

CITY COUNCIL
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

Of the

COMMITTEE ON CONTRACTS

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March 24, 2026
Start: 12:40 PM
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HELD AT: 250 Broadway-8th Fl., Hearing Rm. 3

B E F O R E: Lincoln Restler
Chairperson

COUNCIL MEMBERS:

Gale A. Brewer
James F. Gennaro
Kamillah Hanks
Althea V. Stevens
Inna Vernikov
Julie Won

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

Kim Yu
Director of MOCS

Gloria Kim
Human Services Council

John MacIntosh
SeaChange

Charles Diamond

Marcus Jackson
Encore Community Services

Victoria Leahy
HSU

Cristina Abbattista
Urban Pathways

Kyungsoo Kang
University Settlement

Michael Winter
Lantern Community Services

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3 This is a microphone check for the
4 Committee on Contracts, recorded on March 2th, 2026,
5 located in Hearing Room three by Nazly Paytuvi.

6 SERGEANT AT ARMS: Good afternoon, ladies
7 and gentlemen. Welcome to the New York City Council
8 hearing for the Committee on Contracts. At this time,
9 I'd like to remind everyone to please silence all
10 devices, and at no point during the hearing may you
11 approach the dais. If you want to testify at today's
12 hearing, please see a sergeant at the back of the
13 room to fill out a testimony slip. Chair, we are
14 ready to begin.

15 CHAIRPERSON RESTLER: [gavel] Good
16 afternoon, and welcome to the Fiscal 2027 Preliminary
17 Budget hearing for the Mayor's Office of Contract
18 Services, or MOCS. My name is Lincoln Restler, and I
19 have the privilege of chairing the Committee on
20 Contracts. I want to thank Director Yu for joining
21 us, I think for the third time in about six weeks.
Hopefully we'll give you a reprieve for our next
hearing, maybe our— even our next two hearings. But
it's always good to have you before the committee.
MOCS's Fiscal Year 2027 Preliminary Budget totals

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2 \$39.6 million, which includes \$20.1 million for
3 personnel services to support 245 positions and \$13.5
4 million for other than personnel services. This
5 budget is \$9.5 million less than the FY26 adopted
6 budget. I should also note, I just want to thank
7 Council Member Stevens for joining us today. It's
8 always good to have our friend from the Bronx, and we
9 are joined on Zoom by the former chair of this
10 committee, Council Member Julie Won. The Mayor's
11 Office of Contract Services is responsible for
12 overseeing, supporting, and promoting the city's
13 procurement system. MOCS is authorized to perform
14 pre- and post-audit reviews and to provide all
15 necessary determinations, approvals, and
16 certifications related to agency procurement actions.
17 MOCS is also responsible for maintaining the city's
18 central contract registry. Over 20 percent of the
19 citywide budget, \$26.3 billion, is for contracted
20 services through almost 18,000 individual contracts.
21 This scale underscores both the magnitude of the
responsibility and the vital importance of the work
that MOCS does each and every day. The city relies
heavily on contracting for everything from repaving
our streets to building our schools, to operating our

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2 shelters and providing meals for seniors and so much
3 more. When confronted with emergencies from COVID to
4 asylum seekers, we most often turn to human services
5 and nonprofit providers who are able to quickly and
6 nimbly respond to crises. At this hearing, we plan to
7 examine how MOCS is staffed and equipped to
8 efficiently handle this large volume of contracts. We
9 also hope to understand what technology and software
10 improvements are needed to ensure that nonprofit
11 providers are paid on time and that MOCS can
12 adequately track and manage the procurement system.
13 And as we confront a budget deficit, we hope to gain
14 a better understanding of how MOCS can help identify
15 savings and efficiencies. We have seen past examples
16 like multimillion-dollar contracts for consulting
17 firms to answer basic policy questions or redundant
18 contracts across different city agencies or different
19 city agencies paying wildly different rates for the
20 exact same services as areas that could be potential
21 opportunities for meaningful savings. I look forward
to hearing from the Director, the Mayor's Office of
Contract Services on ways that the Council can better
support your work in the upcoming fiscal year.

Director Yu, I've very much appreciated your

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2 leadership and commitment to working with the council
3 to get nonprofits paid on time, improve our
4 procurement process, and ensure our contracting
5 process operates efficiently. I'd like to thank the
6 Contract Committee staff for their hard work,
7 particularly Owen Kotowski for guiding the
8 preparations for this hearing so ably. Jack Storey,
9 also from the Council Finance- Financial- from the
10 Council Finance Division. Alex Paulenoff, Committee
11 Counsel, Johari Frazier, who we're very happy has
12 followed us from GOVOPS, Alex Yablon, and of course,
13 my Chief of Staff Molly Haley, who is very much the
14 brains of our operation. I'd like to- I recognized
15 my staff. Before we begin, I'd like to ask Committee
16 Counsel to swear in the Director.

14 COMMITTEE COUNSEL: We will now hear
15 testimony from the administration. Before we begin, I
16 will administer the affirmation. Director Yu, will
17 you please raise your right hand? Do you affirm to
18 tell the truth, the whole truth, and nothing but the
19 truth before this committee, and to respond honestly
20 to council member questions?

20 DIRECTOR YU: I do.

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2 COMMITTEE COUNSEL: All right, you may
3 begin when ready.

4 DIRECTOR YU: Good afternoon, Chair
5 Ressler, Council Member Stevens, and members of the
6 Contracts Committee. Thank you for the opportunity to
7 testify on the Fiscal Year 2027 Preliminary Budget
8 for the Mayor's Office of Contract Services. I'm a
9 touch under the weather, but I am very, very pleased
10 to be here. At the center of citywide operations,
11 MOCS oversees the systems that govern how tens of
12 billions of dollars flow through New York City's
13 economy. MOCS funds the infrastructure of
14 procurement, the rules, oversight, and technology
15 that agencies and providers rely on to move contracts
16 efficiently and pay providers on time. As a result,
17 our office plays a central role in a procurement
18 system that directs more than \$40 billion in public
19 spending each year. In Fiscal Year 2025, the city
20 awarded more than \$42 billion in contracts for goods,
21 services, and construction. Human services alone
accounted for more than \$16 billion of that total.
Thousands of nonprofit providers, small businesses,
and MWBEs depend on the reliability of this system to
operate. Public works and infrastructure delivery are

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2 also a critical part of this system. Beyond human
3 services and operational spending, city procurement
4 is the mechanism through which New York delivers
5 major capital projects that residents depend on,
6 including streets, bridges, schools, public
7 buildings, and other core infrastructure. The
8 effectiveness of the procurement system directly
9 affects how quickly and responsibly those projects
10 move from planning to construction and ultimately
11 into service. At its core, the city's contracting
12 system connects public dollars to the goods,
13 services, and infrastructure that New Yorkers rely on
14 every day. The City of New York depends on its
15 contracts to deliver childcare, shelter, food access,
16 healthcare, construction, and other essential
17 services and investments, but those contracts do not
18 move on their own. Every stage of the contracting
19 lifecycle, planning, procurement, award,
20 registration, and payment requires resources,
21 coordination, and sustained operational capacity.
That is especially important at a time of heightened
uncertainty and growing operational demands. As
agencies navigate cost pressures, shifting market
conditions and growing service demands, the City must

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2 continue investing not only in the contracts
3 themselves, but in the procurement system that makes
4 those contracts possible. Strategy and execution both
5 matter. Obtaining the best that the market has to
6 offer the City of New York and then turning those
7 opportunities into functioning contracts that deliver
8 results requires strong systems, clear processes, and
9 sustained operational support. Procurement is not
10 simply an administrative process. It is how the city
11 secures those goods, services, and infrastructure
12 fairly, responsibly, and in compliance with an
13 increasingly complex legal and regulatory framework.
14 And because city contracting directs billions of
15 dollars in public spending, it is also a major
16 economic engine that shapes opportunity for
17 businesses and nonprofit organizations across New
18 York City. Today, I will focus on what this budget
19 supports: strengthening end-to-end contracting
20 performance, supporting agencies and providers, and
21 continuing to improve the systems that move contracts
from planning to payment. MOCS Institute: The
preliminary budget sustains the personnel and
operational capacity required to carry out these
responsibilities in continuing strengthening the

1 city's procurement infrastructure. A core component
2 of this work is ensuring that agencies and vendors
3 have the knowledge and resources necessary to
4 navigate the city's procurement system. To support
5 that goal, MOCS operates MOCS Institute, the city's
6 centralized procurement training and education
7 program. The Institute provides both virtual and
8 in-person trainings designed to meet users where they
9 are, whether they are experienced procurement
10 professionals or organizations engaging with city
11 contracting for the first time. Since its launch in
12 2022, the MOCS Institute has trained more than 29,000
13 users across city government and the vendor
14 community. This work includes Procurement Training
15 Institute, known as PTI, which supports agency
16 procurement staff in meeting professional development
17 standards and strengthening procurement expertise
18 across city government. Through PTI, more than 12,000
19 agency staff have received training on procurement
20 rules and best practices. The Institute also operates
21 MOCS in Your Neighborhood, a monthly workshop series
designed to help vendors and prospective vendors
better understand how to do business with the city,
particularly small businesses and community-based

1 organizations. In addition, the Getting Started
2 webinar series provides demonstrations of Passport
3 functionality and opportunities for vendors to ask
4 questions directly to MOCS staff. Beyond formal
5 trainings, MOCS also publishes guidance documents and
6 instructional resources designed to help users
7 navigate procurement processes more effectively. Over
8 the past year, MOCS has also expanded how it
9 communicates procurement information to vendors and
10 providers. Recognizing that contracting guidance is
11 often technical and difficult to navigate, the agency
12 has increasingly focused on more accessible,
13 actionable, and education-first communications. That
14 includes simplified guidance, direct engagement, and
15 short-form educational content designed to help
16 vendors better understand requirements, timelines,
17 and opportunities. The goal is straightforward: to
18 make a complex system easier to navigate and to help
19 more organizations compete successfully for city
20 business. Procurement reform: Technology alone cannot
21 ensure a well-functioning procurement system. The
integrity of city contracting also depends on clear
rules, consistent oversight, and a commitment to
fairness and transparency. MOCS serves as the city's

1 central procurement authority, responsible for
2 establishing procurement policy, ensuring compliance
3 with procurement rules, and supporting agencies as
4 they implement contracting processes across a wide
5 range of programs and services. Public procurement
6 must balance several priorities simultaneously.
7 Contracts must be awarded fairly and competitively,
8 taxpayer dollars must be protected, and agencies must
9 be able to move quickly to deliver services and goods
10 effectively. In recent years, the City has undertaken
11 reforms designed to modernize procurement practices
12 while preserving strong safeguards. Legislative and
13 policy changes have increased review thresholds,
14 streamlined certain procedural requirements, and
15 expanded procurement tools that help agencies work
16 more effectively with MWBE and small businesses.
17 MOCS' focus moving forward is ensuring that agencies
18 implement these tools consistently and that
19 procurement rules continue to promote fairness,
20 transparency, and opportunity across the city's
21 vendor community. That means procurement policy must
be both principled and practical. The City has to
maintain strong safeguards while also making sure the
process is navigable, predictable, and capable of

1 keeping pace with service delivery. A system that is
2 overly fragmented or difficult to navigate imposes
3 real costs on agencies trying to deliver programs, on
4 nonprofits managing cash flow, and on businesses
5 deciding whether to compete for city work at all.
6 Health and Human Service Reform: An effective
7 procurement system must ultimately translate into
8 timely and predictable payments for the organizations
9 delivering services on the city's behalf. As the
10 committee heard during last month's oversight
11 hearing, nonprofit payment delays remain one of the
12 most pressing concerns facing many of the city's
13 provider partners. When payments are delayed,
14 nonprofit organizations are often forced to carry
15 additional financial risk, which can be especially
16 difficult for providers operating with limited
17 reserves. These delays can affect payroll, staffing
18 stability, and the continuity of essential services.
19 While the city has made progress in improving
20 contracting timelines and payment practices, the
21 experience of providers across the system remains
uneven. Some contracts move efficiently through
procurement lifecycle, while others still encounter
delays related to contract negotiation, budget

1 review, or administrative approvals. These challenges
2 often reflect the complexity of the contracting
3 system itself, which involves multiple agencies,
4 oversight entities, and operational steps that must
5 occur before payments can be released. Recognizing
6 these challenges, the City has taken several steps to
7 improve provider stability. Following recent
8 legislation enacted by Council, advance payments for
9 most human service services contracts will increase
10 from 25 percent to 50 percent of the contract value,
11 providing significantly more upfront funding to
12 nonprofit providers while contracts and invoices
13 progress through the system. MOCS has also
14 strengthened monitoring of contracting timelines and
15 continues working directly with agencies to identify
16 and address contracts or invoices that require
17 intervention. These efforts are intended to reduce
18 variability across agencies and support a more
19 predictable contracting and payment process. At the
20 same time, we recognize that progress has not yet
21 been felt uniformly across the provider community.
Continued improvement will require sustained
coordination across agencies, oversight partners, and
vendors themselves. MOCS is approaching that

1 challenge by focusing not only on registration, which
2 we closely track during our annual timely
3 registration initiative, but on end-to-end
4 contracting performance. Over the last year, we have
5 worked to move critical steps earlier in the
6 lifecycle so that agencies and providers are better
7 positioned by the start of the fiscal year. Through
8 our budget readiness initiative led by our payment
9 task force, MOCs engage providers earlier, launch
10 purchase orders in February, is offering hands-on
11 office hours, and is helping move budget activity
12 forward in advance of the fiscal cycle. That work is
13 intended to reduce confusion, improve readiness, and
14 support more timely advances in invoicing once
15 contracts are in place. We're also building on
16 reforms that simplify the process itself. The FY26
17 discretionary grant pilot eliminated 13 steps from
18 the contracting process for participating nonprofits,
19 and the current cohort of 130 awardees is expected to
20 see cycle time to payment of approximately four
21 months instead of more than a year. Looking ahead,
MOCs is planning for an extended FY27 discretionary
cohort that would move roughly 800 awards into a
faster and more streamlined process. Passport: Over

1 the past several years, MOCS has led the
2 implementation of Passport, the City's end-to-end
3 digital procurement platform. Passport now supports
4 the full lifecycle of city contracting. Agencies use
5 the platform to manage procurement planning and
6 solicitations, develop contract budgets, track
7 contracting milestones, and process invoices. Vendors
8 and nonprofit providers use Passport to respond to
9 solicitations, manage contracts and budgets, submit
10 invoices, and track payments. More than 96,000 users
11 across city agencies and the vendor community now
12 rely on Passport to conduct business with the city.
13 The platform replaced fragmented legacy systems and
14 analog processes, consolidating thousands of active
15 contracts and tens of thousands of budgets into a
16 single environment. This shift improved visibility
17 into contracting activity and created a shared system
18 for agencies and vendors to manage the contracting
19 lifecycle. As the city continues to build on the
20 Passport platform, our focus is on ensuring the
21 system operates reliably and transparently for the
people who depend on it, while continuing to deliver
enhancements that strengthen functionality and
improve the user experience. Over the past year, MOCS

1 has continued strengthening Passport operations by
2 improving system performance, expanding user support,
3 and refining workflows so that key steps in the
4 contracting and budgeting process can occur earlier
5 in the lifecycle. These improvements are intended to
6 reduce downstream delays and create clearer
7 visibility into contract status across agencies. A
8 consistent theme we hear from providers is the need
9 for clearer, timelier visibility into the status of
10 their contracts, budgets, invoices, and payments. In
11 response to that feedback, MOCS launched a new vendor
12 reporting module in Passport that gives vendors
13 direct access to their sourcing, contract, and
14 financial data in one place. Vendor Reporting now
15 makes 6 reports available to more than 35,000 vendors
16 and providers in Passport, improving visibility into
17 contract activity, invoice processing, budgets, and
18 advances. Excuse me. Through the Vendor Reporting tab
19 in Passport, vendors can access reports that allow
20 them to monitor contract budgets, review invoice
21 activity, and track advances and recruitments
associated with their contracts. Currently available
reports include the Contract Budgets report, which
shows budgeted, paid, and remaining amounts by fiscal

1 year and allows vendors to monitor budget utilization
2 over time. The Invoices Report, which provides a
3 snapshot of submitted invoices, payment status,
4 approval timelines, and the ability to filter
5 activity by contract and fiscal year. The Health and
6 Human Services Nonprofit Providers Advance and
7 Recruitments Report, which shows agency-funded
8 advance and recruitment data, including balances and
9 activity by agency, contract, and fiscal year. These
10 reports allow vendors to review key financial
11 information, filter and export data, and identify
12 issues earlier in the contracting and payment
13 process. This is an important change in how the city
14 shares procurement information. For many vendors,
15 especially smaller organizations without dedicated
16 administrative staff, access to timely data can make
17 the difference between reacting to a problem after
18 the fact and identifying an issue early enough to
19 resolve it. Recent Passport enhancements have also
20 strengthened subcontractor transparency by allowing
21 subcontractor approvals and updates to be managed
directly within the system. This creates a
centralized record of subcontracting activity and
supports better visibility into subcontractor

