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**THE COUNCIL OF THE CITY OF NEW YORK**

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Hon. Gale A. Brewer, *Chair*

**October 23, 2023**

**Oversight: Asylum Seeker Response Efforts – Costs and Projections**

## **I. INTRODUCTION**

On October 23, 2023, the Committee on Finance, chaired by Council Member Justin Brannan, the Committee on General Welfare, chaired by Deputy Speaker Diana Ayala, and the Committee on Oversight and Investigations, chaired by Council Member Gale A. Brewer, will jointly hold an oversight hearing entitled “Asylum Seeker Response Efforts – Costs and Projections.” Those invited to testify include representatives from several City agencies, including the Mayor’s Office of Management and Budget (OMB), the Department of Social Services (DSS), New York City Health + Hospitals (H+H), Housing Preservation and Development (HPD), New York City Emergency Management (NYCEM), and the Mayor’s Office of Asylum Seeker Operations (OASO).

## **II. BACKGROUND**

In April 2022, the Department of Homeless Services (DHS) first noticed an uptick in new shelter applicants who identified as asylum seekers. As the number of new asylum seekers arriving in the City continued to climb over the following months, it became necessary for the City to implement an inter-agency response. Due to the rapid influx of asylum seekers, the need for shelter exceeded the number of shelter vacancies in the DHS system. To meet the demand, and the City’s legal mandate to provide shelter, DHS began opening emergency hotel shelter sites operated by contracted providers in the summer of 2022. In the fall of 2022, as the asylum seeker population was rapidly increasing, the City opened the first Humanitarian Emergency Response and Relief Center (HERRC), operated jointly by H+H and NYCEM, to house asylum seekers. Since then, several other HERRCs have opened. Starting in the spring of 2023, HPD also began operating sites for asylum seekers.

### III. ASYLUM SEEKER POPULATION

Since the spring of 2022, 130,600 asylum seekers have been processed through the City’s intake system for asylum seekers.<sup>1</sup> As of September 30, 2023, the City was housing asylum seekers in 148 DHS emergency hotel shelters, 17 HERRCs, 15 HPD emergency hotel shelters, 13 emergency hotel shelters located outside of the City, and 17 emergency respite centers.<sup>2</sup>

As of September 30, 2023, there were 63,015 asylum seeker individuals and 27,309 asylum seeker households housed in shelters administered by DHS, the Department of Youth and Community Development (DYCD), HPD, H+H, and NYCEM. A detailed breakdown of individuals and households, by agency and family type, is presented in Table 1. DHS shelters housed the largest number of asylum seekers, 31,316 or 49.7 percent of the total asylum seeker population in city shelter. The second largest concentration of individuals (20,856 asylum seekers, or 33.1 percent of the total asylum seeker population) were housed in H+H facilities.<sup>3</sup>

	Lead Agency					Total
	DHS	DYCD	HPD	H+H	NYCEM	
<b>Number of Individuals</b>	<b>31,316</b>	<b>44</b>	<b>6,409</b>	<b>20,856</b>	<b>4,390</b>	<b>63,015</b>
Families with Children	28,880	0	4,078	14,900	6	<b>47,864</b>
Adult Families	748	0	309	1,239	444	<b>2,740</b>
Single Adults	1,688	44	2,022	4,717	3,940	<b>12,411</b>
<b>Number of Households</b>	<b>10,185</b>	<b>44</b>	<b>3,332</b>	<b>9,584</b>	<b>4,164</b>	<b>27,309</b>
Families with Children	8,143	0	1,151	4,256	3	<b>13,553</b>
Adult Families	354	0	159	611	221	<b>1,345</b>
Single Adults	1,688	44	2,022	4,717	3,940	<b>12,411</b>

Source: Mayor’s Office of City Legislative Affairs

As of September 30, 2023, 76.0 percent of the asylum seekers were individuals in families with children, 19.7 percent were single adults, and 4.4 percent were individuals in adult families. The majority of individuals in DHS shelters (92.2 percent) were in families with children with 60.3

<sup>1</sup> Email Communication from the Mayor’s Office of City Legislative Affairs, October 18, 2023.

<sup>2</sup> Fiscal 2024 Term and Condition Report, “Asylum Seekers Report September 2023,” Mayor’s Office of City Legislative Affairs, see: <https://council.nyc.gov/budget/wp-content/uploads/sites/54/2023/10/Asylum-Seekers-Report-September-2023.pdf>.

