

CITY COUNCIL  
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

of the

COMMITTEE ON CONTRACTS

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May 29, 2013  
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HELD AT: Council Chambers  
City Hall

B E F O R E:  
DARLENE MEALY  
Chairperson

COUNCIL MEMBERS:  
Robert Jackson  
Letitia James  
Melissa Mark-Viverito  
Michael C. Nelson

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

Andrea Glick  
Director  
Mayor's Office of Contract Services

Lisa Camillo  
Deputy General Counsel  
Mayor's Office of Contract Services

Lisa Flores  
Deputy Director of Procurement Review  
Mayor's Office of Contract Services

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CHAIRPERSON MEALY: Good afternoon.  
My name is Darlene Mealy and I serve as chair of the New York City Council Committee on Contracts. It is my pleasure to welcome you here today for today's hearing concerning potential bottlenecks in the city contracting process. Thank you all for attending. Before we proceed, I would like to recognize my Council Member Mike Nelson of Brooklyn who is present today, and I would like to thank Shannon Manigo [phonetic] and Tym Matusov for their work preparing for this afternoon's hearing. Excuse me. The procurement process is often described as lengthy and cumbersome. There are a host of rules and regulations governing the contracting process that exists to make sure that the city gets qualified products and the best prices to limit fraud and corruption and to treat vendors fairly. Maintaining the integrity of the contracting process is essential, but we must also review that process from time to time to ensure that no procurement steps unduly sacrifice efficiencies in procurement process. Today the committee is interested in learning more about the facts that contribute to lengthy contracting

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2 process and considering what might be done to  
3 limit bottlenecking in city procurement. We look  
4 forward to the discussion and I want to thank my  
5 colleagues also for doing this - - this meeting  
6 will not be all day, and it will not--we won't be  
7 going down south. We are just trying to make sure  
8 what is the problem with the contracting,  
9 especially with small businesses that it takes so  
10 long. We are going to be very straight to the  
11 point and brief, and I want to thank our director,  
12 Ms. Glick, Director Glick that is here from MOCS,  
13 so we will turn it over to you.

14                   ANDREA GLICK: Good afternoon,  
15 Chairperson Mealy and members of the Contracts  
16 Committee. My name is Andrea Glick, and I am the  
17 city chief procurement officer and director of the  
18 Mayor's Office of Contract Services. I am joined  
19 here today by my deputy director of procurement  
20 review, Lisa Flores, and Lisa Camillo [phonetic],  
21 my deputy general counsel. On behalf of the  
22 administration, I would like to thank you for this  
23 opportunity to testify today. We look forward to  
24 working with the Council to find ways to further  
25 streamline the procurement process, which has

1 significantly improved over the past several  
2 years. the basic legal framework of the city's  
3 procurement system is primarily to further two  
4 policies: to assure the prudent and economic use  
5 of public money for the benefit of all city  
6 residents and to guard against fraud, corruption  
7 and favoritism as codified for example in New York  
8 State general municipal law sections 100a, 103 and  
9 104b. The basis of that framework alone leads to  
10 a procurement system with many requirements, but  
11 we at MOCS have been successfully working with  
12 agencies to ensure that the procurement process  
13 moves smoothly and as quickly as possible. The  
14 testimony I am presenting today is based primarily  
15 on procurement data from fiscal year 2012, which  
16 will be updated once we complete our indicators  
17 report for fiscal year 2013, which will be  
18 complete by the end of the summer. One factor  
19 that informs the success of a procurement is the  
20 quality of the vendor selected for award.  
21 Increased competition in procurements is a primary  
22 indicator of the city's ability to obtain the best  
23 deals for the city. Increased competition  
24 generally yields better goods and services at a  
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2 lower cost. The city's rate of highly competitive  
3 procurements defines as one with at least three  
4 responses for competitive sealed bids and  
5 proposals as steadily increased from 80 percent in  
6 fiscal year 2008 to 95 percent in fiscal year  
7 2012. Most notably 100 percent of architecture  
8 and engineering procurements in fiscal year 2012  
9 were highly competitive. We have made it easier  
10 for vendors to enroll to do business with the city  
11 and to be notified of procurement opportunities by  
12 moving vendor enrollment on the line. Through the  
13 pay information portal available online at  
14 [nyc.gov/pip](http://nyc.gov/pip) vendors can enroll online and can  
15 select vendor commodity codes used to determine  
16 which procurement opportunities they will be  
17 informed of. Vendors can now maintain their  
18 contact information and commodity codes online,  
19 which will help to ensure that they remain  
20 current. This new functionality makes it easier  
21 for vendors to enter into the competition pool for  
22 city work and continue to receive relevant  
23 opportunities as their business develops. Since  
24 December 2012 more than 500 new vendors have  
25 enrolled with the city through this new portal and

