

CITY COUNCIL
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

of the

COMMITTEE ON CONTRACTS

Jointly with

COMMITTEE ON SMALL BUSINESS

And

COMMITTEE ON WOMEN'S
ISSUES

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December 5, 2016

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HELD AT: Council Chambers - City Hall

B E F O R E: Helen K. Rosenthal
Chairperson

Laurie Cumbo
Chairperson

Robert E. Cornegy, Jr.
Chairperson

COUNCIL MEMBERS: Peter A. Koo
Ruben Wills
Costa G. Constantinides
Chaim M. Deutsch
Corey D. Johnson
I. Daneek Miller

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

COUNCIL MEMBERS: Carlos Menchaca
Paul A. Vallone
Eric A. Ulrich
Karen Koslowitz
Inez E. Dickens
Darlene Mealy
Elizabeth S. Crowley
Ben Kallos
Mathieu Eugene

Richard Buery
Deputy Mayor for Strategic Policy Initiatives

Jonnel Doris
Senior Advisor, Director of the Mayor's Office of
M/WBES

Michael Owh
Director of MOCS

Gregg Bishop
Commissioner at SBS

Kimberly Hardy
Deputy Commissioner at SBS

Brian Horn
US Business Leadership Network

Katarina Spasic
Bikes and Humans

Nancy Carin
Business Outreach Center

Santiago Gonzales
Center for Family Life

Johnathan Lovtiz
National Gay and Lesbian Chamber of Commerce

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

Molly Lenore
Moey Inc.

George Carrancho
Geo Lux Enterprises

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3 CHAIRPERSON ROSENTHAL: Thank you. Good
4 afternoon. I'm Councilwoman Helen Rosenthal, Chair
5 of the City Council's Contracts Committee, and let me
6 begin by thanking Council Member Cornegy, Chair of
7 the Small Businesses Committee, and Council Member
8 Cumbo, Chair of the Women's Issues Committee, for
9 joining us today to discuss this important issue.
10 Business ownership has long been a means of achieving
11 greater financial opportunity and security,
12 particularly for historically underrepresented
13 communities. The growth of local businesses helps
14 the community grow through greater economic activity.
15 One of the most fruitful sources of business for New
16 York City companies is public work contracted for by
17 city agencies. However, for many decades as the
18 number of businesses owned by minority and women
19 grew, the number of public contracts they received
20 remained unacceptably low. The City's minority and
21 women-owned business enterprise, M/WBE Program, was
22 established to address this historical disparity in
23 city procurement between the number of minority and
24 women-owned businesses available to do business with
25 the city and the number that actually received
contracts. While we have made undeniable progress

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3 over the past few years, there is still a significant
4 distance to go to fully maximize participation by
5 M/WBEs. As we begin today's conversation, I want to
6 be clear about the parameters of the M/WBE Program.
7 First, the accurate metric to use to analyze
8 contracts, most of which have a lifespan longer than
9 one year, is the overall procurement dollar and
10 number that is awarded in total and specifically to
11 M/WBEs. It's unfair to look at the city's entire 87
12 billion dollar expense budget, or even the entire
13 city contracting budget, as the denominator for
14 assessing the program. However, the picture
15 presented by the City's M/WBE reports makes it
16 difficult to understand exactly to what degree it is
17 expanding contracting with these firms. In fiscal
18 years 2016 the City's contract budget was 15.3
19 billion. Of this, nearly a third, or just 31
20 percent, was for human service contracts, contracts
21 that do not fall under the scope of Local Law One.
22 Many other procurements are expressly excluded from
23 the program as well. Therefore, the pie that we are
24 examining here is the 4.55 billion dollars in prime
25 contracts that is subject to the M/WBE Program
through standardized, professional and construction

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3 service contracts, as well as good contracts under
4 100,000 dollars. Due to state law, the City has
5 limited flexibility in targeting procurement
6 opportunities to M/WBEs, and while we understand
7 these constraints it would be helpful to know exactly
8 how much of the city's contracting budget is attached
9 to procurements where there is greater discretion to
10 target. Where agencies have this discretion, are
11 they using it to maximally leverage M/WBE
12 participation? The administration reports that it
13 has awarded \$609 million to M/WBEs in Fiscal Year 16
14 through prime contracts and \$190 million in
15 subcontracts on prime contracts subject to Local Law
16 One. Using the denominator of \$4.55 billion we could
17 say that roughly 14 to 15 percent of the City's
18 contracts subject to Local Law One, the M/WBE law,
19 are awarded to M/WBEs. I'm trying to take into
20 account duplications so this is a rough number, but
21 it is somewhere around 14, 15, 16 percent. However,
22 notably only three agencies, DEP, DPR and DVC, make
23 up 66 percent of the total M/WBE prime awards and 91
24 percent of subcontract awards. DDC itself
25 represented 41 percent of the city's total prime and
62 percent of subcontracts. While I commend the

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3 agencies and the efforts, and we need to continue
4 with those, it is clear that other agencies must step
5 up and do their fair share to assist in the City's
6 efforts to award contracts to M/WBE firms. The
7 Administration needs to explicitly lay out the
8 percentage of each agency's contracts awarded to
9 M/WBEs and their overall contribution to the City's
10 problem. And, instead of merely highlighting the
11 agencies with the greatest success, it must hold
12 underperforming agencies accountable as well.

13 Furthermore, as the administration has announced that
14 it will award \$16 billion in M/WBE contracts by 2025,
15 the Council does not receive reporting on the non-
16 mayoral agencies not subject to the program but that
17 are included in the 16 billion dollar number. It
18 makes it incredibly difficult for us to monitor and
19 evaluate the progress of this goal and to get a more
20 useful representation of the City's overall M/WBE
21 procurement. Finally, we need clarity when it comes
22 to the firms that the City has certified as M/WBEs.
23 While we are able to see in the data awards given by
24 race, ethnicity and gender, we do not know whether
25 this is proportional to the amount of certified firms
raised to those categories. It's difficult to judge

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3 whether certain groups are under-utilized unless we
4 know how many in each category are certified with the
5 City, so that we may compare that with the number
6 that are receiving contracts. I am particularly
7 concerned with ensuring that firms owned by women of
8 color are given their fair share of M/WBE contracting
9 opportunities. If they are not being certified, we
10 need to know that, and we need to significantly
11 increase our efforts to certify them. The
12 Administration has taken a number of steps which I
13 believe indicate a strong desire to increase
14 opportunities for M/WBEs. I want to welcome Jonnel
15 Doris, whom Mayor de Blasio appointed as the City's
16 first full-time M/WBE Program Director and, of
17 course, Deputy Mayor Buery, to whom he reports. I
18 look forward to hearing from them, as well as our
19 partners at MOCS and SBS about the Administration's
20 ongoing efforts and about the City's long-term M/WBE
21 strategy. Before I turn it over to my co-chairs, I'd
22 like to thank the members of the Contracts Committee
23 specifically, who have joined us, Council Member
24 Wills, who stepped out, and Council Member Koo and
25 Council Member Johnson, as well as the members of the
SBS and Women's Issues Committees and the staff of

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3 those committees. But I'd like to thank in
4 particular the Contracts Committee staff, Eric
5 Bernstein, Committee Counsel, Casey Addison, policy
6 analyst, and Brendan West and John Russell from the
7 Finance Division for all of their spectacular help
8 because they went above and beyond in preparing for
9 this hearing. Council Member Cornegy?

10 CHAIRPERSON CORNEGY: Thank you, Council
11 Member Rosenthal. Good morning. I'm Council Member
12 Robert Cornegy, Chair of the Council's Committee on
13 Small Business. I'm pleased to hold this joint
14 hearing today with Council Member Rosenthal, as well
15 as Council Member Cumbo, Chair of the Committee on
16 Women's Issues and the Committee on Contracts,
17 respectively. The goal of this oversight hearing is
18 to receive an update on the City's efforts to expand
19 contracting with minority and women-owned businesses,
20 or M/WBEs. Last December, the City Council held an
21 oversight hearing on a similar topic, the
22 implementation of the City's M/WBE Program. Local
23 Law One changed the M/WBE Program by removing the
24 requirements that M/WBE goals only apply to contracts
25 valued at a million dollars or less, creating the
M/WBE Stat Program, which requires M/WBE officers to

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3 meet on a quarterly basis and mandating quarterly
4 M/WBE reports from MOCS. Despite these changes, we
5 haven't seen the total shift that we're hoping for.
6 Although the combined prime and subcontract M/WBE
7 utilization rate of 14 percent in Fiscal Year 16 is a
8 substantial increase from the eight percent in Fiscal
9 Year 15, the numbers may be a little bit deceiving.
10 Approximately 69 percent of the \$242 million awarded
11 in construction contracts were not awarded to people
12 of color. Moreover, businesses owned by women of
13 color were awarded significantly less in all
14 industries in contract types compared to all other
15 groups. I'm also concerned about fraud in the M/WBE
16 certification and would like understand what measures
17 the City has taken to ensure that all certified
18 businesses are actually qualified M/WBEs as opposed
19 to fronts operated by other proprietors.
20 Additionally, small business services have several
21 training programs, which include mentorship, network
22 opportunities and affordable loan programs. I'd like
23 to understand what the outreach for these
24 opportunities consist of, how they're being
25 advertised to businesses, and who in the M/WBE
community is taking advantage of these resources.

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3 I'd also like to understand how success is measured
4 in these programs and if businesses that take part
5 tend to do better after participating. My hope is
6 that SBS can reach out to communities across the city
7 and ensure that M/WBES know about the resources that
8 are available to them. My hope is also that SBS can
9 reach out to communities across the City after this
10 hearing. Today, I'd like to learn what steps the
11 administration is taking to improve these statistics,
12 how the success of these efforts will be measured,
13 and when we can expect to see durable progress. I'd
14 like to thank all the committee staff, finance
15 analyst, and my legislative director, Dana Lipscomb
16 [sp?] and I think we've already acknowledged-- did we
17 say Corey Johnson and Karen Koslowitz?

18 CHAIRPERSON ROSENTHAL: But I only did my
19 committee, so if Corey is on your committee you can
20 acknowledge him again.

21 CHAIRPERSON CORNEGY: Corey Johnson, who
22 is bull guarding [sic] this hearing, is present, as
23 well [laughter] as Karen Koslowitz.

24 CHAIRPERSON CUMBO: Thank you. Good
25 afternoon. I am Council Member Laurie Cumbo, Chair
of the Committee on Women's Issues. I'd like to

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3 thank all of you for coming here today. I'd also
4 like to thank my co-chairs, Council Member Helen
5 Rosenthal and Council Member Robert Cornegy for their
6 work and leadership on this issue. And, of course,
7 thanks to the staffs of the committees for their work
8 preparing for this hearing today. Although New York
9 City is home to the largest and most diverse
10 population of businesses in the United States, M/WBE
11 contracts do not reflect this diversity, as already
12 mentioned by my co-chairs. The city's M/WBE Program
13 was created with the intention of addressing
14 inequalities, historical and otherwise, that kept
15 many women and minorities out of the city procurement
16 process. City contracts are often an economic boom
17 for those who are recipients of the city's business.
18 In September of 2015, Mayor de Blasio announced that
19 New York City will award over \$1.6 billion in
20 contracts to M/WBEs in Fiscal Year 2015.
21 Additionally, the Mayor stated that his
22 administration is working to achieve its goals of
23 awarding \$16 billion in M/WBE contracts over a 10-
24 year period. As we know, business ownership is often
25 a path to security. It can provide an entrance to
self-determination and prosperity. M/WBE programs

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3 and awards can mean the difference between success
4 and failure, particularly for our communities, and it
5 is essential that the program achieves its goals.

6 Unfortunately, a number of ongoing issues have been
7 found to impede the success of the M/WBE Program.

8 Problems such as failure to meet participation goals,
9 fraud, abuse, poor oversight, and lack of

10 accountability pose significant challenges, even in
11 2016. The process to obtain certification can be

12 daunting for minority and women-owned businesses.

13 Additionally, certain industries in this program are
14 relentlessly male-dominated. We need to be proactive

15 and creative in recruitment in these fields. I am
16 interested to hear what steps are being taken to

17 mitigate some of these persistent problems, or, as I
18 should say, challenges. Women and minority owned

19 businesses play an important role in the communities
20 of New York City, and frankly M/WBEs boost our city's

21 economic engine. They serve to reduce unemployment
22 and promote entrepreneurship among communities of

23 color and among women. As Chair to the Women's

24 Issues Committee I'm very committed to promoting and
25 improving women's roles in all sectors of the City's

economy, so that they may not only participate but

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3 also flourish. I also want to add that I know that
4 my colleagues share in our vision that we want as
5 part of our legacy to create an M/WBE Program that is
6 truly reflective of the diversity of the City of New
7 York, and that's why we are joined here today. But
8 we must also be honest that in our schools,
9 particularly communities of color, children are not
10 taught how to become entrepreneurs. They are not
11 trained in terms of how to begin their own business.
12 They're not given those tools in order to begin and
13 start their own firms, or how to purchase a home, or
14 how to become home owners and business owners in
15 their own communities. And there's a lot more work
16 that we need to do in terms of the education of our
17 youth so that they truly flourish in our M/WBE
18 Program. It's critical that we give them that
19 knowledge. And I just want to close by saying as we
20 continue to move forward we also have to recognize
21 the irony of women and minorities being the vast
22 majority of the City of New York, but continue to be
23 labeled minorities. What if we were labeled the
24 majority? Maybe it would change how we see ourselves
25 and what our expectations are for ourselves as well
as our communities. I want to close by thanking all

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3 of you. I want to thank the Women's Issues Committee
4 staff, Counsel Aminta Kilawan [sp?], and Policy
5 Analyst Joan Palvoni [sp?], and I will now turn the
6 floor back to Chair Rosenthal. Thank you.

7 CHAIRPERSON ROSENTHAL: Thank you so
8 much, Council Members Cornegy and Cumbo, and I want
9 to welcome Council Member Crowley to the hearing.
10 Anyone else? And I want to welcome to the panel
11 Richard Buery, the Deputy Mayor for Strategic Policy,
12 Jonnel Doris, Senior Advisor, Director of the Mayor's
13 Office of M/WBES, Michael Owh, the Director of MOCS,
14 Gregg Bishop, the Commissioner at SBS, and Kimberly
15 Hardy, Deputy Commissioner at SBS. And I'm going to
16 ask my counsel to do the traditional swearing-in.

17 LEGAL COUNSEL: Do you affirm to tell the
18 truth, the whole truth, and nothing but the truth
19 [background voice] [laughs]-- Can you raise your
20 right hand, please? Do you affirm to tell the truth,
21 the whole truth, and nothing but the truth in your
22 testimony before the committee today, and to respond
23 honestly to council member questions?

24 CHAIRPERSON ROSENTHAL: You may--

25 RICHARD BUERY: Good afternoon. Good
afternoon, Chairs Cornegy, Helen Rosenthal, and

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3 Laurie Cumbo, and the members of the Committee on
4 Small Business, the Committee on Contracts, and the
5 Committee on Women's Issues. My name is Richard
6 Buery and I am the Citywide Director of Minority and
7 Women-Owned Business Enterprises, as well as Deputy
8 Mayor for Strategic Policy Initiatives. I'm joined
9 today, as we heard, by Jonnel Doris, Senior Advisor
10 to the Citywide M/WBE Director, as well as Director
11 of the new Mayor's Office of M/WBEs, who comes to our
12 program from New York State, where he successfully
13 oversaw operations for the Governor's Office of Storm
14 Recovery, a program that sought to rebuild
15 communities damaged in the wake of Hurricane Irene,
16 Tropical Storm Lee, and Superstorm Sandy by employing
17 the services of M/WBEs. Also with me today are
18 familiar faces, Michael Owh, the City's Chief
19 Recruitment Officer and Director of the Mayor's
20 Office of Contract Services, and Gregg Bishop,
21 Commissioner of the NYC Department of Small Business
22 Services, as well as Deputy Commissioner Hardy.
23 Today, I present before the Council for the first
24 time since the creation of the Mayor's Office of
25 M/WBEs. On September 28, 2016, Mayor Bill de Blasio
announced the new office as a critical and much-

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3 needed next step in the administration's efforts to
4 drastically increase business opportunities for
5 minority and women entrepreneurs. The mayor's
6 committeemen to creating an equitable city, a city
7 that is better and fairer for all New Yorkers,
8 regardless of skin color, regardless of gender,
9 regardless of country of origin, is the central
10 mission of our administration. This mission applies
11 to education, to public health, to affordable
12 housing, and it applies equally to economic
13 opportunity. Equity demands that all businesses,
14 including M/WBES, have the opportunity to do business
15 with the City. But expanding opportunities to women
16 and minorities is important to us for practical
17 reasons as well. Contracting with the city can be a
18 conduit to long-term economic prosperity for the
19 individual business owner, that also has positive
20 implications for the entire local economy and
21 workforce. And the truth is we need these
22 businesses. M/WBES have so much talent and
23 expertise. We can't afford not to do business with
24 them. Yet, we know that our city historically has
25 not had the full benefit of these diverse
perspectives, each to their talent, their creativity,

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3 their ingenuity and expertise. We have not taken
4 advantage of all that minority and women
5 entrepreneurs have to offer. So, we have a lot of
6 work to do. We know that the City has not always had
7 an open door for M/WBEs. But we have made great
8 strides over the past two years, and for that I am
9 thankful to the council, to advocates from the M/WBE
10 community for their continued support in this
11 important work. I am also grateful to the
12 Administration officials who have worked on the M/WBE
13 Program and the administration prior to my arrival in
14 this role, including former counsel Maya Wiley, and
15 of course everyone at SBS and MOCS. I'd also like to
16 thank all the elected officials at the state level
17 who are equally dedicated to the mission of making
18 New York a great place for women and minority
19 entrepreneurs to run a business. Most importantly, I
20 would like to thank the M/WBEs themselves, who have
21 advocated for it on their own behalf and who have
22 pushed us to go further. I want to begin today by
23 highlighting some of the ways that the City's M/WBE
24 Program had flourished under the leadership of Mayor
25 Bill de Blasio. These successes put us on the right
path to accomplishing the audacious goals that the

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3 Mayor has outlined for the new office. Pursuant to
4 Local Law One, which governs the city's program, we
5 nearly doubled the utilization rate. The percentage
6 of dollars awarded to M/WBEs subject to the city's
7 program from eight percent in Fiscal Year 2015 to
8 14.3 percent in Fiscal Year 2016. We've increased by
9 23 percent the number of certified minority and
10 women-owned businesses since the start of the de
11 Blasio administration to the end of Fiscal Year 2016.
12 And we've held more than 200 outreach events in the
13 five boroughs to attract women and minority business
14 owners to our program. But, we know that we can do
15 better. With the creation of the Mayor's Office of
16 M/WBEs this fall, Mayor de Blasio has doubled down on
17 his commitment that race, gender, and ethnicity will
18 not stand as barriers to economic prosperity for New
19 Yorkers. The mayor has set us an ambitious new goal,
20 to award at least 30 percent of the value of city
21 contracts subject to the M/WBE Program to minority
22 and women-owned businesses by 2021. This will
23 include prime and subcontract awards by more
24 agencies. It will also include certain city agencies
25 that are not currently part of the City's M/WBE
Program, the Department of Education, the School

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3 Construction Authority, and the Economic Development
4 Corporation, and he has appointed me to direct the
5 work that will get us to that goal. There are four
6 core principles that guide and measure the work of
7 the city's new program: accountability,
8 accessibility, capacity, and sustainability. I'd
9 like to address each in turn. First, accountability.
10 We now have oversight at the deputy mayor level of
11 city agencies' M/WBE Programs and Practices. This is
12 real change. It was important to the mayor to have
13 the leader of our program as part of his senior
14 leadership team, where executive decisions are made.
15 This allowed the City to pursue an actionable top-
16 down and bottom-up approach to transparency and
17 compliance. Working in tandem with the Mayor's
18 Office of Contract Services the Mayor's Office of
19 M/WBEs will work with city agencies to build and
20 improve their programs. Understanding the
21 constraints that each agency faces in terms of
22 capacity and resources, we will provide assistance to
23 help them meet their goals. We will also review
24 agency performance of quarterly meetings convened by
25 my office. This is in addition to reviewing the
quarterly and annual compliance reports required by

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3 law and hosting other ad hoc meetings as necessary.

