

COMMITTEE ON CONTRACTS

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CITY COUNCIL  
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

Of the

COMMITTEE ON CONTRACTS

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Thursday, March 3, 2022

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HELD AT: REMOTE HEARING (VIRTUAL ROOM 1)

B E F O R E: HON. JULIE WON, CHAIR

COUNCIL MEMBERS:

Joann Ariola  
James F. Gennaro  
Linda Lee  
Sandy Nurse

Other Council Members Attending:

Gale Brewer  
David Carr

## COMMITTEE ON CONTRACTS

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

Lisa Flores,  
Chief Procurement Officer, Director of The Mayor's  
Office of Contract Services (MOCS)

Ryan Murray,  
First Deputy Director at The Mayor's Office of  
Contract Services (MOCS)

Jeremy Halbridge,  
Chief Administrative Officer at The Mayor's Office of  
Contract Services (MOCS)

Brandon Chiazza,  
Chief Technology Officer at The Mayor's Office of  
Contract (MOCS)

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

Gloria Kim,  
Senior Policy Analyst at Human Services Council of  
New York

Deidre Sully,  
Senior Director of Health Policy and Community  
Affairs at Public Health Solutions

April Herms,  
Interim Co-Director of TakeRoot Justice

Towaki Komatsu.  
New York City Resident

COMMITTEE ON CONTRACTS

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SERGEANT LUGO: Pc recording done.

SERGEANT LUGO: Cloud is rolling.

SERGEANT PEREZ: Back up is rolling.

SERGEANT LUGO: Thank you. Good afternoon,  
everyone. Welcome to today's New York City Council  
Hearing of the Committee on Contracts; Fiscal 2023  
Preliminary Budget Hearing.

At this time, would all panelist please turn on  
your videos?

To minimize disruptions, please place all  
electronic devices to vibrate or silent mode. If you  
wish to submit testimony, you may do so at  
[testimony@council.nyc.gov](mailto:testimony@council.nyc.gov) , again that's  
[testimony@council.nyc.gov](mailto:testimony@council.nyc.gov).

Chair Won, we are ready to begin.

CHAIRPERSON WON: [Gaveling in] [GAVEL SOUND]

Good afternoon, everybody, and welcome to The  
Committee on Contracts, Fiscal 2023 Preliminary  
Budget Hearing.

My name is Julie Won, and I am The Chair of the  
Committee. I would like to introduce my colleagues  
who are present at this hearing including Council  
Members Lee as well as Council Member Nurse.

Today we will hear the testimony of, uh, from Lisa Flores, The City's Chief Procurement Officer, and The Director of The Mayor's Office of Contract Services, also known as MOCS.

MOCS' Fiscal 2023 Budget Totals \$37.9 million, including \$18 million in Personal Services funding to support 194 full-time positions. The majority of its Other Than Personal Services (OTPS) budget is allocated PASSPort, which stands for Procurement and Sourcing Solutions Portal -- If you were here last time, we had an in depth hearing on it -- which has seen a significant increase in funding since the Adoption of the Fiscal 2022 Budget.

The Preliminary budget in includes Vacancy Reduction plan that would reduce MOCS' headcount by 25 full-time positions.

At today's hearing, we will examine the details of MOCS' budget and the impact the changes in the budget will have on operations.

In addition to the budget, we would like to discuss MOCS' oversight role in City Procurement as well as review finding in the 2021 Procurement Indicators Report.

The City's Fiscal 2023 proposed budget includes over \$19 billion for Contractual Services. With such a substantial investment at stake, we must rigorously ensure that The City's Procurement policies are both prudent and equitable. We should also consider how to use The City's procurement as a means to reinvest in our communities.

We look forward to working with you and your office in finding ways to improve The City's Procurement process, specifically, improving the cycle time contract review and registration, expanding opportunity for Minority and Women-owned Business Enterprises and making it easier for our nonprofit providers to do business with The City.

Before we begin, I'd like to thank The Contracts Committee staff for their hardworking... hard work preparing for this hearing: Finance Unit Head, John Russel; Committee Counsel Alex Paulenoff; and Policy Analyst Leah Skrzypiec.

I will now turn it over to our moderator, Alex Paulenoff to go over some procedural items. Thank you.

COMMITTEE COUNSEL: Thank you, Chair Won. My name is Alex Paulenoff, and I am counsel to the New York City Council's Committee on Contracts.

Before we begin, I'd like to remind everyone that you will be on mute until you are recognized to speak, at which point you will be unmuted by the Zoom host.

If you mute yourself after you've been unmuted, you will need to be unmuted again by the host. Please be aware that there could be a delay in muting and unmuting, so please be patient with us.

The first panelist to give testimony today will be The Director of The Mayor's Office of Contract Services, Lisa Flores; MOCS' First Deputy Director, Ryan Murry; Chief Administrative Officer, Jeremy Halbridge; and Chief Technology Officer Brandon Chiazza from MOCS will all be available for questioning as well.

I will call on each of you shortly when it's time to begin your testimony.

During the hearing, if council members would like to ask a question of The Administration or of a specific panelist, please use the Zoom Raise Hand Function, and I will call on you in order.

We will be limiting council member questions to five minutes, which includes the time that it takes to answer those questions.

Before we begin testimony today, I will administer the oath. To all members of The Administration who will be offering testimony or will be available for questions, please raise your right hands now. I will call on you each individually for a response.

Do you affirm to tell the truth, the whole truth, and nothing by the truth, before this committee, and to respond honestly to council member questions?

Director Flores?

LISA FLORES: I do.

COMMITTEE COUNSEL: First Deputy Director Murry?

RYAN MURRY: I will.

COMMITTEE COUNSEL: And, Chief Administrative Office Halbridge?

JEREMY HALBRIDGE: I do.

COMMITTEE COUNSEL: Chief Technology Officer, Chiazza?

BRANDON CHIAZZA: I do.

COMMITTEE COUNSEL: Thank you.

Director Flores, you may begin when ready.



LISA FLORES: Thank you.

