

COMMITTEE ON OVERSIGHT AND INVESTIGATIONS
JOINTLY WITH COMMITTEE ON GENERAL WELFARE
JOINTLY WITH COMMITTEE ON FINANCE

JOINTLY WITH COMMITTEE ON CONTRACTS

1

CITY COUNCIL
CITY OF NEW YORK

----- X

TRANSCRIPT OF THE MINUTES

Of the

COMMITTEE ON OVERSIGHT AND
INVESTIGATIONS
JOINTLY WITH COMMITTEE ON GENERAL
WELFARE
JOINTLY WITH COMMITTEE ON FINANCE
JOINTLY WITH COMMITTEE ON CONTRACTS

----- X

December 17, 2024
Start: 10:09 a.m.
Recess: 1:31 p.m.

HELD AT: COUNCIL CHAMBERS - CITY HALL

B E F O R E: Gale A. Brewer, Chairperson of
Committee on Oversight and
Investigations

Diana Ayala, Chairperson of the
Committee on General Welfare

Justin L. Brannan, Chairperson of
the Committee on Finance

Julie Won, Chairperson of the
Committee on Contracts

COUNCIL MEMBERS OF THE COMMITTEE ON OVERSIGHT AND
INVESTIGATIONS:

Diana Ayala
Chris Banks
Rita C. Joseph
Shekar Krishnan

COMMITTEE ON OVERSIGHT AND INVESTIGATIONS
JOINTLY WITH COMMITTEE ON GENERAL WELFARE
JOINTLY WITH COMMITTEE ON FINANCE
JOINTLY WITH COMMITTEE ON CONTRACTS

2

COUNCIL MEMBERS OF THE COMMITTEE ON OVERSIGHT AND
INVESTIGATIONS: (CONTINUED)

Lincoln Restler
Nantasha M. Williams
Julie Won

COUNCIL MEMBERS OF THE COMMITTEE ON GENERAL WELFARE:

Alexa Avilés
Chris Banks
Tiffany Cabán
Chi A. Ossé
Lincoln Restler
Kevin C. Riley
Althea V. Stevens

COUNCIL MEMBERS OF THE COMMITTEE ON FINANCE:

Diana Ayala
Gale A. Brewer
Selvena N. Brooks-Powers
David M. Carr
Amanda Farías
Crystal Hudson
Farrah N. Louis
Francisco P. Moya
Chi A. Ossé
Keith Powers
Yusef Salaam
Althea V. Stevens
Nantasha M. Williams
Julie Won

COUNCIL MEMBERS OF THE COMMITTEE ON CONTRACTS:

Erik D. Bottcher
Althea V. Stevens
Inna Vernikov

OTHER COUNCIL MEMBERS ATTENDING:

Carlina Rivera
Susan Zhuang

COMMITTEE ON OVERSIGHT AND INVESTIGATIONS
JOINTLY WITH COMMITTEE ON GENERAL WELFARE
JOINTLY WITH COMMITTEE ON FINANCE
JOINTLY WITH COMMITTEE ON CONTRACTS

3

A P P E A R A N C E S

Molly Wasow Park, Commissioner of the New York
City Department of Social Services

Bedros Leon Boodanian, Chief Accountability
Officer at the New York City Department of Social
Services

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

Graham Horn, staff attorney with the Shelter and
Economic Stability Project New York Legal
Assistance Group

Kristin Miller, Executive Director of Homeless
Services United

Timothy Pena, Veterans Justice Project

Terry Troia, pastor and President of Project
Hospitality

Barbara Hughes, Executive Director of City Beat
Kitchens at Project Renewal

Pat O'Connell, Friends of the Upper West Side

Elena Ristovski, Director of Operations and
Programs at Marlow Bistro

Sharon Brown Jeter, Rose of Sharon Enterprises

Mount Lacey, disabled veteran

COMMITTEE ON OVERSIGHT AND INVESTIGATIONS
JOINTLY WITH COMMITTEE ON GENERAL WELFARE
JOINTLY WITH COMMITTEE ON FINANCE
JOINTLY WITH COMMITTEE ON CONTRACTS

4

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

Matt Jozwiak, Rething Food

Iman Mansoor Rafiq Umar, President and CEO of
Halal Watch World

COMMITTEE ON OVERSIGHT AND INVESTIGATIONS JOINTLY
WITH COMMITTEE ON GENERAL WELFARE JOINTLY WITH
COMMITTEE ON FINANCE JOINTLY WITH COMMITTEE ON
CONTRACTS

5

1
2 SERGEANT-AT-ARMS: Good morning, this is a
3 microphone check for the Committee on Oversight and
4 Investigation, jointly with General Welfare, Finance,
5 and Contracts. Today's date is December 17, 2024,
6 located in the Chambers, recording done by Pedro
7 Lugo.

8 SERGEANT-AT-ARMS: Good morning and
9 welcome to the New York City Council hearing of the
10 Committees on Oversight and Investigation, jointly
11 with General Welfare, Finance, and Contracts.

12 At this time, can everybody please
13 silence your cell phones.

14 If you wish to testify, please go up to
15 the Sergeant-at-Arms' desk in the back to fill out a
16 testimony slip.

17 At this time and going forward, no one is
18 to approach the dais. I repeat, no one is to approach
19 the dais.

20 Chairs, we are ready to begin.

21 CO-CHAIRPERSON BREWER: Good morning,
22 everyone. [GAVEL] I am Gale Brewer, Chair of the
23 Committee on Oversight and Investigations. I would
24 like to welcome my Co-Chairs for the hearing, the
25 Chair of General Welfare Committee, Deputy Speaker

COMMITTEE ON OVERSIGHT AND INVESTIGATIONS JOINTLY
WITH COMMITTEE ON GENERAL WELFARE JOINTLY WITH
COMMITTEE ON FINANCE JOINTLY WITH COMMITTEE ON
CONTRACTS

6

1
2 Diana Ayala, the Chair of the Finance Committee,
3 Council Member Justin Brannan, and Contracts
4 Committee Chair, Council Member Julie Won, as well as
5 Colleagues who have joined us, Council Members
6 Salaam, Louis, and Hudson.

7 Today, the Committees will be examining
8 the Mayoral Administration's oversight of City-funded
9 homeless shelter providers and legislation sponsored
10 by Council Member Won, which is known as Intro. 979.

11 I think everyone knows that the City
12 spends billions of dollars providing shelter, to
13 their credit, to homeless individuals or unhoused
14 individuals, currently serving an average of 86,000
15 people each night in over 500 shelters. Spending for
16 the Department of Homeless Services, which oversees
17 the shelter system, hit an all-time high of 4 billion
18 in FY24. DHS directly runs a few of these shelter
19 facilities, but the majority are run by non-profit
20 service providers under contract with DHS, under the
21 oversight of DHS. As part of contracts with DHS,
22 providers agree to comply with fiscal management and
23 governance requirements set by the City. In October
24 of this year, 2024, the Department of Investigation,
25 known as DOI, released a report after an extensive

1 review of the compliance risks at 51 non-profit
2 service providers that operate a majority of the
3 City's homeless shelters. The report, which was a
4 follow-up to one that was done in '21, found numerous
5 cases of conflicts of interest, related third-party
6 transactions, nepotism, noncompliance with
7 competitive bidding requirements, and excessive
8 executive compensation, which is really hard to
9 understand. In order to address this, DOI made 32
10 policy and procedure recommendations to address these
11 system-wide vulnerabilities, including 23
12 recommendations that DOI first made as part of their
13 2021 report that I mentioned. In response, the
14 Department of Social Services and the Department of
15 Homeless Services and MOCS, which is the agency that
16 governs much of this in terms of day-to-day,
17 PASSPort, etc., accepted, partially accepted, or
18 rejected the recommendations. We look forward today
19 to finding out what progress has been made in
20 implementing the recommendations the agency has
21 accepted and examining why the agency rejected some
22 of the DOI recommendations.
23

24 I want to just mention, when looking at
25 it, the one that seemed most egregious to me was when

1
2 it says TBA, or there's no listing of a contractor or
3 subcontractor. That should be rejected. On the other
4 hand, I'm very conscious of the fact that it's hard
5 to get the City to pay, and what you don't want is
6 agencies not to be paid as a result of the money
7 that's already been allocated by the non-profit so
8 it's a hard issue to address. I'm aware of that. I'm
9 big on AI. I think it would solve all your problems
10 in that aspect.

11 I want to thank the Committee Staff,
12 Nicole Catá, Alex Yablon, and here, Erica Cohen, for
13 their work in putting this hearing together, as well
14 as Sam Goldsmith, who is the Communications and
15 Policy Director in my office.

16 I will now turn this hearing over to
17 Chair Ayala to give her opening statement and then
18 others will follow.

19 CO-CHAIRPERSON AYALA: Thank you, Chair
20 Brewer, and good morning, everyone. My name is Diana
21 Ayala, and I am the Deputy Speaker of the New York
22 City Council and the Chair of the General Welfare
23 Committee.

24 As the Chair of the Committee on General
25 Welfare, I believe it is imperative that our shelter

1
2 systems not only serve individuals seeking shelter in
3 an efficient and effective manner, but also that DSS
4 and DHS are able to support this work in a
5 transparent and accountable way. As Chair Brewer
6 mentioned, our four Committees are here today to
7 discuss the troubling findings of the recently
8 released report for the Department of Investigations
9 on Oversight of Shelter Providers and the issues
10 related to compliance with existing contracts and
11 City policies. We are looking forward to hearing from
12 representatives of DSS and DHS about the findings in
13 the report as well as the recommendations provided. I
14 know my Colleagues would agree that we at the City
15 Council look forward to collaborating with our
16 partners at DSS to better serve New Yorkers and to
17 ensure that all compliance requirements are met.

18 Additionally, we will be hearing today a
19 bill in General Welfare, Introduction 979, sponsored
20 by Chair Won, in relation to reporting on shelter
21 food consumption and providing the repeal thereof. We
22 look forward to hearing the Administration's thoughts
23 on this legislation as well.

24 I would like to thank my fellow Committee
25 Chairs for coming together for this important hearing

COMMITTEE ON OVERSIGHT AND INVESTIGATIONS JOINTLY
WITH COMMITTEE ON GENERAL WELFARE JOINTLY WITH
COMMITTEE ON FINANCE JOINTLY WITH COMMITTEE ON
CONTRACTS

10

1 today, and I would also like to thank the Committee
2 Staff from all four Committees who worked hard to
3 prepare this hearing, including Committee Staff for
4 General Welfare, Sahar Moazami, Legislative Council;
5 Nina Rosenberg, Policy Analyst; Julia Haramis, Unit
6 Head; Phariha Rahman, Finance Analyst; Andrew Skol,
7 Data Analyst; and finally my Staff, Elsie
8 Encarnacion, Chief-of-Staff.

9
10 I would now like to turn it to Chair
11 Brannan for his opening statement.

12 CO-CHAIRPERSON BRANNAN: Thank you, Deputy
13 Speaker Ayala, and good morning.

14 Along with my Co-Chairs, I'm eager to
15 discuss the Department of Investigation's report and
16 recommendations. I'm also eager to address the
17 unacceptable findings of the ongoing compliance and
18 governance issues that have led to the misuse of
19 public funding in providing the essential services of
20 temporary shelter. As Chair of the Finance Committee,
21 I look forward to a robust discussion around the need
22 for strong oversight mechanisms to ensure municipal
23 funds are used for the purposes for which they are
24 directed and intended. The Administration has the
25 duty and responsibility to manage City funds with

1
2 prudence to ensure City funds authorized for public
3 services are in fact serving the public, not friends,
4 family, or private interests. It concerns me greatly
5 that our City can't get their act together long
6 enough to pay our critical human service non-profit
7 sector on time for critical services rendered, and
8 yet blank checks to outside vendors and no-bid
9 emergency contracts seem to flow like a never-ending
10 freshwater stream through City Hall. As mentioned by
11 my Co-Chairs, the public services contracts
12 implicated in today's discussions are some of the
13 largest the City enters in terms of cost. They demand
14 careful inspection from the Council and close
15 attention from the agencies charged with procuring
16 and monitoring them. Recommendations from DOI to
17 ensure the lawful and prudent use of public funds in
18 connection with these contracts deserve both scrutiny
19 and quick action. I look forward to a productive
20 hearing and learning more about how DSS, DHS, and
21 MOCS are working together to root out the issues
22 uncovered in DOI's investigations. Ultimately, when
23 the dust settles and the frantic fog of an emergency
24 subsides, every single dime of taxpayer money still
25 must be accounted for. This is not monopoly money.

COMMITTEE ON OVERSIGHT AND INVESTIGATIONS JOINTLY
WITH COMMITTEE ON GENERAL WELFARE JOINTLY WITH
COMMITTEE ON FINANCE JOINTLY WITH COMMITTEE ON
CONTRACTS

12

1
2 Lax procurement oversight and little to no safeguards
3 against corruption only serve to further erode public
4 trust in our local government and systems. I'm
5 grateful to the Staff who put this hearing together
6 and worked hard behind the scenes, including Staff of
7 the Finance Division in preparation for this hearing,
8 Counsel to the Division, Nick Connell, and Financial
9 Analysts Phariha Rahman, Michael Sherman, and Owen
10 Katowski.

11 I'll now turn it over to Chair Won for
12 her opening remarks.

13 CO-CHAIRPERSON WON: Thank you so much,
14 Chairs Brewer, Ayala, and Brannan, for convening this
15 important hearing and for your leadership on this
16 critical issue. My name is Julie Won, and I have the
17 privilege of Chairing the Council's Committee on
18 Contracts.

19 As we've heard, today's hearing examines
20 deeply concerning issues for the City's oversight of
21 shelter providers. From my Committee's perspective, I
22 want to focus particularly on contracting and
23 procurement challenges identified in DOI's report. I
24 am so proud to sponsor Intro. 979, which would
25 require annual reporting on food consumption in

1 shelters and recommendations for improving both food
2 quality and cost effectiveness. Given that food
3 service is one of the key contracted services in our
4 shelter system and a basic necessity for survival,
5 this data will be invaluable for evaluating vendor
6 performance and ensuring we're getting the best value
7 for residents and taxpayers. Beyond the troubling
8 invoice and payment issues my Colleagues have
9 mentioned, I'm particularly concerned about the
10 concentration of contracts among just 17 non-profit
11 contractors that comprise 65 percent of the City's
12 non-migrant shelter capacity. This creates
13 significant systemic risk that must be addressed
14 through our procurement strategy. If any one of these
15 major providers were to face operational challenges
16 or have their contracts terminated, we could lose
17 thousands of shelter beds overnight. The City needs a
18 clear contingency plan for such scenarios. I'm also
19 deeply troubled by DOI's findings about the City's
20 payment and oversight process. When providers can
21 submit and receive approval for invoices with over
22 117 million in unspecified vendors, it suggests a
23 fundamental weakness in the City's contract
24 management systems. These gaps are particularly
25

1
2 concerning given that shelter contracts represent
3 three of the City's top ten largest contracts overall
4 and nine of the top ten largest human services
5 contracts.

6 The planned transition of emergency
7 shelter operations back to DHS by FY 2026 adds
8 another layer of complexity to these procurement
9 challenges. While these consolidations may offer
10 opportunities to strengthen oversight, it will
11 require careful planning and robust contract
12 management protocols to execute successfully. We need
13 to ensure our procurement approach anticipates and
14 addresses potential challenges before they arise. The
15 Committee will be particularly interested in hearing
16 how DSS, DHS, and MOCS plan to implement DOI's
17 recommendations regarding vendor integrity,
18 monitoring, and contract oversight. We need specific
19 details about how the City will strengthen its review
20 processes while ensuring timely payment to the
21 providers who deliver these essential services.

22 Before we begin, I would like to thank
23 Senior Counsel Alex Paulenoff; Policy Analyst Alex
24 Yablon; Senior Financial Analyst Owen Katowski; Unit
25 Head Jack Story; and all the other Committee Staff

COMMITTEE ON OVERSIGHT AND INVESTIGATIONS JOINTLY
WITH COMMITTEE ON GENERAL WELFARE JOINTLY WITH
COMMITTEE ON FINANCE JOINTLY WITH COMMITTEE ON
CONTRACTS

15

Members for their hard work in putting this hearing
together. Thank you.

CO-CHAIRPERSON BREWER: Thank you very
much. Before I turn it over to Committee Counsel to
administrate the oath, I want to say thank you for
joining us, Council Member Fariás, Cabán, Avilés,
Carr, and Ossé, but also on Zoom, Moya, and Brooks-
Powers, and I'll turn it over to Counsel. Thank you
very much.

COMMITTEE COUNSEL: Will you please raise
your right hand?

Do you affirm to tell the truth, the
whole truth, and nothing but the truth before these
Committees and to respond honestly to Council Member
questions?

COMMISSIONER WASOW PARK: I do.

SPECIAL COUNSEL DIAMOND: I do.

CHIEF ACCOUNTABILITY OFFICER BOODANIAN: I
do.

COMMITTEE COUNSEL: Thank you. You can
begin when ready.

COMMISSIONER WASOW PARK: Good morning. I
want to thank the City Council's Committees on
Oversight and Investigations, General Welfare,

COMMITTEE ON OVERSIGHT AND INVESTIGATIONS JOINTLY
WITH COMMITTEE ON GENERAL WELFARE JOINTLY WITH
COMMITTEE ON FINANCE JOINTLY WITH COMMITTEE ON
CONTRACTS

16

1
2 Finance, and Contracts, Chairs Brewer, Ayala,
3 Brannan, and Won, for organizing today's hearing on
4 Administration Oversight of City-Funded Homeless
5 Shelter Providers. My name is Molly Wasow Park, and I
6 serve as the Commissioner of the Department of Social
7 Services, DSS, which is made up of the Human
8 Resources Administration and the Department of
9 Homeless Services. I'm joined today by Bedros Leon
10 Boodanian, Chief Accountability Officer at the
11 Department of Social Services, and Charles Diamond,
12 Special Counsel at the Mayor's Office of Contract
13 Services.

14 The New York City Department of Social
15 Services is the nation's largest social services
16 agency, and DHS is the nation's largest and most
17 comprehensive municipal shelter system. DHS serves
18 individuals and families experiencing homelessness,
19 and through our shelters and programs, we support
20 people through a traumatic and challenging moment in
21 their lives. Working to prevent homelessness and
22 provide shelter to adults and families, we partner
23 with providers to deliver housing, support, and help
24 in the transition toward safe permanent housing. The
25 Mayor's Office of Contract Services, MOCS, is

1
2 dedicated to optimizing existing operations and
3 transforming processes to make it easier to do
4 business with the City. MOCS's mission is to lead
5 procurement transformation by leveraging expertise,
6 innovation, and a results-oriented mindset. DSS works
7 with MOCS to strengthen transparency and
8 accountability in the procurement process. I
9 appreciate the opportunity to review our oversight of
10 City-funded homeless shelter providers with you
11 today.

12 The overwhelming majority of DHS shelters
13 are operated by a network of experienced temporary
14 housing providers under contract with the agency.
15 Each of these contracted providers has been selected
16 and vetted through our open-ended RFP process that
17 factors in capacity, experience, and site location,
18 among other things. During the course of the provider
19 contract, DSS Agency Chief Contracting Officer, the
20 ACCO, and the Accountability Office, also known as
21 AO, along with DHS Shelter Operations, regularly
22 engage with the shelter provider to ensure compliance
23 with contract terms and quality of services. Serving
24 those experiencing homelessness is incredibly
25 important human services work, and the overwhelming

1 majority of the not-for-profit partners and community
2 organizations, made up of countless social workers,
3 housing specialists, lawyers, clinicians, public
4 servants, and many more, are engaged in this work for
5 exactly the right reasons. We want to lift our fellow
6 New Yorkers up, deliver assistance through a
7 vulnerable moment, and help our neighbors.

9 At DSS, we recognize the importance of
10 accountability. In most instances, providers are
11 trying to do the right thing, and we understand that
12 compliance is complex. Our goal and our approach to
13 compliance is to support providers and, where
14 necessary, help serve as a constructive partner in
15 getting them to a place where they can succeed
16 through remediation. Our structure of proactive
17 contract monitoring focuses on three compliance
18 tenets, evaluate, monitor, and remediate.

19 DSS uses and has expanded the scope of
20 evaluation strategies to include audits, risk
21 assessments, performance reporting, research, and
22 investigations. DSS is expanding the evaluation
23 strategy to include real-time secondary invoice
24 review for high-risk categories. This expanded
25 evaluation strategy includes review by executive

1 staff and contract managers, including our Vendor
2 Management Committee.
3

4 On monitoring, DSS recently created a
5 Corrective Action Planning Office designed to monitor
6 and evaluate corrective actions stemming from
7 internal and external audits, investigations, and
8 reviews. This includes tracking compliance for DHS
9 vendors that have been placed on corrective action
10 plans. CAPO tracks issues, ensuring completion and
11 compliance, and notes repeat issues across providers
12 or programs. DHS uses policies and procedures, direct
13 memos to providers, and training as remediation
14 strategies. In 2025, compliance-related issues will
15 be incorporated into more provider trainings. Recent
16 trainings include the comprehensive MOCS standard
17 invoice review policy training for all contract
18 managers. Recent policies and guidance include the
19 citywide anti-nepotism policy, timekeeping
20 requirements, allocation methodology, and more. Also
21 in 2025, the agency will be creating a new unit of
22 field staff to assist high-risk providers on various
23 compliance-related matters.

24 The Department of Investigation commenced
25 its investigation of the DHS provider contract

1
2 process in 2021. During the multiyear investigation,
3 DSS DHS made every effort to work with DOI to ensure
4 the investigation factored in the most accurate and
5 current information. In fact, DSS DHS served as a
6 partner in presenting the processes we undertake to
7 scrutinize vendors, flag problems, and follow up
8 where standards are not being met. In October 2024,
9 DOI published its Shelter Provider Report. While the
10 report highlights much of the multiyear engagement
11 between our agencies, I believe the report did not
12 wholly convey the operational and regulatory context
13 DSS operates within, delineate changes over time so
14 as to reflect current DSS DHS operations, or present
15 the proactive role DSS plays in detecting,
16 investigating, and holding vendors to account.

17 With respect to the operational and
18 regulatory context within which DSS operates, I will
19 share that the larger landscape of oversight and
20 regulation feeds into DOI observations in ways that
21 are not taken into account in the report. For
22 instance, in discussing non-profit executive
23 salaries, two points are particularly salient. First,
24 DSS does not directly pay not-for-profit executive
25 salaries. Agency leadership is considered an overhead

1 cost that is paid out of the provider's indirect
2 rate. That indirect cost reimbursement goes towards
3 central staff costs as well as other costs like
4 office space and supplies. Second, some providers may
5 have operations that extend well beyond the contracts
6 they hold with DSS, which means the agency cannot
7 issue unilateral directives on executive
8 compensation.
9

10 The DOI report also failed to take
11 account of New York State's shared role in oversight
12 and enforcement. New York State has broad oversight
13 authority over not-for-profits, and state-level
14 actors can play a constructive role in ensuring not-
15 for-profits meet their legal obligations, exercising
16 State authority to enjoin, void, or rescind a related
17 party transaction.

18 With respect to current DSS operations,
19 DSS had already taken steps to address problematic
20 providers that the DOI report identifies. Well before
21 the report was released, or in some instances, before
22 the report was initiated, DSS had completely ceased
23 doing business with some providers, for example,
24 CORE, CCS, and SoBro, and has placed other providers
25 on closely monitored corrective action plans, Bronx

1
2 Parent and Acacia. DSS places vendors on Corrective
3 Action Plans, CAPs, when the vendor is experiencing
4 serious challenges, which could be related to
5 organizational structure, fiscal compliance, or other
6 compliance issues. These CAPs are specifically
7 drafted to address each vendor's unique issues.
8 Vendors are required to immediately address the
9 problems led to the CAP and must submit quarterly
10 reporting demonstrating CAP compliance for up to five
11 years. DSS closely monitors CAP quarterly submissions
12 and communicates with the vendor to remedy any
13 failures of CAP compliance.

