

CITY COUNCIL
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

of the

COMMITTEE ON CONTRACTS

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December 18, 2009

Start: 10:13 am

Recess: 12:27 pm

HELD AT: Council Chambers
City Hall

B E F O R E:
LETITIA JAMES
Chairperson

COUNCIL MEMBERS:
Robert Jackson
John C. Liu
Melissa Mark-Viverito

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

Joel Bondi
Executive Director
Office of Payroll Administration

Valerie Himaleski
General Counsel
Office of Payroll Administration

Henry Gerrita
Assistant Associate Director
DC 37

John Foster
First Vice President
Local 375, Civil Service Technical Guild

CHAIRPERSON JAMES: Good morning everyone. My name is Letitia James and I am chair of the New York City's Council's Committee on Contracts. It is my privilege to participate in this hearing today. I'd like to thank all of you for attending. I'd also like to thank the staff of both committees who worked to prepare today's hearing.

Today's hearing is a follow up on a hearing that we had last year regarding the City Time contract. It's a long standing contract that has cost this city hundreds of million of dollars for the automation of payroll functions and timekeeping for all city agencies. As it is a complicated, multi layered and multi party contract, we don't expect to learn about every aspect of the procurement of this contract. However the size and long duration of the contract have raised some concerns. Today we hope that the Office of Payroll Administration can answer some of our questions and issues today.

A recent New York Daily News article highlighted that over \$700 million has been spent on this project since its inception.

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2 Let me repeat that again. \$700 million has been
3 spent on this project since this inception during
4 these very challenging times and at a time when
5 the City of New York is considering laying off
6 city workers. The article further highlighted
7 that this year alone four consultants billed at
8 least \$400,000 each.

9 When we completed the last hearing
10 we understood that more time was needed to equip
11 all city agencies with the City Time program.
12 However, during these difficult economic times, we
13 must make sure that taxpayer dollars are not being
14 wasted and that this project, a project that
15 started over ten years ago has an end, finally in
16 sight. Thank you very much. Let's begin. Our
17 first witness is Mr. Joel Bondi from the Office of
18 Payroll Administration. Mr. Bondi.

19 JOEL BONDI: Hello, good morning
20 Chair James.

21 CHAIRPERSON JAMES: Good morning.

22 MR. BONDI: I was prepared to say
23 and other members of the Committee on Contracts.
24 Thank you for inviting me to testify in front of
25 you this morning. My name is Joel Bondi and I am

1 the Executive Director of the Office of Payroll
2 Administration, OPA. With me I have Deputy
3 Executive Director Mohamed Hafis as support. OPA
4 is overseen by a two member unsalaried board of
5 directors appointed by the Mayor. One
6 representing the Mayor and one represented by and
7 recommended by the Comptroller. OPA distributes
8 the city payroll and assures the integrity,
9 accuracy and operational effectiveness of city
10 payroll systems for both employees and retirees.
11 In addition, OPA files the city's payroll taxes in
12 compliance with all rules and regulations of
13 taxing authorities.

14
15 My last appearance before this
16 committee was on May 8, 2008 in a joint meeting
17 with the Council's Committee on Civil Service and
18 Labor at which I presented testimony and answered
19 questions regarding the City Time timekeeping
20 system that my agency is in the process of
21 implementing. If I may, I'd like to give an
22 overview of the City Time system and update my
23 testimony from a year and a half ago.

24 City Time is a custom built
25 computer system designed to improve the

1
2 efficiency, accuracy, integrity and compliance of
3 the city's timekeeping process. City Time
4 automates the collection of data about time worked
5 by city employees, classifying leave taken and
6 overtime worked into payroll transactions,
7 approving these transactions and transmitting them
8 to the city's payroll management system, PMS.
9 City Time will perform these functions for over
10 160,000 city employees according to the terms
11 negotiated or litigated with approximately 240
12 collective bargaining units, the personnel
13 policies of the city and the business needs of
14 approximately 80 agencies.

15 To pay staff accurately and account
16 for their leave, timekeepers use PMS's 1,200 leave
17 and 1,100 pay codes derived from employees' paper
18 time records. Large agencies typically have one
19 full time timekeeper for every 100 to 250
20 employees, with many more part time timekeepers
21 for smaller departments and agencies. Per the
22 city's records retention policy, paper time
23 keeping records must be retained for 55 years.

24 There are literally thousands of
25 city employees involved in this predominantly

1 manual, inherently complex paper based effort.
2
3 With City Time, data about time worked is
4 collected directly from employees using time
5 clocks and online electronic time sheets. The
6 rules for validating all of this data are part of
7 the City Time system. Errors are highlighted at
8 the time of entry for immediate correction by
9 employees; thereby eliminating the possibility of
10 paychecks on hold or the interruption of direct
11 deposit due to error.

12 Leave requests, requests for
13 overtime payment and approvals for time sheets and
14 requests are similarly handled paperlessly and
15 automatically routed electronically for approval.
16 Approvals are tracked and expedited to ensure
17 timely payment. Time keeping records will be
18 retained electronically, paperlessly. When fully
19 implemented, City Time is expected to save over
20 \$60 million annually.

21 The rules that are applied in City
22 Time are the city's rules. Flexible schedules,
23 compressed schedules, grace periods, minimum leave
24 usage policies, required approvals, etc are all
25 built into City Time. The system is extremely

flexible. As part of the implementation process the City Time software is configured to match the existing time keeping policies of each agency.

It has been stated that with City Time an employee can not work additional time to make up for lateness. That it requires lock step adherence to a fixed schedule. As long as the rules for one's job permit it, and this is established by each agency, employees are allowed to make up for lateness. Flex time permits penalty free arrival anytime within a specified flex band, typically an hour and a half long. It's not a free for all but it's still possible to be late but the system is not inflexible.

City Time automatically assigns the proper pay and leave codes to pay city employees more accurately. For example, when an employee has worked hours for which a night shift differential should be paid, City Time will do so automatically. The employee will no longer be required to request it. Through City Time employees have access to up to date leave balances, knowing how much compensatory time or annual leave they have accumulated will allow them

to better manage their use of earned leave.

All time keeping activity conducted within City Time is logged, keeping a full audit trail. If any changes are made to an employee's time record, the system can identify who made the change and often why. In addition to automatically enforcing compliance with the pay provisions of the agreements negotiated and litigated with the collected bargaining units that represent the city's workforce, City Time also assures compliance with the city's policies, administrative code and the federal Fair Labor Standards Act.

In our last meeting I told you that City Time was in production at 28 agencies and used daily by more than 15,000 city employees. At that time, it was already the largest citywide system in operation, processing more than 42,000 transactions daily. Today, more than 46,000 users at 56 agencies use City Time, last week generating over 860,000 transactions.

Development of the City Time software program has been substantially completed. Last October we promoted into production Version

6.0 of City Time, which include the finishing touches of the roll call functionality we have developed for the uniformed agencies and pay rules for many of the remaining civil service titles. As a result, we have begun the planned reduction of contracted development staff from a peak of over 140 to a current level of less than have of that. As we move into the maintenance phase, this will be reduced even further. But more about that later.

We have pilot programs successfully in production at all four uniformed agencies. Plans are being developed to complete the roll out to these agencies in the coming year. The population remaining to be deployed is comprised mainly of the uniformed agencies and the follow on groups and agencies already using City Time and some smaller agencies of elected officials who often have unique practices.

To assist OPA to manage the development of the City Time software, we had entered into a contract with Spherion to provide an independent quality assurance, QA, team. Independent QA is required by OMB for large system

1 projects. This team has been invaluable in
2 monitoring our project's processes and helping us
3 to implement an ongoing program of continuous
4 improvement. The timing of this service was tied
5 to that of development or programming of the City
6 Time software. Upon completion of the period of
7 peak development and at the recommendation of OMB
8 we concluded the engagement with Spherion to
9 provide this independent team.
10

11 Since May of 2008, we have executed
12 two more annual funding amendments to our contract
13 with SAIC, amendments nine and ten. Both of these
14 amendments were within the capital budget and plan
15 agreed upon with OMB in 2006. Amendment nine
16 covered the fiscal year that began July 1, 2008
17 and ended June 30, 2009 and increased the contract
18 to \$489,238,434. Amendment ten covered the period
19 that began July 1, 2009 and will end September 30,
20 2010 and increased the contract to \$628,461,443.

21 We are still within the capital
22 budget agreed upon with OMB in 2006. This last
23 amendment was for 15 months instead of the usual
24 12 to cover the entire remaining term of the
25 implementation phase of the contract. After that

point in time, we will enter the maintenance phase of the program.

Also, in the time span since our last meeting, we executed an amendment to our contract with Spherion, the QA contractor. The period of performance with Spherion's contract was set to end on January 15, 2009, well before the end of the period of peak development of the City Time software. The amendment to Spherion's contract extended at no additional cost the period of performance by one year to January 15, 2010.

In addition to providing the QA team, Spherion also provides what we refer to as subject matter experts or SMEs. SMEs fall into three categories; some SMEs perform quality assurance functions that fall outside of the ongoing assessment of deliverables and processes performed by the QA team. These functions includes support of our acceptance testing, performance testing and development oversight units. Some are knowledgeable in the practices of specific agencies such as the NYPD and therefore help us to better develop software and implementation plans for those agencies. The

1
2 third group are management consultants who help
3 OPA manage the project and oversee the work of the
4 prime contractor, SAIC.

5 While the need for the QA team may
6 have ended with the end of peak development, the
7 contributions of a small number of SMEs will be
8 required through the completion of implementation
9 and the transition from a primarily contracted
10 mode of operation to one manned by city staff. To
11 that end, pursuant to PPB rules, OPA has executed
12 a contract by negotiated acquisition with Spherion
13 for the continuance of these services.

14 The Spherion contract, which totals
15 approximately \$51 million, this is the contract
16 that's ending on January 15th is expiring in
17 January. This contract will have covered the
18 provision of independent QA services and the team
19 of SMEs for a period of nine years. The SME team
20 at its peak was close to 35 members. A generally
21 accepted guideline for the cost of quality
22 assurance for major IT projects is around 10% of
23 the total project cost. With Spherion, our cost
24 of QA and management assistance has been maintained
25 at less than 10%.

The negotiated acquisition I mentioned is to cover the continuation of the core set of 13 SMEs. As the City Time team is undergoing a significant reduction, so is Spherion team. The remaining individuals are the key consultants, the ones with the most responsibility who help us to manage this large project. These senior managers have the most experience and we are billed commensurately by Spherion. These corporate rates have been confirmed to be in line with industry standards as well as the rates negotiated by the New York State OGS contracts for similar services.

As we reduce the size of the teams to the minimum necessary to continue operations, the work done by these management consultants is even more important. At the end of the project they, too, will be replaced by city staff but until then, they are a necessary part of the city's management team.

Our major focus at this time is the completion of the implementation of City Time at the four uniformed agencies and the remaining civilian agencies. In this regard, we project

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1
2 to listen to the testimony offered by the panels
3 that followed me. There were questions regarding
4 the benefits and cost of City Time as well as some
5 employee reactions that I want to address.

6 In my last appearance before this
7 committee, I reviewed the amendment history of the
8 SAIC contract. SAIC being the prime contractor
9 for the development and implementation of City
10 Time. During the first multi year analysis phase
11 of the program, the city realized that it needed
12 much more from City Time than was in the original
13 agreement. This realization did not come all at
14 once. At the city's direction, the scope was
15 changed to adapt new technologies and to build a
16 technology platform that has the ability to do
17 what the city needs in a way it can supply.

18 First, City Time is complicated.
19 The city pays approximately 345,000 employees in
20 over 5,000 civil service titles according to rules
21 negotiated and litigated with roughly 240
22 collective bargaining units working in about 80
23 agencies. City Time is not just a computerized
24 time clock. It is a sophisticated program that
25 determines what payments are due to each employee

1 according to an extremely complex set of rules
2 that takes all of these variables into account.
3 There are no commercially available software
4 products that come even close to doing what City
5 Time does. We confirm this continually.

6 For example, let's say you are
7 scheduled to work Monday through Friday. Next
8 year, Christmas and New Year's Day holiday are on
9 Saturday on the official city day of observance is
10 the preceding Friday. When you take the Friday
11 off you are receiving your holiday pay. If you
12 are called in to work on Saturday, are you
13 entitled to the holiday premium pay again for the
14 time worked on the actual holiday? But if you are
15 called into work at 11:00 pm for three hours, is
16 the entire three hour shift entitled to holiday
17 pay or just the one hour that falls within the 24
18 holiday?

19 What if you are a carpenter and you
20 work for the Department of Homeless Services.
21 There might be a different answer depending on
22 these variables. These rules are complex. There
23 were over 30 pages of scenarios that had to be
24 analyzed to address the daylight savings time
25

1 transitions alone. All of these rules are
2 effective dated so that when a union agreement is
3 renegotiated retroactively and rules are changed,
4 our employees' pay is adjusted automatically.
5

6 When a user sees a City Time time
7 sheet it looks deceptively simple. All of these
8 rules that I described process in the background.
9 So over the 11 years of this project that has cost
10 the city approximately \$290 million to develop
11 this software, an investment in the accuracy of
12 our payroll and managing the productivity of our
13 employees that already been made.