1 participation and payments across city contracts. At
2 the same time, Passport, like any large-scale
3 technology platform, requires ongoing maintenance and
4 improvement. MOCS is aware of system issues and
5 occasional glitches that arise, and our dedicated
6 service desk professionals work closely with users to
7 address them as quickly as possible. Our IT team also
8 works in partnership with our vendor to resolve bugs,
9 improve system performance, and deliver enhancements
10 over time. Excuse me. As technology continues to
11 evolve, particularly in areas like cloud computing,
12 automation, and artificial intelligence, MOCS is
13 evaluating how best to ensure the city's procurement
14 systems keep pace with current needs and
15 capabilities. Passport was first developed more than
16 10 years ago, and the tools now available create new
17 opportunities to improve efficiency, usability, and
18 performance. Realizing those opportunities, however,
19 requires resources. Technology modernization depends
20 not only on software and infrastructure, but also on
21 the skilled staff needed to maintain, improve these
systems over time. Taken together, these enhancements
represent an important step toward a more transparent
and accountable contracting system, one where

1 agencies, prime vendors, and subcontractors have
2 clearer access to the information they need to manage
3 contracts effectively. This Preliminary Budget
4 sustains the infrastructure required to operate
5 Passport and continue improving the platform for the
6 agencies and vendors who depend on it. Turning to the
7 Preliminary Budget itself. The Mayor's Office of
8 Contract Services operates a budget that sustains the
9 systems and operations at the core of city
10 procurement. MOCS' total budget for FY26 was \$49.5
11 million, including \$26.3 million in personnel
12 services and \$26.2 million in other than personnel
13 services. A significant portion of these resources
14 supports the technology infrastructure that underpins
15 the city's procurement system, including the
16 contracts that maintain and operate the Passport
17 platform. As of March 11th, 2026, the agency had 51
18 vacancies and approximately 195 active staff
19 agency-wide. Those staff support procurement policy
20 development, Passport operations, vendor engagement,
21 training and capacity building, and citywide
performance monitoring. That staffing picture
underscores an important operational reality. The
procurement system is only as effective as the

1 capacity behind it. From supporting agencies and
2 providers to maintaining Passport and helping
3 contracts move efficiently through the procurement
4 lifecycle, this work remains core to MOCS' mission.
5 The city's contract with Ivalua, which provides the
6 core Passport platform, is valued at approximately
7 \$93 million over 11 years, with the contract with
8 Accenture, which provides system integration and
9 implementation support, is valued at approximately
10 \$52 million over seven years. Given the scale of the
11 procurement ecosystem and the central role MOCS plays
12 in supporting agencies and vendors across city
13 government, the office continues working closely with
14 the Office of Management and Budget to assess
15 staffing and resource needs as the system evolves. In
16 conclusion, our near-term focus is clear. We are
17 continuing to improve procurement transparency
18 through vendor reporting, strengthening provider
19 readiness through FY27 budget readiness, improve
20 registration performance through our time- thank you-
21 performance through our timely registration work,
expand the discretionary grant pilot, and deliver
Passport Release Seven, which will allow vendors to
complete certain financial tasks in parallel,

1 including invoicing, while budget modifications are
2 underway. That change is intended to address a major
3 bottleneck and make payments faster and easier for
4 vendors. New York City's procurement system connects
5 billions of dollars in public funding to the services
6 that residents rely on every day. It also requires a
7 city government that continues to invest in the
8 planning, strategy, execution, and oversight
9 necessary to make contracting work. When we talk
10 about procurement, we're talking about the city's
11 ability to shape markets, secure high-quality
12 partners, deliver public services, and move public
13 dollars responsibly and effectively. That does not
14 happen automatically. It is the product of steady,
15 deliberate work to keep contracts moving and systems
16 functioning. MOCS remains committed to improving the
17 reliability, transparency, and integrity of the
18 City's procurement system so that agencies can
19 deliver services effectively and providers can
20 operate with greater certainty. We appreciate the
21 Council's continued partnership and focus on these
issues, and we look forward to continuing the work
together to strengthen the city's contracting system.

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2 Thank you for the opportunity to testify. I look
3 forward to your questions.

4 CHAIRPERSON RESTLER: Thank you so much
5 for the thoughtful testimony, and I'm sorry you're
6 under the weather. Hopefully my colleagues will be
7 nice to you. I failed to— oh, there you go, they both
8 claim that they're always nice. I would like to
9 acknowledge my fellow Brooklynite, Council Member
10 Inna Vernikov. Thank you for joining us. Do you guys
11 want to start? Either of them? You have questions? Go
12 ahead. You want to go? No, Council Member Vernikov,
13 go ahead, and then Council Member Stevens.

14 COUNCIL MEMBER VERNIKOV: Okay, good
15 afternoon. Thank you, Chair. All right, my first
16 question is: MOCS performs both pre- and post-audit
17 reviews of city contracts, is that correct?

18 DIRECTOR YU: Council Member, I just want
19 to align on the definition of the pre- and
20 post-audit. So-

21 COUNCIL MEMBER VERNIKOV: Before and
after.

DIRECTOR YU: So, I would say that our
central focus is on actually the front end of the
process, the planning, the strategy, the planning,

1
2 the selecting the procurement method. And actually
3 once the procurement method is selected, making sure
4 that the rules are followed and then all the way up
5 to Comptroller registration. And then during- after
6 Comptroller registration, the ability, as you know,
7 on the contract, it's- you're able to pay. For the
8 human service contracts, you know, they also get an
9 advance 50- 25 or 50 percent. We're also doing
10 invoice accountability. And so the auditing, there
11 are a lot of age- most of the agencies have internal
12 audit shops, and also the Comptroller's Office has
13 the legal requirement to audit. So that's a little
14 bit of like an overview.

15
16 COUNCIL MEMBER VERNIKOV: That's fine.

17 That's fine. So, if a post-audit review reveals that
18 the contract didn't measure up and results and
19 benchmarks weren't met, what do you traditionally
20 recommend?

21
22 DIRECTOR YU: So, thank you,
23 Councilmember, for the question. So, we're looking
24 at, you know, post-procurement, post-contract
25 registration, post-payment, where I think what you're
26 describing is a scenario where the contractual
27 relationship between the city agency and the vendor,

1
2 there may be some issues that arise. It's a- you
3 know, in any relationship that is bound to happen,
4 especially at the scale that the City of New York is
5 contracting with outside organizations. So, there are
6 a lot of recommendations, and I will say that, you
7 know, first having a strong relationship and clear
8 communication are some of the foundations. And then
9 also understanding what it is that the contract
10 document is outlining that the city has expectation
11 to receive is also one of the foundational matters.
12 And in the process of that relationship, if it is
13 that the, you know, the contract expectations were
14 not met because the terms and conditions were not
15 met, there are recommendations that can be taken or
16 tools that can be used to course correct.

17 COUNCIL MEMBER VERNIKOV: So, it sounds
18 like it's kind of case-by-case basis.

19 DIRECTOR YU: It is case-by-case basis.
20 And, and I'll also add that within the PPB rules and
21 then also all the contracts, there are performance
22 evaluation requirements where that is a little bit
23 more of like a formalized tool to like convey that
24 maybe there is some course correcting within the
25 relationship that-

1
2 COUNCIL MEMBER VERNIKOV: Okay, thank
3 you. And are there instances when these contracts
4 don't get renewed? Is that- is that one of the- is it
5 a course of action that you would take-

6 DIRECTOR YU: [interposing] Certainly.

7 COUNCIL MEMBER VERNIKOV: some time?

8 DIRECTOR YU: So, Council Member, to your
9 point, this is a going to be a case-by-case
10 situation, and especially with the varied city
11 agencies and the varied contract services that are
12 going to be delivered. And so certainly if you are-
13 it is not out of the realm of possibility if a city
14 agency finds itself in a situation in a contractual
15 relationship where the relationship is not working,
16 and there is like an opportunity to renew, an agency
17 may decide to not renew if the relationship is not
18 working and the city services are not being provided
19 satisfactorily.

20 COUNCIL MEMBER VERNIKOV: Understood.

21 Thank you for that detailed answer. There's been
considerable and understandable attention on payment
delays to community-based nonprofits. Do you think
that performance over a cost-based model would help
with this?

1
2 DIRECTOR YU: Council Member, there's
3 actually a lot of writing about this. Yeah, so thank
4 you for bringing this up. You know, we're tackling
5 this on many fronts. I would say that- so I want to
6 unpack this a little bit. So, for the payment delays,
7 there's- there are a lot of things that we are doing
8 to address payment delays. There are some structural
9 issues. Historically, the City has- there have been
10 retroactive contracts and that certainly is a
11 contributing factor to payment delays. So that's
12 structural. And we get at that by our annual
13 timeliness initiative where we are trying to project
14 manage a lot of contracts so that they are registered
15 timely, especially with the upcoming fiscal year. So
16 that's a structural issue. And then we certainly
17 have- and Chair Ressler alluded to this. We have a
18 capacity issue. The contract volume the City of New
19 York has exper- that, oh, excuse me. Oh, the- so,
20 capacity issues. So the City of New York is doing
21 more and more contracting and the staffing capacity
needs to keep up with that, right? So that is a
capacity issue. And the other issue is some of the
technology constraints, some of which MOCS is working
on, you know, as we speak, that I spoke of in the

1
2 testimony. So those are all things that we are doing
3 to help with timelier registration. But to the second
4 part of your question about performance-based
5 contracts, that's certainly a model that is worth
6 exploring. It's not a model that I think is going to
7 be beneficial in all contracts, especially
8 understanding how nonprofit contracting works. But
9 it's something that we can certainly explore, and I
10 would welcome the opportunity to hear more from you,
11 like, what you're thinking about.

12 COUNCIL MEMBER VERNIKOV: Yeah, and I
13 know the Manhattan Institute does a lot of analysis
14 on this, some models-

15 DIRECTOR YU: [interposing] Yes, I'm
16 familiar with the report.

17 COUNCIL MEMBER VERNIKOV: Yeah.

18 DIRECTOR YU: Yes, thank you for bringing
19 it up.

20 COUNCIL MEMBER VERNIKOV: Okay. Chair, can
21 I have another minute?

CHAIRPERSON RESTLER: Go ahead, as long as
Council Member Stevens is okay.

1
2 COUNCIL MEMBER VERNIKOV: Okay, I just
3 have, like, two more questions. What percentage of
4 city contracts go to nonprofits?

5 DIRECTOR YU: So it will vary year over
6 year, but traditionally we like to say it's about, 40
7 percent in a traditional year. Fiscal year '25, we
8 had a little bit of an outlier year. We actually had
9 more construction contracts registered because there
10 were a series of borough-based jail contracts
11 registered in FY '25. But, usually it's about 40
12 percent.

13 COUNCIL MEMBER VERNIKOV: Okay. Thank
14 you. Last question. In the last few years, we've seen
15 reports reports indicating funding going to radical
16 extremist groups. Major source of that funding is
17 individual member discretionary funding decided by
18 individual members, which I'm sure a lot of it is not
19 intentional, but the reports also detailed funding
20 from city contracts itself. Is there any sort of
21 tracking by MOCS that would flag any organizations
engaged in radical political activism?

DIRECTOR YU: Thank you, Chair, for— I
mean, excuse me. Thank you, Council Member, for
bringing that up. So, let me take a step back, and—

1
2 when there's an organization seeking to do business
3 with the City of New York, one of the fundamental
4 requirements before they enter the door, so to speak,
5 is that they have to do some disclosures. They have
6 to do disclosures about their organizations, and then
7 they have to do disclosures about their principals.
8 And so that information gets captured, you know, at
9 the entry point, and it's housed within the city,
10 within Passport. Certainly I would welcome- I'm not
11 very knowledgeable about the situations that you're
12 raising, but I would welcome a follow-up conversation
13 about that.

14
15 COUNCIL MEMBER VERNIKOV: Yeah, sure,
16 likewise. And I mean, I'm aware of the process, but I
17 just wonder how it slips through anyway, and we get
18 these organizations that get funded. So that's why I
19 was wondering if there's tracking that you guys
20 currently have?

21
22 DIRECTOR YU: Yeah, so Council Member,
23 I'll say that the framework, so to speak, for
24 awarding contracts, you know, after the process has
25 been complied with and we're at a certain point, the
26 agency ACOs who are the ones on the front lines
27 awarding the contracts, they are looking for

1
2 responsibility, and responsibility is a term of art
3 that's defined in the PPB rules. And I'll boil it
4 down to two things. It's really the capability to
5 perform the work and the responsibility of that
6 organization. And responsibility is one of these
7 terms that is a value-based term. It not sort of,
8 like, a checkbox, so to speak. It's really- it speaks
9 to, you know, are they paying their- is this
10 organization paying their taxes? Is this
11 organization, like, carrying their workers' comp
12 insurance? When we do a litigation search, are there
13 things that are coming up in that litigation search?
14 When we do a Google search, what is coming up in that
15 Google search? So, that's all on the responsibility
16 component. But just sort of like, tethering the sort
17 of framework for when the city agencies are awarding
18 contracts, it's- we start with the PPB rules and it's
19 about responsibility, which is capability and
20 responsibility.

17 COUNCIL MEMBER VERNIKOV: So it doesn't
18 sound like there's anything about flagging a radical
19 organization in that analysis. Am I- is that correct?
20
21

1
2 DIRECTOR YU: It could be that a Google
3 search may turn it up. So again, I don't want to
4 speak-

5 COUNCIL MEMBER VERNIKOV: [interposing] Is
6 a Google search performed?

7 DIRECTOR YU: Yes.

8 COUNCIL MEMBER VERNIKOV: Okay.

9 DIRECTOR YU: Yes.

10 COUNCIL MEMBER VERNIKOV: Okay. So what
11 happens if that- if that is found out later on? Would
12 that be something, you know, is that then not
13 renewed? How do you handle that?

14 DIRECTOR YU: It is- it's certainly going
15 to be a case-by-case, and I would be- you know, I
16 would always want to ground any sort of navigation of
17 a factual situation like that in the PPB rules, and
18 certainly with the advice of, you know, Law
19 Department, especially with contracts. So, I would
20 welcome, like, some more conversation on this.

21 COUNCIL MEMBER VERNIKOV: Yeah,
definitely. We'll be in touch about that. Thank you.

DIRECTOR YU: Thank you.

COUNCIL MEMBER VERNIKOV: Thank you,
Chair.

1
2 CHAIRPERSON RESTLER: Thank you, Council
3 Member Vernikov. And Councilmember Stevens.

4 COUNCIL MEMBER STEVENS: Hi, good
5 afternoon. And I just want to just go on record for
6 saying like, I think especially with contracting, we
7 also have to be very biased. So even using terms like
8 radical groups, that can be subjective, and that's
9 very subjective language. And so I just wanted to
10 make sure that if we are- start going in a place
11 where we're looking at how do you define radical,
12 who's defining it, like that becomes a problem. And
13 in Contracts, we know we try to stay away from that.
14 So, I will hope that we continue down that path of
15 like looking at the content of the work and like not
16 using, like, very biased subjective. I just- like,
17 because I might think it was radical and other folks
18 might not. And so I think that that becomes very
19 difficult for us to judge, especially when it comes
20 to contracting. But I'm gonna ask some questions
21 around on-time registration and payment. With regards
to on-time payment, providers have long been plagued
with expensive delays. They often leave providers
floating credit for several months at a time. What
existing barriers to improve on-time payments are you

1
2 guys doing, and how has this been addressed with a
3 lot of the providers? I know this is one of the
4 things that I get so many calls about around this
5 credit line.

6 DIRECTOR YU: Councilmember, thank you so
7 much. Where do we begin? Right? So let's see. I want
8 to be very high level. Let me start this way. The—
9 I'm going to talk a lot about the things that we are
10 trying to do to make the experience better, but that
11 does not mean that I'm not aware and empathetic of
12 the particular organization that has a contract that
13 is retroactive to even before, like, some scary
14 number, like 2020, 2019, right? Those exist.

15 COUNCIL MEMBER STEVENS: Yeah.

16 DIRECTOR YU: It is very real. And so let
17 me start this way. We have a backlog of contracts
18 that are not registered, meaning they're not able to
19 be paid. And then we also are forward-looking, and
20 we've got a tranche of contracts that are going to—
21 we hope to register FY27. That include brand new
programming for FY27, including, DYCD's after-school
Compass, right?

COUNCIL MEMBER STEVENS: Yep. That's
correct. That's on this list of questions.

1
2 DIRECTOR YU: Yes. Yes. And so, want to
3 maybe break apart the two. So, on the backlog, the
4 backlog, we can see over 2,000 backlog contracts and
5 we can see about \$2 billion-

6 COUNCIL MEMBER STEVENS: [interposing]
7 Currently, about- you said 2,000- how many?

8 DIRECTOR YU: Over 2,000. And Council
9 Member, if you give me one moment, I can- the backlog
10 as of January was, and this- these are the human
11 service contracts.

12 COUNCIL MEMBER STEVENS: Yeah.

13 DIRECTOR YU: The 2,275 human service
14 contracts totaling \$2.3 billion.

15 COUNCIL MEMBER STEVENS: You said \$2.3
16 billion?

17 DIRECTOR YU: \$2.3 billion. And I'm in
18 active conversations with City Hall and OMB about how
19 we tackle this backlog, right? And also, this is
20 going to be a coordinated effort. It's going to
21 involve City Hall, it's going to involve OMB, it's
going to involve MOCS, all the agencies, and also
coordination with the Comptroller's Office.
Everybody's sort of got to do their part if we're
going to clear this backlog. And with so many things,

1 the most effective way to do something very hard is
2 to break it into digestible, actionable pieces. And
3 so within that \$2.3 billion backlog, we have thought
4 about how do we break it apart that it makes it's
5 more manageable to- for us to tackle it and drive it
6 down. And sometimes if you bucket things, that's how
7 we find it to be effective to move through things.
8 Within that backlog, there are a fair amount of
9 discretionary contracts. So lots of contracts, low
10 dollar value, and potentially those are the
11 organizations that can least afford to have
12 retroactive contracts and delays on payment.

