

COMMITTEE ON CONTRACTS

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CITY COUNCIL
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

Of the

COMMITTEE ON CONTRACTS

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March 21, 2023

Start: 10:41 a.m.

Recess: 12:47 p.m.

HELD AT: COMMITTEE ROOM - CITY HALL

B E F O R E: Julie Won, Chairperson

COUNCIL MEMBERS:

Joann Ariola

James F. Gennaro

Linda Lee

OTHER COUNCIL MEMBERS ATTENDING:

Gale A. Brewer

Marjorie Velazquez

A P P E A R A N C E S

Lisa Flores, Chief Procurement Officer and
Director of Mayor's Office of Contract Services

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

Don Sunderland, Chief Technology Officer at
Mayor's Office of Contract Services

Lauren Siciliano, Chief Operating Officer at the
Legal Aid Society

Lisa Rivera, President and CEO of the New York
Legal Assistance Group

Justine Olderman, Executive Director at the Bronx
Defenders

Jackie Del Valle, Development and Stabilizing NYC
Coordinator at TakeRoot Justice

Dash Yeatts-Lonske, Advocacy Associate at Urban
Pathways

Annie Minguez, Vice President of Global and
Community Relations at Good Shepherd Services

Greg Morris, CEO of the New York City Employment
Training Coalition

J. T. Falcone, United Neighborhood Houses

Penni Bunyaviroch, Director of Contracts
Management at Catholic Charities of New York

Rosemarie Pinks, Finance Director at Encore
Community Services

SERGEANT-AT-ARMS: Today's hearing is on the Committee on Contracts. Today's date is March 21, 2023. Being recorded by Keith Polite.

Start the webinar, please.

SERGEANT-AT-ARMS: Good morning and welcome to the Committee on Contracts.

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

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

Thank you for your cooperation.

Chair, we are ready to begin.

CHAIRPERSON WON: Good morning and welcome to the Mayor's Office of Contract Services Fiscal 2024 Preliminary Budget hearing. My name is Julie Won, and I'm the Chair of Committee on Contracts.

MOCS Fiscal Budget totals 32.7 million including 18.8 million in personal services funding to support 206 full-time positions and nearly 14 million for other-than-personal services. This budget is 29.1 million less than the Fiscal 2023 adopted budget. MOCS preliminary budget includes a vacancy reduction plan that would reduce MOCS' budgeted

headcount by over 35 full-time positions. At today's hearing, the Committee will examine MOCS' Fiscal 2024 preliminary budget and how it prioritizes resources to optimize existing operations and transforming processes to make it easier to do business with the City.

Our set of questions will include, but not limited to, MOCS' headcount and how its vacancies will impact operations, how the City plans to address critical delays in registration on late payments, we will deep dive on questions related to Health and Human Services, and, lastly, we will follow up on costs associated with the influx of asylum-seekers.

The City's Fiscal 2023 proposed budget added 24 billion for contractual services, 1 percent of citywide contract budget of about 310 million allocated to the minority- and women-owned business enterprises, also known as M/WBEs. We look forward to hearing from Lisa Flores, the City's Chief Procurement Officer and Director of Mayor's Office of Contract Services on how agencies plan to achieve the Mayor's Blueprint on awarding 25 billion in contracts to M/WBEs by 2026 and 60 billion by 2030.

I also want to make sure that we thank our Committee Staff for their work, Principal Financial Analyst Florentine Kabore, Unit Head Aliya Ali, Committee Counsel Alex Paulenoff, and our Policy Analyst Alex Yablon.

I would also like to recognize my Colleagues who have joined me today, Council Member Ariola and Council Member Velazquez online.

I would like to welcome the City's Chief Procurement Officer and the Director of MOCS.

Before we hear from you, the Committee Counsel will swear you in.

COMMITTEE COUNSEL PAULENOFF: Good morning. Alex Paulenoff. Would all Members of the Administration testifying today please raise your right hands?

Do you swear or affirm to tell the truth, the whole truth, and nothing but the truth in your testimony today and to respond honestly to Council Member questions?

ADMINISTRATION: (INAUDIBLE)

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

CHIEF PROCUREMENT OFFICER FLORES: Good morning, Chair Won and Members of the Contracts Committee. Thank you for inviting us to testify at this year's preliminary budget hearing. The Mayor's Office of Contract Services has made great strides in the past year to advance many of the key initiatives I laid out for you last year, and we are happy for the opportunity to update the Committee on our progress.

This administration has made it a high priority to reform procurement. We recognize that the issues plaguing the City's procurement process, such as slow payments, late contract registration, and administrative complexity have existed for many years and require a concerted citywide effort to address them. Across multiple workstreams and approaches for tackling these problems MOCS has been charged with spearheading this effort to make the City a better business partner. In addition to MOCS' traditional roles in oversight, leading this reform work involves key initiatives in several buckets: Digitization through the Procurement And Sourcing Solutions Portal or PASSPort, reforming rules and

regulations, nonprofit and capital reform, maximizing M/WBE utilization, and enhanced community engagement.

Before sharing some of the important work that MOCS has carried out over the past year to fulfill these initiatives, I want to provide an overarching view into the City's procurement landscape. In FY22, Mayoral Agencies inclusive of NYC Public Schools awarded nearly 38 billion dollars in City contracts for the goods, services, and construction necessary to fulfill their respective missions. This was a 25 percent increase over the previous year, in which the City awarded 30 billion dollars in contracts. In FY22, human services accounted for 20.3 billion, or over 50 percent of this total, up from 12 billion in FY21, highlighting the importance of procurement to the delivery of human services with the largest agencies in this category being New York City Public Schools, Department of Homeless Services, and Department of Health and Mental Hygiene.

A big part of the reform work, as we have shared previously, is our leadership role with the Joint Task Force to Get Nonprofits Paid

on Time, which is a combined initiative between the Mayor and Comptroller from the transition period aimed at improving the City's rate of on-time contract registration for nonprofits. This initiative kicked off with a resounding success through the Clear the Backlog initiative, which led to over 4.2 billion dollars cleared through a 12-week sprint, freeing up cashflow for around 460 organizations. As of now, the City has cleared over 6.2 billion of the 7 billion originally targeted in the backlog initiative and is making steady progress on closing the remaining contracts out.

Through the Backlog initiative, we identified common pain points to guide more foundational reform work, which involves peeling back many layers of problems that have built up over years. This has already led to the addition of an allowance clause to human services contracts, which will enable agencies to process anticipated budgetary increases without revisiting the entire procurement process for an amendment. Through this new allowance clause, budgetary changes such as the FY23 68-million-dollar

workforce enhancement funding are being added more quickly and efficiently to applicable human services contracts.

Another area we are focused on is the City Council discretionary process, which allocates funding to providers well after the start date of the Fiscal Year, when they are already expected to begin services. This means agencies must go through the procurement process in tandem with providers fulfilling their contractual obligations, a guaranteed recipe for late payments in a high-volume contracting portfolio. Fortunately, we have found a willing partner in the Council to review and revise this process, and we are continuing to assess new solutions for reforming this process and look forward to being able to share out results as we get further along. Beyond this area of nonprofit contracting reform, we are also looking at areas such as vendor integrity reviews, a ContractStat review of agency performance, and more PASSPort system enhancements to further advance the work of the Task Force.

MOCS has also played a leading role in the New York City Capital Process Reform Task Force, which brought together a range of key stakeholders across the City to devise recommendations to improve the City's capital project delivery process with the goal of reducing timelines, saving taxpayer dollars, enhancing participation, and improving the City's ability to respond to emerging needs. The recommendations developed by this Task Force span many facets of the process with a number focused on procurement, such as increasing the availability of alternative delivery tools, implementing full-scale electronic bidding statewide, revising the City's approach to public hearings, and modernizing various outdated policies and procedures. We've already made progress on one such policy, the Financial Control Board, which agreed to increase its review threshold fivefold, thus reducing unnecessary bureaucracy on hundreds of contracts that go through the process. In this case and others, a win for one sector of procurement often cascades into others as this change has allowed us to reduce process requirements on hundreds of

contracts annually. The City is currently advocating up in Albany for the passage of a legislative package formulated out of these recommendations and look forward to sharing out the results from this session.

Along with reforming the rules that underlay our digital procurement system, we are also continuing to enhance and expand upon the functionality available in PASSPort itself. At a high level, our major releases have involved: Release 1 in 2017 which was vendor disclosures and responsibility determinations, Release 2 in 2019 for contracts of goods purchasing and catalogues, Release 3 in 2020 end-to-end procurement from sourcing to registration, and Release 4 in 2021 including financials and invoicing pilot.

Up next, we are implementing a platform upgrade and expanded functionality for human services financials and reporting. These efforts will further consolidate, centralize, and standardize City procurement in one digital platform. We are fully aware that change can come with an adjustment period, and we are planning proactive change management, training,

communications, and other approaches to support adoption of new pieces of functionality. If the Committee Members encounter any providers who are experiencing difficulty with this change, please feel free to refer them to myself, my colleagues in attendance with me today, or the MOCS Service Desk. Help is always available for those who need it while navigating the New York City procurement process.

While change can be difficult, we know from experience that citywide standardization and centralization can have enormous dividends in the long run. HHS Accelerator provided the blueprint for this. The implementation of this legacy system allowed for the City to gain then-unprecedented transparency and performance management tools to understand agencies progress in moving contracts forward. PASSPort has taken this model and expanded on it citywide with the results to show for it so far. Based on publicly available data on PASSPort Public Beta, a reporting feature built to aggregate and publish the wealth of data in PASSPort, we can report that over 25,000 vendors have completed all the necessary paperwork filings

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2 to be ready to compete for business, nearly 22,000
3 contract actions have been registered in-system in
4 less than three years with another 7,000 in
5 progress, and, importantly, we've had over 400
6 vendors in 2021 and 2022 each who submitted a
7 response to a solicitation that had never
8 previously had a contract with the City. In
9 effect, this measures the level of competition for
10 City opportunities, ensuring that we are getting
11 widespread participation, a diverse array of
12 offers related to our needs, and ultimately lower
13 costs. In the human services sector, solicitations
14 for human services have averaged about 20
15 responses per solicitation, a high level of
16 competitiveness that we hope to continue
17 improving.

18 We are also focused on functionality to
19 enhance transparency through a data warehouse and
20 delivering on the Document Vault feature in
21 PASSPort that has been highlighted throughout our
22 reform work as a priority for the human services
23 sector. Data for City procurement rests in
24 multiple systems. While PASSPort is the entry
25 point to doing business with the City, financial

transactions are logged in FMS, the Comptroller has their own system, subcontractors must go through the Payee Information Portal, and several agencies use unique systems of their own. PASSPort delivers on the need to centralize and standardize the work of procurement, but reporting on all of these diverse systems in a centralized, coherent way is the mission of our data warehouse.

We have previously shared information with this Committee on the costs related to our agreement with Ivalua as the software provider for PASSPort along with our subcontract agreement with Accenture to support systems integration, maintenance work, and other technical support for implementation services. In total, we have contracted for roughly 84 million dollars over 10 years with Ivalua from FY16 to FY26, and our associated subcontract with Accenture for implementation services has been valued at 16.4 million over three years. We are currently working through an additional change order for approximately 3.9 million for Ivalua and 9.3 million for Accenture, which will deliver on key functionality identified through the Joint Task

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2 Force to support nonprofit contracting, expand our
3 reporting capacity, and implement the Document
4 Vault. In terms of the workload that this system
5 was designed to manage, the City's overall
6 procurement portfolio, our expenditures on
7 PASSPort are a drop in the bucket.

8 Annualizing the costs of PASSPort to 10
9 million dollars per year over the FY16 through
10 FY26 contract term, PASSPort represents less than
11 a tenth of one percent of total citywide contract
12 award value each Fiscal Year and transaction costs
13 of less than one cent per contract action and
14 vendor filing in system. It is reasonable to make
15 this level of investment in a process so critical
16 to the City operations, and we are happy to follow
17 up with additional details as we have in the past.