14 Second, it is a huge computer
15 system. The computer systems that the city uses
16 to manage citywide processes are among the largest
17 in the world and at 46,000 users City Time is
18 currently the largest citywide system.

19 Furthermore, the equipment in the data center has
20 to be industrial strength, able to sustain a high
21 level of availability that has minimal downtime
22 for a user base larger than any other city system.
23 To date, our investment in data center equipment
24 has been \$47 million.

25 This leads me to the final point.

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2 It takes a large team. The size of the
3 operational team is commensurate with the size of
4 the system. In addition to the analysis and
5 programming teams, the cost to operate the data
6 center currently amounts to \$7 million annually.
7 But as I mentioned, the system will soon be
8 operated by city employees.

9 To implement this system, the team
10 has to work with each agency to configure all of
11 the options in the system to match the policies of
12 that agency. We help them set up the organization
13 trees so that the system knows who is the right
14 approver for each employee. They train each and
15 every user to assure that the payroll is accurate
16 and timely the first time out of the gate. Our
17 tolerance for error when it comes to paying our
18 employees is zero. Our implementation teams work
19 very closely with every agency as it is implemented
20 to assure us all goes smoothly.

21 Agency support teams go into the
22 field to assist time keepers in their use of the
23 new system until they are able to stand on their
24 own. We have a help desk to field calls from
25 agency staff. We have a user forum that meets

1 month at which agencies share with us and each
2 other their experiences and recommendations for
3 improvements. These all represent components of a
4 large team working to make this happen. To date,
5 implementation services have totaled \$109 million.
6 And yes, their time is captured by City Time. We
7 use it to manage consultants' time as well as
8 employees' time.

10 Should we continue to invest in
11 this expensive program in such hard economic
12 times? I believe there is only one answer to this
13 question and that is an emphatic yes. City Time
14 puts tools into the hands of our managers to help
15 them manage our work force. I propose that the
16 time when these tools are needed the most is when
17 funding is tight.

18 Overtime management and
19 equalization functionality in City Time will do
20 more than just enable more efficient management of
21 costs. For example, the legislation recently
22 passed in Albany authorizing a tier 5 pension plan
23 also contains a provision that limits the amount
24 of overtime that can be included in the
25 calculation of the pension benefit. The agencies

1
2 affected by this provision will need a tool to
3 manage the amount of overtime worked in the last
4 years of an employee's active career. City Time
5 is that tool.

6 In discussions with managers and
7 agencies at the time of implementation, I have
8 heard feedback that City Time makes them pay
9 attention to their subordinates' time in a more
10 detailed way than they had done previously. Not
11 that it takes more time to do so but they are not
12 required to. As a manager that is one of my
13 primary responsibilities, to make sure that my
14 employees are on the job, to manage their time, to
15 review their time sheets before approving them.
16 While I hear this complaint, I hear it with a
17 recognition that what they are complaining about
18 is really a good thing.

19 The timeliness policies that the
20 system enforces are not new. They are without
21 exception the policies that the agencies always
22 followed. What is new is the attention to
23 performance that this system enables. At our last
24 hearing, I heard a city employee complain that
25 because of the new time keeping system they are

1
2 feeling a new found stress to get to work on time.
3 Not only as the city manager but as a city
4 resident and taxpayer, I could not help but think,
5 that too is a good thing.

6 At the last hearing I heard
7 testimony that our employees are professionals and
8 should be paid based on what they do, not on time.
9 This misses the point. I respect our employees
10 and the work they do but they are not paid based
11 on what they produce. OPA staff are not paid
12 based on the number of paychecks produced or tax
13 forms filed. They are paid to work a 35 hour week
14 and for overtime when they work it. Their
15 productivity is a management issue not a pay
16 parameter and that is true for all city workers
17 regardless of their title or in which agency they
18 work. And it is management's obligation to
19 measure their time accurately and to pay their
20 employees timely.

21 In today's world and with our
22 volume and complexity, it takes a computer system
23 to do that. This is not an option. Fair Labor
24 Standards Act, FLSA, obligates management to track
25 time worked by covered employees in a manner that

1
2 is both accurate and timely. Our current paper
3 based processes do not measure up to that standard
4 and are increasingly being found lacking. That is
5 why FLSA covered employees are required to punch.

6 A cost benefit analysis that was
7 done as part of the original justification for the
8 project documented that City Time would save the
9 city \$66 million annually. These savings were
10 comprised primarily of reductions in paper, error
11 correction, record storage and improvements in
12 time keeper productivity.

13 In 2001, the Gatner Group, an
14 information technology consultancy used by many
15 city agencies to assess technologies, strategies
16 and systems was engaged to assess the City Time
17 project. The scope of this analysis included the
18 confirmation of the costs and benefits of the
19 program. This assessment reduced some of the more
20 optimistic projections and predicted \$60 million
21 annual savings. What was not included in these
22 projections were any benefits to be realized from
23 a more effective personnel management process that
24 the system will enable.

25 We are talking about a payroll that

1 is in excess of \$30 billion annually and
2 improvements such as reduced lateness or early
3 departure of only one-tenth of one percent would
4 amount to \$30 million annually. Even small
5 changes yield big savings. Additionally, a system
6 that demonstrates that our time keeping practices
7 are compliant with the requirements of the FLSA
8 reduces our exposure to claims and corresponding
9 settlements which have been known to amount to
10 tens of millions annually.
11

12 While the costs may have increased
13 the length of time it will take with savings such
14 as these, City Time will pay for itself. The city
15 has already made the investment in the development
16 of this system. And its implementation has
17 already taken place in most city agencies.
18 Granted, we still have the largest agencies ahead
19 of us, the uniformed services. But we have
20 started the process of getting them on board as
21 well. Now is not the time to falter.

22 In summary, City Time benefits both
23 our employees and our agencies by improving
24 efficiency, accuracy, accountability, integrity
25 and compliance with our policies and laws. City

1
2 Time does not change the time keeping policies of
3 our agencies; it simply replaces existing
4 processes with ones that are much more accurate,
5 efficient and paperless. We are committed to
6 tracking the time worked by our employees and
7 paying them accurately on that basis. Indeed, we
8 are obligated to do so by federal law.

9 We are required to capture time in
10 a manner that is both accurate and indisputable.
11 We are also obligated to conduct operations in as
12 efficient a manner as possible. These are the
13 goals of City Time and these goals are being
14 realized. Thank you.

15 CHAIRPERSON JAMES: Does your
16 associate have any questions or comments? No? No
17 testimony? Okay. Mr. Bondi, my questions that I
18 pose to you today are done with the greatest
19 respect for your position, for the office that you
20 hold and for this administration. But there are a
21 number of troubling issues associated with this
22 contract. Let me break down for you the series of
23 questions I will be asking you.

24 First, I will be asking you
25 questions with regards to the number of

1
2 consultants and their salaries, the alleged
3 conflicts of interest, the cost associated with
4 this contract, the amendments and the alleged
5 savings. The alleged errors in this system that
6 have been reported, the number of the concerns
7 that have been expressed by the unions and last
8 but not least, the end game.

9 Let's begin with the alleged
10 conflicts of interest. It is reported today in
11 the Daily News that you. I'll just read it to
12 you. You were the city's current payroll
13 director. You worked, before Mayor Bloomberg--
14 excuse me. You are the city's current payroll
15 director. In your previous employment, you worked
16 with Spherion Corporation. You unfortunately did
17 not list your former involvement with Spherion in
18 your official biography on the city's web site.
19 It was only confirmed at an arbitration hearing
20 with the city's workers union.

21 It is also alleged that Spherion
22 was brought on to this City Time contract as a
23 result of your relationship with them. It also
24 alleges in this article today that you in fact
25 received a letter from the conflict of interest

board, which indicated that this in fact was not a conflict of interest and they advised you accordingly.

My first question is do you have a copy of that letter from the conflict of interest board and can you share that with this committee?

MR. BONDI: I can share that letter. I do not have it with me. I will have to follow up with that for you.

CHAIRPERSON JAMES: Why did you not list your former involvement with Spherion in your biography?

MR. BONDI: I was trying to summarize a 30 year career in information systems, consulting and management. That was a very short period of time in my career. I didn't consider it relevant.

CHAIRPERSON JAMES: Why did you not disclose to this committee that you had formerly been employed with Spherion at the last hearing?

MR. BONDI: I can't recall there being a point in that discussion at which that would have been something to raise.

CHAIRPERSON JAMES: Do you not

1 think that that you should have disclosed the fact
2 that you were formerly associated with Spherion?
3 Either in your bio or to this committee, or yeah.

4 MR. BONDI: Well, first I'd like to
5 say that Spherion was brought on to provide
6 quality assurance services to the City Time
7 program before I became the Executive Director of
8 OPA.
9

10 CHAIRPERSON JAMES: Let me just
11 stop you there. You were not involved in bringing
12 on Spherion in any manner?

13 MR. BONDI: That is correct.

14 CHAIRPERSON JAMES: Were you
15 involved in hiring any employees that worked at
16 Spherion, bringing them as a consultant on to the
17 City Time Contract? Did you hire anyone?

18 MR. BONDI: No.

19 CHAIRPERSON JAMES: You didn't hire
20 anyone?

21 MR. BONDI: Consultants have been
22 hired while I was the Executive Director of OPA by
23 Spherion. I did not hire them, no.

24 CHAIRPERSON JAMES: Did you make
25 any recommendations with respect to any of these

consultants.

MR. BONDI: No, I did not.

CHAIRPERSON JAMES: Okay. So basically what you're saying is that Spherion was brought on to the contract prior to your employment as the city's current payroll director.

MR. BONDI: Yes.

CHAIRPERSON JAMES: And you had no involvement with the hiring of any consultants on this contract.

MR. BONDI: That is correct.

CHAIRPERSON JAMES: Okay. Let me ask you. I'm going to identify some names and I would like for you to tell me what their relationships are with Spherion, with yourself. Mark Mazer, who is Mark Mazer?

MR. BONDI: Mark Mazer is a subject matter expert that is working on the City Time program, employed by Spherion who is working for us to manage the operations and system testing, help desk and implementation efforts of the SAIC provided services.

CHAIRPERSON JAMES: Excuse me. We've been joined by cm Robert Jackson from

1
2 Manhattan and the soon to be Comptroller Elect and
3 I'm glad that he's here, cm John Liu. Welcome cm.
4 What is your relationship to Mark Mazer?

5 MR. BONDI: Mark Mazer is someone
6 that I worked with when I was at the
7 Administration of Children Services. He worked
8 for me at the Administration of Children Services
9 as a city employee at that time. Other than that,
10 we have a professional relationship.

11 CHAIRPERSON JAMES: What is your
12 professional relationship with Mark Mazer?

13 MR. BONDI: He works on a project,
14 which is in my agency and I manage my agency so
15 that is the relationship.

16 CHAIRPERSON JAMES: Prior to him
17 working at this agency, was there any business
18 relationship with Mr. Mazer?

19 MR. BONDI: No.

20 CHAIRPERSON JAMES: What about Mr.
21 Scott Burger?

22 MR. BONDI: Mr. Scott Burger is
23 another subject matter expert employed by Spherion
24 and working on the City Time contract. He manages
25 several units within Mark Mazer's span of control,

1 including configuration services and the help
2 desk.

3
4 CHAIRPERSON JAMES: Mark Mazer and
5 Scott Burger, did you recommend them for these
6 positions?

7 MR. BONDI: No, I did not.

8 CHAIRPERSON JAMES: Okay. Did you
9 write any letters on their behalf?

10 MR. BONDI: No, I did not.

11 CHAIRPERSON JAMES: Did you make
12 any calls on their behalf?

13 MR. BONDI: No, I did not.

14 CHAIRPERSON JAMES: Scott Burger,
15 what is your relationship with Mr. Scott Burger?

16 MR. BONDI: Just professional
17 relationship that he works at my agency.

18 CHAIRPERSON JAMES: What about
19 Mitch Goldstein?

20 MR. BONDI: Mitch Goldstein is a
21 subject matter expert working on the City Time
22 contract employed by Spherion. He is responsible
23 for an area that we call contract management
24 office.

25 CHAIRPERSON JAMES: What is your

1 relationship with Mr. Goldstein, professionally or
2 otherwise?

3
4 MR. BONDI: Mr. Goldstein and I
5 worked together in the mid-70s for consulting
6 company called American Management Systems. In
7 the 80s he and I were partners in a consulting
8 firm that did business under the name Productivity
9 Center, which I left in 1989 and dissolved any
10 interest that I had in that firm in 1989. Let's
11 see.

12 CHAIRPERSON JAMES: So you have a
13 relationship with Mr. Goldstein, is that fair to
14 say?

15 MR. BONDI: Yes.

16 CHAIRPERSON JAMES: Mr. Mazer, Mr.
17 Burger, Mr. Goldstein, did you recommend them to
18 the positions with this City Time?