13 COUNCIL MEMBER STEVENS: Yeah.

14 DIRECTOR YU: And then we've also got
15 another bucket where they are high dollar value, and
16 it's just a reality of the service demand outpacing
17 the contract capacity. And it really is about how do
18 we tackle- what do we tackle first and how do we
19 tackle it? We know how to tackle it. We know how to
20 do this.

21 COUNCIL MEMBER STEVENS: So, and when you
say service contracts, what- could you give an
example of what that would like be? Like, is that
like the DSS contract?

1 DIRECTOR YU: Yes.

2 COUNCIL MEMBER STEVENS: Or HRA?

3 DIRECTOR YU: Yes.

4 COUNCIL MEMBER STEVENS: Okay.

5 DIRECTOR YU: Yes. Yes. So that's on the
6 backlog, right? So that's one, one set of contracts.
7 Forward-looking, what we have— we're trying to do
8 strategically and to prioritize is to really closely
9 track those contracts that are set to start July 1st,
10 Fiscal Year 2027, and make sure that those contracts
11 hit the target of being sent over to the
12 Comptroller's Office by July 1st.

13 COUNCIL MEMBER STEVENS: Let's pretend.

14 DIRECTOR YU: Yes, yes. So that's a little
15 bit of the— It's like the trauma.

16 COUNCIL MEMBER STEVENS: It's very
17 aggressive.

18 DIRECTOR YU: Yes. Yes. So, breaking
19 apart the contracts, having a distinct plan for the
20 backlog of contracts, the FY27 contracts, and making
21 sure that we prioritize it, and then we have the
staffing capability to move what we prioritize. And
then also making sure that the technology is going to
work with us, not against us. And that is some of

1
2 what I was speaking about in- that is in my
3 testimony. For the fall of this year, we hope to
4 turn on some new functionality in Passport that will
5 unlock some of the invoicing and budget lock and key
6 situation that we currently have.

6 COUNCIL MEMBER STEVENS: And I mean, I
7 think- And long story, because I mean, thinking it's
8 over 2,000 contracts that's on- that's in the backlog
9 in this current point. And, you know, last
10 administration cleared the backlog, and then here we
11 are again, back to having a backlog. And so what are
12 we doing to move forward to prevent us having such a
13 huge backlog moving forward? And I know there's- you
14 just said Passport, you're gonna have some new tools,
15 but like, is it something that like agencies need to
16 make sure that we're continuously do? Like, what are
17 some things that we're putting in place to be able to
18 do this? Because I know I had legislation around
19 creating a timetable for the procurement process, and
20 we'll be following up around that, because the chair
21 has some issues with it. I do too, but- and thinking
about even those, but like, what are we gonna do to
move forward and prevent this? Because to me it just
seems like a cycle. Like, we have this huge backlog,

1
2 the human services sector obviously gets strained. We
3 get upset, we protest, we yell, we do all the things,
4 we clear it, and then we're back here. So how do we
5 prevent moving forward? And other than, like, these
6 new tools and Passport, what is being done to make
7 this a priority moving forward? And I know even with
8 the discretionary, I know they did the three-year
9 contract thing. Clearly that didn't help as much as
10 we thought it would, which a very wise council member
11 said, but no one listened. I'll say no names. But
12 like, how do we, like, really do real actual stuff
13 to, like, prevent this from happening?

14
15 DIRECTOR YU: Yes. Thank you. Thank you,
16 Council Member. The one other thing that I'll lift up
17 that- to get at your point about how do we prevent
18 ourselves from being in this continual backlog
19 situation. I- so I mentioned in the backlog of the
20 \$2.3 billion in the 2,000+ human service contracts.
21 There's a significant portion of that backlog that is
22 comprised of the discretionary contracts. And it
23 just never made sense that we treated a, you know, a
24 \$5,000 discretionary contract the same way that we
25 treated a \$1 billion contract for designing and
26 building of the borough-based jails.

1
2 COUNCIL MEMBER STEVENS: Yeah, doesn't
3 make sense.

4 DIRECTOR YU: We treated them the same.
5 And so for the grant pilot that we're- we're in the
6 first year of this grant pilot, and it's about 100
7 providers. And we are seeing, rather than waiting a
8 year for payment, we're seeing payment within four
9 months. And instead of 13 steps, we're seeing about
10 nine steps. So, preventing those City Council
11 contracts from what we call getting into the system
12 and gunking up the system, that's something that we
13 are very hopeful will bear some fruit. And with the
14 multi-year, I'm still going to say that there was
15 some efficiencies for the multi-year.

16 COUNCIL MEMBER STEVENS: Okay. Not enough
17 for us to still be here with a backlog of over 2,000.
18 And I just want to say, if someone owed me \$2.3
19 billion, I'm seeing you outside. So, I think that
20 that is a lot of money worth- like, where's my money?
21 Right? Like, I think that that's- you know, we're at
a place of like, where's my money? And so, you know,
again, it helped, but it didn't do what we claimed
that it would do as far as, like, keep this backlog
clear. It was like a box that we checked.

1
2 DIRECTOR YU: Yes.

3 COUNCIL MEMBER STEVENS: And so I know
4 the pilot, we had the pilot last year, and this is my
5 last question, and I'll stop chatting, Council-
6 Chair. But my- I guess my last question is, even with
7 the pilot, because, you know, I love a pilot and I
8 love a good closing date of the pilot and evaluation,
9 and I know this was just- we're finishing up the
10 first cycle of this. So when do you think that we'll
11 be able to see the evaluation of this pilot so that
12 we know if we're going to have a full rollout moving
13 forward?

14 DIRECTOR YU: Council Member, we're very,
15 very excited to explore this more. So, we will scale
16 up the pilot from Fiscal Year '26 to about 100
17 providers to- for- into Fiscal Year '27. We'll have
18 about 800 providers in the cohort.

19 COUNCIL MEMBER STEVENS: And so would
20 that allow old providers to be a part of it? Because
21 I know with this new pilot, it was mostly for new
providers getting discretionary money. Will this,
like, this new pilot allow providers who are already
in the system to be a part of the next pilot and
phase?

1
2 DIRECTOR YU: Yes, I believe that this
3 is— we're having active conversations with the
4 Council about the cohort of the 800. So yes, we're in
5 active conversations about that. Yes.

6 COUNCIL MEMBER STEVENS: Thank you.

7 DIRECTOR YU: Thank you.

8 CHAIRPERSON RESTLER: Yeah, and I really
9 appreciate Council Member Stevens, you raising this,
10 and I think there's a lot of excitement around the
11 council discretionary pilot of this year, and we're
12 keen to dig in more on kind of what we've learned and
13 what's worked well. And Council Member Stevens, we
14 should include you more in some of those
15 conversations with the discretionary unit just so you
16 understand how they're thinking about growing it. And
17 I think that our hope is that we can, you know, shift
18 to a grant-based model for smaller providers as
19 quickly as possible and at as great a scale as
20 possible, which really should free up capacity in the
21 contracting teams at DYCD and HRA and DHS and ACS so
that they can focus on registering these larger
contracts much more swiftly. And so that the, you
know, large human services organizations that are
owed tens of millions of dollars by the city, we can

1
2 start to rectify that so they have the dedicated
3 staff capacity to process it all much more
4 efficiently.

5 COUNCIL MEMBER STEVENS: You know where
6 to find me. I'll be happy to join the meetings.

7 CHAIRPERSON RESTLER: I do know where to
8 find you. I probably find you more than you want me
9 to. But thank you both for your thoughtful questions.
10 And Chair- and Director, we'll try to not pain you
11 too much as you're under the weather. Just taking a
12 step back to headcount. So MOCS FY26 budgeted
13 headcount is for 246 positions, which I believe
14 includes 10 positions at MONS, the Mayor's Office of
15 Nonprofit Services, and 13 positions at the MWBE
16 office. So taking those out, our understanding is
17 that MOCS currently has 179 of 223 positions filled.
18 That's a vacancy rate of almost 20 percent. I think
19 you testified to 51 vacancies. Our numbers were 44,
20 so, in that ballpark. We did a review of those
21 vacancies and found that the highest vacancy rates
were in the business optimization, infotech, and
strategic initiatives, budget codes. Could you
explain to us kind of what those units primarily do?

1
2 Why are we seeing higher vacancy rates in those units
3 in particular?

4 DIRECTOR YU: Thank you so much, uh, for,
5 for the question, Chair. And also, just- I have- I
6 can't let it go, but to your commentary on Council
7 Member Stevens, I think you're exactly right that the
8 grant pilot will free- if it's successful, and we're
9 very optimistic that will be successful, and it frees
10 up capacity, it'll allow the city agencies to do more
11 thoughtful competitive procurements, which is
12 something that we are very eager to also have like as
13 a benefit from the grant pilot. But, onto your
14 question. So thank you for honing in on this
15 particular issue. And I think, you know, the numbers
16 may be like off one or two, but I think generally
17 we're aligned. So I can speak about MOCS's staffing
18 plan and the positions that- the team members we have
19 and then the vacancies we have. And then also talk
20 more about the teams that have the vacancies. You'll
21 have to forgive me that I'm not the- I don't have the
underpinning of like the structure, the budget- the,
the budget codes that would align directly with the
teams. But so let me- I'll talk about it from the way
that I understand it.

CHAIRPERSON RESTLER: Right.

DIRECTOR YU: So you're right that ballpark we've got about, you know, 200 team members and then we've got vacancies predominantly in three teams. We've got vacancies in our procurement operations team, which our procurement operations team covers both our team members who are working week to week with our agencies and project managing and tracking and ensuring compliance with procurement. And then we've also got our financial taskforce- our financials team members that also includes our payment task force members. And so, That is a large team and we do see a number of vacancies there. And then the other team that we see vacancies is our tech team. Our tech team- our tech team is very large relative to our overall size. And so we will see some vacancies there. The other area that we see our vacancies are in our General Counsel's office, but our General Counsel's office is larger than what you think like a general counsel, like legal office. It- they do things such as compliance. They do things ensuring vendor integrity. They do things- Local Law 34 compliance, which is on the pay-to-play, the lobbyist database. And so, you know,

1 those are the three teams that we see the most
2 vacancies. So to drill down, let me talk first about
3 the procurement operations. I'll share- I'll share,
4 Chair, that we recently did a convening of the agency
5 ACOs at the start of this new administration, this
6 year one, to do a little bit of sharing and thinking
7 about procurement and really to dig into some pain
8 points. And staffing came up as a pain point. And,
9 I'll say that agency staffing, that's right, yes, in
10 procurement shops. But as we've shared, you know, the
11 procurement ecosystem includes procurement, but then
12 also legal and then also budget. And so there are
13 vacancies, you know, within those respective teams.
14 So what can I say that like attributes to some of
15 that vacancy and those staffing pain points? The
16 City of New York, as we all know, is subject to civil
17 service. The civil service- you know, anybody who's
18 read The Power Broker knows that the civil service is
19 very complex. And, you know, for civil service that
20 oversees particular titles, procurement titles are
21 included. So, we've got procurement analyst and
procurement- other procurement professionals there.
And recruiting, as part of that process is something
that requires time and effort. And so I will say that

1 that is something that we are in these beginning
2 months very focused on sort of like getting under the
3 hood on to really understand how we operate within
4 those confines. For tech, I will say that the City of
5 New York in its recruitment retention of tech
6 resources and tech talent, it is uniquely positioned
7 because we are competing with major tech
8 organizations like Google, like Meta and those tech-
9 that tech talent has the ability to just- it's just
10 the reality- be compensated at a different scale than
11 the City of New York could compensate our tech
12 resources. So our- but what sort of grounds us when
13 we recruit for tech resources is this public service.
14 So our tech, we really- our tech recruiting really-
15 we look for individuals who are looking to come into
16 the city, be part of something bigger than
17 themselves, and to contribute to something as
18 large-scale as Passport and the large scale that it
19 supports for procurement and contracting in the City
20 of New York. And then for- you know, I would say, we
21 see less vacancies in our General Counsel team, the
very large General Counsel team and the myriad of
responsibilities that they carry out. But we do see
some vacancies there, and I think that that is just,

1
2 I think natural, in any organization. There's going
3 to be, vacancy- vacancies, and there's going to be
4 attrition. And it's just- I think it's just to be
5 expected. So that's a little bit of an overview.

6 CHAIRPERSON RESTLER: Yeah, that's
7 insightful and really helpful. Thank you for such a
8 detailed overview for us. I think, you know, Council
9 Member Stevens and I were talking about this on the
10 way in, that, you know, when MOCS has inadequate
11 capacity, it affects the work of every agency. Just
12 like when the Contracts Division at the Law
13 Department has inadequate capacity, it affects and
14 slows down the work of every agency. And so we want
15 to make sure that you're resourced properly, that you
16 have the adequate headcount you need so that every
17 agency is able to procure the goods and services that
18 they need to support New Yorkers. You know, it
19 doesn't surprise me that we've had challenges in the
20 tech division. You know, that's, I imagine, a
21 persistent issue over time. I am more surprised about
the Payments Division. Could you give us a little bit
more insight there? This is a newer division. They-
and they're overseeing budget readiness and they're
overseeing, kind of- they're reviewing invoices to

1
2 make sure that those are being paid properly. This is
3 really important, and I think an area where we can be
4 doing more, where MOCS can be doing even more to
5 ensure that agencies are really on the ball. Can you
6 give more specifics on how many headcount, are in
7 that unit? How many are vacant? And is there anything
8 we can do to be helpful in making sure that that unit
9 is properly supported?

10 DIRECTOR YU: Thank you, Council Member—
11 or thank you, Chairman, for honing in on this. So our
12 financials team that includes our payment task force,
13 we've got, um, seven team members overseeing payments
14 for all of the City of New York.

15 CHAIRPERSON RESTLER: Seven?

16 DIRECTOR YU: Seven, yes. We've got—
17 we've got one vacancy. So we've got six. I will say,
18 as I spoke about in my testimony a bit, it is new for
19 MOCS to be in the invoice accountability space.

20 CHAIRPERSON RESTLER: Right.

21 DIRECTOR YU: It is a result of the— in
many ways, the technology pulling in these processes
and then opening up the transparency for how agencies
are performing relative to their invoice

1
2 accountability. I want to- within the last year,
3 forgive me for not knowing, but-

4 CHAIRPERSON RESTLER: Through your
5 leadership?

6 DIRECTOR YU: Yes. Yeah. But I certainly-
7 we did, I did this with my predecessor. Yes. So, I
8 would say that the city as a whole likely may be
9 experiencing the entry level or the entry point for a
10 city employee, probably needs to be- are we
11 appropriately compensating them? Are we- is it the
12 right skill set? But for our financials- for our
13 financials team, we've been very fortunate that
14 we've- beside the one vacancy now, we've been pretty
15 fully staffed since its creation. And I'll say also
16 that I joked about this in our last hearing, that
17 once we get them in, get them trained up, a lot of
18 agencies like to recruit them. But that is a healthy,
19 healthy thing, and it's something that we lean into.
20 It's something that we understand as part of the
21 process and having MOCS train them and get them
familiar with operating within public service is
something that we welcome. And then once we deploy
them to the agencies, they're- they have the
relationships. They have the resources. And so,

1
2 yeah, it's something that we've had a lot of success
3 with. You know, we've gotten those resources. We've
4 been able to hire those resources, and we've been
5 able to send those resources out into what we call-
like deploy them, so to speak.

6 CHAIRPERSON RESTLER: Well, that's great.
7 And I think, you know, I think you deserve credit for
8 creating this unit and, you know, hopefully it's a
9 unit that we can see grow and can help support
10 agencies to make sure that there is crisp
11 accountability on budget readiness and invoice
12 processing so that folks are getting paid. Our review
13 found that there were currently 15 positions on the
14 NYC jobs website for MOCS, you know, for MOCS
15 openings, not including interns and things like that
16 and the MONs and MWB openings. Are you able to give
17 insight into, you know, if we've got three times as
18 many vacancies as that roughly, why would- are we-
19 why would we not have postings up for more positions?
20 And you may not be familiar with exactly-

18 DIRECTOR YU: [interposing] Chairman, Yes,
19 I'm so sorry. I'm not following 100 percent. Yeah.

20 CHAIRPERSON RESTLER: Well, I'm- if
21 there's only- if we're looking at about 44 vacancies,

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2 give or take, and there's only 15 positions that are
3 posted for on the website, is that because other
4 positions, it's just, we're waiting for lists on
5 civil service and different things, and that may
6 explain why we're not seeing active hiring efforts
7 for more of the vacant positions?

8 DIRECTOR YU: I see. I see what you're
9 asking. Yes. So, I'll say this. In this particular
10 season that we're in and when it comes to the
11 recruitment efforts, we are in active conversations
12 with both City Hall and OMB about how we are
13 prioritizing and turning those vacancies external.

14 CHAIRPERSON RESTLER: Right.

15 DIRECTOR YU: And, um, it is a series of
16 negotiations and conversations. And so that may be
17 why you'll see more- less postings up than we have
18 vacancies shown on our- on some of the budget
19 documents.

