

CITY COUNCIL
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

Of the

COMMITTEE ON CONTRACTS

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October 25, 2023
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HELD AT: COMMITTEE ROOM - CITY HALL

B E F O R E: Julie Won, Chairperson

COUNCIL MEMBERS:

Joann Ariola
James F. Gennaro
Sandy Nurse

A P P E A R A N C E S

Kim Yu, First Deputy Director of Mayor's Office
of Contract Services

Yexenia Markland, Chief Change Officer at
Mayor's Office of Contract Services

Matt Sullivan, Deputy Chief-of-Staff at Mayor's
Office of Contract Services

Diane Mamet, Deputy Director of Contracting at
Mayor's Office of Non-profit Services

Kendi Rainwater, Legal Aid Society

Shelby Lohr, Day Care Council of New York

Mary Fulham, Managing Director of the La Mama
Experimental Theatre Club

Frank Carucci, Board of Directors of the La Mama
Experimental Theatre

Gloria Kim, Director of Policy, Research, and
Impact at the Human Services Council

Michelle Cruz, Director of Economic Development
for Union Settlement

2 SERGEANT-AT-ARMS: Today is October 25,
3 2023. Today's hearing is on the Committee on
4 Contracts. Being recorded in the Committee Room by
5 Keith Polite.

6 SERGEANT-AT-ARMS: Good afternoon and
7 welcome to the New York City Council Committee on
8 Contracts.

9 At this time, please place your phone on
10 vibrate or on silent mode.

11 If you want to submit testimony, send it
12 to testimony@council.nyc.gov. Once again, that's
13 testimony@council.nyc.gov.

14 At any time during this hearing, do not
15 approach the dais. Thank you for your cooperation.

16 Chair, we are ready to begin.

17 CHAIRPERSON WON: Thank you so much.

18 [GAVEL] Good afternoon and welcome to this hearing of
19 the New York City Council's Committee on Contracts.
20 Today, is Wednesday, October 25, 2023. My name is
21 Julie Won, and I have the privilege of Chairing this
22 Committee.

23 I would like to thank the Members of the
24 Committee for coming together to hold today's
25 hearing, and I would also like to thank the Mayor's

2 Office of Contract Services for joining us as well as
3 the Mayor's Office of Non-Profits Services for
4 joining us.

5 Today's hearing presents this Committee
6 with an opportunity to discuss two critical bills
7 aimed at improving transparency, efficiency, and
8 accountability in the City's procurement process.

9 Intro. 982 of 2023 sponsored by Council
10 Member Justin Brannan would require interest payments
11 on late contract with non-profits to help offset the
12 severe financial burden caused by chronic
13 reimbursement delays, and Intro. 1048 of 2023 which I
14 sponsored would establish a centralized electronic
15 Document Vault to consolidate and share procurement
16 records across agencies. This aims to increase
17 transparency and streamline contracting citywide.

18 As we know, the City's contracting
19 process is often delayed, opaque, and burdensome,
20 especially for non-profit human service providers
21 that rely on these contracts for survival. Over
22 three-quarters of City contracts were registered
23 retroactively during the last Fiscal Year resulting
24 in late vendor payments, stretching months past
25 invoice dates. Non-profits routinely report relying

2 on lines of credit and high-interest loans just to
3 cover basic operations cost as they anxiously await
4 overdue reimbursements. The procurement process
5 currently lacks clear timelines, milestones, and
6 transparency around how contracts progress through
7 the bloated multi-agency pipeline. Despite piecemeal
8 City efforts, non-profits continue to face hurdles
9 like inadequate payment levels, overly burdensome
10 administrative requirements, and limited visibility
11 into what unfortunately remains a black box of
12 contracting. Meanwhile, the non-profit workforce
13 providing essential services earns among the lowest
14 wages in the city. High turnover exasperates the
15 damage done by payment delays. Who bears the brunt of
16 these delays? The most vulnerable New Yorkers,
17 children, seniors, homeless New Yorkers, and more who
18 rely on non-profits for food, housing, education,
19 healthcare, and other fundamental services. When the
20 City drags its feet on payments, the people who
21 suffer are not faceless vendors but rather the human
22 faces of those the City's non-profits serve. The two
23 bills we are hearing today offer pragmatic solutions
24 to begin easing these burdens on the non-profits who
25 continue to work for city residents. Interest

2 payments would offset financial hardships from late
3 contracts, and consolidating procurement records
4 would streamline contracting and shine some light on
5 the process. While these bills will not solve the
6 problem entirely, they're important incremental steps
7 on the long road of reform.

8 I look forward to constructive feedback
9 from the Administration and advocates today to move
10 us closer to a more transparent, efficient, and
11 accountable procurement system.

12 Before we turn things over to the
13 Administration, I would like to note that we have
14 been joined by no Council Members yet, but we don't
15 want to waste time so we want to get started so we're
16 making sure that you can be on time as well and be
17 respectful of everyone's schedules.

18 Lastly, I would like to thank my
19 Committee Staff, Senior Counsel Alex Paulenoff,
20 Policy Analyst Alex Yablon, Finance Unit Head
21 Florentine Kabore, and Senior Financial Analyst Nia
22 Hyatt for all their hard work putting this hearing
23 together.

24 I will now turn over to our Committee
25 Counsel to administer the oath.

2 COMMITTEE COUNSEL PAULENOFF: Would all
3 members of the Administration testifying today please
4 raise your right hand?

5 Do you swear or affirm to tell the truth,
6 the whole truth, and nothing but the truth during
7 your testimony today and to respond honestly to
8 Council Members questions?

9 ADMINISTRATION: (INAUDIBLE)

10 COMMITTEE COUNSEL PAULENOFF: Thank you.
11 You may begin when ready.

12 FIRST DEPUTY DIRECTOR YU: Good afternoon,
13 Chair Won and Committee Members. My name is Kim Yu,
14 and I am the First Deputy Director of the Mayor's
15 Office of Contract Services, otherwise known as MOCS.
16 Director Flores sends her apologies that she could
17 not attend today's hearing due to family matters, but
18 our Office is more than willing to continue the
19 conversation with you beyond this hearing.

20 I'm joined by my colleagues, to the right
21 of me, Yexenia Markland, Chief Change Officer, and to
22 the left of me, Matthew Sullivan, Deputy Chief-of-
23 Staff, as well as our counterpart, Diane Mamet,
24 Deputy Director of Contracting at the Mayor's Office
25 of Non-profit Services. Thank you for inviting us

2 today to discuss the bills introduced as part of this
3 hearing.

4 As we have shared, a top priority for our
5 agency continues to be making the City a better
6 business partner, particularly to the non-profits who
7 deliver the essential services that help sustained
8 our city over the past few years. This work has been
9 guided and informed by the recommendations from the
10 Joint Task Force To Get Non-profits Paid On Time and
11 has yielded several major reforms over the past year
12 and a half that we believe will make a lasting
13 difference in how the City contracts with non-
14 profits. We shared out a long list of these
15 achievements in a communication to the sector in
16 August, but I would like to highlight a few major
17 ones.

18 First, last year, the Clear the Backlog
19 initiative resulted in clearing 4.2 in contract
20 dollars of unregistered contracts and amendments over
21 the course of a 12-week sprint, and we continued to
22 clear most of the 7 billion dollars by the end of
23 2022. For Fiscal Year 2024, 81 percent of human
24 services contracts beginning July 1st were submitted
25 to the Comptroller ahead of the new Fiscal Year, a

2 near 25 percent increase from the prior year despite
3 a major increase in contracting volume. As of this
4 month, we have reached 99 percent submissions for
5 this portfolio.

6 In working with the City Council, we have
7 found major time-savings through the implementation
8 of multi-year base contracts for City Council
9 discretionary awards which allow repeat awards to
10 access funding without going through the full
11 procurement process each year. We estimate a nine-
12 month reduction in cycle time for outyears' awards
13 after the first year of implementation.

14 We've amended the standard human services
15 contract to include language that would provide an
16 allowance for increased funds beyond the contract
17 maximum to a certain threshold. This alleviates the
18 number of amendments that agencies and providers need
19 to process which will speed up cashflow. We also
20 increased the threshold for Financial Control Board
21 reviews of Mayoral contracts. The threshold for FCB
22 review on new contracts was increased to 50 million
23 dollars or more. We anticipate that this will remove
24 weeks from administrative processing time for
25 applicable contract actions.

2 There are many other accomplishments to
3 date which will have a tangible impact on our
4 business process. We would be happy to set up a time
5 to brief you and your Staff more fully on this work
6 we have led to overhaul the City's procurement
7 process.

8 Turning to the focus of today's hearing,
9 MOCS generally supports the goals evident in the
10 legislation, holding agencies accountable for timely
11 payment to non-profit organizations and using
12 technology to make contracting more efficient. This
13 spirit of accountability was a catalyst in the launch
14 of our data transparency portal, PASSPort Public,
15 which provides unprecedented insight into the City's
16 main procurement system through data analytics.

