

CITY COUNCIL
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

Of the

COMMITTEE ON CONTRACTS JOINTLY WITH
THE COMMITTEE ON SMALL BUSINESS AND
SUBCOMMITTEE ON COVID RECOVERY AND
RESILIENCY

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April 4, 2022
Start: 10:39 a.m.
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HELD AT: REMOTE HEARING - VIRTUAL ROOM 3

B E F O R E: Julie Won, Chairperson

COUNCIL MEMBERS:

Joann Ariola
Linda Lee
Sandy Nurse
Julie Menin
Selvena N. Brooks-Powers
Tiffany Cabán
Darlene Mealy
Sandra Ung
Marjorie Velázquez
Francisco P. Moya
Gale A. Brewer
Justin L. Brannan
Mercedes Narcisse
Carlina Rivera
Nantasha Williams

A P P E A R A N C E S

Dynishal Gross, Deputy Commissioner for Economic
and Financial Opportunity at the Department of
Small Business Services

Kim Yu, Chief of Staff of the Mayor's Office of
Contract Services

Jee Kwon, Deputy Director of Strategic
Initiatives at the Mayor's Office of Minority and
Women-Owned Business Enterprises

Johnny Celestin, Deputy Director of Agency
Engagement of Operations at the Mayor's Office of
Minority and Women-Owned Businesses

Meredith Phillips

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SMALL BUSINESS AND SUBCOMMITTEE ON COVID RECOVERY
AND RESILIENCY

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1
2 SERGEANT BIONDO: Recording to the PC
3 underway.

4 SERGEANT HOPE: Cloud recording started.
5 Good morning, and welcome to today's New York City
6 Council remote hearing on the Committee on Contracts
7 jointly with the Committee on Small Business and the
8 Subcommittee on COVID Recovery and Resiliency.

9 At this time, would all panelists please
10 turn on your videos? I repeat, all panelists please
11 turn on your videos. Thank you.

12 To minimize disruption, please place all
13 electronic devices to vibrate or silent mode.

14 If you wish to submit testimony, you may
15 do so at testimony@council.nyc.gov. I repeat,
16 testimony@council.nyc.gov.

17 Chair, we are ready to begin.

18 CHAIRPERSON WON: [GAVEL] Good morning.
19 Thank you so much for joining our virtual hearing
20 today. Welcome to the New York City Council's
21 Committee on Contracts. Today is Monday, April 4,
22 2022. My name is Julie Won, and I have the privilege
23 of chairing this Committee. We are holding this
24 hearing jointly with the Council's Committee on Small
25 Businesses chaired by Council Member Julie Menin and

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the Council's Subcommittee on COVID Recovery and
Resiliency chaired by Council Member Francisco Moya.

I'd like to also thank and note that
we've been joined by the Council Member Caban,
Council Member Ung, Majority Whip Brooks-Powers as
well as Council Member Brannan.

Before we begin, I would like to extend
my thanks to Council Member Brannan for his continued
support of minority and women-owned businesses as the
sponsor of the legislation before the Committee
today.

The City Council has long supported the
City's minority and women-owned businesses, also
known as M/WBEs and through its various initiatives
the Council has assisted the M/WBE program in
expanding their role both in city procurement and the
private sector.

In 2005, the city established an M/WBE
program in its current form in order to address the
disparities in city procurement between the number of
minority and women-owned businesses available to do
business with the city and the number that are
actually awarded city contracts. In the years since,
the Council has lobbied the last few mayoral and

1
2 state administrations and passed several bills in
3 order to modify the city's M/WBE program to better
4 meet the needs of the M/WBE community. This has
5 resulted in increasing the city's noncompetitive
6 small purchase limit for M/WBEs to 500,000, the
7 inclusion of Native American-owned firms in the
8 city's M/WBE procurement goals for the first time,
9 and the registration of over 11,000 certified M/WBEs
10 citywide.

11 Unfortunately, more than 84 percent of
12 those certified firms have never been awarded a city
13 contract. The previous mayoral administration
14 regularly boasted the success of its outreach efforts
15 to explain the number of certified firms, but we on
16 this Committee believe it is the responsibility of
17 the new administration to close the gap between
18 certified M/WBEs and those firms who actually receive
19 city contracts. We know the Department of Small
20 Business Services regularly updates its M/WBE
21 database as new firms are certified, but we on the
22 Committee would like to know what SBS does after that
23 to get those firms awarded city contracts. We know
24 that SBS offers training, networking, and business
25 development programs but what about on the agency

1
2 side? Each contracting agency was appointed a Chief
3 Diversity Officer in 2020 to assist agency
4 contracting staff in selecting M/WBEs for contract
5 awards. How has that played out in practice and what
6 has the experience been for contracting agencies so
7 far?

8 I also want to acknowledge that Council
9 Member Narcisse and Council Member Rivera have also
10 joined us. Thank you so much, as well as Council
11 Member Linda Lee.

12 We know that the city has a stated goal
13 of 30 percent procurement from M/WBEs citywide, but
14 each year the city falls far short of that goal.
15 According to the City Comptroller, 11.3 percent of
16 contract spending citywide has gone to certified
17 M/WBEs through the first 3 quarters of fiscal year
18 2020. While this is an increase over the 9.6 percent
19 rate of fiscal year 2021, it's still far short of the
20 30 percent M/WBE contracting goal.

21 Further, only a handful of city agencies
22 are shouldering the load for the administration's
23 responsibility for M/WBE contracting. While we
24 commend the best performing agencies this fiscal
25 year, the School Construction Authority, the

1
2 Department of Education, the Department of Mental
3 Hygiene to name a few, much more remains to be done
4 to ensure other mayoral agencies are also working
5 towards the 30 percent utilization goal.

6 During the roughly months of emergency
7 procurement conducted pursuant to Mayor de Blasio's
8 declared emergency from March 2020 to July 2021, the
9 city spent over 3.5 billion dollars in COVID-related
10 goods and services, and out of the 3.5, only 554
11 million dollars, about 16 percent went to M/WBEs.
12 This means that even when the city's regular
13 procurement rules pertaining to competitive sealed
14 bidding were suspended, contracts were still awarded
15 to M/WBEs only 16 percent of the time. Further, at
16 least 5 agencies including SBS did no business at all
17 with M/WBEs for their COVID-related contracts during
18 that time.

19 How can we entrust an agency like SBS
20 with improving and expanding M/WBE procurement when
21 the very same agency does close to 0 business with
22 M/WBEs when there were no restrictions in place to
23 prevent them from doing so? In fact, 2 agencies alone
24 made up more than 40 percent of the city's total
25 pandemic-related spending. The Department of Citywide

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Administrative Services and the Department of
Sanitation combined to do the most business with
M/WBEs during the declared state of emergency.
Others, like SBS, the Department of Parks and
Recreation, the Department of Consumer and Worker
Protection shockingly chose to do none.

We on the Committee applaud the work
being done by agencies who strive to improve their
M/WBE utilization numbers, but instead of
highlighting the agencies with the greatest success,
this administration should hold underperforming
agencies accountable and do whatever it takes to
improve their utilization rates. The Committee does
not expect full M/WBE utilization from every agency,
but when the rate from emergency procurement is at 0
it speaks volumes about the lack of effort to fulfill
the goals of the M/WBE program on the part of those
agencies.

We hope this hearing will provide the
Committees with an opportunity to discuss some of the
roadblocks these underperforming agencies are having
towards improving their M/WBE contracting and what
steps the new administration can take to improve
those numbers. Like the Mayor, we are committed to

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RESILIENCY 9

1 reaching 30 percent utilization. Lets work to improve
2 these M/WBE utilization rates so we can get there
3 together.
4

5 Finally, I'd like to thank the Committee
6 staff, Legislative Counsel Alex Paulenoff, Senior
7 Policy Analyst Leah Skrzypiec, and Finance Unit Head
8 John Russell for all their hard work in prepping for
9 this hearing.

10 I will now turn over the floor to Council
11 Member Julie Menin, the Chair of Small Business
12 Committee for her opening remarks and saying M/WBE
13 this time is quite a tongue twister. Thank you so
14 much.

15 CHAIRPERSON MENIN: Thank you so much,
16 Chair, for your remarks. Good morning, everyone. I'm
17 Council Member Julie Menin, and I'm the Chair of the
18 Committee on Small Business, and I want to welcome
19 you to our joint oversight and legislative hearing
20 today with my Colleagues, Council Member Won, Chair
21 of the Committee on Contracts, and Council Member
22 Moya, Chair of the Subcommittee on COVID Recovery and
23 Resiliency.

24 The oversight portion of our hearing
25 today will focus on the impacts of the pandemic on

1 M/WBEs. From the Small Business Committee
2 perspective, I'm interested in a productive
3 conversation on how we can jumpstart the recovery of
4 minority-owned businesses and increase utilization
5 rates of M/WBEs at city agencies.
6

7 To start, the city's M/WBE contracting
8 system including the certification of businesses as
9 minority and women-owned and agencies contracting
10 with these businesses relies on the existence of a
11 thriving marketplace of women and minority-owned
12 businesses. As the Committee on Small Business
13 covered in our hearing last month, minority-owned
14 businesses have been disproportionately impacted by
15 the economic devastation caused by the pandemic due
16 in part to difficulty qualifying for pandemic
17 financial relief programs. According to national
18 data, black-owned businesses were more than twice as
19 likely to close than white-owned businesses. A
20 Comptroller survey from June 2020 found that 25
21 percent of M/WBEs surveyed did not apply for federal
22 or city funding because of restrictive application
23 criteria to qualify for aid. Businesses did not want
24 to subject themselves to debt or high interest rates
25 and a lack of outreach and awareness of existing

1 programs and program funds were also exhausted before
2 they could apply, frankly none of which are
3 acceptable.
4

5 M/WBEs are also struggling to recover
6 from the pandemic due to the paucity in city
7 contracts they are receiving. In fiscal year 2021,
8 only around 4 percent of city contract money went to
9 M/WBEs. According to the Comptroller's Making the
10 Grade Report, an annual report that grades each
11 agency's success in meeting M/WBE utilization goals
12 outlined in Local Law 178 of 2019, the city received
13 an overall grade of C- in fiscal year 2021, down from
14 a C in fiscal year 2020. The city has consistently
15 performed poorly with contracting black-owned
16 businesses and women-owned businesses, getting a
17 grade of F for black-owned businesses every year for
18 the past 5 fiscal years and a letter grade of D every
19 year for the past 5 fiscal years for women-owned
20 businesses. I am deeply concerned about these figures
21 and look forward to a productive conversation today
22 on how the new administration is working to improve
23 the M/WBE contracting system.

24 As a former small business owner myself
25 who would've qualified for M/WBE status, I have seen

1 firsthand that the city did little to improve
2 outreach to small businesses to let them know about
3 this economic opportunity. I'm concerned quite
4 frankly that there's been a lack of outreach by SBS
5 to let businesses know about this important
6 certification opportunity and further compounding
7 this feeling is that agency leadership is not aware
8 of the robust information available about the various
9 M/WBEs available to their respective agencies.

11 As Chair Won mentioned, according to the
12 same Comptroller's report, 5 agencies dealt
13 exclusively with non-M/WBEs for their COVID-19-
14 related contracts, including Health and Hospitals,
15 Department of Parks, Financial Information Services
16 Agency, Department of Consumer and Worker Protection,
17 and the Department of Small Business Services. This
18 is totally unacceptable. The fact, quite honestly,
19 that we're having an oversight hearing over the
20 agency that is responsible for M/WBEs and that during
21 COVID did not even issue a single M/WBE is shocking
22 to say the least so we really are going to be getting
23 into that.