19 MR. BONDI: Once they were hired
20 and presented for hiring and interviewed by City
21 Time management and recommended to be hired and
22 brought on into the subject matter expert
23 positions. And as I took a more active role in
24 the management of the City Time program, I was
25 responsible for the placement of people into their

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2 management positions for managing the project. So
3 yes, I had organized the activities of the project
4 into the units in which they are organized and
5 also appointed the people who run those
6 organizations into those posts. So yes.

7 CHAIRPERSON JAMES: Is it just
8 coincidental that you had a prior relationship
9 with Mr. Mazer and Mr. Burger and Mr. Goldstein?
10 Is it pure coincidence?

11 MR. BONDI: A pure coincidence that
12 they are in these positions while working here?

13 CHAIRPERSON JAMES: Yes and that
14 you had a prior relationship with these three men.

15 MR. BONDI: The important point is
16 that the relationships were all professional.
17 That these people have proven themselves in the
18 past and currently to be highly capable and
19 competent at their jobs. The reasons why they are
20 working in these positions is because of that
21 competency.

22 CHAIRPERSON JAMES: Let's go over
23 their experience. Tell me a little bit about Mr.
24 Mazer's experience. What makes him so qualified
25 and how much does he make?

1
2 MR. BONDI: His background when I
3 worked with him at the Administration for Children
4 Services I was in charge of information systems,
5 MIS at Administration for Children Services. At
6 that time we were implementing within ACS a
7 computer system called connections, which is part
8 of the statewide child welfare information system.
9 To do that implementation we had to install
10 computers at, I believe, 50 some locations. We
11 had to do the wiring, the cabling. We had to
12 connect the computers, we had to set up the local
13 area networks, the wide area networks. We had to
14 coordinate facilities work which involved the
15 installation and wiring and electrical--

16 CHAIRPERSON JAMES: [interposing]
17 So it's fair to say that you and Mr. Mazer worked
18 very closely together. How much does he make now?

19 MR. BONDI: I don't know how much
20 he makes.

21 CHAIRPERSON JAMES: What about Mr.
22 Burger?

23 MR. BONDI: I had no previous
24 relationship with Mr. Burger.

25 CHAIRPERSON JAMES: Do you know how

much Mr. Burger makes?

MR. BONDI: No, I don't.

CHAIRPERSON JAMES: How about Mr. Goldstein, what is his salary, do you know?

MR. BONDI: No.

CHAIRPERSON JAMES: What is so special about Mr. Goldstein, why is he so highly qualified?

MR. BONDI: Mr. Goldstein worked as a management consultant for AMS and also for a company called the Outsourcing Institute. His specialty had to do with the organization of contract forces to provide and services and operate computer systems and the like. He was brought in to OPA by my predecessor Richard Valchek and hired through Spherion and was working on the City Time project--

CHAIRPERSON JAMES: [interposing]
Let me stop. You said Mr. Valchek brought on Mr. Goldstein?

MR. BONDI: Yes.

CHAIRPERSON JAMES: And you never recommended to Mr. Valchek to hire Mr. Goldstein?

MR. BONDI: No.

CHAIRPERSON JAMES: I don't believe we've taken the oath today. Could you put up your right hand, please. Do you swear to tell the truth, the whole truth?

MR. BONDI: I do.

CHAIRPERSON JAMES: So help you God?

MR. BONDI: Yes.

CHAIRPERSON JAMES: Thank you. You've never recommended to Mr. Valchek to hire Mr. Goldstein.

MR. BONDI: No, I did not.

CHAIRPERSON JAMES: And your relationship with Mr. Goldstein goes back how far?

MR. BONDI: Goes back to the late 70s.

CHAIRPERSON JAMES: And how much does Mr. Goldstein make as a consultant on this contract?

MR. BONDI: I do not know.

CHAIRPERSON JAMES: Okay. Do you know if it's more than \$200,000?

MR. BONDI: What I know is and what I can talk to is how much the city is billed by

1 Spherion. I don't know how much Mr. Goldstein--

2 CHAIRPERSON JAMES: [interposing]

3 How much is the city billed by Spherion?

4 MR. BONDI: \$236.25 an hour.

5 CHAIRPERSON JAMES: How much money
6 has the city spent for billed to--I'm sorry. What
7 is the total amount of money that the city has
8 paid out to Spherion over the last nine years?

9 Yeah, the total amount and how many employees work
10 at Spherion?

11 MR. BONDI: The total amount
12 through December 17th, through yesterday to
13 Spherion is \$48,424,942.

14 CHAIRPERSON JAMES: And how many
15 consultants work for Spherion as it relates to
16 City Time? John Liu I need you to do math real
17 quick.

18 MR. BONDI: I don't know if we have
19 that information with us.

20 CHAIRPERSON JAMES: You have no
21 idea how many consultants or employees work for
22 City Time that are associated with Spherion?

23 MR. BONDI: I believe that the
24 number of subject matter experts, SMEs, was 34.
25

CHAIRPERSON JAMES: 34, so thirt--

MR. BONDI: [interposing] There are more than that. That's the SME component of the system. The equality. There were 13 providing what were called continuing QA services.

CHAIRPERSON JAMES: So 13 over ten years is it?

MR. BONDI: 13 plus the 34. Now, it's not over 10 years. The Spherion contract began January 2001.

CHAIRPERSON JAMES: So 13 plus 34, nine years. So it's 47 SMEs over nine years, totaling \$48 million, right?

MR. BONDI: Right.

CHAIRPERSON JAMES: Okay.

MR. BONDI: Yes.

CHAIRPERSON JAMES: What's the average, John? Anyone could do the average?

CM LIU: A lot of money.

CHAIRPERSON JAMES: A lot of money. Okay, so it's a lot of money. It's about \$300,000 per employee, would that be fair to say?

MR. BONDI: I'll take your word for that, sure.

CHAIRPERSON JAMES: \$300,000 to \$400,000 per employee for Spherion over a period of time. And each of these consultants, based on your testimony Mr. Bondi have such unique experience that they were worth \$300,000 to \$400,000 a piece.

MR. BONDI: The way I would characterize that is at the time they were presented for the positions that we posted. And what we do is we define a position and we have a position description and we associate a job title with that position. The rates that are paid are standard rates that have been negotiated, which I'll get to the negotiation process in a moment.

So these rates were established at the point that these folks were hired and they were qualified for their positions. What I have referred to in terms of where we are going with this particular contract is that now that we have finished the period of development, that we are reducing significantly from the 34 plus the 13 down to 13 total. That just to handle the transition that these folks are the ones who based on their qualifications but also based on their

specific experience with what we are currently doing, they're the best ones for the job to manage the transition.

CHAIRPERSON JAMES: Let me ask you this question, of the 47, how many do you have a business relationship with, a personal relationship or any other relationship with. Of the 47 how many do you know personally or had previous work experience with, had a business relationship or know on a personal level, of the 47? We've already identified three.

MR. BONDI: I'm sorry three?

CHAIRPERSON JAMES: Mazer, Burger, Goldstein.

MR. BONDI: No, Burger was not someone with whom I had any previous knowledge.

CHAIRPERSON JAMES: Okay. So two.

MR. BONDI: I would say two.

CHAIRPERSON JAMES: Just those two?

MR. BONDI: Yes.

CHAIRPERSON JAMES: What about a Sal Salamone, who is that?

MR. BONDI: Sal Salamone is a consultant who works for SAIC. He is a former

1
2 director of the Mayor's Office of Computer Plans
3 and Controls who has since retired and has worked
4 for SAIC since SAIC has been the City Time
5 contractor.

6 CHAIRPERSON JAMES: Do you know Sal
7 Salamone?

8 MR. BONDI: You're right. I knew
9 Sal back when he worked for the city. Yes, you're
10 right.

11 CHAIRPERSON JAMES: So you had a
12 personal relationship with him?

13 MR. BONDI: No, I did not have a
14 personal relationship with him.

15 CHAIRPERSON JAMES: You had a
16 business relationship with him?

17 MR. BONDI: Yes, I knew Sal from my
18 prior employment at Pfizer.

19 CHAIRPERSON JAMES: So you knew one
20 another on a personal level?

21 MR. BONDI: No, it was only a work
22 level.

23 CHAIRPERSON JAMES: It was only a
24 work level.

25 MR. BONDI: Yes.

CHAIRPERSON JAMES: And he worked for SAIC but he's now retired.

MR. BONDI: He's retired from the city. He still works for SAIC.

CHAIRPERSON JAMES: He still works for SAIC. And how much does he make?

MR. BONDI: I don't know.

CHAIRPERSON JAMES: Okay. And what is his title?

MR. BONDI: I don't know that either. We have, or at least at one time we had 300 consultants for SAIC working on this program. I don't know all their titles and rates and so forth.

CHAIRPERSON JAMES: Of those 300 consultants who worked for SAIC on City Time, how many of them are former city employees? Either worked for the Dickens administration, the Giuliani administration, any other administration or Bloomberg in the last two terms.

MR. BONDI: I don't know the exact number. There are some number of former city employees who are working on the program.

CHAIRPERSON JAMES: Is it more than

100?

MR. BONDI: No.

CHAIRPERSON JAMES: Less than 100?

MR. BONDI: I would say less than
20.

CHAIRPERSON JAMES: How many in
management positions in SAIC worked for previous
administrations, management?

MR. BONDI: I don't think any.

CHAIRPERSON JAMES: Okay. How many
management positions in the other firm, Spherion
work for previous administrations?

MR. BONDI: I think three.

CHAIRPERSON JAMES: Just three.

MR. BONDI: Yes.

CHAIRPERSON JAMES: Okay and what
administrations, do you know?

MR. BONDI: No.

CHAIRPERSON JAMES: Do you know
what those three? Can you identify those three
individuals by name?

MR. BONDI: Mark Mazer, George
Blanchard.

CHAIRPERSON JAMES: George

1
2 Blanchard. You don't know who Mr. Blanchard
3 worked for in the previous administration?

4 MR. BONDI: George Blanchard is a
5 retired police lieutenant who worked for many
6 years for retirement until age 55. I think he
7 worked for every administration for the last 30
8 years, probably.

9 CHAIRPERSON JAMES: And what is Mr.
10 Blanchard do at SAIC?

11 MR. BONDI: He is a subject matter
12 expert, working on helping us to plan the software
13 and the implementation of City Time for the Police
14 Department.

15 CHAIRPERSON JAMES: And he was a
16 former lieutenant did you say?

17 MR. BONDI: Yes.

18 CHAIRPERSON JAMES: So as a former
19 lieutenant at NYPD, what experience does he have
20 with regards to technology and implementing City
21 Time that makes him so unique?

22 MR. BONDI: He developed a system
23 whose acronym I can not recall that does automatic
24 time sheets for all of the precincts on Staten
25 Island for the Police Department. It was never

1
2 rolled out to the rest of the Police Department
3 but he implemented a time sheet management process
4 for the Police Department in the past.

5 CHAIRPERSON JAMES: And that was
6 his responsibility when he worked for NYPD?

7 MR. BONDI: And before he retired
8 he was assigned as the liaison to the City Time
9 program by the Police Department.

10 CHAIRPERSON JAMES: Okay. And do
11 you know how much he makes?

12 MR. BONDI: No, I don't.

13 CHAIRPERSON JAMES: Okay. And the
14 third individual?

15 MR. BONDI: No, I'm mistaken.
16 There isn't a third individual.

17 CHAIRPERSON JAMES: Okay. So there
18 are 300 consultants with SAIC, 47 with Spherion,
19 right? Yes?

20 MR. BONDI: I'm sorry, yes.

21 CHAIRPERSON JAMES: The total
22 amount of money that we have spent thus far on
23 City Time for Spherion is \$48 million. And for
24 SAIC, how much money has the city spent? Or how
25 much has it cost the city?

1
2 MR. BONDI: To date we have spent
3 \$496,014,063.41.

4 CHAIRPERSON JAMES: And the total
5 amount of the contract is for how much?

6 MR. BONDI: Currently \$628 million.

7 CHAIRPERSON JAMES: And it
8 originally the contract was...? What was the
9 original amount of the contract for SAIC?

10 MR. BONDI: The original contract
11 for City Time was not with SAIC, it was with MCI
12 System House. That was in 1998 for \$63 million.

13 CHAIRPERSON JAMES: So \$63 million
14 was the original amount of the contract. We are
15 now up to \$628 million, is that fair?

16 MR. BONDI: That is correct.

17 CHAIRPERSON JAMES: Based on your
18 testimony, you allege that the reason why it cost
19 some money is because all of these labor issues
20 and overtime. What's the reason why it costs so
21 much? There are approximately 345 employees and
22 over 500 civil service titles. There are all of
23 these rules and regulations. That explains the
24 increase in the amount, in a nutshell.

25 MR. BONDI: The reasons for the

1
2 increase. What you have described is some of the
3 reasons why the software is so complicated. The
4 cost of programming the software is partially
5 based on all the complexities of the 5,000 titles,
6 80 agencies, 240 collective bargaining units.
7 There are tens of tens of thousands of rules that
8 are called into play, need to be defined and that
9 are called into play when paying city employees.
10 So the software development portion of this
11 project has added up to \$291 million and over the
12 past 11 years. That's part of the growth.