17 Intro. 982 would require interest to be
18 paid on late payments under City contracts with non-
19 profit organizations. Our mission at MOCS is to
20 facilitate on-time registration through every tool
21 available to us, policy, process, and technology. In
22 alignment with this effort and pursuant to PPB rule
23 412, we provided summary data on the timeliness of
24 agency contract submission in this year's annual
25 indicators report. In it, we share that the citywide

2 Chief Procurement Officer has not deemed any agencies
3 to be substantially late but recognizes that there's
4 still progress to be made. Similarly, the report also
5 shares out data on the returnable grant fund, showing
6 that over 100 million dollars in loans were provided
7 against nearly 200 applications in Fiscal Year 2023,
8 a significantly lower number of applications than in
9 most years past. This relatively low number of loan
10 applications indicates that providers generally had a
11 better experience with contracting in Fiscal Year
12 2023 corresponding to trends we see elsewhere in the
13 data. The (INAUDIBLE) determination and the
14 accompanying public reporting show that our new
15 transparency tools are effectively holding us
16 accountable for the ultimate goal of getting non-
17 profits paid on time. This work will continue on
18 multiple fronts, and, while we have made significant
19 progress, we will be the first to tell you that
20 there's more to do. While we support the general
21 goals evident in Intro. 982, we are seeing progress
22 in the initiatives currently underway, and the
23 Administration cannot commit to any new legislation
24 which would incur fiscal impact in the current
25 budgetary environment.

2 Intro. 1048 would require the
3 establishment of a Document Vault to store certain
4 procurement-related documents, a feature of the HHS
5 Accelerator system that MOCS is decommissioning in
6 the coming year. We have heard widespread feedback
7 from the sector that they wanted to replicate this
8 feature in PASSPort, so we are actively working on
9 the introduction of a new Document Vault in the
10 coming year. We are happy to work with the Chair to
11 review potential legislation on this effort, and we
12 appreciate the Council recognizing the importance of
13 these PASSPort enhancements.

14 Thank you for hosting this hearing, and
15 thank you to the many non-profit providers in
16 attendance and watching this stream. We acknowledge
17 the extraordinary work you've done for our city,
18 especially over the past few years, and I hope I've
19 shown today that the City is committed to making our
20 contracting process work better for you. It will take
21 time for us to do this work, but it is absolutely a
22 priority, and I am proud of how much we have
23 accomplished already.

24 Along with my colleagues, I'm now happy
25 to take any questions you may have.

2 CHAIRPERSON WON: Thank you so much. You
3 gave us a little bit in your testimony, but what is
4 your perspective on the two bills before the
5 Committee today, Intro. 982 and 1048? Does the
6 Administration support the goals on approach of these
7 bills, and what concerns and suggestions do you have
8 about implementation for each one?

9 FIRST DEPUTY DIRECTOR YU: Sure, Chair
10 Won, thank you. If I may, I'll take them one at a
11 time.

12 Intro. 982 on interest. I stated in my
13 testimony we're seeing progress in our work to get
14 non-profit contracts registered in time, and we're
15 expanding access to the loan fund for contracts that
16 are submitted late. We believe these efforts meet the
17 intention of the legislation, and in the current
18 fiscal environment, the Administration cannot commit
19 to any new legislation which would increase costs.

20 The second bill, Intro. 948, on Document
21 Vault. Our current roadmap for PASSPort includes the
22 introduction of Document Vault to meet this need. As
23 we fully transition procurement and financials
24 activity into the system, we're happy to work with
25 you, Chair, on this legislation.

2 CHAIRPERSON WON: For the PASSPort
3 roadmap, I do remember us talking about that earlier
4 on. What is the timeline for Document Vault or some
5 form of it to be implemented and public-facing for
6 non-profit service providers and vendors?

7 FIRST DEPUTY DIRECTOR YU: Big picture,
8 Document Vault is on track to be turned on spring of
9 2024, and I'm going to defer to my colleague here
10 who's sitting to the right of me, Yexenia Markland,
11 about more of the specifics.

12 CHIEF CHANGE OFFICER MARKLAND: Thank you,
13 Chair Won. Just so you know that this will be
14 available spring of 2024. We're currently in the
15 process of transitioning and initiating the migration
16 from Accelerator beginning in January of this year
17 for health and human services agencies, and along
18 with that process we're also training both vendors,
19 all of the non-profit providers and the City agencies
20 that are supporting them in order to prepare for
21 what's coming. In spring of 2024, as my counterpart
22 stated, we are fully on track. We are in the process
23 of also conducting roadshows with the provider
24 community so that they too are aware of what's coming

2 and what the implications would be to their
3 portfolios.

4 CHAIRPERSON WON: For the agencies that
5 you're referring to, are all the agencies of the City
6 government or do City government, that have City
7 contracts, for example, like DOE, will they all be
8 part of Document Vault as well for this version of
9 PASSPort?

10 CHIEF CHANGE OFFICER MARKLAND: All City
11 agencies that are utilizing PASSPort will also have
12 access to Document Vault. It was introduced because
13 of the human services providers, but it will be
14 accessible to all agencies.

15 CHAIRPERSON WON: Okay, so DOE will be
16 part of the...

17 CHIEF CHANGE OFFICER MARKLAND: The
18 contract portfolio that is currently in PASSPort will
19 have access to Document Vault.

20 CHAIRPERSON WON: Okay, which means that
21 it's not going to be all of DOE's contracts.

22 CHIEF CHANGE OFFICER MARKLAND: That is
23 correct.

24 CHAIRPERSON WON: Are there any other
25 agencies that will not be fully on PASSPort and

2 Document Vault that human service providers should be
3 aware of?

4 CHIEF CHANGE OFFICER MARKLAND: At this
5 time, DOE is the only City agency that does not fully
6 utilize contracts for human services contracting.

7 CHAIRPERSON WON: Okay. For Intro. 982,
8 when you were talking about how you can't currently
9 commit due to the fiscal environment, does that the
10 Mayor's Administration is open in future fiscal
11 environments?

12 FIRST DEPUTY DIRECTOR YU: Thank you for
13 that followup, Chair Won. I'll say that the
14 Administration and here at MOCS we're taking a
15 slightly different approach to ensuring that non-
16 profit providers are paid on time, and we're using a
17 host of tools, which include, as I said, the
18 technology tools to increase transparency, to drive
19 accountability, and increased access to the loan
20 fund. At this time, we're not taking the approach
21 that we should be punishing the agencies in assessing
22 late fees and interest payments.

23 CHAIRPERSON WON: Okay, so the answer is
24 no that it...

25 FIRST DEPUTY DIRECTOR YU: At this time.

2 CHAIRPERSON WON: Won't consider it at a
3 later time? Okay.

4 Before I move on, are there any other
5 concerns or suggestions that you have for either of
6 the bills that you haven't already discussed?

7 FIRST DEPUTY DIRECTOR YU: Chair Won, I
8 think that there are just a few sort of language
9 edits on the margin, but, in substance, we support
10 the Document Vault legislation.

11 CHAIRPERSON WON: Okay, thank you. The
12 Comptroller recently issued a report showing 75
13 percent of Fiscal Year 2022 contracts were registered
14 retroactively. What steps is the Administration
15 taking to increase on-time contract registration, and
16 our fears are that as we continue to have the PEGs,
17 that as we are unable to backfill vacancies and we
18 continue to have these cuts that will inevitably
19 affect registration time, what is the plan that MOCS
20 has to combat what may even become slower of a
21 registration rate?

22 FIRST DEPUTY DIRECTOR YU: Chair Won, as I
23 stated in my testimony, in the past year, the
24 Administration has made great strides in leading the
25 Joint Task Force that we've undertaken with the

2 Comptroller's office. Some of the key wins include
3 City Council discretionary contract reform so thank
4 you very much for your partnership in that, the
5 introduction of the allowance clause into the human
6 service standard contract, the returnable grant fund,
7 we're working on streamlining the application
8 process, and we'll have expanded communication to the
9 sector on the availability of funds, and also, as I
10 mentioned in the testimony, the financial board
11 raising the threshold so that more contracts move
12 quicker, and we've launched the Vendor Integrity Unit
13 in line with the recommendations of the Task Force
14 report. We've also launched the Vendor Compliance
15 Cabinet. We are doing work on the citywide audit
16 reform. Both MOCS and the Mayor's Office of Risk
17 Management and Compliance are partnering to create a
18 single audit for New York City to reduce the
19 duplication for providers and centralizing financial
20 performance data for risk management. So we're
21 looking at it comprehensively and we're introducing a
22 lot of tools to tackle this issue.

23 I want to give a little bit of space for
24 the Mayor's Office of Non-profit Services to speak
25 also here, Chair Won.

2 DEPUTY DIRECTOR MAMET: Thank you, Chair
3 Won. The Mayor's Office of Non-profit Services
4 continues to be committed to advancing the work as
5 outlined in the Task Force memo. Recently, we've
6 onboarded two key staff members late this summer for
7 a total of five staff, including Executive Director
8 Ford so, as of October 30th, we will have five staff
9 on board.

10 In addition to the ongoing procurement
11 reform and capacity building development, our office
12 serves as an ombudsman's office for the non-profit
13 sector so we continue to advocate for non-profits,
14 intervening with City agencies on a as needed basis
15 to resolve contracting and payment issues so we
16 continue to support the non-profits in their work and
17 to lend a hand where needed as necessary.