24 I'm hopeful to hear about how the new
25 administration will facilitate and expedite the

1 process for minority and women-owned business to get
2 certified as an M/WBE. I have heard extensively from
3 the small business community that SBS's certification
4 process is too arduous and that the agency should be
5 doing more to make the certification process much
6 simpler and less complex. I look forward to hearing
7 from advocates today about issues that they are aware
8 of with the M/WBE system and steps that the
9 administration should take to improve the system.
10

11 With that said, I want to thank my
12 Central staff team, Senior Counsel Stephanie Jones,
13 Senior Policy Analyst Noah Meixler, my Chief of Staff
14 Jonathan Szott, and Legislative and Budget Director
15 Czareena Dotchev for their incredibly hard work.

16 I'd now like to turn it over to Council
17 Member Moya, Chair of the Subcommittee on COVID
18 Recovery and Resiliency to deliver an opening
19 statement. Thank you.

20 COUNCIL MEMBER MOYA: Thank you to Chairs
21 Won and Menin and everyone that's joining us today.
22 I'd just like to take this opportunity to acknowledge
23 that we've also been joined by Council Members Brewer
24 and Ariolai.

2 Good morning. I'm Council Member
3 Francisco Moya. I'm Chair of the Subcommittee on
4 COVID Recovery and Resiliency. Again, I'd like to
5 just thank my Chairs for presenting this very
6 important meeting that we have today.

7 As my co-Chairs have shared, we want to
8 discuss the impact of COVID-19 on minority and women-
9 led businesses and how we can ensure a more equitable
10 future for M/WBEs. We are at the 2-year mark of this
11 pandemic and, particularly for me who lives and
12 represents the district that was the epicenter of
13 COVID-19, it's been heartbreaking to see firsthand
14 how it's altered my community's physical, emotional,
15 and financial health. The impact of COVID-19 is
16 ongoing and all-encompassing. Since the start of the
17 pandemic, over 26,000 businesses in New York City
18 have closed permanently with smaller minority-owned
19 businesses disproportionately impacted. It's why part
20 of the work that I did to help provide some relief
21 and fight food insecurity was getting funding and
22 making efforts with partnerships with the Hispanic
23 Federation to support a series of restaurants, mom
24 and pop shops in the district as well as introducing
25 and passing legislation that capped the exorbitant

1 delivery fees that third-party apps were charging
2 restaurants in New York City. A major cause of the
3 disparity in business closure is due to many
4 difficulties minority-owned businesses have had
5 accessing financial relief programs during the
6 pandemic. For example, in June 2020, a Comptroller's
7 survey found that only 40 percent of M/WBE-certified
8 businesses applied to SBS's Small Business Continuity
9 Loan program. Very few received a loan or similar
10 support. In fact, 25 percent of the M/WBEs surveyed
11 did not apply for federal or city funding because of
12 the restrictive application criteria to qualify for
13 aid. They did not want to subject themselves to debt
14 or high interest rates. There was a lack of outreach
15 and awareness of existing programs, and the program
16 funds were exhausted before they could even apply.
17 There were also equity issues with the rollout of the
18 PPP program. I saw firsthand how small businesses in
19 my community, particularly businesses serving,
20 support, and operated by immigrants and those with
21 limited English proficiency struggled. Many did not
22 know where to go for help while there were programs
23 and support services in place. They seemed
24 inaccessible, and we can do more to support the
25

1 M/WBEs, especially those that require language access
2 service. Despite having so many businesses certified
3 as M/WBEs, we continue to see immense disparities in
4 access to city contracts with only around 4 percent
5 of the city's contract money going to M/WBEs in
6 fiscal year 2021, and that's just unacceptable. I
7 would like to know exactly what the city is doing to
8 target businesses in districts like mine that were
9 most impacted by COVID-19 to ensure that they have
10 the support that they need to succeed, both generally
11 and specifically with regards to obtaining city
12 contracts. While the city has gone to great lengths
13 to address the health of the communities
14 disproportionately impacted by COVID-19, it is still
15 unclear to me how the same lens is applied to small
16 businesses, which are the lifeblood of so many hard-
17 working individuals that are just struggling to stay
18 afloat. We need to do a better job looking back and
19 analyzing who was impacted and how such as studying
20 impacts based on ethnicity, languages spoken, and
21 other demographics as well as looking ahead to ensure
22 that these issues are meaningfully addressed. We must
23 do better, and that's why I just want to, again,
24 thank my co-Chairs as well as the Committee Members
25

1 and the Members of the COVID-19 Subcommittee for
2 joining our hearing today. I'd also like to thank the
3 Committee staff for their great work on this issue,
4 Sara Liss and then Em Balkan and Lauren Hunt, Meghan
5 Tadio, Harbani Ahuja, and, again, I want to turn it
6 over to our Committee Counsel staff as well. Thank
7 you so much.

9 ALEX PAULENOFF, COUNSEL: Thank you,
10 Chair. My name is Alex Paulenoff. I'm Counsel to the
11 Contracts Committee of the New York City Council.

12 Before we get into testimony today, I
13 would just like to remind everyone that you will be
14 on mute until you're called upon to testify at which
15 point you'll be unmuted by the host.

16 I'll be calling on the panelists to
17 testify in order so please listen for your name to be
18 called.

19 The first panelist to give testimony
20 today will be the Deputy Commissioner for Economic
21 and Financial Opportunity at the Department of Small
22 Business Services, Dynishal Gross, the Chief of Staff
23 of the Mayor's Office of Contract Services, Kim Yu,
24 and the Deputy Director of Strategic Initiatives at
25 the Mayor's Office of Minority and Women-Owned

1 Business Enterprises, Jee Kwon, as well as the Deputy
2 Director of Agency Engagement of Operations at the
3 Mayor's Office of Minority and Women-Owned
4 Businesses, Johnny Celestin, who will all be
5 available for questioning. I will call upon each of
6 you shortly when it is time to begin your testimony.
7

8 During the hearing, if Council Members
9 would like to raise a question of the administration
10 or of a specific panelist, please use the Zoom raise
11 hand function, and we will call on you in order. We
12 will be limiting Council Member questions to 5
13 minutes, which includes the time it takes to answer
14 those questions so please note that for the ease of
15 this virtual hearing we will not be allowing a second
16 round of questions for each panelist outside of the
17 Committee Chairs.

18 As a reminder, all hearing participants
19 should submit their written testimony to
20 testimony@council.nyc.gov.

21 Before we begin testimony, I will
22 administer the oath to all members of the
23 administration who will be offering testimony or who
24 will be available for questions. Please raise your
25 right hands now. I will call on each of you

1 individually for a response. Do you affirm to tell
2 the truth, the whole truth, and nothing but the truth
3 before this Committee today and to respond honestly
4 to Council Member questions? Deputy Commissioner
5 Gross.
6

7 DEPUTY COMMISSIONER GROSS: I do.

8 ALEX PAULENOFF, COUNSEL: Thank you. Chief
9 of Staff Yu.

10 CHIEF OF STAFF YU: I do.

11 ALEX PAULENOFF, COUNSEL: Deputy Director
12 Kwon.

13 DEPUTY DIRECTOR KWON: I do.

14 ALEX PAULENOFF, COUNSEL: Deputy Director
15 Celestin.

16 DEPUTY DIRECTOR CELESTIN: I do.

17 ALEX PAULENOFF, COUNSEL: Thank you.

18 Deputy Director Gross, you may begin your testimony.

19 DEPUTY COMMISSIONER GROSS: Thank you.

20 Good morning, Chairs Menin, Won, Moya, and Members of
21 the Committees on Small Business, Contracts, and
22 COVID Recovery and Resiliency.

23 My name is Dynishal Gross, and I am the
24 Deputy Commissioner for the Division of Economic and
25 Financial Opportunity, or DEFO, at the Department of

1 Small Business Services, SBS. I'm joined today by Jee
2 Kwon and Johnny Celestin from the Mayor's Office of
3 Minority and Women-Owned Business Enterprises and Kim
4 Yu, Chief of Staff at the Mayor's Office of Contract
5 Services, and I'm pleased to testify today about the
6 performance of the city's Minority and Women-Owned
7 Business Enterprise, or M/WBE, program, particularly
8 during the COVID-19 pandemic.

9
10 SBS aims to unlock economic potential and
11 create economic security for all New Yorkers by
12 connecting them to good jobs, creating stronger
13 businesses, and building vibrant neighborhoods across
14 the 5 boroughs. In pursuing this mission, DEFO is
15 focused on ensuring the meaningful participation of
16 businesses owned by individuals from groups that have
17 been demonstrated to have been underutilized in the
18 government procurement process. MOCS, OMWBE, and a
19 host of city agencies and non-mayoral entities are
20 our close partners in this work.

21 SBS works to attract firms to the M/WBE
22 program to assess their eligibility for certification
23 and to support their success in government
24 procurement through business education, technical
25 assistance, and other capacity-building initiatives.

1 Through these interventions, we increase their
2 participation in public sector contracting and help
3 these businesses survive and grown. In 2021, 70
4 percent of the certified M/WBEs that won a contract
5 with the city have used an SBS service beforehand. In
6 addition, we help to ensure city buyers can connect
7 with certified firms and have the training and
8 guidance to meet their M/WBE program obligations. I
9 invite you to visit the recently updated online
10 Directory of Certified Firms at nyc.gov/buycertified
11 to learn about the excellent firms that participate
12 in the city's M/WBE program. There are currently more
13 than 10,700 M/WBEs certified by New York City, a
14 number that has doubled since 2018. 56 percent of
15 those firms are woman-owned with the remaining 45
16 percent majority-owned by men. 31 percent of firms
17 are black-owned, 21 percent are Asian-owned, 17
18 percent are Hispanic-owned, less than 1 percent are
19 Native American-owned, and 30 percent of M/WBEs are
20 owned by non-minority women.

22 The COVID-19 pandemic created new
23 challenges for government, for the private sector,
24 especially small businesses, and for our city's
25 neighborhoods and residents. The M/WBE program proved

to be an important and flexible tool, contributing to
the city's response and supporting the survival of
M/WBE firms.

SBS transitioned to an online M/WBE
application system pre-pandemic, in December 2018.
This change has been critical to the program's growth
and it allowed the work of certification to continue
uninterrupted after SBS's office closed in March
2020. We also transitioned quickly to virtual
delivery of business education, capacity building,
and technical assistance services, meeting our M/WBE
clients wherever they were with the supports they
required. This included continuing intensive programs
like the Bond Readiness Cohort, which helps
businesses qualify for or increase their bonding to
support performance on larger construction contracts.
We expanded the content of our Selling to Government
business education portfolio to include the full
contracting process from bidding to negotiations and
through performance, closeout, and subsequent audits.

We also launched a M/WBE Peer Mentoring
program, giving newer M/WBEs access to expertise
developed by predecessors who have experienced

1 success in the program. Nearly 800 M/WBEs attended
2 these mentor sessions in FY-21.