<sup>3</sup> *Id.*

percent of all asylum seekers in families with children residing in DHS shelters. Of the remaining families with children, 31.3 percent were located at HPD facilities and 8.5 percent at H+H and NYCEM facilities. The majority of those in H+H and HPD facilities, 63.6 percent and 71.4 percent respectively, are families with children. For single adults, 38.0 percent resided in H+H facilities, 31.8 percent in NYCEM facilities, 16.7 percent in DYCD and HPD facilities, and 13.6 percent were located in DHS shelters. For adult families, 45.2 percent were located at H+H facilities, 27.3 at DHS shelters, 16.2 percent at NYCEM facilities, and 11.3 percent at HPD facilities.<sup>4</sup>

#### **IV. ASYLUM SEEKER RESPONSE BUDGET OVERVIEW**

A breakdown of the budget for the costs related to the asylum seeker response presented in the Fiscal 2024 Adopted Financial Plan (Adopted Plan) is detailed in Table 2, including a breakdown by fiscal year, agency, and funding source. Additionally, actual spending for Fiscal 2023 and actual spending in Fiscal 2024 through the end of September 2023 are also detailed in Table 2. For Fiscals 2023 through 2025, the largest amount of funding budgeted for the costs related to the asylum seeker response is within DHS, with the second largest amount of funding budgeted for H+H.

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<sup>4</sup> *Id.*

<b>Table 2: Citywide Funding for the Asylum Seeker Response, Dollars in Millions</b>						
Agency	Fiscal 2023			Fiscal 2024		Fiscal 2025
	Adopted Plan	Actual Expenditures *, **	Budgeted - Actual	Adopted Plan	Year to Date Expenditures (September 2023)	Adopted Plan
<b>Funding, by Agency, Budgeted for the Asylum Seeker Response Effort</b>						
Department of Homeless Services	\$713.9	\$764.0	(\$25.1)	\$1,786.3	\$306.0	\$607.2
Human Resources Administration	\$25.0			\$28.7		\$18.8
Health + Hospitals	\$500.0	\$476.0	\$24.0	\$748.0	\$443.0	\$258.0
Housing Preservation and Development	\$32.2	\$38.0	(\$5.8)	\$147.0	\$122.0	\$51.0
NYC Emergency Management	\$96.0	\$92.0	\$4.0	\$160.0	\$48.0	\$55.0
Department of Citywide Administrative Services	\$54.5	\$38.0	\$16.5		\$49.0	
NYC Office of Technology and Innovation	\$31.1	\$31.0	\$0.1	\$30.0	\$28.0	\$10.0
Department of Health and Mental Hygiene	\$2.0	\$4.0	(\$2.0)		\$2.0	
New York City Police Department		\$1.0	(\$1.0)		\$4.0	
Department of Investigations				\$4.6		\$2.3
Department of Youth and Community Development		\$0.5	(\$0.5)			
New York City Fire Department		\$0.4	(\$0.4)			
Department of Design and Construction	\$0.3	\$3.0	(\$2.7)		\$2.0	
Department of Environmental Protection (Housing Recovery Office only)	\$0.1	\$0.3	(\$0.1)		\$2.0	
Department of Parks and Recreation		\$0.2	(\$0.2)			
Other Agencies ***					\$2.0	
<b>Total</b>	<b>\$1,455.1</b>	<b>\$1,448.4</b>	<b>\$6.8</b>	<b>\$2,904.6</b>	<b>\$1,008.0</b>	<b>\$1,002.3</b>
<b>Funding by Source</b>						
City	\$1,016.7			\$2,207.6		\$712.3
State	\$438.0			\$562.0		\$290.0
Federal	\$0.3			\$135.0		\$0.0
<b>Total</b>	<b>\$1,455.0</b>			<b>\$2,904.6</b>		<b>\$1,002.3</b>
<p>* OMB reported actual expenditures in Fiscal 2023 for the Department of Parks and Recreation, the Department of Youth and Community Development, the New York City Fire Department, and the New York City Police Department but there was no budgeted funding for those agencies as of the Fiscal 2024 Adopted Plan.</p> <p>** In the actual spending information reported by OMB for Fiscal 2023, spending for DSS was provided in aggregate for HRA and DHS combined.</p> <p>*** In the information reported by OMB for Fiscal 2024, actual spending for other agencies was reported only in aggregate and includes the Department of Environmental Protection spending outside of the Housing Recovery Office, the Department of Youth and Community Development, the New York City Fire Department, the Department of Parks and Recreations, the Administration for Children's Services, and the New York City Department of Buildings.</p>						

Source: Mayor's Office of Management and Budget

As of the Adopted Plan, the City's total budget for the costs related to the asylum seeker response effort was \$1.46 billion for Fiscal 2023, \$2.90 billion for Fiscal 2024, and \$1.0 billion

for Fiscal 2025.<sup>5</sup> On August 9, 2023, just a few weeks after the Adopted Plan was released, the City revised its cost projections to \$4.7 billion for Fiscal 2024, an increase of \$1.8 billion, and to \$6.1 billion for Fiscal 2025, an increase of \$5.1 billion, as shown in Table 3 below. The City’s cost projections as of the Adopted Plan for Fiscals 2024 and 2025 totaled \$3.9 billion. The updated estimate for the cost of the City’s provision of services to asylum seekers in Fiscals 2024 and 2025 is \$10.8 billion, or \$6.9 billion greater than the amount budgeted in the Adopted Plan.<sup>6</sup> The revised cost projections have not yet been included in the budget. To date, nothing is budgeted for the costs related to the asylum seeker response efforts beyond Fiscal 2025, although it is assumed that there will be a need for funding beyond Fiscal 2025.