18 CHIEF-OF-STAFF SULLIVAN: Could I jump in...

19 CHAIRPERSON WON: Yeah.

20 CHIEF-OF-STAFF SULLIVAN: To add one more
21 thing to that. As the First Deputy mentioned, for FY-
22 24 timeliness, we did hit 81 percent on time
23 submissions for this current Fiscal Year so those are
24 the contracts starting on July 1 for the current
25 Fiscal Year so we certainly expect our retroactive

2 (INAUDIBLE) numbers to be significantly improved in
3 this coming year after having improved by 25 percent
4 on timeliness for July 1, but also, as the Deputy
5 Director mentioned, just making this data transparent
6 and publicly available, our indicators report has a
7 lot more data than in prior years, PASSPort Public is
8 available now, so we do think that just having an
9 open conversation, having the data be out there and
10 holding ourselves accountable to it has already
11 really shown dividends.

12 CHAIRPERSON WON: Thank you. Can you
13 explain the root causes of why 75 percent of Fiscal
14 Year 2022 contracts were registered retroactively
15 despite all these efforts that have taken place this
16 year?

17 CHIEF-OF-STAFF SULLIVAN: As Director
18 Flores has mentioned previously, really when we
19 undertook the Joint Task Force work, we see the
20 procurement process has built up layers and layers
21 of policy and regulation over decades since the
22 1980s, and, whenever a new thing is added, we don't
23 often think is the old thing also still required or
24 redundant nor potentially duplicative in terms of the
25 policy and process infrastructure around procurement,

2 going digital with PASSPort enables us to really look
3 at all that stuff and say what do we still really
4 need so some of these big reforms like multi-year
5 discretionary, the allowance clause, and then on the
6 capital side, I know it's not the topic of today's
7 hearing but we've had some big wins there like
8 repealing EO102 that really cut down on months of
9 process time, and that's the work that we're still
10 doing for the rest of this year into next as well as
11 all the work that Chief Change Officer Markland is
12 leading to digitize procurement.

13 CHAIRPERSON WON: Do you know what the
14 comparison is with Fiscal Year 2021 or 2020 for
15 Fiscal Year 2022 of the percentage that were assigned
16 retroactively?

17 CHIEF-OF-STAFF SULLIVAN: I don't think we
18 have that available right here, but we can certainly
19 follow up with that.

20 CHAIRPERSON WON: Yeah, I would love to
21 compare the data of seeing how much progress that
22 we're making, even if it's 5 percent. I know that 75
23 percent retroactive doesn't sound good, but maybe
24 before then it was 90 percent or 150 percent so I
25 would love to see the trend that we have.

2 CHIEF CHANGE OFFICER MARKLAND: Yes, Chair
3 Won. I'm just jumping in here. I know we're talking
4 about FY-22. Just also want to make clear that FY-22
5 was from the previous Administration. We have made
6 serious strides so for FY-23, we've made a 25 percent
7 increase in terms of timeliness registration so for
8 FY-24, we were at 81 percent. Right now, we're
9 currently at 99 percent. For FY-23, we were at 60... I
10 don't want to misquote but it was a 25 percent
11 difference increase so we have been steadily making
12 strides to improve.

13 CHAIRPERSON WON: Okay, that's great. We
14 would love all that data so that we can share with
15 our non-profit partners.

16 For a followup question, can you provide
17 more details on the Vendor Compliance Cabinet. How is
18 compliance data being shared across agencies now?

19 FIRST DEPUTY DIRECTOR YU: Chair Won, big
20 picture, the Vendor Compliance Cabinet is something
21 that the Administration has kicked off and is a work
22 in progress. We've really wanted to focus on the
23 subject matter of these two bills that are being
24 introduced so I'll have to get back to you some more
25 specifics on the Vendor Compliance Cabinet and also

2 have the team that's leading that work available to
3 you.

4 CHAIRPERSON WON: Okay, sounds good. Thank
5 you. Non-profits report that even when contracts are
6 registered, reimbursement rates often only cover 80
7 cents on the dollar for programming costs. How is the
8 Administration addressing the issue of underfunded
9 non-profit contracts?

10 FIRST DEPUTY DIRECTOR YU: Thank you,
11 Chair Won. For this one, again, I'll defer to Mayor's
12 Office of Non-profit Services.

13 DEPUTY DIRECTOR MAMET: Thank you. Thank
14 you, Chair Won. The Administration is committed to
15 investing in our non-profit partners. We've
16 implemented several key initiatives to address this
17 issue. Through the Indirect Cost Rate Funding
18 initiative, the City acknowledges and pays for
19 critical indirect costs in human service contracts.
20 This means that non-profits are being paid for their
21 actual indirect operational expenses. The option for
22 recertification after the initial three-year
23 effective date remains available and ongoing so this
24 is an ongoing commitment. Additionally, an

2 established indirect rate can be used in RFP
3 proposals.

4 Another initiative that addresses the
5 issue was the Workforce Enhancement initiative. The
6 FY-24 adopted budget included 40 million dollars in
7 FY-24 and increases to 90 million FY-25 in new
8 funding in human service contracts. This is in
9 addition to the 68-million-dollar Workforce
10 Enhancement initiative that was baselined in last
11 year's budget. Funding was made available for this
12 initiative through the new allowance clause, which
13 amended the standard human services contract to
14 include language that provides an allowance for
15 increased funds beyond the contract maximum to a
16 certain threshold so we continue to make investments
17 in this sector.

18 CHAIRPERSON WON: (INAUDIBLE)

19 FIRST DEPUTY DIRECTOR YU: I'm sorry,
20 Chair Won. You cut off at the end. I'm so sorry.

21 CHAIRPERSON WON: Which recommendations
22 does the Administration see as the highest priority
23 for the ones that have not been implemented yet for
24 the rest of the Fiscal Year and the next year to come

2 in 2024, and what currently has been completed and
3 implemented from the Joint Task Force?

4 FIRST DEPUTY DIRECTOR YU: For this one,
5 I'm actually going to turn it over to Matt just to
6 get us started.

7 CHIEF-OF-STAFF SULLIVAN: I think First
8 Deputy Director Yu listed off a lot of the big ones
9 that we would like to highlight, particularly multi-
10 year discretionary in partnership with the Council
11 which really saves months of time for Council
12 discretionary awards and then the allowance clause
13 which will reduce amendment volume going forward.

14 Looking forward, the big things I think
15 really some of the PASSPort enhancements that our
16 Chief Change Officer has spoken to is a big one that
17 we see coming up in the future as well as launching
18 ContractStat, and I don't think we have the full list
19 of every single recommendation in front of us but
20 happy to look at that and send kind of a status
21 update later.

22 CHAIRPERSON WON: Anything else you want
23 to add?

24 FIRST DEPUTY DIRECTOR YU: No, I think
25 that takes care of it. Thank you, Chair Won.

2 CHAIRPERSON WON: Thank you. Has the
3 Administration established specific timelines and
4 deadlines for each stage of the procurement process
5 as recommended by the Task Force?

6 FIRST DEPUTY DIRECTOR YU: Thank you,
7 Chair Won. This issue has come up from time to time.
8 While the Administration agrees with timeframes, that
9 they're useful performance management tool for
10 contracting agencies, the Administration and MOCS, we
11 just want to make sure that the timeframes are
12 supported by data and they reflect realistic
13 benchmarks so this work continues to be underway.

14 CHAIRPERSON WON: Do you have an estimate
15 of how much longer you'll be collecting data to
16 establish the timeframes that the Task Force has
17 recommended for themselves?

18 FIRST DEPUTY DIRECTOR YU: I'll say that
19 it's going back to sort of comprehensive overall
20 approach and like really using the technology tools
21 to drive the conversation. I think one of the things
22 that we are looking forward to this fall/winter and
23 then also spring is really having those conversations
24 and using those technology tools.

2 CHAIRPERSON WON: How many years has
3 PASSPort been implemented now total?

4 FIRST DEPUTY DIRECTOR YU: High level, and
5 I'm going to lean on my colleagues also, PASSPort has
6 gone through many iterations and we're going to be in
7 our fifth release this fall. I want to say PASSPort
8 release one was certainly the prior Administration
9 and maybe eight years now...

10 CHAIRPERSON WON: Okay, so that means that
11 we have eight years of data digitally in addition to
12 data that may be on paper from the history of time of
13 New York City government. Is that not enough data to
14 establish timelines now?

15 FIRST DEPUTY DIRECTOR YU: It's a good
16 question, Chair Won. Within each phase of the
17 releases on PASSPort, there have been chunks of the
18 overall procurement process moved into PASSPort so it
19 wasn't as though PASSPort year one in 2017, 2018 that
20 all the data was there. It's just really, I will say
21 since Director Flores took the leadership role at
22 MOCS that we've really honed in on like focusing on
23 the data, developing the data tools, and having the
24 conversation around the data, and the Administration

2 has also doubled down on this with the Mayor's Office
3 of Non-profit Services.

4 CHIEF CHANGE OFFICER MARKLAND: Chair Won,
5 I just wanted to jump in here. For the most part,
6 ContractStat is the tool that we know we're
7 developing it to be the powerful tool so that we can
8 be much more surgical and utilize the data in a way
9 that is meaningful to be able to adhere it to these
10 timeframes. Understanding that with the data, though
11 PASSPort was launched in August of 2017, the level of
12 data that we're gathering now, it's not the same.
13 It's a mismatch of data. Under Director Flores'
14 guidance, we've established new tools, new processes,
15 new systems to be better able to tell this story to
16 understand what should inform the timeframes that we
17 would like to adhere to based on what the Joint Task
18 Force had recommended.

