

COMMITTEE ON CONTRACTS

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CITY COUNCIL  
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

Of the

COMMITTEE ON CONTRACTS

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June 4, 2024  
Start: 10:14 a.m.  
Recess: 1:01 p.m.

HELD AT: 250 BROADWAY - COMMITTEE ROOM, 14TH  
FLOOR

B E F O R E: Julie Won, Chairperson

COUNCIL MEMBERS:

Erik D. Bottcher  
Sandy Nurse  
Althea V. Stevens  
Inna Vernikov

A P P E A R A N C E S

Lisa Flores, Director and City Chief Procurement Officer at the Mayor's Office of Contract Services

Kim Yu, First Deputy Director at the Mayor's Office of Contract Services

Charles Diamond, Special Counsel at the Mayor's Office of Contract Services

Ilke Denizli, Associate Director, Social Services at the Mayor's Office of Contract Services

Michelle Jackson, Executive Director of the Human Services Council

John MacIntosh, Managing Partner at SeaChange

Matt Jozwiak, Chief Executive Officer of Rethink Food

Thara Duclosel, Policy and Advocacy Coordinator at Nonprofit New York

Pascale Leone, Executive Director of the Supportive Housing Network of New York

Brenda Rosen, President and CEO of Breaking Ground

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

Lily Shapiro, Policy Counsel of the Fortune Society's David Rothenberg Center for Public Policy

Nicole McVinua, Director of Policy at Urban Pathways

Nora Moran, Director of Policy and Advocacy at United Neighborhood Houses

Joseph Rosenberg, Director of the Catholic Community Relations Council

Kristin Miller, Executive Director of Homeless Services United

Paula Magnus, Deputy Director of Northside Center for Child Development

Marlon Williams, Vice President of Public Policy and Collaboration at Philanthropy New York

Kendi Rainwater, Deputy Chief Operating Officer at the Legal Aid Society

Shani Adess, Vice President with New York Legal Assistance Group

Greg Klemm, Chief Financial Officer at Legal Services NYC

Max Barton, researcher for Liuna Local 1010, Paving and Road Building Union in New York City

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

Audacia Ray, Director of Community Organizing and Public Advocacy at the New York City Anti-Violence Project

Banghee Chi, Vice President of Development at SHARE Cancer Support

Catherine Trapani, Assistant Vice President of Public Policy at Volunteers of America, Greater New York

Sharon Brown, self

Kayt Tiskus, Collective Public Affairs

Jim Dill, Executive Director of Housing and Services, Inc.

Mireille Mclean, Managing Director of Neighborhood Health Services for Public Health Solutions

2 SERGEANT-AT-ARMS: Good morning, this is a  
3 microphone check for the Committee on Contracts.  
4 Today's date is June 4, 2024, located in the 14th  
5 Floor Committee Room, recording done by Pedro Lugo.

6 SERGEANT-AT-ARMS: Good morning, and  
7 welcome to the New York City Council Committee on  
8 Contracts.

9 At this time, please place all phones on  
10 vibrate or silent mode.

11 If you want to submit testimony, send it  
12 to [testimony@council.nyc.gov](mailto:testimony@council.nyc.gov). Once again, that's  
13 [testimony@council.nyc.gov](mailto:testimony@council.nyc.gov).

14 Anytime during this hearing, do not  
15 approach the dais.

16 Thank you for your cooperation.

17 Chair Won, we are ready to begin.

18 CHAIRPERSON WON: [GAVEL] Good morning,  
19 and welcome to this oversight hearing of the New York  
20 City Council's Committee on Contracts. Today is  
21 Tuesday, June 4, 2024. My name is Julie Won, and I  
22 have the privilege of Chairing this Committee.

23 I would like to thank the Members of the  
24 Committee for almost coming to this hearing. It's  
25 early, it's early, they'll get here, but I thank you,

2 the public, for coming to the hearing and for the  
3 Admin for showing up, and I would also like to thank  
4 the Mayor's Office of Contract Services and the non-  
5 profit providers and advocates and our friends in  
6 labor for joining us to testify.

7 Today's hearing is an opportunity to  
8 assess the City's progress in implementing much-  
9 needed procurement reforms to ensure timely payments  
10 to non-profit human service providers.

11 We will also discuss a package of bills  
12 aimed at further improving transparency, efficiency,  
13 and accountability in the contracting process. As we  
14 have highlighted time and again, the City's  
15 procurement system remains slow, opaque, and overly  
16 burdensome, posing severe financial and operational  
17 hardships for the non-profits that provide essential  
18 services to our City's most vulnerable residents.

19 Despite commitments to reform, non-profit  
20 vendors continue to face inordinate delays in  
21 contract registrations and payments, forcing them to  
22 take high interest loans just to stay afloat while  
23 waiting for reimbursement from our City. The  
24 statistics are staggering. As of January 2024, over  
25 85 percent of human service contracts were registered

2 late, even higher than already abysmal citywide  
3 average of 77 percent. Meanwhile, one outside  
4 analysis found that non-profits had performed over  
5 650 million worth of services on contracts that were  
6 still pending registration as of May 1st. This  
7 performance is simply unacceptable. These delays  
8 cause ripple effects on the City's non-profit  
9 workforce who face low pay and high turnover and  
10 ultimately to the New Yorkers who rely on these  
11 organizations for vital programs and services.

12           While the Administration has taken some  
13 steps, including clearing the backlog of FY22  
14 contracts and establishing the Mayor's Office of Non-  
15 profits, much more work remains. We have yet to see  
16 the full implementation of recommendations from the  
17 2022 Joint Mayor and Comptroller Task Force to Get  
18 Non-Profits Paid on Time. Several of the Task Force's  
19 outstanding recommendations include establishing  
20 clear timeframes for each phase of procurement  
21 process, creating a public-facing contracting  
22 database, and accruing interest when payment for  
23 vendors are late.

24           The package of legislation we're hearing  
25 today would build on these recommendations. Intro.

2 243, sponsored by Council Member Hudson, would  
3 require the development of a methodology for non-  
4 profit organizations contracting with the City to  
5 calculate and be reimbursed for indirect costs.

6 Intro. 508, sponsored by Council Member  
7 Brannan, would require agencies to report to the  
8 Mayor's Office of Contract Services on late payments  
9 made to contractors and require MOCS to submit semi-  
10 annual reports summarizing this information.

11 Intro. 510, sponsored by Council Member  
12 Brannan, would require City agencies to provide  
13 short-term bridge loans to contractors on contracts  
14 of 500,000 dollars or less if payments are delayed.

15 Intro. 514, by Council Member Brannan,  
16 would entitle non-profit contractors to interest  
17 payments on late contract payments.

18 Intro. 863, sponsored by Council Member  
19 Brannan, would increase the threshold for review of  
20 contracts, require evidence that service contracts do  
21 not display displaced City workers, and mandate  
22 advance notice of certain contract actions.

23 I'm also proud to sponsor three bills as  
24 part of this package. Intro. 801 would require



2 agencies to provide detailed explanations to prime  
3 contractors when a subcontract is rejected.

4 Intro. 802 would establish a standardized  
5 insurance policy for all food service vendors.

6 Intro. 803 would allow vendors to protest  
7 agency procurement decisions through a process  
8 determined by the Procurement Policy Board.

9 Finally, I also sponsored Resolution 342,  
10 calling on the State to establish an online noticing  
11 process for public contracts to replace the public  
12 hearing requirement that delays the City's  
13 procurement process.

14 Before we hear from the Administration,  
15 I'd like to note that we've been joined by no  
16 Colleagues so far, and I don't believe there's anyone  
17 online.

18 I also want to thank Committee staff,  
19 Senior Counsel Alex Paulenoff, Policy Analyst Alex  
20 Yablon, Principal Financial Analyst Nia Hyatt, and  
21 Finance Unit Head Florentine Kabore for their hard  
22 work in putting together this hearing.

23 I'll now turn it over to Committee  
24 Counsel to administer the oath.

2 COMMITTEE COUNSEL PAULENOFF: Thank you,  
3 Chair. Alex Paulenoff, Senior Counsel.

4 Will all members of the Administration  
5 who are testifying today please raise your right  
6 hands?

7 Do you swear or affirm to tell the truth,  
8 the whole truth and nothing but the truth in your  
9 testimony today and to respond honestly to Council  
10 Member questions?

11 ADMINISTRATION: (INAUDIBLE)

12 COMMITTEE COUNSEL PAULENOFF: Great. You  
13 may begin when ready.

14 DIRECTOR FLORES: Thank you. Good morning,  
15 Chair Won and Members of the Contracts Committee.  
16 Thank you for inviting us to testify this oversight  
17 hearing on contract processing. I'm joined by First  
18 Deputy Director Kim Yu, Special Counsel Charles  
19 Diamond, and Associate Director of Non-Profits Ilke  
20 Denizli.

21 Since we last had the chance to convene,  
22 MOCS has continued to advance its efforts to  
23 modernize procurement and streamline processes and  
24 tackle long-standing pain points and improve cycle  
25 times. Our four key strategic priorities remain

2 unchanged, furthering our pursuit of digitization  
3 through PASSPort, procurement reform, maximized end-  
4 to-end utilization, and enhanced community  
5 engagement.

6           Modernizing the City's procurement  
7 process through digitization lies in the core of  
8 everything that we do at MOCS. Our ability to  
9 propose, advocate for, and implement legislation  
10 initiatives that speak to this mission are inherent  
11 to the years of dedication and investment that have  
12 been poured into PASSPort. With that in mind, we're  
13 pleased to announce that we are in the final stages  
14 of closing out remaining post-migration tasks  
15 resulting from the sunseting of the legacy system  
16 HHS Accelerator into PASSPort. It's important to note  
17 that this essential step while furthering MOCS'  
18 vision of a more centralized procurement system was  
19 executed at an expedited timeline due to the ending  
20 of associated technical support from our software  
21 provider. Once it became clear that we had to  
22 transition away from this legacy system, we proceeded  
23 with careful consideration of our providers  
24 responsible for delivering essential services, given  
25 that many of them had worked with this much-loved

2 system for over a decade. In an effort to mitigate  
3 impacts during this period and ensure continuity of  
4 cash flow, our office issued a directive in December  
5 2023 instructing human service agencies to issue an  
6 additional 15 percent advance where providers were  
7 expected to submit invoices during the migration.  
8 Since December of last year, agencies have issued  
9 more than 673 million dollars in advance funding for  
10 the migration, offering providers much-needed  
11 stability during this massive technology transition.  
12 The patience and support that we've received from the  
13 sector throughout this challenging period has been  
14 instrumental to the success of the migration, and we  
15 thank them for their continued partnership.

16           Looking ahead, we're preparing for  
17 PASSPort Release 6, which will feature two key  
18 additions including PASSPort Vault, formerly known as  
19 Document Vault and Accelerator, and Subcontractor  
20 Management. PASSPort Vault delivers on a critical  
21 recommendation from the Joint Task Force to Get Non-  
22 Profits Paid on Time, providing a secure platform for  
23 document storage and sharing. The new Subcontractor  
24 Management module will streamline subcontractor  
25 approvals and payment submission processes, providing

2 increased transparency around M/WBE utilization  
3 goals. We look forward to launching these new  
4 features later this year.

5           In addition to these platform upgrades,  
6 MOCS has continued to address inconsistencies and  
7 barriers facing non-profits through the  
8 implementation of key initiatives recommended by the  
9 Joint Task Force to Get Non-Profits Paid on Time. Our  
10 progress in this area began with Clear the Backlog  
11 initiative, which cleared over 6 billion dollars in  
12 payments owed to non-profits over many years. We  
13 subsequently built on this progress by supporting  
14 agencies to reach 81 percent on-time submissions to  
15 the Comptroller by July 1st in FY24, a 25 percent  
16 improvement from the prior year, despite a 60 percent  
17 increase in contract volume. I also shared several  
18 major policy reforms at our Preliminary Budget  
19 hearing, such as the Allowance Clause, the Multi-Year  
20 Discretionary Contract, and Enhanced Returnable Grant  
21 Fund. In addition to these successes, some of our  
22 latest achievements include a cost-of-living  
23 adjustment, which will entail an almost 9.27 percent  
24 increase to City-contracted human services workforce  
25 wages, totaling 741 million over three fiscal years

2 beginning July 1st, 2024, which is Fiscal Year 2025;  
3 the Workforce Enhancement Initiative, which added 174  
4 million in baselined funding to human service  
5 contracts in FY23 and marked a significant  
6 advancement towards delivering better pay parity for  
7 our non-profit partners. The City is currently  
8 working on apportioning these funds through the  
9 contracting agencies. Fiscal Year 2025 COLA funding  
10 will be distributed to non-profit providers that have  
11 human service contracts with the City of New York in  
12 a Fiscal Year 2025 budget term.

13           Recognizing the importance of timely  
14 processing, contracting agencies have been instructed  
15 to reach out to eligible non-profit providers by July  
16 1st with COLA templates to confirm eligible contract  
17 funding. The City is working to get Fiscal Year 2025  
18 COLA funding to providers expeditiously through  
19 Fiscal Year 2025 budget advances and will provide  
20 additional information through FAQs and other  
21 resources. We will continue to support the  
22 implementation of reforms such as these and other  
23 ongoing programs and initiatives in the face of these  
24 challenging fiscal times.

2 MOCS's total budget for FY24 is 44.6  
3 million, including 21.2 million for personnel  
4 services and 23.4 million for OTPS. The bulk of our  
5 budget is devoted to Accenture and Ivalua contracts,  
6 which maintains PASSPort, the City's procurement  
7 payment system, and are valued at 90 million dollars  
8 over 10 years for Ivalua and nearly 45 million over  
9 six years for Accenture. In FY24, during our  
10 Accenture maintenance contract renewal, OMB  
11 instituted the 15 percent PEG and MOCS worked  
12 diligently to reduce that contract by 7.2 million  
13 over the three-year lifespan of the contract, a total  
14 reduction of over 100,000 hours to meet our PEG.

15 This Fiscal Year has been especially  
16 impactful because along with the contract reduction  
17 in PEGs, MOCS has been going through a transition. We  
18 completed a once-in-a-decade decommissioning and  
19 migration of over one-third of our portfolio of  
20 active contracts from our legacy system Accelerator  
21 to PASSPort and have begun a host of improvement and  
22 additional processes in PASSPort to better serve our  
23 users. In addition to the PEGs, 3.9 million in FY24  
24 and 2.5 million in the outyears, the City's prior  
25 year budget cuts, and current year hiring policies

2 are reflected in our FY24 budget and outyears.  
3 Between our FY24 adopted and our upcoming FY25  
4 budget, we will have lost 14 MOCS direct budgeted  
5 positions, representing 8 percent of our total  
6 headcount. Along with previous structural deficit  
7 from prior year budget reductions, we continue to  
8 face headcount challenges and, as of June 3, 2024,  
9 MOCS has 18 vacant positions.

10 Turning to the eight bills presented  
11 today, we have some questions and concerns regarding  
12 implementation and impact, particularly those  
13 requiring a cost commitment, some of which are  
14 inconsistent with existing programs or would impose  
15 additional burdens on providers.

16 For Intro. 243, 510, and 514, the  
17 Administration cannot commit to legislation that  
18 would create an ongoing cost commitment in the  
19 present budget situation. Along with overlapping with  
20 the City's existing indirect cost rate program, the  
21 minimum rate required by Intro. 243 would double the  
22 current indirect cost rate floor and reduce the  
23 amount the City can spend on direct services.  
24 Announced in October 2019 and claiming for indirect  
25 cost and funding opening in November 2019, the ICR



2 Funding Initiative issues a standardized methodology  
3 for contractors to obtain a budgeted cost rate above  
4 10 percent of the Citywide Implementation Team and  
5 the HHS Cost Rate Manual.

6           Similarly, the cost component of Intro.  
7 510 and inconsistencies with existing programs also  
8 contribute to our concerns around implementation of  
9 this legislation. As we've previously testified, the  
10 Administration has been committed to investing in the  
11 Returnable Grant Fund, which already offers interest-  
12 free loans to human service providers contracting  
13 with the City. In January 2024, the Administration  
14 delivered on a key recommendation from the Joint Task  
15 Force to Get Non-Profits Paid on Time by expanding  
16 access to the RGF and streamlining the application to  
17 ensure that provider partners of all sizes have  
18 access. In addition to this overlap, the bill would  
19 only apply to work, labor, or service contracts under  
20 500,000 dollars that are pending registration with  
21 the Comptroller, which would limit eligibility as  
22 compared to the RGF.

23           We also find Intro. 514 to be both  
24 unachievable in this budgetary environment and  
25 contradict our ongoing efforts. In this instance,

2 those around contract timeliness. Pursuant to PPB  
3 Rule 4-12, we provide summary data on the timeliness  
4 of agency contract submissions in the Annual  
5 Indicators Report. In the FY23 report, we shared that  
6 the Citywide Chief Procurement Officer has not deemed  
7 any agency to be substantially late, but recognizes  
8 that there is still progress to be made. Although  
9 there is still much to do alongside the  
10 implementation of PASSPort Public, a public  
11 transparency portal that provides data on contract  
12 processing and retroactivity, these transparency  
13 tools are an important means to enforce  
14 accountability, with the ultimate goal of getting  
15 non-profits paid on time.

16 While we support the general goals  
17 evident in Intro. 214, 510, and 514, we are seeing  
18 progress in the initiatives currently underway, and  
19 the Administration cannot commit to any new  
20 legislation which would incur a fiscal impact in the  
21 current budgetary environment.

22 For Intro. 508, 801, 802, and 803, we  
23 have some questions and concerns around  
24 implementation and would appreciate further  
25 discussions with the Council. While late payments are

2 a major pain point in City contracting with  
3 significant impact on vendors, we would caution that  
4 Intro. 508 would only add additional layers of  
5 process and burden to an already fragmented system.  
6 Many payments are also deliverable-based, not time-  
7 based. Maintaining a payment reporting system based  
8 solely on time does not take into account the breadth  
9 of the procurement system and could lead to  
10 significant adverse consequences. While we are open  
11 to further discussion on Intro. 801, we'd like to  
12 further detail from the Council as these detailed  
13 submissions described in the bill could have negative  
14 effects on contract timeliness by imposing additional  
15 burdens on the subcontractor approval process.