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2 more than 400 existing vendors have used pip to  
3 adjust their commodity codes. In total these  
4 vendors have enrolled in 15,783 commodities and  
5 de-enrolled from 2,346 commodities that are no  
6 longer relevant to them. Prime contractors are  
7 required to have their subcontractors approved by  
8 the city before those subcontractors begin work  
9 and to report on payments to their subcontractors.  
10 In December the city became the first municipality  
11 in the country to establish a comprehensive  
12 subcontracting database. Prime vendors now have  
13 to disclose subcontractor information on the  
14 city's pay information portal including the names  
15 of subcontractors hired, which requires agency  
16 approval as well as each and every payment to  
17 those subcontractors. This new system makes it  
18 easier for prime contractors to remotely provide  
19 this information and for agencies to track and  
20 approve it. It also strengthens the city's  
21 capacity to detect and address potentially  
22 fraudulent billing practices, further ensure the  
23 timeliness of payments from contractors to  
24 subcontractors and more seamlessly track the  
25 utilization of minority and women owned businesses

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2 on subcontracted city work. A top priority for  
3 city agencies is to ensure that vendors get paid  
4 as quickly as possible for quality work. Payment  
5 delays to contractors can disrupt their business  
6 operations and delay the provision of services  
7 that New Yorkers need. In order to encourage  
8 timely payment by agencies, PPB rule 4-06 requires  
9 agencies to pay interest to contractors when  
10 payment delays occur. MOCS tracks the amount of  
11 interest each agency is obligated to pay as a  
12 result of the prompt payment requirement and the  
13 indicators show a significant improvement. In  
14 fiscal year 2012, the net interest paid by  
15 agencies city wide totaled only \$808, a negligible  
16 figure relative to overall procurement volumes  
17 compared to \$10,049 in fiscal year 2011. Change  
18 orders are amendments to construction or  
19 architecture engineering contracts that authorize  
20 additional work necessary to complete a project or  
21 to add work that does not amount to a material  
22 change to the original contract scope. There are  
23 a number of specific reasons an agency will decide  
24 to move forward with a change order such as field  
25 condition, design omission or administrative

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2 change. Many times there are multiple concurrent  
3 reasons that an agency must proceed with a change  
4 order. The city strives to maintain low  
5 processing times since delays in change orders  
6 result in project and payment delays and they thus  
7 contribute to higher big prices. In 2012, the  
8 city reduced design change order processing time  
9 by 25 percent and construction change order  
10 processing time by 16 percent. The city has  
11 successfully worked to streamline the contracting  
12 process particularly by eliminating onerous and  
13 unnecessary contracting requirements that take  
14 time and resources away from contractors.

15 Specifically executive order 50 of 1980 required  
16 contractors to submit an employment report to the  
17 Department of Small Business Services division of  
18 labor services known as DLS every 24 months, which  
19 monitors equal employment opportunity compliance  
20 by city vendors. The mayor issued executive order  
21 159 of 2011, which changed the DLS filing  
22 requirements by one, exempting client service  
23 contractors from such filings because they are  
24 already required to file similar and extensive  
25 state and federal documentation concerning their

1 compliance with equal opportunity and principles  
2 and two, extending the frequency of the reporting  
3 requirement for all vendors to every 36 months.  
4 In fiscal year 2012, the change to the DLS filing  
5 requirements exempted more than 400 nonprofit  
6 vendors that were awarded over 600 client service  
7 contracts valued at more than \$850 million. To  
8 proactively assist agencies with their contract  
9 processing, MOCS frequently meets with a number of  
10 agencies. On either a monthly or bi-weekly basis,  
11 MOCS reviews and discusses pending contract  
12 actions to determine areas in which we can assist  
13 the agencies to process expeditiously. MOCS  
14 assists in coordinating efforts with other  
15 oversights, such as the Law Department and OMB  
16 when needed and appropriate. As you know, vendors  
17 are required to file vendex questionnaires once  
18 they win city contracts totaling \$100,000 within a  
19 12 month period. The forms are filed with MOCS.  
20 Over the past year, MOCS has implemented a number  
21 of improvements to speed up the processing of  
22 vendex forms, so the key vetting information will  
23 be available to agencies quickly, accelerating the  
24 contracting process. These improvements have more  
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2 than doubled the average number of submissions  
3 processed per day, and has cut the average number  
4 of days required to process its submissions by  
5 more than half. In addition to these improvements  
6 we support making legislative changes to improve  
7 the vendex statute. The vendex form can be  
8 simplified by accepting information that is  
9 already available through other forms that vendors  
10 are required to file with other government  
11 entities. The city could eliminate redundant  
12 questions by relying on forms such as the 10k for  
13 publically traded companies that must be filed  
14 with the Securities and Exchange Commission and  
15 the 990 for non-profit organizations that must be  
16 filed with the IRS. Accepting this information  
17 will make it easier for potential city vendors to  
18 submit their questionnaires completely and  
19 correctly and processing times for these  
20 questionnaires will further decrease. Another  
21 improvement that can be realized through  
22 legislation is to increase the vendex filing  
23 threshold. The \$100,000 threshold was established  
24 in the early '90s when the vendex statute was  
25 passed and has not been revisited since. The size