18 While our teams lead procurement reform
19 in the human services and other sectors, we are
20 also responsible for carrying out day-to-day work
21 that pushes contracts forward. MOCS was
22 responsible for approving over 1,200 HHS
23 Prequalification List applications in FY22, a
24 required step for being able to compete for many
25 human services RFPs and to receive City Council

discretionary funding. We also processed the procedural clearance of nearly 10,000 discretionary awards to facilitate the contracting process in PASSPort.

Our teams also support the M/WBE program in partnership with our colleagues at the Office of M/WBE and Department of Small Business Services. In FY22, the City achieved its highest award total to M/WBEs under Local Law 1 in history at nearly 1.4 billion dollars while also surpassing the OneNYC goal established under the prior administration three years ahead of schedule. Through Quarter 2 of FY23, the City is currently at 25.8 utilization of M/WBEs on Local Law 1 eligible contracts, and with the recent appointment of Chief Business Diversity Officer Michael Garner in February, we are collectively laser focused on improving outcomes. To this end, we successfully advocated for legislation to raise the threshold of M/WBE Noncompetitive Small Purchases from 500,000 up to 1 million in the previous State legislative session and completed policy and technical requirements to ensure that agencies were able to expeditiously utilize this

increased threshold. In FY22, agencies used this method to procure over 110 million dollars' worth of goods and services, nearly 50 percent higher than the prior year, demonstrating the increased uptake of this method as we raise the threshold. We are currently advocating to increase this threshold to 1.5 million to align with other governmental bodies in New York State. We have also continued to enhance the digital tools that facilitate the procurement process. PASSPort Public shows that over 6,000 City-certified M/WBEs have completed the process requirements to be ready to bid on contract opportunities, while agencies have issued nearly 2,000 Requests For Information to complete M/WBE noncompetitive small purchases since 2020. We continue to review opportunities to further enhance the system to meet the needs of M/WBEs and will gladly keep the Council apprised of our progress.

With both the M/WBE program and all citywide contracting, MOCS serves a key role as the steward of the City's procurement data to provide transparency and accessibility into the expenditure of taxpayer dollars. MOCS publishes

nearly 100 legally required reports in total each year, spanning from legally required M/WBE reporting each quarter to more discrete reports such as the purchasing of environmentally preferable goods in City contracts. In addition to required reporting, MOCS conducts much of the data analysis that informs policy and program decisions such as assessing the impact of potential reforms through the various task forces, projecting the impact of policy changes such as changing public hearing requirements, and providing ongoing performance management reporting. With multiple systems in place across the City for procurement-related work that have been devised over many years, it is important work to connect all this data coherently and tell a clear story to City leadership, external stakeholders, and to the public. This is why it is imperative that we continue our work on the Procurement Data Warehouse as I outlined earlier, which will centralize and integrate the data from disparate systems leading to better standardization, accessibility, and ease of use for the consumption of City procurement data and advancement of

Mayoral initiatives. Data scientists are a notoriously difficult group of professionals to recruit even in the best of hiring environments, and as such, we place tremendous value on the key staffers at MOCS who have carried this workload and put us in a better position going forward.

MOCS has a new enhanced approach to facilitate learning the systems, rules, and policies that guide New York City procurement. Our Learning and Development team has published dozens of resources which are available to vendors and City staff, and we are currently doubling down on engagement by putting an emphasis on meeting vendors where they are. We have made our learning services available at numerous public events, including the recent SBS Procurement Fair and Bronx M/WBE Borough Forum, and put together simplified resources that will help vendors who are just starting out.

Furthermore, we have launched a new initiative, MOCS in Your Neighborhood, a series of in-person workshops where we bring PASSPort know-how to locations in every borough and assist vendors with any questions they may have. This led

to a 73 percent conversion rate for vendors to complete the filing process at our initial sessions, which we hope to continue expanding. Our teams have also recently launched several training programs, including relaunching the Procurement Training Institute which has been delivered to 653 agency users and a monthly webinar series for vendors on getting started contracting with the City that has had over 2,000 vendor attendees since August with more to come for the rest of this year. Targeted communications have also led to tangible results, with a recent PASSPort information blast reaching nearly 12,000 individuals and leading to over 150 organizations to take action in PASSPort to set up their account.

Our Service Desk also provides best-in-class support to vendors and agency users who have questions on PASSPort, the procurement process, or anything related to City contracting. Our Service Desk has made it a high priority to bring down our average time to respond and reduce the ticket backlog to ensure we are providing a high-level of service and responsiveness to the vendors who rely

on our systems and policies. Our team has achieved a 62 percent reduction in the average time to respond between February of this year and last. This high level of responsiveness will position us well for the major PASSPort releases ahead.

MOCS is also involved in a host of issues and initiatives that do not typically command attention when discussing City procurement but are nonetheless important to the delivery of government services and construction. For example, we are part of the Local Law 97 Contracting Working Group with DCAS and the LAW Department, which focuses on providing early procurement advice, support, and troubleshooting to assist DCAS in expanding their universe of contracts and tools to achieve the citywide climate goals of reducing building-based carbon emissions by 40 percent by 2030 and 80 percent by 2050 on approximately 60,000 residential and commercial buildings in NYC. MOCS provides procurement, legal, and technical reviews for various priority projects including solar construction, technical service contracts for energy audits and retro-commissioning, general studies, commissioning,

distributed energy feasibility studies, cost estimation, operations and maintenance, and building controls. MOCS also leads the Franchise and Concessions Review Committee for the City's nearly 500 operating franchises and concessions who generated over 200 million in revenue in total in FY22. For just one more example among many, we have also partnered with HPD and the Chief Performance Officer to pilot a new approach to procurement, known as results-driven contracting, which is a set of strategies designed to help governments use procurement and contracting to achieve better outcomes for residents, businesses, and community stakeholders. This pilot is still in the early stages, but we are looking forward to evaluating the results.

Like many City agencies, MOCS has experienced some difficulty with attrition and hiring. Our current budgeted headcount is 209 with 32 vacancies currently open. We had 33 vacancies reduced as part of the vacancy reduction plan, and our headcount has remained stable at 177, slightly up from 168 in FY22. As many of our vacancies sit in the technology-related areas, we have had

challenges with hiring for these positions.

However, we are encouraged to see the Mayor, OMB, and DCAS taking an active approach to improving the citywide hiring climate and believe several of the ideas discussed publicly would allow us to have more flexibility and tools at our disposal to recruit and retain top-notch talent. MOCS has also taken an aggressive approach to implementing new initiatives that will support our hiring. This includes having a presence at jobs fairs through DCAS and universities, sharing our positions via distributions lists and social media, and embracing emerging talent through programs like Ladders for Leaders, Summer Youth Employment Program, the Mayor's Office's Legal Fellowship, Civil Service Pathways Fellowship, City Service Corps Fellowship, the VISTA program, and partnering with City Tech, the college of technology of the CUNY system. We've also implemented an internal DEI review as part of our hiring process to ensure we are developing a diverse and inclusive workforce. Taken together, these actions position us for recruiting success in the future as hiring conditions improve.

In closing, I want to thank the Chair for a productive partnership in our first year in our respective seats. We both know there is much more work ahead across so many areas, expanding on the wins we have already secured through PASSPort, fixing underlying rules and processes to streamline the procurement process, implementing Task Force reforms to make sure nonprofits get paid on time and capital projects are delivered at a faster rate, and instilling equity throughout the procurement process. I look forward to continuing our dialogue on these issues and partnering with the Council to get stuff done for the City. I am joined by our Acting Chief Technology Officer Don Sunderland and Deputy Chief-of-Staff Matt Sullivan, and we are happy to answer any questions that you have.

CHAIRPERSON WON: Thank you so much. We'll just dive right in. What are the budget priorities for this upcoming Fiscal Year for MOCS?

CHIEF PROCUREMENT OFFICER FLORES: Thank you for the question. As outlined in the testimony, would really put into the five buckets of continuing the digitization of procurement through PASSPort and

having that full adoption, reforming rules and regulations which I mentioned in my testimony. It is really at a level unprecedented in many years of the focus across all of city agencies and directly from City Hall on really digging into those reforms, the work through the non-profit and capital task forces, continuing to maximize M/WBE participation, and building on our community engagement.

CHAIRPERSON WON: Everything looks good, and that's a lot. For Fiscal Year 2024 preliminary budget, it includes a baseline new need of 1 million in the budget. What is the new need entailed for because I assume all of these things will cost more than a million.

CHIEF PROCUREMENT OFFICER FLORES: Thank you for the question, Chair. This is not necessarily a new need but a PS to OTPS transfer to fund a future quality assurance project at MOCS that is currently in the procurement phase.

CHAIRPERSON WON: Got it. Thank you. Have you asked for additional needs from OMB but did not receive funding in this budget?

CHIEF PROCUREMENT OFFICER FLORES: We have been in communication with OMB and talking about what

are the priorities of the administration and continue to have conversations with them about needs going into the future and look forward to that partnership.

CHAIRPERSON WON: Are there specific things that you were advocating for that you have not had a definitive answer in response from OMB?

CHIEF PROCUREMENT OFFICER FLORES: We're continuing to work with OMB as all the agencies are and really looking at our current budget and looking at what is in our plan for PASSPort, for example, and our staffing needs and have productive conversations with OMB.

CHAIRPERSON WON: Could you provide a status update on PASSPort? Are you on time with the timeline that you had laid out for this Fiscal Year for the changes and reforms in the Fiscal Years to come.

CHIEF PROCUREMENT OFFICER FLORES: Thank you for the question. We, as I mentioned in my testimony, went through sort of a prioritization process even from the last time that we spoke, Chair, at the last budget hearing and ensuring that we were responding to the outcomes and output from the task forces, and so I would say at this time we're still

on schedule and we hope to stay on schedule now that we've sort of done that reprioritization.

CHAIRPERSON WON: Okay. What is the current spending for the Ivalua contract and all the other contracts that exist for PASSPort for this Fiscal Year?

DEPUTY CHIEF-OF-STAFF SULLIVAN: It's still pretty much the same as we shared last year which is about 84 million for Ivalua over 10 years and 16 million for Accenture over three years, noting that we do have the change order pending which would be another roughly 4 for Ivalua and roughly 9 for Accenture to do some of the work that the Director mentioned in testimony such as (INAUDIBLE)

CHAIRPERSON WON: So how much has been spent so far for this Fiscal Year?

DEPUTY CHIEF-OF-STAFF SULLIVAN: Spend to-date on the Fiscal Year.

CHAIRPERSON WON: For Ivalua and Accenture.

DEPUTY CHIEF-OF-STAFF SULLIVAN: I'm not sure I have that on me, but we can follow up, yeah.

CHAIRPERSON WON: Okay. We would like that breakdown.

2 DEPUTY CHIEF-OF-STAFF SULLIVAN: Okay.

3 CHAIRPERSON WON: Do you see any
4 additional costs being added for PASSPort and
5 Accenture.

6 CHIEF PROCUREMENT OFFICER FLORES: I'll
7 start, Chair. Taking a step back, PASSPort as you
8 know for the Mayoral agencies is the City's system of
9 record for procurement and so similar to the City's
10 system of record for financial data, FMS, it's really
11 important that we continue to invest in that system,
12 and so, as you probably know, there are a number of
13 systems in the City of New York that if you don't
14 invest in them become legacy systems that don't
15 operate as intended or that become more costly to fix
16 if you're not maintaining it throughout the years and
17 so at this time what we've laid out in terms of our
18 immediate prioritization of projects and addition
19 functionalities as mentioned in my testimony, but we
20 are going to continue to maintain the system and
21 ensure that it operates at the highest level
22 possible.

23 CHAIRPERSON WON: Got it. Are there any
24 changes to the agencies that are adopting PASSPort
25 from when we last spoke about PASSPort? Do we have

any new additional agencies that are going to be adopting it?