20 CHAIRPERSON RESTLER: And I should
21 acknowledge Council Member Gale Brewer. Thank you for
being with us. And Council Member Brewer, whenever
you'd like to jump in for questions, just let us
know. The mayor announced with prelim that he was
eliminating about half of the vacancies that

1
2 currently exist. It's been a little hazy for us, and
3 I think this is at every budget hearing— agency heads
4 are getting asked to similar question of like, how is
5 this information being conveyed down? We know savings
6 plans were submitted earlier this week, last— this
7 week, this week, last week, in the last few days. The
8 20th, last week, Friday. Time is a flat circle. Last
9 week. And that, you know, I imagine Director Soliman
10 will be sharing more insight with us tomorrow at the
11 OMB budget hearing. But have you received guidance
12 on— of the 44-odd vacancies, how many of those
13 positions are being eliminated as of yet, or is that
14 an ongoing conversation? Can you share any insight
15 with us there?

13 DIRECTOR YU: Candidly, I'll say it's an
14 ongoing conversation. Certainly we were— we
15 understand where we are fiscally. We just, you know,
16 just as a New Yorker, we— I understand. And just as I
17 mentioned in these very early months in a brand new
18 administration to sort of look at our resources, our,
19 our staffing levels and our capacity. This is I think
20 the work that we're in the midst of right now. And so
21 we have had conversations with OMB about what that
looks like in particular to MOCs. What it would mean

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2 in terms of, you know, OTPS savings, vacancy
3 reductions. Nothing is finalized. We're just— we're
4 very much in those conversations.

5 CHAIRPERSON RESTLER: There's going to be
6 a need for efficiencies everywhere. You know, it's
7 worth noting that, you know, after multiple years of
8 cuts under Mayor Adams, you know, this council— the
9 previous council pushed to restore headcount to the
10 245/246 level, which is where we had been before
11 these rounds of budget cuts, you know, at the end of
12 the de Blasio administration. And I hope that we
13 don't see a significant reduction in MOCS headcount
14 because, as I said, it has an impact on the work that
15 every agency does. And I don't want to see
16 procurements held up because we don't have enough
17 folks at MOCS to review and provide support and
18 assistance. Council Member Brewer is ready. I'm gonna
19 just ask one more question on this topic, and then
20 I'll shut up and pass it over to Council Member
21 Brewer. Is attrition— can you speak to the attrition
rate that we've seen at MOCS if you have that data
handy? What we saw last year, I think what was
testified to in FY25 prelim, was an attrition rate of
19 percent with high attrition rates within the

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2 technology unit for reasons that we've discussed. Are
3 you seeing persistently high attrition? Do you have
4 that data for this past year?

5 DIRECTOR YU: Chairman, I would want to be
6 specific in- I want to- just memory, I think we've
7 stayed level, but I will follow up with you about
8 that. And one of the things I will say is some of the
9 attrition is sort of what I spoke about earlier is
10 some of the agencies sort of like reaching from us
11 and pulling.

12 CHAIRPERSON RESTLER: [inaudible] Totally.

13 DIRECTOR YU: Yeah.

14 CHAIRPERSON RESTLER: No, it's- I mean,
15 we've seen it a lot with OMB over the years of like
16 really talented people on task force at OMB or unit
17 heads at OMB getting plucked off to run, you know,
18 fiscal office- you know, run, be in charge of the
19 financial offices at agencies, and it's great. I
20 mean, these are folks who clearly have the expertise
21 to do it, and for your folks to be going over to run
procurement shops and support fiscal teams at
agencies, it makes a lot of sense. And agencies often
pay higher, and so there's a double incentive, and
probably they work less hard. So, you know, for all

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2 of those different reasons, you understand why those
3 trajectories happen. But we want to make sure that
4 we're, you know, celebrating your team and
5 celebrating, you know, the good work that MOCS is
6 doing. So if there are ways that the Council can do
7 that and support if they're- you know, give citations
8 or recognize, you know, folks who go above and beyond
9 to really make our system work better. We're always
10 happy to be partners in that effort. Let me pass it
11 over to Council Member Brewer, and then I'll keep
12 going.

11 COUNCIL MEMBER BREWER: Okay. I mean, I
12 have very few questions, because I was next door, but
13 I guess one of the issues is you have said in the
14 past, and I think correctly, that the small contracts
15 are hard, you know, and so I'm just wondering- you
16 got the small ones that the Council often gives you
17 and then you have the larger ones that come from
18 agencies, etcetera. So my question is, is there
19 something we can do, or is it the same process and
20 they're all the same, or is there something that
21 could be helpful to you in some of the smaller
contracts? Because there are a lot of them. And I
just wanted to know, because they're often the

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2 smaller groups too, and so they have more challenges
3 on their end. So, is there anything- I don't know if
4 it's a longer life cycle, even though it seems to be
5 year to year to year. I don't know. I'm just asking
6 to see if there's anything we can do for the smaller
7 dollar figures that are probably as time-consuming
8 maybe as some of the larger ones, but not for a lot
9 of money.

8 DIRECTOR YU: Thank you, Council Member,
9 for the question. It- so we're in the midst of a
10 collaboration with the City Council right now on
11 those discretionary contracts that tend to be lower
12 dollar value to our nonprofits, to our
13 community-based organizations that end up being just
14 retroactive. Like, right out the gate, they're
15 already late.

15 COUNCIL MEMBER BREWER: Right.

16 DIRECTOR YU: The services have already
17 been provided, and the money often just like catches
18 up with them. Like, you know, maybe a year after the
19 services have already been provided.

19 COUNCIL MEMBER BREWER: Yes.

20 DIRECTOR YU: So, we are in year one of
21 the grant pilot with a really small cohort, about 100

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2 providers, where we looked at the very- the
3 traditional procurement process, and rather than
4 treating them as contracts that go through the
5 procurement process-

6 COUNCIL MEMBER BREWER: [interposing]
7 Grants.

8 DIRECTOR YU: We treat them as grants,
9 exactly.

10 COUNCIL MEMBER BREWER: I remember that
11 pilot.

12 DIRECTOR YU: Yes. Yes. And so we're
13 very- so we're proud to be able to speak about the
14 100 in that cohort. We looked at the cycle time from
15 grant signature to payment, and it was about four
16 months versus oftentimes like over a year.

17 COUNCIL MEMBER BREWER: Yeah.

18 DIRECTOR YU: And in addition to the
19 money faster, there's less steps and then less time.
20 And so we are- we're planning on scaling that up for
21 FY27 and we'll increase the cohort from 100 to 800.

COUNCIL MEMBER BREWER: Okay.

DIRECTOR YU: And that's something-

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COMMITTEE ON CONTRACTS

COUNCIL MEMBER BREWER: [interposing]

How do you decide the 800? Is it random? Is it something that has a consistent-

CHAIRPERSON RESTLER: [interposing]

They're all from District 33.

COUNCIL MEMBER BREWER: They're all from my district.

DIRECTOR YU: It's something-

COUNCIL MEMBER BREWER: [interposing] They want the pilot.

DIRECTOR YU: It's something that we're in conversations with the Council about, about who gets into that cohort.

COUNCIL MEMBER BREWER: Okay, because I assume- how many are there of this magnitude approximately? The, you know, the ones at the Council? I assume there are others besides just the City Council, but it's mostly the city council.

DIRECTOR YU: It's all city council.

COUNCIL MEMBER BREWER: All city council. Okay, how many do you have? Some said from 800 to- I should know, but it looks like it's thousands.

DIRECTOR YU: Council Member, if you give me one moment, I can probably tell you. I don't know

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2 it off the top of my head, but let me see if I can
3 tell you how many.

4 COUNCIL MEMBER BREWER: I mean, I've
5 looked at all those lists.

6 CHAIRPERSON RESTLER: It would be
7 organizations that receive no more than \$20,000 to
8 \$25,000 from a single city agency via council
9 discretionary funding.

10 DIRECTOR YU: That's right.

11 CHAIRPERSON RESTLER: That's the- just to
12 be clear about the-

13 COUNCIL MEMBER BREWER: [interposing] So
14 that would be the number that we're looking at.

15 CHAIRPERSON RESTLER: That's a yes. I was
16 just clarifying.

17 COUNCIL MEMBER BREWER: That's helpful.

18 CHAIRPERSON RESTLER: Yeah.

19 COUNCIL MEMBER BREWER: Because 800 is a
20 small portion of that, I would assume. Because
21 there's- I mean, I give out many more than 800.

DIRECTOR YU: Yes. So for FY26, there
were 10,000 awards.

COUNCIL MEMBER BREWER: Okay.

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2 CHAIRPERSON RESTLER: 10,000 total city
3 council awards, not just that fit that description of
4 per- that received- organizations that received no
5 more than \$20,000, \$25,000.

6 DIRECTOR YU: That's right, the whole-

7 COUNCIL MEMBER BREWER: Well, that's- so
8 that's a manageable number then for the future.

9 CHAIRPERSON RESTLER: 10,000, yes. But
10 the 10,000 includes, you know, our very large social
11 service organizations that receive-

12 COUNCIL MEMBER BREWER: [interposing] So
13 what we're saying though is that 800 is gonna cover
14 quite a few of what we're talking about.

15 CHAIRPERSON RESTLER: You know, it's
16 eight percent, whatever it is. We're getting there.

17 COUNCIL MEMBER BREWER: Okay.

18 CHAIRPERSON RESTLER: But we should be
19 doing more.

20 COUNCIL MEMBER BREWER: Yes.

21 CHAIRPERSON RESTLER: We should- you
know, the three-year-

COUNCIL MEMBER BREWER: [interposing] I'd
love to see the whole list be covered. The one that
fit into the criteria.

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2 CHAIRPERSON RESTLER: Yes, I mean the-
3 so, you know, the large social service organizations
4 that have contracts with the city or that receive
5 council initiative funding for \$50,000 or \$100,000 or
6 more, they're not gonna benefit from this grant
7 pilot.

8 COUNCIL MEMBER BREWER: Right. It's the
9 smaller ones.

10 CHAIRPERSON RESTLER: These are the small
11 neighborhood groups that just receive a little, you
12 know, five from you or five from me or five from a
13 couple council members. So, and you know, as for the
14 nonprofits and for the agencies, they spend as much
15 time on the \$5,000 grant as for the \$500,000 grant.

16 COUNCIL MEMBER BREWER: And my staff
17 spends the other amount of time trying to help them.

18 CHAIRPERSON RESTLER: Yes, exactly.

19 COUNCIL MEMBER BREWER: So I'm very aware
20 of it.

21 CHAIRPERSON RESTLER: Mine, too.

COUNCIL MEMBER BREWER: The other
question, I see you do this, but do you meet with
non- you said last time, I think you meet with
nonprofits to figure out what their issues are.

1 DIRECTOR YU: Yes.

2 COUNCIL MEMBER BREWER: Is that like
3 quarterly or how often, or is it just when it's
4 needed?

5 DIRECTOR YU: So we have a few different
6 ways we reach the nonprofits. We certainly- we have
7 trainings. We do webinar. We do live trainings. We
8 do webinars. We do-

9 COUNCIL MEMBER BREWER: [interposing]
10 Correct.

11 DIRECTOR YU: what we call like coffee
12 hour, like one-on-one. And actually, I was recently
13 in the Bronx with, Council Member Stevens where she
14 does a convening of nonprofits in her district. And
15 so we'll certainly do it on ad hoc.

16 COUNCIL MEMBER BREWER: Okay.

17 DIRECTOR YU: Yes.

18 COUNCIL MEMBER BREWER: All right. And
19 then I know you talked about technology. So what is-
20 is there a cost to the amount of technology that you
21 use or it's not broken down in that way in terms of
the- because it is incredibly helpful to you,
obviously, to have the best. Is it a program that
you're using or used by the state? Is there some

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2 other sort of sister agencies that you can look at in
3 terms of doing a sort of- a MOCS elsewhere, or are
4 you on your own in terms of the technology?

5 DIRECTOR YU: So, MOCS oversees the
6 procurement technology.

7 COUNCIL MEMBER BREWER: Correct, Right.
8 But I'm just didn't know, like, does the state have
9 similar technology? Does California have similar
10 technology, etcetera?

11 DIRECTOR YU: I understand-

12 COUNCIL MEMBER BREWER: [interposing] With
13 that size.

14 DIRECTOR YU: So, Councilmember, we are
15 unique in our scale. There's really no one- there's
16 no city like us, right? And the comparable public
17 sector equivalent would be the state of California.

18 COUNCIL MEMBER BREWER: Correct.

19 DIRECTOR YU: And how much they procure
20 and contract.

21 COUNCIL MEMBER BREWER: Correct, yep.

DIRECTOR YU: You mentioned New York
State. We are in partnership with New York State,
and actually they are learning from us a bit about,
moving their processes into- in a digital- from a

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2 paper to a digital way. And also the way that they
3 buy is a little different than the way that we buy,
4 and so it's not going to be a one-to-one. But there's
5 a lot that we can gain by having partnerships with
6 the State of New York and how their- what technology
7 they're using for their contracting. And so we have
8 those conversations all the time. And so, but you
9 mentioned Passport, and maybe if I could give you
10 like a little bit of overview.

11 COUNCIL MEMBER BREWER: Yeah. No, I know
12 Passport.

13 DIRECTOR YU: Yes. On Passport. So
14 Passport is a software, right?

15 COUNCIL MEMBER BREWER: Yes.

16 DIRECTOR YU: It's a software and it's-
17 there are two vendors who sup- who give us access to
18 the software and maintain the software. So Passport
19 is an Ivalua- it's a Ivalua product. The City of New
20 York through MOCS pays about \$2.5 million every year
21 to be able to access that software.

COUNCIL MEMBER BREWER: Yep.

DIRECTOR YU: And then Accenture is our
systems integrator and they provide us a lot of
support as we tailor the Ivalua Passport product to

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2 the specifics of how New York City buys things. And
3 we spend about \$7.5 million per year. So in total,
4 it's about \$10 to \$11 million that we're-

5 COUNCIL MEMBER BREWER: [interposing]

6 Okay.

7 DIRECTOR YU: that it costs to maintain
8 Passport.

9 COUNCIL MEMBER BREWER: Right. And
10 that's basically the software and the- that you need
11 in order technology-wise in order to do what you need
12 to do.

13 DIRECTOR YU: Yes.

14 COUNCIL MEMBER BREWER: My friends at
15 Accenture are very happy. All right. Thank you very
16 much.

17 DIRECTOR YU: Thank you, Council Member.

18 CHAIRPERSON RESTLER: Thank you so much,
19 Council Member Brewer, for your always insightful
20 questions. One more just headcount capacity-oriented
21 question for me was- is, do you believe MOCS has
enough capacity to efficiently process the indirect
cost rate directive and COLA adjustments?

DIRECTOR YU: Chair, I would welcome a
further conversation. Some of the indirect cost rate

1 work and the cost of living adjustment work is
2 actually in the agencies. So the agency- and I would
3 have to do a little bit more to be able to respond
4 very comprehensively. What MOCS does do is that we
5 oversee, in collaboration with OMB, and also- So let
6 me break it apart. So for ICR, for ICR, it is a MOCS
7 team, our nonprofit team, that is overseeing the ICR
8 process. Vendors submit, you know, their ICR rate,
9 and then it follows along and it gets approved and
10 then it gets actioned, right? And so our team is
11 working with the agencies to make sure that that is
12 implemented. And also setting- really thinking about,
13 because we know that this is a pain point, is, is the
14 process, um, attuned to what is effective? So we've,
15 we've had some recent changes on the, on the ICR
16 policy and also what is required when. So that's on
17 the ICR. On COLA, COLA is something that we, work
18 closely with OMB, and it is really a really- a really
19 OMB agency exercise for COLA to make sure that the
20 cost of living adjustments are making their way into
21 the contracts, whether it's through an allowance
adjustment or whether it's a contract amendment.
Right. So it's a little bit of like a multifaceted

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2 and I would welcome having a follow-up conversation
3 about this.

4 CHAIRPERSON RESTLER: Great. That's
5 helpful. Um, I look forward to that follow-up
6 conversation. It'd be helpful to go into it a little
7 more detail. Ah, on agency staffing, you mentioned
8 this little bit of your ACO convening from earlier in
9 the year, and we discussed this a bit at our last
10 hearing, and I understand that MOCS is not currently
11 tracking kind of headcount at agencies, uh, in their
12 contracting, probably fiscal offices and legal
13 offices too. But we're, you know, are there any ideas
14 for how we could track that information better? Or
15 should that information be reported into MOCS so that
16 you have better insight into agency capacity?

17 DIRECTOR YU: Chair, I certainly, through
18 our conversations, this is like certain- I think is
19 worthwhile exploring and I would welcome exploring it
20 in partnership.

21 CHAIRPERSON RESTLER: Great.

DIRECTOR YU: I think what I, what I can
share is here was an exercise where we just started
with a survey. We started with the- it was, it was a
voluntary survey and it was really just to, um, gauge

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where staffing levels were within the, those
respective shops that you, that you listed. And then
once we have a little bit more of the data, I think,
that will, that will provide some grounding for what
we do with it and some, um, patterns maybe we can
observe or recommendations that we can make. Um, and
then also sort of maybe crosswalking that with the,
the output, the, the contract volume, the contract
dollars, the complexity of the contracts. It's, uh,
yeah, an exercise that I would welcome.

