

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

November 15, 2018  
Start: 10:16 a.m.  
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HELD AT: 250 Broadway-Committee Rm, 14<sup>th</sup> Fl.

B E F O R E: JUSTIN L. BRANNAN  
Chairperson

COUNCIL MEMBERS:

INEZ D. BARRON  
BILL PERKINS  
HELEN K. ROSENTHAL  
KALMAN YEGER

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

Michelle Jackson  
Deputy Executive Director for the Human Services  
Council

Dan Symon  
Acting Director of the Mayor's Office of Contract  
Services and City Chief Procurement Officer

Jennifer Geiling  
Deputy Director for Policy and Partnership at the  
Mayor's Office of Contract Services

Victor Olds  
General Counsel at the Mayor's Office of Contract  
Services

Aaron Cyperstein  
Associate General Counsel for Metropolitan  
Council on Jewish Poverty

Andrea Cianfrani  
Director of Public Policy at Live On New York

Rebecca Sauer  
Director of Policy and Planning at the Supportive  
Housing Network of New York

Kevin Douglas  
Co-Director of Policy and Advocacy with United  
Neighborhood Houses of New York

John MacIntosh  
Manager of Sea Change Capital Partners

Margarita Guzman  
Executive Director of the Violence Intervention  
Program, Inc.

Louisa Chafee  
Senior Vice President for Public Policy and  
External Relations at the UJA Federation of New  
York

Maria Lizardo  
Executive Director of Northern Manhattan  
Improvement Corporation, NMIC

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

Molly Krakowski  
Director of Legislative Affairs at JASA

Annie Minguez  
Director of Government and Community Relations  
For Good Shepherd Services

Penni Bunyaviroch  
Director of Contracts Management for Catholic  
Charities Community Service Archdiocese of New  
York

Carlyn Cowen  
Chief Policy and Public Affairs Officer at the  
Chinese American Planning Council, CPC

Mark Hurwitz  
Chief Operating Officer at Urban Pathways

Jesse Layman  
Director of Policy at the Employment and Training  
Coalition

Anthony Edwards  
Chief Financial Officer for Sheltering Arms,  
Children and Family Services

Felice Farber  
Senior Director of Policy and External Affairs at  
The General Contractors Association of New York

Beth Goldman  
President and Attorney in Charge of the New York  
Legal Assistance Group, NYLAG

Caroline Iosso  
Director of Community and Government Affairs at  
Opportunities for a Better Tomorrow, OBT

Donald Ranshte  
Vice President of the Building Trades Employers'  
Association, BTEA

Kristina Reintamm  
Acting Director of External Relations and  
Advancement at Brooklyn Community Services

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

Peter Rescigno  
Assistant Executive Secretary for the New York  
Electrical Contractors Association, NYECA

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2 [gavel]

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4 CHAIRPERSON BRANNAN: Okay, good morning  
5 procurement fans, it's a hot ticket today. Welcome to  
6 the Contracts Committee of the New York City Council.  
7 My name is Justin Brannan and I have the privilege of  
8 chairing this Committee and I am joined today by  
9 nobody yet. They must be all on the R train. So, I'd  
10 like to thank the members of this committee for  
11 coming together today to hold today's hearing. I'd  
12 also like to thank Rory Lancman my Co-sponsor on this  
13 bill for his leadership and sponsoring the  
14 legislation before the Committee today. Today's  
15 hearing provides this Committee with an opportunity  
16 to hear a critical piece of legislation that aims to  
17 improve the city's contracting process. One of the  
18 regular complaints we receive from vendors is how  
19 long it takes for them to receive payments from city  
20 agencies. Payments to vendors are regularly late,  
21 reliably late and in most cases with no explanation.  
22 While some of our colleagues in the private sector  
23 may be able to chalk up late payments as the cost of  
24 doing business with the city, many small businesses,  
25 nonprofits, MWBEs and the human services sector are  
disproportionately impacted when their payments do

1  
2 not arrive on time. We've heard horror stories from  
3 vendors who have been forced to reduce their staff  
4 and others who have had no choice but to liquidate  
5 all together due to the uncertainty surrounding late  
6 payments from city agencies. In a hearing by this  
7 very Committee back in June we heard from Phipps  
8 Neighborhood, a human service contractor that  
9 provides essential social services to over 11,000 New  
10 Yorkers. Phipps contracts with several city agencies  
11 and at the time they were owed nearly 3.3 million  
12 dollars for services already provided. Jonathan Yedin  
13 owes me 50 dollars and I never let him go a day  
14 without forgetting that. At the same hearing we heard  
15 testimony from the Fortune Society, another human  
16 service provider who complained at how they also  
17 needed to float over three million dollars for  
18 services provided while awaiting payment from the  
19 city. When the city is your primary source of income  
20 you rely on consistent payments in order to make ends  
21 meet, if those payments do not arrive on time and  
22 you're unable to pay your staff, unable to pay your  
23 creditors and you're often unable to continue  
24 operating all together. For all the work we do as a  
25 city to support our small businesses and promote our

1  
2 MWBE contractors it's hypocritical and quite frankly  
3 embarrassing if we can't at the very least make sure  
4 that those same small businesses get paid on time.  
5 The bill before the Committee today, Introduction  
6 Number 1067 would require the procurement policy  
7 board to create a citywide process for city agencies  
8 to inform vendors of the reason for any late  
9 payments. Since the PPB, the procurement policy board  
10 is the agency tasked with establishing procurement  
11 rules for all Mayoral agencies I'd like to convey to  
12 them my genuine surprise that this is not already  
13 required in all agency contracts. Its one of those  
14 ideas for a bill that we thought it already existed  
15 and we found out it didn't we were... we were shocked.  
16 If we are serious about protecting small businesses  
17 in New York City, it's the least agencies could do to  
18 inform their vendors that a payment would be late and  
19 the reason why. This type of communication amounts to  
20 simple decency and ignoring it would not be tolerated  
21 anywhere in the private sector. I think it's shameful  
22 that city agencies have been able to get away with  
23 this for so long. In addition to requiring the PPB to  
24 create rules for communication regarding late  
25 payments, Introduction 1067 also requires agencies to

1  
2 perform... to provide reports to MOCS on any such late  
3 payments. All of that information would then be  
4 synthesized into biannual report... a biannual report  
5 to the Mayor and to the City Council. As Chair of  
6 this Committee I implore you and the administration  
7 not to fight us on this simple yet obvious piece of  
8 legislation that will offer some certainty to vendors  
9 who hope to do business with the city. Before we  
10 begin, I would like to thank my committee staff;  
11 Committee Counsel Alex Paulenoff; Policy Analyst  
12 Casie Addison; Finance, Financial Analyst Andrew  
13 Wilber and Finance Unit Head John Russell as well as  
14 my Senior Advisor John Yedin for all their hard work  
15 in putting this hearing together. On a slightly  
16 related note, I feel I'd be remiss if I didn't  
17 comment on the recent report about the announce...  
18 Amazon deal allowed in the city. I believe that  
19 democracy dies in darkness, small D democracy, I  
20 think it's troubling that the Mayor and the Governor  
21 put together a back room deal with one of the richest  
22 companies in the world without allowing for any  
23 meaningful community input, you know I have people  
24 asking me what is so bad about this deal, what is so  
25 bad about... you know bringing jobs to, to New York



1  
2 City and the answer is nothing is, is bad about that  
3 but, you know reading in the New York Times that this  
4 deal was done in a matter to, to... you know I'm  
5 quoting, deliberately circumvent the City Council to  
6 prevent future road blocks is, is, is really  
7 troubling. How can we do our jobs as the stewards of  
8 the city resources and remain accountable to the  
9 people of the city on a project of this magnitude  
10 when we are deliberately excluded from the process. I  
11 plan on scrutinizing this agreement along with my  
12 staff, the Speaker's team and my colleagues on the  
13 Economic Development Committee over the next few  
14 weeks and I urge the Mayor and the Governor to  
15 reconsider the implications of their actions with  
16 regard to the Amazon agreement and at least clue us  
17 in on what's going on. If the communities, this  
18 project impacts do not have a say in its details it  
19 will fail plain and simple. Amazon is one of the  
20 richest companies on the planet valued at one  
21 trillion dollars, the idea that they will receive  
22 well in excess of a billion dollars in tax credits at  
23 a time when our subways and infrastructure are  
24 crumbling and so many New Yorkers are living paycheck  
25 to paycheck it's just plain wrong. Of course, I want

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2 to create as many new jobs as possible, of course I  
3 want New York City to win at everything but for a  
4 company as colossal as Amazon tax breaks are not what  
5 makes or breaks their decisions to come to one city  
6 or... over another. Amazon wasn't going to set up shop  
7 in the middle of nowhere, access to things like a  
8 reservoir of world class talent and proximity to  
9 urban centers, adequate infrastructure,  
10 transportation options, options and access matter way  
11 more than tax breaks for a company like Amazon. Yes,  
12 we should always be looking to create more jobs, of  
13 course but at what cost. Now that my blood pressure  
14 is up, I will turn the floor over to Michelle Jackson  
15 from the Human, Human Services Council and if you  
16 could raise your right hand so I can have Counsel  
17 swear you in.

18 MICHELLE JACKSON: I never get to do  
19 this.

20 COMMITTEE CLERK: Do you swear or affirm  
21 to tell the truth, the whole truth and nothing but  
22 the truth in your testimony today and to respond  
23 honestly to Council Member questions?

24 MICHELLE JACKSON: I do.

25 COMMITTEE CLERK: Thank you.

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2 MICHELLE JACKSON: Well now that your  
3 blood pressure is up, great. So, I'm Michelle Jackson  
4 and I'm the Deputy Executive Director for the Human  
5 Services Council. We're a membership organization of  
6 about 170 human services organizations in New York  
7 City and we focus our city and state advocacy on how  
8 to ensure that nonprofits can deliver quality  
9 services. So, we deal with all of the boring issues  
10 like procurement, late contracting, too many pieces  
11 of paper, all of that exciting stuff. I really want  
12 to thank you for providing me this opportunity to  
13 testify today and also set the scene of, of what this  
14 looks like on the ground for nonprofits and for  
15 shining a light on the important issues of delays in  
16 registration and payment and we support your  
17 legislation, we think that having transparency in, in  
18 the contracting process is really important and we  
19 appreciate you taking up this issue. The Mayor's  
20 indicator report in previous administration also used  
21 to do this in some ways and so having that  
22 information was previously very helpful in terms of  
23 finding out kind of where there were delays and where  
24 there weren't and so having that transparency I think  
25 would be very helpful both for us and for our city

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2 agency partners who do want to correct these issues  
3 and really need to be able to get into the brass  
4 tacks of where... you know where are the issues and  
5 where are things getting stuck. So, we really  
6 appreciate that. This is not a new issue, over the  
7 years I've testified in front of many committees on  
8 contracts about legislation... late registration and  
9 have obviously been in front of you the last couple  
10 of times we've had hearings. I think previously as  
11 late as 2012, I was testifying that the issue was  
12 getting better and that really it was discretionary  
13 issues and that we had a lot of faith that the HHS  
14 Accelerator would correct this issue. So, I looked at  
15 some of my old testimonies and that's what I used to  
16 say, and I can't say that anymore. The issue has  
17 really gotten worse and according to our providers  
18 its really at a breaking point for them. I think the  
19 Sea Change Capital Partners Report as well as the  
20 report from the state... or from the city Comptroller  
21 really show, show how problematic this issue is and  
22 whole slightly different than what the Mayor's  
23 Indicator Report used to show, I think we can say  
24 both based on our anecdotal experience with our  
25 providers and what that data shows that the problem

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2 is really getting worse and needs to be dealt with.  
3 While its not a new issue, in 2016 when the Nonprofit  
4 Resiliency Committee came together this was  
5 definitely one of the clearest issues that nonprofits  
6 conveyed and we have great partners at the city in  
7 the Mayor's Office of Contract Services who are  
8 working on these issues and the Nonprofit Resiliency  
9 Committee has been able to kind of attack it from the  
10 edges but hasn't been able to.. I mean it's a big  
11 system to overhaul and so while there's a lot of  
12 things that they've been able to do, and we've been  
13 able to do in partnership with them we haven't been  
14 able to tackle head on this issue and I will talk  
15 about kind of passport and HHS Accelerator a little  
16 bit later. HSC also works in partnership with the  
17 Human Services Advancement Strategy Group which is 11  
18 other human services coalitions so together we  
19 represent about 2,000 organizations and we've  
20 highlighted this problem to the administration so  
21 both in the Nonprofit Resiliency Committee and then  
22 to the administration in a series of communications  
23 that something really needs to be done and it needs  
24 to be done quickly like we can't wait for a long term  
25 solution there needs to be pressure now to get these

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2 contracts registered. It's not just an administrative  
3 headache, I think as you illuminated it really has a  
4 real impact on providers who you'll hear from today  
5 who can tell you in much more stark detail than I  
6 would be able to what this looks like. It means lines  
7 of credit, we have organizations who pay over 100,000  
8 a year in credit based on the lateness of their city  
9 contracts and that's money that comes out of  
10 programs, there's no other way to pay for that. They  
11 can't spend money so if their contracts are  
12 registered six or eight months late, they can't make  
13 the budget decisions they need to make even if  
14 they've started the program without a registered  
15 contract and so at the end of the year, they're  
16 leaving money on the table which means the community  
17 isn't getting those services. And there's legal  
18 implications, right, for running a program without a  
19 signed and registered contract, providers do it  
20 anyway. If you have a summer youth employment program  
21 you can't wait until October to start it, you have to  
22 start it in July or earlier. If you run a domestic  
23 violence shelter you can't wait six months while you  
24 renew a contract and just tell the people in your  
25 shelter to go home, we don't have a contract, other

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2 vendors might be able to do that. You cannot start  
3 construction until you have a registered contract but  
4 that's not an option for nonprofits so they take this  
5 risk and they're starting to see and I think you  
6 illuminated to some of the numbers, we have  
7 organizations who are owed tens of millions of  
8 dollars from, from the city at any given point and so  
9 not only are they basically acting as alone for, for  
10 the city but... if they have a line of credit that  
11 means that they're also paying the city for the  
12 courtesy of being... of having their contract  
13 registered late and so it's an administrative  
14 headache, it costs money, there's legal implications  
15 and providers are starting to turn down competing for  
16 RFPs, they're also turning back contracts either at  
17 renewal or once the program is over because when they  
18 look at their balance sheets they see that this is  
19 really untenable situation for them. So, something  
20 needs to be done and it needs to be done quickly, we  
21 can't wait a couple of years for, for new kind of  
22 long-term fixes for there to be a real commitment to  
23 this. We really need the administration to make this  
24 a priority, priority and for providers to know who  
25 the central point of communication is who's tackling

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2 this, its, it's a continual issue, there's always  
3 renewals, there's always amendments, there's always  
4 new contracts and so who's applying the pressure and  
5 making sure that this is a real priority I think at,  
6 at the nonprofit sector we'd like to know who, who  
7 that is and, and, and that they're really committed  
8 to moving these things along because we realize  
9 there's emergencies in, in agencies, people call out  
10 sick like there's different things that happen, it's  
11 the human resources but is there kind of a, a macro  
12 level looking at this to make sure that it's  
13 happening. I also want to... there's not really an  
14 accountability for lateness either so we also would  
15 recommend interest being paid to providers, there is  
16 mechanisms for that but it has to be approved by OMB  
17 who unsurprisingly don't want to pay interest and so  
18 nonprofits do not get interest and we would like to  
19 see that as something else as a remedy that  
20 nonprofits are able to recoup their interest when  
21 they are late, the payments and registration. And  
22 then finally I want to talk about passport and HHS  
23 Accelerator, we were helpful in the accelerator  
24 process, I totally committed to that system I think  
25 it's made incredible improvements in the procurement



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2 process. The people who created accelerator are still  
3 at the Mayor's Office of Contract Services, I have  
4 the utmost faith in them to design an amazing system  
5 that really looks at nonprofits as the vendor like  
6 they did with accelerator, they're really great and  
7 so we really look forward to passport being in place  
8 so that we, nonprofits can see where their contracts  
9 are in the process and we think that will have a lot  
10 of accountability and transparency. Unfortunately its  
11 18 months away and we still have providers who are  
12 owed money from FY '17 so they don't want to wait  
13 till FY '20 and '21 for the process to go into place  
14 and then additionally passport will show us where the  
15 flaws are or where contracts are getting stuck but  
16 who's the person who's going to kick that, you know  
17 people still have to put in that information at the  
18 city agency side and what are the mechanisms to be...  
19 its great that we can see it but who's going to make  
20 sure that things move along and I'm... I, I imagine  
21 that's probably part of this process but its not  
22 clear to us yet, so we need immediate remedy now and  
23 then we also need long term solutions so something  
24 like Intro 1067 will be helpful in terms of making  
25 sure that there's reporting on the lateness of

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2 contracts. So, I will stop there, I'm happy to answer  
3 any questions that you have and I really... we want to  
4 just say we really support this bill, we'd like to  
5 see interest added as something down the road and  
6 appreciate your attention to this issue. Thank you.

7 CHAIRPERSON BRANNAN: Thank you. I've  
8 been joined by my colleague Kalman Yeger, Councilman  
9 Kalman Yeger. I, I mean you touched on it but, but  
10 just, you know for the record what, what are... what  
11 are some of the consequences... [cross-talk]

12 MICHELLE JACKSON: Uh-huh... [cross-talk]

13 CHAIRPERSON BRANNAN: ...that, that these  
14 groups have... are dealing with, with... you know thanks  
15 to the lag in payment?

16 MICHELLE JACKSON: Yeah, so I think the  
17 first, the clearest is they pay interest on loans,  
18 lines of credit and we have providers who have  
19 reported 100,000 dollars, 130,000 dollars they pay a  
20 year on city... late and then to add to that of course  
21 they have state contracts and other contracts that  
22 are late so that's definitely one as the clearest  
23 example. I think if you look there's different places  
24 where the contract can be late so if it's a new  
25 contract if the contract isn't registered for July

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2 one they have to decide are we going to lease space  
3 and hire staff, is the budget that we have going to  
4 be approved, can we... can we rely on that to, to, you  
5 know enter into all of these legal agreements and  
6 start spending money. If it's a renewal contract they  
7 have to do it, they can't... they're not going to stop  
8 services and start. So, when they wait for payment to  
9 come late a lot of nonprofits have less than three...  
10 30 percent or more of nonprofits in New York City  
11 have less than one month of cash flow so that means  
12 that if you have a contract that's six months delayed  
13 and it three million dollars or ten million dollars  
14 they really are looking at not paying vendors, how do  
15 they pay their staff, making those ends meet and when  
16 you have your executive team worried about those  
17 issues it means that they're not making sure the  
18 programs are running or doing strategic... [cross-talk]

19 CHAIRPERSON BRANNAN: Right... [cross-talk]

20 MICHELLE JACKSON: ...planning and things  
21 like that so those are some of like the second tier  
22 consequences but they have a real impact on, on  
23 nonprofits but there's absolutely a cash flow issue  
24 and then I also think one thing to really note is  
25 that a lot of small, smaller nonprofits don't have

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2 these kind of... they can't float this at all so they  
3 don't compete for these contracts and when we want  
4 to... when we talk about, you know increasing those...  
5 who's in the pool of competitors and who has, has  
6 these contracts you're knocking out a large  
7 percentage of people because they, they know that  
8 they can't float a three million dollar contract for  
9 eight months.

10 CHAIRPERSON BRANNAN: Do you think that  
11 passport is the panacea that MOCS thinks it is?

12 MICHELLE JACKSON: So, we haven't seen  
13 the system obviously but like I said, I think... I  
14 trust Dan Symon a lot to build a system that's great  
15 and I know he'll do everything that he can, I don't  
16 think there's an online... there's any system that's  
17 going to fix everything but I think based on our  
18 experience with working HHS Accelerator they really  
19 do take the nonprofits into consideration, they  
20 really partnered with us, they saw us as the vendor  
21 of that product and they built a really quality  
22 product that did what they said it was going to do.  
23 So, I think the system itself will be designed really  
24 well but it's just who are the people behind it...

25 [cross-talk]

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CHAIRPERSON BRANNAN: Uh-huh... [cross-

3

talk]

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MICHELLE JACKSON: ...who are moving things

5

from one to the next is I think what we're worried

6

about and also how long will it take.

7

CHAIRPERSON BRANNAN: Yeah, Kalman do you

8

have any?

9

COUNCIL MEMBER YEGER: Not yet.

10

CHAIRPERSON BRANNAN: Okay.

11

COUNCIL MEMBER YEGER: I going to have to

12

wait for MOCS to come up here..