Good afternoon Chair Won and members of the Contracts Committee. My name is Lisa Flores, and it is great to see you all again. For those of you who I have not had the pleasure of meeting yet, I encourage you to reach out to me and my team after the hearing so I can learn more about your priorities in leading procurement reform.

As you know, MOCS is a small agency in terms of budget with a wide responsibility to oversee The City's annual contracting portfolio. MOCS is charged with both providing traditional oversight on The City's procurement process and also helping to facilitate the process. Fiscal Year 21 saw the City's overall procurement portfolio increased by over a third, going from around \$22.5 billion in FY20 to over \$30 billion in FY21, which demonstrates the critical importance of procurement to government operations.

This growth was driven in part by a major increase in human services contracting - this industry saw about a \$3.5 billion increase in contracting, going from \$8.5 billion to \$12 billion between FY20 and FY21. Meanwhile, goods purchasing

substantially decreased as a share of Citywide purchasing, as it accounted for 24% of total contract value in FY20 and fell to 10% in FY21.

Overall, Mayoral agencies entered into about \$8 billion in emergency COVID-19 contracts under Emergency Executive Order 101, which lasted between March 2020 and July 2021, and over \$500 million in contracts under Emergency Executive Order 322, which started in December of 2021 and has been renewed to remain in effect.

With regard to the overall procurement landscape, total M/WBE contract value in FY21 was \$1.17 billion, which amounts to just about 4% of total contracting value, despite being the City's second highest utilization rate under Local Law 1.

We are strongly committed to increasing utilization of M/WBEs and will continue to keep this Committee apprised of our progress.

As you heard from us at the most recent Contracts Committee hearing, a central part of improving procurement continues to be the implementation of PASSPort to bring the City's procurement process into a fully digital environment.

PASSPort provides a single shared platform for agencies and vendors to complete contracting activity, including vendors filing necessary paperwork, agencies releasing solicitations, and both parties moving the contract towards registration with the Comptroller.

We have seen the adoption curve grow as we expected, with over 30,000 vendors engaged in the system and thousands of contracts registered, and we have devised a roadmap for the next set of enhancements that was shared with your office in advance of the previous hearing.

PASSPort is the tool that enables contracting, but it is guided by the rules, laws, regulations, and processes that have built up over the course of decades to shape New York City procurement.

Our next phase of reforms will concentrate on taking a hard look at these rules to reduce administrative burdens, simplify the process, and generally bring procurement up to speed with a modern, digital environment.

This work will focus on four key areas: cutting red tape and rules, finding efficiencies to speed registration, increasing transparency and

1  
2 accountability, and minimizing cost and risk. Across  
3 all of these key initiatives, we will place an  
4 emphasis on improving equity and reducing  
5 disparities, with special attention to critical  
6 portfolios such as technology and capital.

7 Stakeholder partnerships and on-the-ground  
8 community insight will be critical to achieving these  
9 objectives. We are currently in the process of  
10 meeting M/WBE and community groups to get their  
11 insight on how we can make the procurement process  
12 simpler and improve the City's M/WBE utilization,  
13 even beyond the parameters set by Local Law 1.  
14 Likewise, we have already made progress in the human  
15 services sector through our collaboration with the  
16 Comptroller's Office in the Joint Taskforce on  
17 Nonprofits, which has led to a series of tangible  
18 reforms to bring efficiency to human services  
19 contracting and maintain an ongoing dialogue.

20 We are also partnering with the Office of Risk  
21 Management and Compliance to find ways to better  
22 align the City's risk review process to the highest  
23 risk portfolios, while potentially easing the burden  
24 on lower risk categories. We will need your  
25 partnership as well - I have appreciated the insight

and attention this Committee has shown thus far and look forward to your feedback as we carry out these initiatives.

MOCS' teams are prepared to carry out this work, as we have consistently provided hands-on support to agencies utilizing the system, overseen compliance with procurement rules, and distilled guidance to agency procurement staff. Our teams also oversee technology design and implementation of PASSPort to ensure that the system meets the needs of the users and the City's complex procurement rules are appropriately built in.

We have a strong cross-functional approach within MOCS that enables constant communication so that system updates are informed by all key groups, user experience is prioritized, and any issues can be quickly resolved. This also creates an environment where team members with different perspectives and specializations can contribute to the reforms and initiatives I've outlined above.

In terms of budget and headcount, MOCS will work closely with OMB to ensure that we can deliver on our commitments to New Yorkers. We have a budgeted headcount of 194 in our agency, with a budget of \$18

million for personnel spending in FY23. Our OTPS budget in FY23 is \$19.9 million, largely comprised of contracts in support of the PASSPort system, including our contract with Ivalua, worth \$84 million in total over the course of 10 years. I provided details on this contract to your office after the prior hearing, but please let me know if there is any more information that you need.

We are also supported by Accenture who provides system integration and maintenance support for several of our technical systems, including PASSPort. This contract is worth \$16.4 million over 3 years, and Accenture has been a valued partner in ensuring that we maximize the potential utility of our investment in PASSPort.

Once again, I thank you for taking the time to convene this hearing and engaging on the important questions of how we can make contracting work better for everyone. I am fully committed to working with each member in front of us today to devise solutions to continue improving the procurement process, and I welcome your feedback on the strategic initiatives we have shared so far. I am joined by First Deputy Director Ryan Murray, Chief Administrative Officer

Jeremy Halbridge, and Chief Technology Officer  
Brandon Chiazza - we are happy to take any questions.

Thank you.

COMMITTEE COUNSEL: Thank you, Director Flores.

I will now turn it over to questions for Chair  
Won.

Panelists, from The Administration, please stay  
unmuted if possible during this question and answer  
period. And, a reminder to Chair Won that you will  
be in control of muting and unmuting yourself during  
this period.

Chair Won, begin when ready.

CHAIRPERSON WON: Thank you so much, Alex and  
Lisa.

I just want to acknowledge my colleagues who have  
also joined, Council Member Brewer as well as Council  
Member Ariola; thank you so much for joining.