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2 of city contracts has gone up significantly since  
3 that time, and the threshold of \$100,000 has not  
4 been raised accordingly. Increasing the threshold  
5 would eliminate filing requirements for vendors  
6 with low contract values and would replace the  
7 number of vendex filings the city receives each  
8 year further improving vendex processing speeds.  
9 Finally, vendex is paper based and requires MOCS  
10 staff to data enter information into our database.  
11 MOCS is currently working to develop online forms,  
12 the creation of an online portal that will allow  
13 vendors to fill out and submit their vendex  
14 questionnaires directly is still necessary and  
15 would allow vendors to maintain current  
16 information online and eliminate the need for MOCS  
17 to be in the data entry business, and most  
18 importantly would significantly reduce the  
19 processing backlogs. Local law 63 of 2011 has  
20 caused some processing delays as well. We  
21 understand the policy behind the legislation is to  
22 encourage agencies to perform services in house  
23 when it is more cost effective than contracting  
24 out those same services to private companies. We  
25 also understand that it is advantageous for

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2 agencies to play and post future contracting  
3 opportunities. Adequate procurement planning by a  
4 city agency means that it will obtain the  
5 appropriate level of goods and services it needs  
6 to fulfill its mission in a timely manner;  
7 however, the requirement that an agency must wait  
8 60 days to begin the contracting process for any  
9 procurement not listed on the annual contracting  
10 plan has proven to lengthen the procurement  
11 process. Very often unforeseen service needs  
12 arise, which require agencies to wait the 60 days  
13 prior to beginning the contracting process. For  
14 example, after Hurricane Sandy, the Parks  
15 Department had to procure supervision of storm  
16 related capital reconstruction at many of the  
17 city's beaches. These services were necessary so  
18 that the beaches would be ready to open by the  
19 start of summer. As they were not included in the  
20 plan and they were not deemed emergency  
21 procurements, Parks was required to wait the 60  
22 days before beginning the procurement process.  
23 This delay led to a rushed construction schedule  
24 for the Memorial Day opening of the beaches, not  
25 to mention administrative challenges to make sure

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2 the deadline was met. We would like to see this  
3 60 day waiting period reduced to a posting  
4 required analogous to posting requirements for  
5 other procurement actions. For example, agencies  
6 are required to have competitive sealed bids out  
7 on the street for 15 days and requests for  
8 proposals open for 21 days prior to opening. That  
9 is the time vendors have to prepare their  
10 responses to these types of solicitations. Like  
11 other notice requirements related to procurement,  
12 this would still give ample notice to outside  
13 parties and to the public that an agency is moving  
14 forward with a procurement that is not listed on  
15 the annual contracting plan and schedule, but  
16 would also streamline the process for agencies. A  
17 shorter waiting period would strike the right  
18 balance between the goals of local law 63 and the  
19 goal of eliminating delays in procurement.  
20 Another aspect of local law 63 that constrains the  
21 contracting process is that the law applies to  
22 sole source procurements and task orders for  
23 master agreements. Agencies should not be  
24 required to conduct displacement determinations  
25 when engaging in a sole source procurement. Per

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2 PPB rule 305 sole source procurements can only be  
3 used when there is only one source for a required  
4 good or service. By definition they cannot be  
5 performed by any other source, including city  
6 employees. That source may have a patent on the  
7 service or the only legal authorization for  
8 maintenance. Agencies enter into master  
9 agreements in order to facilitate and streamline  
10 the procurement process for all city agencies. In  
11 the master agreement model one agency administers  
12 the procurement for the good or services that  
13 other agencies may issue task orders from. It was  
14 developed to improve efficiency in contracting as  
15 individual agencies are not required to do  
16 individual solicitations for the good or service.  
17 The contracting agency takes advantage of volume  
18 based price reductions when entering into master  
19 agreements because the quantity of such services  
20 are unknown at the time the master service  
21 contracts are procured and there is an anticipated  
22 large amount of task orders that are generally  
23 purchased off of these master agreements. In FY  
24 '12 mayoral and non-mayoral agencies used 1,075  
25 requirement contracts, placing orders valued at

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2 just under 1.6 billion. MOCS has been working  
3 with the Department of Citywide Administrative  
4 Services to increase the number of citywide shared  
5 master services agreements that it enters into,  
6 which range from enterprise print management to  
7 translation services. The increased number of  
8 DCAS shared service contracts will continue to  
9 save the city considerable money and speed up the  
10 procurement process. Task orders are issued by  
11 agency on an as needed basis. If at the time of  
12 the contracting plan the need is unknown and the  
13 task order is inadvertently left off the plan, the  
14 60 day waiting period and the displacement  
15 analysis add delays to a process that was designed  
16 to make procurement more efficient. We would like  
17 to work with the Council to reduce the length of  
18 time the local law 63 notice must be posted, which  
19 would expedite the procurement process and  
20 therefore reduce delays in procurement. I have  
21 been discussing the sources of some of the delays  
22 in procurement, but I would also like to mention  
23 some changes that would reduce them. We have been  
24 working with the Council to increase the micro  
25 purchase limit from 5,000 to \$20,000. Raising the