16 For Intro. 802 and 803, we would need  
17 further discussion with the Council on the goals of  
18 this legislation. As a general matter, we are wary of  
19 introducing additional barriers and process  
20 requirements which could further slow down and  
21 complicate City contracting, a historical issue that  
22 we are currently addressing through much of the  
23 reform work I mentioned at the beginning of my  
24 testimony. We are happy to continue the conversation  
25 around these bills.

2           Finally, there is one bill presented  
3 today that we find to be fully in line with the  
4 Administration's efforts to reduce cycle times and  
5 streamline processes, Intro 863. Intro. 863 makes  
6 critical reforms to Section 312-A of the New York  
7 City Charter, commonly referred to as Local Law 63,  
8 by increasing the threshold of the law's  
9 applicability contracts valued at 1 million, up from  
10 200,000, and decreasing public notice periods for 60  
11 days to at least 10 days prior to certain unplanned  
12 contract actions. The City's contracting budget  
13 continues to grow, rendering the 200,000-dollar  
14 threshold outdated. In FY23, roughly 39 billion  
15 dollars of the City's 41 billion in contract awards  
16 resulted from contracts over 1 million dollars.  
17 Raising the threshold would continue to account for  
18 the vast majority of applicable contract dollars,  
19 while reducing the administrative burden and  
20 resulting increases in procurement timeliness for  
21 lower value awards. Additionally, this reform will  
22 increase the effectiveness of City contracts with our  
23 M/WBE vendors by exempting M/WBE small purchases from  
24 the law, which will reduce contracting delays with  
25 this essential vendor community. In addition to these

2 streamlining efforts, Intro. 863 clarifies and  
3 codifies agency compliance processes aimed at  
4 increasing transparency for contracts that were not  
5 included on the annual plans.

6           In closing, I would like to thank Chair  
7 Won and the Committee for your continued partnership  
8 and look forward to further discussion on the bills  
9 presented today in addition to identifying  
10 opportunities to advance existing programs and  
11 initiatives. Although there is still much to do, the  
12 work we've accomplished together has consistently set  
13 the standard for equity, transparency, and  
14 accessibility, and we will continue to prioritize  
15 these values across all work streams. Along with my  
16 colleagues, I'm now happy to take any questions you  
17 may have.

18           CHAIRPERSON WON: Thank you so much,  
19 Director Flores.

20           Per your testimony, I have a few  
21 questions. I know that all of our friends are here  
22 right now because they want to make sure that City  
23 contracts are paid on time, and it is very concerning  
24 to me to hear about the 5 percent PEGs that have  
25 affected all of our City agencies, especially our

2 beloved Mayor's Office of Contracts, and I want to  
3 make myself clear in the room, PASSPort is not  
4 perfect, but it is much better than what we were  
5 before, especially a paper-based system, and in no  
6 way is the Council or myself pushing for a  
7 replacement of PASSPort, but we want to make sure  
8 that PASSPort is fully funded so that we can make  
9 sure that the migration happens smoothly as well as  
10 all of the enhancements that we want to be committed  
11 to, to ensure that we have an easier time for all of  
12 our non-profit providers and all of our vendors to be  
13 able to have a digital centralized system where they  
14 can access as well as apply and track their contracts  
15 with the City. So for the original PASSPort  
16 maintenance renewal contract, that was considered to  
17 be 23.8 million, and then it seems that the revised  
18 contract, because of the PEGs, were reduced by 7.2  
19 million dollars to 16.6 million so, if we were to  
20 divide that by 36 months, it seems that now it'll be  
21 down to 2.4 million annually, resulting in over  
22 100,000 hours reduced or so for the contract. Can you  
23 help us understand how this is going to impact all of  
24 the expected PASSPort maintenance and all the

2 enhancements that the task force and everyone else  
3 has committed to?

4 DIRECTOR FLORES: Thank you, Chair Won.

5 First, I want to thank you for your continued  
6 commitment and support of PASSPort and the Mayor's  
7 Office of Contract Services, even on a beautiful  
8 sunny day like today, and always ensuring that we're  
9 shedding light on the importance of technology in  
10 moving forward with our procurement reform.  
11 Definitely some of the details will pass along to my  
12 First Deputy Director, Kim Yu, in terms of the budget  
13 and the dollars. I will first say, obviously, you  
14 know, the Mayor's Office of Contract Services, all of  
15 us, are first and foremost, are committed to the  
16 reform work, not only of the joint task force report,  
17 but there is additional reform work that we have hit  
18 the ground running from day one. As you may know, we  
19 have quarterly PPB meetings. We have reform front and  
20 center as our north star every single day. We did  
21 definitely have a sort of perfect storm of having to  
22 decommission Accelerator, not by choice, but to do  
23 the responsible actions of that software was, for  
24 some time, no longer going to be supported, and  
25 ensuring that we were being responsible about the

2 system integrity, the data integrity, took on this  
3 very large project of decommissioning. There have  
4 definitely been, with the decommissioning, a change  
5 management process as you know that we may have  
6 talked about at our last hearing. Part of the pain  
7 points is not just ensuring that we have sufficient  
8 funding and resources for PASSPort proper but also  
9 the dedication that we've attempted to make in being  
10 really intentional about providing the appropriate  
11 training and outreach, both to our agencies and to  
12 our vendors. This has been quite a Herculean task,  
13 not only for us, but all of our provider partners and  
14 our agencies in transitioning from a legacy system  
15 that's been around for over a decade, and quickly, in  
16 speedy fashion, learning the ins and outs of how to  
17 do the same transactions in PASSPort. I think I can  
18 say confidently that we have really been working, in  
19 some cases, over weekends, in some cases many, many  
20 days, many nights, ensuring that we are accessible to  
21 our non-profit providers, and trying to address any  
22 issues that have arisen because of the change in the  
23 migration and full adoption. The good news is that  
24 once we get through what I know feels for folks who  
25 are in it kind of in the eye of the storm, if you



2 would, that we are finally in a place where we can  
3 see on the horizon that we will have full adoption of  
4 an end-to-end system, and I have to note that we are  
5 probably the largest system in the country in terms  
6 of not only the number of contracts, but the number  
7 of transactions, the number of vendors, and the  
8 complexity of functionality that really is soup to  
9 nuts, all the way from vendor integrity and  
10 registration, all the way through payment. We  
11 definitely have seen an increase in some of our time-  
12 to-return answers on our tickets but, again, I think  
13 we have been 1,000 percent committed to ensuring  
14 that, despite some of the budget changes that you  
15 mentioned in your question, that we're responding to  
16 our providers, but definitely can have Kim answer  
17 more of the dollars questions, unless there's  
18 followup, Chair.

19 CHAIRPERSON WON: I want to acknowledge  
20 Council Member Sandy Nurse and Council Member Erik  
21 Bottcher have joined the Committee hearing.

22 Can you just help me understand, Deputy  
23 Director or Director, because going from a contract  
24 for PASSPort maintenance from 23.8 million to 16.6  
25 million is a very steep change, so can you help us

2 understand what that 7.2 million difference was  
3 supposed to pay for?

4                   FIRST DEPUTY DIRECTOR YU: Thank you for  
5 the question, Chair Won. To start out, I think what  
6 you're getting at is the impact... are you able to hear  
7 me? Thank you. What I will say, I'll start off by  
8 addressing in three layers, and I think what you're  
9 asking is how the reduction in the contracts will  
10 impact services and, honestly and candidly, there  
11 will be service impacts and service reductions so the  
12 three levels I'll go into are impact to our vendors,  
13 impact to our agencies, and then impact to MOCS.

14                   First and foremost, impact to our  
15 vendors. As our vendors are users of our PASSPort  
16 system and also impacted by the decommission of  
17 Accelerator, the time that they work within the  
18 system, they will have to rely on the services of  
19 MOCS, and MOCS overseeing the services that are  
20 provided by Ivalua, who supports our PASSPort system  
21 and our Accelerator system so, with the reduction in  
22 the resources, there will be possibly additional time  
23 that the vendors will face when they have questions  
24 regarding their contract processing, their contract  
25 registration, and their contract payment.

2           The second of the third level of impact  
3 I'll address are the agencies. Our agencies are our  
4 providers, and we at MOCS oversee the agencies in  
5 addition to training them, as Director Flores  
6 mentioned, to have proficiency in the system. We also  
7 are doing a lot of change management as they adapt  
8 from the old system, HHS Accelerator, to the new  
9 system, PASSPort, so they, too, will be impacted by  
10 the reduction in the resources.

11           Last but not least, MOCS is impacted as  
12 well because we are on the front lines of providing  
13 the support to the agencies and the vendors. In  
14 addition to the reduction of the PASSPort contracts,  
15 as a result of the PEGs, we do see a reduction in the  
16 headcount that Director Flores mentioned. As of  
17 Fiscal Year 2024 Exec Plan, our MOCS headcount was  
18 173. When we review the Fiscal Year 2025 Adopted  
19 Plan, we are down to 166 so that's a reduction of 14  
20 heads so I'll stop there.

21           CHAIRPERSON WON: Okay, so from what I  
22 understand, because what I'm trying to get is usually  
23 within the contract, we have itemizations or line  
24 items for what a breakdown of the cost, so with the  
25 7.2 million reduction, you're saying that it will

2 impact our vendors so those are the human service  
3 providers, the non-profits, external contractors by  
4 increasing the number of hours it will take them to  
5 get an answer or the support they need when they have  
6 questions for contract registration or payment,  
7 correct?

8 FIRST DEPUTY DIRECTOR YU: Yes.

9 CHAIRPERSON WON: Okay, and then for the  
10 agencies, you're referring to our City agencies like  
11 Health and Human Services, DFTA for aging, etc., and  
12 for them, those providers will also have, it'll  
13 impact them for their training and for their change  
14 management.

15 FIRST DEPUTY DIRECTOR YU: That's correct,  
16 Chair.

17 CHAIRPERSON WON: And then lastly for  
18 MOCS, it's also going to impact you all because  
19 you're responsible for providing the support to these  
20 two partners, the vendors and the agencies, and  
21 you're also facing a steep headcount. That was going  
22 to be my next question.

23 At our March hearing, when we had asked  
24 about what was going to happen with the PASSPort  
25 contract being reduced, who was going to do the work,

2 and you had said that it was going to be internal so  
3 now that you have 14 positions in headcount reduction  
4 and 18 vacant positions, can you help me understand  
5 how this will also impact PASSPort and the work that  
6 you all are doing? Who is responsible now for working  
7 even as you work weekends? Will you just multiply  
8 Kim?

9                   DIRECTOR FLORES: I'll start, Chair Won.  
10 So where we took some of the reductions on our  
11 maintenance contract, as First Deputy Director, you  
12 mentioned and I mentioned in my testimony, were  
13 through service hours so that maintenance contract  
14 covers a lot of different work. Primarily, I think  
15 what folks can sort of understand as clearly as  
16 possible is when there are tickets that we receive or  
17 issues that we receive from agency users or vendor  
18 users with a complication in the system, or they have  
19 a blocker in the system, investigating that blocker,  
20 investigating that issue, then creating a solution  
21 and implementing that solution, most of that work is  
22 done through that maintenance contract, and we put  
23 those fixes in through the staff and the hours  
24 through that maintenance contract and so, as we  
25 mentioned at our last hearing, Chair Won, some of

2 that work we took on within MOCS staff and so, with  
3 the vacancy rate as it is now, to your point, we are  
4 all working more hours, and I think that's consistent  
5 with all City agencies as I'm sure I hope that you  
6 know, Chair Won and others on the Committee, we are  
7 1,000 percent committed to ensuring the success of  
8 PASSPort and ensuring the success of our provider  
9 partners and being able to acclimate to the system  
10 changes and, more importantly, to get through  
11 processes quickly and efficiently so they can get  
12 paid on time and so we've been doubling down on the  
13 staff that we do have and really trying to ensure  
14 that we maintain high morale and understand that  
15 we're all rolling in the same direction and everyone  
16 on our staff is committed to seeing the success of  
17 PASSPort. This is once in sort of, and I know this  
18 may sound to be too much, but if you've been doing  
19 procurement for a long time, this is my 20th year in  
20 City government, and the size of scope of what we're  
21 doing here with PASSPort, it has not been done  
22 before, and so everyone who's at MOCS is committed to  
23 the success of PASSPort and will continue to do that  
24 regardless of what the situation is with the budget

2 but obviously, we continue to need your support and  
3 the support of this committee.

4 CHAIRPERSON WON: For headcount, I'm just  
5 trying to go back to understand the calculation. If  
6 we have a 7.2-million-dollar reduction to the  
7 PASSPort contract, and we divide that by 36 months,  
8 so it would be 2.4 million dollars annually. What was  
9 that number of total hours reduced by this contract  
10 for PASSPort with Ivalua and Accenture?

11 DIRECTOR FLORES: Thank you, Chair Won. I  
12 believe it was 100,000 hours of the maintenance  
13 contract.

14 CHAIRPERSON WON: And are you able to work  
15 an additional 100,000 hours with the staff that you  
16 have to cover those hours that were lost?

17 DIRECTOR FLORES: We continue to endeavor  
18 at 1,000 percent to ensure that we are providing  
19 services without service gaps to the best of our  
20 ability, Chair Won.

21 CHAIRPERSON WON: 100,000 hours reduced is  
22 a very high amount so I just want to emphasize that.  
23 For the headcount, you had just testified how  
24 critical it is during this transition to have the  
25 resources and all the work that you're doing that is

2 very important to all of the three parties that you  
3 outlined of vendors, agencies, and the agency of  
4 contract services itself, and with these forced PEGs  
5 on all agencies across the board in our City during  
6 the transition of the PASSPort platform upgrade and  
7 the migration of all the agencies from Accelerator to  
8 PASSPort, on top of the contract reduction, I'm just  
9 trying to understand, so now you had also alluded to  
10 the quality assurance contract. How much was the  
11 quality assurance contract that was also impacted by  
12 the PEGs?

13                   DIRECTOR FLORES: The original estimate,  
14 Chair Won, for the quality assurance contract was 1  
15 million dollars. We had not started that contract  
16 when we decided to put that forward as part of the  
17 PEG process.

18                   CHAIRPERSON WON: I know that everyone in  
19 this room, we find contracts very exciting and sexy,  
20 worth waking up for in the morning, but I think this  
21 is very alarming because the people in this room are  
22 here to testify all of the struggles that they're  
23 facing to get paid on time and to get paid at all  
24 and, if we're hearing that even the quality assurance  
25 contract was cut, then who is doing quality



2 assurance? Ourselves? We're checking ourselves on the  
3 quality of the work?

4           Okay. I think the silence speaks for  
5 itself. We will hear more in the testimonies of how  
6 the quality assurance is an extremely important part  
7 of any platform. No matter what kind of technology  
8 you roll out in any agency, there needs to be a  
9 separate contract with quality assurance so that we  
10 are keeping our vendors who are external building us  
11 these platforms to make our lives easier, to ensure  
12 that our lives are getting easier, not more  
13 difficult.

14           DIRECTOR FLORES: If I may, Chair Won,  
15 just to also clarify that the contracts in question,  
16 both the Ivalua and Accenture contracts, as you know,  
17 Chair Won, were implemented and registered during the  
18 last Administration. The contract setup did not  
19 include at that time, nor did it include at the  
20 beginning of this Administration, a quality assurance  
21 contract so the setup had always been that MOCS and  
22 obviously partnership with, when appropriate with  
23 OTI, doing our due diligence to ensure and  
24 maintaining, and I assure you that we take it very  
25 seriously to ensure that our contractors are meeting

2 the requirements of the contract so I just want to  
3 say that for the record, obviously, to your point,  
4 though, best practice, which is why we had intended  
5 to bring this new element into the fold as additional  
6 resources to ensure with all of the transition and  
7 the work that we're doing that we would have  
8 additional resources. We just want to put that for  
9 the record, Chair.

10 CHAIRPERSON WON: And it is indeed a best  
11 practice, especially in every other industry, so I  
12 think it is important for my team to make sure that  
13 we submit an Intro. making sure that every single  
14 platform or technology that the City procures has a  
15 separate contract to make sure that there's quality  
16 assurance built in to make sure that all of our  
17 users, the public, have quality products and that  
18 they're not struggling and that when there is another  
19 PEG that comes around, quality assurance isn't the  
20 one that gets cut, but it's something that is making  
21 sure that it goes on.

22 Okay. Thank you. Going back to the 2.4  
23 million dollars annually that will be reduced. For  
24 service tickets themselves or just improving  
25 enhancements, because I know that we hear every time

2 we have a hearing on non-profits getting paid on  
3 time, folks tell us all the time that they are  
4 calling MOCS and giving feedback on how to make this  
5 better so there's clearly a feedback loop from our  
6 users to create new enhancements so what's going to  
7 happen now for functionality to meet the timeline  
8 that you had committed to publicly with the task  
9 force to make PASSPort perform at a certain threshold  
10 or at a benchmark?

11 DIRECTOR FLORES: Thank you, Chair Won.

12 First I would say, as per my testimony, that we have  
13 made some really good progress and are on track for  
14 progress for some of the key elements of the task  
15 force report, particularly those related to PASSPort.  
16 As I mentioned in my testimony, one of the  
17 recommendations and discussions around enhancements  
18 were specific functionalities, new functionality, and  
19 so two key parts of new functionality that will be  
20 coming out later this Calendar Year is PASSPort  
21 Vault, which to everyone who loved dearly  
22 Accelerator, when it was originally rolled out, it  
23 included Document Vault which was a key factor and  
24 request from the sector. PASSPort when it was rolled  
25 out did not have Document Vault so that is going to

2 be a key achievement from the task force report  
3 rolling out PASSPort Vault.

4           In addition, Subcontractor Management  
5 will also be in PASSPort, and while obviously  
6 contractors and the public normally look at  
7 subcontracting functionality and approvals sort of  
8 only as but very important an issue that impacts  
9 M/WBE, it actually is a huge issue that impacts the  
10 non-for-profit sector and our human service  
11 providers. As you know, traditionally out of the 41  
12 billion or however much we do in every particular  
13 year, human services accounts between 48 to 50  
14 percent of the portfolio and many of those contracts  
15 have subcontracts. That process currently is either  
16 in paper, email, snail mail, by pigeon carrier, and  
17 is a little bit of a black box and contributes to the  
18 pain that both primes and subs and vendors who are  
19 providing critical services to our New Yorkers feel  
20 in the payment process, and so those are two key  
21 areas where we will be delivering amongst other  
22 things that I mentioned in my testimony around  
23 PASSPort.