13

CHAIRPERSON BRANNAN: Alright, cool,

14

thank you very much.

15

MICHELLE JACKSON: Thank you so much.

16

CHAIRPERSON BRANNAN: Thank you. Okay,

17

now we've got MOCS, we've got Dan Symon; Jennifer

18

Geiling and Victor Olds all from the Mayor's Office

19

of Contract Services. I ask that you remember the ire

20

of my opening statement.

21

DAN SYMON: Sure.

22

CHAIRPERSON BRANNAN: And I want to give

23

too... [cross-talk]

24

DAN SYMON: About Amazon you mean?

25

1 COMMITTEE ON CONTRACTS

2 CHAIRPERSON BRANNAN: Yeah, yeah, right  
3 and Alex will swear you in.

4 COMMITTEE CLERK: Please raise your right  
5 hands. Do you swear or affirm to tell the truth, the  
6 whole truth and nothing but the truth in your  
7 testimony today and to respond honestly to Council  
8 Member questions?

9 DAN SYMON: Yes.

10 COMMITTEE CLERK: Thank you, okay.

11 DAN SYMON: Good morning Chair Brannan  
12 and members of the Council. My name is Dan Symon and  
13 I'm the Acting Director of the Mayor's Office of  
14 Contract Services and City Chief Procurement Officer.  
15 Thank you for inviting me to discuss our approach to  
16 transforming procurement operations and improving the  
17 experience of vendors who do business with the city  
18 of New York. We support efforts to enable greater  
19 transparency as they align with our overarching  
20 approach to procurement transformation, specifically  
21 standardizing processes using a common platform for  
22 vendors and agencies and enabling robust analytical  
23 capabilities to drive performance management. As an  
24 oversight and service agency, MOCS helps stakeholders  
25 navigate procurement rules, build tech... build, builds

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1  
2 technology tools to increase efficiency and  
3 collaboration and implements processes and supports  
4 to ensure a fair and responsible experience for all.  
5 Where tools enable process and performance data to be  
6 captured, information is made available to end users  
7 and managers on screen or through reporting modules.  
8 Statuses are also readily displayed, noting which  
9 workflow steps have been completed. For example, in  
10 our HHS Accelerator System, which was designed with  
11 and for the Human Services sector, providers can  
12 easily see if their proposals have been accepted for  
13 review and can similarly determine when invoices are  
14 approved for payment, nearly four billion dollars in  
15 contract budgets are currently managed in HHS  
16 Accelerator. We continue to work with agencies to  
17 onboard remaining contracts and this will help to  
18 realize the full potential of the platform. A  
19 significant addition, anticipated for next fiscal  
20 year, will be integration of contracts managed by the  
21 Department for the Aging and the Department for  
22 Health... of Health and Mental Hygiene. Our approach to  
23 making workflow steps and statuses transparent  
24 between agencies and vendors is now being utilized  
25 for all industries through passport, the Procurement

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2 and Sourcing Solutions Portal. By 2020, passport will  
3 enable all phases of the procurement and contract  
4 management process, including invoice review. Today  
5 over 10,000 vendors use passport to keep disclosure  
6 filings current and agencies have used that  
7 information to complete over 5,700 background checks  
8 thus far. Those agency transactions involved multiple  
9 agencies and individuals who were able to track  
10 statuses and improve coordination. The overall  
11 processing time for responsibility determinations has  
12 been reduced from 45 days prior to passport to a  
13 median of 20... 21 days in Fiscal Year '18. The full  
14 benefits of these kinds of systems will be realized  
15 when we incorporate all procurement and contracting  
16 steps including invoice and payment for all mayoral  
17 agencies. In the current state, without a common  
18 platform for vendors and city staff to work together,  
19 comprehensive status tracking relies heavily on  
20 people exchanging information which may exist in  
21 various formats. In addition, payments are directly  
22 related to lengthy timeframes between the... between  
23 the initiation of a solicitation or contract  
24 amendment and the registration of the resulting  
25 contracts. Although some, some vendors can access



COMMITTEE ON CONTRACTS

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2 interest free loans, they can neither receive  
3 advances nor be reimbursed for services until after  
4 registration. Disconnected processes and a lack of  
5 comprehensive technology play a significant role in  
6 slowing down processing but the necessary drive for  
7 timely launch of projects and programs often  
8 contributes to lags between service delivery,  
9 contract registration and payment. With the role of  
10 pass... with the roll out of passport, we aim to solve  
11 these deficiencies for all contracts. For contracts  
12 currently managed in HHS Accelerator the median time  
13 for invoice submission to payment approval is six  
14 days, with payment occurring at a median time of six  
15 days, reinforcing the benefits of digitization where  
16 a shared platform allows for prompt remedying of  
17 invoice issues and transparent tracking of reviewer  
18 comments and provider responses. Standardization of  
19 budget and invoice templates, templates have also  
20 resulted in fewer returns, with 81 percent of  
21 invoices approved without having it... having to return  
22 it to the provider for corrections. This prompt  
23 review and payment time was attained without clocks,  
24 reporting requirements or mandates. Still, we know we  
25 can always do more, and technology needs to be

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2 coupled with ongoing policy reforms and nuanced long,  
3 long term change management. This is why the  
4 administration continues to invest time and dedicated  
5 resources in convening partners and identifying  
6 projects to improve various areas of contracted  
7 administration. Through the Nonprofit Resiliency  
8 Committee, the administration collaborates with  
9 nearly 100 providers. Since its... since its September  
10 2016 launch, the NRC has been integral to supporting  
11 the administration's reform agenda. Most relevant are  
12 policy sift... shifts which enhance cashflow for  
13 providers. Starting in Fiscal Year 2018, registered  
14 contracts are eligible for at least a 25 percent  
15 advance putting cash in the hands of providers  
16 earlier in the program year and those advanced  
17 payments are recouped later in the budget cycle. In  
18 this Fiscal Year 2019, we also implemented a  
19 streamlined budget modification process that offers  
20 providers greater budget flexibility and no longer  
21 holds up the invoice payment process for routine  
22 minimal modifications. We will continue to jointly  
23 convene agencies and vendors to generate new ideas,  
24 advance productive projects and deepen the impact of  
25 existing initiatives. This model for collaboration

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2 will also be expanded to other industries, especially  
3 where there is a great need for new solutions and  
4 creative thinking. We are currently bringing agencies  
5 together with construction industry leaders and MWBEs  
6 to address common issues and partner on the design  
7 and deployment of passport. The administration... the  
8 administration is committed to a fair and transparent  
9 procurement process. However, Intro 1067 is  
10 duplicative of existing processes at agencies and may  
11 present overly onerous reporting requirements, which  
12 we would like to discuss with the Council today. It  
13 is important to note that PPB Rule 4-06 already goes  
14 beyond reporting on late payments to requiring  
15 interest on late payments. This prompt payment  
16 interest is generated and paid through the City's  
17 Financial Management System and data are publicly  
18 available through Checkbook NYC, the Comptroller's  
19 payment reporting platform. Looking ahead, we  
20 anticipate considerable, considerable gains as we  
21 collaboratively design and deploy solutions through  
22 passport. We also look forward to developing  
23 sustainable, near term improvements and will nurture  
24 spaces for agencies, elected officials, community  
25 leaders and vendors to jointly problem solve. Thank

COMMITTEE ON CONTRACTS

1  
2 you again for the opportunity to testify. I am joined  
3 by Victor Olds, our General Counsel and Jennifer  
4 Geiling, our Deputy Director for Policy and  
5 Partnership. We're happy to take any questions you  
6 have.

7 CHAIRPERSON BRANNAN: Right on, thank  
8 you. Okay, so you don't agree that this is the best  
9 bill in the world like I do but what... if you're  
10 saying its duplicative then how does the  
11 administration currently handle late payments to  
12 vendors?

13 DAN SYMON: So, I, I think it's important  
14 to draw a distinction here, the proposed bill  
15 outline... for PPB Rule 4-06, 06 deals with payments of  
16 invoices on registered contracts, right, I think what  
17 Michelle talked about earlier is about late  
18 registration, right, whereas the, the bill that you  
19 introduced a change to really deals with payments on  
20 registered contracts already, contracts that are  
21 already registered so... [cross-talk]

22 CHAIRPERSON BRANNAN: Uh-huh... [cross-  
23 talk]

24 DAN SYMON: ...we don't see the value there  
25 for, for that report on things that we're actually

COMMITTEE ON CONTRACTS

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2 frankly doing well on which is paying on registered  
3 contracts. I know that there's... you know especially  
4 in the Human Services, right, so we have four billion  
5 dollars in HHS Accelerator today with a six day  
6 median cycle time on invoice to payment approval,  
7 right, so that process is really fairly quick but  
8 those again are on registered contracts and I think  
9 the, the, the pain you're hearing from the Human  
10 Services sector and probably, probably other sectors  
11 is really around getting contracts registered on time  
12 which we completely acknowledge, we've talked about  
13 in other hearings where that is... that is a huge  
14 problem that we've working on as well.

15 CHAIRPERSON BRANNAN: Okay, I, I mean I  
16 would disagree with, with that because that's not  
17 what I'm hearing, I'm hearing that these are... these  
18 are organizations that have been in contract with the  
19 city over and over and over again and you're talking  
20 about guys who are owed millions of dollars for years  
21 so obviously the contracts were registered, right, if  
22 they're waiting to get paid.

23 DAN SYMON: Sure... so, that's why, I  
24 think... I think what we're talking about is we have a  
25 registered contract and we're talking about

COMMITTEE ON CONTRACTS

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2 amendments and change orders that are lagging behind  
3 in being registered themselves and so you have the  
4 Fortune Society or Phipps or other nonprofits that I  
5 see in the audience here, right, that have registered  
6 contracts, there's an addition being made to the  
7 scope of work in the budget that they have so they  
8 have a registered contract, we can pay them on that  
9 work for that registered amount but when we have and...  
10 a change order or an amendment to the scope of that  
11 contract that is what's lagging behind, not, not to  
12 say that register... you know the base contract is  
13 getting registered at lightning speed either, we, we  
14 acknowledge that that's an issue as well but I would...  
15 I would venture to guess that what you're hearing  
16 from Phipps and Fortune Society and others is around  
17 the, the change order that is not yet registered and  
18 so we understand from a, you know quote, unquote late  
19 payment outside of the PPB Rule that you're talking  
20 about I can understand there, they're not getting the  
21 cash for the services they provided. I, I totally  
22 acknowledge that that is an issue that we're  
23 addressing in passport but that is not the substance  
24 of what's written in the Intro I guess is what I was  
25 saying.

COMMITTEE ON CONTRACTS

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CHAIRPERSON BRANNAN: So, how, how are these nonprofits... what's the communication like, are these... are the... they getting a call from someone saying hey f-y-i this is why your money is late?

DAN SYMON: So, are we talking about change order amendments or are we talking about invoices?

CHAIRPERSON BRANNAN: Invoices.

DAN SYMON: Invoices, so in invoices again we have a couple of agencies DFTA and DOHMH that are coming in but by and large the Human Services contracts are managed in HHS Accelerator, there's an invoicing portal and so there's a standard budget, vendors have registered dollars in those budgets, they can invoice in the system and that communication is going back and forth in a... in an online platform and so like I said 80 percent of invoice submissions are, are approved without having to go back to the vendor but if you have to go back to the vendor that communication is done within the system maybe there's... you know a vendor submits an invoice in the system, the city staff is saying I don't like this thing, I need this... justification for this cost, there might be a little bit of back and

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forth but that is... that is iterated in the system,  
there, there's a log type feature in the system where  
they communicate back and forth so there's no mystery  
about why the invoice isn't approved yet but then  
ultimately it, it then gets approved and then paid  
through FMS. So, they... the... I'm sorry, the  
communication... [cross-talk]

CHAIRPERSON BRANNAN: Yeah... [cross-talk]

DAN SYMON: ...channel is there in  
Accelerator and again that's what we expect to do for  
the rest of the industries not just Human Services  
with the onset of passport in release three.

CHAIRPERSON BRANNAN: So, a couple of  
things, what, what causes contracts delays after a  
contract is registered by the Comptroller?

DAN SYMON: So, the, the, the contract  
being registered by the Comptroller is the  
registration process so that is... [cross-talk]

CHAIRPERSON BRANNAN: Right but after...  
[cross-talk]

DAN SYMON: ...we're done there... [cross-  
talk]

CHAIRPERSON BRANNAN: ...a contract is  
registered...



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DAN SYMON: After a contract is registered then we're in invoice and payment processing.

CHAIRPERSON BRANNAN: Okay, let me... do you have... okay, do you... do you have stats on agency performance of timely payments?

DAN SYMON: For invoicing and payment on registered contracts, certainly and in Accelerator we have a six-day median cycle time.

CHAIRPERSON BRANNAN: Okay. So, what... are there steps that MOCS or, or the PBB... PPB have taken against agencies that don't pay vendors on time?

DAN SYMON: Yes, so the 406 outlines a way in which vendors are paid interest when payments are late and so roughly speaking payments are late when you have an acceptable invoice and the payment not occurring within 30 days and so interest is charged after that if, if that payment happens 30 days after that point.

CHAIRPERSON BRANNAN: So, are there consequences for agencies?

DAN SYMON: Well the interest payment to the vendor.

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CHAIRPERSON BRANNAN: Okay. I'm kind of feeling like I'm being told these aren't the droids you're looking for. I'm, I'm, I'm just... I'm just being real. Alright... okay, so, so... is passport sort of the, the main solution that, that we're offering here to streamline, streamline this whole thing?

DAN SYMON: Sorry, could you repeat that, I'm sorry?

CHAIRPERSON BRANNAN: Is... I guess what solutions are we... have been offered to streamline the contract payment process?

DAN SYMON: So, Accelerator Financials is what we call it is certainly one solution, right, it is the solution for the Human Services sector, right and there's four billion dollars' worth of money flowing through that system and we anticipate in passport so right now passport is being as you know built in phases; one, two and three, phase one is built and we're capturing enterprise data for all city vendors there and that's... and that's working and we've sort of built that foundation. Release two is focused on city requirements contracts and so its an online shopping type experience for city agencies, I

COMMITTEE ON CONTRACTS

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2 was going to say an Amazon type of experience, but I  
3 will say an... [cross-talk]

4 CHAIRPERSON BRANNAN: Watch, watch it...  
5 [cross-talk]

6 DAN SYMON: ...online shopping... [cross-  
7 talk]

8 CHAIRPERSON BRANNAN: ...buddy watch it...  
9 [cross-talk]

10 DAN SYMON: ...experience... [cross-talk]

11 CHAIRPERSON BRANNAN: ...watch it... watch  
12 it...

13 DAN SYMON: Sorry but... so that, that also  
14 includes invoicing, right, so I realize that too... so,  
15 so... you know what we're talking about today that's  
16 not a huge impact because its 600 vendors or so that  
17 will have this invoicing platform with release two  
18 but it is establishing an invoicing matching process  
19 for us similar to what we have in Accelerator for  
20 that sector and release three where we are going from  
21 source to pay, the full suite of the procurement  
22 process, we will have an invoicing module there as  
23 well and so the experience that a registered contract  
24 has in Accelerator we expect in less than 18 months  
25 to be in passport.

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CHAIRPERSON BRANNAN: So, the Comptroller released a report back in June that detailed a whole bunch of delays in Human Services contracts across a whole bunch of city agencies, what efforts have, have you guys taken since that report to improve the, the process?

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DAN SYMON: So, that, that report a couple of things about the report, first the data for the report wasn't shared with us even though we asked but our best guess at the way in which they calculated that included half of the contracts they included in that calculation, close to half, were city council discretionary contracts and those are by definition late, right, those get allocated at adoption and then council finance works with MOCS on... and provides us with a, you know five, six, seven thousand line spreadsheet on the allocations that the council wants to make and then that is... you know there's some vetting of that and... but then ultimately its handed over to the agencies and, you know go, go create contracts out of this list but that's, you know July, August timeframe with a July one start date so because they're not... if that process is not started until adoption, right they're... again by

COMMITTEE ON CONTRACTS

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2 definition late so it's very difficult to hold  
3 agencies accountable for lateness of City Council  
4 discretionary contracts, I think that's pretty  
5 unfair. Can those go faster, of course, we're... and  
6 we're always looking for ways for, for that to go  
7 faster but then the rest of the contracts there,  
8 they're... you're absolutely right, we have a... we have  
9 a retroactivity problem, right, we have new  
10 contracts, brand new contracts that we need to hit a  
11 target date on to get registered so that payment  
12 starts immediately, our solution is that we need to...  
13 you know we have to get to the... you know to the core  
14 of the problem, the core of the problem for us is  
15 that there is no... there is no common place where the  
16 work is being done, there's no... it's a complete  
17 mysterious, you know system without a technology that  
18 can be shared by both vendors and city agencies, we  
19 just don't have that right now and that is... that is  
20 the intent and that is the goal with passport.

21 CHAIRPERSON BRANNAN: Are there... are  
22 there remedies that are available for nonprofits to  
23 recoup money that they've lost because the city  
24 didn't register on time?

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COMMITTEE ON CONTRACTS

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DAN SYMON: I'm, I'm not... I'm not sure  
3 what you mean.

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CHAIRPERSON BRANNAN: So, you know when  
contracts are registered late nonprofits have to take  
6 out a line of credit... [cross-talk]

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DAN SYMON: I see, yeah, okay... [cross-  
talk]

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CHAIRPERSON BRANNAN: ...and if... you know  
or if they're not able to spend all the money, you  
know the contracted dollars because the contract  
starts late so are there... are there remedies, are  
there... are there things available to nonprofits when  
they're suffering because the city... yeah...

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DAN SYMON: So, so the, the, the remedy  
we have is the returnable grant fund loan... [cross-  
talk]

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CHAIRPERSON BRANNAN: Okay... [cross-talk]

DAN SYMON: ...program that we've discussed  
previously which is the zero-interest loan that  
they're able to get to bridge the gap through  
registration that's our... [cross-talk]

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CHAIRPERSON BRANNAN: Alright... [cross-  
talk]

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DAN SYMON: ...that's our solution there.

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CHAIRPERSON BRANNAN: I want to acknowledge Councilwoman Barron who's joined us and one more thing and I'm going to turn it over to my colleagues. In, I think it was May, the Mayor... the Mayor said he's quote, not happy with nonprofit contract delays and he won't accept it, you know I'll, I'll read his quote, "I'm not happy with it, I don't accept it for nonprofits especially, they have real cash flow challenges and I've said this to members of my team, I'm not take... I'm not talking at a school here, I'm not satisfied with the state of affairs". Obviously, I agree with the Mayor there. Who from the administration is, is responsible for addressing these delays and who's reporting back to the Mayor on progress?

DAN SYMON: Well each agency owns their own contract portfolio and it's their responsibility to get these contracts registered on time and MOCS plays a facilitative role, helps them wherever and however we can but the main focus for MOCS is again solving this problem at its core even, even... the, the... all... the entire administration is committed to doing a better job here, right, we, we are all... we didn't even need the Mayor's call to action, right,

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everyone was feeling the pain of the vendors, it's not like we're, you know sitting on our hands hoping this goes away, we all acknowledge that there's an issue here and that we're working on it and MOCS' focus is on building a system that will facilitate this from end to end that is, I think the, the most crucial thing that we need to do, those things are not a snap of the finger. I also don't think it's a panacea, you know technology is not a, a cure all here, you're right that there needs to be management behind that and we, we spoke about that in our testimony but the, the, the focus here is to build a system that demystifies the process for city agencies and, and, and vendors alike, you know city agency staff as fast as they want to go are also dealing with a disparate system without effective tools to get their job done and so that's what we're trying to provide not just for the vendors but for city agencies as well.

CHAIRPERSON BRANNAN: Okay. I've been asked just to make... bring the mic a little closer to your mouth and speak.

DAN SYMON: Oh, sorry... [cross-talk]



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CHAIRPERSON BRANNAN: I want to hand it over to Councilman Yeger.

COUNCIL MEMBER YEGER: Thank you Mr. Chairman, I apologize for being tardy but... and missing the ire of your opening statement but I think the energy was felt outside the building. You... good morning, thank you for being here. First of all our, our apologies for the onerous reporting requirements that we're asking of you, I don't think they're any more onerous than some of the requirements that city agencies require of the vendors with whom they contract and I don't believe that we'd be asking for such onerous reporting requirements if, if what we were seeing wouldn't necessitate reporting requirements, I mean what we're seeing is contracts not being registered three, four, five months later and I'll give you a real live example, how many UPK contracts does the city have with, with vendors, with private organizations and nonprofits?

DAN SYMON: I don't have the exact...

