

CITY COUNCIL
CITY OF NEW YORK

----- X

TRANSCRIPT OF THE MINUTES

Of the

COMMITTEE ON CONTRACTS

----- X

October 23, 2017

Start: 1:11 p.m.

Recess: 3:09 p.m.

HELD AT: 250 Broadway - Committee Rm.
14th Fl.

B E F O R E: HELEN K. ROSENTHAL
Chairperson

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

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

Michael Owh, City Chief Procurement Officer &
Director of Mayor's Office of Contracts, MOCS

Evan Hines First Deputy Commissioner
Dept. of Information Technology & Telecommunications,
DOITT

Rachel Laiserin, Associate Commissioner
Procurement and Vendor Management
Department of Information Technology and
Telecommunications, DOITT

Annette Heintz, Deputy Commissioner
Finance and Administration
Department of Information Technology and
Telecommunications, DOITT

Jordan Kroll, Senior Manager
State, Local, and Education Technology Information
Technology Alliance for Public Sector, ITAP

Towaki Komatsu

(

[sound check, pause] [background comment]
[gavel]

CHAIRPERSON ROSENTHAL: Good afternoon,
and welcome to the Contracts Committee of the New
York City Council. Today is October 23, 2017. My
name is Helen Rosenthal, and I have the privilege of
chairing this committee. Today's hearing will
provide this committee with an opportunity to revisit
the issue of cost overruns in the city's large
technology contracts. We've been in this position
several times before, and we do not intend to re-
litigate City Time or any other previous covered
ground. Instead, we view this hearing an opportunity
to review the progress that has been made in recent
years, and most importantly, to seek opportunities to
improve our procurement of such large tech contracts
to reduce the need for hefty change orders, and the
chances of going significantly over budget. One
mechanism for this improvement should be Local Law 18
of 2012. Passed in response to several oversight
failures including City Time, the Emergency
Communications, Transformation Program and others,
Local Law 18 requires city agencies to submit
quarterly reports to the Council whenever change

orders for contracts of \$10 million or more exceed 20% of the original contract cost. So, in other words, these are contracts that had been bid out, and the price agreed to that was over \$10 million, and if there are change orders that are—result in the cost being 20% or more then those projects are included in this report. These reports also include a secondary list of so-called repeat offenders whenever those contracts require a second change order in excess of 10% of the revised contract cost. Local Law 18 has provided the Council with significantly more information about how cost overruns continue to plague many of the city's large tech contracts. In the time since this—this committee's last oversight hearing, Local Law 18 reports have, for example shown cost overruns of over \$75 million to conduct maintenance and repair work on the city's Public Safety Answer Center Systems; nearly \$50 million to renew the Citywide Mobile Wireless Network; and roughly \$22 million to support the aforementioned Emergency Communications Transportation Program.

I would like to sincerely commend the work done by the Council's Finance Division in compiling this information in preparation for today's

1 hearing. At the same time, we have to recognize that
2 existing Local Law 18—that the existing Local Law 18
3 report itself, which is quarterly too often is opaque
4 in its explanations, and is not enough to truly
5 provide a learning opportunity for the Council and
6 for the City. While we understand that the nature of
7 technology contracts can be fluid and that revisions
8 are often necessary, the sums we're discussing today,
9 merit further oversight and consideration. We
10 request, as we have before, that the agencies
11 responsible for reviewing these change orders undergo
12 a more thorough review process particularly when
13 we're talking about tens of millions of dollars. On
14 the other hand, there may be some components of the
15 review that are redundant that don't need to be there
16 because certainly, we don't want to slow down in any
17 way, particularly when it comes to technology moving
18 these contracts through the process, but we're
19 talking about tens or hundreds of millions of dollars
20 in terms of cost overruns. It's my hope that today's
21 hearing will provide an opportunity to review both
22 technology projects specifically and the existing
23 cost overrun reporting system more generally as we
24 continue to work together to safeguard the
25

1
2 procurement process from potential fraud and abuse
3 and to assure the public that their tax money is
4 being spent in the most fiscally responsible way
5 possible. We're joined today by the Department of
6 Information Technology and Communications, as well as
7 the Mayor's Office of Contract Services, and we look
8 forward to hearing their testimony on the necessity
9 of these cost overruns, and the change order approval
10 process. Before I turn the floor over to the
11 administration, I would like to welcome Council
12 Member Kallos, who is Chair of the Gov Ops Committee,
13 and okay, and I'm sure my other colleagues will be
14 trickling in. I would really like to thank my
15 committee staff, Legislative Counsel Alex Paulenoff;
16 Policy Analyst Casey Addison; Finance Unit Head John
17 Russell. All three of which I can always count on,
18 but especially to our new Financial Analyst Andrew
19 Wilbur. Welcome to the team. You really have gotten
20 up to speed very quickly, and we appreciate that, and
21 also, of course, I thank my Legislative Director Sean
22 Fitzpatrick, for all the work they have done [cell
23 phone ringing] together in putting this hearing
24 together. I want to welcome Council Member Chaim
25 Deutsch from Brooklyn, and with that, we now turn the

1
2 floor over to Michael Owh, the Director of Mayor's
3 Office of Contract Services to get us started.
4 Welcome.

5 MICHAEL OWH: Thank you, Council Member.
6 Good afternoon and to you and the members of the City
7 Council Committee on Contracts. My name is Michael
8 Owh, and I am the Director of the Mayor's Office of
9 Contract Services and the City Chief Procurement
10 Officer. Thank you for the opportunity to testify
11 today about Local Law 18 of 2012, and the City's
12 management of large technology contracts. MOCS is a
13 procurement oversight agency that works with other
14 city agencies, vendors and providers to ensure that
15 the contract process is fair, efficient, transparent
16 and cost-effective. Procurement is a process by
17 which the City of New York purchases goods and
18 services. This can be for a wide range of activities
19 such as the purchase of office chairs to the
20 operation of after school programs. MOCS procurement
21 oversight role spans from the review of pre-
22 solicitation documents to the awarding of the
23 contract. It is important to MOCS that city contracts
24 are executed carefully to ensure that the best value
25 of high quality goods and services is received for

each taxpayer dollar spent. Local Law 18 information highlights large contract modifications. Local Law 18 provides a tracking mechanism for capially funded contracts when they are modified or extended. It requires MOCS to report quarterly to the City Council, a list of contracts that meet two specific statutory requirements: Capital contracts registered within an initial value of more than \$10 million with a modification that exceeds the initial contract value by 20% or more and previously reported contracts with subsequent modifications that exceed the last reported value by 10% or more. To meet the reporting requirements, MOCS must identify the contracts that fall within these two statutory categories, and collaborate with respective city agencies to ascertain explanations for contract changes. Once this process is complete, MOCS sends the comprehensive report to the—to the Council.

Amendment to contacts are exercised for any number of reasons such as increasing the number of units of the relevant good, extending contracts implementation timeframes or including additional authorized services. The City's Procurement Policy Board Rules anticipate and regulate how such modifications can be

utilized. Agency Project Managers make the substantive decisions on modifications based on new information learned during implementation, but there are also reviews by the Procurement and Legal Divisions. The transparency and collaboration that Local Law 18 fosters benefits the overall oversight of these types of contracts. MOCS is happy to continue to work with the Council and our agency partners to further add value to the procurement process. Thank you again for the opportunity to testify today. At this time I'll turn it over to my colleague from DOITT, First Deputy Commissioner Evan Hines.

DEPUTY COMMISSIONER HINES: Good afternoon, Chair Rosenthal and members of the Committee on Contracts. My name is Evan Hines, and I am First Deputy Commissioner for the Department of Information Technology and Telecommunications also known as DOITT, and with me is Rachel Laiserin, our Associate Commissioner for Procurement and Vendor Management. We're here today to speak about DOITT's role in large technology contracts, and the tremendous progress we've made in the last few years to deliver projects on schedule and within budget to

1
2 improve contract vehicles, better project governance
3 and a reduced reliance on vendors to perform work
4 more appropriately done by the city's own talented
5 workforce. As a city shared service IT agency, DOITT
6 supports the underlying technology for many city
7 agencies and entities, and provides assistance,
8 expertise and advice when agencies require it. DOITT
9 also administers citywide IT contracts that agencies
10 can leverage for IT professional services and goods.
11 In 2014, DOITT made great strides in its procurement
12 practices by registering a new set of citywide
13 contracts. These contracts expanded the breadth and
14 depth of services offered, increased competition, and
15 opened eligibility to small businesses by creating a
16 new class of smaller contracts, and strengthen terms
17 and conditions to ensure accountability, quality of
18 staff and time and performance. As just one example
19 of improvement, we now protect the city by demanding
20 liquidated damages for delays caused by a vendor.
21 However, while important, strong contracts alone do
22 not ensure a project's delivery on time and on
23 budget. For that—for that, strong governance is also
24 essential. Since Ann Roest became the Commissioner
25 of DOITT in 2014, we have strengthened governance

practices for all DOITT led projects, and we continue to work with the city's technology leadership to proliferate those practices citywide. Nowhere is this new governance approach more apparent than with the restart of the city's Emergency Communications Transformation Project also known as ECTP Emergency Communications Transformation Project. As a reminder, ECTP includes the construction and full technology outfitting of a new state-of-the-art Public Safety Answering Center, PSAC II in the Bronx. PSAC I was previously done. This effort is critical to ensuring the resiliency of the nation's largest, busiest and most complex 911 system. The building is tremendously strong. They're fully redundant and resilient IT systems, and mechanical and power systems configured to ensure its continued operation even in the face of an adverse event. This should give New Yorkers true peace of mind that even in a city as large as theirs, which handles millions more 911 calls than any other city in the U.S., their call for help will always be answered. In 2014, after several years and hundreds of millions already invested, the project's previous leadership announced it would be further delayed and require an additional

1
2 \$100 million to complete. Mayor de Blasio then
3 halted all work on the program and ordered
4 Commissioner Roest to conduct a 60-day assessment and
5 generate an action for moving it forward. DOITT
6 executed and as a result, ECTP's governance was
7 fundamentally transformed in three ways: First, the
8 ECTP Steering Committee was created bringing together
9 senior management from City Hall, OMB, FDNY, NYPD,
10 and DOITT. The committee sets goals, meets monthly
11 to review progress towards these goals, ensure cross-
12 agency collaboration, and remains vigilant on overall
13 project scope and budget. Second, Commissioner Roest
14 was designated as a single point of project
15 accountability. Third, the city replaced the system
16 integrator, the system's integrator project team with
17 city employees across all work streams, eliminating
18 multiple layers of vendors who had served as not much
19 more than middlemen. At the same time, and in
20 addition to DOITT's efforts, DOI conducted an
21 investigation into ECTP ultimately recommending the
22 use of an integrity monitor to independently assess
23 the project. I am happy to say today that the
24 Integrity Monitor has confirmed that ECTP is now
25 where it needs to be, on time and under budget, and

1 we are not stopping there. Today, we are applying
2 the same type of best practices for DOITT's largest
3 and most critical projects including the replacement
4 of the Core Customer Relationship Management System
5 that powers 311, the implementation of the city's
6 first text to 911, and the Next Generation 911
7 project. We—we take spending very seriously as
8 demonstrated by our successful avoidance of a
9 proposed \$100 million overrun in ECTP to deliver the
10 project on budget. So, we want to provide some
11 context for our recent Local Law 18 Reports. While
12 LL 18 reporting is a crucial mechanism for tracking
13 significant contract value increases, it is important
14 to note that an increase in contract value does not
15 necessarily translate to project cost overruns. In
16 fact, the increases to contracts DOITT has recently
17 disclosed in relation to this law—law are not due to
18 cost overruns, but rather additional necessary scope
19 or work. For example, the Verizon Telex Sector E-911
20 Contract referenced in the most recent LL 18 report,
21 was prepared to accommodate a variety of necessary
22 services related to 911. This contract was
23 originally leveraged for ECTP, and we have since
24 added funding for other projects such as Text to 911.
25

1
2 This was noted on the LL 18 Report, but it is not an
3 overrun in any sense. On the contrary, we are
4 pleased to be able to appropriately leverage and
5 existing contract to offer long awaited and critical
6 emergency communication services to New Yorkers.
7 This amounts to a win-win for the city, and the
8 people we serve saving time and increasing efficiency
9 as we go about this important work. I hope this
10 gives a clear and compelling picture of the
11 meaningful progress we have made in our IT contracts.
12 Thank you again for the opportunity to speak about
13 this important topic. This concludes my prepared
14 testimony, and I'm happy to answer the committee's
15 questions.

16 CHAIRPERSON ROSENTHAL: Thank you very
17 much. You obviously both prepared a lot for this
18 kind-for this hearing, and I really-we all really
19 appreciate that. I-I thought you example at the end,
20 and when you were talking about the budget that came
21 in under- Oh, I want to welcome Council Member Koo
22 from Queens. Thank you for being here, and just let
23 us know when you have questions. The project that
24 you said came in under budget the ECTP, tell me about
25

1
2 that a little bit. How much under budget? Why do
3 you think it ended up being under budget?

4 DEPUTY COMMISSIONER HINES: Well, we—we
5 won't know the exact amount that it will end because
6 it still has to be closed out. They're still
7 finishing off some work, but a lot of it was reducing
8 additional layers of consultants. I could—I could
9 have Annette Heintz, our Deputy Commissioner for
10 Finance and Administration.

