
24 its employees and are required to give the city
25 complete and accurate information, avoid conduct

2 that would limit competition and not ask that
3 public servants take actions that would violate the
4 law. The PPB rules are rules ethical standards.
5 Conflicts of Interest provisions are also
6 specifically included in the city standard
7 contracts. For example Appendix A, the general
8 provisions governing contracts for consultants,
9 professional, technical, human and, client services
10 includes language prohibiting the contractor from
11 employing a person or permitting a person to serve
12 as a member of the Board of Directors or as an
13 officer of the contractor if such employment or
14 service would violate chapter 68 of the charter.
15 The city also requires disclosure in Vendex
16 questionnaires from vendors and subcontractors
17 prior to receiving awards, I'm sorry prior to
18 receiving awards and subcontractors prior to
19 approvals of information relating to possible
20 conflicts of interest with city employees. Agencies
21 are required to examine these disclosures when
22 evaluating them. Any disclosure that results in the
23 suspicion of conflicts must be referred as required
24 by the PPB rules and the charter by the contracting
25 agency to the COIB for further guidance. These

2 forgoing rules, policies, standard contracts and
3 vendex requirements create a solid framework
4 within, which we can work to prevent conflicts of
5 interest in city contracts. Though we have a solid
6 framework we should work together within that
7 framework to prevent the rare occasion when
8 conflicts of interest, conflicts exist in city
9 contracting. We would like to work with and in fact
10 are working with our partners in city government
11 including the Department of Investigation towards a
12 solution that achieves that goal without impinging
13 on the duties of COIB and PPB and without adding
14 delay to the procurement process. Thank you for the
15 opportunity to provide comments on this legislation
16 and I welcome your concerns and comments.

17 CHAIRPERSON ROSENTHAL: Thank you so
18 much Director Camilo. Commissioner? Oh I just want
19 to mention we've been joined by Council Member
20 Dromm and yeah, thank you.

21 COMMISSIONER ROEST: Thank you. And good
22 afternoon Chairs Rosenthal, Vacca, and Gentile and
23 members of the Committees on Contracts, Technology,
24 and Oversight and Investigations. My name is Anne
25 Roest and I am the Commissioner of the Department

2 of Information Technology and Telecommunications or
3 DoITT and I'm the New York City Chief Information
4 Officer. Thank you for the opportunity to speak
5 here today. As the city's IT agency DoITT supports
6 the underlying technology and systems for many city
7 agencies and entities and provides assistance in
8 facilitating implementation of programs where it
9 can offer expertise and advice. While DoITT is not
10 involved in all of the city's large scale
11 technology initiatives it has played a key role in
12 many. Our experience has led us to the firm belief
13 that the better managed a project is the less
14 likely it is to be susceptible to fraud and waste.
15 As commissioner I intend to instate stronger
16 governance practices for all DoITT led projects. I
17 look forward to working with the city's technology
18 leadership to define a larger citywide approach to
19 governance. I will focus my remarks today on one
20 such large technology initiative DoITT is currently
21 actively engaged in and you've been hearing about
22 the Emergency Communications Transformation Program
23 or ECTP. As Chair Vacca indicated DoITT and I had
24 been tasked with assessing, restructuring, and
25 managing the ECTP project since my appointment last

2 Spring. And we offer this insight as an example of
3 a rigorous evaluation of a multi stakeholder,
4 multiyear initiative that has a significant impact
5 on New Yorkers. There are similarities between ECTP
6 and other large technology initiatives in the city
7 and there are lessons to be gleamed across these
8 programs. And while this isn't in my testimony I'd
9 like to acknowledge Commissioner Peters for his
10 partnership and assistance during the assessment
11 and evaluation and developing some go forward
12 strategies. In 2004 the City of New York began
13 ECTP, what was then a five year project to
14 modernize and consolidate the city's 9-1-1
15 emergency communication system, the most complex
16 and expansive system in the nation. As you may
17 recall eight years later in December 2011 as part
18 of ECTP the NYPD and FDNY 9-1-1 operations were
19 collocated into the first Public Safety Answering
20 Center or PSAC. Since then the city has been moving
21 toward the development of the second PSAC in the
22 Bronx to ensure fully redundant 9-1-1 operations
23 for the first time in its history. By the end of
24 2013 the projected opening date for PSAC 2 was
25 December of 2015. During a May 2014 briefing for

2 the city's first deputy mayor however it was
3 communicated that the go-live date for PSAC 2 had
4 slipped dramatically and would now be delayed into
5 2018. In addition to this delay the cost was
6 expected to increase significantly. Finding this to
7 be unacceptable and knowing the history of the
8 program the first deputy mayor ordered a full
9 assessment of all facets of the program. DoITT was
10 to focus its particular review on the technological
11 components of ECTP and where processes and
12 practices could be improved to ensure successful
13 delivery of PSAC 2 and all of its technology.

14 DoITT's report issued on August 6th of 2014 was a
15 full review of the technological aspects of ECTP
16 including budget, schedule, and governance. In it
17 DoITT aide several recommendations on how to
18 correct any deficiencies in the overall management
19 of the program going forward. Id' like to review
20 for the committee some of the recommendations the
21 city has been implementing in an effort to improve
22 the 9-1-1 emergency communication system. Hopefully
23 our findings will lend themselves to offering
24 guidance as the city assesses its processes for the
25 management of large, large scale city contracts, IT

2 or otherwise. And our governance recommendations.

3 On large projects and especially large IT projects
4 we know we need a governance model that offers
5 clear accountability or direction for stakeholders,
6 decision making, and escalation. With regard to
7 ECTP that model should enable and require sustained
8 participation from all stakeholder agencies for the
9 duration of the program and include executive level
10 oversight with an active and committed
11 participation from agency heads. Accordingly as
12 part of our governance recommendations we created
13 the ECTP steering committee responsible for
14 directing and advising the program management. Its
15 role is to understand the key issues, risks, and
16 requested changes, approve our escalate budgetary
17 related changes and to provide advice and decision
18 making for escalated items. In short the steering
19 committee's role is to monitor program progress and
20 carry back information about its decisions to the
21 respective segments of the program. We also took
22 management control back from the systems integrator
23 or SI making it clear that we, the city, are
24 responsible for the successful outcome of the
25 project. In short we can outsource work, we can

2 outsource management tasks, but we can't outsource
3 responsibility. Our review indicated that large IT
4 programs can be divided into multiple, smaller, and
5 more manageable programs. By breaking up very large
6 technology initiatives into smaller, more discreet,
7 and attainable parts it can allow the city to adapt
8 to advancing technologies as well as expand the
9 pool of potential vendors able to successfully bid
10 on a project. For budget recommendations we said to
11 exert greater direct control of ECTP, we reduced
12 the number of consultants managing delivery of the
13 PSAC from nearly 140 to just over 30 and shifted
14 much of their responsibility to city staff. Our
15 review also found that the city could get the best
16 value by developing a sourcing strategy for the
17 remaining procurements. We eliminated layered
18 procurements and therefore layered mark ups by
19 buying directly from the source rather than buying
20 through a system's integrator. Our findings also
21 indicated the value of appointing a vendor and
22 contract management lead and providing staffing
23 necessary to effectively oversee the numerous
24 vendor engagements and contracts associated with
25 the program. We are seeking to eliminate layers of

2 vendors wherever possible so that the vendor
3 directly responsible for delivery is in turn
4 directly communicating the stakeholders and city
5 program management not with other vendors. The
6 lessons we've learned from our ECTP review
7 validates some related initiatives DoITT has
8 underway and which I would like to conclude with
9 here. First DoITT has recently launched new
10 citywide system integrator contracts. The first
11 ever standard technology contracts developed
12 specifically for New York City contracts. Open to
13 agencies and entities citywide these contracts
14 offer competitive pricing, well defined
15 requirements, and performance standards and are
16 written in plain language for ease of use by
17 technical and non-technical project managers and
18 executives alike. These contracts also open up city
19 technology initiatives to a wider range of
20 companies by dividing projects into two classes,
21 those up to five million and those up to 25
22 million. Included in these contracts are greater
23 accountability and protective measures for the city
24 such as requirement for performance demonstration
25 requirements, code reviews, deliverable inspections

2 at any time. If it becomes apparent that a project
3 is not meeting deadlines or will launch late the
4 city is able to default the contractor without any
5 delay. In another example of our work to address
6 challenges with contract delivery DoITT developed
7 the program management office workshop training
8 program. In an effort to share knowledge and
9 constantly improve the way we work DoITT offers
10 workshop training on program and project management
11 and project delivery topics. Over the past three
12 years we've conducted more than 200 workshops for
13 more than 1500 participants from 30 different city
14 agencies. Sessions are typically two hour long high
15 level informal discussions on topics including
16 project management work planning, project
17 management risk management and requirements
18 elicitation. Effective contract and project
19 oversight is a critical function of any government,
20 especially for one as large and complex as ours. I
21 hope DoITT's experience in reviewing administering
22 large scale contracts can prove instructive as the
23 city pursues future large scale IT initiatives to
24 improve the delivery of services to New Yorkers. I

2 thank the committee members for their time this,
3 this afternoon and I'm happy to take any questions.

4 CHAIRPERSON ROSENTHAL: Thank you very
5 much. I'm going to ask that Council Member Vacca
6 start off with the questions. You ready?

7 CHAIRPERSON VACCA: Chair Rosenthal,
8 thank you commissioner for your testimony. I wanted
9 to ask if, I was reviewing something that happened
10 on Friday. The mayor issued an executive order
11 reestablishing the city of New York Technology
12 Steering Committee.