[cross-talk]

COUNCIL MEMBER YEGER: Okay... [cross-talk]

DAN SYMON: ...number.

COMMITTEE ON CONTRACTS

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COUNCIL MEMBER YEGER: I don't know either, I don't know everything but I don't know that question... that answer, I could tell you that I found out in, in the last two weeks that a good number of UPK contracts for organizations in my district are.. do not have their contracts registered yet and not only don't they have their contracts registered but in, in one particular case DOE has said that the Comptroller's Office has the contract to register, the Comptroller's Office has told us that they've sent it back to DOE with issues and DOE is still hunting for it, that's one. I'm assuming there's more than one in this city and you mentioned that there's a 25 percent advance for registered contracts that they can get if they.. if, if the.. on the invoicing but that obviously does not include vendors for whom contracts have not been registered. So, they don't get an advance. The.. I want to just talk about the interest for a second, how much is the interest on late payments?

DAN SYMON: Its, its aligned with the, the, the treasury interest rate but its.. [cross-talk]

COUNCIL MEMBER YEGER: If I don't pay my National Grid bill of about 50 bucks, I get hit with

COMMITTEE ON CONTRACTS

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2 a 1.5 percent late fee, I have 30 days to make that  
3 payment... [cross-talk]

4 DAN SYMON: Uh-huh... [cross-talk]

5 COUNCIL MEMBER YEGER: ...that's about 75  
6 cents, they put it on the bill no matter what, 75  
7 cents. The city has a policy that it doesn't pay  
8 interest if the total interest is under 25 dollars,  
9 do you think that the city should pay interest on a  
10 late payment more than 30 days late no matter how  
11 much the interest is?

12 DAN SYMON: If, if that's the... if that's  
13 part of the bill then we're happy to look at that...

14 COUNCIL MEMBER YEGER: It's not a yes,  
15 not a no, okay. Do you think it's fair that... does  
16 the... does the administration think it's fair that  
17 agencies are laying out money for services that the  
18 city of New York should be providing and isn't and is  
19 instead contracting out to nonprofit vendors and not  
20 receiving those funds in order to make the payments  
21 and then simply waiting and in some cases as the  
22 Chair indicted incurring interest expense which they  
23 can't by the way bill against the contract as I  
24 understand it, right, they have to eat the interest  
25 out of overhead or other things. Do you think that's

COMMITTEE ON CONTRACTS

1  
2 a reasonable way for our government to do business  
3 with nonprofit organizations?

4 DAN SYMON: Again I, I think those of us  
5 at MOCS and the administration acknowledge that there  
6 is a problem here and we are addressing it, we're  
7 addressing... [cross-talk]

8 COUNCIL MEMBER YEGER: Got it... [cross-  
9 talk]

10 DAN SYMON: ...it with... [cross-talk]

11 COUNCIL MEMBER YEGER: Okay. Its now  
12 November 15<sup>th</sup>, the school year started early  
13 September, we have UPK programs that have not gotten  
14 paid for September, they've not gotten paid for  
15 October, they've not gotten paid for November, we're  
16 heading into December very shortly and they don't  
17 have contracts registered, do you think that's a  
18 thing that, that shouldn't be addressed like  
19 tomorrow, that every single contract that's out there  
20 should be located and registered immediately? I know  
21 you don't register the contracts, I know that but I  
22 also assume that they're not all sitting in a stack  
23 on Comptroller Stringer desk like this waiting for  
24 him to take a look at them, somewhere between the  
25 city of New York and the, the administration, DOE and

COMMITTEE ON CONTRACTS

1  
2 the Comptroller's Office is I assume a mail bag that  
3 hasn't made it over.

4 DAN SYMON: So, I know DOE is working  
5 tirelessly to get... [cross-talk]

6 COUNCIL MEMBER YEGER: Don't say... don't,  
7 don't, don't say that, say, say that you know DOE is  
8 working don't say tirelessly, nobody believes... nobody  
9 believes that, I don't think you believe that.

10 DAN SYMON: Okay, so the folks that I  
11 work with at DOE are working tirelessly to get...  
12 [cross-talk]

13 COUNCIL MEMBER YEGER: Okay... [cross-talk]

14 DAN SYMON: ...the contracts registered as  
15 quickly as they possibly can and I... we know that it...  
16 this week we've been processing and have been over  
17 the past few months loans because Pre-K providers are  
18 eligible for the returnable grant fund loan program  
19 and we've been working on issuing them loans to  
20 bridge the gap to registration, those are... those are  
21 the solutions we have.

22 COUNCIL MEMBER YEGER: Okay, let's talk  
23 about council discretionary funding and I understand  
24 that its all our fault, we recognize that from your  
25 testimony, council discretionary funding I don't

COMMITTEE ON CONTRACTS

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2 think you had described the full story, it's true we  
3 adopt the budget in June and its true that those  
4 contracts are effective July 1<sup>st</sup> which gives you a  
5 very small amount of period of time between adoption  
6 and the effective date of the contract but is it also  
7 not true that MOCS prior to the adoption receives a  
8 list from the City Council's Finance Division of  
9 agencies with which, which, which we intend to  
10 contract with prior to the adoption, do they not  
11 receive the list prior to... [cross-talk]

12 DAN SYMON: Sure, we... [cross-talk]

13 COUNCIL MEMBER YEGER: ...adoption... [cross-  
14 talk]

15 DAN SYMON: ...of course... [cross-talk]

16 COUNCIL MEMBER YEGER: And they do pre-  
17 vetting?

18 DAN SYMON: We do... we do some preliminary  
19 vetting... [cross-talk]

20 COUNCIL MEMBER YEGER: Because they tell  
21 us... [cross-talk]

22 DAN SYMON: ...of the list... [cross-talk]

23 COUNCIL MEMBER YEGER: ...because they tell  
24 us no, you can't... but long before the budget is  
25 adopted, they say hey, Brannan you want to give this

COMMITTEE ON CONTRACTS

1  
2 money to this fine senior center but by the way MOCS  
3 says no, this happens in like April so you're doing  
4 some work in advance.

5 DAN SYMON: So, what we do and Jennifer  
6 you can jump in if you like, we get the preliminary  
7 list from Council Finance and we scan it for  
8 compliance checks really to... for Council's benefit so  
9 that you are not... [cross-talk]

10 COUNCIL MEMBER YEGER: Thank you... [cross-  
11 talk]

12 DAN SYMON: ...providing an award to, you  
13 know a, a vendor that may have integrity issues that  
14 would be prohibitive...

15 COUNCIL MEMBER YEGER: We're grateful.

16 JENNIFER GEILING: The, the majority of  
17 our review is whether or not the providers are  
18 registered or pre-qualified in Accelerator and have  
19 taken a capacity building training. So, internally  
20 Council Finance and their team is vetting the  
21 providers.

22 COUNCIL MEMBER YEGER: Right, so we,  
23 we're doing the vet here and then you're doing the  
24 vet there to make sure A they're, they're not crooks  
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COMMITTEE ON CONTRACTS

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and B that they're registered in your system and have the ability to participate...

JENNIFER GEILING: We're, we're just, just, just to be really clear we are vetting to make sure that they're pre-qualified in Accelerator...

COUNCIL MEMBER YEGER: Right...

JENNIFER GEILING: ...and that they've taken a capacity building training course that Council requires and that we manage for Council but we're not doing the integrity vetting that Council Finance is doing... [cross-talk]

COUNCIL MEMBER YEGER: I'm sorry, that... [cross-talk]

JENNIFER GEILING: ...they do it and we check to make sure... [cross-talk]

COUNCIL MEMBER YEGER: What he said, he, he said that I... [cross-talk]

DAN SYMON: Yeah, it's a... it's a quick integrity check, right, so we, we have... you know we have databases of data, we have a history with the list that you provide each year and if we see something that is a red flag, we will raise it to you.



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COUNCIL MEMBER YEGER: Okay, now in many respects the contracts that are awarded via council discretionary funding are very simply renewal now it's not on you because you have no way of knowing what we're going to do until we adopt the budget but I think it's fair to say that the vast, vast, vast majority of possibly... I mean I don't... I don't know the percentages, but I would say probably 90, 95 percent of the awards that Council Members make during the course of the budget are simply renewals of, of contracts that... not true, you're shaking your head?

JENNIFER GEILING: Yeah... no, I I'm just saying they're not treated as renewals they're...  
[cross-talk]

COUNCIL MEMBER YEGER: No, no I, I understand that but my point... [cross-talk]

JENNIFER GEILING: ...new contracts, yeah...  
[cross-talk]

COUNCIL MEMBER YEGER: ...my point is... my point is that they're already in the system for the most part, they're, they're, they're... been checked the year before, I know... you know in those 12 months they may be stealing and you got to check them

COMMITTEE ON CONTRACTS

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2 again but there, they're in there, they've take... they  
3 may or may not have taken the course but you've done  
4 that check prior to the adoption of the budget and  
5 I'm not saying that, you know the two weeks in  
6 between when we adopt the budget and, and the Mayor  
7 is okay with it and you know July 1<sup>st</sup> then you should  
8 have contracts ready by July 2<sup>nd</sup>, I recognize that  
9 that's not real but July, August, September, October,  
10 November, December, I mean at what point is it the  
11 point where somebody failed?

12 DAN SYMON: So, so first I just want to  
13 say that we are not blaming this problem on the City  
14 Council's discretionary... [cross-talk]

15 COUNCIL MEMBER YEGER: Thank you... [cross-  
16 talk]

17 DAN SYMON: ...process, it's just... you know  
18 it was really in reaction to the reliance on the  
19 Comptroller's report or other reports that have cited  
20 retroactivity as a problem. We acknowledge that  
21 retroactivity is a problem but throwing Council  
22 discretionary contracts into the mix of how that  
23 metric is established is unfair is all I'm saying.

24 COUNCIL MEMBER YEGER: I, I agree with  
25 that... [cross-talk]

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DAN SYMON: Yeah... [cross-talk]

COUNCIL MEMBER YEGER: ...that, that is not... that, that is not on you that the retroactivity of council contracts is, is... should be thrown into the gigantic metrics of how we determine how many contracts are backdated.

DAN SYMON: Right and, and so... [cross-talk]

COUNCIL MEMBER YEGER: That's fair... [cross-talk]

DAN SYMON: Right and, and... [cross-talk]

COUNCIL MEMBER YEGER: But, but... [cross-talk]

DAN SYMON: ...can we... can we... can we find ways to go faster with how we do register those City Council discretionary contracts, absolutely and I would say that those things... again I, I... we keep coming back to passport and I don't want to establish this as a panacea cure all but having a place where you can very simply provide for a vendor these are all the documents vendor that I need you to submit to the city and for the city staff these are all the steps you need to take to get this contract registered will help a tremendous amount. I would

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2 also point out and again I don't want this to be  
3 about City Council discretionary contracts but there  
4 are also, you know what are the... schedule C, the,  
5 the... you know that there are changes made throughout  
6 the year where the allocation that we get in the  
7 beginning of the year are then amended and so it's  
8 tough to keep up with those changes... [cross-talk]

9 COUNCIL MEMBER YEGER: No, I, I don't...  
10 [cross-talk]

11 DAN SYMON: If they... if they... but all I'm  
12 saying is... [cross-talk]

13 COUNCIL MEMBER YEGER: ...I'm not putting  
14 the blame... [cross-talk]

15 DAN SYMON: ...that there are... [cross-talk]

16 COUNCIL MEMBER YEGER: ...on your I'm just...  
17 [cross-talk]

18 DAN SYMON: Okay... [cross-talk]

19 COUNCIL MEMBER YEGER: ...I'm, I'm... my  
20 point is that, that you know throwing that in there,  
21 you know when you're sitting in this room and saying  
22 that's what... I... if you're using that just simply to  
23 illustrate that, that the... [cross-talk]

24 DAN SYMON: That's it... [cross-talk]

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COMMITTEE ON CONTRACTS

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2 COUNCIL MEMBER YEGER: ...total number and  
3 the percentage of... [cross-talk]

4 DAN SYMON: That's all... [cross-talk]

5 COUNCIL MEMBER YEGER: ...of untimely  
6 register... okay, good, fine. So, then we're on the  
7 same page, the council's good, okay. The... so, so  
8 let's, let's just talk about the nonprofits, you know  
9 small versus large as the, the previous witness  
10 discussed, you were hear for... right, you were here  
11 for that, okay. You know I'm... I, I'm not going to put  
12 my thumb on the scale on... as to whether or not I  
13 think larger nonprofits are better for the city to do  
14 business with and smaller nonprofits I think they  
15 both serve different purposes, the larger nonprofits  
16 are clearly more institutionalized than almost in  
17 essence another branch of the administration because  
18 they're really... their permanent ties in, in our  
19 government, in our structure because we rely on them,  
20 I mean if, if... you know if... I don't remember the  
21 names of the organizations that, that the Chair  
22 mentioned but if that one was to disappear tomorrow  
23 you'd have multimillions of dollars in contracts for  
24 real services that you need to find a home for, okay,  
25 but there is also a real concern that there are

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2 smaller nonprofits who, you know take themselves out  
3 of the RFP mix realize, realize solely on localized  
4 fund raising and what they get from members of the  
5 Council and members of, of the State Legislature  
6 because they can't bear to participate in the RFP  
7 because even if they... if they're awarded it they... you  
8 know and, and there's a start date involved and they  
9 get the contract and... but they also know this is a...  
10 this is an award that they're going to have to lay  
11 out a substantial amount of money, you know not  
12 knowing in advance that they're going to get it or  
13 not and then when they do get it then there's all  
14 this time and it's, it's... I... you know a lot of the  
15 previous conversation was focused on the timely  
16 payments with regard to invoices submitted but I, I  
17 can't just... I can't get my arms around the delays  
18 between when an agency knows that a contract is going  
19 to be awarded to a particular vendor and the time  
20 that it is finally registered at the comptrollers  
21 office and honestly if you came here and you said,  
22 you know look we're responsible for six weeks of the  
23 delay and you know the guys at the municipal building  
24 they're responsible for 11 weeks of the delay so call  
25 them in and yell at them and, and that's fair and

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2 then you know that's between us and the Comptroller's  
3 Office and okay but I just... I don't even know, I mean  
4 on the UPK which is what's on my mind the last two  
5 weeks they're not... these, these organizations are not  
6 even getting an answer from DOE where their stuff is,  
7 have, have our budgets been approved, the half day  
8 programs for the UPK, the full day program, no, well  
9 we don't know, we think so, your half day has been,  
10 your full day hasn't, I mean some budgets haven't  
11 even been approved, its November; September, October,  
12 November, I've started to tell UPKs in my community  
13 maybe you really have to consider shutting down, send  
14 the kids home, fire the teachers because you can't  
15 rely that you're going to get paid, you don't have a  
16 yes. The city's not even telling them we're going to  
17 do this, we're... your contract will be approved,  
18 registered and you will receive payments its just  
19 going to take us till January, I... if, if an  
20 organization told me that I'd be upset but I'd say  
21 well, you know you can take it to the bank, you just  
22 need to figure out how to... how to deal with those  
23 five months in between, they're... they don't know so  
24 not it's the middle of November, they're on the hook  
25 for all of this payroll, they have to either borrow

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2 or they've... or simply not paying which is also not  
3 good and at what point is it, it responsible of us if  
4 we don't tell organizations in our district shut your  
5 doors?

6 DAN SYMON: So, you're making the case  
7 for passport, right, the, the... [cross-talk]

8 COUNCIL MEMBER YEGER: I don't... I don't  
9 know... [cross-talk]

10 DAN SYMON: ...reason... [cross-talk]

11 COUNCIL MEMBER YEGER: ...am I, I'm making  
12 a case... [cross-talk]

13 DAN SYMON: Yeah, you absolutely... [cross-  
14 talk]

15 COUNCIL MEMBER YEGER: ...for a... [cross-  
16 talk]

17 DAN SYMON: ...you absolutely are... [cross-  
18 talk]

19 COUNCIL MEMBER YEGER: I'm making the  
20 case for... honest... can I just say I'm making the case...  
21 [cross-talk]

22 DAN SYMON: Sure... [cross-talk]

23 COUNCIL MEMBER YEGER: ...for a guy at a  
24 desk with a contract in front of him who isn't moving  
25 it to the next person's desk and then having the



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responsibility that the contract has been assigned to that particular individual so that an organization knows, you know what I got to call John Smith because even though he no longer has it on his desk but he's my case manager and he's going to shepherd my contract from start to finish, I called the people who, who run the UPKs in my district in, in Midwood and they don't even answer... they, they wont return my call.

DAN SYMON: Right and what we're focused on is bringing the procurement process into this century, right, we're not... we're not focused on figuring out how to help John Smith work with the pile of paper on his desk, right, that is... that is what we are currently in, you're right, there is not a whole lot of transparency because there's not an easy way to share that information, there's not an easy way to get to John Smith and find out where the contract is, what the status is and how long it's going to take to move to move to the next step. In a technology system that lays that process out, provides transparency and accountability on both the vendor's side and the city's side that is what we're

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2 focused on, we're, we're focused on fixing the  
3 problem at its core and that's what... [cross-talk]

4 COUNCIL MEMBER YEGER: Okay... [cross-talk]

5 DAN SYMON: ...we're... that's what we're  
6 doing.

7 COUNCIL MEMBER YEGER: So, so this year's  
8 broken, we know that this year's broken and that's...  
9 you know Fiscal Year '19, we're about to... really I  
10 mean the budget... the budget doesn't start and end for  
11 us here in the Council and we're really starting  
12 already the conversations for the next year budget,  
13 which I find fascinating but this is my first year  
14 here so, I guess I shouldn't be but the, the... are we  
15 able to say that next year we're not going to have  
16 this problem, I mean I'm... you know like I, I just... I...  
17 and forgive me I'm, I'm... I can't get my arms around  
18 the, the length of the delay and the lack of  
19 communication, its... together, it's not about the  
20 length of delay by itself and it's not about the lack  
21 of communication by itself because if you're not  
22 hearing from the city but it takes 30 days, okay, you  
23 know that's the government, we're a big organization  
24 and if its taking six months but somebody somewhere  
25 is sending an email or something saying this just...

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2 its not... we're not going to get to you until January,  
3 it's just it is what it is then I could almost accept  
4 that too because we're a big organization but none of  
5 that is happening and the notion that you're, you are  
6 trying to fix it I get it but tell us when, what...  
7 when, what... will it... is it for next fiscal year, is  
8 it for the next school year beginning September that  
9 I can go back to the all UPKs and Council Member  
10 Barron who is here has UPKs, Council Member Rosenthal  
11 has UPKs, the Chair has UPKs, we all have this thing  
12 where we actually have kids who, who's parents are  
13 getting ready right now to walk into doors for next  
14 year planning for the UPKs and I want to be able to  
15 tell them shut your doors or don't shut your doors, I  
16 just... I want to know what the answer is, are they  
17 going to be in a position to pay their bills, are  
18 they going to be able to, to reasonably say to  
19 parents we believe we will be in a position to be  
20 open.

21 DAN SYMON: So, look I, I... you know  
22 every, every agency is accountable for their work, I  
23 don't know a city agency that doesn't open up  
24 communication channels to its vendors, can we do a  
25 better job, we can always do a better job of

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communicating where something is and where it's going next and the time frame it'll take to get where it needs to whether that be contract registration or anything else.

COUNCIL MEMBER YEGER: Let me ask it a different way or a different... [cross-talk]

DAN SYMON: Okay... [cross-talk]

COUNCIL MEMBER YEGER: ...question and, and I apologize it... I'm not trying to be aggressive or, or combative with you I'm just... I'm really... it's, it's a level of frustration and maybe if I was a more seasoned council member here in... for seven years and... you know I would... okay, well this is just the way it is come here, you know and sit here and smile and... you know and just move on. The... what is the optimal period of time, let's just use, use UPK because that's my thing today, what's the optimal period of time that you believe is your target that by next school year we're going to be able to say, the school year starts in September, this is when we believe the contract will be finally registered at the Office of the Comptroller and payments can begun... be, begin to be issued?