CHAIRPERSON RESTLER: Either Great. To
do in partnership. We would welcome that. And I, you
know, Council Member Brewer is here. I know that the
new DCAS commissioner is really focused on how do we
improve our civil service systems and streamline
hiring. I am at- I was sorry to miss your budget
hearing, but I imagine that was one of the main
things that she discussed a week ago Friday. And
we'd love to help prioritize, you know, procurement
staff, fiscal staff, and to make sure that agencies
are, you know, have the ability to swiftly hire for
those positions as much as possible. And, you know,
welcome the opportunity to think about ways that we
can track that together and, and hold agencies

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2 accountable. Why don't I do some Passport-related
3 questions, and then I'll kick it back over to
4 Councilmember Stevens. So, FY27 Preliminary Plan is
5 \$9.5 million less than FY26 at Adopted. The council
6 had pushed hard for, you know, well over \$7 million
7 essentially in Passport-related support. My
8 understanding is that the main improvements for this
9 funding will allow for vendors to submit invoices
10 while budget mods are in progress. Are there— we
11 don't have additional funds set aside for FY27 for
12 further Passport upgrades. Everybody has a lot of
13 feelings about Passport, a lot of feelings. That was
14 maybe the nicest way I could say it. God, yes,
15 according to Councilmember Brewer. Are there
16 additional improvements that you've been considering
17 for Passport that we should be looking to try to fund
18 in this upcoming budget that would be helpful?

19
20 DIRECTOR YU: Thank you for the question,
21 Chair. Yes. Recognizing and appreciating so much of
the procurement process that the city has now is, you
know, has made just so many leaps from where it was
previously. We went from a paper-based system to a
digital system in a very short amount of time. And as
I mentioned in my testimony, everybody's in.

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2 Everybody's in, and previously not everybody was in,
3 and everybody's in for procurement and contracting.
4 And even before that vendor enrollment and then also
5 for financials, for budgeting, for payment. But as I
6 also mentioned in my testimony, there- the technology
7 is- was purchased and it was developed and purchased
8 a number of years ago. And technology is just-
9 technology just evolved so quickly. And I think that
10 there is more to certainly to think about and- about
11 the technology in the coming months. And certainly,
12 you said it very nicely about the very known- yes,
13 feelings about Passport, about, you know, the system
14 performance and the user- the usability. That's not
15 something that we're shying away from. It's something
16 that we have really tried to focus about, you know,
17 stabilization of the system. And then also, this
18 happened in the prior budget cycle. We did receive
19 additional service desk team members at MOCS to help
20 with our vendors who are trying to do business with
21 the City of New York and in Passport and providing
them a little bit more of a touchpoint, as they- as
they're trying to, you know, get their contracts
through. I would welcome further conversations on
Passport. And just to look back, the- you're right

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2 that you'll see from FY26 to FY27, there was a- there
3 was more money in FY27 budget for MOCS to support a
4 technology improvement, which is the, as you
5 mentioned, the invoicing and payment. And in the-
6 there were some funds also for the vendor reports
7 that I spoke about in my testimony. So, technology,
8 like so many things, it requires- it requires
9 resources and it requires keeping up with what's
10 modern. And, um, it's like anything, like, you know?
11 We don't walk around with the same phone that we did
12 10 years ago. And similarly, a car, we don't like-
13 like- if we're lucky, maybe we get like 10 years out
14 of a car, but things have a life. And so, yeah, I
15 would welcome further conversations.

13 CHAIRPERSON RESTLER: Some of the
14 suggestions we've heard from agencies in our
15 conversations around Passport improvements are
16 simultaneous law and OMB review, improving the bulk
17 upload template and team setups, improving
18 interfaces- the interface between PIP and Passport.
19 So I think we're certainly getting lots of
20 suggestions of ways in which the technology could be
21 better tailored to meet the needs of city agencies,
and I'm sure vendor- and our nonprofit partners and

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2 vendors. And I think we're happy to push, you know,
3 for resources in the upcoming budget for areas that
4 you think would, would have the greatest impact. Do
5 you- do you have a mechanism to kind of collect that
6 agency feedback on, like, ways Passport can be
better?

7 DIRECTOR YU: Yes, yes. From time to time
8 we have, uh, convened the agencies for a little bit
9 of a wish list, so to speak. We did it most recently
10 with our construction agencies, and we did some
11 cataloging of wish lists and then we did some, you
12 know, just what we call like requirements gathering.
13 And then we asked- we did it with, within MOCS, but
14 we also asked some of our contracted resources,
15 Accenture, to help estimate what something like that
16 would cost. And that's actually how we- that was the-
17 that activity is how we got the the piece of
18 functionality that we are building now, which is,
19 that what we are calling Passport Release seven,
20 that's on the payments, um, and financials. It's
21 something that, um- yes, we have to expend some
attention to focus on. Yeah, look, I, we had heard
through the grapevine in our conversations with
agencies that the construction agencies ask for the

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2 sun, the moon, and the stars. And, I guess it's, it's
3 the role of agencies to make asks, and for you as
4 well to, to make your asks. And you know, obviously
5 we're in a tough fiscal moment right now, and so, you
6 know, this may or may not be the opportunity where we
7 can make new investments, but it's certainly helpful
8 for us to understand what the shortlist looks like
9 for you of like most critical passport improvements
10 so that we can try and help advocate for them
11 together. I guess with that, and then I'll pass it to
12 Council Member Stevens— are there any new needs that
13 MOCS has identified that you'd like to share with us
14 today? Um, we're happy for you to come back to us in
15 Exec if that's a— I guess we probably won't have an
16 Exec hearing, will we? Probably not. No. So this— you
17 won't be coming back to us in Exec. Sorry, or maybe
18 not sorry. The— so are there any things you'd like
19 to, while we give you an opportunity on the record?

16 DIRECTOR YU: For this season, we have
17 not advocated for any new needs. But, Chair, I
18 welcome the partnership and we hope to, you know, do
19 this in the years to come. So, I hope to stay very
20 close and in coordination with you about our new
21 needs requests.

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2 CHAIRPERSON RESTLER: Right. Council
3 Member Stevens?

4 COUNCIL MEMBER STEVENS: Yeah, I just
5 have a quick question. It's also related to Passport.
6 We've heard from some organizations that the process
7 and information requested may be different depending
8 on the agency. With the creation of Passport, one of
9 the goals were to streamline the contracting process
10 for organizations and agency. Does each contracting
11 agency have the same process to register, and
12 reimburse contracts, or is this process and
13 information being requested different from each
14 agency? And if so, why?

15 DIRECTOR YU: Thank you for the question,
16 Council Member. I would be very interested in
17 hearing, like, some more specifics, even, like,
18 without, like, naming the agency or source. But the
19 whole idea for the technology is to introduce some
20 standardization and to have it be- the process, be
21 the process, and it's neutral to whoever is using the
process. So, yeah.

COUNCIL MEMBER STEVENS: So what we're
hearing, uh, like from agencies, and this is just me
making it up, right? In the sense of like, let's say

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2 if I have a contract with DYCD and I need to submit
3 my reimbursement, I'll submit my invoice and that's
4 it. But then I have a contract with DSS and I have to
5 submit this, and then you have to submit something
6 for legal, and then you have to submit something
7 else. But the process is different for each agency.
8 So they're requesting same thing, um, different
9 things for very similar contracts, but with just
10 different agencies, and wasn't the point of Passport
11 to kind of streamline this information? And even with
12 some of the legislation around like the, the vault
13 that we created and all this thing to have this
14 information, was to kind of like be able to
15 streamline it and have people submitting the same
16 thing and not duplicating some of this stuff.

14 DIRECTOR YU: Understood. Yes. And so the
15 difference in agency processing and instruction to
16 the vendors, that is something that, does come up
17 when, um, the MOCS financials team, the payment task
18 force team talks to the different agencies. And
19 sometimes there will be a good reason for the
20 difference in the policies. Like, I'll make this up
21 also. So that, and- so let's say we have a nonprofit
agency and the way that they get their funding is

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2 through state funding. And the way that their state
3 funding flows, they- I'm making it up- they are
4 completely- they're going out on their own and like,
5 it's coming out of their budget and the state money
6 comes after the fact. Right? And so maybe downstream
7 that's accounting for a difference in process. Than,
8 for, for example, another human service agency that
9 is strictly using their city tax levy money and
10 there's no reimbursement process. Because in the
11 first agency, maybe there's a little bit of a-
12 they're slowing down, like, the paperwork so that the
13 money can catch up. And, but- and I'm sort of like,
14 we're talking hypothetical.

15 COUNCIL MEMBER STEVENS: Yeah.

16 DIRECTOR YU: So I think maybe that could
17 be- so acknowledging that there could be some
18 differences, but then also acknowledging that some of
19 those differences could be for a reason.

20 COUNCIL MEMBER STEVENS: Yeah. I mean,
21 because like some of the stuff that we're hearing,
even just like for basic, like reimbursement things,
like each agency are requesting different things. And
so that's taking additional manpower, additional,
submissions and things like that when it's like

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2 regular reimbursement situations. I could understand
3 that. That makes sense because like if what you're
4 saying, I could understand that, that makes sense.
5 But that's what I'm hearing, like, just from like
6 very similar contracts, and even for like even
7 discretionary contracts that this is happening, being
8 requested different information from different
9 agencies. So I would love for us to take a deep dive
10 and look into that and maybe have some conversations
11 with providers about their experiences because
12 apparently this is happening more often than not and
13 was something that they definitely tasked me to come
14 back and ask.

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16 DIRECTOR YU: I would welcome— I would
17 welcome it. Yes.

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19 COUNCIL MEMBER STEVENS: Thank you.

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21 DIRECTOR YU: Thank you.

22
23 COUNCIL MEMBER BREWER: Thank you. I get
24 the same issues, same issues, different agencies,
25 different criteria, etcetera.

26
27 CHAIRPERSON RESTLER: It's helpful. Thank
28 you both. I will try to go faster because I think
29 I've got a lot of questions still. So I'm sorry,
30 Blame Molly. The— I understand that MOCS spends about
31

1
2 \$10 million a year to maintain Passport. Could you
3 break down how that funding is spent between
4 Accenture and Avalua and what each of those entities
5 does to support Passport?

6 DIRECTOR YU: Thank you for the question,
7 Chair. I'll give it a shot. So I'll start with
8 Ivalua. Ivalua provides the software that- for
9 Passport, and we pay the \$2.5 million subscription
10 fee for access. We access a product that they have
11 that they sell it to us and they give us access, but
12 they also, they sell it to other organizations also.
13 They sell it to other public sector clients. They
14 sell it to private clients. And so what we're paying
15 for in the \$2.5 million every year is access to the
16 software and whatever version of the software is that
17 they have, their technologists have developed and
18 made readily available for their customers. And so,
19 that's on the Ivalua side. And so on the Accenture
20 side, that \$7.5 million, as I mentioned, earlier- so
21 we get- we get the Ivalua software, and it is
something that is commercially available, out of the
box, pretty generic, and serves procurement and
contracting for a very- for a variety of clients,
right? So it is- it is gonna be not to the

1
2 specificity of New York City procurement laws and
3 rules. And so what Accenture helps us do is customize
4 that software so that it can meet the business needs
5 of our agencies and how we procure and buy, goods and
6 services. You know, for example, if it's a public
7 works, meaning a construction contract, it has to be
8 done by low bid. Other public sector- other private
9 clients don't typically do it that way, right? They
10 do their own process. And so Accenture will help us,
11 um, and I'm using a very sort of like, um,
12 rudimentary example. So they'll help us tailor that
13 software to meet the needs of the city of New York.
14 And then, they will also help us test it before they
15 turn it on. And then after they turn it on, Ivalua
16 and Accenture, they both sort of see how it performs.
17 And then from time to time, whenever you tinker with
18 things, issues pop up, things like bugs. Bugs come
19 up. It's- and so to find out what's causing the bug
20 or causing the software to not perform the way that
21 we expect it to perform, Accenture helps us to do
that. And all along the way also our MOCS tech team
is part of that, because the idea is that, to- once,
you know, some of that upfront work is done with

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2 Accenture, the MOCS tech team is able to troubleshoot
3 and navigate some of those issues.

4 CHAIRPERSON RESTLER: That is all very
5 helpful. Can I- forgive my ignorance, but- and I
6 recognize this predates your time at MOCS, but was
7 Accenture's role envisioned from the outset of the
8 creation of Passport? Was that kind of from the
9 beginning their role in kind of tailoring and
10 tweaking the system to make it meet our complex needs
11 always kind of incorporated to make this
12 off-the-shelf product work? Is that-

13 DIRECTOR YU: So I'm relying on sort of
14 historical knowledge that has been shared with me. So
15 originally my- so it- so, conceptually there was
16 always envisioned that there would be what they call
17 a systems integrator with the commercially available
18 product, because there was- we- it's just the reality
19 that the City of New York as a client would need a
20 firm to help us do the work to make the software
21 perform for the City of New York and all the
22 agencies. And initially it wasn't Accenture, it was
23 KPMG.

24 CHAIRPERSON RESTLER: Got it. Okay,
25 helpful. Citywide contracting- 20 percent of the

1
2 city's FY27 prelim budget or \$26.3 billion and total
3 of 18,000 contracts is contract spending. How are you
4 thinking about- are you looking at kind of savings
5 opportunities globally across, like, our contracted-
6 our contracts? Is this a helpful- this is obviously
7 not like the MOCS budget savings and efficiencies,
8 but as we look more broadly, has leadership in the
9 administration reached out to solicit your ideas and
10 input on how we might be able to achieve some more
11 ambitious savings goals across contracted spending?

12 DIRECTOR YU: Chair, thank you for the
13 question. It's certainly a question that has come up
14 time to time, understanding there's just so much
15 contracting. You know, \$40 billion every single
16 fiscal year, that is a natural place to look for some
17 savings. And you're right, MOCS has traditionally not
18 been in the position to really maybe identify where
19 the potential cost savings could be. We're really
20 trying to make the contracts move and things flow.
21 But and to your- and I'll say this, I- so yes, things
cost money in terms of dollars, but things also cost
in terms of time. And the delay on contracting has an
impact on service delivery and quality of service
delivery. So, in some ways when we prioritize on-time

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2 registration and on-time payment, we are trying to
3 reduce the cost of time, right? Which is also in many
4 ways maybe even more important than dollars. But when
5 it comes to the actual let's look for \$10 million in
6 like a contract or something like that, we certainly
7 have started some conversations and it is part of
8 like ongoing conversations that, you know, as the
9 city is negotiating and finding its way through this
10 very first budget season that, you know, there'll be
11 more to come.

10 CHAIRPERSON RESTLER: I appreciate that
11 it's kind of up to each agent- each agency's
12 responsible for their own contracts and evaluating
13 whether there are efficiency opportunities- whether
14 there are opportunities for efficiencies. I'm
15 particularly interested in kind of larger consulting
16 contracts, the, you know, McKinsey [sp?], KPMG-type
17 contracts where we're bringing in these outside
18 vendors, often spending many, many millions of
19 dollars for consulting advice, sometimes on questions
20 as complex as, you know, whether garbage should go in
21 bins, you know, where the Department of Sanitation
spent \$1.6 million on a contract, or the Department
of Education, it was just \$760,000, but we spent two

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2 years of the Adams administration waiting for this
3 magical, mysterious 3K analysis from- I think it was
4 Accenture, right? It was Accenture. Not to shit talk,
5 not to criticize Accenture specifically, but, you
6 know, it was a totally useless analysis that I could
7 have written in an afternoon without having looked up
8 anything, just based on what you or I or any
9 semi-informed person knows. So, just interested, is
10 there any broader review of consulting agreements in
11 particular? I'm always interested in what we can
12 bring in-house and how we can ensure that we have the
13 expertise within our city government and not rely on
14 consultants as much. There are times when we need to
15 and we need their expertise, but I think there's
16 often an overreliance in city government. Just
17 wondering if that- it's not necessarily a core MOCS
18 function, but just wondering, is that a conversation
19 that you've been a part of? Is that a review that
20 MOCS could be a part of to help us identify some
21 savings opportunities?

18 DIRECTOR YU: Thank you for the question,
19 Chair. It certainly has come up from time to time. In
20 the City of New York in the- it's just the amount of
21 strategy and, you know, weighing options that is

1
2 required of all the organizations. I think from time
3 to time there is this sense that let's get an outside
4 opinion, right? And let's get an outside opinion by
5 an organization we know to be reputable, and they
6 tend to be these larger organizations such as like
7 Deloitte and KPMG and Accenture. And I-

8 CHAIRPERSON RESTLER: [interposing] And
9 McKinsey.

10 DIRECTOR YU: And McKinsey, yes, yes. And
11 I think also this- under the last administration when
12 there were a fair amount of budget cuts, vacancy
13 reductions that left, I would say that like, you
14 know, you pull at one thing and something else gives,
15 right? And so if you're going to not have the team
16 members to do certain things-

17 CHAIRPERSON RESTLER: [interposing] You
18 need the consultants.

19 DIRECTOR YU: There's- yeah, you're gonna
20 go outside. And so I think maybe there was like a
21 little bit of that happening. And certainly under the
prior- under the last administration, there were some
conversations that MOCS was brought into looking at
consultant contracts. It's certainly something that
cert- in partnership with you, we'd- you know, we

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2 could take a look again at. I do think that there's-
3 it's a- it's a reality that there will be consulting
4 services to the City of New York just based upon the
5 complexity of the work that we do and also our desire
6 to be so innovative and keep up with what's happening
in the market.