19 CHAIRPERSON WON: Okay, got it, so what
20 you're telling me is that even though PASSPort was
21 first launched eight years ago but it wasn't until
22 2017 fall or winter when it was fully operational
23 covering all of the needs that the City has?

24 CHIEF-OF-STAFF SULLIVAN: I can help.
25 Sourcing to registration went live in a soft launch

2 2020, really has not been fully, so basically about
3 two to three years of full-scale use for sourcing to
4 registration, which is really the data that is going
5 to inform the sort of timeframes you're talking about
6 of how long does it take for an agency to complete
7 the sourcing phase, how long does it take for vendors
8 to respond, and what are the comparisons, what are
9 the industry differences, what are the contract value
10 differences, so going through kind of all that stuff
11 and how we define those milestones and then how we
12 extract the data from the system, it is a lot of
13 work. We have gotten to a good place with kind of
14 reporting tools that will eventually feed into
15 ContractStat to have an informed conversation about
16 those timeframes, but there's still much more work,
17 and then we have new functionality rolling out over
18 the course of the year so it's tied to what is being
19 used at that time and how long it's been used and
20 then how can we develop the reporting tools to really
21 have reliable data that informs this conversation.

22 CHAIRPERSON WON: Do you have a benchmark
23 for MOCS of when you believe it would be enough of an
24 aggregated data set that you could say safely that
25

2 you could move forward? Is that five years for you,
3 is it 10 years for you?

4 CHIEF-OF-STAFF SULLIVAN: I think we're at
5 a place where we're ready to roll out ContractStat in
6 the coming months so that's kind of the starting
7 point, and then we'll keep iterating from there.

8 CHAIRPERSON WON: I want to acknowledge
9 that we've been joined by Council Member Joann
10 Ariola.

11 With the current announcement of the 15
12 percent PEGs, how does this affect the timeline for
13 PASSPort and CouncilStat rollout, if any, for the
14 costs associated with it along with the consultants
15 and other vendor costs?

16 FIRST DEPUTY DIRECTOR YU: You cut off a
17 little bit at the end, Chair Won, but I'll start and
18 then if my reply is not fulsome enough, please. I'll
19 say on behalf of the Administration and then also
20 reiterate what the Mayor has said very publicly. We
21 are in a fiscal crisis and so every single agency, as
22 you know, has been asked to take a PEG and there will
23 be more PEGs and how that impacts our day-to-day work
24 including PASSPort, that's still developing so that
25 is really where we are. There are going to be more

2 details to come and this is going to develop, but
3 everybody is going to be impacted, us included, and
4 the non-profit community also.

5 CHAIRPERSON WON: We know that every
6 single agency is doing their PEG exercises for the
7 November Plan which is just around the corner so do
8 you have PEGs or costs for PASSPort and CouncilStat
9 included in your exercise?

10 FIRST DEPUTY DIRECTOR YU: Sorry. What was
11 the last part, Chair Won?

12 CHAIRPERSON WON: Do you expect that the
13 cost for PASSPort as well as CouncilStat including
14 all the vendor costs for consultants, etc. will be
15 included in your PEG exercise for this November?

16 FIRST DEPUTY DIRECTOR YU: Those
17 conversations are happening right now so we have
18 tried very much to protect our core work which is
19 PASSPort so we've tried to trim away things so that
20 we aren't impacting our core operations, but only
21 time will tell. We are having those conversations
22 right now.

23 CHAIRPERSON WON: Okay, thank you. What is
24 the status of developing a performance management

2 system for procurement including key indicators and
3 benchmarks to track and reduce cycle times?

4 FIRST DEPUTY DIRECTOR YU: Sure, Chair
5 Won. Transparency and accountability are core values
6 as part of the Administration and MOCS, and we've
7 developed a performance dashboard that my colleague
8 here, Chief Change Officer Markland, spoke about
9 ContractStat that will provide real-time KPIs, key
10 performance indicators. We're currently working with
11 the Mayor's Office of Non-profit Services to prepare
12 for the rollout before the holidays.

13 CHAIRPERSON WON: Okay, by the holidays,
14 in December.

15 FIRST DEPUTY DIRECTOR YU: Yeah.

16 CHAIRPERSON WON: Okay, great. Has the
17 Administration explored expanding access to bridge
18 loans through the returnable grant fund to help
19 provide cashflow for non-profits awaiting contract
20 registration?

21 FIRST DEPUTY DIRECTOR YU: Chair Won, I
22 just want to restate the question just so that I'm
23 being responsive to you. I think you're asking me
24 about the returnable grant fund. Is that right?

2 CHAIRPERSON WON: I'll just read it again.
3 Has the Administration explored expanding access to
4 bridge loans through the returnable grant fund to
5 help provide cashflow for non-profits awaiting
6 contract registration?

7 FIRST DEPUTY DIRECTOR YU: Here at MOCS,
8 we've been working to modernize and simplify the
9 returnable grant fund application to make it more
10 accessible to non-profits. We'll be rolling out a new
11 simplified application along with updated guidance
12 this calendar year. Additionally, we have enhanced
13 communications around the loan fund availability to
14 encourage its use and, for the first time, reported
15 out on loan fund metrics in this year's indicators
16 report that's available on the MOCS website. The
17 report shows that we loaned out over 100 million in
18 the last Fiscal Year, the highest in four years.

19 CHAIRPERSON WON: Okay, great, so that
20 means it will be out by December 2023?

21 FIRST DEPUTY DIRECTOR YU: The modernized
22 application? Yes.

23 CHAIRPERSON WON: Okay, that's wonderful.
24 Thank you. Does the Administration support the
25 concept of a centralized Document Vault, which you

2 already said you do, consolidated procurement process
3 across the agencies, and then do you have any
4 potential concerns or have potential concerns been
5 raised at all with housing sensitive contact
6 information in such a repository for privacy
7 purposes?

8 FIRST DEPUTY DIRECTOR YU: That's a good
9 question and thank you for that. The Administration
10 and MOCS take data privacy very seriously. As we've
11 developed PASSPort's Document Vault, we've always
12 maintained an eye toward information security. In the
13 PASSPort Document Vault, providers will specify which
14 agencies can view which documents so this will help
15 protect sensitive data.

16 CHAIRPERSON WON: Got it. Thank you. How
17 does the Administration respond to calls for greater
18 transparency in publishing real-time contracts status
19 updates instead of high-level spending data, and what
20 additional procurement data could be made publicly
21 available? Maybe that's going to be part of
22 CouncilStat?

23 FIRST DEPUTY DIRECTOR YU: In addition to
24 ContractStat, I want to highlight PASSPort Public.
25 Last year, we released it with even more transparency

2 on City contracts and data to the public. We're
3 continuing to iterate on PASSPort Public
4 functionality and reports. We're happy to hear
5 feedback from the Council or members of the public on
6 how to use the tool and how it could be more useful
7 to those who seek the information. Additionally,
8 we've introduced new metrics to our annual indicators
9 report released a few weeks as I plugged earlier,
10 also available on our website, which bring additional
11 transparency to the City procurement process.

12 CHAIRPERSON WON: Thank you. Could you
13 remind again when ContractStat will be publicly
14 available for non-profits or has that already been
15 released?

16 FIRST DEPUTY DIRECTOR YU: No, it hasn't
17 been. For that, I will turn it over to the Mayor's
18 Office of Non-profit Services to talk a little bit
19 more about ContractStat.

20 DEPUTY DIRECTOR MAMET: Thank you, Chair
21 Won. ContractStat is a data product that will inform
22 routine accountability meetings with internal
23 stakeholders. The initial version was previewed for
24 key internal stakeholders with, as MOCS had stated,
25 full functionality planning to be rolled out by the

2 holidays. Initially, it is intended to be internal,
3 but it will inform out after, and we do have plans
4 down the road to make this available as well to the
5 non-profits.

6 CHAIRPERSON WON: Got it. Thank you. Just
7 to go back for Document Vault privacy just for a
8 second. You said that Document Vault providers can
9 select which agencies can view their documents. Could
10 you expand on that a little bit? Can providers or
11 non-profit service providers or vendors update the
12 agencies as they submit new information or does that
13 have to be indicated on the onset? Is there going to
14 be flexibility on who you can share with at a given
15 time?

16 FIRST DEPUTY DIRECTOR YU: For this, Chair
17 Won, I will again turn it over to Chief Change
18 Officer Markland to talk a little bit about the
19 technical components and aspects.

20 CHIEF CHANGE OFFICER MARKLAND: Thank you.
21 Chair Won, thank you for the question. What it is is
22 that the way in which Document Vault would work is
23 that providers have the opportunity once their
24 uploading a document to identify specific agencies,
25 but they would have the ability to make changes to

2 that throughout the process while they're
3 contracting. There are certain contracting documents
4 that go across multiple agencies that are relevant
5 and they would have the ability to make those changes
6 throughout the process so if they were to do it one
7 time, it doesn't mean that they're locked in to how
8 those documents were distributed.