11 CHAIRPERSON ROSENTHAL: [interposing]
12 Sure. Thank you.

13 DEPUTY COMMISSIONER HINES: She actually
14 works closely with the ECTP Steering Committee—
15 Steering Committee to speak to that. [background
16 comment]

17 DEPUTY COMMISSIONER HEINTZ:
18 Okay. So, yeah, it was just unspent funds, right.
19 So, it's not savings, but it—I guess it will be when
20 we—we put it back into the budget, right, but I think
21 the most important change was that we instituted a
22 Change Board, and also a steering committee. The
23 Change Board was made up of a lot of technical staff
24 and financial staff from the agencies, and so an
25 increase in scope or dollars could not go even to the

1
2 Steering Committee without the approval from that
3 committee. I think that was where we noted the
4 biggest governance change and, you know, I was on the
5 Change Board so I do know that no everything that
6 went there was approved.

7 CHAIRPERSON ROSENTHAL: That's what you
8 know better than I. [sic] [laughter]

9 DEPUTY COMMISSIONER HEINTZ: Yes. I
10 personally did not approve some things, and so, they-
11 --things did not get--so, they were--they were
12 reviewed. We had cost estimates. There were
13 discussions. The meetings were every Thursday. You
14 know, it was, and we were very disciplined about
15 meeting so--

16 CHAIRPERSON ROSENTHAL: So, it's so
17 interesting. The people who are expert on it had the
18 first level of review, and then--and then pushed that--
19 that review up. Can you give me an example of
20 something you did not approve?

21 DEPUTY COMMISSIONER HEINTZ: Oh, I can go
22 back in here, I think.

23 CHAIRPERSON ROSENTHAL: Dust off the
24 cobwebs.

25 DEPUTY COMMISSIONER HEINTZ: Yes.

CHAIRPERSON ROSENTHAL: That's what I'm always doing.

DEPUTY COMMISSIONER HEINTZ: I know there were so many things, but I do know that there was-- there was a request that was actually put on hold until late--so, it might be revisited--to build out another area of the building that was not built out yet, and that was actually put on hold and not approved. That was a big number. There were a series of requests on additional servers, hardware. It's building out more space in the Data Center, which has a lot of safe space, which were not approved. So, those would be some of the bigger items, you know, and then just throughout there would be other items like wardrobes. [laughter] They didn't get approved on some level. You know, it's the people who had--it's a--it's a big building response, four agencies. So, when people moved in, there starts to be a lot of requests. Some were approved. Some were not, and I think we used, you know, we used these guidelines. One, was that appropriate ECTP (sic) funds for it, and then the second thing, and very importantly was can the people operate without it, and if the answer was that it was just kind of

1
2 been nice to have, it very often did not get
3 approved.

4 CHAIRPERSON ROSENTHAL: Can you just
5 define what wardrobes mean?

6 DEPUTY COMMISSIONER HEINTZ: Our storage.
7 Of all the things. That's like additional furniture
8 and office space. Why--

9 CHAIRPERSON ROSENTHAL: [interposing] I
10 knew it would important to define that. [laughter]
11 Okay, before anyone says anything, and then when you--
12 I really appreciate your comment about the review--
13 cutting out the layers of review in contractors. Can
14 you--did--did--how did that--can you give an example of
15 that or do you think that looking at number of
16 contractors per job is relevant and interesting?

17 DEPUTY COMMISSIONER HEINTZ: The--what the
18 biggest change was when Commissioner Roest took over
19 the project was that the System Integrator was
20 actually taken out of the role completely, and so we
21 were working directly now with the major
22 subcontractors, and that was where the layer changed,
23 and the--how the layer changed most importantly was
24 that staff were brought in to replace the project
25 management work stream that there were consultants

1
2 dealing before that. So, where we would go to an
3 Arthur Brummen (sp?), and say get some scope on a
4 project that Motorola was doing, we now have the
5 direct relationship with Motorola. So, we're not
6 going to that extra layer, and--and what that does is
7 it allows us to make Motorola much more accountable
8 for what it does because they can't kind of hide
9 behind a System Integrator, which sometimes happens
10 and sometimes doesn't. There's a value to System
11 Integrators. On this project I don't think it was
12 adding value because the subcontractors were so large
13 and there was so much work being done with them--by
14 them that it was much better to have a direct manager
15 who is--

16 CHAIRPERSON ROSENTHAL: [interposing]

17 That is just such a good example. I really
18 appreciate that. Hang on one second. I want to
19 recognize Council Member Constantinides in from
20 Queens. So, on--did that--since you work at DOITT, and
21 obviously, sorry, but you're looking at lots of
22 different agencies. Did it then trigger looking at
23 the notion of a systems integrator and other big
24 projects?
25

DEPUTY COMMISSIONER HEINTZ: Not specifically because I think that focus happened to be the right thing for that project.

CHAIRPERSON ROSENTHAL: Okay, and would you say that the Change Board in a way replaced the need of that System Integrator? I am literally just trying to understand your words and--

DEPUTY COMMISSIONER HEINTZ: [interposing] No, I think--so the day-to-day management, you know, the replacement of the System Integrator was--it was more important that the day-to-day management and the accountability to the people who were actually doing the work, right--

CHAIRPERSON ROSENTHAL: Okay.

DEPUTY COMMISSIONER HEINTZ: --instead of contractors. The Change Board's value came in, in just analyzing any kind of changes and requests for changes in scope or budget. Right, so I think those layers were needed, but one was the on-the-ground management, and then the next layer was basically an oversight over the--the on-the-ground management. On-the-ground management when they asked for an increase.

CHAIRPERSON ROSENTHAL: Is the Change Board—I love these names whoever comes with them.

DEPUTY COMMISSIONER HEINTZ: It's someone==

CHAIRPERSON ROSENTHAL: [interposing] Someone has got to get a little more creative here. [laughter] Lighten up, but are there triggers or criteria that you could—I want you to address that.

DEPUTY COMMISSIONER HEINTZ: Yeah.

CHAIRPERSON ROSENTHAL: That you could contemplate for indicating why a Change Board makes sense in such and such a contract. Do you think it's—it's fun?

DEPUTY COMMISSIONER HINES: A—a Change Board I mean people should have change management process in place on every contract, on every project that they do.

CHAIRPERSON ROSENTHAL: That's where I'm going.

DEPUTY COMMISSIONER HINES: Yes, and they—we—we have it. You know, like I said, we have it on our 311 project. We have it on text to 911 as well. It's especially important when it's multi-agency when you have different stakeholders, but it's

1
2 a practice that's a best practice that should be on
3 every project.

4 CHAIRPERSON ROSENTHAL: Is that something
5 you're moving toward or that you do?

6 DEPUTY COMMISSIONER HINES: We do.

7 CHAIRPERSON ROSENTHAL: So, I'm wondering
8 it's—it's not just multi-agency, it's multi-contract
9 tour, right? I mean some of the contracts went to
10 one company---

11 DEPUTY COMMISSIONER HINES: [interposing]
12 Well, even if—even if you have one contractor—

13 CHAIRPERSON ROSENTHAL: Okay.

14 DEPUTY COMMISSIONER HINES: --that you're
15 doing business with, you still don't want a single
16 person being able to say, you know, yes to any change
17 that's coming down the pipeline.

18 CHAIRPERSON ROSENTHAL: Thank you. Got
19 it.

20 DEPUTY COMMISSIONER HINES: Right, and
21 even because if a contract is coming under budget,
22 you also don't want someone saying great, we have
23 this money now. Maybe we could add something else.

24 CHAIRPERSON ROSENTHAL: [interposing]
25 Let's spend that amount.

DEPUTY COMMISSIONER HINES: Right?

CHAIRPERSON ROSENTHAL: Yes.

DEPUTY COMMISSIONER HINES: So, that's what you're—you're looking to make sure that they are not doing something that's out of scope, and then not repurposing the funds, and so, that's being spent appropriately and not misappropriate.

CHAIRPERSON ROSENTHAL: Does DOITT basically manage all the technology—major technology contracts in the city? So, if then we went to-- You know, DOB just recently did an amazing job updating its computer system how it logs and displays information, and I know someone from your shop went over and—and worked on it. How does that one—does that differ?

DEPUTY COMMISSIONER HINES: So, we—we do not manage all projects for the city. As far as contracts, eight—all the city agencies have access to use our contracts I believe DOB for some of their work have used our contracts, our ITCS Staff Augmentation Contracts as well as our system integrated contract, the Class 1 to the smaller vendors that we were speaking about that we added. You know, but there was, you know, a project just

1
2 prior to that that they did off a non-DOITT contract
3 vehicle to get a System Integrator in for their first
4 phase. You know, these are multiple phases of
5 projects that they're doing now.

6 CHAIRPERSON ROSENTHAL: [off mic] And
7 then the person who-that-[on mic] and then the person
8 you sent in worked on it from that previous project
9 that had been done to the-to the second phase?

10 DEPUTY COMMISSIONER HINES: She-she yes.
11 She took over. She-she's actually over all their
12 technology of the project as well as their operations
13 now over that.

14 CHAIRPERSON ROSENTHAL: Does she have the
15 Change Board?

16 DEPUTY COMMISSIONER HINES: I am not-I'm
17 not sure.

18 CHAIRPERSON ROSENTHAL: I'd be curious.

19 DEPUTY COMMISSIONER HINES: I-I know that
20 she-she and her commissioner and our commissioner
21 regularly meet, but, you know, whether or not their
22 exact structure, the governance structure of the
23 entire project team, I haven't seen that, and I don't
24 have inside--

CHAIRPERSON ROSENTHAL: [interposing] I'd be curious of we could follow up on that one--

DEPUTY COMMISSIONER HINES: [interposing] Sure.

CHAIRPERSON ROSENTHAL: --in particular. Can we go back, Commissioner, to the project that you were talking about with the big, very big contracts and taking out the System Integrator. What should I refer to that as--was that the 9-E-911.

DEPUTY COMMISSIONER HEINTZ: [interposing] That was ECTP.

CHAIRPERSON ROSENTHAL: What? ECTP?

DEPUTY COMMISSIONER HINES: ECTP.

CHAIRPERSON ROSENTHAL: Okay, so, what-- what stage is it in now? You said you're wrapping up. What--how long do you expect to be complete? Like in a month? Can we--and I'm not going to hold you to it. So, if they're oppressed, this is not-- [laughter] this is not a gotcha question, and I'm happy to say let's pretend it's six months. Is that okay to pretend that?

DEPUTY COMMISSIONER HEINTZ: Well, we could say every spring [sic] beginning with the next fiscal year.

CHAIRPERSON ROSENTHAL: Okay, beginning with the next fiscal year. Fine. If at the beginning of the next fiscal year, July 1st, do you need any of the contractors on site any more, or are they gone?

DEPUTY COMMISSIONER HEINTZ: The only contractors that should still be on site well, aside from any contractors that might be doing other work say for the Fire Department or Police Department, I'm just--

CHAIRPERSON ROSENTHAL: No, we're just talking ECTP.

DEPUTY COMMISSIONER HEINTZ: Just ECTP. No, it would all be only-the only contract associated with ECTP that will still be ongoing will be the Cushman and Wakefield Contract, which is the building management contract, which is the maintenance contract. It wasn't a capital-it wasn't under the original-not the government contract. We've always envisioned needing an on-site building management--

CHAIRPERSON ROSENTHAL: Okay.

DEPUTY COMMISSIONER HEINTZ: --company, and so we expect their contract comes up for renewal

1
2 in August, and it will be reviewed then to see if it
3 needs to be extended.

4 CHAIRPERSON ROSENTHAL: Uh-hm, and it's
5 literally just a maintenance contract?

6 DEPUTY COMMISSIONER HEINTZ: Yep,
7 building management.

8 CHAIRPERSON ROSENTHAL: Would you
9 contemplate rebidding it to see if there's someone
10 else out there who could fulfill that need, or is
11 kind of--

12 DEPUTY COMMISSIONER HEINTZ:
13 [interposing] Yeah.

14 CHAIRPERSON ROSENTHAL: --they have now
15 become expert at the maintenance of that particular
16 type of--

17 DEPUTY COMMISSIONER HEINTZ: [interposing]
18 No.

19 CHAIRPERSON ROSENTHAL: --building or
20 technology?

21 DEPUTY COMMISSIONER HEINTZ: Actually,
22 the opposite has happened where we've taken and DCAS
23 has stepped in and this will be a city managed
24 building and it will be managed by DCAS. And so,
25 over the course of the past year and a half, a lot of

1 the Cushman & Wakefield services have been
2 transferred over to DCAS, and I-I must say
3 seamlessly, and I've wanted to congratulate them
4 because we literally got rid of all of the operating
5 engineers from Cushman, and they are now all city
6 employees as well as the entire cleaning staff and
7 security staff. So, it's quite large. There are
8 still some experts, though. There are still
9 electrical. The electricians are still there.
10 That's I think an expert area that we haven't been
11 able to transition yet, and, you know, and the-and
12 the elevators, which were proprietary. So, there are
13 some experts, but the majority of the Cushman
14 Building Management Team has been replaced with city
15 employees at this point.

17 CHAIRPERSON ROSENTHAL: Hm, is that
18 reported on somewhere? Is that yet another report
19 that the City makes you fill out--

20 DEPUTY COMMISSIONER HEINTZ: Yeah.

21 CHAIRPERSON ROSENTHAL: --when you go in
22 the direction that we're hoping you go in, and not
23 the opposite direction?

24 DEPUTY COMMISSIONER HEINTZ: Well, you
25 would--you would at some point when ECTP is closed out

1
2 you should see a decrease in the Cushman Wakefield
3 contract if it gets renewed for the renewal year
4 because it wouldn't include those things, but that
5 would be I think the only place where we--

6 CHAIRPERSON ROSENTHAL: [interposing] SI
7 that capital or does that fall in the capital budget
8 or expense?

9 DEPUTY COMMISSIONER HINES: Expense.

10 DEPUTY COMMISSIONER HEINTZ: It's
11 expense, but it does have a capital component and
12 that is if there is any type of renovation in there.