4 And, of course, each of the deputy mayors will be
5 given the data to hold their respective commissioners

6 accountable. This puts them in the position to

7 monitor our results and course correct if and when

8 necessary. Second, accessibility. We are breaking

9 down the barriers to entry that challenge women and

10 minority business owners seeking to participate in

11 the City's procurement process. For example, we are

12 creating new access to capital streams, including a

13 new contract loan fund that caps interest rates at

14 three percent, the lowest interest rate of any

15 government program in the state. We are also

16 creating a 10 million dollar fund to help M/WBES

17 secure the surety bonds they need to win and perform

18 on city contracts. This will ensure more access to

19 opportunities. We've instructed to the agencies,

20 where possible, to de-bundle some large-scale

21 contracts by breaking down the work into smaller and

22 individual RFPs. We know that by de-bundling

23 procurement opportunities we can assure that smaller

24 M/WBES have a more meaningful opportunity to compete

25 for business. We're continuing to improve the

certification process, which we know is a critical

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3 first step on the path to getting city business.

4 Through SBS we are providing more technical

5 assistance to help more M/WBEs get certified and more

6 quickly. Certification is also the entryway through

7 which M/WBEs are eligible for additional technical

8 assistance and support programs that have been proven

9 to lead to success in later stages of procurement.

10 So far we have retooled the process so that it takes

11 about two months from the time of submitting an

12 application to becoming certified, making the New

13 York City certification process the fastest in the

14 state. Moreover, as it relates to access, the City

15 has never had a centralized M/WBE operation at the

16 deputy mayor level until now. Our businesses have

17 asked for a single access point by which M/WBE-

18 related questions and issues could be raised. The

19 Mayor's Office of M/WBEs will be a one-stop shop to

20 connect all the agencies that provide services to the

21 City's M/WBE Program. Third, capacity. To build the

22 capacity of the M/WBEs who seek to do business with

23 the city we are adding more people and more resources

24 to the Department of Small Business Services to

25 provide additional technical assistance and intensive

customized educational programs for minority and

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3 women-owned businesses. This will enhance the
4 business owner's ability to compete successfully in
5 the marketplace. We know that these programs work to
6 help get M/WBEs certified. But they also help M/WBEs
7 get contracts. In fact, more than two-thirds of the
8 M/WBEs that received city contracts in Fiscal Year 16
9 benefitted from resources offered by SBS, designed to
10 put them the path to success. And, finally,
11 sustainability. Through our capacity-building
12 programs firms build relationships with multiple city
13 agencies and they graduate with three-year plans for
14 growth. Bond-readiness graduates leave the program
15 prequalified for the bonding that is required for
16 government constructions contracts. And all of these
17 graduates are connected to contract financing and
18 other resources to help them perform on increasingly
19 larger projects. Investing in these firms' success
20 now is how we achieve sustainability over the long
21 term. Sustainability is also built into the
22 structure of our new M/WBE Program. Our program is
23 designed to make M/WBEs responsive to the City's
24 procurement needs. We are assessing our procurement
25 trends for areas of opportunity and we are targeting
our support to ensure that M/WBEs are equipped to

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3 compete in those areas of growth. By building the
4 pipeline of qualified M/WBEs to match forecasted need
5 we assure the sustainability of our program.

6 Reviewing these efforts day to day is Senior Advisor

7 Jonnel Doris, who is head of the Mayor's Office of

8 M/WBEs. It is a pleasure to introduce him to those

9 of you who have not had a chance to work with him

10 yet. We are incredibly lucky to have someone of his

11 experience and his talent advising us on best

12 practices. No one understands this work better. No

13 one is more committed to our success. He is going to

14 bring the same success he had at the state level to

15 us here in the city. As the Chief Diversity Officer

16 for the Governor's Office of Storm Recovery he

17 oversaw New York State's 4.4 billion dollar recovery

18 efforts, initiating and leading the Office of

19 Diversity and Civil Rights, which included directing

20 policy and implementation of the M/WBE Program.

21 Under his leadership the office went from a few

22 M/WBEs to a robust program engaging several hundred

23 M/WBEs, with over \$300 million in spend. He

24 developed and implemented strategic initiatives

25 resulting in increased utilization of state and

federal M/WBEs, including the GOSR's Local

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3 Opportunities Program and Web Portal, two resources
4 which continue to increase employment and business
5 opportunities and enable hundreds of M/WBES, small
6 businesses, and local residents to participate in New
7 York's rebuilding efforts. That perspective makes
8 him a real value added to our office and he's already
9 challenging us to approach our work in new ways. So,
10 we have come a long way and we have a lot to build
11 on. Yet, there are very real constraints in state
12 law that limit our ability to have the kind of robust
13 program that our city needs and our businesses
14 deserve. Part of our serious commitment to improving
15 this work is pushing for changes to state law that
16 will give New York City some of the same tools and
17 flexibility that our state government has to maximize
18 M/WBE participation. For example, the first
19 proposal, to raise thresholds for discretionary
20 spending. Under current law the City is only allowed
21 to award construction contracts up to 35,000 dollars
22 and purchase contracts up to 20,000 dollars without
23 competition. We want to raise that discretionary
24 spending threshold to 200,000 dollars. We believe
25 this will significantly help the city, given that in
those areas where the city has a broader discretion

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3 our utilization rates for M/WBEs increases, in fact
4 is over 30 percent. We believe that this change will
5 result in significantly more contract spend with
6 M/WBEs. The second proposal is to expand the
7 definition of best value procurement. Right now the
8 option to use best value procurement applies to
9 purchase contracts only. We seek an amendment to
10 state law to allow the City to expand its use to all
11 contracts. We know that we need to look at a variety
12 of factors and we're assessing which better offers
13 truly the best value to the City. Of course, first
14 and foremost, the contractor has to be able to do the
15 work well. That goes without saying. Of course,
16 price and competitive price is a key consideration.
17 But price by itself should not be the only
18 consideration. There are a number of factors that
19 can help us decide when considering whether a
20 business offers a best option for the City. For
21 example, what is their record of complying with
22 existing labor standards, protecting the health and
23 safety of workers, and, yes, are they an M/WBE? The
24 third proposal, to allow the city to establish
25 capacity-building programs for certified M/WBE firms.
Current law does not explicitly provide strong

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3 authority for the City to create mentorship programs
4 and meaningful opportunities for participants in
5 those programs. We are seeking to amend the state
6 law that would allow the City to establish capacity-
7 building programs for the benefit of state or local
8 M/WBE-certified firms. We know from experience that
9 when supportive programs are available to M/WBEs
10 their likelihood of securing contracts increases
11 significantly. Our certified businesses deserve this
12 dedicated support. So, in conclusion I will close
13 with this. Though we have our work cut out for us to
14 meet the Mayor's ambitious goals, I am confident that
15 now is the time to take the bold steps that will help
16 us get there. The policy changes being put in place
17 by the Mayor's Office of M/WBEs take into account the
18 best practices that we have learned over the years
19 doing this work together. This audacious commitment
20 to the M/WBE Program comes shortly after the mayor
21 outlined his goal to award 16 billion dollars to
22 minority and women-owned businesses over the next ten
23 years, above and beyond our Local Law One goals.
24 That goal is really about changing the culture of how
25 our city engages minority and women business owners.
It was about setting expectations across the city

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3 agencies that we need them to be a part of this
4 equity agenda with us and that starts by giving more
5 business to M/WBES. And, you know what? We are
6 ahead of schedule in achieving in that One NYC goal.
7 Currently 3.54 billion dollars has been awarded under
8 that goal. This is not insignificant. It lets you
9 know that the City is ready for the most robust M/WBE
10 Program in its history. One thing I can tell you
11 about this administration after nearly three years as
12 serving as deputy mayor, is that when we say we are
13 going to make something a priority we do so. We hold
14 ourselves accountable for achieving that goal no
15 matter how ambitious it may. If it means that we
16 have change the way that the city agencies work
17 together, then that is exactly what we will do. My
18 commitment to you here today on behalf of Mayor Bill
19 de Blasio is that we will bring the same dedication
20 that got us Pre-K for All and established IDNYC as
21 the largest municipal identification card program in
22 the country that is fueling a ThriveNYC, the largest
23 mental health reform movement of any city in the
24 country. We will bring that same dedication to our
25 M/WBE Program and to meeting its goals. Thank you
very much for the opportunity to testify with you

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3 today, and we all look forward to answering your
4 questions.

5 CHAIRPERSON ROSENTHAL: Thank you so
6 much, Deputy Mayor. Is anyone else going to testify
7 from the panel? Did you come today with any specific
8 numbers about M/WBE certified, or?

9 RICHARD BUERY: Yeah, we're happy to
10 answer questions you have, if you have specific
11 questions and anything that we can answer today we
12 will do our best to get you the information as
13 quickly as possible.

14 CHAIRPERSON ROSENTHAL: Alright. So
15 then more than ever I want to commend the Policy
16 Analyst of the Committee on Contracts, Casey Addison.
17 If you go into the Committee Hearing Report from the
18 Committee on Contracts there's quite a bit of data in
19 here and it's laid out in a way that I think tells an
20 important story. So I urge everyone to read through
21 the report, and in particular, spend some time on the
22 charts in the back of the report, which, I think,
23 tell the story very clearly, and I'm sorry you didn't
24 bring any data today, I think that's always helpful,
25 to these meetings, but that's fine. I'm going to,
let's see, recognize Council Members Menchaca,

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2 Deutsch, someone else was here for a minute, oh,
3 Council Member Eugene, and Council Member Crowley,
4 did you want to start off the questions?

5 COUNCIL MEMBER CROWLEY: Sure. I thought
6 maybe the chairs would, but if it's fine with
7 everybody I'll start.

8 UNIDENTIFIED: [off mic]

9 COUNCIL MEMBER CROWLEY: Oh, OK, great.
10 [background comment] I am. Oh, no, no, it's good,
11 because I'm hungry and I haven't had my lunch yet.
12 But I appreciate it. Thank you to all the chairs for
13 having such an important hearing. From your
14 testimony, you seem to be painting a rosy picture.
15 But the numbers I see are not so good. So, you know,
16 if you were to give yourself-- because I know that
17 the comptroller gives the city a grade and it's
18 usually a D, and it hasn't been so good on M/WBES.
19 What would you give the administration right now?

20 RICHARD BUERY: Well, Councilwoman, thank
21 you for your question. It's not that I'm-- I don't
22 think I'm painting a rosy picture. I'm trying to
23 paint a picture of progress. As I said--

24 COUNCIL MEMBER CROWLEY: [interposing]
25 Sorry. The progress I had heard is that more

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3 businesses are registering, but can you guarantee
4 this committee that more businesses are getting the
5 awards?

6 RICHARD BUERY: Yes, absolutely.

7 COUNCIL MEMBER CROWLEY: You're getting a
8 bigger piece of the pie?

9 RICHARD BUERY: Yes, so, again the
10 utilization rate, which is the measure of dollars
11 spent as a percentage of eligible dollars, has
12 increased in the past fiscal year from eight percent
13 of dollars that are eligible under Local Law One to
14 14.3 percent. That's nearly a doubling of dollars to
15 M/WBE businesses. So, make no mistake. We are-- we
16 don't paint a rosy picture. We come from a place of
17 true inequity and that is why we set this ambitious
18 goal moving forward. What I do want to be clear is
19 that that growth from eight percent to 14.3 percent
20 in a year demonstrates the hard work and the intense
21 focus that we're bringing to this work. That's even
22 before the creation of this office, that before
23 engaging in some of the tools that we articulated
24 today, and it's only before some of the state law
25 changes that we think will make our work even more
impactful.

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3 COUNCIL MEMBER CROWLEY: How come the
4 state can boast of numbers of closer to 30 percent,
5 and we're saying we can't achieve their goals or the
6 amount of success that they've had because of their
7 limitations? Can you explain that, and what we could
8 do as the body of the Council and the mayor has an
9 office to make a difference there?

10 RICHARD BUERY: Absolutely.

11 COUNCIL MEMBER CROWLEY: [interposing] We
12 could at least get to 30 percent or achievable goal?

13 RICHARD BUERY: Absolutely. I'm happy to
14 start, and I'll defer to my colleagues. Maybe Jonnel
15 would like to follow up. Again, one of the
16 challenges of that, ah, it's difficult for us to
17 speak to the state program because one of the things
18 that is a hallmark of the City's program is a lot of
19 transparency into exactly what's covered and exactly
20 what we're spending. And so part of what we are
21 talking about today is that the state has a number of
22 contracting tools, including, as I mentioned before,
23 larger discretionary spends, which we know can drive
24 increased M/WBE participation, that the City did not
25 have access to because we're limited by state law.
And so part of what we're saying to you today is that

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3 we want to continue to work with all of you to
4 continue to engage our colleagues in Albany, so that
5 we can have the same sort of tools that they enjoy--

6 COUNCIL MEMBER CROWLEY: [interposing]
7 Understood.

8 RICHARD BUERY: to allow us to have a more
9 successful program.

10 COUNCIL MEMBER CROWLEY: But now when you
11 mentioned the 14 percent, you're saying under Local
12 Law One, but what is the actual percentage of every
13 dollar that goes out for capital projects and for
14 expense projects? What is the percentage of our city
15 budget that goes to contractors that are M/WBE? Not
16 based on Local Law One, just based on every single
17 dollar that's in our budget.

18 RICHARD BUERY: Well, as we described
19 before, so, I think, if I understand your question,
20 we spend--

21 COUNCIL MEMBER CROWLEY: [interposing]
22 Because I'm seeing numbers close to four percent and
23 not 14 percent, so I want to know why we're having
24 such a great disparity.
25

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3 RICHARD BUERY: Yeah, so I think in short
4 the answer is that we are a little bit comparing
5 apples and oranges. So, I think as--

6 COUNCIL MEMBER CROWLEY: [interposing]
7 Alright, but I'm just-- I don't want to interrupt
8 you, but we have a robust capital budget and we have
9 a robust expense budget, and it's just added the
10 dollar for dollar. Is it impossible to get a real
11 percentage?

12 RICHARD BUERY: Yes, I'm-- yes.

13 COUNCIL MEMBER CROWLEY: Do you know that
14 percentage?

15 RICHARD BUERY: Yes, I'm going to try to--
16 - I'm going to try to describe it to you now then my
17 colleagues--

18 COUNCIL MEMBER CROWLEY: Yeah, okay.

19 RICHARD BUERY: So, again, the total
20 procurement spent in a given year is about 15 billion
21 dollars in the past year. Part of what, as
22 Councilman Rosenthal was describing earlier, is not
23 all-- it did not make sense logically for all those
24 dollars to be included as part of the M/WBE Program,
25 which is precisely why Local Law One carves out some
of that spending. So, for example, human services

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3 contracts generally are awarded to nonprofits, which
4 don't have owners. Sole source contracts, where
5 there's only one provider who can do the work, so
6 types of contracts that don't make sense to be a part
7 of the--

8 COUNCIL MEMBER CROWLEY: [interposing]

9 Okay. I understand that now. So if you could trickle
10 it down for us, if you have \$15 billion and you take
11 out the social service contractors that doesn't have
12 one source, because if it's a sole source I want to
13 know if that sole source is M/WBE versus the other
14 monies left in procurement. So how much is going to
15 those nonprofits that you want to just take out of
16 the \$15 billion equation?