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DAN SYMON: Well in Human Services and... will lump in Pre-K with that, its not the amount of time necessarily its really hitting the target date, right, its... you want the contract registration and the contract start date to line up so that payments can start immediately upon services being delivered. To give you an ideal time frame of when this problem will go away I don't know how to address that other than to say that in early 2020 we will be going live with a... an end to end solution that DOE will be a part of for contract management so that there isn't a mystery about again when... [cross-talk]

COUNCIL MEMBER YEGER: So, that means that this year is lost, next year is lost, I mean I want you to know I, I, I come to this from the point of view that I truly, truly believe the Mayor, I mean the Mayor... the Mayor was a Council Member and he's been involved in the community for a long time, I believe that he has a feel like probably no other Mayor before him for the local nonprofits because he, he lived his life dealing with them as, as a neighborhood person before he was the Mayor so when he says, you know he doesn't accept it I, I really believe he means that, I do and this... none of this is

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2 to doubt that at all and I'm just trying to figure  
3 out, you know where the disconnect is and you know  
4 maybe... you know I'm, I'm... I, I don't know the answer,  
5 I mean 2020 is two years from now in real time budget  
6 time, I mean if you're going to get it online in  
7 early 2020 that means its not... we're not talking  
8 about contracts and.. for the.. for anything before the  
9 fiscal year beginning... of 2021.

10 DAN SYMON: Yeah, so my response is...

11 [cross-talk]

12 COUNCIL MEMBER YEGER: It's like 100

13 years away from now... [cross-talk]

14 DAN SYMON: ...this is... this is a decades  
15 old problem, right, this procurement process would..  
16 you know the problems didn't arise in the past couple  
17 of years, right, this is something we've been dealing  
18 with for decades and our solution we think is one  
19 that will have some permanence for the very first  
20 time. It's not something that we've ever had before  
21 where you have an end to end procurement solution  
22 that both the vendors and the city agencies... [cross-  
23 talk]

24 COUNCIL MEMBER YEGER: Yeah, but why does  
25 it take... [cross-talk]

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DAN SYMON: ...share together... [cross-talk]

COUNCIL MEMBER YEGER: ...two, two more...

why does it take two more years.

DAN SYMON: Well it... I welcome you to a design session for passport that we have, its 12, 15 hours a week, you... I've shown Council Member Brannan the workflow for one RFP what it looks like in the city, I'm happy to go through that with you and give you a better understanding of why this process is as convoluted and complex as it is. There's many different... [cross-talk]

COUNCIL MEMBER YEGER: Okay, I... [cross-talk]

DAN SYMON: ...reasons... [cross-talk]

COUNCIL MEMBER YEGER: ...will... I will leave you with your peace and I appreciate you humoring me, thank you very much Mr. Chairman.

CHAIRPERSON BRANNAN: I want to acknowledge we've been joined by Councilwoman Helen Rosenthal. Before I turn it over to her for some questions, I mean I know you're not trying to paint passport as the panacea, but it definitely sounds like it, so it better be the panacea.

DAN SYMON: You got it.

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CHAIRPERSON BRANNAN: And like my  
colleague said, I mean 18 months is 18 months, you  
know I mean what, what are we saying its 18 months  
away it's going to be ready?

DAN SYMON: Early 2020, I mean with  
technology projects that... of this size, you know its  
very hard right now to pinpoint a date for when...  
[cross-talk]

CHAIRPERSON BRANNAN: Yeah... [cross-talk]

DAN SYMON: ...it will go live and there  
are a variety of factors that can impact a go live  
but our target is early 2020, its been early 2020 for  
quite some time and so we're feeling good about the  
track we're on, we went live with release one, we've  
got 10,000 vendors in that... in, in passport already,  
already fully... you know with their disclosures filed,  
5,700 responsibility determinations so the system is  
running. Again, the base is built and now we're  
building those two phases on top of it. There's a lot  
of work, work that's required there and, and in terms  
of, you know do we think its going to be a panacea,  
the reason we feel confidence is because we built...  
the folks at MOCS have... are the ones that were the,  
the, the builders of Accelerator, right and the



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2 success we've seen with the components of Accelerator  
3 that we have are successful in what we've been  
4 talking about. We've achieved the six-day median  
5 cycle timeline invoicing because of the things that  
6 we say passport will do. If we hadn't yet done this  
7 before I'd feel a lot less confident about what we  
8 could deliver with passport but I feel confident  
9 because we've done it already for a huge part of the  
10 city sector and again we're not just doing passport  
11 for Human Services, Accelerator is built just for  
12 Human Services, passport will tackle the rest of the  
13 city.

14 CHAIRPERSON BRANNAN: Yeah and I think...  
15 look I, I think you're in a tough spot, I mean I'm... I  
16 had a meeting yesterday with Annie Buford and I think  
17 it's a similar thing, like its refreshing to have  
18 someone at an agency who's willing to admit that  
19 there's lots of problems and that there's, there's  
20 been failures and... you know we're not used to that,  
21 right, but that doesn't mean that just because we're  
22 admitting that this is a mess that we're just going  
23 to, you know ignore the mess while we clean it up,  
24 you know I mean when contracts are registered late  
25 it's... there's very real impacts on providers whether

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2 it's hiring staff or, you know signing leases, I mean  
3 this is very real stuff and I just... my concern is  
4 that what I hear from nonprofits I, I feel like some  
5 of the optimism that, that, that you're speaking of  
6 there's a disconnect there because the nonprofits are  
7 not... they're not feeling it and, and there's a, a  
8 perception in reality gap here between what may  
9 improve with passport or whatever it may be and what  
10 folks are dealing with now, what they've dealt with  
11 in the past, you know... you know providers who, who  
12 are saying they've, they've spent 100,000 dollars or  
13 more every year on, on lines of credit to, to manage  
14 payment delays, you know that's real, that's real  
15 stuff, you know. So, I, I guess I'm just having  
16 trouble sort of putting that all together, you know,  
17 and I want to believe that passport is going to be  
18 what we all think its going to be, you know but I'm,  
19 I'm worried and I'm worry... I don't anything about  
20 this stuff, I'm worried because I'm hearing it from  
21 the providers, you know but... yeah, alright. I'm going  
22 to hand it over to Councilwoman Rosenthal for a  
23 couple of questions.

24 COUNCIL MEMBER ROSENTHAL: Thank you  
25 Chair Brannan and, and welcome to the world of

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2 contracts. Bless you for sitting through the meeting,  
3 learning about, you know all the different steps of  
4 passport, it's fascinating work and it's important so  
5 I really appreciate all your hard work and your  
6 jumping into all of this. I wanted to ask a couple of  
7 questions Dan and its so nice to see my old friends  
8 from... my young friends at the Mayor's Office of  
9 Contracts, thank you for your hard work. I wanted to  
10 ask... I, I wanted to give an example of a problem I've  
11 heard recently where a nonprofit has contracts with  
12 two separate agencies and are being asked to upload  
13 their basic information into passport two separate  
14 times, is that possible that that's true or are they  
15 misreading the guide or is it possible that, I don't  
16 know aging and youth both want them to upload the  
17 information?

18 DAN SYMON: I'd have to hear more about  
19 the specific example you're talking about, the goal  
20 of Accelerator to... is to avoid double entry of  
21 something that we already have but you know contracts  
22 and budgets are managed separately and so I, I don't  
23 know I'd, I'd have to hear about what part of  
24 Accelerator we're talking about, I mean it's, its,  
25 it's really.. [cross-talk]

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COUNCIL MEMBER ROSENTHAL: Basic

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information... [cross-talk]

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DAN SYMON: ...nuanced... [cross-talk]

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COUNCIL MEMBER ROSENTHAL: ...who's on the

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board, do you have insurance, what's your mission

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statement?

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DAN SYMON: Okay, so yeah all of those

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would have a different answer, right, so your board

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and your mission statement, no that, that should not

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be asked of again because that's part of the

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prequalification... [cross-talk]

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COUNCIL MEMBER ROSENTHAL: Right... [cross-

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talk]

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DAN SYMON: ...process in Accelerator...

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[cross-talk]

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COUNCIL MEMBER ROSENTHAL: And that's the

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problem... [cross-talk]

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DAN SYMON: ...but what... but... [cross-talk]

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COUNCIL MEMBER ROSENTHAL: That's where

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the problem is.

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DAN SYMON: Okay, but you're... and, and so

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we can talk offline and, and address that... [cross-

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talk]

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COUNCIL MEMBER ROSENTHAL: Great... [cross-talk]

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DAN SYMON: ...directly but insurance as an example, insurance is usually... is tied to the contract itself and so while... so, if you're asking for an insurance certificate it would actually be by contract as an example.

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COUNCIL MEMBER ROSENTHAL: So, let's say... I'm going to give an exact example, in my district I have Goddard Riverside, Lincoln Square Neighborhood Center, they provide senior services and youth services so each one would require uploading the insurance... [cross-talk]

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DAN SYMON: The, the... they're... yeah...

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[cross-talk]

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COUNCIL MEMBER ROSENTHAL: ...certificate...

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[cross-talk]

19

DAN SYMON: Their record... yeah, their insurance certificate if, if, if that was required then yes, that would be... it would be a separate certificate per... [cross-talk]

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COUNCIL MEMBER ROSENTHAL: Why... [cross-

24

talk]

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COMMITTEE ON CONTRACTS

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DAN SYMON: ...contract. It's just the way  
3 the, the city's insurance requirements are laid out,  
4 I'm not the city's... [cross-talk]

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COUNCIL MEMBER ROSENTHAL: Who changes...  
[cross-talk]

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DAN SYMON: ...insurance expert... [cross-  
talk]

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COUNCIL MEMBER ROSENTHAL: ...that, PPB?

DAN SYMON: I don't know that that's a  
11 PPB issue but can certainly look into how to... [cross-  
12 talk]

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COUNCIL MEMBER ROSENTHAL: Yeah, I don't  
think... [cross-talk]

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DAN SYMON: ...streamline that if... [cross-  
talk]

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COUNCIL MEMBER ROSENTHAL: ...because I...  
[cross-talk]

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DAN SYMON: ...you'd like?

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COUNCIL MEMBER ROSENTHAL: Yeah, I don't...  
it'd be interesting to report back to the Chair and  
the Committee how many things like that are there  
where agencies are being asked to upload the exact  
same information for two separate contracts...

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DAN SYMON: Yeah, I, I would just clarify that it's not necessarily the exact same information because the insurance certificate would be indicating the exact contract that its covering. All... I, I get that there's an overlap of a lot of... [cross-talk]

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COUNCIL MEMBER ROSENTHAL: I understand what you're... [cross-talk]

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DAN SYMON: ...information I'm just... [cross-talk]

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COUNCIL MEMBER ROSENTHAL: ...saying... yeah, I understand... [cross-talk]

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DAN SYMON: ...trying to... [cross-talk]

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COUNCIL MEMBER ROSENTHAL: ...what you're saying that you have to have a different insurance contract with those words on them and that's really state insurance you're saying that requires that and it'd be interesting to take back to the lawyers...

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[cross-talk]

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DAN SYMON: Sure, we could take it back.

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COUNCIL MEMBER ROSENTHAL: Secondly, it... phase one of passport is done, right?

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DAN SYMON: That's right.

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COUNCIL MEMBER ROSENTHAL: Phase two is expected...

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DAN SYMON: In... [cross-talk]

COUNCIL MEMBER ROSENTHAL: Spring?

DAN SYMON: ...the... [cross-talk]

COUNCIL MEMBER ROSENTHAL: December,  
January?

DAN SYMON: In the first quarter of 2019  
so somewhere... February, March is what we're looking  
at right now.

COUNCIL MEMBER ROSENTHAL: And you're  
sticking to it?

DAN SYMON: Yes, as of today I'm sticking  
to it. No, it... [cross-talk]

COUNCIL MEMBER ROSENTHAL: Alright...  
[cross-talk]

DAN SYMON: We're, we're, we're deep into  
testing right now and so, you know it's a very head  
down phase for us... [cross-talk]

COUNCIL MEMBER ROSENTHAL: Okay... [cross-  
talk]

DAN SYMON: ...and DCAS but we... [cross-  
talk]

COUNCIL MEMBER ROSENTHAL: No, really god  
bless... [cross-talk]



COMMITTEE ON CONTRACTS

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DAN SYMON: ..we're looking ahead for  
3 that.

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COUNCIL MEMBER ROSENTHAL: ..you for what  
you're doing, I'm really not even joking, I know...

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[cross-talk]

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DAN SYMON: I appreciate that... [cross-  
talk]

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COUNCIL MEMBER ROSENTHAL: ..the work and  
I know how hard it is. Does your tracking.. once  
somebody is prequalified does.. someone's prequalified  
and they're applying for three different contracts  
with different agencies and let's say they get  
awarded the contract, the preliminary awarding of the  
contract do you.. can passport track from that point  
on all the different steps and how much time each of  
those steps take?

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DAN SYMON: Not currently but that is...  
that is... you're talking about release three of  
passport.

21

22

COUNCIL MEMBER ROSENTHAL: Okay and  
that's 2020?

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DAN SYMON: That is early 2020.

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COUNCIL MEMBER ROSENTHAL: Because I  
think that's where the whole problem lies...

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DAN SYMON: For sure.

COUNCIL MEMBER ROSENTHAL: Okay. Okay,  
why does it... why can't we be doing phase three at the  
same time we're doing phase two, do you need more  
staff?

DAN SYMON: No, I think its... the, the  
phases build on each other as well if there... [cross-  
talk]

COUNCIL MEMBER ROSENTHAL: There's no way  
to... [cross-talk]

DAN SYMON: ...there... [cross-talk]

COUNCIL MEMBER ROSENTHAL: ...overlap some  
of three as... [cross-talk]

DAN SYMON: So... [cross-talk]

COUNCIL MEMBER ROSENTHAL: ...you're doing  
it... [cross-talk]

DAN SYMON: ...we're... [cross-talk]

COUNCIL MEMBER ROSENTHAL: ...now?

DAN SYMON: So, we are it's, it's not  
like we haven't started on release three, we've  
started... we started months ago on the design of  
release three... [cross-talk]

COUNCIL MEMBER ROSENTHAL: I think...  
[cross-talk]

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DAN SYMON: ...and we've met... [cross-talk]

COUNCIL MEMBER ROSENTHAL: ...that's the piece that I would want to hear more about, that's the piece that I would love to... or, or if the Council Member would enjoy sitting through that because... [cross-talk]

DAN SYMON: Absolutely... [cross-talk]

COUNCIL MEMBER ROSENTHAL: ...that's the piece that has to get done, nothing else really matters, I mean I understand it has to happen but that's where the problems are.

DAN SYMON: For sure and we... yeah, we are... so, we're in testing of release two but release three right now is in the design phase so... and that started months ago so it's not like we... [cross-talk]

COUNCIL MEMBER ROSENTHAL: Are, are the members... [cross-talk]

DAN SYMON: ...were waiting... [cross-talk]

COUNCIL MEMBER ROSENTHAL: ...of this audience part of that design?

DAN SYMON: Absolutely, yes, we've met with construction... [cross-talk]

COUNCIL MEMBER ROSENTHAL: We're hearing... [cross-talk]

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DAN SYMON: ...vendors and non... [cross-talk]

COUNCIL MEMBER ROSENTHAL: ...nods... [cross-talk]

DAN SYMON: ...profit... I can't say that every person here has... [cross-talk]

COUNCIL MEMBER ROSENTHAL: Well I'm looking at the... [cross-talk]

DAN SYMON: ...has been to the design... [cross-talk]

COUNCIL MEMBER ROSENTHAL: ...main people... [cross-talk]

DAN SYMON: ...session but... [cross-talk]

COUNCIL MEMBER ROSENTHAL: ...here, yes?

[off mic dialogue]

COUNCIL MEMBER ROSENTHAL: Okay, I just want to... I, I really think that that is exactly where the problem is, and I would be concerned given what I've learned about technology that it not be a top down development of phase three but instead very much a bottom up from the perspective of the ACCOs.

DAN SYMON: For sure... [cross-talk]

COUNCIL MEMBER ROSENTHAL: And, and the program officers and the, the users.

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DAN SYMON: I totally agree, that's, that was... those were our grounding principles with Accelerator and we have the same ones for passport, we are designing with the stakeholders not for them.

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COUNCIL MEMBER ROSENTHAL: And is it still the case that interest is not paid on for nonprofits who begin work until January 1<sup>st</sup> but don't get registered until October 1<sup>st</sup>, do they get interest paid between January... July 1<sup>st</sup>, am I saying the right words out loud? July 1<sup>st</sup>... don't get... don't get registered till October do they get paid interest for the credit they have to draw down on between July and October?

15

DAN SYMON: So, we know that you... its been raised before that... to, to have interest on loans that nonprofits take out to be reimbursable that's... you know that's something we can discuss with our colleagues but that's not something I'm prepared to talk about today.

21

COUNCIL MEMBER ROSENTHAL: Is that in the charter that does not... that you're not allowed to do that, is that a charter thing that it has to be registered first, I mean it... that is what it says in the charter but is that changeable?

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DAN SYMON: We, we can go back and look at it but as of right now that's not a reimbursable expense.

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COUNCIL MEMBER ROSENTHAL: And what if you're renewing a contract, what if you've got a nonprofit that has a three-year contract that's renewable up to four times, are the renewable contracts if they're slowed down which I hear they often are do, do... are they allowed to get... [cross-talk]

12

DAN SYMON: So, our focus... our focus with renewals and Jen you should talk more about this is to start the process earlier so that that... again that target date is met.

16

COUNCIL MEMBER ROSENTHAL: Has that been successful because we talked about that during my four years... [cross-talk]

19

JENNIFER GEILING: Yeah, so... [cross-talk]

20

COUNCIL MEMBER ROSENTHAL: ...as Chair... [cross-talk]

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JENNIFER GEILING: ...actually we're working on it through the Nonprofit Resiliency Committee with HAS and a number of the providers here in the room and we have actually streamlined, we're,

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we're getting ready to pilot the new approach where we've streamlined, the documentation that's required we've created a consistency across the city agencies for that documentation and developed a timeline as Dan referenced on when we're going to start requesting the documents keeping in mind that some might expire so how that falls into place and the idea here is that agencies will have the full packets that they need in time for when FMS opens and then its data entry into FMS and then hopefully the, the, the timing, the registration time with the start dates are aligned and we're going on time.

COUNCIL MEMBER ROSENTHAL: So, have you submitted that information to the committee, the timeline?

JENNIFER GEILING: Oh, it's just under development, I'm looking at some of the providers who are on our non... [cross-talk]

COUNCIL MEMBER ROSENTHAL: Only because... [cross-talk]

JENNIFER GEILING: ...profit resiliency... [cross-talk]

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COUNCIL MEMBER ROSENTHAL: ..we've been discussing this for four years; do you have a draft that you can submit to the Committee?

JENNIFER GEILING: We can talk about it, we're in the... sure, we're in the latest... the final stages of developing the timeline, yeah, it'll be publicly available, it will be... providers have weighed in on it, the agencies have been involved in the development of it, literally looked at it yesterday.

COUNCIL MEMBER ROSENTHAL: It really sounds to me like you guys need more resources, I mean I'll be honest with you, you know this was my first question to the Mayor when I started and he made it very clear to me that while he might not be able to do anything about how much money is put into these contracts, you know fixing procurement should be a no brainer. Five years later, right and you have... the administration has put some more money in and I think that's very much appreciated, very much appreciated so he went beyond what he said at that first meeting and, and that's appreciated but fixing procurement is not a no brainer and it strikes me that if you had more help, more bodies who were as



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2 smart as you were you would get the work done faster  
3 and, and the communities too hungry to not pursue  
4 that so I encourage you as difficult as it is but I  
5 encourage you to ask OMB for those resources and I  
6 know when, you know we'll be talking during budget  
7 season would love to hear from OMB that, you know  
8 you've asked for those resources because five years  
9 is too long but I appreciate you. Thank you.

10 DAN SYMON: Thank you.

11 CHAIRPERSON BRANNAN: Thank you  
12 Councilwoman. A couple... a couple last things, when  
13 passport is complete will it require agencies to  
14 inform vendors why payments are late?

15 DAN SYMON: So, like I talked about with  
16 Accelerator you'll have a platform where the vendor  
17 and the city staff are communicating constantly and  
18 so if a payment would be late again by the definition  
19 of PPB Rule 4-06, there would really be no mystery  
20 about why something was taking a long time because  
21 that communication would be going back and forth  
22 with, with the vendor.

23 CHAIRPERSON BRANNAN: Do you... would you  
24 dare say what you expect... how long you think contract  
25 registration will take once passport...

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DAN SYMON: I get asked that question a lot... [cross-talk]

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CHAIRPERSON BRANNAN: ...the platinum version... [cross-talk]

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DAN SYMON: ...and... [cross-talk]

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CHAIRPERSON BRANNAN: ...is ready?

