

**Testimony of Victor O. Olds**  
**Before the New York City Council Committee on Contracts**  
**Evaluating Large Modifications to Emergency Procurements During the Pandemic**  
**November 29, 2021**

Good afternoon Council Members. My name is Victor O. Olds and I serve as the Director of the Mayor's Office of Contract Services (MOCS). I am joining the Department of Information Technology and Telecommunication Services (DoITT).

We last testified about New York City's valiant efforts to source personal protective equipment for our heroic front-line workers in October of 2020. We all acknowledged the COVID-19 pandemic required extraordinary contributions in all areas of life. This need extended to strengthening and securing our IT infrastructure and services during a time where the world began to operate digitally by default. Under Emergency Executive Order 101, the Mayor allowed modification of the City's procurement rules, enabling agencies to fast-track purchases of goods or services necessary to combat the crisis.

Each agency was required to confirm contracts were necessary to respond to the pandemic. Multiple oversight approvals were required for all emergency contracts and MOCS coordinated with City partners, holding regular meetings with the Comptroller's Office to keep them aware of upcoming contracts and processing. Any change to a contract followed a similar process, requiring documentation to be compiled for review and this information was made available for the Comptroller's Office as well. To comply with local law, MOCS also coordinates with agencies to report increases in capital contracts to the New York City Council pursuant to Local Law 18 of 2012. The DOITT contract in question was reported on in accordance with that law.

Thank you for inviting us to testify today. I am joined by First Deputy Director Ryan A. Murray and we are happy to take any questions.

**DEPARTMENT OF INFORMATION TECHNOLOGY AND  
TELECOMMUNICATIONS TESTIMONY BEFORE THE CITY COUNCIL  
COMMITTEE ON CONTRACTS**

**Oversight: Evaluating Large Modifications to Emergency Procurements During the  
Pandemic**

**November 29, 2021**

Good afternoon, Chair Kallos and Members of the Committee on Contracts. My name is Robert Aboulafia and I am the Associate Commissioner for Procurement and Vendor Management in the Department of Information Technology and Telecommunications, also known as DoITT. I previously served as the agency's chief contracting officer, and I now oversee that function. Joining me is my colleague, Robin Levine, who is DoITT's Assistant Commissioner for Communications and External Affairs.

Thank you for the opportunity to testify today about DoITT's emergency procurements.

In advance of today's hearing, at the Chair's request, DoITT produced the International Business Machines (IBM) emergency contract for review. The production included:

- The original contract, entered into May 1, 2020;
- The 36 work orders that have been authorized under the contract, each of which contains descriptions of the services required to be rendered under the work order;
- All invoices billed to date against the contract.

In total, DoITT produced more than 1,800 pages of contractual documents, all of which show a dogged adherence not only to the emergency contracting process, but to best practices for contractual management and integrity in the City of New York. Indeed, as you will hear more about later in the testimony, although the emergency contracting process gave agencies great latitude, Commissioner Tisch was insistent that the rates and terms included in the emergency contract be consistent with the rates and terms previously negotiated in a similar systems integrator contract with IBM, which was approved through the non-emergency, standard procurement process and signed-off on by no fewer oversights than the Mayor's Office of Contract Services, the Office of Management and Budget, the Financial Control Board, the Law Department, the Department of Finance, the Department of Investigation, and the Comptroller.

I am happy to offer the committee context as to the need for this contract as well as how we established it and manage IBM's work on the City's behalf.

**Why We Needed an Emergency Contract**

The City established an emergency contract with IBM in May 2020 at a time of unprecedented demand for IT resources and on the City's existing IT infrastructure. As my Commissioner stated in her preliminary budget testimony this past March, the COVID-19 pandemic brought technology to the forefront of so many of the City's services, both for the public and internal to the City's workforce.

The scale, range and breadth of the City's technology needs during the pandemic exceeds by orders of magnitude any burden previously placed on civic technology. But DoITT entered the pandemic with severe disadvantages to meet these demands, such as a significant headcount shortage, both from attrition and years of limited hiring due to hiring freezes, and an aging technology infrastructure that had to work or else critical systems that New Yorkers and the City relied upon, like 311, would fail.

Despite these odds, DoITT kicked into high-gear to tackle the demands of the pandemic, and the staff at DoITT, with support from a number of vendors, including IBM, Salesforce, Unqork, Microsoft, Apple, ESRI, T-Mobile, Verizon, ATT, to name a few, accomplished a tremendous amount, such as: flipping much of the City's workforce from an on-site to a remote work model; developing the City's vaccination and contact tracing systems; launching the City's first online marriage license platform; building the GetFood program; and procuring and administering half-a-million internet-connected iPads for public school students.

And the results speak for themselves:

- More than 300 million meals delivered to food insecure New Yorkers through the GetFood platform;
- 27.4 million hits on Vaccine Finder;
- Nearly 24 million calls processed through the 311 system in 2020 alone;
- 3 million vaccination appointments processed through Vax4NYC;
- More than 1 million cases and contacts processed through the contact tracing system;
- More than 1 million downloads of the NYC COVID Safe app;
- Half-a-million New York City public school children doing schoolwork remotely during the darkest days of the pandemic on City issued iPads;
- 400,000 \$100 incentives claimed by New Yorkers through the vaccine incentive portal; and
- Tens of thousands City employees who accessed city systems remotely.