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2 micro purchase limit will considerably streamline  
3 the contracting process for all procurements that  
4 fall between 5 and \$20,000. The PPB held a public  
5 hearing and two public meetings on the matter and  
6 recently voted to adopt changes to the micro  
7 purchase limit. In order for the change to become  
8 effective, the Council must pass a conforming  
9 resolution, which we hope will happen soon. After  
10 the limit is raised, MOCS will provide effective  
11 oversight on agencies use of the micro purchase  
12 method. MOCS will monitor micro purchased to  
13 ensure integrity in the city's purchasing process.  
14 MOCS will obtain and review reports of all micro  
15 purchases made by city agencies on a quarterly  
16 basis to make sure that agencies do not  
17 artificially break up larger procurements in order  
18 to get them below the micro purchase limit. If we  
19 find inappropriate use of the micro purchase  
20 method by an agency, MOCS has a number of actions  
21 that it can take to address it, including removing  
22 an agency's ability to make micro purchases. We  
23 have also been working with the PPB to codify the  
24 best value legislation that was recently passed by  
25 the New York State Legislature. The use of

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2 awarding contracts through best value instead of  
3 low straight bid will allow agencies to look more  
4 holistically at solicitation responses and award  
5 contracts to the vendors that give the city the  
6 best overall value. We are in the process of  
7 amending the PPB rules to codify the state's new  
8 best value rule, and this should result in city  
9 agencies purchasing goods that are higher quality,  
10 thereby reducing agency's need to do as many  
11 procurements as they currently do due to reasons  
12 like longer warranties or longer lifecycles. The  
13 PPB has already approved the changes to the rule.  
14 Another procurement rule that the PPB has  
15 approved, which will expedite the contracting  
16 process is the amendment to PPB rule 207, which  
17 currently mandates that all non-responsive bids or  
18 proposals be rejected by agencies. A non-  
19 responsive bid or proposal is one that does not  
20 comply with all the material terms and conditions  
21 of the solicitation and/or all the material  
22 requirements of the specification. Some findings  
23 of non-responsiveness for minor non-substantive  
24 infractions that do not affect the competition add  
25 to procurement delays. For example, if a bid

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2 requires mistakes to be crossed out and initialed  
3 in pen, but a vendor who is the lowest bidder does  
4 so in pencil under the current PPB rules the  
5 vendor must be found non-responsive. One change  
6 to the PPB rule allows agency chief contracting  
7 officers to overlook a minor error in form on a  
8 bid response or proposal as long as that minor  
9 error will not affect the competition. This rule  
10 change will help to decrease the large number of  
11 non-responsive misfindings that occur due to minor  
12 and insignificant errors by vendors in bid  
13 responses and proposals. The change will also  
14 reduce agencies administrative processes as  
15 vendors have a right to appeal non-responsive  
16 misdeterminations. With fewer findings of non-  
17 responsiveness, a decrease in appeals will also  
18 result. Overall, the change to PPB rule 207 will  
19 allow agencies to choose winning bidders or  
20 proposers faster and to make these awards to the  
21 vendor with the lowest price or best proposal,  
22 thereby saving the city both time and money. As  
23 you can see the administration is looking into  
24 causes of delays in the city's contracting process  
25 and we are attempting to with the assistance of

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2 the Council reduce as many of those delays as  
3 possible in order to speed up the contracting  
4 process. I am not available to answer any  
5 questions you have. Thanks.

6 CHAIRPERSON MEALY: Thank you. You  
7 answered a lot of the questions that we had also,  
8 and two of my legislation one you don't like, so  
9 we are going to talk about that one first. Mike  
10 Nelson, do you have a question? What part of the  
11 rule 63, local law 63 you said takes too long with  
12 the 60 days?

13 ANDREA GLICK: Yes.

14 CHAIRPERSON MEALY: You don't feel  
15 that emergency procurement sometimes is so  
16 overpriced and sometimes they outsource so many  
17 jobs that I think a 60 day process would be--  
18 emergency is an emergency, but 60 days just to  
19 make sure that we are getting the most bang for  
20 our buck, I think 60 days is not that bad  
21 comparing to if we just automatically just spend  
22 1.2 million on a towing company when we could have  
23 realized which towing company is the cheapest,  
24 which ones are unions, which ones--it's a little  
25 time for activate this, but I feel for us to be

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2 vigilant over our tax dollars, we have to  
3 sometimes stop and say what is the best for the  
4 city of New York, so you feel that it shouldn't be  
5 60 days? That is what you have.