17 RICHARD BUERY: So the amount of spend
18 that's part of Local Law One in the last year was
19 approximately five billion dollars.

20 COUNCIL MEMBER CROWLEY: But Local Law
21 One has an amount attached to it, too. It has a
22 contract amount.

23 RICHARD BUERY: I'm sorry, I'm not sure I
24 understand your question.

25 COUNCIL MEMBER CROWLEY: Well, I don't
have Local Law One in front of me, but I'm pretty

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3 sure it has a contract amount. So whether it's over--
4 it's around a billion dollars, a million dollars.

5 [off mic comments]

6 RICHARD BUERY: Ah, my--

7 COUNCIL MEMBER CROWLEY: [interposing]

8 It's a million dollars. So, I mean like I want to
9 know every single dollar. It shouldn't have to be as
10 large of a million dollar contract, or larger. I
11 just want to know overall--

12 MICHAEL OWH: [interposing] So I think--

13 COUNCIL MEMBER CROWLEY: percentage of the
14 total budget.

15 MICHAEL OWH: [interposing] you're
16 referring to the million-dollar cap?

17 COUNCIL MEMBER CROWLEY: Yeah.

18 MICHAEL OWH: Ah, so actually Local Law
19 One removed the million-dollar cap, so--

20 COUNCIL MEMBER CROWLEY: [interposing]
21 Sir, can you speak a little louder?

22 MICHAEL OWH: Local Law One removed the
23 million-dollar cap, and so we are not-- we don't have
24 a limitation going forward.

25 COUNCIL MEMBER CROWLEY: Okay. So that
accounts for every dollar. So let's just go back to

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3 it because I know there are a lot of council members
4 who want to ask questions. So if you have the \$15
5 billion, you take out the amount that's contracted
6 out to nonprofits and you get to another amount, what
7 is that? And then how much of that do M/WBES
8 actually get?

9 RICHARD BUERY: If you take out the
10 contracts that are excluded from Local Law One--

11 COUNCIL MEMBER CROWLEY: [interposing]
12 Human services, take out the human services.

13 RICHARD BUERY: It's not solely human
14 services. There are other categories as well.

15 COUNCIL MEMBER CROWLEY: Anything that
16 goes to a nonprofit organization that you wouldn't
17 consider a business and consider it M/WBE eligible to
18 be registered.

19 RICHARD BUERY: So the amount of spend is
20 4.8 billion dollars, once you exclude other types of
21 businesses, such as human services with contracts or
22 sole source contracts--

23 COUNCIL MEMBER CROWLEY: [interposing] I
24 want to include sole source.

25 RICHARD BUERY: and that's the denominator
at which-- yes?

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3 COUNCIL MEMBER CROWLEY: Why can't we
4 include sole source?

5 RICHARD BUERY: Because only--

6 COUNCIL MEMBER CROWLEY: [interposing]
7 When you say sole source that means there's a
8 business behind it and that business has an owner and
9 that owner can be an M/WBE. So, I would like to know
10 the number what sole source included, because those
11 are actual numbers.

12 RICHARD BUERY: Yes. I-- the-- I known
13 it's about two billion. Well, you, Michael, you can
14 answer the question.

15 COUNCIL MEMBER CROWLEY: Then I just want
16 to know of that what the percentage is that is
17 actually going to M/WBEs.

18 MICHAEL OWH: So we can get you the
19 specific sole source numbers offline, because I don't
20 have that directly in front of me. But I will defer
21 to Council Member Rosenthal's opening, because I
22 think she just-- she got the actual universe of
23 contracts spot on. It was four point-- I think it
24 was roughly 4.5 or 4.6 billion dollars--

25 COUNCIL MEMBER CROWLEY: Okay.

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3 MICHAEL OWH: that we're talking about.

4 And this year, combined prime and sub, it was about
5 14.3 percent utilization. That's how we got to those
6 numbers.

7 COUNCIL MEMBER CROWLEY: So when you're
8 including sole sources, too?

9 MICHAEL OWH: So for that particular
10 category we are not including sole sources.

11 COUNCIL MEMBER CROWLEY: Okay.

12 MICHAEL OWH: But we can come back to you
13 with that.

14 RICHARD BUERY: Yeah, and so
15 Councilwoman, if I could, if I could elaborate. Part
16 of the reason-- part of what we are trying to do with
17 the M/WBE Program is actually to drive city behavior.
18 Right, I just want drive city behavior, right? So--

19 COUNCIL MEMBER CROWLEY: [interposing]
20 Look, I know that this Administration wants to get
21 there, but it's been three years and the numbers
22 really haven't gotten any better, not from what I
23 see.

24 RICHARD BUERY: [interposing] Well, I have
25 to disagree. I mean, we've literally nearly doubled,
respectfully, we've literally nearly doubled the

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3 spend in the course of the fiscal year. So I, I
4 respectfully--

5 COUNCIL MEMBER CROWLEY: [interposing]
6 Sorry, doubled the what?

7 RICHARD BUERY: Doubled the utilization
8 rate in the course of one fiscal year. So I would
9 respectfully disagree that the numbers haven't gotten
10 better. They've-- I believe we've made extraordinary
11 progress.

12 COUNCIL MEMBER CROWLEY: Okay, and now
13 what are you doing in terms of fraud? I get a lot of
14 complaints that there are businesses that say they're
15 M/WBE, but they're really not.

16 CHAIRPERSON ROSENTHAL: [interposing]
17 Hang on one sec--

18 COUNCIL MEMBER CROWLEY: Do you have
19 enough investigative power, or do you think that
20 there needs to be more of an agency set aside to do
21 just that?

22 RICHARD BUERY: Of course--

23 CHAIRPERSON ROSENTHAL: [interposing]
24 Okay, so I've learned my lesson. Next time I go to
25 the co-chairs first. Council Member Crowley, thank

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3 you for your good questions. I'm going to ask the
4 Administration to answer this one--

5 RICHARD BUERY: Sure.

6 CHAIRPERSON ROSENTHAL: and then we're
7 going to move on to the co-chairs of this hearing.
8 Thank you.

9 RICHARD BUERY: So I'm going to defer
10 that, ask Council Member-- Commissioner Bishop, to
11 answer the question, but fundamentally part of what
12 we're trying to do here is to have a balance between
13 the certification process, which is not excluding
14 businesses. You know, we want to make sure we have
15 as many businesses in the program as possible, but at
16 the same time, of course, we all have an interest in
17 rooting out against fraud. What we try to do is find
18 a balance between having a program that is not
19 exclusionary, but allows programs to participate.
20 But I'll ask Commissioner Bishop to answer the
21 question in detail.

22 COMMISSIONER BISHOP: Sure. So thank you
23 for that question, and I think it is important, as
24 the Deputy Mayor says, for us to maintain a balance
25 between making it easier for companies to get
certified, because I know a lot of companies think

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3 the certification process is daunting, but also
4 maintaining the integrity of the program. So a good
5 example is that whenever we see ownership split
6 between 49 percent and 51 percent, where usually
7 that's where the fraud is embedded, we do not only a
8 desk audit but we also have a site audit. The Mayor
9 has not only put a lot of resources at SBS, but focus
10 a lot in the certification process so that way we
11 could continue certifying as quickly as possible.
12 But when we do have questions we do dig deeper into
13 the operations of the business. We also work closely
14 with the Department of Investigation, so that way if
15 we find that there is fraudulent activity in terms of
16 the information that they gave us we do refer those
17 cases. But I'm happy that you brought up this point,
18 because we also depend on the community. We depend
19 on the community to let us know if there is
20 indication of fraud. I've had in the past companies
21 come to me and tell me that this company that you've
22 certified as an M/WBE isn't, and all I need is just a
23 name to start the investigative process, and the
24 informant, or the whistle-blower, refuses to give me
25 a name, so I can't do anything about that. We do
check in every year to ensure that the ownership of

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3 those companies that we have certified remains the
4 same ownership, but we do need help if there is
5 instances of fraud that individuals know of to notify
6 us, and once I am notified of a name I can start the
7 investigative process. And we have a team, but we
8 also rely on the resources of the Department of
9 Investigation to help us out.

10 CHAIRPERSON ROSENTHAL: Okay, thank you.
11 Council Member Cornegy?

12 CHAIRPERSON CORNEGY: Thank you so much,
13 Madam Chair. So I would be remiss if I didn't start
14 my line of questioning by saying I've had the
15 pleasure of working very closely with SBS and
16 Commissioner Bishop for the last couple of years in
17 various capacities, but most recently as the
18 commissioner, and have watched and been a part of
19 helping to move the needle forward. I'm certainly
20 looking for that same collaboration with the newly-
21 minted office of M/WBE. So, while-- one of the
22 things that I like to do, especially in these small
23 business hearings, is reach out to the small business
24 community to let them ask questions, because really
25 the problem is that they don't have the capacity to
come and sit in these hearings and have their

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3 questions posed. So through social media I was able
4 to get a couple of questions, and that I'll defer
5 directly to small business owners who have sent me a
6 couple of questions. So, one of them is a relatively
7 easy question that I actually know the answer to, but
8 I think everybody needs to know the answer to, and
9 that question is how are you-- what are you doing to
10 make the application process easier, and is there
11 some office or someplace that they can, you know,
12 that a small business can be walked through the
13 process?

14 RICHARD BUERY: Yes, there is.

15 COMMISSIONER BISHOP: Yes. So thank you
16 for that question, and I think it's important that
17 individuals understand the resources that small
18 business services brings to the table. We provide a
19 lot of one-on-one assistance. So, again back to the
20 questions of, you know, the certification process is
21 daunting. We really have taken a look and we are
22 right now in the process of reevaluating the
23 application, figuring out if there are ways we can
24 actually get the documentation that we're requesting
25 electronically from other sources. So, a good
example is that we ask individuals to submit the two

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3 years of tax returns. Can we get that information
4 from the Internal Revenue Service? So we are working
5 on streamlining that process. But in the meantime we
6 offer not only workshops, not only in the middle of
7 the day, but in the evening for individuals to come
8 in, and we go through the applications. We go
9 through the application question by question and we
10 actually explain what we're looking for, but then we
11 also follow up where individuals could come back and
12 we can review the documentation to make sure that
13 documentation is correct. We also provide one-on-one
14 assistance through our network of NYC Business
15 Solution Centers, where they can sit down with an
16 account manager and they can help them actually
17 complete the application, and through the generous
18 funding of Council we also have a network of
19 leadership associations. These are community-based
20 organizations that Council has funded that also we
21 have trained to provide that one-on-one assistance to
22 businesses to help through the certification process.
23 So the answer is there's a lot of resources out there
24 to help you. You do not have to actually fill out
25 application alone, and we are certainly happy to
continue working with Council to either have

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3 certification workshops in your district or working
4 with local organizations to continue that work.

5 CHAIRPERSON CORNEGY: And then so the
6 second question is a little bit more intricate, but
7 it's a commonly asked question in my office, because
8 I chair the Committee on Small Business, so it's how
9 can we address the Project Labor Agreement, where 100
10 percent bid and performance bond requirements in city
11 contracts that may prevent M/WBEs from competing for
12 contracts due to lack of funding? And so I know that
13 the Mayor's two funds, 10 million dollar funds, are
14 earmarked to be helpful. Could you just detail how
15 that is?

16 UNIDENTIFIED: Yeah, why don't you answer
17 the question?

18 JONNEL DORIS: Yeah, sure, thanks for the
19 question. I think we just want to look back from
20 last year, something that we did, which was raise the
21 threshold from PLAs from \$100,000 to \$250,000. That
22 means that M/WBEs won't have to engage in a PLA, only
23 when it goes after \$250,000, which is, which is
24 tremendous. That is actually a significant policy
25 change that was made. We do understand that that is
an issue for M/WBEs and continue to be. We believe

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3 that we want to open access and give access to
4 contracts for M/WBEs, and we're doing that through
5 our capital access funds, and one of the things that
6 I think is very unique here in what we're doing is
7 the three percent. Now as a former small business
8 owner I sort of understand what it means to go and
9 find capital, and that is very expensive to do so,
10 which also precludes M/WBEs from participating. So
11 by having the three percent now, up to 500,000
12 dollars that they can borrow on a particular
13 contract, that alleviates some of the concern for
14 having the cash flow that M/WBEs need to actually
15 execute the work through the PLAs and other barriers
16 that they may have going forward to engage in the
17 procurement process. So, I think we are going in the
18 right direction there. I believe that is something
19 that is necessary and we're looking to do more. The
20 bond readiness program as well, as Commissioner
21 Bishop can talk a little bit more to, but that is
22 also, that is helping M/WBEs with up to 350,000
23 dollars with collateral to help them, to actually get
24 the surety bonds that they need to participate on
25 those PLA contracts. So, I think we're moving in the
right direction. These are significant changes that

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3 the administration has put forth to help those
4 M/WBES.

5 CHAIRPERSON CORNEGY: So, I think you
6 said that Commissioner Bishop would elaborate on
7 that, and before you start that elaboration, can
8 somebody please speak to the two funds set up by the
9 Mayor's Office and what their intention is, and how
10 the outreach is being done so that small businesses
11 are aware of all the services that you have, but
12 particularly those two funds, sure?

13 JONNEL DORIS: The two 10 million dollar
14 funds--

15 CHAIRPERSON CORNEGY: [interposing] Yes,
16 yes.

17 JONNEL DORIS: that's what you just
18 alluded to, on contract finances and the other is the
19 bond, okay.

20 COMMISSIONER BISHOP: So, and just to be
21 clear, the dollar value of those funds is not
22 necessarily the ceiling. We started off at 10
23 million dollars to gauge the usage of those funds,
24 and certainly the Mayor has a commitment that if we
25 exhausted the \$10 million, then he is committed to
actually continuing, because we-- those funds,

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3 because we understand that access to capital is an
4 issue for small businesses, especially M/WBEs. We
5 have just completed the RFP process for the first
6 fund, which is what Jonnel alluded to, where
7 businesses, if they are bidding on city contracts or
8 they want a city contract can now borrow up to half a
9 million dollars. That has been dramatically
10 increased from the initial program, which was 125,000
11 dollars, and the interest rate has been dramatically
12 reduced. The interest rate based on, depending on
13 the M/WBE, could have fluctuated from anywhere from
14 seven to nine percent. It is now down to three
15 percent. So we think that that program, once
16 launched, we expect for it to be online by early
17 2017, will be a program that a lot of M/WBEs will be
18 able to take advantage of. We are currently in the
19 RFP process for the bond readiness fund, but we do
20 have a number of companies that have gone through the
21 bond readiness program. So we have a strong pipeline
22 of companies that are now bond-ready that can now
23 take advantage once we launch that program to
24 actually get bonded.

25 JONNEL DORIS: Do you want to--

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3 CHAIRPERSON CORNEGY: [interposing] So,
4 those, just one second, those responses to questions,
5 although you asked, said that they were good
6 questions. Those weren't my questions. Those were
7 two small business questions--

8 COMMISSIONER BISHOP: [interposing] Right.

9 CHAIRPERSON CORNEGY: literally small
10 businesses who online asked those questions. There's
11 no way I could respond to them online with the depth
12 and breadth of what you've given me. Is there a
13 website or something I could send them to right now--

14 COMMISSIONER BISHOP: [interposing] Yes.

15 CHAIRPERSON CORNEGY: because I cannot, I
16 couldn't even type that fast if I had to, to answer
17 their questions. Those are great answers to their
18 questions and I think that they'll put small
19 businesses in the right direction. Please give me
20 something that I can refer them to in case they're
21 not watching this.

22 COMMISSIONER BISHOP: Sure, so at the
23 onset you can send them to nyc.gov/sbs and certainly
24 we will be able to connect them to an account manager
25 that will be able to connect them to these services
once launched. I think one of the other things that

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3 you had talked about in terms of, I share your same
4 passion in terms of getting the word out for small
5 businesses, we've already done a campaign and I have
6 some materials to show you on subway, in not only
7 media, but ethnic media, online and also digital to
8 raise awareness of our services. We plan to do more.
9 We plan to use the leadership association. We plan
10 to use community-based organizations and we plan to
11 use you, the council members, to actually help us get
12 the word out, because as I know and being in this
13 position for a while, you know, email and social
14 media is not enough, and certainly we plan to do a
15 lot more on-the-ground outreach to get the word out.

16 CHAIRPERSON CORNEGY: Deputy Mayor Buery,
17 I know you wanted--

18 RICHARD BUERY: [interposing] Yeah,
19 Commissioner Bishop said I was to going to say, I was
20 going to reiterate because you asked about education,
21 our, aggressive experts to get the word out,
22 including through community and ethnic media and,
23 again, as he just did, I was going to ask, it's one
24 of the places where we think engaging with the
25 council can be most useful, because in our experience
often you are the ones who really know the businesses

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3 in your districts, and convincing them to engage with
4 us to take advantage of the resources that we're
5 growing now, both to help them get certified and to
6 help them business, we really look to you to help us
7 figure out how to do that, and we're, again, ready
8 and willing and able to partner with you all on a
9 district-by-district level to make sure that we're
10 getting the word out.

11 CHAIRPERSON CORNEGY: So I've been
12 incredibly concerned as the Mayor's Office pushes the
13 envelope for M/WBEs that we wouldn't go over the line
14 for, and have there be carve-outs because obviously
15 there's legal ramifications for doing that. How did
16 you arrive-- I'm sure you've got, obviously you've
17 got a dynamic legal team, but how, you know, how--
18 what was the process for arriving at these numbers at
19 this time without, you know, crossing the line for
20 what could be considered carve-outs, which is
21 obviously a problem?