All this to say nothing of the hundreds of thousands of remote family visits for the incarcerated; virtual arraignments processed; and nearly 40,000 virtual marriage licenses issued.

As it relates to the IBM contract specifically: the combination of the stresses placed on the City's IT infrastructure, limited staffing, and the speed with which we needed to respond to changing circumstances required DoITT to procure services from a mature, multi-faceted technology company that could quickly adapt to and augment what DoITT was already doing. The City recognized early on that meeting the pandemic's demands head-on meant securing the aid of a

systems integrator through the Emergency Procurement process, established under Emergency Executive Order 101.

DoITT assessed that a successful systems integrator must have:

1. Multiple skillsets across many disciplines, including, but not limited to: application development, application management, data architecture, preventative maintenance, networking and security services;
2. Knowledge of existing infrastructure and IT systems and the ability to integrate a variety of needed tools and solutions;
3. Competitive rates that fall within industry standards;
4. Track record of operating in good faith in ensuring the City of New York was prioritized; and, most importantly,
5. Available resources that could be rapidly mobilized and deployed.

Based on DoITT's assessment of these criteria, we established the Emergency Technical Support Services Contract with IBM in May 2020.

### **Basis for Contract**

To be clear, this contract was not developed in a vacuum. As I mentioned above, although agencies were given a wide range of latitude under the City's emergency contract authority, DoITT exercised very little of it in entering into the IBM contract. DoITT had a rock-solid basis thanks to the existing, pre-pandemic systems integrator agreement that the City holds with IBM. That agreement was reached through a rigorous, open-competitive Request for Proposals process, vetted on all fronts, and approved and registered by the City's oversight, including the Comptroller, in 2014.

During the open-competitive RFP process, IBM's proposal was reviewed by a panel of technical experts who evaluated IBM's submission based on several criteria, which include:

- Demonstrated Quantity and Quality of Relevant Experience;
- Demonstrated Level of Organizational Capability; and
- Approach and Methodology.

The hourly rates were compared to industry standard rates for similar services to ensure fair and reasonable pricing for the City. The terms and conditions established were carefully negotiated and continue to be viewed as extremely beneficial to the City.

By basing the emergency contract on the existing systems integrator agreement, DoITT ensured that the City would not be overcharged for services provided by IBM.

And in keeping with the requirements for emergency procurements under Executive Order 101, DoITT obtained New York City Law Department approval for the emergency contract as to

form, and submitted all required documentation to the Mayor's Office of Contract Services (MOCS).

We did everything by the book, and we continue to support the City, in no small thanks to this emergency contract, through a dark time that continues on today.

### **Safeguards and Integrity**

When DoITT established the emergency contract, we did so with an understanding that the highest order of contract management and program oversight was required. To that end:

- All work done under the contract is authorized in the form of a work order – 36 of which were produced prior to this hearing. Each work order sets out the total cost allowed for work, the deliverables required, the resources to be utilized and the number of hours allowed.
- Work orders are reviewed and approved by multiple DoITT divisions, including DoITT's Chief Operating Officer, the technical program manager, the Chief Financial Officer's team, and the Deputy Commissioner for Management and Budget's team. The Deputy Commissioner for Management and Budget is the final sign-off on all work orders.
- Regular project management meetings to review cost and vendor performance are held by DoITT's Chief Operating Officer; the DoITT technical leads on programs; the Chief Financial Officer and the Deputy Commissioner for Management and Budget's offices.
- DoITT's audits and accounts team is also required to hold regular meetings to review spending on the contract that tracks back to work orders and deliverables signed-off on by the DoITT technical leads and the Deputy Commissioner for Management and Budget.

This management structure ensures that (1) the City is receiving the highest-level of service from IBM and (2) all aspects of work performed under the contract are fully documented and reviewable.

### **The Contract's Basics**

Lastly, I'd like to offer a few basics on the contract and its current value.

The emergency contract was initially established for one year with a maximum spend allowed of up to \$43.7 million. Included in the contract's term was a one-year extension option with a maximum spend allowed of up to \$27.7 million, which we exercised in February 2021.

In 2021, when it was clear that the demands on the City were no less than 2020, the IBM contract was amended again to extend its terms through April 2023 with an additional maximum spend allowed of \$122.4 million. The contract's maximum spend total currently sits at \$193

million, which builds in flexibility for the City to tackle unexpected challenges that arise from the continuing unpredictable situation presented by the pandemic.

The maximum spend values for the contract that I mentioned are the spending ceiling under the contract – the City may spend up to the contract’s total, but that does not mean the City actually will spend the full amount. For example, under the contract’s first year, the City spent \$1 million less than the \$43.7 million ceiling. DoITT’s robust contract management is a safeguard against excessive and unnecessary spending under the agreement.

I am also proud to note that DoITT incorporated an M/WBE subcontracting goal of 15% in the second amendment to the emergency contract, which extends through the contract’s 2023 end date.

With that, I would like to conclude my prepared testimony. Thank you again for the opportunity to testify, Chair Kallos, and I am happy to take any questions.