

**TESTIMONY FROM CHIEF PROCUREMENT OFFICER SERGIO PANEQUE  
EXAMINING NYCHA'S CONTRACTING AND HIRING PROCESSES  
COMMITTEE ON PUBLIC HOUSING WITH THE COMMITTEE ON CONTRACTS  
TUESDAY, SEPTEMBER 20, 2022 – 10:00 AM  
COUNCIL CHAMBERS, CITY HALL, NEW YORK, NY**

Chairs Alexa Avilés and Julie Won, members of the Committees on Public Housing and Contracts, other distinguished members of the City Council, NYCHA residents, and members of the public: good morning. I am Sergio Paneque, NYCHA's Chief Procurement Officer, and alongside me are Eva Trimble, Chief Operating Officer; Shaan Mavani, Chief Asset and Capital Management Officer; and Shanna Castillo, Senior Director of the Office of Resident Economic Empowerment & Sustainability (REES). I am also joined by my colleagues at the Mayor's Office of Contract Services: Chief of Staff Kim Yu and General Counsel Anne Meredith.

I have been provided the opportunity to present to you an overview of NYCHA procurement. I joined NYCHA in November 2020 with the charge to reengineer the Supply Management & Procurement department and introduce best practices as part of NYCHA's Transformation Plan. Thank you for the opportunity to discuss the progress we have made regarding NYCHA's contracting and hiring processes.

### **Restructuring and Procurement Policy**

My first order of business upon joining NYCHA was to conduct an agency assessment of NYCHA's procurement operations through the lens of NYCHA's Transformation Plan to identify immediate issues that needed to be addressed to meet residents' needs.

NYCHA's Transformation Plan, which is on our website, calls for a redesign of the procurement, inventory, and vendor management processes to improve performance. We engaged outside experts who assisted us in conducting a procurement assessment and analysis of our current policies and processes, which resulted in the development of a Strategic Plan for implementing key recommendations.

### *Strategic Plan*

NYCHA's new Procurement Strategic Plan establishes our values and maps out specific goals, objectives, and activities to transform the procurement function in a way that fulfills our mission to meet NYCHA's needs. Our core values are:

- Focus on customer service,
- Start with the resident,
- Foster a culture of empowerment,
- Procure as one NYCHA,
- Use data to plan and evaluate, and
- Enhance NYCHA's appeal as a partner.

Our strategic plan goals are to:

- Transform procurement/purchasing structure,
- Improve procurement and contract management processes,
- Expand staff capabilities,
- Broaden and improve NYCHA's vendor pool,
- Implement enabling technology, and
- Source procurements strategically.

### *Procurement Policy Manual*

With the roadmap in place, the next step was to memorialize those values and goals in a new procurement policy for NYCHA. At that time, NYCHA was using a procurement policy document that had not been revised for many years. We looked at other public authorities' procurement policies for best practices and developed the first comprehensive revision, resulting in the Procurement Policy Manual (PPM). Examples of significant additions to the PPM include the use of pre-qualified lists as provided in the Code of Federal Regulations and incorporation of the design-build procurement method pursuant to the design-build legislation enacted by the State Legislature in 2019. The PPM took effect on January 1, 2021, and streamlined and consolidated policies into a single, centralized source. The PPM has since been revised twice, the latest version of which was approved by the NYCHA Board in April 2022. We continue to evaluate policies and look for opportunities to revise and improve to meet the Authority's needs.

## **Procurement Policies, Challenges, and Legislative Reform**

The governing statutes for NYCHA's procurements are set forth in the Code of Federal Regulations at 2 CFR 200 and in Sections 151 and 151-a of the State Public Housing Law (PHL). Both the CFR and the PHL are prescriptive and provide an overarching framework for how procurements need to be conducted, and in most instances, they are complementary to each other. However, we find that the sealed bid requirements applicable to the acquisition of commodities and DECAR – contract services for Demolition, Excavation, Construction, Alteration, and Renovation – in PHL 151 is rather restrictive and is not current with procurement best practices. NYCHA continues to seek legislative changes that would mitigate these challenges and allow for “best value” procurement of goods and in construction services that take into account total cost of ownership, as well as qualifications and value-based selection, to improve the value realized from our contracting dollars.