14 With respect to the proactive role DSS
15 plays in detecting, investigating, and holding
16 vendors to account, the DOI report does not
17 acknowledge the manifold ways that DSS has been
18 integral to this process. DSS may flag potential
19 fiscal mismanagement or malfeasance, initiate
20 investigations, or demand forensic audits, all of
21 which comprise essential elements of bringing
22 problems to light and holding providers who fail to
23 meet their legal obligations accountable. DSS has
24 been a proactive participant in enforcing compliance

up to and including making referrals to DOI for
further investigation.

But beyond identifying bad actors, DSS works to foster and build the City's capacity to engage with vendors who uphold the rules. DSS is an active part of the City's Vendor Compliance Cabinet, sharing best practices, developing risk metrics, and constructively partnering to advance citywide policies to advance contract monitoring and oversight citywide. We understand that working across our City with fellow public procurement and contracting professionals, we contribute to building a more robust ecosystem of reliable vendors.

Turning our attention to the legislation being heard today, Introduction 979 would require annual reports for five years as to shelter food consumption. The proposed study would include assessing the quality of food for each shelter, calculating the percent of food consumed relative to the amount of food served at each shelter and at shelters in the aggregate, providing recommendations for more cost-effective food provision, and providing recommendations on improving quality of food at shelters. We share the Council's goal of ensuring

1 clients are served nutritious, healthy food that
2 meets New York City food standards, but do not feel
3 that the proposed legislation as drafted would be a
4 productive use of City resources to assist in meeting
5 our shared goal. We would like to engage in a more
6 in-depth discussion on the work underway at DSS to
7 upgrade our monitoring of food quality and how this
8 legislation could potentially complement those
9 efforts. Operationally, we want to ensure that we can
10 deliver reliable data. The parameters the legislation
11 sets out around calculating food consumed by shelter
12 site would be particularly challenging to
13 operationalize. There are also important technical
14 modifications that we would highlight. In addition to
15 making sure the metrics can be operationalized by
16 providers, we would seek to include appropriate
17 provisions for New York State laws on privacy and
18 avoiding identifying locations of residential
19 programs for victims of domestic violence.
20

21 I will conclude by saying that DSS aims
22 for providers to comply with all their contractual,
23 legal, and regulatory obligations, and more broadly,
24 to nurture a culture of ethics and accountability. At
25 DSS, we understand the need for our partners to

1 deliver for our clients. Thank you for the
2 opportunity to testify today. We are happy to take
3 your questions.
4

5 CO-CHAIRPERSON BREWER: Thank you. We've
6 been joined by Council Member Williams and Powers.

7 I'll start and then turn it over to my
8 Colleagues. I'll just do a few because I know there
9 are a lot of us.

10 I want to thank you, Commissioner. I also
11 want to thank Director Carter for always answering my
12 emails, and I like you, too, but you always say no,
13 Commissioner. I just want to let you know. Just FYI.

14 To date, how many providers does the
15 department fund to provide shelter services? I don't
16 think it said so in your material.

17 COMMISSIONER WASOW PARK: We are working
18 with 87 different providers.

19 CO-CHAIRPERSON BREWER: 87, okay. What is
20 the current budget for the DHS devoted to providing
21 shelter through non-profit providers?

22 COMMISSIONER WASOW PARK: The total budget
23 for the agency is about 4 billion. We'll get back to
24 you with the specifics on how that breaks out with
25 PS, separating out the streets, other things like

COMMITTEE ON OVERSIGHT AND INVESTIGATIONS JOINTLY
WITH COMMITTEE ON GENERAL WELFARE JOINTLY WITH
COMMITTEE ON FINANCE JOINTLY WITH COMMITTEE ON
CONTRACTS

26

1
2 that. I'm sorry. We got the specific budget questions
3 fairly late yesterday so we'll need to circle back.

4 CO-CHAIRPERSON BREWER: Are all of the 87
5 non-profits or are you running some?

6 COMMISSIONER WASOW PARK: The 87 are the
7 contracted agencies. We also operate, I believe, it's
8 eight sites directly.

9 CO-CHAIRPERSON BREWER: Eight? So 87 plus
10 eight?

11 COMMISSIONER WASOW PARK: Yeah. Many of
12 the shelter providers within that 87 operate more
13 than one shelter, certainly, so it's 87 contracted
14 entities.

15 CO-CHAIRPERSON BREWER: I understand that.
16 How many separate units within DHS or DSS combined
17 are involved in the contracting process with
18 providers? How many separate units?

19 COMMISSIONER WASOW PARK: So, it's really
20 embedded throughout what we do. I would divide it
21 high level into three different categories of areas
22 where there is contract monitoring and engagement,
23 but it starts very much with the DHS staff, right, so
24 the way we are structured, we have program analysts
25 reporting up to program administrators, each of whom

1
2 have a portfolio of providers. They are out on the
3 sites on a regular basis. Their job is to observe
4 what is going on, make sure that policies and
5 procedures are being followed, provide technical
6 assistance. They are doing both performance
7 management and contract management so they are
8 looking, for example, at how many move-outs,
9 permanent housing placements that each shelter is
10 doing. They are also doing the invoice review for
11 providers.

12 CO-CHAIRPERSON BREWER: Let's talk about
13 that invoice issue then. Go ahead.

14 COMMISSIONER WASOW PARK: Let me give the
15 landscape of how we are addressing contract
16 management. So, the DHS frontline staff are very much
17 embedded in that contract management process and
18 making sure that providers, whether financially or
19 programmatically, are doing what they are supposed to
20 do.

21 We also have our accountability office.
22 As I mentioned, I'm joined here by our Chief
23 Accountability Officer. They are filling a range of
24 different functions so they are recommending
25 providers for enhanced review. This is a citywide

1
2 structure where providers that have run into some
3 level of challenge on financial management have a
4 higher level of scrutiny before invoices are
5 approved. They are doing independent audits
6 contracted with third-party auditors. They are
7 monitoring incident data so this is issues that come
8 up on site. We are mandated to report those to the
9 State. They are looking at that incident data, make
10 sure we are complying with our reporting requirements
11 and looking at any patterns. They have, as I
12 mentioned in my testimony, our Vendor Management
13 Committee. This brings together people from all
14 across the agency to make sure that we aren't losing
15 sight of either issues or potential solutions in our
16 programmatic silos across DHS and HRA. They have an
17 investigative team to be able to do in-depth follow-
18 up on particular issues that might be identified, and
19 then they monitor and track the CAPs, corrective
20 action plans.

21 And then the third very important piece
22 of our contract management component is our Agency
23 Chief Contracting Officer, our ACCO. They are
24 obviously the ones doing the actual hands-on work of
25 contracting with our providers. That includes, among

1
2 many other pieces of it, the responsibility
3 determination, which is part of the citywide process
4 that looks at the vendors' ultimate accountability
5 with various requirements.

6 CO-CHAIRPERSON BREWER: Okay. Back to my
7 AI question. I mean, why wouldn't that be helpful? Or
8 maybe you're already doing it with some of the..
9 particularly, I would say, the oversight of what is
10 presented from the non-profits?

11 COMMISSIONER WASOW PARK: Interesting
12 suggestion. I have to say I don't know that we've
13 specifically looked at AI, although I will let my
14 MOCS colleague chime in. I will say, you know, we
15 take invoice review very seriously. What is submitted
16 can look very different from provider to provider,
17 right? We are looking for the same..

18 CO-CHAIRPERSON BREWER: Right, from
19 Council Member to Council Member, yes.

20 COMMISSIONER WASOW PARK: We are looking
21 for specific documentation. We don't always prescribe
22 exactly the same format because we want to give
23 providers some level of flexibility. To address the
24 issue that you raised in your opening statement and
25 that was in the DOI report about the 117 million

1
2 dollars that didn't have a vendor attached to it, a
3 couple of things. First, we actually did go in,
4 pulled the backup on a number of those different
5 instances. In every case that we looked at, the
6 backup with the appropriate vendor was attached to
7 the case. What was missing was the name of the vendor
8 listed in the system. That doesn't make it okay, but
9 we did not find any instances associated with that of
10 inappropriate payments. We can still do better. We
11 are doing better. The City has rolled out the
12 PASSPort system for invoice payments since the DOI
13 investigation was done. Through those system changes
14 that was made and the staff training that went along
15 with that, there's no longer an opportunity to make a
16 payment if that vendor isn't listed actually in the
17 system. I do want to really emphasize that although
18 it was a problem that we did not accurately list the
19 vendor in the system, there was no associated.. we did
20 not identify any instance of mispayment in those
21 cases.

22 CO-CHAIRPERSON BREWER: AI would have
23 caught it, just FYI.

24 SPECIAL COUNSEL DIAMOND: Chair, if I may...

25

1
2 CO-CHAIRPERSON BREWER: I'm big on AI as
3 you can see. Go ahead. I use it all the time. I love
4 it.

5 SPECIAL COUNSEL DIAMOND: And I think
6 exactly that. We're also big on AI. There are
7 challenges. I think just as the Commissioner just
8 said, in particular from MOCS' perspective, I think
9 equity is a concern when we talk about AI. We've done
10 so much work to reverse the horrible, horrible
11 statistics that we saw in the city for its
12 contracting, and we're finally at a place where we're
13 meeting the goals that we've had, but we have a lot
14 more work to do, and we can't let AI take that
15 backwards, but I'd say we're looking at AI in all
16 aspects when it comes to writing solicitations,
17 reading solicitations, invoice review. It's at an
18 early stage still, but as part of our procurement
19 reform portfolio, that is absolutely something that
20 is top of mind, and we've had discussions with
21 various Commissioners about how they think it might
22 help their contracting team so under active
23 discussion.

24 CO-CHAIRPERSON BREWER: All right. I won't
25 belabor it. How long, just generally, for some of

1 these contracts with the non-profit providers, how
2 long are the contract terms, and then I think you
3 answered this, but the scheduled check-ins to review
4 the status of the contracts, how is that actually
5 done? The length and the check-in?

7 COMMISSIONER WASOW PARK: So, we have two
8 typical human service contracts, and there are
9 contracts that we have with cleaning vendors and
10 things like that that might look slightly different,
11 but I'm speaking specifically about the human
12 services. The bulk of them are five-year contracts
13 with a four-year renewal period so that is the
14 majority of what we have. We have also increasingly
15 been doing what we refer to as our not-for-profit-
16 owned contract model for shelters. These are longer
17 term, generally 30-year contracts where the not-for-
18 profit is able to use the term of that contract to
19 leverage private debt and then do their own shelter
20 development so rather than leasing a site from a for-
21 profit landlord, that they are able to develop and
22 build their own site. I am very excited about that
23 model. I think it offers a lot of benefits. The not-
24 for-profits control their own destiny. The real
25 estate is an asset on their balance sheet. They are

1
2 responsible for doing their own maintenance and
3 operation. They are not at the whim of any private
4 landlord, so that is a benefit to the not-for-profit.
5 It is a benefit to the client because the buildings
6 are being built as shelter. They are not an
7 adaptation of something that may or may not have the
8 appropriate community service space, recreation
9 space, things like that, and they are a value to the
10 City because we are paying a fixed real estate cost
11 over a 30-year period. In the nine-year contracts,
12 there is a rent escalator every three years, and then
13 obviously at the nine-year mark, there is an
14 opportunity for the landlord to renegotiate so it is
15 cost effective for us to do those longer-term
16 contracts. It does make for very large contracts, and
17 I know that has gotten some attention, but they are,
18 at the end of the day, quite cost effective. We have
19 43 of those ranging from in operation to in the pre-
20 development stage.

21 CO-CHAIRPERSON BREWER: Also, how long do
22 the audits take? That is the other question I had.
23 Same issue. How long does an audit typically take
24 when you audit the providers?
25

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

COMMISSIONER WASOW PARK: I will let my
colleague chime in, but that is something that is
going to vary tremendously depending on the scope of
both the audit itself and the provider. If we are
doing an audit, if our third-party contracted auditor
is doing, or City or State Comptroller is doing an
audit of a particular shelter, that might be
relatively quick. If they are doing an audit of a
provider with a large footprint, that is going to
take a lot longer.

CHIEF ACCOUNTABILITY OFFICER BOODANIAN:
Thank you, Chair. Yes, so in terms of our audits, our
audit cycles, we try to limit them to a particular
year for a fiscal year we are evaluating. To further
illustrate that, from 2022 to 2024, we performed
fiscal audits for two fiscal years where the audits
we oversaw, there were 186 of them, and auditors
tested 350 million dollars of invoices.

CO-CHAIRPERSON BREWER: So, you are trying
to keep the 186 within that fiscal year is what you
are saying?

CHIEF ACCOUNTABILITY OFFICER BOODANIAN:
That was over a little more than two years, and that

1 was two fiscal years. It was Fiscal Year 2020 and
2 Fiscal Year 2021.

3
4 CO-CHAIRPERSON BREWER: Okay. And one more
5 question, then turn it over to my Colleagues. So, I
6 think the issue, of course, this is both MOCS and
7 DSS, but the issue is when you submit an expense
8 report that has errors, obviously we want the errors
9 to be corrected, we want the expense report to be
10 correct, but what is the typical process for
11 correcting the error, and how long does that take?
12 Now, also you hear people are borrowing money to be
13 able to pay so that they can pay their staff, and
14 then, of course, they have to pay the interest on
15 that borrowing so there's a lot of concern from the
16 non-profit community. MOCS hears about this all the
17 time. DSS hears about this all the time. I hear about
18 this all the time. So, the question is, I mean,
19 there's an error, then there's an error. There's the
20 punctuation error, and then there's the serious
21 financial error. So, I just wonder how are you
22 dealing with the timeframe and how just generally are
23 you trying to speed up both maybe you need more
24 staff, obviously you want to make sure, and that's
25 what the report is all about, that it's done

1
2 correctly, so just give me a little sense of the
3 timing and how you're dealing with the insignificant
4 errors versus the real errors, and how are we going
5 to deal with some of these non-profits that are
6 paying a gazillion dollars, 28,000 dollars a month,
7 I'm not going to mention which one, but that's
8 somebody who's doing that, just to borrow the money
9 to pay the staff until they get reimbursed.

10 COMMISSIONER WASOW PARK: Thank you,
11 Council Member. I think you hit on the tension very
12 well. We want to do things carefully and with
13 thorough review and also quickly, and those two
14 things are sometimes in conflict. So, let me describe
15 what we do now and some of the changes we're making,
16 and then I'll ask my colleagues to chime in. For
17 family providers, so that's both families with
18 children and also adult families, they are typically
19 paid up front. At the beginning of the month, we'd
20 make what is called a care day advance so that is a
21 State-approved per diem times the number of beds, and
22 they get that up front. To the extent that they have
23 any additional expenses that aren't incorporated into
24 that State per diem, then they invoice after the
25 fact, and we will review and approve.

1
2 For single adult and street providers,
3 it's only that after-the-fact invoice process so they
4 typically invoice at the middle of the following
5 month, so right now we're starting to get the
6 November invoices, for example.

7 For a provider that is not on enhanced
8 review, we will do a fairly top-line prepayment
9 review, looking at some payroll records, a few other
10 high-level checks and balances, and then more of that
11 review process happens after payment so we do a post-
12 payment audit.

13 For providers that are on enhanced
14 review, which as I mentioned, anybody who has had
15 certain levels of financial challenges in the past,
16 then we are doing a more thorough review up front.
17 How long that process takes can vary substantially,
18 again, based on enhanced review or not enhanced
19 review, how complicated the invoice is, but we are
20 actively working with MOCS right now. They've been
21 issuing guidance that allows us to be a bit more
22 nimble. For example, they just put out guidance on
23 how to make a partial payment, right, so that if a
24 part of the invoice is fine, a part of the invoice
25 has some challenges, that we can move forward with

1 the part that is fine. We appreciate their guidance.
2 We absolutely recognize that we are in a challenging
3 place with respect to payments right now. The City
4 last year migrated to the PASSPort system for invoice
5 review. I am fully confident in the long run that
6 that is going to make all of our lives better, more
7 efficient, and more accountable, but it has been a
8 challenging migration. In addition, DHS has 50
9 percent more contracts than it did a couple of years
10 ago, so that's also challenging. We are working with
11 MOCS on really a full court press to make sure that
12 we are getting payments out to non-profits as quickly
13 as possible while retaining that accountability. Just
14 to put a little bit of context on it, since the
15 beginning of November, so about a six-week period,
16 DHS has paid 288 million dollars and HRA another 68
17 million dollars so we are working on getting money
18 out to our provider community. We know we have more
19 work to do. We are committed to it and to really
20 balancing that with the accountability.

21
22 CO-CHAIRPERSON BREWER: On the non-
23 enhanced, do you have some sense of how many have had
24 to borrow and what their cost is of doing that? Is
25 that something you track?

1
2 COMMISSIONER WASOW PARK: We don't track
3 it on a quantitative basis. Certainly, we have heard
4 that from providers as well. I am aware, and this is
5 a top priority for the agency that we need to do
6 better.

7 CO-CHAIRPERSON BREWER: It is a waste of
8 money. It is just a total waste of money.

9 COMMISSIONER WASOW PARK: The agency
10 absolutely needs to do better on balancing that
11 accountability and prompt payment.

12 CO-CHAIRPERSON BREWER: Is that something
13 that you could get us in terms of that information?

14 COMMISSIONER WASOW PARK: We can do a
15 survey of our providers.

16 CO-CHAIRPERSON BREWER: I would appreciate
17 that. I think it would help all of us to understand
18 what the real issue is. I am not talking about the
19 enhanced, but particularly for the non-enhanced, as
20 you call them.

21 Now, I want to turn it over to my Council
22 Member, but I first want to recognize Council Member
23 Restler, Zhuang, Bottcher, and Vernikov and Council
24 Member Ayala.

1
2 CO-CHAIRPERSON AYALA: Thank you, Chair
3 Brewer. How does DHS ensure that providers are
4 complying with other requirements, such as the
5 requirements around record retention, conflicts of
6 interest, and nepotism?

7 COMMISSIONER WASOW PARK: Sure. There are
8 a number of disclosures that are required when
9 renewing a contract, entering into a contract. These
10 are policies, some of which are in place already,
11 some of which are things that we are building out. I
12 will let my MOCS colleagues chime in as well. Let me
13 pause for a minute on the nepotism one, which I think
14 is particularly challenging. Nepotism is obviously a
15 word that has very negative connotations. In
16 practice, what we found is it can mean a variety of
17 different things. We have instances and have seen
18 instances where two siblings are motivated by the
19 desire to serve their communities, found an
20 organization together. That is not inherently a bad
21 thing. We have also seen instances where a parent
22 gives their child a no-show job, and that is clearly
23 a huge problem. We want to make sure that we are
24 doing an adequate review of individual circumstances.
25 DHS created a nepotism policy that dictates how we do

1 those individual reviews and sets out clear guidance
2 for the provider community. That DSS policy
3 ultimately became the basis for the citywide nepotism
4 policy. If there are related parties in the
5 leadership of an organization, they need to submit a
6 waiver request to MOCS. MOCS reviews it, the agency
7 reviews it, and we determine whether or not to grant
8 it. I will let MOCS chime in on some more of that.

10 SPECIAL COUNSEL DIAMOND: Yes, indeed. I
11 would say that, as the Commissioner just said, that
12 DHS policy really rolled up into becoming what is now
13 a citywide policy that became effective in April of
14 2024. There is that new anti-nepotism policy. I would
15 take a step back and say this has all come out of the
16 growth of, as referenced in the DOI report, the
17 beginning of the MOCS Vendor Integrity Unit, which is
18 housed within MOCS, and then the Vendor Compliance
19 Cabinet, which is Co-Chaired by Director Flores of
20 MOCS and Executive Director Lubeck of MORMC. It has
21 our procuring agencies. It has the Law Department.
22 MONS and Law will come in and give support. Through
23 that clearinghouse, we have developed this anti-
24 nepotism policy that DHS was the leader on. Then we
25 have, that are really right at the final stages, our

1
2 conflicts of interest policy specific to that issue,
3 and then a related party transactions specific
4 policy. This VCC, the Vendor Compliance Cabinet, is
5 really something that has desperately been needed and
6 something that we are really looking forward to
7 expanding. It is in Stage 1, as we are building these
8 out. It has developed a charter to have stakeholders
9 understand these policies. These policies have been
10 discussed with vendors for over a year. No more
11 surprises. No more, oh, my gosh, what do I have to
12 do? That is certainly the goal. We have our anti-
13 nepotism policy that is active and effective. We have
14 an enhanced conflict of interest and enhanced related
15 party transaction policy that is at that final stage.
16 Actually, the Vendor Compliance Cabinet meets this
17 afternoon on those two policies. All of these exact
18 issues, I think the Commissioner phrased it very
19 well, it is somewhat more nuanced. We use the word
20 nepotism as obviously inherently awful, and that no-
21 show job she described, that is going to be violative
22 of 15 other parts of your contract, but we have got
23 to give our agencies the tools to find this stuff
24 out. I think crucially, as Chair Brewer said, do it
25 not at the invoice stage. All of these policies, all

1
2 of these things are things that can start to be done
3 at the prequalification stage, the responsibility
4 stage, things that can be done so that how can we
5 minimize risk to the greatest extent possible without
6 slowing anything down, because as we know, the system
7 is already inherently way too slow so we cannot
8 afford to just hit it with a hammer, but it is very
9 exciting with the Vendor Compliance Cabinet to have
10 already had an effective policy out. We have got more
11 in the pipeline, and there are also things
12 surrounding that that are still on work.

13 CO-CHAIRPERSON AYALA: Is the nepotism
14 policy just for leadership?

15 COMMISSIONER WASOW PARK: So, it addresses
16 supervisory lines, right? If there are two
17 caseworkers from the same family, frontline staff
18 people, that is not inherently a problem.

19 CO-CHAIRPERSON AYALA: Okay. Because I
20 have heard and I have had situations where folks have
21 in conversation brought up, like I work at the
22 shelter, and my supervisor hired his cousin who now
23 runs, is managing the program, and then she hired her
24 sister, and so those people would not necessarily be

1
2 in leadership but when the whole family is running
3 the shelter, then it can become problematic.

4 COMMISSIONER WASOW PARK: Yes, absolutely,
5 and that is something that we would follow up on and
6 enforce as appropriate.

7 CO-CHAIRPERSON AYALA: But is there any
8 language in the policy that prohibits that? Is there
9 any type of disclosure that is required of whoever is
10 overseeing that specific site in relation to the
11 nepotism policy?

12 CHIEF ACCOUNTABILITY OFFICER BOODANIAN: I
13 will have to recheck the policy for that
14 specifically, but I do know the policy does govern
15 direct chain of command, direct oversight. It
16 prohibits supervisors from having the ability to
17 oversee performance evaluations of their family
18 members. Whether that goes down to supervisor-
19 employee, I'll need to confirm.

20 CO-CHAIRPERSON AYALA: Yeah. If there
21 isn't a policy, I think that there has to be one. And
22 if there is one then I don't think people will
23 understand or are complying because I've heard it
24 more than enough times to get that that is a thing
25 within the shelter system.

COMMITTEE ON OVERSIGHT AND INVESTIGATIONS JOINTLY
WITH COMMITTEE ON GENERAL WELFARE JOINTLY WITH
COMMITTEE ON FINANCE JOINTLY WITH COMMITTEE ON
CONTRACTS

45

COMMISSIONER WASOW PARK: We'll be having
follow-up with you offline to get specifics.