22 RICHARD BUERY: Well, if you could
23 imagine, Chair, we work very closely with counsel,
24 both the law department, the legal counsel in SBS and
25 MOCS, as well as mayor's counsel, to make sure that
our program is compliant with the law, and we have

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3 every confidence that everything we're doing is
4 consistent with federal constitutional rules
5 regarding a program that fully comports with the
6 Fourteenth Amendment. So, we watch it very closely
7 to make sure that we have a legal program and we're
8 absolutely confident that we do. All of our goals
9 are embedded in the real world that we experience in
10 the City. It all comes from, ultimately, the
11 experience of minority and women-owned businesses in
12 New York, where they are in the economy and the gap
13 between where we are and where we would be if they
14 were equally represented in the economy. So, it's a
15 great question, but we can assure you that we dot
16 every "I" and cross every "T" when making sure that
17 our program is fully legal.

18 CHAIRPERSON CORNEGY: So, while have more
19 questions I'll wait for the second round. I want to
20 acknowledge the presence of Ben Kallos from the
21 Island of Manhattan.

22 CHAIRPERSON ROSENTHAL: Thank you, Chair
23 Cornegy. Also, we have here Costa Constantinides,
24 Council Member Deutsch was here, and Council Member
25 Miller. I am going to ask Chair Cumbo to continue
with the questions.

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3 CHAIRPERSON CUMBO: Thank you, Chair
4 Rosenthal. I wanted to start-- thank you all-- yes

5 UNIDENTIFIED: [off mic comments]

6 CHAIRPERSON CUMBO: and Council Member
7 Eric Ulrich, representing Queens, is also here with
8 us today.

9 UNIDENTIFIED: [off mic comments]

10 CHAIRPERSON CUMBO: Back to my questions.
11 In your testimony you stated the mission applies to
12 education, to public health, to affordable housing,
13 and it applies equally to economic opportunity. This
14 is in the fourth paragraph of your testimony. And I
15 wanted to know what does that education look like,
16 because I've had a lot of conversations in terms of
17 creating that pipeline to entrepreneurship, creating,
18 we all want more M/WBEs, but if we have an
19 educational system that does not support the creation
20 of entrepreneurship or M/WBEs how does that impact
21 our ability to achieve those goals? Are there any
22 programs, initiatives, pipeline programs, that are
23 currently being implemented in our New York City
24 Public School System?

25 RICHARD BUERY: Well, thank you, Chair.
I can't-- I don't want to speak-- I can't speak too

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3 specifically about a program for business
4 entrepreneurship with the Department of Education,
5 although certainly we can talk to our colleagues at
6 the Department and try to get to you more
7 information. I do know that the Department partners
8 with any number of institutions, including Junior
9 Achievement and others that are working to provide
10 business education, entrepreneurship education in our
11 schools. So I know it's a commitment of the City is,
12 but I don't want to pretend to be an expert in those
13 programs, so I don't want to speak in too much detail
14 about them.

15 CHAIRPERSON CUMBO: I think that's a very
16 important aspect of achieving the success that we
17 want to see. Do you know if there are any programs
18 particularly on our CUNY system, where a pipeline or
19 educational program into entrepreneurship, into
20 general contracting, any of these areas where--
21 because right now it would seem to me that M/WBEs or
22 companies that are formed are not done through some
23 sort of pipeline program. You kind of almost would
24 stumble into it, if you were picked up on a job, if
25 you were taken under the wing of someone who thought
that they would educate you, and those individuals

3 that would do that are probably getting it because in
4 their family structure and dynamic; they've grown out
5 of an entrepreneurship family. So, if you don't grow
6 out of an entrepreneurship family, how would one get
7 the tools? And being a product of the public school
8 system I don't ever recall any type of-- we've been
9 kind of geared to go to school to get a good job and
10 that's about the extent of it.

11 RICHARD BUERY: No, it's a fantastic
12 question. I'm going to ask my colleague, Jonnel, who
13 has some thoughts. But you're absolutely right. I
14 do know that CUNY, for example, similarly, there are
15 a number of programs. I know LaGuardia Community
16 College, for example, is doing some extraordinary
17 work with incubating entrepreneurs at LaGuardia and
18 connecting them to students. But you're absolutely
19 right. I mean, part of what we're trying to do here
20 is to create a culture of ownership, and I think one
21 of the first things we can do to do that is to create
22 a critical mass of owners, of women and minorities
23 who own businesses in communities, and that's one of
24 the strongest ways we can inspire our young people to
25 do more. But I'll ask Jonnel if you have any other
thoughts.

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3 JONNEL DORIS: No, I just wanted to add
4 the SCA and DDC and LaGuardia College has a program
5 that is, sort of addresses some of the major concerns
6 when it comes to M/WBEs, particularly when they deal
7 with, in the construction industry, which is the back
8 office, the drafting and the accounting work, and
9 where we find gaps in our M/WBE community, so they
10 are partnering, teaching these young people that are
11 in the college, showing them the particular skills
12 that they would need to be entrepreneurs in that
13 area, and also to work in that field, and with that
14 in mind to go and assist M/WBEs. So there's
15 definitely some programming on the CUNY side, but
16 also the city agency side, as we have a DDC and SCA
17 who work together with LaGuardia to create this
18 pipeline, not only of interest, but some real
19 tangible results at the end of it with real-time
20 internship programs that they're working together,
21 it's called the Opportunities Program, over at DDC
22 and SCA, and actually that's been very successful.

23 CHAIRPERSON CUMBO: Switching gears, and
24 then I want to come back to that. This came up a lot
25 during the-- this topic came up a lot during the
presidential election in terms of contractors, but

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3 particularly subcontractors, sub primes working and
4 getting "stiffed", or having extremely delayed
5 payments, payments that would come so late that it
6 would often put a company or a business, particularly
7 for a small M/WBE, out of business, not being able to
8 keep up with payroll, cost of materials, and that
9 sort of thing. Within the dynamics of this work,
10 have there be any strategies or thoughts, policy
11 legislation, in terms of how to make sure that those
12 that are subcontracting in order to win these
13 proposals are actually protected in the process?

14 RICHARD BUERY: Absolutely. It's a big
15 part of accountability, and indeed, the law gives us
16 lots of tools to make sure that subcontractors are
17 treated fairly. I would ask Michael and Jonnel if
18 you want to, in more detail?

19 JONNEL DORIS: I just wanted to give
20 sort of a broader sort of view of this. Yes, it's
21 wrapped, I believe, in our accountability component,
22 particularly contract accountability. Mike will talk
23 a little bit about what some of those rules, but I
24 think overall what we've seen is an increase in
25 subcontractors spend, which is significant, from
about a hundred, a little over a hundred million to

3 close, I think, over about \$350 million in the last
4 fiscal year. That is significant. So what that
5 means is that the prime contractors know that they're
6 being held accountable, so they're actually engaging
7 more M/WBEs on a subcontractor level and actually,
8 you know, having contracts with them and payments,
9 etcetera. So, I believe the culture change that we
10 have is addressing that. We see that significant
11 increase from just \$100 million or so to over \$350
12 million. I think that's significant. That's telling
13 that we're moving in the right direction. But
14 there's also, and Mike can elaborate, in some of the
15 tools in the local law that we have to hold the prime
16 contractors accountable as well.

17 MICHAEL OWH: So, as Jonnel mentioned, we
18 do have accountability and compliance requirements in
19 the law. I think one of the things that I do want of
20 the point out is that the creation of the office of
21 M/WBE itself is an accountability tool and the fact
22 that now subcontractors who are having these issues
23 have that one place to go. I think some of the
24 feedback that I got previously was that
25 subcontractors didn't know how to address it because
even though agencies are responsible for the

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3 management of the contract, it wasn't always clear
4 which location that they could go to in order to get
5 the responsiveness that they would need. And I think
6 just generally speaking we all know that procurement
7 in the city does take a little longer than we'd all
8 like and we are working to find to opportunities to
9 make that process go faster, the process of payment
10 to primes faster, which then will lead to faster
11 payments for subcontractors.

12 [crosstalk]

13 CHAIRPERSON CUMBO: So would you say that
14 now those that are subcontracting, the sub primes,
15 that they now know? How are you educating them that
16 this is where they go to if they need assistance or
17 support or help, because I find in the world of being
18 a City Council member, they're often coming to us to
19 say we want to tell you about this challenge. I'm
20 working on this project, we haven't gotten paid, and
21 even once they come to you, do you offer some sort of
22 legal representation or some sort of low-cost legal
23 representation, something that would help them during
24 that period of time?

25 RICHARD BUERY: Well, just to begin, I
think, part of what we're doing now, we talked about

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3 the public education that we're trying to engage in
4 most broadly and at the local level is to inform the
5 community about the existence of this office. So we
6 are holding regular meetings with different business
7 groups, with elected officials like yourselves, with
8 contractors, to get the word out that the M/WBE
9 Office is a place that you can go for assistance.
10 It's a part of what I hope you will do, in that
11 people come to you with questions, is to come to us.
12 And, again, what we do is that we ultimately have the
13 authority, because Local Law One gives us any number
14 of tools, I mean us as city government, to hold
15 contractors accountable to do business in the way
16 they need to do business. So it's not necessarily
17 about providing subcontractors with counsel, it's
18 about us a city holding contractors accountable to
19 their commitment, contracts and commitments they make
20 when they are awarded contracts. And so we are
21 having this office and having some power in office we
22 think we'll make great strides in terms of making
23 sure that subcontractors are treated well. But the
24 first and foremost, as you point out, is that people
25 have to know where to go, and we really look for you

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3 to help us do that, and any advice you have on
4 helping us do that we'd appreciate.

5 COMMISSIONER BISHOP: And on the legal
6 services, so at SBS we offer pro bono legal
7 assistance. I would say that most of the
8 relationships between subs and primes do not get that
9 adversarial to the point where they actually need
10 legal assistance, but certainly we can provide legal
11 assistance to ensure that the contract that they
12 signed is a contract that's beneficial to that prime
13 contractor, and we have done a lot in terms of
14 educating our M/WBEs on those services. Certainly we
15 can do-- we can always do more in terms of education.
16 But we also, through the Contract Financing Program,
17 I think we have, in the past we have also worked with
18 prime contractors. So if a M/WBE-- if a prime
19 contractor signs onto that program, if that M/WBE
20 actually gets a contract with that prime contractor,
21 then that M/WBE can borrow against that contract to
22 help them with, mitigate those issues that you're
23 raising. But certainly we are happy to work with you
24 in terms of continuing the messaging around the
25 support that M/WBEs have.

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3 CHAIRPERSON CUMBO: I think that almost
4 some sort of bill of rights, or some sort of
5 documentation that lets a subcontractor know exactly
6 what their rights are in this process, or where to go
7 to for support or help, and other ideas. But I want
8 to move on into the--

9 RICHARD BUERY: [interposing] That's
10 actually a great-- that's a great idea that we'll
11 look into, yeah, having like a one document, one bill
12 of rights about the rights of subcontractors is a
13 good idea.

14 CHAIRPERSON CUMBO: Thank you.

15 RICHARD BUERY: Yeah.

16 CHAIRPERSON CUMBO: I wanted to go into
17 what have been the most successful methods of
18 outreach for certifying M/WBEs. I want to understand
19 that, because I feel that, like you said here in your
20 testimony, that it takes two months from the time of
21 submitting an application to becoming certified,
22 making New York City certification process the
23 fastest in the state. So there are a lot of
24 businesses, business owners, that are probably
25 watching today, wanting to know what's the benefit of
me applying for an M/WBE as a small mom and pop, and

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3 what is the biggest hurdle that many of the
4 businesses face in applying for the certification,
5 what are the main hurdles that happen there?

6 RICHARD BUERY: Before I ask-- before
7 Gregg answers, I just want to take a minute to brag
8 about the incredible work that SBS is doing, because,
9 not just because you're sitting next to me.

10 COMMISSIONER BISHOP: Right [laughs].

11 RICHARD BUERY: Because one of the things
12 that we see is that when businesses come to SBS and
13 get help, both in the process of becoming certified
14 and the process of getting contracts, they are just
15 much, much, much, much more successful than when they
16 try to do it on their own. So, ultimately we hope
17 that more and more people come, because as we
18 described in my testimony the majority of M/WBES with
19 contracts are M/WBES that came through SBS and got
20 technical assistance, either through classes or
21 through individual assistance, or any number of the
22 programs that SBS offers. So that's really my
23 message to businesses. You're more likely to get the
24 kind of support that can connect you to actual
25 business opportunities down the road.

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3 COMMISSIONER BISHOP: And so thank you
4 very much, and certainly I can't take credit. I have
5 a terrific team, led by Kim Hardy, at SBS who are
6 dedicated and day and night they think about how to
7 actually help M/WBES not only get certified faster,
8 but also how to actually build the capacity of those
9 firms. You know, we've done over 221 events so far
10 this year in terms of connecting M/WBES and
11 explaining to them why membership has its privileges.
12 Certainly if you are winning, you know, I think one
13 of the hardest things is convincing a company that's
14 already winning contracts to go through our
15 certification process. But the message to those
16 companies is that you may be winning our contract
17 with a particular agency, but there's another agency
18 that's looking for your services and they do not know
19 who you are. So certainly we want to send that
20 message to companies that are not only winning that
21 you should also get certified, but the companies who
22 are thinking about certification and wondering why we
23 should get certified. I think the message is clear
24 in terms of what we have said today. Over the past
25 20 years there hasn't been a lot of focus on pushing
and holding agencies accountable and ensuring that we

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3 do everything possible to get opportunities to
4 M/WBES, and now this Administration has been clear
5 from the top down that that is part of the mayor's
6 commitment to tackling inequality, so certainly now
7 is the best time to actually be a certified company.
8 I've actually heard companies say that they're
9 hearing more from agencies and certainly we have
10 pushed that message, not only from the top down, but
11 all of us have met with commissioners, we've met with
12 the ACOs, we are training ACOs, we are training
13 program staff. It's a culture change, and certainly
14 M/WBES should know that now more than ever agencies
15 are trying to figure out how to find M/WBES to
16 actually meet their utilization goal.

17 CHAIRPERSON CUMBO: Just my final
18 question on that, and I want to put something
19 together, connect the dots for myself. So we spoke
20 about it on the state level, but it goes to what
21 you're speaking about right now. It says under
22 current law the City is only allowed to award public
23 works contracts, construction up to \$35,000 and
24 purchase contracts, goods and standards services up
25 to 20,000 dollars without competition. So for an
M/WBE in that way what would be the benefit in the

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3 sense that we're talking about a 20,000 dollar
4 threshold and, yeah--

5 RICHARD BUERY: So that's not the limit.
6 What that means is those are the limits around which
7 we can issue a contract without a competitive bid--

8 CHAIRPERSON CUMBO: [interposing] Without
9 a competitive bid?

10 RICHARD BUERY: It's not limit around
11 which an M/WBE can participate. So of course, M/WBEs
12 can participate for larger contracts.

13 CHAIRPERSON CUMBO: They can participate,
14 but where does it give them a leg up above and beyond
15 that amount?

16 RICHARD BUERY: A lot of it-- so, well,
17 I'll-- again, I'll defer to my colleagues, but the
18 principle of that, part of the technical assistance
19 is about everything from how do you build
20 relationships with the agencies to understand how to
21 go about and pursue contracts, how do you get access
22 to capital, to surety bonds? So all the types of
23 programs that we're describing, all the barriers that
24 frankly stand in the way of any business, any small
25 business, being able to successfully compete for
government dollars, part of what these programs do is

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3 to give these entrepreneurs the tools or resources,
4 the information, the access to capital, the
5 relationships, that allow them to compete more
6 successfully over time.

7 COMMISSIONER BISHOP: I think we need to
8 talk about a leg up. So as the Deputy Mayor said, we
9 have discretion up to that level. We're pushing for
10 discretion up to \$200,000, because that's where the
11 state is at, and certainly where we have discretion
12 agencies do really well.

13 CHAIRPERSON CUMBO: Can I get a point of
14 clarity on that? So in the rest of New York State,
15 except for New York City, they have a threshold of
16 \$200,000?

17 COMMISSIONER BISHOP: So for state
18 agencies.

19 CHAIRPERSON CUMBO: For state agencies?

20 COMMISSIONER BISHOP: Correct.

21 JONNEL DORIS: For state agenvies, yes.

22 CHAIRPERSON CUMBO: So explain that to me
23 all together again.

24 COMMISSIONER BISHOP: So the
25 municipalities, so the City of Buffalo, the City of
New York, we are governed under the same general

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3 municipality law, which sets the parameters for where
4 cities have discretion. We have legislation in to
5 ask the state to actually increase our ability to
6 increase the threshold of discretion for us. A
7 perfect example is--

8 CHAIRPERSON CUMBO: [interposing] From
9 what to what?

10 COMMISSIONER BISHOP: From--

11 JONNEL DORIS: [interposing] From \$20,000
12 to \$200,000. And this is significant. The MTA has
13 \$400,000, and so we are-- you know, this is one of
14 the main requests that we have with the state.
15 Coming from the state, I lived it, I saw how this
16 helped M/WBES, because you can have an M/WBE who's
17 right at the, you know, right at precipice of making
18 it to the next level, right, and if they get a
19 discretionary contract for \$200,000 from one agency,
20 so they would be able to move from \$100,000, you
21 know, contracts to now \$200,000 on top of the
22 \$100,000 that they already have. That's \$300,000.
23 That agency, that particular M/WBE now can bid on
24 contracts maybe twice as much as what he or she did
25 the previous year. So you're looking at 600--, so
this is significant for us, and that's what, that's

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3 why we're pushing on the state level to get this
4 changed, so that we can have the same tools that they
5 have, particularly with the MTA and others who have
6 great programs, but they have these tools in order to
7 make these programs work.