3
4 Self-identified M/WBEs and those in our
5 certified pool were included in all of the work SBS
6 did to help small businesses survive the financial
7 impacts caused by public health related closures,
8 restrictions, and supply chain interruptions. For
9 example, 2 industry partnerships led by SBS, the New
10 York City Manufacturing and Industrial Innovation
11 Council and the Tech Talent Pipeline partnered to
12 rapidly create the Make Reopening Supplies
13 Marketplace, an online listing developed to help
14 local businesses find personal protective equipment.
15 33 percent of the suppliers listed in that
16 marketplace were M/WBEs. We were able to revise the
17 terms for the Contract Financing and Loan Fund for
18 M/WBEs, reducing the interest rate from 3 percent to
19 0 percent for emergency contract performance. Since
20 the inception of that program in 2017 through the 2nd
21 quarter of FY-22, 147 contract financing loans have
22 been awarded with a total value of 35,906,000
23 dollars. 34 of those valued at 8,404,000 were 0
24 percent loans awarded during the pandemic.

Executive Order 59 issued on July 28, 2020, encouraged all city agencies to procure goods, services, and construction from M/WBEs for amounts up to 500,000 dollars. It also provided for city agencies to set M/WBE participation goals for contracts relating to COVID-19 response and required agencies to consider at least 1 quote from an M/WBE before awarding a contract related to the COVID-19 response. Finally, it required the appointment of a Chief Diversity Officer in all city agencies.

Executive Order 59 is one example of the kind of the innovation that has characterized the city's pursuit of increased equity through the M/WBE program.

Other innovations have included seeking and winning the authority to increase the threshold for discretionary contracting from 20,000 dollars to 500,000 dollars and creating the OneNYC Program with added M/WBE spending goals for non-mayoral agencies.

The impact of these changes can be measured in dollars and cents. The city has awarded over 21.4 billion dollars, or 86 percent of the total 10-year 25-billion-dollar target to M/WBEs under the OneNYC Program since the start of FY-15 and through the end of FY-21.

1
2 Without a doubt, there's more work to be
3 done, and Mayor Adams shares this belief and has laid
4 out a bold recovery plan with a focus on equity and
5 inclusivity to provide opportunity to every New
6 Yorkers. Rebuild, Renew, Reinvent: A Blueprint for
7 New York City's Economic Recovery lays out 5 pillars
8 and more than 70 concrete initiatives to create
9 opportunities, connect more M/WBEs to city contracts,
10 and help speed recovery. Some key M/WBE items from
11 the plan include upgrading M/WBE oversight, data
12 collection, and compliance to improve outcomes,
13 including improvements to data systems at the Mayor's
14 Office of Contract Services and new dashboards for
15 contracting agencies, calling on the State
16 Legislature to raise the discretionary threshold for
17 M/WBE noncompetitive small purchase contracts to 1.5
18 million dollars, building out the M/WBE program at
19 the New York City Housing Authority, or NYCHA.
20 NYCHA's 2-billion-dollar procurement budget presents
21 a major opportunity for M/WBEs. The Mayor's Office of
22 M/WBE will work closely with NYCHA to implement
23 M/WBEs prequalified list, launch a comprehensive
24 mentorship and apprenticeship program and improve -
25 NYCHA's vendor outreach and communications.

Another point in the Blueprint is expanding the use of M/WBE-only PQLs, or prequalified lists. PQLs offer an excellent opportunity to direct city spending strategically and exclusively to M/WBEs. The Mayor's Office of M/WBE will partner with city agencies to strategically identify contracting areas that have a high number of proven M/WBE firms, build out and maintain a list of prequalified firms, and get contracts in the pipeline that use these prequalified lists.

The final Blueprint item to discuss today is that we'll be working to amend M/WBE program rules to recognize the M/WBE status of firms certified as M/WBEs by other governmental entities. We will also work with our state MTA and Port Authority partners to help them respond in kind, expediting certification for any firm that is already certified by the City of New York.

Now, for a moment, I would like to turn to the proposed bill, Intro 14. Data that reveals the existence of disparity between the presence of willing and capable firms in the city's geographic market and the actual participation of those firms in city procurement is the foundation of our M/WBE

1 program. Transparency in sharing data on those
2 disparities and in our efforts to close them are
3 pillars of the city's M/WBE program philosophy so we
4 certainly share the Council's belief that the data we
5 rely on and share should be as current as possible.
6 At the same time, we understand the complexity of
7 performing and delivering a robust and reliable
8 disparity study. For those reasons, we support the
9 spirit of the proposal and hope to work with you over
10 the course of the legislative process to craft a bill
11 that addresses these concerns in a practicable
12 manner. The city is committed to making New York a
13 more equitable and inclusive place for M/WBEs to
14 operate. We know that working closely with the
15 Council is critical to achieving this shared goal.
16 Together, we can seize on the immense opportunities
17 from the city's annual contracting and provide
18 opportunity to more M/WBEs.

19
20 I look forward to our continued
21 partnership and thank you for your time today, and we
22 welcome any questions you may have.

23 ALEX PAULENOFF, COUNSEL: Thank you,
24 Deputy Commissioner Gross. We will now turn it over
25 to the questions from the Chairs.

Panelists from the administration, please stay unmuted if possible during this question and answer period.

A reminder to the Chairs that you will be in control of muting and unmuting yourselves during this period.

Chair Won, you may begin when ready.

CHAIRPERSON WON: Thank you so much to the Deputy Commissioner. I also want to acknowledge Council Member Williams for joining. Thank you so much as well as Council Member Valazquez.

I'm going to start with my questions for MOCS. What percentage of procurement necessary to respond to the COVID-19 state of emergency were exempt from M/WBE participation goals? That question was for you, Chief of Staff Kim Yu.

CHIEF OF STAFF YU: Thank you, Chair Won. Thank you so much for having this hearing so that we can talk about this very important topic and deep congratulations on the birth of your child. I watched that very closely because my child is also born in March so wonderful to see you.

Actually, in coordination with my partners who are testifying with me today, I would

love maybe to defer a bit to the Office of M/WBE and then I'm also happy to sort of add to the Office of M/WBE's response. If that is acceptable to the Chair.

CHAIRPERSON WON: Yes, that's fine. Thank you.

DEPUTY DIRECTOR KWON: Good morning, Council Members. Thank you for inviting SBS, MOCS, and the Office of M/WBE to speak more about the city work with M/WBEs.

To answer your specific question, while emergency contracts are normally exempt from the M/WBE goal requirements and procurement rules were temporarily suspended during the COVID-19 state of emergency, Executive Order 59 was effected to push for M/WBE participation beyond the usual parameters of the M/WBE program during this unprecedented time. Per the Mayor's Executive Order 59 released on July 28, 2020, OMWBE in partnership MOCS and SBS reviewed all emergency contracts submitted to us for 2 main things meant to increase M/WBE participation. One, did the agency consider at least 1 quote from a city-certified M/WBE, and, 2, did the agency do a comprehensive analysis of M/WBE availability to provide the goods, services, or construction needed

1 on an emergency basis. If the analysis demonstrated
2 availability, the agencies worked with the vendors to
3 negotiate M/WBE participation for the needed work. We
4 reviewed each opportunity with the contracting agency
5 and, again, if the availability analysis deemed it
6 feasible, made sure that agencies engaged with the
7 M/WBE community and negotiated with vendors around
8 M/WBE utilization, either are prime contractors or as
9 subcontractors.
10

11 CHAIRPERSON WON: Thank you. Chief of
12 Staff Kim Yu, did you have anything else that you
13 wanted to add or Deputy Director John, or should I
14 move on to the next question?

15 Okay, I'll move on to the next question.
16 For capital projects contracted valued at over 25
17 million, what percentage of those were divided up
18 into smaller contracts by MOCS?

19 CHIEF OF STAFF YU: Thank you, Chair Won.
20 I'll attack this question a bit just by taking a step
21 back. Generally speaking, very large contracts,
22 particularly contracts over 25 million dollars, we do
23 look as a city to break up those contracts. The idea
24 being that if we break up such a large contract that
25 it will result in multiple contracts, and it will

1
2 increase the ability for vendors to compete and
3 hopefully M/WBE vendors. We continue to look to do
4 this, particularly in technology contracts and
5 construction contracts so it's something that we've
6 been doing and we're looking to do more of in the
7 future.

8 CHAIRPERSON WON: Okay, but do you have
9 the percentage amount? Like what percentage of those
10 were actually divided out of 25 million?

11 CHIEF OF STAFF YU: It's a very good
12 question. I think for the purposes of this hearing,
13 we didn't pull that specific data point, but I'm
14 happy to take that request back, and we'll share the
15 information as a followup with your office.

16 CHAIRPERSON WON: That's good. I know that
17 we just talked about the Executive Order 59 from
18 Mayor Bill de Blasio. It encouraged the city agencies
19 to use their power under Section 311 of the City's
20 Charter to award contracts under 500,000 dollars to
21 M/WBEs without a formal competitive process, which I
22 know that you were saying that the city was pushing
23 for, so can you give us a little bit more sense of
24 detail to what extent the city agencies have used
25 this power and, if so, which agencies? Second part of

1
2 the question, and I can repeat this again because I
3 know, this is a 3-part question, has there been an
4 uptick in M/WBE small purchase contracting since the
5 Chief Diversity Officers were appointed, and has
6 there been a noticeable change in M/WBEs contracting
7 at agencies that were severely underperforming?

8 CHIEF OF STAFF YU: Sure, Chair Won.

9 Again, if it's acceptable, I'm going to defer to our
10 Office of OMWBE, and then I'm happy to jump in and
11 add more detail at the conclusion of her response.

12 DEPUTY DIRECTOR KWON: I can tackle from
13 the start and then if you have any other questions,
14 please feel free to ask. When an agency has a
15 purchasing need under 500,000 and there's M/WBE
16 availability to provide those services and/or
17 construction, agencies have been using M/WBE
18 noncompetitive small purchase award method wherever
19 practicable. Since its inception in March 2018, the
20 city agencies have awarded over 3,500 contracts
21 valued at over 322 million through the end of
22 February 2022. The original M/WBE small purchase
23 method was first launched in March 2018 as innovative
24 procurements, and the CDOs were appointed in August
25 2020 in the midst of the pandemic so to get to your

1 question about the uptick in the M/WBE small
2 purchases since the Chief Diversity Officers
3 appointing, it's tough to say the appointment of CDOs
4 have had a direct effect on the rate of awards using
5 the M/WBE purchase method, but what we can say is
6 that although there was a slight decrease in the
7 number of M/WBE small purchase awards during the
8 emergency period, the total value of awards to M/WBEs
9 using the method remained fairly steady through the
10 emergency period, mostly because the average award
11 value increased again due to the increase in the
12 threshold from 150,000 to 500,000 so while the number
13 of awards during the emergency period decreased
14 slightly, the average award value increased so from
15 about 80,000 in fiscal year '20 to about 104,000 in
16 fiscal '21.

17
18 One last thing to note, in fiscal year
19 '21 quarter 4, that's April through June 2021, one
20 year into the COVID emergency, approximately 34
21 million was awarded using M/WBE noncompetitive small
22 purchase method, which was the highest dollar value
23 of any quarter since the method's inception.
24 Hopefully, I addressed all your questions there.