13 The second part of the growth or of
14 the cost, the reason why it costs so much is that
15 the size of the system currently has over 46,000
16 people using the system every day. It is by far
17 the largest city system in operation. It
18 currently is scaled, has been built out to handle
19 85,000 people so we can add close to 40,000 more
20 people to the system without having to buy any
21 more hardware or software. But the scale of the
22 computer system itself is immense. So the
23 investment in the data center so far has been I
24 believe I said \$47 million.

25 And the cost of implementation

1 because every one of those people is a user of the
2 system, everyone needs to be trained, the system
3 needs to be configured and set up. There's a very
4 large team of people that implement and support
5 this system. And so far the cost of
6 implementation had been \$109 million.

8 CHAIRPERSON JAMES: So it's \$628
9 for SAIC, \$48 from Spherion and \$108 for
10 implementation?

11 MR. BONDI: No, those numbers that
12 I was giving you are within the SAIC figures.

13 CHAIRPERSON JAMES: Do you believe
14 that perhaps, possibility one of the reasons why
15 the costs are escalated is because the number of
16 consultants? 300 consultants at SAIC, 47 at
17 Spherion? When the contract was first let, how
18 many consultants were employed?

19 MR. BONDI: I wasn't here then so I
20 don't know.

21 CHAIRPERSON JAMES: Do you have any
22 idea how many consultants were hired at that time?

23 MR. BONDI: It was a very small
24 number of consultants.

25 CHAIRPERSON JAMES: So the number

of consultants have escalated.

MR. BONDI: Absolutely.

CHAIRPERSON JAMES: So that, too, can contribute to the escalation of costs, would that be fair to say?

MR. BONDI: Yes and if I may.

CHAIRPERSON JAMES: Sure.

MR. BONDI: Amplify that the project at City Time has become and the system that was envisioned when City Time began are not the same. Originally the plan was to implement already program, commercially available software. It would be customized for each agency to meet what they needed to do. But the majority, based on the RFP process and the software that was selected, it was expected that this software would be able to meet most of the city's needs.

So the consulting team that was board at that time, I am sure was commensurate with that plan of development, which was just to customize around the edges. Basically tweaking around the edges of a commercially available package. As the analysis phase of that program started and I would say the majority of

1
2 consultants at that time were the people that were
3 on the analysis team.

4 They went to every city agency to
5 discuss how time keeping works at those agencies
6 and what their needs are. What they discovered
7 was the amount of customization that was being
8 identified and documented, exceeded the amount of
9 capability, let's say, that was within these off
10 the shelf systems. So the city determined that it
11 wanted to have a custom developed system as
12 opposed to implementing these deficient off the
13 shelf packages.

14 When that decisions was made and
15 that change in direction was undertaken, the
16 number of consultants involved in the development
17 of the software rose dramatically. About half of
18 the team at its maximum was in the development
19 portion of the project.

20 CHAIRPERSON JAMES: Who negotiates
21 the contracts for each of the consultants?

22 MR. BONDI: What we established is
23 a process very similar to the civil service
24 process for hiring and payment of city employees.
25 What we did was we had developed a table of

1
2 standard titles, junior programmer analyst, senior
3 programmer analyst, project manager level one,
4 staff analyst, system tester, trainer. We've
5 developed a table of titles and these titles
6 correspond to the titles which are documented or
7 covered in the New York State OGS services
8 contracts. Then we negotiated rates for those
9 titles.

10 When I came on board at OPA, sort
11 of the gold standard for--

12 CHAIRPERSON JAMES: [interposing]
13 When did you come on board?

14 MR. BONDI: It was April of 2004.
15 The gold standard that was being used to determine
16 what should be the costs for products and
17 services, information technology products and
18 services were the New York State OGS services
19 contracts. So what we did was we felt that that
20 only represented a starting point for negotiation,
21 that the city should be able to do much better
22 than the state.

23 What we've done is we start with
24 the OGS rates and we negotiated much lower, steep
25 discounts against those negotiated rates and those

1 are the rates that we're paying. We don't
2 negotiate a rate for an individual consultant.
3 What we do is we identify or the management of an
4 area identifies a need and these teams have been
5 fairly static for a long time. They identify the
6 need for let's say three people working in the pay
7 rules area that need to be programmers and need to
8 have certain skills. We agree that we need to
9 have, let's say, someone in the programmer
10 analyst, maybe one senior programmer analyst, one
11 junior programmer analyst and one programmer
12 analyst.

14 Then we post those positions to
15 SAIC or if it's in the development shop that would
16 be to SAIC and then they bring candidates to be
17 interviewed. They do a selection but the rate
18 that we're paying SAIC for those consultants is
19 based on the standard table of rates. We've been
20 using that since about 2007.

21 CHAIRPERSON JAMES: So Mitchell
22 Goldstein, according to the article today is on
23 track to charge \$490,000 in payroll records.
24 That's the standard rate for a consultant in this
25 area. Is that what you're saying?

1
2 MR. BONDI: No. For his position
3 which is a--I don't have the title here.

4 CHAIRPERSON JAMES: It's for the
5 entire year.

6 MR. BONDI: The title in which he
7 is working, the OGS rate, the Spherion OGS rate
8 for that title is \$391.17 an hour. We are paying
9 \$236.25 an hour to Spherion for his services,
10 which represents off the top of my head I would
11 say about a 40% discount off of standard rates.

12 CHAIRPERSON JAMES: So \$490,000 is
13 less than what he would make in the private
14 sector?

15 MR. BONDI: What would be charged
16 by Spherion for his services because I don't know
17 what Mitch Goldstein makes. Again, that's what
18 the firm charges the city. The standard rate,
19 which has been negotiated, which is supposed to be
20 a discounted rate. That was negotiated by the
21 state for that title is \$391.

22 CHAIRPERSON JAMES: But no, I
23 understand that. So it's \$391 but it seems that
24 the amount of money that Mr. Goldstein was paid on
25 this particular contract as a consultant exceeds

the \$391.

MR. BONDI: No.

CHAIRPERSON JAMES: It does not?

MR. BONDI: He's been paid \$236.25
an hour.

CHAIRPERSON JAMES: Okay.

MR. BONDI: And that is what we
paid Spherion.

CHAIRPERSON JAMES: How many hours
has he worked?

MR. BONDI: I don't know off hand.

CHAIRPERSON JAMES: What about, it
seems that Mark Mazer and Sirvanis Talisila and
Jacques Lucienne. I apologize if I mispronounce
their names. They will get more than \$400,000
from the city each.

MR. BONDI: I, again, don't know
what they get. What I know is what Spherion gets.
I don't know what their salaries or rates are that
they get paid by Spherion. All we know is what we
are charged by the vendor, by the contractor. We
negotiate those rates and then they have their own
arrangements with the people that they provide to
us so we do not know what they've been paid.

CHAIRPERSON JAMES: And so these rates were based on state law?

MR. BONDI: Right. Jacques Lucienne is also in the same title at Mitchell Goldstein but we are--let's see. He's in the same title as Mitch Goldstein because he's been in the position for the last time we paid Spherion \$200 an hour for him.

CHAIRPERSON JAMES: So we pay these individuals the standard rate but Spherion actually pays these individuals and Spherion bills the City of New York. Is that how it works?

MR. BONDI: Yes.

CHAIRPERSON JAMES: So I guess the question really is who negotiated the contract with Spherion?

MR. BONDI: OPA did, we did.

CHAIRPERSON JAMES: You did?

MR. BONDI: Yes.

CHAIRPERSON JAMES: Were you involved?

MR. BONDI: No.

CHAIRPERSON JAMES: Who actually negotiated this contract with Spherion?

MR. BONDI: That was before my time. I don't know who did.

CHAIRPERSON JAMES: You don't know?

MR. BONDI: No.

CHAIRPERSON JAMES: Okay. But as we amend this contract, are you involved in the negotiation?

MR. BONDI: Yes.

CHAIRPERSON JAMES: So we have amended this contract on a number of occasions, wyes?

MR. BONDI: Yes, we have.

CHAIRPERSON JAMES: And you have been involved in those negotiations?

MR. BONDI: Yes.

CHAIRPERSON JAMES: Why did we not negotiate down, the amounts of money, particularly in these challenging times? It just seems excessive, particularly at a time when we're laying off city workers.

MR. BONDI: Well, these rates do represent significant discounts, number one. Number two, this contract ends in January. The last extension was at no additional cost. We do

1 not raise the contract maximum. We were
2 continuing to work the same services and were
3 ending the period of development, over which
4 Spherion was providing quality assurance. So this
5 contract was ending.
6

7 CHAIRPERSON JAMES: You am on in
8 April of 2004, how many amendments have you
9 negotiated with Spherion and SAIC?

10 MR. BONDI: Let's see. Four
11 amendments with SAIC, if I'm reading this correct
12 and seven with Spherion.

13 CHAIRPERSON JAMES: In each of
14 those times, the contract has not been reduced
15 any?

16 MR. BONDI: Each of those times the
17 OGS rates on which the contract is based had gone
18 up. The rates that we paid Spherion did not go
19 up.

20 CHAIRPERSON JAMES: In addition to
21 the rates, the amount of money that we pay to
22 Spherion includes rates, what else does it
23 include? What else is part of the negotiation?

24 MR. BONDI: I'm sorry. I was being
25 advised that while the state OGS rates on which

1
2 these contracts are based include an annual cost
3 of living adjustment, ours does not. There was
4 one cost of living adjustment that was made during
5 the entire term of the contract, which was we
6 think about two years ago.

7 CHAIRPERSON JAMES: So it's cost of
8 living increases, consultant rates, any other
9 costs that are included in these contracts?

10 MR. BONDI: I'm saying there was
11 only one cost of living increase over the eight
12 years of the contract so that's not--

13 CHAIRPERSON JAMES: [interposing]
14 Okay so consultant rates. What else is included
15 in these contracts?

16 MR. BONDI: There have been a
17 number of assessments that were done, quality
18 assurance assessments that were done on specific
19 parts of the City Time program at the city's
20 request by sub contractors that the city request
21 Spherion to bring on board to perform these
22 assessments. And so--

23 CHAIRPERSON JAMES: [interposing]
24 So there's sub contractors.

25 MR. BONDI: Yes, there are sub--

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CHAIRPERSON JAMES: [interposing]

How many sub contracts are we talking about and who are they? How many consultants are there?

MR. BONDI: Well, the assessments that I'm referring to were, for the most part, singular events. They're not ongoing so we don't know the number of people that were involved. The assessment there was an assessment performed by the Gartner Group.

CHAIRPERSON JAMES: What group?

MR. BONDI: Gartner, G-A-R-T-N-E-R Group which is an information technology consultancy that this city--

CHAIRPERSON JAMES: [interposing]
Another consultancy.

MR. BONDI: It's one that the city uses for advice on systems, strategies and technologies

CHAIRPERSON JAMES: How much do they get paid?

MR. BONDI: They were provided a fixed fee for an assessment. I don't think we have that information with us

CHAIRPERSON JAMES: It just seems

1 this is out of control. The more that you remove
2 the layers, there's more consultant groups.
3 Besides Gartner Group, what other groups are there
4 or organizations or firms or sub contracts?
5

6 MR. BONDI: There was an assessment
7 that was done by a company called Fair Isaacs.

8 CHAIRPERSON JAMES: Spell that.

9 MR. BONDI: F-A-I-R I-S-A-A-C-S.

10 CHAIRPERSON JAMES: Any others?

11 MR. BONDI: They are a software
12 vendor that provides the software which is called
13 a rules engine, which is at the heart of City
14 Time. The rules engine is what processes all the
15 pay rules for the City of New York. What we did
16 through Spherion was we brought Fair Isaacs on
17 board to do a one time assessment of the way in
18 which the rules were developed in City Time to
19 make sure we were using the software in efficient
20 a way as possible and we were using it the way it
21 was supposed to be used. So that assessment was
22 done. That was also a fixed price assessment.

23 CHAIRPERSON JAMES: How much?

24 MR. BONDI: I don't have the
25 numbers of these contracts with me?

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CHAIRPERSON JAMES: Okay. Gartner, Fair Isaacs, any others?

MR. BONDI: There was what's called a penetration test, which is when one hires specialists who try to determine if your system has any vulnerabilities of attack, whether you can be hacked in to and someone could update the data or damage the system in some way.

CHAIRPERSON JAMES: Is that a one time test?

MR. BONDI: We did it twice.

CHAIRPERSON JAMES: How much were they paid?

MR. BONDI: I don't have the numbers.

CHAIRPERSON JAMES: And what's the name of that company>

MR. BONDI: There were two companies that did that. One was Computer Network Solutions and the second was called Pivot Point.

CHAIRPERSON JAMES: Do we have costs of these contracts?

MR. BONDI: I do not have these with me, no.

CHAIRPERSON JAMES: Any other sub contracts?

MR. BONDI: The individual consultants who work on City Time, through Spherion may or may not, they may be employees of Spherion or they may be sub contractors of Spherion. We capture the sub contractor information--

CHAIRPERSON JAMES: [interposing]
Capture?

MR. BONDI: We document the information about the sub contractors under Spherion of that nature.