13 LISETTE CAMILO: Yes that's right.

14 CHAIRPERSON VACCA: I would have like to
15 have known about that. I get calls on a lot of
16 things lately and no one even let me know as Chair
17 of the technology committee that this steering
18 committee was being reactivated. So does this
19 steering committee, does the focus of the steering
20 committee, is the focus relative to contracts?

21 LISETTE CAMILO: It will cover contracts
22 project management and project oversight. It will
23 help us figure out ways to work better together as
24 an IT community in the city. And, and I apologize
25 for that oversight that you weren't notified.

2 CHAIRPERSON VACCA: Now the committee
3 shall consist of three members, the first deputy
4 mayor, the city's technology officer will serve as
5 chair, and there will be the commissioner of DoITT?

6 LISETTE CAMILO: Mm-hmm.

7 CHAIRPERSON VACCA: And the director of
8 OMB will be on the steering committee?

9 LISETTE CAMILO: That's correct.

10 CHAIRPERSON VACCA: What is the mission
11 of the steering committee?

12 COMMISSIONER ROEST: So, so the mission
13 of the steering committee, there was a steering
14 committee actually in the past. The mission of the
15 steering committee would be pretty much the same
16 but it's to bring oversight and governance into the
17 way we use our IT resources in the city to make
18 sure that projects and initiatives going forward
19 are using the right technology and are set up to
20 succeed in other words they have the governance
21 that we need. They're making the right decisions as
22 far as technology. There's over, ongoing oversight
23 and monitoring and, ad that they have program and
24 project management correctly implemented. I think
25 you'll hear more in the future about risk

2 management. We want to make sure that there's a
3 risk management program for the city and that
4 everyone is following the best practices as defined
5 by this committee.

6 CHAIRPERSON VACCA: Now the executive
7 order I'm seeing right now says that the steering
8 committee will set the policy regarding which
9 technology projects will be subject to review.
10 Aren't we at a point where all technology projects
11 should be subject to review? Why would a steering
12 committee decide which ones will be and which ones
13 will not be?

14 COMMISSIONER ROEST: In, in all honest
15 the steering committee has not yet met but when we
16 do...

17 CHAIRPERSON VACCA: Speak a little
18 louder, I didn't hear that.

19 COMMISSIONER ROEST: I said the steering
20 committee has not yet but when we do we're going to
21 need to work through what projects we will review
22 at that level. You're right all projects should
23 have some level of review but how many will come in
24 front of the committee. I think we've got to think
25 about which level of projects, what level of

2 spending or complexity or importance to the city
3 should be reviewed by that committee and monitored
4 by that committee.

5 CHAIRPERSON VACCA: Well since it was...
6 I, I do have to tell you Commissioner since this
7 was done by executive order I'm going to be
8 introducing legislation that this steering
9 committee report to the council twice a year. We
10 have a oversight function here which I take very
11 seriously and I want to keep the council abreast on
12 a regular basis as to the actions of the steering
13 committee and their findings. I did note something
14 in your testimony that I wanted to talk about. You,
15 you were success in reducing at PSAC 2 the number
16 of consultants from 140 to just over 30 but then
17 right before that you talk about breaking up very
18 large technology initiatives to smaller, more
19 discreet, and attainable parts. So if we're looking
20 to break up technology initiatives into smaller
21 parts than is it wise that we reduce the number of
22 consultants? And do we face the possibility that
23 some consultants will have multiple contracts
24 within the same job at, at any time.

2 COMMISSIONER ROEST: So in particular in
3 ECTP what we looked at... we had one project that had
4 many smaller parts in it so we had radio parts and
5 telephony parts. We had to put in telephones and
6 radios. And this was all rolled up into one big
7 project plan. And I have to say that it was really
8 hard to get our arms around what deliverables were
9 really dependent on what and who was doing which
10 work when we had this monster project. And so what,
11 what I mean when I say we break it down is we put a
12 program lead in over the telephone piece and a
13 program lead over the radio piece. And it's much
14 easier then to get your arms around the milestones
15 and deliverables for that piece. And really a lot
16 of those components didn't need to be tied together
17 and it created an artificially complex project plan
18 that honestly when I asked folks to explain to me
19 no one city person could explain that to me. Now I
20 have a person in each one of those groups who can
21 explain the project plan and the deliverables. They
22 really understand it. And then we roll that all up
23 into a higher level plan. We've got the same amount
24 of work to do when we downsize the number of
25 consultants it's just simply city staff taking that

2 over. We have the same number of people and I think
3 in fact people who have the right motivation to
4 deliver this project on time and on budget when you
5 have more city people in the responsible management
6 positions.

7 CHAIRPERSON VACCA: Commissioner this
8 was... My, my, my next statement's going to be made
9 even though you were not commissioner at the time.
10 But I'm sure you've done an assessment. How could
11 it be that we had so many overruns, so many
12 problems with technology projects when every agency
13 in the city including DoITT has an inspector
14 general? Where were the inspector generals when
15 things had to be inspected? And were they not
16 properly staffed up? Were they not... did they have
17 investigations in progress? There's a link, there's
18 a link missing here. Throughout the process,
19 throughout the point that we now see ourselves at
20 today. And I wanted an assessment from you as part
21 of your review when you took over or what you have
22 implemented since you took over and I wanted to
23 include that in this discussion.

24 COMMISSIONER ROEST: As you said I, I
25 wasn't here and I'm not sure if the inspector

2 generals were ever involved at any point in any of
3 the discussion. There does need to be greater
4 monitoring and management and they should be in the
5 future. And I think commissioner Peters spoke to
6 that. We've got to find a way to get these issues
7 escalated sooner.

8 CHAIRPERSON VACCA: How many people work
9 in the inspector general unit of DoITT? How many
10 employees are there within the inspector general
11 office?

12 COMMISSIONER ROEST: We're confirming.
13 Okay. So there are two in DOI for DoITT. We don't
14 have inspector generals in the agency.

15 CHAIRPERSON VACCA: There's two people?

16 COMMISSIONER ROEST: Yes.

17 CHAIRPERSON VACCA: I know for a fact
18 the police department has many many many more. And
19 why, your agency has such responsibilities
20 concerning contracts, your agency oversees billions
21 of dollars in, in, in technology projects. How do
22 we have an inspector general office with two
23 people?

24 COMMISSIONER ROEST: Yeah. And it, and
25 it's more than inspector general. In all honesty I

2 have been speaking with Charles Frasier who just
3 came up to talk to me about not just inspector
4 general but internal controls, internal audit, and
5 risk management in the agency. And I share your
6 concern that we are not staffed in that area and we
7 will be looking at that.

8 CHAIRPERSON VACCA: Commissioner I
9 appreciate you know your forthrightness but I'm a
10 taxpayer first and foremost and it see like we may
11 have brought to light the problems I technology
12 contracts but it doesn't look like we've taken
13 expeditious action. It doesn't, it looks like we
14 have things in place which may result in a, an
15 improvement and, but this is already December and
16 we face an inspector general office for the agency
17 that oversees technology contracts having two
18 people when we knew that there were these problems
19 which I referred to as a boondoggle. It, it just
20 seems like we, we're slow, we're not acting as
21 expeditiously as I would want our city to act. I'm
22 a taxpayer, this is my money.

23 COMMISSIONER ROEST: So I understand the
24 concern. I do want to point out though that DoITT
25 doesn't oversee all technology contracts in the

2 city. We do have a large portfolio and, and I take
3 that very seriously but a lot of the large projects
4 are executed within other agencies and they would
5 have their own inspector general so it's not just
6 two inspector generals looking at IT for the whole
7 city. That would be who's allocated to do it but
8 there's others who would be looking at projects.

9 CHAIRPERSON VACCA: You may want... and I,
10 I'm, I'm sorry if I've took up so much time... but
11 the technology steering committee may want to look
12 at having the inspector generals of various
13 agencies who have responsibility for technology
14 projects. They should be coordinating their
15 efforts. They should be working together. That's
16 how we're going to get the bottom of fraud. If we
17 have technology projects over, technology project
18 overruns there has to be that, that the, the right
19 hand knows what the left hand's doing because there
20 could be a correlation. Many of these problems may
21 be from the same contractors across agencies.

22 COMMISSIONER ROEST: Mm-hmm.

23 CHAIRPERSON VACCA: So I, I bring that
24 to your attention in the hope that this new
25

2 steering committee will be able to look at that and
3 get their hand, their, their hands around it.

4 COMMISSIONER ROEST: Noted. Thank you.

5 And the CTO Minerva Tantoco is here. She'll be
6 chairing the committee and I seen her taking notes..

7 [cross-talk]

8 CHAIRPERSON VACCA: Thank you
9 commissioner. Thank you Commissioner.

10 COMMISSIONER ROEST: Yes.

11 CHAIRPERSON ROSENTHAL: Thank you. Just,
12 just a quick follow-up to Council Member Vacca's
13 question. It strikes me that, that what he's asking
14 for is what are the triggers that would indicate
15 there's a problem? So what are the triggers... I mean
16 it, it speaks to the mission of your technology
17 steering committee. What will be the triggers? And
18 this could be for either of you but what triggers
19 will you set in motion to identify which projects
20 come to you to the technology steering committee.

21 COMMISSIONER ROEST: Again not having
22 had our first meeting I believe it would be items
23 like any kind of, well before, before a project is
24 a project we'd, we'd look at complex project high
25 cost projects, projects that will have a

2 significant impact to the city. But then after that
3 we should be watching for change orders, cost
4 increases, scope increases, and any change I don't,
5 we never do on a...