For... Lisa, thank you so much for your  
testimony. And, as always, our favorite topic of  
discussion at our hearings is PASSPort. So, thank  
you so much for giving us a high level breakdown of  
PASSPort expenses. So, the November plan included an  
additional \$10.9 million in Fiscal 2023 and 11.8  
million in Fiscal 23 for the PASSPort system. The

1 budget seems to be continually adding funding to this  
2 project, and like you highlighted, uhm, it's about a  
3 total cost of \$83 million.

4 Can you give us... So, especially for the  
5 general audience, can you give us breakdown, an  
6 itemized breakdown, uh, just for one fiscal year for  
7 either, uh, Fiscal Year 2023 or the one that just  
8 passed to the best of your abilities of what the  
9 costs are broken down to per year?

10 LISA FLORES: Thank you, Chair Won. It's a  
11 pleasure to see you again, and I really appreciate  
12 you coming over to our office, uh, the other day, uh,  
13 to see PASSPort and to provide your valuable  
14 feedback, and we continue to look forward having your  
15 input, uhm, during the course of the next few weeks  
16 and months, uhm, an our relationship, uhm, in  
17 building transparency and efficiency for procurement.

18 Uhm, so, I will start answering the question, and  
19 then hand it over to Chief Administrative Officer,  
20 Jeremy Halbridge, uhm, or Brandon Chiazza, our CTO.  
21 Uhm but, I will say, uh, just general context that  
22 the funding for the scope as its rolled out for  
23 PASSPort has been, uh, in terms of being efficient  
24 and ensuring that we have enough time, uh, and  
25



ability to design appropriately, we've been releasing functionality sort of by phases.

Uhm, so the fiscal year where there's a recent fiscal year as an increase, uh, as it relates to PASSPort, is not necessarily reflecting an out of scope increase. It is where we packaged a great deal of functionality that's going to be rolled out in the next phase.

But, I... I'll ask Chief Administrative Office Jeremy Halbridge, or, uh, CTO Brandon Chiazza to give you some of the other details, uh, that you requested, Chair Won.

JEREMY HALBRIDGE: Sure. Thank you, Director Flores, and thank you, Chair for the question.

Uh, our FY22 allocated budget for the Ivalua contract is about \$10.5 million. The FY23 value is about \$11.2 million, and that's a breakdown between, uh, the subscription costs and the contract costs related to the implementation of phase three, which we've talked about in the prior hearing -- the additional scope of work that was recently funded.

CHAIRPERSON WON: Are there any more details that you can give to the general public about the contract costs are for implementation?

JEREMY HALBRIDGE: Sure, uhm, I guess one thing that we can say is for services and implementation across the full value of the contract -- that \$83 million that was discussed earlier, uh, we are expecting that it's approximately \$66.1 million for the implementation and services related to it. And, then the subscription over the 10 year value... The 10 year term of the contact, excuse me, is about \$17.3 million.

LISA FLORES: And, just to add on to that, I think, uh, Chair Won, for the public who may not know what PASSPort is, or have heard of it, that the end to end system of digitizing the procurement system, which as many may know, for many years was completely in paper and not standardized across all of the agencies, is, uh, a system that covers -- initially, uh, the scope was the mayoral agencies, uh, to provide both digitization of the filings that are required, if you're doing business with The City of New York, which used to be called VENDEX. And, then phase one put all of that paperwork in to a digitized system, reducing the processing times from what used to be weeks and maybe months, to, you know, close to a few days. And, that was a major lift at the

1 beginning of the project. And, the majority of  
2 the... The meat and potatoes of the project, uh, as  
3 per the original scope, was putting all of the  
4 procurement methods for the mayoral agencies, all of  
5 the steps of getting your funding approved,  
6 getting... doing the solicitation out to potential  
7 bidders, receiving the solicitations, uh, scoring  
8 them, the award phase, and doing the appropriate  
9 approvals within this digital platform. Uh, over  
10 time, with the interest of digitizing the sort of eco  
11 system related to procurement, we have now included,  
12 uh, invoicing, which is, uh, coming and full steam  
13 ahead, and we've also included a portion of the DOE's  
14 portfolio. Uhm, but I hope that helps apply sort of  
15 real world... what we're doing with the system and  
16 what we intend to achieve.

18 CHAIRPERSON WON: I want to acknowledge Council  
19 Member Carr who has joined. Thank you so much for  
20 joining.

21 Uh, Jeremy, can you help me understand... So,  
22 for subscription costs, we're \$17.3 million, how many  
23 users do we have, uh, per year, so that I can  
24 understand \$17.3 million divided by how many users  
25

per year, so that I understand the actual costs, like, uhm, justification for that.

JEREMY HALBRIDGE: From a user perspective, I'd have to, uhm, pass that over to Brandon Chiazza our Chief Technology Officer. But, I can speak generally to the per year costs. Right? So, this is a SAS product. And for the functionality that The City has paid for --right? -- the implementation and services and everything that Director Flores mentioned earlier, we have to pay, under the terms of the contract, a subscription cost which includes ensuring that the system is up, available and usable, throughout the term of the contract. And, I'll pass it over to Brandon in order to answer specifically about the users. But, at a high level, that is the base in order to ensure the functionality is available to all City users.

BRANDON CHIAZZA: Uh, thanks, and yeah, just to add, Chair Won, I don't have a specific number on the total users over each fiscal year, but we can follow up and get you that number. But, I will say that the costs, uh, in terms of the subscription, is really module based. It's access to the platform. It's not necessarily a user based subscription.

Uhm, but, again, happy to get you the, uh, the numbers by fiscal year.

CHAIRPERSON WON: Yeah, thank you. I think that will be helpful.

And, then, uhm, Jeremy, for the contract costs related to implementation, so, are you saying now for each release there's new implementations, which is why the costs continues to either remain the same or go up? Because, it's already an existing out of the box product. So, I'm trying to understand what implementation costs there are.

JEREMY HALBRIDGE: Sure, so the implementation... Thank you, Chair Won, sorry.

Uh, the implementation costs are by the scope. Right? So, there was the initial contract that went out and was left by DoIT, and then eventually became a MOCS contract. And, within each release, we've put out new functionality, but within the \$66 million that I'm talking, that is about adding - creating PASSPort, and adding scope via the releases that were discussed in the functionality that Director Flores mentioned earlier. Where you're asking about the subscription costs, the subscription costs have increased slightly over time from the initial

contract, and that is, uh, to your point, because of the additional complexity added in to the contract as more modules are added to the contract -- functionality added to the overall system -- the subscription costs have risen in line with that.