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DAN SYMON: And the way I answer that is especially with human services where you're trying to hit a target date, its not about how long it will take because imagine a scenario where this coming July 1<sup>st</sup> I've got contract... a contract that needs to be registered if I started the RFP two years ago, right and I hit the target date then that is a successful procurement but that would have been a 24 month process and we wouldn't say that's unsuccessful, right but... [cross-talk]

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CHAIRPERSON BRANNAN: Uh-huh... [cross-talk]

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DAN SYMON: ...it took 24 months whereas

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you could do the same thing potentially in nine

19

months but that doesn't make it a better process and

20

so the... its, it's just a... how long will registration

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take is a difficult question to answer particularly

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with human services because it's really about timely

COMMITTEE ON CONTRACTS

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2 work not necessarily how long it takes. I'm not  
3 trying to dodge the question, but we expect to have  
4 more timely registration of contracts because we'll  
5 be able to plan, strategize and, and work more  
6 efficiently... and more efficiently.

7 CHAIRPERSON BRANNAN: I mean I agree I, I  
8 think for our... for our benefit I mean defining timely  
9 is going to be important and I'd love to... I, I think  
10 I asked before, I mean I'd love to know if you... if...  
11 or I'd love to see statistics on agency performance  
12 of timely payments as they exist now.

13 DAN SYMON: Sure, that's...

14 CHAIRPERSON BRANNAN: Yeah, I think I'm  
15 good, yeah. Thank you, guys, very much.

16 DAN SYMON: You're welcome.

17 CHAIRPERSON BRANNAN: Could I ask the  
18 Sergeant at Arms to add two seats to the... thank you.  
19 Okay, I want to call up Aaron Cyperstein; Andrea  
20 Cianfrani; Rebecca Sauer; Kevin Douglas and John  
21 MacIntosh. Okay, whoever, you want to go right to  
22 left, left to right, whatever you want to do.

23 [off mic dialogue]

24 CHAIRPERSON BRANNAN: There are no rules  
25 here.

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[off mic dialogue]

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CHAIRPERSON BRANNAN: Hello, hello. Put  
3 it a little closer to your mouth.  
4

5

[off mic dialogue]

6

CHAIRPERSON BRANNAN: No.

7

AARON CYPERSTEIN: Hello?

8

CHAIRPERSON BRANNAN: Nope. Well maybe  
9 use the other... there you go. Yeah, you're good to go.  
10 We are live.

11

AARON CYPERSTEIN: Good morning, it's  
12 been a pleasure, you know I'm from Met Council on  
13 Jewish Poverty, we're the... one of the largest Jewish  
14 social service not for profit organizations and we  
15 have both discretionary awards and regular contracts  
16 and we just got paid for our FY '17 around 1.6  
17 million dollars, FY '17 we just got paid. I'm not  
18 going to reiterate the issues that we have but I come  
19 also as a different pact. I was a Deputy ACCO in 2000  
20 at DCAS so I know the issues with MOCS, I know the  
21 issues with the administration..

22

CHAIRPERSON BRANNAN: My condolences.

23

AARON CYPERSTEIN: I know, it was a... it  
24 was not an easy job I agree to that but there's  
25 definitely things that can be fixed so... but I'm here

COMMITTEE ON CONTRACTS

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2 today is the approval of this Intro is so  
3 improvement, anything that puts MOCS or the  
4 administration their feet to the fire that will make  
5 them start looking at these contracts and moving them  
6 faster is a plus even if it fixes... we save a month or  
7 two months we are hurting, we are not getting paid,  
8 we are doing the services that really the city should  
9 be doing and we are not getting paid for it and we're  
10 at that point where we are not going to be able to  
11 take contracts and we're not going to be able to  
12 service Holocaust survivors, domestic survivors,  
13 family survive... family violence survivors, affordable  
14 housing, metro repair, handyman services for 60 years  
15 or older, we can't continue doing this if we're not  
16 getting paid. So, I really want to thank you the  
17 Council Members that are putting this Intro forward,  
18 thank you.

19 CHAIRPERSON BRANNAN: Before you go tell...  
20 what... I mean what's your... what's your biggest... your  
21 biggest beef with, with this process?

22 AARON CYPERSTEIN: The biggest beef is  
23 noncommunication, not getting back to us what we  
24 really need to do to get it done. We'll have emails...  
25 I got an email a year later from somebody, I'm not

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2 joking.. I'm not joking, in a year later on catching  
3 up on my emails, let's, let's... come on, let's, let's,  
4 let's fix that.

5 CHAIRPERSON BRANNAN: Thank you, yes,  
6 who's next?

7 ANDREA CIANFRANI: Good morning. Hi, I'm  
8 Andrea Cianfrani, the Director of Public Policy at  
9 Live On New York. Live On New York is a membership  
10 organization, about 100 community-based organizations  
11 that serve older adults through senior centers. Elder  
12 abuse prevention services, affordable senior housing,  
13 NORCs, case management and senior services in the  
14 community. Thank you very much for holding this  
15 hearing. I'm going to.. I'll be quick. Live On New  
16 York is a member of the Human Services Advancement  
17 Strategy Group so echoing Michelle's earlier  
18 testimony and kind of recommendations and where we're  
19 looking and why this, this is so important to the  
20 nonprofits that serve older adults here in every  
21 district throughout the city. One of the things I  
22 wanted to raise today is just to bring to you some of  
23 kind of the specifics that our members are telling us  
24 about the actual day to day effects on what is  
25 happening due to these late payments and we, we talk

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2 to our members and I'm just going to rattle off come...  
3 some of the, the common issues that they face  
4 literally day to day, you know first and foremost  
5 concern among their leadership and Board of Directors  
6 because of their financial state because of these  
7 late payments and the stress it causes on their  
8 budgets. Effects on relationships with outside  
9 vendors because of late payments, sometimes that  
10 effects who they're able then to contract with for  
11 services that they need to do because they have a  
12 history of not paying on time. They're forced to pay  
13 interest on past due accounts. We've talked a lot  
14 about interest today and that is something that is  
15 really important to nonprofits. Challenges making  
16 payroll, stress among staff, all levels of staff,  
17 staff. The lack of ability to innovate and plan for  
18 new programs which is something, you know if you're  
19 using all of your time shifting budget lines around  
20 and trying to figure out how you're going to make  
21 payroll for the next day you've not figuring out how  
22 to best serve older adults here in the city. Negative  
23 impacts on their Vendex score, inability to submit  
24 invoices due to contracts not being registered  
25 obviously, cuts or changes in level of services to

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2 clients, lost or unspent funds and loss of qualified  
3 employees and the inability to innovate. So, I just  
4 want to echo again the importance of the  
5 communication. I appreciate your comments. One of our  
6 members once explained it to us saying, you know if  
7 I'm sitting in, in an ER for five hours and no one is  
8 telling me why I'm sitting there or how long I'm  
9 going to be sitting there I'm really upset but if  
10 somebody comes over to me and says you're going to be  
11 here for five hours, we have a lot of people who need  
12 more help before you then I can figure out what to  
13 do, I can make arrangements, I can get done what I  
14 need to do and I know that other people are being  
15 served that need it and it's, it's how they view kind  
16 of the information about paying the contracts on time  
17 and if it's not going to be on time at least, you  
18 know we know how to, to deal with it and, and figure  
19 out what we need to do. So, again echo we, we know  
20 that that this will be a continuing conversation, we  
21 look forward to, to working with the city as well as  
22 you all on, on working on this. Thank you.

23 CHAIRPERSON BRANNAN: Thank you.

24 REBECCA SAUER: Good morning. Thank you,  
25 Chair Brannan and members of the Committee. My name



COMMITTEE ON CONTRACTS

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2 is Rebecca Sauer, I'm the Director of Policy and  
3 Planning at the Supportive Housing Network of New  
4 York. We are a membership organization, we represent  
5 about 200 nonprofits who develop, own and operate  
6 supportive housing statewide. So, here we are in  
7 November of 2018, the city is putting unprecedented  
8 resources into homeless services and permanent  
9 housing for people experiencing homelessness  
10 including supportive housing and we know that  
11 nonprofits are at the heart of this response. The  
12 network is really grateful to the city for the NYC  
13 15/15 initiative which will create 15,000 units of  
14 supportive housing in 15 years as well as the 100  
15 million dollars in capital that was approved in the  
16 last city budget to accelerate the construction of...  
17 from the original pace of 500 per year to 700. What I  
18 want to talk about today a lot of my colleagues have  
19 mentioned the fiscal impacts of the contracting  
20 issues. I want to draw the connection between that  
21 and the ability of nonprofits to develop new  
22 permanent housing. So, many of our members operate  
23 supportive housing and homeless services and they  
24 have a patchwork of city and state contracts with an  
25 emphasis on those from DHS and DOHMH. About 100

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2 percent of DHS contracts are registered late and  
3 about 84 percent of DOHMH contracts. So, this makes  
4 nonprofit organizations appear to be a risky  
5 investment partner or borrower which hinders their  
6 ability to access the financing that's required to  
7 develop permanent supportive housing and as Andrea  
8 mentioned it... their boards are dissuaded from  
9 approving new real estate development activities  
10 because their financials are so at risk. I'd like to  
11 just give one example also of the human impact of the  
12 contracting issues. One of our nonprofit members  
13 partnered with a developer to create 95 supportive  
14 apartments for individuals and families within a  
15 larger affordable development and while the building  
16 is one month from construction completion the  
17 supportive services contract is still not registered  
18 and there's no information about its status. This  
19 nonprofit has been unable to hire staff to prepare  
20 for the program while homeless families wait in  
21 shelters. So, we support efforts to create more  
22 transparency and efficiency in the contracting  
23 process and we look forward to continuing to work  
24 with the council and the city on making that a  
25 reality. Thank you.

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CHAIRPERSON BRANNAN: Thank you.

KEVIN DOUGLAS: So, good afternoon or good morning I suppose. my name is Kevin Douglas, I'm the Co-Director of Policy and Advocacy with United Neighborhood Houses of New York. We're a network of 40 organizations here in New York City, which serve about three quarters of a million New Yorkers each year in a range of services; early childhood, UPK, youth development, homeless services, etcetera. So, we're most known to the Council for our advocacy with Human Services programs. We run... helped run the campaign for children, folks in the early childhood and after school, the campaign for the summer jobs, the coalition for adult literacy and so we showed up for a long time to really think about how to make sure their investments that support the community and its really been in recent years our members have sort of said to us let's keep doing that but we actually need to look at the quality of funding and not just the quantity of funding so we made a really deliberate decision to shift some of our emphasis to nonprofit contracting really please the partner with the human services advancement strategy group to do that. And so, what we're hearing from our members is

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2 about the whole universe of issues around contracting  
3 not just sort of the date between invoice of a  
4 voucher and payment but sort of this... the whole  
5 underfunding of the system. So, I think for a long  
6 time the city has operated with the understanding  
7 that the nonprofit sector is committed to their  
8 missions and so look at these really terrible  
9 contracts and sort of shrug their shoulders and say  
10 we'll make it work and what we're increasingly seeing  
11 is the board saying no we won't, we can't float that,  
12 we can't take that risk, we can't pay our workforce a  
13 quality salary and the really... there's a shift  
14 occurring in who is going after contracts and who's  
15 being excluded and so I think that's an important  
16 context for this conversation. I think it's also fair  
17 and important to recognize the city has done work  
18 from the Mayor saying, you know he's going to pay 15  
19 dollars an hour by the end of this year to all  
20 employees but the nonprofit resiliency committee to  
21 investments in cost of living adjustments, indirect  
22 rates, etcetera but all of those issues have come  
23 with sort of asterisk where there are challenges, you  
24 know COLAs come on top of years of underfunding so  
25 it's not really making up new ground, its capturing

COMMITTEE ON CONTRACTS

1  
2 lost ground, you know the model budgets didn't have  
3 enough money in them, there wasn't a collaborative  
4 process, indirect rates weren't evenly applied so  
5 there's this whole sort of universe of challenges  
6 that providers are looking at before they even get to  
7 contract registration and so if they decide to take  
8 that plunge and take that financial risk then they're  
9 sort of slapped in the face a little bit with late  
10 registered contracts and payments. So, we really  
11 think it's necessary to insert more transparency into  
12 the process, appreciate this Council focusing on that  
13 and really support this legislation and thank you for  
14 your attention.

15 CHAIRPERSON BRANNAN: Thank you.

16 JOHN MACINTOSH: Hi, my name is John  
17 MacIntosh and, and Chairman Brannan and Members of  
18 the Council it's a pleasure to be here. I run a non  
19 for profit called Sea Change Capital Partners and  
20 although we don't city money, we often connect with  
21 non for profits that do, and we do that in two ways.  
22 We make loans to non for profits where they have  
23 nowhere else to go and often those are connected with  
24 bridging city funding and also, we have a little red  
25 phone for not for profits that are really in trouble

COMMITTEE ON CONTRACTS

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2 call and we've been involved in a number of, of  
3 distressed restructuring situations and again often  
4 there's city funding somewhere in the mix. So, we've  
5 seen firsthand over the years how delays and contract  
6 registration and payment impose a real burden even in  
7 some cases what I would call like an existential  
8 threat to the not for profits in the city. Until  
9 earlier this year though that was all anecdote, you  
10 know contracts were late, how late, I don't know  
11 pretty late, later than other people, I don't know,  
12 how late are theirs but, but earlier this year with  
13 data that covered all 2,500 social service contracts  
14 registered in 2017 about six billion dollars has been  
15 provided by the Comptroller. We were able to write  
16 this wonderful report, New York City Contract Delays,  
17 the Facts, which will serve as my testimony and I...  
18 and I think it's, its... you know it's, its pretty  
19 staggering what's really going on in terms of the,  
20 the registration delays and so just a few highlights,  
21 you know 91 percent of the contracts were late and  
22 they were late an average of 175 days, about ten  
23 percent of that time like 20 days is the Comptroller,  
24 90 percent is the agencies and I completely... I  
25 completely accept what Dan has said that that

COMMITTEE ON CONTRACTS

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2 certainly is influenced by the smaller Council Member  
3 items but even if the 35 percent of the contracts  
4 that were Council Member items were 100 percent late  
5 the remainder would still be close to 85 percent. So,  
6 its... it wouldn't be as bad but, but bad is still bad.  
7 Number two, 20 percent of the contracts were  
8 unregistered at a year and if you've... if you've ever  
9 run a not for profit and, and I'm not going to  
10 embarrass anybody here so just answer in your head,  
11 you may not know how many three payroll months there  
12 are in a year, everybody who runs a not for profit  
13 knows so... you got it, wow. So, so it, it's not just  
14 on average, if you knew that on average you got paid  
15 170 days late, but you always got paid at 170 days  
16 you could manage your cash, you could manage your  
17 board. The issue is also what's the sort of  
18 variations and so 20 percent of the contracts were  
19 still unregistered at a year, okay and if you wanted  
20 to be really sure and let's call really sure, I don't  
21 know, 95 percent, really sure that your contract had  
22 been registered you had to wait 511 days so more than  
23 a year and a half, okay, so that's... I don't know  
24 that's kind of bad. Now if we were talking about the  
25 new group in town, what is it... Amazon this would...

COMMITTEE ON CONTRACTS

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2 this would just be a, a cost of money negotiation but  
3 you need to remember sort of two things. Many of the  
4 city's partners go in with less than two months of  
5 cash and for many of them they simply can't borrow  
6 against unregistered contracts so its an interesting  
7 mathematical calculation which we've done about what  
8 the interest would be if they borrowed the money but  
9 many of them can't borrow the money to begin with so  
10 it's really it's a cash... it's a cash issue. Two more  
11 things and then a few suggestions. Eighty-four  
12 percent of the organizations had all of their  
13 contracts late, every single one, okay... [cross-talk]

14 CHAIRPERSON BRANNAN: They had at least...  
15 you mean at least one late contract?

16 JOHN MACINTOSH: But... all of the  
17 contracts they had, so if they had two, three, four  
18 all were... [cross-talk]

19 CHAIRPERSON BRANNAN: They're all late...  
20 [cross-talk]

21 JOHN MACINTOSH: All were late.

22 CHAIRPERSON BRANNAN: Fantastic...

23 JOHN MACINTOSH: 119 contracts-imposed  
24 burdens of over a million dollars on the assumption  
25 that the group started service on the start date,



COMMITTEE ON CONTRACTS

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2 which most of them did and, and in 11 situations  
3 groups were out of pocket more than ten million  
4 bucks, which for most organizations really is like an  
5 existential threat. So, its really pretty bad. We  
6 calculate the cost imposed on the social service  
7 sector, the cash cost at just under 700 million  
8 dollars of which very little like 15 is interest the  
9 rest is just the cash that you've expended if you  
10 started to do the work on the start date. A little  
11 more optimistic, I know personally a lot of the  
12 people who are involved in this, I think everybody is  
13 trying to do their best. I can say this as a Canadian  
14 who wasn't here in the 70's, I don't know if this is  
15 all the, the ghost of John Doddi that its everybody  
16 is on lockdown because we're so worried that people  
17 are stealing our money, I mean I think you, you've,  
18 you've imposed some rules on yourself that you're  
19 bread winning banking and insurance regulation  
20 wouldn't accept, you've said we're... we can't... we  
21 can't have a process that differentiates based on  
22 size or risk so to your point a renewal of a ten  
23 thousand dollar Council Member item is viewed.. is, is  
24 treated the same as a 15 million dollar DHS contract  
25 to a new vendor. I don't know if that's smart or not

COMMITTEE ON CONTRACTS

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2 but that's what we're doing so all the stuff that  
3 MOCS is trying to do which is wonderful is to use  
4 technology to, to improve the workflow of the system  
5 that's still got some weird aspects to it as far as  
6 I'm concerned. Two other things. Almost every  
7 contract that's awarded is actually registered so  
8 there's an open question and that... I don't know  
9 that's kind of a head scratcher to me and the second  
10 thing is my best interpretation of the data, the only  
11 way to explain some of the data is that absolutely  
12 nothing is being done on some contracts for a while.  
13 If you look at the patten, the... I think as a... as a  
14 pure mathematical matter the best explanation is  
15 until about six months after the start date there's  
16 just a lot of contracts that are sitting at the  
17 bottom of the pile and im not blaming anybody I'm  
18 just making an observation. So, in terms of, of  
19 thoughts in addition to the bill three things; if  
20 passport is going to be transparent I would urge  
21 transparency to include the public not just the  
22 vendors and I would urge people to have the ability  
23 to get out of passport aggregate data to do the kind  
24 of analysis that we did if you really want the heat  
25 to be on, if you really want it to be transparent

COMMITTEE ON CONTRACTS

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2 allowing anybody to see what's going on and allowing  
3 them to get at that data in bulk so they can do  
4 analysis I think is pretty helpful. Two other things;  
5 for the small contracts I don't think you're ever  
6 going to get at them they're always going to come  
7 last so I would think hard about, about finding a way  
8 to lend nonprofits the money who are willing to do  
9 the work and I think that as I understand it the MTA  
10 and Carver Bank have come together with some of their  
11 MBWE programs to, to create that kind of facility so  
12 I think some sort of city sponsored facility to lend  
13 money against the small contracts is probably the  
14 pragmatic way out and on the larger contracts see if  
15 you can make it easier for people like me to lend  
16 money by agreeing to pay them directly with the  
17 exception of the fund for the city of New York the  
18 city refuses to assign its payments to third parties  
19 and that makes it much, much harder for lenders to  
20 put the money up because there's an extra risk. The...  
21 you pay the, the non for profit and then I have to  
22 wait for the non for profit to pay me, if you agreed  
23 to pay me directly would make it easier for, for  
24 people, you know like Sea Change, socially motivated  
25 lenders I think to front... to front the money. Anyway,

COMMITTEE ON CONTRACTS

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thank you very much for listening and I certainly support the bill.

CHAIRPERSON BRANNAN: Thank you guys very much, thank you.

KEVIN DOUGLAS: Your honor I just wanted to... [cross-talk]

CHAIRPERSON BRANNAN: Yes... [cross-talk]

KEVIN DOUGLAS: ...just make one quick comment, I, I missed earlier, MOCS was very gracious in recognizing that the largest challenges with the delay in contract registration and cited a figure of six days between the receipt of an invoice approved and actual payment, what he sort of missed in that number is how long it takes for the invoice is submitted to actually be accepted as sort of payable so sure once they've set that invoice as payable there might be a smaller time before they actually pay it but there's this whole back and forth between the agencies, MOCS and the vendor to actually say, okay this invoice is good because of administrative errors and other issues so I would encourage if that's MOCS sort of perspective as to the scope of the problem for Council to dig a little bit deeper with MOCS about when invoices are

COMMITTEE ON CONTRACTS

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2 submitted, how often... how long does it take for them  
3 to actually get to a place where they're sort of  
4 marked okay we can pay this because that's obscures a  
5 little bit of the, the delay.