6 CHAIRPERSON ROSENTHAL: You're welcome
7 to come, we'll swear you in, just identify yourself
8 please. Hang on Council Member Gentile's going to
9 swear you in.

10 CHAIRPERSON GENTILE: Just turn on the
11 mic okay. [cross-talk]

12 MINERVA TANTOCO: Hello. [cross-talk]

13 CHAIRPERSON GENTILE: Do you affirm to
14 tell the truth, the whole truth, nothing but the
15 truth in your testimony before this committee, to
16 respond honestly to council member questions?

17 MINERVA TANTOCO: Yes I do.

18 CHAIRPERSON GENTILE: Okay. Please
19 identify yourself.

20 MINERVA TANTOCO: I'm Minerva Tantoco,
21 Chief Technology Officer for New York City.

22 CHAIRPERSON ROSENTHAL: So sorry.

23 MINERVA TANTOCO: It's okay. So as, as
24 Commissioner Roest mentioned we, we've not yet met.
25 The technology steering committee is just being

2 reestablished. However, to answer your question
3 part of the goal of the technology steering
4 committee is not only to respond to issues as they
5 arise or have triggers but in fact to proactively
6 look at projects that by their very nature would
7 pose a higher risk. So these would be a larger more
8 complex IT projects, information technology
9 projects. These would be ones that involve
10 interagency coordination because that's often a
11 area where there's a gap in coordination where no
12 single agency maybe owns the whole thing. And so
13 interagency coordination could present a risk or a
14 level of complexity or where the technology is
15 perhaps new or untested in the city or perhaps does
16 not have existing resources in the city that know
17 how to use that technology. So that's another area.
18 So these are sort of more proactive approaches that
19 we would look, even perhaps before they're funded
20 which is why the OMB is a part of that so that we
21 can early on identify projects that may present you
22 know a higher risk profile just by virtue of what
23 they are.

24

25

2 CHAIRPERSON ROSENTHAL: And do you
3 involve the TDC, the Technology Development
4 Corporation in that at all?

5 MINERVA TANTOCO: So yes potentially the
6 technology, the New York City Technology
7 Development Corporation can provide additional
8 expertise and resources where we might ordinarily
9 hire an external consulting firm at a higher cost.
10 So you know the goal of the Technology Development
11 Corporation is to provide resources like
12 architects, technology architects, sorry should be
13 clear. Or perhaps those who are well versed in
14 large programs because those resources may not
15 exist already in an individual agency's resources.
16 If you think about it most agencies might have a
17 large IT project once every five or six years. They
18 wouldn't necessarily have a program manager, a
19 multi-million dollar program manager on staff full
20 time all the time and they're needed for specific
21 period of time and then they could reuse that
22 knowledge on the next big project.

23 CHAIRPERSON ROSENTHAL: I just want to
24 recognize Council Member Miller who's joined us.
25 And does, who does TDC report to now?

2 MINERVA TANTOCO: So the technology
3 development corporation, the work is directed to
4 them through the mayor's office and as Chairman of
5 the Technology Development Corporation they will
6 report to me.

7 CHAIRPERSON ROSENTHAL: To you, okay.
8 Great, I'd love to talk more about that. So you
9 didn't feel they needed to be on the oversight
10 committee because they report to you? Is that
11 right? You wouldn't want them on the steering
12 committee given that they're the ones who are
13 exactly looking at, looking, trying to set scope
14 that's a reasonable scope and..

15 MINERVA TANTOCO: Who are they? You mean
16 the Technology... [cross-talk]

17 CHAIRPERSON ROSENTHAL: TDC.

18 MINERVA TANTOCO: They, yeah they are a
19 consulting firm that's hired by the city. They
20 wouldn't necessarily have a, you know an oversight
21 role other than to provide the resources that we
22 need to do those risk assessments.

23 CHAIRPERSON ROSENTHAL: I had never
24 heard them described that way; a consulting firm
25 hired by the city. Okay. So are they part of the

2 base line of our city's budget or are they just
3 hired intermittently?

4 MINERVA TANTOCO: At the moment they
5 have a, a contract. The, their only customer is the
6 City of New York and their contract is renewed as
7 needed. Does that answer your question? As a
8 consulting firm.

9 CHAIRPERSON ROSENTHAL: Wow, okay. Hang
10 on one sec. Do you expect to, do you currently have
11 any sort of interagency database that can identify
12 IT contractor whose being used at one agency or
13 that contractor is not working out so well, what's
14 the red flag that comes up so another agency will
15 know not to hire them?

16 LISETTE CAMILO: So the, I think that
17 the database that most closely approximates what
18 you're asking would be vendex and performance
19 evaluation so that if a contractor that is used by
20 multiple agencies has poor performance evaluations
21 for example all of the, all of the performance
22 evaluations live on vendex and every agency that is
23 engaging in a new contract has access to a
24 historical performance evaluations for all city
25 contractors.

2 CHAIRPERSON ROSENTHAL: Does that
3 include the subcontractors and the consultants?

4 LISETTE CAMILO: No, not for subs or
5 consultants. But so anyone...

6 CHAIRPERSON ROSENTHAL: Not for either?

7 LISETTE CAMILO: No. For any prime
8 contractor.

9 CHAIRPERSON ROSENTHAL: Right.

10 [cross-talk]

11 CHAIRPERSON ROSENTHAL: So prime
12 contractors you can have, see a red flag but for a
13 subcontractor you can't anywhere.

14 LISETTE CAMILO: Not centrally. I think
15 city agencies have some subcontractors who have
16 prime contracts as well will have, will... [cross-
17 talk]

18 CHAIRPERSON ROSENTHAL: Right but if
19 they're... [cross-talk]

20 LISETTE CAMILO: But there's no... [cross-
21 talk]

22 CHAIRPERSON ROSENTHAL: ...constantly...
23 [cross-talk]

24 LISETTE CAMILO: ...there's no
25 requirement... [cross-talk]

2 CHAIRPERSON ROSENTHAL: ...subcontractors...

3 LISETTE CAMILO: Correct. There's no
4 current requirement to do, engage in performance
5 evaluations for subcontractors and consultants.

6 CHAIRPERSON ROSENTHAL: So how do you
7 catch that kind of stuff?

8 LISETTE CAMILO: It, it definitely pops
9 up because many of the contractor, subs do, have
10 also prime contracts... [cross-talk]

11 CHAIRPERSON ROSENTHAL: Do you have a
12 sense... [cross-talk] at all?

13 LISETTE CAMILO: No no no. I... [cross-
14 talk]

15 CHAIRPERSON ROSENTHAL: 90 percent?

16 LISETTE CAMILO: There's no... [cross-
17 talk]

18 CHAIRPERSON ROSENTHAL: 50...

19 LISETTE CAMILO: There's no way for me
20 to, there's no way for me to, to be able to
21 quantify that number.

22 CHAIRPERSON ROSENTHAL: Okay. And do you
23 mind staying for a little bit. I appreciate it.
24 What do you not directed to the Director of
25 Contracts right now but what do either of you think

2 of the notion of collecting conflict of, conflict
3 of interest information about subcontractors or
4 consultants?

5 COMMISSIONER ROEST: So... [cross-talk]

6 CHAIRPERSON ROSENTHAL: Which was I
7 think when the DOI commissioner said was one of his
8 top two recommendations.

9 COMMISSIONER ROEST: Mm-hmm. So I think
10 just having spoken to the commissioner of DOI
11 recently about the complexity of IT projects and
12 the difficulty in making any kind of blanket
13 recommendations for IT projects I think there's a
14 lot of really good ideas but they should be applied
15 with some thought to different types of projects.
16 So... [cross-talk]

17 CHAIRPERSON ROSENTHAL: What would be
18 the red flags for you? Which projects should they
19 be applied to?

20 COMMISSIONER ROEST: So for a conflict
21 of, where you, where you a prime contract and a lot
22 of subs I think you would want more oversight of
23 the subs than... [cross-talk] some of the more simple
24 projects. But it's really you know projects are
25 projects for a reason. It's because they're

2 complicated and they're all different and so I
3 think we, we do want to come up with what is the
4 right governance to have in place for what types of
5 projects but that will take a lot of discussion and
6 work to get through that. And we talk for example
7 about using a dollar threshold well I have some
8 projects that are very high dollar but they're
9 actually very simple projects, putting in a new
10 mainframe for example is a pretty simple project
11 with not a lot of room for fraud or abuse but it's
12 a pretty high dollar value. So you really have to
13 look at what are those criteria for which types of,
14 of oversight.

15 CHAIRPERSON ROSENTHAL: If you had to,
16 so it's been six months, you've been in your job
17 since spring.

18 COMMISSIONER ROEST: Yep.

19 CHAIRPERSON ROSENTHAL: It's been six
20 months since we've seen the DOI report you're in as
21 the Chief Technology... I don't understand, I mean do
22 you think there'll come a point where you'll know
23 what the red flags are and triggers that... I mean do
24 any jump to mind that you've tried to implement?

25

2 COMMISSIONER ROEST: So I'm not sure
3 quite...

4 CHAIRPERSON ROSENTHAL: I'm going all
5 over the place but partially because it, it sounds
6 like you're doing some work on this but you're not
7 ready to report it out. And I just don't even know
8 what the work is and whether or not it speaks to
9 the DOI report and I'm trying to get some assurance
10 from you that it does.