13 CHAIRPERSON ROSENTHAL: For sure, and so
14 could you hypothetically in the January Plan then for
15 your fiscal year--where are we going into? 19?

16 DEPUTY COMMISSIONER HEINTZ: 19.

17 CHAIRPERSON ROSENTHAL: Yikes. Where you
18 could put a lower number in the capital--sorry, in the
19 expense budget for that. Is that a way that you
20 think about these things or does that happen when the
21 bill is paid or the contracts renewed?

22 DEPUTY COMMISSIONER HEINTZ: Well, I
23 think we're--we're right now looking--we're reviewing
24 it right now to see what's left and what's going to
25 go away by this fiscal year. I think our plan was to

1 know that at the point of renewal, which is next
2 August. So, we will have—we'll—close to August we
3 would want—we would want to know the numbers so that
4 we knew what to renew at. So, what—you would see
5 that in the—

7 DEPUTY COMMISSIONER HINES: [interposing]
8 When they close out.

9 DEPUTY COMMISSIONER HEINTZ: --maybe the
10 November plan next year.

11 CHAIRPERSON ROSENTHAL: It would just
12 strike me that I—I think it would—does anyone
13 Michael, may I ask does anyone technically from an
14 OMB year, from a city taxpayer point of view I would
15 want to know that, that that money was—that's a—
16 because the total dollar value, the maintenance value
17 of that Cushman & Wakefield contract I assume it's
18 already in the budget at a higher level. Wouldn't
19 the taxpayers want to know as they go into the next
20 budget cycle that—I don't know. It could be—I don't
21 know if it's going to be a meaningful decrease or
22 not, and I also don't know what the corresponding
23 increasing cost of full-time employees that you
24 didn't expect at DCAS. Is there anyone thinking
25 about that?

1
2 MICHAEL OWH: There and—I mean that
3 usually happens in with that. I think the timing of
4 this contract that would probably happen in another
5 modification next year like within a technical
6 adjustment where you would see the Cushman &
7 Wakefield where you would see the Cushman & Wakefield
8 funding come down.

9 DEPUTY COMMISSIONER HEINTZ: There's
10 other cost analysis done against city employees
11 against the Consultant.

12 MICHAEL OWH: I don't know DCAS's budget
13 to see if, you know, they received any increased
14 headcount to, you know, to manage the building.

15 CHAIRPERSON ROSENTHAL: Who would know
16 that?

17 DEPUTY COMMISSIONER HINES: DCAS.

18 CHAIRPERSON ROSENTHAL: So, is there any
19 coordinating?

20 MICHAEL OWH: So our—sorry.

21 CHAIRPERSON ROSENTHAL: That would be
22 you.

23 MICHAEL OWH: Sorry, yeah. Apologies for
24 not having all those details. I don't think—I think
25 we were preparing more for the local IT Report, but

1
2 we can go back and probably find this information out
3 and circle back to you.

4 CHAIRPERSON ROSENTHAL: But I don't need
5 to know the exact number. I-I really don't and the
6 whole thing was hypothetical anyway, but so I'm not
7 going to hold your feet to the fire and issue a press
8 release saying this must be negotiated by May 30th.
9 I'm not doing that, but I just—I just wonder who
10 thinks about it from that higher level. I'm very
11 relieved to hear that you have the technicians who
12 are expert on the Change Board, but then I would
13 imagine there's somebody, you know, I don't know if
14 it's the Tech Steering Committee. I never understood
15 what the Tech Steering Committee did, but like who
16 would be looking at that bigger picture of headcount
17 and--

18 DEPUTY COMMISSIONER HINES: It depends on
19 when—when we were having discussions between the
20 different agencies. OMB was involved as well to, you
21 know, come up with the business case for why it
22 should be city staff. You know, we can get back to
23 you again or have OMB get back to you with what—if
24 there were any changes to the—to either what our
25 budgets really is. [sic]

CHAIRPERSON ROSENTHAL: [interposing] No, I really am thinking, but it's more of a thought conversation.

DEPUTY COMMISSIONER HINES: But it is—it is—it's not being discussed by, you know, in a vacuum. It was DCAS' Real Estate Division. It was our folks from our Finance and Administration and then it had to be run by OMB as well.

CHAIRPERSON ROSENTHAL: And so, hypothetically their budget has already been increased if, right, they're stating to take over the maintenance in this fiscal year.

DEPUTY COMMISSIONER HINES: I—we—we can't tell you that because we don't know if they absorb certain functions with existing staff.

CHAIRPERSON ROSENTHAL: [interposing] Oh, their—their point.

DEPUTY COMMISSIONER HINES: So--

CHAIRPERSON ROSENTHAL: Alright, I'm going to actually turn it over to my colleague Ben Kallos and leave it. Thank you.

DEPUTY COMMISSIONER HINES: You're welcome.

1
2 COUNCIL MEMBER KALLOS: Hi. How are you
3 doing today? [background comment] I want to thank
4 Contracts Chair Rosenthal for focusing on this issue,
5 and leading the Contracts Committee. So, first off,
6 I want to do something slightly different, which is
7 instead of using a bunch of letters to represent
8 something more complex that still doesn't make any
9 sense, instead of saying ECTP and PSAC II, and I've
10 been guilty of this at my hearings in Gov Ops. I
11 want to just call up the 911 Call Center in the
12 Bronx. Does that sound right?

13 DEPUTY COMMISSIONER HEINTZ: Uh-hm.

14 COUNCIL MEMBER KALLOS: Would that be an
15 adequate description for folks at home who are still
16 following--

17 DEPUTY COMMISSIONER HINES: [interposing]
18 Yes.

19 COUNCIL MEMBER KALLOS: --and haven't
20 fallen asleep yet if they're watching it on NYC TV.

21 DEPUTY COMMISSIONER HEINTZ: They know
22 him. [laughter]

23 COUNCIL MEMBER KALLOS: No, no, that
24 wasn't--
25

CHAIRPERSON ROSENTHAL: It's been riveting.

COUNCIL MEMBER KALLOS: Absolutely but I—I—I—with—with

CHAIRPERSON ROSENTHAL: [interposing] I say that in front of my constituents.

COUNCIL MEMBER KALLOS: You got it. With all due respect, I—

CHAIRPERSON ROSENTHAL: [interposing] Keep going. You have tell us—

COUNCIL MEMBER KALLOS: This is riveting, but I always find that when I'm—when I'm doing it that's when the constituents tend to fall asleep. So, the first question is who wrote the RFP for the 911 Call Center in the Bronx?

CHAIRPERSON ROSENTHAL: That was through—

DEPUTY COMMISSIONER HEINTZ: Yeah, that—that was—I mean I happened to be at DOITT when that RFP was written.

COUNCIL MEMBER KALLOS: Uh-hm.

DEPUTY COMMISSIONER HEINTZ: So, it was a collaborative RFP by the Fire Department, the Police

Department and the Department of Information Technology.

COUNCIL MEMBER KALLOS: What year?

DEPUTY COMMISSIONER HEINTZ: That was the year or two years before the Northrup Grumman Contract with--Yeah, I'm going to say the RFP went out. I don't know the exact year that it went out, but it was probably like 20--[pause] I'll have to get back to you with that date.

COUNCIL MEMBER KALLOS: Sure, and--and so, the agencies and--and the users actually wrote the RFP or was it written by the Law Department?

DEPUTY COMMISSIONER HEINTZ: Well, the Law Department has to review it, though.

COUNCIL MEMBER KALLOS: Okay.

DEPUTY COMMISSIONER HEINTZ: Everyone--all the oversights for DOF from what I remember at the time.

COUNCIL MEMBER KALLOS: Okay.

DEPUTY COMMISSIONER HEINTZ: It goes through the RFP process, but--

DEPUTY COMMISSIONER HINES: Typically the--the programmatic people, the technical people to the technical offices would write the scope of work.

1
2 There is, of course, certain terms and conditions
3 that would actually have to be, you know, reviewed.
4 It gets reviewed by our legal division because it was
5 issued under DOITT, the R—the RFP, and we actually do
6 consult with the Law Department, and they actually
7 have to review that type of procurement.

8 COUNCIL MEMBER KALLOS: So, I just saw a
9 bunch of paper flying around. Curious if that means
10 that folks have more answers for me.

11 DEPUTY COMMISSIONER HEINTZ: No, it—no.

12 DEPUTY COMMISSIONER HINES: No. It was—it
13 was just trying to keep her going from going away.
14 [sic] [laughter]

15 COUNCIL MEMBER KALLOS: Fair enough. So,
16 I guess the—the key piece just focusing on that is
17 just sometimes what I've seen is sometimes RFPs are
18 not—are yet in between when the agencies scope it out
19 or the user scopes it out, and when it gets released
20 you sometimes end up with a different document. So,
21 how—how—how much did the final product conform to
22 what you were looking for?

23 DEPUTY COMMISSIONER HINES: That—I mean I
24 wasn't at—I mean I'm not there seven years. I wasn't
25 at DOITT then, and I can't tell you that, you know, I

1
2 don't know if there's anyone that would have like a
3 side-by-side of how much it changed, but I would say
4 that, you know, the people, the--the business owners
5 actually are critical to actually--like it's their
6 scope that actually needs to be nailed down, and that
7 if the project is going to be successful.

8 CHAIRPERSON KALLOS: The Committee Chair
9 and her report on the committee staff note that
10 technology tends to get very low numbers of bids.
11 Would you--in your experience, what's the average
12 number of bids you see on technology projects?

13 DEPUTY COMMISSIONER HEINTZ: I mean it
14 really varies for what kind of technology we're
15 looking for. Evan talked about our System Integrator
16 contracts. We--out of the eight vendors, we usually
17 get six or more responses to those, but it really
18 varies. You know, some projects area lot more
19 specific for the type of technology we're looking.

20 COUNCIL MEMBER KALLOS: So, how many bids
21 did you receive in response to--how many--how many
22 different companies bid on the 911 Call Center in the
23 Bronx?

24 DEPUTY COMMISSIONER HINES: We would have
25 to get back to you on that.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

DEPUTY COMMISSIONER HEINTZ: It's a form.

DEPUTY COMMISSIONER HINES: A form, you know.

DEPUTY COMMISSIONER HEINTZ: For them, and from what I remembered it was about real form.

DEPUTY COMMISSIONER HINES: Let us get back to you with--

DEPUTY COMMISSIONER HEINTZ: Yes.

DEPUTY COMMISSIONER HINES: --an exact answer.

DEPUTY COMMISSIONER HEINTZ: It wasn't much more than that.

COUNCIL MEMBER KALLOS: On the technology projects, how many--how many Minority and Women Owned Business enterprises often referred to MWBEs bid on the 911 Call Center in the Bronx or are currently the Call Center in the Bronx, or bid on your technology projects?

DEPUTY COMMISSIONER HINES: So, again, for the RFP that went out for ECTP, the 911 Call Center in the Bronx, we'll have to get--look--look back in history and get that information to you. With regards to our new systems integrator contracts, you know, those numbers off hand, right?

1
2 DEPUTY COMMISSIONER HEINTZ: We have four
3 out of the 16 vendors are MWBEs on our System
4 Integrator Contract, and I just wanted to clarify,
5 too, that for the 911 Call Center in the Bronx, and
6 we talk about that Northrup Grumman contract as, you
7 know, the primary vehicle, but there are--were many
8 other contracts. The building--you know, the building
9 obviously was a separate contract bid out by DEC, and
10 then once the Northrup Grumman Contract went away, we
11 moved to, you know, dozens of smaller contracts of
12 which there were--there was definitely MWBE
13 participation.

14 COUNCIL MEMBER KALLOS: So, I guess I
15 have this--had a set of questions just about the RFP
16 process, and where there's room for--for them, and
17 then the RFP. So, when you ask people to bid on it,
18 do you put it out or who puts that out or who puts
19 that out?

20 DEPUTY COMMISSIONER HINES: With our
21 statement.

22 CHAIRPERSON KALLOS: And any of your
23 technology, when you're requesting people to bid on
24 city work whether they're an MWBE--whether they--they
25 are a minority and woman or woman owned business, or

1
2 whether that's doing it. I mean we're talking about
3 \$254 million in money that the city has, and people
4 who have businesses might be interested in saying I'd
5 like some of that. So, who—who is responsible for
6 putting that out there, and where did they respond
7 to?

8 MICHAEL OWH: So, I just want to clarify
9 that you're talking about the specific 99-911 call
10 center in the Bronx or just in general RFPs.

11 COUNCIL MEMBER KALLOS: Both.

12 MICHAEL OWH: So, in general, the agency
13 that is managing the contract would release the RFP
14 directly.

15 COUNCIL MEMBER KALLOS: And where do they
16 release it to?

17 MICHAEL OWH: So, we actually have
18 notification requirements under RPV rules. As you
19 know, under—in the city record as well as multiple
20 channels, a lot of agencies actually leverage local
21 press as well as ethnic press in order to get the
22 advertisements on the—on the contracts out there.

23 COUNCIL MEMBER KALLOS: Okay, so, let's—
24 let's unpack all of that for viewers at home. So you
25 said PPV, you said city record. What's that and also

1
2 you said there's a mandate notice and items like
3 that. I we can--

4 MICHAEL OWH: [interposing] Sure for--

5 COUNCIL MEMBER KALLOS: --unpack that a
6 little more.

7 MICHAEL OWH: So, for any--

8 COUNCIL MEMBER KALLOS: I'm watching at
9 home. I heard the word \$250 million and I want it.
10 How do I get it? How do I find out about it, and how
11 are you making sure that I know where it is?