1
2 CHAIRPERSON WON: Thank you so much,
3 Deputy Director Jee Kwon. To follow up, I know that
4 we heard early on that Department of Sanitation and
5 Department of Education were primary examples of
6 stellar use of M/WBEs and trying to meet the
7 utilization goals. For other agencies, could you help
8 us understand to what extent those city agencies have
9 used executive order power to make sure that they
10 were hitting their utilization goals for M/WBEs,
11 which they weren't, and why you may think that they
12 were unable to?

13 DEPUTY DIRECTOR KWON: Sure. I think when
14 we talk about utilization here, we're not necessarily
15 talking about percentage but the use of M/WBEs during
16 the emergency period, specifically with the M/WBE
17 noncompetitive small purchase method. We don't
18 believe that this is necessarily a question of
19 underperforming agencies. When an agency has a
20 purchasing need under 500,000 and, again, when there
21 is matching M/WBE availability to provide those
22 goods, services, or construction that's needed,
23 agencies have been using the M/WBE noncompetitive
24 method wherever practicable. For example, DoITT,
25 DOH&H, DEP, DSNY, DOT, FDNY, these are all agencies

1 with the highest total value of awards, each with
2 over 20 million in awards using the M/WBE
3 noncompetitive small purchase method specifically and
4 DoITT with the highest, I think with over 30 million
5 in awards. As a reminder, these are all awards
6 between 20,000 and 500,000. (INAUDIBLE) of those
7 agencies in addition to FDNY, DOE, I would say that
8 DOA also had a very high number of awards along with
9 DOH&H, which I think you mentioned, and DIP.

11 CHAIRPERSON WON: Thank you. To go deeper
12 into talking about the Chief Diversity Officer that
13 we just discussed slightly, in 2020 Mayor Bill de
14 Blasio established Chief Diversity Officers for those
15 who from the general public may not know, in every
16 city agency in order to combat inequity in our city.
17 Did all city agencies appoint a Chief Diversity
18 Officer or a Chief M/WBE Office by August 2020, which
19 was the deadline of the Executive Order 59?

20 DEPUTY DIRECTOR CELESTIN: Thank you,
21 Chair Won. The straight answer to your question is
22 yes, and the list is currently published on OM/WBE's
23 website.

CHAIRPERSON WON: Okay, and I also want to
acknowledge Council Member Nurse for joining us.
Thank you so much.

I have 3 followup questions for Chief
Diversity Officer. How does the city hold the Chief
Diversity Officers accountable for their agency
meeting their M/WBE goals?

DEPUTY DIRECTOR CELESTIN: Accountability
is a collaborative effort between each agency's CDOs,
the Commissioner, the M/WBE Officer, ACOs (phonetic),
and the Program Team, and this has been in
partnership with OMWBE, MOCS, and SBS. Additionally,
CDOs are meant to have a direct reporting line to
their Commission and the Director of OMWBE has
regularly scheduled monthly meetings with most CDOs
and meets more frequently with CDOs of select larger
agencies like DDC. OMWBE, SBS, and MOCS also holds
monthly M/WBE trainings, which are designed to
empower CDOs, M/WBE officers, ACOs, and Program Staff
in meeting their M/WBE goals.

CHAIRPERSON WON: Got it. Thank you so
much. Everything that you just described, has that
resulted in more noncompetitive small purchase

1 contracts being awarded to M/WBEs or contracts
2 overall?

3
4 DEPUTY DIRECTOR CELESTIN: As my Colleague
5 mentioned earlier, I think she would touch on the
6 point of noncompetitive component.

7 DEPUTY DIRECTOR KWON: Yes, the rate of
8 rewards has been fairly steady. I don't think we've
9 had too much challenge with the use of the
10 procurement method, and I think because the M/WBE
11 noncompetitive small purchase method allows agencies
12 to make direct awards to M/WBEs and the cycle time is
13 a little bit faster with the use of the method, the
14 contracting agencies are steadily using the award
15 method.

16 CHAIRPERSON WON: Thank you. The city is
17 largely subject to lowest responsible bidder
18 standards for city contracts. What obstacles does
19 this present in terms of rewarding more contracts to
20 M/WBEs? I have 2 followup questions. To what extent
21 do solicitations play a role in the ability of city
22 agencies to award contracts to M/WBEs and how
23 frequently does MOCS with city agencies to ensure
24 their solicitations are appropriately scoped?

1
2 CHIEF OF STAFF YU: I'm going to step in
3 and tackle this one. As we've spoken about previously
4 with your office and you and the Contracts Committee
5 generally, the city, itself, is very committed to
6 reviewing the antiquated procurement rules and to
7 reform and modernize the process and best use
8 technology and leverage what technology enables us to
9 do, and part of this means utilizing the
10 noncompetitive small purchase method that Deputy
11 Director Kwon just spoke about. We also have some
12 other tools that we are continuing to hope to explore
13 such as M/WBE prequalified lists, but we want to do
14 more. We want to continue to push the envelope here,
15 and we're looking forward to working with your office
16 and the other Council Members' offices to really
17 inform what we do in this space in the time to come.

18 I will address the followup questions as
19 well. The first followup question was respective to
20 solicitation and what role does that play with
21 respect to the city agency's awarding contracts to
22 M/WBEs. Here at MOCS, we're committed to reviewing
23 the entire procurement process including the
24 procurement processes that M/WBEs encounter, and we
25 want to look throughout the whole process to find

opportunities for M/WBEs to compete for contracts and
be awarded contracts.

Finally, there was one more followup
question, and I think that was with respect to how
MOCS works with the city agencies to ensure that
their solicitations are properly scoped. What we do
here at MOCS is we work hand in hand with all the
city agencies at all stages of the procurement
process to ensure that they're following the rules,
they're using the tools that are available to them,
and part of this is making sure that the agencies are
best using the procurement tool, which is PASSPort.
We're continuing to do that, and we look forward to
this work to come.

CHAIRPERSON WON: Thank you. My last
question is about the disparity study. Local Law 129
of 2005 included a requirement for SBS and MOCS to
commission a disparity study to update the city's
M/WBE goals at least every 2 years, and the last
disparity study was completed in 2018, 4 years ago.
Do you have a vendor who's currently working on that
next disparity study, and do you know when we can
expect that to be completed?

CHIEF OF STAFF YU: Chair Won, I'm going to defer to my partner, Deputy Commissioner Gross, on this particular question.

DEPUTY COMMISSIONER GROSS: Thank you. Thank you for this question about the disparity study. I'd like to share some history and some details to kind of help answer this question. The city conducted a disparity study in 2005 which supported the program changes made by Local Law 129 of 2005. MOCS next released a data analysis in 2011, which was the basis for the program amendments enacted by Local Law 1 of 2013, and we published a disparity study in 2018 that provided a basis for the updates made by Local Laws 174 and 176 of 2019. I share this history to illustrate that although the cadence has sometimes been extended, we have performed reliable disparity studies that have allowed the city to maintain this important policy tool. In our last study, which was published in 2018, our vendor, MGT, in collaboration with the city engaged in the following outreach efforts. We reached over 100,000 businesses and business groups by email or phone and engaged the business community through meetings held in each of the 5 boroughs and through a

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2 disparity study website launched specifically for
3 this purpose. We conducted a comprehensive outreach
4 campaign that also included digital and print ads in
5 ethnic media sources, radio ads, postings on social
6 media as well as printed materials distributed at
7 public events. Outreach was conducted in Spanish,
8 Chinese, Korean, Haitian Creole, as well as English,
9 and, as a result of these efforts, over 5,000
10 business owners and representatives provided direct
11 input into the study's research and findings through
12 surveys, interviews, focus groups, and testimonies,
13 and, of those, about 60 percent of the respondents
14 were M/WBEs.

15 We're doing all that we can to select an
16 excellent vendor for the next disparity study
17 efficiently. That procurement is currently in
18 development and will be released in PASSPort soon,
19 and we expect that that vendor will help us produce a
20 valid, reliable, and legally defensible study to
21 determine what this program should be in the near
22 future.

23 CHAIRPERSON WON: Thank you, Commissioner
24 Gross. I know that Council Member Justin Brannan's
25 legislation being introduced today would require us

1
2 to use the most available data since the last
3 disparity study used data from 2015. Our city is
4 consistently changing as well as COVID-19 has
5 impacted our businesses in a way that it is going to
6 completely differ and the data has to be from the
7 most recent time. We cannot be using outdated data,
8 especially in a time like now. What I'm hearing you
9 say is that 1) you do not have a vendor currently..

10 DEPUTY COMMISSIONER GROSS: Not yet, no.

11 CHAIRPERSON WON: And you do not know when
12 it is expected to be completed then because that was
13 my question for the next disparity study.

14 DEPUTY COMMISSIONER GROSS: We expect to
15 select the vendor over the next quarter, and our goal
16 is to complete the disparity study as efficiently as
17 possible, hopefully over the course of FY-23.

18 CHAIRPERSON WON: Okay, and can you commit
19 right now publicly on what your data you would like
20 to use for this study so that we're not using
21 outdated data, especially because M/WBEs have been
22 impacted so severely by COVID-19?

23 DEPUTY COMMISSIONER GROSS: Transparency
24 is really important to us, and I think it's a real
25 strength of the city's M/WBE program. SBS, MOCS, and

1 the agencies publish procurement plans annually,
2 compliance reports quarterly, and those include
3 robust data appendices on this portion of the city's
4 spend so the disparity study will include valuable
5 insights including the presence of willing and
6 available firms in the city's entire geographic
7 market and their participation, their experience in
8 attempting to participate in city contracting, but
9 it's definitely not the only way to understand how
10 the programs and initiatives that are part of the
11 M/WBE program are running. Much of that data is
12 available to Council and the public including our
13 certified firms at all times at the click of a mouse
14 through SBS' website and MOCS' website and the M/WBE
15 program tools included there. For the disparity
16 study, we want to define a study period that has
17 complete data, it'll be the end of a fiscal year, and
18 to define that to allow the study to proceed as
19 efficiently as possible and, again, we'll work with
20 Council to align that expectation with what's
21 practicable given the data that will be available to
22 the vendor at the time the study commences.

24 CHAIRPERSON WON: Deputy Commissioner
25 Gross, even if the data is available at the click of

1 a mouse, it is still by law that you are required,
2 the administration is required to produce the
3 disparity study every 2 years, and these disparity
4 studies are the only way for the city to update its
5 M/WBE goals so it's imperative that we receive up-to-
6 date data on how the city program's initiatives
7 support the M/WBEs working. We look forward to
8 continuing to keeping you accountable, and I will now
9 pass it back to the host, Alex Paulenoff, and then
10 Council Member Menin will begin her questions as
11 well.

12
13 ALEX PAULENOFF, COUNSEL: Thanks, Chair.
14 I'll turn it to Chair Menin for questions.

15 CHAIRPERSON MENIN: Thank you so much. I
16 am deeply concerned about a lack of outreach by the
17 City of New York on M/WBEs because these numbers are
18 frankly abysmal so I want to drill down on specifics.
19 How much money is being spent to advertising and
20 promote M/WBE opportunities in the city, in what
21 publications are you advertising, and in how many
22 languages?