CHAIRPERSON WON: Thank you...

LISA FLORES: And, if I may, Chair Won, just, uh, to circle back, uh, to your earlier question, just set to set sort of, uh, the stage of how many users are in PASSPort as CTO Chiazza mentioned, it's not a cost per person per se, but we do have over 30,000 vendors in the system, uh, with over 80,000 users at this point. And, we anticipate that that will continue to increase as we ,you know, as you know, uhm, as a result of the Nonprofit Taskforce, uh, recommendations for example, that The Comptroller, uh, is onboard with becoming part of the system as well. Uh, so that will continue to grow.

CHAIRPERSON WON: Got it.

Jeremy, for the general public, can you share for Fiscal Year 2023 what the new functionalities are that they can expect for the next release?

JEREMY HALBRIDGE: Actually... Thank you, Chair Won.

1  
2 I actually think that Brandon Chiazza our CTO,  
3 would definitely be the better person to speak to  
4 that. Uhm, I'm happy to chime in after if there are  
5 any specific other questions.

6 BRANDON CHIAZZA: Yeah, so, you, uhm, thanks,  
7 Chair Won for the questions.

8 So, uh, in terms of what we did for each release,  
9 uhm, we... Lisa Flores... Director Flores had  
10 mentioned that we had Release One was sort of VENDEX  
11 replacement; Release two was our Amazon-type  
12 purchasing. We have preexisting contracts that are  
13 master agreements that we purchase off of; uhm, and  
14 those are mostly goods purchasing, so we did that in  
15 Release two. We include, for the first time, around  
16 this process, a centralized, uh, place for vendors to  
17 invoice as well as agencies to track and record their  
18 receiving of these, uhm, orders, uh, these  
19 goods/products, and we do about \$1.2 billion in goods  
20 purchasing every year. Uhm, and then, like we  
21 mentioned, Release Three and Four, were the largest  
22 scope of releases. We had our... everything from  
23 our requisition through our award process, uhm, which  
24 includes putting a RFP out on the street, uh,  
25 collecting digitally responses from vendors, and then

going through the evaluation and award process -- which includes oversight approvals, uhm, as well as contract negotiations.

Uhm, and then, forthcoming, what we have to look ahead is in Release Five and beyond, our things that we've heard through our engagements with, uh, both agencies and vendors, that include everything from vendor contract budget upgrades, which allows vendors, uh, go directly to the system, manage the fee schedule or the Milestones within the system and get... uh, have sort of a conversation around that with, uh, with the agencies -- as well as tracking sub-contractor payments, which is something that's, uh, been a critical, uh, item for the past several years. And, then, uh, and then we also have things like improving our capital budget management process, uh, through embedding that functionality in to the system. So, uh, a lot of the capital management process is taking place within the capital agencies right now, uhm, within their own systems. We want to provide a way for agencies... those agencies to plug in to our systems, create a little bit more of a centralized connection, uh, to our, uh, application and allow for a little bit more, uhm, seamlessness in



the capital management process -- as well as transparency and visibility.

Uhm, so, those are just to name a few. Uhm, in addition, we're upgrading the platform. I think we mentioned this in the previous hearing in our... And when you guys came over, uh, to visit with us, uhm, but we're really looking forward to upgrading the platform, too, in the next, uh, year.

CHAIRPERSON WON: Got it. Thank you so much.

BRANDON CHIAZZA: Yeah.

CHAIRPERSON WON: Has the scope of phase three changed at all, which has increased costs? Or, has the scope changed the same... Were there any new additions to the scope, uhm, to phase three of the project... that has led to the increase of costs?

JEREMY HALBRIDGE: Thank you, Chair Won, I'll take that to start and then pass it along as needed.

Uhm, so phase three is what we're calling Release Five. It's basically everything that, uh, CTO Chiazza mentioned moments ago.

There isn't an increase in costs because of Phase Three. That is the cost that we've identified as reasonable and appropriate for that amount of work.

CHAIRPERSON WON: Got it.

And, then what cost controls do you have in place to prevent cost over runs?

LISA FLORES: Well, so, I'll start, Chair Won, and allow, uh, The CTO and Chief Administrative Officer to chime in.

So, I want to clarify, make sure, uh, it's clear that the system is a COT system, but I think we can all acknowledge with the complexity, uhm, and bureaucracy of City procurement, uhm I don't think so there would be any COT system that would mirror exactly all of the steps and processes that are the, uh, City's sort of byzantine procurement process. Uhm, and that's just speaking about the current rules and regulations, not necessarily accounting for... There have been built up over many years, at each agency, their own internal processes to achieve the steps required in the procurement rules. So, uhm, it's not really, uh, an over run. Uh, the scope had always included doing the next digitally, uh, allowing for procurement process of selection and award happen in the system. It did not originally include DOE. It don't originally include invoicing for example. Uhm, but when work is scoped out, there is a long design process, uh, sort of a cross

functional process, not just with Chief Technically Officer, uh, Brandon Chiazza and his team, but the business process, uh, procurement folks The Mayor's Office of Contracts, and all of our stakeholders, agencies and the likes. So, there's a lot of time spent on the design process to ensure that when the final work is scoped out for a particular phase of release, uh, that it is closely aligned with what our needs are so that we're not in a situation of having, uh, a cost overruns.

CHAIRPERSON WON: Got it.

I just want to acknowledge Council Member Jim Gennaro for joining, thank you so much for joining.

From what I understand, it sounds like the contractors on this project are Ivalua and Accenture. Are there any other contractors or vendors involved in this project?

LISA FLORES: So, the, uhm, contractor for the SAS system is Ivalua. And as I mentioned, we mentioned earlier, Accenture was brought on, uh, later in the project phase, and is a great partner with ensuring some of our maintenance -- and our engagement with Ivalua ensuring that we... all of our releases are properly scoped and designed as I mentioned earlier.