6           ANDREA GLICK: Right. What I think  
7 is that I don't disagree with the posting notice  
8 requirements. I just think that it is too long  
9 because after if you forget to put something on  
10 the plan, and then you have to put something on  
11 the plan, and then you have to wait 60 days, and  
12 then issue the solicitation, which if it is a bid,  
13 it is another 15 days on top of that or maybe you  
14 want to make it a little longer. Sometimes a lot  
15 of agencies do keep their solicitations on the  
16 street longer because they want to wait and make  
17 sure that everybody sees it, reads it, maybe there  
18 are questions, they may issue an addendum, they  
19 may have a pre bid conference. So many times it  
20 is longer than 15 days, but you first have that 60  
21 day noticing period and then you release the  
22 solicitation for 15 plus days on a bid. That is  
23 what--so now we are looking at 75 days minimum,  
24 and so that is what I find disconcerting. I am  
25 not saying that there shouldn't be a notice period

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2 at all. I am just thinking that perhaps we can  
3 talk about reducing that 60 day period because if  
4 an agency is waiting let's say for a towing  
5 contract or any type of service that they hadn't--

6 CHAIRPERSON MEALY: [interposing]

7 Like the Parks Department with Hurricane Sandy.

8 ANDREA GLICK: Right or it could be  
9 anything. Maybe there was some new need that they  
10 hadn't thought of that they didn't put on the  
11 plan. I am not saying that they shouldn't put it  
12 on the plan now, but then they have to wait before  
13 local law 63 if some new need came up that wasn't  
14 an emergency. I am just talking about a regular  
15 kind of new need. They would just release the  
16 solicitation and it would be in the city record,  
17 and people would see it, and then they would  
18 respond to the bid. They didn't first have to  
19 wait that initial 60 days.

20 CHAIRPERSON MEALY: Could you tell  
21 me what parts of the contracting process do  
22 vendors most complain about?

23 ANDREA GLICK: I think vendex.

24 CHAIRPERSON MEALY: Vendex?

25 ANDREA GLICK: It is not a user

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friendly system, vendex, and that is why we would like to have an online portal.

CHAIRPERSON MEALY: So vendors feel it is not a--

ANDREA GLICK: [interposing] First of all, I don't know if you are familiar with the forms, so if you haven't seen them we can share them, but there is a stack of forms. Vendors have to fill them out. The information in the forms is important, but then they have to either have them hand delivered or mailed or lots of them come to the office and drop them off themselves and it is onerous. Most of the world now is online. Lots of things that we all do - -

[crosstalk]

ANDREA GLICK: So we should make this more user friendly and put it online, so people can fill them out any day, any night. We still have a help desk and people to answer questions if they had questions on the forms. We do that now, but at least they would be able to submit them easier, and also what we would like to so and talk about is reducing the number of questions that are on the forms by eliminating

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2 some of the questions that can be answered by  
3 forms that they are already filling out. So for  
4 the human service vendors, it is the 990 form and  
5 for the non-human service vendors, the publically  
6 traded companies, they use the 10k, so they are  
7 filling those out anyway, so they would give us  
8 access to those forms instead of filling out  
9 different questions that correspond with those.

10 CHAIRPERSON MEALY: So where if  
11 anywhere do bottlenecks exist in the contracting  
12 process? It's just with the forms, not with  
13 processing?

14 ANDREA GLICK: Well, that is one of  
15 the things that happen, so right now with the  
16 vendex forms, they are all manually data entered,  
17 so we get the stack of forms, and then we have to  
18 have somebody enter it, and then once they enter  
19 it--

20 CHAIRPERSON MEALY: [interposing]  
21 So that is for the agency, that is a bottleneck  
22 right there.

23 ANDREA GLICK: My office is the  
24 office that does the data entry - -

25 CHAIRPERSON MEALY: Yeah, that is

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ANDREA GLICK: But if you did it online, the vendor would be doing it, and then there would be no data entry on our office's part.

CHAIRPERSON MEALY: But then there won't be any jobs.

ANDREA GLICK: There will be jobs. Somebody is going to have to make sure that the vendor still has integrity and that the forms have been filled out, and that the answers make sense.

CHAIRPERSON MEALY: And it is better that this agency could fill it out also to make sure that it is efficient also. If the vendor fills out the form, they can make a lot of mistakes 'cause we have to think about the vendors. They are still trying to make money also, so they don't want to sit there, and it's a new process. They would have to hire someone to input the data, so a small business that could make or break a small business to input if we changed it for the vendor to input the database, so if we have a city agency that we do employ people and they are doing it now, so that wouldn't be a good thing to me to take out, but you feel

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2 that is where the agency it will be less  
3 cumbersome if MOCS didn't have to input all of  
4 that data?

5 ANDREA GLICK: Right, instead they  
6 could be fulfilling a customer service role to the  
7 vendors when they needed assistance while they  
8 were in their homes filling out, or their  
9 businesses filling out those vendex forms.