24           To your question an Intro. regarding  
25 feedback from providers, so we get feedback and make

2 enhancements over a number of different ways, and  
3 also I want to just make a distinction between  
4 enhancements and sort of like to have, right? The  
5 workflows and the functionality of PASSPort for most  
6 cases are what they are and, as folks know, a big  
7 bulk of the functionality was rolled out sourcing  
8 during COVID, which was a huge accomplishment of the  
9 previous Administration. When we receive tickets from  
10 both our vendor community, our non-profit providers  
11 or our agencies, all of that's tracked, and we look  
12 at that as if there is an actual bug or issue that  
13 needs to be fixed and, if that's the case, we tap  
14 into our Accenture maintenance contract to put in a  
15 fix for that issue versus continuing to engage with  
16 the sector, not only through that ticket process, but  
17 we've done road shows, we've done multiple situations  
18 where we meet with not-for-profit providers, our  
19 construction providers, our construction agencies,  
20 our not-for-profit agencies, and get their wish list  
21 of functionality that they hope to have in a future  
22 state so, to the extent that we're able to put some  
23 of those smaller level enhancements in our regular  
24 fixed schedule, we do that, but we're not in a  
25 position right now to sort of distract from ensuring

2 that full migration successfully has happened, that  
3 we have full adoption of over 50 percent of our  
4 portfolio doing all their invoices in our system, now  
5 PASSPort, and making sure that we are using our  
6 resources effectively to prepare for and implement  
7 R6, and then continue to prioritize any future state  
8 of enhancements if and when funding becomes  
9 available.

10 CHAIRPERSON WON: I have a followup  
11 question. According to the Fiscal Year 25 Executive  
12 Budget, there was 10.5 million dollars less in the  
13 technology strategy budget. Can you help me  
14 understand this 10.5 million versus the 7.2 million  
15 that we see in reduction? Or we could follow up?  
16 Yeah.

17 DIRECTOR FLORES: I'll start, and then  
18 First Deputy Director might have the numbers here. If  
19 we can't, otherwise we will follow up, Chair. The  
20 budget already had a certain amount of expected  
21 decrease in our OTPS budget based on one-time funding  
22 for enhancements and our 5.1 release and our  
23 migration and now our upcoming release 6, and so  
24 there was already an expected dip over Fiscal Years  
25 for those one-time investments. Then in addition to

2 that, as you noted in your questions earlier, there  
3 was, as you annualize it over three years, the 7.2  
4 million was an additional 2.4 reduction on top of  
5 what we expected to be a reduction after the one-time  
6 investment for recent releases.

7 CHAIRPERSON WON: Okay. I'm going to now  
8 turn over to procurement reform questions. Thank you  
9 so much for helping us clarify the PEG reductions.

10 As of January 2024, over 85 percent of  
11 human service contracts were registered late, even  
12 higher than the already unacceptable citywide average  
13 of 77 percent. Can you help us understand what  
14 factors contribute to so many human service contracts  
15 being registered late than the PEGs that we were just  
16 speaking of?

17 DIRECTOR FLORES: Sure, Chair Won. I'll  
18 start, and then if I need an assist from Associate  
19 Director Ilke, I'll pass it on to Ilke.

20 Our numbers, when we look at contracts  
21 for FY24, for FY23, do not align with the 85 percent,  
22 which from our understanding, depending on if you're  
23 noting either some recent public reports or recent  
24 reports from the Comptroller's Office, are more  
25 inclusive, including contracts that are either not

2 human service contracts or not multiyear contracts  
3 and discretionary contracts. In terms of the  
4 contracts that have been submitted on time, the last  
5 Fiscal Year, as I mentioned in my testimony, we had a  
6 significant positive increase in the number of  
7 contracts that were submitted on time and, as you  
8 know, if we look at the PPB rules and sort of look at  
9 what the standard of sort of timely, as long as a  
10 contract has been submitted to the Comptroller before  
11 the end of the Fiscal Year for a new contract  
12 starting in July 1st, that contract will most likely  
13 be registered within 30 days or, in some cases, much  
14 less than that so we deem those not to be  
15 significantly late. As you know, we do have the  
16 ability now, unlike in the past, once that contract  
17 is registered, for advances to be released  
18 immediately, once there is a budget on that contract  
19 and, as I mentioned in my testimony, we have taken  
20 some proactive steps to mitigate additional pain by  
21 directing agencies to issue an additional 15 percent  
22 on top of those contracts, but I'll pass it off to  
23 Ilke. Is there any other data to respond to the  
24 Chair's question?



2           ASSOCIATE DIRECTOR DENIZLI: Thank you,  
3 Chair Won and Committee. As Director Flores  
4 mentioned, we are committed to the timely  
5 registration of our human service contracts. We do  
6 have a yearly initiative where we project manage  
7 alongside our agency partners to ensure that  
8 contracts are submitted to the Comptroller's office  
9 by July 1st in order to ensure that those standard 25  
10 percent advances to the sector can go up by the time  
11 that invoices are able to be submitted in the system.  
12 I will also note that we are happy to collaborate on  
13 any data coordination. A lot of the external  
14 reporting that we often see includes City Council  
15 discretionary award contracts, which, as we know, are  
16 inherently retroactive since the majority of  
17 contracts that are designated, whether in Schedule C  
18 or subsequent transparency resolutions, are not  
19 officially communicated to the agencies or go through  
20 the clearance process until well after July 1st.

21           CHAIRPERSON WON: To go back to the 2.4-  
22 million-dollar reduction annually, will MOCS still be  
23 able to have proper functionality for all the new  
24 users who have joined and also meet the timelines,

2 the deadlines that you have set for the next release  
3 this year?

4 DIRECTOR FLORES: In terms of Release 6  
5 for Document Vault and subcontracting, we're on  
6 schedule to do that release, which will have those  
7 two major components of functionality before the end  
8 of this Calendar Year.

9 CHAIRPERSON WON: Okay, that is very  
10 impressive. Thank you for still somehow managing that  
11 without any money.

12 In 2022, the Joint Comptroller-Mayor Task  
13 Force to Get Non-Profits Paid on Time issued a  
14 detailed action memo and recommendations to get non-  
15 profits paid more quickly. Can you help us get a  
16 clear summary of what progress has been made over the  
17 last two years implementing which reforms and which  
18 items remain of those and which do the Administration  
19 see as the highest priority? Can you also give us the  
20 status of the task force? Are you all still meeting  
21 and, if so, is Council able to join the next meeting  
22 or a representative from the Council?

23 DIRECTOR FLORES: Thank you for the  
24 question, Chair Won. At last blush that we reviewed  
25 our progress for all of the items in the Task Force

2 report, we were close to 60 percent of those had been  
3 accomplished at this time, which included, as some of  
4 those highlighted in my testimony, clear the backlog  
5 initiative, allowance clauses, multi-year  
6 discretionary contracts, expanded the RGF fund  
7 Contract Stat. We also, in obviously partnership and  
8 led by the Council, Local Law 169, which for human  
9 service timeliness, and standing up the Mayor's  
10 Office of Non-Profit Services. As you may know, once  
11 the Task Force issued the report, there was an  
12 Executive Steering Committee, which included partners  
13 across all City agencies like Office of Management  
14 and Budget, City Hall, the Comptroller's Office, and  
15 they kept us to account with multiple work streams  
16 that put together project plans and goals for making  
17 sure that we were staying on target with the both  
18 short-, medium-, and long-term goals that were  
19 outlined in the report, and there are not many that  
20 are left for us to achieve, and anything that's not  
21 achieved yet is already ongoing, but happy to spend  
22 time with you offline and those others in the  
23 Committee and walk you through some of those in more  
24 detail if interested.

2 CHAIRPERSON WON: Could you answer, sorry  
3 if I missed it, I was reading my notes. Does the Task  
4 Force still meet and, if so, how often?

5 DIRECTOR FLORES: The Task Force no longer  
6 meets. The Task Force met up until releasing the  
7 report, and then after the release of the report,  
8 there was an Executive Steering Committee that was  
9 created, which again included both the Administration  
10 and the Comptroller's Office, and they monitored and  
11 kept accountable working groups from across the City.

12 CHAIRPERSON WON: Does that Executive  
13 Steering Committee still meet?

14 DIRECTOR FLORES: The Executive Steering  
15 Committee, we report out to the First Deputy Mayor  
16 and to City Hall on progress. Obviously, the First  
17 Deputy Mayor at City Hall corresponds and interacts  
18 with the Comptroller directly when there are updates  
19 or there are questions, but most of the work is  
20 either done or significantly in progress.

21 CHAIRPERSON WON: So now that the Non-  
22 Profit Task Force is no longer active, how do the  
23 non-profit providers give you the direct feedback?

24 DIRECTOR FLORES: The updates to the Non-  
25 Profit Task Force action items, our office sends out

2 and has sent out a number of updates to the sector,  
3 telling them where we are in our progress. We have  
4 also provided and partnered with some of the folks  
5 who are in this room with our beloved strategic  
6 partners in the sector, whether it's doing roadshows,  
7 which we have done before we started doing the  
8 migration process, and other opportunities for us to  
9 engage directly with the sector to give updates on  
10 where we are in the task force. I believe the First  
11 Deputy Mayor herself was also at an event with one of  
12 the umbrella groups here last week and gave an update  
13 on our progress on the report, and so we have  
14 multiple sort of avenues of engagement with the  
15 sector but, as always, if there are recommendations  
16 of how we can engage differently, we'll always take  
17 those.

18 CHAIRPERSON WON: It seems that the  
19 Borough of Queens has some FOMO. They were not part  
20 of the Task Force, as I was given awareness of, and  
21 it seems like a lot of people are clamoring to be  
22 part of the Task Force again so.

23 DIRECTOR FLORES: I will say, recently,  
24 the Administration announced the launch of the  
25 Mayor's Office of Non-profit Services Advisory

2 Council, and there are a number of key players, both  
3 in this room and across the sector, which I believe  
4 represent all of the Boroughs, Chair Won, who are  
5 participating and representing in each of the three  
6 committees that were formed as a response to one of  
7 those key Task Force recommendations as well, but  
8 happy to share afterwards the list of all of the  
9 providers and who are chairing all of those  
10 committees and would be happy to take back to the  
11 Administration if you don't see enough Queens  
12 representation there, Chair.

13 CHAIRPERSON WON: Speaking of the Mayor's  
14 Office of Non-profits, can you help us understand the  
15 status of that office since Director Ford has moved  
16 on?

17 DIRECTOR FLORES: Yes, Chair Won. That  
18 office still is in existence, very active. As you  
19 know, reports directly to Deputy Mayor Almazar, and  
20 there really hasn't been a skip a beat from the  
21 transition where our inaugural Director Ford and all  
22 the amazing work that she did to stand up the office  
23 and really connect with the sector and establish  
24 really good relationships and avenues of  
25 communication. As I mentioned, the inauguration of

2 the Advisory Council was announced after Director  
3 Ford's departure so there is continued work and  
4 activity happening in that office. We work very  
5 closely with that office, and we work very closely  
6 with that office as they engage with the sector and  
7 have feedback from the sector either on one-off  
8 contract-specific issues and/or bigger pictures of  
9 reform questions and policy recommendations.

10 CHAIRPERSON WON: How many staff members  
11 are there now employed and working at the Mayor's  
12 Office of Non-profit Services? Last time it was one?

13 DIRECTOR FLORES: It's more than one,  
14 Chair Won. We might be able to answer that now. If  
15 not, we will get back to you.

16 CHAIRPERSON WON: Okay.

17 FIRST DEPUTY DIRECTOR YU: They have a  
18 headcount of seven. I believe they have four, but we  
19 can confirm and come back.

20 CHAIRPERSON WON: Okay, four. Just out of  
21 curiosity, do you have a number of how many vendors  
22 of non-profit human service providers the City has in  
23 their purview for all agencies for four staff members  
24 to manage?

2                   DIRECTOR FLORES: I'm not sure of the  
3 question, Chair Won, but I would say that obviously  
4 across the City of New York with our very robust  
5 portfolio with non-profit providers, which includes  
6 agencies that contract Administration of Children's  
7 Services, Department of Social Services, Department  
8 of Aging, and so on and so forth. We have thousands  
9 of staff across the City of New York that have  
10 different levels of engagement with the non-profit  
11 sector, including in contracting and budgeting, and  
12 the Mayor's Office of Non-profit Services, not unlike  
13 many other of Mayor's Offices that really have a  
14 focus on ensuring that they are thought leaders, that  
15 they are leading in terms of policy agenda, and  
16 really keeping us and others within the  
17 Administration accountable to answering to a  
18 particular sector so I think, in totality, there is  
19 an investment and an importance that I think from day  
20 one this Administration, which includes the Joint  
21 Task Force report, of how important our relationship  
22 is with the sector.

23                   CHAIRPERSON WON: Okay, because I just  
24 want to emphasize that with thousands of non-profits  
25 who service our City, the ratio of four or even seven



2 at full headcount to do justice, I think, is not  
3 enough.

4           The million-dollar question that we  
5 always get asked is, the Task Force called for  
6 establishing specific timeframes and deadlines for  
7 each stage of the procurement process. Has the  
8 Administration done this? If not, what barriers  
9 remain to setting clear timelines, and can you help  
10 us understand more information of what the status is  
11 and what may be holding it up? And another question  
12 that I get asked all the time is, how can we keep  
13 agencies accountable if it's not going to be  
14 financial?

15           DIRECTOR FLORES: Thank you for the  
16 question, Chair Won. I'll start, and then my staff  
17 will keep me honest. As I mentioned in my testimony  
18 and I think in a previous response, with leadership  
19 from the Council and partnership with the  
20 Administration, recent Local Law 169 was passed, and  
21 we are on track to release the first report in  
22 October of this Calendar Year, as prescribed in the  
23 report, that will have crucial data that will inform  
24 future state of particular timeframes and timelines  
25 to keep ourselves accountable, but I think what's

2 important to note and, as we testified during  
3 previous hearings related to that local law, is that  
4 it really has to be a sort of multi-layered, multi-  
5 faceted approach to keep us accountable and ensure  
6 that we are holding up our end of the bargain, having  
7 timeframes is part of it, having the tools in order  
8 to monitor performance is part of it, but also having  
9 a community of practice of monitoring performance is  
10 part of that and so, as I mentioned in my testimony,  
11 we have begun not only in the release of our internal  
12 performance tracking tool contracts, but the  
13 Administration has already had sessions with our  
14 Agency Commissioners. Some of it was also discussed  
15 in the inaugural Mayor's Office of Non-Profit  
16 Services Advisory Council of continuing to build on  
17 that practice of what data that we have access to,  
18 how we use that data to inform our decisions to  
19 ensure that our cycle times are shorter, that we get  
20 contracts registered on time, payments on time, and  
21 also how do we use that information to keep our  
22 agencies accountable. In our Timeliness Initiative,  
23 both last Fiscal Year and what we're doing this  
24 Fiscal Year, we use data and we have goals that we  
25 hold our agencies to in terms of hitting certain

2 milestones by a particular timeframe so that we can  
3 achieve our goal of having all of our contracts  
4 submitted to the Comptroller on time so it is an  
5 ongoing iterative process, but that's exactly where  
6 we intend to be, and Local Law 169 is going to be a  
7 big part of assisting there.

8           CHAIRPERSON WON: From the Mayor's Office  
9 of Contracts own Fiscal Year '23 Human Services  
10 Report, I am very troubled by the numbers, that  
11 almost 100 percent of the contracts were untimely for  
12 agencies like SBS, and then following MOCJ, and for  
13 DYCD, they were at 17 percent on time; HPD, 0 percent  
14 on time; and DSS-HRA, 42 percent on time; DHS, 41  
15 percent on time; and others are hovering around 59  
16 percent so can you help us understand what is the  
17 accountability for these agencies from your own  
18 report where they're just not on time? There needs to  
19 be substantial compliance with timeliness for  
20 contracting given their personal performance  
21 according to your own data.

22           DIRECTOR FLORES: Thank you, Chair Won. I  
23 did not hear the first part of your question, but are  
24 you referring to the Indicators Report, the Annual  
25 Indicators Report?

2 CHAIRPERSON WON: Yes.

3 DIRECTOR FLORES: Thank you, Chair Won,  
4 for the clarification. First, I will say that there  
5 are multiple ways that we look at both timeliness and  
6 retroactivity and, just to make that distinction  
7 first, and then to get to your specific question.  
8 When I said earlier in my testimony and some  
9 responses to some of your questions that we achieved  
10 81 percent submitted to the Comptroller on time, the  
11 measurement there is that we have submitted a  
12 contract for registration by the end of the Fiscal  
13 Year. The Indicators Report and retroactivity is  
14 calculated slightly differently. First, the universe  
15 of contracts is anything that was registered within  
16 the Fiscal Year so that's where we start off in the  
17 universe of contracts before we do any analysis so  
18 regardless of when the contract start date was,  
19 anything registered within the Fiscal Year is what  
20 we're doing analytics on so that may include a  
21 contract that actually was a FY23 or '22 contract  
22 that was registered in the Fiscal Year so the  
23 retroactive or lateness is if it's one day late from  
24 the registration date versus the contract date, it's  
25 considered retroactive and, as I mentioned, we

2 consider significantly retroactive at different  
3 intervals after we get over the 30 days. In some  
4 cases, the examples that you mentioned, we have  
5 agencies like HPD that have very small human service  
6 portfolios and so, obviously, if an agency has one or  
7 two contracts and they did not get to them on time in  
8 the Fiscal Year, it kind of skews the data, but our  
9 number in terms of percent retroactive continues to  
10 improve every year, and we're hoping that with all of  
11 the efforts that we have put into place last year and  
12 this year, that the numbers will be better this year  
13 as well when we issue our Indicators Report after the  
14 end of the Fiscal Year.