Please note that neither the sections of Article 5-a of the General Municipal Law addressing procurement by certain governmental entities in New York State nor certain relevant provision of the NYC Charter and Procurement Policy Board Rules apply to NYCHA. Therefore, there are considerable differences between statutory and regulatory frameworks governing NYCHA and the City with respect to procurement.

### *Reorganization*

Now I will discuss the restructure of the Supply Management & Procurement department. We undertook a comprehensive reorganization starting in April 2021, and the department is now organized into four service verticals: 1) Procurement; 2) Purchasing, Logistics & Inventory; 3) Procurement Policy & Performance Management; and 4) Procurement Ethics & Vendor Responsibility.

- The Procurement department is now organized according to the types of goods and services being procured: Capital & Construction; Services & IT; and Goods. Staff are being trained to be end-to-end buyers, and we have also consolidated support functions into a centralized administrative group.

- The Purchasing, Logistics & Inventory department combines the previous Materials Management group with a newly formed Purchasing group, which is staffed by dedicated buyers who support NYCHA in each borough to align more closely with NYCHA's Neighborhood Model and help provide timely assistance and bridge any gap between the developments and Central Office. This team provides last-mile support – so to speak – for delivering goods and services to the developments.
- The Procurement Policy & Performance Management department leads the overall expansion and development of NYCHA's diversity initiatives, namely Minority and Women-owned Business Enterprises (M/WBE) and Section 3 requirements. It is also responsible for strategic sourcing capabilities, establishing and implementing procurement data and management policies; and working closely with IT to improve integration of procurement-related technology. We are focusing on improving planning and forecasting tools as part of our Contract Management Initiative in order to build out a strong spend analysis and strategic sourcing capacity.
- Lastly, the Procurement Ethics and Vendor Responsibility department is responsible for advising and training on procurement ethics, both to internal NYCHA employees as well as the vendor community. This department is also responsible for ensuring NYCHA is contracting with responsible vendors.

The goals of this restructure are to support the strategic procurement transformation efforts to deliver greater value, customer service, visibility, efficiency, accountability, and more diverse vendor participation.

## **Outlining Some Policy and Process Improvements to Date**

### *Vendor Diversity*

In addition to the organizational improvements mentioned above, the Supply Management & Procurement department also launched a formal M/WBE goals program. Previously, NYCHA's M/WBE program was aspirational, and the shift to the current goals program mirrors the City's endeavors and reflects NYCHA's commitment to diversity initiatives. We also strengthened our Section 3 activities, including developing a "Section 3 and M/WBE First" policy for micro and small procurements, identifying categories of spend under the Neighborhood Model as an element of strategic sourcing, and focusing on localized Section 3 opportunities. We are in the process of integrating a new technology platform to track both M/WBE and Section 3 utilization and compliance.

### *Other Improvements*

Other significant initiatives and improvements currently in progress include creation of the Procurement Helpdesk for centralized intake of procurement inquiries; improved internal and external communications through monthly internal newsletters and quarterly vendor newsletters; inventory management and optimization efforts; requisition-to-pay process improvements; e-commerce integration (aka punchout); contract management initiative; and enhancement of the vendor responsibility framework, including the use of the Dun & Bradstreet supplier risk manager tool enterprise-wide.

### **Going Forward**

Going forward, as part of our vision for continuous improvement efforts, Procurement will look to improve the Authority's contract management function, including enhancing the contractor performance evaluation and monitoring tools; incorporating vendor diversity in selection criteria where allowable; upgrading procurement technology; developing a formal sustainable procurement policy; procurement training to support the Neighborhood Model; professional development and certification; and continued pursuit of excellence. Lastly and consistent with

our values, we would like to strengthen ties with residents and ensure their feedback is incorporated into our operations and vendor performance.

Thank you for your continued partnership and support of our work to transform NYCHA and strengthen the community. We are happy to answer any questions you may have.



PUBLIC ADVOCATE FOR THE CITY OF NEW YORK

# Jumaane D. Williams

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**TESTIMONY OF PUBLIC ADVOCATE JUMAANE D. WILLIAMS  
AT THE NYC COUNCIL PUBLIC HOUSING COMMITTEE'S OVERSIGHT HEARING  
September 20, 2022**

My name is Jumaane D. Williams and I am Public Advocate for the City of New York. Chair Avilés thank you for holding this oversight hearing: Examining NYCHA's Contracting and Hiring Process.