CHAIRPERSON JAMES: What was it?

MR. BONDI: I don't have that information.

CHAIRPERSON JAMES: okay. So in the sub contractor category. How much do sub contractors cost the City of New York or have cost them over the last ten years?

MR. BONDI: All we know is what we pay Spherion. We don't know what Spherion pays them--

CHAIRPERSON JAMES: [interposing]

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So it's within that 600--

MR. BONDI: [interposing] The \$40 million that we paid to Spherion to date is for the services of those individuals at the New York State contract rates. If those people are working for Spherion as employees or as sub contractors, that's just a matter of whether they get paid via 1099 or W2. To us, the cost is what we pay Spherion according to negotiations.

CHAIRPERSON JAMES: Let me ask you this question on the side. Any of these contracts women or minority?

MR. BONDI: If we're talking about individuals it would be obviously if the individuals are minority. If so, of course we're very diverse--

CHAIRPERSON JAMES: [interposing] The firms are owned and/or managed by a woman or a person of color, any of these sub contacts?

MR. BONDI: There's a big answer yes under SAIC. 60% of our services billing is that the contractors, the programmers and so forth are provided by a sub contractor called Techno Dyne.

CHAIRPERSON JAMES: Techna Dyne.

MR. BONDI: Techno Dyne T-E-C-H-N-O D-Y-N-E and they have been registered with the comptroller's office as a sub contractor to SAIC and they are certified, they are dually registered as a minority women based enterprise.

CHAIRPERSON JAMES: Is it a woman that owns this?

MR. BONDI: Both, they're certified as a minority and a woman based enterprise, dually certified by the state.

CHAIRPERSON JAMES: All of these sub contractors, as far as you know, any of the principals, were they former employees of any previous administration, as far as you know?

MR. BONDI: Not that I know of, no.

CHAIRPERSON JAMES: Not that you know of. Okay. When can I expect that letter from the conflicts of interest board Mr. Bondi.

MR. BONDI: I believe I have that at home. I have to get that over the weekend and I'll get it to you next week.

CHAIRPERSON JAMES: Thank you.

Originally this contract was supposed to result in

1
2 some savings to the City of New York of \$60
3 million. How much has the city saved as a result
4 of this City Time contract?

5 MR. BONDI: The savings that were
6 documented to be accrued by the city in the areas
7 as I mention of paper reduction, efficiencies in
8 time keeping and other process type costs are
9 realized by the agencies themselves and not by OPA
10 so these costs are diverse and spread out
11 throughout the agencies. I don't have that
12 information.

13 CHAIRPERSON JAMES: I believe you
14 indicated 49 out of the 80 agencies, City Time has
15 been completed so we have 31 agencies left to be
16 equipped with the technology?

17 MR. BONDI: 46.

18 CHAIRPERSON JAMES: 46. So we have
19 34.

20 MR. BONDI: Well the number that we
21 use is a round number when I say 80. If I can
22 read this, this is a real pie chart. I'm trying
23 to put my hands on a list of these remaining
24 agencies. Actually the remaining count is 24
25 agencies so I guess I should be using 70 as the

total number.

CHAIRPERSON JAMES: So 24 agencies left to be outfitted. What are those agencies? NYPD is one?

MR. BONDI: NYPD, probably is not going to be on my list because we already have a number of employees of the NYPD on City Time so they would be on my list of partially deployed agencies.

CHAIRPERSON JAMES: Okay, stop. There's a number of employees of NYPD that are...

MR. BONDI: That are using City Time currently.

CHAIRPERSON JAMES: That are using City Time?

MR. BONDI: Yes.

CHAIRPERSON JAMES: I thought you said employed.

MR. BONDI: No, sorry.

CHAIRPERSON JAMES: They're using City Time.

MR. BONDI: They're using City Time. If I'm reading this chart correctly the agencies that have yet to have any of their

employees implemented at the Department of Homeless Services.

CHAIRPERSON JAMES: DHS.

MR. BONDI: The Independent Budget Office.

CHAIRPERSON JAMES: OMB.

MR. BONDI: The Public Advocate, the borough presidents of Queens, Manhattan, Brooklyn and the Bronx, the Office of the Mayor, the Human Rights Commission, the Office of the Comptroller, the City Council, the Police Pension Fund, Staten Island would PA stand for Public Administrator?

CHAIRPERSON JAMES: Yes.

MR. BONDI: Staten Island Public Administrator, Civil Service Commission, the Bronx PA, the Board of Higher Education, Housing Preservation and Development, the community boards of all five boroughs, the Board of Elections and the Public Service Corps.

CHAIRPERSON JAMES: Public Service Corps?

MR. BONDI: Yes.

CHAIRPERSON JAMES: I never heard

1 of that.

2
3 MR. BONDI: I believe that are
4 1,125 employees of the Public Service Corps.

5 CHAIRPERSON JAMES: Mr. Bondi, I'm
6 sorry, what are the rules with regards to former
7 city employees in doing business with the City of
8 New York? Are there any restrictions or
9 limitations as far as you know?

10 MR. BONDI: Yes.

11 CHAIRPERSON JAMES: What are they?

12 MR. BONDI: I'm not an expert on
13 those limitations. I know that they vary
14 depending on what you role, how senior or what the
15 level of your role is within an agency. If you
16 are an employee of an agency and you leave, you're
17 not allowed to appear before that agency for a
18 year, one year. If you were in a position of
19 responsibility over a contract or a matter, a
20 particular matter or substantially involved in a
21 particular matter, that's a lifetime on that
22 particular matter, a lifetime.

23 CHAIRPERSON JAMES: A lifetime
24 restriction.

25 MR. BONDI: Yes. I think if you're

an agency head, you're not allowed to appear before your agency also. That's a lifetime restriction, isn't it?

[Discussing with colleague]

CHAIRPERSON JAMES: I'm sorry ma'am. Could you just state your name for the record and you're giving information, which is vital.

VALERIE HIMALESKI: Valerie Himalesski, counsel to OPA.

CHAIRPERSON JAMES: Okay, so what are the rules, the restrictions and limitations about former city employees doing business with the City of New York.

MS. HIMALESKI: What Mr. Bondi said, one year after leaving city services prohibited from appearing before your former agency. In addition to that, you--

SEARGEANT AT ARMS: Can you please step up and identify yourself for the record? Step up to the microphone, please.

MS. HIMALESKI: Valerie Himalesski, General Counsel to OPA. I guess I'll start over. As I said for one year after leaving city service,

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2 you're prohibited from appearing before your
3 former agency. In addition to that, you are
4 prohibited from working on any matter with which
5 you were personally or substantially involved and
6 that is a lifetime ban. But a particular matter
7 is narrowly drawn. So for example if you were
8 involved in a contract, you are prohibited from
9 working on that particular contract. You could
10 work on renewals or extensions of contracts.

11 CHAIRPERSON JAMES: Okay.

12 Finished?

13 MS. HIMALESKI: Yeah, I believe
14 that's it.

15 CHAIRPERSON JAMES: Okay. What are
16 the rules with regards to hiring, for instance,
17 family members? A sub contractor or contractor
18 with the City of New York hires a significant
19 number of members of his family, is there any
20 restriction or limitation as far as you know?

21 MS. HIMALESKI: The restrictions
22 are not based on nepotism, family relationship.
23 They're based on having a--well, these are
24 complicated rules from the conflicts of interest
25 board. Basically they are very specific to

1
2 situations but it's someone with whom you have a
3 relationship that's defined in the conflicts of
4 interest law. That could be a family member,
5 often it's someone with whom you have a financial
6 relationship with.

7 CHAIRPERSON JAMES: Got it, thank
8 you. Counsel, who oversees all of these contracts
9 and all of these subcontracts? Who actually
10 monitors the amount of money that the City of New
11 York is spending on City Time contract? Is there
12 anyone that is actually reviewing the amount of
13 money that the city is paying out for this
14 contract, either to Spherion or to SAIC or to the
15 sub contractors? Who is reviewing the numbers?
16 Who has oversight?

17 MR. BONDI: First, I report to a
18 board of the mayor and the comptroller and they
19 both oversee the way that I am running the agency
20 and I report to them on a monthly basis.

21 CHAIRPERSON JAMES: When was the
22 last time you had a meeting with the mayor or the
23 comptroller or when was the last time there was an
24 audit on City Time.

25 MR. BONDI: I have never had a

1
2 meeting with the mayor or the comptroller. I meet
3 with their delegates, their representatives.
4 Their directors are appointed to my board.

5 CHAIRPERSON JAMES: Okay. When was
6 the last time that you met with their directors on
7 your board as it relates to City Time?

8 MR. BONDI: There was a November
9 meeting of the board.

10 CHAIRPERSON JAMES: And they
11 reviewed the numbers as it relates to City Time?

12 MR. BONDI: In very high level,
13 yes. At very detailed level, I meet every month
14 with OMB to go over the numbers.

15 CHAIRPERSON JAMES: As it relates
16 to City Time.

17 MR. BONDI: As it relates to City
18 Time, yes.

19 CHAIRPERSON JAMES: And each and
20 every time that you've met with OMB and the
21 representatives of the mayor of the City of New
22 York they are fine with these numbers?

23 MR. BONDI: Yes.

24 CHAIRPERSON JAMES: They're not
25 concerned at all?

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2 MR. BONDI: I wouldn't say they're
3 not concerned. The reason why they review the
4 numbers with me monthly is to make sure that I'm
5 sticking within the budget and the program that we
6 defined and agreed upon in 2005 and instituted in
7 contract in 2006. I would say that while they
8 probably are not necessarily comfortable with the
9 overall magnitude that we have come to, they are
10 comfortable with the fact that we have stuck
11 within that budget and we have stuck to the plan
12 that we had put in place at that time.

13 CHAIRPERSON JAMES: What about the
14 comptroller of the City of New York?

15 MR. BONDI: Through my board of
16 directors, the comptroller is aware and all of the
17 feedback, I have gotten comfortable with what we
18 have done. Also our contracts are registered by
19 the comptroller's office and I believe gets an
20 extra degree of scrutiny whenever we register an
21 amendment and whenever we register a CP, a
22 certificate to proceed, which is done on an every
23 six month basis. We are requested for extremely
24 detailed documentation of what constitutes towards
25 the make up of all of that spending and funding.

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2 And meet with them to discuss this before those
3 items are registered.

4 CHAIRPERSON JAMES: And has the
5 conflicts of interest board inquired about any of
6 these contracts? No?

7 MR. BONDI: No.

8 CHAIRPERSON JAMES: How about DOI?

9 MR. BONDI: Not that I know of, no.

10 CHAIRPERSON JAMES: In terms of an
11 end game, has the City of New York or the
12 representatives of the mayor of the City of New
13 York, have they given you an amount of money that
14 you are restricted to or you can not go over a
15 certain amount as it relates to City Time?

16 MR. BONDI: Yes and that is where
17 we are at this point. The contract that we
18 registered with SAIC or with the comptroller's
19 office for SAIC that goes to \$628 million, of
20 which \$50 some odd million is not capital but that
21 ends the capital portion of this program, which is
22 the development and implementation portion of the
23 program. So that--

24 CHAIRPERSON JAMES: [interposing]
25 But you still have agencies that you have to

1
2 implement this program in several other agencies.
3 How do we plan on paying for that?

4 MR. BONDI: After the end of the
5 capital portion of this program, the system or the
6 project will go into a maintenance and support
7 kind of a mode. At that point in time, what we
8 would be doing would be making minor enhancements
9 to the software as needed. We would be fixing any
10 defects; there's no such thing as defect free
11 software so we would be fixing defects. If a
12 negotiated labor agreement was to be changed, we
13 would have to changed the rules in the system to
14 match that. If there is a change to business
15 practices within an agency, we would have to
16 reconfigure the system. We will have a staff of
17 people whose job it is to support the system.

18 As we move forward, we will be so
19 far along in every agency by the time that we get
20 to the end of the capital portion of this program
21 that we will be able to bring those residual,
22 those leftovers, so to speak, on to the system
23 without having the need of a huge staff of
24 consultants.

25 CHAIRPERSON JAMES: You believe

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2 that you can do that currently within the \$628
3 million that's been appropriated?

4 MR. BONDI: Yes, I do.

5 CHAIRPERSON JAMES: At that point
6 in time I go into maintenance, which is real
7 money. Right now we've been dealing with capital
8 funds, which is some argue is expugnable and not
9 real money because you bond out and we have to pay
10 debt service and all of that.

11 MR. BONDI: It's real money.

12 CHAIRPERSON JAMES: I think it's
13 real money but those have argued it's not. But
14 now we go into maintenance money, which is expense
15 money, which is actual money, right?

16 MR. BONDI: Yes.

17 CHAIRPERSON JAMES: What do you
18 anticipate the amount of the expense funds or the
19 expense contract will be related to SAIC, Spherion
20 and/or the sub contracts?

21 MR. BONDI: Those are plans which
22 are in the process of being developed at this
23 point. Right now, the strategy is that the
24 software will be maintained by programmers that
25 will be employed by SAIC so we have in our

1
2 contract the authority to execute three, three-
3 year renewals for the purpose of system
4 maintenance and support. So our intention at this
5 point in time is to do that. As we are cutting
6 back on the staff now, we are in the process of
7 determining how small that team can be made and
8 still support the system.