8 RICHARD BUERY: The Port Authority.

9 COMMISSIONER BISHOP: But in the meantime
10 we are also helping M/WBEs once they certify to
11 identify the right agencies for them to do their
12 business development. When you talk about the leg
13 up, there are different purchasing levels and
14 different techniques to actually purchase, so if it's
15 between above \$20,000 and \$100,000 there is a process
16 where five non-certified firms and then a number of
17 M/WBEs are added to that procurement, and only those
18 companies can bid. So, if you're not certified
19 you're actually left out in that particular area, and
20 then of course over \$100,000, and we talked about
21 best value in some areas, but that's why the other
22 piece of legislation we're pushing is the best value,
23 so we can actually include that in the RFP process
24 where we look at not only just quality, but also
25 other factors.

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3 CHAIRPERSON CUMBO: I'm going to
4 conclude, because I know my colleagues have questions
5 as well, but I just want to say that I've always been
6 aware of the discrepancies between city and state,
7 and I really hope that moving forward that we're able
8 to put politics aside and make the best decision for
9 all of New Yorkers so that we can all benefit and
10 create the equality that we need to see in our
11 business environment by preventing so many M/WBES
12 from being able to fully participate. You can see a
13 direct reflection of it when you go into communities
14 of color anywhere throughout New York State. So this
15 would be a way to level the playing field so that we
16 can all have a level of prosperity that creates
17 healthy neighborhoods and communities. So, I thank
18 you and I'll also reserve my second round of
19 questions [sic].

20 CHAIRPERSON ROSENTHAL: Thanks so much,
21 Chair Cumbo, and I know Chair Miller is on the docket
22 next. I'm just going to flip in a few questions real
23 quickly. To Council Member Cumbo's point, have you
24 discussed with other governmental entities regarding
25 a uniformed certification application and what could

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3 we do to facilitate that, given that you have the MTA
4 certification process--

5 COMMISSIONER BISHOP: [interposing] Sure.

6 CHAIRPERSON ROSENTHAL: the state
7 certification process, and the city one.

8 COMMISSIONER BISHOP: So the answer is
9 yes, so right now if a company wants to get certified
10 with the city we also include what we call addendums,
11 so all our certifying partners, we have a very close
12 relationship with, not only New York State, but the
13 SCA, the Port Authority, in terms of recognizing not
14 only their certifications, but we also recognize the
15 certifications of some other organizations, like the
16 Council and the Women's President Educational
17 Organization. Those entities certify for the private
18 sector. If you're certified with those entities you
19 can fast track into the city's program. Once we
20 certify you we send electronically your information
21 to our partners and that should in theory speed up
22 the process. I agree, we are certainly continuing to
23 look at what we can do to actually create a more
24 seamless process. The one thing I will say is that
25 each of our programs have nuanced differences, so for
example, the state in their program has personal net

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3 worth and a revenue cap for their certified firms
4 that we do not have, so certainly a universal
5 application is something that we agree on. We just
6 have to figure out a way to address the nuances of
7 the different programs.

8 CHAIRPERSON ROSENTHAL: Got it, thank
9 you. And in what types of industries is the city
10 looking to expand the pool of eligible certified
11 M/WBEs, and if you could let us know what steps
12 specifically you're taking to expand that pool.

13 COMMISSIONER BISHOP: So I think we're--
14 the aggressive goal that the mayor set not only for
15 SBS in terms of doubling the amount of certified
16 firms, and the fact that we have set a goal of 30
17 percent, we will need to certify firms in all
18 categories. But I think, you know, when you look at
19 the types of companies that we are certifying we want
20 to make sure and we are currently in the process of
21 doing an analysis of the City's procurement universe.
22 We're looking at where we have a shortage of M/WBEs
23 in particular areas. For example, do we have a lot
24 of M/WBEs based in the Bronx, and if not that will
25 sort of help us identify our outreach strategy. Do
we have a lot of M/WBEs in professional services? Or

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3 do we need more M/WBEs in constructions, or do we
4 need more? So we are doing that analysis right now.
5 But I think the answer to your question is across the
6 board we're going to need to increase the amount of
7 companies to ensure that we have the availability of
8 firms that could actually compete.

9 CHAIRPERSON ROSENTHAL: Well, and as I
10 said in my opening statement it's pretty obvious that
11 black women are the least represented in terms of
12 getting city contracts of the M/WBE pool. So with
13 that group in particular, have you been taking any
14 steps to certify more as M/WBEs, to identify more
15 companies, to grow companies?

16 KIM HARDY: Well, yeah, I think with
17 regard to that group in particular, for instance, in
18 the last month, we went to the Metropolitan Bar
19 Association. So we want to go to-- we're working
20 with women construction, and trying to really go to,
21 really all groups, including groups recommended by
22 the Council. As you know, we've had a very
23 successful borough-wide event in several boroughs so
24 far. We have one coming this week, on December 8th
25 in the Bronx, where we're doing outreach to folks not
only in the Bronx, but in the surrounding boroughs as

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3 well. So we are trying to target the outreach. And
4 we're analyzing the data to really kind of drill down
5 to very specific groups, as I said, like the
6 Metropolitan Bar Association, to really reach areas
7 where we see gaps.

8 CHAIRPERSON ROSENTHAL: I think what
9 would be helpful given that you've only just started
10 this work in the last month that it would be worth
11 tracking the outreach to success in contracting--

12 KIM HARDY: [interposing] Absolutely.

13 CHAIRPERSON ROSENTHAL: because that's
14 something when a year from now we're back here
15 talking about it I'd like to see a real improvement
16 and concerted effort to getting there. It was just
17 so stark, the difference with black women firms.

18 KIM HARDY: Thank you for that
19 suggestion. That is something we would like to do,
20 to track kind of a pipeline to success.

21 CHAIRPERSON ROSENTHAL: Yeah. And then
22 two other questions, I'm going to turn it over to
23 Council Member Miller. How many agencies-- oh, I'm
24 sorry, I had one last quick question there. What's
25 the average size and the number of employees in the

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3 certified M/WBE pool? What's the average number of
4 employees?

5 COMMISSIONER BISHOP: So, as of December
6 we have 4,777 certified firms. The average size, and
7 this is average, our M/WBEs have 10 or less
8 employees, so they're very small. However, they are
9 not new companies. They have been around for over 14
10 years. So that again shows that the fact that they
11 have won so many, in terms of the dollar values, of
12 contracts, they are businesses that have been around
13 for a while and we just need to provide the
14 necessarily-- the necessary services to help build
15 their capacity to handle government contracts and
16 find government contracts, and that's the work that
17 we do at SBS.

18 CHAIRPERSON ROSENTHAL: And so can I just
19 ask you if you took out of the 4,775 how many have 50
20 or more employees? So, how many are in that sort of
21 steady category?

22 COMMISSIONER BISHOP: So Kim has that
23 information.

24 KIM HARDY: With regard to firms that
25 have over 50 employees it's about six percent of the
certified pool. Firms with 11 to 50, 21 percent.

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3 Firms with less than five, 58 percent. So that's the
4 majority of the firms, as the commissioner said, have
5 under 10 employees.

6 CHAIRPERSON ROSENTHAL: Okay. I'm trying
7 to get to if we take out-- if we, yeah. The 10
8 sounds a little bit skewed high. So I would guess
9 that the average is lower than that. Okay.

10 KIM HARDY: The bulk of the firms are
11 under five.

12 CHAIRPERSON ROSENTHAL: Are under five?

13 KIM HARDY: Under five.

14 CHAIRPERSON ROSENTHAL: OK.

15 KIM HARDY: Employees.

16 CHAIRPERSON ROSENTHAL: It would be good
17 to see how that number changes over time. Okay? And
18 then two more quick questions. Approximately how
19 many agencies did not meet, I don't want to say their
20 M/WBE goals, because it's aspirational or it's hard,
21 I'm sure all agencies, you know, there are only three
22 that went above and beyond. So I guess the question
23 is which are the agencies that are the furthest away
24 from meeting some sort of reasonable target, and take
25 out in that number the ones that didn't contract at
all last year, or only had one contract and therefore

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3 it's not a meaningful number. But I'd like to know
4 of the ones that could be getting better percentages
5 what are the bottom three?

6 MICHAEL OWH: So, with the disclaimer
7 that you provided, but also recognizing that it's a
8 very, I think each agency has its own particular
9 challenges, depending on what their actual
10 procurement portfolio is and the types of
11 procurements that they're actually releasing. The
12 bottom three, in terms of total M/WBE percentage was
13 DOF, Sanitation, and MOCJ, and again, I think those
14 three in particular have very different challenges in
15 terms of not only just the market and availability of
16 M/WBE firms, but the types of contracting that they
17 do. For instance, MOCJ does most-- MOCJ is the
18 Mayor's Office of Criminal Justice. Most of their
19 contracts are human service related.

20 CHAIRPERSON ROSENTHAL: Yes, so, Michael,
21 I'm asking let's take away agencies that have that
22 consideration, because you're right, it's not fair to
23 judge MOCJ as a bottom one. So let's take them out.
24 Of the ones who could be doing better what would you
25 say are the ones that you're nudging along the most?

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3 RICHARD BUERY: So if you're trying to
4 look at sort of large agencies that do a lot of
5 spending which have relatively low proportions, if
6 that is your question. So we're looking at agencies
7 like Transportation, DP, and again the challenge
8 sometimes is-- what?

9 MICHAEL OWH: [interposing] DP is high, I
10 think--

11 RICHARD BUERY: [interposing] Total dollar
12 spend is high, but the percentage is relatively low.
13 Ah, and again, what I want to say, and not making
14 excuses, but to make the same point, in some of those
15 agencies there may be limitations, for example, in
16 federal dollars that limit their ability to contract,
17 or limitations in the pool of businesses. You're the
18 Sanitation Department and you're doing a small number
19 of relatively large multiyear contracts. The number
20 of businesses that are, when you look at the
21 certification pools we're talking about small
22 businesses. There are often very structural
23 challenges that make it difficult, which are not
24 about the commitment of the leadership, but about the
25 challenges of their business. And that's why a lot
of us work, although we've set this 30 percent goal

3 that is citywide for all agencies, the real
4 substantive work is working directly with other
5 agencies around their particular challenges. With
6 your particular business environment, what are you
7 actually buying? What are the businesses that are
8 actually available to you? That's the day-to-day
9 work of each of those agencies. When we set real
10 working goals with agencies it's related to the
11 reality of where they are now. And they should all,
12 absolutely-- everybody is being pushed to do better
13 and everyone can grow, and we're just trying to be
14 intelligent and intentional about what it means to do
15 that for each of those agencies.

16 CHAIRPERSON ROSENTHAL: I believe you--

17 RICHARD BUERY: [interposing] Yeah, I

18 CHAIRPERSON ROSENTHAL: when you say it,
19 and I believed Maya when she said it. What's not out
20 there is information about that. There's no way to
21 put together, if you're trying to come to the same
22 conclusion the data that's out there you can't come
23 to that conclusion. And it would be helpful if in
24 the way you reported you be up and up front about
25 those challenges, explain why we can't do better at
MOCJ, it's because mostly it's human service

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3 contracts. Okay, well, so on the 10 percent that
4 aren't human service contracts, where are you? I
5 think the public is hungry for that information--

6 RICHARD BUERY: [interposing] We agree

7 CHAIRPERSON ROSENTHAL: and assumes can
8 draw assumptions that you might not want them to
9 draw.

10 RICHARD BUERY: I agree, and we-- look,
11 one of the four principles of our work is
12 accountability and we, that requires high
13 transparency and so we will-- I appreciate the
14 pushback and we'll continue to try to do better, and
15 we'll just continue to talk about what are the ways
16 in which information is most helpful. But my
17 commitment to you is that we're committed to
18 transparency as well. We, again, we know we have a
19 lot of work to do, but we're not trying to hide that.
20 We're confident we'll do better and we want to be
21 able to take credit for it. We can't do that,
22 either, unless we have the kind of transparency that
23 you're discussing.

24 CHAIRPERSON ROSENTHAL: Yup, thank you.

25 MICHAEL OWH: [interposing] Council
Member--

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3 CHAIRPERSON ROSENTHAL: [interposing]

4 Michael, did you--

5 MICHAEL OWH: [interposing] just one
6 thing to add to that. I would be remiss if I didn't
7 mention that all of the commissioners of the agencies
8 that I've mentioned have come to us with, you know,
9 either with ideas or innovative procurement vehicles
10 or other ways in order to increase that number, and I
11 think, to your point, I mean, if we're taking into
12 consideration DOT, for example, most of their money
13 is federal and Local Law One actually carves out
14 federal monies that have goals on them from our
15 program. And so you're not going to see that
16 reflected, and so how do we actually capture that
17 along with what our program captures? And I would
18 love to talk to you about ideas. I know we've had a
19 few conversations around that, but specific ideas
20 around how to do that better.

21 CHAIRPERSON ROSENTHAL: Thank you. And
22 lastly when a contractor, and it could be
23 construction or another area, so when a contractor
24 does not meet its M/WBE goals, so I guess a prime
25 contractor, how is that information noted for

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3 agencies who are considering future contracts with
4 that developer, builder, construction firm, whatever?

5 RICHARD BUERY: Well, it's reported in
6 Vendex, for example. It's reported in Vendex so that
7 agencies, including negative notes if there was a bad
8 experience with that vendor, so that agencies have
9 the information when they're making contract
10 decisions. But, Michael, I don't know if you have--

11 MICHAEL OWH: I think that's right. So,
12 as part of the final disposition, if there is a
13 finding of noncompliance, it would be included as
14 part of our background information of vendors and it
15 would be noted in their file. And other agencies who
16 are seeking to give contracts to that vendor would be
17 notified of that offense.

18 CHAIRPERSON ROSENTHAL: Is that public
19 information, or is that in the background file?

20 MICHAEL OWH: It is public information
21 once-- if it is finalized it is public information
22 and it is available at the Public Access Center.

23 CHAIRPERSON ROSENTHAL: Great. Thank you
24 very much. Council Member Miller?

25 COUNCIL MEMBER MILLER: Thank you, Madam
Chair. So, obviously we've covered a lot of ground

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3 here today and there's a lot more ground to be
4 covered, but I will tell you that I was out this
5 weekend and I was accosted by a few M/WBES who, as
6 Chair Cornegy said, that they always have these
7 questions as to what are we doing, and you mentioned
8 earlier about some of the collaborations that you
9 have with local CBOs and the council members and so
10 forth. I'm very appreciative, because I know you've
11 been out to the district several times. We've done
12 many, many workshops and obviously the people who
13 were asking questions, I would kind of [sic] rebut at
14 them have they been attendance. I don't see them in
15 the room today, so how then are we getting out this
16 information? Now, I posted on my site that we were
17 going to be here today specifically so that we can
18 come and get questions directly, answered directly,
19 but what are you doing, what are your agencies, small
20 business, and now your office, Deputy Mayor, what are
21 you doing to get this information out so that we can
22 get, so that we can actually engage the people, our
23 target audience, that we're really trying to impact
24 here?

24 RICHARD BUERY: Yeah, so as we-- Thank
25 you very much, Councilman. You know, as we described

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3 before, we have a very comprehensive public education
4 engagement plan tied to our work, led by all of our
5 offices and also by our Director of Community and
6 Ethnic Media, Jessica Ramos, and the press office.
7 All of them are working to have a very comprehensive
8 plan to get the word out, and then relying on you as
9 elected officials to help us do that work as well. I
10 personally have spent a lot a time trying to meet
11 business groups and business leaders precisely to ask
12 that question, what are the bodies, what are the
13 organizations that we should be speaking to, to make
14 sure that the word is getting out. So, I know that
15 we have the effort. We're putting in the effort,
16 we're putting in the work. As you heard, SBS has
17 been out, over 200 community events, but we recognize
18 that obviously there's a lot more work to do. So,
19 you know, we come with a fair amount of humility. I
20 mean, we're sort of doing what we know to do in terms
21 of community organizations, on the ground outreach,
22 notices and advertisements in the press, social
23 media. We're doing what we know how to do. We
24 really do ask for help, because if we're not hitting
25 the right media, if we're not talking to the right
organization, we're not hitting the right events,

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3 then obviously we have more to do. I do suspect that
4 over time, though, part of it is also people need to
5 believe and understand that it's worth their time,
6 and I think--

7 COUNCIL MEMBER MILLER: [interposing]
8 Which is-- yeah.

9 RICHARD BUERY: So, I think that gets to
10 be part of it, too. When people start-- when people
11 understand that my colleague went to SBS they got
12 certified, they got a contract, and I don't, I think
13 ultimately that is what will do a lot of the work
14 over time.

15 COUNCIL MEMBER MILLER: Exactly. So,
16 which kind of leads me into a-- I know that it was
17 also asked, and I'm going ask it in a different way,
18 in terms of results, how are we actually marketing
19 those results. And I know that we had, and in my
20 mind, just on sheer numbers, we were successful in
21 each of the events that we've had because we've had
22 an overwhelming amount of folks that have come out,
23 that have gotten registered, that have participated
24 in capacity building and all the other tools and
25 resources that have become available, but have they
actually translated into contracts and if so where

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3 are they at? And I know one particular issue,
4 council member just mentioned that perhaps next year
5 we can come back and review that, but we've been at
6 this for a number of years now. If we were to review
7 it now, what would we see in terms of productivity,
8 based on the outreach and the amount of resources
9 that have been put into in advance in the M/WBES?

10 RICHARD BUERY: I will start. I will say
11 I think strong, as reflected by the increased number
12 of dollars going to M/WBES and the fact that the most
13 successful M/WBES are those who engaged in SBS
14 programming, right, are the biggest indicators. Part
15 of what we're trying to do with the communication
16 strategy is trying to identify and uplift those
17 success stories. Because, you know, statistics are
18 one thing and we-- and the numbers, it's complicated,
19 right, the numbers here are complicated and it's
20 confusing to keep track of all the numbers. So while
21 we also try to communicate the numbers, we're also
22 trying to collect those success stories of those
23 businesses that have gone through these programs and
24 have been successful, and also tell those stories as
25 well, because I think that also does the work of
communication. So we think we're successful. I'll

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3 let my colleagues speak in more detail about how we
4 track that information. But, again, what I would
5 always come back to is to help us understand if the
6 information that we're reporting is not getting the
7 message across. We are very much open to better
8 advice about what kind of stories we need to tell,
9 what kind of statistic can be particularly
10 compelling. But I'll stop there and see if any of my
11 colleagues have something to add.