15 CHAIRPERSON WON: So how does this square  
16 with the PPB rule 4-12 for interest payments?

17 DIRECTOR FLORES: So 4-12 requires, and I  
18 think I mentioned in my testimony, that first the  
19 (INAUDIBLE) of my Office does the analysis of whether  
20 or not an agency or agencies were significantly  
21 retroactive and, again, that significantly  
22 retroactive for that particular Fiscal Year, we do  
23 not consider and is consistent with practice over  
24 many years and over many different Administrations,  
25 contracts that are registered within the 30-day

2 period to be significantly retroactive and so we make  
3 that assessment. We don't take that lightly. There  
4 are interest payments that are made every Fiscal  
5 Year. I do not have the number off the top of my head  
6 of what may have been paid last Fiscal Year but,  
7 ultimately, it's a collective decision depending on  
8 the overall performance, and last year, as was  
9 indicated in the Indicators Report, we did not  
10 determine to be significantly retroactive to  
11 implement that across-the-board interest payment.

12 CHAIRPERSON WON: Okay. The next question  
13 is, even when contracts are registered, reimbursement  
14 rates only cover 80 cents on the dollar for program  
15 costs. How is the Administration working to address  
16 this issue of chronically underfunded non-profit  
17 contracts? I was just at a town hall yesterday for  
18 education, and we heard this again from non-profit  
19 providers who are running 3-K programs, that they  
20 have to subsidize it with their private twos and  
21 infant programs because it's just not enough, and  
22 they're having issues even with paid parity for their  
23 teachers and keeping teachers because they get paid  
24 much less than their DOE counterparts so we would

2 really like to understand what is happening for  
3 chronically underfunded non-profit contracts.

4           DIRECTOR FLORES: Thank you, Chair Won.  
5 Speaking, you know, specifically to the 40-plus  
6 Mayoral agencies, I understand and definitely hear  
7 both the sentiment that you just described and that I  
8 hear from the non-profit sector, which is why the  
9 commitment from the Administration from day one has  
10 been investing in our sector and our providers and,  
11 as you know, I do want to make sure, in partnership  
12 with the Council, to date, over 1.4 billion dollars  
13 that have been invested in the human services sector,  
14 both for the workforce enhancement and our commitment  
15 for COLA over three fiscal years is a huge  
16 investment. We're getting closer and closer to, I  
17 think, in partnership with the sector, and I see some  
18 of the partners here today, and carefully listening  
19 to the issues that have been raised over having  
20 previous years not sufficient investment in the  
21 sector, and I think we're catching up and making a  
22 lot of good ground, and we continue to work with the  
23 sector. We're not done listening. We're not done  
24 partnering, and I think the budget reflects the  
25 continued investment in the sector.

2 CHAIRPERSON WON: I'm getting a lot of  
3 eyebrows, Lisa, from that answer. Kim, do you have  
4 any other?

5 DIRECTOR FLORES: I see Michelle Jackson  
6 right there. We just had all these celebrations of  
7 the COLA, right? There are eyebrows behind Michelle  
8 Jackson.

9 CHAIRPERSON WON: Yes, I think we still  
10 have a long way to go. I just think it's not  
11 acceptable that our non-profit providers qualify for  
12 the same benefits, like SNAP, that we administer, and  
13 that they administer themselves. They might as well  
14 register themselves, as they're doing, and many of  
15 them do, so I think we've got a long way to go.

16 I also want to acknowledge that we've  
17 been joined by Council Member Althea Stevens.

18 Non-profit leaders have called for a  
19 temporary moratorium on audits, inspections, and  
20 reporting requirements that are not legally mandated  
21 in order to allow them to focus on service delivery  
22 until their contracts are paid. Would the  
23 Administration be open to this form of relief?

24 DIRECTOR FLORES: Thank you for the  
25 question, Chair Won. We have been taking many efforts



2 to mitigate sort of burdens of our non-profit sector,  
3 not only during transition from Accelerator to  
4 PASSPort, but some of the work that is, frankly, the  
5 hard work of rolling up your sleeves and doing and  
6 dismantling and really reshaping our relationship and  
7 the paradigm of how we oversee and how we engage with  
8 our provider partners, and so I do say that I look  
9 forward to those conversations, especially now that  
10 the Advisory Council has been formed. That is  
11 definitely one of the topics that I know will be  
12 discussed during those meetings. We also have been  
13 doing work, as you may know, at MOCS in creating a  
14 risk-based audit policy called the Human Services New  
15 York City Standard Audited Financial Reports, or  
16 SAFR. That will lead to impactful audit results,  
17 which will reduce redundancies for providers by  
18 leveraging standard audit guidelines and improved  
19 audit quality and timeliness and, for non-profits,  
20 this will make the policy more predictable, timely,  
21 and comprehensive, and that work is well underway,  
22 and we hope to expand upon it now that the Advisory  
23 Council has been formed.

24

25

2 CHAIRPERSON WON: Okay, I'm going to pass  
3 it over to Council Member Stevens to ask a few  
4 questions.

5 COUNCIL MEMBER STEVENS: Good morning. How  
6 are you guys doing?

7 DIRECTOR FLORES: Good morning, Council  
8 Member.

9 COUNCIL MEMBER STEVENS: Just a couple  
10 questions. The first one I'll start with is the City  
11 Charter required the Procurement Policy Board to  
12 establish a timeframe for each stage of the contract  
13 process, but this still has not happened, so last  
14 year we enhanced the Local Law 169 of 2023 which  
15 requires MOCS to study and issue a report on the  
16 timing and duration of City procurement process for  
17 human service contracts and for the PPB to use the  
18 study to issue rules pursuant in the Charter's  
19 responsibilities. How is the study coming along, and  
20 are rules regarding timeframe in the works?

21 DIRECTOR FLORES: Thank you for that  
22 question, because it gives me the opportunity to once  
23 again say that I appreciate your partnership in the  
24 final draft of that rule of that Intro., which is now  
25 Local Law 169, and that we are on track to complete

2 the first report as required, the timeframe required  
3 by the Local Law, which is October of this year. That  
4 will be critical data for us to take the next steps,  
5 as you mentioned in your question of establishing  
6 those timeframes and happy to obviously meet with you  
7 and others in the Committee to walk you through that  
8 report and next steps once that's issued on time in  
9 October.

10 COUNCIL MEMBER STEVENS: Okay, I'm happy  
11 to hear that it's going to be issued on time,  
12 especially with some of the challenges with the PEGs  
13 that you guys are experiencing and not having  
14 adequate staff to kind of do it so I know you guys  
15 are being stretched thin, so I don't often have a  
16 bleeding heart for agencies in the City, because I  
17 like to hold people responsible, but I do know that  
18 there are a lot of challenges, especially with the  
19 transfer of PASSPort and these PEGs that are as much  
20 a small agency, it gets felt differently, and I think  
21 sometimes that gets lost in the conversation around  
22 what it looks like when a bigger agency takes a five  
23 percent cut than when a smaller agency who has a much  
24 smaller budget and staff, it's looked and felt a lot  
25 differently, and so we definitely have to make sure

2 we have to continue to uplift that so I'll give you  
3 some grace because we all know...

4 DIRECTOR FLORES: Thank you, Council  
5 Member. I know...

6 COUNCIL MEMBER STEVENS: We know this  
7 wasn't the bill I wanted.

8 DIRECTOR FLORES: I appreciate it. I  
9 appreciate, as I mentioned, not only your support,  
10 Council Member, in full transparency and honesty, but  
11 your willingness to trust that we are going to do the  
12 job that we set ourselves to do and that  
13 collaboration and negotiation, which I know you have  
14 made it clear, was not exactly what you wanted, but I  
15 commit to you, and I hope that you understand that  
16 both myself and the office commits not only to do  
17 that report on time, but have open dialogue around  
18 the next steps after that report is issued.

19 COUNCIL MEMBER STEVENS: Yeah, no,  
20 absolutely. Like I said, I don't give a lot of them  
21 grace, but I think you guys get a little bit more  
22 grace because we have to also figure out how do we  
23 support you to make sure that this agency isn't  
24 gutted to the point where it's going to hinder the  
25 rest of the City, and I think that a lot of the

2 issues and concerns providers have are connected to  
3 these PEGs, and it doesn't just affect your agency,  
4 it affects the entire City, and it's often said that  
5 this isn't a sexy Committee, or sexy part of the...

6 CHAIRPERSON WON: We're very sexy.

7 COUNCIL MEMBER STEVENS: I mean, I think  
8 so, but we know that this isn't what people are going  
9 to be on the steps yelling about, right, and so I  
10 think we have to also figure out how do we uplift  
11 this work because it's so instrumental and important.  
12 Everybody wants to get paid, and you pay everybody so  
13 we got to make sure that that's happening.

14 I just have a couple more questions. Can  
15 you talk to me a little about, have you guys gotten  
16 any guidance on COLA and what that's going to look  
17 like in that rollout?

18 DIRECTOR FLORES: Thank you, Council  
19 Member, and I'm so glad that Michelle Jackson is  
20 sitting right in the front row. Yes, we have been  
21 working very closely with our counterparts and our  
22 partners at the Office of Management and Budget. HSC  
23 has been an instrumental partner, not only obviously  
24 in the campaign for COLA, but also ensuring that  
25 we're working together collaboratively on how we're

2 going to implement COLA in a way that is both  
3 manageable and efficient and obviously expeditiously  
4 as possible. We just issued notification to providers  
5 yesterday. GovDelivery went out with a very short  
6 announcement around next steps that they should be  
7 hearing from their agencies. Is it by the end of the  
8 Fiscal Year? Is that what we said? Okay. By the end  
9 of the Fiscal Year, they will receive some  
10 information from their agencies with a template and  
11 spreadsheet to verify dollar amounts for each of  
12 their contracts, and we are hoping that we are going  
13 to hit the ground running with implementation in  
14 terms of that COLA getting into the contract as  
15 quickly as possible using existing allowance clauses  
16 and advances wherever possible so we're on track to  
17 do this as expeditiously as possible, Council Member.

18 COUNCIL MEMBER STEVENS: Well, I'm happy  
19 that you guys are creating or have somewhat of a  
20 framework/plan for the COLA, but can you talk to me a  
21 little about the workforce enhancement because I'm  
22 hearing from providers that some of them still  
23 haven't got the indirect funding for the workforce  
24 enhancement, and it's taken providers almost two  
25 years for those contracts and those actions to have

2 happened so can you talk to me a little bit about the  
3 workforce enhancement?

4           Thank you, Council Member. We have been  
5 working closely with Office of Management and Budget  
6 and our agencies to ensure that, as you know, the  
7 process for the calculations of the workforce  
8 enhancement were done as quickly as possible. As I  
9 mentioned earlier, in totality, both the workforce  
10 enhancement and the COLA announcement, it's over a  
11 1.4-billion-dollar investment in the sector. We  
12 believe that we have been on track in totality for  
13 the workforce enhancement. If there are particular  
14 issues that are delayed, obviously, I know it is not  
15 ideal to do one-offs, but we'll definitely take those  
16 from you and the providers that you're hearing from  
17 and track those down and see if there are particular  
18 issues with the underlying contract.

19           COUNCIL MEMBER STEVENS: No, I really  
20 appreciate it and thank you and, yes, Julie Won, your  
21 Committee is very sexy, and I didn't mean to imply  
22 that you were not sexy so thank you.

23           CHAIRPERSON WON: I appreciate it. I need  
24 that every morning from Council Member Stevens.

2           We just have a few more questions. Has  
3 the Administration analyzed how much City funding  
4 non-profits have had to spend on interest payments  
5 due to taking out loans to cover expenses while  
6 waiting for contracts to be paid?

7           DIRECTOR FLORES: Thank you for the  
8 question, Chair Won. I do not have a number of how  
9 many vendors or not-for-profit providers have taken  
10 out loans other than, obviously, the loan program  
11 that is managed through the City in partnership with  
12 the Funding for the City of New York. Our current  
13 revolving fund is 62 million dollars and, as I  
14 mentioned in my testimony, we have seen an increase  
15 in the type and size of a non-profit provider that  
16 has access to that loan fund, as you know, which is  
17 interest-free. Since we were able to deliver on one  
18 of the Task Force recommendations earlier this  
19 Calendar Year, I believe in January or February of  
20 this Calendar Year, we reissued the loan program  
21 eligibility qualifications, significantly expanding  
22 eligibility to get access to a loan, and we  
23 streamlined the application process and the  
24 application itself significantly, and retrained all  
25 of our agencies to ensure that we are maximizing



2 access to the interest-free loan program through the  
3 Mayor's Office of Contract Services.

4 CHAIRPERSON WON: Thank you. Last  
5 question. Have you heard of the non-profit SeaChange  
6 Capital Partners who decided to create their own  
7 version of Contract Stat?

8 DIRECTOR FLORES: I have heard of  
9 SeaChange.

10 CHAIRPERSON WON: Oh, okay.

11 DIRECTOR FLORES: I see John McIntosh in  
12 the audience.

13 CHAIRPERSON WON: Okay, I kind of see...

14 DIRECTOR FLORES: I recognize all of my  
15 friends here.

16 CHAIRPERSON WON: Okay, I see some light  
17 in your eyes so now I'm going to ask you some  
18 questions about it, so you've reviewed the  
19 SeaChange's work. Is the Administration open to  
20 making Contract Stat public instead of internal, like  
21 a public version of Contract Stat?

22 DIRECTOR FLORES: Thank you for the  
23 question, Chair Won. I have not reviewed the recent  
24 report by SeaChange. I was answering a direct  
25 question that I am familiar with SeaChange and John

2 McIntosh. I have not had the opportunity to review  
3 his latest report. As I mentioned earlier in my  
4 testimony and I think we've talked about this in  
5 other City Council hearings, the recommendation in  
6 the Task Force report was to create Contract Stat,  
7 which was not listed in the report necessarily as a  
8 technology tool, but the practice of performance  
9 management and a performance management tool. We have  
10 issued an internal performance dashboard called  
11 Contract Stat, which, as you know, we've talked  
12 previously at Council hearings that MOCS built  
13 internally to ensure that we were on track with the  
14 Task Force recommendation. We have released that  
15 performance tool and that practice at the direction  
16 and leadership of First Deputy Mayor and multiple  
17 Deputy Mayors with our Commissioners. I think we've  
18 had two of those sessions so far with our agencies.  
19 We have also reviewed Contract Stat with the  
20 Comptroller's Office and showed them the  
21 functionality that exists thus far. We're committed,  
22 as I mentioned earlier, when I first came on board,  
23 one of the first things that we rolled out in the  
24 first quarter of the first Calendar Year was PASSPort  
25 Public, which includes numerous data points that were

2 not publicly available before, including milestones  
3 and across all contracts, whether it's in sourcing,  
4 whether it's an award, whether it's just initiated.  
5 It also has heat maps around retroactivity and other  
6 performance metrics, and so I do see in a future  
7 state with appropriate resources and ability to  
8 ensure that the data is accurate that some of that  
9 practice will converge in a future state, but we have  
10 a lot of that information currently available on  
11 PASSPort Public but always committed to continuing  
12 with the resources that we have to use those  
13 performance tools.

14 CHAIRPERSON WON: Thank you. We're going  
15 to transition to a few questions on legislation.

16 For Intro. 801, Subcontractor Denial  
17 Explanations, what is the current process for  
18 notifying prime contractors when a proposed  
19 subcontract is denied, so does an agency provide  
20 detailed reasons for denials?

21 DIRECTOR FLORES: Thank you for the  
22 question, Chair Won. The current rules, as you may  
23 know, in PPB 4-13, which lays out the process for  
24 subcontractor approvals, an agency must approve a  
25 subcontractor for a prime before the prime can

2 initiate for the subcontractor to begin work on a  
3 contract, and there is an approval process that  
4 includes various information, and some of that  
5 information may vary across agency depending on the  
6 type of service and what is applicable for the type  
7 of service. For example, a subcontractor approval for  
8 a human service contract to provide food is going to  
9 be different than some of the information that might  
10 be requested for a subcontractor to do electrical  
11 work, but there's an engagement with the agency and  
12 the prime vendor on the approval process or denial of  
13 a subcontractor. As I mentioned in my testimony, you  
14 know, we're going to have a lot more information and  
15 visibility and transparency into that process that  
16 will inform sort of future state of how we sort of  
17 use that information and make policy changes at an  
18 appropriate time once that information is in  
19 PASSPort, which will be part of Release 6, and so in  
20 PASSPort, once we do the release, we will have both  
21 subcontractor information at the time that a prime  
22 bids on a contract where appropriate and applicable.  
23 We will also have the actual approval of the  
24 subcontractor in PASSPort, and then, because it's  
25 happening in our PASSPort system, we will have

2 payment information against that contract, the prime  
3 and the sub in the system so I think, related to this  
4 Intro., I think we would be in a better position to  
5 sort of discuss the need for this and what we'll have  
6 at our fingertips through PASSPort that we don't have  
7 available now because it's not an electronic system.

8 CHAIRPERSON WON: Something that I have  
9 difficulty reconciling in my mind about  
10 subcontractors. For example, a few months ago in  
11 September, we had a hearing with DHS about  
12 subcontracts for food in migrant shelters or in  
13 regular shelters, and when we asked them questions  
14 about the subcontractors of the food and the quality  
15 of the food, a lot of the times the agency will  
16 testify that they have no control over subcontracts,  
17 that whoever is the master contract holder, that they  
18 get to make those decisions, so can you help me  
19 understand for all these agencies, what jurisdiction  
20 do they have over subcontracts and what power do they  
21 have on choosing who the subcontractor is?

22 Thank you for the question, Chair Won.  
23 I'll start and probably pass off to Special Counsel  
24 Charles Diamond to add on. Just a general  
25 distinction, the PPB rules require that an agency

2 approve the specific subcontractor that the prime  
3 vendor intends to use for goods or services, and some  
4 of that process includes integrity-related  
5 information around the vendor. It also includes some  
6 review to ensure that the prime vendor has followed  
7 sort of the bidding-out process as required in their  
8 contract, depending on contract dollar value, that  
9 they did a fair process and a competitive process in  
10 the selection of their subcontractor. The City does  
11 not have privity directly with the subcontractor. The  
12 prime is legally required to ensure that they're  
13 providing the goods and services at the quality and  
14 the level of performance required under the contract  
15 and, if that includes subcontractors, it's still the  
16 prime that is responsible for ensuring that that work  
17 is done in accordance with the contract.