CO-CHAIRPERSON AYALA: Okay. In 2021, DOI
issued a separate report on oversight for non-profit
human service contracts and included 23 policy
recommendations that continue to be relevant for the
2024 report that led to this hearing. Can DHS provide
updates on its implementation of the relevant
recommendations?

COMMISSIONER WASOW PARK: Sure. So just by
way of context, the 2021 report was really human
services sector across the board. DHS was actually a
relatively small piece of that one so the
recommendations pertained to city-wide practices so
I'm going to pass the mic to MOCS.

SPECIAL COUNSEL DIAMOND: I'm sorry,
Council Member, what was the question?

CO-CHAIRPERSON AYALA: So the question was
that the DOI issued a separate report on oversight of
non-profit human service contracts in 2021 and
included 23 policy recommendations that continue to
be relevant for the 24 report that led to this
hearing. Can DHS provide updates on its
implementation of the relevant recommendations?

1
2 SPECIAL COUNSEL DIAMOND: Absolutely. So,
3 Chair, in terms of building off of the 2021 and
4 moving towards where we are, I think as the
5 Commissioner put it well, most of what DOI is talking
6 about in this 2024 report references work that we
7 have already doing. So, I think starting in 2021, you
8 had the implementation of the Standard Invoice Review
9 Process, SIRP, and that, I think exactly as the
10 Commissioner and the Chief Accountability Officer
11 were talking about, that's that enhanced review and
12 giving our agencies those tools to say here's one
13 path, here's another so we have standardized invoice
14 review policies starting in 2021. As we move forward
15 into this Administration, we had the creation of the
16 Vendor Integrity Unit at MOCS. As you see, that was
17 directly referenced as one of the recommendations is
18 to create something we have already created and
19 indeed gone beyond that with the Vendor Compliance
20 Cabinet. In terms of timing, I know we've, in our
21 time in government, have seen a lot of groups and
22 task forces and things like that that can come and
23 go. With the Vendor Compliance Cabinet, we've put a
24 real effort on making sure that it's going to be
25 institutionally strong. It has its own charter. It

COMMITTEE ON OVERSIGHT AND INVESTIGATIONS JOINTLY
WITH COMMITTEE ON GENERAL WELFARE JOINTLY WITH
COMMITTEE ON FINANCE JOINTLY WITH COMMITTEE ON
CONTRACTS

47

1
2 has very distinct members that are required to do
3 discrete actions, and it is also both an input and an
4 output scenario. They're going to be producing
5 policies, all of these things that I discussed before
6 that are in the pipeline to be discussed at the
7 meeting later today, but then also an input for
8 agencies. So, for DHS, the issues that come with our
9 agencies having different portfolios, different
10 programmatic needs, there needs to be that
11 clearinghouse effect so I think a lot of our effort
12 has been to establish that VIU in MOCS, which is able
13 to be a little more in the weeds, the Vendor
14 Compliance Cabinet, which includes procuring
15 agencies, oversights, and to be a kind of input-
16 output clearinghouse, and then, now we're at the very
17 exciting stage of having these concrete policies so I
18 referenced them previously, but we have the anti-
19 nepotism policy, which is already effective,
20 conflicts of interest, and related party
21 transactions, which are in the pipeline. Indeed,
22 something we haven't spoken about but is similar, the
23 Standard Audited Financial Review, SAFR, which,
24 again, we talk about standardizing the very
25 burdensome audit processes in our non-profit

1
2 providers. This is also with the Vendor Compliance
3 Cabinet and due to be released in 2025. Vendors have
4 already seen it. I'm sorry.

5 CO-CHAIRPERSON AYALA: So those
6 recommendations came from the 2021 report?

7 SPECIAL COUNSEL DIAMOND: Well, I would
8 say one of some of those do feed that way, but at the
9 same time, I think, as I think the 2024 report shows
10 very clearly, our desire to implement these issues
11 comes from the issues that we see on the ground. As
12 the Commissioner said, a lot of these were flagged
13 for DOI so a lot of them have grown out of the 2021
14 report, but I think it's fair to say that for all of
15 us here, these are important issues that have been
16 going on for 20, 30, 40 years that long preexisted
17 the 2019 report.

18 CO-CHAIRPERSON AYALA: Yeah, I ask because
19 you referenced that, you know, that a lot of the
20 recommendations had already been implemented, and so
21 I question why would DOI recommend that you implement
22 a policy that is already in existence unless it
23 wasn't something that was already, you know, had been
24 activated in some sense?

1
2 SPECIAL COUNSEL DIAMOND: Well, Chair, I
3 will certainly defer to DOI on that. I think we've
4 certainly raised with DOI the fact that this is very...
5 the majority, not all, but I believe the majority of
6 the conduct that we're talking about in this report
7 is very old, and so it relates to a period in which
8 those policies were not in place and, indeed, it
9 relates to some instances that were reported to DOI
10 and then as DHS or other entities, MOCS or MORMC,
11 acted upon that so, throughout this process, you
12 know, I would say that I agree with you, but I think
13 that what the report does reflect, I think
14 recommendation two is fair in saying MOCS has already
15 created this VIU, and they should continue to do that
16 so we're very thankful for our partners at DOI and
17 their work and their role, but certainly on our side,
18 we've been proactively taking these steps long before
19 the issuance of this report, and certainly DHS even
20 before MOCS is the one even more on the ground.

21 CO-CHAIRPERSON AYALA: Okay. Has DHS
22 reformed this conflicts-of-interest disclosure system
23 for providers and or developed any guidance around
24 executive compensation?
25

1
2 COMMISSIONER WASOW PARK: So, with respect
3 to conflicts of interest, yes, absolutely. There's
4 changes we've made and changes that we are continuing
5 to make. So, as we are approving specific contracts,
6 we are looking at both provider disclosures, right,
7 so they are required to tell us if there is any
8 conflicts of interest related party organizations,
9 but we are also not necessarily taking their word for
10 them. We're doing LexisNexis checks so that we can,
11 if somebody is trying to hide something from us, that
12 we have an opportunity to do that. The conflict-of-
13 interest forms are getting stored in the PASSPort
14 Document Vault, and then we are working with MOCS to
15 roll out policies and procedures around that so what
16 we are doing becomes more transparent both to the
17 vendor community and to our staff so that is a work
18 in progress.

19 Executive compensation is a much more
20 complicated topic. So, we do not pay executive
21 compensation directly. There is no DHS shelter
22 contract where an executive director's salary is a
23 line in the contract. Instead, the way executive
24 director salaries are paid is through the indirect
25 rate that is included in the contract, right, which

1
2 is used for overhead costs, including executive
3 salaries. Indirect rates are set in one of two ways.
4 It's either a de minimis 10 percent or it is a
5 federally approved level, right, so whatever the
6 relevant federal agency for that organization reviews
7 the documentation, looks at audited financial
8 statements, other documents, and says this is an
9 appropriate overhead rate. If an organization has a
10 federally approved overhead rate, we will generally
11 accept that. MOCS does do a review as well. So,
12 because we are not directly paying those salaries,
13 right, they are not showing up as a line item in the
14 budget and, furthermore, because most of our
15 providers are doing business not just with DHS, DSS,
16 but with many other City agencies, often State
17 agencies, Federal agencies, we are not in a position
18 to make unilateral decisions based on executive
19 compensation.

20 CO-CHAIRPERSON AYALA: But I would argue
21 that if, first of all, I mean, having worked in the
22 non-profit world, 10 percent indirect rate seems very
23 minimal, but it does have an impact on the ability to
24 program and to run things, because it's money that
25 essentially could be going to programming that is now

1
2 going to salary. However, if a provider is just
3 contracting with DHS, right, then there should be a
4 cap, and even when a provider is contracting with
5 multiple agencies, I don't see how it would hurt that
6 under DHS, and there's some language that stipulates
7 that only a certain percentage of that grant can be
8 used for salary. I mean, because the truth is, and I
9 get it, listen, most non-profit organizations work
10 really hard to provide good resources and housing for
11 families that are currently unhoused, but there are
12 people, and I know this, and I know that a lot of my
13 Colleagues would probably agree to this, that come to
14 us all of the time just begging to build more and
15 more shelters, because it's become a lucrative
16 business for them, and so in those cases, I think
17 that it does alarm me, right, that folks are getting
18 paid 400,000 dollars, 500,000 dollars, whatever it
19 is, 700,000, just to run these sites, these
20 facilities, and I get it. If they're running, they
21 have multiple contracts, it becomes difficult, and
22 they can pay themselves whatever they want, but on
23 the DHS end, those contracts, is there the ability to
24 cap on the DHS end in those cases?

1
2 COMMISSIONER WASOW PARK: Well, because we
3 aren't paying directly, right, there is no line item
4 in the contract that says this is the executive
5 director's salary, right?

6 CO-CHAIRPERSON AYALA: No, no, no, I'm not
7 telling you that.

8 COMMISSIONER WASOW PARK: It is all coming
9 out of that indirect rate, and I will ask Bedros to
10 chime in. There were some attempts to regulate
11 executive compensation at the State level that ran
12 into legal challenges, so I hear where you are coming
13 from, absolutely. It's definitely a place that is
14 very challenging for us, but let me ask my colleagues
15 to add on to that.

16 CHIEF ACCOUNTABILITY OFFICER BOODANIAN:
17 Yeah, just to further illustrate the complexity on
18 this, in 2012, then-Governor Cuomo did institute a
19 cap on certain providers, statewide non-profit
20 providers. That cap was mired in litigation, and the
21 Court of Appeals eventually stripped some of the
22 substantive authority associated to that executive
23 order, and our current governor, only a couple years
24 ago, overturned that cap and removed it so it does
25

1 sort of illustrate the complexities. It's not such a
2 cut-and-dry issue on having an executive cap.

3
4 CO-CHAIRPERSON AYALA: Yeah.

5 SPECIAL COUNSEL DIAMOND: Yeah, and I
6 think, as you can tell, Chair, it's a complex issue
7 that we don't have a direct tool on, but that doesn't
8 mean we're going to stop focusing on it, and I think
9 that's where we say, what can we do. We can address
10 clear issues of inappropriate behavior, like the
11 related party transactions, the conflicts of
12 interest. Those things that are... they're not
13 literally executive compensation, but when we talk
14 about the issues surrounding executive compensation,
15 they're very similar. If someone's misusing our
16 money, if someone is not using our money correctly,
17 in the way that we told them to in the contract, and
18 the way that they have to, then that's a
19 responsibility issue, and that will absolutely become
20 a contract issue, whether or not, whatever the
21 executive compensation is. And I would finally say, I
22 think it's very important, that indirect cost rate is
23 so important, and we've spent the last few years
24 really trying to improve not just the policy behind
25 it, but the operation of it so I think it's also, in

1
2 order to effectively reach that, we'd have to go into
3 the indirect cost rate. I think we're very conscious
4 of, again, balancing the idea of, can we mitigate the
5 risk a different way, rather than going into what is
6 already a process that's hard for these providers
7 that really need that indirect cost rate so it's
8 always that balancing.

9 COMMISSIONER WASOW PARK: I'd also just
10 add one more thing, that the particularly egregious
11 examples that were called out in the report were
12 actually really related to related party
13 transactions, related party transactions that we have
14 shut down and shut down well before the report was
15 released.

16 CO-CHAIRPERSON AYALA: Okay. All right.
17 Did you want to ask something on that? Oh, okay.

18 Has DHS put into place any policies as it
19 pertains to reviews of expenditures submitted by
20 providers to ensure that they comply with existing
21 requirements and include all necessary information?

22 COMMISSIONER WASOW PARK: Yeah,
23 absolutely. We take invoice review very seriously so
24 there are several different pathways. For a provider
25 that is not on enhanced reviews, so has a strong

1
2 track record of financial behavior, we start with a
3 fairly light-touch prepayment review, so we're
4 looking at payroll records and a few OTPS lines. It's
5 very much prescribed in this citywide Standard
6 Invoice Review Policy. The intent there is to be
7 quick. Again, as I've said before, we have room for
8 improvement on the quick, but that is the design
9 behind this citywide standard invoice review
10 procedure. We then follow that up with a more
11 detailed post-payment review so that, to the extent
12 that there are challenges, that we're catching them
13 relatively quickly.

14 For a provider who is on enhanced review,
15 meaning they've had some level of financial challenge
16 in the past, we're doing a more in-depth review
17 before any dollars go out the door. We are also
18 working to add a third level of review to that that
19 is across the board, but, again, not before we make
20 payments, but in very close to real time, an
21 independent level of invoice review. So, what I
22 talked about, the standard practice that is happening
23 largely in the DHS programs with a final level of
24 oversight from our finance team, we are adding within
25 the accountability office a secondary level of

1
2 invoice review so that we just have that many more
3 sets of eyes on it. Again, that will happen post-
4 payment, but very quickly post-payment. We're trying
5 to hit that balance between accountability and the
6 provider's need for prompt payment.

7 CO-CHAIRPERSON AYALA: Okay. Well, in the
8 2024 report, DOI reported that compliance-related
9 information is collected via PASSPort but that the
10 provided questions lack questions about conflict of
11 interest or are too limited. Is DHS working to fix
12 this gap to ensure that better information is
13 gathered?

14 COMMISSIONER WASOW PARK: So, in general,
15 across the 32 recommendations that were in the DOI
16 report, 12 of them are DHS DSS-specific. The other 20
17 related to recommendations around citywide practice,
18 including this one so I will defer the citywide
19 questions to MOCS.

20 SPECIAL COUNSEL DIAMOND: Absolutely. So,
21 I think, Chair, as part of the Standardized Audit
22 Financial Report, SAFR, that's coming out in 2025,
23 we're looking exactly at what can be, again, using
24 that tool as a way to get those "disclosures." I do
25 want to be clear it can be, obviously, disclosures

1 when it comes to contracting is a very legal term as
2 to the vendor disclosures you're required to do.
3 That's not our only tool. We have pre-qualification.
4 We have audits. We have various ways in order to get
5 this information. So, we're absolutely... that's
6 something that we agreed with in the DOI report of
7 enhancing that so we're in progress of doing that. I
8 think that SAFR process will be key to it.

10 CO-CHAIRPERSON AYALA: Which cycle will
11 SAFR be rolled out? Which quarter?

12 SPECIAL COUNSEL DIAMOND: I don't have a
13 quarter for you. As I say, there's literally a Vendor
14 Compliance Cabinet meeting this afternoon but I can
15 certainly update you after that regarding updates on
16 timelines.

17 CO-CHAIRPERSON AYALA: Is this your first
18 meeting?

19 SPECIAL COUNSEL DIAMOND: No. No, no, no.
20 They've had many meetings. They've had several
21 meetings. There is a meeting that happens to be today
22 where they are discussing two of the documents that I
23 referenced before, the conflicts of interest policy
24 and the related party transactions. But to be clear,
25 those are documents that, again, I think the entire

1
2 vendor community has seen, agencies have seen, that
3 have been vetted throughout kind of the stakeholders
4 as we've developed this. I think, as the Commissioner
5 put well, all of these policies have to come out of
6 our day-to-day experience with our vendors so that
7 input of coming in and saying, this is what we need,
8 these are the tools we need to make the right
9 decisions, and these are the issues we're seeing, and
10 then being able to put that out so these have been
11 long-term processes that are coming to a conclusion.
12 As I mentioned, the anti-nepotism policy came first,
13 and we have, I would say, really three in the
14 pipeline that will certainly be out in 2025, and I
15 can follow up on an estimate on the quarter.

16 CO-CHAIRPERSON AYALA: Thank you. I
17 appreciate that.

18 Does DHS have program officers or staff
19 that is assigned to visit the providers on a, I don't
20 know, maybe biannual basis to conduct some sort of
21 internal audit?

22 COMMISSIONER WASOW PARK: Absolutely.
23 Field work is a really important part of what we do.
24 So, our general structure on the shelter operations
25 side, we have a Chief of Shelter Operations,

1
2 Associate and Assistant Commissioners reporting up to
3 her, and then program administrators and program
4 analysts that have a portfolio based by provider.
5 Their job is to be out in the field and working with
6 providers much more frequently than biannual. We want
7 them out on a regular basis. In addition to that, we
8 do do on an annual basis, we are doing physical
9 inspections so that is a different set of people,
10 people with the right technical expertise and working
11 in conjunction with HPD and DOB and other technical
12 agencies so absolutely, we can't do our job from the
13 office.

14 CO-CHAIRPERSON AYALA: So question, did
15 any of those individuals flag some of the cases that
16 you referenced in your testimony, those cases where
17 contracts had to be removed or stripped from an
18 organization? Did those actions, you know, were those
19 prior to the DOI investigations?

20 COMMISSIONER WASOW PARK: Yeah,
21 absolutely. So, I mean, one of the most egregious
22 cases that we've had, certainly in my tenure at DSS,
23 DHS, is the CCS situation, right? They were a very
24 large provider, and the first identification of
25 issues came from the Program Administrator who was

1 signing off on invoices, who said, hey, something is
2 wrong here. They raised that up the food chain, as
3 they should, we made the referral to DOI, and we
4 ended operations with them. This was actually pre-
5 COVID so this is, you know, although there is quite a
6 number of mentions of CCS in the report, that was
7 something that has been, we've closed out business
8 with them many years ago, but, you know, that multi-
9 pronged approach to provider oversight that starts
10 with the staff who are in the field, who are working
11 with providers on a day-to-day basis, they are
12 absolutely a critical part of this, and we are very
13 grateful for the work that that frontline staff does
14 every day.

16 CO-CHAIRPERSON AYALA: Okay. All right. I
17 appreciate that. Thank you.

18 CO-CHAIRPERSON BREWER: I'm going to turn
19 over to Council Member Brannan. I just want to say on
20 the salary issue, because it comes up a lot, I think
21 what least would be helpful would be to break down
22 for the public, like many times they're saying, okay,
23 the private sector is paying for X, and so leave me
24 alone, don't bother me, and I understand this legal
25 issue, but I think we should continue the discussion

COMMITTEE ON OVERSIGHT AND INVESTIGATIONS JOINTLY
WITH COMMITTEE ON GENERAL WELFARE JOINTLY WITH
COMMITTEE ON FINANCE JOINTLY WITH COMMITTEE ON
CONTRACTS

62

1
2 because it is outrageous to have those really high
3 salaries and then people getting paid staff so much
4 less and the public doesn't understand it so I think
5 it's something to continue. I understand the legal
6 issues, but I would love to have more discussion
7 about that.

8 COMMISSIONER WASOW PARK: We're happy to
9 continue the discussion.

10 CO-CHAIRPERSON BREWER: Council Member
11 Brannan.

12 CO-CHAIRPERSON BRANNAN: Thank you,
13 Chairs. Continuing on that point, DOI recommended
14 that DHS divide contract oversight. Actually, no, I
15 want to start here. In Section 602-A of the standard
16 contract, it requires the providers to disclose
17 information about executive compensation, including
18 funding resources at the time of contract execution.
19 However, DOI found that at least 13 providers had not
20 provided DHS with this information, so has DHS looked
21 into this matter to determine how many providers had
22 not disclosed executive compensation?

23 COMMISSIONER WASOW PARK: We've absolutely
24 strengthened our disclosures across the board,
25 executive compensation and otherwise, so that that is

1 a much tighter part of the contracting process,
2 something that we're looking at as we're doing
3 responsibility determinations, as we are registering
4 any given contract. As I mentioned, any
5 questionnaires on conflict-of-interest reports, all
6 of that documentation is getting stored in the
7 Document Vault within PASSPort so that we can do
8 follow-up if there are issues identified.

9
10 CO-CHAIRPERSON BRANNAN: Do you have an
11 idea of how many providers use City funds for
12 executive compensation?

13 COMMISSIONER WASOW PARK: As I discussed,
14 we pay the indirect rate that is used globally for
15 overhead expenses so, by definition, we don't get a
16 breakdown of how the indirect rate is spent, so no, I
17 can't answer that.

18 CO-CHAIRPERSON BRANNAN: Would it be
19 helpful to know how that indirect rate is spent?

20 COMMISSIONER WASOW PARK: I mean, really,
21 by definition, it is intended for overhead and for a
22 range of different costs, anything that isn't
23 eligible for direct charge to a contract, and I think
24 it is going to vary, frankly, by provider-provider,
25 year-by-year basis. An organization that has a

1 particular cost in a given year, they may change how
2 they're using their overhead. There is a perpetual
3 balance, and I think this ties also to what we were
4 talking about with the need to balance the level of
5 review with the pace of invoice payment. Operating an
6 organization is challenging, right? Situations
7 happen. Organizations need some level of flexibility
8 to be able to run and to be nimble and to adjust on a
9 day-to-day basis. That level has to be reasonable. I
10 think looking at indirect rates and making sure we
11 have really clear policies on what is and isn't okay
12 as an indirect rate, what kind of approval has to be
13 there, but also recognizing that to the extent that
14 if we are signing off on every little dollar that the
15 not-for-profit spends, that we are actually harming
16 their ability to operate. We're perpetually seeking
17 that balance. If there are thoughts, recommendations
18 that you have on how we manage that balance of
19 continuing to have our partners operate in a way that
20 is that gives them the flexibility that they need
21 while also getting to the appropriate financial
22 accountability, we aren't set in stone. I think one
23 of the things that you can certainly see and hear
24 from all of our testimony is that from 2021 when the
25

1
2 DOI report started to where we sit today at the end
3 of 2024, we've made a lot of changes, and we have
4 more changes in process. I'm certainly not saying
5 that anything is set in stone, but I think doing away
6 with the indirect rate or requiring line item sign-
7 off and the indirect rate would create a lot of
8 challenges for our not-for-profit partners.

9 CO-CHAIRPERSON BRANNAN: Do you have an
10 idea of how much DHS spent in FY24 in executive
11 compensation?

12 COMMISSIONER WASOW PARK: No, because we
13 don't pay executive compensation directly. We pay
14 indirect rates, and then within the indirect rate,
15 pieces of that is used on executive compensation.

16 CO-CHAIRPERSON BRANNAN: Okay. What I was
17 starting on before, DOI recommended that DHS divide
18 contract oversight responsibilities between employees
19 who specialize in fiscal management and employees who
20 specialize in program management. DHS indicated that
21 it agrees with this recommendation, but is unable to
22 implement it due to citywide hiring constraints. So,
23 could you tell us how many additional personnel would
24 you need to hire to implement DOI's recommendation?

1
2 COMMISSIONER WASOW PARK: So, this is
3 something that we're looking at really closely right
4 now. I think the reason it has been structured the
5 way it has been in the past is that there was really
6 a feeling that having staff who know what's going on
7 on the ground, who can say, you know, you invoiced
8 for five case workers, but when I was there last
9 week, there were only four, right, like that it's
10 actually useful to have that level of intimacy with a
11 provider's records. I think it also creates other
12 challenges, both in the pace of review, because
13 people have dual responsibility for both the
14 programmatic work and the invoice review, and then
15 some of the concerns that DOI raised on separation of
16 duties so it's something that we're actively working
17 on right now, looking at what the best options are.
18 You know, I think it would be premature to say where
19 we are landing on what the program model should be,
20 and then the staffing model that we'll need to talk
21 about with OMB, but OMB has been a good partner
22 working with us on the need to balance accountability
23 and pace of review. Very grateful to them that we've
24 been able to get sign-off to do some hiring on
25 filling existing vacancies, but doing some hiring

1
2 outside the allocation process that is limiting most
3 of our hiring, so that it does get to both
4 contracting and invoice review, so that we are able
5 to increase both our accountability and our pace.