7 CHAIRPERSON RESTLER: Totally.

8 DIRECTOR YU: But yes, to do it
9 thoughtfully and in a balanced way and not do it in a
10 wasteful way is something that would welcome working
with you on.

11 CHAIRPERSON RESTLER: Yeah, that's fair.
12 You know, I think, you know, we've seen many
13 examples. I think after the city, state, federal
14 level, after the kind of embarrassment of
15 healthcare.gov in the Obama administration, they made
16 a real effort to kind of create an in-house digital
17 and tech consulting team that was incredibly helpful
18 across the federal government. And I think we're
19 looking for similar innovations here where we can
20 bring in-house capacity that can provide some of that
21 consulting insight and expertise, you know,
different- in different administrations, the Mayor's
Office of Operations and some of the units under

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2 their purview have had that kind of in-house
3 consultant function much more cost-effectively. And I
4 think often with similar expertise and competencies.
5 So, you know, I agree, it's not to say we're
6 eliminating all consulting contracts or anything like
7 that. But I think that there's been an overreliance
8 on them and an opportunity for savings. So, hope that
9 that's something that we can look at together over
10 the course of this budget process. And I will ask one
11 more question that I imagine is not fully in your
12 wheelhouse, but I'm gonna ask it anyway. I previously
13 chaired the GovOps Committee and, you know, I like
14 backdrop contracts that make it easy for agencies to
15 procure off of, you know, goods and services that
16 we've already completed the procurement, easy for
17 them to access, good for the world. But we sometimes
18 see with backdrop contracts when different agencies
19 procure off of them, they can spend wildly different
20 amounts for similar services, which makes my head
21 want to explode. This was most famously, you know,
the example that we always cite, you know, where the
security guard contracts in the asylum seeker hotels
were H&H and DHS and other agencies were spending
radically different sums to the tune of millions of

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2 dollars in differences. If we had all been paying off
3 the DHS rate for security guards, it would have been
4 wildly more cost effective. And when I pushed DCAS on
5 it, because it was a DCAS backdrop contract, they
6 said all we do is the procurement function. It's up
7 to the agencies to negotiate their own rates. I
8 imagine you would have a similar response to me. I
9 don't mean to answer the question for you. But if
10 that's the case, that MOCS isn't looking at the rates
11 that are being paid off backdrop contracts either,
12 like, who should be? How do we ensure that we use
13 this tool of backdrop contracts to make it easy for
14 agencies to access goods and services, but are also
15 getting the best prices across the board? Is that a-
16 is there an opportunity there for savings that with
17 tighter management in a centralized way from City
18 Hall, you know, from the mayor's office broadly, or
19 DCAS where we should be getting where we can achieve
20 some savings across the board?

17 DIRECTOR YU: Chair, I do recall that
18 we've talked about this before, and I would welcome
19 us to do a little bit of a deeper dive into this,
20 especially because, you know, there are- it is like a
21 ready soundbite that, you know, these backdrop

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2 contracts, these master service agreements are sort
3 of- and it is true that they create a lot of
4 efficiencies. You know, you do the procurement up
5 front. You do it for about, you know, 18 to 12
6 months, and then, you know, once you've got that
7 contract registered to issue, you know, what we call
8 either, you know, the- yeah, the purchase order, the
9 task order, the child contract. It could be very,
10 very quick. And then if we're- if we're just always
11 relying on that efficiency and not looking at maybe
12 the variance in the pricing when you're comparing the
13 sort of the child contractor, the purchase order, the
14 task order, it's sort of- you know, maybe you have
15 some efficiencies one place, but then you're paying
16 more in another place. So I'd welcome looking at this
17 more closely with you.

18 CHAIRPERSON RESTLER: Like, who should be
19 providing that? Like, who? Whose role is it in city
20 government to be providing that oversight? Do you
21 think that it's the entity that holds the backdrop,
like, holds that master contract or backdrop contract
that should be evaluating that? Or is that an OMB
function or cross-agency?

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2 DIRECTOR YU: Potentially cross-agency
3 depending on the contract, but certainly, you know,
4 both of those entities mentioned the procuring
5 agency, and then OMB certainly should be looking.

6 CHAIRPERSON RESTLER: I wanted to shift
7 briefly to performance evaluation, and I- Council
8 Member Vernikov got at this a little bit earlier as
9 well. You know, we all know that some vendors perform
10 better than others. I could certainly share my list
11 of vendors that perform horribly, but I won't on the
12 record. We can save that for a drink. Agency heads
13 have heard from me. But does MOCS work with agencies
14 to ensure we are setting rigorous performance
15 objectives and evaluation criteria? And then like
16 evaluating that performance, like what are the- when
17 agencies are- when vendors are failing, right, to
18 perform at our collective expectations, you know,
19 when they're being rated unsatisfactory or poor based
20 on their contract evaluation, does MOCS advise that
21 those vendors shouldn't be contracted with? Or is
there- are there real-world implications to their
poor performance?

DIRECTOR YU: Thank you for the question,
Chair. The- I'll start this way. I mentioned earlier

1 when we were talking about just a little bit of the
2 MOCS teams- the General Counsel's Office is broader
3 than just our legal team, and they are ensuring
4 compliance, and they're ensuring compliance with a
5 number of things, and performance evaluations is one
6 of those things. It is something that- and certainly,
7 you know, with the amount of contracts that are
8 flowing through the system and the amount of
9 performance evaluations that would- that, you know,
10 are within Passport, it tends to be the ones that are
11 more problematic that we spend a little bit of time
12 and energy and focus on. And from- so MOCS does have
13 a role in overseeing particularly the ones where the
14 performance evaluation may be poor or unsatisfactory.
15 And it will not be a surprise when a vendor is- if
16 the agency and the vendor have reached a state in
17 their relationship that the performance evaluation is
18 coming, to the point that a negative- what a negative
19 would be the unsatisfactory or poor. You can imagine
20 that there are other components at play that are
21 signaling that maybe the relationship is not working
to the satisfactory of the city's expectations. And
so MOCS does have a role in overseeing that, and just
sort of recent examples, performance evaluations

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2 sometimes are- the negative ones are coupled with
3 maybe cor- exactly, corrective action plans, cautions
4 that need to be placed on that vendor just to signal
5 to the vendor who has that relationship, the state of
6 the relationship, but then also, because we have the
7 benefit of being in Passport, other agencies are able
8 to leverage that insight and have that information
9 when they may be doing their own procurements and
10 maybe coming across this particular vendor as a
11 potential awardee for their procurements. So yes,
12 MOCS is part of this and we have- we'll be- it's a
13 team within our General Counsel's Office that's
14 called the Vendor Integrity Unit and this is their
15 work.

13 CHAIRPERSON RESTLER: Great. I remember
14 during the Vendex era that, like, there was a score,
15 right? Do those scores still exist? That, like, you
16 would be scored on your contract and it carried with
17 you and it- you didn't want your Vendex score to go
18 down if you were rated poorly. I was- this- am I
19 making this up? This is my- I mean, it's 20 years
20 back in my brain. It doesn't matter. The- and then
21 just one other question here. I know that we're
required to do in most instances kind of lowest bid

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2 to make decisions on contracts, but should we be
3 doing more to favor vendors that have excellent
4 ratings and their performance evaluations as a part
5 of our review and analysis in the procurement
6 process? So, the- just to break it- so the bids are
7 going to be low bid, and so that's going to be, you
8 know, lowest bid is the winner. And then for
9 everything besides public works that are legally
10 required to do as low bid, you can do an RFP, a
11 competitive process that you can factor in a myriad
12 of evaluation criteria. And one of them could be
13 prior performance on other contracts of similar, you
14 know, scope and nature. So there's the ability in the
15 city of New York to do qualitative procurement, and
16 that exists in, you know, RFPs, you know, negotiated
17 acquisitions and a lot of other procurement methods
18 that you can do a qualitative selection and not just
19 low bid. But yes, certainly one of the criteria could
20 be satisfactory or, you know, excellent performance
21 on a prior contract.

18 CHAIRPERSON RESTLER: Two more topics for
19 me. Firstly, the MOCS Help Desk. So, in FY25, 20
20 additional positions were added and baselined for the
21 MOCS Help Desk, bringing that total staff to 28

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2 positions. How many employees do you currently have
3 on the Help Desk, and do you think that's an adequate
4 number?

5 DIRECTOR YU: Thank you for the question,
6 Chair. I'm just looking at my notes, if you'll just
7 bear with me. Rather than go from memory, I will
8 commit to following up with you for the overall
9 staffing for the service desk, but I will share for
10 the FY25 additional headcount of the 20, we have-
11 let's see.

12 CHAIRPERSON RESTLER: You can get back to
13 us.

14 DIRECTOR YU: Okay. All right.

15 CHAIRPERSON RESTLER: If that's easier.
16 Don't worry about it. We can follow up in writing on
17 that. The- I did want to ask about the kind of
18 backlog of cases. Last year, MOCS indicated that some
19 ticket requests were not getting responded to for two
20 weeks. And just wanted to understand with the
21 additional headcount, were you- and substantial
additional headcount- were you able to sh- are you
able to share the current number of outstanding
ticket requests? Are you able to give insight on how
quickly you're able to process those requests now?

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2 DIRECTOR YU: Thank you for the question,
3 Chair. Yes. So, rewind to before we got the
4 additional headcount. We had a backlog of about 1,200
5 tickets, and the 1,200 tickets could have been
6 anything, like an invoice was stuck. I know that a
7 bid is going to close. I wanna get my bid in. So,
8 really impactful tickets potentially, right? And so
9 of the 1,200 backlog tickets, it was taking about two
10 weeks for us to just acknowledge a ticket, because
11 there were so many tickets in the backlog. But I am
12 pleased to share that of the 20 heads that we
13 received, we've done a lot of recruitment, and I want
14 to say we maybe we've seated about 14 of those team
15 members, if not more. And I looked at the numbers
16 earlier this week. So not only are we able to as a
17 ticket comes in, acknowledge receipt within 24 hours,
18 48 hours. The average time to when we receive a
19 ticket to when we close the ticket is less than four
20 days, because of that additional resourcing that we
21 have capacity.

18 CHAIRPERSON RESTLER: Closing a ticket in
19 four days as in resolving the issue within four days?

20 DIRECTOR YU: Resolving the issue within
21 four days.

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2 CHAIRPERSON RESTLER: Before it was taking
3 you two weeks to respond?

4 DIRECTOR YU: Yes, before we even touched
5 a ticket.

6 CHAIRPERSON RESTLER: Pretty great.

7 DIRECTOR YU: Yes.

8 CHAIRPERSON RESTLER: Congratulations.
9 The- I think that if I have this right, last year
10 testimony indicated that the goal is two days. So
11 we're still working toward it, but four days is a lot
12 better than not responding for two weeks. So that's
13 significant improvement in just the span of one
14 fiscal year. Can I just ask one other related
15 question somewhat more broadly on this? Is like 30
16 staff, 28 staff on 28 headcount lines, at least, on a
17 Help Desk is a lot of people. Is that indicative of a
18 technology platform that doesn't work as well as it
19 should, that we need so many people for the Help
20 Desk? Like, is there something that we should- it
21 just, it seems to me like that's a big number. I
realize we're a big city, and there's 18,000
contracts. The folks at the agencies are doing a lot
of work, but it- am I making a improper correlation
or- there?

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2 DIRECTOR YU: Chair, I think it's
3 something worthwhile to discuss further. And I will
4 sort of like scale out a little bit that the service
5 desk is not just handling tech tickets.

6 CHAIRPERSON RESTLER: Okay.

7 DIRECTOR YU: So the service desk is
8 providing service to vendors who are- they may have
9 questions about, you know, something. I know I need
10 to re-up my pre-qualified status and like, can you
11 tell me the resources for that? So they're handling
12 other- they're handling other support also. Or it
13 could be that they're onboarding new vendors. And so
14 they're walking them through the process and how to
15 come into the system. And that's not- they're not
16 resolving a tech issue. They're just helping shepherd
17 new vendors in. But it's something that I'm happy to
18 dig in further with you.

19 CHAIRPERSON RESTLER: Cool. I think we'd
20 also love to dig in further of just if there's any
21 public reporting on this that we could think about.
It sounds like things have gotten phenomenally better
in a pretty short period of time. So congratulations
again. You know, I- as noted, I used to Chair GovOps.
I always think a lot about what can go in the MMR and

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2 the PMMR, DMMR, to share information and bring that
3 accountability and transparency. So this could be an
4 area that we could discuss further. Perhaps there's
5 an opportunity. The last topic that I was hoping to
6 ask you about, and then hopefully you'll get some
7 rest is the council discretionary unit that- pilot
8 and kind of innovation that's going on there that
9 Council Member Stevens and Brewer raised earlier.
10 The- so you testified that for the 130 organizations
11 that received grants this year is the first round of
12 the pilot, that they have on average received their
13 funding in about four months, whereas it had
14 previously taken a year. So a 66 percent reduction,
15 that's a big deal. I'm interested in the three-year
16 awards. So, for the non-small- for the not super
17 small neighborhood nonprofits that receive more
18 council discretionary funding and likely also have
19 contracts with the city. Have you seen faster
20 disbursement of funds on those three-year contracts?
21 Any insights or data that you can share there on how
that's going?

DIRECTOR YU: Sure. Let me- thank you,
Chair, for raising this. So let me take a step back
and sketch out the multi-year just a bit, and but

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2 also fully acknowledge what Council Member Stevens
3 was saying, that, you know, it's not the panacea,
4 right? It's not the silver bullet. And so, um, the
5 City Council discretionary contract process
6 traditionally City Council members award contracts to
7 community-based organizations or nonprofits within
8 their districts. And there may be situations where
9 there are longstanding relationships and there's-
10 year over year, there's- it's just a- there was not
11 previously before the introduction of a multi-year,
12 the ability to have multi-year terms on those
13 contracts. And so the multiyear was a little bit of
14 an establishment of like a shell, so to speak. And so
15 rather than doing a registration every single year,
16 we did one registration for that current year and
17 then two fiscal years out. So a three-year multi-
18 multiyear, three-year multiyear contract. And what
19 that was able to do is that once we took care of all
20 the processing and did all the steps in Passport to
21 set that shell up, once we went through the entire
procurement process and the registration process,
that one time, it introduced some efficiencies in
year two and year three, because we didn't have to go
through that process again if there was a subsequent

1 follow-up award to that particular organization. And
2 there were instances where there was not an award to
3 that organization, but that's okay too, but the shell
4 was still there in Passport. So that was- that was-
5 we are- 2026 is the third year of that. The first
6 time we did the multi-year. So we did FY24, FY25,
7 FY26. And now we're going to enter into the second of
8 the multi-year process, which is we would do FY27,
9 FY28, FY29. I would say that this concept offers a
10 lot in terms of streamlining and efficiency, but with
11 anything, it's really about the change management.
12 Because I think that there- there would- and I'll-
13 this is- I'm sharing anecdotally. There were some
14 providers who were confused. They benefited from the
15 subsequent two years as part of the multi-year, but
16 it took some time to sort of catch up and have
17 awareness about it. And then now that they're sort of
18 feeling how it can feel without going through the
19 procurement and registration process, and just like
20 upon award, they're leveraging the multi-year. Now
21 we're hitting FY27 and they're like, oh, we got to do
this again. And they're thinking that the experience
of the prior two fiscal years is what the experience
should be for FY27. But all to say, the multi-year is

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2 something that we really tried to introduce some
3 efficiencies and like save some bandwidth on. And
4 Chair, I- you'll indulge me again in the particular
5 sort of where we- where you were hoping that we would
6 go with the multi-year.

7 CHAIRPERSON RESTLER: Yeah, I mean, I
8 think- well, I have a few somewhat more technical
9 questions on just kind of how things have been
10 working. I will say from the vantage point of like a
11 parochial council member whose allocations change
12 year to year. Some organizations fail to apply year
13 to year. There's been a lot of confusion, and
14 agencies have not done a good job- and I will call
15 out DYCD in particular since most of this is DYCD- in
16 clearly communicating to agencies that this is not a
17 guarantee for multi-year funding.

18 DIRECTOR YU: I see.

19 CHAIRPERSON RESTLER: And that this is
20 just one year of funding, but they're just trying to
21 make the procurement process- we're trying to make
the procurement process work easier and save you a
few steps along the way. As noted, not a panacea, but
just make it a somewhat easier process. Agency
organizations that didn't even apply for funding this

1 year thought that they were guaranteed a second year
2 of funding with an enhancement because you bake in
3 some increase to that three-year contract. So that's
4 been challenging for us to have to navigate and
5 explain to people like, no, you don't have any money
6 coming, or no, we didn't allocate funding to you, or
7 whatever it may be. So, you know, I'm not— I think
8 that it's well-intentioned, but I think that DYCD and
9 agencies in large, but especially DYCD, need to do a
10 much better job of communicating to vendors what this
11 means and what it doesn't mean. And so I just, I want
12 to flag that very plainly. Not a MOC— I mean, it
13 could be a MOCS thing. It's— but I think more agency,
14 Function— you know, more technically, do you have
15 insight into like how long it's taking to amend these
16 multiyear contracts when amendments are needed? Do—
17 does it— it's not a process that would require
18 re-registration or additional review by the
19 Comptroller's Office, right, to add a little bit of
20 funding to a three— I mean, or depending, I guess,
21 how much funding is being added— to add a little bit
of funding. The council discretionary unit has
received feedback that where the shell amount is
below the current allocations during enhancement

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2 exercises, that it's been— that I think there's been
3 confusion in that process. So I may— I think there's
4 probably some opportunities for better communication
5 or better coordination with the council discretionary
6 unit on some of these things, but any insight on the
7 contract amendments that you can share?