CHIEF PROCUREMENT OFFICER FLORES: Thank you, Chair. We are still working on, again, full adoption of the current agencies, and I think that's part of our partnership with our agencies and continuing to build functionality and respond to their needs, and so we are really working on, as I said in the testimony, for example, I think last time we were here and at the beginning of the process for the joint task force, one of the things we heard loud and clear was that everyone wanted Document Vault. That functionality was built into Accelerator over 10 years ago, but it was not built into PASSPort and so, again, sort of in line with our prioritization and responding to agency's needs, that's something that's on our timeline as a priority for this administration, and so we're really focusing our efforts on making sure that we're providing all the functionality to agencies that are currently in the system. However, we have a very good relationship with New York City Public Schools and hope to continue working with them and potentially have more of their contracts in the future as they also go

through their process of standardization in their workflow.

CHAIRPERSON WON: Thank you. I also applaud you for all the progress that you're making for clearing the backlog. What concerns me is the 2024 preliminary budget totals 32.7 million and is 29.1 million dollars less than the Fiscal 2023 adopted budget. Can you explain the significant decrease in the 29 million?

DEPUTY CHIEF-OF-STAFF SULLIVAN: I can start. A lot of that is one-time funding for we kind of had subscription costs and then the major releases so we had more major release funding in FY23, some of which will likely roll over into FY24 for some of the work that was discussed in testimony, but that's the main difference.

CHAIRPERSON WON: Can you break that down? Out of the 29.1 million that is less, what subscriptions are you talking about, how much are the subscriptions, how many subscriptions are we talking about that it could amount to 29.1 million in difference?

DEPUTY CHIEF-OF-STAFF SULLIVAN: It's still the Ivalua subscription is kind of baseline,

but there was 13 million in FY23 related to some of the work that we described, and I don't know if you want to add anything else? We can share more information.

CHAIRPERSON WON: Okay, so 13.1 million, that still leaves a significant amount from the 29.1 million cut.

DEPUTY CHIEF-OF-STAFF SULLIVAN: The remainder was the platform upgrade and a couple of other pieces of functionality that were put into FY23, but they're not carried over into FY24, but we can certainly look more closely and share with your office.

CHAIRPERSON WON: If I understand you correctly, the 29.1 million decrease is not going to impact MOCS' ability to operate and continue to reform contracts because you're saying that it was for subscriptions that no longer are needed.

CHIEF PROCUREMENT OFFICER FLORES: Just to clarify, the investment was not intended to be a baseline investment in the outyears. It was for functionality that we had requested in PASSPort, and, as I mentioned in the testimony, those funds, we're still using those funds that were allocated after we

did our reprioritization of really where we want to put that money in terms of PASSPort functionality, but it wasn't intended to be an ongoing baselined amount. Just to clarify in terms of subscriptions, to support the system, we don't have multiple subscriptions. The baseline cost of the subscription for the Ivalue was software for PASSPort.

CHAIRPERSON WON: You don't need to renew those subscriptions at all?

CHIEF PROCUREMENT OFFICER FLORES: We're still under contract with Ivalua and Accenture, and so there's no change to those contracts in terms of subscription services in order to maintain the current system.

CHAIRPERSON WON: Okay, so it was a bulk payment?

CHIEF PROCUREMENT OFFICER FLORES: We haven't made any bulk payments. There's no upfront payment. It's a standard contract, and so payments are made after work is received and invoices are reviewed, and so the investment in terms of the last budget cycle, again, we have reprioritized how we're going to use those funds in terms of PASSPort

2 functionality, but there is no upfront cost or
3 payments that are made to any of our contractors.

4 CHAIRPERSON WON: Okay, so there should be
5 no impact from the 29.1 million dollars that is being
6 cut for MOCS then for PASSPort to continue to be
7 reformed is what I'm hearing.

8 CHIEF PROCUREMENT OFFICER FLORES: The 13-
9 million-dollar investment in terms of PASSPort that
10 was allocated last Fiscal Year, we still intend to
11 use that 13 million dollars for functionality that
12 now has been reprioritized as outlined in my
13 testimony.

14 CHAIRPERSON WON: Okay. What does the
15 intracity funding for 5.1 million dollars cover?

16 DEPUTY CHIEF-OF-STAFF SULLIVAN: This is
17 for personal spend related to HHS Accelerator
18 staffing, some lines at ops that are hosted at MOCS,
19 and then additional lines at MOCS.

20 CHAIRPERSON WON: The preliminary plan
21 includes a one-time funding of 2.4 million in Fiscal
22 '23 for American Rescue Plan. What does this budget
23 entail?

24 CHIEF PROCUREMENT OFFICER FLORES: This
25 funding was related to three deliverables from MOCS'

contract with Ivalua for PASSPort that were at the time deemed eligible for that federal funding.

CHAIRPERSON WON: Do you anticipate additional funding for this budget line item? If so, how much?

CHIEF PROCUREMENT OFFICER FLORES: Not at this time, but we can definitely follow up, Chair.

CHAIRPERSON WON: Okay. I'm going to turn it over to Council Member Ariola who also has questions.

COUNCIL MEMBER ARIOLA: Thank you, Chair. Thank you for your testimony.

I'm interested to know, for nearly the City has required bidders participate in State-registered apprenticeship programs for contracts that exceeded 3 million or a project that equals or exceeds 5 million dollars and a contract on a project exceeds 2 million dollars. Does MOCS believe that all New York City agencies must comply with the City's apprenticeship requirement?

CHIEF PROCUREMENT OFFICER FLORES: Thank you for the question. We work closely with our agencies to ensure that any obligation or any legal requirement is adhered to. As I'm sure you know, the

requirements in some cases do require some analysis with the agency to sort of align with the scope of services, but, of course, it's important for our office to ensure that any legal requirement is adhered to, including the apprenticeship program.

COUNCIL MEMBER ARIOLA: Okay. Would you know the number of projects where MOCS issued a waiver for any of the City's agencies for apprenticeship?

CHIEF PROCUREMENT OFFICER FLORES: Thank you for the question. I don't have that number right with me at this moment. I will say it will be a fairly small number. Those are not typical, but I don't have the number in front of me, so I definitely can ensure that we follow up with that number.

COUNCIL MEMBER ARIOLA: That would be great. If there was a waiver, what would the criteria be?

CHIEF PROCUREMENT OFFICER FLORES: Thank you for the question. Considering sort of the legal parameters from State law, which we at MOCS are entrusted to ensuring that agencies adhere to, it kind of depends on the scope, the title, and the program as outlined and approved by Department of

Labor, so it's very fact-specific, but I'm happy to do a followup if there are specific issues or concerns that you have.

COUNCIL MEMBER ARIOLA: There definitely is because the DOT actually recently removed the apprenticeship requirement from line-striping contracts for the five boroughs, and these two contracts totaled 31 million dollars in work so that is not an agency that would not have to comply with the apprenticeship requirement, right, because of the agency itself and the amount of the project?

CHIEF PROCUREMENT OFFICER FLORES: Thank you for the question. I think as you outlined at the top of your question there, there are certain dollar values and parameters where there's a determination of whether or not an apprenticeship may apply and then it's fact-specific to the particular contract titles and program availability and approval by the Department of Labor. I think last Fiscal Year we had over 2 billion dollars' worth of construction that was subject to the apprenticeship program, and, as you know, the Administration is advocating on multiple fronts for expanding different types of programs that really get to the same spirit as an

apprenticeship program. Again, I definitely would love to be able to follow up with you on the specifics of that particular DOT contract.

COUNCIL MEMBER ARIOLA: Yeah, definitely. I have a few more questions, but I think it does need specific answers that perhaps you're not equipped for today, but I think it's an issue that is quite large and it affects a lot of people and it affects prevailing wage and it also affects having skilled labor on jobs that are of...

CHIEF PROCUREMENT OFFICER FLORES: Absolutely, Council Member, and I think this Administration 100 percent agrees with the spirit and sentiment and, as I mentioned, has since last year rolled out numerous programs and initiatives that, while may not be an apprenticeship program, it is the same spirit of ensuring that we are investing in our residents and creating specific pathways for New Yorkers to benefit from the contracting process and actually work in their neighborhoods and work for contractors that are under a contract with the City of New York so 100 percent, this is an important issue for the administration, and I apologize I don't have all the details of that DOT contract here, but I

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2 promise you that we can come to your office and do a
3 call this week or next week and dig into the details
4 with you.

5 COUNCIL MEMBER ARIOLA: Appreciate that,
6 Direction, very much. Thank you.

7 CHIEF PROCUREMENT OFFICER FLORES: Of
8 course.

9 CHAIRPERSON WON: Thank you so much,
10 Council Member Ariola. I know that my office has also
11 been in touch with MOCS for this issue, for the
12 unions who are very concerned about this. We are also
13 following up with the State Comptroller about this
14 issue because it seems that New York City DOT removed
15 apprenticeship requirements from line-striping
16 contracts for the five boroughs, and these two
17 contracts combined totaled over 31 million dollars of
18 work, and the MOCS apprenticeship requirements
19 mandate that DOT receives a written waiver seeking to
20 not apply the City's apprenticeship requirements. Do
21 you know if New York City DOT received a waiver from
22 MOCS for this because we had asked, and I don't think
23 we got a clear answer.

24 CHIEF PROCUREMENT OFFICER FLORES: Thank
25 you for the followup question, Chair. Acknowledging,

I do believe the staff had a meeting with you or your staff and the same number of questions. Again, I don't have the specifics in front of me at this time, and I believe that the contract in question may still be open so I definitely will follow up with you afterwards, and, again, I'm happy to do that followup meeting with both Council Member and yourself, Chair, to follow up on the last conversation, both with my Deputy Chief-of-Staff and our legal team and make sure that we're being fulsome in our answers to your questions.

CHAIRPERSON WON: Thank you, because we know that the City, the Mayor, the Comptroller's Office, and the State Department of Labor post the prevailing wage rate for the line-strippers on the apprenticeships so we will definitely be following up.

I'm going to go back to delays in contracts registration and payments. In Fiscal Year '22, over 3/4 of City's contracts with non-profit organizations were registered late. Can you give us a status update on registrations for Fiscal Year '23?

CHIEF PROCUREMENT OFFICER FLORES: Thank you for the question. Just to make a distinction, I'm

not sure the number, the 3/4 for FY22, but, as you know, just going back to the testimony, it was really important for us in the Backlog Initiative which was, again, backlogged contracts that were built up over many years and was one of the central outputs of the Non-profit Task Force and really baselined to reaffirming our commitment to the sector, and that's why we have continued. We have not taken our eye off the ball with backlog. I believe, and we can confirm either before the end of the hearing or after the hearing, that in FY22 for contracts and the way that review sort of separate and apart from the Backlog Initiative, annual timeliness, those are contract actions that have a start date of the upcoming Fiscal Year and then our new contracts, right, so they're either brand new RFP awards, they're brand new negotiated acquisitions, and they're really, as per the Procurement Policy Board rules, intended to track the continuation of essential human services and client services that the City contracts for, and so I believe if we looked at contracts without New York City Public Schools, which as you know do not track all of their contracts in PASSPort, that by September we were over 90, 95 percent timely, but I can

definitely confirm those numbers with you, either at the end of the hearing or after the hearing, Chair.

CHAIRPERSON WON: That's huge. Thank you. 90 to 95 percent is a huge improvement from Fiscal Year '22 so we'll definitely follow up on that.

For Fiscal Year '23, the City Council allocated 536 million in discretionary awards to community-based organizations and non-profits. However, only 55 percent of awards have been cleared by MOCS. What is the timeline to complete reviews of the 45 percent that is remaining since there is not a lot of time left in this Fiscal Year?

CHIEF PROCUREMENT OFFICER FLORES: Thank you for the question. One point of just clarification, our numbers are a little different than your number quoted, and I'm not sure if that happens to be partly that the number includes government-to-government contracts which we at Mayor's Office of Contract Services do not provide clearance, the Council clears those contracts, and so our number is, based on our recent data, that 82 percent of non-profit awards have been cleared by MOCS, but happy to do that sort of data with you afterwards, but, again, there are certain contracts

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2 that don't come to us for clearance. I think that
3 might be the discrepancy.