6 CO-CHAIRPERSON BRANNAN: Have you
7 discussed with OMB specifically around the hiring
8 that would be needed to comply with DOI's
9 recommendations?

10 COMMISSIONER WASOW PARK: Not yet, because
11 we're still designing what we think the optimal
12 program model looks like.

13 CO-CHAIRPERSON BRANNAN: Okay, DOI found
14 that compliance and oversight functions are currently
15 split between the Office of Agency Chief Contracting
16 Officer and the Office of Accountability, and that
17 employees in DHS's program division are responsible
18 for reviewing provider invoices, so could you tell us
19 what were the budgets for the Office of Agency Chief
20 Contracting Officer and the Office of Accountability
21 in '24, and what are they in '25?

22 COMMISSIONER WASOW PARK: We'll have to
23 follow up with those specific numbers. I'm sorry we
24 got those questions relatively late, but we're happy
25 to follow up.

COMMITTEE ON OVERSIGHT AND INVESTIGATIONS JOINTLY
WITH COMMITTEE ON GENERAL WELFARE JOINTLY WITH
COMMITTEE ON FINANCE JOINTLY WITH COMMITTEE ON
CONTRACTS

68

1
2 CO-CHAIRPERSON BRANNAN: Okay, you'll get
3 them to me by when?

4 COMMISSIONER WASOW PARK: As quickly as
5 possible.

6 CO-CHAIRPERSON BRANNAN: Okay. With regard
7 to the Cherokee Nation Management and Consulting
8 Contract with New York City Health and Hospitals,
9 were there any breaches of procurement laws or
10 ethical guidelines identified in the handling of the
11 migrant shelter contracts and, if so, what corrective
12 actions have implemented?

13 COMMISSIONER WASOW PARK: So, I'm sorry, I
14 can't speak to H and H contracting procedures
15 specifically. I can tell you Cherokee Nation has an
16 emergency contract with DHS as well. They are
17 operating one of our emergency sites. Our approach to
18 the emergency contracting, which applied to Cherokee
19 as well as to anybody else that we are working with,
20 is that we had an emergency RFP, so although it was
21 done, we did use emergency contracting procedures.
22 There was a competitive process that we followed very
23 closely and went through all of the registration
24 processes that applied to emergency contracts. We did
25 need to move very quickly. We had a very dramatic

1
2 increase in our shelter census in a fairly short
3 period of time, but by using this emergency RFP, we
4 were able to maintain a competitive process while
5 also balancing the need for speed.

6 CO-CHAIRPERSON BRANNAN: Okay. I guess
7 just to zoom out, given the allegations of misconduct
8 of various folks in the Administration and various
9 resignations amid federal investigations, what steps
10 are you taking to review and possibly reform the
11 processes, particularly concerning the migrant
12 shelter contracts?

13 COMMISSIONER WASOW PARK: So, you know,
14 DSS follows procurement policies very closely. We
15 stick to the letter of those rules, and City Hall
16 personnel are not directly involved in any of our
17 contracting actions. So, when we were faced with the
18 rapid increase in the shelter census, we worked with
19 the Comptroller's Office following the guidelines for
20 emergency procurement, but also really looking to
21 maintain competitiveness so that RFP existed
22 independently of any of the structure at City Hall,
23 that we were able to follow competitive procurement
24 guidelines, doing it in a way that was quick, that we
25 were able to meet our legal obligations to shelter

everybody, but I am confident that we followed, as I say, the letter of the procurement regulations and that we are thoroughly adhering to all of our accountability requirements there.

CO-CHAIRPERSON BRANNAN: So, are there any new policies or oversight mechanisms that have been introduced to prevent, you know, contract interference going forward?

COMMISSIONER WASOW PARK: Specifically from City Hall? Our procurement has been independent of City Hall from the beginning. You know, for any shelter, whether it's emergency or non-emergency site, we have an existing open-ended RFP. Providers apply. There is then an independent committee of agency staff that reviews that proposal with compliance with the RFP terms, you know, that is insulated not only from City Hall, but from me. I am not involved in that process. If the committee finds that that proposal meets those threshold criteria, in accordance with procurement policies, there is an award letter issued. That is a license to negotiate a contract. It is not in and of itself a contract. All of our, as we go through the negotiation process, a big part of that obviously is budget. Every shelter

1
2 budget is reviewed by the Office of Management and
3 Budget. We don't move forward without OMB sign-off.
4 And then, once we do have, have agreed upon budget,
5 the contract itself is reviewed by OMB, MOCS, Law
6 Department, before ultimately going through the
7 Comptroller's Office so, you know, I am confident
8 that following that structure and following the
9 letter of the procurement rules provides adequate
10 insulation from, from politics.

11 CO-CHAIRPERSON BRANNAN: How long does it
12 typically take OMB to sign off for a payment?

13 COMMISSIONER WASOW PARK: So, OMB is not
14 reviewing individual payments. That is happening at
15 the agency level. OMB reviews both first initial
16 budgets for a shelter and then ultimately the
17 contracts.

18 CO-CHAIRPERSON BRANNAN: So, how long does
19 it take them to sign off for a budget or a contract?

20 COMMISSIONER WASOW PARK: Again, that is
21 something that depends.

22 CO-CHAIRPERSON BRANNAN: Weeks, days,
23 months?

24 COMMISSIONER WASOW PARK: It depends a lot
25 on what time of year we're in, right? When we are in

1
2 the peak of budget season, when they're in the middle
3 of doing a plan, it'll take a little bit longer. When
4 we're not in plan cycle, it goes faster. What we did
5 several years ago, this was probably about 2020, we
6 negotiated what we call our model budget templates
7 with OMB so a standard budget framework for each type
8 of shelter, right, something different for families
9 with children, for, you know, employment shelter, for
10 single adults, different structures. A budget that
11 adheres very closely to that model budget will go
12 faster to the extent that there is something specific
13 about that site that requires a little bit more
14 boutique analysis. That takes a longer period of
15 time.

16 CO-CHAIRPERSON BRANNAN: Because what some
17 of us are seeing is that it seems that OMB or DHS is
18 approving payments for contracts much quicker than
19 anywhere else. I mean, you know, I have housing
20 developers who are now engaging in shelter contracts
21 purely, and they've never done this before, but
22 they're doing this basically because they're telling
23 me DHS pays them quicker than HPD does.

24 COMMISSIONER WASOW PARK: So, what I think
25 is happening here, and I'm interpreting a little bit,

1
2 so in terms of shelter versus housing development,
3 and let me start by saying this is an and, not an or.
4 We as a City desperately need affordable housing, and
5 I want to thank the City Council for the City of Yes
6 vote last week. I think that is incredibly important.
7 But we are also in a city with literally a million
8 low-income rent-burdened households so for the time
9 being, we are also going to need shelter. In New York
10 City, virtually all new housing construction depends
11 on the availability of federal low-income housing tax
12 credits. This is a finite resource. I won't go too
13 far down the rabbit hole and, and I'm speaking in my
14 former HPD hat rather than my current seat, but those
15 are a scarce resource as allocated by the federal
16 government, but they provide a really critical source
17 of equity for affordable housing development. Because
18 those are finite, there is a pipeline between, you
19 know, when you are going to get into the queue for a
20 low-income housing tax credit allocation. Financing
21 for shelter development looks different so that queue
22 and the amount of time that it takes to do
23 development and how long a site might be...

24

25

COMMITTEE ON OVERSIGHT AND INVESTIGATIONS JOINTLY
WITH COMMITTEE ON GENERAL WELFARE JOINTLY WITH
COMMITTEE ON FINANCE JOINTLY WITH COMMITTEE ON
CONTRACTS

74

1
2 CO-CHAIRPERSON BRANNAN: What's your,
3 what's your budget right now for new shelter
4 development?

5 COMMISSIONER WASOW PARK: It's not broken
6 out exactly that way. The total DHS budget because of
7 the rapid growth in the census is about 4 billion
8 dollars.

9 CO-CHAIRPERSON BRANNAN: That's your total
10 budget.

11 COMMISSIONER WASOW PARK: That's our total
12 budget.

13 CO-CHAIRPERSON BRANNAN: And you can't
14 speculate how much of that is earmarked for new
15 shelter development, retrofitting or soup to nuts
16 building?

17 COMMISSIONER WASOW PARK: No, because it's
18 all folded into the single adult budget, the families
19 with children budget. When we actually incur expenses
20 depends on the development timeline. The nature of
21 right to shelter means that we adjust constantly the
22 amount of shelter capacity that we have relative to
23 the need for shelter so it's just simply not broken
24 out that way.

25

1
2 CO-CHAIRPERSON BRANNAN: The situation I'm
3 thinking of in my District is I've got a vacant lot,
4 which is a unicorn in Southern Brooklyn, where I'd
5 love to build affordable low-income housing or any
6 kind of housing, and the developer is in contract to
7 build a shelter that's going to take two, three years
8 to build, and the reason why is because they're
9 saying, because they can get paid quicker from DHS
10 than HPD, they'd love to build housing.

11 COMMISSIONER WASOW PARK: So...

12 CO-CHAIRPERSON BRANNAN: It's a different
13 dynamic of retrofitting a building where you're
14 talking months versus right now, it's just a vacant
15 lot that it could be housing to house folks, but it's
16 going to be a shelter.

17 COMMISSIONER WASOW PARK: So again, I
18 think it is incredibly important that we are citywide
19 talking about shelter and housing, and we are also
20 very committed as you and I have talked about.

21 CO-CHAIRPERSON BRANNAN: But we want
22 people in shelter to ultimately end up in housing.

23 COMMISSIONER WASOW PARK: Absolutely.
24 That's a huge priority for us. Last year, we moved
25 18,500 households out of shelter into permanent

1 housing as a record for us so we think about
2 permanent housing all the time, but making sure that
3 we do have an adequate and appropriate and well-
4 managed and maintained shelter footprint that can
5 accommodate need is important. The analogy that I use
6 is that shelter is the emergency room of the housing
7 sector. We don't want anybody to be getting their
8 primary care from the emergency room, and we don't
9 want anybody to be living in the shelter system long
10 term but, while people are facing emergencies, and
11 right now we have an awful lot of low-income rent-
12 burdened households, we do need an adequate emergency
13 room. You know, the difference between the HPD
14 pipeline and the DHS pipeline I think does really
15 relate to that low-income housing tax rate.

17 CO-CHAIRPERSON BRANNAN: I just think that
18 the word emergency is being used a lot, and when
19 you're talking about building something that's two or
20 three years away, two or three years is not an
21 emergency.

22 COMMISSIONER WASOW PARK: The emergency
23 that I am talking about in that case is the emergency
24 of that household, right? Homelessness exists in New
25 York City as a function of, you know, decades of

1
2 growth in income inequality, decades and decades of
3 underinvestment in affordable housing, housing in
4 general, you know, long-term policies around wage
5 growth, right?

6 CO-CHAIRPERSON BRANNAN: I don't disagree.
7 We're on the same page. I just think what's happening
8 here is these developers, they'll build whatever.
9 They're agnostic. They're building shelters simply
10 because DHS is paying them quicker than HPD. They're
11 in the business of building housing, but they're
12 building shelter for this reason. They're not
13 building shelter for any other policy reason.

14 COMMISSIONER WASOW PARK: So, I guess the
15 point that I am trying to make is that it is, as much
16 as we need housing, it is not a problem to also build
17 shelter because we need a robust shelter sector. Not
18 only is it our legal obligation, I frankly think it's
19 a moral obligation, right? I grew up in California. I
20 go back to visit family, and on every highway off-
21 ramp, there is a tent. It is frankly horrifying that
22 in some of the most expensive real estate in the city
23 that you have mass unsheltered homelessness. In New
24 York City, 95 percent of the people experiencing
25 homelessness are sheltered. Is the goal permanent

1 housing? Absolutely. Is the need for shelter going to
2 continue to exist for the foreseeable future because
3 of all of those macroeconomic factors that I talked
4 about? Unfortunately, yes.

5
6 CO-CHAIRPERSON BRANNAN: Does DHS have any
7 contract with DocGo?

8 COMMISSIONER WASOW PARK: Not at this
9 time. We did during COVID.

10 CO-CHAIRPERSON BRANNAN: And who do you
11 have now? You have Garner?

12 COMMISSIONER WASOW PARK: No. All of our
13 emergency sites are operated by not-for-profit
14 organizations.

15 CO-CHAIRPERSON BRANNAN: Okay. Okay,
16 Chair. Thank you.

17 CO-CHAIRPERSON BREWER: Thank you very
18 much. We've been joined by Council Members Joseph and
19 Stevens, and now Council Member Won.

20 CO-CHAIRPERSON WON: Thank you so much. I
21 think there's a clear pattern of questioning here
22 about our executive compensation as well as conflict
23 of interest. I want to go back to the conflict of
24 interest. For example, Victor Rivera, former CEO of
25 Bronx Parent Housing Network, he made a quarter of a

1 billion dollars, 274 million to be exact, in which he
2 was also arrested. He was arrested after the
3 investigation, but in addition to misuse of City
4 funds, he was accused for sexual harassment from 10
5 women, including homeless women, as well as his own
6 employees, and he enriched himself through the non-
7 profit. It's clear that currently the self-reporting
8 conflict of disclosure forms, are not working. Can
9 you help us understand specifically what you've added
10 to the disclosure forms? You talked a little bit
11 about LexisNexis. I think that's a great step. Was
12 that already being done? What happened in cases like
13 this where there were a lot of gaps, where people
14 were just going through unscathed for so many years?

16 COMMISSIONER WASOW PARK: Yeah. The Bronx
17 Parent case is a horrific one, and my heart goes out
18 to all of the people, both the clients and the staff,
19 who were affected by that. That is an example of an
20 incident where DHS took aggressive action. Our goal
21 is always to get a not-for-profit to a place where
22 they can succeed, and if they can't, to end business
23 with them. In that instance, working in conjunction
24 with DOI, we essentially took over the organization.
25 Leadership was exited from the organization. There

1
2 was a monitor that was appointed. At this point, the
3 organization is functioning with a completely
4 different both board and leadership structure. I
5 think our goal always with the not-for-profit
6 organizations is to support capacity and community-
7 based organizations when we can and to make
8 aggressive action and changes where we can't. That
9 was an unusual circumstance where we were able to
10 actually really completely overhaul leadership. It
11 was that incident that triggered the DOI report. A
12 lot of the changes that we have made since then,
13 since 2021, weren't in place then, are in place now.
14 The level of conflict-of-interest forms that we're
15 doing, that independent checking using LexisNexis, a
16 lot of this is work that has evolved over the last
17 several years. We didn't wait for the DOI report to
18 come out. We have been making aggressive changes all
19 along.

20 CO-CHAIRPERSON WON: Can you be a little
21 bit more specific? This case for Victor Rivera lasted
22 from 2013 to 2020. That is a very long time. I'm glad
23 that we've made steps to make changes. Can you be
24 more specific? What changes have been made to the
25 COIB report?

1
2 COMMISSIONER WASOW PARK: Let me talk
3 specifically about subcontracts, because I think that
4 is what it is that we're really getting at.

5 CO-CHAIRPERSON WON: Yes, and related
6 party transactions.

7 COMMISSIONER WASOW PARK: Subcontracts and
8 particularly related party subcontracts. For the last
9 several years, what we have been doing is that any
10 time we are approving a contract, any contract that
11 we are looking at, and frankly, any budget that we
12 are looking at so even if the contract is up and
13 running, but we do an annual budget approval, we are
14 looking at those subs. This is a process that has
15 been known as the 65-A approval after the form that
16 providers fill out. It's citywide, but I think DHS
17 DSS have taken a very aggressive approach to that
18 over the last several years, really digging into how
19 are those subcontracts procured and is there any
20 indication of related party transaction there? Even
21 if there's no indication of related party
22 transaction, but if we are not seeing three bids, we
23 will not approve that subcontract. What that means
24 from a payment perspective is that we will hold on
25 that subcontractor payment, pay the rest of the

1
2 invoice. For example, provider invoices for the month
3 of November, it includes a security subcontract. If
4 they don't have that 65-A, that subcontractor
5 approval, we will pay on the rest of the contract. We
6 will hold on the security portion of the invoice. I
7 actually suspect probably many of you have heard from
8 providers complaining about our 65-A approval process
9 because it does take time to do that level of review.
10 One of the things that I'm really encouraged about
11 for going forward is that that has been built into
12 the latest iteration of PASSPort so I think that is
13 going to allow us to be both more accountable and
14 quicker.

15 CO-CHAIRPERSON WON: Could you also
16 expand, so in one instance, SEBCO, which has roughly
17 35 million in City shelter contracts, subcontracted
18 for a for-profit security company that it wholly
19 owns.

20 COMMISSIONER WASOW PARK: So just to
21 clarify, we're no longer doing business with SEBCO. I
22 know they have other contracts with the City. I don't
23 believe we ever hit anything close to it. They were a
24 relatively small shelter provider, but I can double-
25 check the numbers. Yes, the reason we're...

1
2 CO-CHAIRPERSON WON: Just to finish, this
3 allowed the senior leadership at SEBCO, who also
4 serve as a director and deputy director of the
5 security company, to collect hundreds and thousands
6 of dollars in payments for the for-profit funded
7 through the non-profit City contract so can you help
8 us understand, especially from MOCS, because even if
9 DHS no longer does business with SEBCO, it seems that
10 they're still doing business with the City so what
11 can MOCs do to ensure that vendors like SEBCO are
12 engaging in a competitive bidding process and not
13 just giving business to their own companies owned by
14 their own leadership?

15 SPECIAL COUNSEL DIAMOND: Absolutely,
16 Chair Won. So, in particular, touching on your kind
17 of last issue of DHS perhaps not doing business with
18 an entity or other agencies doing, I have to say, I
19 have no personal knowledge of the contractor you
20 described doing business with anybody else. I can
21 follow up. But it is, I think, important, and as
22 we've discussed before, to note that vendor
23 responsibility and that determination that a vendor
24 is responsible for receipt of public funds is, by
25 law, on a case-by-case basis. The City does not have

1
2 the tools at its disposal to blacklist or otherwise a
3 vendor. We do not have those tools. The State has
4 some tools to do that that we can take notice of. The
5 federal government has aspects they can do that we
6 can take notice of. But when it comes to, as you say,
7 a vendor who may have had an integrity problem where,
8 or even performance that was not adequate or anything
9 else, it's going to be a case-by-case determination
10 for each agency when it comes before them, and that
11 is determined by law that the City will take on a
12 case-by-case basis so you mentioned, in particular,
13 the related party transactions. As I referenced
14 earlier, this is a significant, significant issue and
15 one that MOCS has been working since the start of the
16 Administration to try and make a better reality so I
17 mentioned we have our related party transactions
18 policy and procedure that has been vetted with
19 members of the vendor community, that's been vetted
20 with stakeholders, with procuring agencies, with
21 oversights to make sure it's effective, and I do want
22 to emphasize we're purposefully being very rigorous
23 in developing these things. The last thing we want to
24 do is set out a policy that will make it harder for
25 the vast majority of good-acting non-profit providers

1
2 to do their day-to-day job. So, those are going
3 through the process of the VCC, and we hope, as I
4 said, to have those out in 2025. So, in particular,
5 regarding related party transactions, the City has,
6 for the first time in, I think, a very long time,
7 been able to enhance, and we're looking to have that
8 out in 2025.

9 COMMISSIONER WASOW PARK: Council Member,
10 I want to correct my statement on the record. I'm
11 sorry. We do still have two contracts with SEBCO.
12 Apologies, I got them mixed up with a different
13 vendor. But what we are doing when we have identified
14 a related party transaction is one of two pathways.
15 In some cases, we've ended business with the vendor
16 entirely. That was the case with CORE, which is
17 another one that was called out in the report. Or we
18 have taken very aggressive action to ensure that they
19 are no longer allowed to use their related sub-
20 entity.

21 CO-CHAIRPERSON WON: The security company
22 in question, Century Security, received more than
23 11.6 million dollars for security services over a
24 four-year period. The owners of the company were
25 listed publicly on the website of both the non-profit

1 and the subcontractor for the security company. I
2 know that Chair Brewer was referring to AI. There are
3 systems that are automated to scrub the web or scrape
4 it for you so that you don't run into problems like
5 this. Can you help me understand what we're doing now
6 to ensure that potential instances of double-dipping
7 like this is not happening any longer?

9 COMMISSIONER WASOW PARK: Absolutely.

10 Thank you, Council Member. The process would be that
11 when we are either entering into a new contract or
12 approving the annual budget for an existing
13 contractor, that we look at their subcontracts.
14 Typical subcontracts, for example, are security,
15 sometimes maintenance. We start with how was their
16 procurement process done, so can they provide
17 evidence of three bids. If they can't provide
18 evidence of three bids, that's a hard line. We'll go
19 back. We'll say, we need to see the bids. Once they
20 do have the bids, we're going to look at them to make
21 sure that those are, in fact, independent bids and
22 that they are going with the lowest responsible
23 bidder. If they cannot provide documentation that
24 they have appropriately followed the procurement
25 process, we can't make payment on the portion of the

1 invoice that is related to that subcontract. In
2 addition to that, we are asking for conflict-of-
3 interest disclosures, again, at the point of
4 contracting and doing searches, LexisNexis, but to
5 your point, certainly online more generally, to
6 identify any related party actions. This is something
7 that we have gotten much more stringent on in recent
8 times.
9

10 CO-CHAIRPERSON WON: What are the rest of
11 the City agencies doing to avoid this from happening?

12 SPECIAL COUNSEL DIAMOND: So, Chair, in
13 terms of, the Commissioner just referenced some of
14 those Lexis review checks, those different things,
15 using the internet, those are all a required part of
16 the responsibility to determination. So, at the point
17 of which an award is going to be given, agencies are
18 required to proactively affirm that a potential
19 awardee is going to be responsible. Responsibility
20 can mean a lot of things. I think, in particular, for
21 our discussion, we're talking a lot about financial
22 or fiscal responsibility. Do they have the procedures
23 in place to make sure they're going to spend the
24 City's money wisely? Of course, to a certain extent,
25 you're not going to be able to know until they do the

1
2 job, but the goal of the responsibility determination
3 is to be able to predict it.

4 CO-CHAIRPERSON WON: But you could also
5 just Google them and see that they're running both...

6 SPECIAL COUNSEL DIAMOND: So, exactly as I
7 said, Chair, they do Google them and they do use
8 those resources available to them. They're reviewing
9 their performance evaluations and their disclosures
10 if they reach the threshold where they need to give
11 disclosures. So, at various levels, that's the
12 standard process, but I think, as the Commissioner
13 has well put, based off of the evidence that we've
14 seen, based off of the issues that we've seen, some
15 of which ended up in the DOI report, there's a
16 special emphasis that DHS takes to be best in class.
17 There's no doubt about it when it comes to making
18 sure, looking at subcontractor approvals, DHS is best
19 in class, and I think it's not only a reflection of
20 their professionalism, but because they understand
21 the issues in their portfolio and the issues that
22 they have to address. So, agencies will do it a
23 different way. As you know, and as I said with the
24 Vendor Compliance Cabinet, a key goal is seeing where
25 can we standardize that is program-appropriate.

1
2 Obviously, reviewing a non-profit is different than
3 reviewing a construction company, but there's a way
4 to meet in the middle. So, we're absolutely looking
5 for those goals across the board, but there will be a
6 difference, and I would give credit to DHS. I think,
7 certainly, really, we're talking about, since that
8 timeline, since 2020, your reference of really
9 stepping up and having best in class that is now
10 informing citywide best practices that are being
11 rolled out.

