

CITY COUNCIL
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

Of the

COMMITTEE ON CONTRACTS

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B E F O R E: HELEN K. ROSENTHAL
Chairperson

COUNCIL MEMBERS:

PETER A. KOO
COSTA G. CONSTANIDES
CHAIM M. DEUTSCH
CORY D JOHNSON
RUBEN WILLS
I. DANEEK MILLER
RITCHIE J. TORRES

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

Jannel Doris
Senior Advisor and Director of the new Mayor's
Office of M/WBE's

Michael Owh
Director of the Mayor's Office of Contract
Services and City Chief Procurement Officer

Angel Vazquez
Representative of the American Council of
Engineering Companies of New York or ACEC New
York

Steven Levy
Managing Director of Sprague Operating Resources
LLC

Kimberly Hardy
Department of Small Business Services

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[gavel]

CHAIRPERSON ROSENTHAL: Good morning and welcome to the contracts committee of the New York City council. My name is Helen Rosenthal and I have the privilege of Chairing this committee hearing. I'd like to welcome Council Member Costa Constantinides from Queens, I'm looking forward to hearing about his legislation. Today's hearing provides this committee with the first opportunity to hear two critical pieces of legislation that aim to improve the city's contracting process. City agencies currently accept procurement invoices from vendors in paper rather than an electric format. Last I... last I checked it's the 21st century and so I'm looking forward to moving into it with you. One of the bills before the committee today Introduction 1292 sponsored by Council Member Costa Constantinides would cut on down on paper waste and improve the relationship between vendors and city agencies by requiring all agencies to accept procurement invoices electronically. Procurement reform is never going to be the sexiest issue but we have to get procurement right if we want to have a chance to get anything else right. Just this week the council passed Intro 1271A requiring

1 vendors to fill out their vendor procurement
2 questionnaire online. Intro 1292 is another important
3 step toward improving the sustainable operation of
4 our procurement process, one really follows the
5 other. So, I appreciate your legislation Council
6 Member. The second bill we're hearing today addresses
7 the issue of discrimination in public contracting.
8 Intro 1379, sponsored by Council Member Ritchie
9 Torres would make it unlawful for a city agency to
10 deny any person a public contracting opportunity
11 because of their actual or perceived race, creed,
12 color, national or age, gender, disability, sexual
13 orientation, alienage or citizenship status. The
14 issues raised in Introduction 1379 should have been
15 enshrined into law long ago and we commend Council
16 Member Torres on his leadership in making sure that
17 there's no place for discrimination of this kind in
18 our city's procurement process. We look forward to
19 hearing testimony from the Mayor's Office of Contract
20 Services today. My fellow nerd, Michael Owh as well
21 as from interested advocates and members of the
22 general public. Before we would begin I'd like to
23 thank my committee staff; Committee Council Alex
24 Paulenoff, Policy Analyst Casey Addison, Financial,
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2 Financial Analyst Brandon West, and Finance, Finance
3 Unit Head Josh... John Russell, of course my
4 Legislative Director Sean Fitzpatrick, and my Chief
5 of Staff Marie Samoc. I would also like to welcome
6 today our substitute Committee Council, Josh whose
7 last name I really don't care what it is because I
8 like the first name Josh but tell me your last name
9 again?