<b>Point in Time</b>	<b>Fiscal 2024</b>	<b>Fiscal 2025</b>	<b>Two-Year Total</b>
<i>Adopted Plan Budget</i>	\$2.9	\$1.0	\$3.9
<i>August 2023 Updated Estimate</i>	\$4.7	\$6.1	\$10.8
<b>Difference</b>	<b>(\$1.8)</b>	<b>(\$5.1)</b>	<b>(\$6.9)</b>

*Source: Mayor’s Office of Management and Budget*

In Fiscal 2023, actual City expenditures on asylum seeker response efforts totaled \$1.45 billion, or \$6.8 million less than the budgeted amount as of the Adopted Plan.<sup>7</sup> As of September 30, 2023, the City had spent \$1.0 billion in Fiscal 2024 on the asylum seeker response efforts.<sup>8</sup> The City has spent approximately 34.4 percent of the funding currently budgeted for Fiscal 2024 in the first three months of the year. In Fiscal 2023, spending in DSS, which is comprised of both DHS and the Human Resources Administration (HRA), constituted the largest portion, 52.7

<sup>5</sup> This information is on record with the City Council Finance Division and was derived from an analysis of documents provided by the Mayor’s Office of Management and Budget. The budgeted funding totals as of the Adopted Plan encompass funding across multiple agencies. The Mayor’s Office of Management and Budget denoted such funding with specific budget codes to indicate it was related to asylum seeker response efforts. The agencies included in such totals are listed in Table 1.

<sup>6</sup> New York City Office of the Mayor, Press Release, “As City Nears Arrival of 100,000 Asylum Seekers Since Last Spring, Mayor Adams Lays out Updated Costs if State and Federal Governments do not Take Swift Action,” August 9, 2023, see: <https://www.nyc.gov/office-of-the-mayor/news/583-23/as-city-nears-arrival-100-000-asylum-seekers-since-last-spring-mayor-adams-lays-out-updated#/0>.

<sup>7</sup> Email Communication from the Mayor’s Office of Management and Budget, July 13, 2023.

<sup>8</sup> *Supra* Note 2.

percent, or \$764 million, of total citywide spending on the asylum seeker crisis. Spending by H+H (\$479 million) made up the second largest portion of Fiscal 2023 asylum seeker spending, at 32.9 percent of total costs.<sup>9</sup> In Fiscal 2024, H+H expenditures have increased at a faster pace than DSS expenditures. Through September 30, 2023, H+H expenditures made up the largest portion of asylum seeker spending, at \$443.0 million, or 43.9 percent of total asylum seeker spending. DSS had the second largest concentration of spending in Fiscal 2024, at \$306 million, or 30.4 percent of total spending.<sup>10</sup> The agency breakdown of actual spending in Fiscals 2023 and 2024 is detailed in Table 2.

#### **V. ASYLUM SEEKER PER DIEM COST**

The two main determinants of the cost of the City's asylum seeker response efforts are the size of the population and the cost of the services provided. The Administration projects the City's future expenditures by utilizing a per diem cost, which is a cost per day, per household for the provision of services provided. The Administration has shared the per diem costs for asylum seekers with the City Council on a number of occasions, but the calculation of this cost remains opaque or unclear.

On November 21, 2022, OMB reported it was using two projected per diem costs to estimate future costs to the City – \$254 for DHS shelters and \$400 for HERRCs.<sup>11</sup> On January 19, 2023, OMB reported the City's actual per diem cost based on costs incurred to date was \$363, across all agencies and types of asylum seeker shelter.<sup>12</sup> On April 21, 2023, OMB reported it was using two projected per diem costs – \$380 in Fiscal 2023 and \$320 in Fiscal 2024.<sup>13</sup>

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<sup>9</sup> *Supra* Note 7.

<sup>10</sup> *Supra* Note 2.

<sup>11</sup> The Mayor's Office of Management and Budget, "November Financial Plan Asylum Seeker Cost Analysis," November 21, 2022. On file with the City Council Finance Division.

<sup>12</sup> The Mayor's Office of Management and Budget, "Asylum Seeker Update," January 19, 2023. On file with the City Council Finance Division.