12 CO-CHAIRPERSON WON: I have a lot of
13 concern for DHS. For CAMBA, SEBCO, Bronx Parent
14 Housing Network, these have been identified partners
15 to be bad faith actors. So, in 2024, DOI's report
16 noted that DHS currently relies heavily on only 17
17 providers who comprise 65 percent of the City's
18 shelter capacity. We've heard from providers in other
19 forums that delayed payments and other contracting
20 requirements make it difficult for smaller providers
21 to bid for these contracts. What is the contingency
22 plan, if any, for unexpected one of these large
23 providers to end their relationship with DHS or is
24 otherwise unable to perform, like going to jail, or
25 can DSS share if it has any other plans to ease a

1
2 proposal process or provide support for smaller
3 providers to allow them to deliver DSS services?

4 COMMISSIONER WASOW PARK: Thank you,
5 Council Member. It's really important to us that we
6 are both getting experienced providers in the door
7 while also opening up opportunity for others. So, we,
8 you know, I talked earlier about our open-ended RFP
9 process. We really encourage a range of providers to
10 come in. One of the things that we are looking at is
11 capacity as we are reviewing providers. That can mean
12 one of two things, right? It means do you have the
13 experience necessary to do the job, both compliance
14 with City procedures as well as actually providing
15 shelter services. Both of those are complicated as we
16 have been talking about so we want to make sure that
17 we have somebody who has some level of relevant
18 experience. If they are not a previous DHS shelter
19 provider, we're looking at have they operated shelter
20 in another jurisdiction or do they have experience
21 with other City human services contracts that would
22 be relevant, and then, for those who are existing DHS
23 providers, one of the things that we're looking at is
24 bandwidth, right, sometimes we're going to say now's
25 not the right time, we have concerns about your

1 capacity here, not as a pejorative thing, but just,
2 you know, it's hard to run an organization, we
3 recognize that. One of the things that I would say is
4 an upside of the recent growth in the shelter census,
5 not a place where I generally look for upsides, but
6 we have added, I think, close to a dozen new
7 providers over the last couple of years and I think
8 that's exciting for us. It's capacity that we can
9 grow over time.
10

11 With respect to your questions around
12 contingency planning, right, our goal always is if we
13 detect a problem, to work with the organization to
14 try and rectify it. That is step one. We've also
15 really demonstrated that nobody is too big to fail. I
16 talked earlier about CCS. They were a really major
17 provider and their issues were too egregious. They
18 were not savable, and we ended our relationship with
19 them. They are not the only one. So, we will take
20 action and we take rapid action when we need to, but
21 we also are looking at technical assistance. In
22 addition, we have, pulling up my numbers here, I
23 believe it is 11 providers on what we call capacity
24 building agreements so these are smaller not-for-
25 profits, newer to the DHS system, where we have

1
2 actually put structured plans in place to help them
3 grow and to figure out how to comply with, as we've
4 been discussing for the last several hours, what are
5 sometimes very complex City requirements.

6 CO-CHAIRPERSON WON: Thank you. Can you
7 just expand on what you have to do that is under
8 egregious for them to be terminated from a City
9 contract because some of the things that we've seen
10 in the news are pretty egregious, but they continue
11 to do work with the City so what are those
12 requirements to be terminated from a City contract?

13 COMMISSIONER WASOW PARK: Well, I mean, we
14 absolutely look at some, at cases on a situational
15 basis, bt our toolbox is robust. Ending a City
16 contract is one of them, but I talked about with
17 Bronx Parent, right, the organization still exists,
18 but the leadership, both board and executive, are
19 completely different because we were the ones driving
20 that organizational change. Also, we use corrective
21 action plans, which are very structured initiatives
22 to drive change within an organization. What that
23 looks like will depend on whatever the circumstances
24 are. We use the enhanced review process where we're
25 changing the way we're doing invoice review. We have

1
2 at least one instance that I can think of where we
3 were working with the DOI where there is a monitor in
4 place, but one of the things that we recognize is
5 that CBOs in many cases have very deep histories
6 within their communities. They come from a place with
7 community connection, with history, with skill sets.
8 We don't want to write that off too easily. Our goal
9 is to get to people to succeed, both with respect to
10 financial accountability and quality of services so
11 while, yes, we will end relationship with a provider
12 where it is the appropriate thing to do, we try to
13 course correct wherever possible.

14 CO-CHAIRPERSON WON: I want to shift gears
15 to talk about executive compensation as many of my
16 Colleagues has brought up. The DOI report points to
17 five non-profits where executives rake them more than
18 700,000 dollars annually and another eight where
19 executives earn more than half a million dollars. The
20 report flagged two such non-profits in striking
21 executive pay, CAMBA, C-A-M-B-A, Incorporated, where
22 President Joanne Opulstal earned more than 750,000
23 dollars in Fiscal Year '22 and Acacia Network, where
24 President Raul Rusi took in 935,391 that Fiscal Year,
25 almost a million dollars, and these providers also

1 have shelters in my District currently. A
2 spokesperson for Acacia referred to the non-profit's
3 response in a footnote of the DOI report, which
4 stated that its executive salaries were based on
5 combined revenue, budget and assets, like we
6 discussed, and noted that third-party consultants
7 found its pay meets the standard of reasonableness
8 established by the IRS so my question is, were the
9 salaries at CAMBA and Acacia Network flagged as
10 excessive during any audits or evaluations by DHS? If
11 not, why? And how does MOCS coordinate with IRS to
12 verify that non-profits are adhering to the standards
13 of "reasonableness" for executive pay?
14

15 COMMISSIONER WASOW PARK: Thank you,
16 Council Member. As I've discussed, we are not
17 directly paying, and therefore, yeah, executive
18 compensation rate is not paid directly through our
19 contracts. We are paying an indirect cost rate that
20 not-for-profits then use to pay for a variety of
21 overhead costs, including executive compensation so
22 the short answer is no, we were not signing off on
23 those figures. I have certainly heard loud and clear
24 the concerns raised here around executive
25 compensation. As we've discussed, it's a complicated

1
2 landscape, both with respect to what DSS can do
3 unilaterally within the larger infrastructure of City
4 agencies and then also within the legal structure
5 that has happened before, but it is something that we
6 are happy to continue conversations, both with MOCS
7 and with the Council, to figure out, you know, what
8 is viable, but I'll allow MOCS to chime in.

9 SPECIAL COUNSEL DIAMOND: Yes, absolutely.
10 So as part of what used to be called the Vendex
11 process and now is the Housing PASSPort with Vendor
12 Integrity, one service that MOCS provides is kind of
13 being a central clearinghouse for various types of
14 information so, in that regard, certainly, your IRS
15 tax forms, your State-required charitable forms,
16 these are all aspects, and I think the Commissioner
17 mentioned before, things like Document Vault in
18 PASSPort are all meant to be able to bring those
19 together and provide a faster review. In terms of
20 reasonableness, as the Commissioner said, we do not
21 directly approve or disapprove of any executive
22 director or kind of leader of a non-profit's salary.
23 That's not the insight we have into those costs
24 because we don't pay those costs. I think, as you've
25 said, Chair, and I think most of the Council here has

1
2 said today, and as we've said, it's clearly an issue
3 that we are curious about and need to find a way to
4 make sure we're getting the best value for the City,
5 and we've tried to address that with the tools that
6 we do have, such as related party transactions,
7 conflicts of interest, anti-nepotism. However, we do
8 need to be mindful of the wider regulatory landscape,
9 and I would also highlight, Chair, you asked before
10 about building the portfolio of providers here, and
11 as you know, we usually have larger portfolios, but
12 the DHS portfolio in sheltering is a very difficult
13 job, even compared to the other things the City asks
14 to do so it is also important to note the idea of
15 we're always mindful of potentially limiting
16 competition and sticking to the key criteria, which
17 is delivering value to the City for what we are
18 contracting for, whereas dictating exterior measures
19 that are not directly there and that are not maybe
20 immediately in our tool chest is going to be a lot
21 less effective and end up limiting that pool of
22 potential vendors even more. We think we can mitigate
23 that same risk more effectively through those other
24 directives that I've mentioned, but finally, I would
25 note these issues are absolutely still under active

1
2 consideration by all stakeholders, including the
3 Vendor Compliance Cabinet, so there's no period at
4 the end of this. We're continuing to look at every
5 way that we can do to get the best value for the
6 City.

7 CO-CHAIRPERSON WON: Okay, so if I'm
8 hearing correctly, for executive compensation, there
9 are no guidelines or benchmarks used by DHS or MOCS
10 to determine reasonableness for executive
11 compensation, and can you help me understand how
12 frequently does MOCS review non-profit executive
13 salaries, if at all, and what steps are taken to
14 ensure that there's compliance with public funding
15 requirements?

16 SPECIAL COUNSEL DIAMOND: So, I'll take
17 the first one. I would say I would disagree with your
18 characterization regarding MOCS not checking
19 reasonableness. As I think you just said, the IRS
20 clearly has a level of reasonableness that people are
21 then interpreting against. To be very clear, MOCS is
22 not put in a position at any point to be proclaiming
23 on the reasonableness of that executive salary.

24 CO-CHAIRPERSON WON: So you don't provide
25 any further guidance on reasonableness?

1
2 SPECIAL COUNSEL DIAMOND: In particular, I
3 think, as the Commissioner said, because that is not
4 something that the City directly pays so there would
5 be nothing to therefore issue guidance on. Regarding
6 a different paradigm in which the City does do so, as
7 I've said, we would be very interested in continuing
8 discussions about how to effectively do that, but to
9 be very clear, again, I think, Chair, there is not
10 something that is not being done. It is not a tool in
11 our tool chest. It's not one of our costs that we
12 pay. It's through that indirect rate, and we
13 absolutely recognize the issue and would definitely
14 value further conversations on how you think we can
15 best address the negative outcomes but, yes, to
16 reiterate what the Commissioner said, that is not a
17 line item that we are paying out, and it's just a
18 little bit different than the line item.

19 CO-CHAIRPERSON WON: Okay. Since it's
20 indirect, it's safe for me to say that you don't
21 review non-profit executive salaries then for
22 compliance issues.

23 SPECIAL COUNSEL DIAMOND: MOCS does not
24 directly review that for any compliance issues.

COMMITTEE ON OVERSIGHT AND INVESTIGATIONS JOINTLY
WITH COMMITTEE ON GENERAL WELFARE JOINTLY WITH
COMMITTEE ON FINANCE JOINTLY WITH COMMITTEE ON
CONTRACTS

99

1
2 CO-CHAIRPERSON WON: Or neither does the
3 agency.

4 COMMISSIONER WASOW PARK: Correct. We
5 don't pay it so there isn't a review policy.

6 CO-CHAIRPERSON WON: Thank you. Does MOCS
7 evaluate or does the agency evaluate any
8 methodologies or conclusions that third-party-hired
9 non-profits use to justify executive pay?

10 SPECIAL COUNSEL DIAMOND: Once again, we
11 do not review or approve any executive salary for a
12 City non-profit. It's not a line item in our
13 contracts.

14 CO-CHAIRPERSON WON: Okay. Because the DOI
15 report does recommend that DHS to develop more civic
16 guidance for agencies on executive compensation and
17 consider setting a cap and other parameters on City-
18 funded executive compensation so I look forward to
19 continuing to have this conversation. Thank you.

20 CO-CHAIRPERSON BREWER: Thank you very
21 much. Before I call on Zoom, Council Member Brooks-
22 Powers, I want to welcome Holy Cross High School, who
23 exists in Council Member Paladino's District. Welcome
24 very much. Nice to have you here.

25

1
2 I also want to welcome Council Members
3 Rivera, Riley, and Krishnan, and I'll go ahead
4 online, Council Member Brooks-Powers, with your
5 question.

6 COUNCIL MEMBER BROOKS-POWERS: Thank you
7 so much, Chair, and thank you to the agency for their
8 testimony today.

9 Just a couple of questions. I wanted to
10 know what specific reforms are being implemented to
11 ensure greater accountability in shelter contracts,
12 particularly in addressing excessive executive
13 salaries and conflicts of interest, and I apologize
14 if this was asked. I had to step away for another
15 commitment. And then also, how does the City
16 currently monitor nepotism and conflicts of interest
17 among shelter operators? What additional safeguards
18 can be put in place to ensure fair hiring practices?
19 And then, given the projected 10-billion-dollar
20 expenditure in sheltering over the next three years,
21 what strategies are in place to optimize spending and
22 maximizing the quality of service for asylum seekers
23 and the unhoused? I know, as you know, Commissioner,
24 in my District, we have some challenges with a
25 migrant shelter in Far Rockaway, two of them, that

1 we've met about, and we're looking to see what that
2 transition out of that shelter looks like, but
3 wanting to know, with such a large anticipated
4 expenditure on sheltering over the next three years,
5 what is the strategy? What is the plan?

7 COMMISSIONER WASOW PARK: Thank you,
8 Council Member. I was taking notes. Hopefully, I got
9 all the questions. You'll correct me if I don't. So,
10 let me start first with conflict of interest and
11 nepotism. So, these are two places where we have
12 taken aggressive action over the last several years
13 to change how we are doing business. With respect to
14 conflict of interest, there are very clear disclosure
15 forms that providers have to submit. We are also
16 doing checks on vendors, subcontracts to make sure
17 that there are no related party entities. That
18 includes not only review of those disclosure forms,
19 but also LexisNexis searches, internet searches, as
20 Council Member Won suggested, so that we are really
21 digging in to make sure that we are identifying any
22 of those conflicts of interest. That is our standard
23 practice now, and DSS is working with MOCS on what
24 will be a policy so that it is even more transparent,
25 both for our vendor community and for staff.

1
2 On nepotism, and a point that I made
3 earlier, I'm not sure if you were available to hear
4 it, is nepotism is one of those things that, it's a
5 broad term that can encompass things that are deeply
6 problematic as well as things, you know, two
7 relatives forming an organization together that's
8 actually something that maybe we want to celebrate as
9 opposed to penalize so we have created a policy. It
10 started at DSS. It then became the guidelines for the
11 citywide policy to really do that case-by-case
12 assessment to understand whether or not relationships
13 between staff people are problematic or not so, if
14 there is a relationship between staff people at an
15 organization, they can apply for a waiver. That
16 waiver goes first to MOCS, then to the agency, and we
17 can opt to approve it or disapprove it, put
18 guardrails in place, things like that.

19 So, then with respect to executive
20 compensation, because we, as an agency, do not pay
21 executive compensation directly, that's paid through
22 the agency's overhead rate, either a de minimis 10
23 percent or the level that is approved by the federal
24 government as their indirect rate, our ability to
25 manage that, to control that is essentially

1 nonexistent. We've heard very loud and clear the
2 Council's concerns about executive compensation. As
3 my colleague said, our toolbox is quite limited
4 there, but we've heard the concern and are happy to
5 continue to have conversations about that.
6

7 With respect to shelter spending and
8 accountability there over time, I mean, I think the
9 first thing that we should be doing as we think about
10 shelter spending is trying to reduce the size of the
11 shelter census. It's not something that's going to
12 happen overnight, but it is something that I am
13 really deeply committed to. We've been incredibly
14 focused on shelter exits to permanent housing over
15 the last couple of years. That's a long-term focus,
16 but one that we've ratcheted up since I've been in
17 this seat. Last year, we had about 18,500 exits from
18 shelter into permanent housing, which is a record-
19 breaking number and something that I'm really proud
20 of all of the work that the team did. Shelter is an
21 important safety net for people in an emergency
22 situation, but it is not the goal for anybody long
23 term. I think going into Calendar Year 2025, one of
24 the things that is going to be a priority for me and
25 the agency is to make sure that in addition to this

1 focus on exits, we have to maintain that, but we also
2 need to be thinking about how we can do better
3 upstream prevention and how we can focus on our
4 diversion work so that's something that we're going
5 to be looking at. That being said, I do believe we're
6 going to continue to need a shelter system for the
7 foreseeable future and that it should be a strong and
8 accountable shelter system. We do live in a city with
9 a very low vacancy rate and a very high number of
10 rent-burdened households so people will continue to
11 face emergencies. I see accountability, both
12 financial and programmatic, as something that needs
13 to underpin everything that the agency does, starting
14 with the staff who are out in the field on a regular
15 basis, who are interacting with the provider staff,
16 who are tracking performance metrics like the number
17 of exits to permanent housing, with our technical
18 staff who do site inspections, then including our
19 Office of Accountability. I'm joined here by our
20 Chief Accountability Officer. They're doing third-
21 party audits. They're monitoring incident data. They
22 are running our Agency Vendor Management Committee, a
23 host of other functions, and then the third leg of
24 that stool is our ACCOs office, making sure that the
25

1
2 contracting process itself is done in accordance with
3 the PPB rules and that organizations' responsibility
4 determinations are adequate. It is something that is
5 incredibly important to us. It is an iterative
6 process that we continue to build on, but it is
7 important to us that we are providing services that
8 meet the needs not only of our clients but of our
9 community and to the extent that there are issues,
10 and I will be the first to acknowledge that we can
11 always improve on what we are doing. We're always
12 happy to engage and to look at individual case
13 problem-solving.

14 COUNCIL MEMBER BROOKS-POWERS:

15 Commissioner, I think we can agree like 10 billion
16 dollars is nothing to sneeze at. That's a significant
17 amount of dollars that we're talking about, and just
18 in terms of what I've seen firsthand in terms of the
19 lack of oversight and accountability for the agency
20 providers in the shelters that are overseeing the
21 migrant population in my District, I'm still not
22 clear on what the strategies that are in place to
23 optimize the spending and maximize the quality of
24 services are going to be versus what we're seeing

25

1 today. What is the shift going to be? What is the
2 difference going to be?

3
4 COMMISSIONER WASOW PARK: As you know, as
5 I think everybody knows, the number of shelter
6 clients grew very substantially in a very short
7 period of time and we opened a large number of sites
8 very, very quickly. We did that to meet both our
9 legal and moral obligation to make sure that we are
10 sheltering all of those in need. For quite a while,
11 many of those emergency sites were operated not by
12 not-for-profit providers but actually by the National
13 Guard and a series of temp staff. We did that because
14 we were in an emergency condition, but that was very
15 challenging. I am incredibly grateful for the
16 National Guard service, but those are not trained
17 shelter operators, and they didn't have all the
18 levels of structure that we need. As of this fall, we
19 have not-for-profits in every single site, and we are
20 now in a place where we can put our structure around
21 oversight and engagement and training in place with
22 those not-for-profits. Again, we are always looking
23 to improve on what we are doing. I am never going to
24 sit in front of the Council and say that we do
25 everything perfectly. At the beginning of this

1 hearing, Council Member Brewer noted that I often say
2 no.

3
4 CO-CHAIRPERSON BREWER: She does.

5 COMMISSIONER WASOW PARK: That is the
6 case, but I also commit that I will always be honest.
7 What I can say honestly is that we are an
8 organization that is seeking continual improvement. I
9 think the fact that we now have not-for-profit
10 providers in place in every single one of our
11 emergency sites is an important inflection point, and
12 we will continue to build on the work that we are
13 doing, and we are happy to do that in consultation
14 with Council Members.

15 COUNCIL MEMBER BROOKS-POWERS: My last
16 question, and I thank you, Chairs, for allowing me
17 this opportunity. My last question is, with the
18 Administration beginning to scale back the shelters,
19 because I guess the numbers of the migrants have
20 begun to decline in terms of who is in the care of
21 the City, I would like to know what phase will the
22 shelter on Beach 21st and the shelter in Edgemere be
23 in terms of being phased out? Now that communities
24 are being prioritized, considering that my District,
25 I think probably second to Council Member Won's, is

1
2 one of the most saturated with shelters in general,
3 and so wanting to know what that plan of action is,
4 and if the 10 billion dollars you have is going to go
5 towards beginning to connect migrants or necessary
6 services and transitioning them out of shelter, and
7 that's where I'll end with this. Thank you, Chairs.

8 COMMISSIONER WASOW PARK: So, let me start
9 with the last point. Absolutely connecting all
10 clients, including migrants, to permanent housing and
11 helping people exit shelter is a priority for the
12 agency. For the most part, the asylum seekers are
13 eligible for fewer resources and benefits than other
14 clients, so what that looks like is a little bit
15 different, and our toolbox is a little bit more
16 constrained, but we have been doing it. As you note,
17 the asylum census is down, although there still are
18 about 54,000 recent immigrants across DHS and the
19 non-DHS, the H and H and other agencies that are
20 involved in the process, so it's a non-trivial number
21 of people. Over time, I think the direction that we
22 are heading is that DHS can return to being the
23 primary sheltering agency for the City. We are very
24 grateful for the fact that H and H and NYCEM and HPD
25 stepped up in a point in time where the shelter

1
2 census was increasing faster than DHS could cope, but
3 at the end of the day, it's our mission and mandate
4 to be the sheltering agency for the City, so we are
5 working through plans on what exactly that looks
6 like. I can't speak to specific addresses at this
7 point in time, but we are certainly happy to consult
8 with you. I think one of the things that is going to
9 be very important is we look to exit hotels, which we
10 can all agree that hotels are good neither for the
11 City or for clients.

12 COUNCIL MEMBER BROOKS-POWERS: These two
13 are hotels in particular that I'm speaking about.

14 COMMISSIONER WASOW PARK: Yeah, and that's
15 exactly what I'm speaking to. Hotels are not great
16 shelters. They are quite expensive, and they don't
17 offer the appropriate community space and frankly
18 even living space for people. That is going to be
19 contingent on our ability to not only reduce the size
20 of the shelter census but replace those with more
21 intentional sites, and so we continue to work to make
22 sure that we are citing shelters in every District in
23 the city.

24 CO-CHAIRPERSON BREWER: Thank you. Council
25 Member Zhuang.

1
2 COUNCIL MEMBER ZHUANG: Thank you, all the
3 Chairs, and also I have some questions.

4 I want to know, do you check the record
5 of developers regarding poor compliance records,
6 building development violations, unpaid fines on
7 prior building projects before entering into
8 agreement to build more homeless shelters?

9 COMMISSIONER WASOW PARK: Thank you,
10 Council Member. So, there are two versions of our
11 shelter contracts. In one of them, the not-for-profit
12 is developing the site directly. Let me take a step
13 back. It's been a long morning already. Our contracts
14 are always with not-for-profit organizations. We do
15 not contract directly with developers except in the
16 instance where the not-for-profit is both the shelter
17 operator and the developer. In instances where the
18 not-for-profit is not doing the development
19 themselves, they are leasing the site from a
20 typically for-profit owner. In that instance, we are
21 looking at the lease between the not-for-profit and
22 the developer, making sure that the lease is in
23 accordance with all of our City policies, that we
24 know all of the entities that are involved in the
25 lease. This is an issue that was identified in the

1
2 DOI report, that there are sometimes some fairly
3 complicated ownership structures in those leases.
4 This is a place where we've really been focusing to
5 make sure that we are getting clear documentation and
6 transparency on the property ownership structure. We
7 want to make sure that we know who all the parties
8 are and that the critical costs that belong with the
9 landlord, so, for example, liability, insurance,
10 those major capital repairs, that those are all
11 landlord responsibilities that can't be passed on to
12 either the not-for-profit or the City so we're
13 looking at all the lease documentation. Once a site
14 is up and running, we absolutely look at the physical
15 conditions of the site and we look at administrative
16 records, making sure that there aren't violations on
17 the site but, beyond that, we're actually going out
18 and in tandem with HPD and other physical inspection
19 units to make sure that we have a clear sight line
20 into the physical conditions of the building and that
21 the building is being operated in accordance with not
22 only our standards, but the technical agencies and
23 the State Office of Temporary and Disability
24 Assistance, which is our oversight agency, but short
25 answer to your question, we're not doing

COMMITTEE ON OVERSIGHT AND INVESTIGATIONS JOINTLY
WITH COMMITTEE ON GENERAL WELFARE JOINTLY WITH
COMMITTEE ON FINANCE JOINTLY WITH COMMITTEE ON
CONTRACTS

112

responsibility determination on landlords because we
do not contract directly with the landlords. We
contract directly with the providers.