8 DIRECTOR YU: Chair, I have to be honest
9 that, it's not something I readily have, but I
10 welcome digging in further, because certainly, as you
11 were saying, the communication, it may be something
12 that we can sharpen and make a little bit more crisp.
13 In addition, because we are entering into the second
14 tranche of the multi-year, now would be the time to
15 maybe get some of this ironed out.

16 CHAIRPERSON RESTLER: Great. Well, we'd
17 be happy to help convene or coordinate or be a part
18 of those conversations. I think, as you've heard from
19 my colleagues, there's a lot of enthusiasm around
20 this, especially the grant component. One other
21 question that I just wanted to ask is if you could
provide any more information or insight on the agency
subcontracting system. For example, Public Health
Solutions at DOHMH or DYCD's YMS system. Do you know
how the contracting process is distributed between

1
2 in-house review and contracting registration? For
3 those subcontracting- subcontracting systems?

4 DIRECTOR YU: Chair, I have to be honest,
5 I do not, but it's something that I- we can- I would
6 dig in with you.

7 CHAIRPERSON RESTLER: We'll follow up
8 with you.

9 DIRECTOR YU: Yeah.

10 CHAIRPERSON RESTLER: This was a question
11 I was asked to ask, so I asked it.

12 DIRECTOR YU: Okay. All right.

13 CHAIRPERSON RESTLER: And we'll follow up
14 with you on it. With that, I think we're good. If
15 Molly says we're good. Molly says we're good. You
16 guys are okay? You're good? We're good. Director Yu,
17 thank you very much.

18 DIRECTOR YU: Thank you.

19 CHAIRPERSON RESTLER: Hope you feel
20 better.

21 DIRECTOR YU: Thank you.

CHAIRPERSON RESTLER: Really appreciate
your time today and your really thoughtful and clear
answers to our questions is really helpful. Thank you
very much. The next panel we'll have up is Gloria Kim

1 from the Human Services Council, John MacIntosh from
2 SeaChange, who's a constituent, and Charles Diamond
3 in his personal capacity. I will invite you— oh, I
4 have to read something. Let me do this before I
5 forget. I have it here. Thank you so much. I am now
6 opening the hearing for public testimony. I remind
7 members of the public that this is a formal
8 government proceeding and that decorum shall be
9 observed at all times. As such, members of the public
10 shall remain silent at all times. The witness table
11 is reserved for people who wish to testify. No video
12 recording or photography is allowed from the witness
13 table. Further, members of the public may not present
14 audio or visual recordings as testimony, but may
15 submit transcripts of such recordings to the Sergeant
16 at Arms for inclusion in the hearing record. If you
17 wish to speak at today's hearing, please fill out an
18 appearance card with the Sergeant of Arms and wait to
19 be recognized. When recognized, you will have three
20 minutes to speak on today's hearing topic. If you
21 have a written statement or additional written
testimony you wish to submit for the record, please
provide a copy of the testimony to Sergeant at Arms.
You may also receive testimony— you may also email

1
2 written testimony to testimonycouncil@nyc.gov within
3 72 hours of this hearing. Audio and video recordings
4 will not be accepted. I have now called up the first
5 panel and invite you all to testify in whatever order
6 you would like.

6 GLORIA KIM: Good afternoon, Chair
7 Restler and members of the Council Committee on
8 Contracts.

8 CHAIRPERSON RESTLER: I will just thank
9 you in advance, Ms. Kim, for your thoughtful policy
10 reports, which Molly and I have very much enjoyed.

11 GLORIA KIM: Oh yeah.

12 CHAIRPERSON RESTLER: Thank you.

12 GLORIA KIM: No, thank you. Thank you so
13 much, Chair. My name is Gloria Kim. I'm the Director
14 of Policy at the Human Services Council of New York.
15 We're a membership organization representing 180
16 different human services nonprofits across New York.
17 For too long, nonprofits have incurred substantial
18 costs for service delivery before they are actually
19 paid. So the sector is at a breaking point. The City
20 and its residents ultimately bear the brunt of these
21 problems when highly qualified providers can't afford
to take on city contracts, or when those providers

1 must close programs or go out of business altogether
2 because of the financial strains imposed by the
3 city's late payments. These are not abstract delays.
4 They translate directly into cash flow crises. We
5 recognize that the city has taken steps in recent
6 years to address procurement and payment delays
7 through additional advances. However, this is a
8 short-term fix as the problem remains widespread and
9 systemic. We also asked that Council support Intro
10 0452, which would introduce a comprehensive new wage
11 requirement system for human services workers aimed
12 at ensuring equitable compensation in line with civil
13 service titles. We see this legislation as an
14 important step toward greater transparency and
15 accountability, as nonprofit human services workers
16 make 30 percent less than their government
17 counterparts performing comparable work. As providers
18 heavily rely on government contracts, those contracts
19 have historically failed to keep pace with inflation,
20 rising costs, and competitive wages. As the human
21 services workforce is disproportionately made up of
women and people of color, addressing wage inequities
in the sector is a critical step toward broader
economic and racial justice in New York City. So this

1
2 is an opportunity to move forward from patchwork
3 fixes to systemic solutions, and if we want a result—
4 a resilient, equitable city, we must ensure that the
5 organizations on the front lines are financially
6 stable. So by investing in timely payments, provider
7 stability, and equitable wages for human services
8 workers, the city can strengthen its entire human
9 services ecosystem and in turn better serve millions
10 of New Yorkers. Thank you.

11
12 CHAIRPERSON RESTLER: Thank you very
13 much.

14
15 JOHN MACINTOSH: Chair Restler and members
16 of the Contracts Committee, it's a pleasure to be
17 here. I'm John MacIntosh from SeaChange, a nonprofit
18 which has been so often asked to summarize the state
19 of procurement that we have built a beta online tool
20 that you can look at at
21 seachangecap.org/contractstat, and see what
procurement looks like right now based on publicly
available information. I think Director Yu had it
about right. Today, in the interest of time, I'll
say, there's about 1,600 contracts that are late and
825 amendments in process. And if you do all the
math, that's about \$1 billion of annualized spend,

1 which means that every single working day,
2 procurement costs the nonprofits in the city about \$4
3 million. Now, as you know, and I'm the oldest person
4 in the room, so I can say this, things are actually
5 much better than they were 15 years ago. The system
6 that we inherited, in my view, was a monstrous
7 overreaction to the Donald Manes scandal. As you
8 know, Donald killed himself, a bunch of people
9 resigned. There was a big scandal right before the
10 revision of the city basically procurement rules. And
11 so most of what we're stuck with, Vendex, the
12 Procurement Policy Board, the roles of the oversight
13 agencies, all date from 1989. But I do think we've
14 chipped away at it, and my plea to you is that we
15 continue to do that. I mean, through Bloomberg, we
16 got Accelerator, now Passport, super helpful. We got
17 a standard human service contract with de Blasio. We
18 got the Human Services Cost Policy and Procedures
19 Manual. We got the 25 percent advance, which is
20 growing to 50. Adams gave us preapproval of
21 amendments to human service contracts within 25
percent of the original amount and the renewals of
the discretionary items, which is not a guarantee and
should be communicated better, as the Chair has said,

1 but I think is important. And now we have finally
2 whatever it is, 33 years after the legal opinion that
3 made it possible for DCLA, we're gonna treat
4 discretionary items as grants. So that's terrific. 30
5 more seconds. What do I please- plea with you to do?
6 MOCS has always led the charge. Marla Simpson, Joel
7 Copperman [sp?], Lisa- I don't know, Director Yu, but
8 I'm sure she's great. They've always been front and
9 center. The Mayor's Office for Nonprofit Services, in
10 our view, is better than it's ever been right now.
11 Director Sedillo, Jenny Way are working very hard for
12 individual nonprofits every day. So please don't cut
13 their budget. And then three things which you'll
14 consider a band-aid, but let's start with band-aids
15 because we're bleeding and then we can fix the real
16 problem. Expand the discretionary grant pilot for
17 sure, for sure. Encourage people in the agencies to
18 use the returnable grant fund. They can use the fund,
19 but you tell them that they should use the fund, and
20 if that doesn't work, tell them that they must use
21 the fund, because you have nonprofits that are
desperate for cash that might be eligible for the
fund, but the agencies don't press the button and
grow the fund. And then finally, and this is

1 self-serving, figure out a way for vetted
2 nonprofit-friendly, non-usurious lenders like us to
3 lend more easily against city contracts by giving us
4 the deal that the returnable grant fund and the fund
5 for the City of New York gets. You know, they get
6 paid directly by the city when they lend against a
7 contract. And if you could do that for others, I
8 think more capital would flow. So, thank you very
9 much for all your hard work. It's been a pleasure to
take three minutes.

10 CHAIRPERSON RESTLER: Thank you.

11 CHARLES DIAMOND: Thank you, Chair. My
12 name is Charles Diamond. I previously served, um, the
13 City of New York for almost 10 years, including three
14 years as Special Counsel at MOCS and two years as a
15 Counsel at the Comptroller's Office Bureau of
16 Contract Administration. Specific to budget, there's
17 a few things I wanted to highlight for you, Chair.
18 First of all, we need to start funding Passport like
19 the critical city infrastructure that it is. We've
20 just talked about it today. We've talked about \$40
21 billion a year are flowing through this system, and
what we spend, \$10 million a year, it's less than
0.02 percent. We're not funding it properly. Not to

1 mention, I use the word infrastructure purposely, it
2 should also be capital-eligible. And we talked- I was
3 watching the Criminal Justice hearing earlier. We
4 talked about the DOC doors and how ridiculous it is
5 that they can't be capital-eligible just because of
6 the kind of- some of the timeline things. I know
7 Council Member Brewer was talking about that quite
8 aggressively. Similarly, it is- it's shocking that we
9 don't treat this critical city infrastructure the way
10 it is, as John just spoke to. I mean, it's been 33
11 years since we've known that this is critical and it
12 is critical. Reducing any headcount at MOCS- you
13 touched upon this- the idea of reducing headcount at
14 MOCS is a false economy in the extreme. Any loss of
15 efficiency in our central procurement system will
16 have a knock-on effect that will lose us money, not
17 gain us money. And indeed, I would love to imagine a
18 world in which we spent \$20 million a year on
19 Passport and maybe how much reduction in service desk
20 we would have, and how much reduction in the issues
21 we would have, how much money that would save us long
term. But understanding the current fiscal
environment, even staying flat will be an
improvement. We've got to do that. We also-

1
2 fantastically, I think the committee today started
3 talking about something that's never talked about—
4 contract management after registration and maybe even
5 before invoicing, but managing these contracts, it
6 includes invoicing. Who's looking at those invoices
7 and reviewing them to make sure that they are, uh,
8 appropriate, we're not having malfeasance or anything
9 bad happening, but also to make sure it's going
10 quickly? I would urge you, Chair, but also your
11 colleagues during this budget process to be asking
12 these commissioners, these agency heads, how much are
13 you allocating towards contract management? Is it one
14 person, two people, is it more? And I'll— finally, I
15 would say even just beyond that, we also talked about
16 strategic sourcing. It's not— having your contract
17 office at DOC or any other agency, it's not just
18 about compliance. It's who is making the decisions of
19 saying this is a good value for money, who's being
20 innovative. Currently, the rules really all put that
21 current on the agencies, so either they need to be
funded or MOCS need to be funded, but someone needs
to be funded for strategic sourcing, because as you
were getting at all through today, if you don't focus

1
2 on it, it just doesn't happen. I'll submit written
3 testimony that's more lengthy. Thank you, Chair.

4 CHAIRPERSON RESTLER: I appreciate all of
5 your testimony. Couple questions. One, do you know if
6 there's been an analysis of our Passport spend being
7 potentially considered for capital eligibility?

8 CHARLES DIAMOND: I know the discussions
9 happened in the past. I'm not a budget expert, I'm a
10 contract expert, so in that sense, but I've heard
11 smart people who I trust say it's certainly a
12 question. It's a question we should be asking over
13 and over again. There may be nuances that I'm not
14 personally aware of, but it was whispered in the
15 background for 10, 15 years, and I can't imagine why
16 it's not being talked about from my understanding of
17 it.

18 CHAIRPERSON RESTLER: Okay. And for each
19 of you, any insights into the, the three-year
20 contracts for council discretionary funding, how you
21 think that's been working? Does it seem like a
meaningful improvement, a minor improvement?

CHARLES DIAMOND: I'll perhaps go first
as the one who's not involved with it, with the
day-to-day. I'll go very macro, and you know this as

1 well. We shouldn't be treating these as contracts.
2 All this comes down to the fact that we made it— not
3 we, but some people made a ridiculous compromise over
4 a decade ago to say we're going to kind of treat
5 these like contracts. They're not contracts. We're
6 forced into the world of treating them like
7 contracts. So, DYCD has a \$5,000 contract that they
8 have no incentive to care about, and they're the ones
9 that have to do the communications, have to manage
10 it. They shouldn't be managed as contracts. Every
11 problem comes back to that heart. I think we've done
12 a lot of good things. I was involved in the previous
13 one, so I'll have a bit of disclosure there. But
14 we're just chipping away at what is like a false
15 illusion that we shouldn't be treating these as
16 grants. Of course they're grants. That's what they
17 are. There is no competition for them. They're
18 discretionary. How is it— it's not a contract, it's a
19 grant.

17 GLORIA KIM: There are also a lot of
18 organizations that are having to manage so many
19 different types of discretionary grants that it also
20 becomes a burden overall. Like, even if they're
21 chipping away at the process, like, they're managing

1
2 so many grants anyway that doesn't really help in
3 that sense as well.

4 JOHN MACINTOSH: My friendly amendment was
5 it looks a little bit like it's a little bit better
6 in the data, but to my colleague's point, you know,
7 we work with DCLA. Nobody who's funded by DCLA
8 complains about procurement.

9 CHAIRPERSON RESTLER: Right.

10 JOHN MACINTOSH: They're just grants. And
11 that legal opinion has existed since 1993. So picking
12 up on that, making them grants, I think, is the way
13 forward, even if the amendments would be an
14 improvement. What I would say is, you know, there are
15 a shocking— while most discretionary items are small,
16 and obviously one person's small is another person's
17 big, but like half of them are under \$50,000, there
18 are some big ones in there. So I think we need to
19 find a way maybe to say, you know, if you're a big
20 discretionary item, you really are a contract. Like,
21 we should just treat you as a contract, and we should
maybe code them in passports so we don't get bogged
down, because I've heard a lot of times people
saying, well, what about that? That's a discretionary
item, and that's big. And so finding a way to split

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2 them in two and maybe label them something else might
3 be helpful. But for the ones that are \$50,000 or
4 less, we should treat them as grants. They're grants.

5 CHAIRPERSON RESTLER: That 20 or 20-

6 CHARLES DIAMOND: [interposing] Now they
7 will disappear from Passport if they're grants.

8 CHAIRPERSON RESTLER: True.

9 CHARLES DIAMOND: Now, I don't know how
10 you do bad procurement on a grant, but Chair, I hope
11 that the Contracts Committee will have oversight for
12 things that you used to be contracts and are now
13 grants somewhere.

14 CHAIRPERSON RESTLER: I think we'll still
15 find- we'll need to ensure that there's proper
16 accountability, transparency, and reporting from the
17 Council Discretionary Unit to make sure that things
18 are moving. You know, the- some of the challenges
19 that very small nonprofits face are coming up with
20 the right insurance documents and the right
21 paperwork, and that's not going to change in this
process. Those documents are still needed. But, you
know, for the 130 grants were, uh, provided this
year, four months is not an unreasonable time frame,
substantially better than where we were. I think that

1 the \$20,000-\$25,000 figure is arbitrary. I agree with
2 you, increasing that is reasonable, and we'll do a
3 deeper analysis of these 10,000 discretionary
4 allocations to understand are there smarter and
5 different ways that we can cut them that could make
6 sense? I also think there's a question of, like,
7 could or should we be lumping together multiple
8 discretionary allocations to the same agency as one
9 contract? So not as sep- you know, having to treat
10 them as separate actions doesn't really make sense.
11 So maybe there's some additional efficiencies that we
12 can achieve that would be helpful for the larger
13 vendors. Because I think that really, I think
14 overwhelmingly the innovations that have been, that
15 are- that have been devised so far help the small
16 neighborhood nonprofits that really painfully
17 struggle through this process, not the larger
18 nonprofits. And we- ideally, you're helping the
19 larger nonprofits who are likely to have competitive
20 contracts with city agencies, because now the ACOS,
21 you know, the procurement staff and the other staff
at city agencies will now have more capacity to move
their stuff forward. But I'd like for the council to

1
2 also do more to create efficiencies for the larger
3 social service organizations as well.

4 GLORIA KIM: I also think it might be
5 helpful to just make it more, like, easier for
6 smaller nonprofits who are dependent on these
7 discretionary grants to make it easier for them to
8 compete competitively in the RFP process, because I
9 feel that many of them aren't able to compete because
10 they know that there are late payments, like, they're
11 gonna have to front the money, you know, where are
12 they gonna get that? And they're gonna have to wait
13 like months or years to get that money back. And so
14 they're just not- you know, they just don't have the
15 capacity in general to compete for RFPs as well.