It is important for the public to understand NYCHA's process for contracting and for hiring. Equally important, NYCHA must be as transparent as possible to regain the trust of public housing residents, as well as residents of the City of New York. In New York City, capital or expense projects are vetted by the staff at the NYC Council and the Mayor's Office of Management and Budget. Government funded projects are moved through a procurement process—a process that is long and lengthy irrespective of whether its city, state or federal monies. While long and lengthy is not ideal, it's bearable as long as the work is done correctly. The problem is when work doesn't get completed, isn't done correctly and it continues to happen over and over again.

If we know and understand the process, then maybe we can come up with efficiencies or solutions that can be implemented to cut through the bureaucracy. For example, several years ago, NYCHA working with the City Council and the Mayor's Office received approval to have capital funding for security cameras go through the Job Order Contract (JOC) which expedited the NYC procurement process. This enabled residents to have security cameras installed within a reasonable time.

As far as hiring, we need to know under what circumstances does NYCHA hire outside consultants and contractors instead of having the work done by its employees. The public needs to know what is the process for making that determination, appropriating the funds, and whether there is a cap on those expenditures.

Last week, Queen Borough President Donovan Richards and I introduced legislation, Int. 691-2022, requiring NYCHA to report on outside legal expenditures. With the threat of pending litigation from residents at the Jacob Riis Houses regarding the arsenic/legionnaire's water crisis and NYCHA's delay in informing its' residents, we need to know what legal work is being done in-house and what is being contracted out to law firms and lawyers. Additionally, we need to know the process whereby a contractor not certified by the City of New York was hired to perform water testing at Jacob Riis Houses. If the contractor was hired as an exception to policy, then we need to know what was the exception and how often is NYCHA utilizing this to hire consultants and contractors.

Lastly, while not part of the hiring process, but certainly part of the employee-employer relationship and customer service experience, we need to why, how and what is the process for closing a repair ticket as completed when someone is not home. NYCHA's ticket closing process must be addressed and changed. It is inefficient, inaccurate, and is laying the groundwork for more extensive repairs and infrastructure problems.

Thank you for your time and consideration.

## **Joshua Barnett, RA, NYCHA Contracts City Council Hearing 9/20/22**

[President.ch25@local375.org](mailto:President.ch25@local375.org), 374 564 2783

My name is Joshua Barnett. I am a member of Local 375, DC 37, AFSCME, member of the NYCHA Union Coalition, and president of Chapter 25, Local 375, NYCHA. I've worked for the NYC Housing Authority as an architect in the Design Department, now Architecture and Engineering Services, since 1999. I also worked for the Boston Housing Authority in the late 1990s.

What we deal with every day is in awarding and processing contracts is a continual growth of outsourcing, privatization, top-heavy management and confusing and changing bureaucracy, to the detriment of the residents and taxpayers. While the main issue NYCHA and public housing grapples with is chronic underfunding at all levels of government, NYCHA management's on-going mishandling of contracts continually makes the worst of a bad situation, and it's the residents of public housing and the city who continue to suffer for it.

At NYCHA's presentation on the fiscal plan for 2022 through 2023 what was striking about that plan, as always, was not what NYCHA said, but what they didn't say. There was, again as always, no breakdown in spending allocation between what work in design and construction oversight, or anything else, is performed by in-house staff, and what is spent on consultants. Nothing by way of a cost/benefit analysis of keeping work in-house. No breakout of how many consultants or staff augmenters are on the payroll.

This is nothing new. NYCHA has always pushed to downsize staff and award payment for services to outside consultants, regardless of the cost. In 2004 NYCHA introduced the Construction/Management Build program to outsource construction management services, with the stated goal of increased on-time and on-budget performance. The program is still in place, but 18 years later there is no documentation on the CM's performance. When FEMA belatedly granted NYCHA \$3.2 billion for repairs due to damage caused by Hurricane Sandy, much of which remains unspent, a new department was created exclusively of outside design consultants, with no breakdown of the cost of hiring outside firms.