9 CHAIRPERSON WON: Got it. Thank you. What
10 steps can the Administration take to further simplify
11 and streamline burdensome administrative requirements
12 on vendors, particularly non-profit service
13 providers?

14 FIRST DEPUTY DIRECTOR YU: Thank you,
15 Chair Won. For this one, I'll turn it over to Matthew
16 Sullivan again.

17 CHIEF-OF-STAFF SULLIVAN: I think this
18 goes to the earlier point about kind of continuing to
19 review layers of rules and regulations and internal
20 policies, laws for any opportunity to streamline the
21 process, and I can tell you that we're doing that
22 every single day as part of the PASSPort work and the
23 Task Force ongoing work.

24 CHAIRPERSON WON: For the policies that
25 you're referring to, would that have to be legislated

2 to amend the existing law or is it internal policies
3 that can be changed internally?

4 CHIEF-OF-STAFF SULLIVAN: It's a
5 combination of both.

6 CHAIRPERSON WON: Okay. For external
7 policies that have to be legislated, please let us
8 know so we can legislate them away.

9 CHIEF-OF-STAFF SULLIVAN: Happy to work
10 with you.

11 CHAIRPERSON WON: Does the Administration
12 have concerns with mandating interest payments on
13 late non-profit contracts? If so, how can we improve
14 timeliness while avoiding penalizing agencies?

15 FIRST DEPUTY DIRECTOR YU: Thank you,
16 Chair Won. I'll sort of take that in parts if I may,
17 and I will refer a little bit back to the testimony
18 also.

19 Again, the work every day gets to the
20 goal of paying non-profits on time. We believe our
21 current work through rule reform, technological
22 enhancements, and more get to the same goal, and
23 we're also expanding access to the loan fund, as I
24 mentioned before, in the case of contracts that are
25 submitted late. We believe we're seeing progress.

2 Again, I mentioned this in the testimony, the Chief
3 Procurement Officer determined no agency was
4 substantially late in Fiscal Year 2023, and our
5 performance in Fiscal Year 2024 timeliness, 81
6 percent on time submission that Chief Change Officer
7 Markland spoke about, shows a positive trend. Again,
8 I will go back to because it does introduce a fiscal
9 requirement, we're just unable to commit to it at the
10 time due to the budgetary environment.

11 CHAIRPERSON WON: It's just hard because
12 as the non-profits are suffering financially for them
13 and they're also under the same fiscal environment
14 because of their reliance on us to pay them on time,
15 it's hard because there's no enforcement mechanism or
16 any sort of accountability for these that are
17 continuing to be delinquent in their payments or in
18 registrations for these non-profits so, if it isn't
19 going to be mandating an interest payment for late
20 non-profit contracts, we have to find another way
21 where we're keeping agencies accountable because I
22 don't know how many more times I could go back and
23 forth with Dr. Ford, and we're both frustrated at the
24 amount of money and the amount of non-profits that
25 are continuing to struggle saying that we will have

2 to close our doors or we will have to lay off X
3 number of people because we just don't have the money
4 on time so I hope to continue to have these
5 conversations with you.

6 Does the Administration commit to fully
7 fund indirect cost rates for human service providers,
8 and what is the timeline for implementing this?

9 FIRST DEPUTY DIRECTOR YU: For this one,
10 Chair Won, I'll defer to the Mayor's Office of Non-
11 profit Services if I may.

12 DEPUTY DIRECTOR MAMET: Thank you, Chair
13 Won. Yes, there is a commitment to fully fund
14 indirect rate cost through the Indirect Cost Rate
15 initiative. Providers, non-profits apply through the
16 process, and, once they have an established indirect
17 rate, it is funded and reimbursed at that rate. Rates
18 are good for three years and are applied across all
19 contracts.

20 CHAIRPERSON WON: Okay. What is preventing
21 the City from establishing a transparent public-
22 facing portal that vendors can track real-time status
23 of their own contracts through the process. You
24 talked about this already, how you're working on it.

2 When do you think that will be available to the
3 public?

4 FIRST DEPUTY DIRECTOR YU: Chair Won,
5 there are some tools that are already available.
6 Spoke about PASSPort Public earlier, it does bring a
7 lot more transparency on City contracts and provides
8 data to the public including information on where a
9 contract is in the procurement process. For current
10 vendors, PASSPort offers lots of detailed information
11 on the real-time status of their contracts to help
12 vendors track the progress.

13 CHAIRPERSON WON: So what do you think the
14 problem is because even this past week I've had non-
15 profits who did not know that they had to submit like
16 X number of paperwork by a date and they had missed
17 that deadline and now they're doing it. Why do you
18 think that there's still a gap in understanding what
19 the status is, why they're not being paid on time,
20 what is causing the delay when they still are unaware
21 until Dr. Ford gets involved and tells them it's
22 because you're missing X, Y, Z documents?

23 CHIEF CHANGE OFFICER MARKLAND: Thank you,
24 Chair Won. Part of that specifically for the non-
25 profit providers is why we are also migrating from

2 Accelerator to PASSPort which would afford them more
3 visibility in understanding where their payments are
4 and what process it's being held up at so that's one
5 of the main impetus in order to bring visibility and
6 transparency to those providers would be resulting in
7 them being in PASSPort so by the spring of next year,
8 they would have much more visibility. It doesn't
9 address the gap in lack of communication, and we can
10 continue to work with agency partners with our other
11 colleagues, with MONS, to make sure that they're
12 getting the correct information at the appropriate
13 times to be able to move things through.

14 CHAIRPERSON WON: Is there any way that we
15 can automate those messages because I remember when
16 we reviewed the current PASSPort system, and it
17 wasn't exactly a pizza tracker, but there is some
18 sort of timeline where you can track where the
19 individual is in that status so, if someone is caught
20 up and they don't have the digital awareness to find
21 where they are for themselves, is there any way in
22 the system that we could have an automated ticket or
23 an automated message that goes out to the non-profit
24 service providers saying you did not complete X, Y, Z
25 form and therefore it's not going to be moving

2 forward until you submit them instead of having a
3 human being, especially in this fiscal environment
4 where everyone is working with less people, to notify
5 all these non-profits who are waiting and they're
6 just sitting in the dark and have no idea what
7 they're supposed to do.

8 CHIEF CHANGE OFFICER MARKLAND: Chair Won,
9 that is a question that we will actually take back
10 just because we know the functionality that we are
11 building into the system, but the level of automation
12 for the different steps, I want to have a deeper
13 conversation with our Chief Technology Officer to see
14 what's immediately planned, and those are suggestions
15 that we will continue to have conversations with if
16 it's not.

17 CHIEF-OF-STAFF SULLIVAN: Could I also
18 jump in here? I think part of what you may be hearing
19 as well are the City Council discretionary awards
20 which is a different process than the normal
21 competitive process for City agencies in that there's
22 kind of this checklist of tasks that happen before
23 the award gets uploaded to PASSPort so clearance by
24 Council, they have to complete a capacity building
25 training. We are very communicative of what the

2 requirements are, but I think it's not always the
3 clearest for providers, especially the kind of very
4 small non-profits who are getting small awards.
5 Again, we're really happy about the multi-year
6 reform, but we do think there's room for further
7 reform in this area and, again, happy to work with
8 you as always to kind of demystify the process a
9 little bit more.

10 CHAIRPERSON WON: I definitely hear you on
11 the Council (INAUDIBLE) process, but that's not what
12 I'm referring to because the ones that I work
13 directly with your team and Dr. Ford on are for
14 millions of dollars for contracts with DYCD and
15 primarily MOCJ that has been transferred to DYCD and
16 other agencies, sometimes DCLA, DFTA, that are for a
17 very large sum of money that has been caught up in
18 the system for more than three years now. It's for a
19 larger sum of money that people are fighting for.

20 CHIEF-OF-STAFF SULLIVAN: I think there's
21 room across the board for more transparency..

22 CHAIRPERSON WON: Because the Council
23 discretionary amount, like you said it's such a small
24 percentage of the contracts that the non-profit
25 service providers reach out for in comparison to

2 larger contracts that they're getting directly from
3 the City.

4 CHIEF-OF-STAFF SULLIVAN: We get these
5 questions all the time from kind of both groups as
6 well and helping to demystify the process is a core
7 goal for what we're doing.

8 CHAIRPERSON WON: Did you want to add
9 something else?

10 FIRST DEPUTY DIRECTOR YU: The only thing
11 I would add, Chair, and thank you, I think all across
12 this table here, I think we are just committed to
13 making sure that we increase communication and
14 transparency to those who provide the services to the
15 city, and we do that in a variety of ways, technology
16 being one of them, and then we will certainly take
17 back the automatic alerts, but then also we've sort
18 of gone back to basic in like it just really is
19 having somebody to be responsive on a phone call and
20 we are doing in-person trainings and we're also doing
21 webinars so there's a whole slew of tools that we're
22 trying to use to really get at what you're flagging
23 here.