23 DEPUTY COMMISSIONER GROSS: I can speak a
24 bit about SBS' spending on promotion of the program,
25 Chair Menin, but if you're speaking about the

1 advertising of specific procurements, I may pass that
2 to my Colleagues or pledge to get back to you with
3 additional information. In FY-21, SBS spent 117,000
4 dollars on digital ads to attract M/WBEs to the
5 program. We have found that Google search ads are
6 very efficient and an effective way to spread
7 information about the program so when folks are
8 searching M/WBE, they're searching for information
9 that can help them respond to their particular
10 challenges, our program materials are presented as an
11 answer so we're doing digital ads through Google,
12 through social media, and other means to promote the
13 program, but I would say advertising, paid
14 advertising, is not the most powerful tool that we
15 have for outreach. I believe that that is
16 partnership. We work with the nonprofits that are
17 funded through the M/WBE Leadership Association and
18 supported by the City Council with the vendors who
19 operate our Business Solutions Centers with our
20 certification partners both in government and in the
21 private sector and with M/WBEs, themselves, and
22 industry groups to promote the program. Moreover, our
23 city agencies are doing outreach to businesses in the
24 industries in which they generally contract to
25

1 identify potential M/WBEs and sharing those with SBS
2 as well. Just to give you a sense, in FY-21, we
3 participated in 163 workshops and events with
4 partners like the types of partners that I have
5 described as well as City Council Members and other
6 local elected officials to promote the M/WBE program.

8 CHAIRPERSON MENIN: With all due respect,
9 117,000 dollars to promote something as important as
10 M/WBEs is far too little. What languages are you
11 disseminating the events that you mentioned, and what
12 languages are you disseminating materials in, and is
13 there is city agency staff, whether it be SBS or
14 another agency, what different languages are being
15 spoken at the various events you mentioned?

16 DEPUTY COMMISSIONER GROSS: I'd like to
17 follow up with you with specifics because I don't
18 want to give a general answer. I know that we have
19 recently done events focused on the Haitian Creole
20 speaking community, the Bangladeshi community
21 speaking Bengali, many outreach events in Spanish,
22 but I can give you more of that information, Council
23 Member Menin. In addition, we have translated all of
24 our M/WBE certification webinars into the 10
25 languages required by the city's Language Access Law,

1
2 and, again, we're seeking partnership on promoting
3 those resources so that we're able to recruit firms
4 to consider certification and go through the
5 certification process. In addition, the digital
6 application for certification that I described is in
7 a system called SBS Connect, and that can be
8 translated by any user to provide language access.

9 CHAIRPERSON MENIN: Thank you. Please do
10 get that to us. The other thing I would say, I think
11 you mentioned 136 events. That's far too little for a
12 program as important as this. By comparison, in 6
13 months on the census, we did over 1,000 events. Are
14 you doing events at every single one of the 76 BIDs
15 so that you're reaching all of their merchants?

16 DEPUTY COMMISSIONER GROSS: Because we're
17 at SBS and we're partners in the agency that helps to
18 manage the BIDs, we're able to reach the BIDs
19 efficiently through the regular BID Bulletins,
20 through the BID meetings so our Neighborhood
21 Development Division welcomes our partnership there.
22 It was 163 events in FY-21 and, of course, we're
23 always looking to do more. We're innovating in
24 different types of events this fiscal year, taking
25 the SBS Mobile Unit around the city, and we would

1 absolutely welcome the partnership of City Council
2 Members in inviting us to their districts to reach
3 the firm that are located there as well.

4
5 CHAIRPERSON MENIN: A couple of followup
6 questions. Does SBS or MOCS proactively reach out to
7 the thousands of M/WBEs that haven't been awarded
8 city contracts to let them know that there are
9 opportunities available?

10 DEPUTY COMMISSIONER GROSS: We have a
11 robust, day-to-day working relationship with the
12 M/WBEs in our certified pool.

13 CHAIRPERSON MENIN: I just want a yes or a
14 no. I just want to understand for the record. Are you
15 all reaching out and letting them know or not?

16 DEPUTY COMMISSIONER GROSS: Absolutely.
17 Yes.

18 CHAIRPERSON MENIN: So they're all being
19 notified?

20 DEPUTY COMMISSIONER GROSS: Depending on
21 the type of solicitation, if it's an M/WBE
22 noncompetitive solicitation, only the M/WBEs that are
23 selected by that agency's program team to be included
24 in the solicitation receive notice, but, other than
25 that, we are reaching out to M/WBEs in multiple ways

1
2 to share information on open solicitations, whether
3 those are posted on agency website, in PASSPort,
4 flagged in city record online. We're providing
5 technical assistance for firms who want to compete
6 for those contracts. M/WBES can access up to 3
7 technical assistance sessions for each solicitation
8 to which they're preparing a response or bid to
9 ensure that they're responding in a way that will
10 ensure their proposal is considered. Yes, so lots of
11 outreach around those opportunities to our entire
12 certified pool.

13 CHAIRPERSON MENIN: Is PASSPort
14 automatically notifying certified or licensed vendors
15 when a new solicitation is available?

16 DEPUTY COMMISSIONER GROSS: Kim, do you
17 want to speak to PASSPort notifications?

18 CHIEF OF STAFF YU: Yes. Within the
19 procurement system, PASSPort, the M/WBES who are
20 enrolled in PASSPort are receiving notifications for
21 open solicitation available for them to bid on,
22 propose to, and hopefully be awarded those contracts.

23 CHAIRPERSON MENIN: Okay. Before I go on,
24 I just want to say we've been joined by Deputy
25

1 Speaker Diana Ayala who is on the Zoom as well.

2 Welcome.

3
4 A couple other questions. One thing I
5 found problematic is there doesn't seem to be
6 detailed information available to every City
7 Commissioner on the M/WBEs and exact scope of
8 services, their website photos so that we make it as
9 easy as possible for every city agency to take
10 advantage of M/WBEs. Is this information available,
11 for example, on every city agency website? What
12 information are you disseminating to each
13 Commissioner to help to improve the M/WBE uptick
14 numbers?

15 DEPUTY COMMISSIONER GROSS: We maintain an
16 online directory of certified firms,
17 nyc.gov/buycertified, and that website includes a
18 searchable database with a profile of every certified
19 M/WBE in the city. Those profiles include contact
20 information, business descriptions describing that
21 firm's expertise, a Primary NAICS Code, NIGP Codes
22 describing what goods or services they provide,
23 information on whether they are signatory to a union
24 contract, information on their bonding if they're a
25 construction contract, and information on past

contracts on which they've performed, and we've been working to improve that tool, and it's available for public review.

CHAIRPERSON MENIN: If I can suggest a couple suggestions. I'm familiar with that. The problem with it is if you want to, for example, hire a website designer or whatever it might be, there should be photos, there should be detailed links to website, there should be photos of past work. We want to make it as easy as possible for every agency to be able to access that so I think that would be an important change.

I want to get into the Comptroller 2020 report that we referenced in our opening statements that details 5 agencies that dealt exclusively with non-M/WBES during COVID-related (INAUDIBLE) were Health and Hospitals, the Parks Department, Financial Information Services Agency, the Department of Consumer and Worker Protection, and SBS. This is unbelievably unacceptable the fact that SBS, the agency that has oversight over M/WBES, itself, was on this list of agencies. Why were no contracts awarded by SBS to M/WBES for COVID-19-related contracts?

1
2 DEPUTY COMMISSIONER GROSS: I'd like to
3 look into this more closely. As you're aware, Chair
4 Menin, SBS' budget includes funding for many pass-
5 through entities that are not SBS' core work such as
6 the Navy Yard, EBC, NYC and Co, and others. SBS for
7 its own work was not a significant consumer or user
8 of the emergency contracting method. On its Local Law
9 1 contracts for FY-21, I believe we achieved 94
10 percent M/WBE utilization on our contracts covered by
11 Local Law 1 so you're absolutely right. We take this
12 incredibly seriously. I'm not actually sure to what
13 set of contracts or contract the Comptroller was
14 referring, but I'm happy to look into it and get back
15 to you with that detail. It absolutely was not part
16 of SBS' core work of service delivery to our workers,
17 businesses, or our (INAUDIBLE).

18 CHAIRPERSON MENIN: Yeah, please do get
19 that to the Committee. I'm going to ask one more
20 question. I have additional questions, but I want to
21 turn it over to Council Member Moya next as well as
22 our Colleagues to ask questions so last question. Do
23 you have an estimate on the total number of small
24 businesses or business enterprises in general that
25

1
2 could be eligible in the city that are not pursuing
3 the program?

4 DEPUTY COMMISSIONER GROSS: I don't have
5 exactly that number for you. We did do an analysis
6 that leads us to believe that there are about 1,300
7 firms in our geographic market that are currently
8 certified by the state or another governmental
9 partner and have never been certified by the city so
10 those are the firms that we are hoping to reach
11 efficiently through the Blueprint Initiative
12 increasing our reciprocity between the city and
13 state, but I'm happy to try to get the larger number
14 for you as a followup to the hearing.

15 CHAIRPERSON MENIN: Okay. Thank you. I'll
16 turn it back to Committee Counsel. Thank you.

17 ALEX PAULENOFF, COUNSEL: Thank you, Chair
18 Menin. We'll now turn it to Chair Moya for questions.

19 CHAIRPERSON MOYA: Thank you. I'll be
20 brief. Thank you, Deputy Commissioner, for your
21 testimony today. Can you just give the certification
22 breakdown of M/WBEs by ethnicity, Latino, Asian,
23 African-American, do you have that?

24
25

DEPUTY COMMISSIONER GROSS: I do. I have percentages. I think I included percentages in the testimony, but are you looking for numbers as well?

CHAIRPERSON MOYA: Yeah, I'm looking for numbers.

DEPUTY COMMISSIONER GROSS: Okay. Just one moment, and I'll turn to that for you.

CHAIRPERSON MOYA: While you're looking for that, in the same vein of that question, what are the geographic breakdown of the M/WBEs contracted during COVID and were you targeting local companies that were embedded in the communities that were most impacted by COVID?

DEPUTY COMMISSIONER GROSS: Okay. I'll get the answer about the composition of the certified pool and then if one of my Colleagues at MOCS or OMWBE can share those additional details about the emergency contract utilization, that would be helpful or we'll follow up. Of the 10,665 M/WBE firms that were certified at the close of FY-21, 2,261 were Asian-owned, 3,300 were black-owned, 1,847 were Hispanic-owned, 3,252 were owned by non-minority women, and 5 were owned by Native Americans. Of the

women-owned businesses, oh, you asked about location,
actually, so let me go to that.

CHAIRPERSON MOYA: The demographics of the
contracts that were awarded.

DEPUTY COMMISSIONER GROSS: At the end of
FY-21, we had 7 percent of the certified pool located
in the Bronx, that was 734 firms, 18 percent of the
certified pool located in Brooklyn, 1,869 firms, 215
of our certified pool in Manhattan, that's 2,292
firms, 15 percent of the certified pool in Queens,
1,637 firms, and 3 percent of our certified firms in
Staten Island for 283 certified M/WBEs. 36 percent of
the certified pool at the end of FY-21 was located
outside of the 5 boroughs. Our program's geographic
market includes Long Island and county's in near New
Jersey and also in Westchester and Upstate New York
so the requirement is that the firms have a nexus
with the City of New York but they're not required to
be located within the 5 boroughs to be eligible for
certification.

CHAIRPERSON MOYA: Got it. I want to go
back, and I'm sorry if this question was already
asked. I had to hop off for a vote, but I just want
to go back to the outreach, in particular, to mostly

1
2 immigrant communities, my district was the epicenter
3 of the pandemic. How did you focus your outreach for
4 those disproportionately impacted communities during
5 COVID-19? Can you just run me through what was the
6 outreach that was done?