COUNCIL MEMBER ZHUANG: But you contract
with developers, is that correct?

COMMISSIONER WASOW PARK: No. We contract
with a not-for-profit shelter provider who in turn
leases the building from an owner, so we are looking
at the terms of the lease and we are looking at the
physical condition of the building itself. We are not
doing a responsibility determination on the landlord.

COUNCIL MEMBER ZHUANG: And in the record,
I find where the Sandhu Group who has been awarded a
contract for new homeless shelter at 2147 Bass Avenue
and then currently at 2501 86th Street have numbers
of violations with DOB violations such as complaint
about demolition without permit then apply permit
later after they demolish everything, and then have
accused them of 100,000 dollars in Building
Department fines in prior sites being built by them.
For example, in Staten Island, one of the property
they own has seven violations, more than 10,000 in
fines. Another one has five violations, more than
9,000 dollars in fines. And another one, 10

1 violations and almost 19,000 in fines (INAUDIBLE) has
2 five violations and 2,500 in fines. Queens, the
3 property has 19 violations and 90,000 dollars in
4 fines. Another property in Brooklyn has 10 violations
5 and 10,000 dollars in fines. The Sandhu Group
6 developer is in debt to the City, over 140,000 in
7 fines, and the number of violations, which raise a
8 valid question, why the City continue to do business
9 with this developer?
10

11 COMMISSIONER WASOW PARK: So, I'm sorry, I
12 can't speak to the specific buildings list that you
13 mentioned. Our direct relationship is with not-for-
14 profit providers, and we will absolutely do all of
15 inspection that we need to know that a building is
16 physically appropriate for use as a shelter. DHS does
17 those inspections as does all of the physical
18 oversight agencies of the City as does the Office of
19 Temporary and Disability Assistance. Construction and
20 built property management in the City of New York is
21 complicated. It is important to look at full spectrum
22 of circumstances, what types of violations are there.
23 We will make sure that any building that is being
24 used as shelter is physically appropriate and well-
25 maintained. One of the things that has been really

1
2 important to the agency over the last few years is
3 that we continue to overall upgrade the physical
4 stock of the shelter footprint. We have been
5 aggressively closing buildings that do not meet our
6 physical standards, and that is something we will
7 continue to raise the bar on the real estate that we
8 use as shelters.

9 COUNCIL MEMBER ZHUANG: Do you guys know
10 the Sandhu Group who is building all the homeless
11 shelters?

12 COMMISSIONER WASOW PARK: I'm not familiar
13 with that particular organization. As I say, we
14 contract not with landlords or developers, but
15 directly with the not-for-profit shelter provider.
16 There are a host of different real estate entities
17 that have developed shelter over the years. I think
18 one of the things that we have seen is real
19 diversification in that space. I think seeing more
20 entities come into that area, I think that is good
21 for some of the deconcentration and making sure that
22 we are not enthralled to any particular landlord but,
23 again, our relationship is with not-for-profit
24 shelter providers.

COMMITTEE ON OVERSIGHT AND INVESTIGATIONS JOINTLY
WITH COMMITTEE ON GENERAL WELFARE JOINTLY WITH
COMMITTEE ON FINANCE JOINTLY WITH COMMITTEE ON
CONTRACTS

115

1
2 CO-CHAIRPERSON BREWER: Council Member,
3 can you go on the second round, or do you want to
4 keep going?

5 COUNCIL MEMBER ZHUANG: I have more
6 questions.

7 CO-CHAIRPERSON BREWER: One more.

8 COUNCIL MEMBER ZHUANG: Okay. I actually
9 have a lot of questions.

10 My community has been asking the question
11 why the Sandhu Group in 2017 had a charged connection
12 to the scheme by the other report they gave to me.
13 It's the City of New York investigation. The Sandhu
14 family was charged with bribery, the third degree,
15 and the Class D felony. Why is the City still working
16 with such a developer?

17 COMMISSIONER WASOW PARK: I'd be happy to
18 follow up offline. I don't have the answer off the
19 top of my head, because as I say, we contract
20 directly with the not-for-profit organization.

21 COUNCIL MEMBER ZHUANG: You guys don't vet
22 the system?

23 COMMISSIONER WASOW PARK: We do not do a
24 responsibility determination or other formal process
25 for landlords because our contract is with the not-

1
2 for-profit organization. We absolutely inspect every
3 single property that we are in, but we are not doing
4 a portfolio-wide assessment of the developer, because
5 we don't have a contractual relationship with them.

6 COUNCIL MEMBER ZHUANG: Okay. Thank you.

7 CO-CHAIRPERSON BREWER: Thank you very
8 much. Council Member Restler and Council Member Won.
9 Council Member Restler.

10 COUNCIL MEMBER RESTLER: Thank you so
11 much, Chair Brewer and Chair Ayala and Chair Brannan
12 and Chair Won and everyone for your leadership on
13 this very important topic, and thank you,
14 Commissioner Park and team for being with us today.

15 I just had a few questions. I appreciate
16 that this DOI report had been many years in the
17 making, and so when it takes a few years to put a
18 report together, some of the findings are outdated by
19 the time they come out, which I think you have
20 underscored many times today. You noted in your
21 testimony that previous Administration, I think,
22 shuttered contracts with CORE, with CCS, Bronx
23 Parent, I don't think you mentioned, but another
24 shady operator that we've gotten rid of in our system
25 as far as I know, you can confirm. The ending of

1 cluster operations, I think, also got rid of some of
2 the more problematic operators in the system as well.
3 Could you share with us... the DOI report highlights
4 that a relatively small number of providers have a
5 large role in the system as a whole, and many of
6 those providers do a great job and are excellent, and
7 I should have started by saying I empathize with how
8 hard it is to open shelters and meet your legally
9 mandated needs to serve people who are homeless so I
10 know how hard this is. That being said, I just wanted
11 to focus on some of the providers that are in the
12 system that we're not as confident in. Which
13 providers are currently under Corrective Action Plan
14 or other form of more serious DHS oversight at this
15 time?
16

17 COMMISSIONER WASOW PARK: So, there are
18 six DHS providers who are on Corrective Action Plans.
19 I'll circle back with the exact list. I think I
20 prefer to keep that off of the public record for
21 right now.

22 COUNCIL MEMBER RESTLER: But some of those
23 providers have very many shelters in our system.

24 COMMISSIONER WASOW PARK: So let me take a
25 step back, and I should have started here.

COMMITTEE ON OVERSIGHT AND INVESTIGATIONS JOINTLY
WITH COMMITTEE ON GENERAL WELFARE JOINTLY WITH
COMMITTEE ON FINANCE JOINTLY WITH COMMITTEE ON
CONTRACTS

118

1
2 COUNCIL MEMBER RESTLER: And can I just
3 dig into one more followup to that? Is there such a
4 thing as too big to fail in our DHS system?

5 COMMISSIONER WASOW PARK: Took the words
6 right out of my mouth.

7 COUNCIL MEMBER RESTLER: Okay.

8 COMMISSIONER WASOW PARK: So our goal is
9 to get not-for-profits to a point of compliance. We
10 want good services. We need good services, and we
11 need a robust not-for-profit sector, right, but
12 nobody is too big to fail. CCS, for example, very,
13 very large provider. CORE was quite a large provider.
14 That was one I believe we closed in March 2022, so it
15 was this Administration. We have closed not small
16 not-for-profits. We've closed large not-for-profits,
17 but our toolbox is bigger than that, right, so
18 there's nothing left, we have to end business with
19 them. That is the solution. But before that point, we
20 use Corrective Action Plans as a tool to put people
21 back on course, right, and we may put them on a CAP
22 because of financial concerns, we may do it because
23 of programmatic concerns, but we really do see it as
24 a technical assistance tool, right, and to monitor,
25 and we've seen that as an effective way of getting

1
2 not-for-profits to course correct. We have mandated
3 changes to organizational structure. You mentioned
4 Bronx Parent. I believe they've changed names, but
5 they are still in existence but with an entirely
6 different leadership structure, which was something
7 that was directed and mandated by us, right?

8 COUNCIL MEMBER RESTLER: With some help
9 from some prosecutors.

10 COMMISSIONER WASOW PARK: Sorry?

11 COUNCIL MEMBER RESTLER: With help from
12 some prosecutors.

13 COMMISSIONER WASOW PARK: Absolutely, but
14 DSS along with our colleagues at MOCS took a front
15 and center role in making sure that those leadership
16 changes happened and that we were getting qualified
17 people into that organization, both as staff and
18 board members. In at least one instance that I can
19 think of, there is a DOI-appointed monitor, again,
20 something that we are working on very closely with
21 MOCS and with DOI. For some of the smaller not-for-
22 profits, before something goes wrong, we put them on
23 a capacity-building agreement, right, so we want to
24 make sure that we have a robust toolbox. Nobody is
25 too big to fail, but the goal is to get to success.

1
2 COUNCIL MEMBER RESTLER: I really
3 appreciate that response. I do think that, as I
4 understand it from your testimony, there are
5 providers that are many times larger than the
6 providers that have been shuttered in recent years
7 that are on Corrective Action Plans. I appreciate
8 that Corrective Action Plans are intended to be
9 technical assistance and helping to provide
10 additional support to ensure that these operators are
11 providing the quality of services and care that our
12 clients deserve, but it does give me concern when we
13 have organizations that have many dozens of shelters
14 on Corrective Action Plans that may not be operating
15 at the level that we all hope.

16 The other area that I wanted to just dig
17 in on in my last eight seconds, sorry, Chair Brewer,
18 is subcontracting, which is a real concern of mine. I
19 think we've seen some of these operators that are, I
20 really think, borderline unethical practices where
21 they have these for-profit subcontracting entities
22 that provide the security services or other forms of
23 services for the shelter. The same leadership in the
24 shelter is getting paid multiple times over, family
25 members and others connected to the subcontractors.

COMMITTEE ON OVERSIGHT AND INVESTIGATIONS JOINTLY
WITH COMMITTEE ON GENERAL WELFARE JOINTLY WITH
COMMITTEE ON FINANCE JOINTLY WITH COMMITTEE ON
CONTRACTS

121

1
2 What can we do to eliminate these shady and unethical
3 subcontractor practices so that we're supporting
4 quality non-profit organizations to provide high-
5 caliber services? Again, I want to just come back to,
6 I realize you have a really hard job and you don't
7 have a thousand organizations knocking on your door
8 every day to operate these shelters and so you've got
9 to do the best you can with the choices you got. This
10 is an issue of, I think, real concern. I know it's
11 been an area that you and others have focused on.
12 Could you elaborate on what you've done and what we
13 could do further moving forward?

14 COMMISSIONER WASOW PARK: Absolutely. I
15 would start by saying I think the situation that you
16 described goes beyond borderline unethical. It's just
17 straight up unethical.

18 COUNCIL MEMBER RESTLER: Thank you.

19 COMMISSIONER WASOW PARK: We have been
20 focused very intensively on that over the last few
21 years. We have been doing tighter and tighter review
22 of subcontracts. It's a process that is known as the
23 65-A review because we're good bureaucrats and
24 there's a form for everything, but where we are
25 really looking at starting with how was a subcontract

1
2 procured, does the provider have three bids to go
3 with that subcontract, and if they don't have the
4 three bids, that's a hard line, we're not moving
5 forward there. If they do have the three bids, are
6 those bids in fact independent, have they gone with
7 the lowest responsible bidder? In addition, providers
8 are now required to submit fairly detailed conflicts-
9 of-interest forms. Then we are also doing our own
10 independent review, doing LexisNexis searches, as
11 Council Member Won indicated, online searches, so
12 that we are really identifying if there is a related
13 party interaction with a sub. If we find an issue
14 with a sub, even when it is not necessarily something
15 nefarious, but they have two bids, they don't have
16 three bids, we won't make a payment on that. We will
17 proceed with the invoice payment for the rest of that
18 invoice, but we will hold back on that particular
19 sub.

20 COUNCIL MEMBER RESTLER: Why don't we just
21 prohibit organizations, the senior leadership and
22 board members of the organizations from having a
23 direct financial stake or immediate family members
24 having direct financial stake in the entities that
25 are subcontracting with those non-profits?

1
2 COMMISSIONER WASOW PARK: We won't do that
3 anymore. There was a time, obviously, as DOI found,
4 where that was happening. We will no longer proceed
5 with those. If we identify a related party with the
6 subs, we are either going to sever that relationship
7 between the vendor and the not-for-profit or we will
8 stop doing business with the organization as a whole.

9 COUNCIL MEMBER RESTLER: And you do that
10 just with your own agency latitude, with your own
11 discretion. You choose to sever those contracts. It
12 is not a law that is in place. It's a decision...

13 COMMISSIONER WASOW PARK: So, this is very
14 much driven... MOCS is very much involved in this. I
15 would say we have been quite aggressive on this over
16 the last few years and, as I said earlier, you've
17 probably heard complaints from some non-profits about
18 how long our 65-A review process takes because it
19 does, but this has been built into the current
20 iteration of PASSPort, which I'm optimistic will make
21 us both more accountable and faster.

22 I will say, you know, there are some
23 quite terrible examples of some of these related
24 party subs, and the report calls them out. I think
25 there are also some examples that are a little

1
2 murkier, right? A not-for-profit creates a for-profit
3 subsidiary that is a job training program, for
4 example, for clients. That can still be problematic,
5 but, you know, I think not everything starts out as
6 something nefarious, but we are very strict on our
7 subcontract policy at this point.

8 COUNCIL MEMBER RESTLER: I really
9 appreciate the chance to go a little long. Bedros,
10 it's nice to see you. I haven't seen you in a long
11 time. Thank you for the answers, Commissioner Park.
12 As always, I appreciate your thoughtfulness and
13 diligence.

14 CO-CHAIRPERSON BREWER: Thank you very
15 much, Council Member Won and then Council Member
16 Banks.

17 CO-CHAIRPERSON WON: Thank you so much,
18 Chair Brewer. I wanted to follow up on Council Member
19 Selvena Brooks-Powers' and Council Member Susan
20 Zhuang's questions about the new closures that you've
21 recently announced about shelters. It's really clear
22 from what you've spoken about that you want to have
23 equal distribution and equity for where the shelters
24 are built. Yet when we look at a map of where the
25 shelters are, it's 38 shelters in my District, a high

1
2 density of population of shelters in Southeast Queens
3 in Selvena Brooks-Powers' District, Speaker Adrienne
4 Adams' District, Council Member Salamanca's District
5 in the Bronx, and Council Member Althea Stevens. It's
6 clear that when you look at it on a map, they are
7 saturated and concentrated in the highest levels of
8 poverty in black and brown neighborhoods. Can you
9 help me understand what the phases will be for
10 closing down these shelters and what order because
11 the ones that you listed were not for equal
12 distribution or relocation or transferring or
13 anything like that?

14 COMMISSIONER WASOW PARK: Sure. Thank you.
15 Before I get to your question, I just, sorry, would
16 like to make one more correction on the record. We
17 have 12 providers on CAPS. The six that I mentioned
18 are those that are on enhanced review so I did want
19 to correct the record.

20 So, we are absolutely committed to equal
21 distribution of shelters across the city. As I've
22 discussed a number of times, we've had very rapid
23 increase of the shelter census in a very short period
24 of time, which really dramatically increased our
25 utilization of hotels. Hotels were frankly the only

1
2 real estate that we could open in the time period
3 that in some cases in the peak of asylum census that
4 we were opening, you know, three or four sites a
5 week. It was incredibly challenging for DHS and I
6 understand for communities as well as what we needed
7 to do to be able to meet our legal obligations with
8 the number of people coming into shelter so quickly.
9 Hotels are not distributed equally and we had to go
10 with the real estate that was available to us. Hotels
11 are absolutely not the right thing to be using for
12 shelter because they are unequally distributed,
13 because they are expensive, because they are not good
14 for clients. So, we are highly committed to reducing
15 our hotel footprint. The pace that we are going to be
16 able to do that is going to depend on the reduction
17 of the shelter census and our ability to open, you
18 know, well-designed, fully, you know, more standard
19 contracted shelters. That's something that we're
20 working on aggressively and we are committed to
21 making sure that we have shelters located across the
22 city. The list of closures that was published, I
23 believe, last week, none of those were DHS sites,
24 maybe one, but that was not primarily a list of DHS
25 sites. It's something that we are working closely

1
2 with our colleagues at the Mayor's Office of Asylum
3 Seeker Operations and others as DHS retakes over the
4 role as primary sheltering agency for the City. I'm
5 not in a place where I can talk about specific close
6 down plans right now, but certainly we will be
7 looking at distribution of sites going forward.

8 CO-CHAIRPERSON WON: So, for those of us
9 who have primarily DHS sites, then we could rest
10 assured most likely those will not be closing.

11 COMMISSIONER WASOW PARK: The list that
12 was published last week was specifically non-DHS
13 sites. We, DHS, will be the long-term sheltering
14 agency for the city, but as I say, I would prefer not
15 to be using hotels in anywhere close to the same
16 level that we are right now SO, as we are able to
17 cite shelters going forward, that that is something
18 that we will look to change.

19 CO-CHAIRPERSON WON: So, you will be
20 looking to have equal distribution, not concentration
21 in black and brown neighborhoods for all these
22 shelters?

23 COMMISSIONER WASOW PARK: This has been a
24 clear policy from the start of the Administration. I
25 would say that the, the asylum seeker crisis

COMMITTEE ON OVERSIGHT AND INVESTIGATIONS JOINTLY
WITH COMMITTEE ON GENERAL WELFARE JOINTLY WITH
COMMITTEE ON FINANCE JOINTLY WITH COMMITTEE ON
CONTRACTS

128

1 certainly caused some deviation from that. We'll
2 fully acknowledge that we had to take advantage of
3 the hotel real estate where it existed, but we have
4 been committed to citing shelters in districts across
5 the city and we will remain so.

7 CO-CHAIRPERSON WON: Okay. My last
8 question is, DOI recommended centralizing oversight
9 and compliance, fiscal and governance matters within
10 MOCS Vendor Integrity Unit. What challenges do you
11 foresee to implement this recommendation, and can you
12 give us more resources on what's concrete steps
13 you've now taken through the Vendor Compliance
14 Cabinet and what is MOCS' target timeline? Who is in
15 this also? Who is in this special compliance cabinet?

16 SPECIAL COUNSEL DIAMOND: So, Chair Won,
17 I'd say first on the Vendor Integrity Unit that you
18 mentioned. The Vendor Integrity Unit is a unit within
19 MOCS that is doing specific acts that is really more
20 in the day to day and is going to be developing,
21 thinking about really the same thing that the VCC
22 will be thinking about, which is technology
23 procedures and policy in order to get better outcomes
24 here. The difference is definitely partially in the
25 makeup is that VIU is a MOCS unit designed to push

COMMITTEE ON OVERSIGHT AND INVESTIGATIONS JOINTLY
WITH COMMITTEE ON GENERAL WELFARE JOINTLY WITH
COMMITTEE ON FINANCE JOINTLY WITH COMMITTEE ON
CONTRACTS

129

1
2 things forward in order to reach those goals. The
3 Vendor Compliance Cabinet is Chaired by Director
4 Flores, the head of MOCS, and Executive Director
5 Lebec, the head of the Mayor's Office of Risk
6 Management and Compliance. It includes the procuring
7 agencies, and then what I would say is kind of, you
8 know, other oversight such as law or the Mayor's
9 Office of Non-Profit Services are advisors and join
10 as needed depending on the nature of the discussion.
11 So, you have those two units.

12 In terms of the specific and concrete
13 things that have come out of them, so as I referenced
14 earlier, you have the anti-nepotism policy, which as
15 the Commissioner had stated originally started with
16 VIU working with DSS and saying, how are we going to
17 deal with these issues, developing these anti-
18 nepotism procedures. Those then elevated to the VCC,
19 to the Compliance Cabinet, so that we can not work in
20 a silo because I think that's something that's
21 happened previously, is you develop a little policy,
22 but you haven't seen how is it going to work on the
23 ground with your procuring agencies, talking to the
24 ACCOs, talking to the program people on the ground
25 who actually know the accountability issues, what

1 tools they need so we've really put an emphasis.
2
3 There is a firm structure and a charter to the Vendor
4 Compliance Cabinet that says, here's our goals,
5 here's what we hope to achieve so anti-nepotism is
6 completely out on the street. A directive was issued
7 this summer regarding adverse information, kind of
8 related to a lot of what we've been talking about,
9 enhancing those procedures of saying, agencies, if
10 you see X, you need to report it to Y, so that we're
11 sharing information, we're getting all of them,
12 really making sure we're getting as much of the
13 adverse information as early as possible in order for
14 agencies to make the best decisions. And then I also
15 referenced the conflicts of interest policy and
16 related party transactions. Those have been
17 developed, those have been drafted, they've been
18 shared with various stakeholders, and they are up for
19 implementation presently, and we hope to have those
20 in place for Calendar Year '25. And so those I would
21 say are some of the concrete steps, although, Chair
22 Won, as you know well, when we talk about vendor
23 integrity, there are lots of places at MOCS that are
24 concerned with vendor integrity outside of the VIU.
25 The VIU has specifically been put in place to drive

1 these tech, policy and procedural changes to improve
2 outcomes.
3

4 CO-CHAIRPERSON WON: So, you feel
5 confident that you will be able to centralize
6 oversight for compliance, fiscal and governance under
7 the VIU?

8 SPECIAL COUNSEL DIAMOND: I think so. In
9 particular as to the DOI report, I think we certainly
10 agree that that is what we should do, and it is what
11 we have already started doing in creating that Vendor
12 Integrity Unit. I would note, to be absolutely clear,
13 and it's referenced in our response to the DOI
14 report, that DOI does, in phrasing this, it appears
15 that they would envision some more enforcement roles
16 for this Vendor Integrity Unit and, Chair Won, as you
17 know very well, at MOCS, we don't hold the contracts.
18 We are not the ones who necessarily have the tools to
19 get in there. As the Commissioner described, there
20 are people on the ground at the agencies who are
21 doing a lot of this. To the extent that that is in
22 the future state, we're open to considering that but,
23 to be clear, it is not the active state so the VIU
24 that is currently at MOCS is not out on the street
25 enforcing contractual requirements, because that's

1 not the paradigm. As you know, agencies are the first
2 line of defense there, but we are open to, I think
3 Director Flores was saying this, this is stage one,
4 and there's very much a blue sky thinking here in
5 terms of all issues of vendor responsibility and
6 integrity. This is stage one, and we're open to
7 seeing where this goes.

8
9 CO-CHAIRPERSON WON: Is there a mechanism
10 in which all the agencies, ACCOs, talk to each other?

11 SPECIAL COUNSEL DIAMOND: Yes, there's a
12 procurement leaders meeting once a month where MOCS
13 and more than just ACCOs, a lot of DACCOs, a lot of
14 M/WBE Officers, Chief Diversity Officers, indeed
15 sometimes Commissioners, will join our procurement
16 leaders, which is every single month. Of course, we
17 take someone like Vincent Pulo, the DSS ACCO who has
18 such an important portfolio. We're usually speaking
19 with him and other ACCOs in some sort of working
20 group once a week on something. So there's a once
21 monthly, every month for many, many, many, many years
22 that all ACCOs go to. But also, I think, especially
23 when you consider things like the VCC and these
24 working groups and these procedures, we're holding a
25 lot of informal gatherings of ACCOs in the human

COMMITTEE ON OVERSIGHT AND INVESTIGATIONS JOINTLY
WITH COMMITTEE ON GENERAL WELFARE JOINTLY WITH
COMMITTEE ON FINANCE JOINTLY WITH COMMITTEE ON
CONTRACTS

133

1
2 services space, ACCOs in the construction space, and
3 really because they have the boots on the ground and
4 they see the issues in real time so we can't improve
5 the procedures and the policies if we're not working
6 hand in hand with our ACCO shops.