12 JONNEL DORIS: So, just quickly, you
13 know, we're very excited about the new office and my
14 job is to go around the city and let everyone know
15 about this office, because we're going to be the one-
16 stop shop. So, when M/WBES are trying to figure out
17 where to go, where are the success stories, where to
18 get a connection to the contract, how to get to maybe
19 even SBS services or MOCS, or other types of things
20 that we have and we can offer to them, they can come
21 directly to our office and we'll be able to then help
22 them as ombudsmen to direct them into the right
23 direction. So, I think, as the Deputy Mayor said,
24 yes, this is sort of like an inertia, I call it.
25 Once we start moving the train everybody starts to
see the train is moving, everyone wants to jump on

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3 the train once it's moving, but we have to let them
4 see that it's moving and that's one of the things
5 that we're doing now with this office. We can
6 articulate that more strategically, centered in the
7 mayor's office, so folks can know that this is
8 actually real, you can participate in this and you
9 will see results from it.

10 GREGG BISHOP: The last thing I'll add,
11 we have a sample of the campaign that we ran and the
12 campaign was not about the program, it was actually
13 about the fact that here are some companies that
14 actually utilized our services and actually won
15 contracts. So I agree with you. M/WBEs need to see
16 that their peers are actually winning, and as the
17 Deputy Mayor alluded to, of the M/WBEs that won
18 contracts last year over 60 percent actually utilized
19 our services. So that says that the services that we
20 offer actually is making a difference and certainly
21 using the M/WBEs that have won to be our advocates
22 and our examples of what those M/WBEs look like is
23 also part of the campaign. So we can certainly share
24 that information with you in terms of so you can see
25 an example of that campaign. It is not just a one-

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3 off thing. We will continue figuring out different
4 ways to message our services in different ways.

5 COUNCIL MEMBER MILLER: So you talked
6 about the M/WBEs that have been certified or come
7 through SBS. Is there also a non-certified M/WBEs
8 that are considered and that participate in agency
9 program procurement?

10 RICHARD BUERY: So, if I understand the
11 question, if the agency is not certified we're not
12 counting them, right? So presumably there are other
13 minority and women-owned businesses, more than
14 presumably, there are certainly other minority and
15 women-owned businesses who are getting contracts that
16 we're not getting credit for these numbers because
17 they're not certified.

18 COUNCIL MEMBER MILLER: So there's no way
19 to capture how many are actually out there, the
20 percentage?

21 MICHAEL OWH: So right now we actually
22 capture self-identified information, so when the
23 vendor registers to do business with the City they
24 can click an option saying that they are an M/WBE.
25 We actually cross reference that information with our
colleagues at SBS to target the outreach. But what

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3 we can't tell you is whether or not they're actually
4 M/WBES because they're just self-identified.

5 COUNCIL MEMBER MILLER: And so in doing
6 so do you have any idea what percentage that would
7 be?

8 RICHARD BUERY: How many self--

9 COUNCIL MEMBER MILLER: [interposing]
10 That are actually--

11 RICHARD BUERY: [interposing] self-
12 identified?

13 COUNCIL MEMBER MILLER: Self-identifies
14 who receive contracts.

15 RICHARD BUERY: They're not certified.

16 MICHAEL OWH: We could-- I don't have
17 that information with me, but I can get back to you
18 with that.

19 COUNCIL MEMBER MILLER: Okay, and I want
20 to kind of step up to the big stuff, and so as we--
21 and I would put this in another different way, I'll
22 talk about some of the personal experiences and some
23 of the things that I see. I am-- I would love to see
24 EDC here because I think they have a big impact on
25 what's going on throughout the City, and I also don't
believe that some of these projects are really

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3 reflective of M/WBE Program as we would like to see
4 it, and particularly as it pertains to affordable
5 housing, and the fact that the larger developers, and
6 obviously folks-- a lot of development is occurring
7 in communities of color, but yet the development
8 doesn't reflect that as well. Is there some-- is
9 there an attachment, and I don't know if you can
10 speak for EDC or not in the programs that they are
11 involved, projects that they're involved in, city-
12 owned land and so forth. I think that there should
13 be-- I believe that there should be some M/WBE not
14 set aside but certainly participation over there that
15 should be considered in doing so. Is that the case?

16 RICHARD BUERY: Absolutely. I think EDC
17 has a very strong program, a very strong program, and
18 in fact EDC is one of the non-mayorals [sic],
19 although it's not part of Local Law One, it is
20 participating in this work with us, and so absolutely
21 EDC is very important work and they're a big part of
22 our program, but I'll-- Jonnel, do you want to speak
23 more about EDC?

24 JONNEL DORIS: Yeah, so as the Deputy
25 Mayor said, EDC is one of the non-mayorals that are
included in the new announcement that we just made in

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3 September. They are participating in the 30 percent
4 goal as well, certainly on the development projects
5 as well. We know that they have goals already
6 established there as well, and so we're looking to
7 work with them to increase that. HPD as well, I mean,
8 they just launched another program with any HPD
9 dollars that are going out the door there's now, or
10 tax incentives, there's goals attached to them. So I
11 think we're seeing again the groundswell across the
12 city agencies. Are we there yet? No, we're not
13 there where we need to be. But certainly the goals
14 are there.

15 COUNCIL MEMBER MILLER: So we are talking
16 specifically about development, not general
17 contracting, right?

18 JONNEL DORIS: We are talking about both.

19 COUNCIL MEMBER MILLER: Okay, because is
20 it, in your experience have you seen with the
21 groundswell, with 421A going we seem to be the only
22 game in town. There's a lot of development going on,
23 and I have not seen it reflected in the communities
24 thus far. I would like to see that there would
25 become a conversation that it was consistent in doing
so knowing that we as communities want to be more

3 than just a perpetual consumer that you build and we
4 rent, that we are qualified builders as well. We
5 want to make sure that that is reflected. I have not
6 seen it, and in fact I have seen kind of the
7 opposite. So I hope that this is something that can
8 be applied, and also that we have oversight as was
9 mentioned earlier on these general contractors
10 involved in terms of local hire and local procurement
11 as well. I'm certainly not seeing that. I don't
12 know if we have the resources to do so. Obviously,
13 that would be other agencies, but I'd love to see
14 that investment because, I mean, ultimately what
15 we're talking about is economic development and an
16 advancement of communities, and if we're not
17 oversight the whole project holistically we're kind
18 of dropping the ball.

19 JONNEL DORIS: Yeah, I just, I'll touch a
20 little bit on the development side and maybe the
21 Commissioner could talk about the workforce
22 development piece. I do know, and again we're not
23 there yet, but I do know HPD has the Emerging
24 Developers Program. There's six projects right now.
25 There's a prequalified list of 25 M/WBEs on that
list. They're bidding on these projects. I know

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3 they might be coming out soon, and so that's, you
4 know, we start there and I think as those developers
5 will build capacity off that prequalified list of 25
6 developers, they also have opportunities to bid on
7 city projects as well. So I think we're heading,
8 again, we're heading in the right direction. I think
9 soon we'll hear and see some of the results from
10 those particular pre-qual [sic] list that HPD has
11 with M/WBEs. You will start to see some
12 announcements going forward, but I do believe that
13 we're heading in the right direction, but your point
14 is well taken.

15 COUNCIL MEMBER MILLER: I thank you. I
16 thank the panel for being here. I just have a quick
17 one for MOCS. I know, Mike, we talked about in the
18 last hearing that we did in contracts here
19 streamlining the process and is that something that
20 has been adapted and adopted and is something that we
21 are using, or potentially will be using, in these
22 M/WBE application process, and if so how do you see
23 that being a help?

24 MICHAEL OWH: So, as you know, we're
25 looking to actually streamline the whole procurement
process, and this is for all the agencies and all the

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3 vendors. We think in particular some of the
4 opportunities that we've identified, I think the last
5 hearing, the last conversation we had was particular
6 to Vendex and sort of streamlining that application
7 process will be very beneficial to M/WBES going
8 forward. So we're very excited about it. It's not
9 live yet, but we will brief you on when we think
10 that's going to go live.

11 COUNCIL MEMBER MILLER: Thank you so
12 much, Madam Chair and Ms. Chair [sic].

13 COUNCIL MEMBER CORNEGY: So I guess we'll
14 be closing, I would like to close out with just a
15 couple of points that I think are important. I'd
16 like to ask you what the configuration of the new
17 office will be in terms of employees, in terms of
18 goals, because I think we kind of got around the fact
19 that while we are about to enjoy and embark on this
20 great initiative, which actually is a testament to
21 the commitment of the Administration to deal with the
22 needs of small businesses, I kind of want to know
23 literally what the makeup is in terms of staffing,
24 turnaround times to ramp up, all of those kinds of
25 things really quickly. But I want to go back to, I
think, I feel like my very first hearing in the

3 council was on nonprofits acting as businesses. And
4 the reason I bring that up is because at that time we
5 determined that, I think, 13 percent of New York
6 City's workforce was employed through nonprofits and
7 one of the questions, the last question I got was
8 what are we prepared to do as a city to work with our
9 nonprofits as businesses. So there's no central
10 location right now and we had-- during that hearing
11 we thought that in some of the new offices that were
12 being created we'd have a space available to help
13 develop nonprofits as though they were small
14 businesses. Because to some degree they are,
15 especially in minority communities, we still have
16 small businesses that operate as the major employer
17 to some people. Will there be a space for that? Is
18 that something you've considered in the new office?
19 Will there be a space for that? Is that something
20 that the Administration is interested in looking
21 into, a development of nonprofits as small business
22 in regards to have support services for them?

23 RICHARD BUERY: Absolutely. Let me try
24 to start answering both questions and then ask my
25 colleagues to join in, as everyone here has a lot to
say. Just in terms of the structure of the office

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3 itself, so we are investing in people both in the
4 Mayor's Office M/WBE, but we are also adding head
5 count and resources both to MOCS and to Small
6 Business Services. So the Small Business Service has
7 more capacity around technical assistance, providing
8 support, and I know MOCS really around the contract
9 development side, so all the work of making sure that
10 all the agencies actually have robust M/WBE programs.
11 The Mayor's Office of M/WBE itself will have a staff
12 of about six people, is that right?

13 UNIDENTIFIED: Five.

14 RICHARD BUERY: Five people, and we're
15 hiring now, so we have two hired and some more
16 identified, so we're just getting started with that
17 work, and of course we'll continue to make
18 investments as necessary to make sure that we have
19 the capacity to do the work that we need to do. So
20 that's on the staff side. On the question of
21 nonprofits, as you know, we first met working in a
22 nonprofit together and I've spent most of my career
23 on the nonprofit sector before-- well, really all of
24 my career, in the nonprofit sector before joining
25 government, particularly small startup nonprofits,
and you're absolutely right. The lesson I always

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3 tell people that running a small nonprofit, as I know
4 Council Member Cumbo and others know, it's basically
5 running a small business and all the challenges that
6 come with running a small business, and we often in
7 the city don't appreciate that and invest in those
8 businesses the right way. So many of the programs
9 offered generally by places like SBS are available to
10 all, are available to nonprofits, you don't have to
11 be a for-profit to avail yourself of most of those
12 services. One of the things that we are doing as a
13 city that Deputy Mayor Palacio and I are co-chairing
14 a committee called the Nonprofit Resiliency
15 Committee, which is staffed by the Mayor's Office of
16 Contract Services, precisely to try to understand,
17 and this is a committee that is involved in both city
18 officials, but also the nonprofit sector itself, who
19 are working on this committee together, really trying
20 to understand what are some of the barriers and
21 challenges that stand in the way of the sector
22 thriving, given how much we know, we in the city
23 depend on that sector for jobs and for services, and
24 so obviously it's different than M/WBE work, but it's
25 animated by the same ideas, right? We want
nonprofits and businesses as a diverse, that

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3 understand our city, that look like our city, we want
4 them to be strong, we want them to be able to be in a
5 position to grow and to be financially healthy and to
6 have the management tools they need to be successful,
7 because the city depends on them, whether it's a for-
8 profit or nonprofit. The city depends on them to
9 first be able to do our work. So we hope that that
10 through the Nonprofit Resiliency Committee we'll be
11 able to figure out what are the things the sector
12 needs to really continue to be successful. Michael,
13 do you have anything you want to add to that?

14 COUNCIL MEMBER CORNEGY: Wait, wait,
15 Mike, before you go, so one of the very important
16 things is, I think, Mr. Doris, your correct title,
17 titles are important in our world, as a Commissioner,
18 as a Deputy Mayor, is it--

19 JONNEL DORIS: Oh, no, no, one Deputy
20 Mayor. Jonnel Doris, Senior Advisor and Director of
21 the Mayor's Office-

22 COUNCIL MEMBER CORNEGY: Thank you.

23 JONNEL DORIS: - of M/WBE.

24 COUNCIL MEMBER CORNEGY: I just want to
25 make sure I can address you correctly going forward.

JONNEL DORIS: No, yes sir.

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3 CHAIRPERSON ROSENTHAL: Thank you so
4 much, Council Member Cornegy. Council Member Cumbo?

5 CHAIRPERSON CUMBO: I just have two
6 questions, because we certainly want to hear
7 testimony today from those of you that have come here
8 to share your insight on this topic. My first
9 question, I also got questions in from people that
10 are asking online as well. This question goes, what
11 types of businesses, size and type of business, and
12 you may have addressed this, are taking advantage of
13 the capital credit programs? Can you walk us through
14 who they are, what lessons are you learning, how can
15 we truly work with you as council members to push out
16 this work? So with the exciting announcement of the
17 beginning of the opportunity to bring resources to
18 M/WBES, what types of businesses are qualifying?
19 What type of work are they doing? How are they being
20 recruited? And has there been any measure of their
21 success since that major announcement?

22 COMMISSIONER BISHOP: If you're
23 specifically talking about the contract financing
24 program, so the program as it stands right now
25 businesses can borrow up to \$125,000, and remember I
told that the interest rate fluctuates between seven

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3 and nine percent. The exciting thing is that we have
4 made a commitment to actually increase the amount to
5 half a million dollars and buy down that interest
6 rate to three percent, which is I think phenomenal
7 for a small business. So that RFP is in the process
8 of being reviewed right now and we will have the new
9 program launched by early 2017, early February or so,
10 so I do not have data on, obviously, the companies
11 that are taking advantage, but in the past what we
12 have seen, we have seen companies either in goods,
13 standard services, et cetera, take advantage of the
14 program at the \$125,000 level. The average loan that
15 a company takes is somewhere between \$50,000, again
16 based on the profile of our certified base it
17 matches. So there are companies that have five or
18 less employees, and that's standard across all the
19 services we offer at SBS. The companies that take
20 advantage of our services are companies that
21 obviously do not have a banking relationship. They
22 do not have a relationship with legal services, so
23 they're depending on us to actually backstop their
24 back-office operations to be successful. So
25 hopefully that answered your question.

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3 CHAIRPERSON CUMBO: Let me interject
4 here, because this is something that I don't
5 thoroughly understand, so maybe you can connect the
6 dots here for me. So I'm talking specifically about
7 the 20 million dollars, some of it, some portion of
8 it for capital, the other portion of it for credit.

9 COMMISSIONER BISHOP: So for--

10 CHAIRPERSON CUMBO: [interposing] I mean,
11 excuse me, for bonding.

12 COMMISSIONER BISHOP: Right, correct.

13 CHAIRPERSON CUMBO: Right?

14 COMMISSIONER BISHOP: Right.

15 CHAIRPERSON CUMBO: So--

16 COMMISSIONER BISHOP: [interposing] Those
17 two programs are in the process of being launched.

18 CHAIRPERSON CUMBO: Now, let me ask you,
19 because this is my ignorance as well. If you're
20 working on a construction project or you're going to
21 do any kind of major, you know, your general
22 contractor, that sort of-- is that dollar amount not
23 necessarily set up for you, because you would need to
24 do way more in capital and bonding than that program
25 would permit, and if that's the case what other types

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3 of businesses are eligible for the bonding, for the
4 credit and that sort of thing?

5 COMMISSIONER BISHOP: So, I get your
6 question. I think it's unfair right now to sort of
7 say that that is not enough--

8 CHAIRPERSON CUMBO: [interposing] No, I'm
9 completely ignorant to the whole issue.

10 COMMISSIONER BISHOP: Right.

11 CHAIRPERSON CUMBO: I mean, I would just
12 like your understanding of what that looks like.
13 Because 125,000 dollars, I don't know.

14 COMMISSIONER BISHOP: Right, and we
15 agree, which is why the mayor made this commitment to
16 increase the threshold now to 500,000 dollars. So
17 that's half a million dollars that business can now
18 borrow against a contract, and that program will be
19 live early 2017. So we totally agree that \$125,000
20 wasn't enough for a construction company, but we did
21 see a lot of companies and goods and standard
22 services actually utilize the program. Last year we
23 connected businesses to over two million dollars in
24 this particular program. But at SBS we also help
25 businesses in general access capital. So through our
NYC Business Solution centers we have account

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3 managers that will work with a company and connect
4 them to capital, and last year we connected
5 businesses to over 60 million dollars to help them
6 grow. So certainly we help businesses with the
7 capital needs. But to answer your question in terms
8 of is that enough, we said no and the Mayor made a
9 commitment to actually not only give us at least the
10 start for the capital financing, the construction
11 finance-- I'm sorry, the contract financing, but also
12 for bond readiness. Because what we saw in our Bond
13 Readiness Program was that businesses actually went
14 through, and it's a grueling nine-month program,
15 where we go through their finances, we go through
16 their operations to get them ready to actually get a
17 bond, but for financial reasons they were not able to
18 get over that hump. So now this program, which we
19 will release our RFP for in January, and we'll
20 certainly move as quickly as possible to get it
21 launched, we'll be able to actually provide that
22 extra lift for M/WBE to actually get that bond. And
23 certainly with the work that we're doing to increase
24 the utilization of M/WBEs, because a lot of M/WBEs
25 have said, well, I don't want to go through this
process if I'm not going to be able to actually win a

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3 contract. So the work has to be there and certainly
4 the stuff that we have talked about today, the work
5 that HPD is doing, the work that we are doing to
6 increase utilization will help us along that tract.