9 So we've gone from over 140, about
10 145, we're down to low 70s. We're going to take
11 it down to 40s, we're going to take it down to the
12 20s. We're not going to do this precipitously
13 because if we did that and we went too far, this
14 could be disastrous to the 100,000 people plus
15 that would be using the system. So the idea is to
16 do this gradually and to move down to every
17 smaller numbers. Through oversight and through
18 monitoring to determine what that level really
19 needs to be.

20 CHAIRPERSON JAMES: Will we
21 continue to retain 300 consultants at SAIC and 47
22 consultants at Spherion?

23 MR. BONDI: No.

24 CHAIRPERSON JAMES: When will that
25 end?

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2 MR. BONDI: Those numbers have
3 already been reduced. As I said we've let go--

4 CHAIRPERSON JAMES: [interposing]
5 To what?

6 MR. BONDI: --70 consultants since
7 July from SAIC. This January we are going from 48
8 to 13 on Spherion. By the end of the term of the
9 SAIC contract, September of 2010, the
10 implementation teams will be reduced by probably
11 40 or 50 more people. Again, these are plans
12 which are in development at this point and the
13 most important part from my perspective is the
14 teams that we have right now, the help desk and
15 there are some administrative types who help us
16 configure this system. They are initially paid
17 for out of capital money as consultants. We are
18 in the process of hiring city employees and
19 letting consultants go to do these jobs.

20 CHAIRPERSON JAMES: Are you letting
21 go--go ahead.

22 MR. BONDI: So there are
23 significant savings to be had by doing that.

24 CHAIRPERSON JAMES: Thank you. Are
25 you letting go Mitchell Goldstein?

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MR. BONDI: Yes, but not on January 15th. That will--

CHAIRPERSON JAMES: [interposing]
On January 15th?

MR. BONDI: No, not on January 15th.

CHAIRPERSON JAMES: When will you let him go?

MR. BONDI: We haven't set an exact date for that yet but we know that the contract that we've negotiated for the continuation of the Spherion services for the 13th has two one-year.

MS. HIMALESKI: One, two-year term.

MR. BONDI: It's a two year term.

CHAIRPERSON JAMES: So it's a two year term.

MR. BONDI: So that is the maximum. Their consultants will be let go before the end of that term.

CHAIRPERSON JAMES: Two years will expire at what point?

MR. BONDI: January 15, 2010.

CHAIRPERSON JAMES: That includes Mr. Mitchell, Goldstein, Ms. Talisila, Mr. Mazer

1 and Mr. Lucienne?

2 MR. BONDI: Yes.

3 CHAIRPERSON JAMES: Okay. When
4 will we transition back to city employees?

5 MR. BONDI: We're in the process of
6 doing that now?

7 CHAIRPERSON JAMES: When will they
8 have full and complete control over the system?

9 MR. BONDI: Like I said, those
10 plans are being developed. Certainly by then. By
11 that point absolutely we'll be done but we'll be
12 done long before then.

13 CHAIRPERSON JAMES: By what point?

14 MR. BONDI: By January 2012 I know
15 we will be. We will no longer be contracting for
16 that but we're in the process of doing this now.
17 We have some teams, some support teams already are
18 fully staffed by city employees.

19 CHAIRPERSON JAMES: What you're
20 saying is the end game is 2012?

21 MR. BONDI: At the latest.

22 CHAIRPERSON JAMES: At the latest.
23 We've been joined by Melissa Mark-Viverito from
24 Manhattan. I believe that is the end of my. Oh,
25

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2 is the time keeping system that the City Time
3 contract purchases proprietary to the contractor
4 or to the city? Who will own it?

5 MR. BONDI: The city owns it, SAIC
6 has a license to sell the software to other
7 potential customers.

8 CHAIRPERSON JAMES: The city has a
9 license to do that.

10 MR. BONDI: The city owns it. SAIC
11 has a license.

12 CHAIRPERSON JAMES: Okay.

13 MR. BONDI: I would say we believe
14 that it's in the city's best interest. As at some
15 point should there be other customers for City
16 Time and I'm told that New York State is showing
17 interest, that the city would then be able to
18 share the cost of supporting, of maintaining the
19 software the way maintenance is shared with other
20 customers in a commercially off the shelf software
21 type of a system.

22 CHAIRPERSON JAMES: I just
23 remembered another line of questioning. I'm
24 sorry. Do you anticipate or expect any more
25 amendments to these contracts?

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MR. BONDI: No.

CHAIRPERSON JAMES: Okay. Either Spherion and/or SIAC?

MR. BONDI: No.

CHAIRPERSON JAMES: Okay. When the union testified at the last hearing and I thank you for sticking around. One of the concerns that was expressed that City Time changed time, leave and attendance--no, excuse me. Oh yeah. That the City Time changed time, leave and attendance policy as well as the units of measure for time and attendance; that basically City Time rounds out the time and in fact on a number of occasions gets it wrong. Therefore there's no discretion within City Time to adjust for lateness.

MR. BONDI: Yes. So the two points that if I hear the question correctly; one has to do with the rounding and then the other is flexibility to deal with lateness?

CHAIRPERSON JAMES: Yes.

MR. BONDI: Rounding is an inherent part of time keeping; everybody rounds. You come in at 9:00 and you put down 9:00 on your time sheet. I think it's probably the case that you

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2 are rounding because you could have come in at
3 8:59:59 or 9:01, there is always rounding. The
4 question is what degree are you rounding. The
5 question is that. Under the Fair Labor Standards
6 Act, which defines the way in which and the
7 precision by which time keeping needs to be done
8 by employers of FSLA covered staff. Those are the
9 ones who are required to punch and therefore those
10 are the ones subject to the rounding process.

11 Rounding to the nearest 15 minutes is considered
12 an acceptable practice and has been confirmed by a
13 number of mechanisms including the federal
14 Department of Labor's recommendations to employers
15 and also in case law.

16 So what City Time does is it
17 follows the FSLA approved practice of rounding to
18 the nearest 15 minutes. It doesn't always round
19 up or down; it rounds to the nearest 15 minutes.
20 So an example, which is given is that if you were
21 to punch in at 9:06 it would round to 9:00 and not
22 penalize you for those six minutes. If you
23 punched in at 9:08, it would round to 9:15.
24 Likewise when you punch out; if you punch out at
25 4:53, it would round to 5:00 and say you're fine.

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2 If you punch out at 5:07, it would round to 5:00
3 and say you're fine.

4 What people have complained about,
5 I believe is that when you are punching in and out
6 and you hit the fringes of where rounding occurs
7 exactly, if you happen to punch in at 9:08, it's
8 going to round to 9:15. If you punch out at 5:07,
9 it's going to round to 5:00. So now you have a
10 9:15 to 5:00 situation which then means that you
11 have to account for 15 minutes.

12 But the rounding is considered
13 acceptable. The city's labor agreements all say
14 to the nearest 15 minutes. And so this rounding
15 is considered appropriate. What we have done is
16 we have advised agencies and there is a lot of
17 flexibility. This was the second part of the
18 question. There is a lot of flexibility built
19 into the program.

20 What we have done is we have
21 advised agencies that if they have a situation
22 where someone punched in at 9:08 and punched out
23 at 5:07 that the time keeper should override that.
24 They should override that and say that's fine,
25 that person does not have to account for 15

1 minutes. So there is a process in place to
2 mitigate the issue, which again only occurs at
3 exactly those precise moments at which the
4 rounding tends to switch from one to the other.

5
6 What we've also done is through the
7 office of Labor Relations and they have in
8 meetings with unions and with agencies, asked for
9 on our behalf, documentation of any instance when
10 any employee was docked as a result of this kind
11 of situation. We have yet to hear of a single
12 instance. That doesn't mean it didn't happen and
13 that someone then complained and then the time
14 keeper overrode and took care of it. What that
15 does mean if it wasn't taken care of we would have
16 heard about it is my belief. My expectation is
17 this is not something which is happening as a
18 problematic type of a situation in the agencies.

19 CHAIRPERSON JAMES: Are you going
20 to stick around and listen to the rest of the
21 testimony?

22 MR. BONDI: I plan to, yes.

23 CHAIRPERSON JAMES: Good. Any
24 other issue with regards to the changed time leave
25 and attendance policies?

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2 MR. BONDI: When we bring City Time
3 to an agency, we work with the agency to
4 understand what their time and leave policies are.
5 And then we work to implement those time and leave
6 policies to match in the new system. The
7 configurations that we do are not only at the
8 agency level. They can be within the agency. So
9 if one department has a different practice than
10 another department then the system can be
11 configured so that this department's policies as
12 implemented in the system are one way and that
13 department's policies are another way. We work
14 with the agencies to get that right. That doesn't
15 mean that we're perfect but we work with the
16 agencies to get that right.

17 Then as part of the implementation
18 of this system, part of what we expect our ongoing
19 job. It's not just part of implementation but
20 part of the ongoing support of the system is that
21 if we didn't get it exactly right to begin with
22 and the agency comes to us and says we need to
23 change a configuration because we got it wrong as
24 part of the implementation process and analysis
25 that was done. Then we change it.

1
2 Right after we cut over a new
3 agency even though what we do is we have them use
4 the system in a parallel mode for several weeks
5 before we do the cut over. Sometimes we don't
6 catch everything and we find ourselves ready and
7 able and required to make those kinds of changes
8 that first week and first two weeks and it settles
9 down after that. We like to think we got it right
10 at that point. But that doesn't mean that even if
11 they come to us at that point with another request
12 to change that we're going to say no. That's not
13 our role.

14 CHAIRPERSON JAMES: What about the
15 allegations that the system does not recognize
16 lunch breaks of less than an hour?

17 MR. BONDI: That is something which
18 is an agency policy and configurable within the
19 system. The system can be set up so that you will
20 allow short lunch breaks without any intervention
21 by anybody. The system can also be set up to say
22 that a short lunch is not allowed. Now what short
23 lunch not allowed means or long lunch not allowed,
24 what that means is that then you have to account
25 for something.

1
2 If you work a short lunch then what
3 you're saying is you worked extra so I asked for
4 comp time for that. Let's say I only had lunch
5 for a half an hour so I have to ask for comp time
6 for the half hour. Then if I leave a half hour
7 early, I use comp time to leave early. But that's
8 not required by the system; that's required by the
9 agency's policy. If the agency says allow short
10 meal then you don't have to do anything, just make
11 sure you work seven hours for the day, that's it.
12 So it's a question of what the policy of the
13 agency is and what level of request and approval
14 they have had in the past from their employees,
15 what their policy is.

16 CHAIRPERSON JAMES: Do you know a
17 company entitled M&S? Does that ring a bell?

18 MR. BONDI: M&S.

19 CHAIRPERSON JAMES: M&S, no? What
20 about DA Solutions, does that ring anything?

21 MR. BONDI: No.

22 CHAIRPERSON JAMES: Okay. That firm
23 that you said was designated as a minority and
24 women owned firm, who in that firm was a minority?

25 MR. BONDI: I don't know that.

1
2 What we had done was we had looked at the state
3 information and we looked in the city's systems
4 for documentation of minority or women based
5 certification. And I believe that what we found
6 was the Techno Dyne did no direct business with
7 the city so they didn't have such a designation
8 with the city but for the state they had this dual
9 certification of both women owned and minority.

10 CHAIRPERSON JAMES: It was just
11 self represented and accepted as such?

12 MR. BONDI: Is that the state's
13 process?

14 CHAIRPERSON JAMES: Yeah.

15 MR. BONDI: I don't know.

16 CHAIRPERSON JAMES: I think I'm--cm
17 Viverito, any questions? No? Okay. Mr. Bondi
18 anything else, anything further?

19 MR. BONDI: Thank you for having
20 the opportunity to share this information and--

21 CHAIRPERSON JAMES: [interposing]
22 Well, Mr. Bondi I'm sure you'll be back. So I
23 thank you and I thank the panel.

24 MR. BONDI: Thank you.

25 CHAIRPERSON JAMES: The next panel

1 is Henry Gerrita, John Foster, Burnell Hendricks
2 and Sal Gallita. One last question Mr. Bondi, I
3 apologize, before the panel comes on. I received
4 an email from an anonymous individual who says the
5 following and I just want your response to this.
6 I'm not going to give you his name obviously but
7 it says, I made over \$120,000 in eight months and
8 probably did real work for approximately two
9 weeks. Most of the time we sat and we browsed the
10 internet and hung out. The unwritten rule was to
11 keep billing for the hours you showed up, not the
12 work you did. What do you say to that? That was
13 from an anonymous source, an email I received two
14 days ago.

16 MR. BONDI: I read that in the
17 Daily News this morning and I have to say first,
18 my initial reaction was outrage and anger. We
19 invest a lot of time and effort into managing and
20 overseeing the consultants that work on this
21 project. If this person sat there and did nothing
22 while collecting their money, I am outraged.
23 That's not something that is obviously acceptable
24 to OPA. Like I said, we believe that we have a
25 lot of processes in place to monitor the

1
2 productivity of the teams of people that we're
3 paying for.