Uhm, and then we have other ancillary work that happens to support the work of the office that touches upon PASSPort. Because obviously, uh, everything we do here, uh, touches upon The City's system of record for procurement, but is not necessarily, uhm, directly, uh, related to building or continuing to iterate upon the system. But, Chief Administrative Officer Jeremy Halbridge or our CTO, uh, could add some more information.

JEREMY HALBRIDGE: Sure, thank you, Director Flores, and thank you, Chair Won, for the question.

Uhm, we have the... As Director Flores said, a number of smaller contracts related to assisting MOCS and PASSPort, uh, that are related to the rollout and adoption. Uhm, you can imagine rolling out a system that affects thousands of workers, billions of dollars in contracts, is a complex task. So, we've added these vendors, uh, to assist us with their specialized skills to ensure the success of the project.

CHAIRPERSON WON: Who are those vendors?

JEREMY HALBRIDGE: Sure, uhm, so, we have, uh, a number of them. We have a few in different areas. I'm happy to, after the hearing, give you the full

1 list and details of those. But, at a high level, we  
2 have a vendor for adoption support, vendor  
3 engagement, we have, uhm, another vendor that also  
4 assists with, uhm, business analysis -- getting...  
5 working through the details of, you know, the changes  
6 that we're making and the design process -- and then  
7 quality assurance assistance as well to ensure as we  
8 roll through the testing, uh, we make sure that  
9 everything is done. Uh, and then additionally --  
10 right? --uh, DocuSign, is one of the ways that we  
11 have embedded within PASSPort to ensure, uh, the E-  
12 signature process works and makes this a seamless  
13 process.  
14

15 CHAIRPERSON WON: Jeremy, how many smaller vendors  
16 are there in total?

17 JEREMY HALBRIDGE: Uh, there's, uh, four or five.  
18 Happy to get you the full list after this hearing...

19 (Cross-Talk)

20 CHAIRPERSON WON: Thank you.

21 And, then, is there a reason why Accenture  
22 couldn't to the smaller tasks... other than  
23 DocuSign?

24 JEREMY HALBRIDGE: Sure... (Cross-Talk)

CHAIRPERSON WON: [INAUDIBLE 00:30:43] quality assurance.

JEREMY HALBRIDGE: Sure, uh, you know, Accenture is set up... And, thank you, Chair Won, for the question. I'm gonna partially answer to the best of my ability, and then I think, uh, Brandon Chiazza, our CTO, can answer as well.

Is, uh, Accenture, is set up and structured as a manner to ensure that we are embedding ourselves and ensuring that the contract is maintained throughout the full term of the Ivalua contract. The other vendors are one time needs that we have identified to enhance MOCS' ability to ensure the access of the project. Uhm, Brandon, if you want to add on as well?

BRANDON CHIAZZA: Uh, thanks, Jeremy. Yeah, that's right, I mean, I don't want to add too much more. I think that that captures it. It's a short term need. Their focused in scope such as like Sprints ticket, uh, materials developed, or, uhm, as Jeremy mentioned, adoption, uh, to take place. We try as much as possible, uhm, to manage in house our, uhm, our institutional knowledge and keep that procurement knowledge in house, so we have our

operations team that is really engaging with agencies on a daily basis, uh, and offering both technical support as well as procurement operational support.

CHAIRPERSON WON: For the current... Thank you. For the current contractors and your partners, are these yearly renewals, or are they on a longer timeframe?

JEREMY HALBRIDGE: Uh, thank you, Chair Won. As I mentioned earlier, uhm, these ancillary contracts that we talked about are for the current year assistance. We'll be doing reviews as necessary to see if we need to continue those -- working with OMB and others to ensure we have what we need to be successful. Uhm, Ivalua and Accenture are longer term contracts. As Director Flores mentioned in her testimony, the Ivalua contract is a 10 year term which runs through FY26 and the Accenture contract is a three year term that ends, I believe, FY24. Uhm, and, again, just to reiterate, right, to what Chief Technology Officer Chiazza said, that these ancillary contracts are specific scope and focus on needs right now to help us as he mentioned.

CHAIRPERSON WON: Got it... (Cross-Talk)

1  
2 LISA FLORES: And, I... And, I would just add  
3 that what I think is unique about how the office set  
4 up, uh, both the invitation of this monumental task  
5 citywide of digitizing the procurement system, and  
6 then with the foresight of, again, just like The  
7 City's, uh, system of record for budget and  
8 accounting, FMS, PASSPort is and will continue to be,  
9 and our hope is, uh, continue to grow as The City's  
10 system of record for procurement. They had the  
11 foresight of, uh, wanting have, and resources in  
12 house to support this system on an ongoing basis as  
13 opposed to relying on external, contractual support.  
14 So, uhm, that is something very, I think, unique of  
15 how the support was built around building it and  
16 marinating it. So, we, as I said, we have our own  
17 technology experts here, uh, that work in a cross  
18 functional manner with our business process folks,  
19 uh, that are City staffed. So, some of the other  
20 very small contracts are sort of spurts or one time  
21 needs, uhm, and not ongoing, uh, ongoing contractual  
22 obligations.

23 CHAIRPERSON WON: Have there been any delays in  
24 deliverables, uhm, for PASSPort within the last year?

25 LISA FLORES: I will ask CTO Chiazza to respond.



BRANDON CHIAZZA: Oh, there you go, uh, no, Chair Won, no.

CHAIRPERSON WON: Okay.

Thank you, so, I'm going to move on to questions about vacancy reductions.

As part of The Mayor's, uh, program to eliminate the gap, the preliminary plan includes an elimination of 25 positions on MOCS. What types of positions were eliminated, and how will this impact your offices' plans moving forward?

LISA FLORES: Jeremy? I'll ask to take that question, please.

JEREMY HALBRIDGE: Sure, thank you, Chair Won.

So, the mayor made a commitment to New Yorkers that this administration would take a close and hard look at how we deliver services to build a more efficient and cost effective government. We worked with OMB and our agency partners to determine how we would hit the respective targets. Uhm, it impacted our entire agency. Right? As you mentioned, Chair Won, 25 headcount is a large percentage of our budget. And, so we had to dig deep and really manage how that was done. And, so, working with OMB, we were able to hit the target and are moving ahead with

discussions with OMB throughout the rest of the budget process.