7 CHAIRPERSON CUMBO: My final question,
8 and I do want to dig a little bit deeper in this, but
9 we can do that offline so that I can find out more
10 about the organizations, or rather the companies that
11 are benefitting from the program as it exists.

12 COMMISSIONER BISHOP: Sure.

13 CHAIRPERSON CUMBO: My second one is as
14 chair of the Women's Issues Committee we certainly
15 want to see women-owned businesses thrive and all of
16 the programming and the ideas that are being
17 generated and opportunities, but I believe that often
18 what happens is that African-American women and women
19 of color often fall through the cracks because we're
20 fulfilling perhaps the women quota. We are losing
21 African-American women in the process and so when
22 we're counting it may not register in terms of how
23 well African American women and women of color are
24 faring in your policies and programs, and the way you
25 account. Can you talk about how African-American
women-owned businesses and businesses of color for

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3 women are thriving, not where they're going as their
4 trajectory, are they falling short? Where are we?

5 COMMISSIONER BISHOP: So, I'll start it
6 and then turn it over to Deputy Commissioner Kim
7 Hardy to talk about the specific initiatives. I
8 think, you know, of the certified firms over 883 are
9 actually African-American women-owned, so certainly
10 we have--

11 CHAIRPERSON CUMBO: [interposing] Out of
12 how many?

13 COMMISSIONER BISHOP: Out of 4,777. So
14 certainly, and we talked about this earlier in terms
15 of as we--

16 CHAIRPERSON CUMBO: [interposing] You mean
17 as far as M/WBES?

18 COMMISSIONER BISHOP: As far as M/WBES,
19 correct.

20 CHAIRPERSON CUMBO: Okay. So certainly
21 that doesn't mean that that's all the companies that
22 are out there, and certainly we want to do everything
23 possible in terms of outreach to get more companies,
24 especially African-American women companies,
25 certified. But across the board we're looking to
increase the certification, because we need to double

that number. But we at SBS recognize that not only do we need to provide services for small businesses, but we-- the Deputy Mayor for Housing Economic Development, Alicia Glen, and my predecessor, Maria Torres-Springer, launched an initiative called WENYC, which I think also addresses the fact that women entrepreneurs face additional barriers that their male counterparts do not, and part of the initiative is actually to do outreach to minority women owners, in terms of mentorship, in terms of access to capital, so we certainly share your passion in terms of figuring out how we can address the needs of minority and women businesses, business owners, and certainly I'll be happy to meet with you and talk about some of these initiatives in detail and figure out how we can partner together. I'm going to turn it over to Kim to talk specifically about what we're doing on the certification side.

KIM HARDY: Thank you, Commissioner. As we said before, we're trying to do significant outreach targeted whenever working with numerous groups, particularly professional associations for women across all the service areas, from construction firms to professional services to goods, goods and

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3 services, and, again, as the Commissioner said, we
4 would love to work more with you. If there are
5 specific groups that you would suggest that we work
6 and do outreach with. We think our marketing plan is
7 a significant accomplishment to getting the word out
8 so more people are aware of these services and
9 certainly we want to ensure that women of color and
10 all women are accessing city contracts and SBS
11 services.

12 CHAIRPERSON CUMBO: Okay. Well, I
13 certainly look forward to being a partner with you
14 all in that initiative and please definitely feel
15 free to not only reach out but to deeply connect on
16 that.

17 KIM HARDY: Let's do it.

18 CHAIRPERSON CUMBO: Thank you.

19 CHAIRPERSON ROSENTHAL: Okay. We've been
20 here a long time. Thank you so much for coming in
21 and your time today, your thoughtful answers, and
22 congratulations on the good work you've done. I have
23 about fifty additional questions [laughter]. Ten
24 [sic] are important. We're going to send them over
25 to you guys, and count on our good partnership in

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3 getting the answers, and we look forward to
4 continuing our work together. Thank you all so much.

5 RICHARD BUERY: Thank you so much, Madam
6 Chair. We really appreciate it. Thank you.

7 CHAIRPERSON ROSENTHAL: Alright, I'm
8 going to call up the next panel and I want to thank
9 people for staying here. I know you've been waiting
10 a long time. We have two panels from the public and
11 we're very much looking forward to hearing your
12 testimony. We see Brian Horn from the US Business
13 Leadership Network, Katarina Spasic from Bikes and
14 Humans on behalf of the worker, Nancy Carin from
15 Business Outreach Center, and Santiago Gonzalez for
16 the Center for Family Life [INAUDIBLE]. Thank you.

17 CHAIRPERSON ROSENTHAL: Okay, so if
18 everyone could just look at their microphone. If the
19 red dot is on everyone can hear you. If the red dot
20 is not on we can't hear you, and maybe we'll start
21 with you. Thank you. Just introduce yourself.

22 BRIAN HORN: Thank you so much for
23 holding this hearing today. My name is Brian Horn,
24 and I'm the Chief of Staff at the US Business
25 Leadership Network. We are a national nonprofit that
works with business on their inclusion of people with

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3 disabilities in the workforce, marketplace, and
4 supply chain. We represent 50 affiliates across the
5 country and over 5000 businesses. We have an
6 affiliate right here in New York State that is very
7 robust as well. There is an estimated 56 million
8 people with disabilities in the United States and an
9 estimated 11 percent of New York City's population
10 has a disability. People with disabilities are
11 almost twice as likely to be self-employed as people
12 without disabilities. Business ownership is a key
13 way to strengthen economies and communities and to
14 provide a path to economic self-sufficiency for
15 people with disabilities. Self-employment is often a
16 better fit for people with disabilities and creates
17 opportunities to obtain contracts with government
18 incorporations and is the key to their ability to be
19 fully included in society. Improving the access and
20 enabling the growth of disability-owned businesses
21 brings greater vitality to our marketplace and
22 increases innovation and competitiveness. In 2010,
23 the USBLN started the Disability Supplier Diversity
24 Program to identify and certify businesses owned by
25 people with disabilities and service-disabled
veterans. Our program certifies disability-owned

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3 businesses and service-disabled veteran-owned
4 businesses, provides education, training, and tools,
5 and connects them to contracting opportunities in
6 corporations and in government who are increasing
7 diversity in their supply chains. We work with
8 strategic partners like the National Gay and Lesbian
9 Chamber of Commerce and the Women's Business
10 Enterprise National Council, as well as veterans'
11 groups like the Institute for Veterans and Military
12 Families at Syracuse University, to promote diverse
13 business inclusion. In 2015, the governors of
14 Massachusetts and Pennsylvania signed executive
15 orders, including disability-owned businesses in
16 their states' supplier diversity programs, and
17 accepting and recognizing the USBLN certification for
18 disability-owned businesses. Additionally, the
19 cities of Chicago, Indianapolis, and Louisville all
20 recognize businesses that are owned by people with
21 disabilities in their city procurement. This year
22 the USBLN in collaboration with the National Gay and
23 Lesbian Chamber of Commerce were included in the New
24 York State Supplier Diversity ACT, introduced by
25 State Senator Brad Hoylman to again recognize our
certification at the state level. All of these

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3 government initiatives open opportunity and break
4 down barriers for business owners with disabilities
5 and service-disabled veterans, and we hope that in
6 your conversations around women and minority
7 businesses we hope that you include people with
8 disabilities. Recognizing our certification of these
9 two groups would open up contracting opportunities
10 and would create economic opportunity for a community
11 that is often left behind. We thank you so much for
12 holding this hearing today. We applaud you and we
13 look forward to working with the city in the future.

14 CHAIRPERSON ROSENTHAL: Thank you, and
15 did you have a copy of that testimony?

16 BRIAN HORN: I don't, but I can get it to
17 you.

18 CHAIRPERSON ROSENTHAL: Make sure you get
19 it to us.

20 BRIAN HORN: Yup.

21 CHAIRPERSON ROSENTHAL: And I'm going to
22 ask for members of the public that we put the clock
23 on at three minutes, and know that we have copies of
24 your exact words, and it's really helpful here to
25 summarize the highlights. I will say that, again,
one difference between New York City and New York

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3 State is the GML, the General Municipal Law, which
4 ties our hands in terms of social goals, and that the
5 goals that the city has set out are aspirational, not
6 guaranteed commitments, which is something the state
7 can do, and we're going to be working very hard to
8 lobby the state to give the city the authority to do
9 that as well. Thank you, though.

10 BRIAN HORN: Thank you.

11 CHAIRPERSON ROSENTHAL: Please.

12 KATARINA SPASIC: Good afternoon. I'm a
13 worker-owner in Bikes and Humans Co-op and a
14 representative of the Worker-Owner Leadership
15 Council. I have a thank-you, though, that I was
16 delighted to hear that many of the issues that I'm
17 raising in this testimony were discussed earlier
18 today. The leadership council is a segment of the
19 membership of the New York City Network of Worker Co-
20 ops, NYC NOWC. I appreciate this opportunity to
21 testify about worker co-cops and minority and women-
22 owned business enterprises. My testimony will shed
23 light on the composition of worker co-cops in New
24 York City and reiterate a need for solutions to the
25 barriers we face. NYC NOWC is the trade organization
for worker co-cops in the New York metropolitan and

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3 has a membership consisting of worker-owned
4 businesses and support organizations. The leadership
5 council, made up of five worker-owners elected by NYC
6 NOWC membership, exists to bring the voices of
7 worker-owners to the funded worker co-op business
8 development initiative by providing a space for them
9 to give feedback on programmatic priorities. We as
10 the council members also serve as representatives of
11 worker-owners in city and state lobbying efforts. Of
12 the twenty worker-owners surveyed as a part of the
13 Solidarity Economy Research Project this year women
14 constitute 98 percent of all worker-owners in the
15 city. Even excluding the all-female workforce of the
16 City's largest worker co-op, Co-op Homecare
17 Associates in the Bronx, the share of female worker-
18 owners is 70 percent. Seven co-ops of the 20
19 surveyed are 100 percent women-owned. Another
20 striking fact is that 99 percent of worker-owners in
21 the city are non-white. Latino owners are the
22 majority group at 70 percent, followed by black
23 owners, 28 percent. As a former lawyer and social
24 justice advocate, I see worker co-ops as an
25 opportunity to give life to social and economic human
rights. As an immigrant woman, I see the co-op

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3 movement as an empowering force. As an entrepreneur,
4 developing my own startup as a co-op meant that I am
5 committed to values of self-help, equality, and
6 solidarity in life and in business. In my view,
7 there has never been a better social and political
8 climate for the cooperative to re-emerge as the most
9 sustainable model of organizing enterprises. More
10 importantly, the most humane model. That it? May I?
11 Thank you. Thus, it is of utmost importance that we
12 reduce barriers for worker co-ops that wish to
13 certify as M/WBES. We need to take into
14 consideration the effort it takes for numerous
15 worker-owners to submit paperwork at the time of
16 publication and renewal. We also need to keep in
17 mind that cash flow is an issue for these businesses.
18 Many of them are small- to mid-scale in size and
19 deferred payments of city contracts plays an
20 unworkable strain on the ability of these businesses
21 to provide services. Easy access to city-backed
22 grants and lines of credit to businesses that have
23 been awarded city contracts is critical. One of my
24 favorite writers said about bicycles is it's an
25 invention that was in many ways ahead of its time and
whose time has finally come. I think the same way

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3 about cooperatives. We thank the City Council for
4 the opportunity to testify.

5 CHAIRPERSON ROSENTHAL: Thank you very
6 much, and I think that's great, great points, so
7 thank you. And if the bell goes off, just wrap up,
8 like, your thoughts.

9 NANCY CARIN: Hello. I'm Nancy Carin,
10 Executive Director of the Business Outreach Center
11 Network, BOC, and BOC Capital Corp, and I'm also here
12 representing the Workers' Cooperative Business
13 Development Initiative, members who are funded by
14 City Council. And as a result of the over five
15 million dollar investment in the City Council into
16 the worker co-op movement in the last three years,
17 New York is home to the greatest number of worker
18 cooperatives in the United States. As a result of
19 this structure, the worker co-op structure, the
20 profits of a business are directly passed on to the
21 business's workers and the structure also promotes
22 long-term investment in the workers in their
23 retention and in skills training and better wages.
24 So I'm going to address both challenges for
25 contractors who are already M/WBEs and opportunities,
including assistance with M/WBE certification as well

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3 as training, one-on-one TA and contract-based funding
4 are all services that BOC provides, and our BOC
5 Capital Corp provides specific contract-based lending
6 to meet the cash-flow needs of those businesses who
7 contract with the City, and we work in partnership
8 with NYC EDC and SBS. So we have direct experience
9 with contracting challenges for M/WBEs. The M/WBE
10 certification program is essential and I really
11 commend the city for the big commitment of 16 billion
12 dollars for M/WBEs going forward. It is very
13 positive that New York City signed the first-ever
14 piece of legislation to require reporting to track
15 municipal support of worker co-ops. However,
16 unfortunately M/WBE cooperatives face a unique
17 challenge. If a business has been in operation for
18 less than three years, personal tax returns of all
19 the business owners are required rather than business
20 tax returns, and they must be submitted in the case
21 of co-ops for many, many people and this greatly
22 amplifies the amount of paperwork need, and it's
23 further complicated by the fact there are many
24 worker-owners who may not have filed taxes or lived
25 in the country over the recent three years.
Essentially, every employee has to prove three years

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3 of returns as an owner, since no one owns 51 percent.

4 So that's my recommendation, to simplify around

5 worker co-op owners. Now, there exists mentorship

6 training programs, workshops that focus on bonding,

7 contracts, bidding, Vendex, labor and operational

8 requirements. One of the best-known is the SCA

9 mentorship program that is tied to contract

10 opportunities. However, M/WBEs in New York City have

11 experiences ranging from frustration and confusion to

12 positive growth, and unfortunately to business

13 failure, all of which we've directly witnessed.

14 Agencies have been known to contract with M/WBEs who

15 do not have the cash-flow ability to handle the job,

16 and to add on change orders that take months to

17 approve while work must be performed immediately.

18 That's called working under duress. Primes obtain

19 and use WBEs to meet contract requirements, leading

20 to abuse and on the job site other abuses in terms of

21 cash flow and etcetera. We have a lot of

22 recommendations here. We want to place damages and

23 limits on contracting for primes that do not pay

24 their subs. We want to ensure that advocacy services

25 have teeth and that primes cannot receive payment

unless there is a process to ensure that subs are

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3 paid. We want to eliminate pay when paid clauses,
4 especially for retainage. We want to provide free
5 legal representation to disadvantaged M/WBEs to deal
6 with payment issues, job site issues, and worker comp
7 audits, and we want to rate prime contractors based
8 on these issues and make sure that they don't have
9 access to city contracts. Thank you.

10 CHAIRPERSON ROSENTHAL: This testimony is
11 here, right?

12 NANCY CARIN: It's all there--

13 CHAIRPERSON ROSENTHAL: [interposing]
14 Great. Thank you.

15 NANCY CARIN: and more.

16 CHAIRPERSON ROSENTHAL: With the idea
17 [sic]. Thank you.

18 SANTIAGO GONZALEZ: Good afternoon. My
19 name is Santiago Gonzalez. I was not meant to speak
20 today. I'm reading testimony on behalf of an actual
21 worker member. You have her testimony in English.
22 Her name is Claudia Leon [sp?] and I wish to honor
23 her words here about her experience as a worker-owner
24 in a cooperative business that has benefitted from
25 the, in Jackson Heights, Queens, which has benefitted
from the initiative promoted by Small Business

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3 Services, and these are here words. "My name is
4 Claudia Leon, and I am originally from Pueblo,
5 Mexico. I migrated to the United States six years
6 ago, looking for employment and for personal
7 development opportunities for myself, and ultimately
8 for my family in Mexico, who depend on me. Upon
9 arriving I found a job as a restaurant server, where
10 I worked nine hours a day, six days a week, earning
11 20 dollars per day. I worked for three years in an
12 environment where I felt humiliated and cut off from
13 any opportunities to develop my skills and achieve my
14 personal goals. After learning and understanding my
15 rights, I realized I was a victim of labor
16 exploitation, and so I decided to resign my job, even
17 though I understood how difficult it could be to get
18 a new one. With the help and guidance of Make the
19 Road New York I joined a group of 14 women and two
20 men who decided to commit to the project of creating
21 this cooperative as a different workplace, where each
22 of us would have a voice, fair wages, stable jobs,
23 and in an environment of respect and dignity.
24 Furthermore, a place where each of us could develop
25 their capacities and contribute to the business's
growth. For example, I currently work on the

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3 publicity committee, which designs and executes
4 marketing strategies focusing on the success and
5 growth of the cooperative, so that in the near future
6 we can create opportunities for other people to join
7 the cooperative and improve their working conditions
8 and livelihoods. For stories like mine to be
9 replayed and for cooperative initiatives to achieve
10 their economic goals, it is important to consider
11 which are the current barriers of certification and
12 contracting with the city. Often cooperatives like
13 Pa'Lante have the capacity and quality services to
14 contract with the City, but the barriers to access
15 and M/WBE certification as it relates to documents,
16 applications, and requirements, as mentioned before,
17 are an obstacle to this possibility. This is why we
18 ask you to reconsider the certification process,
19 particularly for cooperative businesses such as ours.
20 We thank the City Council for the opportunity to
21 testify."