10 COMMITTEE CLERK KINGSLEY: King,

11 Kingsley.

12 CHAIRPERSON ROSENTHAL: Kingsley, Josh

13 Kingsley who's going to do an amazing job today.

14 Council Member Constantinides I'd like to turn the
15 floor over to you to say a few words about your
16 legislation.

17 COUNCIL MEMBER CONSTANTINIDES: Thank you

18 Chair Rosenthal and congratulations on your bill

19 going earlier this week and all the great work that

20 you're already doing as chair of the Contracts

21 Committee, you've been a great Chair and, and a great

22 fighter to make our city contracting a lot more

23 sensible so thank you. Good morning, as a Council

24 Member my main focus has been on making our city more

25 green and more sustainable, this council has achieved

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2 a great deal in partnership with the administration
3 from pledging to reduce emissions, 80 percent by
4 2015, to revamping the air code, to our HA
5 legislation that we signed into law this week.
6 There's a lot more we can do however to ensure that
7 even the smallest government transactions are green
8 as well. Everyday city agencies interact with
9 hundreds of contractors from dozens of different
10 fields. Many if not most of the times that they do
11 they generate a receipt, procurement invoice or other
12 document for the transaction. This means that in the
13 age of smart phones and tablets hundreds of thousands
14 of pieces of paper are still being generated by the
15 city activity every week. There is no reason that we
16 as a city should be conducting business this way
17 anymore and that's where Intro 1292 comes in. it
18 simply directs that all agencies accept vouchers and
19 invoices electronically and instructs the procurement
20 policy board to promulgate rules to assist them in
21 doing so. They also give the city six months to... from
22 the date of enactment to put together an electronic
23 system into place giving both the city and
24 contractors time to acclimate to this new system.
25 With this bill, we hope to save hundreds of trees

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2 over the course of the year and each of these trees
3 conserve up to 20... 48 pounds of carbon per year that
4 we've made another strong step towards reducing our
5 city emissions 80 percent by 2050 while making the
6 interactions with small businesses and all businesses
7 in the city simpler. So, thank you Chair Rosenthal.

8 CHAIRPERSON ROSENTHAL: I like the way
9 this guy thinks. So, with that said I'll now turn the
10 floor over to Michael Owh, Director of the Mayor's
11 Office of Contract Services to get us started. We
12 also have Jonnel Doris from the office of MWBE and
13 Kimberly Hardy from the Department of Small Business
14 Services.

15 MICHAEL OWH: Thank you, we're actually
16 going to start with Director Jonnel Doris.

17 JONNEL DORIS: Good morning Chair
18 Rosenthal and members of the council's Committee on
19 Contracts, also Councilman Constantinides. Thank you
20 for having us here today. My name is Jonnel Doris and
21 I'm the Senior Advisor of... and Director of the
22 Mayor's Office of M/WBE's. Also with me today as you
23 know is Michael Owh, the Director of the Mayor's
24 Office of Contract Services and Kimberly Hardy who is
25 the Deputy Commissioner at SBS. We thank you and this

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2 committee for attention to M/WBE's and these
3 important matters here today. On September 28th, 2016
4 Mayor Bill De Blasio announced the Mayor's Office of
5 M/WBE's as a critical and much needed next step in
6 the administration efforts to drastically increase
7 the businesses opportunities for minority and women
8 owned entrepreneurs. The Mayor and the citywide
9 Director, Deputy Mayor Buery, pledged ambitious goals
10 of achieving 30 percent M/WBE utilization by the of
11 Fiscal Year 2021, 9,000 certified M/WBE's by the end
12 of year 2019, and the launch of the Contract
13 Financing Fund administered by SBS. The M/WBE program
14 is designed to remedy the historic efforts of..
15 effects, sorry, of discrimination on our city's
16 procurement process and system. Expanding
17 opportunities to M/WBE's is important to this
18 administration's effort to fight income inequality.
19 There are four core principles that guide the work of
20 the Office of M/WBE; accessibility, capacity,
21 accountability, and sustainability. We are lowering
22 barriers to entry, providing resources, increasing
23 accountability, and creating strategic initiatives to
24 increase M/WBE's ability to compete successfully in
25 the marketplace. The city's M/WBE program is an

