

CITY COUNCIL  
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

Of the

COMMITTEE ON CONTRACTS

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HELD AT: Committee Room - City Hall

B E F O R E: JUSTIN L. BRANNAN  
Chairperson

COUNCIL MEMBERS: Inez D. Barron  
Bill Perkins  
Helen K. Rosenthal  
Kalman Yeger

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

Dan Simon, Acting Director & City Chief Procurement  
Officer, Mayor's Office of Contract Services

Ryan Murray, First Deputy Director  
Mayor's Office of Contract Services

Victor Olds, General Counsel  
Mayor's Office of Contract Services

Jeremy Halbridge, Deputy Director of Administration  
Mayor's Office of Contract Services

Danielle Louis, Associate Director of Finance &  
Operations, Mayor's Office of Contract Services

Michelle Jackson, Deputy Director and General  
Counsel, Human Services Council of New York

Andrea Cianfrani, Director of Public Policy  
Live On New York

Carlyn Cowen, Chief Policy and Public Affairs  
Officer, Chinese-American Planning Council, CPC

Monsignor Sullivan, Catholic Charities

Towaki Komatsu

[sound check, pause]

CHAIRPERSON BRANNAN: Thank you. Before we start, I just want to have a quick moment of silence for the Lieutenant Fire-Fire Lieutenant Michael Davis and his funeral that's happening right now. [moment of silence] Okay, thank you and I have to note that Councilwoman Barron will not be joining us today because she is at a funeral. Okay. Do, I have to gavel in? Oh, my gosh. [gavel] Good morning procurement fans, and welcome to the Committee on Contracts' Fiscal 2019 Preliminary Budget Hearing. I'm Justin Brannan Chair of the Committee. This morning we'll be reviewing the Proposed Fiscal 2019 Budget for the Mayor's Office of Contract Services or MOCS. I'd like to welcome Director Daniel Simon of MOCS and thank him for testifying before the committee today. Today we'll be assessing MOCS' programs and activities including their continued work in optimizing the procurement process, reporting on the city's procurement performance through the Agency Procurement Indicators Report and various other responsibilities that ensure the integrity of procurement throughout our city. The Mayor's Fiscal 2019 Preliminary Budget for MOCS

is \$17.6 million. That includes \$15.4 million in personnel services, personnel service funding to support 190 budgeted full-time positions. This funding is primarily allocated towards reporting on, and evaluating the city's procurement activity as well as taking measures to facilitate and optimize the procurement process with them within New York City. In a few minutes we'll hear more from MOCS on their specific goals for FY19. In our discussion with MOCS this morning, I hope to explore the different areas of the City's Contract Budget in order to gain greater clarity and understanding regarding where and how money is being spent to add capacity to the city's procurement processes and evaluation. I look forward to hearing more from MOCS regarding it's achievements in procurement reform in particular the impact of PASSport over the past year. What we can expect to achieve with PASSport going forward. Additionally, I'd like to hear the office speak to any citywide procurement trends related to cost overruns, MWBE utilization and citywide savings are of particular interest. Lastly, I'd like to begin a discussion today to identify any challenges the agency is facing in filling staff vacancies as

well as what more we can expect from MOCS once the agency reaches full or near full staff capacity.

After we hear from the Office members, we'll have a chance to follow up with questions for the Director if they come. Following that, members of the public will have an opportunity to provide testimony, which I look forward to, and I hope that Director or

members of your staff, Director Simon will stay to hear the public testimonies. I always think it's a shame when the public testifies and they testify to an empty room. Before we begin—before we begin, I have to acknowledge my colleagues. Before I turn the floor over to the Administration, I have thank my committee staff Policy Analyst Casey Addison;

Legislative Counsel Alex Paulenoff; Financial Analyst Andrew Wilber; Finance Unit Head, John Russell as well as my Senior Advisor Jonathan Yedin for all their hard work in putting this together today. So, I will give it to Alex now to swear you guys in.

LEGAL COUNSEL: Would you 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?

DAN SIMON: [off mic] I do.

LEGAL COUNSEL: Thank you. [pause]

DAN SIMON: Good morning Chair Brannan and members of the Contracts Committee. Thank you for inviting me back to share more information about the Mayor's Office of Contract Services. My name is Dan Simon, and I'm the Acting Director and City Chief Procurement Officer. Today, I will further describe out work and explain how we are resourced to advance efforts to oversee, facilitate and transform procurement for the city of New York. As I shared last month, the city's procurement process remains complex with ample room for improvement. Various steps from vendor management through to solicitation and invoicing present opportunities for business process reengineering and utilization of proven technology solutions. As we implement long-term fixes, our day-to-day oversight role has evolved from mere compliance review to providing intricate advisory hands-on and technical support to agencies. The Fiscal Year 2019 Preliminary Budget provides MOCS \$17.6 million including \$15.4 million for personnel services to support 190 full-time positions, and \$2.2 million in other than personnel services funding.

Across the Five-Year Plan window our agency's budget funds and head-funds and headcount remain relatively flat. As of today, we have 145 active employees across two sites. Since the Fiscal Year 2018 Adopted Budget, MOCS' Budget had increased by approximately \$836,000. This increase in funding enhances our capacity for non-profit partnerships and improves our data and reporting capability. With the advent of new technology solutions and the subsetting of Legacy systems, we will now be able to consolidate existing data from Legacy city systems, manage data more efficiently and benefit from enhanced analytics tools. Overall, our budget reflects efforts to realize efficiencies in both the near and long-term and these resources support five key areas of work: Technology Solutions, Learning, Management and Support, Compliance and Partnerships, Data and Reporting, and Internal Operations. Our primary technology solution are HHS Accelerator and the Procurement and Sourcing Solutions Portal or PASSport. HHS Accelerator streamlines, standardizes and digitizes the management of procurement and financial transactions for human service delivery, thereby reducing administrative burden and saving

time and resources for—for providers and city agencies. In response to feedback from providers and city agencies, MOCS enhanced HHS Accelerator financials this fiscal year to simplify budget modifications, reduce duplicative audit communications, and enable onboarding of contracts from the Department for the Aging and the Department of Health and Mental Hygiene. We implemented PASSport using lessons learned from HHS Accelerator and response to considerable advocacy from our vendor community. As we have shared in previous testimony, the vendor disclosure process formerly known as Vindex is now online benefitting all vendors who seek to do business with the city. Online updates and electric certification of filings enable thousands of vendors to focus more on mission critical activity. To date, nearly 9,000 vendors have created PASSport accounts with nearly 6,000 successfully filing disclosures. Technology solutions must be combined with robust support services and changed management practices to realize full and successful adoption. We believe that the rapid utilization rate for PASSport and success of Accelerator represents sound design and ease of use and more importantly, a



responsive customer centered approach built on availability of tailored online user reference resources, hands-on help desk support, in-person training and ongoing deployment of technical system enhancements. Since the launch of PASSport our online resources have been accessed roughly 16,000 times and hour Help Desk has processed over 21,000 requests—requests for personnel support. Our extensive and responsive Customer Service Support Services and online technology solutions help to level the playing field for small organizations and those new to doing business with the city. Today, we are accessible whenever and wherever is most convenient for our vendors, whether a volunteer based non-profit or a large company with a dedicated government contracts team. MOCS staff also design and host the Citywide Procurement Training Institute educating agency chief contracting officers and staff on procurement policies, procedures and best practices. As municipal procurement practices continue to evolve, we are working to align our educational and advisory services to adopt industry recognized best practices learning from other government institutions and corporate partners.

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Partnerships across sectors in stakeholder communities are increasingly informing our work. In the human service sector MOCS Project manages the Non-Profit Resiliency Committee, a key partnership between approximately 20 city agencies and 100 non-profits representing the broad spectrum of human services the city procures. The NRC has helped to streamline administrative processes, implement new policies that increase provider cash flow and ensure great provider input on program design. MOCS uses this collaborative model across multiple relationships to design and engage responsive procurement solutions. Earlier this month MOCS was proud to partner with city agencies and the Mayor's Office of MWBE on an innovative procurement method that implements a state authorized increase to the discretionary purchasing threshold for city certified MWBEs. This approach enabled the Administration to respond quickly to this rule change and immediately expand MWBE engagement in city contracting. Accessibility, transparency, and accountability are critical to ensuring fairness in procurement. MOCS further pursues these goals through centralized procurement data collection, analysis and reporting

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offering a critical service to agencies, policy makers, vendors and providers. To continue the progress in each of the—in each of our focus—areas of focus, our Administrative Division works to ensure that we are optimally staffed and have a sufficient budget. Coordinating—Coordinating across all division and with external agency partners, the team has on-boarded 57 staff since the beginning of the Fiscal Year and supported recruitment as we seek to hire for all open positions including especially hard to fill technical positions. A major administrative priority is ensure our team is appropriately housed. We are working closely with DCAS to achieve this goal in the coming months. Our move is especially critical now to stabilize operations and prepare to launch the next phase of PASSport. The Second phase will introduce centralized ordering and payment for good citywide. I look forward to discussing our work and in the coming year providing you with updates on efforts to advance procurement transformation while maintaining fair and responsible processes. Thank you for the opportunity to testify. I am joined by Ryan Murray, First Deputy Director at MOCS; Victor Olds, General Counsel; Jeremy Halbridge, Deputy

Director of Administration; and Danielle Louis, Associate Director of Finance and Operations. We're happy to take any questions that you have.

CHAIRPERSON BRANNAN: Thank you, Dan.

DAN SIMON: Uh-hm.

CHAIRPERSON BRANNAN: Staying with PASSport, I know we said the first phase of PASSport is complete. The final two stages will be completed over the next two years. I guess can you expand a little bit on the mail--what you feel the main successes of PASSport since the completion and also I guess what your key performance indicators are to set, you know, how you define success with PASSport.

DAN SIMON: Sure. So, I think the main success is obviously just reducing the paper from the process. Ask any vendor that's done business with the City in the past, it was very labor and paper intensive--

CHAIRPERSON BRANNAN: Right.

DAN SIMON: --with filings ongoing, and for each contractor award, you would have to come in and if there were no changes to those filings, submit another piece of paper that said there's no change to the filings that I just submitted to you months back.

So, just putting that online is a huge success. It reduces a lot of burden for vendors, and subsequently the ripple effect there is that it also reduces the time it takes. In the—in the past, you know, a pile of paper would come into MOCS that was filled out by hand mostly, by vendors and then MOCS was taking that and entering it into a database, right. So, a lot of fat fingering and errors can occur there in that process. We've eliminated all that because now the vendors are accessing a public portal where they're answering the questions themselves, and they're certifying to their truthfulness in the disclosure process. We've put all our resources—resources online, and so while we've—the 16,000 hits essentially to our Resource Guide means that vendors are looking to the resources we've put online and using them to successfully file their disclosures. And so the key indicated there is that they're not necessarily requiring a hands-on one-to-one in-person training in order to fill out their disclosures.

CHAIRPERSON BRANNAN: Right.

DAN SIMON: They're accessing the tolls that we provide that are step-by-step guides, right, and they may have—they have questions. They reach

out to our Help Desk and they receive help in that way, but they're basically doing it in—in a self-paced way. They do it as they need to, and a process that has in—in the past in the paper process taken roughly a month from the vendor submitting that paper to MOCS fully filing that disclosure is now happening within a day for many providers. It depends on the complexity of the vendor. If, you know, a large corporation might take longer because there's a lot of information in those Vindex questions that they have to go and get, but for a very simple small organization while the questions are not, you know, very intuitive and that's what we spend a lot of time helping them with, often—often times it's a—it's a fairly streamlined process for them, and it can happen within hours as opposed to a month. And so, we think where, you know, it had the downstream effect of that is to be seen as we build up the future phases of PASSport, but reducing down from one month to hours is one key process indicator for us as well as, you know, the access to the—to the tools that we're providing, right. This is, you know, it would be misleading to say that this is a technology project. As I mentioned in my testimony, this is far

more about the support we give around the change that's happening, right. Moving from a paper process to a more digital process is—requires some hand-holding both for city agencies and vendors and that's what we pride ourselves on.

CHAIRPERSON BRANNAN: Yeah. Yeah, any—any reform that is quantified by time saved for vendors is fantastic. So, I know you mentioned before the difficulty in—in, you know, hiring some of the high level or the specific job roles in tech and that sort of thing, but when it comes to customer service support for the system, how many staff roles, positions are there for folks who are purely there to help vendors navigate that—that minefield?

DAN SIMON: So, I would say that all of MOCS is—is part of that support process, and, you know, whether it's the legal team, whether it's the front lines that Help Desk that first take that email that comes in from a vendor requiring help, it could be a technical issue. So, it's also the Technical Team. It could be, you know, part of the—the part—the Policy and Partnerships Team that works with non-profits specifically, and so while you have a—a team on the Help Desk that I believe is roughly 20,

24, right. Those are fielding and not just for PASSport but for HHS Accelerator as well. It's a-- it's a combined support model. Those questions and that help is fanned out across all of MOCS and so and--and that's--and that's what we--and that's what we talk about as an agency is that our sole purpose is to facilitate this process for vendors and for city agencies. So, while we have a small, you know, team that is dedicated--the first line of defense, that--that support, you know, ripples out across the agency.

CHAIRPERSON BRANNAN: Do you think 24 is enough?

DAN SIMON: So, it's enough right now. We think that it's enough to support what we're doing right now with HHS Accelerator and PASSport and, you know, we're trying to be very smart about our growth. We don't--we don't ask for new needs that are two or three years away. I think it remains to be seen as Release 2 and Release 3 go live of PASSport and gauging what those numbers ought to be.

CHAIRPERSON BRANNAN: As far as tech infrastructure capacity, I mean does PASSport have the capacity now to deal with all or, you know, the--



the—the historical amount of vendors we see every year?

DAN SIMON: From purely a technical perspective yes. The—the system performance wise has not—has not faltered at all.