24 CHAIRPERSON WON: Yeah, because I don't
25 know how we would fix it but even, for example, for

2 childcare providers, we have a childcare provider
3 that is continuing to provide 3K and 4K as well as
4 childcare for infants in their facility yet they have
5 not been paid since 2020 so it's a huge problem that
6 we're seeing across the board, and we want to make
7 sure that it's resolved, and a lot of these when we
8 follow up, Dr. Ford usually tells us they're just
9 missing this one document, and we're like oh, wow,
10 and then the people are frustrated and they're like
11 if we knew three years ago then we would've gotten
12 paid by now, so we just hope that there's some sort
13 of way where we are either automating the alert to
14 tell them that they are missing a document or we have
15 some sort of team I guess that has to do all these
16 calls like a hotline every single day because it's
17 going to be massive so I don't know how we manage it.

18 My next question is, the procurement
19 process lacks enforceable deadlines and
20 accountability mechanisms. What is the Administration
21 doing to strengthen that oversight and compliance
22 with timelines, especially when a timeline does not
23 exist?

24 FIRST DEPUTY DIRECTOR YU: As mentioned
25 earlier, we share and agree and are aligned on the

2 goal of setting timeframes for stages of the
3 procurement process, but we really want to have the
4 conversation with the data backing to make sure that
5 the timeframes that we set are appropriate. As
6 mentioned, with ContractStat rolling forward in the
7 fall and winter and even beyond into spring and with
8 PASSPort Public, those conversations are well
9 underway.

10 CHAIRPERSON WON: For PASSPort Public and
11 ContractStat, when you have the Document Vault built
12 in for PASSPort, it's supposed to be within PASSPort,
13 right, for Document Vault, would that help with a lot
14 of these missing documents or would it still continue
15 to be issues for folks?

16 CHIEF CHANGE OFFICER MARKLAND: Thank you,
17 Chair Won. I think a part of it that will help to
18 mitigate some of those concerns because they'll have
19 one place, one repository, and not be juggling two
20 separate systems so I think that was also
21 contributing specifically for human services
22 providers was their managing in both PASSPort and
23 Accelerator, now moving to the one system with
24 Document Vault they'll have greater access and ease.
25 We're also updating the user interface for PASSPort.

2 Again, hoping to make sure that it's easier to
3 navigate. The ongoing communications, the ongoing
4 roadshows, we have several initiatives at MOCS in
5 which we meet the vendors where they're at so that we
6 can kind of bring that information to them. A big
7 portion of why Director Flores wanted us to host the
8 roadshows was to make sure that we were getting
9 directly to the providers and not just relying on
10 agency partners who are working extremely hard to
11 shepherd the message, but we, too, want to be
12 supportive in that way to make sure that they're
13 getting the information and that it's readily
14 accessible.

15 CHAIRPERSON WON: Are the roadshows the
16 same as MOCS in Your Neighborhood or are those two
17 separate things?

18 CHIEF CHANGE OFFICER MARKLAND: Those are
19 two separate initiatives. The PASSPort Roadshows are
20 specifically targeting the human services providers
21 to let them know what's coming down the pipeline in
22 terms of the changes, migrating from Accelerator to
23 PASSPort, and giving them the opportunity to ask
24 questions and to learn upfront and firsthand what
25 levels of supports are available.

2 CHAIRPERSON WON: That's great. Are the
3 roadshows happening in every borough?

4 CHIEF CHANGE OFFICER MARKLAND: For the
5 most part, most of them have been digital so they're
6 virtual so we're doing virtual, hybrid, and in-
7 person. It's dependent on the strategic partners and
8 the preference of the providers. We are making
9 ourselves accessible to them.

10 CHAIRPERSON WON: Okay. I would love to
11 host one in my District. It could be virtual or in-
12 person or hybrid because we consistently get requests
13 from pretty much every single non-profit that I have
14 in my District, from Sunnyside Community Services,
15 they have outstanding payments. We have outstanding
16 payments for Community Capacity Development, for
17 Resettlement Houses, pretty much every single non-
18 profit, the (INAUDIBLE), that's a daycare center, as
19 well as others. We also have Little Friends. We have
20 so many in the District who are struggling to get
21 payments on time so we would love to help you host
22 that. I could help you find a space, I could help you
23 promote it, whatever it is, so I would love to work
24 with your team on that.

2 CHIEF CHANGE OFFICER MARKLAND: Thank you
3 so much, Chair Won, for your generosity. We will
4 definitely take you up on that.

5 CHAIRPERSON WON: Yeah, it would save I
6 think Dr. Ford a lot of time because we email her
7 very often trying to help her team.

8 Would the Administration support
9 provisions allowing MOCS to impose penalties on
10 agencies, well, you already said no because of the
11 fiscal environment.

12 What is the Administration's plan to
13 clear the current backlog of pending or stalled
14 contracts awaiting registration? What can Council and
15 providers do to assist in this effort? I'll volunteer
16 our time, weekends and evenings.

17 CHIEF-OF-STAFF SULLIVAN: I think this is
18 really the timeliness initiative that we talked about
19 with FY-24, project managing agencies each step of
20 the way. You should have X vendor documents submitted
21 by X date, X financials completed by X date, and I
22 can tell you that Director Flores is extremely
23 rigorous with this of calling vendors individually
24 herself to make sure that vendors are completing
25 their documents so that the agencies aren't held up

2 as well for the purpose of getting the contracts to
3 registration so I think we're happy to let you know
4 if folks are behind and get your support as well.

5 CHAIRPERSON WON: Okay.

6 CHIEF CHANGE OFFICER MARKLAND: Chair Won,
7 I just wanted to jump in because as of today we are
8 at 99 percent, which means there is only 1 percent,
9 and 1 percent is impactful for those providers who've
10 not registered, however, we are at 99 percent to date
11 and we're still actively working with those agency
12 partners and providers to get to 100 percent.

13 CHAIRPERSON WON: Thank you. That is great
14 news.

15 I just want to acknowledge we've been
16 joined by Council Member Sandy Nurse.

17 My last question for you today is does
18 the Administration commit to engaging non-profits as
19 partners in designing any new technology tools aimed
20 at improving procurement process. I know that we've
21 spoken earlier, and I remember Dr. Flores sharing how
22 there have been focus groups or feedback groups with
23 certain non-profit providers so if you could just
24 expand on that, especially for ContractStat as well
25 as for the Document Vault, the new version of

2 PASSPort, PASSPort Public, if you could just expand
3 on how you're including their feedback because they
4 want to feel that they have a voice in this process
5 are you release these new great tools?

6 FIRST DEPUTY DIRECTOR YU: Thank you,
7 Chair Won. I think Document Vault is a prime example
8 of MOCS listening to the human services sector and
9 really taking in the feedback that the legacy system,
10 HHS Accelerator, which is going to be decommissioned
11 at the end of the year. One of the its beloved
12 features was the Document Vault, and the
13 Administration and MOCS' commitment of resources and
14 time and effort to make sure that Document Vault is
15 also part of PASSPort as we continue the rollout of
16 financials and vendors being able to submit their
17 invoices into PASSPort and agencies being able to pay
18 those invoices, that is illustrative of how we take
19 the sector's feedback as we develop the technology
20 tools.

21 CHAIRPERSON WON: Good. If there's a non-
22 profit provider that wants to volunteer their time to
23 participate in giving feedback, how could they get
24 involved?

2 FIRST DEPUTY DIRECTOR YU: Please connect
3 them to us, but I'll also turn it over to Chief
4 Change Officer Markland.

5 CHIEF CHANGE OFFICER MARKLAND: Thank you,
6 Chair Won. That is a great suggestion. We do it
7 throughout periodically so the Change Office,
8 actually we can share the contact information in
9 which they can reach out to us, but also note that a
10 lot of the enhancement requests that we receive for
11 PASSPort come directly from the provider community so
12 there are several enhancements that were initiated by
13 them contacting our service desk team, which is our
14 helpdesk or a our support for all users, all vendors
15 and providers of PASSPort, and many of our
16 enhancements to date have been prompted by issues,
17 concerns, or recommendations from the sector.

18 CHAIRPERSON WON: Great. Thank you so
19 much.

20 We're going to now move to public
21 testimony. Thank you so much for coming and providing
22 your feedback, and we look forward to continuing to
23 partner with you on these new improvements. Thank
24 you.

2 FIRST DEPUTY DIRECTOR YU: Thank you,
3 Chair Won.

4 COMMITTEE COUNSEL PAULENOFF: Thank you.
5 We'll now turn to public testimony.

6 Each panelist will be given three minutes
7 to speak.

8 For panelists testifying in person,
9 please come to the dais as your name is called and
10 wait for your turn to speak.

11 For panelists who are testifying
12 remotely, once your name is called a Member of our
13 Staff will unmute you and the Sergeant-at-Arms will
14 you give you the go-ahead to begin. Please wait for
15 the Sergeant to announce that you may begin before
16 delivering your testimony.

17 The first in-person panel today will be
18 Kendi Rainwater, Shelby Lohr, Mary Fulham, and Frank
19 Carucci. Please come to the dais if your name has
20 been called.

21 If you are here and wish to testify in
22 person and did not hear your name called, please fill
23 out a witnesses slip and hand it to the Sergeants.
24 Thank you.

2 CHAIRPERSON WON: Hi, everybody. Thank you
3 so much for being here, and we can start to listen to
4 your public testimony, whoever wants to start.