7 DEPUTY COMMISSIONER GROSS: I would say
8 that definitely during the pandemic, we didn't
9 abandon any of the tools that we've used previously
10 in attempting to reach firms, but we really did
11 double down on partnerships as a way of reaching
12 those communities so we were producing toolkits with
13 the information, whether it was about changing
14 regulations, financing assistance programs, other
15 supports for small business survival and worker
16 survival during that time, and we were sharing those
17 toolkits with hundreds of partners across the city
18 for them to turnkey that information to their
19 constituencies through the types of channels that
20 work best for them. I think those partnerships were
21 absolutely essential to our success in spreading the
22 word of our programming during that time, but we
23 always want to do better and do more, and I think
24 this is not just a problem of the M/WBE program, it's
25 not just a challenge for SBS, how to create deep

1
2 knowledge about the availability of government
3 services for the communities that need the most is a
4 pervasive problem for government, and we absolutely
5 welcome creative input from the Council, professional
6 advisement, and we're constantly trying to innovate
7 internally to improve on this. We do communicate with
8 our M/WBEs often through email. We are in touch with
9 all of them at least monthly through email and also
10 by advertising events and working with them deeply to
11 overcome challenges that they're having.

12 CHAIRPERSON MOYA: During the pandemic,
13 you said you offered a variety of programs to help
14 M/WBEs get certified and access to opportunities.
15 Have you suspended or significantly reduced the
16 programs that were offered during the pandemic?

17 DEPUTY COMMISSIONER GROSS: No, not at
18 all. In fact, we increased our programming during the
19 pandemic by, as I described, adding additional
20 content for selling to government, business education
21 programs, by launching the M/WBE Mentor program, to
22 create a space peer learning within the program, and
23 we really have continued to deliver services remotely
24 at the same or higher rate than pre-pandemic.

1
2 CHAIRPERSON MOYA: What was the budget
3 that was spent in offering these services during the
4 pandemic in multiple languages, specifically as this
5 was happening, the city was offering small businesses
6 to apply through their portal if they had a factory
7 or a company that would make face masks, right, you
8 were told to go onto the website. We found that it
9 was very difficult for many companies who would apply
10 through that website to even get a response back in a
11 timely fashion. What was the budget that was spent to
12 go into communities of color, immigrant communities,
13 to let them know in their language, or you mentioned
14 advertising on ethnic media, what was the budget that
15 was spent on that?

16 DEPUTY COMMISSIONER GROSS: The portion of
17 the spend that I will have the most insight into is
18 the actual costs of translating all of the
19 certification materials and our certification
20 webinars into the 10 languages required by the city's
21 Language Access Law so I'm happy to get back to you
22 with that detail.

23 CHAIRPERSON MOYA: I want to go a little
24 further than just the translation part, but what was
25 the budget for, you mentioned you were going to

1 ethnic media to get the word out, what was that
2 budget?

3
4 DEPUTY COMMISSIONER GROSS: Our spend was
5 the 117,000 dollars that I described, but I'm sure
6 there's additional budget details for the larger
7 agency spend so, if you wouldn't mind, I will circle
8 back to our executive office, our marketing and comms
9 team and try to follow up with those details for you.

10 CHAIRPERSON MOYA: I'd just like to know
11 because, yes, it's 117, but what I'm saying is out of
12 the 117, what was spent on advertisement in
13 communities of color because obviously you're
14 required by law to translate the materials but that
15 doesn't mean that you're reaching out to the LEP
16 communities so, for me, I really want to know what
17 that breakdown was of money that the city, SBS in
18 particular, had spent on advertising in communities
19 of color, where they know that you're going to have
20 the most traction to get M/WBEs and immigrant-owned
21 businesses to identify what is being offered to them
22 so I'd really like that breakdown because I do agree
23 with Chair Menin that 117 is just not enough. I mean,
24 it's abysmal. That should be what we target, maybe,
25 in one district to do that. We have to make those

1
2 real investments if we ever want to reach the
3 communities that have the business owners that want
4 to get their because the certification process in and
5 of itself is very daunting, and I refer back to what
6 I said in my remarks earlier was that the survey
7 found only 40 percent of M/WBE-certified businesses
8 applied to SBS business continuity loans because very
9 few of them received the loan and they know it's just
10 not worth the time and energy for them to do it. If
11 you could just get that for me, that would be helpful
12 because, or else, if there's not that investment
13 that's being made, how do people know where to apply
14 and what to apply to?

15 I'm going to ask you one more question
16 and then I'll turn it over to my Colleagues. You had
17 mentioned about the different area that you're in,
18 but, according to your website, the SBS Procurement
19 Technical Assistance Center Program, it only assists
20 businesses in Manhattan, Brooklyn, and Staten Island.
21 Is that true?

22 DEPUTY COMMISSIONER GROSS: It's not true
23 that we only assist them, but our technical catchment
24 area does not include those boroughs, and I can
25 explain why. The PTAC programs are funded by a

1 combination of city funds and federal funds and the
2 terms of the federal grant determines each PTAC
3 program's catchment area so a great nonprofit
4 partner, SoBro, is the PTAC grantee for the Bronx and
5 LaGuardia Community College is the PTAC grantee for
6 Queens. However, as a citywide agency, we do market
7 our PTAC services citywide, and we do serve
8 businesses from all boroughs that are referred to us
9 or find us so we are providing services to businesses
10 in the Bronx and Queens, although there are other
11 PTAC programs that are the service providers of
12 record for those boroughs.

14 CHAIRPERSON MOYA: Okay. Thank you,
15 Commissioner, for that. I'm going to now turn it back
16 to our Counsel. Thank you.

17 DEPUTY COMMISSIONER GROSS: Thank you.

18 ALEX PAULENOFF, COUNSEL: Thank you, Chair
19 Moya. We will now call on Council Members in the
20 order that they've used the Zoom raise hand function
21 for questions.

22 As a reminder to Council Members who are
23 still here, if you'd like to ask a question and you
24 have not yet used the Zoom raise hand function,
25 please feel free to do so now.

1
2 Council Members, as a reminder, you will
3 have a total of 5 minutes to ask a question and
4 receive an answer from the panelist. The Sergeant-at-
5 Arms will keep a timer and will let you know once
6 your time is up.

7 Once I've called on you, please wait
8 until the Sergeant has announced you may begin before
9 asking your questions.

10 First up, we will hear from Council
11 Member Brewer followed by Majority Whip Brooks-Powers
12 and then Council Member Williams. Council Member
13 Brewer, you may begin when ready.

14 SERGEANT BIONDO: Starting time.

15 COUNCIL MEMBER BREWER: Thank you very
16 much to all of the Chairs. When I was Borough
17 President, I tried very hard to be responsive to
18 minority and women business owners. Let me tell you
19 the problem. Yes, there's the pandemic, but it's pre
20 and post. If you want to order furniture, you've got
21 one furniture provider. If you want to order paper,
22 you have one paper provider. Is there some hope in
23 the future that we could break up these contracts? I
24 know you talk about the 25 million, but that's the
25 problem so in the end, we're scrambling to try to

1 find somebody to be able to purchase in a way that
2 you want to do so. How do you answer that question?
3 Am I wrong about that? I've been listening to this
4 discussion for, I don't know, 30 years, and the issue
5 that we end up with we have to pay less to Staples or
6 the furniture provider rather than try to negotiate
7 with what I would consider firms that either may give
8 you better product or are smaller, how do you answer
9 that, number one.
10

11 Number two, what is your, maybe you
12 talked about this and I missed it, I'm on 3 different
13 Zooms right now trying to pay attention, but one of
14 the issues is there are people who try to game the
15 system. Did that happen more during the pandemic, did
16 you catch them, what is your rate of that of that
17 issue because that is a concern. People say I'm the
18 daughter, I'm in charge, but it's really still the
19 father.

20 The third issue is somehow Michael Garner
21 at the MTA is the maverick of this. He set the MTA
22 numbers extremely high. Are you in touch with him,
23 what does he do differently, and how can we be more,
24 I'm going to be honest, like Michael Garner? Thank
25 you very much.

1
2 DEPUTY COMMISSIONER GROSS: I'm trying to
3 think of the order in which to tackle those
4 questions. I think when you're talking about there
5 being one large vendor for various types of goods,
6 are you referring to the city's requirements
7 contracts?

8 COUNCIL MEMBER BREWER: Yeah.

9 DEPUTY COMMISSIONER GROSS: We are working
10 to support M/WBE firms in participating in those
11 requirements contracts, but also looking closely as
12 those contracts expire at what availability is in the
13 pool and how agencies can better take advantage of
14 the M/WBE availability. We've also in upgrading the
15 online directory improved a lot of challenges with
16 the way that M/WBE firms are coded so it's easier for
17 agencies to identify them to find them when they're
18 looking to purchase a good or service of a particular
19 kind so that is going to ensure that M/WBEs who do go
20 through the work of certification are not invisible
21 in the system and can be found.

22 COUNCIL MEMBER BREWER: So that's not
23 happening now is what you're saying. I was begging
24 when I was Borough President to try to get, I don't
25 know, I'm sure the City Council, we had HR people who

1 were dying to do the right thing and we just
2 couldn't, it wasn't possible so that will change is
3 what you're telling me? I'm trying to understand what
4 you're saying.
5

6 DEPUTY COMMISSIONER GROSS: It has
7 changed. I would say the online directory now, it's
8 easier to search that pool to determine the true
9 capacity and expertise of those firms. We're
10 allowing, for example, for firms that sell goods to
11 have 100 NIGP codes so they can describe those goods
12 at a fine level of detail so that you can identify
13 them. Before, you might've needed to search with a
14 keyword and then an NIGP code and those lists
15 might've been underinclusive. We've cleaned up those
16 codes, and there are no gaps in codes for any of the
17 firms in the online directory so I believe that
18 should be a major improvement.

19 In terms of people trying to game the
20 system, we try to share with businesses what the
21 eligibility criteria are for the program so that they
22 can self-assess their eligibility before doing the
23 work of applying because we don't want any business
24 to do the work of pulling together those answers and
25 documentation and have their time wasted, but there

1 are close cases. I think what you've described as an
2 example of those close cases where there is a family-
3 owned business where perhaps the woman owner of
4 record owns 51 percent and 49 percent is with a
5 spouse or another family member who's male owned. In
6 those instances, we are auditing, or doing at least a
7 desk audit, for all of those businesses to determine
8 if that woman owner has and is exercising day-to-day
9 ownership, operation, control of the firm. I don't
10 want to say that those applicants are trying to game
11 the system. They may think that because they have 51
12 percent ownership on the shares that they're eligible
13 for the program but if that woman owner is not
14 exercising control, signing contracts, signing
15 payroll then they may not be eligible for the program
16 and so we use close scrutiny of those cases to make
17 those determinations and ensure that we're providing
18 a legitimate pool of woman-owned firms.

19
20 COUNCIL MEMBER BREWER: Okay. Is that...