11 COMMISSIONER ROEST: Sure. So my focus
12 has honestly as far as big projects go has been on
13 ECTP but then I am pushing some of what we're doing
14 out into the agency in a broader way. In the DOI
15 report they talked about the integrity monitor. I
16 am working with DOI on how to implement that for
17 the ECTP project. They talked, he talked about
18 consultants using an automated time keeping system,
19 City Time, that's been done for ECTP.

20 CHAIRPERSON ROSENTHAL: And is... I'm
21 sorry say that again.

22 COMMISSIONER ROEST: That has been done
23 for ECTP. So I've taken his recommendation
24 seriously and... [cross-talk]

2 CHAIRPERSON ROSENTHAL: So ECTP is using
3 City Time? That was going to be my, one of my
4 questions.

5 COMMISSIONER ROEST: Yes, to track the
6 consultants.

7 CHAIRPERSON ROSENTHAL: To track the
8 consultants. And is that being monitored through
9 the Office of Payroll Administration or through
10 your office?

11 COMMISSIONER ROEST: No that comes back
12 to our office but what I'd like to set up is an
13 automated way to do that now that we have the
14 consultant time in, in electronic format what can
15 we do to automate the review because we get the
16 invoices often electronically so we'll work on
17 that. But I'm also rolling it out more broadly in
18 DoITT. I'm not done yet but all consultants will be
19 using..

20 CHAIRPERSON ROSENTHAL: Do you have a
21 time..

22 COMMISSIONER ROEST: No I don't.

23 CHAIRPERSON ROSENTHAL: ...estimate?

24 COMMISSIONER ROEST: No I don't.

2 CHAIRPERSON ROSENTHAL: I mean is that
3 something you're trying to do by the end of 2015?

4 COMMISSIONER ROEST: By the end of 2015,
5 well before the end of 2015, yes.

6 CHAIRPERSON ROSENTHAL: Do you think if
7 there are any budget needs for it we'll see request
8 for additional funding in the preliminary budget or
9 will we not see it till adoption... [cross-talk]

10 COMMISSIONER ROEST: Budget request for
11 having the consultants use City Time? You won't see
12 a budget request for that, we'll be able to handle
13 that internally.

14 CHAIRPERSON ROSENTHAL: Oh. This is, we
15 have a transcript on this right?

16 COMMISSIONER ROEST: I give you my word.

17 CHAIRPERSON ROSENTHAL: Okay.

18 COMMISSIONER ROEST: Okay. Transition
19 maintenance and control to the city... so that's
20 something that generally... And I'm speaking about
21 for DoITT now. I'm not speaking for the rest of the
22 city... [cross-talk]

23 CHAIRPERSON ROSENTHAL: Right.

24 COMMISSIONER ROEST: ...something that
25 needs to be coordinated that you know should be in

2 any project plan, it should be in the budget going
3 forward. So we haven't initiated any new major
4 projects but that will be a discussion for any of
5 those projects. It's absolutely, he's right on in,
6 in most of his recommendations but again I just
7 caution exercising them with discretion based on
8 the type of project it is. But anytime we have a
9 vendor that would possibly be doing maintenance at
10 the end of the project we should have the plan in
11 place to transition when we kick off the project.

12 CHAIRPERSON ROSENTHAL: Are you finding
13 that to the extent that you're doing that now you
14 were mentioning that you're, in one, the moving
15 from 140 down to 30 contracts that you're hiring
16 internally. Are there qualified people who can do
17 this work who are city government employees and
18 being paid to the government employee wages because
19 that of course was one of the main concerns.

20 COMMISSIONER ROEST: Right. In EC, and
21 again I'm speaking about ECTP, there were no plans
22 to transition the work. So that's something that
23 we're working on actively right now, what are the
24 transition plans and the support model for ECTP
25 going forward. For the most part I'm finding that

2 the skill sets we need to do most of the work is
3 available.

4 CHAIRPERSON ROSENTHAL: Mm-hmm.

5 COMMISSIONER ROEST: That we can hire
6 people to do things like desktop support and
7 cabling and those kinds of things. I am worried
8 about some of the higher level skill sets. Minerva
9 mentioned architecture, technical architecture.

10 CHAIRPERSON ROSENTHAL: Mm-hmm.

11 COMMISSIONER ROEST: So some of the
12 higher level skill sets, we're looking at that
13 trying to figure out where and how we get those
14 kind of skill sets into the city. But the vast
15 number when you look at the number of contractors
16 that will be doing support, we can reduce the
17 number by a lot. I do think that we're going to
18 struggle with a few of the particular skill sets.

19 CHAIRPERSON ROSENTHAL: Do you think
20 that, have you reviewed city time and how it works
21 at OPA? And do you feel satisfied with, I mean
22 except for the lost 600 million piece but... [cross-
23 talk] in terms of what we have now, operating now,
24 do you think it's satisfactory for what the city
25 needs to have to monitor payroll?

2 COMMISSIONER ROEST: Yeah I'm not aware
3 of any shortcomings in city time from, from a
4 user's perspective.

5 CHAIRPERSON ROSENTHAL: Okay. Okay so
6 anyone else have any questions? I'm going to come
7 back but just when... Oh I'm sorry Council Member
8 Miller, do you mind if we defer to, Council Member
9 Miller.

10 COUNCIL MEMBER MILLER: Thank you Madam
11 Chair. So I, I, I want to actually just pick up on
12 what Council Member Rosenthal just said in terms of
13 the human capital within your agency and who's
14 doing what and, and in fact in its infancy not just
15 of City Time but in these projects, major projects
16 and others that you been speaking about, at what
17 point do you consider whether or not this work can
18 be done in house?

19 COMMISSIONER ROEST: So any project that
20 we take on should be part of the initial
21 assessment. I think there's a few things that play
22 into that decision. It's not just whether or not we
23 have the skills but whether we have the capacity to
24 do the work. And so that assessment is done early
25 on in the project when they scope the project out.

2 COUNCIL MEMBER MILLER: So do you do
3 this in conjunction with the unionized members or
4 their representatives?

5 COMMISSIONER ROEST: So... [cross-talk]

6 COUNCIL MEMBER MILLER: Where, where
7 they are organized because I know everybody's not
8 unionized within the agency but wherever possible.
9 Do you bring them in?

10 COMMISSIONER ROEST: And again not
11 having kicked of any new large scale projects
12 having been focused on ECTP I have not had those
13 kinds of conversations yet.

14 COUNCIL MEMBER MILLER: But that would
15 be something that you'd be willing to in the
16 future?

17 COMMISSIONER ROEST: So absolutely
18 willing to speak with the unions about you know how
19 we hire our staff and who's doing what. It, it's
20 again about capacity also but yeah. Certainly...
21 [cross-talk]

22 COUNCIL MEMBER MILLER: Because I'm
23 saying that merely because in my capacity as chair
24 of Civil Service and Labor... [cross-talk] have come
25 to me and said that they felt like they were, that

2 these were often there were jobs that was, was
3 within their purview that they had not been
4 considered and that they can do as efficiently and
5 effectively which is part of the mandate and
6 charter that anytime that we have to show cause and
7 that is going to be efficient and cost effective.
8 So we want to make sure that's done. But also, you
9 also mentioned that your agency was making an
10 investment in that human capital at, at all levels.
11 Because certainly we do have public employees at
12 every skill set so I would hope that that would be
13 considered and not only that we would be able to
14 create real civil service titles within the purview
15 of DCAS to do the jobs and, and not bring in what
16 has traditionally been folks doing regular
17 unionized work or calling the managers and, and
18 putting them in different positions so..

19 COMMISSIONER ROEST: Yeah in fact we're
20 engaged with DCAS now talking about titles. We've
21 got folks in my HR group who are looking at trainee
22 ships and mentorships and you know what can we do
23 to help our staff grow. I, I'm a real believer in
24 civil servants. And this administration in fact has
25 been very supportive of, of any discussion of

2 making sure that we're using our city resources,
3 maximizing the use of city resources. In fact what
4 we've done in ECTP was broadly supported.

5 COUNCIL MEMBER MILLER: Okay thank you
6 so much. And I hope that when you have further
7 discussions that you realize that our committee and
8 myself as chair are willing to helpful in that
9 matter. Thank you.

10 COMMISSIONER ROEST: Thank you.

11 CHAIRPERSON GENTILE: Thank you Madam
12 Chair. Ms. Camilo back to the vendex
13 questionnaires... design to be a check and a vetting
14 agent for MOCS correct?

15 LISETTE CAMILO: Not quite. So they're
16 required of vendors, of prime contractors and
17 subcontractors above a certain threshold and
18 contracts to solicit a, a long list of categories
19 of, of information that agencies will then look to
20 address at a responsibility determination. So MOCS
21 doesn't actually evaluate a vendor for
22 responsibility. That's something that the
23 contracting agencies have to do at every award.

24 CHAIRPERSON GENTILE: But you require
25 those questionnaires to be completed right?

2 LISETTE CAMILO: Yes.

3 CHAIRPERSON GENTILE: Right.

4 LISETTE CAMILO: There's a law that
5 does, yes.

6 CHAIRPERSON GENTILE: It's, I don't know
7 if you're aware of it but did you realize that in
8 City Time of the major contractors did not fill out
9 a vendex form until after they, after they were
10 doing work for the city?