CHAIRPERSON BRANNAN: Okay.

DAN SIMON: I'm not concerned about that. We—I talked last time about and we had talked previously about working towards a slower sort of growth rate, but it sort of spiked right at the very beginning. The system took it like a champ and I think, you know, we've worked very hard to stabilize the—the incoming volume that we've seen, and I don't—I don't—I think we're well prepared to—to take that on.

CHAIRPERSON BRANNAN: Okay, I want to note we've been joined by Councilman Yeger. What about advertizing PASSport telling the world about it? Are we allocating any resources to that?

DAN SIMON: We're not yet. We haven't had to. Earlier I talked about we went live in August, and there was an immediate spike of vendors that accessed their great--

CHAIRPERSON BRANNAN: [interposing]  
Existing vendors?

DAN SIMON: Not all--not all of our  
accounts are existing vendors. I can get back to you  
on--on the split between, you know, the 9,000 and the--  
the 9,000 who have accounts, 6,000 are filed of whose  
who does have--does have a contract, who doesn't, but  
just looking at--

CHAIRPERSON BRANNAN: [interposing] I'm  
just thinking if there's vendors who maybe in the  
past were scared away by the bureaucracy. Maybe they  
say, Hey, it's a new day at MOCS. We have this great  
thing.

DAN SIMON: Right. So--

CHAIRPERSON BRANNAN: It's good to stand  
on it. (sic)

DAN SIMON: [interposing] So, Ryan Murray  
can talk a little bit more about the Phased Plan we  
have, but I don't know that we have a media campaign  
that's quite necessary just yet.

CHAIRPERSON BRANNAN: Okay.

RYAN MURRAY: Good morning. Just to  
build on what the Director was saying, I think our  
approach here it has been to work very closely with

agencies to make sure that anyone who wants to do business with the city or is a current contractor who has to file so that they can do their background checks in the first phase of PASSport are getting in. I think that's one of the vehicles that we've been really leveraging. In the coming months what you'll notice that any RFP, any-any solicitation that's going out one of the things that the agency do a really good job at is telling any of those prospective bidders who find out about city contracting through a number of methods, right, either the agency themselves because they're focused on, you know, education and childcare or providing housing or they're looking at the city record online, and looking for any of those opportunities. Those are the methods we want to make sure that it's in context when you're doing business with the city that you get ready to do business, right, and that you file. So, we've worked really with the agencies on that process, and that's the approach that we're taking to make sure that folks are coming in when they need to, and that when they're looking for opportunities they're also aware that this is one of the steps that they can take, and it's now easier.

CHAIRPERSON BRANNAN: Yeah, I'm just thinking of, you know, something like what the state does where the state is open for business, that kind of thing. I mean some sort of adver—I mean is there a budget for advertising even if it hasn't been accessed yet or--?

DEPUTY COMMISSIONER MURRAY: We don't have a—we don't have a particular—we don't have anything allocated specifically for advertising.

CHAIRPERSON BRANNAN: Right.

DAN SIMON: You know, we have a small OTPS budget that we could use for things like that. I think the most appropriate time for those kinds of things would be when PASSport is complete or right before PASSport--PASSport is fully complete--

CHAIRPERSON BRANNAN: Sure.

DEPUTY COMMISSIONER MURRAY: --because in that future phase that open for business model is going to be something that we have where on the PASSport portal you would have all of the existing contracting opportunities. We don't have that yet in one central place. That's is one of--

CHAIRPERSON BRANNAN: [interposing]  
Right.

DEPUTY COMMISSIONER MURRAY: --the items and modules that we would have in PASSport, and so that--that would be, you know, that would dovetail nicely with a media campaign around cities open for business right, that type of model, but right now all we can sort of sell, for lack of a better word, is come in and file you're your Vindex disclosures. For a brand new vendor that's really only the--the--you know, a very small part of the process.

CHAIRPERSON BRANNAN: A very sexy ad campaign.

DEPUTY COMMISSIONER MURRAY: Exactly.

CHAIRPERSON BRANNAN: No, but look, I think--look, I think we're all here to--to, you know, bust bureaucracy wherever we can. So, if--when--if and when it is finally ready I mean to really spread the word is, I think, you know-- I think, look, there's a stereotype out there that and for--for good reason. Some of it is that it's very hard to do business with the city, and that it's difficult for small, you know, groups to do business with the city. So, if there's a way to say look, it's never it's never been easier, you know, I think that's beneficial on many levels so I don't--

DEPUTY COMMISSIONER MURRAY:

[interposing] Yeah, I think you're—you're picking up on—on the intent here, right? We want to make sure that whether it's PASSport or Accelerator, we want to tell that good news that it is easy to do business with the city, and we're trying to make it easier. Our intent is to—to—to do that. We want to build on the success of this early release for PASSport, which is essentially for vendors who have to file. They get in. They make sure that experience is wonderful and easy. I think word of mouth should not be undersold that folks who are currently doing business with the city if they're singing our praises and showing that it is much easier that that's also one major marketing component that is as the Director said, I think we are looing to—to build success now and able to for folks who are looking at those opportunities to do business with the city understand all the requirements and then it would be an easier process for them. So, more—more to come I would say.

CHAIRPERSON BRANNAN: I want to acknowledge we've been joined by Councilman Perkins. Before I turn to my colleagues if they have any questions, the—the Citywide Savings Plan for FY19

identifies efficiencies for procurement reform totaling \$20 million for FY19, and significant savings in the out years. Is MOCS the—the lead agency responsible for coordinating this—this effort?

DAN SIMON: That would be through OMB although we work with them regularly to identify areas—functional areas that PASSport would, you know, help provide efficiencies in.

CHAIRPERSON BRANNAN: Okay. So, do we know—do you know if we're on track to—to meet these—these savings benchmarks?

DAN SIMON: I don't have those specifics with me now, but I'm happy to coordinate the conversation with OMB.

CHAIRPERSON BRANNAN: I mean besides the—the procurement reform, I mean are there other procurement areas that can be improved upon do you think to deliver savings citywide?

DAN SIMON: Well, so savings citywide I'll sort of hold for—it's a separate conversation with OMB, but there are tons of areas in the procurement process. As I said, there is ample room for improvement. This is not just the technology problem that PASSport will somehow fix, right. It

is—it is moving the—the procurement processes into—  
into a digital platform that is accessible by vendors  
and city agencies. It's the change management, and  
support services necessary to move vendor staff and  
city staff in that direction. You have a lot of  
staff for both vendors and city agencies that have  
been doing the same thing the same way for a very  
long time, and moving it can't be understated how  
important it is to move that workforce in this  
direction, and we've done it well with Accelerator  
and—and it's a much larger effort to do it citywide  
with PASSport, and so it's that on-the-ground  
thinking differently about procurement. And—and then  
the other areas are, you know, things like strategic  
sourcing right. We—because of the lack of  
transparency into the process a lot of—a lot of  
procurement work is meant managing and moving the—the  
next step in the process along instead of where, you  
know, what agencies could do better of is thinking  
strategically about how they procure, what they buy  
and how they buy it, and a technology tool allows you  
to think more critically about that. One way in  
which it does that is it breaks down the silos that  
our agencies find themselves in today. If you're,



you know, managing that paper process, or a very manual process, there isn't a--there isn't a platform where your best practice, this agency's best practices are shared with another agency. Well, in PASSport now everything would be wide open and viewable by other city agencies. You can leverage each other's work. You can leverage the contract and procurement templates that other agencies are using for similar goods and services, and so those are the things that we're working on in parallel with PASSport which is, you know, the things that sort of surround the technology, which are standardization, templating documents and--and contracts and things like that.

CHAIRPERSON BRANNAN: Okay, every year MOCS publishes the Agency Procurement Indicators Report. Although the report details procurement activity throughout the city in any given year, it does not include one of the city's largest contracting agencies where I used to work at the DOE. Will MOCS be including DOE in the FY18 Agency Indicator Report?

DAN SIMON: Yes.

CHAIRPERSON BRANNAN: Okay, and what about SCA?

DAN SIMON: SCA, no we have no intention of including the School Construction Authority as part of the Procurement Indicators.

CHAIRPERSON BRANNAN: Has that been a discussion or--?

DAN SIMON: I have not had a discussion about the SCA being included. They're not under our purview. We don't have any interaction with their contracting processes at all. Open to a discussion, of course, but that's not something we've talked about.

CHAIRPERSON BRANNAN: Okay. My colleagues? No. Okay. The FY17 Agency Procurement Indicator Report says the City is actively looking to identify subcontract opportunities for MWBEs on the \$2.75 billion contract with Waste Management. Can you speak a little to our progress in identifying these sub-these MWBE subcontracts?

DAN SIMON: So, I know that the Officer of--or the Mayor's Office of MWBE led by Jonnel Doris has made some good headway with Department of Sanitation and the vendor for that particular

contract and exploring subcontracting opportunities.

I don't have the details of, you know, what the

services are that they're looking at specifically,

but we'd be happy to get back to you on that, but I

do know that they've—they have cooperation from both

the Vendor, Department of Sanitation. They're

working regularly together to identify subcontracting

opportunities under that contract.

CHAIRPERSON BRANNAN: So, to that end,  
what is MOCS' role in regard to those subcontracts,  
like the provisions on large contracts?

DAN SIMON: So, MOCS' role would have  
been prior to contract registration. So, ensuring  
that the—the procedural requisites were followed for  
procuring that—that good or service prior to  
registration. Post registration that—the, you know,  
identifying subcontracts, approving subcontracts that  
sort of lies with the agency, but obviously this was  
a key contract. It had an impact on the city's MWBE  
utilization rate, although for the first time ever  
the city has spend over \$1 billion on MWBEs in the  
prior fiscal year while the—the rate was impacted  
because the denominator was increased because of that  
\$2.7 billion contract. The rate—rate was lower than

we wanted it to be, but the overall spend for MWBEs reached \$1 billion last and so that's what we're-- we're proud of and--

CHAIRPERSON BRANNAN: And did the primer contract specify like allocating a certain amount of subcontracts, MWBEs.

DAN SIMON: So, the contract, the services at the time that the contract was registered, the prime, you know, there was no MWBE capacity to deliver what the prime was delivering, and I think where the Sanitation and the Mayor's Office of MWBE are trying to identify subcontracting opportunities where you can target MWBEs, and I know that they've had success in identifying those opportunities. I just don't have the details on what they are, but we can follow up.

CHAIRPERSON BRANNAN: Okay, and one of the things we were speaking about with Jonnel was the inability to capture once a contract goes deeper than a layer or two that there may be MWBEs on these subs that we're not capturing, which I would, you know, for the city I'm sure we'd love to capture those numbers. I don't know if that would be picked up on anything that you guys have.

DAN SIMON: So, right now the—the requirement for providers to identify their subcontractors in a system called the Payee Information Portal or PIP in FMS, but not subs of subs.

CHAIRPERSON BRANNAN: Is that right?

DAN SIMON: And so--

CHAIRPERSON BRANNAN: [interposing] So, that there's one level basically?

DAN SIMON: It goes—it goes one level. That's right, and the difficulty that the city has is that there is no—there's no tool. First of all, there's no contractual relationship technically between the—the city and the sub. It's the city and the client, but in PASSport what we're hoping for in the future state is to be able on a contract record to be able to identify the subs, right, and even be able to track some of the payments to the subs, which is also I know a difficult part of tracking payments that I know Jonnel is very much focused on. And so we're thinking about that as we—as we design the future phases of PASSport is how to better capture subcontractors.

CHAIRPERSON BRANNAN: Yeah, it's such an important piece. I mean if we're mission even one or two, you know, what I mean, anything we can to--just to prove that we're doing better than people might think we're doing, you know.

DAN SIMON: Right.

CHAIRPERSON BRANNAN: Staying with the DOE I know at last year's Preliminary Budget hearing MOCS shared that they're working to become more involved with DOE's procurement process and that DOE is interested in increasing opportunities for MWBEs. When we had the Education hearing yesterday, I asked the SCA about this, and they actually have a fantastic record on MWBEs, but with DOE I mean how far along is DOE? You know, how far along are they before becoming incorporated into PASSport?

DAN SIMON: So, DOE is already using PASSport--

CHAIRPERSON BRANNAN: Okay

DAN SIMON: --in Phase 1 because their vendors are required to file what we call Vindex as well, and so they're already there, and we have plans to, as we--we're designing not just for the 40 mayoral agencies, but for DOE as well. That's--that's part of

the PASSport plan is to roll them out to all phases of PASSport and they are already included in the first phase.

CHAIRPERSON BRANNAN: Sticking with MWBEs do we know how many prime or subcontracts have been awarded from DOE to MWBEs?

DAN SIMON: I—I don't have those numbers on hand, but I can

CHAIRPERSON BRANNAN: [interposing] Okay.

DAN SIMON: --absolutely get back to you.

CHAIRPERSON BRANNAN: Let's do some Local Law 18 excitement. How—how—as far as the—the Local Law 18, that now provides a quarterly report of Capital Contracts valued at \$10 million with a contract mod or extension like exceeds the original contract maximum expenditure by 20% or more. I know MOCS had previously testified and agreed to consider separating overruns that are expected from the ones that require more immediate attention, immediate action. How are you currently using the—how is MOCS currently using the—the cost overrun report?

DAN SIMON: So, on a quarter basis and— and Victor can help fill in any blanks that I leave, but on a quarterly basis we're identifying those

contracts that meet the criteria that you just laid out, and we're using that as a flag, right. Any transparency is good, and so out of the thousands of contract transactions, it-it allows us to highlight a few that reach that criteria to sort of bring some light to the fact that this contract amendment or change order has occurred. It is retroactive, right? You're looking at it after the fact, but we are taking that report, sharing it with the Council as-as is required. We're also-I believe that the Council's request sharing that with the agency commissioners that-who-who have contracts that have found themselves on the report on a quarterly basis, and highlighting it for them as well.

