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**Testimony of Andrea Glick, City Chief Procurement Officer and Director of the
Mayor's Office of Contract Services, before the New York City Council
Contracts Committee**

Oversight: Leveraging the City's Purchasing Power in Procurement

May 21, 2012

Good afternoon Chairperson Mealy and members of the Contracts Committee.

My name is Andrea Glick, and I am the City Chief Procurement Officer and Director of the Mayor's Office of Contract Services (MOCS). On behalf of the Administration, I would like to thank you for this opportunity to testify about leveraging the City's purchasing power in procurement. I am joined today by Sergio Paneque from the Department of City-wide Administrative Services (DCAS) and Brett Robinson from the Department of Information Technology and Telecommunications (DoITT), who at the end of my testimony will be happy to answer any questions you may have on their agency's respective cost-saving initiatives.

As you know, MOCS is the City's compliance and oversight agency for procurement. Our core mission is to assist City agencies in complying with purchasing rules while achieving their programmatic missions; improve contract management practices; and provide technical assistance to agencies and vendors. In addition to our core mission, MOCS, both independently and in conjunction with the Mayoral agencies, works to strategically transform citywide procurement in order to leverage the City's buying power. Much of our efforts are focused on, though not limited to, cost savings in the areas of goods and services, information technology and human services.

To acquire necessary goods and services quickly, efficiently and at the lowest possible cost, DCAS, the City's major goods purchasing agency, often enters into a single contract for goods that are used by one or more agencies on an "as needed" basis. Also known as a *requirements contract*, through this vehicle, a vendor contracts to supply the City's entire "requirement" for a particular good or service. When an item is available through a requirements contract, agencies use that contract, rather than procure that item separately.

In accordance with the Procurement Policy Board rule which allows for price negotiation with the apparent lowest responsive and responsible bidder, DCAS has aggressively pursued price reductions with its vendors. To date, these efforts have resulted in approximately \$36 million in savings over the lifetime of the affected contracts, including nearly \$7 million in Fiscal 2012.

Additionally, DCAS has been developing a portfolio of citywide service contracts intended to achieve economies of scale by consolidating demand for certain services across agencies. Examples of these "shared service" contracts include maintenance, repair and operating supplies, equipment maintenance management, integrated pest management, water purification, and off-site records storage among others. The off-site records storage contract combines excellent storage and retrieval services with practical and economical record relocation terms. The contract offers approximately 66% annual savings for city agencies with current commercial record contracts, and Fiscal 2013 estimated savings are in excess of \$1 million. Each of these "shared service" contracts will replace numerous individual agency procurements and offer agencies an efficient means to procure necessary resources and achieve administrative savings.

In the information technology arena, DoITT has worked to position the City's IT departments to better function as an enterprise – rather than as a collection of separate entities – to

drive citywide efficiencies and savings around technology investments. DoITT has done so by streamlining the provision of services and software through key enterprise contracts.

One of the most significant examples of costs savings through this approach is the Master Service Agreements (MSAs) DoITT finalized with AT&T and Verizon in 2006 for citywide voice and data telecommunications services. Recognizing the opportunity to leverage the City's size and purchasing power to achieve deep discounts and beneficial terms and conditions, DoITT aimed to reduce costs, improve the resiliency of the City's telecommunications networks, streamline the administrative procedures for ordering and billing, and provide a premier support level for the City's telecommunications services suite of products. Today, every City agency, and more than 30 additional related entities – including the Health and Hospitals Corporation, district attorney offices, libraries, the Metropolitan Transportation Authority, and others – partake of the citywide voice and data contracts, allowing us to realize more than \$100 million in telecommunications costs savings over the past five years.

In addition to telecommunications services, DoITT has also introduced several enterprise contracts that will cut costs and provide more modern and streamlined services to City agencies. For example, the City recently announced a wide-ranging IT agreement with Microsoft to consolidate dozens of disparate licensing agreements across the City into one, and provide more than 100,000 City employees with state-of-the-art computing power. This agreement is estimated to save New York City a total of \$50 million over the next five years.

To achieve cost savings in procurement among City human services agencies, the Office of Support, Accountability, and Value Enhancement (SAVE) was created by the Office of the Deputy Mayor for Health and Human Services in July 2011. SAVE allows the health and human services agencies to share capacity in small purchasing, financial auditing and claiming, printing and other

areas to reduce costs and improve efficiencies. By leveraging the knowledge and purchasing power of multiple agencies, the City hopes to improve services and increase coordination of administrative functions in the health and human services agencies.

An example of the City's combined effort to achieve savings in procurement is the citywide Cost Containment Initiative launched by MOCS in Fiscal 2010. By renegotiating existing agency contacts on a voluntary basis with vendors, the Cost Containment Initiative explored contract requirements and aspects of the procurement process that resulted in unnecessary costs to the City. One hundred of the City's top vendors were targeted and eleven agencies (DDC, DEP, DOHMH, DOT, DSNY, DPR, DCAS, DoITT, FDNY, HPD and NYPD) were identified as lead agencies for these vendors. The contracts spanned multiple industries including technology, waste management, architecture and engineering, transportation, communication, energy and other goods. Some 89 of the 100 targeted vendors actively participated in the program, engaging in the requested discussions. Subsequent to these renegotiations, 26 vendors signed contract modifications which will result in a total net savings to the City of nearly \$15 million over the life of the vendors' contracts. These cost saving proposals emerged from lengthy negotiations and reflect cooperation between MOCS, City agencies and their business partners to achieve the same goal.

MOCS and City agencies will continue to work together to strategically leverage our buying power and achieve cost savings in City procurement.

We are now available to answer any questions you may have.

Thank you.

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I represent: _____

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Name: Brett Robinson

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I represent: Mayor's Office of Contract

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Name: Sergio Panegua

Address: Chief Re-engineering & Acquisition Office

I represent: DCAS

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