<sup>13</sup> The Mayor's Office of Management and Budget, "Asylum Seeker Projections," April 21, 2023. On file with the City Council Finance Division.

As part of the City Council’s budget agreement with the Administration in the Adopted Plan, the Administration is required to provide the Council with monthly reports on the aggregate per diem rate, including a list of the expenses included in the per diem.<sup>14</sup> As of July 31, 2023, the Administration reported that the aggregate per diem rate was \$383, which included shelter, security, and food expenses.<sup>15</sup> As of September 11, 2023, using expenses incurred through July 31, 2023, the Administration reported the City had spent an average of \$387 per asylum seeker household, per night, for expenses that included shelter, security, and food.<sup>16</sup> As of October 10, 2023, using expenses incurred through August 30, 2023, the Administration reported the City had spent an average of \$394 per asylum seeker household, per night, for expenses that included shelter, security, and food.<sup>17</sup>

Population	Fiscal 2019	Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023
<i>Single Adults</i>	\$124.38	\$130.63	\$137.74	\$135.83	\$145.13
<i>Adult Families</i>	\$158.71	\$171.40	\$172.99	\$172.31	\$243.51
<i>Families with Children</i>	\$201.60	\$202.69	\$193.76	\$188.20	\$232.40

Source: Fiscal 2023 Mayor’s Management Report

DHS, the City agency primarily tasked with preventing homelessness and assisting those experiencing homelessness, is also the City’s largest shelter-administering agency. Historical per diem costs for DHS thus provide the most pertinent comparative basis for the per diem costs the City has incurred serving asylum seekers. Table 4 details DHS’ recent per diem costs, by fiscal year and population type. Fiscal 2023 is the first year in which DHS operated emergency asylum seeker shelters and it is the only year in Table 4 where the per diem costs for DHS were impacted

<sup>14</sup> The Council of the City of New York, “Fiscal 2024 Terms and Conditions,” see: <https://council.nyc.gov/budget/wp-content/uploads/sites/54/2023/09/FY24-Terms-and-Conditions.pdf>.

<sup>15</sup> Fiscal 2024 Term and Condition Report, “Asylum Seekers Report July 2023,” Mayor’s Office of City Legislative Affairs, see: <https://council.nyc.gov/budget/wp-content/uploads/sites/54/2023/09/Asylum-Seekers-Report-July-2023.pdf>.

<sup>16</sup> Fiscal 2024 Term and Condition Report, “Asylum Seekers Report August 2023 Revised,” Mayor’s Office of City Legislative Affairs, see: <https://council.nyc.gov/budget/wp-content/uploads/sites/54/2023/10/Asylum-Seekers-Report-August-2023-Revised.docx>.

<sup>17</sup> *Supra* Note 2.



by the asylum seeker response costs. In Fiscal 2022, the last year in which the DHS per diem costs did not include the costs of housing asylum seekers, the DHS per diem cost was \$135.83 for single adults, \$172.31 for adult families, and \$188.20 for families with children. While the DHS per diem costs had increased slightly between Fiscals 2019 and 2022, the DHS per diem costs in Fiscal 2022 are still significantly below the asylum seeker per diem costs that have been reported. The most recent asylum seeker per diem cost presented by the Administration, \$394, is a 190 percent increase over DHS's Fiscal 2022 per diem cost for single adults, a 163 percent increase from the per diem cost for adult families, and a 152 percent increase over the per diem cost for families with children.<sup>18</sup>

At the hearing, the City Council seeks to clarify several factors about the asylum seeker per diem cost including how it is calculated, what it is comprised of, what is the breakdown of the components that go into the per diem cost, how it differs across populations and agencies, and if it is derived based on actual or projected costs.

## **VI. ASYLUM SEEKER CONTRACT REVIEW**

The City Council's Oversight and Investigations Division (OID) examined the terms of several asylum seeker crisis-related contracts with various City agencies and H+H. These contracts, involving vendors providing a wide range of services, were analyzed to assess if City agencies are encountering substantial cost disparities for the provision of similar services. OID found significant variation in costs across different vendors for seemingly comparable services. This finding raises concerns about the contract review processes employed by individual agencies and the Administration at large, and whether each contract offers the maximum value for the

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<sup>18</sup> The New York City Mayor's Office, "*The Mayor's Management Report*", September 2023, see: [https://www.nyc.gov/assets/operations/downloads/pdf/mmr2023/2023\\_mmr.pdf](https://www.nyc.gov/assets/operations/downloads/pdf/mmr2023/2023_mmr.pdf).

services provided. The following table and charts highlight the discrepancies found by position, vendor, agency, and service category.