10 CHAIRPERSON MEALY: But we are  
11 still trying to help out our constituents also.  
12 What steps have MOCS taken to streamline the  
13 procurement process to avoid bottlenecking? What  
14 have you all did so far because this legislation  
15 we put this is about two, three, four months ago.  
16 Have you all changed anything to help in the  
17 process?

18 ANDREA GLICK: For which? I am not  
19 sure I understand.

20 CHAIRPERSON MEALY: MOCS taken to  
21 streamline...

22 ANDREA GLICK: To streamline based  
23 on which legislation?

24 CHAIRPERSON MEALY: The 63, local  
25 law 63 or in general any contracting process in

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2 MOCS Department, have you all did anything  
3 different that made it easier for the vendors to  
4 process?

5 ANDREA GLICK: Yeah, we put vendor  
6 enrollment online.

7 CHAIRPERSON MEALY: Say that again?

8 ANDREA GLICK: Like I said in my  
9 testimony, we put the vendor enrollment process  
10 online and the subcontractor approval process  
11 online.

12 CHAIRPERSON MEALY: So instead of  
13 now doing it themselves--

14 ANDREA GLICK: [interposing] They  
15 put it online instead of sending us paper forms to  
16 enroll in specific commodity codes. They have an  
17 account, and they can change, which commodity  
18 codes they are enrolled in by themselves.

19 CHAIRPERSON MEALY: So that is a  
20 great streamline that helps your agency also,  
21 right?

22 ANDREA GLICK: It helped everybody.

23 CHAIRPERSON MEALY: Okay. That is  
24 why--we are just trying to find out what can we  
25 do different, and how can we make sure these

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2 vendors--I believe we should have another meeting  
3 in regards to after they did the work, how can  
4 they get paid quicker? Isn't that another  
5 conversation we need to have also?

6

ANDREA GLICK: Well, the - -  
7 payment interest as I said in my testimony went  
8 down considerably. Last year we only paid \$800  
9 compared to I think I said 10,000 the year before,  
10 so that is a big improvement on the agency's part  
11 to pay these vendors quicker, I think.

12

CHAIRPERSON MEALY: So why do you  
13 think it went down this year? What contributed to  
14 that great success? We want to make sure  
15 everybody knows that was a big change. What  
16 contributed to that you feel?

17

ANDREA GLICK: I am not sure.

18

FEMALE VOICE: [off mic] We tracked  
19 that number--

20

CHAIRPERSON MEALY: [interposing]  
21 Identify yourself first.

22

LISA FLORES: Sorry. Lisa Flores,  
23 deputy director procurement review, MOCS. We  
24 review the prop payment every year, every fiscal  
25 year, and you will see if you go back many fiscal

1  
2 years, it has been going down every year. Part of  
3 it having our offices and oversight even looking  
4 at those numbers and interacting with the agencies  
5 when we are reporting it has opened some  
6 conversations with agencies about how they can  
7 sort of change internally and monitor the process  
8 better, so there were a few agencies through  
9 fiscal '11 for instance where when we gave them  
10 their numbers on what they paid out, they weren't  
11 happy with them, and kind of powwowed internally  
12 and changed processes to make sure that they were  
13 internally more frequently looking at payments  
14 that were made to reduce that number. So all of  
15 the data that we collect, which we put in our  
16 indicator report and that we collect and we review  
17 on different various bases, either monthly or  
18 quarterly internally allows us to get a snapshot  
19 of how agencies are performing and open those  
20 conversations with them to hopefully improve their  
21 performance.

22 CHAIRPERSON MEALY: Okay, they said  
23 MOCS tracks the amount of interest each agency is  
24 obligated to pay as a result of the prompt payment  
25 requirement, and the indicator shows a significant

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2 improvement in I guess fiscal '12 and the interest  
3 paid by agencies citywide totaled only \$808  
4 negligible failure related to overall payment  
5 values compared to 10,049 in fiscal '11. That is  
6 a very significant drop, so when you are doing bad  
7 we want to talk about it, but when you are doing  
8 good also we want to say kudos also. So I just  
9 want to make sure that we know why and the same  
10 way with the city's strive to maintain low  
11 processing time since delays and change orders  
12 result in project and payment delays as may thus  
13 contribute to a higher bid process. You say in  
14 2012 the city reduced design change ordering  
15 processing time. How did you do that?

16 ANDREA GLICK: Again, our office  
17 worked with the agencies to streamline the change  
18 order processing process.

19 CHAIRPERSON MEALY: How did you do  
20 that?

21 ANDREA GLICK: There are forms that  
22 have to get filled out in each agency and we  
23 revamped some of those forms.