CHAIRPERSON BRANNAN: I think-I mean from what we've learned historically about contracts that typically-have we learned from contracts that overrun like indicators that we're heading in that direction? Is there more that's being done in real time intervention instead of just saying well, that's an overrun. We have to deal with it. Is there anything we could be doing to say this thing looks like it's headed toward an overrun?



DAN SIMON: So, as we—as we pull that report together, as you know, there's a—there's a section of the report that identifies the reason for the contract change. If there was something in there that highlighted for us that, you know, something doesn't smell right, then obviously we're going to follow up with the agency and ask them to further clarify, and we do, and sometimes—not that they—things have not smelled right, but, you know, the description wasn't sort of clear enough for us to understand what the change was all about, and so we've gone back and forth and made sure that they identify that very clearly on the report. And so that gives us an, you know, it gives us an opportunity to work with the agency to get to the bottom line of what those changes are. What I will say is that what's sometimes lost in this discussion is the fact that a lot of projects that are smartly done are done on iterative basis that while although you aspire for a—a contract to be of a certain size, you might only contract the first part, right, or a small part just like we've done with Accelerator and PASSport. You know, we—with Accelerator we're now through release. We've done seven major releases,

but we—we only contracted for the first and second and release at the very outset, right, and we've built upon that project over time as we've needed it. Instead of trying to guess the scope out—multiple years out, we've, you know, we—we—we were very clear about the size and scope of what we wanted to do at the very beginning, and then that's what we procured and then as enhancements are required or different modules were required or a different work—different functions were required or different modules were required or different work—different functions were required. Then we went and we amended that contract to include those things. So, while a plain view of what the Accelerator Contract might be, you would say oh, my goodness, if—if, you know, if it's increased by X percentage, but, in fact, it—it was just that we increased it as we increased the scope of work. Now, I'm not saying that every contract is like that. There are some true cost overruns that we need to look at, but I think what gets lost is the fact that many of our contracts are managed smartly, but there's an increase in scope.

CHAIRPERSON BRANNAN: Okay. With discretionary funding in the Council what

improvements has MOCS made in-in that awarding process?

DAN SIMON: So, in-in-in the past couple of years I think there's-we've agreed with Council Finance to include HHS Accelerator as a benchmark for non-profits to be qualified. It is one of the-the checks on the checklist of the vetting process. I would say the-the lion's share of the vetting is contained within the Council--

CHAIRPERSON BRANNAN: Yes.

DAN SIMON: --but to the extent that it lives with MOCS, we've leveraged Accelerator to a great degree, and that has-that has helped us tremendously, and I think, you know, it's-it's again another process that has ample room for improvement, but I think the leveraging tools like Accelerator it's helped tremendously

CHAIRPERSON BRANNAN: Do--does MOCS track the time between, you know, for a contract--a discretionary award to clear versus register, how long that whole process takes?

DAN SIMON: That's-that's something we could do. I know we have-we have access to the-the

milestones that those things achieved. That's something—that's something we do together.

CHAIRPERSON BRANNAN: [interposing] Yeah, it would be interesting to know the average time between commencement of review and agency registration. [pause] I just have a couple questions about change orders. According to the Agency Procurement Report, between FY16 and 17, the total value of construction change orders reduced from about \$506 million in FY16 to roughly \$252 million in FY17. Do we know what caused such a significant drop? I mean that's a substantial drop.

DAN SIMON: So, I—I think—I think the—the simple answer is that, you know, procurement is cyclical, right. It's not an indication of spend necessarily. The Procurement Indicators Report is what's procured in that year, and so a multi-year contract would be counted once in that—in that—in a Procurement Indicators Report, and so it's not an annual spend report. It's an annual procurement report, and so it's not a—it's not an annual spend report. It's an annual procurement report. So, I've procured something one year that's five years in length, it's going to show up in that first year and

not the other four, and so sometimes a drop in what's procured can be misled as something that's actually spend and that's not the case, but we can—we can certainly look more at that, and we can come back with details.

CHAIRPERSON BRANNAN: Between—I want to say we're joined by Councilwoman Helen Rosenthal. Thank you. Between FY16 and 17 the total value of design change orders has increased from about 125 to \$307 million. What factors drove up that—the—the design change at that time?

DAN SIMON: So, I—I—I would give pretty much the same answer--

CHAIRPERSON BRANNAN: [interposing] Okay.

DAN SIMON: --that it's—it's—it's on a case-by-case basis. It's—it's not—I don't have details on why that increase occurred, but I would say that the procurement indicators isn't always the—the—the greatest indicator of—of spend. It's more about what's procured at that particular time--

CHAIRPERSON BRANNAN: [interposing] With that, I got it.

DAN SIMON: --in that fiscal year.

CHAIRPERSON BRANNAN: Okay. Council Member Rosenthal, do you want to ask some questions, please.

COUNCIL MEMBER ROSENTHAL: Just a few and my apologies for being late and--

CHAIRPERSON BRANNAN: [interposing]  
Thank you.

COUNCIL MEMBER ROSENTHAL:--and great to see you at the helm, [laughter] Council member. Good to see you guys. I guess I--I really want to ask whether or not you feel you're well staffed to do the work that you've been asked to do. We've been talking about the--all the new and--and vastly improved what--what we would formally call Vindex systems, and yet I hear from so many providers that things are still slow, payments are slow, and it appears that--as I probe about it, it appears the source of the problem is that the people on the agency side, not MOCS, not all are--sorry at OMB or any of the other agencies, the oversight agencies, but the agencies themselves like HRA or HPD or DYCD or Aging that they're not taking a cotton to the system, and when we talk about how many service providers we're training, I feel that we're--we still need to be

reporting on the number of people we're training—  
training the agencies and the success of that  
training. So, I was wondering if you feel that—how  
do we—is there—how do we deal with that problem? Do  
we need more trainers at MOCS to do this?

DAN SIMON: So, I—we talked about the Act  
of--

COUNCIL MEMBER ROSENTHAL: [interposing]  
My apologies.

DAN SIMON: That's okay. So, one of the  
things that, you know, the—the source of MOCS pride  
is not necessarily in the systems that we might  
implement that digitize the process and simply the  
process, but in the change management that we employ  
to move vendors and city agencies in that new  
direction, and so it is a—it is the most powerful  
thing we do, right. It's—it's not just moving them  
through that change, but supporting them through that  
change, answering every question they have. I think  
you're right. I think the vendors pick it up much  
quicker than the city agencies, and it is a daily  
challenge for us to move agencies in that direction.  
What I would say is that with that—in the absence of  
an end-to-end process in which we have the full

transparency of all these transactions, it's difficult for us to combat some of the, okay, we solved the Vindex problem but it's still slow. Without having the full three releases of PASSport live, it's tough for us to maneuver and-and move agencies in the direction at the micro level where hey, I've got this one issue. I still have to go to the agency to find out what that issue is and then try to expedite it as best I can. Ryan can talk a bit more about our-our change management activities on the ground, but I-I totally acknowledge that there is--there is ample room for improvement in all of our processes, but we are also hyper focused on change more than we are on--we are on--we are absolutely focused on technology deliver, but if the change that surrounds that technology delivery is equally, if not more important to us.

COUNCIL MEMBER ROSENTHAL: Sure. So, one of the stats that you used to provide is number of employees in--in each city agency who need to be trained, and the number trained. Do you still have that? Did you already review that, Council Member? No, the number who still need to be trained?



DAN SIMON: Yeah. Well, I think, Council Member, one of the ways we talked about it a little earlier was not just in the sense of how many folks were sitting in a classroom with us, but rather our access to materials. So, it's a continuum right. We—one of the things that you're flagging just to take a step back is that we have put tools in place, technology tools to fix very specific parts of—and painful parts of the procurement process. So, just taking a look back because we've had some of these conversations around Accelerator right. One of the first questions we got when we finally launched Accelerator and that was the prequalification phase that we can now speak of in retrospect as great that has relieved a bunch of pain points in the discretionary process and so on. The first question we got was well what about Vindex and where are we going to put that online, because that process is still slowing down procurement. So, moving forward to now, part of what the Director was hinting at is we're also putting another piece in place in terms of Vindex process and making sure that folks are able to file online, and make changes online, and that the

2 agencies at the same time are able to use that  
3 resource well. So, on the specific training--

4 COUNCIL MEMBER ROSENTHAL: With all due  
5 respect, all due respect--

6 DAN SIMON: Sure.

7 COUNCIL MEMBER ROSENTHAL: --just in a--  
8 for the time--because time is short, this is what I'm  
9 asking: If the Deputy Mayor if the First Deputy  
10 Mayor were asking you what are the top three agencies  
11 that are--are not fully trained yet, what would your  
12 answer be?

13 DAN SIMON: So, I think and I'm not  
14 trying to dodge the question, but I would reframe it.  
15 We've put out materials--it's not a certification.  
16 You're not getting certified in the use of PASSport  
17 or Accelerator, but--

18 COUNCIL MEMBER ROSENTHAL: [interposing]  
19 I understand and in a way I have to be honest. The  
20 fact that you can't answer the question and just say--  
21 which is okay, which is to say A, B, and C tells me  
22 that you're doing the first pass with everyone. You  
23 may be 100% done in your first pass, but there is  
24 not, you know, you're maybe doubling back or not but,  
25 you know, I'm interested in the quality reviews. So,

are there 10 people remaining at an agency who just aren't getting it. You've—you've trained them once. They have a supervisor, but they're just not getting it, and that's what I'm interested in hearing?

DAN SIMON: So, I—I would just say that we tackle those on a—on a case-by-case basis, right. In the Human Services arena, you know, I—I talk a lot about, you know, it's a constant game of racket ball, right. We need—we need the—the sector to alert us to issues that they might be having with an agency so that we can go and address it, and—and we do that for 30--

COUNCIL MEMBER ROSENTHAL: [interposing] How many complaints have you gotten in the last two months then from--? The advice I give to service providers is reach out to MOCS. They have professionals who can help you walk through the service. So, how many requests have you had like that in the last month, two months, however you track it?

DAN SIMON: I—I don't have a specific number.

COUNCIL MEMBER ROSENTHAL: Dozens or hundreds or five?

DAN SIMON: It—it would not be hundreds. It would be yeah, it might be in the dozen of so.

COUNCIL MEMBER ROSENTHAL: And do you track that number over time and see whether or not, you know, you're doubling down and helping. You know, that's when you have the opportunity to identify oh, that agency is still struggling?

DAN SIMON: So, I wouldn't say that's an exact number as an indicator that we use, right. We have our feelers out there and we work with agencies all the time, and when we notice that, you know, there's a particular amount of activity on a certain agency or a certain function within one of our systems, then we know we have to target resources at that agency, and get in there, and sometimes we've co-located that—that agency. We've actually sort of just walked in and sort of sat with them to make sure that that process gets better. I'm not saying that we've fixed it in entirety and there are absolutely staff out there--

COUNCIL MEMBER ROSENTHAL: [interposing]  
Okay, thank you.

DAN SIMON: --at the agencies.

COUNCIL MEMBER ROSENTHAL: I appreciate that.

DAN SIMON: Okay.

COUNCIL MEMBER ROSENTHAL: I really do. I really do, and then just my last question because I don't want to take up your time is through PASSport are you able to track the number of bidders on general construction projects.

DAN SIMON: So, no.

COUNCIL MEMBER ROSENTHAL: Thinking of larger projects is--and the genesis of the question is one of the things we're unraveling about the MTA cost overruns they're not overruns at all. The fact that they only have one or two bidders means that the bid itself is already loaded with padding, and I'm wondering, you know, when I spoke about this to Polly Trottenberg at DOT, she said she was, in fact, you know, aware of that type of issue, and trying to build certain sectors like a road painting sector in order to get more bids. So, I'm just wondering if we can use PASSport as a tool to quickly identify whether or not there are many or not so many bidders on projects?

DAN SIMON: So, with Phase 1—Phase 1 of PASSport is—is just having put Vindex online. So, we don't have procurements running through PASSport yet. That is—that is the plan, and when we do that, vendors would be submitting their bids and proposals through the system and so we would—

COUNCIL MEMBER ROSENTHAL: [interposing]  
Right.

DAN SIMON: --absolutely know the number.

COUNCIL MEMBER ROSENTHAL: [interposing]  
What does it mean to--

DAN SIMON: [interposing]—in Accelerator because that's where they're--

COUNCIL MEMBER ROSENTHAL: [interposing]  
Right.

DAN SIMON: --sending their proposals.

COUNCIL MEMBER ROSENTHAL: And that's not where the problem is.

DAN SIMON: Yeah, that—that's an easy problem to fix in a future state. Right now, to know the number of bids we would have to, you know, we're relying on the agency to tell us. That's a number that's obtainable.

COUNCIL MEMBER ROSENTHAL: [interposing]  
The timeline like half a year, a year to the timeline  
for getting all the bidding through PASSport?

DAN SIMON: So, the—the phase of PASSport

COUNCIL MEMBER ROSENTHAL: [interposing]  
I'll ask you again.

DAN SIMON: That's okay. The phases of  
PASSport will roll out over the next two years.--

COUNCIL MEMBER ROSENTHAL: Okay.

DAN SIMON: --and so, we—we—we anticipate  
having some sourcing in the next release but, the  
following release is where when we would have bids  
and proposals flowing to it.

COUNCIL MEMBER ROSENTHAL: Okay, thank  
you very much.

DAN SIMON: But the number of bids is  
obtainable if we need to know it.

COUNCIL MEMBER ROSENTHAL: That's good to  
know.

DAN SIMON: Just not through a, you know,  
a digital process.

COUNCIL MEMBER ROSENTHAL: Got it. Thank  
you so much.

DAN SIMON: Okay.

CHAIRPERSON BRANNAN: Just for my own edification, the different phasing and the staggering in the phasing, what-what's that about? Are we waiting? Are we still creating it? What are we doing?

DAN SIMON: With PASSport?