4 We've had assessments done, more
5 assessment than I can count that have taken a look
6 at the number of people and the various teams and
7 the amount of work that we do. We've confirmed
8 that we are getting, that the city is getting what
9 it is paying for from these teams. If someone was
10 skating through under the radar and claiming that
11 there was a policy that this kind of a thing was
12 acceptable, that is absolutely not true. I am
13 glad that person is gone and I would be willing to
14 bet you.

15 In the newspaper, I'm not saying in
16 what you just said, in the newspaper the person
17 said that they left. I would be willing to bet
18 you that they were terminated and that's part of
19 why you're hearing this. I would also bet they
20 were terminated for performance or lack thereof.

21 CHAIRPERSON JAMES: Mr. Bondi, I
22 hope the next time we meet here at a hearing that
23 the number of consultants has been reduced
24 significantly and that you continue to monitor the
25 situation and that you review any alleged

1
2 conflicts of interest and this nepotism continues
3 to concern me. So we will meet again and thank
4 you for coming. Next panel is Sal Gallita,
5 Burnell Hendricks, John Foster and Henry Gerrita.
6 Thank you for waiting.

7 MALE VOICE: Sal Gallita had to
8 leave, yes.

9 CHAIRPERSON JAMES: You may begin
10 your testimony.

11 HENRY GERRITA: Yes, good morning.
12 I'd like to take an opportunity to thank the Chair
13 persons of the Contracts Committee and obviously
14 the members of the committee for holding this
15 important hearing concerning the contracts on City
16 Time. My name is Henry Gerrita, I'm the Assistant
17 Associate Director of DC 37, representing 125,000
18 active members and 50,000 retirees.

19 This morning I would like to speak
20 with you about yet another example in the
21 continual waste in contracting out by this
22 administration. As the largest union representing
23 municipal employees, we are extremely concerned
24 about the direction the city continues to spend
25 its resources during this current fiscal crisis.

City Time project started in 1998.

It was supposed to cost \$63 million and now we learn the entire cost of the project, managed and maintained by private out of state contractors now will cost over \$700 million, with a maintenance of an additional \$140 million. Even more troubling is the appearance of a conflict of interest by having some of the contractors managed by city managers and employees.

Personally, I can not think of any better way to save money. First, by contracting more work and letting go some of the contractors that are charging the city over \$300,000 per year. The math that you were asking earlier amounts to about \$389,000 per consultant. Our union has seen in the last eight years a parade of consultants feeding off the public that had constantly run over budget and under perform. The City Time system is just one prime example of how consultants get their hooks into the city and then start to leeching off the taxpayers.

Only 40% of employees now use City Time and the contract is already over 1,000% over its original cost estimate. It is our belief and

I think this is critical that the city has also violated various procurement policy board rules in implementing the City Time project.

First, when the decision was made to change the scope of service outline in the original request for proposal from a modified off the shelf software system to a web based system, a new RFP should have been issued. I think this is a critical part of that. This would have had allowed the city to negotiate with a more experienced vendor and substantially reduce the cost of a contract.

Second, once it was clear that Paradigm Four could not deliver on their commitment under the contract on one of the amendments, the full proceedings should have been initiated. I guess the contract, rather than simply assign a new vendor to take over the project. Thirdly an RFP should have been issued prior to assigning the contract to SAIC.

Based on our experiences with City Time and other computer monetization projects, it is clear to us that the private consultants can not supervise themselves. They can not police

1
2 themselves. The existing of an experience as a
3 quality assurance monitor, Gartner Group as a risk
4 management or risk assessment manager, has not
5 resulted in any substantial savings for this
6 project.

7 Where is the accountability? Where
8 are the negative evaluations for the contractors
9 who failed to deliver under contractual
10 obligations? Where are the penalties assessed
11 against those vendors? These questions must be
12 answered before the insanity continues. If the
13 city just employed the same standards that the
14 state does for all its agencies and the public
15 authorities, billions of dollars can be saved.

16 Our union is not calling for the
17 reinvention of the wheel, just to apply the same
18 common sense that has been applied in other
19 municipalities around the country. Just provide
20 some transparency and proper costs to see if these
21 contracts make sense.

22 I just like to add to that, based
23 on something that was discussed here regarding the
24 New York State OGS rates. This is a policy that
25 this administration has pursued not only in this

1 agency but throughout all city agencies. They
2 draw down from the state OGS contracts and they
3 assume that as a rate and then they negotiate from
4 that as a reduction. Then portray that it is a
5 savings. The fact is this administration has been
6 informed by the current city comptroller that the
7 New York State OGS rates are a maximum rate, that
8 they are not a minimum rate. W

10 hen in fact they have gone through
11 a true process of negotiating with contracts,
12 there has been substantially more savings as a
13 result of the individual negotiations to the
14 rates, as was done in the Police Department.
15 Rather than just draw from the state because the
16 contractors know that given this is not an actual
17 contract, they maximize the rate of the state
18 general services. Then there's a reduction from
19 that.

20 If you look at a programmer rates,
21 for instance at the OGS, they have a minimum and a
22 maximum based on the scope of service. The
23 maximum is about \$400 an hour. It doesn't mean
24 that's what you get on the individual contracts
25 but that is the policy that this administration

1
2 has pursued. And for the last two years, we've
3 been talking about how much money is being wasted.
4 Not just on this contract. We had a hearing not
5 too long ago what's happening with the 9-1-1
6 restructuring system. We've had hearings about
7 the Department of Education and the number of
8 consultants they have there.

9 If you consider what is being done
10 with consultants, both in expense and capital
11 budgets, we estimate that we have about 1,400
12 computer consultants, averaging over \$300,000 a
13 year. I'm glad to hear the administration is
14 considering bringing in city workers now but it's
15 still the equivalent on putting on a lock after
16 you've been robbed. Because essentially this is
17 what should happen from the beginning.

18 It should be a partnership and a
19 discussion with city workers who are now doing a
20 lot of this computer work, not just DC 37 members,
21 CWA and other represented members. To have a
22 discussion about having what we call a healthy
23 balance between city workers that are to monitor
24 the consultants and bring in the expertise and the
25 expertise you bring from the outside from the

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2 computer consultants. Thank you and we'll be glad
3 to answer any question you might have later.

4 JOHN FOSTER: Good morning or I
5 think we're right on the cusp; it may be good
6 afternoon at this point. I appreciate having this
7 hearing. I'm John Foster. I'm the First Vice
8 President with Local 375, the Civil Service
9 Technical Guild, representing approximately 7,000
10 architects, engineers, program managers that work
11 throughout the city.

12 This is an issue that we've been
13 engaged in, in the last two and a half years, in
14 terms of our struggles really with City Time. I'm
15 terribly concerned that we're not talking about a
16 program that's costs us--it started at \$63 million
17 as we've heard several times today and now it's
18 costing the city over \$700 million. I think it's
19 unconscionable that we're spending that kind of
20 money on a system like this.

21 It was supposed to save. What was
22 the rationale? Mr. Bondi in May 2008 at the
23 hearing you indicated that it was supposed to save
24 \$50 to \$60 million a year based on staff
25 reassignments and in savings on paper and

1 mistakes. The reality is that City Time is in
2 many ways costing more time in terms of time
3 keeping.

4 We have employees who are now
5 spending over an hour a week just dealing with the
6 City Time system. It's, in many cases, a self
7 training system that's in there. It is not
8 something that's easy to get on board with. We
9 have supervisors who have to fill out not only
10 their own time cards under City Time but have to
11 do that for their staff personnel to who don't
12 have access to computers in City Time. We have
13 changes and overrides. We actually have more
14 people involve din time keeping at this point
15 rather than less.

16 We have things like as the example
17 that Mr. Bondi showed, where you have somebody who
18 came in at 9:08 and it rounds to 9:15. That
19 person then leaves at 5:08, having put in a full
20 day's work, that rounds to 5:15. Well, the system
21 has no problem taking the 9:15 but you have to get
22 pre-authorization in order to have the 5:15 number
23 be appropriate so then you have to override the
24 system.

1
2 I had somebody just the other day
3 who had been pre-approved to do overtime and then
4 changed his mind in terms of doing it. But the
5 supervisor say oh no, it's too complicated I can't
6 go in and override the system so you're going to
7 have to do the overtime. We also have periodic
8 crashes to the system. So every month or so we
9 have all the various agencies that have to go into
10 their back up systems because the computerized
11 system is crashed.

12 In fact, there is no evidence of
13 any savings whatsoever. We spent \$700 million.
14 We have so far 46,000 employees on the system and
15 we're looking to ultimately have over 200,000.
16 The largest agencies are yet to go. And although
17 it was testified here that we're pretty near the
18 end of the amendments on this I have to be quite
19 skeptical about that. I have to say that we've
20 just consistently moved forward with increases.

21 Even if we were saving, say, \$50
22 million a year, even if we were and that doesn't
23 even take into account the \$140 million that it's
24 going to cost in maintenance and operations. It
25 would take 14 years to pay for what already has

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2 are 56 of those units at the Department of Design
3 and Construction alone, that's \$168,000 in cost.
4 There are 80 agencies in the City of New York,
5 that's a tidy \$13.5 million simply in that
6 mechanism and doesn't include maintenance or
7 installation. These are 21st century time clocks
8 and they time to the minute.

9 Now in the May 2008 hearing, at
10 that time cm Joe Addabbo asked Mr. Bondi whether
11 or not the reason for this was to address some of
12 the improprieties among workers. Mr. Bondi's
13 response was I don't believe that to be one of the
14 reasons behind City Time. So the implementation
15 here has nothing to do with whether people were in
16 fact reporting on time or not. I think with a
17 workforce of 300,000 people, it's inevitable that
18 there will be some people that don't. I think we
19 have that supervisors do their job, which is to
20 supervise. But this is not being solved by the
21 implementation of City Time or palm scanners.

22 The real reason for the
23 implementation and I think Mr. Bondi indicated
24 this again today was to get better compliance
25 under the Fair Labor Standards Act and to be able

1 to cut down on the number of law suits. Which is
2 somewhat ironic for us in Local 375 since almost
3 all of our members are not covered by the FLSA.
4 And yet, our members are continued to required to
5 punch these time clocks. Furthermore, it's been
6 an implementation of these 21st century time
7 clocks for a working staff that has never punched
8 time clocks before. It is invasive and it is
9 offensive and it is demoralizing and undermining.
10

11 I want to come back to a moment
12 just to review also on the SAIC contracts alone.
13 Those contracts went from \$48 million to \$181
14 million to \$305 million and now up to the number
15 that Mr. Bondi said, \$428 million. Now this is an
16 interesting corporation, Science Applications
17 International Corporation. And this is the same
18 corporation that developed a computerized system
19 for the FBI at \$170 million that never worked.
20 This is the same corporation that in April of 2006
21 was fined \$2.5 million for defrauding the U.S. Air
22 Force.

23 It is an interesting choice and it
24 was never, never bid, which I think is one of the-
25 -the initial contract was but since that time,

1
2 none of the amendments, none of the modifications
3 have been put out to any kind of a competitive bid
4 and we ended up with a \$700 million price tag.

5 And at the same time, we see these
6 people sliding in and out of government and then
7 back into the very corporations that are involved
8 with this. So Mark Mazer, Joel Bondi himself, Sal
9 Salomone and there are actually several others
10 that have slid back and forth. It raises deep
11 concerns.

12 There is however, a second concern
13 as well in addition to the cost and that is that
14 for us in Local 375 and I think for all of DC 37
15 and unionized workers and probably for all of us
16 as members of the society. It is the growth of
17 workplace surveillance technology. The palm
18 scanners themselves have the ability to literally
19 bells and whistles to read swipe cards. One
20 wonders why we're still using them at this
21 particular time when we have the threat of swine
22 flu yet people have to come in and constantly put
23 their hands down where other people have put their
24 hands. People often have to take band aids off in
25 order for their hand to be read on the palm

1 scanner. We have an incredibly unsanitary
2 condition.

3
4 But in addition, the palm scanners
5 also identify certain diseases, marphin [phonetic]
6 disease, Line Felters [phonetic] Syndrome. These
7 are things that the palm scanner itself would
8 identify and that information will go to the
9 employer. It's not appropriate but the palm
10 scanner is only one piece of this.

11 One of the issues that was brought
12 forward as they brought in City Time was that they
13 also wanted to do voice recognition systems from
14 the field. That would be basically somebody
15 calling in from the field and being identified by
16 their voice pattern, which is distinctive to
17 individuals as much as fingerprints are. We did
18 stop that. We fought against that but it's been
19 combined with growth of other surveillance
20 technology.

21 We have fingerprint readers so that
22 people in certain work locations have to put their
23 finger into a fingerprint reader. We have, of
24 course, swipe cards. We have the growth of
25 cameras in the work place. We have GPS, famously

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2 the building inspectors who we actually don't
3 represent are now being tracked through their GPS
4 phones and they're mandated to carry their GPS
5 phones with them. We have GPS in the vehicles.