12 MICHAEL OWH: So, for any solicitation
13 that we do that's greater than \$100,000, for any city
14 agency, we are required to post a notification of
15 that release of the solicitation of the RFP on the
16 City Record, and the City Record is actually--I
17 actually don't know the exact amount of time that
18 it's been published, but it's been published for
19 almost 100 years from what I understand. It's our
20 own city newspaper, and in it are among other things
21 advertisements to the RFP, but because we know not
22 everyone at home is reading the City Record everyday,
23 we actually encourage agencies not only to place it
24 on their websites, but also to other channels where
25 or other venues that vendors may actually want to see

1
2 these advertisements. Actually, vendors can also go
3 onto City Record online. They can Google it today,
4 and that's--there's the camera. Google it today and--
5 and actually register for your own account on the
6 City Record, and then register for specific commodity
7 codes or agency solicitations, and get notifications
8 of those RFPs directly to your email box.

9 COUNCIL MEMBER KALLOS: I might have
10 written that law. [laughter] And can vendors
11 register directly with an agency so that, you now,
12 somebody had mentioned there might be eight people
13 who could have done the system and integration, if I
14 believe I could have been that ninth person. So, if
15 I'm system integrator out there and I'm watching at
16 home, how do I make sure that DOITT adds me to that
17 list of eight?

18 DEPUTY COMMISSIONER HINES: We--they--the
19 vendor can't--we do keep a vendor list that the
20 agency--companies that do reach out to us, and get on
21 the vendor list to be--

22 COUNCIL MEMBER KALLOS: [interposing] So,
23 how do I--how do I do that?

24 DEPUTY COMMISSIONER HEINTZ: I just want
25 to clarify that the system integrator contracts we

1
2 currently have where we did an RFP, we selected the
3 16 vendors. So, those have a period of time. So, it
4 would be when those are up, the end of those
5 contacts, which is about three more years. We would
6 do a new RFP, which would be open, which would be
7 posted on the City Record, which they could contact
8 us. It will be posted on the DOITT website, and it
9 will be open to any system integrator who's
10 interested.

11 COUNCIL MEMBER KALLOS: Okay. I've spent
12 more time on this than I expected. So, let's—we will
13 move more quickly. How much did the city save by
14 dropping the system integrator on Arthur Pearlman in
15 this case?

16 DEPUTY COMMISSIONER HINES: We—we have to
17 get back to you with that number. We'd have to
18 calculate.

19 COUNCIL MEMBER KALLOS: It is zero,
20 negative, it costs us money to terminate them? Did
21 it cost us money to—to terminate them as their
22 systems integrator?

23 DEPUTY COMMISSIONER HEINTZ: NO.

24 COUNCIL MEMBER KALLOS: Can we say that
25 into the mic, unless our—

1

2

DEPUTY COMMISSIONER HEINTZ:

3

[interposing] No, no.

4

5

COUNCIL MEMBER KALLOS: --NYC TV person
can her. You have to talk directly into the mic
otherwise you won't be in the record.

6

7

8

DEPUTY COMMISSIONER HEINTZ: Yes. No, it
didn't cost us anything to do away with the contract.
The city has the right to cancel a contract, right at
any time for any reason, and we did it actually with
Northrup Grumman, and what we did was we just either
assigned the contractor work directly to a contractor
with DOITT or we actually sued another contractor
that DOITT may have already had. So, it was a
subcontractor, and so, there wouldn't have been any
such increase. I mean one could say that if there
was a markup, which I don't know because that was not
something that was listed in the contract, but
generally there could be a mark up when you add a
system integrator in the mix, which you would say
would--would not exist if you got rid of that contract
[sic]

22

23

24

25

COUNCIL MEMBER KALLOS: How many system
integrators have been removed post contracts being

1
2 awarded? Is this the only case or does it happen
3 frequently?

4 DEPUTY COMMISSIONER HEINTZ: It doesn't
5 happened too frequently.

6 DEPUTY COMMISSIONER HINES: And rewarded
7 and replaced with employees and/or—

8 COUNCIL MEMBER KALLOS: [interposing] How
9 many times has a—where you—you put out a contract,
10 you had a large vendor like Northrup Grumman come in
11 and then you removed the system integrator and just
12 keep their subcontractors on? [pause] So, while the
13 DOITT filter thinking through the projects that they
14 manage, I just on the Citywide scope I have not heard
15 of—of this type of action being taken very often.

16 DEPUTY COMMISSIONER HINES: I would say
17 that.

18 COUNCIL MEMBER KALLOS: So, I guess my
19 concern—

20 DEPUTY COMMISSIONER HINES: [interposing]
21 We'll have to go back to that and check.

22 COUNCIL MEMBER KALLOS: When you don't
23 have the integrator, you would actually bid out the
24 different pieces of the project, and in this case it
25 seems like a system's greater likely to pick the

1
2 vendors and then once the integrator was removed, the
3 vendors got in without having to respond to specific
4 public bids. [squawking mic] So, just that fact.

5 DEPUTY COMMISSIONER HINES: Is that-?
6 We-I do know of one other time since I'm at DOITT
7 that we did do that where we had a systems integrator
8 for our city's-our project for data center
9 consolidation, and just that format for the-that-that
10 team makeup for the project wasn't working with the
11 pace that the city agencies can get ready and work
12 at, at the rate that the would work it. So, we
13 actually did roll off that Systems Integrator,
14 replaced it with some staff, but also somewhat like
15 our RTCS vendors with some of the other resources
16 that it was replaced with.

17 COUNCIL MEMBER KALLOS: So a similar
18 follow-up question then, and hopefully you'll get
19 back to us on this. Which-which other vendors were
20 dropped? How many and how much did we save from
21 those contracts? Now, the next piece, which I'm sure
22 some of the folks at DOITT already know is that-does
23 anyone on the panel know what one of my previous
24 professions was and it's something I still do for
25 fun. [background comment]

DEPUTY COMMISSIONER HINES: [laughter] I don't know, but I was going to say appropriately—you promote Libre Office.

COUNCIL MEMBER KALLOS: [interposing] Not necessary promote Libre Office, but I am a free and open source software developer, and that is why I like Libre Office because it is a lot less expensive than a lot of the alternatives and which some will be upset with me for comparing on price. So, it is literally about freedom and being the ability to actually read what's—read the code and redistribute it. However, a lot of the pushback I may get from DOITT is—or others is that there's cost to implement—there is cost to implementation whether through vendors or employees. So, I guess how many—how many city employees were assigned to this project to the Call Center in the Bronx, the 911 Call Center in the Bronx. So, when you pulled out the vendors and you de-privatize, which is a good thing, how many city employees were brought on?

DEPUTY COMMISSIONER HINES: We'll get you those numbers.

COUNCIL MEMBER KALLOS: Okay.

DEPUTY COMMISSIONER HINES: Because that—

COUNCIL MEMBER KALLOS: [interposing] The next one along that is how many of them were existing employees? They came in from DOITT. They knew what they were doing. They were amazing. How many of them received training or needed training, and how many were just new hires?

DEPUTY COMMISSIONER HINES: Sure.

COUNCIL MEMBER KALLOS: And, so, in your testimony you mentioned that you disputed the Local Law 18 overrun of \$140 million to \$241 million, which ranged over three contracts from 64% to 92% overruns. So you mentioned the text to 911 as being something. How much was texted to 911 that's contracted for?

[background comment, pause]

COUNCIL MEMBER KALLOS: I'm—I'm not trying to be difficult. I'm just unpacking your arguments and trying to get an idea what the real overrun was.

DEPUTY COMMISSIONER HINES: Well, when— when did I say 100? I—I don't recall that.

COUNCIL MEMBER KALLOS: So, sorry. In our committee report, which is public information, we—we have the original contract value, the max

1 contract value, Section B, max contract value,
2 Section C. But so, in your argument—in your
3 testimony you indicated that the Local Law 18 Report,
4 which shares overruns was reporting on for example
5 the [coughs]—in fact-- “In fact, the increase in
6 contracts recently disposed of relations with law are
7 not due a cost difference from other additional
8 necessary scope of work, and the for example you go
9 on to Verizon Tele Sector E-911 and text to 911.
10

11 DEPUTY COMMISSIONER HINES: Right.

12 COUNCIL MEMBER KALLOS: So, I’m trying to
13 understand how much those two projects were
14 contracted for so I can deduct that from the overrun.

15 DEPUTY COMMISSIONER HINES: Sure, we
16 could get you that number, but that was just to—an
17 example to be illustrated.

18 COUNCIL MEMBER KALLOS: Sure, I will—I
19 will wrap up my—I—I have one more line of
20 questioning, and then I’d like to turn it back to the
21 Chair. When I went to high school at Bronx Science,
22 I saw a mainframe. It—it was cool. I occasionally
23 see them on TV playing chess with folks, but when I
24 got to look at places like Google or perhaps when
25 Amazon comes to New York City because there’s no

1
2 better place, they are not using mainframes or, you
3 know, the type of technology that they're using at
4 Google, Amazon and other industry standards as an
5 alternative to the mainframe.

6 DEPUTY COMMISSIONER HINES: Well, as you
7 know, we're doing an interim (sic) on a project.
8 It's not on the mainframe. The mainframe exists.
9 It's used by different agencies across the city until
10 they replace their Legacy systems.

11 COUNCIL MEMBER KALLOS: Uh-hm.

12 DEPUTY COMMISSIONER HINES: We're not
13 going to be able to, you know, get rid of the
14 mainframe.

15 COUNCIL MEMBER KALLOS: So—so now days we
16 use like server fobs, and both Google and Amazon have
17 published a lot of papers on the fact that you buy a
18 computer, it's going to fail, period, and it is less
19 expensive to run a server farm where the computers
20 fail and then you just yank it out and put in a new,
21 the old whatever warranty if anything. Shred the
22 hard drives. They have a really cool hard drive
23 shredding device and then just move on. So instead
24 of trying to have one machine or a set of machines
25 that have 90 or 100% uptime, you just rely on the

1
2 network infrastructure of the machine. So, at a cost
3 of \$119 million for mainframe computers and server
4 equipment for the 911 call center in the Bronx,
5 couldn't we have spend less on a server file or even
6 in the Cloud, or both? [background comment, pause]

7 DEPUTY COMMISSIONER HINES: It's no-I-I
8 think you're combining two different contracts and it
9 would be better to have our ECTP team to get back to
10 you with that. I did not solution it, and remember
11 that project was a solution 12 years ago. You know,
12 today someone may do it differently, but-but it
13 should have been, right.

14 DEPUTY COMMISSIONER HEINTZ: So, on the
15 most recent report we have two different contracts.
16 Only one that I think you may have completed
17 together, the IBM Mainframe Contract is not for the
18 Call Center the 911 Call Center. That's to one city
19 system.

20 COUNCIL MEMBER KALLOS: Great.

21 DEPUTY COMMISSIONER HEINTZ: Finance and
22 many other agencies where that's--

23 COUNCIL MEMBER KALLOS: [interposing] So,
24 let's-let's-let's disconnect the two. So, I am
25 seeing-and so I-I've been advised that you were not

1
2 expecting to get into this level of detail, and I was
3 also a last minute addition to the hearing. I'm not
4 on this committee. I do thank the chair for having
5 me. So, I have a lot of questions. No stranger to
6 DOITT. To the extent you're able to get into the
7 details, not necessarily—I'm hoping that the
8 questions that I'm asking about the 911 Call Center
9 in the Bronx are a way of looking at contracts
10 globally, and to fact that we're focusing on the
11 center, it's a way of looking at the examples. I
12 think just—I'll just pivot away from the specific 911
13 Call Center in the Bronx. So, I'm a free and open
14 source software developer. I worked with small
15 clients like the federal government and the State of
16 California, and would you describe this project as
17 waterfall you—you put the bridge up and then you
18 build it, and then you drive over it, or would you
19 describe this as agile where basically more akin to
20 building upon a tuned bridge where you're driving
21 onto each pontoon as you make it across the river.

22 DEPUTY COMMISSIONER HINES: The ECTP
23 project?

24 COUNCIL MEMBER KALLOS: The 911 Call
25 Center.

DEPUTY COMMISSIONER HINES: The 911 Call Center in the Bronx. [laughter] Yes, I would say it's more waterfall than anything else.

COUNCIL MEMBER KALLOS: What experience has the city had with using agile for procure-in using agile for your technology projects so that you don't have an oh, my gosh moment in 2014, versus you're able to succeed or fail gracefully.

DEPUTY COMMISSIONER HINES: So we use agile or a hybrid of agile or whether you want to have rapid development. What-whatever type you're looking for where we do prototyping service designs, human centered design, and we're getting small like, you know, Sprints that are getting delivered, you know, every few weeks to the time even if we're not due-instead of waiting for one-day, you know, system at the end like up to three or two years. So, we are doing that. You, if you read some of our solicitations, they're set up that way. Our contracts actually tell people they have to use the methodologies that we choose for it, and the SI contract.

COUNCIL MEMBER KALLOS: Does Agile produce less overruns than Waterfall?

1
2 MICHAEL OWH: So, just in the context of
3 MOCS and seeing different agencies use different
4 approaches, we've seen a lot more RFPs and scoping
5 that sort of requires or encourages agile
6 development. I don't know, and we can go back and
7 check for you. I don't know if we've actually seen
8 enough because we—I think the city as you—as you're
9 well aware sort of started late in—in promoting this
10 type of methodology, and so seeing whether or not
11 we've actually—we actually have the projects to
12 compare against is something I don't know yet, but we
13 can—we can probably get that information for you.