CHAIRPERSON BRANNAN: Yeah.

DAN SIMON: Yeah. So right now we're in—we're in design of Release 2 and so it's sort of—it goes through a design phase, then a build phase, and then, you know, a testing phase and then—and then you launch.

CHAIRPERSON BRANNAN: Okay.

DAN SIMON: And so, right now we're in design of Release 2 and we need that kind of runway in order to release the functionality.

CHAIRPERSON BRANNAN: Got it. Okay, getting back to the Local Law 18 stuff, I—I mean I was okay with—with your explanation. It makes sense to me, but I'm interested to know what some of the agencies are saying with that explanation. Are they pushing back on that or--?

DAN SIMON: Are they pushing back on which part? Sorry.



CHAIRPERSON BRANNAN: On-on just the—  
you're saying that as far as change orders that it's  
not indicated, it's not indicative of any sort of,  
you know, loss or-or it's just-it's just indicative  
of what procurement is out there, how many fish are  
in the sea, right. So, are the agencies agreeing  
with that explanation?

DAN SIMON: Well, it-it depends on-on-for  
a contract that fits the criteria where there's  
actually an increase in scope and not necessarily a  
quote/unquote "cost overrun". Then I would assume  
that they would agree with me, but in the case where  
they would be a cost overrun, then, you know, I-I  
think they would, you know agree that it-that it is,  
and there are factors that lead to that. I don't,  
you know, I don't think the agency-I think the  
agencies share that. They would share in that-the  
explanation I've provided. On a case-by-case basis  
perhaps not, but I think overall I think-my-my point  
was that I think what gets lost in the conversation  
is that every increase is a cost overrun, and I'm  
just trying to indicate that that's not necessarily  
the case if you are iterating on the rollout of a  
particular project and adding scope all along.

2 CHAIRPERSON BRANNAN: Yeah. Now, I'm not  
3 looking to demonize overruns. I mean I get it.

4 DAN SIMON: Yeah.

5 CHAIRPERSON BRANNAN: Contracts that are  
6 valued at more than \$100,000 must be reviewed by OMB  
7 and the City Law Department, and then those--those  
8 vendors have to be reviewed by DOI. Do we know how  
9 many of these contracts like this were flagged for  
10 any concern in FY 17 or--and then how many were not  
11 registered as a result?

12 DAN SIMON: That is--that is something we  
13 can certainly look back--look at and--and get back to  
14 you.

15 CHAIRPERSON BRANNAN: Okay, that would be  
16 interesting to know, and how often are contracts  
17 being reviewed before they go to the Controller's  
18 Office, but after they leave the agency?

19 DAN SIMON: How often are they reviewed?  
20 So, depending on the criteria, they would all be  
21 reviewed right so--

22 CHAIRPERSON BRANNAN: [interposing]  
23 Before they go to the Comptroller.

24 DAN SIMON: Before they go to the  
25 Comptroller. I mean it, right it depends. Some--some

based on dollar amounts might not require MOCS or law OMB review because that authority has been delegated and it would, you know, it would be from the agency straight to the Comptroller's Office, but based on, you know, dollar amounts sometimes the types of communities or-or service it is, then it goes through various review processes. It's not-if it was a-it's not a simple answer for, you know, for every single contract that goes through the same process. That's partly why there's ample room for improvement in automation here.

CHAIRPERSON BRANNAN: Okay. We're good. Alright, guys. Thank you so much. Yeah.

DAN SIMON: Thank you.

CHAIRPERSON BRANNAN: How you doing. Okay. Councilman Perkins. I'm sorry.

COUNCIL MEMBER PERKINS: Just some clarification on this Non-Profit Resiliency Committee.

DAN SIMON: Sure. So, the Non-profit--

COUNCIL MEMBER PERKINS: [interposing]  
After and what's-what's happening with that?

DAN SIMON: The-so for-for-from a budget perspective there was on additional headcount added

for that purpose for MOCS and MOCS project manages the Non-Profit Resiliency Committee for the-for the Mayor's Office. It's-it's led by City Hall, and-and deputy mayors, but project managed by MOCS in partnership with OMB and roughly 20 city agencies, and there's a committee of roughly 100 non-profits, and it's a mechanism for identifying issues with the non-profit sector that they want to raise with us particularly around finance or contracting processes

COUNCIL MEMBER PERKINS: That mechanism, now how does that interaction take place?

DAN SIMON: So, we have various work groups of the Non-Profit Resiliency Committee that meet regularly and the committee itself meets roughly quarterly.

COUNCIL MEMBER PERKINS: Okay. So, is there any information you can share like a report or some kind of understanding about how this is actually being carried out?

DAN SIMON: Absolutely. We have a-a page on the MOCS website dedicated to it, but we can-if there's any-we can send you that obviously, and then-

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2 COUNCIL MEMBER PERKINS: [interposing] I  
3 think whatever you can towards that end.

4 DAN SIMON: Will do.

5 COUNCIL MEMBER PERKINS: Thank you.

6 CHAIRPERSON BRANNAN: Council Member  
7 Rosenthal.

8 COUNCIL MEMBER ROSENTHAL: You know, I'd  
9 like to follow up on your question, Council Member  
10 Perkins. The first year of the Resiliency Committee  
11 there was a lot of hope, and I think there were a  
12 couple of things that were accomplished. Do you  
13 expect that in this coming year that the Resiliency  
14 Committee will be as dedicated and I—you know, meet  
15 as frequently as it did in its first year?

16 DAN SIMON: Well, I certainly hope so.  
17 MOCS is committed. I hope the non-profit sector see  
18 that commitment and is willing to work with us as  
19 much as we're willing to work with them. We've—we've  
20 achieved quite a lot. We have a series of, you know,  
21 success in implementations that did not exist before  
22 the NRC was created. This year we're implementing a  
23 streamlined budget modification process. This is a  
24 bit in the weeds, but non-profits know what we're  
25 talking about. We—we got a—we standardized a 25%

cash advance, which we've talked about in the past among other improvements around the audit process, and so MOCS remains committed. Obviously, there's been one headcount added for that purpose to help us out, but, you know, we are—we are absolutely there at the table ready to do that work.

COUNCIL MEMBER ROSENTHAL: That wasn't quite the answer I was looking for so—but that's okay. Is the headcount filled? I know—understand you have a position--

DAN SIMON: [interposing] Yeah, and I think it's posted and not—not filled.

COUNCIL MEMBER ROSENTHAL: Excuse me?

DAN SIMON: It's posted.

COUNCIL MEMBER ROSENTHAL: Is it filled?

DAN SIMON: Not filled. It's right the—the--

COUNCIL MEMBER ROSENTHAL: Has it ever been filled?

DAN SIMON: It's a brand—we're adding one headcount--

COUNCIL MEMBER ROSENTHAL: Oh.

DAN SIMON: --to MOCS' budget.

COUNCIL MEMBER ROSENTHAL: For--?

DAN SIMON: For the purpose of supporting  
NRC.

COUNCIL MEMBER ROSENTHAL: [interposing]  
Yeah, yeah, yeah.

DAN SIMON: I think what's where Council  
Member Perkins--

COUNCIL MEMBER ROSENTHAL: [interposing]  
And that started new this fiscal year or it's for  
next fiscal year?

DAN SIMON: Yeah. I-I think your-your  
question is so we've had staff to work on the Non-  
Profit Resiliency Committee at MOCS and we've--

COUNCIL MEMBER ROSENTHAL: [interposing]  
That's not important.

DAN SIMON: --we've been the project  
manager. We've added scope to that work in terms of  
additional workers, which we've added a staff person  
to help coordinate that work as well.

COUNCIL MEMBER ROSENTHAL: Right, but the  
staff person hasn't been hired yet.

DAN SIMON: The staff--no, we're going  
through the hiring process.

COUNCIL MEMBER ROSENTHAL: Right, got it-

-

DAN SIMON: [interposing] We have a—we have a pilot--

COUNCIL MEMBER ROSENTHAL: --and there's money in the budget for FY17-18 or 19? [pause]

DANIELLE LOUIS: So, there's--

COUNCIL MEMBER ROSENTHAL: [interposing] The additional?

DANIELLE LOUIS: [interposing] The additional money--

COUNCIL MEMBER ROSENTHAL: [interposing] The additional bumped up staff person.

DANIELLE LOUIS: So, a full year's value was added to FY19 with a small portion in '18.

COUNCIL MEMBER ROSENTHAL: Yep, and that's fine. That makes sense.

DANIELLE LOUIS: Uh-hm.

COUNCIL MEMBER ROSENTHAL: The frequency of meeting in Fiscal Year 18 versus Fiscal Year 17. If we were to say you had a 100 meetings—I'm totally making this up. I just want to get a sense. If you had 100 meetings in Fiscal Year 17, would you be plus or minus 10 in Fiscal Year 18?

DAN SIMON: So I think the—the number of workgroup meetings we have so—so starting at the top—



2 COUNCIL MEMBER ROSENTHAL: [interposing]  
3 Let me put it a different way.

4 DAN SIMON: Okay.

5 COUNCIL MEMBER ROSENTHAL: I'm hearing  
6 from the Human Factor Services that the number of  
7 meetings has declined, and they're hoping that there  
8 will be another big push. I don't doubt your  
9 commitment. I don't doubt the accomplishments you've  
10 made and, in fact, it's really a question that zeros  
11 in on given the accomplishments of this group and  
12 this--what you've put together, it's all the right  
13 people. Is that, you know, I don't want to see that  
14 fade away. It's great. You've made three  
15 accomplishments. Are you in it to make three more?  
16 There's an endless number of accomplishments to be  
17 made.

18 DAN SIMON: I think the--the answer is  
19 absolutely. If you're referring to the frequency of  
20 meetings of the Executive Directors and so on, I  
21 believe, if my notes are correct, the meetings were  
22 quarter--on a quarterly basis for the last Fiscal  
23 Year, and we've gotten to a point where a lot of that  
24 work is being pushed to the work groups to continue,  
25 and the frequency of that work is going to continue

at a high level. I think it's going to be like every--there might be three or-three meetings as opposed to four in the next Fiscal Year but there is still going to be many work groups happening. [pause]

CHAIRPERSON BRANNAN: Okay, if my colleagues--okay, thank you guys very much.

DAN SIMON: Thank you. [pause]

CHAIRPERSON BRANNAN: Okay, we have five people on the next panel. We have Michelle Jackson from the Human Services Council; Andrea Cianfrani from Live On New York or Live On--Live On New York; Carlin Cohen from CAPC; I can't read this. [background comments] Towaki Komatsu; and Monsignor Kevin Sullivan. [background comments, pause] Okay, guys. Michelle, you want to start?

MICHELLE JACKSON: Good morning. My name is Michelle Jackson, and I want to thank the Council and Chairperson Brannan for allowing us this opportunity to testify today. The Human Services Council is a membership association of human services non-profits. We represent about 170 direct service providers and coalitions in New York City and we do policy and advocacy on behalf of this sector. We'll be testifying today and then my colleagues will kind

of fill in some of the details about some of the subsector issues that—that we're all working together on. Before I get to my written testimony, I want to take a moment to acknowledge the Mayor's Office of Contract Services, and the amazing partnership that they have with the—with the human services sector overall. They have done really revolutionary work as Dan mentioned things like PASSport. HHS Accelerator has been really game changing for the sector, and amazing customer service skill, and they're putting a lot of time into the non-profit sector, and we also really appreciate the work of the Non-Profit Resiliency Committee. It's done a lot of really granular level changes. Some stuff is never going to make the front page of any newspaper [laughs] I think budget modifications and all the changes, but it really makes a difference to the non-profit sector, and our ability to deliver quality services.

CHAIRPERSON BRANNAN: So, you're saying I'm just being mean then?

MICHELLE JACKSON: No, you were being great. You're lovely. [laughs] I mean we always want more, right, but I just have to acknowledge that they've done a lot of really—of really great work

and, and will continue to partner with us and next year on the work.

CHAIRPERSON BRANNAN: This is what they (sic) have you done for me lately, and we take pride in that.

MICHELLE JACKSON: [laughs] Exactly. Speaking of that, now so what we're asking for this year, you know, we've been able working with the Mayor's office and with agencies and especially with Council support have been able to chip away a real decades of underfunding, and profit issues that keep the sector from preventing quality services to communities, and last year we had an historic investment with the thanks of the—of the Council, \$300 million that went to support an increase in indirect funding in cost of living for adjustments for our workforce and in model budgets in five different program areas to really delve into some of these under-funding issues. That was a real historic investment and it makes a big difference. Unfortunately, a lot of our providers are reporting that that money—it's March. A lot of the money from those have set, you know, in those contract amendments have not gone out yet, and that creates

more cash flow issues for the sector, and also a lot of administrative headaches and even morale issues. For example the Cost of Living Adjustment. A lot of providers aren't able to give it out until they get those amendments from their agencies. So, we'd like to work with the Council and the with the Mayor's Office to find other ways to speed that process up, and have more accountability to make sure that if we are able to get more increases there's COLA next year that that money goes out quicker to agencies or to non-profits. Also, this year we'd like to continue. It's not just about getting more money into the budget for the sector. It's also about standards in these contracts. So, we'd like to see a 15% standard indirect rate on all the contracts, indirectly affects the issue, [laughs] but it's really about keeping the lights on. It's about having good accountants, it's having that IT, and when you strip away indirect funding you prevent providers from really doing all of that risk assessment and good management that they need to do. We'd also like to see a 37% standard fringe rate on contracts. Not being able to pay for health insurance and raises and quality staff really makes a difference at these

organizations, and some of the RFPs that we see come out and contracts have kind of arbitrary fringe rates. Thirty-seven percent is a national standard. So, we'd like to at least see that on contracts to continue chip away at some of these under-funding issues, we'd like to see a 10% increase for contracts. So this is money on both insurance like casualty and liability insurance and also occupancy costs. A lot of these contracts go on for at least ten years sometimes longer, and they don't have cost escalators. Rent goes up in New York City every year [laughs] like—as we're all very well aware, and some of these contracts go on, you know, beyond their first RFP life, and get extensions, and there's just not a way to account for that, and the Non-Profit Resiliency Committee one of the workers has actually picked up looking into insurance and also occupancy costs and, you know, we—and we recognize that there's real increase there, and so to help kind of chip away at where some of these contracts have stagnated, we'd like to see an increase in that. So, we estimate it will be about \$200 million to get some of these increases in this year's budget along with kind of standards and principles to hopefully more the money

through quicker. So, I'll stop there. I'm happy to answer questions that you have or, you know, and my colleagues can also fill in some of the color from their agency.