21 SERGEANT BIONDO: Time expired.

22 COUNCIL MEMBER BREWER: Okay, and you do
23 have one more quick question about Michael Garner.

24 DEPUTY COMMISSIONER GROSS: Do you want to
25 speak to that, Jee?

1
2 DEPUTY DIRECTOR KWON: I don't disagree
3 with Council Member Brewer's comment about Michael
4 Garner. I do just want to elaborate on the question
5 about the purchasing and so I think one of the good
6 things, especially supported by the Executive Order
7 59 where agencies are really encouraged where when
8 they can, especially for goods purchases, 500,000 and
9 under, to utilize the M/WBE noncompetitive small
10 purchase method so especially for goods purchases
11 like the paper purchases that you mentioned, even for
12 select furniture purchases, we have discussed with
13 DCAS some allowances for furniture purchases from the
14 requirements contracts, but to the extent possible we
15 are encouraging agencies to use the M/WBE
16 noncompetitive small purchase method as the first
17 procurement method that they can where there's M/WBEs
18 who sell those particular goods that is identified as
19 the need.

20 COUNCIL MEMBER BREWER: What about Michael
21 Garner? Who's going to talk about Michael Garner?

22 DEPUTY DIRECTOR KWON: Was there a
23 specific question about Michael Garner?

24 COUNCIL MEMBER BREWER: He's really got
25 the MTA at a huge number in terms of percentage of

1
2 M/WBEs so does anybody talk to him about how he does
3 it? I don't mean to be rude because I know you're
4 working at it, but he's like a master at this. He
5 goes to every event. You can't get rid of him.

6 DEPUTY DIRECTOR KWON: (INAUDIBLE) I can't
7 speak specifically, but we are in communication with
8 him...

9 COUNCIL MEMBER BREWER: (INAUDIBLE) That's
10 what I'm trying to say. Go ahead.

11 DEPUTY DIRECTOR KWON: We are in
12 communication with Michael Garner and happy to follow
13 up with him additionally for more suggestions. We're
14 always open to the idea, whether from Michael Garner
15 or from the Council, in creative ways to improve our
16 M/WBE utilization, but happy to follow up.

17 COUNCIL MEMBER BREWER: Okay. I'd love to
18 be part of that meeting or maybe the Committee also
19 because he's been advising, I think, and I would love
20 to see us follow some of his game plan. Thank you.

21 ALEX PAULENOFF, COUNSEL: Thank you,
22 Council Member Brewer. Next, we will hear from
23 Majority Whip Brooks-Powers followed by Council
24 Member Williams. Majority Whip Brooks-Powers, go
25 ahead.

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SERGEANT BIONDO: Starting time.

MAJORITY WHIP BROOKS-POWERS: Good

afternoon. Thank you, Counsel. Good afternoon,
everyone. Thank you, Chairs Menin, Moya, and Won, for
convening this important joint hearing. I was pretty
excited to see that we would be talking about M/WBEs
as many know that I'm a staunch advocate around this
space. As we all know, COVID has devastated
communities across the city, particularly communities
of color, and we are still struggling to recover. My
district, particularly Rockaway, was extremely hit
hard, and the impact on our local economy has been
profound. Some businesses have bounced back, but many
of our storefronts are still shuttered and business
owners have faced persistent setbacks. I'm pleased
that these Committees are convening to discuss
COVID's impact on our local businesses, and I have a
couple of questions I just wanted to touch on.

First, with respect to administration
prioritizing underserved communities to receive small
business opportunity fund support, what outreach to
date has the agency done and plan to do to conduct to
notify the public about this fund? How many
businesses is the agency projected to support across

1 the boroughs? When will the funds be available? I'd
2 also like a commitment today from the administration
3 to provide good data once these businesses have been
4 identified, the breakdown in terms of what borough,
5 what districts. Then many of our city's M/WBEs have
6 never been awarded city contracts so what outreach is
7 the agency conducting to attract these businesses
8 and, if so, how are the agencies working to connect
9 with harder impacted communities, which I know SBS is
10 no stranger to and has worked collaboratively with me
11 in the past, even with the JFK redevelopment, knowing
12 that there's a great need for a lot of our smaller
13 businesses that may not have engaged with the city
14 before to get some additional support so I'm
15 interested in understanding what the city is doing to
16 address that.

18 DEPUTY COMMISSIONER GROSS: Thank you,
19 Council Member, for that question. I want to ask a
20 clarifying question for the portion of your question
21 that was focused on a fund. Which specific fund are
22 you referring to?

23 MAJORITY WHIP BROOKS-POWERS: The Small
24 Business Opportunity Fund.

DEPUTY COMMISSIONER GROSS: I think you're referring to an item in the Blueprint that is prospective work for SBS. Our M/WBEs will be invited to participate in that program, but it's not an M/WBE program specific intervention unlike the Contract Financing and Loan Fund, for example. I'm happy to pledge to follow up. Our GA team is listening today. We'll get back to you with information our planned rollout of that fund, but it will target businesses including our certified pool, but not limited to our certified M/WBEs.

I think the remainder of your question was focused on, you had questions about outreach. I do want to share that we look at the distribution of our certified pool by every political subdivision including by Council District, and in FY-21 there were 150 certified firms in your District, 31, and those firms in FY-21 won contracts valued at 7,456,000 dollars, and that would not have included, those are city contracts alone. Those wouldn't have included the JFK related contracts that you referred to that are funded through other mechanisms so these are just Local Law 1, and we are reaching out to those firms in the ways that we have described,

1 through partnership with your office, with nonprofit
2 partners, our BIDs, our Chambers of Commerce, through
3 community and ethnic media, and through email. Email
4 from the PASSPort system, email from SBS, with
5 telephone followup to ensure that they're aware of
6 opportunities.
7

8 MAJORITY WHIP BROOKS-POWERS: Thank you
9 for that, Deputy Commissioner, and it was great to
10 see you also. I definitely would love to partner with
11 the agency in terms of the outreach as it pertains to
12 Southeast Queens when you come into the District and
13 even looking to see how we can maybe do events
14 targeting M/WBE communities across the city. I'd love
15 to be a part as well.

16 DEPUTY COMMISSIONER GROSS: Thank you very
17 much.

18 SERGEANT BIONDO: Time expired.

19 ALEX PAULENOFF, COUNSEL: Thank you,
20 Majority Whip Brooks-Powers. We will now move to
21 Council Member Williams for questions.

22 SERGEANT BIONDO: Starting time.

23 COUNCIL MEMBER WILLIAMS: Thank you,
24 Chairs. So many of my questions actually have been
25 asked so I do not want to be repetitive. I'll just

1 say that I look forward to working with the Chairs
2 here and the administration. A lot of my concerns, of
3 course, rest in diversity within diversity and being
4 really proactive around how we support M/WBEs with
5 some of the major projects, even if it's a state
6 project. I know sometimes the different layers of
7 government can get a little complicated. I also want
8 to say that in my experience we found the city
9 actually does a much better job than the state and
10 the Port Authority so kudos to you for that. I think
11 some of the things that Council Member Brewer
12 mentioned with Michael Garner, I think the same could
13 be said for a SCA projects, and a part of that is the
14 fact that the MTA and SCA and other initiatives
15 really provide the space to build capacity and
16 opportunities to get capital, which has been one of
17 the significant barriers for a lot of M/WBEs. Also
18 the continued issue around needing to have a certain
19 threshold around bonding and insurance, which has
20 also been a little bit problematic for a lot of the
21 M/WBEs and so I'll just stop there and say I look
22 forward to working with you guys. I don't have any
23 specific questions. Agree with a lot of the
24 sentiments that were raised here and really want to
25

1 work with you all to figure out a way to address this
2 issue. It is clearly a systemic issue that we have
3 not addressed adequately in meeting our thresholds
4 for 30 percent M/WBEs.
5

6 DEPUTY COMMISSIONER GROSS: Thank you.

7 ALEX PAULENOFF, COUNSEL: Thank you,
8 Council Member Williams. We will now move back to
9 Chair Won for additional questions.

10 CHAIRPERSON WON: I want to acknowledge
11 Council Member Mealy for joining. I do not have
12 additional questions so I will pass it on to Chair
13 Menin to see if she has any additional questions.

14 CHAIRPERSON MENIN: Thank you so much.
15 Yes, I do have an additional question. I just want to
16 make sure that M/WBE information is being
17 disseminated at every single public facing city
18 center so all of the various centers that the City of
19 New York operates making sure that M/WBE information
20 is there. Is it also available at the 59 Community
21 Boards, at the 76 BIDs, making sure we're using every
22 tool in our toolbox? If that's not happening, I want
23 to ensure that we get a public commitment today that
24 the administration will do that moving forward and
25 not just disseminate information but make sure that

1
2 there is true language access and equity and that
3 we're disseminating information in a multitude of
4 languages, more quite frankly than the 10 languages
5 required given that over 200 languages are spoken in
6 the city.

7 DEPUTY COMMISSIONER GROSS: That's a great
8 point, Council Member Menin. We certainly are
9 distributing through all of our Business Solutions
10 Centers, our Workforce Centers, and through many of
11 our close program partners such as Department of
12 Consumer and Worker Protection, I believe we've done
13 some dissemination and partnership with City
14 Commission on Human Rights, but you're right to ask
15 for a comprehensive kind of survey for that, and I
16 think it's a great idea and something we can work to
17 survey and then shore up.

18 CHAIRPERSON MENIN: Great. Thank you very
19 much.

20 ALEX PAULENOFF, COUNSEL: Thank you, Chair
21 Menin. If Chair Moya is still here and has additional
22 questions, please let us know. If not, we will now
23 move to the public testimony portion of the hearing.
24
25

1
2 DEPUTY DIRECTOR CELESTIN: If I could just
3 say a quick word to the question that Council Member
4 Brewer had.

5 ALEX PAULENOFF, COUNSEL: Go ahead.

6 DEPUTY DIRECTOR CELESTIN: Yeah, so I just
7 wanted to add that our leadership at OMWBE meets, as
8 it relates to MTA, meets regularly with the MTA team
9 on a biweekly basis whenever they have their New York
10 City, New York State State of Black Affairs meeting
11 so we participate in that.

12 I wanted to add also that in that
13 partnership the city has really looked at the MTA
14 program in part to create our own models, for
15 example, the DEC Mentorship Program.

16 Finally, I just wanted to add that part
17 of our legislative agenda includes increasing the
18 threshold to 1.5 million and so that's something that
19 we want to achieve and it would be something that's
20 in alignment with a number of other agencies, and so
21 we work very collaboratively with MTA, with SCA and
22 look at where the opportunities to leverage learning
23 from them to apply to our programs. I just wanted to
24 share that.

1
2 ALEX PAULENOFF, COUNSEL: Thank you. We'll
3 turn to one more round of questions from Council
4 Member Brewer.

5 SERGEANT BIONDO: Starting time.

6 COUNCIL MEMBER BREWER: I want to thank
7 you for that. I just want to say the way that Michael
8 Garner operates is, I could not get him off the phone
9 of a BID or a Chamber of Commerce, he just pops up
10 everywhere, and that gives the MTA positive feelings
11 about the M/WBE as well as the fact that people are
12 listening and then they say oh, maybe I should
13 participate so that's what I'm suggesting. It's a
14 different kind of outreach, but he shows up on every
15 single phone call that a BID or a Chamber is doing so
16 I would just suggest that and that might be one way
17 to do the outreach. It doesn't cost anything except a
18 huge amount of time and, at the end of the day,
19 you're like we have to sign up for the MTA's program.
20 Just a suggestion. Thank you.

21 ALEX PAULENOFF, COUNSEL: Thank you,
22 Council Member Brewer. Thank you, Chairs and to the
23 administration, for testifying today.