5 KENDI RAINWATER: (INAUDIBLE) delays in
6 contract registration create cashflow challenges that
7 delay or preclude us not only from hiring staff but
8 also from purchasing critical services and paying
9 rent and other vendors, which, in turn, results in
10 late fees, higher vendor prices, and disqualifying us
11 from lines of credit. When the City forces us to
12 front costs before a contract is registered, the
13 provider makes what is in effect an interest-free
14 loan to the City, and this must be fixed. Once the
15 contracts are registered and we begin invoicing for
16 payment, the invoicing process itself is extremely
17 onerous and inflexible, but perhaps the most painful
18 part of this process is when the City fails to pay us
19 on time and we, therefore, can't spend all the funds
20 within a single year. The City then keeps whatever we
21 do not spend, effectively cutting our funding and
22 reducing the services we can provide. Ensuring timely
23 contract registration and payment is critical for
24 organizations like ours to function. We would like to
25 thank Chairperson Won and Council Members Brannan,

2 Yeger, Hanif, and Brewer for their time and
3 dedication to this issue and advocacy on behalf of
4 providers like us and the communities we serve. The
5 reforms that are needed are significant, and interest
6 on late payments together with other changes such as
7 increasing contract advances to 50 percent are
8 essential for us to continue. Thank you for your
9 time.

10 SHELBY LOHR: Thank you, Council Member
11 Won and Members of the Committee on Contracts for the
12 opportunity to testify. My name is Shelby Lohr, and
13 I'm here on behalf of the Day Care Council of New
14 York. The Day Care Council of New York is a
15 membership organization of early childhood provider
16 organizations in New York City. DCCNY supports its
17 member organizations and New York's early childhood
18 field at large through policy research and advocacy,
19 labor relations and mediation, professional
20 development and training for early childhood
21 education directors and staff, and referral services
22 for parents looking to find childcare. DCCNY member
23 organizations provide early care and education at
24 over 200 sites in neighborhoods all across the five
25 boroughs. Most DCCNY member organizations work with

2 contracts with the New York City Public Schools.
3 DCCNY member organizations also provide early
4 childhood education through privately funded programs
5 and the federal office of Head Start. DCCNY member
6 organizations operate in all five boroughs and employ
7 over 4,000 New Yorkers.

8 Late payments continue to put New York
9 City's early childhood education providers at risk of
10 closure and in a state of crisis. DCCNY visited
11 dozens of provider sites over the summer, and we
12 surveyed over 250 early care and education providers.
13 Of those providers, 64 percent remained unpaid for
14 previous month's services. That is the majority of
15 early care providers had to rely on personal loans
16 and business loans to cover this payment gap. In
17 interviews with DCCNY member organizations, we heard
18 time and again that late payments added significant
19 financial strain, particularly because providers must
20 bear the brunt of late fees and interest incurred for
21 the months awaiting NYCPS payments. Of the centers
22 that had to bridge payment gaps, 25 percent obtained
23 a business loan, 26 percent took out a personal loan,
24 and other options providers sometimes took to help
25 with cost included external grants and private funds.

2 When these loans cover an entire payroll, the
3 interest for even a single month creates a crippling
4 financial burden, especially for the already
5 resource-limited early care providers. Unfortunately,
6 issues with late payments remain a core challenge to
7 the operation of early childhood education
8 facilities. This has been demonstrated through
9 surveys and research time and again. In October 2022,
10 DCCNY conducted a survey of 159 centers and family
11 care child networks operating through Fiscal Year
12 2022 contracts. The survey uncovered that 29 percent
13 of respondents had at least one unregistered
14 contract, only 13 percent of respondents were able to
15 submit an invoice through Pre-Kids Vendor Portal, and
16 41 percent of respondents missed payroll or delayed
17 vendor payments due to delayed payments from the
18 Department of Education.

19 There was also some research from See
20 Change on showing that there was a cumulative
21 cashflow deficit of 464 million dollars in City
22 contracts when comparing the funds approved to invest
23 in early childhood education and the funds received
24 by providers. 19 organizations had a deficit of 5
25 million dollars or more.

2 This crisis is causing missed payroll,
3 forcing early childhood education committed staff and
4 staff members to look for new jobs or to struggle to
5 make ends meet, missed payments to vendors, missed
6 payments for employee benefits, and it's generally
7 something that needs some attention, and Day Care
8 Council of New York really appreciates the City
9 Council's work to ensure that childcare providers are
10 paid on time. On-time payment is crucial for the
11 stability of New York's childcare providers so thank
12 you so much for the opportunity to testify, and we're
13 happy to answer any questions at the email address on
14 the page. Thank you.

15 MARY FULHAM: Hi. My name is Mary Fulham.
16 I am the Managing Director of La Mama Experimental
17 Theatre Club. This theatre organization was founded
18 in 1961 by Ellen Stewart and, for the past 62 years,
19 La Mama has been supporting artists and the creation
20 of new work. We have been very fortunate to have our
21 work recognized and valued by the City Council,
22 Borough President as well as previous and current
23 Mayoral Administrations in the form of financial
24 support for the renovation of our Landmark building
25 at 74A East 4th Street. The total cost of this multi-

2 year project was 24 million, and La Mama gratefully
3 acknowledges the generous budget allocations from
4 DCLA, the Borough President, and the New York City
5 Council to support it. With your support and our
6 community, we have managed to raise 22 million for
7 this project. This was a Herculean task as was
8 actually the management of the project. Because of
9 the enormous cost of the renovation, the project was
10 divided into two phases. We were very fortunate to
11 secure bridge financing from LISC to manage the time
12 lag in reimbursements from the City. While the
13 necessity of bridge loans we understand and the
14 management of the City's capital process is not
15 unusual, the City took two years to approve our Phase
16 2 funding agreement. The delays in these approvals
17 and in reimbursements for Phase 2 of our project
18 allowed construction and financing costs to skyrocket
19 during and post-COVID, which saddled La Mama with
20 much greater debt than we had ever anticipated or
21 planned for. Further exacerbating the situation were
22 the delayed for also Phase 2 requisitions. Due to
23 these delays, we now find ourselves in a dire
24 financial position with a debt of over 3 million
25 dollars, and monthly debt payments will soon reach

2 60,000 per month. La Mama is a 3-million-dollar
3 organization. An organization of our size will not be
4 able to sustain a debt payment like this and continue
5 to be able to operate. We are in desperate need of
6 financial support due to this debt. The irony, of
7 course, is that the City support for La Mama may very
8 well have put La Mama's future in jeopardy,
9 especially at this moment when art and artists can
10 and must play a crucial role in bringing communities
11 together. Had legislation such as Intro. 982 been in
12 existence to promote expedited payments to non-
13 profits, we don't think we would be in this
14 situation. Therefore, we wholeheartedly thank this
15 Committee and support Intro. 982 and any other
16 reforms to the City's procurement and reimbursement
17 processes that can be made in the future. Thank you
18 so much.

19 FRANK CARUCCI: Hi. Good afternoon. My
20 name is Frank Carucci. I'm on the Board of Directors
21 of La Mama Experimental Theatre Club, and I'm very
22 glad to have this opportunity to talk with you today.
23 Mary has I think covered so much of the material I
24 was going to say, but I just want to tell you that I
25 was at the opening of that building when La Mama did

2 its first performance approximately 55 years ago, and
3 we have continued to working, it's now 62 years with
4 people around the world so we are a multicultural
5 organization that seeks out and gives opportunities
6 to groups that might not be able to perform anywhere
7 else until they get some basic recognition. In our
8 case, we were the beneficiaries, as Mary said, of a
9 very generous capital contribution from the City
10 Council, Manhattan Borough President's Office, the
11 Department of Cultural Affairs for restoration of our
12 building on 74 East 4th Street. The renovation of our
13 landmark building was a tremendous undertaking done
14 in two phases over the years, but when we first got
15 that building at 74, Ellen was given the opportunity
16 to buy it by the Ford Foundation that provided her
17 with the money, and it was a big step, but the first
18 thing we did was put a roof on the building because
19 it was an abandoned building. Then, over the years,
20 we had to correct a number of things until we
21 realized the whole building had to be brought up to
22 code and adhere to all the current standards that we
23 were so lacking because of the condition we got the
24 building in. As a Board President, you can imagine it
25 was very daunting because you start off these

2 projects by saying well, let's just try to do some
3 basic maintenance and keep things going then, as I
4 said, you reach a point where you realize you have to
5 completely start over, and that's what we had to do,
6 including replacing the foundation, one of the walls,
7 which were all not part of the original plan, and yet
8 our Board of Directors was able to keep the project
9 going, not stop and discontinue our services, we made
10 arrangements to shift performances and groups from
11 different spaces that we could provide them with and
12 the show always went on. We're now at the point after
13 doing all this work, we have a building and we're
14 suddenly encumbered in ways that we didn't expect
15 before. It's very hard when you celebrate the
16 completion or the near completion of this kind of a
17 project and then have to go back to all our
18 supporters and say but we still owe 3 million dollars
19 unexpectedly. That's why we're here, and that's why
20 it's so important that we express our support for
21 Intro. 982. I'm hoping that future reforms to the
22 City's procurement process will make it easier for us
23 to function without having to cancel or postpone
24 shows or groups because, as I said, we have people
25 coming from all over to work with us and nothing's

2 worse than not having the money or not having a card
3 or a visa for them to come to visit us so we don't
4 want to disappoint people, and we've done a pretty
5 good job of keeping the shows going, but now we need
6 this funding to help us further. Thank you.