### Rates of Pay Across Vendors for Security and Fire Safety

<b>Table 5: Security and Fire Safety Hourly Rates by Vendor and Title</b>				
<b>Vendor</b>	<b>Agency</b>	<b>Fire Life Safety Director</b>	<b>Fire Guard</b>	<b>Security Officer</b>
FJC Security	DHS	\$24.79	\$21.04	\$21.04
Garner	HPD	N/A	\$117.25	\$117.25
Mulligan Security	H+H	\$63.01	\$46.20	\$32.70
Aron Security d/b/a Arrow Security	H+H	\$64.72	N/A	\$34.82
SLSCO	NYCEM	N/A	N/A	\$100.00
DocGO	H+H	N/A	N/A	\$40.00
DocGO	HPD	N/A	N/A	\$50.00

OID found significant disparities in compensation for what appear to be identical roles within the Security and Fire Safety contracts, as shown in Table 5. Per FJC Security Services, Inc.’s (FJC Security) contract with DHS,<sup>19</sup> which notably pre-dates the asylum seeker crisis, Fire Life Safety Directors or Fire Safety Directors are billed at a rate of \$24.79/hour, in stark contrast to the \$63.01/hour for Mulligan Security LLC’s (Mulligan) contract with H+H and the \$64.72/hour for Aron Security, Inc. d/b/a Arrow Security’s (Arrow) contract with H+H.<sup>20</sup> Fire Guards are billed at similarly disparate rates, with FJC Security billing DHS \$21.04/hour while Garner Environmental Services, Inc. (Garner), is billing HPD \$117.25/hour for what appears to be the same position.<sup>21</sup>

In the category of Security Officers, the variability persists across agencies: on the lower end, FJC Security’s contract with DHS pays \$21.04/hour for entry level security officers,<sup>22</sup>

<sup>19</sup> FJC Security Services, Inc. Master Agreement with DHS for Security Guards and Related Services (eff. Dec. 1, 2018) (on file with Council).

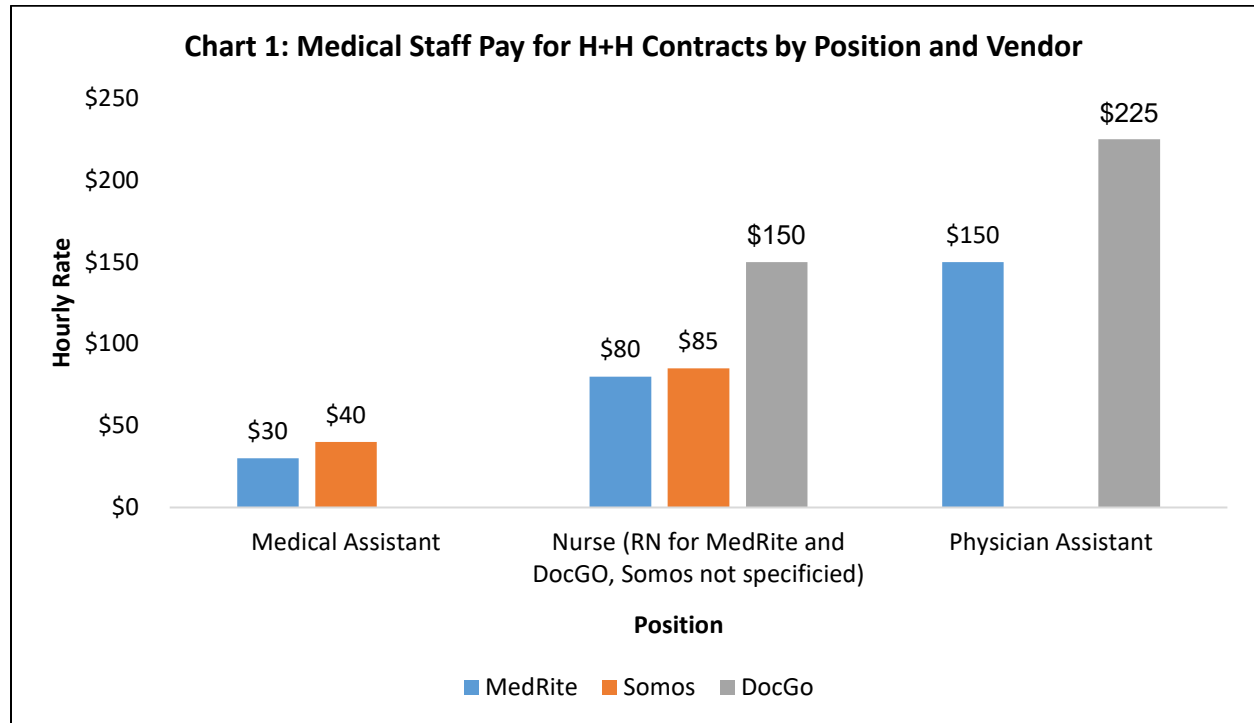
<sup>20</sup> Mulligan Security LLC Contract with H+H for Humanitarian Emergency Response and Relief Services (eff. May 11, 2023) (on file with Council); Aron Security, Inc. d/b/a Arrow Security Contract with H+H for Temporary Security Staffing Services (eff. July 1, 2022) (on file with Council) (rate for period of July 1, 2023–June 30, 2024).