4 CHAIRPERSON WON: What was your
5 percentage?

6 CHIEF PROCUREMENT OFFICER FLORES: 82
7 percent.

8 CHAIRPERSON WON: 32?

9 CHIEF PROCUREMENT OFFICER FLORES: 82.

10 CHAIRPERSON WON: 82 percent have been
11 cleared?

12 CHIEF PROCUREMENT OFFICER FLORES: Pardon?

13 CHAIRPERSON WON: So you're saying 82
14 percent have been cleared out of the 536 million in
15 discretionary funds?

16 CHIEF PROCUREMENT OFFICER FLORES: 82
17 percent from the number that we have which does not
18 include contracts that do not come to us for
19 clearance.

20 CHAIRPERSON WON: Okay. We'll follow up.

21 DEPUTY CHIEF-OF-STAFF SULLIVAN: I think
22 just to make the point that the MOCS clearance is not
23 really a substantive review. It's really just a
24 process checklist to confirm that they're cleared by
25 City Council, have done the capacity-building

training, and have submitted HHS pre-qualification so our clearance process is very fast when we get the data from Council. We can just check that against the other criteria, and that's dependent on the Transparency Resolution timeline.

CHAIRPERSON WON: Thank you. What are some of the common issues that MOCS wants to highlight when reviewing non-profits and community-based organizations for these contracts that may be stalling them?

CHIEF PROCUREMENT OFFICER FLORES: Thank you, Chair. Just to reiterate, we appreciate the time you took some time ago for us to walk you through the discretionary process. We've done the same for the Comptroller's Office as well. I think there's definitely some assumptions about the process, and really it's important to have that baseline in order to do the reform work going forward. I think the fact of the matter is, unfortunately, that the process as it is now means that every contract will always be late in the discretionary process. For example, in last Fiscal Year I believe it was about 50 percent of the awards were allocated in the initial Schedule C, but obviously the process can't even start for

vendors in the clearance process until they're named in Schedule C or subsequent Resolutions, and the last Fiscal, the majority of those awardees didn't happen until September or October, over 90 percent, so if the not-for-profit provider isn't named in the Resolution, the process can't start, so I think there's lots of opportunity for really changing that process so that it's not late inherently, and, as I said in the testimony, really excited to have been working with the Council on some of those ideas and hope to have some of that available to report out soon.

CHAIRPERSON WON: Thank you. We know that there's been a new Mayor's Office of Non-Profits that has been established. Can you help understand what's going on because for contracts that are delayed for these non-profits and community-based organizations, who should they be going to? Is there a dedicated team at MOCS still that follows up with these groups in order to walk them through the process if they have been delayed or are they supposed to work directly with the Mayor's Office of Non-Profits now?

CHIEF PROCUREMENT OFFICER FLORES: Thank you for the question, Chair. Director for the Mayor's

Office of Non-Profit Services I know has been going around and meeting and scheduling meetings with Council Members to really explain the Office and her vision and where we hope to be going forward.

We are very close partners with the Mayor's Office of Non-Profit Services at the direction of First Deputy Mayor Wright, and so at this time we're lockstep where contractors and not-for-profits who have questions either come directly to us or they come directly to Director Ford, and we work hand-in-hand in resolving those issues and answering those questions and hope to have more information in the next few weeks with communication to the sector as we report out on the good work that's happened through the Non-Profit Joint Task Force and happy to have another meeting with you or your staff or anyone on this Committee or any other Committee to really walk through that vision and how we intend to continue to work together.

CHAIRPERSON WON: Okay, so it's either/or currently. For the Fiscal Year '24 budget, do you know the headcount and the overall budget for the Mayor's Office of Non-Profits? Will that be changing from Fiscal Year '23?

CHIEF PROCUREMENT OFFICER FLORES: I'd have to defer to OMB for that answer, Chair, but happy to pass it along and come back to you.

CHAIRPERSON WON: Okay, thank you. Many non-profits hold multiple contracts with the same agency and are required to provide redundant documents for every contract every single year. In the past, MOCS used the Document Vault feature on HHS Accelerator in order to streamline this process for many non-profit vendors. A lot of people refer to this as the Common Application for college, and that's what people are dreaming and hoping for. Would it be possible to reintroduce this feature to eliminate duplicative document requirements?

CHIEF PROCUREMENT OFFICER FLORES: Thank you for the question, and I love the reference to Common App. As a mother of a 16-year-old in his junior year of high school, I am very much going through that process now.

As I mentioned in my testimony, Document Vault was a huge part of the successful adoption of HHS Accelerator, and, as you may know, was one of the many features that was borne out of a working group led then by Deputy Mayor Gibbs under the Bloomberg

administration. PASSPort was not built with the intent of having Document Vault, but, as I said, we've heard loud and clear that this is essential and sort of a no-brainer, not only for the sector, but also this is the kind of thing that will cascade across other contracts as well, and that's why it's been, as we reprioritize where we're going to invest our funds, that's at the top of the list, and that is on our timeline to complete in this administration.

CHAIRPERSON WON: Thank you. Last February, the Mayor announced the development of Contract Stat system which would be a key transparency metric to track performance management of city vendor agencies. What is the current status of Contract Stat and its development?

CHIEF PROCUREMENT OFFICER FLORES: Thank you for the question. I'll start and if anyone wants to add information. Contract Stat, we are working closely with our partners including the Mayor's Office of Non-Profit Services and are in a good place for what I'll call Phase 1 of Contract Stat, and it's one of the many sort of tools that we are going to implement across the City and how we look at contract data and iterate on that data and so we intend to

continue to add functionality in terms of the type of data that we'll be looking at, but really the premise of Contract Stat, just to clarify, is not so much a thing, a separate thing from PASSPort. It really is the practice of bringing everyone into a room and looking at our data and really holding one another accountable and being transparent about that, and building that as part of our norm is really the biggest part of instituting Contract Stat but happy to come back and show you a little bit of what it's going to look like, but it will continue to change and iterate.

CHAIRPERSON WON: Is Contract Stat a dashboard that's going to be part of Ivalua or is it built by somebody else?

CHIEF TECHNOLOGY OFFICER SUNDERLAND:
Earlier in the testimony, there was a mention of the Procurement Data Warehouse which is kind of a single source of truth for contract and financial data, and we're in the process of building that. Contract Stat is just literally another instance of a reporting interface on top of that, and it's really an extension of an overall policy by Director Flores to try to make consumable data and make it more

available to the agencies and to the oversights on an ad hoc basis even going forward so in many ways Contract Stat at this point is becoming an initial implementation of some of that functionality as we complete the first release of the (INAUDIBLE)

CHAIRPERSON WON: So who's developing this interface? Is it internal from DoITT?

CHIEF TECHNOLOGY OFFICER SUNDERLAND: I am. (INAUDIBLE)

CHAIRPERSON WON: Okay, so you're doing it internally at MOCS? Okay.

CHIEF TECHNOLOGY OFFICER SUNDERLAND: I'm the Acting CTO, but actually this is being built largely by Accenture at this point, and it does involve interfacing with data from Ivalua, but, once again, it all has to do with the Procurement Data Warehouse that we're building and the reporting tools we're putting on top of it. There will be an overall reporting interface that agencies will be able to come to seamlessly to get whatever services they need from the PASSPort platforms.

CHAIRPERSON WON: Where does the budget come from for the Procurement Data Warehouse? Is that from DoITT or is that from MOCS?

DEPUTY CHIEF-OF-STAFF SULLIVAN: That's MOCS under some of the one-time needs we discussed for FY23 essentially.

CHAIRPERSON WON: What is the total cost for Fiscal Year '24 for the Procurement Data Warehouse?

CHIEF PROCUREMENT OFFICER FLORES: I think we'll need to come back to you with the exact breakdown just for Procurement Data Warehouse. We intend, again, I think really reprioritizing how we're going to use those funds, understanding that, as you know, Chair, sort of technology sometimes takes time, and we are sort of trying to phase some of the work that we're doing and build that foundation so our first sort of phase of Procurement Data Warehouse is going to be our first focus to get that foundation done and then build upon that with more functionality so I think we'll need to get back to you with sort of the estimated cost for the first phase of Procurement Data Warehouse.

CHAIRPERSON WON: Okay. I'm asking because I know the Chief Data Analytics Officer under DoITT is also building out an architecture for centralizing

the data because it is so incredibly siloed right now which makes it unusable.

CHIEF PROCUREMENT OFFICER FLORES:

Absolutely, and I would just, Chair, reiterate what I may have said the last budget hearing, but it's really essential for the approach of this Administration, we invited OTI to do a full review of all of our technology, our staffing, soup to nuts, since last year, March, and they provided recommendations which, again, we said come in, kick the tires, lift the hood, and tell us as the Chief Technology Officer for the City of New York what we need to do to improve and to advise us on how we can be lockstep with the work that's happening across all the city agencies at the direction of the CTO, and that's why our Acting CTO is actually on loan to us from OTI. We have frequent biweekly meetings with high-level staff at OTI. Any decision that we're making around any technology decision, not just data, is in line with making sure that what's happening citywide that we are following what that vision is. Again, as a person who's worked in oversight in many different capacities over many years, we are not trying to build anything that is operating all by

itself and that you'll need to hire some technologist with some outdated skills that lives in Montana, he's the only person who can work on the system, right? We want to do exactly what is in line with the future of having this one-city voice and one-city experience, and so everything that we're doing including Contract Stat and our Procurement Data Warehouse is in line with that.

CHAIRPERSON WON: For the internal database that's being built by Accenture, is that a separate contract or is that an existing contract that you are creating a different work order for but you already have with Accenture for PASSPort?

CHIEF PROCUREMENT OFFICER FLORES: We're not entering into any new contracts with Ivalua or Accenture for any of the work that we've described. We're leveraging our existing agreements.

CHAIRPERSON WON: Okay, so it's part of the PASSPort contract?

DEPUTY CHIEF-OF-STAFF SULLIVAN: Yeah, it's part of the 16 million contract with them over the three years as well as the upcoming change order that I mentioned earlier.

CHAIRPERSON WON: Okay, thank you. What is the actual estimated cost for the full development of Contract Stat totaling?

CHIEF PROCUREMENT OFFICER FLORES: Again, Chair, I know when we say Contract Stat, it kind of sounds like it's a separate different thing. I don't have a cost specifically for Contract Stat because it is just essentially the first piece of what is going to be the foundation of how we look at data going forward so, for example, and Don can definitely speak to this in more detail than I can, but part of the visualization of data is going to apply to all procurement data, and how do we visualize that data and what tool we use is not only going to Phase 1 of Contract Stat but what our future state is for all data so I don't have a specific number for just Phase 1 of Contract Stat. It's work that is part of our ongoing vision of how do we mine the copious amounts of data that's produced from contracts or from different sources in a way that is usable for strategic decisions, not only for reporting out on transactions that have already happened.

CHAIRPERSON WON: Okay, we'll follow up on the Procurement Data Warehouse costs, and I

understand it's built into both the PASSPort contract with Accenture as well as the Procurement Data Warehouse so we'll follow up on that.

Next, I want to talk about headcounts and vacancies. The preliminary plan introduces a Program to Eliminate the Gap, PEGs, proposal through the elimination of vacant positions so what are MOCS' current vacant positions as of February, how many vacancies are eliminated of these vacant positions, if any?

CHIEF PROCUREMENT OFFICER FLORES: Chair, if you could repeat the second part of your question?

CHAIRPERSON WON: How many vacancies are eliminated of these vacant positions, if any are eliminated?

CHIEF PROCUREMENT OFFICER FLORES: Thank you for the question. At this time, we have 32 vacant positions, 25 of which are directly at MOCS, and we've been really doubling down on our outreach to ensure that we can hire up to the vacancies that we do have, and so I'm happy to report that of those 25, 15 are in various stages of the hiring process with 10 candidates already have been identified so the

balance is 10 vacancies of those that sit at the Mayor's Office of Contract Services.