14 COUNCIL MEMBER KALLOS: And--

15 DEPUTY COMMISSIONER HINES: [interposing]
16 And—and it's not only about savings with Agile, it's
17 also the user satisfaction with it. They definitely
18 will be more satisfied with what they are getting
19 because they linked it along the way

20 COUNCIL MEMBER KALLOS: The last piece of
21 my—in my line. I'm back to the Chair after that.
22 The technology on the 911 Call Center in the Bronx
23 sounds to me like even if you are unhappy with a
24 Motorola, you are several million dollars into their
25 software, and you couldn't leave them because it's

1
2 theirs. Are there—is very globally, when you step
3 out globally. Is there value to either the vendor or
4 not having proprietary rights to their software or
5 the city owning the software of a license that allows
6 the world to own the software so that if the vendor
7 isn't up to par? You can fire them and either do it
8 yourself or bring in a new vendor without having
9 software lock in or having to start over from
10 scratch.

11 DEPUTY COMMISSIONER HINES: Of course.

12 COUNCIL MEMBER KALLOS: Thank you.

13 CHAIRPERSON ROSENTHAL: Thank—thank you
14 all.

15 DEPUTY COMMISSIONER HINES: However, I'm—

16 COUNCIL MEMBER KALLOS: Okay.

17 CHAIRPERSON ROSENTHAL: Thank you very
18 much, Council Member Kallos, and I want to welcome
19 Council Member Johnson [background comment], too, a
20 member of the committee from Manhattan. Thank you
21 for coming here especially when it sounds like you
22 have a big cold. I want to go back a little bit to
23 Local Law 18, and sort of move away from the—from
24 specific DOITT context. So, this is a big-bit
25 switch. Let's say you have a contract that is below

1
2 \$10 million. So, it doesn't register to ever come up
3 on Local Law 18, and then something-something
4 happens, and there's a change order, and now it's a
5 \$20 million contract. In-as I read your testimony
6 and as I read Local Law 18, it would never come up on
7 the Cost Overrun Report would it? Because it seems
8 to be that it has to have an initial contract value
9 of more than \$10 million.

10 MICHAEL OWH: I think that's right. I
11 think the-the law makes that decision.

12 CHAIRPERSON ROSENTHAL: Okay. So, great.
13 Thank you. So, and-and then just to clarify, and
14 sorry to jump back to DOITT for one quick second. On
15 page 2 in your testimony, third paragraph down, you
16 mentioned the three ways that the government was
17 fundamentally transformed, the first being the
18 Steering Committee and then the senior management,
19 oh, which is the Senior Management, and the
20 Commissioner Roest and then a project-a-the
21 assistants and the grader. (sic) Where is the Change
22 Board in that-in those three steps?

23 DEPUTY COMMISSIONER HINES: So, the
24 Change Board reports into the Steering Committee,
25 basically with the Steering Committee members.

CHAIRPERSON ROSENTHAL: But you didn't list it as one of the three fundamental changes. Can I guess that's because you usually have Change Boards?

DEPUTY COMMISSIONER HINES: Yes.

CHAIRPERSON ROSENTHAL: And--and that's why it wasn't something different? I don't mean to put words in your mouth, but I'm just trying to--

DEPUTY COMMISSIONER HINES: [interposing]
No, no that's--that's--

CHAIRPERSON ROSENTHAL: --make sure that I'm reading it right. Do change orders do you find in your experience--in anyone's experience that the change orders generally are initiated by the vendors, or by the agency?

MICHAEL OWH: So, I can speak globally, and if you have any specific technology, or DOITT questions, I'm sure they can answer the question, but in my experience, the change orders or amendments are usually initiated by the client, which is the agency.

CHAIRPERSON ROSENTHAL: I'm sorry it's the--

MICHAEL OWH: By the agency.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

CHAIRPERSON ROSENTHAL: By the agency--

MICHAEL OWH: [interposing] In most cases.

CHAIRPERSON ROSENTHAL: --who wants to do something differently.

MICHAEL OWH: Well, so, I-I just want to-- and you know I do this a lot. So, I want to zoom out a little bit around--

CHAIRPERSON ROSENTHAL: Okay.

MICHAEL OWH: --sort of what it means to-- to have a contract change. So, we have contract changes for a variety of issues right?

CHAIRPERSON ROSENTHAL: Yes.

MICHAEL OWH: So, if you're on the human service side, you might be serving more clients, or you might have the ability to do so. So, you would say. I want to go from 100 clients today to 200 next year. That would be an amendment, and depending, you know, that would be reflected in the contract amendment. For things like that, those would be generally agency driven, you know with--and--and again, I'm not a technology expert, and so DOITT can speak to this, but my understanding is when you're doing requirements around a technology project like this,

1
2 it's akin doing like work on the street. Let's say
3 you're doing an infrastructure project, you dig up a
4 hole because you have to dig up the holes as part of
5 the contract. I mean--

6 CHAIRPERSON ROSENTHAL: And then it's
7 conditions.

8 MICHAEL OWH: --and you find a pipe that
9 you didn't expect and it wasn't on any, you know,
10 blueprint or any-anywhere else, and so you like
11 surprisingly you run into that, and IT as well where
12 you're building the system and you might have a user
13 that the first go-around didn't think through this
14 one thing that they do that maybe that person didn't
15 think was that important, but then another
16 stakeholder may say oh, that is critical to this
17 project, and that wasn't necessarily in the original
18 scope. Now, some people may

19 CHAIRPERSON ROSENTHAL: [interposing]
20 Fair.

21 MICHAEL OWH: --characterize that
22 differently, but I would think of that as an--as an
23 actual valuable project change.

24 CHAIRPERSON ROSENTHAL: Absolutely, and
25 is that something that would then get approved by the

1
2 Technology Steering Committee, by the Commissioner,
3 but the Steering Committee—by the other Steering
4 Committee?

5 MICHAEL OWH: And so in most cases the
6 agency itself is managing the contract and managing
7 the project. So there could be like a one to many
8 relationship from project to contracts. I—I believe
9 and DOITT should correct me if I'm wrong, but a
10 Change Control Board is a best practice for any
11 project that you're doing. What—it sounds very
12 official.

13 CHAIRPERSON ROSENTHAL: A Change Control
14 Board?

15 MICHAEL OWH: It sounds very official,
16 but if you talk to any technology project manager,
17 what they should do is find someone from the
18 Executive Team from the Project Team, from the
19 Finance Team, whatever the relevant stakeholders may
20 be, and have them review each of the change requests
21 that come in because that on person who now says I
22 need this field at—in this—in this screen, that
23 person for them might be very nice to have, but for—
24 for the overall scope of the project, it may be so
25 expensive, or it may be so unnecessary for everything

1
2 else that we want to do that it might be easier for
3 them to just keep a note to themselves instead of
4 having that field go on. I mean that's just on
5 example. I'm just--again, I'm not a technology
6 expert, but that's why I know that we consider that a
7 very--a good practice and then as Evan mentioned, you
8 don't want just one person making that decision. You
9 want one person to feed the information. You're
10 sourcing the information from all of these different
11 people, and then you actually bring it up to the
12 Change Control Board, which again in most cases will
13 be comprised of people at the agency. Where you have
14 a multi-agency project like the 911 Call Center in
15 the Bronx--I'm learning--you might have multiple
16 agencies sitting on that Control Board.

17 CHAIRPERSON ROSENTHAL: Do you think--I
18 mean I think what I'm getting to, and we're starting
19 to have the conversation that I was hoping we would
20 have, which is that Local Law 18 gets information or
21 reports on information after the deed is done, and
22 after, you know, it's gone through all those letters
23 of review, which you're describing, which make a lot
24 of good common sense. So, I'm wondering--it always
25 brings me back to the question of what's the value of

1
2 the Local 18--Local Law 18 Report because it's only
3 retroactive. Is that fair?

4 MICHAEL OWH: So, I would actually say
5 that I--I find it--the report actually, very valuable.

6 CHAIRPERSON ROSENTHAL: Okay.

7 MICHAEL OWH: I--like anything else, I'm
8 sure there are ways to improve it, but the fact that--
9 that it comes at a later date, doesn't necessarily
10 remove the value that it gets. So, I think when--when
11 I spoke in my testimony about the collaborative
12 approach that it's allowed MOCS to have at the
13 agencies, that sort of--the--the formal for us to
14 engage the--the executive leadership of any agency
15 around these projects I think is a valuable one. I
16 know my First Deputy Director has a lot of, you know,
17 grandma sayings, and one of them is transparency--like
18 that sunlight actually disinfects. So, that
19 transparency that--

20 CHAIRPERSON ROSENTHAL: [interposing]
21 Sunlight disinfects problems.

22 MICHAEL OWH: That happens after--even
23 after the fact. That--that transparency even after
24 the fact of registration I think will be helpful
25 because it actually influenced future behavior.

1
2 Knowing that you're going to get asked these
3 questions, knowing that you're going to have this
4 report, go to the City Council, knowing that Evan and
5 I have—that we'll be here answering questions. I
6 mean I think those are all good reasons for agencies
7 to build up better practices.

8 CHAIRPERSON ROSENTHAL: Do the agencies
9 know?

10 MICHAEL OWH: That—that we're here?

11 CHAIRPERSON ROSENTHAL: Yeah.

12 MICHAEL OWH: I'm—I'm pretty sure they
13 do. [laughter] I hope so.

14 CHAIRPERSON ROSENTHAL: No, I'm really
15 serious.

16 MICHAEL OWH: I hope so.

17 CHAIRPERSON ROSENTHAL: I mean this is
18 all senior staff, and City Hall.

19 MICHAEL OWH: I—I—I believe that--

20 CHAIRPERSON ROSENTHAL: [interposing] Is—
21 does—do the ICOs(sic) have the, you know, fear of
22 Michael Owh drilled into them? [laughter]

23 MICHAEL OWH: So, we actually—I'll let
24 Rachel answer that one. [laughter] But, no, but in—
25 in all honesty, what—what I'm—what I'm hoping for and

1
2 what I think this—also this report also gibes us some
3 good insight, and again a mechanism to have more of
4 that collaborative approach, more cooperative.

5 CHAIRPERSON ROSENTHAL: Yes.

6 MICHAEL OWH: I don't actually want them
7 to have fear of me because then I won't know until
8 it's too late.

9 CHAIRPERSON ROSENTHAL: Okay.

10 MICHAEL OWH: And so, what I actually
11 want them to do is sort of understand that we can add
12 value at any given point in the process, and we could
13 have much more earlier on.

14 CHAIRPERSON ROSENTHAL: Yes.

15 MICHAEL OWH: So, even formally if I have
16 to see it this late, what I would love is they come
17 earlier so that we can talk about the approach before
18 it becomes too late.

19 CHAIRPERSON ROSENTHAL: And so are you
20 part of the steering committee on some of the
21 projects?

22 MICHAEL OWH: So, any project that—that
23 we would be involved in, I believe that we would
24 either—myself or my CIO or someone from my agency
25 would probably sit on some level whether it's the

1
2 Change Control Board or the steering committee for
3 the project.

4 CHAIRPERSON ROSENTHAL: Okay. Can you
5 help me with the definition? When we're looking at
6 the Local Law 18 Report, there's something called a
7 maximum contract value. What is maximum mean?
8 Because often in the report the number is higher. The
9 final number I think is higher than the maximum
10 number.

11 MICHAEL OWH: I will try. Sorry, I'm
12 like mount on it, just trying to visualize the
13 report, but I believe that the maximum contract value
14 is probably the number that's inclusive of both the
15 increased amount as well as the original initial
16 value.

17 CHAIRPERSON ROSENTHAL: That sounds
18 right.

19 MICHAEL OWH: Does that sound right?

20 CHAIRPERSON ROSENTHAL: Could you confirm
21 that on the record. I'm sorry.

22 ASSISTANT COMMISSIONER LAISERIN: Yeah,
23 that's correct.

24 CHAIRPERSON ROSENTHAL: Okay. So it's
25 sort of the new base off of which to work?

1
2 ASSISTANT COMMISSIONER LAISERIN: That'
3 correct. So that would be the total contract value,
4 the current basically contract value. So, you may or
5 not spend that whole amount by the time you close it
6 out, but that's the amount that you are allowed to
7 spend up to.

8 CHAIRPERSON ROSENTHAL: Why would you
9 come in under? I mean you just gave one great
10 example.

11 MICHAEL OWH: So one of the--so one of the
12 things--interesting things about the report, and I
13 think it's also because there's really a hard--it's
14 really difficult to come up with sort of a one-size-
15 fits-all model for any reporting that they do. It
16 includes contracts that are capitally funded, but may
17 be--may be set up for multiple con--multiple projects.
18 So, I think the--

19 CHAIRPERSON ROSENTHAL: [interposing]
20 Okay.

21 MICHAEL OWH: --and so when you're using
22 it, it almost--it acts like a requirements contract.
23 So, you use it as needed, but--so, if you didn't need
24 it, you might not hit that contract max.

CHAIRPERSON ROSENTHAL: Okay. God bless you for doing this work. [laughter] So, we asked you between 2015 and '16 there were six DOITT contracts reported on the Cost Overrun Report, but there was only one solicited vendor. So, it could have been a sole source procurement. It could have been a negotiated thing, but I'm just wondering how that fits in to competitive bidding and also whether or not you would consider breaking contracts into smaller pieces to open up the door for smaller companies to bite off pieces of it?

MICHAEL OWH: [interposing] So, I'll take the second question first--

CHAIRPERSON ROSENTHAL: Okay.

MICHAEL OWH: --and then I'll let DOITT handle the-- So, as you know, that is actually what from a policy standpoint where appropriate we would like to look at the larger contracts, and see if we could unbundle them in a way that makes sense for the--for the end-client agency as well as--as well as for us the city to manage.