16 CHAIRPERSON RESTLER: Yeah.

17 CHARLES DIAMOND: If I may Chair, I think
18 this is really important. Late payments are a budget
19 issue. Late payments are not just an issue for a
20 nonprofit. It hurts our competitiveness. We lose
21 money. Now, we're not going to see the benefit of
that the next two years. We can be honest. But we
start to pay people better, we'll get- people opt out
of our procurement system, absolutely. And I don't

1
2 blame them. So we should look at it as a budget issue
3 too.

4 CHAIRPERSON RESTLER: I do think that's
5 fair. I think that we've seen a trend over decades
6 now and multiple administrations where agencies have
7 guided procurements toward the larger providers. And
8 so it's just harder for the small neighborhood type
9 nonprofits to compete on the ways that procurements
10 are structured. There are many- and not all, I'm
11 overgeneralizing, but I just think that that's been a
12 shift that we've seen across the sector for over a
13 20-year period, maybe longer. And whether that's the
14 right orientation or not is a kind of separate policy
15 question. You know, I do think that, you know, most
16 of the small nonprofits across my council district
17 make the decision not to apply again for council
18 discretionary funding because it's such an awful
19 process. And it's gonna be a lot harder to get money
20 from my office because they're all gonna come back
21 and start applying when it's just a grant. So, we're
gonna need to figure that all out, but that'll be a
different challenge for another day that we'll have
to navigate. But thank you all for your thoughtful
testimony, really appreciate it. Next up we have

1
2 Victoria Leahy from HSU, Homeless Services United,
3 Cristina Abbattista, I believe— I apologize if I
4 mispronounce your name— from Urban Pathways, and
5 Marcus Jackson from Encore Community Services. Feel
6 free to testify in whatever order y'all are so moved.

7
8 MARCUS JACKSON: Good afternoon, Chair
9 Restler and members of the committee, thank you. My
10 name is Marcus Jackson. I'm the Director of Advocacy
11 and Government Relations at Encore Community
12 Services. For nearly 50 years, Encore has partnered
13 with the city to deliver meals, case management, and
14 community programs that allow older New Yorkers to
15 age with dignity and independence. We are proud of
16 that partnership, and we appreciate the work of the
17 New York City Council and our agency partners
18 including DFTA, DOHMH and DHS for their continued
19 collaboration and commitment to serving older adults.
20 In particular, we want to acknowledge DFTA for
21 improving their efficiency of payment processing and
disbursement in recent years. That process matters.
However, challenges remain. Encore is still owed more
than \$1.2 million in indirect cost rate funding, er,
ICR funding dating back to fiscal year 2023, 2024,
and 2025 for services that we have already delivered.

1 Backlogs must be addressed, and delays caused by
2 budget modifications continue to disrupt operations.
3 The overall contracting and reimbursement system must
4 be strengthened, and DFTA must be properly funded so
5 that it can support providers effectively. I'm also
6 here today to speak about food, specifically the gap
7 between the city funds and what older New Yorkers
8 actually need to stay healthy and remain in their
9 homes. We strongly support, I believe it's intro 770,
10 to provide home-delivered meals on seven days out of
11 the week. Hunger does not take days off on the
12 weekends, and neither should we. But providers cannot
13 deliver seven-day meal service without full funding
14 at the true cost of preparation and delivery. We
15 appreciate the committee's leadership for a fair
16 contracting system, and competitive wages are
17 essential to stabilizing this sector. Today the city
18 funds one meal a day, five days a week. Providers and
19 community partners step in to cover the remaining
20 need, but the model is not sustainable. At Encore
21 alone, we're providing additional two meals per week,
and that will require approximately \$1.84 million
annually coming out of our pockets, which is just not
a sustainable model. So we are respectfully urging

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2 the council to take three key actions. One, fully
3 fund home-delivered meals seven days a week at the
4 true cost of preparation and delivery. Provide a \$60
5 million increase for congregate meal providers to
6 address seven years of flat funding for food. And to
7 retain the \$5 million emergency infrastructure fund
8 as well. Thank you for your time.

9 CHAIRPERSON RESTLER: Thank you for those
10 thoughtful recommendations.

11 MARCUS JACKSON: Yes.

12 VICTORIA LEAHY: Good afternoon, my name
13 is Victoria Leahy and I'm the Director of Policy and
14 Planning at HSU. We're a coalition representing over
15 55 mission-driven homeless service providers, and for
16 the last two years we've been advocating to get our
17 members paid for the work they're contracted for.
18 While there has been recent improved cash flow our
19 members are receiving with the fiscal year '25
20 advances, providers still have months of catch-up and
21 pending budget actions that are prohibiting them from
being reimbursed from the services they've already
performed. We've sampled some of our DHS contracted
members to assess that outstanding budget action
amount, and we found that 22 members have over \$152

1 million in outstanding budget actions dating all the
2 way back to fiscal year '18. Some providers have
3 stopped bidding on new contracts with the city
4 because the risk of doing business is just too high.
5 And this comes at a time when the demand for shelter
6 in New York City has doubled in two years, and
7 there's now increased vulnerability to homelessness
8 because of federal cuts. The lack of normalcy when it
9 comes to payments puts organizations at risk. It
10 makes it difficult to pay staff, vendors, run
11 programs for clients. They take out lines of credit
12 just to make payroll, and then they have to pay
13 interest after. So, we've laid out some
14 recommendations to address this backlog of
15 outstanding payments, and to accomplish this, we
16 recommend the following: to implement a bifurcated
17 response to cleaning up the backlog of payments that
18 date back to fiscal year '18 while maintaining a
19 consistent payment schedule for fiscal year '26 and
20 future years. We thank the City Council for their
21 partnership on passing local law- it was Intro 1392,
and I'm forgetting the number, which will, improve
future payments, but again, putting pressure on the
backlog, maintaining adequate staff size at

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2 government agencies and MOCs, establishing
3 performance metrics for city contracts, contract
4 registration and payment timelines so that all
5 agencies and parties can be held accountable, develop
6 some contingency planning to maintain services during
7 federal funding uncertainties, especially considering
8 the threat and instability with federal funding at
9 this moment, and finally investing in technological
10 enhancements in Passport to improve system
11 functionality, which we talked extensively about
12 today. Thank you again for your time, and we look
13 forward to working with the Council and Chair Restler
14 on this issue.

15
16 CHAIRPERSON RESTLER: Thank you so much.
17 Appreciate the thoughtful testimony.

18
19 CRISTINA ABBATTISTA: Good afternoon, Chair
20 Restler and members of the committee. My name is
21 Cristina Abbattista, and I'm the Policy Analyst at
Urban Pathways. We are a nonprofit homeless services
and supportive housing provider serving over 2,500
single adults annually, as well as a member of both
HSU and HSC. Thank you for the opportunity to testify
today. We appreciate the Council's understanding of
the detrimental effect that compounding late

1
2 contracting issues has on human services providers
3 and the communities we serve. While great progress
4 has been made through recent legislation to provide
5 advancements— advances to human services providers,
6 this is only a temporary fix to the millions still
7 owed to providers across the city for services
8 already rendered. The lack of timeliness in payments
9 threatens the sustainability of our programs and
10 organization. At a time when federal funding is
11 increasingly uncertain, timely city payments are more
12 critical than ever to prevent further instability in
13 our sector. No other industry is expected to continue
14 operating while being owed millions \$1.2 million in
15 back pay. The city must hold each agency accountable
16 to pay invoices on time and clear the backlog of
17 contracting actions. The sector is grateful for the
18 multi-year COLA investment, and we look forward to
19 its continuation in the fiscal year 2027 budget.
20 While that ends next year, we need to push for true
21 wage equity where nonprofit workers are not paid 30
percent less than their government counterparts.
Intro 452 is a significant step towards ensuring that
nonprofit human services workers receive equitable
pay comparable to their city counterparts. By

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establishing a clear wage requirement system, it promotes transparency in compensation and ensures that every worker is paid based on their qualifications and experience. We urge the city council to stand with the human services sector by passing Intro 452 to create wage equity with our government counterparts. Thank you for your time and your partnership. Please see further details in my written testimony.

CHAIRPERSON RESTLER: Great. I thank you each. Really appreciate you taking the time to come and sharing your expertise. It is immensely helpful to me and to the committee. So thank you for being with us today. We really appreciate it. We have two folks who are with us on Zoom. The first is, uh, Kyungsoo Kang who's from University Settlement, and we also have Michael Winter from Lantern Community Services. And apologize for butchering anybody's name. We can begin with, uh, whoever would like to go first.

SERGEANT AT ARMS: Starting time.

KYUNGSOO KANG: Well, oh, hi Chair Restler and members of the committee on Contracts. Thank you for the opportunity to testify today. My

1 name is Kyungsoo Kang, and I serve as the Grants
2 Contract Administration at University Settlement.
3 University Settlement is the nation's first
4 settlement house. For 148 years, we have worked
5 alongside immigrant and low-income communities, um,
6 across New York City. Today, we operate more than 30
7 sites in Manhattan and Brooklyn and serve over 40,000
8 New Yorkers each year through multiple programs in
9 early childhood education, youth development,
10 infection programs, arts and culture programming,
11 other services, and mental health support. First, we
12 appreciate the Council's continued attention to the
13 persistent delays in contract registration and
14 payment that human service providers face. While
15 recent reforms and advanced payments have helped a
16 lot, many structural challenges remain within the
17 city's contracting system. For this reason, we
18 support Intro 441, which would establish a taskforce
19 to examine disparities in city contracting. Nonprofit
20 providers frequently encounter inconsistent guidance
21 across city agencies, shifting compliance
expectations and prolonged administrative reviews
that delay contract approvals and reimbursement. For
example, we were asked to rapidly submit outdated

1 compliance documentation for subcontractors that have
2 been inactive for years, and even after we provided
3 the requested materials, the same records continue to
4 be requested, delaying contract approval and
5 payments. Situations like this illustrate how
6 procedural inefficiencies can create significant
7 operational and financial strain for nonprofit
8 providers. We also urge passage of Intro 452 to
9 address persistent wage disparities in the human
10 service workforce. Although the city's multi-year
11 COLA investment have supported many workers, programs
12 funded through the Department of Education have
13 historically been excluded, and as a result, staff in
14 the DOE—

15 SERGEANT AT ARMS: Thank you. Your time
16 has expired.

17 CHAIRPERSON RESTLER: You can feel free
18 to finish your testimony if you have another 30
19 seconds.

20 KYUNGSOO KANG: Thank you so much. Yeah.
21 As a result, staff in DOE-funded programs often earn
less than those in comparable city-funded roles,
making it more difficult for us to recruit and retain
experienced staff. So this challenge is further

1
2 compounded by the extremely low indirect cost rate on
3 many DOE contracts, which remain capped at 10
4 percent, while other city agencies allow
5 significantly higher rates that MOCS approved. So
6 this leaves essential programs structurally
7 underfunded and places additional pressure on us
8 operating with limited resources. So addressing these
9 structural contracting challenges is critical to
10 ensure that nonprofit providers can maintain stable
11 operations and continue delivering essential services
12 to New Yorkers. Thank you again for the opportunity
13 to testify, and please see my written testimony for
14 more details.

15 CHAIRPERSON RESTLER: Thank you so much.

16 And next up we have Michael.

17 SERGEANT AT ARMS: Starting time.

18 MICHAEL WINTER: Hello, Chair Restler and
19 members of the committee. Thank you for the
20 opportunity to speak today. I'm the Chief Financial
21 and Administrative Officer for Lantern Community
Services. Lantern has been serving New Yorkers fight
homelessness for over two decades, and I'm also here
on behalf of many of the nonprofit providers
navigating the city's complex contracting

1 environment. I've worked in New York City's nonprofit
2 arena for over 30 years. In that time, I've seen what
3 works and what doesn't and what the consequences are
4 when systems fail the organizations trying to do this
5 hard work. We're funded by DHS, DOHMH, HRA, HASA, and
6 a range of state and federal agencies. My remarks
7 today are gonna focus on four themes, obviously in
8 the city's control, that we want managing meaningful
9 change is both necessary and achievable. They are
10 consistency, transparency and accountability,
11 innovation, and wage equity. You know, you've heard
12 stuff today about inconsistency. Fundamentally, you
13 know, most agencies, not-for-profits, operate on an
14 accrual basis for accounting. You know, it's
15 generally accepted accounting. It's what the IRS
16 requires us to do. And most city agencies understand
17 this and work with us accordingly. HASA, however,
18 operates on a cash basis, and that disconnect creates
19 serious, like, ongoing problems for us. It requires
20 us to keep two sets of books, and I talk in
21 roundtable groups. All the peers that work similar to
us, same problem. In addition, you know, they require
us to pay our vendors before we get paid. So
normally, if we're operating quickly, efficiently, a

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2 claim takes two and a half, three months for us to
3 receive the money. They, in fact, are making us, the
4 not-for-profit, be the city's basically piggy bank,
5 floating payments to our subcontractors, using our
6 resources. You know, this is not a minor
7 inconvenience. It's a structural inequity that places
8 unbelievable financial strain on the providers and
9 creates accounting inefficiencies that compound over
10 time. People talked about the ICR rate-

11 SERGEANT AT ARMS: Thank you, your time
12 has expired.

13 MICHAEL WINTER: Sorry.

14 CHAIRPERSON RESTLER: Feel free to- feel
15 free to finish your testimony.

16 MICHAEL WINTER: I want to acknowledge
17 what good policy looks like, and we heard lots of
18 complaints, but, you know, we've been doing- we've
19 had a MOF [sic] rate for now- this is our third
20 go-around. We were in the first group that had a MOF
21 rate. Our rate was approved in February 2025 for
FY26. We worked- we tried to work with all of our
funders to get the rate put into our contract,
basically before the invoicing began. And, you know,
one agency was able to do it. DHS was able to do

1 that. They put our ICR rate in before we started
2 invoicing. So, you know, they demonstrated a clear
3 way to do it. The two other agencies that we work
4 with primarily in the city, one is about to do it now
5 in April of '26, and the other is telling us when you
6 close out your contract, we'll do it. The other thing
7 where it's- the consistency is really a challenge is
8 invoicing. You know, I could go, go on and on about
9 some of the inconsistencies. I'm just going to say
10 one funder, HASA, sent us back a \$90,000 claim
11 because it was off a penny for rounding. And you
12 heard of things about Passport and how it can be
13 adjusted and really positive things. DHS has learned
14 how to use the Passport and manage that and work with
15 us. HASA, on the other hand, does not want to. And
16 it- the transparency and accountability, it works two
17 ways, you know. DHS has held us accountable. They've
18 been accountable. And I can tell you, while you heard
19 things about arrears for DHS, you know, if you don't
20 have the arrears problems and you've taken care of
21 them and you're operating normally, you know,
Christine Fellini [sp?] and her team have done a
really, really good job at being accountable and
holding us accountable. The other thing I wanted to

1 talk was a little bit about innovation. And I want to
2 thank the Mayor's Office of Nonprofit Services and
3 Mayor's Office of Contracts, Jenny Way and Ms. Yu.
4 You know, they did something that's really been on
5 the table for a while. You've heard about contract
6 audits. The city is embarking on this pilot program.
7 It's called the SAFR. It's a Single Audited Financial
8 Report. So right now I have what 30-plus contracts
9 across four agencies. I could have 10 different
10 auditors in my organization doing contract audits.
11 This initiative, which we're piloting, takes one, you
12 know- they have auditors that are certified, and one
13 auditor does your CPA, you do your financial audit,
14 your IRS audit, your single audit, and they do all
15 your contracts audits. So it's a real model of
16 efficiency and the city working to try to, like,
17 streamline things and be very proactive. And as
18 you've heard some of my other peers talk about wage
19 equity, you know- I mean, the difference in pay
20 between a government worker case manager and a case
21 manager working in my shelters, 30 percent pay
difference doing the same job. It's not fair. It's
not equitable. And, you know, it really something the
that, you know, we should continue to address and

1 support. And the last thing that I wanted to just
2 highlight, you know, there are times when I think the
3 prevailing wage increases are changing, particularly,
4 let's say, for security contractors in our spaces.
5 It's going to go up. You know, for me, it looks like
6 10, 15, 20 percent. Don't know the exact number
7 because I still have to do the bid for it, but
8 there's no corresponding increase to my contract that
9 I have with the city. So in effect, they're making me
10 cut services to my clients and maybe even cut staff
11 to pay for contracted security. So it kind of becomes
12 this unfunded mandate. I hope the committee will look
13 at that as they look at the council process. Thank
14 you for the opportunity for me to speak today. I hope
15 the issues- you know, the issues I raised aren't new,
16 but I believe the Council and we'll work with the
17 agency partner and we'll hold everyone accountable
18 and we can make the city a better place to work in.
19 Thank you.

17 CHAIRPERSON RESTLER: Thank you very
18 much, Mr. Winter, for your testimony and for sharing
19 your expertise. And we certainly have a long way to
20 go to make sure that organizations like Lantern are
21 efficiently and properly compensated for their work,

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COMMITTEE ON CONTRACTS

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for their essential work. So thank you for sharing your insights with us today, and we're happy to do our best to be of assistance wherever we can be. With that, we're going to adjourn today's Preliminary Budget hearing for the Committee on Contracts, and want to thank everyone again for their participation.

[gavel]

CHAIRPERSON RESTLER: Ta-da.

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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: April 18, 2026