7 CO-CHAIRPERSON WON: And last question, I
8 promise. Why did MOCS reject several of DOI's
9 recommendations regarding systems and data
10 management? Are you doing alternative approaches?

11 SPECIAL COUNSEL DIAMOND: Is there a
12 specific recommendation you were thinking of, Chair?
13 We'll get back to you.

14 SPECIAL COUNSEL DIAMOND: Okay. I'm happy
15 to have any further discussions, of course.

16 CO-CHAIRPERSON WON: Thank you.

17 CO-CHAIRPERSON BREWER: You should invite
18 her to the procurement meetings. They'll be going on
19 for a long time.

20 SPECIAL COUNSEL DIAMOND: Indeed.

21 CO-CHAIRPERSON BREWER: I love her
22 questions. We're welcoming Middle School 158. I think
23 they are in. Welcome, school in Council Member
24 Paladino's District. Welcome, welcome. Glad you're
25 here.

1
2 Next is Council Member Stevens and then
3 Banks.

4 COUNCIL MEMBER STEVENS: Hello. Good
5 afternoon. I guess for me, some of the questions I
6 always have and just think about when we're thinking
7 about even the landscape of non-profits and the
8 contracting in the city, you know, we have a lot of
9 non-profits who hold a lot of contracts with the
10 city, and so I'm just trying to get a better
11 understanding of how is that evaluated when we're
12 thinking about new contracts, and especially like
13 with shelters, because that's such a big overhaul
14 because I feel like a lot of times we look at them as
15 a jack of all trades and that's not the case, and so
16 are we looking to start thinking about maybe having
17 more of an evaluation and factoring that in to kind
18 of get people to stay more in a niche because often
19 people are following the money and the trends and so
20 they'll jump and put their hats in the ring to have
21 all these different contracts so how's that taken
22 into consideration when thinking about giving out a
23 contract, especially for something as big as a
24 shelter?

1
2 COMMISSIONER WASOW PARK: Thank you,
3 Council Member. Very good question. So, when we are
4 reviewing a proposal that comes in through our open-
5 ended RFP, which is how we solicit and review new
6 shelter proposals, one of the criteria that we're
7 looking at is provider capacity, and we're looking to
8 balance two things. One is some level of experience.
9 I think providing shelter services is a skill in and
10 of itself. It is challenging. There's particular both
11 operational and human service skill sets that are
12 needed and also compliance with City government rules
13 and regulations, as we've been talking about all
14 morning, is challenging so we're looking to balance
15 experience with also capacity and bandwidth.

16 COUNCIL MEMBER STEVENS: But if we're only
17 looking, because I understand the capacity piece, but
18 even with the experience, sometimes that takes new
19 people out of the running because they're not able to
20 do it, and we often know that sometimes the City goes
21 to specific folks to say, I need you to take this
22 contract and that happens often.

23 COMMISSIONER WASOW PARK: So yeah, so
24 sorry. Let me finish the thought here. So, one of the
25 ways that we look at experience is we try to take a

1
2 broad definition so that it includes not just have
3 you run a shelter in New York City, because then
4 we're only ever going to the same pool. Have you
5 operated shelter elsewhere in another jurisdiction?
6 Or maybe you haven't operated shelter any place, but
7 you have other human service contracts with the City
8 of New York that provides a relevant skill set so we
9 want some...

10 COUNCIL MEMBER STEVENS: But I think, even
11 with that, that gets really hard, because even with
12 the model it has, right, because we run on a
13 reimbursement policy that also takes a lot of people
14 out of running, you have to have a certain amount of
15 endowment and you have to have the money up front to
16 put it forward so we're going to the same group of
17 people, which is why I think when we're thinking
18 about payment, we're putting people in a cycle of
19 poverty, because now they have multiple contracts
20 with the City who they have to pay up front and then
21 we know that they're all being paid late, and so even
22 by definition of the way we're thinking about giving
23 out contracts, we are putting organizations at a
24 deficit.

1
2 COMMISSIONER WASOW PARK: So, we've added
3 about a dozen new providers over the last two years.
4 I think one of the very few silver linings of growing
5 very rapidly is that we have been able to bring in a
6 number of new providers. Some of those are relatively
7 large organizations that just haven't done work with
8 DHS before, but many of them are quite small
9 organizations. We do recognize that contracting with
10 the City can be complicated. We are looking to
11 provide technical assistance and support to
12 organizations to do that so we offer, for example,
13 what we call our capacity building agreement, which
14 is really hands-on technical assistance work to
15 support not-for-profits that wanted to do business
16 with the City.

17 COUNCIL MEMBER STEVENS: I have one more
18 question, so I'm just going to stop you there, and we
19 can definitely continue the conversation because I do
20 think we need to get to a place where we're looking
21 at all the players that are getting these contracts
22 and then trying to make sure that we're balancing it
23 out because, you know, we do have a group of folks,
24 and when you look at some of the executive salaries,
25 they have a lot of the City's contracts and so I

1 think even some of the questioning from my Colleagues
2 can speak to that of, like, well, then how are we
3 justifying this, right, so we have, you know, folks
4 making half a million dollars, and then they're
5 getting, you know, the bulk of the contracts from the
6 City. It becomes a problem so I think we definitely
7 need to be looking at the bigger spectrum, like as
8 RFPs are coming in, how many contracts they have at
9 DSS, DYCD, ACS, and all these different things,
10 because a lot of these organizations over the
11 spectrum are getting a lot of contracts from the
12 City. And here's the thing, I'm not saying they don't
13 do good work, but what I'm saying is we also have to
14 think about, like, how are we also evaluating it for
15 them to get the RFPs, and then thinking about how are
16 we eliminating other people from getting them. I
17 mean, one of the biggest ways is that we reimburse
18 them, but that's not your fault, but we can work on
19 that.

21 My last question is also to, and I think
22 I've asked this question before in different
23 iterations, but because I'm always baffled about when
24 we're thinking about shelters and I know you don't
25 lease to landlords, so I just want to make sure the

1 providers are the ones responsible for finding
2 locations for shelters and not DHS. You guys are not
3 the ones citing it? So, the provider, the ones coming
4 to you saying, like, hey, I have this space, or I
5 have this deal with this landlord, let's do this, and
6 then you approve their contract, and that's how the
7 process works.
8

9 COMMISSIONER WASOW PARK: Essentially,
10 yes. So, one of the threshold criteria for when
11 you're applying for open-ended RFP, when a not-for-
12 profit is applying through open-ended RFP, is that
13 they have some form of site control. That doesn't
14 necessarily mean that they have an executed lease,
15 something like that, but it means that they at least
16 have a letter of intent from a landlord. So, they
17 have to find the site, but we, you know, we can
18 review a site and say this does or doesn't work as
19 shelter, right, and that could be for a whole variety
20 of reasons, right? It could be that it is, it's too
21 small, it's too big, it's too...

22 COUNCIL MEMBER STEVENS: Is it ever
23 because this location has so many shelters in the
24 area?

25 COMMISSIONER WASOW PARK: Yes, absolutely.

COMMITTEE ON OVERSIGHT AND INVESTIGATIONS JOINTLY
WITH COMMITTEE ON GENERAL WELFARE JOINTLY WITH
COMMITTEE ON FINANCE JOINTLY WITH COMMITTEE ON
CONTRACTS

140

1
2 COUNCIL MEMBER STEVENS: How often does
3 that happen?

4 COMMISSIONER WASOW PARK: More often than
5 you would think.

6 COUNCIL MEMBER STEVENS: Interesting. This
7 doesn't happen so much in my District, but you've
8 been nice to me, so I'm not going to be mean today,
9 but I think that that's something that we definitely
10 even think about in the process of like, are there
11 areas we should just like say, this is a frozen zone
12 for right now because it's so saturated, and how do
13 we move forward because I think even with providers,
14 if they are like, oh, we need to find a space,
15 they're just going to go out, and they're not looking
16 to think like, oh, is there another shelter down the
17 block, or is there one in the area because like,
18 that's not their landscape. They're going to... real
19 estate is ridiculous in the city right now and so,
20 you know, it also puts them in a position where
21 they're not able to provide and so I think we need to
22 think about what does that look like for the next
23 RFPs that are coming out.

24 COMMISSIONER WASOW PARK: Happy to
25 collaborate on that.

COMMITTEE ON OVERSIGHT AND INVESTIGATIONS JOINTLY
WITH COMMITTEE ON GENERAL WELFARE JOINTLY WITH
COMMITTEE ON FINANCE JOINTLY WITH COMMITTEE ON
CONTRACTS

141

1
2 COUNCIL MEMBER STEVENS: Absolutely. So,
3 we'll definitely talk some. Thank you.

4 CO-CHAIRPERSON BREWER: Council Member
5 Banks.

6 COUNCIL MEMBER BANKS: Thank you, Madam
7 Chair. First of all, good to see you, Commissioner. I
8 just want to know, are there any shelters slated for
9 the 42nd Council District to open up? Any new
10 shelters slated?

11 COMMISSIONER WASOW PARK: I don't have my
12 list of shelter openings with me, but I'm happy to
13 follow up offline.

14 COUNCIL MEMBER BANKS: And then the list
15 of closures, any slated closures?

16 COMMISSIONER WASOW PARK: Happy to follow
17 up offline.

18 COUNCIL MEMBER BANKS: All right. Well, we
19 look forward to that information.

20 And I want to dive deeper into the
21 services that the shelters provide, particularly the
22 sponsors like Samaritan Village, which has acquired a
23 couple of shelters in my District. I believe SUS,
24 which is also another proprietor of shelters in the
25 42nd Council District. I want to know when you, the

1 deliverables that they are obligated to provide for
2 the residents in the shelter, who provides the
3 oversight when it comes to that because we've had
4 multiple conversations with a lot of the providers in
5 the District, and we don't hear or even see the
6 social services that are being provided. A lot of the
7 residents are roaming the streets. They put out at a
8 certain time, and we see that constantly. And listen,
9 it seems like that just creates a war on homeowners,
10 business owners, on our community, and I want to know
11 exactly what's being done by these providers when
12 they get in. I mean, are we just providing food and
13 shelter, or are these providers obligated
14 contractually to provide some type of social service,
15 whether it's mental health, life skills, you name it?
16

17 COMMISSIONER WASOW PARK: So, let me just
18 start with one clarification for the record. We do
19 not, and haven't for, I don't know, 10 or 15 years,
20 require shelters to close during the day. That was
21 the policy, and I know many people believe that it
22 still is. Clients can absolutely, the can stay
23 indoors during the day. They certainly are not
24 required to, but they can. I just wanted to make sure
25 that we were all on the same page there.

1
2 COUNCIL MEMBER BANKS: Well, let me ask
3 you this. During the day, during the times when the
4 shelter is open, are there services that are
5 available for the residents?

6 COMMISSIONER WASOW PARK: Yes. So, every
7 shelter has some form of wraparound services. What
8 that looks like is going to depend.. there's some
9 things that are consistent across every shelter,
10 right, so every shelter is going to have caseworkers.
11 That is a mandated ratio from the Office of Temporary
12 and Disability Assistance, our State oversight
13 agency. Virtually every site has housing specialists,
14 people who are focused on permanent housing
15 placements. I say virtually every, in a handful of
16 sites, it's the caseworkers also doing that work. And
17 then beyond that, the specific nature of the services
18 is going to vary a little bit depending on what
19 population served, right, so families with children's
20 sets of services are going to look a little bit
21 different than single adults and then within single
22 adults, we have different types of program shelters
23 so we have shelters that are geared towards people
24 who are employed or employable. We have shelters that
25 are geared towards seniors to people with behavioral

1 health diagnoses so it ranges, but absolutely every
2 site has social services. And the expectation is that
3 people are focused on social service provision and on
4 permanent housing placements.
5

6 COUNCIL MEMBER BANKS: Can you tell me the
7 services that Samaritan Village provides? There's a
8 200-bed women's shelter right on Van Sicklen and New
9 Lots and even speaking to some of the residents that
10 live there, they say there's no services being
11 provided to them so I don't know what you're seeing
12 on your level, but it's not trickling down to the
13 ground of the folks who are in the shelters. Just
14 like the 100, I think it's a 200-bed men's shelter
15 right on Blake, right across from the Betty Shabazz
16 Clinic in East New York. There are a lot of residents
17 in there that have mental health issues, but there's
18 some residents in there that don't have mental health
19 issues and want services. We've had conversations
20 with them, and they're saying that they're not
21 getting the services from the particular service
22 provider so what are you doing to make sure that
23 we're not just, like I would always say, keeping poor
24 people poor and keeping this business of sheltering
25 going and really providing services to the residents

1 so they can become productive, and even those folks
2 who have mental health issues, what are we doing to
3 assist them, to help them?
4

5 COMMISSIONER WASOW PARK: Sure,
6 absolutely. I'm happy to follow up on specifics of
7 different sites offline, but generally speaking,
8 making sure that we have viable on-site services, but
9 also really important is that we have a strong
10 referral network. I don't want to be in a situation
11 ever where somebody's access to mental healthcare,
12 for example, is contingent on their being in shelter.
13 So, one of the things that is really important to us
14 is that our providers are referring out to community
15 for people with more serious behavioral health needs.
16 That could mean completing an application for one of
17 the City's mobile health crisis teams, right, IMT,
18 ACT, things like that, and we actually have shelter-
19 based ACT teams. I'm sorry, I'm going to have to look
20 up what ACT stands for, but they're State- and City-
21 funded mental health teams that are really designed
22 to deal with people with the most serious needs.

23 For other people, that is making sure
24 that they have access to primary care physicians,
25 right, that that kind of referral has been met. It

1
2 could mean connection to the right employment
3 services.

4 All of this is voluntary. Nobody's
5 required to receive services in order to be in
6 shelter. It is always a work in progress..

7 COUNCIL MEMBER BANKS: Well, it's been a
8 work in progress for quite some time.

9 COMMISSIONER WASOW PARK: I'm never going
10 to be here to say that DHS is perfect.

11 COUNCIL MEMBER BANKS: I don't want
12 perfection.

13 COMMISSIONER WASOW PARK: We absolutely
14 have staff who are out on a regular basis, who are
15 working with the providers, who are looking at
16 metrics like how many permanent housing placements
17 have they made. When we identify an incident or
18 trends where we have concerns about provider
19 performance, we will double down on them. We can put
20 providers on CAPs for performance issues. It's not
21 just for financial accountability. But really, I
22 think for the most part, what we see is that we do
23 have a robust network of wraparound services. One of
24 the performance metrics that I am absolutely the most
25 focused on is those permanent housing placements

COMMITTEE ON OVERSIGHT AND INVESTIGATIONS JOINTLY
WITH COMMITTEE ON GENERAL WELFARE JOINTLY WITH
COMMITTEE ON FINANCE JOINTLY WITH COMMITTEE ON
CONTRACTS

147

1 because shelter should be a short-term emergency
2 solution. Last year, we had about 18,500 permanent
3 housing placements, which is a record.
4

5 COUNCIL MEMBER BANKS: Well, listen, it's
6 easy to sit here in City Hall and to regurgitate that
7 and to say that, but I would encourage you, if you
8 would come and take a tour with me through my
9 District, and we can speak to some of the shelter
10 residents, and I'll let them express the same thing I
11 expressed to you.

12 COMMISSIONER WASOW PARK: Happy to do it.

13 COUNCIL MEMBER BANKS: Thank you.

14 CO-CHAIRPERSON BREWER: Thank you. I know
15 that the Commissioner has to leave at 1. I just have
16 one question. The people who are sometimes coming
17 into the shelter come from off the street, and my
18 understanding is that there's an 8-million-dollar
19 hotspot funding cut that DHS is proposing for those
20 who are doing the outreach. Can you just talk about
21 that because it does seem to me that that's going to
22 cut an awful lot of outreach workers who do help keep
23 people off the street and then go into your shelters.

24 COMMISSIONER WASOW PARK: Yeah, street
25 outreach is some of the most challenging and most

1
2 important work that we do. I think you probably
3 heard me say this last night, Council Member, I think
4 street outreach is probably the hardest job in the
5 City of New York and we are totally committed to it.
6 We have a number of places in our budget where
7 there's funding that for a whole variety of reasons
8 isn't baselined so this isn't a place where we're
9 requesting a cut but where we're working with OMB to
10 address funding needs on a year-by-year basis, but we
11 are completely committed to our street outreach.

12 CO-CHAIRPERSON BREWER: But we need the 8
13 million dollars back. We do not need it cut. We are
14 losing people who will be keeping those off the
15 street.

16 COMMISSIONER WASOW PARK: We are working
17 very closely with OMB on that.

18 CO-CHAIRPERSON BREWER: Okay, I will keep
19 talking about that.

20 Council Member Won to close it out
21 because the Commissioner has to leave if you have a
22 quick question.

23 CO-CHAIRPERSON WON: I just wanted to make
24 sure that I got to ask this question before you left.
25 There was an article on November 20th in Hell Gate

1
2 that exposed the lack of City and State's oversight
3 on halal certification for migrant shelters and the
4 food that they're getting. The site in question was a
5 City-run migrant site where a for-profit vendor was
6 providing halal food that were not only bad quality,
7 I believe it was Riviera Caterings because I have the
8 same issue at Estelle Place in my District where
9 Riviera, I've had multiple constituents complain that
10 it was not halal food, so they are continuing to
11 claim inaccurately that they are halal despite the
12 protest of Muslim migrants. What is the City's plan
13 to reform the oversight process to ensure that meals
14 are appropriate for halal-observing clients and that
15 there is no fraudulent claims like that?

16 COMMISSIONER WASOW PARK: So, I'm going to
17 confirm and we'll follow up with you but I believe
18 that was not in the DHS system which limits my
19 ability to speak to the specifics. We absolutely take
20 people's food needs very seriously whether they are
21 religious or dietary and to the best of my knowledge
22 we have not had specific complaints on that within
23 the DHS system, but I will certainly follow up.

24 CO-CHAIRPERSON WON: So, does DHS follow a
25 certification process because there is a halal

1 certification countrywide that you can receive to
2 serve halal food?
3

4 COMMISSIONER WASOW PARK: So, in most
5 instances the way that food is delivered within the
6 DHS system is that the provider typically has a
7 subcontract for their food vendor. We obligate those
8 providers to meet the religious and dietary needs of
9 clients and so the providers are obligated to
10 provide, you know, halal or kosher or whatever the
11 specifics are, and we have a dietician on staff whose
12 job it is to monitor compliance with dietary
13 restrictions as well as the team that oversees our
14 reasonable accommodations which is typically how
15 specific meals are requested so we have a lot of eyes
16 on that. As I say, I don't believe this was within
17 the DHS system, but I will triple check and get back
18 to you.

19 CO-CHAIRPERSON WON: Okay, because just
20 talking about food overall, the food quality
21 continues to be disgusting and pugnacious. We had to
22 meet with your team for Paper Factory Hotel because
23 the shelter residents were providing the food back to
24 us again, asking us to smell it, to look at it. That
25 was from Riviera Caterers so Riviera and Regina's

1 caterers continue to get mass amounts of food
2 subcontracts in the DHS system even though the food
3 quality has been proven time and time again to be
4 inedible and we're spending more than half a billion
5 dollars on all these foods that are inedible.
6

7 COMMISSIONER WASOW PARK: So, we work very
8 hard to make sure that that all of our providers are
9 adhering to the City's food standards. As Council
10 Members, I know we've discussed that means
11 limitations on calories, sugar, salt, and fat so it
12 is very prescriptive but we are also actively working
13 to bring more vendors into the food space. We think
14 this is an area that is very ripe for M/WBE
15 partnerships so we've been doing a lot of what we
16 call our matchmaking events where we're bringing
17 together providers who are our prime contractors with
18 subcontractors in various fields, particularly food
19 is an area of focus. We think that is good from a
20 business development standpoint and also brings you
21 know more competition and more options into the
22 space.

23 CO-CHAIRPERSON WON: Because I think a
24 partner like Rethink Foods is the ultimate matchmaker
25 where we know that our City's contracting funds will

1
2 be recirculated into our local economy to our
3 restaurants directly and we know that the food tastes
4 good because it's made locally from a restaurant the
5 food that you and I would eat for lunch.

6 CO-CHAIRPERSON BREWER: I would just
7 cancel all the contracts and give it to Rethink.

8 COMMISSIONER WASOW PARK: Understood.

9 CO-CHAIRPERSON BREWER: All right.

10 CO-CHAIRPERSON WON: Thank you.

11 CO-CHAIRPERSON BREWER: Thank you very
12 much Commissioner and staff, and we look forward to
13 working with you. Thank you very much for your
14 testimony.

15 Public testimony. I open the hearing for
16 public testimony. I remind members that this is a
17 government proceeding. Decorum shall be observed. The
18 public needs to be silent at all times.

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

1
2 I think most of you have already filled
3 out an appearance card but, if not, talk to the
4 Sergeant-at-Arms and you will fill it out and then be
5 recognized. When recognized, you will have two
6 minutes, two minutes, to speak on today's oversight
7 hearing topic which is Examining the Administration's
8 Oversight of City-Funded Homeless Shelter Providers
9 and/or Intro. 979.

10 If you have a written statement or
11 written testimony and you want to submit it for the
12 record provide a copy to the Sergeant-at-Arms. You
13 may also email any testimony to
14 testimony@council.nyc.gov within 72 hours of the
15 close of the hearing. Audio and video recordings will
16 not be accepted.

17 For in person, please come up to the
18 table once your name has been called, and now I will
19 call on the Committee Staff to call the witness slips
20 or I will call the witness slips.

21 COMMITTEE COUNSEL: The first panel will
22 be Graham Horn, Terry Troia, Kristin Miller, and
23 Timothy Pena. Please come up to the front.

24 CO-CHAIRPERSON BREWER: Whomever would
25 like to start, go ahead.

1
2 GRAHAM HORN: Good afternoon. Thank you
3 for holding this oversight hearing and for the
4 opportunity to speak with you all today. My name is
5 Graham Horn. I'm a staff attorney with the Shelter
6 and Economic Stability Project New York Legal
7 Assistance Group. The City fails to provide adequate
8 oversight of its shelter system in numerous ways as
9 has been highlighted today in testimony. I will bring
10 attention to the fact that there is no clear
11 effective process to investigate and resolve shelter
12 residence complaints whether they concern City-run
13 shelters or those operated by non-profit
14 organizations under contract with the City. This lack
15 of oversight has led to excessive deference to
16 shelter providers often at the expense of our
17 clients' rights. The City must implement stronger
18 oversight mechanisms and ensure that shelter
19 providers are held accountable. The physical
20 conditions in many City shelters are quite simply
21 abysmal. Clients frequently report filthy
22 environments including being provided with beds that
23 lack sheets or have dirty sheets previously used by
24 their occupants, infestations of roaches, mice, even
25 rats are widespread. In some cases, clients, doctors

1
2 and social workers contact us to report severe
3 medical issues caused by these conditions including
4 rodent bites and chewed medical equipment tubing and
5 wiring. Conditions in the new shelters created
6 exclusively for newly arrived immigrants are even
7 worse. NYLAG clients routinely report negative and
8 harmful experiences with staff at intake centers and
9 shelters. Clients report particularly aggressive
10 treatment at shelter intake sites. Many of my clients
11 remain street homeless not because they refuse to
12 seek shelter but because they are unable to navigate
13 the difficult and hostile intake process. Some
14 believe they were denied shelter because security
15 guards or front desk staff told them they were
16 ineligible before they could even apply. Once in
17 shelter, many clients continue to face hostile and
18 aggressive behavior from staff. This is especially
19 harmful for clients living with severe mental
20 illnesses which can make adhering to rigid shelter
21 rules particularly challenging. Okay. I will follow
22 up.