CHAIRPERSON BRANNAN: Thank you. Do you feel PASSport is or is going to be as fantastic as everyone says it is?

MICHELLE JACKSON: I do. So, I'm a procurement nerd myself [laughter] and very excited about Accelerator and we worked very closely with the Mayor's Office to see Accelerator through, and that's been really game changing for providers. I think to your point, too, about small providers now have the same opportunity to compete that a lot of larger organization do because they're all putting their information in the same place one time and PASSport--the Next (sic) has been one of the major headaches of the sector for years, and so even that getting it online is already--people clapped. People were very excited in the non-profit sector for that and also to be, you know, there's better tracking mechanisms for contracts and more connectivity in procurement online procurement would make a big difference.

CHAIRPERSON BRANNAN: So, what's the biggest challenge?

MICHELLE JACKSON: I think the biggest challenge the sector is facing now is that the agencies, you know, getting the money out the door on these we were really successful and--and ran this great campaign last year to get \$300 million, and providers haven't seen a lot of that money. It makes--it's a--it's a real problem because it also shows some of the cracks where--how agencies even related to each other, how they relate Mayor's Office directives, and also how they relate to providers to get that money out the door, and kind of where those--there's obviously a huge flow now, and it also creates more issues for non-profits, not just in terms of cash flow. A lot of providers, 30% have less than one month cash flow. So, when you're waiting nine months for an amendment, it makes a big difference--difference, but it also kind of creates a--does anyone know what's going on [laughs] and where, you know, where--you know where--you know, where does the buck stop? Who's in charge and how do we move things forward?



CHAIRPERSON BRANNAN: I know the-the providers your-your work with Access through a Returnable Grant Fund.

MICHELLE JACKSON: A lot of them do, yes.

CHAIRPERSON BRANNAN: Okay.

MICHELLE JACKSON: A lot of them do multiple times, you know, throughout the year especially the homeless services providers. In the last couple of years that's been, you know, a really important piece for them, and actually in the last couple of years it's been the first time that it's hit its capacity. Even the first couple of years it was there \$20 million and a lot of it was always there, and the last couple of years it's actually been tapped out a couple of times.

CHAIRPERSON BRANNAN: Yeah. Now, we see it growing, and it seems like something we'd want to work towards making obsolete.

MICHELLE JACKSON: Yeah, I think it's a Band-Aid, right the idea that if contracts were paid on time we wouldn't need a returnable grant fund, and so to the extent that PASSport and other agency mechanisms can be put into place so that there's less need for it, that would be ideal.

2 CHAIRPERSON BRANNAN: Okay, and the city  
3 doesn't extend money lightly. If it's extending  
4 money through the Returnable Grant Fund then why  
5 isn't it just approving the contract?

6 MICHELLE JACKSON: That would be, of  
7 course—I mean I just always believed--

8 CHAIRPERSON BRANNAN: [interposing] These  
9 are life's mysteries.

10 MICHELLE JACKSON: Yes. [laughs]  
11 Exactly.

12 CHAIRPERSON BRANNAN: Yes.

13 MICHELLE JACKSON: I think there's always  
14 going to be some sort of delays, but I think that to  
15 the extent that we've seen an increase in a lot of  
16 delays in contracts it's become a real problem.

17 CHAIRPERSON BRANNAN: Yes. Okay. My  
18 colleagues? Okay, thank you very much, Michelle.  
19 Thank you.

20 ANDREA CIANFRANI: Good morning I'm the  
21 Director of Public Policy at Live On New York, and in  
22 my new lifelong dream of becoming a big procurement  
23 nerd, I have learned that I need to always follow  
24 Michelle because she lays it out very well, and I can  
25 fill in some of the pieces, and I don't have to do

much in the way of explaining, but I will try to give some context.

COUNCIL MEMBER PERKINS: Are you--what is your name again?

ANDREA CIANFRANI: Andrea Cianfrani, Live On New York.

COUNCIL MEMBER PERKINS: Andrea--?

ANDREA CIANFRANI: Cianfrani. C-I-A-N-  
[laughs] [background comments]

COUNCIL MEMBER PERKINS: Spell it for me please.

ANDREA CIANFRANI: C-I-A-N-F-R-A-N-I.

COUNCIL MEMBER PERKINS: Cianfrani.

ANDREA CIANFRANI: You got it. [laughs]

COUNCIL MEMBER PERKINS: Thank you.

ANDREA CIANFRANI: Thank you. I am the Director of Public Policy at Live On New York, a membership--a membership organization representing 100 community based agencies that serve 300,000 seniors annually through senior centers, case management, home delivered meals NORCs, housing and many other services. Many--most contracted through the City Department for the Aging and other city agencies. We're here today. We presented our DFTA focused

budget priorities last week at the Aging hearing, but we're really pleased to be here today, and thank you for the opportunity to talk about some of these very issues, and give context to the issues that Michelle was just referencing. Because what it really comes down our members that we represent is them having the ability to maximize and ensure that they have provided the best service delivery as possible to the seniors that they serve, and a lot of the issues that--that Michelle raised and challenges that non-profits face really impact that day-to-day service delivery, and I do also want to--to recognize the work of MOCS and the NRC as well. We've done a lot of different advocacy across the years at Live On New York, but I think the most exciting emails I got were over the past year when members were saying they don't have to drag down eight copies of contracts any more, signed contracts and they're able to do things thorough email. So, those, you know, day-to-day efficiencies and--and making things easier for non-profits who are doing a lot of different things day to day really matter, and so we--we commend those--those efforts as well. Again, we're really here to--to echo what Michelle said but city contracting we're

really focused on ensuring flexibility, transparency, responsiveness and accountability in the as-core principles because it's crucial to ensure that seniors can server older adults through the contracts that the contract with the city. We are a part of the Human Services Advancement Strategy group who are working on these issues, and again we commend and thank the City Council for your work and support last year in securing the nearly \$300 million of the \$500 million ask for various areas to help support non-profits. There are two areas that we again are bringing special attention to in FY19 and it's the- setting the floor or the 15% for indirect in all Human Service contracts as well as the 10% increase in occupancy and casualty and liability insurance and also asking again for that 37% industry standard for fringe benefits. Again, these are, you know, issues that affect the ability for an executive director, a senior center director or whatever it might be to make sure that their employees are receiving what they need to be able to serve seniors, serve seniors well. Another quick issue that I wanted to raise that we raised at the Aging Committee last year again is the idea of fully funding contracts and the city

need to fully fund contracts, and one quick just area that I'd highlight as an example in our budget ask we do have a request for an increased rate for meals for both home delivered and congregate meals, and that's because right now, senior service or seniors centers and home delivered meal agencies are providing these services and are not being reimbursed for the full price of the meal. So, it's—it's simple things like that that seem pretty straightforward and common sense, but that's why we're here to say that, you know, if agencies, non-profits are doing these incredible services, which we know they are, and they can maximize the—the effect of these, they need to be fully reimbursed for the meals that they're providing or providing, you know, different rates especially for culturally appropriate meals as well, and so these are just some key areas that we're focusing on in our advocacy and we really appreciate the ability to talk through them with you. And, you know, just in closing, Live On New York as well as many of the colleagues here see ourselves as—as a partner with the city, and really working to—to increase, you know, all these great services that we know are

really important to keeping our city, and making it a great place to age. So, thank you.

CHAIRPERSON BRANNAN: Right on. Yeah, I mean it's a--it's aligned--as Chair, I think what all of my colleagues have to straddle is that majority of vendors are doing, you know, priceless work for the city. So, even as we're trying to root out fraud and waste and that kind of stuff, it's, you know, the overwhelming majority of folks are like you guys who are doing great stuff. So, I don't want to ever demonize that--that part of it. What's the biggest--the same I'd asked Michelle, what's the biggest challenge, or what's something you would fix if you were the head of MOCS?

ANDREA CIANFRANI: I mean I really think again it is, and again let's echo everything Michelle said, but she's very smart, but it is the, you know, the flow of money into the agencies. I mean I just think from a personal level when you don't know when money is coming or when you're trying to be playful and innovative as a non-profit in the city there's a lot of incredible things to do especially with all of the momentum seniors bring to the city, and--and really incredible things that we can--that our

provides want to offer and can't offer, but if you're, you know, sitting in an office trying to plan out, you know, payroll for the next month, you're—you're not able to do that. You're not able to innovate, you're not able to think, you know, five years ahead, ten years ahead and looking at, you know, the—the demographics with aging as a change. You know, we had a membership meeting in November to pull together our members to really say listen, what do you see as the future for the city and aging services. You know, and sometimes with all of the things that are going on in these issues that we talk about that are difficult for non-profits, the energy in that room was unbelievable. You had about, you know, nearly 80 senior center directors coming to talk about what they envision for the future and how why they can server older adults, and it—it's amazing. But, they need the ability to have stability within their payrolls, within their programs, and know where that money is and when it's coming, and if it's not coming, at least know that, and be able to be planful because otherwise they can't—they can't innovate and they can't move forward. So, I think it's really the flow of money



and the communication, again, which I think is being worked on in creating those efficiencies that allow them to do the real day-to-day, which should be serving seniors.

CHAIRPERSON BRANNAN: Has it gotten better or is it still unpredictable?

ANDREA CIANFRANI: I think it's—I think, you know, I was noting, I was looking through, you know, just small things, not small, but important things like the MOCS updates and newsletters. Again, we hear if I know or if I understand what's happening in the process, or if I know where the contract is, and I think some of those issues have gotten better. I think there's been improved, you know, kind of communication and—again, through, you know, the NRC and different ways that the city is looking to increase that communication, I think that's been helpful, and again, efficiencies there, you know, seem like small things, but they make it big difference to an executive director who's wearing, you know, a hundred different hats or the senior center not having to come down to the city to, you know, hand deliver signed contracts and being able to get things mailed to them. The other thing that I'll

say is that we are also trying to do a good job of reaching out to city agencies such as MOCS such as, you know, different contracting, people along the way so that we can make sure they know us and that we're a resource for them, and we can kind of have this two-way street of communicating information. So, I think, you know, again, we're all in it together, and there's pieces we need to address through the budget, through whatever it might be, but I think, you know, we share the goal of--of moving forward.

CHAIRPERSON BRANNAN: Okay.

COUNCIL MEMBER PERKINS: [off mic] Can I ask a question?

CHAIRPERSON BRANNAN: Councilman Perkins.

COUNCIL MEMBER PERKINS: So, you're--you're--did you say you're not fully reimbursed for the meals you're providing?

ANDREA CIANFRANI: I'm sorry. Could you repeat that? I couldn't hear you.

COUNCIL MEMBER PERKINS: Did you say you're not fully reimbursed for the meals you're providing?

ANDREA CIANFRANI: No, so the--the issue is and meal reimbursements a little--

COUNCIL MEMBER PERKINS: [interposing]  
So, you said it or no you didn't say it?

ANDREA CIANFRANI: Oh, no, I did. They are not fully reimbursed. So, the-the price that they receive, and there hasn't been an increase in meals in several years. I'll have to look back. The city hasn't increased the reimbursement rate. So, and obviously food costs continue to go up. So, they should be fully funded to cover the entire costs of the meal and-and cover--

COUNCIL MEMBER PERKINS: [interposing]  
What is the gap percentage wise do you think or--

ANDREA CIANFRANI: So--

COUNCIL MEMBER PERKINS: --or dollar wise, do you think?

ANDREA CIANFRANI: So, there's-the gaps range anywhere. There's-the reimbursement rates are different per center, and it depends.

COUNCIL MEMBER PERKINS: Sure.

ANDREA CIANFRANI: So, the reimbursement rates I believe are anywhere from \$3.00 up-upwards of \$18.00. There's a recent report that had some stats in there. So, they're all over the board. Again, the-the reimbursement rate right now is-for the meals

2 is just not covering what the full cost of the meal  
3 is. So, there's a range and we can--

4 COUNCIL MEMBER PERKINS: [interposing]  
5 So, there's a range between the groups in terms of  
6 the costs--

7 ANDREA CIANFRANI: Uh-hm.

8 COUNCIL MEMBER PERKINS: --but in every  
9 case it's not enough?

10 ANDREA CIANFRANI: It's not enough, and  
11 especially when we're talking about culturally  
12 appropriate and-and--

13 COUNCIL MEMBER PERKINS: [interposing]  
14 Culturally appropriate?

15 ANDREA CIANFRANI: Like kosher meals,  
16 Halal meals that are--that are more, you know,  
17 expensive to provide and, you know, it's really  
18 important especially because centers and programs  
19 are--

20 COUNCIL MEMBER PERKINS: [interposing]  
21 But do the centers sort of more or less quantify that  
22 and somehow or other communicate that in terms of by  
23 the way, they're not getting enough to eat?

24 ANDREA CIANFRANI: I think so, and I  
25 think that's our role each year at the budget to

present the information and talk about to-to ensure that those reimbursement rates continue to go up to provide--

COUNCIL MEMBER PERKINS: What is the gap, would you say?

ANDREA CIANFRANI: I mean the-what we are asking for to start addressing the gap is a dollar increase in meals for this year. So, that comes out to about \$12 million total of an ask.

COUNCIL MEMBER PERKINS: Why not \$2.00?