11 LISETTE CAMILO: That's certainly not
12 something that happens now. I'm not sure what the
13 filing requirements are for vendors that do work
14 for OPA or FYSA [sic] which are the two agencies
15 that were.. I'm sorry just OPA, but typically a
16 contract will not proceed to award without the, the
17 prime contractor filing a vendex, having it be
18 processed by MOCS and having the agency have a
19 fully processed vendex form for, with which to use
20 to, to put together the responsibility
21 determination. So that's, that practice certainly
22 does not happen.

23 CHAIRPERSON GENTILE: And there's no
24 vendex requirement now for second or third tier..

25 LISETTE CAMILO: Correct.

2 CHAIRPERSON GENTILE: ...subcontractors?

3 LISETTE CAMILO: Correct.

4 CHAIRPERSON GENTILE: So that you would
5 never...

6 LISETTE CAMILO: Not, not, not
7 currently. The law currently only requires it of
8 prime and subcontracts and that's something that
9 we, we are certainly talking about changing.

10 CHAIRPERSON GENTILE: Right okay.

11 CHAIRPERSON ROSENTHAL: [off mic] You're
12 talking about changing?

13 LISETTE CAMILO: Yes. That we'd, we'd
14 like to see, have more insight into second, second,
15 certainly lower level subcontractors. We don't have
16 much visibility into it currently.

17 CHAIRPERSON GENTILE: And when you say
18 you're talking you're talking within the
19 administration? [cross-talk]

20 LISETTE CAMILO: ...DOI, yes.

21 CHAIRPERSON GENTILE: Within the
22 administration?

23 LISETTE CAMILO: Currently.

24 CHAIRPERSON GENTILE: Commissioner,
25 Commissioner Roest I'm curious. A lot of your

2 testimony actually seemed to underscore some of the
3 DOI recommendations of the six that they made based
4 on the city time report that they gave. Your
5 recommendation about governance seemed very much
6 like the interagency working group that DOI had
7 suggested. Am I correct on that?

8 COMMISSIONER ROEST: It is very much
9 like the...

10 CHAIRPERSON GENTILE: Right right.

11 [cross-talk]

12 COMMISSIONER ROEST: ...suggested.

13 CHAIRPERSON GENTILE: And, and, and the
14 where you talk about the taking control back from
15 systems integrators is, is the issue that they
16 talked about long term maintenance. Am I correct?

17 COMMISSIONER ROEST: It's both long term
18 maintenance and the fact that the city staff who
19 were the management team for the project did not...
20 So the vendors, our business partners, mostly very
21 good people, have a different motivation than we
22 do. Their motivation is to make money. Our
23 motivation... [cross-talk]

24 CHAIRPERSON GENTILE: Sure.

2 COMMISSIONER ROEST: ...is to get the best
3 value. So in running a project the people managing
4 the project need to understand every detail and
5 need to be making every decision. That wasn't the
6 case in ECTP when I took over. So we needed to make
7 sure that we in fact were the ones who had all the
8 information and the knowledge and were challenging
9 decisions to make sure that they were truly in the
10 best interest of the city. And that's really what I
11 was talking about is making sure that the, the
12 people who were truly managing the project were the
13 people who had the motivation to deliver on time
14 and on budget.

15 CHAIRPERSON GENTILE: So does that mean
16 hiring people with that expertise or seeking to
17 train people to get the expertise?

18 COMMISSIONER ROEST: A little bit of
19 both. So I do have a history. I've delivered
20 several large scale projects so I walk in with some
21 of that experience and was able to identify. We did
22 have some people with that experience that were not
23 involved in the project and we also frankly had
24 people on the project who had the capability but
25 did not feel empowered or that that was their role.

2 I think we didn't necessarily just have the right
3 paradigm and structure on that project.

4 CHAIRPERSON GENTILE: So, so those who
5 had the skill or the expertise... feel they had the
6 authority now feel that way?

7 COMMISSIONER ROEST: They do feel that
8 way. [cross-talk]

9 CHAIRPERSON GENTILE: They, they have
10 that line of... [cross-talk]

11 COMMISSIONER ROEST: ...responsibility.

12 CHAIRPERSON GENTILE: ...they have that
13 line of authority.

14 COMMISSIONER ROEST: It's very clear
15 we're, we own it, we're responsible. If there's a
16 problem that we're not going to hit a date it's our
17 problem to fix. They, they very clearly understand
18 that we will own this.

19 CHAIRPERSON GENTILE: Okay. Okay. Thank
20 you so much. Thank you.

21 CHAIRPERSON ROSENTHAL: Is that the kind
22 of information that could be reported through the
23 mayor's management report?

24 COMMISSIONER ROEST: Just who's running
25 a project?

2 CHAIRPERSON ROSENTHAL: Yeah how
3 they're... not who...

4 COMMISSIONER ROEST: ...how.

5 CHAIRPERSON ROSENTHAL: ...how they're
6 coming along. So you could say we've got this many
7 projects and these, you know you could come up with
8 what the critical stages are and here's where they
9 are in terms of your agency taking responsibility
10 for them.

11 COMMISSIONER ROEST: We certainly want
12 to see those reported somewhere. The steering
13 committee in fact will need that kind of
14 information going forward.

15 CHAIRPERSON ROSENTHAL: Will the
16 information that goes to the steering committee be
17 public?

18 COMMISSIONER ROEST: Again we haven't
19 met yet but we certainly will...

20 CHAIRPERSON ROSENTHAL: Is it the
21 intention? I mean...

22 MINERVA TANTOCO: I think the, the, what
23 I can say is that when we have our meeting and
24 we've covered you know how we'd like to operate we
25 would like to come back and present you know our,

2 our ideas and input. So this is you know just been,
3 well we're looking over how the steering committee
4 of the past has worked and where it hasn't worked.
5 And what we'd like to do is first establish the
6 intentions which is to help proactively manage the
7 higher risk programs and projects.

8 CHAIRPERSON ROSENTHAL: Mm-hmm.

9 MINERVA TANTOCO: And we can come back
10 and talk about... once we've had our initial meeting
11 and started to discuss how we'd like to run as
12 technology steering committee we can come back and,
13 and... and I'm personally open to any kind of input
14 from, from the city council on their ideas as well.

15 CHAIRPERSON ROSENTHAL: How would we... do
16 you have a sense of, do you think you could come
17 back to the council to report on your first meeting
18 and the goals and triggers and different things
19 you're looking at by June? Do you think you'll meet
20 by then... [cross-talk]

21 MINERVA TANTOCO: Yes, I think that's
22 reasonable. Yes, yeah.

23 CHAIRPERSON ROSENTHAL: Okay. Great. And
24 Director Camilo the, do the OPA contracts go

2 through a Vendex system and do they go through
3 MOCS?

4 LISETTE CAMILO: MOCS does not have
5 oversight over OPA procurement. It, I, I'd have to
6 check to see if... we process all Vendex
7 questionnaires that get filed. With MOCS I'd have
8 to confirm if we process the, any contract, or any
9 Vendex filed on behalf of OPA. I assume yes but in
10 terms of oversight of procurements we do not do the
11 solicitation review that, as we would for mayoral
12 agencies.

13 CHAIRPERSON ROSENTHAL: Yeah. So who
14 does? Do you? Does anyone?

15 LISETTE CAMILO: Unclear.

16 CHAIRPERSON ROSENTHAL: So that's also
17 FYSA [sic] as well. So FYSA and OPA if either of
18 them would enter into another large scale IT
19 contract who would even know about it?

20 LISETTE CAMILO: I'm not sure what the
21 oversight process is for those particular
22 procurements. We can certainly get that information
23 and get back to you. I believe that they have
24 their, it's, it's jointly overseen by a board
25 appointed by both the mayor and controller's office

2 so I believe that there is a system in place but
3 I'm not sure, I can't speak to what the process is
4 for, for those two agencies.

5 CHAIRPERSON ROSENTHAL: Commissioner
6 have you seen any of their contracts, IT contracts?

7 COMMISSIONER ROEST: No I haven't.

8 CHAIRPERSON ROSENTHAL: Wow. Alright. So
9 you can get back to us..

10 LISETTE CAMILO: Within a week I can get
11 back to you.

12 CHAIRPERSON ROSENTHAL: Within a week?
13 Okay. So it'll be my Christmas present from you.

14 LISETTE CAMILO: Yes.

15 CHAIRPERSON ROSENTHAL: Aww thank you.
16 Are there, if I could ask the Chief Technology
17 Officer Tantoco?

18 MINERVA TANTOCO: Tantoco, mm-hmm.

19 CHAIRPERSON ROSENTHAL: Tantoco, I was
20 so close.

21 MINERVA TANTOCO: That's alright.

22 CHAIRPERSON ROSENTHAL: Sorry.

23 MINERVA TANTOCO: That's good.

24 CHAIRPERSON ROSENTHAL: Are there, do
25 you know of any other contracts, any contracts now,

2 technology contracts that should have an integrity
3 monitor but doesn't?

4 MINERVA TANTOCO: I have just started to
5 you know review the, the contracts that, that are
6 in place right now so I couldn't comment
7 immediately about all of that. But, but it's a very
8 good question. I think we should work with our
9 partners in the agencies as well as the DOI to
10 determine the best way to, to decide which projects
11 should have an integrity monitor.

12 CHAIRPERSON ROSENTHAL: How many
13 projects are you reviewing?

14 MINERVA TANTOCO: Well, well at the
15 moment, so I should remind you that I started on
16 October 1st of this year so... [cross-talk]

17 CHAIRPERSON ROSENTHAL: It's okay I
18 started January 1st. It's the first time I knew how
19 to hit the gavel the right way. So I'm with you.