CHAIRPERSON WON: Out of the 32 vacancies, 25 of them are directly at MOCS, and, out of the 25, you're trying to fill every single one of them?

CHIEF PROCUREMENT OFFICER FLORES: Yeah, the 25 that are MOCS positions, we are actively trying to fill every single one of them. As I said, we're happy to report that 15 of the 25 are in various stages of interview process, background checks, doing references, and 10 of the 15 we've identified candidates and moving through that process so the balance is 10 of those 25.

CHAIRPERSON WON: Okay, and then the seven that are not direct MOCS positions, will those be eliminated?

CHIEF PROCUREMENT OFFICER FLORES: Thank you for the question. The seven that are through our agency partners are actively pursued to hire for those positions as well through our agency partners. We've already gone through the processes, all of the other agencies have citywide, of taking our vacancy cut which was 33 positions.

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2 CHAIRPERSON WON: So it sounds like you
3 won't be losing any headcount?

4 DEPUTY CHIEF-OF-STAFF SULLIVAN: The 32
5 that the Director alluded to is after the 33 cut that
6 we had a month or so ago, so there were partner lines
7 among the cut and then the seven partner lines she's
8 referring to are what's active now.

9 CHAIRPERSON WON: Okay, so how many
10 positions are you losing total?

11 CHIEF PROCUREMENT OFFICER FLORES: The
12 positions that were already cut as part of the
13 citywide vacancy reduction was 33.

14 CHAIRPERSON WON: Okay

15 CHIEF PROCUREMENT OFFICER FLORES: So what
16 we're left with after those 33 were cut were 32,
17 which includes agency partner lines, and of those 32,
18 25 are left that are MOCS positions, but the vacancy
19 reduction has already happened.

20 CHAIRPERSON WON: Okay. Do you feel
21 confident that you're still able to carry out all of
22 your responsibilities with more than 50 percent of
23 the vacancies that were cut then?

24 CHIEF PROCUREMENT OFFICER FLORES: Thank
25 you for the question, Chair, and I also really want

to thank the Council. I know this has been a focus of this series of budget hearings and really important the partnership in supporting the agencies in doing the fundamental work that we're charged with doing. At this point, we're confident that we are continuing to maintain the level of services both to the vendor community, stakeholders, and to our agencies, and we will continue to work with OMB if there are additional needs or issues.

CHAIRPERSON WON: Are there any increases in contractors that will be brought on for MOCS since you're losing full-time positions?

CHIEF PROCUREMENT OFFICER FLORES: Thank you for the question. There are no specific plans for using alternative methods to do the work that we're charged with. We'll continue to do our work with our staff.

CHAIRPERSON WON: Okay, so there's no other contracts open for consultants other than the ones that exist with Accenture right now?

CHIEF PROCUREMENT OFFICER FLORES: At this moment, we have our existing contract portfolio, which I think at the last budget hearing we may have given you some details on some other smaller

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2 contracts that we had at the time in addition to the
3 PASSPort-related contracts so happy to follow up with
4 you and update that list, which are much smaller
5 contracts.

6 CHAIRPERSON WON: Can you give us a
7 breakdown of the 33 positions that were previously
8 cut that were vacant?

9 CHIEF PROCUREMENT OFFICER FLORES: Yes,
10 Chair. Let me start, and my Colleagues here will jump
11 in if I miss anything. I believe of the 33, 13 of
12 them were related to various positions to support the
13 Non-Profit office including digital staff or IT
14 staff.

15 DEPUTY CHIEF-OF-STAFF SULLIVAN: It was
16 across the board though. We can kind of follow up
17 with the table by unit and provide that after the
18 hearing, but it might take a second to dig up right
19 now.

20 CHIEF PROCUREMENT OFFICER FLORES: We have
21 it here somewhere. If we find it before the end of
22 the hearing, we'll tell you, but to Matt's point, it
23 was across the board. Obviously, we had to identify
24 positions where we were still able to perform our
25 services and some of that also had to do with looking

at positions that we hadn't been as successful at fulfilling and weren't sure if we would be able to fulfill in the short-term and use those as part of our vacancy cut, but we'll follow up with the exact breakdown, but it cuts across our IT, our procurement operations, our non-profit, we took cuts across all of our office area.

CHAIRPERSON WON: What is MOCS' attrition rate in Fiscal Year '23?

CHIEF PROCUREMENT OFFICER FLORES: Thank you for the question. I believe it's 14 percent, but Matt will confirm for me, but I'd also say that again in the last 24 months we've done 65 new hires with 38 separations so a net change in the positive of 27 additional staff, but Matt will confirm in terms of the attrition rate.

DEPUTY CHIEF-OF-STAFF SULLIVAN: I will clarify that that's over the past 12 months so net plus 27 over the past 12 months. I think it's something like three or so per month.

CHAIRPERSON WON: Okay, thank you. I also want to acknowledge Council Member Gennaro has joined us.

During the Office of Management and Budget Fiscal '24 preliminary budget hearing, OMB's Director stated that the City has lifted the two-for-one restriction in December leaving agencies free to hire up to their budget headcount without any restriction for the first time in three years. Has MOCS been informed of the new measure from OMB?

CHIEF PROCUREMENT OFFICER FLORES: Yes, all of the agency Commissioners and Directors were informed of that change in policy.

CHAIRPERSON WON: You mentioned how you had 15 positions which you forecast to be filled. What are positions that MOCS currently has open and is actively hiring for?

CHIEF PROCUREMENT OFFICER FLORES: The majority of the positions are in the IT-related work to support PASSPort and reporting, and we have a few I think in our Procurement Operations. I think we're fully staffed in our Learning Development area.

CHAIRPERSON WON: The plan shows MOCS' budget grew in Fiscal Years in '21 to '23 to reach a headcount of 245. What is the optimal number of positions for MOCS to efficiently deliver key city services?

CHIEF PROCUREMENT OFFICER FLORES: Thank you for the question. I think as I mentioned earlier, Chair, we are really doubling down on ensuring that we hire up to our current headcount and continue to be flexible and creative in ensuring that we're leveraging the resources we have and really also supporting the staff that we have in ensuring that we create an environment at MOCS where the folks that we have hired, the folks that are at MOCS stay and that we really mitigate attrition.

CHAIRPERSON WON: Thank you. Is MOCS currently working DC37 to conduct job fairs and/or has MOCS participated in DC37 hiring halls?

CHIEF PROCUREMENT OFFICER FLORES: Chair, as I mentioned in my testimony, we have begun to go to job fairs. I don't have at this time in front of me whether or not it was specific to DC37. I'd have to speak to our HR folks and see if that's something we've attended or is on our calendar, but we work really closely with DCAS in making sure that any opportunities that they've provided or any of our other partners including universities, CUNY, and others that have job fairs, and we have begun attending those.

CHAIRPERSON WON: Thank you. I want to flag again that we've been hearing from unions on their concerns about apprenticeships and the contracts which we'll follow up with. Does MOCS review RFPs to ensure fair rates and wages are included in agency contracts?

CHIEF PROCUREMENT OFFICER FLORES: Chair, in our oversight role, we do review solicitations to ensure that they are in compliance with the PPB rules and other applicable rules and regulations, I'd have to defer to OMB sort of on the specific of titles and salaries.

CHAIRPERSON WON: Thank you. The Joint Mayor and Comptroller Task Force to Get Non-Profits Paid on Time recommended modifying human services contracts to create a contingency funding provision so that budgetary cost increases such as COLAs or changes to the indirect cost rates can be approved without having to undergo a contractual change. Has MOCS been able to implement these contingency funding provisions into agency contracts? If not, what steps must be taken to implement this recommendation?

CHIEF PROCUREMENT OFFICER FLORES: Thank you, Chair. Yes, we have been able to implement the

allowance or contingency amendment, and agencies have begun since last year to process those, and I just have to take a moment and really say that I know it sounds like it was simple and we just added this clause. This was like earth-shattering, ground-breaking for the City of New York for all parties to really come to a place of understanding that not only does this sector continue to show up for us every single time, whether it's an emergency or any other need, but this is a concept that has been around for quite some time in the Public Works capital construction contracts, but it was part of the human services sector so a huge game-changer, and we will continue to see dividends from that in the future as all of the applicable contracts have that clause which will allow agencies to reduce tremendously the number of amendments that they have to do, but I think we have a number of the agencies, how far we've gotten so far in processing those allowance clauses.

DEPUTY CHIEF-OF-STAFF SULLIVAN: 60

percent of the allowance amendments have been registered, and the remaining 35 or so are in the progress so these are the ones looking backward, and

then going forward it will just be incorporated into the human service contracts.

CHAIRPERSON WON: Thank you. Prior to the Fiscal '23 adopted budget, health and human services providers (INAUDIBLE) was negotiated on a year-to-year basis. However, the Council successfully secured a baseline funding of 60 million in the Fiscal Year '23 adopted budget for HHS providers' indirect operating cost to ensure equitable access to public benefits and better support of the City's frontline workers. What is the estimated shortfall in indirect rate funding in Fiscal Year '24 and the outyears?

CHIEF PROCUREMENT OFFICER FLORES: Thank you for the question, Chair. Just to distinguish, the workforce investment of 60 million which then, as you may recall, OMB was able to find an additional 8 million so that 68 million investment in the workforce investment separate and apart from the ICR initiative which was started in the last administration, and the City continues to be committed to funding ICR rates and for any vendor when we open up the application period for each Fiscal Year who may not have had the opportunity to receive an approved ICR rate the last round or if

their rate is expiring, has expired, it lasts for three years, we actively reach out to vendors and even those that we've reached out to that don't respond and provide an application for an ICR rate. We do multiple rounds of reaching out to them to ensure that they get through that process and have that ICR rate. Again, OMB and the City has made a commitment to continue funding those ICR rates.

CHAIRPERSON WON: Is the 60 million in ICR funding baselined in the Fiscal '23 adopted budget sufficient to fund providers that applied for and were approved at a rate of above 10 percent?

CHIEF PROCUREMENT OFFICER FLORES: Again, just to distinguish the 68 million investment from ICR rates and so the ICR rates are funded, budgeted for, and the City continues to maintain that commitment for ICR rates.

CHAIRPERSON WON: Thank you. Does the Administration plan to increase funding to the ICR initiative? When will providers receive guidance on future indirect rate funding?

CHIEF PROCUREMENT OFFICER FLORES: Thank you, Chair. As stated previously, the City remains committed to honoring the accepted ICR rates. The

City continues the ICR application process each year for expiring ICRs and new eligible providers. If the recertification yields a rate increase, the City will be making funding adjustments to the contract budgets to support those changes.

CHAIRPERSON WON: Okay. In your opinion, what can the Council do to strengthen the ICR rates for our health and human services providers even further?

CHIEF PROCUREMENT OFFICER FLORES: Thank you for the question. I definitely will defer to OMB and the ongoing conversations that are happening through the budget cycle of additional collaboration with the Council.

CHAIRPERSON WON: Thank you. The Human Health Council is advocating for changes around inequitable pay among human service workers with emphasis on cost of living adjustments, increased living wage, and more. How much of the citywide contract budget addresses this request?

CHIEF PROCUREMENT OFFICER FLORES: Thank you, Chair. Yes, I am aware of the advocacy from the sector on this issue and, as previously stated, we'll

defer to OMB and discussions during the budget cycle with Council.

CHAIRPERSON WON: A bill heard by the Contracts Committee in January requires a prevailing wage to be paid for all human services providers on city contracts. Does MOCS support this proposal?

CHIEF PROCUREMENT OFFICER FLORES: Thank you, Chair. I think as we stated during that hearing a few months, we have some, and I'll refer to the testimony and the Q and A during that session, again, we in spirit want to make sure that we're supporting the sector and had some specific concerns with the bill as drafted, and, as we said then, I'll reiterate now, always we'll make ourselves available to discuss that in more detail.

CHAIRPERSON WON: Thank you. For contracts with childcare services, the City is facing a mounting crisis of delayed payments and contracts that have left some preschool providers struggling towards insolvency. Of the backlog of unpaid pre-K and 3-K contracts, how much has been cleared by MOCS in Fiscal Year '23?