18 SPECIAL COUNSEL DIAMOND: Good morning,  
19 Chair Won. Yeah, I would only add further that it can  
20 sometimes be a creature of the contract itself so  
21 certain agencies will have certain contracts. DHS is  
22 the best example, who have a very robust  
23 subcontractor approval system based off of their  
24 experience with their portfolio over X amount of  
25 years, if this is what they need. So certain agency

2 contracts will have specific requirements that will  
3 be different. However, as Director Flores said, the  
4 general rule is out there in the PPB rules regarding  
5 approving that subcontractor, but there is room for  
6 more nuance and, if something is varying, it's likely  
7 because of the specific contract at play, as Director  
8 Flores mentioned, food versus something else, but it  
9 can also be agency versus agency, and I believe the  
10 best source of those is almost always the fiscal  
11 manual of that specific agency will outline their  
12 process so I'd say that's the best resource in terms  
13 of if you're seeing any variance from agency to  
14 agency.

15 CHAIRPERSON WON: Thank you. Prime  
16 contractors argue that subcontractor denials often  
17 come with inadequate explanation, delaying their  
18 ability to find alternative subs. Would you be open  
19 to establishing a standard timeline for agency  
20 responses to help address this issue?

21 DIRECTOR FLORES: Thank you for the  
22 question, Chair Won. I would start off, as I  
23 mentioned earlier, that in a paper process, as you  
24 mentioned I think at the top of this hearing, right,  
25 we are in a situation where technology is not

2 perfect, but technology has gotten us lightyears  
3 ahead of where we were before when everything was in  
4 paper. The subcontracting process is still, again, in  
5 paper. It's not an electronic system that we have  
6 visibility into across the whole portfolio so I  
7 think, as I mentioned earlier, we definitely would  
8 imagine that there are areas for efficiency gains and  
9 improvement in the process that will be better  
10 positioned to implement and have some more specific  
11 recommendations for once we have adoption of the  
12 subcontractor approval process in PASSPort.

13           SPECIAL COUNSEL DIAMOND: And I would  
14 further add, Chair Won, that there are timelines in  
15 certain standard contracts so, once again, in that  
16 fiscal manual, agencies are certainly encouraged to  
17 have those timelines. As Director Flores says, once  
18 we get that data for people to then check against  
19 that, I think that will be the real next step, but,  
20 certainly, agencies do establish timelines for  
21 themselves to approve these actions, and we look  
22 forward to continuing that conversation to make that  
23 more effective.

24           CHAIRPERSON WON: Just like you testified  
25 earlier about DHS having a more robust contract, can



2 you help me understand, so it wouldn't be helpful for  
3 them to have a standardized timeline for subcontract  
4 responses because everyone has different  
5 requirements?

6 SPECIAL COUNSEL DIAMOND: Well, Chair Won,  
7 first, I would say in terms of robust, I wouldn't  
8 necessarily say more robust. I would say different. I  
9 think based off of their specific portfolio, of  
10 course, you compare DHS to a construction agency, the  
11 substantive needs that they need to understand about  
12 who they're contracting with may be very different  
13 so, certainly, there is some room there but,  
14 absolutely, agencies have the option of building in  
15 those timelines. In terms of general rules, PPB 4-13  
16 does establish those requirements. In terms of  
17 contractual negotiation, there's always the option  
18 for agencies to go beyond that to a certain extent  
19 but, certainly, the structures of PPB 4-13 will  
20 govern it in general, and then agencies are able to  
21 negotiate beyond that, of course, in conjunction with  
22 the Law Department, with others who have to approve  
23 certain contract language.

24 CHAIRPERSON WON: Okay, and for Intro.  
25 802, Standard Insurance Requirements, as we talked

2 about food vendors, especially for DHS or for HPD or  
3 for H and H, does the Administration currently have  
4 standard insurance policy requirements for vendors?  
5 Are the types of insurance that could potentially be  
6 eliminated as unnecessary?

7 DIRECTOR FLORES: Thank you, Chair Won.

8 I'll start. Yes, the City does have standard  
9 insurance policies that are issued through the City's  
10 Law Department Corp Counsel, and there are insurance  
11 policies that are standard depending on the type of  
12 goods or services, whether it's legal services or  
13 construction services. There is a significant  
14 standardization across the board, both in our  
15 standard contracts so, for example, we have a  
16 standard human services contract, we have a standard  
17 construction contract, just to name a few, but also  
18 in our Appendix A, and we have slight variations of  
19 Appendix A depending on the industry of contract so  
20 there is a robust standardization that exists  
21 currently across all of our contracts and,  
22 definitely, as I mentioned, Corp Counsel has that  
23 role and responsibility of ensuring how we mitigate  
24 risk across our complete portfolio, which does not  
25 only include the Mayoral Agencies, but the Non-

2 Mayoral Agencies, obviously with the robustness of  
3 Corp Counsel's role and responsibility. And so,  
4 definitely, we'd look forward to future conversations  
5 if there are opportunities for additional  
6 standardization related to food. I would welcome that  
7 conversation, obviously, with the Mayor's Office of  
8 Food Policy, who leads in that area, sort of as a  
9 thought leader in policy related to food.

10 CHAIRPERSON WON: Yes, because for Intro.  
11 802, this came about by our partner, Rethink Food,  
12 who's here to testify, as well as smaller  
13 restaurants. A lot of these smaller non-profits and  
14 restaurants who want to be food vendors for the city,  
15 for a lot of these shelters, they just simply cannot  
16 afford to have multi-insurances for all these  
17 different agencies so, for small non-profits, owners'  
18 insurance requirements are often cited as a barrier  
19 to contracting with the City, and establishing a  
20 standard insurance policy for these vendors could  
21 help reduce the burden, specifically for food  
22 insurances so we would like to have further  
23 conversations to delve deeper because I understand  
24 for risk mitigation issues purposes that we can't  
25 standardize all insurances across the agencies, but I

2 think if we wanted to be more specific about food  
3 insurances, food policy, then I think that there is  
4 some room for negotiation there.

5           DIRECTOR FLORES: Yeah, I would definitely  
6 say, Chair Won, that the Mayor's Office of Food  
7 Policy and my office in City Hall, as you know, a  
8 cornerstone of this Administration really has been  
9 food since day one, both the sustainability of food,  
10 how we can ensure that we are providing healthier  
11 food to our children, to those who receive our  
12 services, and that we are ensuring additional M/WBE  
13 participation. I don't think sort of legislating  
14 insurance is sort of the way to get there. As I said,  
15 during the standardization and issuing of standard  
16 policies, it squarely falls with the responsibility  
17 and role appropriately of Corp Counsel of the Law  
18 Department, but I know for a fact that our Mayor's  
19 Office of Food Policy, who works closely with Rethink  
20 Food in our office, and we'd be happy to have those  
21 discussions with you and others in the Committee on  
22 how we can find the appropriate avenue for some of  
23 that standardization going forward.

24           CHAIRPERSON WON: Yes, we look forward to  
25 continuing that conversation.

2 I also want to acknowledge Council Member  
3 Vernikov has joined us.

4 For Intro. 803, for Vendor Award Protest  
5 Procedures, the bill would authorize vendor  
6 representatives, such as unions, labor unions, to  
7 protest contract awards on a vendor's behalf. Would  
8 the Administration support this change?

9 DIRECTOR FLORES: As I mentioned in my  
10 testimony, Chair Won, at this stage, based on the  
11 review of the Intro. as written, we would not  
12 necessarily support this bill. I'm not exactly sure  
13 the intent beyond what you've just mentioned in your  
14 question. As you may know, the City Charter already  
15 allows for this to be part of the PPB rules. There is  
16 very long and robust Rule Section 2-10 of the PPB  
17 rules that governs protest. Obviously, there is  
18 always room for engaging with both the Council and  
19 others if there is an opportunity that we believe we  
20 should be making changes to the PPB rule. We have an  
21 avenue for that, as I mentioned earlier. We have  
22 quarterly meetings. We have a very robust PPB. We  
23 have members, as you know, both of the Administration  
24 and the Comptroller's office that sits on the PPB,  
25 and so definitely willing to see what issue are we

2 trying to resolve and how we can appropriately do  
3 that with the existing PPB rule 2-10.

4 CHAIRPERSON WON: Thank you. Council  
5 Member Vernikov has a question.

6 COUNCIL MEMBER VERNIKOV: Yes, thank you.  
7 One of the biggest issues we have in our district,  
8 and I know it's also across the city, is with DOE  
9 payments as it regards to childcare and daycare  
10 centers, and they're obviously having issues doing  
11 payroll, so what measures are you guys taking to  
12 improve that process?

13 DIRECTOR FLORES: Thank you for your  
14 question, Council Member. We work closely with all of  
15 our agencies. Obviously, New York City Public  
16 Schools, while not a Mayoral Agency, is an important  
17 partner of ours, and we engage with them in our  
18 timeliness efforts, also engage with them in sort of  
19 best practices around performance management. We  
20 engage with them on specific issues that come up  
21 around that contracting portfolio and also with our  
22 partners at the Mayor's Office of Non-profit Services  
23 when there are questions that come up around that  
24 particular portfolio of payments and so, if there are  
25 additional areas that are not being addressed, we're

2 happy to take that back with our partners in New York  
3 City Public Schools.

4 COUNCIL MEMBER VERNIKOV: Thank you.

5 CHAIRPERSON WON: Along with that question  
6 as a followup, is DOE now included in PASSPort?

7 DIRECTOR FLORES: Thank you for that  
8 question, Chair Won. There are some contracts from  
9 New York City Public Schools that exist in PASSPort.  
10 Some of those were entered into PASSPort during the  
11 tail end of the last Administration. There are still  
12 some contracts that are in PASSPort now but it still  
13 represents a small proportion of their overall  
14 contracting portfolio, but we look forward sort of in  
15 future state if and when resources are available to  
16 continue to expand where appropriate the number of  
17 contracts in the portfolios that are in PASSPort.

18 CHAIRPERSON WON: I have a few new finance  
19 questions that just came in. Can you help us break  
20 down the total OTPS funding versus PS funding that  
21 was PEGd in Fiscal Year '24?

22 FIRST DEPUTY DIRECTOR YU: Thank you for  
23 the question, Chair Won. I want to start out broadly  
24 and then I'll go more narrow so, as of Fiscal Year  
25 2024, the Executive Plan for MOCS' budget is 44.6

2 million dollars. Then of that, 21.8 million dollars  
3 of that is projected for contract spend for the  
4 contracts that are related to PASSPort. And then I  
5 want to be pretty precise with my response to this  
6 question. Would you indulge me and repeat the  
7 question?

8 CHAIRPERSON WON: Can you break down the  
9 funding exactly for OTPS and then PS for Fiscal Year  
10 '24? From what I understand from the testimony that  
11 we had with OMB, I believe the 21.4 million that you  
12 just cited was part of OTPS.

13 FIRST DEPUTY DIRECTOR YU: Yes, that's  
14 right. Yes, and I'll be pretty precise and just read  
15 out the numbers.

16 CHAIRPERSON WON: Okay.

17 FIRST DEPUTY DIRECTOR YU: So for Fiscal  
18 Year 2025, a budget of 30.4 million, which is 17.4  
19 million dollars less than the Fiscal Year 2024  
20 Adopted Budget, and 13.5 million dollars less than  
21 the Fiscal Year 2024 current budget.

22 CHAIRPERSON WON: Okay, and can you list  
23 all the agencies that currently pay for MOCS'  
24 headcount?



2 DIRECTOR FLORES: Mayor's Office of Non-  
3 profit Services, that headcount is on our budget,  
4 Chair Won.

5 CHAIRPERSON WON: Is there anyone else  
6 that covers headcount, like an MOU from a previous  
7 Administration that covered any staff members for  
8 MOCS?

9 DIRECTOR FLORES: For Mayor's Office of  
10 Contract Services, yes, Chair Won. We have 10  
11 positions that are covered pursuant to an MOU with  
12 New York City Public Schools, which expires at the  
13 end of this Fiscal Year.

14 CHAIRPERSON WON: And what was that  
15 agreement for exactly?

16 DIRECTOR FLORES: Chair Won, I believe  
17 that the bulk of the MOU, the premise was the New  
18 York City Public Schools was entering their childcare  
19 contracts into PASSPort, and there was an  
20 understanding that Mayor's Office of Contract  
21 Services would support them in both entering in those  
22 contracts, sourcing those contracts, and normal  
23 contract management transactions in the life of the  
24 contract, and I don't have the number off the top of  
25 my head, but the total portfolio of those contracts

2 that were entered into PASSPort, and so the MOU  
3 covers 10 MOCS staff to support that work in the MOU,  
4 which again expires in the end of this Fiscal Year.

5 CHAIRPERSON WON: And you don't remember  
6 how much the MOU was for, the estimate?

7 DIRECTOR FLORES: 800,000 dollars

8 CHAIRPERSON WON: For 800,000 dollars and,  
9 now with the MOU expiring, what will happen to those  
10 10 staff members?

11 DIRECTOR FLORES: Thank you for the  
12 question, Chair Won. The 10 staff members, over the  
13 years, again, this MOU predates me in this  
14 Administration, work on a number of portfolios, not  
15 limited to New York City Public Schools, and they are  
16 valued members of our team and, obviously, despite  
17 the MOU expiring at the end of this Fiscal Year, they  
18 will remain valued members of our team.

19 CHAIRPERSON WON: Do you have the titles  
20 of those positions, those 10 members?

21 DIRECTOR FLORES: I do, Chair Won. We can  
22 send that to you after the hearing.

23 CHAIRPERSON WON: Okay, great. Are there  
24 any other agencies that have an MOU with MOCS or  
25 covering any costs for employees at MOCS?

2 DIRECTOR FLORES: I don't believe we have  
3 any other intercity funding.

4 CHAIRPERSON WON: Okay. I think you should  
5 get more intercity funding.

6 Okay, so that pretty much wraps it up for  
7 our questions today, and we will move into testimony.

8 I'm going to turn it back to our General  
9 Counsel. Thank you so much for testifying today.

10 DIRECTOR FLORES: Thank you so much, Chair  
11 and Council Members.

12 CHAIRPERSON WON: Okay. I now open the  
13 hearing for public testimony.

14 I remind members of the public that this  
15 is a formal government proceeding, and that decorum  
16 shall be observed at all times. As such, members of  
17 the public shall remain silent at all times.

18 The witness table is reserved for people  
19 who wish to testify. No video recording or  
20 photography is allowed from the witness table.  
21 Further, members of the public may not present audio  
22 or video recordings as testimony but may submit  
23 transcripts of such recordings to the Sergeant-at-  
24 Arms for inclusion in the hearing record.

2           If you wish to speak at today's hearing,  
3 please fill out an appearance card with the Sergeant-  
4 at-Arms and wait to be recognized. When recognized,  
5 you will have two minutes to speak on today's topic  
6 hearing, Evaluating Progress of Reforms to Accelerate  
7 Non-profit Contract Payments. Thank you.

8           Our first panel will be John MacIntosh,  
9 Michelle Jackson, Matt Jozwiak, and Tharal Duclosel  
10 from Nonprofit New York.

11           COMMITTEE COUNSEL PAULENOFF: You can  
12 start when ready.

13           MICHELLE JACKSON: Good afternoon. I had  
14 to look at my watch. My name is Michelle Jackson. I'm  
15 the Executive Director of the Human Services Council.  
16 Thank you, Council Member Won, thank you, Council  
17 Member Stevens and the Committee on Contracts for  
18 giving me this opportunity to testify today. As I  
19 start all my public remarks now, I have to really be,  
20 again, grateful for the cost-of-living adjustment and  
21 workforce enhancement funding that was really  
22 championed by our Council Members here today, the  
23 Council in general, and, of course, the  
24 Administration. It's a huge win for human services,  
25 workers, and just one piece of the pie of the work

2 that we have left to do together, and I have to say  
3 that the shine can wear off very quickly of something  
4 like the cost-of-living adjustment when we worry  
5 about how it will be implemented. Non-profits want to  
6 know about COLA implementation that is coming along,  
7 and I tell them, if you get the workforce enhancement  
8 funding, you probably get the COLA, and our providers  
9 say, well, I haven't received my workforce  
10 enhancement funding from the last two years and, by  
11 the way, I haven't gotten my indirect funding from  
12 four to five years ago and, suddenly, I'm very  
13 nervous about the State of New York and contracting.  
14 I want to be very clear that Lisa Flores is the right  
15 person to be captaining MOCS. Her team is incredible.  
16 The Deputy Mayors are completely understanding of  
17 non-profit issues. This is decades of disinterest and  
18 divestment in procurement in general and in non-  
19 profits that bring us here today, and I have to  
20 really be clear that if procurement process doesn't  
21 become an almost singular focus of the City, all of  
22 the initiatives, all of the Council's bills that are  
23 here today, all of the initiatives that are  
24 championed across the aisle really don't go anywhere  
25 unless their contracts are registered and paid. The

2 MOCS budget cuts are very concerning to us, while  
3 small in scale compared to the City of New York. I  
4 think, Chair Won, you kind of illuminated those cuts  
5 but, going from an overall budget cut with 13.5  
6 million dollars when we look at all the contracting  
7 actions that we see today makes us very nervous. I  
8 will not steal John MacIntosh's thunder, but he has  
9 the data. Well, I like to let him do the numbers.  
10 That's not my specialty, but I think what he will  
11 illuminate is that we are seeing thousands of  
12 contract actions that are not complete, that are  
13 years old. Non-profits do have to take lines of  
14 credit or they're just not paying people and kind of  
15 bouncing vendors back and forth to try to make ends  
16 meet, often mirroring the clients that they serve,  
17 and we need to see real change and a hyperfocus on  
18 making PASSPort better. PASSPort is a good system. We  
19 shouldn't change it, but we should enhance it, and  
20 MOCS has to be staffed, and so we would certainly  
21 push back against these budget cuts to ensure that  
22 MOCS has the capacity to do what they need to do, and  
23 I just want to end by saying three things. The  
24 Council has a lot of great bills here today. In my  
25 written testimony, we have our support for those

2 bills, and so I would just say none of these bills  
3 matter if MOCS isn't funded appropriately in this  
4 budget so the Council really has to ensure that they  
5 are pushing, and I appreciate the Chair's pushing on  
6 that. The Council should also focus on a few key  
7 items. There's a lot of legislation that's all good,  
8 and the key item for the non-profit sector and my  
9 membership is timeframes and interest. This is the  
10 third Administration where we're waiting for data to  
11 tell us what the timeframes could be. Let's just have  
12 timeframes already and say 60 days to register,  
13 interest if you're late, and see what that new world  
14 would look like. I'm happy to take questions, and  
15 you'll hear a lot more from our peers about kind of  
16 the particular issues that they face when contracts  
17 are not registered on time, and thank you for this  
18 opportunity.