<sup>21</sup> Garner Environmental Services, Inc. Contract with HPD for Housing and Housing Related Services (eff. Mar. 24, 2023) (on file with Council).

<sup>22</sup> FJC Security Contract, *supra* note 19.

Mulligan’s contract with H+H pays \$32.70/hour,<sup>23</sup> and Arrow’s contract with H+H pays \$34.82/hour for the least experienced security officers.<sup>24</sup> At the other end of the spectrum, SLSCO Ltd.’s contract with NYCEM includes pay rates of \$100/hour and Garner’s contract with HPD has pay rates of \$117.25/hour.<sup>25</sup> Even within the same agency, the pay rates vary widely: Rapid Reliable Testing NY LLC d/b/a DocGo (DocGo)’s rate for security guards under its contract with HPD is \$50/hour while the Garner contract rate with HPD is \$117.25/hour.<sup>26</sup> These discrepancies underscore that both inter- and intra-agency comparison of rates yield a wide spectrum of hourly wages for seemingly similar roles.

### Medical Positions at NYC Health and Hospitals Corporation Vendors



<sup>23</sup> Mulligan Contract, *supra* note 20.

<sup>24</sup> Arrow Contract, *supra* note 20 (rate for period of July 1, 2023–June 30, 2024).

<sup>25</sup> SLSCO Ltd. Contract with NYCEM for Asylum Seeker Operations (eff. Oct. 17, 2022) (on file with Council); Garner Contract, *supra* note 21.

<sup>26</sup> Rapid Reliable Testing NY LLC Contract with HPD (eff. May 5, 2023) (on file with Council); Garner Contract, *supra* note 21.

Chart 1 details the variation in hourly wages for Medical Assistants, Nurses (Registered Nurses or unspecified), and Physician Assistants contracted by H+H for three different vendors: MedRite LLC (MedRite),<sup>27</sup> Somos Healthcare Providers Inc., LLC (Somos),<sup>28</sup> and DocGo.<sup>29</sup> Medical Assistants are billed at \$30/hour by MedRite for the day shift and \$40/hour by Somos for Medical Assistants on the “Screening Team.”<sup>30</sup> For nursing positions, there is a noticeable difference in hourly rates, with MedRite charging \$80/hour for day shift registered nurses (RNs), Somos charging \$85/hour for Screening Team staffing, and DocGo charging \$150/hour for RNs.<sup>31</sup> It is important to note that the nursing role specifications vary across contracts, with RN specified for MedRite and DocGo, while Somos’ contract does not specify the type of nursing services.<sup>32</sup> Physician Assistants are billed at \$150/hour for day shift staffing in MedRite’s contract and a significantly higher \$225/hour in the contract with DocGo (with no specificity as to shift).<sup>33</sup> This breakdown highlights that substantial variability in compensation by different vendors exists even when contracted through the same agency, underscoring the necessity for a comprehensive evaluation to ensure cost-effective contracting.

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<sup>27</sup> Medrite Contract with H+H for Humanitarian Emergency Response and Relief Services (eff. Feb. 28, 2023) (on file with Council).

<sup>28</sup> Somos Contract with H+H for Infectious Disease Services (eff. Oct. 1, 2022) (on file with Council).

<sup>29</sup> DocGo Contract with H+H for Migrant Mobile Health Response (eff. Oct. 26, 2022) (on file with Council).