CHAIRPERSON WON: So, which type of positions were eliminated in MOCS?

JEREMY HALBRIDGE: Sure, uhm, thank you. Uhm, so, at a high level, we took positions across all of our major divisions. There were technology positions that were reduced, uhm, service desk procurement operations positions that were reduced, and then a number of our agency partners also had their headcount reduced as well.

CHAIRPERSON WON: And how has that changed your operational planning for the upcoming fiscal year?

LISA FLORES: Thank you for that question, Chair Won. You know, uhm, MOCS, as all City agencies, uhm, are continuing to work with OMB and will continue to work over the next few months as, uh, budgets finalize, uhm, in determining what our needs are and ensuring that we continue to maximize the efficiencies in our current structure. Uhm, so, we... We are, as The City, uhm has done consistently, especially, I think as evidenced during COVID, you know, City staff are very dedicated and understand that we are here to serve, and everyone

has been working full steam, uh, throughout the pandemic. And, ,you know, everyone's extremely dedicated to continuing, uh, to do our best to make sure that we meet the needs of New Yorkers. And, as I said, we continue to, uhm, be in dialogue with OMB and will be over the next few months.

CHAIRPERSON WON: Okay. And, then, it's been highlighted to me that over the last several years MOCS has operated with a high vacancy rate to begin with. What are some challenges for filling those vacancies, and how many vacancies does MOCS currently have, including the reduction that we've just talked about?

JEREMY HALBRIDGE: Sure, thank you, Chair Won, I'll take that.

So, our current vacancy rate in FY22 is approximately 14%. Uhm, what I can tell you is that MOCS is focused on ensuring that we build the right culture and environment to higher the right talent across The City to be a part of what the administration's goals are, and to work through and assist the, uh, the citizens of New York. Over the last year, we've actually hired 52 staff. Unfortunately, over that same time, we've lost about

37 staff. And, you can see that that's the pull and tug in the environment that we're in. It is a difficult environment to both hire and retain staff. And, so, we work with OMB; we work across networks throughout The City, uh, trying to find diverse and talented staff to bring them in, uh, and join us in our mission.

CHAIRPERSON WON: Got it, thank you.

Then, yesterday, during The Finance Committee hearing, I asked, uhm, the director of OMB, on the cycle time of procurement and contracts. So, I have the same question for MOCS, outside of PASSPort, do have any recommendations for streamlining the procurement process in order to reduce cycle time?

And, what are the biggest challenges to reducing contract things -- cycle times? Because, I know that our friends here, who are here to testify, are very curious about this question.

LISA FLORES: Absolutely, thank you for the question, Chair Won.

And, uhm, you know, as a point of clarification, the quote/unquote "cycle time" as reported, uh, it has been reported traditionally, uhm, every year, is based on one procurement method -- competitive sealed

bid. Uhm, and that method obviously has different steps that some of the other procurement methods. So, uh, really what's exciting about, I think, the... the future and about our commitment and our collaboration with our partners including The Comptroller's Office, which is really an unprecedented collaboration is, how do we look at date and, uh, see where there are appropriate timeframes, uh, that will achieve the end goal of being timely -- meaning getting your contract registered on time according to the contract start date, so that vendors, nonprofit partners, NWBEs (SP?) can get paid on time. And, so, it's not necessarily a one size fits all, uhm, there are multiple steps in the process. Uh, the planning phase is a good example of, it's in some cases the amount of time from when an agency decides it wants to procure goods or services to when they complete their oversight approvals, and get a solicitation out in the street, may be a very long timeframe. But, what's important is, is it an appropriate timeframe for what the agency is trying to procure? And, and example, I think is, uh, resonates well, is if you're a human service agency, and you were launching a

1  
2 brand-new program that is going to have an impact on  
3 the community, uhm, it might be appropriate there for  
4 you to have a longer timeline, uh, that you work  
5 towards to allow for engagement with the community  
6 and input that will part of the solicitation that  
7 goes out on to the street so that you have a better  
8 program.

9       So, we are looking forward to, in the next few,  
10 uh, months working The Comptroller and other  
11 stakeholders and digging in to that data, and  
12 creating additional KPIs, which as you know is one of  
13 the major recommendations, uhm, in the taskforce, uh,  
14 report. Uhm, and also, we're also looking forward to  
15 the opportunity of through the PPB, through the our  
16 partners across The City, with stakeholders across  
17 all of the industries, taking the time to roll up our  
18 sleeves and start breaking down the PPB rules where  
19 we need to change rules, eliminate rules, or create  
20 new ones that actually reflect what it's like to do  
21 business in this current timeframe and in a digital  
22 space. Whereas the rules and regulations, the  
23 administrative code, the charter, the PPB rules, are  
24 all based on a period in time where everything was in  
25 paper, and nothing was possible to be, uh, digitized.

1  
2       So, I think we have to now take this opportunity  
3 where we have a system in place, uhm, to do the hard  
4 work of having our rules and regulations and cutting  
5 down the bureaucracy by which that tool is built  
6 upon.

7       And, we really look forward to the initial  
8 conversations we've had thus far of hearing your  
9 input and everyone else on the committee and other  
10 council members, uhm , and hearing what you  
11 understand , uh, are the pressure points from your  
12 constituents and we can build that in to our... in  
13 to our, uh, reform process.

14       CHAIRPERSON WON: Thank you so much, Lisa.

15       Alex, I'll turn it back to you for the council  
16 members to ask questions.

17       COMMITTEE COUNSEL: Thank you, Chair.

18       Uh, as The Chair mentioned, we will now move to  
19 council member questions.

20       Council members who are present, if you have any  
21 questions for the administration, please use the Zoom  
22 Raise Hand Function, and you will be added to the  
23 question queue.  
24  
25

Uh, council members, please keep your questions to five minutes, including the answers to those questions.

Uhm, please let the Sergeant At Arms tell you when your time begins, and then the sergeant will let you know when your time is up.

So, any council members who are currently present, if you have questions, please feel to use the Zoom Raise Hand Function now.