19 CHAIRPERSON WON: Okay. We're kind of  
20 being hurried out because apparently there's another  
21 hearing at 1.

22 JOHN MACINTOSH: Okay. All right. I'll be  
23 super quick. I'm John MacIntosh from SeaChange. Chair  
24 Won and Members of the Committee, thanks for the  
25 opportunity to testify. I'll have a lot more data in

2 my written testimony, but just a few things. The pain  
3 from late registration and payment is real. We talk  
4 to non-profits all the time who would love to be in  
5 the position of being able to borrow money and just  
6 worried about the interest rate. They're not even in  
7 that position. They're worried about can they make  
8 payroll, will they have to furlough their staff. I  
9 think if you said to non-profits in the city, what's  
10 the single biggest source of mental health stress for  
11 you, they would say procurement with the City, number  
12 one. Number two, the people you've got are great.  
13 I've been in and around procurement for 15 years. I  
14 think Brad Lander, Sheena Wright, Lisa Flores, Jess  
15 Danhauser, the list goes on and on. They understand  
16 the problem so why is it not solved? Number three, I  
17 think you need to separate rules and regulations,  
18 technology platform, and people. The rules and  
19 regulations that we work under all date from 1989 and  
20 Donald Manes, sorry, Queens man, and that scandal,  
21 and so we have a system that was built in reaction to  
22 a scandal with for-profits, is overwhelmingly geared  
23 towards reducing the appearance or the reality of  
24 corruption, efficiency, and effectiveness be damned  
25 and, of course, it's not clear to me that it works.



2 Look at Children's Community Services, 900 million  
3 dollars, every I dotted, every T crossed, so I think  
4 we need to burn a lot of the procedures down because  
5 things like PASSPort are just putting in a better  
6 technological situation, the same old rules. Number  
7 three, we have made a lot of progress in 10 years. We  
8 used to send printed copies in triplicate in vans  
9 rented for the purpose. Agencies had no  
10 standardization. There was no 25 percent advance, and  
11 I think the Administration has continued some of  
12 those good things with the three-year discretionary  
13 approvals and the 25 percent allowance so I think we  
14 need to acknowledge progress has been made, but there  
15 are still problems. I'll be 30 seconds. So as Lisa  
16 Flores said, I think you have to separate  
17 discretionary items from everything else but, as of  
18 last month, and we ran the numbers, 86 percent of  
19 human service contracts starting in Fiscal '24 were  
20 late. In fairness, that's 100 percent of  
21 discretionary items and like 71 percent of everything  
22 else. And as of May 1st, you still had 80 percent of  
23 the discretionary items unregistered and 19 percent  
24 of the non-discretionary items, and our rough  
25 estimate is that non-profits for contracts that have

2 not been registered or late payments for registered  
3 contracts are at about 800 million dollars. Last two  
4 things. Marla Simpson's estimate was that there were  
5 like 3,000 or 4,000 people involved in procurement.  
6 How you manage those people really matters a lot  
7 because the truth is eventually contracts get  
8 registered. Eventually bills get paid. The notion  
9 that we don't have enough people is just not true on  
10 its face because if you didn't have enough people to  
11 do the work, the unregistered contract would grow to  
12 the sky. The unpaid bills would grow to the sky.  
13 That's not what happens. Eventually they get paid.  
14 Eventually they get registered. It's just the  
15 procurement isn't sexy. People slack off and they  
16 need to be actively managed, which is the last thing,  
17 which is why we announced Contract Stat. Now, of  
18 course, we took the name that the City was using just  
19 to get your attention, which worked. All we're trying  
20 to do is take the already public data and make it a  
21 little more usable, but I think the City could do  
22 some small things to add to PASSPort Public and  
23 Checkbook NYC to allow people like us to see better  
24 what's going on because the last point I'd make is  
25 non-profits will never be able to speak truth to

2 power. They just won't, but I think if you make data  
3 available to folks like us, we can analyze it, we can  
4 play it back, and we can be an ally to Lisa and  
5 others who are trying to do the right thing but are  
6 fighting against 30 years of history. Thank you.

7 CHAIRPERSON WON: Thank you.

8 MATT JOZWIAK: I'll be extremely brief,  
9 but I just want to thank Council Member Won for your  
10 oversight and advocacy and all the Council Members  
11 that helped support Rethink's work and echoing the  
12 rest of my colleagues here saying that Commissioner  
13 Flores' work and dedication, it seems that everybody  
14 is aligned and moving in the right direction. We're  
15 here for one sole reason, which is in support of  
16 Intro. 802, which would require the City to establish  
17 an insurance policy that would be mandatory for all  
18 food procurement vendors contracting with City  
19 agencies. We've been hyper-focused on getting the  
20 local and small businesses involved in government  
21 procurement, and these very, very, very large and  
22 often unnecessary insurance policies are severely  
23 hindering our small businesses in the neighborhoods  
24 that are near these shelters from being involved in  
25 the procurement process.

2 THARA DUCLOSEL: Good afternoon. My name  
3 is Thara Ducloesel. I am the Policy and Advocacy  
4 Coordinator at Nonprofit New York. Nonprofit New York  
5 represents almost 1,000 non-profit member  
6 organizations across New York City working to  
7 strengthen and unite New York's non-profits. In the  
8 fall, we launched the WHY15 Budget Advocacy Campaign  
9 following the Administration's 15 percent across-the-  
10 board budget cut directive. The campaign continues to  
11 seek full restorations to non-profit service cuts,  
12 greater transparency on the budget cut rationale, and  
13 the non-profit inclusion in the City's budget  
14 process. Throughout our campaign meetings, the most  
15 pervasive and persistent concerns voiced by members  
16 include an urgent need for government contracts  
17 reform. Members have shared how they've not been paid  
18 for work they've done two years ago, and many members  
19 shared that they've been doing work since the  
20 beginning of this Fiscal Year with no payment from  
21 the City. We recently administered a government  
22 contract survey to assess the impact of contracting  
23 delays to non-profits, with organizations reporting  
24 that they're hesitant to share that they can't even  
25 get their amended contract registered due to fear of

2 reprisal, continued PASSPort technical challenges  
3 contributing to further delays in their contracts,  
4 and overwhelming bureaucratic processes for award  
5 amounts as small as 5,000 to 10,000 dollars, which  
6 are often reimbursements for services they've already  
7 rendered. As a result of these delays across all  
8 subsectors, non-profits have had challenges making  
9 payroll, rent, they've had to lay off staff, delay  
10 paying the executive directors for months, and have  
11 lost talented development staff. Moreover, we know  
12 that contracting delays have a distinct and  
13 disproportionately harmful impact on small, BIPOC-  
14 led, culturally and linguistically specific  
15 organizations. These persistent delays have  
16 significantly negative impacts on organizational  
17 operations and adversely affect the livelihoods of  
18 non-profit workers and the services that the City  
19 relies on. At Nonprofit New York, we ask the City to  
20 hold an oversight hearing on the status of the  
21 recommendations from a Better Contract for New York,  
22 and invite all non-profits experiencing contract  
23 delays to testify. Thank you.

24 CHAIRPERSON WON: Thank you. We'll review  
25 all the written contracts. Thank you so much.

2 The next panel is going to be Nicole  
3 McVinua, Nora Moran, Pascale Leone, and Lily Shapiro.

4 PASCALE LEONE: Good afternoon, Chair Won  
5 and Members of the Committee on Contracts. Thanks for  
6 the opportunity to testify this afternoon as well as  
7 the important, critical series of questions that you  
8 guys asked this morning. My name is Pascale Leone.  
9 I'm the Executive Director of the Supportive Housing  
10 Network of New York. We're a membership organization  
11 that represents non-profit developers and operators  
12 with supportive housing. I'm honored to be joined by  
13 several of them today, including our Board Chair,  
14 Brenda Rosen of Breaking Ground. I have to thank the  
15 Council for your tremendous support this Fiscal Year  
16 in pushing back against those disastrous PEGs, as  
17 well as the implementation of a three-year COLA for  
18 our much-deserved workforce as well as notably for  
19 supporting our New York City 15/15 reallocation plans  
20 for the City to really boldly meet the City's  
21 homelessness and affordable housing crisis head-on  
22 and meet the commitment to create 15,000 new homes,  
23 but today I want to highlight, like everyone here,  
24 the impacts of delayed contracts and the challenges  
25 with PASSPort implementation. The fact that non-

2 profits we represent wait years to the tunes of tens  
3 of millions of dollars to be reimbursed from the  
4 City, forcing them to take out really costly loans,  
5 paying hundreds of thousands in interest fees to  
6 cover salaries and expenses. I can't think of another  
7 sector this would happen to, aside from mission-  
8 driven non-profits, and so we really appreciate the  
9 slew of bills that have been introduced. We are very  
10 supportive of Intro. 514, which would require the  
11 interest to be paid on late payments to non-profits,  
12 but we'd like to see that go further. The fact that  
13 the City needs to enforce a standardized contract  
14 advance solution that allows providers to claim up to  
15 75 percent of their budgets while waiting payments.  
16 You know, what we heard from MOCS earlier and that  
17 7.2-million-dollar cut that will have real injurious  
18 impact on providers and, currently, there's really no  
19 uniformity or consistency among the agencies as how  
20 advances are doled out. We're also supportive of  
21 Intro. 508, which calls for greater transparency and  
22 accountability, sorry, if I could have just 30 more  
23 seconds, by requiring reporting and interest  
24 payments, and we believe there are some improvements.  
25 You'll see in my testimony the bills that we also

2 support and changes to PASSPort that need to be made.  
3 Lastly, I just want to say flat out the indirect cost  
4 rate initiative is failing. Outdated ICRs are being  
5 used, new rates are not included in budgets, and a  
6 host of other challenges are causing delays.  
7 Providers need to have this minimum of 20 percent ICR  
8 reimbursement as Intro. 243 represents. We have  
9 members are telling us that 22 percent or 25 percent  
10 of their overall budget is pending reimbursement and  
11 lacking sufficient overhead and really worry about  
12 the impact those will have on staff and the proper  
13 maintenance of these buildings and so really  
14 representing the true cost of doing business and so  
15 we appreciate your support, and I look forward to  
16 collaborating. I'm happy to answer any questions, but  
17 I will turn over to my colleagues here who will  
18 really dive into the data, the sobering data, that  
19 illustrates the real picture of what they're facing  
20 here.

21 BRENDA ROSEN: Good afternoon, Chair Won  
22 and Members of the Council. Thank you for the  
23 opportunity to testify today. My name is Brenda  
24 Rosen, and I am the President and CEO of Breaking  
25 Ground, New York City's largest developer and



2 operator of supportive housing for low-income and  
3 chronically homeless New Yorkers. We operate more  
4 than 4,500 units of permanent and transitional  
5 housing with over 2,000 more in various stages of  
6 development. We also operate the street outreach  
7 programs in Brooklyn, Queens, and Midtown Manhattan,  
8 which connects the most entrenched long-term homeless  
9 individuals with housing and other critical support  
10 services. Today, I'm here to discuss how contracting  
11 and payment delays are straining Breaking Ground's  
12 liquidity and increasing financing costs. As of  
13 today, we are owed 23 million dollars by the  
14 Department of Homeless Services. This includes 12  
15 million pending repayments from invoices submitted to  
16 PASSPort. Further, budget modifications cannot be  
17 processed in the new system, which prevents us from  
18 submitting invoices for previously approved 65-A  
19 forms, indirect cost rates, and contract amendments,  
20 totaling 11 million dollars. Eighty percent of these  
21 receivables are over 90 days past due. Many date back  
22 as far as 2020. During 2023, we paid 830,000 dollars  
23 in unreimbursed interest expense on our lines of  
24 credit, and we continue to pay 90,000 dollars per  
25 month in 2024. This is a 660 percent increase

2 compared to 2020 when unreimbursed interest expenses  
3 were 109,000 dollars the entire year. Based on these  
4 delays, we are in a constant struggle to meet  
5 payroll, to keep vendors paid, and prevent them from  
6 walking off the job, and to meet financial covenants  
7 in loan agreements. Given the growing financial risk  
8 of doing business with the City, we are fearful of  
9 taking on additional contracts to help thousands more  
10 unsheltered New Yorkers find homes. Thank you so much  
11 for your continued support and the opportunity to  
12 testify.

13 CHAIRPERSON WON: Thank you so much for  
14 testifying. For all the non-profits that are here, if  
15 you have your business card, do you mind leaving it  
16 for me right here so that I can follow up with  
17 specific questions?

18 LILY SHAPIRO: Good afternoon, Chair Won.  
19 Thank you so much for the opportunity to testify  
20 today. My name is Lily Shapiro, and I am Policy  
21 Counsel of the Fortune Society's David Rothenberg  
22 Center for Public Policy. In Fiscal Year 2023, we  
23 served over 11,000 people across our many programs,  
24 including housing over 1,000 people, and we now have  
25 over 500 employees working across four boroughs. We

2 are proud to say that we hire our mission as many of  
3 our staff, including our leadership, were involved in  
4 the criminal legal system, including having been  
5 incarcerated and/or are in recovery, and many of my  
6 colleagues began their journeys with us as  
7 participants. The breadth and depth of our growing  
8 impact is contingent upon our government funding as  
9 well over half of Fortune's funding comes from the  
10 City. We appreciate the critical steps this  
11 Administration and City Council have taken to  
12 recognize the importance of the non-profit field and  
13 workforce, notably in agreeing to the long-overdue  
14 cost-of-living adjustment. We thank Council Members  
15 for introducing the suite of bills before you today  
16 that I referenced more in my written testimony, but  
17 more is needed, and in our experience, late execution  
18 of contracts is the biggest cause of delay in  
19 recouping payment for services already provided as we  
20 cannot invoice against a contract or a contract  
21 amendment that has not yet been executed and then  
22 registered. At any given time, Fortune has millions  
23 of dollars incurred in out-of-pocket expenses for  
24 service provision for which we cannot seek  
25 reimbursement because the governing contracts or

2 amendments have not yet been executed, and one  
3 category for which we have repeatedly seen notable  
4 and lengthy delays in execution is actually the  
5 discretionary funding awarded by the Council that  
6 flows through City agencies. These awards are  
7 critical to us and other non-profits because they  
8 allow us to supplement our programs in innovative,  
9 nimble ways that are responsive to the needs of the  
10 people we serve but are not covered by other funding  
11 sources. It is not unheard of for us to wait for over  
12 a year for one of these contracts to be executed,  
13 during which time we implement the contemplated  
14 programming at a cost, I'll be 30 more seconds. In  
15 the face of these delays, to be able to offer  
16 services, pay our staff, and keep the lights on, we  
17 are forced to draw on our line of credit, which costs  
18 us 8 to 9 percent interest. We also constantly  
19 fundraise for unrestricted dollars, which are  
20 extremely hard to obtain, and we know we're very  
21 fortunate to have these options, despite the  
22 associated costs, and that our smaller fellow non-  
23 profits face even greater challenges, which is both  
24 patently unfair and stifles innovation. We also do  
25 not take our position for granted because, as we saw

2 with the deeply upsetting collapse of Sheltering Arms  
3 last year, no non-profit organization is too big to  
4 fail. We thank you for your attention to this  
5 critical matter, and we stand ready, as always, to  
6 partner with the Council and the Administration to  
7 work better together to most effectively serve our  
8 participants and enhance the well-being of the City.  
9 Thank you.

10                   NICOLE MCVINUA: Good afternoon, Chair  
11 Won. My name is Nicole McVinua. I'm the Director of  
12 Policy at Urban Pathways, a non-profit homeless  
13 services and supportive housing provider serving over  
14 2,400 single adults annually. We hold City contracts  
15 with DHS, DOHMH, and HRA. Late payments continue to  
16 be a concern for our organization and the human  
17 services sector. Urban Pathways is currently owed  
18 approximately 3.9 million from the City on our DHS  
19 and DOHMH contracts. While most of these payment  
20 delays are due to the inability to submit invoices  
21 during the migration from HHS Accelerator to  
22 PASSPort, some of the DHS funds, as previously  
23 referenced, owed are also due in delays to getting  
24 budget modifications approved. Also included in this  
25 number is 500,000 dollars owed for FY23 subcontractor

2 reimbursements, for which we have been unable to bill  
3 due to delays in migrating FY23 information into  
4 PASSPort. We've paid this money out to our vendors  
5 already but have not been able to receive  
6 reimbursement. We are further owed an additional 1  
7 million dollars for a single HRA contract that we  
8 have been unable to bill for due to a lack of clarity  
9 from HRA staff about what they want or need to  
10 process our invoices. The confusion has put the  
11 processing of invoices at a complete standstill.  
12 Additionally, there have been major delays in  
13 receiving the Workforce Enhancement Initiative  
14 funding for FY24. While we appreciate the Mayor's  
15 investment in the workforce, we are just now  
16 receiving the notification of our FY24 funding amount  
17 alongside our notice for FY25. The nearly year-long  
18 delay and a lack of transparency in the formula used  
19 to calculate the funding has made it very difficult  
20 to administer the increase. These payment delays have  
21 and continue to cause a strain on our overall  
22 organizational budget, and it's imperative that the  
23 City catch up on the payment backlog. In light of  
24 these delays, it's very concerning to see the steep  
25 cuts proposed to MOCS in the FY25 budget, and we want

2 to make sure that MOCS is fully funded and fully  
3 operational. In my written testimony, I have comments  
4 about the bills as well. Thank you.