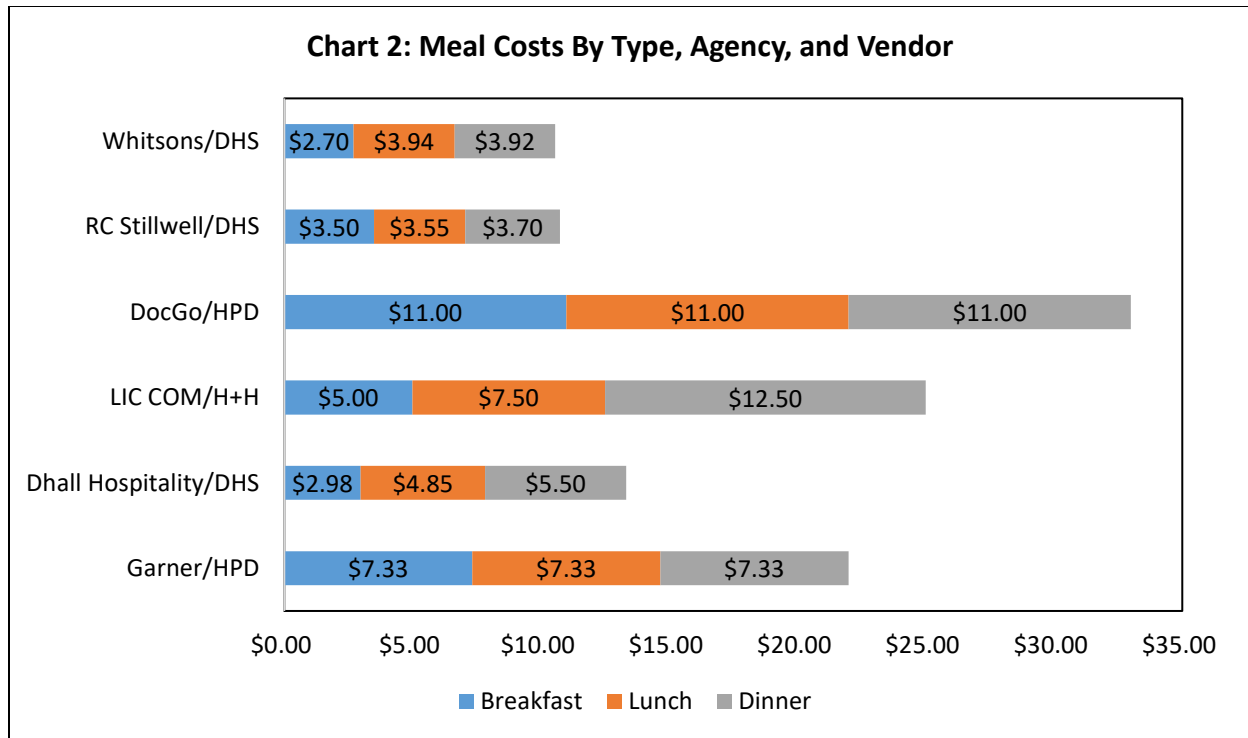
<sup>30</sup> Medrite Contract, *supra* note 27; Somos Contract, *supra* note 28. In the Somos Contract, rates for medical staff, including nurses, are divided into the rates for the “Screening Team” and those for the “Isolation Team.” The lower hourly rate of \$85/hour for the Screening Team, rather than the \$100/hour for the Isolation Team, was selected for this analysis.

<sup>31</sup> *Id.*; DocGo Contract, *supra* note 29.

<sup>32</sup> *Id.* Although rates for Licensed Practical Nurses (LPNs) were included in some contracts, they were not part of OID’s analysis.

<sup>33</sup> Medrite Contract, *supra* note 27; DocGo Contract, *supra* note 29.

## Meal Costs



The data analyzed by OID regarding meal costs across different vendors and agencies highlights further disparities, as shown in Chart 2. The DHS contracts with RC Stillwell, LLC d/b/a Riviera,<sup>34</sup> Whitsons,<sup>35</sup> and Dhall Hospitality Group, LLC<sup>36</sup> are all on the low end of the range with daily totals of \$10.75, \$10.56, and \$13.33, respectively. Garner, contracting with HPD, has a daily cost of \$22 (averaging out to \$7.33/meal) – \$8.67 greater than the highest daily rates in DHS’s contracts.<sup>37</sup> H+H’s contract with LIC COM, LLC includes an average daily expense of \$25.00, for 1,201 or more meals per period.<sup>38</sup> Finally, HPD’s contract with DocGo maintains a flat rate of \$11.00 across all meals, resulting in the highest daily expense for meal costs in asylum seeker contracts.<sup>39</sup>

<sup>34</sup> RC Stillwell, LLC d/b/a Riviera Amendment Agreement with DHS (eff. Oct. 29, 2022) (on file with Council).

<sup>35</sup> Whitsons Amendment Agreement with DHS (eff. Jan. 28, 2023) (on file with Council).

<sup>36</sup> Dhall Hospitality Group, LLC Contract with DHS (eff. Oct. 29, 2022) (on file with Council).