22 CHAIRPERSON ROSENTHAL: Thank you very
23 much, and thank you for reading that testimony.
24 Questions?

25 COUNCIL MEMBER CORNEGY: Yeah, I just
want to know, do you have or can you produce the

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3 recommendations that you seek in the-- for the change
4 in the certification process?

5 SANTIAGO GONZALEZ: Yes, I think the-- do
6 you mean like bring them forward or mention them? [

7 COUNCIL MEMBER CORNEGY: [off mic] I would
8 like to hear them from you, but certainly I'd like to
9 have them in writing so that we could have a dialogue
10 with SBS to see if there are--

11 SANTIAGO GONZALEZ: [interposing] Yes.

12 COUNCIL MEMBER CORNEGY: some changes that
13 could be made.

14 SANTIAGO GONZALEZ: Yes, we could produce
15 a list of those, but I can tell you right now the
16 primary one is the issue mentioned about the
17 requirement for 51 percent of them to produce their
18 tax returns for some of them, some of the members of
19 an actual LLC incorporated in the State of New York
20 with ITIN numbers, but they can't produce those
21 returns, most, or at least 51 percent of those
22 members. So those pose problems for-- but among
23 others that we could list as a part of this
24 testimony.

25 COUNCIL MEMBER CORNEGY: So my staff is
here, I'm going to ask somebody to bring you a card

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3 so that maybe we can have a meeting offline to see
4 exactly what we could do to be helpful.

5 UNIDENTIFIED: Well, I--

6 NANCY CARIN: And we also have a
7 representative of NYC NOWC, a New York City worker-
8 owner co-op organization that will help to pull this
9 together.

10 SANTIAGO GONZALEZ: Thank you.

11 CHAIRPERSON ROSENTHAL: Great. Thank you
12 all very much. Thank you for coming today. I'm
13 going to call up, let's see, Jonathan Lovits, Molly
14 Lenore, George Carrancho [sp?], you're here? Great.
15 If you could start?

16 JONATHAN LOVITZ: Thank you. Good
17 afternoon. It's great to see you all. On behalf of
18 the National Gay and Lesbian Chamber of Commerce and
19 the 1.4 million LGBT business owners that we
20 represent, including the 86,000 right here in New
21 York State, I am truly honored to be here to speak
22 with you in tandem with our colleagues from the USBLN
23 about expanding M/WBE programs to ensure that all
24 voices are heard and have that equal seat at the
25 table. We certainly recognize that we can't crack
open the GML today, but we can make a few important

3 strides together, and I'd love to go through those.

4 The rationale is simple. Our economy doesn't work

5 without full participation. Discrimination and lack

6 of inclusion is not only morally wrong, it's

7 antithetical to everything we stand for as a pro-

8 business city. The economy, as we know from M/WBE

9 programs, is only strengthened when more people are

10 allowed to be engaged with the process, to create

11 those jobs and develop sustainable economic

12 opportunity for everyone. Right now at this moment

13 there are many LGBT-owned businesses providing goods

14 and services to prime suppliers of the city and not

15 receiving credit for it, and we're not allowing those

16 prime suppliers themselves to receive the credit they

17 deserve for working with certified LGBT businesses

18 enterprises. Diversity in city contracting, in turn,

19 when that's allowed will fuel innovation, create

20 jobs, and ensure that no one is ever left behind in

21 the economic development of New York. We were

22 thrilled, I certainly was personally as a New Yorker,

23 in late September of 2016 with the announcement of

24 the coalition of city and state elected officials who

25 intend to work to expand procurement opportunities to

as many people as possible. We certainly know that

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3 current discrimination laws in housing, employment,
4 and public accommodations protect people from
5 outright discrimination, but that does not yet
6 include LGBT and does not yet in the business arena
7 as well. So in talking about those concrete steps we
8 can begin with today, let's begin with an omnibus
9 nondiscrimination policy that protects all businesses
10 in the City of New York. And I couldn't ask for a
11 better time or place to do it. You know, it's a time
12 when governors and many local legislatures are using
13 taxpayer dollars to blatantly discriminate. It makes
14 sense that the city, that is, the state and city that
15 play such important roles in women's suffrage and
16 then a hundred years later in the LGBT rights
17 movement could be the home of the largest citywide
18 expansion of M/WBEs program in America, and that's
19 for all people, and I really do emphasize all people,
20 because LGBT citizens, just like those with
21 disabilities and those that are veterans, underscore
22 all communities, and if we want to include everyone
23 at the table more will show up if LGBT are welcomed
24 because we are a part of all other diverse
25 communities right now. As you'll see in the
information packets I provided to you, we are

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3 currently a part of the M/WBE apparatus of
4 Massachusetts, Pennsylvania, California Public
5 Utilities Commission, and many more on the public
6 sector, not to mention one-third of the Fortune 500.
7 So it works. We know it works and we know it creates
8 opportunity, not just for LGBT citizens, but for
9 everyone. So I appreciate the time to speak with you
10 and look forward to much, much more together.

11 COUNCIL MEMBER CORNEGY: Wow, I can't
12 believe you got that, nailed that right on the head.

13 JONATHAN LOVITZ: It's not my first
14 rodeo.

15 COMMISSIONER BISHOP: Clearly. Can you
16 explain to me, or detail for me, what the
17 certification process for becoming LGBT-certified, in
18 terms of the business world, and what the benefits
19 are?

20 JONATHAN LOVITZ: Sure. The good news is
21 not only our organization turns 15 this year, so
22 we've been at this a while, and we have the benefit
23 of not only being well versed in how to do
24 certification, it's parallel to those used WEBANK
25 [sic] which certifies women, USBLN, which certifies
disability, they're all identical in the 51 percent

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3 business ownership requirements, the economic
4 thresholds. They're all singing from the same hymnal.
5 But what's different is in the LGBT status qualifier,
6 which is done through a series of either sworn
7 affidavits, or in the case of gender reassignment, or
8 in the marriage certificates, so similar
9 documentation that is required for other communities,
10 just for the LGBT set specifically. And our
11 certification, as I said, is not only recognized by
12 Fortune 500s and multiple state and city governments
13 now, but the SBA, multiple federal agencies,
14 including the Treasury, HUD, the USDA, so it's got
15 parity and respect and inclusion across the board and
16 across the country, so I think one of the important
17 things that this question inevitably leads to is how
18 do you game the system and eventually skirt around it
19 and potentially commit fraud. Well, it hasn't
20 happened. And if you were going to do it, we've
21 certainly heard stories of people wanting to gain
22 other minority communities where there are specific
23 set-asides, where there are goals. What we are
24 asking for is a seat at the table and an aspiration
25 goal and something we can work towards. So we would
recommend that you would try to pursue another avenue

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3 if you were looking to skirt around the system. The
4 LGBT communities, while it sounds new to the table,
5 we've certified nearly one thousand LGBT BEs since
6 we've had the certification process and they have
7 been a part of the economic fabric of American now,
8 like I said, for the last 15 years.

9 COUNCIL MEMBER CORNEGY: What were the
10 numbers for participation in New York?

11 JONATHAN LOVITZ: We estimate 86,000 LGBT
12 business owners in the state of New York. It's hard
13 to pinpoint that exactly down by region. But we do
14 know that quite a few of those live right here in New
15 York City. NGLCCNY, the local affiliate of the NGLCC
16 of the 45 we have domestically, has one of the
17 largest numbers of certified LGBT businesses.
18 Currently, a lot of those are pursuing city and state
19 certifications on their own, but are being told, as
20 too many people are, unfortunately, you have to check
21 part of your identity at the door. Only part of you
22 matters and not all of you, and so that's why being
23 able to count your LGBT status alongside your women-
24 owned status or your ethnic minority status, whatever
25 it may be, is part of the fairness doctrine that

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3 we're looking for, and part of the nondiscrimination
4 policy that I think we could start with.

5 COUNCIL MEMBER CORNEGY: So you and I
6 have had the chance of meeting before, but I don't
7 think, I feel like I'm not on your mailing list
8 because I'm not getting invited to nothing, so, could
9 you please make sure I'm on your mailing list going
10 forward?

11 JONATHAN LOVITZ: You'd better believe
12 it.

13 COUNCIL MEMBER CORNEGY: Alright.

14 CHAIRPERSON ROSENTHAL: Jonathan, could
15 you please identify yourself--

16 JONATHAN LOVITZ: [interposing] Yes.

17 CHAIRPERSON ROSENTHAL: for the record?

18 JONATHAN LOVITZ: Sure. I'm Jonathan
19 Lovitz, Senior Vice President of the National Gay and
20 Lesbian Chamber of Commerce and Director of NGLCCNY.

21 CHAIRPERSON ROSENTHAL: Let's go through
22 the whole panel, I have some questions as well,
23 please.

24 COUNCIL MEMBER CORNEGY: I'm sorry.

25 CHAIRPERSON ROSENTHAL: No, that's all
right.

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3 JONATHAN LOVITZ: I think you're good.

4 MOLLY LENORE: Okay. Hi, I'm Molly
5 Lenore, President of Moey Inc. We're a Brooklyn-
6 based ideation design technology and fabrication
7 company. Our clients include Google, IBM, Microsoft,
8 AT&T, Verizon, Oppenheimer Funds, American Express,
9 HBO, and many of the world's premiere museums and
10 science centers. I'm here to tell you why we are a
11 LGBT-certified company. First, I'm a transgendered
12 woman. Although we're certified as a M/WBE, in New
13 York City and New York State it's important that
14 we're LGBT certified. We are LGBT-certified because
15 I want my clients to know that we are incredibly
16 talented, the best at what we do, and also that we're
17 LGBT owned. I'm often the first transgendered woman
18 that many of my clients have met. I need to provide
19 them with a different context and extremely positive
20 context in a context that is important. When I was a
21 young boy in the early 1970s I would go to the
22 library to find information about transgendered
23 people. What I was found was always presented as a
24 mental illness, medical disorder, CD [sic] freak
25 show, very clinical, pictures of naked people that
were clinically posed with black rectangles over

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3 their faces, and that's what I had to work with. So
4 that's what I was, because that's the only context
5 that I had, and context is important. Of course,
6 none of that was true and I figured that out over the
7 years. But many people, a great many people, still
8 see our community that way. If you don't believe me,
9 come with me next week to North Carolina and South
10 Carolina. I'm doing a couple of big projects with
11 IBM and you can see that. Having the LGBT
12 certification allows me to be out and open in an
13 environment that would rather not acknowledge my
14 existence. Discrimination against the LGBT community
15 is real, and constantly I have clients tell me that
16 they were surprised that I was transgendered and they
17 never would have imagined themselves working with a
18 transgender person. And I know that because I have
19 that certification, they see that and that prompts a
20 discussion. New York City has historically been a
21 leader in the ongoing fight for inclusion. Let's
22 keep that going. Thank you for your time.

23 CHAIRPERSON ROSENTHAL: Thank you very
24 much, Molly. George? If you'd just introduce
25 yourself.

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3 GEORGE CARRANCHO: My name is George
4 Carrancho. I'm the owner of Geo Lux Experiences,
5 which is a travel agency consultancy. My role as the
6 President and the sole owner of the organization is
7 to help organizations and companies, nonprofits,
8 utilize their travel budget to maximize their travel
9 budget. I recently certified as an LGBT BE. I went
10 through this process earlier this year, because my
11 company has just been around since this year. I
12 started operations in May. Before that, which is one
13 of the things I wanted to talk about, I was with
14 American Airlines, and I was with American Airlines
15 for 20 years. I was the LGBT and Hispanic
16 representative for American Airlines in terms of all
17 of our diversity outreach and all of our partnerships
18 that we had throughout those two diverse communities.
19 When I started this role at American Airlines and a
20 partnership with NGLCC, one of the things that was
21 very interesting is that I was able to make sure that
22 our supplier diversity teams worked in conjunction
23 with the partnership and it was very easy to connect
24 them to the Hispanic businesses. One of the things
25 that was a little bit more challenging is to connect
them to the LGBT businesses because there are no

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3 mechanisms in place to count this revenue towards any
4 kind of goals, so that's one of the things that we
5 worked on at American Airlines was to make sure that
6 the revenue was counted and we reported these goals,
7 we reported these numbers to our partners, and we
8 were recognized as the first airline to do that, to
9 connect the circle of diversity, which means we not
10 only market to the LGBT and Hispanic and other
11 diverse organizations, but we also buy from those
12 organizations as well. So one of the things I would
13 just like to add is that one of the most things that
14 I would love to be able to see is the requirement for
15 reporting, because while there is no mandate in place
16 there's no reason for an organization or company or
17 anything like that to report the LGBT numbers because
18 it's not required. You're required to report your
19 diversity spend to women, your diversity spend to
20 other minority groups, but not to LGBT, so therefore
21 they don't really think it's an important group to
22 report, to get these numbers, and that's one of the
23 things that I would love to be able see from this
24 group. So thank you very much for your time.

25 CHAIRPERSON ROSENTHAL: Thank you. I
want to-- I just want to try to understand what's the

3 opportunity? I hear everything you're saying and I
4 really agree with you. You had me at hello. So what
5 I'm wondering is the correlation between the 86,000
6 and then there's some subset that's New York City,
7 and the type of business that New York City is
8 looking to contract out for public service.

9 JONATHAN LOVITZ: Sure. One of the
10 things that I love most, I think-- there we go. One
11 of the things I love most about my job is being able
12 to demystify exactly what an LGBT business is. Of
13 course, we are the mom in mom and pop in pop shops on
14 the corner and the small businesses that make up many
15 of the neighborhoods here. But we are large-scale
16 suppliers. We have, right now actually as we speak,
17 someone who I had hoped was going to join us to
18 testify, is a certified LGBT BE who provides a quick-
19 drying concrete solution, currently being spread at
20 JFK right now. They're not recognized for their LGBT
21 status by the city or state, but they are by the
22 prime contractor, who is a member, who is a partner
23 of the NGLCC who is currently doing that construction
24 project. So we are a part of every industry you
25 could conceive of. We talk about being, you know, if
an LGBT-- or if you can buy it an LGBT business can

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3 supply it, and we mean that on the scale that the
4 city could use.

5 CHAIRPERSON ROSENTHAL: Could we pursue
6 that offline?

7 JONATHAN LOVITZ: Absolutely.

8 CHAIRPERSON ROSENTHAL: You can send me a
9 list of the types of businesses, and I'm wondering in
10 the example that you just gave did the prime
11 contractor get any points for hiring an LGBT quick
12 dry cement--

13 JONATHAN LOVITZ: [interposing] Well, as
14 a corporation with a supplier diversity program they
15 self-report and self-identify their outreach to the
16 LGBT community. Again, not just because it feels
17 great, but because it's an economic imperative to
18 diversify their supply chain, create a greater
19 competition, and probably drove the prices down on
20 that bid. But, more importantly, because it's a
21 transportation project and the Department of
22 Transportation at the federal level is one of our
23 signed MOUs with the federal government. There is an
24 understanding that some of this large-scale contracts
25 that span multiple states or across the government
will include LGBT businesses in their outreach.

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3 CHAIRPERSON ROSENTHAL: Does that mean
4 that, and the city touched on this a little bit, they
5 said that one of the reasons they can't get, can't
6 target M/WBE activity with the Department of
7 Transportation is because much of the money is a
8 federal pass-through. Are you saying that the
9 federal government is in those pass-throughs asking
10 cities to give preference to a number of different
11 types of businesses, including LGBT?

12 JONATHAN LOVITZ: Certainly not with
13 preferences, but in opening up the opportunities for
14 an LGBT-- so among the boxes where one could check to
15 say of the diverse communities who have the
16 opportunity to be recognized as an M/WBE, we include
17 LGBT in those cases, so that's mirroring-- what
18 that's doing essentially is just mirroring the best
19 practices of the private sector and allowing that to
20 permeate down through some of these public sector
21 contracts.

22 CHAIRPERSON ROSENTHAL: That's really
23 helpful. If you could--

24 JONATHAN LOVITZ: [interposing]
25 Absolutely.

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3 CHAIRPERSON ROSENTHAL: give me a sense
4 of for New York City the types of businesses that
5 would benefit from some sort of, you can't use the
6 word preference, but some sort of M/WBE-type
7 categorization--

8 JONATHAN LOVITZ: [interposing] Sure.

9 CHAIRPERSON ROSENTHAL: that would be
10 really helpful.

11 JONATHAN LOVITZ: Absolutely. And you
12 heard my colleague my USBLN mention that we worked
13 with Senator Hoylman at the state level for this
14 introduction, and we prepared much of that same-- I
15 know, I know [laughs], certainly understand where are
16 hands are tied.

17 CHAIRPERSON ROSENTHAL: I mean, I wish.

18 JONATHAN LOVITZ: But much of that, much
19 of that data is there and available, and I'm happy to
20 provide that to you.

21 CHAIRPERSON ROSENTHAL: Well, and I think
22 what you're saying is even if it could just be
23 reporting.

24 JONATHAN LOVITZ: Absolutely.

25 CHAIRPERSON ROSENTHAL: Right.

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3 JONATHAN LOVITZ: It's the seat at the
4 table and, again, you know, it's without the
5 benchmarks and without any of the goal-setting at
6 this time, just having the fair chance to compete,
7 considering LGBT tax dollars are being used for
8 everybody else's M/WBE opportunities.

9 CHAIRPERSON ROSENTHAL: Well, and we did
10 the same thing with worker co-ops in the first
11 instance. It's simply reporting. Okay. Any other
12 questions? No? Thank you so much for your patience.
13 Thank you for coming and testifying today. I really
14 appreciate it and with that the hearing is closed.

15 JONATHAN LOVITZ: Thank you.

16 UNIDENTIFIED: Thank you.

17 [gavel]

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C E R T I F I C A T E

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



Date December 28, 2016