5           NORA MORAN: Good afternoon. My name is  
6 Nora Moran, the Director of Policy and Advocacy at  
7 United Neighborhood Houses. We represent New York  
8 City settlement houses. Thank you so much for the  
9 opportunity to testify, for holding a hearing on this  
10 very important topic. I want to echo the comments  
11 made by providers here and the panel before about a  
12 lot of the challenges that organizations are seeing  
13 in the transition to PASSPort. We know it was  
14 necessary. It doesn't mean it's not painful, doesn't  
15 mean it couldn't be better, and it really does feel  
16 like with a lot of the payment delays, a frail sector  
17 is being made even more frail and put under more  
18 stress. Our written testimony goes into more detail,  
19 but wanted to specifically talk about one of the  
20 bills, Intro. 514, which would require interest to be  
21 paid on late payments made by the City. We feel this  
22 bill would be a really important step in order for  
23 the City to actually change its behavior. There have  
24 to be consequences when they don't behave in the way  
25 that they need to. We think that a financial penalty

2 is one way to address that. This practice is already  
3 in place at the State level, so it's not a new  
4 concept. There's precedent for it. One thing we  
5 wanted to flag at how this works out at the State  
6 level is that there is a provision that the State has  
7 for a State agency and a provider to mutually agree  
8 to waive the right to interest, and the way we see  
9 that playing out is that providers basically say,  
10 well, we won't pursue interest if the State was late  
11 to register my contract because we're afraid of  
12 antagonizing a State agency, and we just want to kind  
13 of get this over with, and so we want to make sure  
14 that, if Intro. 514 does pass, that it's as strong as  
15 possible, right, that the funding to pay those  
16 penalties does not come out of service budgets and  
17 does not come out of the contract bottom line, and  
18 New Yorkers don't suffer because payments are late,  
19 and that agencies don't have a way to sort of get out  
20 of paying this penalty because we fear that the late  
21 payments will not be addressed if that were the case.  
22 Thank you.

23 CHAIRPERSON WON: The next panel is Paula  
24 Magnus, Kristen Miller, Marlon Williams, Joseph  
25 Rosenberg.



2 JOSEPH ROSENBERG: Good afternoon, Chair  
3 Won. I'm Joseph Rosenberg, Director of the Catholic  
4 Community Relations Council. For well over a century,  
5 Catholic Charities of the Archdiocese of New York and  
6 the Diocese of Brooklyn and Queens have been serving  
7 the basic needs of New Yorkers, not only in times of  
8 crisis such as Superstorm Sandy and the COVID-19  
9 pandemic, but every day of every year. Both charities  
10 and their affiliates touch the lives of countless New  
11 Yorkers, including families, children, the elderly,  
12 the disabled, and asylum seekers. A strong  
13 partnership with City government and this mission has  
14 been a constant over these decades of service. We  
15 thank you for the COLA agreement. This is a  
16 remarkable achievement which will benefit tens of  
17 thousands of non-profit human service workers.  
18 Despite this significant accomplishment, much work  
19 remains to be done. This is why we support the  
20 passage of several bills on today's agenda. Human  
21 service contracts awarded to non-profits do not cover  
22 the true cost of providing services. Underfunded  
23 government payment rates are the main driver of  
24 financial distress, and the non-profit human service  
25 sector has been experiencing this situation for

2 decades. As a result, we are often left with budget  
3 deficits that cannot be filled by private grants or  
4 reserves. Intro. 243 would require indirect costs to  
5 be covered in contracts awarded to non-profits by  
6 City agencies. These costs cover such items as  
7 utilities, general liability, property insurance,  
8 custodial, and cleaning services. These services have  
9 been subject to COVID-induced cost increases over the  
10 last four years followed by inflation, and all are  
11 essential to providing services to our clients.

12 Intro. 514 would address the financial shortfalls  
13 that non-profit service agencies face upon being  
14 awarded contracts but not promptly receiving the  
15 funds needed to cover these services. It would allow  
16 non-profits to receive interest payments calculated  
17 from when the amount was to be paid so, if a contract  
18 was awarded on July 1st, but the funds to provide the  
19 services are not received until December 15th, the  
20 non-profit would receive interest payments from July  
21 1st. This is essential to help remedying the  
22 precarious financial situation faced by many of us  
23 who are awarded contracts, but not the promised  
24 payments. Just finally, Intro. 508 requires the PPB  
25 to create a system for City service agencies to

2 provide non-profit providers with info about why  
3 their contract payments are late. This would not only  
4 inform us about the timing of these contract  
5 payments, it would hopefully prompt City agencies to  
6 explore and formulate more efficient systems for  
7 delivering these funds. Thank you for your attention  
8 to the subject and to all the bills on this agenda.

9 KRISTIN MILLER: Good afternoon. My name  
10 is Kristin Miller, and I'm Executive Director of  
11 Homeless Services United. We are a member  
12 organization for shelter and homeless service  
13 providers across New York City. Thank you, Chair Won  
14 and Members of the Committee, for allowing me to  
15 testify today. We are very appreciative of your  
16 ongoing leadership and dedication to ensuring that  
17 non-profit contracted homeless service providers are  
18 able to be good fiscal stewards of critical life-  
19 saving services for New Yorkers, and especially your  
20 recent COLA support that will impact thousands and  
21 thousands of our staff. As we've testified before you  
22 before, our member organizations are owed hundreds of  
23 millions of dollars by DHS, with individual non-  
24 profits being owed anywhere from 700,000 to 31  
25 million dollars, resulting in them having to take out

2 loans and paying high interest. Thank you for your  
3 ongoing attention to helping us get paid in full and  
4 on time. As we've been hearing, improvements have  
5 been made, particularly around contract registration  
6 but, as you know well, this is only the first hurdle  
7 in actually getting paid. Commissioner Parks  
8 testified previously that the majority of the Fiscal  
9 Year DHS contracts money has been allocated, but  
10 providers cannot bill for those dollars until their  
11 line item budgets are reviewed and approved by  
12 multiple levels within DHS, DSS, and MOCS. As John  
13 said earlier, we're working under a process whereby  
14 it seems we are guilty until proven innocent. What we  
15 would like to see is that DHS or other City agencies  
16 undergo a corrective action plan just as we are often  
17 told to do, and such a plan would include concrete  
18 timelines, deadlines, and full transparency. While  
19 the... and I'll finish up here, the Fiscal Year '25  
20 COLA guidance has just come out from the agencies,  
21 which is good, but unfortunately means that we'll be  
22 starting this Fiscal Year yet again behind the eight  
23 ball, having to submit amendments prior to being able  
24 to invoice. That goes through the long approval  
25 process. Same thing with the workforce enhancement

2 monies. This information keeps coming down very late.  
3 As Director Flores said, they are committed to  
4 working with us to get these in their budgets, but  
5 this requires one-off attention. We're grateful for  
6 the one-off attention, but there are hundreds of non-  
7 profits and MOCS is short-staffed so, finally, we  
8 encourage you to really push that the City MOCS get  
9 its full budget allocation for staff and OTPS. The  
10 City pays its other vendors, it pays its bills on  
11 time, but it's somehow not able to pay its non-  
12 profits on time. We can no longer afford this to  
13 happen. As an aside here, we did make comments on the  
14 specific bills and, again, appreciate your ongoing  
15 attention.

16                   PAULA MAGNUS: Thank you. Good afternoon.  
17 Good afternoon, Chair Won and Committee. My name is  
18 Paula Magnus, the Deputy Director of Northside Center  
19 for Child Development. We want to thank you for your  
20 ongoing effort, you and the Committee, to diligent  
21 focus on the speeding up of the contract payments to  
22 vendors who serve at-risk individuals throughout New  
23 York City. Northside is a 78-year-old behavioral  
24 health clinic and school serving 700 children a day  
25 in three barrels. Northside has approximately 15

2 million dollars in contract with five City agencies  
3 and, based on our experience, Northside strongly  
4 encourages the Council to pass all the legislative  
5 being considered here today. We also want to make two  
6 suggestions to increase the speed of the payment to  
7 vendors and reduce the workload and PASSPort by City  
8 agency staff and vendors. Our first suggestion is  
9 that MOCS improves PASSPort, which they have been  
10 doing quite a bit of work there, so that it does not  
11 block alerts that are augmented to provide  
12 information about what additional documents might  
13 need to be added or what steps need to be taken by  
14 vendors or the City to move contracts along so remove  
15 that blockage there. Our second suggestion is that 15  
16 corporate-level documents listed in this written  
17 testimony should only be loaded to the vendor profile  
18 and PASSPort one time so all other agencies can go  
19 and pull those documentations versus us going to all  
20 the different agencies. Vendors should not have to  
21 upload all these contracts over and over again and,  
22 once the City agency reviews and approves those  
23 documents, staff at other City agencies can pull that  
24 information and review it and move it forward so  
25 centralizing that is very important to upgrade for

2 PASSPort. Again, we recommend all be moved forward.  
3 You've heard a lot about all the issues, and it's  
4 interesting when we hear staff as to what they're  
5 doing. It seems to be very different than what we're  
6 experiencing. Thank you very much.

7 MARLON WILLIAMS: Good afternoon, Chair  
8 Won and esteemed Members of the Committee. I am  
9 Marlon Williams, Vice President of Public Policy and  
10 Collaboration at Philanthropy New York. We strongly  
11 support the proposed reforms that accelerate non-  
12 profit contract payments, making the contracting  
13 process more efficient and accountable. Above all,  
14 however, we support investments in the Mayor's Office  
15 of Contract Services' sustained capacity to implement  
16 the current reforms and policies that are already in  
17 place. These changes are vital to ensuring non-  
18 profits have the resources needed to deliver critical  
19 services effectively and reinforce their role as a  
20 cornerstone for a strong New York. Philanthropy New  
21 York, along with partners like Human Services Council  
22 and Nonprofit New York, have a long history of  
23 collaborating with the City to strengthen the non-  
24 profit ecosystem. We applaud the City Council's  
25 recent efforts to reverse disinvestments in human

2 services workers by securing a COLA, which we're all  
3 excited about. However, without the proposed reforms  
4 and Departmental funding, these enhancements might  
5 never actually make it to the groups who need them.  
6 PNY is a membership organization with about 300  
7 grantmakers who invest about 3 billion dollars  
8 annually in New York. Through our policy work, we  
9 actively work to ensure that there is a thriving non-  
10 profit ecosystem. Our goal is for an effective  
11 balance between philanthropic dollars, which support  
12 core infrastructure and innovation, while government  
13 dollars cover the essential services that New Yorkers  
14 need. Knowing that philanthropic dollars alone cannot  
15 fill the gap left by the public sector, we partner  
16 with the City and critically MOCS to ensure that non-  
17 profits receive the resources they need to provide  
18 essential services to New Yorkers. Delays in payments  
19 and stalled contracts have severely impacted non-  
20 profits by forcing them to implement layoffs, reduce  
21 wages, or cut essential services. Over the past three  
22 years, PNY has served as a critical convener of the  
23 City, non-profits, and the philanthropic community to  
24 have, 30 seconds, critical conversations on these  
25 issues. The insights from this work informs why we



2 are here today, passionately advocating for these  
3 actions that strengthen the contracting process for  
4 our non-profit partners. Timely contract registration  
5 and payments are critical for organizational success  
6 and the fundamental government obligations that they  
7 represent. We urge the City to restore proposed cuts  
8 to MOCS and prioritize policies that enhance the  
9 contracting process, ensure that non-profits are paid  
10 in full, on time, and create a more equitable and  
11 efficient system that serves New Yorkers. Thank you.

12 CHAIRPERSON WON: Thank you so much, and,  
13 if you have your business card, I know I already have  
14 your phone number, if you could leave it, I'll make  
15 sure that you have my contact as well.

16 Next, we have Shani Adess from NYLAG,  
17 Greg Klemm from Legal Services New York City, Kendi  
18 Rainwater, the Legal Aid Society, Maximus Barton,  
19 Labor Local 1010.

20 KENDI RAINWATER: Good afternoon, I think,  
21 at this point. Thank you for having us. I'm Kendi  
22 Rainwater, the Deputy COO at the Legal Aid Society,  
23 and we are here providing joint testimony as legal  
24 service providers here in the city. Collectively, we  
25 provide constitutionally and statutorily mandated

2 legal representation to hundreds and thousands of New  
3 Yorkers each year. We employ thousands of dedicated  
4 staff to defend people against incarceration,  
5 deportation, eviction, and family separation. We  
6 connect people to life-saving benefits, housing,  
7 food, job training, substance and mental health  
8 support, and educational opportunities. We truly are  
9 a lifeline for low-income New Yorkers. We are  
10 grateful to the Council for your ongoing commitment  
11 to our work, including efforts like the bills  
12 presented today, to bring greater speed and  
13 transparency to the procurement process and payment  
14 process. As you know, the City's system of funding  
15 and contracting with non-profits is broken, but we do  
16 believe it can be fixed. I'm going to speak  
17 specifically about the indirect cost rate, Intro.  
18 243, so this is to increase the de minimis indirect  
19 cost rate to 20 percent, which would be  
20 extraordinarily helpful. The indirect cost rate,  
21 known as ICR, provides critical funding to cover  
22 essential administrative costs that non-profits need  
23 to keep operations running. Currently, non-profits  
24 must go through an extensive application process  
25 every three years to secure an indirect cost rate

2 above 10 percent, but even once approved, rates above  
3 10 percent are then funded through an extremely  
4 complicated and unclear process that involves  
5 agencies and MOCS, often following different  
6 methodologies from agency to agency and from year to  
7 year, creating confusion about which costs should be  
8 covered by which party and significantly impacts our  
9 ability to project and plan for how we'd use that  
10 funding. As a result, the amount of indirect funding  
11 a non-profit received is often confirmed very late in  
12 the fiscal year or, even worse, months after the  
13 fiscal year ended. I'm almost finished. For example,  
14 several of us received confirmation of our FY23  
15 indirect cost rate funding on critical contracts six  
16 months after the fiscal year ended, and we are still  
17 waiting for confirmed indirect cost rates for our  
18 current contracts in FY24. For anyone who's counting,  
19 there's one month left in this fiscal year. So,  
20 increasing this to 20 percent would be extremely  
21 helpful, creating uniformity, but we also would  
22 advocate that we get a 50 percent of the ICR  
23 initiative on our base contracts as a part of the  
24 advance instead of having to go through this process

2 with MOCS, so we'll hand it over to the rest of the  
3 panelists. Thank you for having us.

4 SHANI ADESS: Thank you, Chair Won, for  
5 the opportunity to testify. My name is Shani Adess,  
6 and I'm a Vice President with New York Legal  
7 Assistance Group, and I'm here with my co-panelists  
8 testifying on behalf of legal service providers. I'm  
9 going to be focusing my testimonies on the  
10 significant challenges legal service providers face  
11 due to not being timely paid on our contracts. As  
12 you've heard, our ability to continue to operate and  
13 provide the high-quality advocacy for our clients,  
14 hire and retain staff, and respond to the ever-  
15 increasing need in the community is all threatened by  
16 late payments. Late payments on contracts create  
17 cashflow issues affecting our ability to continue to  
18 provide these services. Effectively, late payments  
19 cut our grants as we incur costs related to loans and  
20 banking fees. We appreciate the Council's goals to  
21 both standardize timely payments of contracts and  
22 require agencies to track and report their  
23 performance against this standard through the  
24 proposed legislation, Intros 508 and 514. Both of  
25 these Intros begin tracking late payments from the

2 date the invoice is received and accepted by the  
3 agency. While important and essential, delays create  
4 major issues for non-profits much earlier in the  
5 process, from late contract registration,  
6 unnecessary, cumbersome and changing processes for  
7 budget approvals and modifications as well as invoice  
8 submission and review. Our written testimony has  
9 numerous recommendations to enable the spirit of the  
10 proposed legislations be fully realized, including  
11 standardizing timelines for each phase of the  
12 process, developing a dashboard that shares status  
13 info, streamlining invoice review and budget  
14 modification, and creating different levels of  
15 oversight and review. I do want to take one quick  
16 second to reflect that not only are organizations  
17 impacted by late payment, but so directly are our  
18 clients, and these are real and devastating impacts  
19 for our community members. Just one example and more  
20 is in our written testimony is that individuals who  
21 are at risk of eviction who may be eligible for  
22 CityFHEPS renter vouchers are sometimes unable to  
23 obtain these timely and therefore face eviction or  
24 have to go into shelter as a result of this. That's  
25 because vouchers are often obtained by going through

2 a non-profit home-based provider, but when cities  
3 fail to timely pay these non-profits, they're not  
4 sufficiently staffed, resulting, I just have 10 more  
5 seconds here, resulting in delays in every borough in  
6 the city, ranging from months to a full year for an  
7 individual to even get an appointment to start this  
8 process. The delays cause people to end up in  
9 shelters unnecessarily, even though the City Council  
10 has appropriated funds intended to prevent precisely  
11 this outcome.

12 GREG KLEMM: Good afternoon, Chair Won and  
13 Members of the Committee. Thank you for this  
14 opportunity to testify. My name is Greg Klemm. I am  
15 the Chief Financial Officer at Legal Services NYC,  
16 and I will be speaking specifically about bridge  
17 loans as well as some of the other recommendations  
18 that we have in our written testimony. Regarding  
19 Intro. 510, we are pleased that it would create a  
20 requirement for City agencies to issue bridge loans  
21 for contractors like ourselves. Bridge loans can be  
22 lifelines for our organizations to cover staff and  
23 other expenses that we incur to deliver critical  
24 legal services to New York residents. However, this  
25 legislation's scope should not be limited to

2 contracts less than 500,000 dollars. The need for  
3 bridge loans is even greater for larger contracts.

4 The greater the size of the contracts, the more staff  
5 salaries and expenses we must cover while waiting for  
6 contracts to be registered and invoices processed.