It seems that there are no council members who are raising their hands at the moment. Uh, so, I will turn it back to The Chair. Chair Won, if you have any additional questions, feel free to ask them now, otherwise, we can move to public testimony.

CHAIRPERSON WON: I do not have already on questions. So, I... We can move to public testimony.

LISA FLORES: Thank you so much, Chair Won and all of the council members. Uhm, I really, truly, appreciate, uh, you taking the interest in contracts, which I know is not necessarily what everyone thinks is the sexiest part of city government, but honestly, your appreciation for, uh, procurement really being the foundation of what represents The City's values



and how you implement programs that are important to the constituents of New York. And, I really, uh, look forward to our continued partnership.

COMMITTEE COUNSEL: Thank you to the members of the administration.

Uh, the first public panelist will be Nora Moran. Uh, Miss Moran, you will be limited to two minutes, uh, you may begin when the sergeants announce the time.

SERGEANT AT ARMS: Clock is ready.

NORA MORAN: Thank you for the opportunity to testify, my name is Nora Moran; I am the Director of Policy and Advocacy at United Neighborhood Houses. We are a policy organization working with New York City settlement houses and have 40 members across The City in every borough doing everything from early childhood education all the way up through senior services. We have a wealth of experience in contracting with The City, uhm, a lot of... we've experienced the ups and downs over the past couple of years with that process, uhm, and our testimony today is just going to focus on a couple of recommendations, uhm, for this budget to strengthen that process.

Uhm, first we'd like to say overall, we think the "A Better Contract for New York" report that Mayor Adams and Comptroller Lander put out is a really positive step, uhm, toward improving the contracting process. It is great to see that they're doing that so early in their tenure. Uhm, so we look forward to working to make those recommendations a reality.

Looking forward, a couple of budget recommendations we'd make, the first is reopening the Indirect Cost Rate Initiative. Providers are coming up against, uh, their three year period for when their previous uh, indirect rates were approved. Uhm, we've not yet heard from any of The City agencies or MOCS as to what the process will be for reopening that, getting a new round of approved rates making sure that providers can retain that, uh, going forward on future contracts.

So, uhm, the process last time worked pretty well, and so we'd urge MOCS just to get that started so that providers know what their rates are early before we get to the next fiscal year.

Uhm, and our last three recommendations really are around pay and support for The Human Services sector, uhm, we're supportive of the #JustPay

campaign. Three things that that campaign is calling for: The first is a COLA, a 5.4% COLA on the personnel services line of all human services contracts. The second is a wage floor of \$21 an hour for human service workers. And, the third is a comprehensive wage and benefit schedule for staff.

SERGEANT AT ARMS: Time expired.

NORA MORAN: Alright, thank you so much.

COMMITTEE COUNSEL: Thank you, Miss Moran. Uh, if any council members or The Chair have questions, uh, please use the Zoom Raise Hand Function now.

Seeing no hands raised, we will now move on to the next panelists.

Uh, next up, we will hear from Gloria Kim at Human Services Council. Uh, Miss Kim, you may begin when the sergeants call time.

SERGEANT AT ARMS: Clock is ready.

GLORIA KIM: My... Sorry, I think my mic was muted.

Uhm, Good morning and welcome Chair Won, and members of the New York City Council Committee on Contracts. My name is Gloria Kim, and I am the Senior Policy Analyst of the Human Services Council,

membership organization representing over 170 human services providers in New York City.

We greatly appreciate the collaboration between Mayor Adams and Comptroller Lander on the Joint Task Force to Get Nonprofits Paid on Time. This is a significant achievement and we look forward to The City implementing these reforms, which will not only support human services organizations but also the communities that we serve.

We're also happy to see our longtime partner Lisa Flores as the Director of MOCS and Chief Procurement Officer. However, it's crucial that MOCS clean up the backlog of contracts as nonprofits struggle with the delays in the procurement process. Last year we surveyed our members and 70% of organizations reported a delayed payment from The City. And nearly 46% of respondents were forced to take out loans and draw on a line of credit due to withheld or delayed payments where the average annual cost of interest for those loans is reported as \$223,000.

And, we're providers have worked with the City on the Indirect Cost Rate Initiative over the past 3 years and were generally satisfied with the process. However, it is critical that MOCS reopen the process

1 immediately so that providers can apply for their  
2 indirect rates before July 1st. Organizations  
3 shouldn't have to struggle to put together resources  
4 as they are in the dark on whether they will receive  
5 their full indirect rate -- putting their operations  
6 and programs at risk.

8 It is also important that indirect funding become  
9 baselined and moved to City agencies as standard  
10 agency funding instead of an initiative. Without  
11 permanent indirect funding, it prevents providers  
12 from spending crucial dollars on supporting the full  
13 organization such as upgrading IT, time spent  
14 complying with government requests, and cleaning and  
15 maintenance which were particularly crucial during  
16 COVID-19.

17 We are also proud members of the #JustPay  
18 campaign, which is a virtual equity and gender  
19 justice campaign committed to ending the government  
20 exploitation of human services workers by demanding  
21 contract staff be paid fair wages for their labor.  
22 Years of underfunding have resulted in the sector  
23 being some of the lowest compensated workers in The  
24 City's economy...

25 SERGEANT AT ARMS: Time expired.

GLORIA KIM: Thank you.

COMMITTEE COUNSEL: Thank you, Miss Kim.

Uh, again, any council members who have questions, please use the Zoom Raise Hand Function now.

Seeing no questions, we will now move on to the next panelist. Uh, the next panelist will be Deidre Sully. Uh, Deidre Sully, you may begin your testimony as soon as the sergeants call the time.

SERGEANT AT ARMS: Clock is ready.

DEIDRE SULLY: Greetings, uhm, everyone. Good after... Is it afternoon? Good afternoon Council Committee on Contracts, Chair Won, thank you for having me today.

My name is Deidre Sully, I am the Senior Director of Health Policy and Community Affairs at Public Health Solutions.

Public Health Solutions is dedicated to improving the health of the public in New York City and beyond through service delivery, research, capacity building and policy analysis. Our mission is to implement innovative, cost-effective, and population-based public and community health programs and conduct

research that provides insight on public health issues.