CHIEF PROCUREMENT OFFICER FLORES: Thank you, Chair. I definitely would have to defer to New

York City Public Schools to respond to their full portfolio of pre-K and 3-K. I do not have at this time in front of me whether or not any of those contracts were part of the initial backlog but happy to circle back with you and see if any of those contracts were part of the backlog. For the overall program, I would refer back to New York City Public Schools.

CHAIRPERSON WON: Thank you. We'll follow up about how much remains to be cleared and what the plans are to expedite those contracts towards payments.

Could you tell us how MOCS is working with DOE's Rapid Response Team on this?

CHIEF PROCUREMENT OFFICER FLORES: Chair, at this time, we work closely with New York City Public Schools on a number of initiatives and some specific contract issues, and I would have to get back to you on some of the work and our correspondence with them on this particular initiative. I apologize, I don't have that here in front of me.

CHAIRPERSON WON: Okay. I do not have any further questions, and I'll pass it over to my Legal Counsel.

COMMITTEE COUNSEL PAULENOFF: Thank you, MOCS, for coming to attend and thank you, Chair, for everything you've done today.

We will now turn to public testimony. For in-person panelists, please come up to the dais once your name has been called. For virtual panelists, we will be calling individuals one-by-one to testify.

We will be limiting public testimony today to three minutes each so please begin once the Sergeant has called the timer.

Council Members who have questions for a particular panelist should raise their hands, and Council Members who are here virtually please use the Zoom raise hand function, and the Chair will call on you after the panelists have completed their testimony.

For virtual panelists, once your name is called, a Member of our Staff will unmute you, and the Sergeant-at-Arms will set the timer and give you the go-ahead to begin. Please wait for the Sergeant

to announce that you may begin before delivering your testimony.

The first in-person panel today will be Lauren Siciliano, Lisa Rivera, and Justine Olderman. Please come up to the dais if your name has been called.

You can begin when ready.

JUSTINE OLDERMAN: Good afternoon. My name is Justine Olderman, and I am the Executive Director at the Bronx Defenders. However, I, along with my co-panelists, are speaking to you today on behalf of all the criminal, civil, immigration, and family legal service providers in New York City.

We just sat here and listened to MOCS testify. They went through sort of the top three categories of contracts that come through their office. We recognize that legal service providers were not in the top three. However, I know I don't need to remind all of you that our organizations provide constitutionally mandated and statutorily required critical legal services to low-income New Yorkers. We are here today to sound the alarm about the dire funding and contracting crisis that we are collectively facing. Our organizations provide

critical legal and social services to hundreds of thousands of low-income New Yorkers every year. We defend people from incarceration, eviction, family separation, deportation. We connect people to life-saving benefits, housing, food, job training, substance and mental health support, and educational opportunities. We are a lifeline to low-income New Yorkers in need, but we're before you today because we need a lifeline of our own.

Our funding is woefully inadequate to attract and retain talent, keep pace with rising costs of healthcare, occupancy, and OTPS, meet caseload standards for parents, serve all tenants facing eviction proceedings, and manage the amazing amount of discovery we are now receiving in criminal cases thanks to statewide discovery reform.

Moreover, despite the roadmap created by the Task Force that was discussed earlier this morning to get non-profits paid on time and contrary to what you heard from MOCS this morning and MOCS when they testified in front of you back in January at the hearing you held then, the contracting system and the invoicing process continue to this day to be so dysfunctional we cannot even access the inadequate

funding the City does send our way. I would just add that the cuts that you explored with MOCS this morning to their personnel, it doesn't bode well for their ability to get on top of the contracting crisis that we're here to testify to today.

The combination of these funding and contracting problems, it has literally brought us to our collective knees. We have already seen, as I am sure you are well aware of, critical social service organizations be forced to close their doors for the very same problems that we are here to testify to today. We are literally pleading with the Council to make sure this does not happen to the legal service providers that thousands and thousands of low-income New Yorkers depend on.

I would just like to spend one minute focusing and responding, if I may, to some of the issues that were raised by MOCS this morning when they talked about the efforts that they have made to address the contracting crisis. The City's contracting crisis is multifaceted. It touches every point of the timeline, from the issuance of RFPs, we are two years behind on major contracts for RFPs, to the registration of baselined and discretionary

contracts and amendments. These delays for us today despite the efforts that they have made are unsustainable and create an inability in our organizations to plan ahead, and we are constantly scrambling just to be able to make payroll. We have been forced to take out high-interest loans, hold off paying vendors, rent, experts. We are forced to leave vacant staff lines unfilled which results in increasing workload for our ever-shrinking staff that we do have, but the most egregious aspect of this, and I know I have testified about this before in front of this Committee is the City's abject failure to pay us on time because what happens is when we cannot come up with the cash to bridge the gap, we are forced to underspend our contracts. What that in effect does is make the City's promise to low-income New Yorkers in need of our legal services an empty promise. This morning, you asked questions about the allowance clause, the thing that would help move contracts and amendments along. I can attest that we have four different contracts with the City. We have yet to see an allowance clause amendment registered for Fiscal Year '23. At the very same time that MOCS stands before you celebrating the work that's been

done to address the delay and clear the backlog, the backlog today, right now, is growing to epic proportions. I was stunned to hear, and my Colleagues and I all looked at each other, when MOCS said that as of September 95 percent of the contracts had been registered. For the Bronx Defenders, we are still awaiting a 6 million dollar City Council discretionary contract. It wasn't until a month ago that we had our 10 million Parent Representation contract registered, and the backlog of the amendments for years going back to 2020 were just registered in the last couple of months. The contracting delays I would just flag because there was a lot of discussion about PASSPort and Accelerator. They are compounded by contract management systems that are inefficient, complex, and over-burdensome. You talked about the Document Vault, to this day, we have to upload the same documents for every single one of our contracts over and over again, duplicating efforts and baking in inefficiencies. In addition, I'm not sure if you're aware, but as of right now the different city agencies all have different approaches to the way that they use these systems, requiring us to try to

figure out exactly who does what and how, requiring us ultimately to have to duplicate efforts and causing delays.

Third, there wasn't any discussion of this this morning, but the PASSPort and Accelerator systems don't speak to each other so there's all the prequalification that we have to do then we have the contracts in PASSPort, we upload our budgets, they get approved, then the system moves to Accelerator where we have to re-upload budgets but yet in a different form.

Finally, the City requires us to upload budgets not just for a contract but every single type of award, every investment that you spoke about this morning, the WEI money, pay parity money, COLA money, every single one of them requires a separate standalone budget. This is only like the tip of the iceberg in terms of the mind-boggling inefficiencies of this system.

These contracting issues are a reflection of more than just technical and mechanical problems. They are a reflection of how this City values the work that we do. More importantly, it is a reflection of the way this City values the people that we serve.

The message that the City is sending today is loud and clear, and it is not pretty. If the City wants to send a different message, we urge this Committee and each of you in the Council to continue to be relentless in your oversight of the efforts that are being made to implement the Task Force recommendations to get non-profits paid on time. There are short-term recommendations that are in that report that, years later, have yet to be put into place.

I'll turn it over to my Colleague. Thank you.

LAUREN SICILIANO: Good morning. My name is Lauren Siciliano, and I am the Chief Operating Officer at the Legal Aid Society. I am here to talk about critical funding shortfalls that threaten the ability of legal service providers like us to provide essential services to New Yorkers and to deliver the constitutionally and legally mandated services that my Colleague just spoke about.

Providers are facing a staffing and workload crisis. Since the pandemic, we have seen dramatic spikes in attrition with rates raising by 70 to in some cases more than 200 percent. We are all

facing double-digit attrition rates, in some cases as high as 25 percent. Once those experienced staff leave, we are finding it difficult, if not impossible, to attract candidates due to the low salaries that we are able to offer. We are therefore seeking a 25 percent increase in our contract personnel budgets to address this crisis and just stabilize our workforce. In addition, we are calling on the City to continue the Workforce Enhancement Initiative in future contracts and to expand it to discretionary contracts. These resources are essential. Our collectively bargained salaries increase each year while our baseline budgets have remained flat. Our flat contract budgets also do not cover year-over-year cost increases for things like utilities and space and other OTPS costs, which can increase by up to 3 percent, or healthcare premiums which can increase easily by 10 percent each year.

Put another way, we face budget reductions every single year because of our flat contracts while these same costs are covered centrally for city agencies.

Many of our contracts also fall short of covering the full cost of service delivery. This includes funding to meet the demands of discovery

reform as well as technology needs. It includes dollars to fully fund right-to-counsel programs such as universal access in housing courts, and it includes funding essential to deliver high-quality family defense programs with social work and parent advocate services.

To meet these needs, we are therefore calling on the City to provide 125 million to defender organizations, 300 million to dozens of civil legal services providers who administer critical housing, eviction, immigration, and other work, and 30 million dollars for New York's family defense legal providers.

Lastly, there's been a lot of discussion this morning about contract registration, but I want to amplify a point that my Colleague made about payments. Once the contracts are registered and we can actually begin submitting for reimbursement, invoicing for payment, the invoicing process itself is extremely onerous and inflexible. It involves detailed line item reviews that require pages of information and spreadsheets and recordkeeping to meet extremely detailed and often shifting requirements. Invoicing is further delayed by the

budget modification process, which can delay payments by weeks or in some cases months.

We are therefore calling on the City to implement a streamlined invoice review process and to increase contract advances to 50 percent to help address delays in the invoicing process. Thank you. I now turn it over to my Colleague.

LISA RIVERA: Hello. My name is Lisa Rivera, and I am the President and CEO of NYLAG, the New York Legal Assistance Group. Thank you for the opportunity today to discuss the impact of insufficient funding by the City, our contracting issues, as well as recommendations for the future.

Historic issues with contracting funding levels are not new. They threaten our ability to continue to provide expert advocacy, retain staff, and to respond to the ever-increasing need in the community. Like my Colleague said, we are sounding the alarm.

Legal service providers are facing a staffing crisis. Low salaries contribute to high rates of attrition. The result is fewer advocates to take on cases and higher caseloads for those that remain, which turns into a vicious cycle of attrition

and burnout. The ripple effect goes beyond the walls of our organizations. It extends to our clients and the people that we serve. As the workload increases, each advocate has less and less time to spend preparing for their cases and building trust with their clients, which results in less effective representation.

Contract delays at every single step of the process ultimately results in a cut to our funding. When the City doesn't pay us on time for work, we are forced to rely on lines of credit, taking out loans, delaying payments to vendors, and using other funding sources that are meant for infrastructure to our offices and other programming in order to make ends meet. Many of our resources, staffing and financial, are drained by contract delays so we wind up paying fees on every contract that we have. Funding amounts must reflect the cost of doing this essential work, and it needs to be paid on time. This is how the City can ensure that it's speaking to its values and that our clients are served.

Repeated and long-term delays of the RFP process really create uncertainty and instability for

providers. We cannot plan without knowing whether our contracts are going to be renewed, how much funding we're actually going to get for our organizations, and for what services we might be providing the following year. We cannot have the staffing and programming in place to meet the need. While the City can, and does, offer to extend contracts through a negotiated acquisition process, NAs, these extensions only last for a year and do very little to mitigate the problem. In fact, they cause even more problems for our organizations.

Recommendations, we're asking for accountability in every step of the contract and procurement process. While some exist already, it clearly is not enough. We're asking for longer contract terms, for baselined contracts with COLAs baked in, and funding increases aligned with the anticipated rising cost like the ones that Justine outlined above. We are asking that the City Council allow for renewals of discretionary grants for multiple years instead of starting the process year-to-year over and over again. We're asking that the City be required to cover interest occurred on our loans, on our line of credit, that we are forced to

take out because we are waiting to get paid years later. With respect to PASSPort and Accelerator, we would like that Document Vault so that organizations only have to upload the required documents one time and not have to do it across dozens and dozens of contracts. We'd like to ensure that every agency contract specialist is properly trained in the program and there is consistency amongst specialists in agency to agency. Reduction of the annual documents that we have to submit for renewals. Last but not least, invoicing. We need a streamlined invoice review and budget modification process. It should not take us longer to invoice than it was to register. We also would like the City to provide an advance of 50 percent instead of 25 percent on our contracts to help address the delays in invoicing so that we, as organizations, have the cashflow to make payroll and other expenditures in our organizations. Thank you.