7 Accordingly, we ask that this proposed legislation be  
8 expanded beyond its current scope and be applied to

9 all of the City's non-profit service contracts. In

10 addition to these recommendations, we also recommend

11 the following. Increase the standard advance at the

12 beginning of the fiscal year from 25 percent to 50

13 percent to address delays in the invoicing process,

14 implement longer contract terms for baseline

15 contracts, and also to require the City to cover the

16 interest incurred on a loan or a line of credit or

17 allow organizations to invoice the City for those

18 expenses as part of their contracts. Specifically, at

19 the organization I represent, Legal Services NYC, we

20 have incurred 80,000 dollars in interest expense

21 since the beginning of January. There are a number of

22 other recommendations that we have as well, which we

23 have included in our submitted written testimony.

24 Thank you for the opportunity to testify.

25

2                   MAX BARTON: My name is Max Barton, and  
3 I'm a researcher for Liuna Local 1010, Paving and  
4 Road Building Union in New York City. Our members  
5 work together to build streets, bridges, and highways  
6 throughout the five boroughs of New York City. Local  
7 1010 is an affiliate of the New York State Laborers,  
8 representing over 40,000 men and women across the  
9 state. I'd like to thank Committee Chair and Lead  
10 Sponsor, Council Member Julie Won, for holding this  
11 important Committee hearing. I'm here to share Local  
12 1010's support for Intro. 803 along with over a dozen  
13 unions and community groups who strongly support this  
14 legislation. This bill would require the Procurement  
15 Policy Board to allow vendors and/or their designated  
16 representatives to protest procurement decisions made  
17 by a City agency. We urge the Council and  
18 Administration to pass the legislation without delay  
19 to increase public confidence in New York City's  
20 public procurement procedures. We believe that  
21 procurement decisions made by government agencies  
22 have significant implications for taxpayers,  
23 businesses, and the overall economy. It is crucial  
24 that these decisions are made through transparent and  
25 competitive processes that ensures the best value for



2 public funds. The proposed legislation provides a  
3 clear framework for protesting agency procurement  
4 decisions, ensuring that all stakeholders, including  
5 taxpayers and other parties, have the opportunity to  
6 voice their concerns and seek redress from any  
7 perceived injustices. Passing this legislation would  
8 allow contractors and vendors to designate a third  
9 party to protest bids on their behalf. Not every  
10 contractor vendor has the time and resources to do so  
11 and, by passing this legislation, it evens the  
12 playing field for everyone by allowing vendors to  
13 have an advocate, including unions or worker  
14 advocates, to object to potentially non-responsive  
15 bids. In the past, such objections were ignored by  
16 agencies as there were no formal process in the PPB  
17 rules to allow the party, other than the bidder or  
18 vendor, to be heard. This refusal to hear objections  
19 meant that objections based on the contractor wage  
20 practices, refusal to maintain a City-required  
21 apprenticeship programs, or criminal indictments were  
22 not heard. By way of example, labor advocates were  
23 recently unable to object to procurements sought by  
24 an indicted contractor who sought extensive new  
25 contracts even though it held near-monopolistic work

2 on tree planting and pruning work in the City Parks  
3 Department. In that case, City Parks Department  
4 refused to process PPB objections filed by Liuna  
5 Local 1010 for the sole reason it was not a vendor  
6 within the meaning of New York City Procurement  
7 Policy Board PPB Rule Section 2-10A. The contractor  
8 was objected, was indicted for, and ultimately  
9 convicted of committing a major insurance fraud by  
10 misclassifying workers. We urge the Council and  
11 Administration to pass this legislation without  
12 delay. Thank you.

13 CHAIRPERSON WON: Thank you. Next is  
14 Audacia Ray from New York City Anti-Violence Project.  
15 Banghee Chi from Share Cancer Support, Catherine  
16 Trapani, Volunteer of America Greater New York,  
17 Sharon Brown, and Kayt Tiskus.

18 AUDACIA RAY: Good afternoon. My name is  
19 Audacia Ray. I take they, them pronouns, and I'm the  
20 Director of Community Organizing and Public Advocacy  
21 at the New York City Anti-Violence Project. In the  
22 written testimony, I have some longer stuff as well  
23 as a blog post that was published by a non-profit  
24 finance fund yesterday that has some detailed  
25 recommendations around these issues, but I wanted to

2 share some about what AVP has been facing through  
3 this contracts process. We've been around 40 years,  
4 and we started providing services to LGBTQ people in  
5 the early '80s when the City was both unable and  
6 unwilling to support LGBT people who were survivors  
7 of violence, and that willingness has changed a lot,  
8 and now City funding makes up about 20 percent of our  
9 budget. In this past year, our City Council funding  
10 was around 700,000 dollars out of a total of a 5-  
11 million-dollar budget and, this year, as we're  
12 looking at the next fiscal year, we're shrinking our  
13 budget to about 4 million because, not just because  
14 of City Council funds, but because of a bunch of  
15 other issues around fundraising, and so I'll say that  
16 in a normal year, we can, whether either contract  
17 delays or shortfalls in fundraising, that's private  
18 foundations and individual donors, and this year  
19 we're dealing with both, and that's made things  
20 really, really challenging. This March, we did a  
21 staff reduction. In April, partly due to the  
22 financial situation, our Board of Directors chose to  
23 fire our Executive Director and, since then, six more  
24 staff members have resigned and moved on from the  
25 organization due largely to insecurities about what

2 is going to happen with our funding situation. When  
3 are we going to get paid? Are we going to be able to  
4 provide the services that we promised to our  
5 community? The written testimony has the exact dollar  
6 amounts of what we're still owed in contracting, but  
7 I just want to say that it's really putting AVP in  
8 peril. We're a small org compared to a lot of these  
9 other, especially housing services organizations, and  
10 to move from 5 million to 4 million and not know when  
11 we're going to get paid by the City puts us in peril,  
12 and it's something that we are thinking about and  
13 stressed about every single day.

14 BANGHEE CHI: Good afternoon. Thank you,  
15 Chair Won and Council Members. My name is Banghee  
16 Chi. I'm with SHARE Cancer Support. I'm the Vice  
17 President of Development. I started in January. I  
18 kind of walked into a lively and unstable situation  
19 at SHARE. Part of that was caused because there's a  
20 lot of questions. SHARE is primarily supported  
21 through private funding. Government funding is an  
22 area that SHARE has been kind of working to grow.  
23 Just to back up a little bit, we provide support  
24 services, education, and mentoring navigation for  
25 individuals with breast and gynecologic cancers,

2 that's uterine, cervical, and ovarian, and we also  
3 have a large population of metastatic disease  
4 survivors that we support. In addition to taking care  
5 of cancer survivors and patients, we also conduct a  
6 great deal of outreach and education, particularly to  
7 communities of color and targeting black, Latina, and  
8 Asian women, because these are the most under-  
9 represented and overlooked populations when it comes  
10 to cancer education and treatment services. We  
11 provide a lot of education around signs and symptoms,  
12 diagnosis, and provide a directory for free mammogram  
13 services, which is essential to many of our women,  
14 especially young women who don't have access to  
15 insurance coverage for mammograms even though the  
16 incidence of cancer is rapidly increasing among young  
17 women and, when it does hit young women, it  
18 progresses very rapidly to late-stage disease and  
19 death. The impact of the delays in getting our  
20 contract registered, which, for a small organization  
21 like SHARE, which also has like a 5-million-dollar  
22 operating budget and government funding makes up  
23 about 10 percent, is basically loss of staff and,  
24 just 30 more seconds, layoffs and delays in hiring or  
25 being able to conduct our business, and what that

2 leads to is basically women who are not receiving the  
3 education in order to get timely mammograms, and  
4 that, many times, we're seeing an increase as, from  
5 what happened with COVID, with women not accessing  
6 mammograms, is we're seeing a rise in number of women  
7 of color being diagnosed at late stage, stage four  
8 breast cancer and gynecologic cancers, and so the  
9 impact of delays in getting our services out there is  
10 basically late-stage disease progression and death.  
11 Thank you very much for considering all of these. We  
12 definitely want to support all of these initiatives,  
13 but especially around the timeline and interest,  
14 which would really be supportive to small  
15 organizations like ours.

16           CATHERINE TRAPANI: Thank you so much. My  
17 name is Catherine Trapani. I am the Assistant Vice  
18 President of Public Policy at Volunteers of America  
19 Greater New York. Very appreciative for you sticking  
20 with us through this long hearing. Sorry, I'm short.  
21 Thank you. In my written testimony, you will see a  
22 lot of detail. I sat with my finance team for over  
23 two hours getting their stories about the struggles  
24 that we have just doing routine business with the  
25 City of New York. You are always invited if you want

2 to hear the details, but you have the distillation of  
3 that in our written testimony. The bottom line is, is  
4 that last year we spent around 700,000 dollars on  
5 interest just on our City contract late payments  
6 alone, and the budget for this Fiscal Year, because  
7 we've been told not to expect much progress, frankly,  
8 in timely payment, that we are budgeting a million  
9 dollars for FY25, just for interest and so, needless  
10 to say, we are eager to see a lot of efficiencies  
11 that were talked about at today's hearing. We have  
12 had a lot of issues with PASSPort, a lot of issues  
13 with adherence, cannot compete with that, with  
14 adherence to invoicing procedures at the City level,  
15 and payments are very, very often late. Just by way  
16 of example, the Department of Homeless Services  
17 typically has like 12 stages of review before they  
18 pay a single invoice to our providers so it's really  
19 bad. I'd like to make a suggestion of a better way if  
20 the City of New York would adopt the State's  
21 Consolidated Fiscal Reporting Model. This is a system  
22 whereby the State, once you enter into a contract  
23 with them for a service, they advance you 25 percent.  
24 You are allowed to draw down funds immediately as you  
25 need to in accordance with your budget then, at the

2 end of the quarter, you reconcile if there's any  
3 discrepancies or clawbacks, there's an opportunity  
4 for ample review, and this process repeats on a  
5 quarterly basis. You're getting 25 percent every  
6 single quarter, and you're not wondering whether or  
7 not you're going to be able to afford to operate your  
8 business. We're not saying no oversight. This is what  
9 the State of New York already does, and we think it  
10 would be much more efficient than the Byzantine rules  
11 that we have for invoicing now. If you will indulge  
12 me, just on 514 with relation to the interest  
13 payments, certainly strongly support being able to  
14 bill for those, but we do want to echo something that  
15 Nora Moran said earlier in her testimony.

16 Particularly as a shelter provider, I can't scale  
17 back services and, so if the money that I'm allowed  
18 to pay towards interest, if this bill were passed,  
19 has to come at the expense of program dollars, I'm  
20 still subsidizing the City because I can't cut  
21 services, there's nothing to cut, so the suggestion  
22 we would have to strengthen that bill would be to  
23 ensure that we don't have to borrow from program to  
24 pay what the City is forcing us to subsidize. Thank  
25 you very much for the opportunity.



2 SHARON BROWN: Hello, my name is Sharon  
3 Brown. Hi, Julie Won, you're Contracts and Committee  
4 Counsel, how are you? Okay, I believe that the City  
5 should be prompt on their payments and things for  
6 contracts, and they should be paying for quality  
7 contracts. I think the problem that the City is not  
8 paying properly is because they're having so many  
9 problems from these agencies not doing what they're  
10 supposed to be doing, so I think they should stop  
11 contracts with anti-Semites, with the UNRWA, the  
12 LGBTQIA, and abortion. These things are seen from a  
13 Judeo-Christian perspective as amoral, and it seems  
14 that the government of New York City has found a way  
15 to defund them by closure by not paying these  
16 contracts. It's a simpler, easier way in order to go  
17 after all of these companies that are not fulfilling  
18 their obligations. For instance, the Department of  
19 Homeless Services, how long can you put people in  
20 shelters before you just say straight to housing?  
21 There's a thousand, a hundred thousand apartments  
22 open. Let's go to the apartment, get the apartment,  
23 pay for it, put you in it. If you need to call us,  
24 call us, we'll give you a number. They can get funded  
25 that way. If you keep people in a congregate setting,

2 people don't want to continue these services over and  
3 over. They're not helping anyone so they're having  
4 problems with people of good conscience paying these  
5 contracts. It's not just we're bumbling, we don't  
6 know how to pay our bills. The City knows how to pay  
7 their bills. They're quite up on finances. These  
8 places, not-for-profits or whatever they are, are not  
9 living up to what they're supposed to be doing. Not  
10 what they said they do, but what we need to be done.

11 CHAIRPERSON WON: Yeah. Thank you so much,  
12 everybody. Sorry, one more.

13 KAYT TISKUS: Thank you, Chair Won and  
14 other Members of the Committee for the opportunity to  
15 testify today. My name is Kayt Tiskus. I work with  
16 Collective Public Affairs, and what I do is advocate  
17 for non-profits, especially small non-profits, that  
18 are wanting to participate in City funding and in the  
19 civic life of New York City generally. I'm here to  
20 testify in support of all of the measures that have  
21 been brought up today, and I want to especially note  
22 that I work with some of the initiatives like Trans  
23 Equity, like the Domestic Workers and Employers  
24 Empowerment Initiative, and one thing that's true is  
25 that those initiatives in New York City generally are

2 stronger when we can work with hyper-local, teeny-  
3 tiny non-profits that are targeted towards specific  
4 communities. For example, language access or non-  
5 profits that are focused on specific sectors of  
6 community that are hard to reach in other ways, and  
7 those kinds of non-profits, which are by design  
8 almost all of the people who I work with, are often  
9 first-timers with the City. They have a really hard  
10 time accessing the funding. Their budgets are much,  
11 much smaller, even than 5 million dollars a year  
12 operating usually, and navigating through the  
13 paperwork is so scary that I often have a hard time  
14 keeping them in City programs, just because they're  
15 sort of like, I don't think we can do this, and the  
16 amount of time they have to spend with me getting  
17 through the system of registrations is pretty  
18 difficult and prohibitive so all of these attempts to  
19 sort of cut down the amount of time and the amount of  
20 red tape and to provide some kind of transparency and  
21 accountability into the procedure are very, very  
22 helpful, especially for the hyper-localized services  
23 that my clients work hard to provide. Thank you very  
24 much.

2 CHAIRPERSON WON: Thank you so much. Next,  
3 we have our online testimonies. We have Arian Cruz,  
4 Jim Dill, Mirella McLean.

5 SERGEANT-AT-ARMS: Arian, you may begin.  
6 Arian, you may begin.

7 CHAIRPERSON WON: Okay, Jim Dill.

8 JIM DILL: Hello. I'm Jim Dill, Executive  
9 Director of Housing and Services, Inc. We are  
10 permanent supportive housing serving 715 households  
11 in both congregate and scattered-site settings in  
12 Manhattan and the Bronx. We are members of the  
13 Supportive Housing Network in New York and support  
14 all the network's advocacy points to this hearing.  
15 Firstly, express our thanks to the Council for  
16 supporting the proposed reallocation of NYC 15/15  
17 resources and for instituting a COLA over the next  
18 three years for the human services sector. For  
19 reasons that will be described in our written  
20 testimony, we support the following bills, 0243,  
21 0508, 0510, 0514, 0801. Our annual budget is  
22 approximately 17 million. Currently, we are owed  
23 1,250,000 in outstanding New York City contracts  
24 dating back from FY23 to FY18. In addition, due to  
25 the precipitous migration of contract billing from

2 Accelerator/PASSPorts, we currently have  
3 approximately 675,000 in FY24 billings, net of  
4 contract advances, that we are unable to bill as our  
5 funding agencies struggle through the backlog of  
6 unprocessed bills. The total owed to us approximates  
7 11 percent of our annual budget and places us in  
8 financial peril. MOCS and our funding agencies are  
9 already desperately in need of more resources to work  
10 through contract backlogs, learn the new PASSPort  
11 billing system, and to take on the additional but  
12 urgently needed transparency that the proposed  
13 legislation requires. We urge you to support more  
14 resources for MOCS and our funding agencies and the  
15 proposed legislation. We thank you very much for your  
16 time today, and thank you so much again for the COLA.

17 CHAIRPERSON WON: Mireille Mclean.

18 SERGEANT-AT-ARMS: You may begin.

19 MIREILLE MCLEAN: Good morning. Can you  
20 confirm that you can hear me?

21 COMMITTEE COUNSEL PAULENOFF: We hear you.

22 MIREILLE MCLEAN: Thank you. Good morning.

23 I am Mireille Mclean, Managing Director of  
24 Neighborhood Health Services for Public Health  
25 Solutions. To Committee Chair Won, I thank you for

2 the opportunity to provide testimony regarding our  
3 experience as a recipient of discretionary funding.

4 In 2022, PHS provided direct services to more than  
5 125,000 New Yorkers. For several years, discretionary  
6 funding awards have supported our services through  
7 the following Council initiatives, the Maternal and  
8 Child Health Initiative, the Dedicated Contraception  
9 Fund, the Access Health Center Support Our Seniors  
10 Initiative. The main challenge we face is delays in  
11 contract executions, which are routinely over six to  
12 nine months, sometimes up to a year, despite PHS  
13 providing all required information on a timely basis.

14 Delays in executions means that PHS does not get  
15 reimbursed in a timely manner, and it stifles our  
16 ability to provide innovative services. We have a few  
17 suggestions. One, for the discretionary award  
18 tracker, more timely updates. Two, during the post-  
19 award process, reducing the number and types of forms  
20 recipients are required to complete. Three, adding  
21 point of contacts at MOCS to ensure our questions are  
22 answered. Four, reducing the number of transparency  
23 resolutions. Five, ensuring fully executed contracts  
24 are available in their entirety through the PASSPort  
25 systems. We see the need for both improved timing of

2 contract registration and increased level of funding.  
3 In particular, PHS Sexual and Reproductive Health  
4 Centers are struggling due to funding costs in both  
5 the New York State and federal level, and I'm  
6 actually not in person today because of a federal  
7 audit and a site visit at our SRH centers. It is  
8 unlikely that without support, our centers will be  
9 able to continue to function. PHS requests support  
10 from the New York City Council to allocate 320,000..

11 SERGEANT-AT-ARMS: Your time has expired.

12 Thank you.

13 MIREILLE MCLEAN: Dollars in FY25. Thank  
14 you.

15 CHAIRPERSON WON: If there are no more  
16 testimonies, we are going to adjourn this Contracts  
17 Committee hearing. Thank you so much. [GAVEL]

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C E R T I F I C A T E

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



Date July 3, 2024