24 CHAIRPERSON MEALY: So we have new  
25 forms now that is quicker and...?

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2                   ANDREA GLICK: We last year, a year  
3 and a half ago, we looked at our process of  
4 oversight review for change orders, and worked  
5 with all of the large construction agencies to  
6 figure out what their process was internally, and--  
7 -

8                   CHAIRPERSON MEALY: [interposing]  
9 So you met with some of the--

10                  ANDREA GLICK: Yeah, we met with  
11 all of large agencies that have construction  
12 change orders--

13                  CHAIRPERSON MEALY: [interposing]  
14 How often do you all meet?

15                  ANDREA GLICK: Well now we meet  
16 with our large construction agencies monthly  
17 either in person or by phone to review what items  
18 they are processing, not just change orders, but  
19 any items that they are processing to see where we  
20 can assist in processing quicker.

21                  CHAIRPERSON MEALY: Mm-hmm. Yes,  
22 that is good--change order processing time by 16  
23 percent. That was very good. And I have about  
24 two other questions. Mike, do you have any? I  
25 said we wasn't going down south on this hearing.

1

2 We just want to know what has changed and what is  
3 best for our vendors, and one thing I got to talk-  
4 -what did MOCS last review--when was the last time  
5 you reviewed the contracting process as a whole to  
6 determine ways that the system can improve, the  
7 whole system?

8 ANDREA GLICK: Well, we are always  
9 looking at it and as a matter of fact, we now have  
10 our automated procurement tracking system, which ,  
11 I guess it is two years old--three years old, and  
12 so that has helped to streamline a lot of the  
13 processing. We are looking at that system now to  
14 see how we can modify it to add different  
15 functionality to it to improve the process.

16 CHAIRPERSON MEALY: Okay, and the  
17 increase in the DCAS shared services contract,  
18 could you explain a little bit more about that?

19 ANDREA GLICK: Right, well, what  
20 the shared service concept is is that DCAS looks  
21 at different contracts that are provided that the  
22 agencies have entered into such as pest  
23 management, security services, right, and so there  
24 had been a time where every agency had their own  
25 contract and was doing their own proposals and

1  
2 bidding and getting different prices and everybody  
3 was spending time procuring the same service, so  
4 DCAS took a look at that, and we worked with them,  
5 and they have now what we call it is a shared  
6 service, so they are the Department of Citywide  
7 Administrative Service, and so they have  
8 consolidated the service needs of the city and  
9 they have put out procurements that reflect those  
10 needs, and they have vendors that service the  
11 entire city's needs, so there is one or two  
12 contracts that city agencies can buy off of the  
13 master contract task order process.

14 CHAIRPERSON MEALY: Okay, could I  
15 ask you the micro purchase, that was my  
16 legislation, do you feel that the 5,000 to 20,000  
17 will you think people will try to defraud the  
18 system because it is moved up to 20,000?

19 ANDREA GLICK: No, I don't think  
20 so.

21 CHAIRPERSON MEALY: And you said  
22 you don't think so, but it's a good legislation,  
23 right?

24 ANDREA GLICK: Yes, and we are  
25 going to monitor it, so that is why I don't think

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that they are going to...

CHAIRPERSON MEALY: And like when our last meetings I understand that MOCS will monitor it, but then if you do catch someone - - really for one bid, but they split it up to get 20 here, 20 there, what is the procedure that you would do? Just take their name off?

ANDREA GLICK: No, you can prohibit an agency from using a specific procurement method.

CHAIRPERSON MEALY: This is my problem. We say that and sometime that agency still get another city contract, so if they are doing wrong on this one, what would make the city really say, no, you are not getting any contracts any longer? Have you ever did that? Any MOCS have found a contracting or agency who defiled the city--have we ever stopped their contract?

ANDREA GLICK: Well, what can happen is that the--

CHAIRPERSON MEALY: [interposing]  
Have we ever stopped the contract. - -

[crosstalk]

ANDREA GLICK: A vendor or an

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agency?

CHAIRPERSON MEALY: Yes, a vendor,  
a vendor.

ANDREA GLICK: Well, a vendor, we  
have very--

CHAIRPERSON MEALY: [interposing] -  
- would get this 5 to 20,000 is vendors, so..

ANDREA GLICK: We have a very  
robust integrity process obviously through vendex,  
through other sources. We have forms that all the  
agencies are required to fill out when they are  
doing a procurement. We do a lot of trainings  
with the agencies to uncover any information that  
may indicate a vendor isn't performing well has  
integrity issues. - - move forward with that  
particular vendor.

CHAIRPERSON MEALY: You had said  
something that it wouldn't be fairly given to the  
same vendor over and over again, but sometime a  
lot of the contracts go directly back to some of  
the same vendors even if their paperwork wasn't  
right, so just removing their name, that is what  
you said in your statement. That is the only  
thing that we can do?