In the NYCHA facility on Long Island City, there are dozens of consultants and staff augmenters, duplicating the work of public workers, using NYCHA resources, on the payroll for years, but at a multiplier that costs NYCHA and the taxpayers more than twice what it would cost to pay a union worker, in a process that also violates the state civil service regulations. This is also a violation of the collective bargaining agreement; NYCHA is supposed to perform a cost/benefit analysis when outsourcing work and present it to the union, but it never does and never has. Staff at NYCHA has been cut almost 25% since 1999, but there are hundreds of consultants on the payroll, with exact numbers and cost unknown. Consultant and contractor evaluations are virtually non-existent, ensuring that some of the underperforming firms continue to get work. For an authority which continually brags about being "data driven", the consistent lack of transparency is striking.

It came out at a City Council hearing months ago that more than 90% of city capital funds awarded to NYCHA go unexpended. To NYCHA staff, this is no surprise. The excess of managers, shortage of staff, and unbelievably convoluted processes that are necessary to award the simplest contract frustrate us every day in our efforts to provide services to the residents. I once heard a resident say NYCHA is so top-heavy it's a wonder it doesn't topple over. We grapple with an onerous project management software called eBuilder that still requires modification and training more than three years after the initial rollout.

RAD/PACT and the Public Housing Trust are both ways to privatize public housing, and neither addresses the on-going issues with inefficiency, waste, and the inherent higher costs of using outside firms. There have been calls for decades for a full forensic audit of NYCHA, but it has

yet to materialize. NYCHA needs to be subject to independent investigation, with an immediate moratorium on staff augmenter hiring, a transfer of staff augmenter to staff positions, hiring union and resident workers to bring staff back to functioning levels, honoring the requirement to perform a cost/benefit analysis for all consultant hires, full compliance with Section 3 hiring. This should be coupled with a full moratorium on RAD/PACT and the Public Housing Trust and an analysis of how contracts are awarded under RAD/PACT, given resident reports of often shoddy work and unresponsive management companies.

It must be said that the net effect of NYCHA's top-heavy, inefficient and costly contract awarding system is to deny desperately needed funds. So often we hear at all levels of government and the community, why should we give you more money when you can't handle the money that you already have? With 40 years of neglect and a \$40 billion backlog in capital repairs NYCHA can't afford, literally, that kind of reputation. It also fuels the dangerous myth that the only solution is private management, when in fact that's the worst solution. This is the last stock of truly affordable housing in a horribly gentrified city, and we need a lot more of it. The powers that be and the taxpayers need to know that the additional funds will be spent responsibly.

We know repairs to NYCHA's public housing developments are desperately needed. We're dealing with 40 years of chronic underfunding and deferred maintenance on buildings that were often poorly designed and constructed to begin with. But it can't come at the expense of privatization. Public housing needs to be maintained, and in an era of a national affordable housing crisis and a horribly gentrified city expanded, but public housing needs to remain public and NYCHA needs to make the most of whatever funds are available.

Hi,

I have been fortunate enough to work Section 3 off and on for several years and different trades. But what people need to know is what difference in life a trade can make. These people buy houses and start their own businesses.

P.S. Leave thuggish attitudes home and show them we can learn and want to work.

Aaron Felder  
NYCHA resident  
Section 3 hire

## NRTA Construction Graduate 2019

My name is Dalong Chen. I graduated in 2019 thanks to the NRTA program, and in 2021 I joined the Electrician Union and officially became an electrician apprentice. If not, I will still be working in the restaurant, washing dishes, or delivering Chinese food. Here I would like to thank you very much for the program. With the NRTA program, you can have a better future; it's a once-a-lifetime opportunity. If you get sick of what you were doing and tire of working at McDonald's with 15 dollars per hr and still not earn enough to feed the family here, it's a chance you can make a better future.