6 Perhaps most chilling is the move
7 towards the use of radio frequency identification
8 chips, RFID chips implanted in ID cards. Now
9 those chips actually are already in the ID cards
10 for the Police Department. The system has not
11 been activated but what it does is it would allow
12 those individuals to be tracked any place that
13 they would go. As police officers, they're
14 required to keep the ID with them all time,
15 whether on or off duty.

16 So it raises a very chilling
17 specter of the fact that people could be tracked.
18 In fact, we have an example in Wyckoff Hospital
19 where the nurses also had RFID chips in the
20 identification cards. They were not only tracked
21 but timed in terms of how much patient care they
22 gave, how much time they spent in the lounge, how
23 much time they spent in the bathroom. That that
24 capability, I think, is chilling.

25 We are on a long slippery slope in

1 terms of the increase in work place surveillance.
2 We have no legislation at this point on that. I
3 think that it is an issue that the City Council
4 really should think about and we're prepared to
5 suggest some possible legislation on it. But I
6 think we have to begin to set up some boundaries.
7

8 In regards to City Time in general,
9 I think from what we have heard. I think it would
10 be very appropriate to call for a one year
11 moratorium on the use of the City Time system to
12 allow for a full audit to be done on all these
13 contracts and sub contracts and how they were let
14 and why they were let. I would ask that as well.
15 Thank you very much.

16 CHAIRPERSON JAMES: Thank you.
17 Have you requested an audit to the comptroller of
18 the City of New York?

19 MR. FOSTER: Yeah, I actually spoke
20 several times to that office and the response was
21 it's a very huge and complicated issue. So if I
22 could narrow it down for them and just take a
23 chunk of that, they would be open to that. Since
24 then, of course, we've had a change in terms of
25 the comptroller and this something that I'd like

1 to take forward with our new comptroller.

2 CHAIRPERSON JAMES: As the
3 comptroller elect left early or he indicated to me
4 that he would be looking at this contract.
5

6 MR. GERRITA: Actually we did
7 formally request an audit on that through the
8 comptroller elect. I'm hoping that this is one of
9 the first endeavor he takes because we--

10 CHAIRPERSON JAMES: [interposing] I
11 believe his staff is still here. Is staff from cm
12 John Liu's office still here? No? They were.

13 MR. GERRITA: Well, we've met with
14 him. One of the concerns we had recently is the
15 Mayor of the City of New York has requested 4%
16 reduction for this year from city agencies and an
17 additional 8% for the following year. As the
18 considerations take place, for where the
19 reductions in expenditures are taking place, this
20 is where the money is. We repeatedly put our
21 white papers, research papers showing this. Not
22 just on this, architects and engineer services and
23 other contract services that we're spending money,
24 we couldn't spend money. We have yet to receive
25 any answer from this administration.

1
2 Based on your own questions, they
3 simply dismiss and say this is not work we can do.
4 Well, you heard by Mr. Bondi's testimony today
5 that we are brining some city workers to do. So
6 there is a portion that we can and ought to be
7 doing but they're not doing it as part of the
8 consideration of the overall budget strategy.

9 CHAIRPERSON JAMES: How many city
10 employees have they hired as far as you?

11 MR. GERRITA: None that I'm aware
12 of.

13 CHAIRPERSON JAMES: None that
14 you're aware of.

15 MR. GERRITA: Right.

16 CHAIRPERSON JAMES: You heard Mr.
17 Bondi who indicated that the reason why City Time
18 costs so much is because of all the myriad rules
19 and the \$345,000 employees and over 5,000 civil
20 service titles according to rules negotiated and
21 litigated with roughly 240 collective bargaining
22 units in about 80 agencies. What do you say to
23 that as to why the City Time costs so much?

24 MR. FOSTER: My sense is on any of
25 these projects, we didn't change the number of

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2 contracts we had since the origination of this
3 contract. We didn't change the number of agencies
4 and we didn't change very much the number of
5 people. So when this project was originally
6 conceived at \$63 million, one would have thought
7 that those would have been considerations that
8 would have been taken into account at the time and
9 not kind of like fly by the seat of our pants. Oh
10 gee, we got new issues now, which weren't really
11 new at all.

12 CHAIRPERSON JAMES: So--

13 MR. GERRITA: [interposing] Also,
14 sorry if I may.

15 CHAIRPERSON JAMES: Go ahead.

16 MR. GERRITA: We are the citywide
17 representatives. We have over 56 local unions, a
18 very large amount of those collective bargaining
19 agreements. The problem you have is that the city
20 basically approach to union is okay this is what
21 we're going to do. That's not the way to start
22 this kind of project. Right? If there had been a
23 more concerted effort to include us in the initial
24 stages, not just as this is something you have to
25 live by then we believe that the process could

1 have been a lot smoother.

2
3 When I talked about how many people
4 they've hired, I can only speak for my union. We
5 represent a lot of the certified computer network
6 titles that are at the high end. But we are aware
7 also that there are other unions representing
8 workers so I have no idea what is happening in
9 those unions.

10 CHAIRPERSON JAMES: Do you think
11 it's necessary that they hire all of these
12 consultants, 350 some odd consultants?

13 MR. GERRITA: Absolutely not. In
14 fact, if you look at the job specs that we have of
15 any of these contracts, they is a case to be made
16 for some of the highly skilled people that have
17 proprietary licenses and knowledge on that. But
18 there is also a great amount of consultants that
19 are being paid a tremendous amount of money for
20 work that could and is in fact being done by city
21 workers now in other agencies.

22 CHAIRPERSON JAMES: And are there
23 city rates with regards to consultants? Why do we
24 use the state rate? Are we required? I don't
25 know?

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2 MR. GERRITA: The reason is that
3 this administration, again has kind of taken a
4 different approach to the procurement of the
5 information technology contracts. They have a
6 pre-qualify list, pools, they have mini bids with
7 those pre-qualifieds under the assumption that
8 there's going to be savings.

9 They have decided that use of the
10 state rates as a benchmark, that's problematic
11 because you're talking about volume. You're
12 supposed to be saving based on volume. So if
13 you're going to have 300 consultants it's
14 obviously a lot different than if you're going to
15 use one or two consultants in a small state entity
16 or state agency somewhere else. I think that's a
17 part of the consideration.

18 I know that there have been efforts
19 to try to reduce the state rates. They've been
20 negotiations to reduce it but problem you have is
21 that the kind of system you have here, I can only
22 compare it to a substance abuse addict. Once
23 you're hooked you can't leave.

24 CHAIRPERSON JAMES: Like crack?

25 MR. GERRITA: You can't leave.

1
2 That's the truth. You need the consultants. Once
3 it's there, even if you want to in the middle and
4 realize this was a mistake, you've already
5 initiated. You're too far ahead.

6 CHAIRPERSON JAMES: You're too far
7 gone.

8 MR. GERRITA: You're too far ahead.
9 I think this is something that should be looked in
10 to not only for this contract but for future
11 endeavors in the city with this kind of magnitude.

12 CHAIRPERSON JAMES: You indicated
13 at the beginning of your testimony that there were
14 violations of PBD rules. Are you referring to the
15 fact that the contract was not re-bid at each
16 amendment?

17 MR. GERRITA: That and we believe
18 that the decision to substantially change the
19 scope of services from a off the shelf based to a
20 web based program was in fact something that
21 changed the entire scope, if you will, of the
22 providers. It should have been at that point
23 whereby putting the bid or re-bidding this
24 particular contract, they could have substantially
25 saved more money.

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1 of the tricky questions that inevitably come up
2 when they roll it out to a new agency.
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4 I think that they're also involved
5 in the back and forth that occurs on a weekly
6 basis, as I understand in terms of trying to work
7 out the glitches in the program. Because again, as
8 noted, there's a myriad of nuances in every new
9 agency and that needs to be addressed.

10 In terms of overall quality
11 assurance, I'm not clear on that. Originally,
12 certainly in terms of training efforts those were
13 training efforts that were given to individuals by
14 live people that gave them their training. Since
15 then, they've developed software programs where
16 they're supposed to be self training in terms of
17 how do people actually use the City Time program.
18 Which from the feedback, anecdotal as it may be
19 that I get from our members, is not as effective
20 and frankly leaves a lot of people bewildered in
21 terms of how to use this system.

22 So I'm not clear in terms of the
23 role that the quality assurance people play in
24 terms of their assessment of the overall system.

25 MR. GERRITA: If I may add.

CHAIRPERSON JAMES: Sure.

MR. GERRITA: I think the concept that we have identified in the contract is that the quality assurance contract is supposed to review the task orders and then make sure, ensure that the contractor is compliant with those task orders that it's being done on a timely basis, that there are no sufficient change to those task orders that would in the end result in cost overrun. Which is why we raised the question that if we're using quality assurance provider like Spherion or like Gartner or like any other groups that the city is using throughout all the city agencies.

Why then have them being no negative reports on those quality assurance of the vendors themselves reflected on Vendex? The answer is simple, because quality assurance consultants get paid on the basis of the activity of the original contract. So the more errors, if there are errors or extended task orders or any of those changes in the work and the scope, then the quality assurance contractor gets paid more. And this is the system that we feel there is no

1
2 independent evaluation of this contracts. That's
3 what's most disturbing about this.

4 CHAIRPERSON JAMES: Does OPA do
5 contract evaluations?

6 MR. GERRITA: Well, you heard it in
7 here. If they can not tell you how many
8 consultants, the names and who is getting paid for
9 what, that should be an indication of the level of
10 accountability that they're having. Because quite
11 frankly, if you're in charge of this kind of
12 project you should be able to know how many
13 consultants you have, how much they're getting
14 paid, how long they've been working for. I think
15 that was a disturbing part of this.

16 I also think that in the City of
17 New York we should have an independent evaluator
18 the way the IBO operates in many of the budget
19 processes and recommendations. We don't have that
20 for procurement in this city. We don't have an
21 inspector general, per se that would be able to
22 review across those city agencies and maybe that's
23 something that we should look at legislatively.
24 The way the MTA has an inspector general and a lot
25 of the state agencies do, a lot of municipalities

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do. We don't have that here.

CHAIRPERSON JAMES: Given all the money that has been spent, how many employees would you be able to hire?

MR. GERRITA: Well, it's unclear for us. I know that this contract has, as you heard, between 347 and we estimate there have been more at times, consultants. We are not sitting here to tell you that our city workers will be able to do every single job there but a substantial amount of that work, whether it's the help desk function of it or the database centers, the software. We could and in fact should have been doing the work. So we estimate at least, if you take half of the amount of employees that we're paying for on the consultants. Then the main fact that you see that many city workers are leaving to join the contractors is because they see how much lucrative it can be. The companies are still getting money on top of that contract. I just don't understand why.

When gentlemen Chaney was commissioner of DoITT, DoITT devised a strategy to reduce the reliance on outside consultants. That

1 strategy involved revitalizing titles that were
2 very high paying in order to become competitive
3 with the consultants. Those were the certified
4 titles. There are about eight titles where people
5 will get paid up to \$139,000 a year and growing,
6 depending on their experience. Very high titles
7 because that, at the time was the estimate of what
8 the consultants were getting, not what the company
9 was getting, but what the consultants were
10 getting. The city said it would convert 1,000
11 consultants in order to save \$75 million back in
12 2005. That hasn't happened. We did about 300 and
13 we stopped.

14
15 CHAIRPERSON JAMES: Once all of the
16 agencies are outfitted, do you think that your
17 employees will be able to maintain this system in
18 the absence of any consultants?

19 MR. GERRITA: The problem is that
20 the consultants always leave something behind that
21 would absolutely there would be a need for the
22 city to continue to hire more consultants.
23 Whether it's licenses and the proprietary nature
24 of it or something more than in the system that we
25 would not be able to do ourselves because we were

not part of the initial process.

But given all the right tools, the answer would be yes, we can maintain the system. We should be maintaining but we should have been part of that process from the beginning and that's the challenge now. Because once we come in at the far end of it, there's always going to be a need to bring somebody from one of these contractors because they have the engineer and the architecture knowledge from the beginning of the program.

CHAIRPERSON JAMES: My last question is, of that \$600 and some odd dollars that was paid to SAIC and the \$40 some odd that was paid to Spherion, inherent in that is a design I guess and software and installation. Not all of that is for consultants right?

MR. GERRITA: That's right.

MR. FOSTER: Correct. Just to put that in perspective though. That's \$700 million that has been the price tag at this point. We're probably looking at close to what would be 10,000 jobs in the City of New York.

CHAIRPERSON JAMES: For the record

1
2 American Engineering Alliance represented by
3 Salvador Gallita who had to leave. He's provided
4 this committee with a copy of his testimony and he
5 basically opposes City Time on the grounds of
6 privacy so I'm not going to read his complete
7 testimony. But if anyone wants a copy it is here
8 and that concludes this hearing. We will, I'm
9 sure revisit this issue. Thank you all for
10 attending.

C E R T I F I C A T E

I, Amber Gibson, certify that the foregoing transcript is a true and accurate record of the proceedings. I further certify that I am not related to any of the parties to this action by blood or marriage, and that I am in no way interested in the outcome of this matter.

Signature_____ Amber Gibson _____

Date _____ December 30, 2009 _____