CHAIRPERSON WON: Thank you so much for coming. I want to acknowledge Council Member Lee has also joined.

Would it be possible for us to receive your written testimony by email? We would love to

make sure that we address a lot of your concerns, see where we could legislate, and see where we can continue to keep them accountable in further hearings?

LISA RIVERA: We would be happy to provide that.

CHAIRPERSON WON: Thank you so much. We really appreciate you taking the time.

It has to be sent to testimony@council.nyc.gov.

JUSTINE OLDERMAN: Yes, and just to be clear, we do have much more substantial written testimony than the oral comments that we made. It does include all the recommendations, and, as we indicated, the three of us are here representing many more legal service providers.

CHAIRPERSON WON: Thank you. Are you all part of the Non-Profit Task Force by the Comptroller and Mayor's Office where they have a group of non-profits that participate in that?

JUSTINE OLDERMAN: No.

LISA RIVERA: No.

CHAIRPERSON WON: Were you invited to that?

2 JUSTINE OLDERMAN: No.

3 LISA RIVERA: No.

4 JUSTINE OLDERMAN: We did ask for and we
5 did receive a meeting with Karen Ford, and that was a
6 great first step. We did highlight to her that we
7 would like to be included in these round tables and
8 these discussions. When the Task Force was first put
9 together, none of the legal service providers were
10 included. If you look at that front page that has the
11 list of everybody, it's the first place I went. We
12 were not consulted during that process, but I have to
13 say that the Task Force report has in many ways
14 become our bible and we were very excited to see it
15 even though we were disheartened that we were not
16 included in it, but we are disheartened to see the
17 slow pace of the implementation of those
18 recommendations.

19 CHAIRPERSON WON: Yeah. I would also love
20 to stay in touch if you guys have business cards. I
21 would love them so we could follow up after.

22 JUSTINE OLDERMAN: Absolutely.

23 LISA RIVERA: Absolutely.

24 COUNCIL MEMBER LEE: As a former non-
25 profit exec, I have to say we love the work that

NYLAG does not just for the clients but also to help guide us as staffers so thank you for that.

Just a quick followup to what Chair Won was saying, were you guys part of the previous iteration of NRC or no, the Non-Profit Resiliency Committee? So you guys were not part of that either?

JUSTINE OLDERMAN: No.

LAUREN SICILIANO: No.

LISA RIVERA: No.

COUNCIL MEMBER LEE: Okay. Good to know.

JUSTINE OLDERMAN: I mean what you're highlighting is sort of one of the struggles that we have as I sort of started by saying, we provide constitutionally mandated and statutorily required legal services, and we are literally a lifeline to so many people and helping people find stability and create stability not just for themselves and their families but entire communities, but when we sort of think about and when the City talks about sort of the human services sector, the legal services providers usually end up standing on the outside.

COUNCIL MEMBER LEE: If you haven't, I would just add the consistency also across the

2 agencies is really important in terms of contracting
3 because that was always crazy for us.

4 JUSTINE OLDERMAN: Absolutely.

5 LISA RIVERA: Absolutely, and consistency
6 across the agencies allows all of us to understand
7 how we move forward. The issue that we are facing now
8 has been longstanding for decades. Seeing contracts
9 in progress on PASSPort is mindboggling because they
10 can be there for a month, two months, six months,
11 nine months to a year. In progress does not allow us
12 to have sufficient information for us to be able to
13 plan for the future.

14 COMMITTEE COUNSEL PAULENOFF: Thank you,
15 all. I'm going to call the next panel now.

16 Next up we have Jackie Del Valle and Dash
17 Yeatts-Lonske. Apologies if I mispronounced that
18 there.

19 As a reminder, if there's anyone else who
20 wishes to testify here in person, please fill out a
21 witness slip and hand it to the Sergeants.

22 You can begin when ready.

23 JACKIE DEL VALLE: (INAUDIBLE)
24 participatory research and policy support to
25 strengthen the work of grassroots community-based

organizations. Stabilizing NYC is a coalition of 20 grassroots organizations to fight tenant harassment and speculation at the hands of private equity between legal resources and organizing. Thank you for holding this hearing and to Council Member Won for her leadership and the tough questions.

I've been working directly in procuring awards for discretionary funding for over 15 years, and it's always been long and painful but things seem as bad as ever despite the online digitized portals and the processes and a clearly more committed administration. As the Council and my Colleagues have just testified, non-profits receiving discretionary funding are asked to perform vital services, meet deliverables, run programs, pay and manage staff, yet do not see the money until long after the Fiscal Year has ended. This has been happening year after year, and these multi-year funding delays have compounded. For this current Fiscal Year, my organization, TakeRoot Justice, was awarded a little over 2 million dollars in discretionary funding. This is FY23. We have not received any of our money, and our HPD awards which includes the Stabilizing NYC Initiative has only just begun the contract registration

process. We have also not registered our FY22 HPD awards, and the 19 other SNYC non-profits are in the same sad, frustrating boat.

For the backlog, first and foremost we ask that groups to immediately receive a significant portion of the owed money through the advances and bridge loans. I appreciate a lot of the testimony that MOCS gave today and the work that they're doing on the backlog, but, as pointed out by the first panel, there's still millions and millions of dollars that have not made its way to organizations, and we really want to see starting in FY24 groups receive advances at the start of the Fiscal Year, contracts registered within six months of getting an award, not one to two years, and community groups that receive city funding really need to be looked at the whole process so that the vendor responsibility determination could be a separate process where groups become annually registered to receive city funding so that way it's not tied to each and every single award and contract which MOCS, themselves, pointed out is a huge part of the problem, that you're having to do the service delivery and register

the contracts, and those could very easily be separate processes.

In conclusion, years and years of egregiously late payments on the HPD contracts have compounded and are jeopardizing the impact of my organization and the Stabilizing NYC coalition. Organizations lose resources fighting not for their missions but cash flow solutions. These multi-year funding delays hurt the low-income communities of color that the Council intends to empower. Thank you.

COMMITTEE COUNSEL PAULENOFF: Thank you. You may begin.

DASH YEATTS-LONSKE: Good afternoon, Chair Won, Council Member Brewer, Members of the Committee. My name is Dash Yeatts-Lonske, and I'm the Advocacy Associate at Urban Pathways. Thank you for the opportunity to testify at today's hearing on the importance of the COLA for the human services workforce. Urban Pathways is a non-profit homeless services and supportive housing provider serving approximately 3,900 single adults annually through a full continuum of services. We hold city contracts with DHS, DOHMH, and HRA for our drop-in centers, for safe havens, and congregate and scattered site

supportive housing. We also offer a wide range of additional programming including street outreach, total wellness, employment, and consumer advocacy programs. We thank the Council for supporting the sector with the 60-million-dollar Workforce Investment and for being vocal champions of the Just Pay Campaign last year. Unfortunately, the investment fell short of the 4 percent COLA the Council had included in budget negotiations and was much delayed with providers waiting six months or longer for guidance. After fringe benefits and taxes, less than 2 percent was able to be applied to direct worker salaries. This year, we are asking for a 6.5 percent COLA. As we do, we also ask the Council to ensure it is included in the budget as a cost of living adjustment and not some other named initiative. Providers have to be able to rely on the budget documents and percentage to enact wage changes while waiting for money to flow from the City. We believe a 6.5 percent COLA would cost an estimated 200 million and would help workers just keep pace with inflation. The underpayment of our workforce on government contracts is the biggest challenge facing our organization. Low wages impact both our staff and

those we serve by making it difficult to hire and retain qualified staff. While there are staff vacancies, the dedicated staff we do have are taking on greater workloads that lead to burnout and ultimately add to turnover, and the constant recruitment and hiring necessary to fill positions overwhelm HR and the administrative staff. When I first met our clients, the first thing they said to me was don't leave. Those we serve work closely with staff to meet their goals including maintaining their mental health, managing their chronic illness, getting back into the workforce, and obtaining permanent housing among so many others. The quality of this work is heavily reliant on relationships which are difficult to build when you have multiple case managers in a short period of time. What's worse is that many members of our workforce qualify for the same benefits they're helping their clients to obtain. 15 percent of the workforce qualifies for food stamps, and many of our staff work two or three jobs to make ends meet. Moreover, we have staff members who have been forced to move into shelters while they work to help others exit that system. The City must address the contracted wages that keep the

critical human services workforce living in poverty. This is also an issue of broader equity. 75 percent of the 80,000 human services contract workforce identifies as people of color and 70 percent as women. The COLA is a short-term fix but will not fix the wage gap in the long-term. We implore the City to also examine the base pay of the human services in its contracts. Thank you.

CHAIRPERSON WON: Thank you so much. I also want to acknowledge Council Member Brewer has joined us.

COMMITTEE COUNSEL PAULENOFF: Thank you for your testimony.

As a reminder, if anyone is remaining who wishes to testify in-person, please fill out a witness slip.

If not, we will now move to virtual testimony.

The first virtual panelist we will call today is Annie Miguez followed by Greg Morris and then J. T. Falcone.

Annie Miguez, you may begin when the Sergeant calls the time.

SERGEANT-AT-ARMS: Starting time.

COMMITTEE COUNSEL PAULENOFF: Annie Minguez, you've been unmuted but we don't hear you.

ANNIE MINGUEZ: Hello. Can you hear me now?

COMMITTEE COUNSEL PAULENOFF: We hear you now. Go ahead.

ANNIE MINGUEZ: Okay. Thank you so much. Thank you, Chair Won and the Members of the Committee on Contracts for the opportunity to testify on Mayor Adams' preliminary budget as it relates to MOCS. My name is Annie Minguez, and I'm the... Hello, can you hear me?

COMMITTEE COUNSEL PAULENOFF: Yeah, we hear you.

ANNIE MINGUEZ: My name is Annie Minguez, and I am the Vice President of Global and Community Relations at Good Shepherd Services. My written testimony will focus on the need to improve the procurement relationship between non-profits and government and the need for greater investments in the human services sector to address the staffing crisis severely impacting our ability to support children, families, and communities across New York City. As a former member of the Non-Profit Resiliency

Committee, Good Shepherd Services has been a steadfast advocate for the Indirect Cost Rate initiative, workforce enhancements, and COLA that support the lowest-paid frontline positions. Good Shepherd has also worked tirelessly to improve the human services contracting process and is looking forward to working with the newly established Office of Non-Profit Services. Non-profits continue to experience delays in registering contracts and receiving payments. This is particularly true for our DOE contracts that may take up to one year if not more to register. As Director Lisa Flores mentioned today, there are significant delays on the registration of the City Council discretionary awards, and for Good Shepherd that we were not designated a (INAUDIBLE) vendor until December 2022. This delayed and impeded our ability to financially plan.

I will say there is a high turnover rate in our agencies for Good Shepherd. That's doubled from Fiscal Year '21 to Fiscal Year '22 we are (INAUDIBLE) 49 percent, and that high turnover rate should concern everyone. Just during the preliminary budget hearings, at the General Welfare preliminary

budget hearing, the ACS Commissioner (INAUDIBLE) that they were hiring additional staff and that their latest Youth Development Specialist job posting they had a starting salary of 47,000 dollars and, after five years, that would increase to about 60,000 along with a 2,500 sign-on bonus. As Chair Ayala mentioned then, non-profits cannot compete with these offers because our contracts will not allow us to pay annual increases or bonuses. Additionally during the Education preliminary hearing, I testified that school psychologists and social worker salaries, their schedule states that their starting salary is 65,000 dollars and after five years it increases to 99,000 dollars. While we thank the Administration and the Council for the workforce investment in the past two years, we are concerned that Mayor Adams' preliminary budget omitted a COLA altogether. This is why the Human Services Council is asking for the Administration and Council to negotiate a budget that includes a 6.5 cost of living adjustment and salary parity so that human services providers across New York City can pay living wages to staff that are equal to the salary compensation and benefits

available to city workers. Thank you for the opportunity to testify.