Best Regards,

Dalong Chen

I had tried my best to find a job in New York, unfortunately out of luck due to covid 19 and a hard economy that held me up for years. When I received an email from REES NYCHA about the job opportunity, I was thinking how to support myself and my daughter who is only 12 years old if unemployed? I right away registered myself to attend the virtual webinar, and I attended the REES programs. I talked to Ms. Melinda Carr who is so sweet, right away she referred me to Mr. Mathew Walker, a very fine Gentleman who strongly recommended me a job as an Administrative Assistant. Couple days later I got an interview and the processing time was very fast, only 2 weeks and I was employed, which is clearly better than the Employment Agency. Now I am NOT worrying anymore about myself, my daughter, rent, food, health insurance and pension plan (401K). I have everything now, my feelings and soul feel so great. I don't know how to thank to REES, Ms. Carr and Mr. Walker who willingly helped me out during this extremely hard time. If you are thinking about finding a job, REES is definitely the right path. I really hope REES can continue this program in order to help people who need a job and wish to become financially independent. I can do it, you can do it too .... It's an awesome program from REES. Trust me, you will not be disappointed.

Warmest regards,

Juliana Lie  
King Towers Resident  
Section 3 placement

## NYCHA Resident Testimony 9/20/2022

Greetings. My name is Shakeema Scott, and I participated in the NYCHA Resident Training Academy in 2019. I am grateful to REES and NRTA because with the help of these programs, I was able to join the International Brotherhood of Electrical Workers (IBEW) Local 3. I am currently completing the 3rd year of my apprenticeship as an Electrician. I now have a career and skill. I can be proud of as well as provide for my family in a way I was unable to do before. The most memorable projects I've worked on were East Side Access and The Javits Expansion. I've met some great people along the way. Overall, I had a great experience, and I would recommend REES and NRTA for those that have the opportunity.

Thank you,

Shakeema Scott

Good Day,

I want to take this time to Thank the REES Program for the opportunity they have given me. The REES program helped me better my life. The REES program has so many programs they provide to help you better yourself. They did for me I am currently working for this amazing company.

A Big Thank you to the REES Family!

Thanks

Ms. Victoria Morales

NYCHA resident

Section 3 hire

## NRTA Construction Graduate 2022

Since I started the NRTA program I can say it was more than I can expect. Coming from my background it's been easy to write off programs as being in it for the wrong reasons. Though a little wary I still pushed through. I was surprised to realize it was more of a family feel to the whole experience verses my wildest thoughts. After completing the program, I not only received numerous credentials which helped packed my resume allowing me to become more employable, but I was also honored to be requested to work with City Tech and the NRTA program as an Assistant Instructor to the following class. I've also been giving the opportunity to apply and test for Local 3 IBEW Union which I actually passed regardless of my own doubt. I'm currently waiting for medical clearance to start working but I'm currently in my second week of Electrical Theory and college classes. These are opportunities I may have never even considered if not for the work of the members of the NRTA program and their sponsors.

I Wesley Wilson Grant permission to upload my testimony as needed.

**THE COUNCIL  
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. \_\_\_\_\_ Res. No. \_\_\_\_\_

in favor  in opposition

Date: \_\_\_\_\_

(PLEASE PRINT)

Name: Eva Trimble, chief operating officer

Address: \_\_\_\_\_

I represent: NYCHA

Address: \_\_\_\_\_

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in favor  in opposition

Date: \_\_\_\_\_

(PLEASE PRINT)

Name: SHAAN MAVANI

Address: WARREN ST, 07302 NJ

I represent: NYCHA

Address: 90 CHURCH ST, 10007 NY

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in favor  in opposition

Date: 9/20/22

(PLEASE PRINT)

Name: Shanna Castillo

Address: \_\_\_\_\_

I represent: New York City Housing Authority

Address: \_\_\_\_\_

Please complete this card and return to the Sergeant-at-Arms

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 in favor  in opposition

Date: \_\_\_\_\_

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Name: SERGIO PANEQUE - Direct Procurement Officer

Address: \_\_\_\_\_

I represent: NYCHA

Address: \_\_\_\_\_

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 in favor  in opposition

Date: 9/20/2022

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Name: Anne Meredith

Address: 255 Greenwich, NYC 10007

I represent: Mayor's Office of Contract Services

Address: 255 Greenwich

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 in favor  in opposition

Date: 9/20/22

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Name: Kimlyn Moss

Address: 255 Greenwich St.

I represent: Moss

Address: NYC, NY 10007