7 CHAIRPERSON WON: Thank you so much for
8 your testimony. I just have one question. Would
9 access, as you heard from the testimony from the
10 Administration, would having access to a centralized
11 Document Vault to store required procurement form
12 reduce time you spent on the contracting
13 opportunities so imagine if you had one place that
14 you just had to upload documents for all the agencies
15 and you never had to do it again.

16 MARY FULHAM: All of the portals that we
17 have go to for discretionary money, for capital
18 funds, I mean it's just crazy so yes, I think that
19 having a central portal would be extremely helpful
20 and beneficial, and it would be great, you know, in
21 terms of that portal, if we could get updates on
22 where we were in the process to kind of understand
23 what's happening. We're so much in the dark all the
24 time, and then you submit the requisition, they have
25 a question, you answer the question, then they throw

2 it back to you again, there's another question, you
3 answer that question, you put it back in, they have
4 another question. Just ask us the questions and we'll
5 do it in one shot, but it's torture.

6 CHAIRPERSON WON: Have you found the
7 current Status Tracker on PASSPort currently helpful
8 at all for you to understand where you are in this
9 process?

10 MARY FULHAM: I haven't found that, to be
11 honest, I don't use PASSPort religiously or on a
12 regular basis. Obviously, I'm familiar with PASSPort.
13 With all of these sites, you have to have a different
14 log-in for every site.

15 CHAIRPERSON WON: It's not easy. Thank you
16 so much for taking the time to come testify. We
17 really appreciate it. We'll keep you updated.

18 MARY FULHAM: We appreciate all the hard
19 work you're doing.

20 COMMITTEE COUNSEL PAULENOFF: We'll now
21 move to virtual testimony.

22 As a reminder for panelists who are
23 testifying remotely, please wait until your name has
24 been called and then a Member of our Staff will

2 unmute and please wait for the Sergeant-at-Arms to
3 give you the go-ahead to begin.

4 First, we will hear from Gloria Kim
5 followed by Michelle Cruz.

6 Gloria Kim, you may begin when the
7 Sergeants announce the time.

8 SERGEANT-AT-ARMS: Time starts now.

9 GLORIA KIM: Good afternoon, Chair Won and
10 Members of the New York City Council Committee on
11 Contracts. My name is Gloria Kim, and I'm the
12 Director of Policy, Research, and Impact at the Human
13 Services Council, a membership organization
14 representing over 170 human services providers in New
15 York City. The government has transferred most
16 legally mandated human services for New Yorkers to
17 the non-profit sector to save on cost, and, as the
18 sector is stretched to meet community needs,
19 providers are met with chronic delays in payment,
20 underfunding, and lack of sincere collaboration to
21 create meaningful and lasting interventions which
22 strips away limited resources. HSC supports interest
23 to be paid on late payments under City contracts with
24 non-profit organizations so we really thank the City
25 Council for the commitment to procurement reform and

2 understanding that chronically delayed procurement
3 process that providers face. For too long, non-
4 profits have incurred substantial costs for service
5 delivery before they have a legal right to be paid
6 and are often forced to borrow to make payroll.

7 Interest payments on such borrowings are not
8 reimbursable except in rare cases and must therefore
9 be paid from reserves already stretched to the
10 breaking point. It's imperative that any interest
11 payment required by the contract agency is not taking
12 out of program budgets. Although the current
13 legislation is written to say the contracting agency
14 must notify the Council in writing as to why interest
15 payments cannot be funded other than through program
16 budgets, human services organizations are already
17 facing severe underfunding while being asked to
18 provide high-quality programs. The sector can't be
19 asked to perform at the same level while providing
20 increased services if these interest payments come
21 out of program budgets. There also needs to be an
22 incentive for government to pay on time and, if
23 there's not an economic impact except to the
24 community, this may not be achieved. As non-profits
25 struggle to borrow to make rent and salaries, this

2 impacts the resources they can put into additional
3 programming, strategic planning, and compensating the
4 workforce.

5 HSC supports the establishment of a
6 Document Vault to store certain procurement-related
7 documents. This is an important step to ensuring that
8 PASSPort becomes a one-stop shop for all procurement-
9 related needs so that providers don't have to use
10 multiple procurement systems and as HSS Accelerator
11 is decommissioned and PASSPort is developed to take
12 over all procurement functions. HSC looks forward to
13 the implementation of Document Vault for a more
14 streamlined procurement process and better user
15 experience. Although the Joint Task Force to Get Non-
16 Profits Paid on Time took on a great effort in
17 creating subsequently reforms to address the
18 procurement challenges that non-profits face, there
19 are still compounding delays in the contracting
20 process that force providers to undertake costly
21 borrowing to make payroll and rents, often incurring
22 interest not covered by government contracts. Over
23 the years, the sector has also seen real progress in
24 contracting only for it to unravel in future years so
25 current data of timeliness doesn't mean that it will

2 span future years or administrations. Progress now
3 does not speak to permanent solutions, and that is
4 what this sector needs, permanent contracting
5 solutions. City agencies aren't getting a deal by
6 chronically underfunding human services contracts to
7 balance the budget.

8 SERGEANT-AT-ARMS: Time expired.

9 GLORIA KIM: It's further harming the low-
10 wage workers the City relies on to keep these
11 programs running while pushing (INAUDIBLE) non-
12 profits into failure during a time of increased need.
13 Thank you.

14 COMMITTEE COUNSEL PAULENOFF: Thank you,
15 Gloria Kim.

16 Next, we'll hear from Michelle Cruz.

17 As a reminder to anybody who still wishes
18 to testify, if you are here in person, please fill
19 out a witness slip and hand it to the Sergeant-at-
20 Arms and, if you are here remotely, please raise your
21 hand on the Zoom.

22 Michelle Cruz, you may begin when the
23 Sergeants call the time.

24 SERGEANT-AT-ARMS: Time starts now.

2 MICHELLE CRUZ: Hi. Good afternoon, Chair
3 Won and Council Committee Members. My name is
4 Michelle Cruz. I am the Director of Economic
5 Development for Union Settlement, and I'm giving
6 testimony on behalf of our CEO, Dr. Darlene Williams.

7 Dear Members of the New York City Council
8 Committee on Contracts, I am writing to express my
9 strong support for Proposed Intro. 982 that will
10 require interest payments to be made on late payments
11 under City contracts with non-profit contractors in
12 New York City. This legislation is a critical step in
13 addressing an issue that has long plagued the non-
14 profit sector and the communities it serves. I
15 believe that this legislation is not only fair but
16 also necessary to ensure the continuous success and
17 sustainability of our vital non-profit organizations.
18 As Chief Executive Officer of Union Settlement, I
19 have witnessed firsthand the challenges non-profit
20 organizations face when City contracts are not
21 fulfilled promptly. Non-profit organizations play a
22 crucial role in addressing the needs of our
23 communities, from providing essential social services
24 to supporting education, healthcare, and more. Union
25 Settlement and our fellow non-profits rely on the

2 timely disbursement of funds to carry out their
3 missions effectively. The proposed legislation would
4 bring several significant benefits to the non-profit
5 sector.

6 One, financial stability. Non-profit
7 organizations often operate on tight budgets. Late
8 payments can strain our finances, making it difficult
9 to meet our ongoing obligations and provide essential
10 services. Interest payments can help alleviate this
11 financial burden.

12 Two, operational efficiency. Timely
13 payments are essential for non-profits to plan and
14 manage their programs efficiently. Late payments
15 disrupt operations, hindering their ability to
16 provide the critical services our communities depend
17 on.

18 Three, accountability. Requiring interest
19 payments for late disbursements creates a level of
20 accountability for the City's contractual
21 obligations. It incentivizes the City to prioritize
22 and expedite payments, promoting trust and
23 collaboration between government and non-profit
24 organizations.

2 Four, economic viability. Many non-profit
3 organizations rely on grants and contracts as their
4 primary source of funding. Timely payments ensure our
5 economy viability, allowing us to attract and retain
6 skilled staff and plan for long-term sustainability.

7 Lastly, enhanced service delivery. When
8 non-profits receive timely payments, we can focus on
9 delivering high-quality services and expanding our
10 reach. This benefits the City as a whole by
11 addressing critical social and community needs.

12 In conclusion, I firm believe that this
13 legislation is a vital step towards supporting non-
14 profit organizations in our mission to improve the
15 lives of New Yorkers. By mandating interest payments
16 on late disbursements, we can ensure that
17 organizations like Union Settlement have the
18 financial stability and confidence we need to
19 continue our valuable work. I urge you and your
20 fellow Council Members to support this legislation as
21 it is in the best interest of both non-profits and
22 the communities we serve. Thank you for considering
23 my testimony, and I am ready to support this
24 important legislation in any way possible and look
25

2 forward to seeing it enacted for the benefit for our
3 City's non-profit sector. Thank you.

4 CHAIRPERSON WON: Thank you so much for
5 your testimony, Michelle.

6 This concludes our hearing for today for
7 the Committee on Contracts. Thank you so much,
8 everyone, for being here. Have a good day. [GAVEL]

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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 October 31, 2023