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2 economic development tool meant to close the
3 historical gap in access, the results of which are
4 statistically demonstrable in contracting today.
5 Additionally, the M/WBE program has positive
6 implications for the entire local economy and the
7 workforce as M/WBE's tend to hire locally. Pursuant
8 to Local Law 1, which governs the city's M/WBE
9 program, we nearly doubled our combined prime and
10 subcontract utilization rate, that's the percent of
11 dollars awarded to M/WBE's subject to the City's
12 Program from eight percent in 2015 to 14.3 percent in
13 2016. As of the close of Q2, midyear, of 2000... Fiscal
14 Year 2017 we were at 18 percent or 571 million
15 dollars in awards to M/WBE's. The utilization rate is
16 the metric of success of the M/WBE's program. The
17 utilization rate is the value of the M/WBE awards
18 over the value of the applicable city awards, that
19 is... that could be potentially be awarded to an M/WBE
20 pursuant to Local Law 1.as of the close of 2016, SBS
21 certified over 4,800 M/WBE's, a 31 percent increase
22 from the start of the administration. We are ahead of
23 schedule in achieving our OneNYC goal, as you know
24 which covers non-mayoral agencies and mayoral
25 agencies. Currently, 3.54 billion has been awarded to

1 M/WBE's through the end of 2016 under the OneNYC
2 goal, which aims to award 16 billion by the close of
3 Fiscal Year 2025. This demonstrates the city's
4 commitment to a robust M/WBE program aimed to
5 leveling the playing field and removing barriers to
6 M/WBE participation. On March 23rd, 2017, the Mayor's
7 Office of M/WBE's launched the Contract Finance Loan
8 Fund which is administered by SBS. M/WBE's and small
9 businesses or vendors can apply for loans up to
10 500,000 at a low three percent interest rate. We have
11 also implemented systems and policy changes that
12 improve the, the access and user experience for
13 M/WBE's. SBS has retooled the M/WBE Directory and
14 Certification Application, including the creation of
15 a standalone Sole Proprietor Application. Last year
16 alone with other policy changes MOCS implemented an
17 increase in the discretionary limit of construction
18 purchases from 20 to 35,000. Finally, SBS has held
19 more than 89 outreach events in five boroughs to
20 attract women and minority entrepreneurs to
21 participate in the city's program. We support the
22 goal of Intro 1379, which is in line with the intent
23 of the city's M/WBE program authorized by Local Law
24 1. This bill would essentially codify that
25

1 discrimination in procurement is prohibited. Again,
2 we want to thank the Chair of the committee, the
3 members, and our elected partners in the city council
4 and state legislature who have been M/WBE champions
5 and partners in our work to remove barriers and
6 increase opportunities for M/WBE's. Now I would like
7 to turn it over to Michael Owh, the Director of the
8 city's Mayor's Office of Contract Services and our
9 Chief Procurement Officer.
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11 MICHAEL OWH: Thank you Jonnel. Good
12 morning Chair Rosenthal and the members of the city
13 council Committee of Contracts. My name is Michael
14 Owh and the Director of the Mayor's Office of
15 Contract Services and the city Chief Procurement
16 Officer. Thank you for the opportunity to share
17 testimony before this committee. The administration
18 shares the vision for Intro 1292, efficient,
19 paperless transactions which reduce burdens on
20 vendors and agency staff and will ultimately
21 accelerate invoice approval times. However, we
22 believe additional examination of current processes
23 and available enabling technology is necessary and
24 therefore recommend an implementation timeline to
25 launch a new process in Fiscal Year 2020. This will

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2 give agencies, potential partners and vendors
3 adequate time to plan, articulate needs and update
4 protocols to best achieve favorable outcomes. In
5 Fiscal 2016, city agencies procured 15.3 billion
6 dollars' worth of goods, services, and construction
7 through more than 41,300 transactions. The number of
8 invoices and payments that stem from these
9 transactions are exponentially higher than the number
10 of contracts. Furthermore, the complicated nature of
11 the city's portfolio of projects extends to the
12 payment process. The invoicing and payment process
13 for an afterschool program is going to be very
14 different than the invoicing and payment process for
15 the construction of a building. The exact nature of
16 the electronic voucher and invoice system is critical
17 in deriving value from a citywide electronic process.
18 For instance, while the city could mandate receipt of
19 electronic invoices, if this requirement was met
20 simply by accepting documents by email, the process
21 by itself would not necessarily add any value to the
22 city or vendors and may actually create additional
23 issues related to document types, size, retention,
24 etcetera. If the city was to implement a, a more
25 comprehensive technology solution, we would need,