1  
2 LISA CAMILLO: I just want to jump  
3 in. My name is Lisa Camillo, deputy general  
4 counsel. I just wanted to make a distinction. So  
5 there are two things that can happen. For the  
6 micro purchase I think the concern is would  
7 agencies arbitrarily or would cut up a procurement  
8 to award--artificially divide a procurement under  
9 \$20,000 to keep awarding to the same vendor in  
10 order to get the procurement without process or  
11 with lesser process, and the answer is MOCS has  
12 oversight over the agency's actions, and if we  
13 find that agencies are doing that, MOCS can  
14 certain step in and remove the agency's ability to  
15 do those kinds of procurements completely. Your  
16 other question regarding a vendor's integrity I  
17 think you asked has a vendor ever been essentially  
18 taken off a contract or not awarded a contract  
19 based on integrity issues? The answer is  
20 absolutely yes. We have had vendors who have been  
21 low bidders and we have started down the contract  
22 award process, and we discover vendor integrity  
23 issues, and then we say, we are sorry. We can't  
24 proceed and do business with you.

25 CHAIRPERSON MEALY: That is a prime

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question right there. In the statement, she had said that if a vendor put it in pen and then you see a vendor has it in pencil, so you say that they are not eligible for the contract.

LISA CAMILLO: That is a responsiveness issue, which is a very different analysis than it is for a responsibility issue. A responsiveness issue has to do with--

CHAIRPERSON MEALY: This is two separate things I know.

LISA CAMILLO: Completely separate things. A responsiveness issue, did you answer the--supply the information that the bidder or RFP required in the manner in which they required it. If there was a mistake that they crossed out--

CHAIRPERSON MEALY: [interposing]  
Why would they do it in pencil?

LISA CAMILLO: That is just an example--a minor mistake or omission in a submission would knock a very good competitor out of the competition. If there is something like that that will not affect the competition with the change in the PPB rules, the - - is able to override that mistake or omission and proceed with

1  
2 the award, if they are the right vendor--  
3 everything else was perfect except for that one  
4 minor mistake as to form.

5 CHAIRPERSON MEALY: It was two  
6 questions in one, thank you. When you said that  
7 it--it caught my attention, why would someone do a  
8 bidding process with pen and some questions would  
9 be in pencil? That raised red flags to me, so it  
10 was two different questions though, but for right  
11 now, how would the WMBEs be involved in this micro  
12 purchasing? Do you think any of these agencies  
13 may start using a micro purchasing for WMBEs to  
14 get the easy way out? Do you have anything in  
15 place to make sure that is not happening or will  
16 not happen? They get a contract, and this is a  
17 good way to just do a small contract or give WMBEs  
18 a subcontract with a micro...

19 ANDREA GLICK: Micro purchases have  
20 been a good source for WMBE awards, vendors--

21 CHAIRPERSON MEALY: [interposing] I  
22 just asked is there anything in place that no one  
23 would use this as just--

24 ANDREA GLICK: We are monitoring  
25 it, so if there is any inappropriate actions taken

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by agencies we will certainly step in--

CHAIRPERSON MEALY: [interposing]

But you are aware that it can be done?

ANDREA GLICK: Well, we would want, we would hope that agencies choose their vendors at the increased micro purchase level appropriately. The rule does require that agencies not--that agencies take into account all vendors, and essentially spread the love.

CHAIRPERSON MEALY: Spread the love. Thank you. This is my last question. Instead of my legislation with the 63, do you believe that there are any procurement steps in the contracting process that lengthen procurement, but serves no legitimate purpose?

ANDREA GLICK: I can't think of any.

CHAIRPERSON MEALY: Right now or there is none?

ANDREA GLICK: Not right now, no.

CHAIRPERSON MEALY: Okay. Just the 60 days?

ANDREA GLICK: That would be helpful.

1  
2 CHAIRPERSON MEALY: - - that's my  
3 legislation. Okay then. You have a question?  
4 Okay. That was my major thing 'cause some things  
5 we do over and over, and if we just eliminate it,  
6 maybe it can help some vendors. So you are saying  
7 right now you don't think of..

8 ANDREA GLICK: I don't think there  
9 are any procurement methods that we think should  
10 be eliminated. I do say that because we work  
11 closely with the agencies, and we do try to think  
12 outside the box whenever possible, if something  
13 comes to us as an RFP, but we think it meets the  
14 requirements that they could be - - acquisition  
15 which could have a shorter timeframe, we would  
16 suggest it and speak to the agency and/or Law  
17 Department if necessary. We always try within the  
18 rules and the laws to sort of push the envelope as  
19 far as possible to do whatever is most appropriate  
20 and the quickest.

21 CHAIRPERSON MEALY: Okay. I just  
22 want to thank Ms. Andrea Glick and her staff. I  
23 hope that we can start really thinking about other  
24 ways to make sure that these processes go very  
25 quacking, and I just want to state on the record

1  
2 again, please look at the micro purchasing to make  
3 sure that no one abuses that. It is a significant  
4 increase that is good for the city, and no other  
5 questions, this meeting is adjourned. I thank you  
6 for coming, our director. Thank you. This  
7 meeting is now adjourned.

8 [gavel]

C E R T I F I C A T E

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

Signature

Kimberley Campbell

Date 6/15/13