ANDREA CIANFRANI: We would be fine with that as well. [laughter] We're trying to be reasonable, and trying to address this, you know, in-- in an incremental way to-to--

COUNCIL MEMBER PERKINS: [interposing] So, it's reasonable to bargain from a higher number--

ANDREA CIANFRANI: That's okay.

COUNCIL MEMBER PERKINS: --than a lower number.

ANDREA CIANFRANI: Point well taken.[laughs]

COUNCIL MEMBER PERKINS: Okay. So, and in your--in that regard, though, how are you

communicating above and beyond us that this gap is—is critical?

ANDREA CIANFRANI: I mean I—I think that's a great question, and I think we do work regularly with working with DFTA and talking with the Department for the Aging to raise these issues, and— and have a very good working relationship. Again, our members contract through DFTA and we—we working on these issues, and make sure that we as a collective voice—you know, Live On New York again we have 100 members that are running, you know, a good majority of the 249 DFTA contracted senior centers throughout the city. So, we serve as a collective voice to hear that information, try to, you know, make it collected, and be able to relay those concerns. You know, we have, you know, a provider committed that we pull together once a month to really talk through these issues. Sometimes one center might be having an issue that's really focused on that center, and it's not necessarily a systemic issue. I mean that's something that they can work with, you know, their program officer or with DFTA through, but really our role is to understand these systemic issues that are arising, you know, for the collective group, and to

bring that both to the Council, to bring it to the Administration, and to work with our members to help, you know, solve these--these challenges.

COUNCIL MEMBER PERKINS: We shouldn't be stingy to our seniors.

ANDREA CIANFRANI: We agree.

COUNCIL MEMBER PERKINS: It's not a good message--

ANDREA CIANFRANI: We agree.

COUNCIL MEMBER PERKINS: --for them.

ANDREA CIANFRANI: We like to talk about the incredible work that seniors are doing today for the city, and in the state volunteering in-in, you know, in the thousands, or caregiving. They are powering up the economies. If you on May 9<sup>th</sup>, you will be getting an invitation soon for our Senior Advocacy Day where, you know, 300 seniors will be outside talking about the importance of funding senior services. So, I fully agree and I thank you for that--that comment.

COUNCIL MEMBER PERKINS: So, if there's any other information that you can share with us that we can be useful to it, please do that, and don't hesitate.

ANDREA CIANFRANI: We will be happy to.  
Thank you.

CHAIRPERSON BRANNAN: Councilman Yeger.

COUNCIL MEMBER YEGER: Thank you, Mr.  
Chair. I just want to pick up on a little bit of  
what Councilman Perkins was asking with the—not—and  
not to be flippant, and he wasn't either, but when  
you're talking about the reimbursement rate for the  
meals, you know, the idea is that the non-profits are  
filling the gap that the city itself is not  
providing. That's the purpose of these contracts.  
It's because the city doesn't have a dining room that  
it prepares foods and gives it out to random places  
and people. So, therefore, we as a city have  
contracted with various entities, 249 in our senior  
centers, but many more because there are Meals On  
Wheels programs, and soup kitchens and things of that  
nature. So, the idea is that the city is supposed  
to—I understand charity is supposed to raise the  
money and that that's for charity. This is you're  
doing a service for the city.

ANDREA CIANFRANI: Uh-hm.

COUNCIL MEMBER YEGER: So, the idea is  
that you should be getting the actual cost of what it



is, and I'm going to leave aside the--the cost of the fringe and the cost of the personnel and the cost of, you know, the operating expenses, but the actual buying the food and the cost of the food and the people who are giving out the food. The contracts that you're responding to the RFPs for are undercutting. They're understating the costs, and you're responding to the RFP, and you're saying yes we--this great organization who we are, you and the Chinese-American Planning Council and Monsignor and Catholic Charities, they're all saying well we can do the service. But the problem is not really on the--of the management of the contract, it's the fact that DFTA itself is not putting out an RFP that is properly stating what the cost is. They--they should know, right, what the cost is. You're telling them. I guess it's a question a little bit.

ANDREA CIANFRANI: I think that's fair and I think again that's what we're working towards and, you know, we know that that system needs to be looked at and--and, you know, there's a lot of different issues that go into food. There's foods broken up into raw food, and there's all different kind of pieces of it. So, it's not completely

straightforward, but I think I, you know, I agree. We—that's something we are working towards and we're working with, you know, with everybody, with our members to get that information so that we can be clear in what is needed. Looking at national trends and—and other, you know, reimbursement rates and averages, looking at the cost of food going up. I mean it's, you know, it's complicated, but I think, you know, I think that's true and I think we're trying to make sure that we have good information to help in that process.

COUNCIL MEMBER YEGER: Right. Would you say that there's a range of prices? Some agencies—some organizations are paying \$3.00 a meal, some organizations are paying \$18.00 a meal. Can you just briefly explain that?

ANDREA CIANFRANI: Well, they're not paying. It's the—the reimbursement rates range, and again it's--

COUNCIL MEMBER YEGER: [interposing] Why is that? Are the reimbursement rates set by the agency. It ranges. So, on some contracts the agency will say we're going to pay this instead of \$3.00 a meal and some contracts the--

2           ANDREA CIANFRANI: [interposing] Yeah,  
3 there's budgeted units. There's different costs,  
4 there's different vendors. There's, you know, so  
5 there's different costs that they're paying by the  
6 programs, and so there's ranges along the board that--  
7 -

8           COUNCIL MEMBER YEGER: [interposing] With  
9 the exception of the--of the different kinds of foods,  
10 special dietary needs, kosher and Halal, health  
11 needs, other than that, a potato is a potato.

12           ANDREA CIANFRANI: Uh-hm.

13           COUNCIL MEMBER YEGER: It costs the same,  
14 and every--

15           ANDREA CIANFRANI: [interposing] Well, I  
16 think in--in different areas different vendors are  
17 used, and also, you know, there's different economies  
18 of scale. If you're, you know, providing for a  
19 center that has less people, you might be, you know,  
20 there's--there's different ways to purchase food as  
21 well. So, there's--you know, that's a challenge, too  
22 look at. You know, that's why there's all, you know,  
23 there's different--

24           COUNCIL MEMBER YEGER: [interposing]  
25 Okay, so, and this question is not just for you but

also if Monsignor and Ms. Cowen (sic), if you can address this when you testify, but what--how do you get to the point where if, you know, you have a contract, and it's supposed to give you a thousand dollars a year, but it really costs you \$2,000 a year, where do you get that thousand dollars? So, when we kick in some money and remember that it's tiny, it's nothing, where does--where does that difference come from? Yeah. I'm just asking is it fundraising? Is it--is it--

ANDREA CIANFRANI: [interposing] No.

COUNCIL MEMBER YEGER: --is it going back to the city and saying we have to--we have to deliver less meals because what you're giving us is not really covering the--the number of meals in our contract? What is the--?

ANDREA CIANFRANI: Yeah. So, we did this research, and, you know, first of all the answer is it varies, but we did this research with our membership after FECS went under. It was the largest human services provider at the time in the city, and had a \$20 million deficit, declared bankruptcy, declared bankruptcy and completely shuttered, and we're seeing that as a rising trend in this sector.

2 COUNCIL MEMBER YEGER: Oh, it's-it's only  
3 a rising trend for the organizations that steal.  
4 That's, you know, it's a different-okay.

5 ANDREA CIANFRANI: [interposing] Well,  
6 thanks for that.

7 COUNCIL MEMBER YEGER: Alright.

8 ANDREA CIANFRANI: Yeah, that's, you know  
9 there's that to the side.

10 COUNCIL MEMBER YEGER: Alright.

11 ANDREA CIANFRANI: But they, you know,  
12 running a deficit, and because they were taking on a  
13 lot of the contracts, the underfunded contracts that  
14 other groups couldn't take, but they felt they could  
15 because of an economy of scale.

16 COUNCIL MEMBER YEGER: And not because,  
17 you know, the issues with FECS is that they were  
18 deliberating undercutting other agencies when they  
19 would bid on contracts knowing that-that these  
20 contracts that they were going to get a contract  
21 because they were going to come in at the low number,  
22 and procurement rules our procurement rules were that  
23 you give it to the low guy, and they were-they were  
24 basically-they had Madoff like scheme where they  
25 were, you know, I could say it--

2 ANDREA CIANFRANI: [interposing]

3 Absolutely. [laughs]

4 COUNCIL MEMBER YEGER: It's-it's alright.

5 I'm a-I'm a lawyer. I'm okay with being sued. They--  
6 they had a Madoff like scheme where they were taking  
7 from one pocket, paying from the other pocket and--and  
8 they were--they were understating the cost of a lot of  
9 these contracts. Therefore, you know, kind of you  
10 were stuck with that, right. So, when they all went  
11 out, and all these contracts are available and  
12 Monsignor is nodding his head because he's been doing  
13 this for a long time and he knows that this is  
14 exactly what was going on. And those of us who have  
15 watched that organization in particular--I'm not on an  
16 attack phase against them, but for the number of  
17 years that we have, I always wondered how it is  
18 possible to do what it is that they say they're doing  
19 for the prices that we knew that were in their the  
20 contracts. It was simply not fathomable. I've  
21 worked in non-profits in my life, and it was never  
22 possible. So, that's a--that's a fix up, but--

23 ANDREA CIANFRANI: [interposing] But yes,  
24 that aside I would--

COUNCIL MEMBER YEGER: [interposing] -the subject to you guys, is FECS kind of lowered the bar so low that you're stuck with contracts with-with numbers that just simply are not matchable.

ANDREA CIANFRANI: [interposing] Yeah. I think it cuts across, you know, the sector. A lot of the contracts that are underfunded, they've been underfunded for decades, and there's not a lot of collaboration between non-profits providing those services on the ground and the agencies with the RFPs are developed. We're working on that and the NRC is actually actively working on that. The idea that since it's--

COUNCIL MEMBER YEGER: [interposing] I'm-- I'm sorry, I don't mean to--but what do you mean when you say you're working on it? This is not a--you know, and this is not the fault of yours and that you created, but when you say what you're working on, can you tell us--

ANDREA CIANFRANI: [interposing] Yes.

COUNCIL MEMBER YEGER: --you know, briefly because I don't want to--

ANDREA CIANFRANI: [interposing] Of course. I know that's--

COUNCIL MEMBER YEGER: --but what do you mean? Is there a way that we can help? Is there a way that the chair can do something to--?

ANDREA CIANFRANI: [interposing] Yes, the non-profit Resiliency Committee has created a collaborative program design. One of the barriers to kind of collaboration has always been a lot of myths around the procurement process, and when you can talk to providers who may be competing for some of these contracts, and a lot of it is steeped in myth. It's not reality.

COUNCIL MEMBER YEGER: Stepped in--?

ANDREA CIANFRANI: In myth.

COUNCIL MEMBER YEGER: In myth. Okay.

ANDREA CIANFRANI: This idea that like you can't talk to people. You can't ask the provider, and so when you put out a supportive housing RFP for example, wouldn't it be great to survey the people who have that contract now, and ask them where the gaps are and what metrics they're using and what's actually working and what's not. And historically, a lot of that hasn't happened because there's been--there are some real procurement rules that--that create some barriers, but a lot of it



is the idea that there's these barriers, and so the NRC is working to dispel that and create more collaboration. But in the meantime, we're left with a lot of RFPs and contracts that don't have that collaborative approach, and aren't steeped in reality. They're—they—they're not asking providers how much a meal really costs in Bed-Stuy versus, you know, Bay Ridge and--

COUNCIL MEMBER YEGER: [interposing] You did—what you're saying is DFTA is not saying we want to know how much it costs. DFTA is saying this is how much we're giving you.

ANDREA CIANFRANI: Right.

COUNCIL MEMBER YEGER: Do it or don't do it, and because you're in the industry of providing charity and good work, you are doing it and then having to have this extra piece where you simply have to figure out a way to pay for it.

ANDREA CIANFRANI: Right--

COUNCIL MEMBER YEGER: Okay.

ANDREA CIANFRANI: --and then as, you know, as costs go up, you have to either fundraise. Some grounds fundraise to fill the gaps. Some take on other types of contracts whether state or

foundation, you know, to fill the gaps, but what we are seeing in the last 10 years is that that gap has gotten too wide, and that providers are starting to merge or close. FECS was one, but there are others who have done—we've seen a lot of mergers in the last couple of years, and we're starting to see organizations turn back contracts, which is the worst thing that you want to see because it means that those communities are going either unserved or other groups may be trying to pick up those contracts who have less experience of are new to the area, or haven't done the math to see how bad those contracts are.

COUNCIL MEMBER YEGER: And so, this is going to be my last though, and then I'll turn it back to the chair because the fine folks are going to answer all my other questions, and I won't have to say anything else, but what I would urge you to do is, you know, this is the Contracts Committee, it's the contracts, but when Aging comes—and the Commissioner or Aging is talking to the Council, you should be there telling the Aging Committee exactly what's going on. I know that a lot of this focus was seniors, but the reality is that, you know, our work

is from, you know, age one day until age-until someone is no longer here. So, at the Council we do all ages, but the work of non-profits when it comes to seniors is really the life blood of what we're doing because that's point where folks are not able to make it any more--

ANDREA CIANFRANI: Uh-hm.

COUNCIL MEMBER YEGER: -and-and there's nothing we can to-to increase their ability to earn an income except to take the burdens off of them whether it's for food, whether it's for housing, and things like that. So, that's where you guys come in, and if the city is not doing its fair share, and-and by that I mean 100% reimbursement. I don't think that it's an outline. The Chair has long advocated for that. He's long thought about that and-and other members of this body. You should be reimbursed 100% of the cost of providing food for senior citizens. So you should take the show on the road, not to be flip about it, but you really should be there at that Aging Committee when they do that and-and tell them that what DFTA is doing. They need to increase it on their side.