20 MINERVA TANTOCO: Do I get one? No. So
21 you know as I said I just started to speak with,
22 doing my road trip across all of the agencies and
23 discussing the projects for, that they are working
24 on, key strategies and technology projects that
25 they're working on. So I really don't have a number

2 right now. I'm talking to a lot of the major
3 agencies and, and reviewing you know their key
4 technology challenges and, and looking for places
5 where I can be of help.

6 CHAIRPERSON ROSENTHAL: Okay.

7 MINERVA TANTOCO: Too early to tell is
8 the short answer.

9 CHAIRPERSON ROSENTHAL: Mm-hmm. Do you
10 see a need for the major agencies? Do they have
11 chief technology officers and would you recommend
12 that they have one?

13 MINERVA TANTOCO: I, many of the
14 agencies though not all have a CIO, a chief
15 information officer, which is a different role than
16 a CTO. A CTO role is primarily focused on setting
17 or guiding strategy and policy. And so not all
18 agencies are going to require you know that level
19 of you know policy and strategy. One of the
20 functions of, of, of the City Wide, CTO is to help
21 coordinate those, those strategies and policies say
22 around you know mobile or cloud and that kind of
23 stuff. So not all agencies will require it. I think
24 it's going to be you know an agency by agency you
25 know assessment and, and.. [cross-talk]

2 CHAIRPERSON ROSENTHAL: Are there any
3 agencies now that you could identify that don't
4 have a CTO that you think should?

5 MINERVA TANTOCO: No not at this time.
6 Like I said it's just far too early to tell. I
7 think it's, you know we've, I've talked to a number
8 of different agencies. It's important for me to
9 talk to, to all of the folks in terms of their
10 goals. And, and there are some very you know
11 working with, with DoITT as well as a very close
12 partner of mine. There aren't any specific
13 recommendations at this time but like I said it's
14 just too early to say. It's not that there's not
15 recommendation that just far too early to say now.

16 CHAIRPERSON ROSENTHAL: Mm-hmm. Wow. So
17 you're saying right now you don't know whether or
18 not there are agencies without IT monitors that
19 maybe should, without CTOs that possibly should
20 have? [cross-talk]

21 MINERVA TANTOCO: That's very important.
22 There's a difference between CTO and, and an IT
23 monitor.

24 CHAIRPERSON ROSENTHAL: No no no.

25 MINERVA TANTOCO: Yeah.

2 CHAIRPERSON ROSENTHAL: Sorry I don't
3 mean an IT monitor.

4 MINERVA TANTOCO: Yeah yeah.

5 CHAIRPERSON ROSENTHAL: A CTO. So right
6 now you have no, nothing's popped out?

7 MINERVA TANTOCO: Yeah and it's, it's
8 that it's far too early for me to say at this time
9 and I, I'm happy to get back to you but you know it
10 would be remiss of me just to you know based on a
11 very small sample start to you know make
12 recommendations that would, that answer would not
13 be complete or correct.

14 CHAIRPERSON ROSENTHAL: I'd be
15 interested in that and also as I asked Commissioner
16 Roest whether or not you have, if there are
17 contracts that you see where there should be an
18 integrity monitor. I'd be interested in learning
19 about those. Do you use the information from Local
20 Law 18? Commissioner? Yeah. Does anyone use the
21 information from Local Law 18? Actually you get to
22 go last Director Camilo.

23 COMMISSIONER ROEST: I don't use the
24 information from Local Law 18. And in fact again
25 the, DoITT isn't involved in all IT projects and

2 really don't have an oversight role for IT projects
3 that are executed in other agencies. We often
4 assist but we don't truly have an oversight role. I
5 do think that information will be helpful to the
6 steering committee.

7 CHAIRPERSON ROSENTHAL: You think the
8 Local Law 18 information would be helpful to the
9 steering committee?

10 COMMISSIONER ROEST: Sure as a, as
11 another piece of data sure, yeah.

12 CHAIRPERSON ROSENTHAL: Have you ever
13 reviewed them? Have you ever reviewed a report?

14 COMMISSIONER ROEST: No.

15 CHAIRPERSON ROSENTHAL: Minerva?

16 MINERVA TANTOCO: No I have not. But
17 like I said I just started on October 1st.

18 CHAIRPERSON ROSENTHAL: Okay. Do you
19 know what Local Law 18 is?

20 MINERVA TANTOCO: I believe it's some
21 data collection, that's all I know at the moment.

22 CHAIRPERSON ROSENTHAL: Alright
23 Director?

24 MINERVA TANTOCO: So what the practice
25 is, is once we provide or, to compile the report we

2 send it to the city council. We send it to the
3 varying agencies that are, that have a, a contract
4 listed on the report. We also send it to the Office
5 of the First Deputy Mayor to review. What we're
6 working on with the Office of the First Deputy
7 Mayor is actually to put together a protocol and
8 how best to use the data in that information
9 because as you know when you, because of a cost
10 overrun that happens to trigger that report they
11 don't, they have their varying reasons right,
12 unforeseen circumstances, things that don't, that
13 don't raise any red flags regarding fraud or
14 corruption or anything like that. It's just things
15 that you haven't planned for that pop up during a
16 contract. So what we're doing is putting together,
17 working with the, with the First Deputy Mayor's
18 Office to, to work on a protocol and what do you,
19 what to do with the information on the report and,
20 and better... to, to make it a more effective tool
21 going forward. [cross-talk]

22 CHAIRPERSON ROSENTHAL: So was it used
23 at all this year, in calendar year 2014? Did it
24 trigger any information that you were able to use
25 for anything?

2
3 LISETTE CAMILO: Once we turn over the
4 report to the agencies our, MOCS' involvement is
5 over at that... [cross-talk]

6 CHAIRPERSON ROSENTHAL: I know. You said
7 that at the last hearing. I'm still frustrated by
8 that response. [cross-talk]

9 LISETTE CAMILO: Sorry.

10 COMMISSIONER ROEST: But I can I say
11 that... [cross-talk]

12 CHAIRPERSON ROSENTHAL: Yeah.

13 COMMISSIONER ROEST: ...I did get a call
14 on, so DoITT does have some projects that are
15 listed there. There's very good reasons why they're
16 listed there. In fact one of them was simply a
17 shift of funding from one contract to another. So I
18 did get a follow-up. People are reading it in City
19 Hall and they wanted to know what the story was,
20 why we were on that report. So for the projects
21 that are DoITT projects I am aware of them and if
22 there were a need I, you know I would certainly dig
23 into them. So I think it is a good trigger for the
24 agency heads. So I was... [cross-talk]

2 CHAIRPERSON ROSENTHAL: You're the first
3 person who's ever said that. That's interesting. I
4 mean I think what we need to do is refine that law
5 and, and really turn it into something that's
6 meaningful to the agencies, to you, to city hall,
7 and to us. But it really is the first time I've
8 ever heard anyone say they even look at it.

9 COMMISSIONER ROEST: Yeah it was, one of
10 our projects had almost doubled and we were asked.
11 It didn't really almost double. It was the movement
12 of money from one contract to another but it
13 appeared that it, it had grown... [cross-talk]

14 CHAIRPERSON ROSENTHAL: Why did you
15 decide to move it?

16 COMMISSIONER ROEST: You know I'm, I'm
17 not sure. It was moving funds from one contract to
18 another...

19 CHAIRPERSON ROSENTHAL: Okay.

20 COMMISSIONER ROEST: No.

21 CHAIRPERSON ROSENTHAL: Alright I...
22 [cross-talk]

23 COMMISSIONER ROEST: Have to get back to
24 you.

2 CHAIRPERSON ROSENTHAL: ...does anyone
3 else have any questions? Nope. Okay. I think we're
4 going to call the next panel. Thank you all so much
5 for your time. I appreciate it.

6 MINERVA TANTOCO: Thank you.

7 LISETTE CAMILO: Thank you.

8 COMMISSIONER ROES: Alright.

9 CHAIRPERSON ROSENTHAL: The next panel
10 is with Mark Davies and Wayne Hawley from the
11 Conflict of Interest Board. Conflict of Interest
12 Board.

13 CHAIRPERSON GENTILE: Gentleman if you
14 raise your right hand I'll administer the oath. Do
15 you affirm both, of you to affirm to tell the
16 truth, the whole truth, and nothing but the truth
17 in your testimony before this committee and to
18 respond honestly to council member questions? Okay
19 thanks.

20 CHAIRPERSON ROSENTHAL: Great. Look
21 forward to hearing from you. I just want to
22 acknowledge that Council Member Greenfield has just
23 joined us. Gentleman, whoever would like to start.

24 MARK DAVIES: Yep, my name is Mark
25 Davies. I'm the executive director of the New York

2 City Conflicts of Interest Board. This is Wayne
3 Hawley, our Deputy Executive Director and General
4 Council. We actually have no prepared testimony nor
5 do we have a position on the 498. We're simply here
6 essentially as consultants to answer any questions
7 that any of you may have and we understand from
8 your council you may have questions related
9 specifically to Chapter 68. So we're, we're here at
10 your disposal.

11 CHAIRPERSON ROSENTHAL: Great. So may I
12 ask why, whether or not you agree with MOCS and DOI
13 that these are things that will be handled
14 procedurally and doesn't need legislation? I mean
15 you know the heart of the corruption case was the
16 lack of information about a conflict of interest.
17 You know the commissioner lists it as the number
18 two thing that must be created. And had they known...