6 CHAIRPERSON BRANNAN: Okay, that's... I  
7 want to just... if you want to hang out one second  
8 Councilman Yeger has a question...

9 COUNCIL MEMBER YEGER: I'll be quick,  
10 thanks Chair. I think you mentioned that 100 percent  
11 of the contracts of DHS are registered late and I  
12 think everybody here talked about registration late  
13 and as you can see from earlier this morning it's a  
14 little bit of my bone but I, I wanted to just if you  
15 can differentiate when we say late we are talking  
16 about late at... relative to the start date of the  
17 contract but if you took that out of the equation and  
18 we determined just for the purposes of this  
19 conversation that between... that, that the start date  
20 of the contract is the date that the agency and the...  
21 and the city agency have come to agreement and signed  
22 a contract from that point until registration what  
23 are we talking about? I mean yes, no, tell me  
24 percentage wise or actual days or... give me days, I, I  
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COMMITTEE ON CONTRACTS

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would love to know because you said 511 days... [cross-talk]  
talk]

JOHN MACINTOSH: Yeah, I, I... [cross-talk]

COUNCIL MEMBER YEGER: ...but... it's because  
we do back date a lot of contracts for obvious...  
[cross-talk]

JOHN MACINTOSH: ...I don't... [cross-talk]

COUNCIL MEMBER YEGER: ...reasons... [cross-talk]  
talk]

JOHN MACINTOSH: Yeah, I don't know I'd  
have to look, I don't know if... does checkbook have  
that?

[off mic dialogue]

JOHN MACINTOSH: But does, does it have  
the date that, that it was awarded, it doesn't?

[off mic dialogue]

JOHN MACINTOSH: I don't think that data...  
its either not in the public domain or we haven't  
seen it... [cross-talk]

COUNCIL MEMBER YEGER: No, I think it's...  
it, it wouldn't be in the public domain honestly  
because we wouldn't have access to it and you'd have  
to ask each person at each agency whoever deals with  
the contract to be honest and tell us but I think you

COMMITTEE ON CONTRACTS

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2 folks would know, you know this is the date that we  
3 agreed to the... with the agency that we got all the  
4 paperwork in that we sent everything over and at that  
5 point we were done and we didn't hear back generally  
6 speaking for, you know... okay.

7 JOHN MACINTOSH: I, I can get you that  
8 information... [cross-talk]

9 COUNCIL MEMBER YEGER: I would love to  
10 know... well my Council is pretty big and I would love  
11 to know that, you know that's... for me that's the way  
12 I'm going to look at it because I, I do recognize  
13 that for, for purposes of this 90 billion dollar  
14 organization that we are we, we do have to backdate  
15 contracts, I'm deliberately using back date not  
16 retroactive, I'm saying backdate because that's what  
17 we're doing, we're backdating the contracts, we're  
18 making the contracts go backwards, we're asking  
19 people to do 12 months' worth of work over 12 months  
20 but a lot of them are not able to do it over 12  
21 months so we're basically say... you know we're  
22 acknowledging but we're not saying it out loud, I  
23 will that you know for four months out of the year  
24 the services that we're paying for under the contract  
25 are just not going to happen, they're just not

COMMITTEE ON CONTRACTS

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2 because, because some agencies are not going to start  
3 the work until they actually have a contract or at  
4 least they have the comfort level to know that  
5 they're going to get paid and that's very, very  
6 bothersome to me, I find it wasteful frankly because  
7 you start up a program even those that are continuing  
8 programs you got to know, do I keep the people on,  
9 it's June 28<sup>th</sup>, do I tell them don't come back to  
10 work in three days and then you know they are coming  
11 back to work, do I have them working on this, do I  
12 move them to something else and it becomes very  
13 complicated. Somebody testified that 84 percent of  
14 organizations had of their contracts late, that was  
15 you, I, I would love to know if you used my start  
16 point what percentage you would come back to us with.  
17 That's a... that's I think very indicative to me, give  
18 me one second... okay, then the... if you could just... you  
19 know this is for everybody, if you could just tell me  
20 is the bigger problem once the contract is, is in,  
21 its registered and you know you submit your invoice  
22 and you're just not getting paid or is it the bigger...  
23 the bigger problem just simply, you know starting  
24 that car, getting that contract registered?

25 JOHN MACINTOSH: The last one.



COMMITTEE ON CONTRACTS

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KEVIN DOUGLAS: It's the... it's the  
registration...

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COUNCIL MEMBER YEGER: Do we believe... you  
know you don't have to use data or analytics or, you  
know swear to this but do we believe that the problem  
is on the administrations side in the agency, is it  
at MOCS or is at the Comptroller's Office, if you  
don't want to say it you can call me later, you can  
send me an email you don't have to say it on the  
microphone that's okay you'll call me later, you'll  
also let me but seriously email me... [cross-talk]

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KEVIN DOUGLAS: Without, without  
assigning specific blame what I would say to you is  
there is an aspirational vision from the field about  
how we can streamline the contracting process and  
that's dealing with the fact that of all the agencies  
in city government that have a hand in processing out  
the contract only the Comptroller's Office is bound  
to a specific timeframe and that's 30 days no other  
entity; the Department of Investigation, MOCS,  
etcetera... [cross-talk]

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COUNCIL MEMBER YEGER: Yep, I agree...  
[cross-talk]

COMMITTEE ON CONTRACTS

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KEVIN DOUGLAS: ...has a timeline... [cross-talk]

COUNCIL MEMBER YEGER: ...big, big problem... [cross-talk]

KEVIN DOUGLAS: ...and, and we've endorsed the human services council recommendation that that entire time frame be 60 days and the city internally figure out how to make that happen.

COUNCIL MEMBER YEGER: My belief... for what it's worth my belief is that from the time that the agency sends the paperwork, etcetera over to the Comptroller's Office the Comptroller's Office is doing what it needs to do within the timeframe, I believe that and I think and you know anybody who wants to correct me if I'm wrong and I don't know if MOCS is still here but I believe that it is and I actually don't believe that the delay is at MOCS I believe each of these agencies has their own, you know I just don't feel like working today problem going on there and yeah, I, I, I don't care, I mean I think so and they just... they're sitting on the stuff and they're not moving it along and by the time it gets to MOCS, MOCS is doing its job, by the time it gets to the Comptroller's Office I am absolutely

COMMITTEE ON CONTRACTS

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convinced that the Comptroller's Office is doing what is necessary to get those contracts registered. We created the registration process in the city well over a century ago for the deliberate reason that we want contracts registered before you come up to the Comptroller with your bill and say give me my money, we want to make sure its in a book somewhere, Comptroller's Office is doing the registration, it's getting that contract to his desk that is the problem I believe and so anybody who wants to tell the...

[cross-talk]

JOHN MACINTOSH: Yeah, I mean look...

[cross-talk]

COUNCIL MEMBER YEGER: ...Chairman... [cross-talk]

JOHN MACINTOSH: ...math, mathematically it's true.

COUNCIL MEMBER YEGER: Okay.

JOHN MACINTOSH: But, but the, the... ten percent of the delay is the Comptroller which is within the 30 days in the vast majority of the cases and 90 percent is pre. Maybe 90... maybe 90 percent of the work is pre-as well so I'm... I would be careful...

[cross-talk]

COMMITTEE ON CONTRACTS

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COUNCIL MEMBER YEGER: It is... [cross-

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talk]

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JOHN MACINTOSH: ...I'm not saying its

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blame... [cross-talk]

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COUNCIL MEMBER YEGER: It is... [cross-

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talk]

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JOHN MACINTOSH: ...I'm just saying it...

9

[cross-talk]

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COUNCIL MEMBER YEGER: It is there's no

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doubt but, but I, I, I... anybody who wants to email

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over to the Chairman afterwards and let, let us... let

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us know the answers to those things because I think

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that's... I think that's very important for us to have

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that, that information so that when the

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administration comes here and says that our, our

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heinous, onerous process that we wish to introduce so

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that they can simply tell us what's going on, you

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know maybe we can answer them back with some actual

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information and tell us what... tell them why we need

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it. Anyway, thank you very much, thank you Mr.

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Chairman.

23

CHAIRPERSON BRANNAN: Thank you very

24

much.

25

JOHN MACINTOSH: Thank you.

1 COMMITTEE ON CONTRACTS

2 CHAIRPERSON BRANNAN: The next panel  
3 Margarita Guzman; Maria Lizardo; Louisa Chafee; Molly  
4 Krakowski and Annie Minguez. Thank you, guys, whoever  
5 wants to start.

6 MARGARITA GUZMAN: Good morning, can you  
7 hear me, am I speaking into the mic well enough?  
8 Alright, how's that? Great, thank you. Good morning,  
9 my name is Margarita Guzman, I'm the Executive  
10 Director at the Violence Intervention Program, which  
11 is an organization that works with Latinx survivors  
12 of intimate partner and sexual violence. We're kind  
13 of one of the tiny but mighty organizations that's  
14 speaking to you today, we have a budget under 4.8  
15 million. We have a staff of about 48, we see about  
16 2,000 survivors a year but what we don't do in volume  
17 we really do it in intensity. Because we're a  
18 culturally specific survivor... culturally specific  
19 organization we're deep within community, we partner  
20 within community, our staff reflects our community by  
21 about 95 percent and we're 100 percent bilingual in  
22 English and Spanish. So, we serve a very critical  
23 need especially in these really hostile  
24 sociopolitical times. We reach people who are  
25 survivors of trauma who might not otherwise reach out

COMMITTEE ON CONTRACTS

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2 to any of the main stream organizations or  
3 institutions. So, as I mentioned our budget is under  
4 4.8 million dollars and about two million of that is  
5 located... is allocated for rental expenses for our  
6 scattered site shelter program and operation of our  
7 transitional housing program. And all of those  
8 services and all of the survivors that we serve are  
9 in constant jeopardy and not just from their abusive  
10 partners. The survivors along with all of their  
11 children are in danger of going unseen, unheard and  
12 unserved and its not because of a lack of dedicated  
13 workers or expertise, its not even a lack of funding  
14 because we have funding for all of the work that we  
15 provide, its because we're not getting payment on  
16 time and unlike any other sector or business practice  
17 our funding is delayed, our payments are delayed by  
18 about a fiscal year sometimes and because of those  
19 delays we find ourselves struggling and negotiating  
20 and begging with our vendors, right, I can't pay my  
21 landlords with an info session on a technical glitch  
22 in HHS Accelerator and I can't pay my staff with  
23 promises and we can't support our survivors with  
24 commitments and failed follow through. So, we're  
25 currently fronting the city about 425,000 dollars in

COMMITTEE ON CONTRACTS

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City Council funding for this fiscal year and that's a combination of DOVE funding, money for the sexual assault's initiative and grant through the speaker's initiative... [cross-talk]

CHAIRPERSON BRANNAN: Sorry, sorry about that.

MARGARITA GUZMAN: Alright, so we already know the issues there, we don't expect payments on those until June of 2018 at the very earliest and don't apologize we need that money, right, like we're really excited that we have that prospect coming but like I said we're one of the smaller organizations so we're not able to float it that well. In addition to that funding, we're waiting for payment for domestic violence shelter services through our HRA Residential contract for not one, not two but five months right now, we haven't gotten paid for services that we rendered in June and its mid-November and we're trying to figure out how we're going to support the people in our shelter and again we're 51 beds, we're not going to wow you with the amount of money but for us that's half a million dollars. For a budget of 4.8 million that's a lot to front from reserves and from our line of credit. Our line of credit is 150,000

COMMITTEE ON CONTRACTS

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2 dollars, that's one payroll and we don't have any  
3 reserves, we're not able to really save up enough  
4 because of this constant sort of backlog that we have  
5 on payments. So, this is not about a payment schedule  
6 that would be ideal, it's not just about what we  
7 think would be a really great schedule, its about a  
8 payment schedule that wouldn't bring us to the brink  
9 of closing down every other payroll and solely  
10 because we're hoping and praying that the payments  
11 for services rendered will come through. So, if  
12 you're following my math you've caught that it's  
13 about a million dollars that we're owed right now for  
14 this fiscal year, again 4.8 million and we don't have  
15 the reserves to really carry us through that. And in  
16 addition to the late payments we also have a  
17 challenge with the processes that are supposed to be  
18 improving this. So, here's where I'm going to talk  
19 about HHS Accelerator and I won't be too long, I'm  
20 trying to make this quick. So, we received an HRA  
21 Non-Residential Services grant and renewed it.. that  
22 was renewed and detailed the contract in the amount  
23 of 837,000 dollars effective from April 1<sup>st</sup> of 2018  
24 until March of 2019. So, in August of 2018, so four  
25 months after the contract began, HRA entered the



COMMITTEE ON CONTRACTS

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2 contract into Accelerator, the online billing  
3 platform. Because of an error in Accelerator, we  
4 weren't able to put in our annual budget and we got  
5 notice in October that it was... that it was available  
6 but all that was available was the one quarter from  
7 April to June we couldn't put in the money for the  
8 rest of the contract year, we didn't know that we  
9 wouldn't be able to budget for the whole year at once  
10 so we ended up leaving 33,000 dollars on the table,  
11 33,000 dollars for an organization like us is pretty  
12 devastating, it's almost a salary and we think of all  
13 the people that that could have served, its really,  
14 really a devastating loss. So, I thank you so much  
15 for taking the time to hear our stories, to give them  
16 the credibility that they deserve and for taking  
17 action to try to find out how it is that we fix this  
18 system, we're really happy to collaborate and I'll  
19 have all my information in the testimony that's  
20 submitted in writing.

21 CHAIRPERSON BRANNAN: Thank you.

22 MARGARITA GUZMAN: Thank you.

23 LOUISA CHAFEE: Good afternoon. I'm  
24 Louisa Chafee and I'm the Senior Vice President for  
25 Public Policy and External Relations at UJA

COMMITTEE ON CONTRACTS

1  
2 Federation and if you are tiny and mighty, we are  
3 enormous and mighty. So, I'm actually here because  
4 I'm proud to work in the nonprofit sector but I also  
5 used to work in the Mayor's Office and I used to... or  
6 I was part of the team that started HHS Accelerator  
7 which sounds like Al Gore but in this... in that  
8 circumstances are. So, I'm very pleased today to  
9 testify on behalf of our partners and our nonprofits  
10 that we serve and their clients. First of all I want  
11 to stand with the Human Services Advancement Strategy  
12 Group and just echo the multiple organ failure that  
13 you guys have been listening to of late registrations  
14 and late payments and contracts that don't cover cost  
15 and lack of occupancy costs and the lack of food  
16 costs and inaccurate indirect rates and the  
17 challenges of things like complying with good rules  
18 like MWBE and the lack of COLAs and when COLAs are  
19 implemented the lack of ability to administer them  
20 and to pay parody and fair standards, labor act an  
21 important... this is just... I'm just whipping through  
22 the testimony and last but not least, the timely  
23 processing of city council capital money. The only  
24 access to capital that nonprofits have, thank you but  
25 it takes forever to get it. So, we are very, very

COMMITTEE ON CONTRACTS

1  
2 grateful to Intro 1067 as a really good first step to  
3 shine light and bring transparency to the issue of  
4 late payment. And I also want to say I think it's  
5 really important to recognize that the Mayor's Office  
6 is pushing various actions forward, they created the  
7 Resiliency Committee which works with 70 nonprofits  
8 and is attempting to move critical issues and they  
9 are creating an important information technology  
10 system in passport which, well two years from now  
11 does have a goal live date but the challenge is the  
12 following and I say this as someone who was  
13 instrumental in creating HHS Accelerator; information  
14 technology systems are only as good as the people  
15 that operate them and what we're seeing in this  
16 massive slowdown in the contracting is not ill will  
17 by MOCS, its excellent work by the Comptroller's  
18 Office, its, you know commitment from many people,  
19 it's just an operational slow down and so the reason  
20 your proposed legislation is so important is that its  
21 pushing people to give transparency because  
22 transparency makes people hurry up. Right now,  
23 there's very little consequence, there's no interest  
24 paid, there's no issue to the city agency if they  
25 decide to say not respond to an email for a year, if

COMMITTEE ON CONTRACTS

1  
2 they sit on a contract for ten months, if they  
3 mismanage a budget input into Accelerator an entire  
4 staff line is lost. So, the challenge that we look to  
5 you for is that the City Council keep going with the  
6 great work you're doing, mandate that all agencies  
7 participate in HHS Accelerator. Right now, DFTA and  
8 NYC don't so agencies that cross those lines are half  
9 blind and half slow. How about charging interest,  
10 once passport and nirvana arrives no one will have to  
11 pay it but, in the meantime, it would cover the debt  
12 that our agency is taking on. You could codify the  
13 model budget which was a great idea the city had two  
14 years ago to bring up services, ACS did a great job,  
15 put that into legislation and make the rest of the  
16 programs go through it to fix the funding issues and  
17 of course you can dramatically shift the procurement  
18 rules and governance through the charter revision  
19 commission currently underway. Thank you.

20 CHAIRPERSON BRANNAN: Thank you.

21 MARIA LIZARDO: Good afternoon. Thank you  
22 so much for taking the lead and highlighting the  
23 issues with contracts. I am Maria lizard, I am the  
24 Executive Director of a settlement house called  
25 Northern Manhattan Improvement Corporation, NMIC. We

COMMITTEE ON CONTRACTS

1  
2 serve about 14,000 residents in upper Manhattan and  
3 the Bronx and all I can say is ditto to everything  
4 that has been said this morning, but I do want to  
5 highlight some specifics when it comes to NMIC and  
6 the impact that it has had on us directly as a result  
7 of late contract, contract registration. For fiscal  
8 year '17 we have one contract that has not been  
9 registered and the city owes us 85,996 on that one.  
10 For fiscal 2018, three contracts have not been  
11 registered and the city owes us 109,051 dollars. For  
12 fiscal year '19, NMIC has 11 direct contracts, out of  
13 those 11 two are registered but the budget has not  
14 been approved so we cannot get paid and nine have not  
15 been registered. For fiscal year '19, we are a  
16 subcontractor on four contracts and none of those  
17 has... have been registered. As of October 31<sup>st</sup>, 2018,  
18 the city owes NMIC 2,287,905, we are behind on our  
19 rent three months and we owe real estate taxes on our  
20 main site. In fact, in 2016 we were behind six months  
21 on our rent and our landlord served us with court  
22 papers, how embarrassing to be a leader in preventing  
23 evictions and we were on the verge of eviction. We  
24 are threatened every week by our landlord that he  
25 will serve us with court papers. It has taken a lot

COMMITTEE ON CONTRACTS

1  
2 of maneuvering, robbing Peter to pay Paul in order  
3 for us to meet payroll. It is thanks to the fund  
4 balance that we have accrued throughout the years by  
5 being fiscally sound that we have been managing to  
6 keep, keep... meet our payroll but I can tell you this  
7 much, we have been down to the wire at times where I  
8 have prepared an email to send to staff saying hey,  
9 sorry the city doesn't pay us so we can't pay you and  
10 in fact then we can't serve our clients. This needs  
11 to be fixed, it needs to be fixed now and although  
12 passport is very promising, we... it... we can't wait 18  
13 months, we are going to be out of business as a  
14 sector. Thank you.