2                   ANDREA CIANFRANI: Uh-hm. Absolutely.  
3 You'll see us a lot. [laughs]

4                   COUNCIL MEMBER YEGER: That's my little-  
5 that's—that's not even a question. That was my  
6 little spiel because I have the microphone.

7                   CHAIRPERSON BRANNAN: Yeah, but just to  
8 support what my colleagues said, I mean, you know, I  
9 see this committee really as being an open door for  
10 folks like you to direct which way we should go, you  
11 know. So, hearing from you guys the challenges and  
12 the struggles, and the things that persist, that  
13 things have gotten better, is absolutely critical to  
14 what we're doing here. So, that's why it's so  
15 important to hear from you. Carlin from CPC.

16                   CARLYN COWEN: Hello, good morning.

17                   CHAIRPERSON BRANNAN: Good morning.

18                   CARLYN COWEN: Before I begin on my  
19 testimony, I actually wanted to quickly address the  
20 points that Council Members Perkins and Yeger brought  
21 up. For us we do home delivered meals, and for each  
22 meal that we deliver the city pays for approximately  
23 70% of it and we cover the other 30% of it. For us  
24 that means that we cannot take on more meals than we  
25 deliver despite the fact that we know that we have

many senior citizens that would use and need those meals. It also means that we have to cover that cost through fundraising, through lines of credit and through allowing our program areas and others to not be as robust as they could and should be. I'll move on in my testimony. To formally introduce myself, my name is Carlyn Cowen. I'm the Chief Policy and Public Affairs Officer at the Chinese-American Planning Council, a mission of our organization is to promote the social and economic empowerment of Chinese-American immigrant and low-income New Yorkers and we do so by serving over 60,000 New Yorkers each year through a variety of services from Early Childhood Education, seniors and everything in between. Thank you very much Chair Brannan, and the members of the Council for your leadership on these issues. We'd also like to thank the city and the Non-profit Resiliency Committee for the strides that they've made and their partnership on these as well. I'm here to support the asks today that my colleagues from HSC and Live On made. We're members of both of those organizations, and we are in full support of the asks they're making around increases for indirect for ATPS, for fringe benefits and other key

investments in this sector, and I'm hoping to provide the provider perspective today on what that means to a direct social services agency like the Chinese-American Planning Council. While we've made some significant strides with the investments that New York City has made in the cost of living adjustments in indirect, the reality of it is that providers haven't really seen the impacts of that. So, last year when we heard that there would be a 2% cost of living adjustment for our staff, obviously staff celebrated. They haven't seen that adjustment in a very long time. Yet, that money hasn't been disbursed yet, which means that when it came around to December 31<sup>st</sup>, we had to look at whether or not we could create an increase for that staff, and we simply couldn't afford to put it in. So, we had to say we're waiting on these contract adjustments to come through, and we don't know how long it will be, which means that the morale of the staff is lowered. We're seeing turnover increasing, and that in turn destabilizes many of our program participants because they're not getting the same high quality of service they should be when there is frequent turnover of the staff that are working with them. We also were told

by several city agencies that we would be receiving a 2% indirect rate increase for some of our contracts, which would obviously go a long way towards improving indirectly what we have. Yet, we haven't seen any of those increases as well, which means that we've had to put off hiring mission critical staff, which means we've had to put off doing technological upgrades that would help us run our programs more efficiently, and beyond that, we actually find that that 2% increase doesn't even begin to cover the gap between what the city funds us for our indirect rate, and what our actual indirect rate is. Our indirect rate is approximately 17%, which for a non-profit provider is not actually that high. Yet, our average from-reimbursement from the city is approximately 9%. We went through the math, and we met-and we decided-we figured out that this means that over \$900,000 each year is the tune that we're subsidizing the city for the indirect rate on their contracts. So that means that the city is contracting us to do these services, and we are providing a service that the city is mandated to provide, and just on the indirect, not even covering other areas like OTPS. We are putting in nearly a million dollars each year to do the

services that the city is supposedly paying us to provide. For the Council's consideration, my colleagues and I came up with a couple of ideas of what our organization could do with that million dollars, if the city were to fund the full cost of doing business with them. We could give a 6% increase to our staff across the board with that money. Our staff are wildly underpaid to do the work that they do. For example our Early Childhood Center Education Directors one of whom has been around for 47 years earn less than a first-year DOE Pre-K teacher. We could also provide 6,000 adults with literacy and workforce training for an entire year. We could also provide 400 school age children with high quality dual language after school programming for an entire year just for the cost that we are subsidizing the city for their indirect rate. I have a million of these examples, but I know you have a long day ahead. So, I'm happy to share them at another time, and I'm happy to answer any questions that you have, but I urge all of you that are here today to continue pushing the city, to continue doing the good work that you've done, and support the asks of my colleagues that they've presented.



2 CHAIRPERSON BRANNAN: It sounds like a  
3 future hearing topic to me.

4 CARLYN COWEN: We would live to talk at a  
5 hearing. I can bring many people to come and  
6 discuss.

7 CHAIRPERSON BRANNAN: Yeah. Do you have  
8 questions? Yeah, Council Member Perkins.

9 COUNCIL MEMBER PERKINS: [off mic] So,  
10 the amount [on mic] that's set forth from what you  
11 was--what you was talking about right now--now, how is  
12 it--who measures this, you or the Comptroller's Office  
13 or some other independent kind of a entity that helps  
14 you understand what's going on and what needs to be  
15 done? Do you understand what I'm trying to say?

16 CARLYN COWEN: Who measures what--

17 COUNCIL MEMBER PERKINS: [interposing] You  
18 mentioned this \$900--this--this--was it \$900,000 for  
19 you?

20 CARLYN COWEN: Uh-hm.

21 COUNCIL MEMBER PERKINS: That's--that's--  
22 that's almost--that's a lot of money.

23 CARLYN COWEN: So, I'll--

24 COUNCIL MEMBER PERKINS: [interposing] So--  
25 so--so who--how do you measure that? How do you part--

how do you get to that number, and how do you verify it in a more independent way?

CARLYN COWEN: So, I will--

COUNCIL MEMBER PERKINS: [interposing]

Because it's a little accurate (sic) and it's very dramatic, and there needs to be some emergency, you know, some remediation to this, and action take to address that so--

CARLYN COWEN: Absolutely. So, for my organization we measured it through actually this week going through our contracts line by line looking at the calculation on the indirect cost reimbursement, and then looking at our actual indirect costs for all of our contracts and comparing the difference between them. I'm sure that my colleagues at the table can speak to how it is done across the sector more broadly. [pause] [laughter]

FEMALE SPEAKER: So, similarly, it has to do--you know, every organization based on the types of services they provide has a unique indirect rate. If you do work with the incarcerated youth, you have more security, and, therefore, hire indirect rates than if you run a senior center that I think would require less security, and so indirect rates vary by

organizations and the types of services they provide. So, every organization themselves have to go through and see kind of what their rate is, and then compare it and most city contracts do have a standard rate that doesn't look at what the organization actually needs, and it—it hovers around 10%, and the only reason I can even say that is because of the increase that the Council was supportive of last year. Before that, indirect rates ran—ran from—there are some contracts that have zero or a 2% rate, but most were around 8%. And so, you know, you can just knowing what your organizational rate is versus what the average rate is on your contracts, which varies slightly. It's how every organization can figure that out themselves, and most of them do know that information.

CHAIRPERSON BRANNAN: So, basically, it's the norm and not the exception?

FEMALE SPEAKER: Right. Yes.

CARLYN COWEN: Absolutely.

FEMALE SPEAKER: It's—it's—actually what's abnormal is for an organization to be able to like be able to dive into their books that well. So, we appreciate our providers that have, you know,

staff capabilities and—and the right kind of tools to do that, but it's absolutely the norm. I mean all these contracts are under—uniquely underfunded in their own way, but I can speak with a lot of certainty that they're all underfunded, both in program and in indirect.

CHAIRPERSON BRANNAN: I didn't hear what you said. They're all what?

FEMALE SPEAKER: They're all underfunded.

CHAIRPERSON BRANNAN: Underfunded.

FEMALE SPEAKER: In some way, both on the indirect and the administrative cost side and on the programmatic side.

CHAIRPERSON BRANNAN: Right. Okay.

COUNCIL MEMBER PERKINS: Just—so is it appropriate to say that underfunded means underserved?

FEMALE SPEAKER: I think what we've seen is that providers have cut every corner they possibly can since the Recession to—to whether it's, you know, limiting program hours to not giving staff increases to cutting down on, you know, putting in a new generator, fixing a leaky roof. We have, you know, groups have one or two elevators that are working,

and so I would say that that does impact services in some way whether it's high turnover rates and generally in this sector it's over 30% turnover rate, and when you're dealing with people in crisis they need to have consistency, and so while the providers are absolutely doing the best that they can, you know, if you have fully funded contracts with teams who are managing and being able to be innovative, and not kind of looking at cash flow every moment, you would have better organizations who are able to provide better services.

CARLYN COWEN: I would also add that I agree that underfunded means underserved. I think it means that in a couple of ways. Number one, it means underserving people in need in New York. We have waitlists for almost every program of ours whether it's for enrollment for public benefits, waiting for meals, for case management for services for HIV-AIDS and anything beyond that. It means underserved for our employees who are grossly underpaid to do the work that they do, and we are frankly creating the next generation of people in poverty with the way that we pay our Human Services employees, and it means underserved for even the clients that we do

work with. As careful as we try to be to ensure that we are taking on the right number of clients that we're providing adequate services, with the way that we are reimbursed to provide services, we cannot provide the high quality services with dignity that people in New York deserve.

FEMALE SPEAKER: I would add to that, too, to echo on the waitlists for various senior services and case management, which she just referenced. There's about 1,100 seniors on waitlists citywide waiting for--on a waitlist for case management to just have the social worker come to their house to kind of assess them and--and get them into that system, and there is about 200 seniors on waitlists for homecare. So, again, yes, it does impact. It has to impact something, and it's impacting a lot of things and, you know, again, we did have some kind of historic budget adds last year for particularly these two services, and we're starting to see, you know, some of the--at least the homecare waitlist go down. But that's the other point is that funding into the system takes time, and being able to project further, you know, to--to address these so that we're not talking about

waitlists next year is really important. So, it all goes into the planning and-and the ability to-to deliver the services.

CHAIRPERSON BRANNAN: Thank you. Okay, we have Monsignor Sullivan from Catholic Charities. Monsignor, how are you.

MONSIGNOR SULLIVAN: [off mic] Great. It would not be fair to this-

SERGEANT-AT-ARMS: Just press the button here.

MONSIGNOR SULLIVAN: [off mic] Okay, you might even be happier if I didn't press the button, but [laughter] but I'm sure you're not going to be disappointed if I don't read my testimony, but just submit it and kind of do a little bit of a summary that will basically kind of support and affirm what-what my colleagues have done. Let me frame this in-in a context. Okay, the context that I'd like to frame is that over the past 10 years, we have made some very good progress in the two areas I'm going to address. The areas of the efficiency of the contracting process and the adequacy of funding, and I can even use in a coherent same sentence the Bloomberg and the de Blasio Administrations who have

the same trajectory of trying to make this a more efficient process and more adequately funded. So, I want to first begin by complimenting primarily, but not exclusively, the dedicated civil servants particularly in MOCS and in other places who have innovatively moved us in a direction where we are far ahead of where we were years ago, but we're not at the end of the road, we're not at the middle of the road. We're probably part way down the road to where we need to be. So, first let me speak to the issue of efficiency. The issue of efficiency I would just like to exemplify that with one of our Catholic Charities' agencies, just one of them. In the past six months, we have 32 contracts in which there's \$3.9 million in outstanding claims. In addition to that, in the first six months, we filed over 200 accountability filings with city agencies on that contract. So, have another 115 that we can't file yet because the contracts haven't been pending. So, there is a huge ability for us to do better even though we've done better now than we did a number of years ago. So, I point that out as just a very concrete example of that we still have a ways to go with that, and the agencies that I represent--so 90



of them—we deliver probably about \$200 million of services and contracts with New York City probably more than a thousand contracts. So, when I mention this, this is not a relatively small sample. This extends to almost every agency that is there. So, Accelerator has been an incredibly good process. The first phase good. We've got two more phases. Let's keep the focus on so that we move in that right direction. The PASSport, putting Vindex online good in the direction, but let's make sure that all of the agencies follow it. Let's now make sure, and by the way, I understand the issues with the Department of Education and all of those things, but we've got to make them do the right thing, too, in the way that they deal with—with these—these contracts. So, that's the area of efficiency. Now, let me go to the area of adequacy. I would just like compliment my—my colleague here, and to Councilman Perkins' point, listen, almost all of our agencies are audited each year. They file a 990, and so you can look right on their audited financial statements, their administrative costs, their fundraising costs, and then you compare that with what you for New York City. So, this—for agencies that keep their books in

these ways, these are not made up numbers, and I can tell you on average, on average from the agencies we've looked at, our administrative rate hovers a little bit under 15%, and what we get reimbursed from New York City is probably about 9% or 9.2%. So, you immediately have a 4-a 5% gap in your administrative costs alone. So, our estimate is that the numbers that have been used is that on the \$4.7 billion of Human Service contracts, we think there's probably about a 10% gap between what it's costing agencies to deliver these services and what it's being run, or half a billion dollars on-give or take \$5 billion. So, the investment that New York City made last year of \$190 million additional dollars, 3 to 4% is good, but it doesn't get us even close to what the adequacy is. So, that's why we may phrase it a little differently, but I would encourage the City Council to add an additional 3 to 4% this year, an additional \$200 million to get us closer there, and if you just give me one minute, here's what I think to keep us focused, okay. So, what I want to keep you focused on, and it is--

CHAIRPERSON BRANNAN: [interposing] I

hope you brought enough for everybody.