19 WAYNE HAWLEY: Maybe I'll try that and,
20 and maybe a two part answer to that. The first part
21 I think is probably that, and I may be mistaken
22 about this because I can't pretend that we're the
23 sort of experts on the City Time investigation that
24 the DOI was but my impression is the conflicts of
25 interest the commissioner was talking about there

2 and more generally has been conflicts of interest
3 within the consultants and subconsultants and sub-
4 subconsultants people were essentially contracting
5 out jobs to companies that they owned. And none of
6 that is a Chapter 68 issue because none of those
7 people were subject to the city's conflicts of
8 interest law because they weren't city employees an
9 issue perhaps that Chair Miller addressed. But,
10 but, not to suggest there aren't very very very
11 serious conflict of interest issues there as..
12 interests are generally understood but they just
13 don't happen to fall within the city's conflicts of
14 interest law. Short and sweet way to say it the
15 people who were ripping off the city there were not
16 city employees. They were not city employees who
17 had conflicts of interest.

18 CHAIRPERSON ROSENTHAL: Right but this,
19 that was the whole point. It was sub of
20 subcontractors and a consultant. And the question
21 is whether or not you think...

22 WAYNE HAWLEY: Do we think that's
23 serious? Of course we think it's serious.

24

25

2 CHAIRPERSON ROSENTHAL: Do you think
3 they should be filling out conflict of interest
4 forms?

5 WAYNE HAWLEY: Whether, whether non-city
6 employees are, are filling out forms is not really
7 anything that, that we take a position on at all. I
8 defer to and I think we would both defer to the
9 judgment of this committee, the judgment of MOCS,
10 the judgment of DOI who've been involved in the... of
11 that stuff and we haven't been. Where we're
12 involved, and I'll tell you what... This is the
13 second point I wanted to make. The concern that we
14 do have marginally about 498 again not taking a
15 position on it was I think what the MOCS Director
16 spoke with. And that's the concern that the, that
17 potentially involves city employee because there
18 can be city employees involved in procurements and,
19 and they can have conflicts, or at least thought to
20 have conflicts, that they could get jammed up by,
21 by being lead to believe by legislation that
22 they're to get an authoritative advice from MOCS
23 about their conflict of interest situation and not
24 have gotten clearance from us. Put it differently
25 they could be under the impression that they've

2 been cleared by MOCS for a conflict of interest,
3 any of us, any of us who work for the city get
4 advice effectively from MOCS and, and, and, and not
5 from us and then subsequently get prosecuted from
6 us, by us if they've relied on advice that turns
7 out in hindsight to have been bad. We're the place
8 that people come to to get authoritative advice and
9 protection on the conflict of interest law and if
10 the legislation could be interpreted, either
11 directly or indirectly to give MOCS the authority
12 to give that kind of clearance to somebody, to any
13 employee of the city, and, and the advice turns out
14 to be wrong, they haven't checked with us, they
15 haven't thought it through carefully, that they
16 don't have the expertise. In our judgment they've
17 made the wrong call. We can prosecute that person
18 and, and we just hate to see somebody led to
19 believe that their, that they've got a safe harbor
20 where they don't.

21 CHAIRPERSON ROSENTHAL: So the heart of
22 the matter was that there were conflict of
23 interest, not with city employees at all and not
24 with the contractor.

2 WAYNE HAWLEY: Within subcontractors
3 right?

4 CHAIRPERSON ROSENTHAL: It was a
5 consultant, a subcontractor, and then a whole slew
6 of sub-subcontractors. And so the question is how
7 do we get at that so that we can rest assure the
8 same way we can be rest assured when you guys
9 review city employees. So... [cross-talk] is there...

10 WAYNE HAWLEY: Part, part of the answer..
11 [cross-talk] part of the answer to that is, is, and
12 I believe, and I can't speak for DoITT but I
13 understand that DoITT has a process as do a lot of
14 city agencies to impose as a matter of contract
15 conflicts of interest standards for their
16 consultants, for their, for their, consultant's
17 just another name for another contractor. But
18 whether, whether you call it a consultant, whether
19 you call it a prime, or a sub, or a sub-sub for any
20 of those people who are getting city OTPS dollars
21 to have them commit to some kinds of standards. Not
22 all of the standards that are applied to us as
23 public servants might make sense for, for city
24 contractors. Maybe the post-employment rules don't,
25 certainly some of the restrictions on political

2 activities that apply to high ranking people
3 probably don't either but some things about
4 nepotism, things about self-dealing obviously
5 should apply. And, and, and a contract tool that
6 puts, that puts contractors and consultants on
7 notice of those restrictions, that carries
8 penalties that any violations of the city contract
9 would, would carry penalties including up the
10 termination of the contract possibly recoupment of
11 monies paid I think are, are possibilities.

12 CHAIRPERSON ROSENTHAL: Are, are they
13 sufficient?

14 WAYNE HAWLEY: Are they sufficient? Well
15 I'm, I'm... I don't know if I can speak to their
16 sufficiency because I don't know if they've been,
17 if they've been tried... I'm not sure what the
18 alternatives would be.

19 CHAIRPERSON ROSENTHAL: I mean the
20 question is how do you preempt something like City
21 Time from happening again? And had the consultant
22 and the sub of subs filled out a simple conflict of
23 interest form that says are you related to the
24 consultant we would have found that they were all
25 cousins and in-laws no?

2 WAYNE HAWLEY: Yeah but they, they, it's
3 worth observing that the, the worst of the crooks
4 never disclose this stuff on their disclose form so
5 we, we can... But, but the point's well taken that it
6 may well have been that some of that would have
7 been discovered.

8 MARK DAVIES: Yeah I think there are a
9 couple points here. First of all I think we always
10 have to remember that the conflicts of interest law
11 does not address, really does not address
12 corruption, I mean that's not a, it does not
13 address corruption.

14 CHAIRPERSON ROSENTHAL: Corruption.

15 MARK DAVIES: You know we're, it's, it's
16 really aimed at preventing conflicts of interest
17 from ever occurring. It's really aimed at honest
18 public servants like everybody in this room. That's
19 really what it addresses is to, is to avoid
20 potential conflicts of interest violations and so
21 forth. That's really what it's aimed at. Crooks,
22 they don't care, they don't care what the law is I
23 mean they're going to do what they're going to do.
24 They're not going to disclose it. You know no one
25 ever says, sees on a financial disclosure for

2 brides accepted 10 thousand dollars, I mean doesn't
3 happen. So, so that's one point. The other point is
4 in terms of conflicts of interest I think, I think,
5 I think what we're talking about here in part is
6 there's a danger in, in any way referencing Chapter
7 68. When you're dealing with conflicts of interest
8 among private persons that is among contractors and
9 subcontractors, consultants, whatever you want to
10 call it because this has nothing to do with Chapter
11 68. And in fact your conflicts of interest
12 restrictions on contractors, subcontractors, and so
13 forth may be very different. They'll cover probably
14 some of the same areas but the actual provisions
15 may be very different from what you have in Chapter
16 68 whether it's, it's gifts and you know and so
17 forth. So I think that's one issue. I don't think
18 you want to reference Chapter 68.

19 CHAIRPERSON ROSENTHAL: I will certainly
20 speak to the lawyers, the counsel here and thank
21 you for that advice. Does anyone else have any
22 questions? Yep?

23 CHAIRPERSON GENTILE: Just a quick
24 question. With the integrity monitor having to
25 report to DOI but being paid by the contractor

2 qualify him to come under the conflict of interest
3 rules?

4 MARK DAVIES: No because generally as I
5 understand it again we, we're not, this is not
6 something we deal with, integrity monitors. Bu as I
7 understand it integrity monitors, they're non-
8 public servants. They're, they're in the private
9 sector whether it's... or whoever it is that they're,
10 they're contracted with by the city so they would
11 not be under Chapter 68.

12 CHAIRPERSON GENTILE: Even though
13 they're required to report not to the contractor
14 but to the city?

15 MARK DAVIES: Right.

16 CHAIRPERSON GENTILE: Through DOI.

17 MARK DAVIES: Right.

18 CHAIRPERSON GENTILE: Still would not
19 qualify?

20 MARK DAVIES: They're still, I mean
21 they're, they are a contractor themselves.

22 CHAIRPERSON GENTILE: Right right.

23 MARK DAVIES: Right.

24 CHAIRPERSON GENTILE: But...

2 MARK DAVIES: ...is a contractor with the
3 city of New York and contractors are not subjected
4 to Chapter 68, only public servants are.

5 CHAIRPERSON GENTILE: Right and that
6 wouldn't qualify just by a reporting requirement.

7 MARK DAVIES: Right.

8 CHAIRPERSON GENTILE: Right?

9 MARK DAVIES: Right.

10 CHAIRPERSON GENTILE: I see. I'm curious
11 what you think. I know you, you've, you don't
12 really have a, an opinion on 498 but I'm curious if
13 the internal controls within and, and between the
14 agencies as reflected in the six recommendations
15 that the DOI has made are something that you would
16 agree with as, as, as that kind of internal control
17 that would, would have, would, would help avoid
18 these situations that we have, we had with City
19 Time.

20 MARK DAVIES: Yeah I, I think we could
21 only speak from that. We can't speak to that
22 directly because again that's outside of our
23 jurisdiction. We can only speak to it from our own
24 perception of conflicts of interest legislation
25 generally ethics legislation generally and so

2 forth. And from that kind of overall you know kind
3 of expert perspective as opposed to within our own
4 jurisdiction they sound very reasonable to me. But
5 again recognizing that this is not...