Two things that I just wanted to bring up to today, is that our programs serve the public. They serve on more specifically vulnerable New Yorkers, New Yorkers and families who are in underserved areas.

When we experience unpredictability such as late contracts, which then move forward to late payments, it creates an issue on how we can deliver crucial services -- much needed services -- to our populations and constituent base and our clients, and it also affects how they are able to access care. The other reason is, because we also have workers who help to provide these services. So, just as those who had testified before me, we also joining in on the #JustPay campaign to make sure that these contracts also include COLA and have a living wage for people, because they need the most basic things which are food, clothing and shelter. And, in order to do that, they have to have the income to be able to reach that.

So, we are also asking for setting a wage for making sure that the salaries are comparable between city and state as well as instituting a COLA of 5.4%.

Thank you.

COMMITTEE COUNSEL: Thank you, Miss Sully.

Uhm, if any council members have questions, please use the Zoom Raise Hand Function now.

Seeing no questions, we will now move on to the next panelist, uh, April Herms who will be the next panelist. Miss Herms, you may begin when the sergeants announce the time.

SERGEANT AT ARMS: The clock is ready.

APRIL HERMS: Thank you, and good afternoon Chair Won and The City Council Contracts Committee.

I am April Herms; I am the Interim Co-Director of TakeRoot Justice, which is a nonprofit organization that provides legal services to New York City's low-income communities.

Uhm, I am here to build on the testimony of my other nonprofit colleagues who have already spoken in strong favor of the report from the joint taskforce to get nonprofits paid on time.

We have also found council discretionary funding to be a double-edged sword because of the immense



challenges and delays in the city contracting process.

Because the Council passes the budget in June for the fiscal year that starts on July 1st, discretionary funding contracts are not registered until many months after the start of the fiscal year. And in our experience, it's sometimes up to nine, 12 or more months before the start of the fiscal year. And, during this delay, nonprofits are expected to provide services right away and front the money for doing so until their contracts are registered and we can be reimbursed. And, as my colleagues have already mentioned, this places immense financial strain on nonprofits who often need to take out lines of credit that charge interest to float these programs until our contracts are registered and The Council can... and we can start invoicing for them.

There is a Returnable Grant Fund through which we can get bridge loans, but those funds are irregularly available, the process is complex, and it differs depending on City Agency.

So, we strongly urge both The Council and MOCS to adopt the recommendations from the joint taskforce around streamlining the contracting process and

making funds available to nonprofits up front who are providing critical services to City communities, without having to incur additional costs and additional delays before our contracts are registered.

Thank you very much for the opportunity to testify.

Uh, thank you, Miss Herms.

Uh, if any council members have questions, please use the Zoom Raise Hand Function.

Seeing no hands raised, we will now move on to the next and final panelist, uh. Mr. Towaki Komatsu, you may begin when the sergeants call time.

SERGEANT AT ARMS: Clock is ready.

COMMITTEE COUNSEL: Uh, Mr. Komatsu's on mute.

TOWAKI KOMATSU: Can you hear me? Can you hear me?

COMMITTEE COUNSEL: Yes, we can hear you now.

TOWAKI KOMATSU: So, question for you, uhm, why is New York City doing business with a company that is continuing to commit wage theft against me that dates back to 2012? Uhm, next week on March 9th, I have an oral argument hearing against this company called NTT Data. Uhm, and that company is doing business with

1  
2 HRA, uhm, the Department of Education, other  
3 agencies. I've have previously testified against  
4 that company since 2017 to no avail.

5 So, the point is, people that are attending  
6 today's, uh, public hearing, watching it remotely,  
7 you're all funding those contracts. So, for all of  
8 the city council members, if you are being paid for  
9 the work that you're performing, why would you want  
10 somebody to have business with The City Council if  
11 potentially they're preventing you from feeding your  
12 family?

13 So, also, uhm, I tried testifying in a public  
14 hearing last week against a company called Urban  
15 Pathways. It's the slumlord to the building for  
16 which I reside. I was illegally prevented from  
17 testifying in that hearing that was conducted  
18 remotely.

19 Uhm, there is a plan for The Department of Aging  
20 to give Urban Pathways about \$15 million more in  
21 funding while it's neglecting repairs. Uhm, also I  
22 should point out that HRA and Urban Pathways, they  
23 jointly, illegally changed my apartment lease  
24 agreement two days after I signed it in 2016.

Uhm, also, last point, I have federal lawsuit against the City of New York, Federal Judge Edgardo Ramos last month authorized me to sue the City Council.

So, yet again, while it's not connected to today's public hearing, a member of the City Council illegally terminated my video connection without prior notice. So, that's a flagrant violation of the first amendment and 14th amendment rights.

So, uhm, Miss Won, I have nothing against you whatsoever, you're new. Question I have for you is, can you find out who terminated that video connection without apprising me of that?

And, yeah, the other point, too, is in your capacity as the chairwoman for this committee, what can you do to terminate, uh, The City of New York's contracts with Urban Pathways and also NTT Data?

SERGEANT AT ARMS: Time expired.

TOWAKI KOMATSU: I talked to Lisa Flores about that previously to no avail.

Thank you.

COMMITTEE COUNSEL: Thank you, Mr. Komatsu.

Uh, if any council members have questions, uh, please use the Zoom Raise Hand Function now.

Uh, seeing no Zoom Hands raised, I will now turn it back to The Chair for closing remarks.

CHAIRPERSON WON: Uh, Mr. Komatsu, I hope you can reach out to your council member, wherever in the city that you reside, to have your questions addressed since it's under their jurisdiction.

Thank you so much everybody for being here. Uhm, and I thank you so much, uhm, especially, Lisa Flores, The City's Chief Procurement Officer and The Mayor's Office of Contract Services, as well as her amazing team -- and for all of my colleagues for being here -- and for our Contracts Committee staff, and for all of the, uhm, organizations as well as individuals who came to testify.

I thank you so much for your attendance, and I officially adjourn this committee hearing.

[Gaveling Out] [GAVEL SOUND]

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 March 15, 2022