COUNCIL MEMBER PERKINS: [off mic] Is that kosher, Monsignor? [laughter]

MONSIGNOR SULLIVAN: It certainly is, it certainly is. So, I thought about this last week. I can order a Domino's Pizza with one press on a button rack, and you know what else I can do? I can track whether they're putting the toppings on it, whether it's going in the oven, whether it's come out of the oven, whether it's ready for me to pick up. I'm not suggesting we can do human service contracting with that efficiency.

CHAIRPERSON BRANNAN: Why not?

MONSIGNOR SULLIVAN: Right. Why can't we do better?

CHAIRPERSON BRANNAN: If Domino's can do it--

MONSIGNOR SULLIVAN: Right, and then when I get home, and I open my Domino's Pizza box and I take out the pizza, guess what? It's a whole pie. [laughter] They don't keep 12% of it like the city does when they buy services from us.

CHAIRPERSON BRANNAN: He's right.

MONSIGNOR SULLIVAN: So, all I'm saying is if you don't remember any thing else, the--the goal

should be a Domino's app for human service contracting and just give us a whole pie when you buy services from us. Thank you so much.

[applause/laughter]

CHAIRPERSON BRANNAN: I think you should be sitting here, Monsignor.

MONSIGNOR SULLIVAN: Oh, no, I haven't been that bad. [laughter] [background comments]

CHAIRPERSON BRANNAN: No, it's—it's very I think—I think we're obviously onto something here and it's—it's unacceptable. You know, the—the reliance the city has on organizations like yours is, you know, it's invaluable. So, to get home and part of your pizza is missing that's just insult to injury. [laughter] But yeah, thank you very much.

MONSIGNOR SULLIVAN: Yes, thank you.

CHAIRPERSON BRANNAN: Councilman Yeger.

COUNCIL MEMBER YEGER: Thank you, Monsignor. You know we—for those who don't follow the Monsignor and I on Twitter, we had a little TV show this weekend. So, we're going to take our show on the road.

MONSIGNOR SULLIVAN: Council Member, thank you for making me look good on the show.

COUNCIL MEMBER YEGER: Oh, no, Monsignor, you're the one who comes in with the uniform.

[laughter] I just--but I appreciate that you brought the props in today. I had a--and--and you bring--you bring some jovialness, if you will, to a--to an otherwise boring topic, but it's a serious question and a serious topic, and we've been doing this for a long time, and I wanted to touch on something that you mentioned. You said--I think you--that Catholic Charities has about \$200 million in contracts--

MONSIGNOR SULLIVAN: [interposing] Right.

COUNCIL MEMBER YEGER: --representing approximately a thousand contracts. But that's the \$200 million that's contracted in that.

MONSIGNOR SULLIVAN: Right.

COUNCIL MEMBER YEGER: The Catholic Charities actually spends probably far more than the \$200 million on those particular contracts--

MONSIGNOR SULLIVAN: Right.

COUNCIL MEMBER YEGER: --leaving aside the other charitable works that are not contracts.

MONSIGNOR SULLIVAN: Right.

COUNCIL MEMBER YEGER: Are you able to give us a number of what those \$200 million in contracts actually cost the—the Catholic Charities?

MONSIGNOR SULLIVAN: Between \$220 and \$225.

COUNCIL MEMBER YEGER: Okay.

MONSIGNOR SULLIVAN: I think we're about—I think we spend between—about 10% give or take more than we're reimbursed on the contracts, and it's made up in two ways. One from private philanthropic fundraising and—and this is where it really hurts some of the smaller community based organizations. We are blessed with generous donors who want us to do this, but some of the smaller organizations aren't able to raise some of those private philanthropic dollars. So, part of it is the private philanthropic dollars. That's most of it, but this isn't a precise science. So, if you don't have money, people maybe work extra hours, you don't hire an additional staff person or you have people stretch or you hold a vacancy for three months and you have somebody cover somebody else's jobs. These are complex organizations to run, but it's—it's basically

primarily private dollars and stretching in order to do it.

COUNCIL MEMBER YEGER: So, not-and not to beat this to death because we've talked about it but, you know and the church has been feeding the poor and the hungry for 2,000 years. So, there's no doubt you're going--

MONSIGNOR SULLIVAN: [interposing] Right.

COUNCIL MEMBER YEGER: --to do what you're going to do, but when you're talking about \$20 million in funding that you have to find--

MONSIGNOR SULLIVAN: [interposing] Right.

COUNCIL MEMBER YEGER: --to supplement a service that's in essence what the taxpayers are supposed to be doing because--

MONSIGNOR SULLIVAN: [interposing] Right.

COUNCIL MEMBER YEGER: --we've undertaken that--that not--not me, but my predecessor Council and the Council before that and the Council before that. Historically, the city has undertake that as an obligation. So, now we've, if you will, offloaded our obligations to Catholic Charities--

MONSIGNOR SULLIVAN: [interposing] Right.

COUNCIL MEMBER YEGER: --to the other organizations to pick that up. What you're talking about is a \$20 million hole at the low end.

MONSIGNOR SULLIVAN: Right.

COUNCIL MEMBER YEGER: Okay, so I want to—I want to make sure that that number is there so that people understand that we're not talking about, you know, \$100,000 here a \$100,000 there, and pretty soon you're talking about real money, but in one organization itself and yes it's-it's large--

MONSIGNOR SULLIVAN: Yes.

COUNCIL MEMBER YEGER: --but it's large for a reason.

MONSIGNOR SULLIVAN: Yes.

COUNCIL MEMBER YEGER: There's a \$20 million hole and then you talked about a million dollar hole, and I don't remember that you put precise numbers on it, but that's across the board in the non-profit sector.

MONSIGNOR SULLIVAN: Yeah, and again, jut because I keep simple numbers in my mind where if you give me one standard deviation of error, I use them. So, we've got about \$5 billion of human service contracts. A little bit shy of that, okay. We think



there's 10% gap. We think across the sector that there's a \$500 million gap between what those contracts fund and what it costs to deliver those services. You know, give me a little bit of flexibility. Maybe it's \$510 million, maybe it's \$490, but that's about the gap that we need to make up.

COUNCIL MEMBER YEGER: Incredible.  
Alright, thank you.

MONSIGNOR SULLIVAN: You're welcome.

CHAIRPERSON BRANNAN: Thank you guys very, very much.

MONSIGNOR SULLIVAN: Thank you.

CHAIRPERSON BRANNAN: Thank you.

[background comments] Okay, we have our final Towaki Komatsu. Did I say that right? [background comments] Yep.

TOWAKI KOMATSU: [off mic] It is for you before—it's obvious verbal testimony. I had a—there was a meeting at the Mear (sic) House.

CHAIRPERSON BRANNAN: [interposing]  
You've got to speak on the mic.

SERGEANT-AT-ARMS: You've got to speak into the microphone

1 COMMITTEE ON CONTRACTS

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2 TOWAKI KOMATSU: [on mic] Sure. Hi. I'm  
3 a U.S. Navy veteran. I testified at--

4 CHAIRPERSON BRANNAN: Say your name---say  
5 your name and--

6 TOWAKI KOMATSU: Towaki Komatsu.

7 CHAIRPERSON BRANNAN: Okay, you're just  
8 representing yourself?

9 TOWAKI KOMATSU: Yes.

10 CHAIRPERSON BRANNAN: Okay.

11 TOWAKI KOMATSU: I was at a City Council  
12 meeting with Mr. Yeager yesterday. It was a pretty  
13 meeting. On July 18<sup>th</sup> of last year there was a  
14 public meeting in Kew Gardens where I had the  
15 opportunity to talk to Steven Banks who is in the  
16 other--in the Chamber right now as well as the Mayor,  
17 and one of the issues that I talked to the Mayor on  
18 that date was about procurement fraud with regards to  
19 the city contracts. So, instead of me rehashing it,  
20 I can play back the video that shows my statements to  
21 the Mayor and how he responded. So, let me do that.  
22 It's right here. [background comments, pause] Okay,  
23 so there's a phone and the video right now, but  
24 basically.

25

CHAIRPERSON BRANNAN: You've just got a panel that. (sic)

TOWAKI KOMATSU: Yeah, well--

CHAIRPERSON BRANNAN: For the panel.

TOWAKI KOMATSU: A public research here actually.

CHAIRPERSON BRANNAN: Okay, and just summarize the conversation.

TOWAKI KOMATSU: Sure. So, basically, there's a company that's been committing wage theft against me for the last six years since 2012. It's doing business with HRA. During that meeting I asked Mr. Banks and the Mayor specifically can you please the city's contracts with H--with this company NTT Data. Some of the documents that I gave you at the start of--before I took a seat fully substantiate the fact that it committed wage theft that's still committing wage theft against me as I sit in this chair. So the question is if taxpayers are paying for those contracts, then why in the hell should they be supporting a company that's still committing wage theft against me. I submitted a FOIL request to HRA. The same person who actually retaliated against me six years ago signed a business deal with HRA. So,

it's not just like this company committed a wage theft, the same person who had me fired on April 27<sup>th</sup>, he's the same specific person who signed this business deal on September 10<sup>th</sup> of 2015. So, HRA's contracts with that company gives them the ability to terminate that contact within 30 days for any reason. So, if I'm blacklisted while I'm sitting in this chairs from jobs with city agencies, I've tried walking through the doors to public town hall meetings previously. I talked to Mr. Perkins. I advised him that I was being illegally kicked out of those meetings despite the fact that I'm a whistleblower, and one of the people that orchestrated that exclusion is the Mayor's head of security who is defending federal civil rights lawsuit across the street right now. He's going to have to face trial in June. What can you do about it because essentially, I found who competed against this company for HRA's business. There are like 30 competitors. So, if there's 30 other competitors who are willing to comply with all the laws and regulations then why in the hell should-sorry for the language-why should this company be rewarded for committing wage theft against me.

2 CHAIRPERSON BRANNAN: You work in IT  
3 Services?

4 TOWAKI KOMATSU: Yeah.

5 CHAIRPERSON BRANNAN: Okay.

6 TOWAKI KOMATSU: And it's a major  
7 government contractor. They've got contracts with  
8 the Attorney General for new York State, the Justice  
9 Department. In fact, I recently submitted--sent an  
10 email to one of the competitors that's competing for  
11 a contract with the Department of Education, to ask  
12 this federal agency well if this company is  
13 committing wage theft against me, why award them the  
14 contract instead of--

15 CHAIRPERSON BRANNAN: [interposing] I  
16 hear--I hear you.

17 TOWAKI KOMATSU: And also, the bottom  
18 line is there are other matters, too. If you're not  
19 paid what you're owed, it's going to cause serious  
20 problems to you with being able to pay rent. So, I  
21 went to Housing Court. I wasn't able to get legal  
22 counsel. I was--I was subjected to frivolous  
23 litigation, and I've gone to the homeless system, the  
24 shelter system. I currently live in a shelter in the  
25 Bronx for military veterans. That same shelter

provider basically committed a bait and switch with my lease agreement that I signed at HRA-HRA's Offices on February 16 of 2016. I notified HRA three days later after learning about that bait and switch. They didn't take corrective action. As a result of its negligence, I got 15 punches to my left temple.

CHAIRPERSON BRANNAN: Can I ask who's your--your local Council person?

TOWAKI KOMATSU: Rafael Salamanca. I gave him documentation to fully substantiate it, but he didn't take action.

CHAIRPERSON BRANNAN: Okay.

TOWAKI KOMATSU: So four months.

CHAIRPERSON BRANNAN: I mean, yeah, you--there's some serious allegations here. I mean I'd be happy to listen to them. I don't know if this is the venue for it.

TOWAKI KOMATSU: So, if you have the, I guess oversight capability meaning if I've had face-to face conversations with Steven Banks, Commissioner of HRA. He told me on December 14<sup>th</sup> in Brooklyn at the end of the Mayor's Public Town Hall meeting with regards to the assault that took place in that shelter that HRA is not responsible for crime.

1 Actually, it is. There's a court decision confirming  
2 it. So, I mean if the roles were reversed, if you  
3 were sitting in this chair where I'm sitting, and if  
4 I were sitting where you're sitting and you had, you  
5 know, what I'm telling you to tell to me, then I  
6 don't want what's coming out of--what's coming out of  
7 my wallet to subsidize operations where Urban  
8 Pathways is having a fundraiser at the Grand Hyatt I  
9 think May 10<sup>th</sup> while it's CEO is making over \$200--  
10 \$200,000 a year, and doesn't have the building  
11 registered with HPD as required by law. It commits  
12 basic-bait and switches such that I get 15 punches to  
13 my left temple. That caused me a concussion. That  
14 deprived me of the ability to perform well during a  
15 job interview on August 18<sup>th</sup> for a job that would  
16 have paid me \$450 a day.

18 CHAIRPERSON BRANNAN: Okay. I think this  
19 might be something where you should come and see me  
20 in my office, and we can discuss it. I mean I'd be  
21 happy to look into these items.

22 TOWAKI KOMATSU: Bit even short of that,  
23 I already have litigation against HRA. So, my  
24 presence during this meeting today, I mean I don't  
25 mean to review the video and all, it's just I've been

to these meetings before. I've testified truthfully  
whereas Steven Banks misleads the Council, and  
commits outright lies to the council. So, it's my  
intent when I walk into court tomorrow to file a  
restraining order that will preclude HRA from  
continuing its business with NTT Data that will  
essentially put a halt to the legal assistance I've  
been requesting--requesting for two years and have not  
received. So, I have to wait at the back of the line  
to get legal assistance while other people are  
getting it with delay, without interference, then I  
have to I guess do the Article 78 at Supreme Court,  
which I had already filed, if I have to walk through  
the doors at Supreme tomorrow to file that motion, I  
will.

CHAIRPERSON BRANNAN: Okay. I think  
that's--that's your right.

TOWAKI KOMATSU: Alright, thank you for  
your time.

CHAIRPERSON BRANNAN: Okay thank you, and  
I think with that we're adjourned. [gavel]



C E R T I F I C A T E

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



Date April 27, 2018