24 We will now move on to the public portion
25 of the hearing. I'd like to remind everyone that

1
2 unlike in our typical Council hearings we will be
3 calling on individuals one-by-one to testify.

4 Today, we will be limiting each
5 panelist's speaking time to 3 minutes so please begin
6 once the Sergeant has called the timer.

7 Council Members who have questions for a
8 particular panelist should continue to use the Zoom
9 raise hand function, and we will call on you after
10 the panelist has completed their testimony.

11 For panelists, once your name is called,
12 a member of our staff will unmute you and the
13 Sergeant-at-Arms will set the timer and give you the
14 go ahead to begin. Please wait for the Sergeant to
15 announce that you may begin before delivering your
16 testimony.

17 I would like to now welcome Meredith
18 Phillips to testify. Meredith Phillips, you may begin
19 when the Sergeants call the time.

20 SERGEANT BIONDO: Starting time.

21 MEREDITH PHILLIPS: Thank you, Chairs and
22 Committee Members, for the opportunity to submit
23 testimony today. I'm Meredith Phillips Almeida, and I
24 currently serve as the Director of the New York City
25 Small Business Resource Network. Launched in October

2020, the NYC Small Business Resource Network, or
SBRN, is a comprehensive approach to strengthening
New York City's economy and accelerating the recovery
of small businesses impacted by COVID-19.

Our approach to business assistance
incorporates consistent field outreach across all
boroughs, personalized support tailored to specific
business challenges, and connections to curated
resources from both the public and the private
sectors. Our public/private partnership includes
service delivery by the 5 borough Chambers of
Commerce with support from the Partnership for NYC,
EDC, SBS, and it's funded by the Peter G. Peterson
Foundation with additional support from Council
discretionary funding in this fiscal year.

Our team of business recovery
specialists, now almost 40 strong, deploys daily to
communities across all the boroughs reaching many
businesses and business owners who are often
disconnected from information about programs and
services available to them or who have difficulty
carving out time in their schedules to navigate the
complex landscape of business support services on
their own.

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2 Today, SBRN has touched almost 28,000
3 businesses over the past 18 months, and we've
4 provided in-depth guidance and support to over 8,800
5 businesses with 77 percent of those being M/WBEs. We
6 hear things like access to financing, marketing
7 assistance, pro bono legal advice, general business
8 coaching, all of these are some of the most common
9 requests surfaced during our encounters with small
10 business owners.

11 Over the past year and a half, of course,
12 recovery specialists have spent a significant amount
13 of time just helping business owners navigating the
14 ever-changing landscape of COVID regulations and
15 guidelines acting upon them, but we also uncovered a
16 pressing need for support in creating and
17 implementing digital tools to keep businesses
18 competitive in an evolving marketplace. Recall how
19 quickly shutdowns happened in the spring of 2020, how
20 small businesses got incredibly creative to find ways
21 to continue to sell food, drink, and products and how
22 New Yorkers tried our very best to continue to
23 support our favorite local shops and eateries during
24 that time. Often, the only way to do that was to find
25 that shop online somewhere, social media, website,

1 delivery platform. That support was a bridge over
2 some of the most difficult months for small
3 businesses, and, if you did not have a digital
4 presence, you completely missed out on that bridge.
5 SBRN responded quickly by creating our Open and
6 Online Program to create websites and e-commerce
7 sites, provide SCO consultations and develop branding
8 toolkits for use in digital space for small
9 businesses who were not there. The Partnership for
10 NYC helped to raise 800,000 dollars to support that
11 effort. Today, we've completed about 400 projects
12 with a target of 800 complete by June...

14 SERGEANT BIONDO: Time expired.

15 MEREDITH PHILLIPS: And 90 percent of
16 those projects are for M/WBEs. This kind of support
17 entering digital space remains crucial for M/WBEs and
18 legacy businesses. I would say that an emerging need
19 is also the ongoing support and technical assistance
20 once you have those tools so that businesses can
21 realize the full potential of them. I have a little
22 bit more testimony, but I will submit that to you.

23 ALEX PAULENOFF, COUNSEL: Thank you,
24 Meredith Phillips. As a reminder to the members of
25 the public who are still on, if you have submitted

testimony or you wish to testify today, please use
the Zoom raise hand function now. If not, we will
move to the Chairs for their closing remarks.

Okay. Seeing none, let's move to Chair
Won.

CHAIRPERSON WON: I just have a question
for Meredith. Meredith, could you share with what
kind of digital services or digital assistance you
did receive from SBS so far and what is available so
that we can have an idea in scope because I saw that
firsthand in my district as well where small
businesses were relying on the BIDs or the Chamber of
Commerce in Queens to help them and there's only 1
paid professional to help them create a website or
help them understand how they could use which food
app to help them deliver?

MEREDITH PHILLIPS: Sure. Just to clarify
the question, are you asking what services we
utilized from the city or...

CHAIRPERSON WON: (INAUDIBLE)

MEREDITH PHILLIPS: We actually created
our own program to build websites directly. It was an
emerging need, and we needed to address it quickly,
and the Partnership for NYC responded by raising

1 funds and we created our own program to build
2 websites for businesses that needed them throughout
3 the pandemic.
4

5 CHAIRPERSON WON: Meredith, was that
6 because the city was not offering these services that
7 you had to step in because that's what we saw in
8 Queens.

9 MEREDITH PHILLIPS: Yeah. At the time,
10 there was a not a program offered by the city to
11 build websites directly for small businesses.

12 CHAIRPERSON WON: Is there something
13 offered now for small business owners from the city?

14 MEREDITH PHILLIPS: Related to building
15 websites?

16 CHAIRPERSON WON: Yeah.

17 MEREDITH PHILLIPS: I believe that there
18 is something in the works that hasn't launched yet,
19 and I know we've been in a number of conversations
20 with partners at agencies about sort of this emerging
21 need, not just the building of the website but what
22 comes after, the technical assistance that's needed
23 to help the business sort of use that tool, and I
24 know that agencies are talking about that now, but I
25 can't speak to sort of what's in motion.

CHAIRPERSON WON: Got it. Thank you so
much.

MEREDITH PHILLIPS: You're welcome.

CHAIRPERSON WON: Council Member Menin or
Moya, did you have any other questions before I close
for my part?

CHAIRPERSON MENIN: No, I do not. Thank
you.

CHAIRPERSON WON: Okay, thank you. I just
wanted to thank my Committee staff for hosting this
hearing as well as my Joint Chairs here, Council
Member Menin on the Committee of Small Businesses, as
well as Council Member Moya for the Subcommittee on
COVID Recovery and Resiliency, and I want to also
thank the administration for coming to testify and
for sharing all of their knowledge and insights on
what is currently happening, and I want to thank all
of my fellow Colleagues, Council Members, who have
joined us today as well as the general public who
came to take their time to testify.

I just want to acknowledge that for the
time that we are on this call, from 10 a.m. until it
was perceivably potentially until 5 p.m., that when
we did reach out to small businesses, especially in

1 minority and women-owned businesses, they replied
2 back on saying how this time is not something that is
3 feasible for them, especially on a Monday during
4 lunch hour where, during this time, they are either
5 serving lunch or servicing people who have come to
6 their businesses during lunchtime, during their
7 breaks, as well as preparing for their dinner shifts
8 so I just want to acknowledge how it's going to be
9 really important that we continue to do outreach as
10 Council Member Menin has said in multiple languages
11 as well as in different avenues and mediums so that
12 people can participate so we will continue to push to
13 have written testimonies brought in, especially for
14 those who cannot participate this way. I also want to
15 acknowledge Meredith Phillips who came here to raise
16 something that we did not get to address directly
17 with Deputy Director Gross who had to move on about
18 digital services from the city. Because of the
19 pandemic, we have accelerated the need for digital
20 access and digital literacy for our small businesses,
21 especially when the small businesses were so strapped
22 that they were under-resourced, not just financially
23 but also in human resources. Now, small business
24 owners, especially women and minorities, were doing
25

1
2 it all. They were servicing their small business and
3 trying to figure out how to build a website, figure
4 out how to use all of these different apps and
5 compete in this competitive landscape digitally in a
6 way that they have never had to before. I look
7 forward to hearing all their replies for the
8 followups and continue to work with all of my
9 partners in the City Council and the administration
10 to make sure that our small businesses are thriving
11 because our local small businesses, the mom and pop
12 shops, are the ones that really bring culture and
13 richness to our city and our districts and continue
14 to make sure that our local dollars stay local. Thank
15 you for much, everyone, for being here, and I will
16 pass it on to Council Member Menin to share her
17 closing remarks.

18 CHAIRPERSON MENIN: Thank you so much. I
19 really want to thank Chair Won and Chair Moya and all
20 of my Colleagues who were on who asked such important
21 questions. Thank you to the administration and thank
22 you to the Council staff for all their hard work in
23 this hearing.

24 As Chair Won talked about, the fact that
25 this hearing was being held, obviously it needs to be

1 held in the middle of the day, we're not saying
2 otherwise, but it's very onerous on small businesses
3 to be able to come and testify, and I think sort of
4 endemic to the problem that we have is pointed out
5 that we don't have a lot of testimony today. This
6 really gets to the point of a lack of awareness about
7 M/WBEs. It would've been terrific if the thousands of
8 businesses that are women and minority-owned who have
9 not received these opportunities would've been able
10 to testify but they really don't know about the
11 opportunities so how are they then going to come and
12 testify so that's really one of the fundamental
13 problems is the lack of outreach. I'm really urging
14 the new administration to turn a new page on M/WBEs.
15 This is the opportunity that we sorely need to have
16 an equitable recovery in our city and to make sure
17 that we're doing everything possible to support
18 M/WBEs so we've asked for a lot of information from
19 the administration so we really expect that we're
20 going to get a detailed and fulsome report of the
21 information we requested, and I look forward to
22 continuing to work with my Colleagues to make sure
23 that we are doing everything possible in terms of
24 oversight over the M/WBE program. Thank you.
25

ALEX PAULENOFF, COUNSEL: Thank you, Chair
Menin. I guess we'll turn it back to Chair Moya for
closing remarks.

CHAIRPERSON MOYA: Thank you so much.
Thank you, again, to both of my Colleagues and Chair
Won and Chair Menin for this very important hearing
that we had today.

I think, if anything, what we've learned
is that the previous administration just totally
missed the mark on communities of color, immigrant
communities that suffered through the pandemic. We
have a responsibility as a city to do better. I think
this hearing is one that really is an opportunity for
us to really get the information that we asked for
and really move forward in a much more open and
transparent process where we can look to really help
the communities that were most impacted by this to
really make a difference if we want to see some real
changes happening here in the city that brings back
the economic recovery for all of the small business
owners, M/WBEs in the City of New York. Thank you
very much, and thank you to the staff for doing such
a tremendous job in helping us get through this
hearing today. Thank you.

COMMITTEE ON CONTRACTS JOINTLY WITH COMMITTEE ON
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ALEX PAULENOFF, COUNSEL: Okay. Chair Won,
you can do the honors.

CHAIRPERSON WON: [GAVEL] Thank you so
much for being here, everyone. We are now adjourned.
Have a good rest of the day.

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COMMITTEE ON CONTRACTS JOINTLY WITH COMMITTEE ON
SMALL BUSINESS AND SUBCOMMITTEE ON COVID RECOVERY AND
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C E R T I F I C A T E

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



Date May 11, 2022