ASSISTANT COMMISSIONER LAISERIN: So, in the period of time you're looking at, a lot of these contracts did come out of the EPTP Program.

CHAIRPERSON ROSENTHAL: Or the 911 Call Center in the Bronx?

ASSISTANT COMMISSIONER LAISERIN: Or the 911 Call Center in the Bronx.

CHAIRPERSON ROSENTHAL: I just learned that, and that's great.

ASSISTANT COMMISSIONER LAISERIN: Right, so some of them were when we broke apart that contract, we assigned it to the subcontractor. So that looks non-competitive, but again, that subcontractor was competitively procured as part of the Systems Integrator Contract.

CHAIRPERSON ROSENTHAL: In the initial go?

ASSISTANT COMMISSIONER LAISERIN: In the initial go.

CHAIRPERSON ROSENTHAL: Would there be in hindsight, and again I'm not talking specifics holding your feet to the fire about this specific contract, but in hindsight, doesn't make sense in those situations to bid out. Absolutely we don't want to slow down the work. So I understand you're sort of juggling—not sort of, you are juggling those things, but would it ever make sense to say, you

1
2 know, what, I'm not—even though we're culling it out,
3 a look, it's all the same, you know, contractor. I'm
4 sure we want to be doing this.

5 ASSISTANT COMMISSIONER LAISERIN: So, we
6 have, for example, right now out on the street an
7 RFP, which will actually be the first of several RFPs
8 for our Next Generation Technology for 911, which is
9 an open RFP. Multi vendors will be selected. So,
10 we're moving away from, you know, that historical
11 piece, and doing a much more open process right now.

12 CHAIRPERSON ROSENTHAL: You know, so I
13 always bring this up, but on the DOE contract that
14 was mismanaged originally, \$1.1 billion, and then
15 reduced to \$425 million, the way the specs were
16 written in the first go basically intimated that Dell
17 had to be the server, and everything went from
18 there, and one of the bidders got Dell and got Dell
19 to commit to them only. So, that even though the
20 other pro—I'm not using the right word. Computer
21 systems were comparable, they weren't Dell. Do you
22 ever see that kind of situation where you might, you
23 know, where one basic part of it has to be done by a
24 particular software company or computer company or
25 something?

DEPUTY COMMISSIONER HINES: I mean, my—I—
I think that the--

CHAIRPERSON ROSENTHAL: [interposing] How
do you not- ? I guess my question is how do you not
run into that problem.

DEPUTY COMMISSIONER HINES: Yes and I can
actually—it's not the majority, but we do—but we do
run into that. I mean there's certain, you know,
products that you—that it's only one vendor that
provides that service currently, but, you know,
otherwise, you know, we would go out, you know, for—
it's—you could buy product A from 20 different
suppliers. You know, we send it out to those
suppliers, and see who comes back with the most
competitive bid, but there are some purchases we do
that actually that really is only—

CHAIRPERSON ROSENTHAL: [interposing]
have to be sole sourced?

DEPUTY COMMISSIONER HINES: Yes.

DEPUTY COMMISSIONER HEINTZ: [off mic]
Yes, it's proprietary software. So, I believe that
IBM is an advance on the mainframe. [on mic] IBM has
proprietary software that we built the mainframe with

1 many years ago that it's not available to anybody
2 else. So, you would have to get it from IBM

3
4 MICHAEL OWH: And--and Council Member, we
5 do see that across the board in not just IT, but I
6 certain situations where it might--the agency has gone
7 through a cost analysis and said, you know what, it
8 actually makes more sense for me to buy this brand
9 specific item, and--but that kind of request would
10 come through MOCS as part of its procurement process,
11 and we would vet that. An interesting one--

12 CHAIRPERSON ROSENTHAL: [interposing] You
13 would vet that?

14 MICHAEL OWH: In--in most cases where it's
15 a brand specific item, like if it's a sole source
16 also comes to us as part of the review so that the--
17 one of the questions we would ask is, you know, like
18 what's the--why--why is it that you need this Dell
19 server versus a different server, and it--and I think
20 there are other factors here, right. So, I'm trying--
21 again, I'm not a technology person. So, I can't
22 answer that call--question, but let's say that call--
23 question, but let's say we're talking about furniture
24 for instance. If you're doing office furniture and
25 99% of the office has a certain type of branded

1
2 furniture and your cubicles and your chairs are all
3 part of that same brand, and you want to fix one
4 cubicle, and you're--

5 CHAIRPERSON ROSENTHAL: [interposing]
6 Sure.

7 MICHAEL OWH: --it needs to go out to
8 bid, then it--then there's a business reason frankly
9 to do that?

10 CHAIRPERSON ROSENTHAL: Sure.

11 MICHAEL OWH: So, that's kind of like the
12 similarity there.

13 CHAIRPERSON ROSENTHAL: Yeah. I guess I
14 was hoping you were going to say it goes through the
15 Change Control Board first because when you're first
16 looking at it, because you would--I mean I love MOCS,
17 but you're not expert at should it be Dell or a
18 different one. I would want to know that DOITT has
19 thought it through, and I would want to know also as
20 a taxpayer that if this DOE cut--this exact DOE
21 contract were to come out again, that you would catch
22 that it shouldn't be Dell.

23 DEPUTY COMMISSIONER HINES: But just to
24 be clear, the--when we were speaking about the Change
25 Control Board, it was for the ECTP 911 Call Center in

1
2 the Bronx. It was part of that project for that
3 project for change requests to that project.

4 CHAIRPERSON ROSENTHAL: And right,
5 absolutely.

6 DEPUTY COMMISSIONER HINES: Right, and--
7 and the project should have something like that but
8 we don't--

9 CHAIRPERSON ROSENTHAL: [interposing] N
10 No, no, no that's fine, but here's my point is that,
11 you know, when the NYCHA contracts when we look at
12 NYCHA contracts for their--I'm trying to thank of the
13 language not the letters, but basically a new door
14 security system. You know, the number, the contracts
15 look very suspicious, and as I reviewed them in a
16 very detailed way with NYCHA staff, they were found
17 to be suspicious and rightly so. What made me
18 nervous was, you know, the director of OMB saying
19 that no, no, I'm going to review them all now. Like
20 you're the last person I want reviewing these, and
21 you get in the same problem you got with Mark Paige
22 and City Time. The person you want reviewing it is
23 the small team of people who know what they're
24 talking about, and then sending up the chain much in
25

1
2 the way that you described what happened with the 911
3 Call Center. That was my point.

4 DEPUTY COMMISSIONER HINES: And internal
5 at DOITT for our purchases we do have those kind of
6 reviews. We have a strategic sourcing group that
7 will speak with the business side of the house, the
8 technologists who were asking for something to ask
9 why this product or why do you need this vendor? Are
10 there any alternatives?

11 CHAIRPERSON ROSENTHAL: That's great.

12 DEPUTY COMMISSIONER HINES: Is it to
13 ensure that it is competitive and wherever possible.

14 CHAIRPERSON ROSENTHAL: And do the DOE
15 contracts now go through both of your agencies for
16 that kind of review?

17 MICHAEL OWH: So, DOE we are working with
18 them on reviews similar to what we do for the mayoral
19 agencies for sure, as we've discussed.

20 CHAIRPERSON ROSENTHAL: Okay, and there
21 might be something to be learned from the way that
22 DOITT does its review for the mayoral agencies. I
23 mean HHC, NYCHA, DOE any of them. That—that could be
24 interesting. So, I have one last question. Unless
25 somebody ribs me, and that is just back to the

1
2 specifics of the report. You know, the last column
3 is why did the cost increase, and that's a painful
4 column to read, and I'm sure it's a painful column to
5 write because if the answer is well, it went through
6 the Change Control Board and then up to the steering
7 committee, but for the purposes of this blank space,
8 we needed it. You know, could we-what are your
9 thoughts about how to make that meaningful for the
10 public or the oversight agencies?

11 MICHAEL OWH: So, I-I love that section,
12 number one, but I-but I will [background comment] but
13 I take-

14 CHAIRPERSON ROSENTHAL: [interposing] Oh,
15 come on.

16 MICHAEL OWH: But I take-but I take the
17 point. No, actually I do and I think-I think one of
18 the things I've learned just even now sitting here,
19 and I think one point's kickback is we are I think-As
20 you know, I'm-I'm a self-described procurement nerd,
21 and so some of this-some of the language that we use
22 may be more sort of geared towards the people who are
23 in it everyday in the weeds, and that is something
24 that we can look at to see if maybe we can structure
25 the-the rationales and-and-and define them and-and

1
2 talk about them in a way that is more helpful to a
3 person who is not in the weeds, and we'll go back and
4 I take that point for sure, and I do like that field.

5 CHAIRPERSON ROSENTHAL: Well, but it's
6 filled in. [laughs]

7 MICHAEL OWH: Oh, um--

8 CHAIRPERSON ROSENTHAL: With more than
9 three words--

10 MICHAEL OWH: Right.

11 CHAIRPERSON ROSENTHAL: --because the
12 cost was more.

13 MICHAEL OWH: Right, and--and I will do--I--

14 -

15 CHAIRPERSON ROSENTHAL: [interposing]
16 IT's never been that bad. I'm exaggerating for the
17 people at home.

18 MICHAEL OWH: And I just want to take or
19 gently push back on one of the items--on one of the
20 examples in the Committee Report around the renewal.
21 So, for again, procurement nerds, just sort of
22 describing a renewal provision being exercised, for
23 us it is good enough reason for that to occur, right?
24 That's a contract for a new amount. It's a new
25 contract. It's a new--it's a renewal provision, but I

1
2 take your point that hey we should put some more
3 information around sort of the--the rationale for
4 that, and we'll go back and--and brainstorm some
5 ideas.

6 CHAIRPERSON ROSENTHAL: Thank you and
7 along those lines, I--I always wonder about the
8 percentage increase being meaningful. So, a 10%
9 increase on, you know, \$200 million is a--or a 9%
10 increase on a \$200 million contract is a big number,
11 but wouldn't show up on the report. Oh, I guess it
12 would because it's over \$10 million, but we just
13 noticed a few of those where, you know, the
14 percentage doesn't necessarily--the percentage can
15 look tiny, but equal \$49 million versus a percentage
16 that looks big. Oh, it doubled. It went from \$10 to
17 \$20 million. Have you noticed that as well?

18 MICHAEL OWH: Yes, we have, and I think
19 that's a good point, and we can go back and--and think
20 it through. I mean the reality is our--our data folks
21 are--are designing the queries to match what the law
22 requires, right? And so, if--if we sort of think
23 through maybe there are other ways to--to do that. If
24 that's a parameter that you would want us to--to
25

1
2 include on there, then we can—we can definitely work
3 on that.

4 CHAIRPERSON ROSENTHAL: Great. I—and I
5 really hope it's—I am expecting just given our
6 history that it will be that we want to see it to
7 just, you know, I want to make sure it's helpful to
8 the agencies and to you as well, you know, and not
9 just maybe the letter of the law doesn't make sense
10 any more.

11 MICHAEL OWH: Definitely. We'll be
12 committed to work with you on that.

13 CHAIRPERSON ROSENTHAL: Okay, Council
14 Member Kallos, did you have an additional question?

15 COUNCIL MEMBER KALLOS: So, to be clear,
16 we're building the 911 Center in the Bronx. When
17 does that go online or when is that done?

18 DEPUTY COMMISSIONER HINES: It's online
19 already.

20 COUNCIL MEMBER KALLOS: Okay.

21 DEPUTY COMMISSIONER HINES: We
22 have[background comments] We have a few hundred call
23 takers that are in there already, and the last piece
24 that would go in--[background comment] Is the
25 Emergency Medical Dispatch that will go in there.

DEPUTY COMMISSIONER HEINTZ: By the end of the year.

DEPUTY COMMISSIONER HINES: By the end of the year.

COUNCIL MEMBER KALLOS: And then there's a new contract for a new 911 system or what is the new contracts folks have been referencing?

DEPUTY COMMISSIONER HINES: They--there's an RFP out that would be for the Next Generation 911, which is digital, which would have better location services, which I'm-- You know, Council Member Rosenthal has heard experiences in her district with locations people that have been--

COUNCIL MEMBER KALLOS: [interposing]
There is a place in my district called Roosevelt Island that has no cross streets, and we've had numerous situations where the person calls, and says I'm on 534 Main Street, and the person says what's your cross street, and he says there are none, and then they spend five minutes saying please save this person's life, and the operator says nope, not unless you give me a cross street. So, we have changed your--the 911 system so that it's supposed to have a readout that says to the person there are no cross

1 streets on Roosevelt Island, but that is not 100%
2 when you have so many operators. But so, we—we'd be
3 moving to what is called E-911, Enhanced 911?
4

5 DEPUTY COMMISSIONER HINES: Correct.

6 COUNCIL MEMBER KALLOS: Okay, and so if
7 somebody is watching at home and they think they can
8 bid on this how-how much has been allotted for it,
9 and how does somebody bid and when does the bid
10 process close?

11 ASSISTANT COMMISSIONER LAISERIN: Well
12 the current RFP responses are already due. We're in
13 the evaluation phase right now, but there is going to
14 be a second RFP, which will be open, and they can go
15 on the city record online or contact DOITT on our
16 website for more information.

17 COUNCIL MEMBER KALLOS: And so I guess
18 one question is in your RFP given the conversation we
19 just had about owning the software or having license
20 that makes it available to the world at large. Do
21 you know if the RFP is interested in being locked
22 into a vendor for the foreseeable future or if we
23 will own the code or literally if it's just like
24 Libre Office where you can just download the software
25 and use it immediately?