15 CHAIRPERSON BRANNAN: Thank you.

16 MOLLY KRAKOWSKI: Hi, my name is Molly  
17 Krakowski, I'm Director of Legislative Affairs at  
18 JASA. JASA serves over 40,000 older adults in New  
19 York City in Manhattan, Brooklyn, Queens and the  
20 Bronx everything from adult protective services and  
21 community guardian to community senior centers, NORC  
22 programs, home delivered meals and the like. JASA has  
23 a budget in excess of 117 million dollars and  
24 approximately 2,000 staff members, about 81 percent  
25 of, of our budget is direct government funding coming

COMMITTEE ON CONTRACTS

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2 from the city with an additional ten percent that's  
3 coming from service fees that are a result of the  
4 government services. Echoing obviously what everybody  
5 has said, we have found ourselves in, in situations  
6 in multiple contracts either being delayed or having  
7 amendments being delayed. I just wanted to highlight  
8 some of the experiences we've had. We experienced  
9 extensive delays in approval of supplemental budgets  
10 for adult protective services and community guardian  
11 programs in FY '18. The budget beginning July 2017  
12 allocated protective services supplement that would  
13 bring 557,000 dollars to JASA primarily for frontline  
14 case management salary increases. This, this is part  
15 of the model budget process that was supposed to take  
16 place, we just received those, those funds last week,  
17 that's 16 months later. While we waited for these  
18 funds JASA took out a loan to cover staff salary  
19 increases. This combined with delays in contract  
20 advances for FY '19 created a cash flow crisis for  
21 the organization. I'm going to jump ahead to another...  
22 just this past week we got signed contracts for New  
23 York Connects even though that contract period began  
24 seven months ago. New York Connects is a state funded  
25 program administered by DFTA with a goal of promoting

COMMITTEE ON CONTRACTS

1  
2 seamless access to long term care services, this is  
3 where people are directed when they need assistance  
4 and guidance for older adults and for people with  
5 disabilities. Because of the changes in some of the  
6 New York City contracts, council grant contract  
7 numbers, new contracts needed to be prepared and  
8 executed. And the change in the contract numbers came  
9 after JASA submitted reimbursements for FY '18  
10 expenses. So, as a result JASA is going to need to  
11 spend time and administrative resources on avoidable  
12 rework to resubmit the claims once the new contracts  
13 are registered. I can go on, you'll have it all in  
14 writing in front of you but basically like those who  
15 come before us and after we're asking that government  
16 pay for what government asked us to provide in a  
17 timely manner. We're really at a crossroads which has  
18 been mentioned, we're no longer able to and no longer  
19 willing to go after contracts that are not going to  
20 be realistically paid in a timely fashion and we  
21 welcome Intro 1067 which hopefully will resolve some  
22 of the issues in terms of transparency but it  
23 certainly isn't going to resolve all of these issues  
24 and I just... not in the... not in writing but I did want  
25 to mention, you know the idea that the Council Maddox



COMMITTEE ON CONTRACTS

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2 monies, you know obviously they're coming in July,  
3 right, we get... June really, we find out... get schedule  
4 C, the Resolutions we sometimes find out some of  
5 those resolutions in the end of September and, and  
6 then those don't get registered or, or moved forward  
7 for months so we're getting contracts, they're  
8 getting word of, of money and.. in, in March with  
9 money that needs to be spent by the end of June which  
10 is just not realistic, 20,000 dollars for a senior  
11 center in two months for all sorts of programming  
12 that isn't going to take place in those two months or  
13 three month period and maybe there can be some sort  
14 of like superhighway, you know like the TSA for those  
15 of us that already have contracts and this money is  
16 going on top of a contract that already exists to,  
17 to, to streamline this, to not make this an  
18 additional contracting situation but that's just my  
19 own thought.

20 CHAIRPERSON BRANNAN: One quick question,  
21 you mentioned.. [cross-talk]

22 MOLLY KRAKOWSKI: Yeah... [cross-talk]

23 CHAIRPERSON BRANNAN: ...that you wouldn't...  
24 that you wouldn't go for contracts that you didn't  
25 feel would be reliably paid.. [cross-talk]

COMMITTEE ON CONTRACTS

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MOLLY KRAKOWSKI: Uh-huh... [cross-talk]

CHAIRPERSON BRANNAN: ...what, what is...  
what does that look like, like which ones do you  
think... well this one I'll get paid in a somewhat  
reasonable time versus which ones I know I won't?

MOLLY KRAKOWSKI: Huh, that's a good  
question, I don't know that I can fully answer that,  
I know that we've taken a much closer look in the  
last couple of years at RFPs and what's worth the  
challenge and potential headache and what's not and  
I, I don't know all of the factors that go into it  
but I know... [cross-talk]

CHAIRPERSON BRANNAN: But I assume its...  
[cross-talk]

MOLLY KRAKOWSKI: ...that there's... [cross-  
talk]

CHAIRPERSON BRANNAN: ...based on  
historical... [cross-talk]

MOLLY KRAKOWSKI: Historical and I think  
some agencies that are maybe easier to work with than  
others.

CHAIRPERSON BRANNAN: Okay.

MOLLY KRAKOWSKI: You know I also would  
just as an aside off record we were asked at one

COMMITTEE ON CONTRACTS

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2 point to ask for more funding for some of the agency  
3 staff... you know staffing at some of the agencies to  
4 deal with all the amendments and things that come  
5 through but they're not asking for that money from  
6 the agencies and if the agencies need more staff to  
7 be able to process all of this paper then, then they  
8 should have that staff.

9

CHAIRPERSON BRANNAN: Yeah...

10

MOLLY KRAKOWSKI: If that's what it is

11

so...

12

CHAIRPERSON BRANNAN: Thank you.

13

MOLLY KRAKOWSKI: Yeah.

14

CHAIRPERSON BRANNAN: Oh, I'm sorry,

15

sorry, Councilman Yeger.

16

COUNCIL MEMBER YEGER: I, I just wanted

17

to... this really is for Miss Krakowski at the

18

beginning of these... you, you testified and you have

19

in your testimony that because of changes in some New

20

York City Council grant contract numbers, new

21

contracts needed... and that is what caused the delay,

22

is that, that was it, it was just the change in the

23

number?

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MOLLY KRAKOWSKI: From what I understand

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but I'm not... I... unfortunately... [cross-talk]

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COUNCIL MEMBER YEGER: Okay... [cross-talk]

MOLLY KRAKOWSKI: ...our CFO... [cross-talk]

COUNCIL MEMBER YEGER: Alright, I won't say... [cross-talk]

MOLLY KRAKOWSKI: ...couldn't be here but... [cross-talk]

COUNCIL MEMBER YEGER: ...I won't hold you to it I'm just... I want to make sure... [cross-talk]

MOLLY KRAKOWSKI: No, from what I understand amendments were submitted but then some of the contracting numbers were changed and as a result of that everything went back around to resubmit with the new contract numbers as opposed to... [cross-talk]

COUNCIL MEMBER YEGER: But did anything else change in the contract like... [cross-talk]

MOLLY KRAKOWSKI: No... [cross-talk]

COUNCIL MEMBER YEGER: ...you... not the amount... [cross-talk]

MOLLY KRAKOWSKI: ...not that I'm aware of.

COUNCIL MEMBER YEGER: Okay, can you tell us which agency if you know?

MOLLY KRAKOWSKI: I'll double check, but it would be either DFTA... I imagine its DFTA.

COMMITTEE ON CONTRACTS

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COUNCIL MEMBER YEGER: So, DFTA is broken, we know that, which agency... which other agency?

4

5

MOLLY KRAKOWSKI: The only... the only other agency would have been HRA, but I believe... [cross-talk]

7

8

COUNCIL MEMBER YEGER: HRA is broken... [cross-talk]

9

10

MOLLY KRAKOWSKI: ...it was DFTA... [cross-talk]

11

12

COUNCIL MEMBER YEGER: ...we know that, okay.

13

14

MOLLY KRAKOWSKI: Yeah.

15

COUNCIL MEMBER YEGER: Correct, got it... [cross-talk]

16

17

MARIA LIZARDO: And so is HPD.

18

COUNCIL MEMBER YEGER: HPD is long broken but we, we didn't break that here today. I... the federation I'm glad you're here because the... you know this is... a little bit of what I said at the beginning when we were talking about the very, very large ones you don't actually get city contracts, you, you help other organizations and agencies that do get city

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COMMITTEE ON CONTRACTS

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contracts but hearing from an agency that is having trouble paying its rent... [cross-talk]

LOUISA CHAFEE: Uh-huh... [cross-talk]

COUNCIL MEMBER YEGER: ...is, is killing me because... I mean I was... I was here earlier talking about my UPK programs that I'm worried about schools that literally cannot pay its teachers... [cross-talk]

MARIA LIZARDO: Uh-huh... [cross-talk]

COUNCIL MEMBER YEGER: ...and has to make a decision do we... do we tell these parents do not bring your kids here we have to close our doors because I don't... we don't know when, if, etcetera, what, what... can you tell us where you are... well first of all which agency are we talking... you're at HPD that's what you said, right?

MARIA LIZARDO: Yes... [cross-talk]

COUNCIL MEMBER YEGER: Okay... [cross-talk]

MARIA LIZARDO: ...FY '17 and '18 those contracts are HPD and the vast majority of the rest are in HRA.

COUNCIL MEMBER YEGER: Okay, so HPD and HRA, okay.

MARIA LIZARDO: Uh-huh...

COMMITTEE ON CONTRACTS

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COUNCIL MEMBER YEGER: And you, you have  
outstanding contracts from the FY '17?

4

MARIA LIZARDO: Uh-huh... [cross-talk]

5

COUNCIL MEMBER YEGER: Year?

6

MARIA LIZARDO: Yes.

7

COUNCIL MEMBER YEGER: That have... that  
are registered that... [cross-talk]

9

MARIA LIZARDO: No... [cross-talk]

10

COUNCIL MEMBER YEGER: ...everything...  
they're not registered... [cross-talk]

12

MARIA LIZARDO: Not, not registered for  
fiscal year '17, that's why we haven't been able to...

14

[cross-talk]

15

COUNCIL MEMBER YEGER: They're not  
registered... [cross-talk]

17

MARIA LIZARDO: ...get... not registered...  
[cross-talk]

19

COUNCIL MEMBER YEGER: ...for FY '17?

20

MARIA LIZARDO: ...FY '17 and FY '18.

21

COUNCIL MEMBER YEGER: Okay and are...  
they're, they're not in the Comptroller's Office

23

sitting on the desk?

24

MARIA LIZARDO: Nope, they're at HPD.

25

COMMITTEE ON CONTRACTS

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COUNCIL MEMBER YEGER: And what have you  
been... are they talking to you?

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MARIA LIZARDO: It took a while for them  
to finally come together and talk to us, ANHD brought  
in a... brought us all together, member organizations,  
so it's been through that coalition that we finally  
had a meeting with HPD and they were explaining, you  
know the blah, blah, blah that they have and no...

10

[cross-talk]

11

12

COUNCIL MEMBER YEGER: Yeah, I... [cross-  
talk]

13

14

MARIA LIZARDO: ...needless to say they're  
not... [cross-talk]

15

16

COUNCIL MEMBER YEGER: ...honestly, I  
think... [cross-talk]

17

MARIA LIZARDO: ...registered... [cross-talk]

18

19

COUNCIL MEMBER YEGER: ...and I'll say this  
here I, I think Federation, you... I don't remember  
your name, I'm sorry... [cross-talk]

21

LOUISA CHAFEE: Louisa.

22

23

24

COUNCIL MEMBER YEGER: Okay, may have you  
know hit it on the head although you didn't say it  
this way, but I will, you know there isn't

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accountability at the agency and I think that's the...  
[cross-talk]

MARIA LIZARDO: Uh-huh... [cross-talk]

COUNCIL MEMBER YEGER: ...problem and...  
[cross-talk]

MARIA LIZARDO: That's right... [cross-talk]

COUNCIL MEMBER YEGER: ...I think that the  
reason or a way to deal with that is that to say that  
if somebody at an agency can't, can't feel the  
compulsion to reply to an email within say... [cross-talk]

MARIA LIZARDO: Uh-huh... [cross-talk]

COUNCIL MEMBER YEGER: ...ten days they  
should lose their job, there are people at these city  
agencies who do not belong working for the tax payer  
of the city of New York. I'm confident in saying that  
because I know that... I have a tiny staff about five  
or six people and I... my staff doesn't let emails go  
unanswered, they... not because they're scared of me  
I'm a really nice guy but it's because it's their job  
they want to do it and they want to... they want to  
respond and we get pummeled... you know I, I say  
something random to a reporter one day and I get in

COMMITTEE ON CONTRACTS

1  
2 the newspaper and the next thing I know is 100 New  
3 Yorkers email my office and my staff is going through  
4 them and we're trying to respond but they are, they,  
5 they respond to people even if we don't have to. The  
6 idea that, that, that the contracting agencies are  
7 not responding to the agencies and contracting  
8 government entities are not responding to the... to the  
9 nonprofit agencies that they're asking to do the work  
10 is fascinating, feel free to send me a list of the  
11 people who are not responding to your emails and I  
12 will forward the list to the... to the Commissioner and  
13 I will say it seems to me that these people are not  
14 doing their jobs and maybe you ought to fire them and  
15 I'll take out your names from the top, you don't have  
16 to tell them, I won't say who told me but I'll give  
17 them a list, here are... here are the 50 people in your  
18 agency Commissioner that just don't feel like they  
19 need to answer emails anymore. I had that two weeks  
20 ago, people... two people from DOE left their messages,  
21 you know I said who I was, I mean I gave them my  
22 name, I... happens to be that one of those... that at the  
23 agency... I live near the agency like around the corner  
24 and I felt like I wanted to go over there and kind of  
25 knock on the door and say hi, Councilman here can you

COMMITTEE ON CONTRACTS

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maybe respond to an email but don't feel bad, they're not just not responding to you they're not responding to me. I'm not any more special so please feel free anybody, you know ask Kalman at council dot NYC dot gov, ask JB at council dot NYC dot gov send a... send something over, I'll do it, you know I'm happy to do it, I have no problem but I think that people who are not doing their jobs in this government need to be called out for it and their Commissioners need to know that.

MOLLY KRAKOWSKI: Thank you.

COUNCIL MEMBER YEGER: Thank you very much for taking the time to be here.

[off mic dialogue]

CHAIRPERSON BRANNAN: Alright, next panel we have Jesse Layman; Carlin... Kate Ford, Kate Ford's not here; Penny from Catholic Charities; Anthony Edwards and Mark Hurwitz.

[off mic dialogue]

CHAIRPERSON BRANNAN: Do you want... do you want to start since you were...

ANNIE MINGUEZ: I can...

CHAIRPERSON BRANNAN: Yeah, go for it... go for it... go for it, yeah.

COMMITTEE ON CONTRACTS

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ANNIE MINGUEZ: So, I'm Annie Minguez, the Director of Government and Community Relations for Good Shepherd Services. We're a multi service nonprofit agency, we have about 80 programs throughout the Bronx, Brooklyn and Manhattan serving over 30,000 youth and families. I'm submitting my testimony for the record, but I wanted to just kind of like highlight a couple of things that some of my other colleagues have said. So, we have four key contracting challenges that we've talked about in front of this committee before; current funding is inadequate to cover basic programming and administrative costs; contract delays cause significant cash flow problems and you've heard that a lot today; audits and unfunded mandates put an additional burden on our agencies and efficiencies meant to streamline the contract process are not being fully implemented. So, I wanted to kind of go through very quickly we have as of October of this year over 40 contracts that have not been registered, this includes two contracts from fiscal year 2017 and three from fiscal year 2018 and I'm happy to submit a full list. We are also a member of the Nonprofit Resiliency Committee, so I urge the Council to

COMMITTEE ON CONTRACTS

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2 continue to ask us questions about how things are  
3 going there but also to seek, seek out the Department  
4 of Education and to see how they can be brought to  
5 the table because they're not as of yet. Around our,  
6 our line of credit and credit that we've borrowed  
7 we've paid over 64,000 dollars that we will not be  
8 able to, to recuperate in the last two years that was  
9 about 15,000 as soon as like July of this year on a  
10 three million dollar loan that we had to make and  
11 then about 48,000 that we had to make on our credit  
12 line and again we thank the council for the support  
13 that you all have lent and thank you for the  
14 opportunity to testify.

15 [off mic dialogue]

16 PENNI BUNYAVIROCH: Good afternoon  
17 Chairperson Brannan and good morning.. good afternoon  
18 to the members of the New York City Council Committee  
19 on Contracts. I'm Penni Bunyaviroch, I'm the Director  
20 of Contracts Management for Catholic Charities  
21 Community Services Archdiocese of New York. I'm  
22 pleased to speak about the work of Catholic Charities  
23 as a contracting agency, provider of social services  
24 and the current challenges we face with respect to  
25 the delays in contracting with city agencies. The

COMMITTEE ON CONTRACTS

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2 Catholic Charities of the Archdiocese of New York  
3 seeks to uphold the dignity of each person that's  
4 made in the image of god serving the basic needs of  
5 the poor, troubled, frail and oppressed of all  
6 religions. We collaborate with parishes as well as  
7 non-Catholic and catholic partners to build a  
8 compassionate and just society. Though a network of  
9 administered, sponsored and affiliated agencies,  
10 Catholic Charities delivers, coordinates and  
11 advocates for quality human services and programs  
12 touching almost every human need. The Catholic  
13 Charities Federation of 90 organizations from large,  
14 over 100 million, to small, under one million,  
15 administers about 1,000 city human services contracts  
16 with all the major city agencies. These contracts are  
17 valued at just under 200 million. The services touch  
18 more than 150 New Yorkers in need annually. Important  
19 progress has been made in recent years under both the  
20 Bloomberg and the De Blasio administrations to better  
21 the contracting process and the funding of human  
22 service contracts. This morning I wish... this  
23 afternoon I wish to recognize and express  
24 appreciation for this progress and to encourage the  
25 positive trajectory and direction, direction of the

COMMITTEE ON CONTRACTS

1  
2 past decade and also to recognize that the road still  
3 to be traveled is significant with more work needed.  
4 According to the New York City Comptroller, Scott  
5 Stringer analysis of New York City agency contracts,  
6 in fiscal year 2017 a staggering 90 percent of human  
7 services contracts arrived at the Comptroller's  
8 Office after the contracts start date. This is  
9 significant because providers can only be paid after  
10 the contracts are registered. This creates a risky  
11 situation where providers are forced to start the  
12 work and offer services without a registered contract  
13 and without payment or delay the start of the  
14 contract which effects the communities dependent on  
15 our services. Many of the delayed contracts represent  
16 renewals so it would not be realistic to suspend  
17 programs and services while waiting for a contract to  
18 be registered. The end result is that delays in  
19 contract registration incur costs to human services  
20 providers. On behalf of Catholic Charities, I thank  
21 Chairperson Brannan and Council Member Lancman for  
22 proposing this bill which will require cities to  
23 notify providers with reason... of the reason for late  
24 agency payments and to submit reports on these late  
25 payments to the Mayor, Mayor's Office for Contract

COMMITTEE ON CONTRACTS

1  
2 Services. While this is only one step in resolving  
3 the issue, issue of delayed registration and its  
4 impact on providers, it is an important mechanism to  
5 highlight how many contracts are registered late.  
6 Although Accelerator in its first phase has helped to  
7 reduce the paperwork burden and consequent delays in  
8 the procurement process, more needs to be done to fix  
9 the systemic issues in the increase in late  
10 registrations. Delays in contract registration or in  
11 processing contract amendments may mean that  
12 providers are unable to spend down all of the funding  
13 awarded on a contract. For example, if we were to  
14 delay in starting a contract until it is registered  
15 the program would start late so we would not be able  
16 to spend a full years' worth of program funds. Or if  
17 a contract amendment is processed late, we would not  
18 be able to modify our budget to spend funds where  
19 needed. These delays incur costs to providers and  
20 also negatively impact the communities we serve.  
21 Additionally, as we've mentioned earlier not all  
22 contracts flow through Accelerator such as  
23 discretionary contracts. The specific challenges that  
24 discretionary grants face cannot be overlooked. We  
25 encourage the Committee to consider ways to reduce



COMMITTEE ON CONTRACTS

1  
2 delays in the contract... discretionary contracting  
3 process to improve prompt payment to contractors. For  
4 one of our agencies lags in contract registration are  
5 of serious concern. Currently Catholic Charities  
6 Community Services is awaiting registration of 22  
7 contracts with 1.06 million in outstanding claims.  
8 During the last six months this agency has already  
9 filed over 200 reports to the New York City agencies  
10 and is waiting for an additional 94 reports to be  
11 submitted once, once the contracts are registered. We  
12 still have a way to go, we encourage greater  
13 uniformity and transparency in the contract  
14 procurement process and increased capacity by city  
15 agencies to track contracts as they move through the  
16 registration process. We appreciate the City  
17 Council's support of the work that human services  
18 providers do and this demonstration of support  
19 through the proposed bill to ensure prompt payment.  
20 At the same time, we believe the city should tackle  
21 the issues in contract delays because it impacts not  
22 only the stability of the human services sector but  
23 also the assurance that providers can continue to  
24 deliver vital services for the benefit of all New  
25 Yorkers. We look forward to working with the city to

COMMITTEE ON CONTRACTS

1  
2 improve the procurement process. Thank you again for  
3 providing me with this opportunity to testify and for  
4 your partnership on all issues impacting our  
5 community.