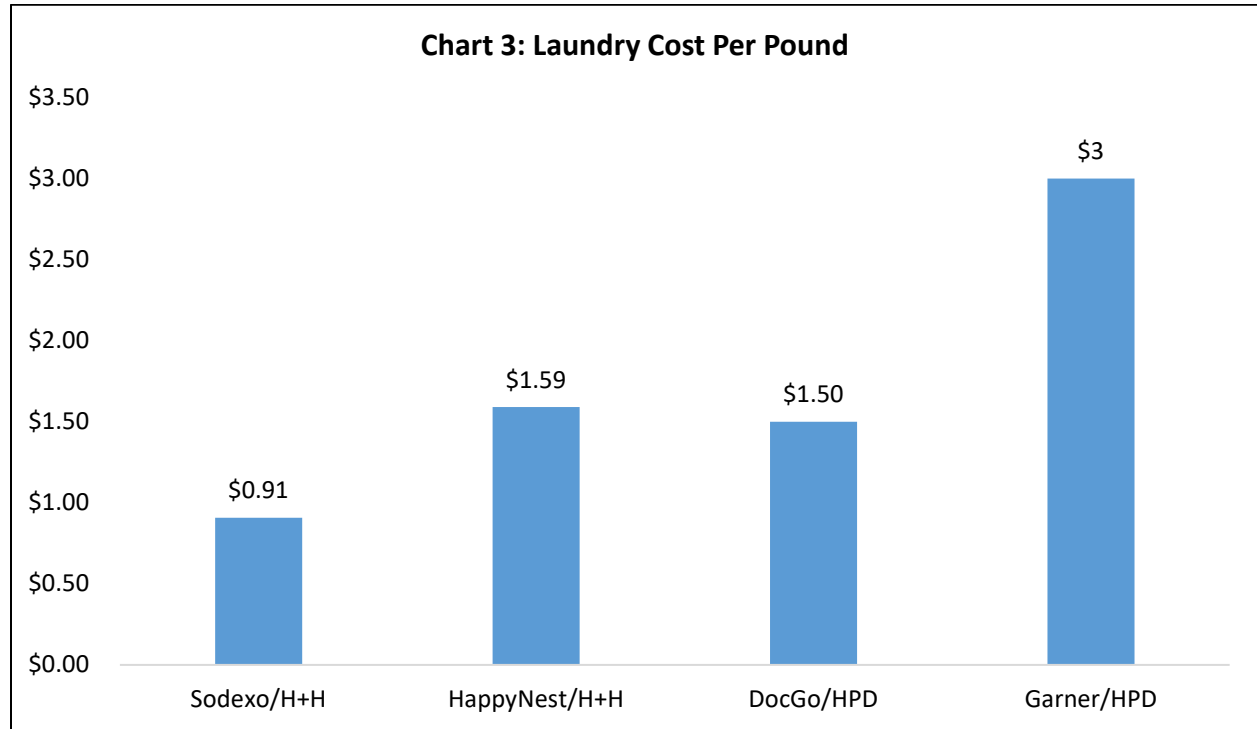
<sup>37</sup> Garner Contract, *supra* note 21 (contracting for a unit price of \$351,120/month for meals for 532 people each day, consisting of two cold meals and one hot meal).

<sup>38</sup> LIC COM, LLC Contract with H+H for Migrant Hotel Food Services (eff. Nov. 1, 2021) (on file with Council) (Rates for less than 600 meals per period are \$35/day and for 601-1200 meals per period are \$30/day.)

<sup>39</sup> Rapid Reliable Testing Contract, *supra* note 26.

These cost differences between vendors, and the variations across agencies, emphasize the need to better understand the factors that lead to these cost differences, in order to ensure that meal services are both cost-effective and are of high quality.

### Laundry Costs



OID’s analysis of the various contracts for laundry services for asylum seekers found notable variations between the cost per pound rate, both within and across agencies, as shown in Chart 3. For example, H+H contractor Sodexo Laundry Services, Inc. and Nexera, LLC (Sodexo) charges \$0.91 per pound for laundry services,<sup>40</sup> while HappyNest’s contract includes a rate of \$1.59 per pound.<sup>41</sup> For HPD’s contract with DocGo, laundry services are priced at \$1.50 per pound,<sup>42</sup> significantly lower than the agency’s contract with Garner which charges \$3.00 per pound.<sup>43</sup>

<sup>40</sup> Sodexo Laundry Services, Inc. and Nexera, LLC Contract with H+H, 11<sup>th</sup> Amendment (eff. Dec. 12, 2022) (on file with Council)

<sup>41</sup> HappyNest Inc. Contract with H+H for Laundering Services (eff. Feb. 13, 2023) (on file with Council) (calculated based on \$43/bag with a max weight of 27 pounds).

<sup>42</sup> Rapid Reliable Testing Contract, *supra* note 26.

<sup>43</sup> Garner Contract, *supra* note 21.

H+H's laundry contract with Sodexo appears to have been amended from an existing contract that the agency expanded in order to provide services for asylum seekers. In contrast, HPD faces higher costs from both of their vendors, especially from Garner, whose per pound rate is over three times that of the cheapest alternative laundry vendor's per pound cost. These variations in costs may highlight a potential opportunity for cost optimization and standardization of pricing across similar services to ensure the best value for contracting dollars, even in an emergency.

## **VII. CONCLUSION**

While the City can and will continue to meet the needs of the asylum seekers as they transition into self-support, we must do so with a clear understanding of the ongoing costs to maximize the value for the limited resources we have available. These Committees will explore this and more in today's hearing.