6 CHAIRPERSON GENTILE: Right.

7 MARK DAVIES: ...our area of expertise.

8 CHAIRPERSON GENTILE: And, and we'd,
9 we'd on, on the topic of sort of general expertise
10 in this area and, and on the subject of integrity
11 monitors in particular some of us go back post
12 September 11 when the, the site was divided up in
13 four quadrants with four contractors and DOI at the
14 time retained four integrity monitors and whatever
15 else you want to say about that, that horrible
16 time. There was no sense of, and, and hundreds and
17 hundreds of millions of dollars were spent there
18 obviously overseen by DDC at the time. There was no
19 sense of waste or fraud or corruption in that, in
20 that process. And I think a lot of credit goes to
21 the DOI's getting out in front of that and hiring
22 foreign integrity monitors right away and putting
23 them on the ground, doing the kind of things that
24 Commissioner Peters talked about earlier, looking
25 at invoices, looking at people when they clocked

2 in, when they clocked out to making sure the
3 taxpayer got what the taxpayer paid for.

4 WAYNE HAWLEY: And in fact he came in as
5 I, as I recall well under budget and well before
6 the deadlines.

7 CHAIRPERSON GENTILE: Okay thank you
8 very much.

9 CHAIRPERSON ROSENTHAL: Just a quick
10 question. So in the language of the legislation
11 specifically refers to Chapter 68 as you mentioned.
12 If, what if, so this bill though is trying to just
13 get at the sub of subs right, not the city of, city
14 employees? So if we took out the reference would
15 that be a way to deal with that?

16 MARK DAVIES: If, in other words if in
17 subdivision B you put a period after conflicts of
18 interest. I mean as I understand that's what you're
19 suggesting. That, from our perspective... Yeah from
20 our perspective that would address our concerns
21 that you're going to jam up public service. That
22 would address our concerns. I get, obviously I
23 can't speak to...

24 CHAIRPERSON ROSENTHAL: Yep.

2 MARK DAVIES: ...the PPB and MOC and all
3 the...

4 CHAIRPERSON ROSENTHAL: Yep.

5 MARK DAVIES: ...rest of it. That's,
6 that's outside of our purview.

7 CHAIRPERSON ROSENTHAL: Great. Thank
8 you.

9 MARK DAVIES: From our concerns it would
10 address our concerns.

11 CHAIRPERSON ROSENTHAL: Yep, makes
12 sense. Thank you very much. So is Rachel Foust
13 [sp?] still here? Great. Great. Rachel thanks so
14 much for your patience and staying and sitting
15 through the testimony and the hearing today. I look
16 forward to hearing your testimony. Could you do me
17 a favor and sort of sum...

18 RACHEL FOUST: Absolutely.

19 CHAIRPERSON ROSENTHAL: Okay and...

20 RACHEL FOUST: No problem.

21 CHAIRPERSON ROSENTHAL: ...and speak to
22 what you heard today.

23 RACHEL FOUST: Yeah. So good afternoon
24 Chair Rosenthal. And just first wanted to
25 acknowledge that this is very important for the

2 council to be holding the oversight hearings like
3 this. I think the importance of technology
4 contracts we've got city government. It's a crucial
5 part of the city. Technology's the backbone of how
6 government works in the 21st century. So we just
7 first wanted to acknowledge that we think oversight
8 like hearings like this are extremely important.
9 You know we've reviewed the DOI report and it was
10 encouraging to hear more today about the steps the
11 city is taking in this regard. We did want to speak
12 to your legislation. And I know I've spoken with
13 your staff about it a little bit already. But first
14 I'd like to say we fully support its intent and we
15 fully support the idea of legislating conflict of
16 interest checks of subcontractors. I think we also
17 had a question of how exactly we'd get there. We
18 looked at Chapter 68 as well being very familiar
19 with in looking at it how's, how it applies to city
20 employees and we had the same question of well how
21 does it exactly apply to contractors and
22 subcontractors. And our concern was more that are
23 the things missing that are unique to
24 subcontractors and contractors that should be
25 designated, that should be enumerated in the draft

2 so that we don't miss anything. One clear example
3 that comes to mind is I was sitting here and
4 listening and reviewing the DOI report is that the
5 way conflicts are spoken to its direct financial
6 interest of city employees. So that would be
7 somebody, their spouse perhaps right because that's
8 a number of the households. But in the City Time
9 scandal it was actually I think a brother or an
10 uncle. So that's not a direct financial interest of
11 the contractor actually but it is a conflict
12 because it's a family member perhaps. So that's
13 something that is not in Chapter 68 specifically
14 but is very relevant to the City Time scandal. And
15 as far as other, other pieces in the bill we
16 haven't looked at the jurisdictional issues of the
17 Conflicts of Interest Board but we certainly
18 thought of them as perhaps an agency that would be
19 involved in thinking through how the regulations
20 would be drafted by the Chief procure, procurement
21 officer and perhaps also the city comptroller. How
22 you formalize that in legislation is something that
23 we're still thinking though. But I think given that
24 contracting involves many different entities and
25 there could be valuable expertise from those groups

2 that might be something to consider for the
3 legislation. And then I think as Commissioner
4 Peters recognized we don't want to make this an
5 overly burdensome process. I think it's drafted, it
6 doesn't, it doesn't get at that issue. It's really
7 just sort of the, the background as a goal that we
8 should not be... well trying to make sure there's
9 extra checks that we're not actually making it more
10 difficult for smaller contractors, minority and
11 women owned businesses to be able to compete for
12 these contracts. So that's just part of the
13 balancing process that we just wanted to flag, we
14 think is important to consider. And you know lastly
15 it was encouraging to hear a little bit about the
16 technology development corporations rule Chair
17 Rosenthal because this was something I think in
18 2013 was created by the Bloomberg Administration as
19 a way to bring expertise to city government, a way
20 to pull in people maybe who wouldn't want to work
21 for a city agency but would work for a outside
22 group to be able to consult on projects and bring
23 that expertise into city government. So I think
24 we're also interested in learning more how that,
25 how the, how the TDC is utilized in the new

2 administration to, to possibly address some of the
3 management issues of the contracts around
4 technology. And that concludes my remarks so I'm
5 happy to answer questions.

6 CHAIRPERSON ROSENTHAL: Thank you. I
7 mean I think what I heard was not so much that they
8 were more... it seemed to be, TDC seemed to be a very
9 minor, almost afterthought. But I was actually a
10 little bit disappointed in hearing about the
11 steering committees to me sounded too high level
12 that in way that was exactly the problem of city
13 time was that the director of OMB was the one who
14 said he was going to review everything. But that's
15 not realistic.

16 RACHEL FOUST: And I think the
17 complexity with subcontractors and..

18 CHAIRPERSON ROSENTHAL: Right.

19 RACHEL FOUST: And when you jig down to
20 levels and levels and levels there's a lot of
21 information there. So I think that's why we support
22 the, the goal of the bill to include more
23 formalized process for ensuring those conflicts
24 are, are checked and something I, I was going to
25 also mention is that I know that MOCs mentioned

2 appendix A in the contracts currently as where some
3 of the information has compiled around conflicts. I
4 have not reviewed those to know but I think we're
5 very interested in working with your office and
6 thinking through how to, how to get at those
7 specific issues if they're not in Chapter 68 that
8 relate to subcontractors and contractors and how we
9 put that in a bill to make sure that the right
10 types of information are captured to, to basically
11 allow those flags to be found and for the city to
12 determine where there might be problems.

13 CHAIRPERSON ROSENTHAL: You know I
14 thought it was interesting that there was made
15 mention of the conflict of interest possibly being
16 an issue with ECTB but, ECTP but that none of, none
17 of the issues then that the Commissioner Roest was
18 addressing seemed to have anything to do with
19 conflict of interest. So I can't, I couldn't quite
20 get a sense from them why that was so important and
21 yet why they would be so resistant to the
22 legislation except that they were saying they were
23 going to do it internally. But I, you know I'm
24 looking forward to seeing it.

2 RACHEL FOUST: Yeah I think we're
3 usually of the mind that there are multiple paths
4 to pursue and legislation is often a valuable tool
5 to, to prompt action...

6 CHAIRPERSON ROSENTHAL: Correct.

7 RACHEL FOUST: ...if not to codify action...

8 CHAIRPERSON ROSENTHAL: Correct.

9 RACHEL FOUST: ...after the fact. So
10 we're, we're interest in seeing how this progresses
11 and... [cross-talk] thank you for the opportunity to...
12 [cross-talk]

13 CHAIRPERSON ROSENTHAL: Absolutely. Was
14 there anything else that jumped out at you in terms
15 of possible reporting that they should be required
16 to do?

17 RACHEL FOUST: Not, not at the moment.

18 CHAIRPERSON ROSENTHAL: Okay.

19 RACHEL FOUST: But you know as I
20 mentioned we were happy to speak to the bill and
21 its, its promise on this.

22 CHAIRPERSON ROSENTHAL: Great. Good. We
23 look forward to continuing the conversation.

24 RACHEL FOUST: Okay.

25

2 CHAIRPERSON ROSENTHAL: Great. Thank you
3 so much. I hereby call this hearing to a close.

4
5 [gavel]

C E R T I F I C A T E

World Wide Dictation certifies that the foregoing transcript is a true and accurate record of the proceedings. We further certify that there is no relation to any of the parties to this action by blood or marriage, and that there is interest in the outcome of this matter.



Date _____ December 19, 2014 _____