23 CO-CHAIRPERSON BREWER: Just wrap up, wrap
24 up.

25

1
2 GRAHAM HORN: Thank you. Clients frequent
3 report of thefts committed by shelter staff reveal
4 the extent to which oversight and accountability are
5 absent in the City shelters. This could possibly be
6 accomplished through a CCRB style organization,
7 independent agency empowered to receive, investigate,
8 make findings and recommend action on complaints.
9 Thank you all and thank you especially Chair Won and
10 co-sponsors for your efforts to improve provision of
11 food in City shelters.

12 CO-CHAIRPERSON BREWER: Thank you very
13 much and you'll be submitting your testimony.

14 GRAHAM HORN: I will. I will.

15 CO-CHAIRPERSON BREWER: Go ahead.

16 KRISTIN MILLER: Thank you. Good
17 afternoon. My name is Kristin Miller, and I'm
18 Executive Director of Homeless Services United, HSU,
19 which represents about 50 non-profit shelter and
20 homeless service providers across New York City. We
21 thank you all for your ongoing support of people
22 experiencing homelessness and those non-profits that
23 provide services to them.

24 Today, the Council is looking at DOI's
25 report examining the risk of corruption in

1 organizations contracted with DHS. As we've been
2 talking about, this examination began over four years
3 ago. Our members strive to operate top-notch programs
4 that operate in full compliance with the multitude of
5 oversight required of them. We've talked about it
6 today. This includes annual audits, random audits,
7 financial filings with the city, state, federal
8 government, reporting to all funders whether public
9 or private and, of course, the IRS. Audits serve an
10 important purpose, to root out nefarious activities.
11 In fact, the DOI report did find some bad actors,
12 which were not members of ours, and are no longer
13 doing business with the City in most cases, and
14 that's how it should be. However, this 101-page
15 report went on to engage hypotheticals pointing out
16 possible areas of risk for corruption, not corrupt
17 activities, and areas in which the City must provide
18 clearer reporting guidelines. My members welcome
19 succinct policies and procedures so that they are
20 easily able to comply with the oversight required of
21 them. The alarming issue, however, is the amount of
22 money owed to non-profits often due to the inability
23 of DSS to process budget actions in a consistent and
24 timely manner. I last testified to the Council about
25

1 this in June where I reported members owed as much as
2 30 million dollars. I'm sad to say today that number
3 is close to 50 million dollars per organization, not
4 in total, but some organizations are owed 50 million
5 dollars by DSS. I'm calling on the Council today
6 [TIMER CHIME], if I may finish, thank you, to demand
7 that the City provide resources to DSS so that
8 mountains of budget actions can quickly be processed
9 and approved. Until the City puts resources into this
10 process the paperwork needed for approvals, we will
11 never dig our way out of this.

12
13 I just want to comment, in my testimony,
14 I go into detail about the food bill, 979. The one
15 thing I'll just note is that we, of course, want to
16 provide quality food, but our budgets provide between
17 5 and 12 dollars per day per individual. Going with
18 local businesses would be wonderful. What local
19 business is going to provide a day's worth of food
20 for 5 dollars? Food prices, as we all know, have gone
21 through the roof. Our budgets have not increased.
22 Nearly impossible to provide quality food on 5
23 dollars a day.

24 In conclusion, I just want to say that
25 the non-profit sector that serves our homeless

1 residents is in crisis and, without substantive and
2 immediate intervention, many of our agencies will be
3 forced to make some extremely difficult decisions in
4 the near future. Thank you.

5
6 CO-CHAIRPERSON BREWER: Thank you. Go
7 ahead.

8 TIMOTHY PENA: Good afternoon. My name is
9 Timothy Pena. I run an organization called Veterans
10 Justice Project. I'm also a veterans' advocate. I
11 spent five months at Borden Avenue, which is a
12 federally funded grant per diem program for honorably
13 discharged veterans. Going back to what she just said
14 about the food, their budget is \$6.60 a day for
15 meals. The kitchen's closed because they had Project
16 Renewal running a culinary school out of there.
17 There's no food. No food can come in. The trays that
18 they get, the flat trays, after being picked through,
19 I assume to fill out the black trays that go out to
20 the shelters, are usually just cold rice and green
21 beans. I lost 28 pounds in five months. We had a
22 veteran who overdosed and died again last week. This
23 is a violent shelter where DHS is bringing in
24 millions of dollars from the federal government to
25 provide services to us who have served. I'm a

1 disabled veteran. I'm not quite understanding how
2 Department of Homeless Services can sit here and
3 point the finger at the vendors when I met with ICL
4 last week who told me that DHS are the ones who are
5 keeping us in violent shelters. If we object, we are
6 transferred out of the GPD program without cause. We
7 are also then taken out of the HUD-VASH program. We
8 are left on the streets literally with no place to
9 go. Also, there's no women's GPD program in this city
10 so women veterans who are experiencing homelessness
11 have only one place to go, and that's a shelter.
12 Thank you.

14 CO-CHAIRPERSON BREWER: Thank you very
15 much. Who's the non-profit running Borden Avenue now?

16 TIMOTHY PENA: Institute for Community
17 Living.

18 CO-CHAIRPERSON BREWER: Okay. Terry, go
19 ahead.

20 TERRY TROIA: Thank you, Councilwoman
21 Brewer and all the Council people here this day. My
22 name is Terry Troia. I'm a local Staten Island pastor
23 and President of Project Hospitality. We're founded
24 in 1982 by local houses of worship on Staten Island
25 to serve homeless people and to welcome them into our

1 sanctuaries. We opened the doors back in 1984, way
2 before there was a DHS or there was a dime from the
3 City to help homeless people on Staten Island, and
4 I'm still there. We provide so many services, a
5 continuum of care in our borough, and we're very
6 proud of the work that we do and the work that we do
7 in concert in partnership with DHS. Today we provide
8 a 24-hour drop-in center, a family shelter for 43
9 homeless families, 30-bed safe haven for chronic
10 street homeless people, and three City sanctuary
11 shelters for the arriving asylum seekers. But in the
12 last three years, we have encountered a problem
13 getting reimbursement of our DHS contract expenses.
14 In the last two years, we have taken out three loans,
15 and it's been very difficult for us to sustain lines
16 of credit and leverage that with collateral from the
17 agency. On May 2nd, I met with Deputy Mayor Isom
18 about our cash flow problems. She connected us with
19 the DSS CFO, Vincent Pullo, who has been just
20 marvelous towards us. We actually met with him this
21 morning again by phone. Two months after we met, we
22 got all of our bills paid for 2022 from the DHS
23 contracts. We were owed in July 5.9 million that has
24 been paid by the City. We are now owed 5.4 million
25

1
2 for 2023 and 2024. We've had to take out 7 million
3 dollars in credit to make payroll over the last
4 several months. We have had to leverage all of our
5 agency assets, which are not much, and we're going to
6 account for 100,000 dollars in interest this year on
7 our line of credit, and that's the sum total of the
8 money that we have raised so far in the last six
9 months. People don't give us money to pay interest on
10 lines of credit. They give us money to open up [TIMER
11 CHIME] food pantries and soup kitchens, and we urge
12 the City to review the reimbursement process in order
13 to find a way to pay non-profit service providers in
14 a more expedient manner. We can't sustain the loans.
15 We can't sustain the interest. We are not
16 sustainable. We are sinking fast as a viable not-for-
17 profit on Staten Island, and the water is over our
18 heads.

19 CO-CHAIRPERSON BREWER: Thank you, all. I
20 mentioned that earlier when I was asking questions,
21 so thank you all. We will be in touch.

22 TERRY TROIA: Thank you.

23 CO-CHAIRPERSON BREWER: This is a lot of
24 followup. Thank you.

25

1
2 COMMITTEE COUNSEL: The next panel will be
3 Jim Tranks, Elliot Schildkraut (phonetic), Pat
4 O'Connell, and Barbara Hughes. Apologies if I messed
5 up any of those names. Please come to the witness
6 stand.

7 CO-CHAIRPERSON BREWER: Go ahead, if you
8 like, whomever. Go ahead.

9 BARBARA HUGHES: My name is Barbara
10 Hughes, and I'm the Executive Director of City Beat
11 Kitchens at Project Renewal. We're a New York City
12 homeless services non-profit agency. Thank you, Chair
13 Brewer and the City Council, for convening this
14 hearing.

15 For over 55 years, Project Renewal has
16 provided shelter, housing, healthcare, and employment
17 services to New Yorkers experiencing homelessness. We
18 are grateful to the City Council for supporting our
19 programs. Our social enterprise catering company,
20 City Beat Kitchens, is unique because it employs many
21 graduates of our Project Renewal culinary arts
22 training program. This workforce development program
23 provides New Yorkers facing barriers to employment,
24 including veterans, with a world-class culinary
25 education and a pathway to a fulfilling career. City

1 Beat Kitchens prepares high-quality food for
2 providers across the city, at this time nearly 2,500
3 daily meals for 18 non-profit sites and 2,800 daily
4 meals for Project Renewal's seven shelters. We also
5 cater private and corporate events. Profits from the
6 business are reinvested in our culinary training
7 program to provide even more employment
8 opportunities. Intro. 979 would place undue burden on
9 non-profit caterers like us. In recent years, food
10 prices have risen by 20 percent, paper products 25,
11 gas 54 percent, van repairs 43 percent, yet the food
12 budget for shelter meals has remained the same.
13 Requiring non-profit providers who are obligated to
14 provide a meal for all of our shelter residents to
15 document food consumption and waste will add another
16 costly layer of administrative burden. We are deeply
17 concerned about an unfunded mandate at a time when
18 the City has been chronically late to pay non-profit
19 providers for our work. The best way to reduce food
20 waste in shelters is to simply improve the [TIMER
21 CHIME] quality of food. Think about it. If you had an
22 unappetizing meal placed in front of you, would you
23 force yourself to eat it, or would you try to go to a
24
25

COMMITTEE ON OVERSIGHT AND INVESTIGATIONS JOINTLY
WITH COMMITTEE ON GENERAL WELFARE JOINTLY WITH
COMMITTEE ON FINANCE JOINTLY WITH COMMITTEE ON
CONTRACTS

165

1 nearby soup kitchen or pantry for something better?

2 When poor-quality food is wasted, the City is...

3
4 CO-CHAIRPERSON BREWER: Well, we've got to
5 wrap up, wrap up.

6 BARBARA HUGHES: Can I finish my... at City
7 Beat Kitchens, we take pride in crafting quality
8 dishes and diverse menus for shelter residents. The
9 City Council should consider prioritizing social
10 enterprise caterers like us over for-profit food
11 contracts. The return on investment with caterers
12 like us is strong. We provide high-quality meals for
13 New Yorkers in need, which reduces food waste while
14 supporting workforce development to create
15 opportunities for those who face barriers to
16 employment.

17 CO-CHAIRPERSON BREWER: Thank you. Go
18 ahead, sir.

19 PAT O'CONNELL: Thank you very much,
20 Council Member Brewer and all other Council Members
21 for the hearing today. My name is Pat O'Connell. I've
22 been living and working in New York City for 41
23 years. I currently live on the Upper West Side. Here,
24 I'm representing a number of neighbors who are on the
25 street. An old school building was recently purchased

1
2 by a private equity company that is starting to make
3 tens of millions of dollars on a small investment.
4 The way I see the problem is what I call an arm's-
5 length relationship between the City and these
6 private equity funds. My heart was breaking today
7 when I heard the Commissioner as well as this lady
8 here and the other people about the challenges in the
9 shelter business, but I think we're not really
10 discussing what I call the elephant in the room,
11 which is that some of these private equity firms are
12 making, collectively, hundreds of millions of
13 dollars. Specifically, without mentioning any company
14 or any place, you have a combination of real estate
15 companies selling buildings to private equity
16 companies under one guise, and then the private
17 equity company does a deal with one of the shelter
18 providers. In this particular case that I'm talking
19 about, the building was sold for 15 million. The
20 private equity company put on 5 million with a
21 mortgage of 9.6 million, and they're going to stand
22 to make something like 28 million in nine years. Not
23 only will they pay off their mortgage, they'll also
24 be able to get back their investment, but they're
25 making essentially 28 million dollars on 5 million

1 investment. As best we know, this company is doing
2 this in multiple places in the city. This one private
3 equity firm stands to make hundreds of millions of
4 dollars. And I don't blame anybody here, but it's a
5 case of inadvertently the City is giving money into
6 private hands so I would just ask you to think about
7 that as you look at other issues, and thank you very
8 much for your attention.
9

10 CO-CHAIRPERSON BREWER: Thank you both
11 very much. I know you're talking about, I'm happy to
12 mention it, Bay Rock, and I am totally opposed to
13 what they're doing. I know there are others who feel
14 the same way, and we continue to fight. Thank you
15 very much. Thank you, both.

16 COMMITTEE COUNSEL: The next panel will be
17 Elena Ristovski, Matt Jozwiak, Sharon Brown, and
18 Mount Lacey.

19 CO-CHAIRPERSON BREWER: Whomever would
20 like to begin, go ahead.

21 ELENA RISTOVSKI: Dear Chairs, thank you
22 for the opportunity to testify today. My name is
23 Elena Ristovski, and I'm the Director of Operations
24 and Programs at Marlow Bistro, an independent
25 Mediterranean restaurant located on the Upper West

1
2 Side. I'm proud to testify today in the support of
3 Intro. 979, sponsored by Chair Won. This important
4 legislation aims to improve our understanding of
5 shelter food contracts and explore how the City, non-
6 profits, and small businesses can collaborate more
7 effectively to deliver high-quality, culturally
8 relevant meals to homeless New Yorkers. We want to
9 share with you today how our participation in the
10 City's shelter food contracts has allowed us to
11 optimize our infrastructure, minimize food waste, and
12 not only to retain but grow our workforce during
13 challenging times. Even more, we reinforce our ties
14 in the community and proven the values of applying a
15 paid-forward culture. Because of this support, we, in
16 return, are able to give forward by supporting our
17 local soup kitchens, food banks, and neighbors in
18 need, whether through donating nutritional meals or
19 hiring local staff. Furthermore, our partnership with
20 Rethink Food and the City of New York has enabled
21 Marlow Bistro to expand our team by 15 employees and
22 generate over 1 million dollars in revenue,
23 contributing meaningfully to the local economy. By
24 facilitating more thoughtful and adaptive food
25 procurement practices, this legislation has the power

1
2 to significantly improve the quality and cultural
3 relevance of meals served in New York City's homeless
4 shelters and, at the same time, support the small
5 restaurants, reinforcing their importance as a
6 cultural and economic cornerstone. Thank you so much
7 for your time and consideration.

8 CO-CHAIRPERSON BREWER: Next, go ahead.

9 SHARON BROWN JETER: Hello, my name is
10 Sharon Brown Jeter, and I am here from Rose of Sharon
11 Enterprises. Keep Israel in your thoughts and prayers
12 and the things that you're doing. We want the
13 hostages released, and we want Yahweh's people to be
14 let go.

15 Okay, all the people in America and
16 worldwide have a right to have a home. They have a
17 right to have a shelter, which is a home, an
18 apartment, or a house. We are not going to warehouse
19 bodies in shelters anymore. The word shelter means
20 the same thing that you and I live in, an apartment
21 or a house, not a shelter. We are no longer building
22 shelters and then saying, oh my goodness, we're going
23 to get it right this time, oh my gosh, did we not
24 feed them the right food this time, are we still
25 getting the bad food from these people so what did

1
2 they eat during that time? So, they're not getting
3 the funding that they need. Put them inside of the
4 empty apartments that we know are there because
5 they're in the papers. We don't need more shelters.
6 We have people that are rallying to say, let's get
7 more low-income apartments, build apartments. If you
8 can build a short shelter, build a tall apartment.
9 Let the people come out and rally about how tall the
10 building is because you've put people inside and
11 cured the homeless problem. Let them yell at us for
12 curing the homeless problem, not for continually
13 building shelters that we are clear does not work.
14 So, the shelter idea, we're going to torpedo that.
15 That's not going to happen anymore. We're moving
16 forward and making sure that people are not going to
17 be forced into mental programs so they can go into
18 jail over and over, go into shelter. So, people go
19 from shelter to shelter to shelter. [TIMER CHIME] Put
20 people in houses where they belong. God has made it
21 available for everyone.

22 CO-CHAIRPERSON BREWER: Thank you very
23 much.

24 SHARON BROWN JETER: You're welcome.
25

1
2 MOUNT LACEY: Hi, my name is Mount Lacey.
3 I'm a disabled veteran. I was in Borden Avenue. I'd
4 like to just tell a little story that'll hit on a few
5 key points that you guys have gone back and forth
6 over, which I would say is akin to lying children to
7 absentee parents. This meeting has been absolutely
8 nauseating. I was attacked in the veteran's shelter
9 in the restroom. I was the one given charges. It was
10 as simple as showing the security video to the police
11 officers, which they refused to do that. Now, because
12 of the evidence that I did collect while I was there,
13 because I don't care about your no recording policy,
14 as I do respect the HIPAA rights, I do not condone
15 the negligence and abuse of the shelter workers,
16 which is our only recourse is to record it. Because
17 of the evidence that I did collect, DHS has
18 systematically kept me from the proper shelter and
19 transferred me to the worst shelters in the system,
20 Blake being one of them, Jerome being another, Myrtle
21 Avenue being another, and done so because they know I
22 have the proof on this camera. And I wonder when is
23 there going to be a meeting where I will be or who
24 will be interested in seeing it. With a 4-billion-
25 dollars budget and 56,000 homeless, that's 70,000

1 dollars per resident you are spending on each
2 homeless one. You guys do not want to fix the
3 problem. There's too much money coming in for it. You
4 guys want to just keep rallying around these nebulous
5 problems instead of actually getting to the issues,
6 and it's sickening. Thank you, Julie Won, for the
7 tough questions you asked. Thank you, Christopher
8 Banks, for inviting them to eat that food. You guys
9 should go to the shelter at least once a month and
10 eat a meal. Get your heads out of the ground.

12 CO-CHAIRPERSON BREWER: Thank you.

13 MATT JOZWIAK: Thank you, and I want to
14 thank the Council Members today for bringing this
15 together and especially Council Member Won and
16 Council Member Brewer for your relentless attention
17 to the food qualities in our shelter system. I do
18 want to thank the Administration because in the last
19 seven years that I've been running Rethink Food, I've
20 seen more progress in the last two than I have in the
21 entire time that I've been making emergency food. We
22 have been able to work with a lot of the smaller
23 shelters and have a great relationship with Health
24 and Hospitals, but one critical lesson that we've
25 uncovered over the last six months is the immense

1 amount of food waste in the shelter system. While
2 food waste is certainly a sustainability issue, it is
3 also a fiscal issue, a matter of fiscal
4 responsibility. We've identified that there could be
5 around 200-million-dollars' worth of food waste in
6 the system as of today. 200 million dollars is a
7 number that is equal to the entire city budget of
8 Albany. It could employ every firefighter, every
9 worker, everybody in that city, and this problem
10 extends past this issue because of the fact that
11 folks need to eat. They end up going to soup kitchens
12 and pantries, which tens, twenties, unmeasurable
13 amounts of money, millions and millions of dollars
14 are raised by philanthropies every year to do the
15 same job that the City is supposed to be doing. We're
16 throwing away the food for the taxpayer's dime, and
17 then people are walking around the corner and non-
18 profits are having to dig money out of their pockets
19 to make meals for these communities. It's a really
20 simple solution. We just need to prepare better food,
21 and you can't fix what you don't measure, which is
22 why Rethink Food is strongly in favor of this law.
23 Thank you.
24
25

COMMITTEE ON OVERSIGHT AND INVESTIGATIONS JOINTLY
WITH COMMITTEE ON GENERAL WELFARE JOINTLY WITH
COMMITTEE ON FINANCE JOINTLY WITH COMMITTEE ON
CONTRACTS

174

1
2 CO-CHAIRPERSON BREWER: Thank you very
3 much. I have one question for you. So, I obviously
4 said, as Council Member Won did, we should work with
5 you. I think I said it probably out of turn, which is
6 my norm, but my question is, how do you make the
7 numbers work? Are you able to make the numbers work
8 despite the low numbers?

9 MATT JOZWIAK: Yes, we can operate
10 between, the lowest we've been able to go is between
11 as around \$9.50 to \$10 a day. We do this at a loss
12 for our organization, Council Member. Our
13 organization will lose money, but the way that we
14 look at it is if we make better food for 50 cents
15 that we lose on that meal, then we don't have to feed
16 them down the street for 5 dollars a person, and so
17 the math makes sense for us.

18 CO-CHAIRPERSON BREWER: Thank you very
19 much.

20 COMMITTEE COUNSEL: Our last witness is on
21 Zoom, Rafiq Umar. You can start whenever you're
22 ready.

23 SERGEANT-AT-ARMS: Time starts.

24 MANSOOR RAFIQ UMAR: Can everybody hear
25 me?

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

CO-CHAIRPERSON BREWER: Yes.

SERGEANT-AT-ARMS: Yep, we can hear you.

MANSOOR RAFIQ UMAR: Perfect. Dear

respected Members of the City Council, my name is
Iman Mansoor Rafiq Umar. I'm the President and CEO of
Halal Watch World, first and only Halal certification
agency based in the Capital Region and upstate New
York. As a leading certifier for nearly four decades,
we've worked tirelessly to ensure Halal integrity,
providing trusted oversight for Halal-conscious
consumers and organizations. I've also served as the
head chaplain of SUNY Albany, and additionally, I was
appointed by Governor Holcomb last year to the
Interfaith Council as the only Muslim Imam. We also
represent 43 schools throughout New York City in
oversight and ensuring that products are Halal and
those products are proper for the students to be
consuming. One of the biggest issues that was
mentioned at the end of the Council Members' speaking
points is that there is an issue with integrity from
the Halal perspective. So, products that are going
into the shelters, the question will always be are
these products actually Halal, and that's one of the
things that we do is we make sure that those products

1 are Halal. The products that are currently going into
2 the shelters, there are a lot of questions around
3 them. We've looked at the documentation that's been
4 submitted to the Agriculture Markets Database, and
5 there are issues with the products where it states
6 that they're mixing Halal and non-Halal foods, that
7 they are self-certifying. Those are the types of
8 problems and issues that we want to ensure do not
9 ever occur for our Muslim constituents and Halal-
10 conscious consumers. Rethink Foods, Marlow Bistro,
11 those are the types of locations that are properly
12 vetted. We ensure that they properly follow the
13 Islamic guidelines and standards, and our goal is to
14 ensure that there is integrity and oversight so we
15 [TIMER CHIME] would love to work with the Council.

17 SERGEANT-AT-ARMS: Your time has expired.
18 Thank you.

19 CO-CHAIRPERSON BREWER: Thank you very
20 much. I don't know if any of my Colleagues have
21 closing statements or anything you want to add. Does
22 anybody?

23 Okay, thank you very much. This hearing
24 is going to conclude, but I want to be clear,
25 there'll be lots of followup. I appreciate both the

COMMITTEE ON OVERSIGHT AND INVESTIGATIONS JOINTLY
WITH COMMITTEE ON GENERAL WELFARE JOINTLY WITH
COMMITTEE ON FINANCE JOINTLY WITH COMMITTEE ON
CONTRACTS

177

City Administration and those who testified. This is
a very important topic, and we will be following up
and thank you to the Staff. [GAVEL]

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

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 December 24, 2024