6 CARLYN COWEN: Good afternoon everyone,  
7 thank you very much Chair Brannan, Council Member  
8 Yeger and the Committee Members for your leadership  
9 on these procurement issues. My name is Carlyn Cowen,  
10 pronouns she and they and I am the Chief Policy and  
11 Public Affairs Officer at the Chinese American  
12 Planning Council. CPC is a settlement house that runs  
13 a variety of social services serving Asian American,  
14 low income, and immigrant community members over  
15 60,000 people each year throughout all five boroughs.  
16 We appreciate the opportunity to testify on this  
17 issue as it is something that impacts our  
18 organization and therefore our community members  
19 greatly. So, if we think about all of the chronic  
20 underfunding in the human services sector everything  
21 from salaries, program rates, indirect and OTPS as  
22 some kind of horrible ice cream sundae then late  
23 payments are the cherry on top of that and what I  
24 mean by that is that late payments are on top of late  
25 registrations of contracts doubling down on the idea

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1  
2 of lateness. So, as CPC we are waiting on almost all  
3 of our FY '19 contracts to be registered and or paid  
4 including a number of our FY '18 contracts and one FY  
5 '17 contract. Programs like SYEP, our UPK programs  
6 and others cannot wait to be started which means that  
7 we are delivering services, paying staff, serving  
8 community members without knowing when, hopefully if  
9 we're going to get paid for them. This means that for  
10 an organization like CPC that is over 50 percent  
11 funded by city contracts and discretionary dollars we  
12 are currently floating the city over two million  
13 dollars and can be doing it more and that's happening  
14 at pretty much any given time. Floating the city on  
15 late payments is essentially like being a nonprofit  
16 lender to the city in order to do work for the city.  
17 This means that we are without knowing when payments  
18 are going to arrive, delivering services, paying  
19 staff and often waiting on those payments to be able  
20 to do those things and then scrambling at the end of  
21 the year to spend down discretionary dollars. For  
22 example, one of our program sites recently was  
23 without heat, plumbing and hot water for over three  
24 weeks and cash flow was the primary reason we had to  
25 wait that long to make those repairs. This also means

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1  
2 that staff are spending a lot of time running around  
3 trying to chase down payments and registrations. MOCS  
4 talked earlier about six days between invoice and  
5 payment but that hides the amount of time that  
6 multiple staff had to spend kicking that invoice back  
7 and forth to get it to the point that it is finally  
8 accepted. We also end up having to take out a line of  
9 credit in order to float a lot of these payments and  
10 while the city doesn't have to necessarily pay us  
11 interest, we certainly have to pay our banks  
12 interest. Last year we spent over 100,000 dollars  
13 that we will not recoup paying interest on late  
14 payments on our contracts which for context could  
15 have been adult literacy programs for 111 adults,  
16 could have been a full year of after school programs  
17 for 33 young people or it could have been over  
18 83,000... 8,300 culturally appropriate meals for our  
19 homebound seniors. So, this bill is a great start to  
20 a much broader issue and we're grateful for your  
21 leadership on making it happen.

22 MARK HURWITZ: Good afternoon, I'm Mark  
23 Hurwitz, I'm the Chief Operating Officer at Urban  
24 Pathways. Its getting cold outside, there are  
25 homeless people on the streets, what we do is we help

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1  
2 those homeless people get off the streets through  
3 street outreach. We provide an immediate place for  
4 them to go that's safe, called a safe haven and we  
5 operate three of those under contract with the city  
6 and then we operate over 600 beds of supportive  
7 housing, so people can have homes and they can  
8 achieve their goals and their dreams and we're very  
9 successful at doing that. I came here intending to  
10 support the bill, I'm afraid I have to say I'm not  
11 sure if the bill solves the problem so I'm here to  
12 support an even better bill. As far as whether the  
13 problem is late payments or late contracts, I believe  
14 for us the problem is late contracts, late payments  
15 are not really that bad, they're bad but they're not  
16 bad enough for this level of, of anger and, and  
17 frustration in the nonprofit community for us. It  
18 takes about ten days for an invoice to get approved  
19 and about seven to get paid, we would love for that  
20 to be faster but by far, by far the biggest problem  
21 is late contracts. When I read the bill, I thought  
22 that it actually covered late contracts, but I heard  
23 the city say it doesn't so I think the bill should be  
24 very clear by either being redrafted or making it  
25 clear in the interpretation of the, the bill that

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1  
2 late payments means late contracts. I think the  
3 second issue is what would solve the problem of late  
4 contracts and I think shining a light on late  
5 payments... sorry, late contracts is part of it but  
6 honestly, I think that's already been done so I'm  
7 actually in favor of a stronger bill. We get in some  
8 of our contracts there are liquidated damages, you  
9 know if we don't do what we agreed to do, I think by  
10 causing financial pain to the agencies that are  
11 responsible that will get the attention they need. I  
12 want to be clear and there's some, you know bad  
13 stories in my testimony about how long it took, I  
14 don't think there's a lot of bad people out there who  
15 need to be fired from their jobs, I think there's a  
16 poor organization, I think passport would help, I  
17 think the, the solution lies higher up in the agency  
18 in terms of management and systems. The last point I  
19 want to make has to do with not only the financial  
20 pain that it causes us but the administrative pain.  
21 So, my job is really to focus on helping those  
22 homeless people out on the streets, I have a very  
23 abled Executive Project Manager who has both the  
24 social work degree and the administration degree, I  
25 tasked her with tracking down these contracts, we

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1  
2 know... we're, we're learning about the agencies that  
3 have four different layers that have a program layer,  
4 a contract layer separate from ACCO, they have an  
5 ACCO and they have a finance layer, we're working up  
6 the chain of command in there. I have to get  
7 personally involved in mediating disputes between  
8 different departments in agencies because they're not  
9 sure who's desk its on and, and ultimately again its  
10 not about bad people but it's about poor processes  
11 and I think it's a drain on nonprofit executives who  
12 should be focused on the service to be spending time  
13 figuring out the, the source of the problem and I  
14 think that a, a strong bill that shines not only a  
15 light on it but that forces a solution faster than  
16 the passport system would be very welcome. Thank you.

17 CHAIRPERSON BRANNAN: We have another  
18 hearing coming in here so I'm going to have to keep  
19 everyone to two... [cross-talk]

20 JESSE LAYMAN: Alright... [cross-talk]

21 CHAIRPERSON BRANNAN: ...minutes, yeah.

22 JESSE LAYMAN: I'll be quite... I'll be  
23 quite... no problem. I'm Jesse Layman, I'm the Director  
24 of Policy at the Employment and Training Coalition.  
25 Thank you Council Member Brannan and Council Member

COMMITTEE ON CONTRACTS

1  
2 Yeger and the Council Members that were here before  
3 for, for pulling together this hearing and for you,  
4 your legislation which we support. I, I'll try not to  
5 restate too much of what has been stated before  
6 including by many of the member organizations of the  
7 Employment and Training Coalition we have 150 members  
8 across the city that provide a range of services to  
9 help New Yorkers build skills and get jobs and move  
10 along in their careers including a few of the member  
11 organizations here at the table with us, I think  
12 maybe not Urban Pathways but I think certainly CPC  
13 and Catholic Charities and Good Shepherd. I want to  
14 make two points just... that may not have been covered  
15 as much. So, one is about the ultimate cost to the  
16 city which is that particularly, I mean certainly  
17 when we think about employment and training programs  
18 underfunding them and then late paying those  
19 contracts ultimately causes the city to have to pay  
20 more. These are investments in the... in the people of  
21 New York and the residents of our city, helping them  
22 get on track in their careers can help them avoid  
23 unstable housing, can help them avoid needing  
24 nutrition assistance, can help them avoid all sorts  
25 of public assistance that they might otherwise need



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1  
2 in the future or currently if they're already in need  
3 of those services. Not funding these contracts enough  
4 and then paying them late only causes ultimately the  
5 city to have more of a burden of how to meet the  
6 needs of our... of our residents and, and that we need  
7 to deal with that and it's certainly not effective to  
8 do it the they're doing. The other thing is that I, I  
9 want to point out the opportunity cost to the  
10 nonprofit community which is that one of the  
11 advantages of the structure of having the city  
12 contract out this work is that ideally if the city  
13 were fully funding it and paying on time then  
14 nonprofits could go to the philanthropic community  
15 for dollars to innovate to come up with new programs  
16 and new ways of serving people and serving people  
17 beyond what the public dollars could provide that's  
18 really the idea here but because so many of our  
19 organizations are having to fight for the money that  
20 they are owed by the city they are losing out on time  
21 and opportunity to raise those philanthropic dollars  
22 and so there's an opportunity cost missed there as  
23 well. And I... and I just want to be super clear about  
24 how deep this problem cuts, I'll finally... just... I  
25 want to echo what Kevin Douglas from United

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1  
2 Neighborhood Houses said which is that umbrella  
3 organizations like ours would rather be working with  
4 the city leaders to figure out what is the absolute  
5 need and what needs to be done to meet that need and  
6 not having to advocate for paying us the money that  
7 we are owed and making sure that contracts are paid  
8 on time but that's what we hear from our members that  
9 we need to talk about too. So, it's a... it's a real  
10 frustration and, and thank you for trying to work on  
11 this.

12 [off mic dialogue]

13 ANTHONY EDWARDS: In the interest of time  
14 I will make it very quickly. Good afternoon Chairman.  
15 My name is Anthony Edwards, I'm the Chief Financial  
16 Officer for Sheltering Arms, Children and Family  
17 Services. We provide services to over 20,000 children  
18 and families every year. We're located in Brooklyn,  
19 Bronx, Manhattan and Queens. I'm going to say every  
20 think that my colleagues stated is a true fact, I  
21 want to touch on a couple of things. One, MOCS is  
22 correct there is a bridge loan however, the bridge  
23 loan only covers basic necessities for the program,  
24 which is salaries, rent and utilities, it does not  
25 cover overhead or any costs that you may use for a

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1  
2 consultant to do that program. So, that is... those  
3 dollars have to be funded by the agency providing  
4 that program. In FY '18, we had approximately ten  
5 contracts that were registered late and these were  
6 from DYCD programs. To cover those late contracts we  
7 do a line of credit, which cost us approximately  
8 20,000 dollars, those dollars again and being the  
9 Chief Financial Officer I'm drawing down where I  
10 could be using those dollars elsewhere In 2018, ACS  
11 gave us enhancement funds, those contractors  
12 registered with just three months before the end of  
13 the fiscal year, which meant we could not spend all  
14 of those dollars, we left approximately 800,000 on  
15 the table that could have been spent for services. In  
16 2019, our Early Learn contract for 18 million was  
17 registered two months late that means that I'm  
18 upfronting those dollars and again I can't get a... the  
19 fund for the city loan until its registered but I  
20 have to make payroll, November is a month of three  
21 payroll periods and I have to figure out how and  
22 where I can stretch a dollar to make sure that I can  
23 cover salaries for the 1,200 staff that we have. I  
24 want to thank you for giving me this opportunity to  
25 express how this hurts our nonprofits. Thank you.

1 COMMITTEE ON CONTRACTS

2 CHAIRPERSON BRANNAN: Thank you guys.

3 Okay, our, our final panel Beth Goldman; Donald  
4 Ranshte; Caroline Iosso; Kristina Reintamm... or  
5 Kristina Reintamm; Peter Rescigno and Felice Farber.  
6 Okay, whenever you're ready, do you want to go right  
7 to left, left to right, whatever you want.

8 FELICE FARBER: Sure, thank you. I'm  
9 Felice Farber, I thank you for the opportunity to  
10 comment today, I'm the Senior Director of Policy and  
11 External Affairs at the General Contractors  
12 Association of New York. We represent the heavy civil  
13 construction industry in New York City. Our members  
14 build the roads, bridges, transit and water systems,  
15 parks, schools, building foundations. We support 1067  
16 and we applaud the Council's efforts to bring  
17 daylight and transparency to the payment process. We  
18 think MOCS is doing a great job in trying to work  
19 with passport and we're looking forward to the future  
20 phases of it but the critical aspect to track and I  
21 think some... what's come out in a lot of the comments  
22 today, is its not once for us, its payments, its not  
23 once the payment has been approved for processing  
24 mostly that happens within 30 days and we do get  
25 interest after 30 days, it's the 60 to 110 days that

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2 it takes to approve that invoice as it goes back and  
3 forth, it sits on someone's desk, it has to be  
4 manually data entered, you... and it's that delay  
5 that's not tracked and its really critical to be  
6 tracked to see where the... where the issues are that  
7 hold up payment and what can be done to improve the  
8 process and that's the critical issue and I think  
9 that came up earlier in talking about HHS and the six  
10 days, it's the time period to get that invoice  
11 approved that really needs some daylight so we can  
12 figure out where the delays are and what you can do  
13 as a process improvement to change it and having this  
14 bill until, until passport is fully online will help  
15 bring some transparency to what's going on. Thank  
16 you.

17 BETH GOLDMAN: Good, good afternoon  
18 actually. My name is Beth Goldman, I'm the President  
19 of the New York Legal Assistance Group, we provide  
20 free civil, legal services to New Yorkers in need and  
21 serve more than 80,000 people a year. You've heard  
22 from some very eloquent people this morning who I, I  
23 agree with probably 98 percent of what you've heard  
24 so I really don't want to reiterate all of that. We  
25 have in our written testimony some of our own

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1  
2 statistics about what's happened with our contracts  
3 over the years. I think it's really important what  
4 was said earlier that the problem is getting worse  
5 not better and the... and though again agree with  
6 everybody that what MOCS is doing is going to help  
7 the situation. It is getting worse and that I think  
8 goes to the issue of accountability which has been  
9 talked about. There was a time when there was more  
10 accountability on these things and if nobody is  
11 watching, if nobody is reporting in then it can take  
12 as long as it takes and I think part of the problem  
13 is at individual agencies but its also the fact that  
14 there are multiple agencies looking at this and if  
15 nobody, nobody can tell us where it is, what... where  
16 it is within the agency or what other agency is  
17 looking at this so our proposed solution, which  
18 others have mention, is a 60 day deadline for all of  
19 it to happen so that it gets to the Comptroller  
20 within a reasonable period of time and as we see when  
21 there's a deadline the Comptroller gets done what the  
22 Comptroller needs to do within the time frame 95  
23 percent of the time. We strongly believe that if  
24 there was a deadline imposed on the process, you've  
25 got 60 days to do everything that needs to happen

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1  
2 that will... that will make a huge difference and then  
3 there's a penalty and its interest, its payment of  
4 some kind. The other thing I want to mention and I, I  
5 think that its, its worth at least starting to think  
6 about whether there are ways to change the charter to  
7 allow advances at least on renewals, it's something  
8 the state does, pre... they don't have a registration  
9 process but they have an execution process and if  
10 it's a renewal and its not fully executed there is an  
11 opportunity to be paid in advance and then it can be  
12 recouped down the road but putting us in the  
13 situation where the 88 billion dollar city we have to  
14 front money to the city from our budgets really  
15 doesn't make sense and the last thing I'd say in  
16 terms of opportunity cost for us is going out and  
17 fundraising which we all have to do and it's a lot of  
18 work, very hard to fundraise to say pay our interest  
19 payments on our line of credit, nobody is interested  
20 in that. Thank you.

21 CAROLINE IOSSO: Hi, good afternoon.  
22 Thank you, Chairperson Brannan, and to the rest of  
23 the Committee for holding this hearing and for the  
24 opportunity to testify. My name is Caroline Iosso and  
25 I'm the Director of Community and Government Affairs

COMMITTEE ON CONTRACTS

1  
2 at Opportunities for a Better Tomorrow or OBT. We are  
3 one of New York City's largest providers of workforce  
4 development and education services for opportunity  
5 youth ages 17 to 24 and adults who are disconnected  
6 from education and employment. We serve over 4,000  
7 youth and adults every year out of our six sites in  
8 Brooklyn and Queens and 69 percent of our funding is  
9 from government contracts. I think my colleagues this  
10 morning and afternoon have done an excellent job  
11 laying out all these issues, so I won't go through  
12 all of them, they're all in our written testimony  
13 that we've submitted but I did want to offer up some  
14 information from OBT's experience. We rely on 15 city  
15 contracts every year and as of today we are still  
16 waiting on three to four of our fiscal year '19  
17 contracts to be approved and registered and typically  
18 our waiting time is between three and 12 months from  
19 the start date of our contracts until they're  
20 registered and complete. In fiscal year '18 this  
21 costed us 5,000 dollars in interest which is truly  
22 not a drop in the bucket for us, that's... you know  
23 critical funding that we use for our programming and  
24 we've also been forced to pay late fees on certain  
25 bills and our reputation has suffered as a... as an



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1  
2 organization that pays their bills on time and that  
3 can be trusted that has suffered as well. And there  
4 have been times that we've not been able to hire  
5 staff in a timely fashion and get programs going,  
6 we've not been able to buy program related supplies  
7 because the contracts haven't come through and that  
8 has really affected our ability to serve out of  
9 school and out of work young people. Thank you so  
10 much for this opportunity to testify, we  
11 wholeheartedly support Intro 1067 and thank you to  
12 Council Members Brannan and Lancman for introducing  
13 this and thank you to the Committee.

14 DONALD RANSHTTE: Good afternoon Mr.  
15 Chair. Donald Ranshte, Senior Vice President of  
16 Building Trades Employers' Association. We represent  
17 26 trade associations in the construction industry,  
18 1,200 unionized construction contractors. We do about  
19 12 billion dollars, billion with a B, in capital work  
20 in the city right now and what we find is and, and we  
21 very wholeheartedly support the bill is because the  
22 transparency is really the key. People have talked  
23 very, very passionately this morning about what slow  
24 payment does in the.. in the not for profit sector.  
25 We're, we're affected in a very different sort of way

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1  
2 although the problem is the same. We sit on a DDC  
3 policy board that was very proud to announce that  
4 they had gotten their payments processing down to  
5 about 303 days which was a... in their... and, and in  
6 their defense it was about a ten percent improvement  
7 over the 340 days that it had taken prior to the, the  
8 last reporting but with the transparency comes the  
9 decision for a profitable contractor to make a  
10 business decision as to whether or not they would  
11 deal with an agency that wants to take 300 days to  
12 make a payment and they make that decision going...  
13 knowing that they... that's what they're going to have  
14 to do. More... the transparency will bring more  
15 contractors into the bidding pool; more competition  
16 lowers prices generally so the city not only will  
17 have more quality contractors coming in they'll have  
18 more informed business community, but they'll also be  
19 the beneficiary of lower prices in the long run  
20 should more qualified contractors come into that  
21 bidding pool. One other thing that is tangential to  
22 this a lot of the work or most of the work that's  
23 being done in the city right now is being done under  
24 project labor agreement and small local businesses so  
25 not giant contractors that are, are nationally.. or

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it's nationally owned but small New York City businesses and MWBEs come into that project labor agreement and they sign to, to be on a capital project that's funded by the government because they know they will get paid but they don't understand that sometimes it... how long it will take and all of the consequences that come along with that and like everyone has mentioned sometimes faced with the decision between finishing the job and going bankrupt. Thank you for your time.

CHAIRPERSON BRANNAN: Thank you.

KRISTINA REINTAMM: Hi, thank you for your leadership on this. My name is Kristina Reintamm, I'm with Brooklyn Community Services. We're a large social services provider in Brooklyn, we serve 20,000 people and for us this issue is like top of mind and we are a pretty big player, so I can only imagine for somebody like a small UPK provider. This is the type of thing that really causes often grassroots organizations to go under which is.. its really, really upsetting truly. I know we're almost out of time, so I'll just give one quick example. The CFO tells me that last year we paid 160,000 dollars in interest due to delays in city contracts, that

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1  
2 could have been a whole new after school program for  
3 us. So, needless to see we, we, we support the bill  
4 and actually the 60-day deadline sounds super  
5 reasonable. As I, I recently got a new role, I was so  
6 excited only to like to find out that I'm now the  
7 apologizer and chief, that's what I do like I  
8 apologize to vendors for a big portion of my day and  
9 that's, that's also really sad. So, thank you... thank  
10 you my hope is that it'll go through.

11 CHAIRPERSON BRANNAN: Thank you.

12 PETER RESCIGNO: Last but not least.

13 CHAIRPERSON BRANNAN: No pressure.

14 PETER RESCIGNO: Thank you very much for  
15 your leadership on this issue as well. My name is  
16 Peter Rescigno, I'm with the New York Electrical  
17 Contractors Association, I represent 250 unionized  
18 electrical contractors who did more than 24 million-  
19 man hours last year in the city of New York. I would  
20 say that the number one issue we fight for at the  
21 city and at the state level is prompt payments for  
22 work completed. This bill... excuse me, this bill moves  
23 our... you know moves us closer to achieving that and  
24 we support the efforts wholeheartedly. I think it was  
25 mentioned multiple times today the transparency that

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this bill brings is important to the process communication. This bill would... enabled would be great for our contractors and we do support it. So, I appreciate your effort on this.

CHAIRPERSON BRANNAN: I know, thank you so much. Thank you, guys.

KRISTINA REINTAMM: Thank you.

CHAIRPERSON BRANNAN: Okay and with that we are adjourned.

[gavel]

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 5, 2018