1
2 DEPUTY COMMISSIONER HINES: I think for
3 that we'd have to have someone from the ECTP program
4 speak about the details of the potential technologies
5 that could be solutions for it to know if there are
6 open source solutions. Is it--

7 COUNCIL MEMBER KALLOS: [interposing] So,
8 funny you should mention that. I-I literally just--
9 while I was sitting here, I typed in--let me see if
10 that works. Yes, there we go. I literally just
11 typed in 911-911 Open Source and I got ticketscav.org
12 where I literally just pulled up a system and started
13 putting in tickets as part of a larger system, and--
14 and this I think is just like five developers working
15 together, but when you're talking about millions and
16 millions of dollars, and talking about software, that
17 isn't working as soon as you install it, and you have
18 to pay somebody to configure it. The amazing thing
19 is that if the city were to free and open source
20 licenses, you could share it with other
21 jurisdictions, and when they made improvements, you
22 would get it, too. So, I guess one question is are
23 there other jurisdictions that use 911 software?

24 DEPUTY COMMISSIONER HINES: Yes, there
25 are other jurisdictions that use it. There are

smaller jurisdictions that have actually upgraded to Next Gen. Large cities have not.

COUNCIL MEMBER KALLOS: And so, I guess one of the questions so if large cities haven't, is it possible that some of the features that this large city needs, other large cities might need and instead of buying it on our own, we could buy it together or build it together or write it together?

DEPUTY COMMISSIONER HINES: We need proposed legislation like this.

COUNCIL MEMBER KALLOS: I did.

DEPUTY COMMISSIONER HINES: Right.

[laughter]

COUNCIL MEMBER KALLOS: I now where you're going with it. I have to look at--actually, I was in part of writing it.

DEPUTY COMMISSIONER HEINTZ: [off mic]
It comes back to you. (sic)

DEPUTY COMMISSIONER HINES: So, that I know where your heart is and I know where your thinking is, and in certain cases, it's very appropriate to have opens source, and we do look to use it.

COUNCIL MEMBER KALLOS: Uh-hm.

1
2 DEPUTY COMMISSIONER HINES: You know, I
3 could offer it for you to have another million dance
4 (sic) under one. [laughter]

5 COUNCIL MEMBER KALLOS: But we—we're all
6 on the same page, but I think it comes down to the
7 projects by project, and the projects that are most
8 susceptible for it aren't (sic) cases where the city
9 is doing something very unique, but in cases where
10 it's the same system, and when you're going to the
11 vendor the vendor says oh, we just charged—we—we just
12 got this large city, and we're charging them \$100
13 million, and now we're going to charge you the same
14 thing for the same software That's an opportunity
15 where you're going to be like how much is it to buy
16 the software from you, own it, license it free and
17 open source and then let us an that other city just
18 own your software and make improvements to it, and
19 you can make improvements to it, too. I'm—I'm good.

20 CHAIRPERSON ROSENTHAL: Okay. So, I feel
21 another hearing coming on maybe not with contracts,
22 but I—I just want to thank you so much for all the
23 work you've done and—and thank the public who I know
24 sat riveted watching this hearing, but we really did
25 learn a lot and it's important to always be checking

1
2 ourselves, and making sure the city is doing right by
3 the taxpayer, but I really want to thank Council
4 Member Kallos for joining us today, and actually I'm
5 not closing out the hearing. I'm must saying thank
6 you to the administration. Thank you.

7 DEPUTY COMMISSIONER HINES: Thank you all.

8 [pause]

9 CHAIRPERSON ROSENTHAL: Next, I'd like to
10 call up Towaki Komatsu and Jordan Kroll. [pause] And
11 Jordan, I know you have to check out. So, do you
12 want to go first? [background comment] Okay, why
13 don't you start. [pause, background comments]

14 JORDAN KROLL: Can you hear me now?

15 CHAIRPERSON ROSENTHAL: Yes.

16 JORDAN KROLL: Chairman Rosenthal and
17 members of the Committee on Contracts, the
18 Information Technology Alliance for Public Sector,
19 ITAPS, appreciates the opportunity to share our
20 perspective on information technology contracting and
21 oversight in New York City. ITAPS, a division of the
22 Information Technology Industry Council is align to
23 leading contract companies offering the latest
24 innovations and solutions to public sector markets.
25 With the focus on the federal, state and local levels

1 of government, ITAPS advocates for improved
2 procurement policies and practices in the public
3 sector on behalf of almost 90 member companies
4 involved in the delivery of hardware/software
5 services and solutions of information and
6 communication technologies. We appreciate the work
7 the Council and the city have done thus far to
8 improve upon the IT acquisition process and as well
9 as oversight of program management of contracts and
10 urge the city to continue to promote continuous
11 improvements in its procurement process. This will
12 better enable agencies to fully recognize the
13 benefits of innovation and products offered by the IT
14 sector. In my remarks, I will make some general
15 observations about the problems and challenges
16 related to government IT acquisition, and then offer
17 a set or recommendations in how the city can better
18 bolster its track record of IT project implementation
19 in the future, and better modernize outdated and
20 inefficient technology. To start, I would like to
21 make five general observations about the state of IT
22 as they exist in the city. Much of the city's
23 technology is old and outdated and needs to be
24 modernized. With that, the pace of change in
25

1
2 technology is getting faster, not slower, and as a
3 result of these fast paced changes, the longer the
4 city waits, the more costly, complex and difficult it
5 will be to modernize, as the city will have to adapt
6 the systems to technology generations ahead rather
7 than just one for example. The city cannot modernize
8 alone. There needs to be a strong partnership
9 between city employees, vendors and this Council with
10 a shared goal of ensuring improved outcomes. To
11 again—to get there we need to simplify processes at
12 every level. More bureaucracy will only serve to
13 complicate the process. Over the years, governments
14 at every level have convened panels charged with
15 addressing the acquisition challenges and
16 consistently the recommendations for improving the
17 system have centered on the identification and use of
18 best business practices, coordination of acquisition
19 management, simplification of procurement laws and
20 regulations, increasing compensation in the use of
21 commercial products and services, and ensuring
22 continued development of procurement professionals.
23 Unfortunately, these recommendations have often gone
24 unheeded or outright ignored. To accomplish many of
25 these changes, ITAPS has been and continues to be

1
2 consistent in urging lawmakers to not recreate the
3 wheel when it comes to IT acquisition. Many of these
4 recommendations could be achieved to look into the
5 private sectors as a partner to facilitate a
6 transition from a procurement system based on
7 government unique requirements to a system centered
8 on the procurement of commercial items that meets the
9 city's needs through a more streamlined acquisition
10 process. As such, we urge the city to continue to
11 incorporate continuous improvement to its procurement
12 process. That will advance technology and innovation
13 across the city enterprise and produce the best
14 outcome for its customers and its citizens. With
15 that in mind, our recommendations for strengthening
16 the city's procurement processes are as follows:

17 First, specifically defining the business
18 problem to be solved during the pre-RFP process.
19 Without a well defined and articulated problem, an
20 outcome that is sought to be achieve, the procurement
21 process is likely to go off course. Furthermore,
22 when an agency is only open to one solution, it can
23 miss out on cost savings and other efficiencies that
24 innovative solutions may bring to the table.

1
2 Second, the communication and contract
3 planning. We believe broad communication between the
4 IT vendor community and public agencies can
5 significantly reduce the risk of underperformance,
6 and is particularly essential at the outset of
7 planning a project to ensure that an agency
8 understands the availability of solutions.
9 Governmental entities should be committed to
10 maximizing information sharing and greater
11 communication in order to properly define an agency's
12 business need, challenges and desired outcome,
13 identify different types of solutions and to solicit
14 ideas and feedback. In addition to these pre-
15 solicitation communication techniques, agency
16 communications must include providing adequate
17 response times to RFPs to all vendor's feedback on
18 requirements, incorporating the questions and answers
19 to respond to ambiguity and inconsistencies in the
20 RFPs and also competitive negotiations that offer a
21 better understanding of measuring project risks.
22 Extended negotiation processes and in flexible terms
23 and conditions that serve to disproportionately shift
24 risk onto vendors, serve barriers to doing business
25 with the city and results in a less efficient

1
2 procurement process that places the city at a
3 significant disadvantage in acquiring innovative and
4 cutting edge IT. I'd like to call your attention to
5 the National Association of Chief Information
6 Officers, NACIO for short. They report on improving
7 IT procurement, which offers a set of recommendations
8 for governments introducing--including introducing
9 more flexible terms and conditions and improving the
10 negotiation process. We believe these
11 recommendations serve as a starting point for the
12 city as they consider options to improve upon the
13 acquisition process as they will help to incentivize
14 competition among vendors, and a procurement process
15 that operates more efficiently with fewer issues to
16 negotiate.

17 Third, leveraging IT expertise and
18 acquisition. Good IT governance is an essential
19 ingredient to successful IT operations and project
20 success. A unified of enterprise mindset can improve
21 efficiency and effectiveness across the governing
22 body and avoid fatal flaws in procurement. We
23 support the embedding of CIO staff expertise and
24 cross-department acquisition project teams to improve
25 IT planning and maximize technology solutions as well

as aiding in the development and evaluation of solicitations and proposed-proposals. Additionally, we believe inclusion of this type of expertise will aid in shortening the procurement process and mitigating project risks and costs overruns due to the ability of personnel to monitor a project's success and challenges.

And fourth, procurement staff training, budget constraints for new skills training, paying equity against the private sector and in aging IT workforce compound the risk of successful IT projects across all levels of government. Government should adequately fund in-depth training and professional development of procurement IT staff throughout their career. This adds-this training could include continuing education of procurement officials in a variety of acquisition topics such as commercial item acquisition, agile acquisition practices, the scoring of proposals, understanding how to leverage existing procurement law, negotiation skills, contract risk anal-contract risk analysis and identify best value for taxpayer as ways to increase the opportunity for a successful IT project completion. While we recognize that our recommendations only begin to

1 scratch the surface of improving IT procurement, we
2 believe that they serve as a guide in easing the
3 transition to a more streamlined and cost-effective
4 procurement system that focuses on outcomes for
5 customers and enables the city to acquire modern
6 information technology at a commercial pace. Thank
7 you Chairman Rosenthal for the opportunity to testify
8 today. I'm happy to answer any questions.

10 CHAIRPERSON ROSENTHAL: I do have some
11 questions for you, but I do want to also check in are
12 you worried about timing like for a train or
13 something?

14 JORDAN KROLL: I-I-I have time to answer
15 questions actually. So, I just have probably another
16 couple of--another hour or so. So, before I have to
17 get out. So, I'm good.

18 CHAIRPERSON ROSENTHAL: Okay, then--

19 JORDAN KROLL: [interposing] I'm just--

20 CHAIRPERSON ROSENTHAL: --we'll let the
21 next person testify--

22 JORDAN KROLL: [interposing] Okay.

23 CHAIRPERSON ROSENTHAL: --and then see
24 about my questions. Thank you. Please introduce
25 yourself.

1

2

TOWAKI KOMATSU: Towaki Komatsu

3

CHAIRPERSON ROSENTHAL: (off mic)

4

TOWAKI KOMATSU: I'm sorry.

5

6

CHAIRPERSON ROSENTHAL: Put the mic up
again. [pause]

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

TOWAKI KOMATSU: I am Towaki Komatsu. I testified previously at City Council meetings. The first time I testified about the issue like yes, what I'm going to be talking about today was when I met Mr. Kallos on February at City Hall. At the time that I met him, I was asking for legal assistance with regards to wage theft. One of the topics that had been discussed today is responsible procurement, and how I guess the City Council has a duty to taxpayers to ensure--ensure--that their the tax dollars are being spend wisely. So, I guess--I'm a terrible public speaker, but I'll try to be concise. If there's a situation where New York City government agencies are doing business with companies that steal workers pay, then don't you think that New York City government agencies have the moral duty to immediately terminate those contracts while the worker has to go without the pay that they earned for the hours that they worked, which have substantial

1
2 repercussions? In my case, there's a company called
3 NTT Data. I brought that to the Mayor's attention.
4 I think on July 16th in a park in Chelsea where
5 Michael Gartland of the Post was present. I gave him
6 a report that confirmed that it reached a settlement
7 agreement in the case of *NTT Data v. Posh*, I think it
8 was. It was federal lawsuit where they settled that
9 for \$45,000. They recently apparently settled
10 another federal lawsuit against someone who was
11 involved in a car accident at the Brooklyn Federal
12 Court. She was essentially joined in play of both
13 NTT Data and TD Bank. I talked to the plaintiff's
14 attorney, and they said to me that initially they
15 weren't looking for a settlement agreement. They
16 wanted to see that through, but it apparently
17 settled. I have litigation against NTT with regards
18 to my own experience with them. So, in a nut shell,
19 for the last five years I've gone without the pay
20 that I earned, that I--when I worked at Criminal
21 Credit Suisse that pled guilty to a felony. That's
22 why I referred to them as a criminal, and the fact
23 that I've gone without that pay, it has had enormous
24 repercussions. Not just for me, but members of my
25 family who rely on me, and like I pointed out

1
2 earlier, the first time I met Mr. Kallos was on
3 February 3rd when your--your colleagues were making a
4 decision as to whether to approve the pay raise for
5 your council members. At the time I objected to it,
6 primarily on the grounds that I felt that your
7 colleagues had--hadn't earned that since for the last
8 five years I've had to forego the pay that I earned
9 five, you know, back in 2012. So, I sent a FOIL
10 request to HRA. It's one of the agencies that have
11 business with NTT, and through those FOIL requests, I
12 got copies of the contracts, as well as the
13 identities of the firms that NTT competed against
14 when they were awarded those contracts. So, there
15 were a total of 38 rivals, so to speak. One of, I
16 guess things, you talked about earlier was how many
17 companies are bidding on contracts? So, yeah, I'm
18 just kind of curious. If, the contract HRA has with
19 NTT at the same time I'm still--I still haven't been
20 paid, it includes a provision that allows it to
21 terminate that contract for any reason within 30 days
22 by giving NTT, you know, 30 days advance notice.
23 Doesn't it have that moral obligation to I guess
24 ensure that taxpayers' pay is getting used wisely
25 instead of being used to finance the business of a

1
2 company that still subjects me to wage theft, as well
3 their retaliation in terms of blacklisting and out
4 right fraud? Also, while we're here, there's a
5 decision that voters get to make on November 7th in
6 terms of who they want to be the next Mayor. So, if
7 I tried attending the Mayor's Public Town Hall
8 meetings, research fairs to essential service. It
9 was bill (sic) to exercise my First Amendment Rights
10 in front of a public audience to say, you know, we've
11 never met, but here's some proof that your tax
12 dollars are being used to support a company that
13 still hasn't paid me for the last five years when I
14 used to work 50 hours per week at Credit Suisse and
15 had those timesheets approved. Yeah, should I be
16 able to walk through doors. I know my fellow, you
17 know, New Yorkers know here's somebody that you're
18 tax dollars are having to subsidize only because of
19 the fact that I brought this to Steven Bank's
20 Attention on July 18th in the Resource Fair in Kew
21 Gardens. I handed him the report. I gave him the
22 emails confirming all--all my times are entirely
23 valid. I can fully account for the fact that someone
24 named Ed Epstein is the same person who had me fired
25 on April 27, 2012, and then I think on October 29 for

1
2 2015 signed a business letter HRA sent to NTT. Not
3 just any average random person at NTT, the same exact
4 person who engaged and prohibited whistle blower
5 retaliation, signed that business letter. I mean how
6 unconscionable is that?