COMMITTEE COUNSEL PAULENOFF: Thank you.

Next, we will hear from Greg Morris followed by J. T. Falcone and then Penny Bunyaviroch. Apologies if I mispronounced that.

Greg Morris, you may begin when the Sergeant calls time.

SERGEANT-AT-ARMS: Starting time.

GREG MORRIS: Good morning, everyone.

Thank you for making this time. Thanks to Chair Won for her leadership and the opportunity to provide testimony. Greg Morris, CEO of the New York City Employment Training Coalition, the largest city-based workforce development association in the country. For 25 years, this coalition has played a vital role in presenting and championing policy priorities that support the alignment and coordination of workforce development and economic development in New York City. We seek to reduce and eliminate barriers to employment access and supply every New Yorker with the skills, training, and education needed to survive the 21st century. We are essentially an association representing 200 workforce development providers

serving as many as 200,000 New Yorkers, largely from under-resourced neighborhoods, identify as BIPOC, low- and moderate-income, and we also serve as what I think is connective tissue, seeking to connect the strategic, operational, and programmatic needs and gaps that exist between stakeholders, whether it's the City and State, whether it's philanthropy and higher education, whether it's between providers and employers.

I'm testifying today because our providers, as you know, workforce development providers in the City, they're underfunded, they experience delays in contract payments, the vendor relationship that they have with the City is such that there aren't built-in COLAs. This is all content you've heard from other providers, and, as someone who's been in the provider space for 25 years, I guess what I really want to say during the course of this besides the New York City Employment Training Coalition is here, we're experiencing contractual challenges, but we're here to support the needs of New Yorkers who want access to great employment opportunities, quality jobs for all, but I'm really here to say this. This is a circumstance where there

is plenty of content, reports, research, and other guidance for how we can change and evolve our procurement system in New York City. Until we do, until there is the investment of time and resource to fix our broken procurement system, we are going to continue to have the same conversations. As much as I sit here today and say to you support workforce development, I want to see City Council investments in workforce development and workforce development providers, I support the legal community that was here earlier, I support the human services providers, the affordable housing folks, the community-based providers, we all deserve more to ensure that our staff is funded well and that our contract obligations are being met and that we can meet unique and dynamic needs. When the pandemic hit, we didn't leave town. We dug in. Specific to MOCS and the engagement with MOCS and the ongoing conversation that's happened at these hearings, we have a staffing crisis in the City. As much as each of the different hearings have said, you've heard directly from City agencies and others, we'll figure it out, we're doing fine, we know they're not. The problem is not being solved. Contractual payments are not met on time. We

know how to fix that. All of the content as referenced by the Chair...

SERGEANT-AT-ARMS: Time expired.

GREG MORRIS: And others during this conversation is available to us. We just need to take the steps to do it. That can't happen, I think, until this City Administration, and here is where I would suggest that the Council in its role needs to seek to have either Subcommittees or task force involvement to say we want regular quarterly reporting on the progress of the investment that the City is making to fix a broken procurement system because, until we do that, the dollars that are flowing, the billions that flow to vendors, the non-profit human services vendors, will continue to be delayed from budget to amendment to contract registration to invoicing. It needs to be fixed, and I think your job at this moment may be to say here's how we fix it. We want to hear on a regular basis how it's actually being fixed and potentially, I would argue, you need to convene the city agencies and intermediaries like some of us on this call, whether it's NYCETC, the Human Services Council, UNH, and others to work in collaboration, I know this is challenging to hear, but in

collaboration with MOCS and others to fix this problem, and we need to start with an honest conversation, which is it's broken. We can fix it because we know how, but we have to take the steps to be able to do it. On that note, I'll pause and express my thanks once again for the time.

COMMITTEE COUNSEL PAULENOFF: Thank you, Mr. Morris.

Next, we'll hear from J. T. Falcone followed by Penny Bunyaviroch and Rosamarie Pinks.

J. T. Falcone, you can begin when the Sergeant calls time.

SERGEANT-AT-ARMS: Starting time.

J. T. FALCONE: Thank you, Chair Won, for the opportunity to testify today. I'm J. T. Falcone, and I'm here representing United Neighborhood Houses, UNH. We represent the settlement houses in New York City and New York State who provide a wide array of services for New Yorkers of all ages that are very community-based.

I really appreciated, Chair, your line of questioning today, specifically around human services, contract delays, and there's two things really that I'm here to lift up and push hard in this

conversation that you've already brought up and identified as priorities for Council, and that's a COLA for human service workers and prevailing wage legislation sponsored by Council Member Stevens that you talked about in this hearing as well as the last joint hearing with Youth Services and Aging.

I think, hearing from fellow panelists, it's clear that our sector is in a state of crisis. We've been saying that we're towards the edge of the staffing cliff for many years now and we're tumbling. COLA is a parachute that can help to slow the momentum of this tumble. Getting a 6.5 percent COLA in the New York City budget will help to relieve some of the economic pressures faced by our workforce, and those economic pressures are strong. UNH did an analysis recently where we found that a significant percentage of our workforce, nearly 25 percent of our workforce, were facing similar levels of economic insecurity as the New Yorkers that they're serving through their human service programs. The circumstances have led to tremendous turnover and tremendous vacancy rates at non-profits, and we've been hearing from agencies across New York City how vacancies lead to challenges doing their work. Same

for us. Vacancies lead to challenges doing our work, and it becomes a vicious cycle in human services when you're contracted, you can't maximize your contract if you don't have complete staff, and then the City turns around and says you're not maximizing your contract so we're going to cut that budget line through a PEG and it's not actually impacting services so all of this budget magic leads to a situation where we are in a downward spiral, and services that New Yorkers desperately need are being held up in budget tricks and PEGs. The COLA is the immediate fix, and the prevailing wage legislation, Introduction 510, that you brought up earlier, Chair Won, that is the long-term solution. Without passing that bill and fully funding it, you can't COLA your way out of this crisis at this point. Even at 6.5 percent year-over-year for five years, starting at minimum wage you're still under 20 dollars an hour five years from now. Percentages...

SERGEANT-AT-ARMS: Time expired.

J. T. FALCONE: They can help in the short-term, but the long-term solution is that prevailing wage legislation, so I'm here, once again, to say thank you for bringing it up, and we really

hope to see that pass this year and included in the budget. Thank you.

COMMITTEE COUNSEL PAULENOFF: Thank you, Mr. Falcone.

Next, we'll hear from Penny Bunyaviroch followed by Rosemarie Pinks and Michael Antwerp (phonetic).

Penny Bunyaviroch, you may begin when the Sergeant calls time.

SERGEANT-AT-ARMS: Starting time.

PENNY BUNYAVIROCH: Hello. Good afternoon. My name is Penni Bunyaviroch. I'm the Director for Contracts Management for Catholic Charities of New York. Thank you for holding this hearing today. I will be submitting written testimony and would just like to highlight a few points here.

Our Catholic Charities staff has done extraordinary work over the past year responding to the unprecedented migrant crisis by providing food, clothing, basics, and assessments, and at the same time responding to urgent needs around housing instability, hunger, and a range of other issues impacting low-income families across New York City. We applaud the City for following through on key

action items recommended by the Joint Task Force to Get Non-Profits Paid on Time but are concerned about some ongoing challenges, and I want to echo and reinforce all of the issues from my previous panelists, including the staffing crisis, low wages, constant recruitment, hiring challenges, and duplication of effort as we've also experienced the same challenges.

First, I just want to emphasize the that fiscal and administrative burdens of contract delays are tremendous. Non-profits can't be expected to float the City to fund services that it pays providers late on. Over the past two Fiscal Years, Catholic Charities has had to outlay almost 4.5 million in emergency food costs incurred during the pandemic. For FY21 and FY22, we had a total of eight discretionary contracts totaling approximately 5 million that were registered late and paid late because of delays and the lack of clear instructions from the funding agency on invoicing. We must continue to prioritize efforts to increase efficiency, transparency, and accountability in the City's procurement process. We supported Intro 511 requiring the PPB to create timeframes for city

agencies to complete the procurement process, and we believe this is a critical step.

Secondly, non-profits have had to operate with contracts that don't allow regular escalator clauses for wages and direct costs. We must support efforts to reimplement annual COLAs. It is not sustainable for non-profits to absorb yearly increases in rent, utility, insurance, and other costs that are funded at flat rates over multiple years.

Finally, we also advocate for continued funding for the Indirect Cost Rate Initiative in FY24 and also for its application to all discretionary contracts to fully fund the cost of providing services.

Thank you for the opportunity to testify. I'm happy to answer any questions you may have.

COMMITTEE COUNSEL PAULENOFF: Thank you. Next, we will hear from Rosemarie Pinks followed by Michael Antwerp.

As a reminder, if there's anybody who still wishes to testify remotely, please use the Zoom raise hand function, and our team will send you an invitation.

Rosemarie Pinks, you may begin when the Sergeant calls time.

SERGEANT-AT-ARMS: Starting time.

ROSEMARIE PINKS: Good afternoon, Council Members. My name is Rosemarie Pinks. I am the Finance Director at Encore Community Services, a non-profit organization serving older adults on Manhattan's Westside. We run older adult centers and supportive affordable housing in Midtown as well as serve half a million home-delivered meals to local residents every year. Our staff is literally a lifeline for aging New Yorkers who are in critical need of food, resources, and community, but we, like other (INAUDIBLE) our entire sector, are struggling because the wages afforded by our City contracts are not competitive. We have extreme difficulty hiring and filling crucial positions like delivery drivers and caseworkers and have had to turn to using temp agencies as a solution. Retention is a challenge, which is a problem because we are asking people to trust us and they turn to us for help. Yet, we can't offer consistency. Pay for human service workers is an equity issue (INAUDIBLE) our workforce primarily made up of women and people of color who make 25 to 35

percent less than our counterparts in the government and private sectors. Our teams carry out essential functions for the City which has been celebrated when COVID sent so many of the workforces home. Our people showed up, and we kept services available to everyone who needed us during that incredibly difficult time. Now, instead of relief, we find inflation has made our already stagnant wages seem even more dismal. Poverty wages means that a significant portion of employees of human resource organizations rely on benefits including rental assistance and Medicaid. They are often not able to work beyond the half-time without risking those benefits, impacting the organization as well as their capacity to improve their position. This should not be the case for government-contracted worker jobs. We were glad to see the City commit to a 4 percent increase in last year's budget even though it's just a starting place and does not even match inflation, but we are disappointed that we are here today to talk about next year's budget while our staff has yet to see a cent of that money. It's just one of the many examples of how the City's slow pace when it comes to non-profits hurts us all. We appreciate the effort to

create prevailing wage requirements for City-contracted human service workers, though we ask that there is funding attached to the proposed bill so that it does not become an unfunded mandate for human service organizations. We applaud efforts to address the contract procurement timeframe and support increased transparency in a way that does not add to the administrative burden. Our non-profit workforce deserves better than what the City currently provides, and we thank members of the community for coming together to address this issue today. Thank you.

COMMITTEE COUNSEL PAULENOFF: Thank you, Miss Pinks.

Our last panelist today will be Michael Antwerp. You may begin when the Sergeant calls time.

SERGEANT-AT-ARMS: Starting time.

COMMITTEE COUNSEL PAULENOFF: Mr. Antwerp, we will unmute you and then you can begin your testimony.

Michael Antwerp, we'll give you another few seconds and then we'll call it.

Mr. Antwerp, could you please unmute yourself?

2 I'm going to turn it back to the Chair
3 for closing remarks.

4 CHAIRPERSON WON: Thank you so much to
5 everybody who has attended and taken the time. Thank
6 you to our Staff for putting this hearing together.

7 This meeting is now adjourned. [GAVEL]

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C E R T I F I C A T E

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



Date March 29, 2023