7 CHAIRPERSON ROSENTHAL: [off mic] Are
8 you--?

9 TOWAKI KOMATSU: [interposing] Yeah, I'm
10 done.

11 CHAIRPERSON ROSENTHAL: Okay. MR.
12 Komatsu, I'm sorry you have that experience. It
13 sounds awful.

14 TOWAKI KOMATSU: That's just the
15 beginning.

16 CHAIRPERSON ROSENTHAL: Unfortunately,
17 the purview of this committee is not with any
18 specific contract. We're--our purview is procurement
19 as a whole, and so, if--it it's alright, if you could
20 hold tight for a second, I actually just have a few
21 questions for Ms. Kroll. I was wondering--thank you
22 for your testimony and--and for the written testimony.
23 I learned a lot from it, and I see that you're
24 literally from Washington--coming in from D.C. to
25 testify on this, and I really appreciate it. Three's

1 a lot of good best practices put in your testimony.

2 I was wondering are you aware if New York City has
3 ever reached out to the ITL audience to work with you
4 guys?
5

6 JORDAN KROLL: I do not believe at least
7 not during the time that I've been at the IT Alliance
8 or Public Sector. We have—I've been there for almost
9 two years in December. So, we're just starting to
10 work with the Council, and we saw this as a good
11 opportunity share some ideas on what we fell you
12 could do.

13 CHAIRPERSON ROSENTHAL: Okay, well, you
14 heard the testimony from DOITT when they were talking
15 about the new levels of review starting with using
16 the—the people most expert, using them as the Change—
17 Control Change Board or something, and then kicking
18 it up to a steering committee, and then having it go
19 to the commissioner. Did that resonate for you as
20 sufficient?

21 JORDAN KROLL: I will say I'm not
22 familiar enough with that process and the specifics
23 of that, but I would say that it's always best to
24 start off with the technical experts and going
25 forward, I would agree with that.

1

2

CHAIRPERSON ROSENTHAL: Right.

3

4

JORDAN KROLL: But beyond that, I would have to look further into it. I'm sorry.

5

6

CHAIRPERSON ROSENTHAL: No, this is great. This is really great stuff. I'm just asking. So, have you ever researched? I mean I like how you started by saying much of the city's technology is old and outdated and needs to be modernized.

9

10

JORDAN KROLL: Uh-hm.

11

12

CHAIRPERSON ROSENTHAL: Is there a reason that you wrote that in particular? Do you--was--is--is, the source of information--I'm wondering what the source of information is about that because I have a opinions on it--

15

16

JORDAN KROLL: Uh-hm.

17

18

CHAIRPERSON ROSENTHAL: --but I'm always curious to know from experts.

19

20

21

22

23

24

25

JORDAN KROLL: So, I will say that in just doing--you could even do a simple web search and there is various publications throughout the City of New York's legacy, infrastructure and the all the--in addition to hearing from our member companies and their experiences in the city. But also unfortunately this is something that we can say about all too many

1 governments across varying levels. I think we-DOITT
2 alluded to it in their testimony and the Legacy
3 Systems and how they're not able to modernize just
4 certain technologies because they're stuck supporting
5 outdated and inefficiency Legacy technologies. So it
6 is a problem here and unfortunately elsewhere.
7

8 CHAIRPERSON ROSENTHAL: What do you
9 recommend in those cases?

10 JORDAN KROLL: So, Legacy systems, I-I
11 would say-I'd caution. There's not really a one-
12 size-fits-all approach to it. I-being from
13 Washington, D.C. and having counterparts that work in
14 the federal government, I actually would point to the
15 NGT Act, which is going through the process right
16 now, and the federal government is, too, recognizing
17 that they need to address their outdated systems, and
18 how they go about funding that and assessing and
19 taking inventory of what's outdated and how they move
20 forward on a migration path to more innovative
21 technologies. I'm absolutely happy to provide more
22 substantive details, but it would just depend on-it's
23 a city specific plan obviously, but I would start and
24 stockpile. I'm sure DOITT has already done something
25

1
2 along those lines of what they have and what's
3 outdated and how they can migrate forward.

4 CHAIRPERSON ROSENTHAL: [off mic] So,
5 I'll take you up on that. I'll take you up on the
6 offer if you could send us more information. Is
7 there any other city that's as complex as New York?

8 JORDAN KROLL: Complex in the sense of
9 its procurement processes or--?

10 CHAIRPERSON ROSENTHAL: There' just so
11 many--yeah, but woven into it, but so many agencies
12 competing needs, emergency situations?

13 JORDAN KROLL: So, I compare New York
14 City to a state because your budget is--

15 CHAIRPERSON ROSENTHAL: Sure.

16 JORDAN KROLL: --roughly around that, and
17 I would say that there are several states in which
18 you see a more decentralized approach, that different
19 people touch different parts of the procurement, and
20 there's different ways in the approval processes that
21 got to it, and it's not always entirely clear. I
22 actually, there's a recent report, and I referenced
23 the Nation Association of Chief Information Officers
24 in this testimony, but they recently did a joint
25 report with the National Association of Chief

1
2 Procurement Officers or just procurement officers.
3 Sorry in Nashville in which they address how the
4 procurement side of the house and the technology side
5 of the house can work together better, and improve
6 upon the procurement of IT, the IT services and
7 goods, and I would point you to that because I think
8 it really harps on how do we make sure the left hand
9 is talking to the right hand, and we have a unified
10 approach in this? Because quite frankly, when one at
11 it alone is when you see issues.

12 CHAIRPERSON ROSENTHAL: Right. Which
13 states do you think we're comparable to?

14 JORDAN KROLL: In terms of--[laughs]
15 Well, I would say that you're--you're bigger than many
16 of the small states. So, you go right past them, but
17 in terms of structure--

18 CHAIRPERSON ROSENTHAL: Yeah.

19 JORDAN KROLL: --I don't know that I
20 could make that judgment at this point. I apologize
21 but I'm happy to do some more research or give you
22 some examples of states that are in the process of
23 trying to re-evaluate how they approach IT
24 acquisition and--

25 CHAIRPERSON ROSENTHAL: Yeah.

1

2

JORDAN KROLL: --in their lines. (sic)

3

4

5

6

7

CHAIRPERSON ROSENTHAL: Yeah. That would be very helpful. It's a great idea. Well, I just want to thank you for your testimony. We really learned a lot about best practices. So, I appreciate your coming up here.

8

9

JORDAN KROLL: I plan to because I don't mind. I'll just come back any time.

10

11

CHAIRPERSON ROSENTHAL: Alright. Well, I'll take you up on that.

12

13

COUNCIL MEMBER KALLOS: [off mic] I want to ask a question.

14

15

CHAIRPERSON ROSENTHAL: Oh, sure, Council Member Kallos.

16

17

18

19

20

COUNCIL MEMBER KALLOS: with regards to the members of the IT Alliance for Public Sector, do you know how many, if any, use free and open source or do software as the service versus selling proprietary software?

21

22

23

24

JORDAN KROLL: I wouldn't be able to give you numbers, but I would say they represent a diverse mixtures of companies. So, in theory, we have many of those.

25

COUNCIL MEMBER KALLOS: Oh, okay.

1
2 JORDAN KROLL: So, open so—and not
3 necessarily open source, but it depends. It's a
4 complicated question, and I can't really just simply
5 answer that. Sorry.

6 COUNCIL MEMBER KALLOS: No, no. No
7 worries. So, I will ask a question--

8 JORDAN KROLL: [interposing] Software--

9 COUNCIL MEMBER KALLOS: --I'm not sure if
10 you're allowed to answer, but do you think that
11 cities in particular or states who are all trying to
12 procure the exact same thing over and over again can
13 benefit from a free and open source license or a
14 shared license for government so that we can use the
15 same code, and when one state improves it, every
16 other state get it?

17 JORDAN KROLL: I don't know that I can
18 speak to that. Not due to that I don't want to. I
19 just—I don't--

20 COUNCIL MEMBER KALLOS: It's yours.

21 JORDAN KROLL: --but I mean I can speak
22 to the procurement side of that, and I think that
23 we've discussed at length on how cities and states
24 can better leverage multiple state contract
25 agreements through NASCO [bell] and other states'

1
2 resources and contracting. So, that is one type of
3 living I can speak to because I have more expertise
4 on that.

5 COUNCIL MEMBER KALLOS: So, if you could
6 send-send me that information as you may have heard,
7 and you can email that that policy@benkallos.com.

8 JORDAN KROLL: Okay.

9 COUNCIL MEMBER KALLOS: As you may have
10 heard, I'm working on legislation that would
11 encourage the city to bid with other cities in order
12 to save costs by purchasing the same software
13 together. What kind of training in your example--so,
14 you recommended providing training for staff I
15 believe or--?

16 JORDAN KROLL: No. A number for--
17 procurement staff training.

18 COUNCIL MEMBER KALLOS: Yes, yes. Who--
19 who can provide that training, and is that something--
20 how does one gain that--that expertise to--for training
21 the procurement staff?

22 JORDAN KROLL: Are you asking who within
23 the city of New York or what is that that you're
24 asking? I guess it depends on what's the issue that
25 you've taught. So, I guess I would assume that there

1
2 are experts within DOITT that could, and I'm sure
3 DOITT is already doing things along these lines and
4 providing training and whatnot. I think the issue at
5 least here is that one, like I said, the--the public
6 sector community they have issues keeping staff, and
7 then sometimes they're just trying to get staff to
8 have-to ensure they have bodies in the room to
9 procure things, and they don't necessarily have the
10 expertise on the topics of what they're procuring.
11 So, making sure that they can do that.

12 COUNCIL MEMBER KALLOS: Sure. So I'm--I'm
13 an attorney. We have continuing legal education--

14 JORDAN KROLL: Uh-hm.

15 COUNCIL MEMBER KALLOS: --and suggesting
16 continuing education requirements for procurement
17 officials.

18 JORDAN KROLL: Uh-hm.

19 COUNCIL MEMBER KALLOS: So, I can go to a
20 CLE accredited body to get training. Where does--
21 where does a procurement official get training on
22 commercial item acquisition, idle, agile acquisition
23 practices and some of the other items you suggested
24 in your testimony.
25

1
2 JORDAN KROLL: I know there are various
3 groups that provide training to I think believe—I
4 believe both private and public sector entities.
5 There are also you can look at some governments.
6 They use—they leverage the universities or the
7 community colleges that have experts in that area to
8 provide training. It just depends. It's—there' not
9 one body. I apologize.

10 COUNCIL MEMBER KALLOS: No.

11 JORDAN KROLL: But there are various
12 entities that provide that--

13 COUNCIL MEMBER KALLOS: Great.

14 JORDAN KROLL: --and different
15 perspectives, but I would imagine that there would be
16 a good bit of internal expertise as well that could
17 also be facilitated.

18 COUNCIL MEMBER KALLOS: And then have
19 any jurisdictions adopted mandatory continuing
20 education for procurement officials?

21 JORDAN KROLL: Mandatory, I mean I—I can
22 speak to different examples in which they have. So,
23 I'm—I work a lot with the State of Texas and they—
24 this isn't necessarily mandatory, but they recently
25 implemented a vendor performance tracking system and

1 much of the work was getting it out there, but then
2 they came up, they came up against the challenge of
3 how do we ensure that we're—we have education, and
4 that our officials have the full breadth of knowledge
5 to ensure they're scoring these projects fairly, and
6 they've gone through and implemented a process that
7 over the next year, all officials be required to go
8 through to ensure that they have that expertise.

10 COUNCIL MEMBER KALLOS: Thank you.

11 CHAIRPERSON ROSENTHAL: Thank you all
12 very much. I appreciate your coming and testifying.
13 This is hearing is now closed. [gavel]

14

15

16

17

18

19

20

21

22

23

24

25

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 November 1, 2017