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2 need to initiate a detailed analysis of the
3 requirements, necessary process changes, and
4 technology architecture. This will require
5 considerable time and resources, as it should when
6 dealing with such an important task. We appreciate
7 the council's efforts to modernize the contracting
8 process in New York City. To realize the important
9 goal of electronic invoicing and payments, we would
10 like to continue to partner with you to examine
11 solutions and outline a plan of action. This will
12 allow us to identify the requirements as well as the
13 investments needed to achieve the intent of Intro
14 1292. Thank you again for the opportunity to testify.
15 We will now answer any questions you have at this
16 time.

17 CHAIRPERSON ROSENTHAL: Welcome Council
18 Member Torres, would you like to make some
19 introductory remarks about your bill. We've now heard
20 from the administration but I'd love to give you an
21 opportunity to do so?

22 COUNCIL MEMBER TORRES: Can I ask what is
23 the administration's position on my bill or...

24 JONNEL DORIS: Council Member we, we, we
25 support the bill.

COUNCIL MEMBER TORRES: Okay, great.

That's... I, I, I rest my case. Yeah. Well first I, I want to thank Council Member Rosenthal when I brought the bill to your attention you could not have been more expeditious in scheduling the hearing. So, I owe you a huge debt of gratitude. Obviously a common boast in New York City is that we have the broadest and deepest set of protections against discrimination for individuals in matters of employment and housing and public accommodations but an analysis by the comptroller's office found that there was no law that explicitly and unambiguously protects M/WBE's from discrimination in matters of, of public contracting and so this legislation is an attempt to fill that gaping hole and a huge debt of gratitude to the comptroller and his professional staff for discovering this void and I'm happy to see that the administration is supportive so..

CHAIRPERSON ROSENTHAL: Thank you. Thank you.

COUNCIL MEMBER TORRES: Thank you.

JONNEL DORIS: Thank you.

CHAIRPERSON ROSENTHAL: Thank you.

Council Member Constantinides I'm going to ask if, if

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2 you would like to start with the questions or do you
3 want me to start?

4 COUNCIL MEMBER CONSTANTINIDES: You're
5 the Chair so you... [cross-talk]

6 CHAIRPERSON ROSENTHAL: No, no, no... it's
7 your bill so I'd love to give you the first go
8 around... [cross-talk]

9 COUNCIL MEMBER CONSTANTINIDES: ...well
10 thank you... [cross-talk]

11 CHAIRPERSON ROSENTHAL: ...and then I'll
12 jump in, thank you.

13 COUNCIL MEMBER CONSTANTINIDES: Thank you
14 Chair Rosenthal, I, I really appreciate that, thank
15 you. So, 41,300 transactions are what I was reading
16 in your testimony?

17 MICHAEL OWH: Yes, sir.

18 COUNCIL MEMBER CONSTANTINIDES: How, how
19 many pieces of paper do we think are generated from
20 all of those transactions.

21 MICHAEL OWH: I, I, I think it would be
22 irresponsible of me to speculate but I bet it's a
23 lot.

24 COUNCIL MEMBER CONSTANTINIDES: A lot,
25 that, that doesn't sound good and how do we do as far

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2 as them getting lost or I mean having a lot of pieces
3 of paper, you know I know what my desk looks like
4 sometimes to just the matter of keeping track of them
5 all, how are we doing as a city as far as making sure
6 that all these contractors are getting paid and are,
7 are there instances of late payment because just
8 paper is just not being... paper's being paper and it's
9 just not always findable right away?

10 MICHAEL OWH: So, you know I think as, as
11 I said in my testimony I completely agree, we all
12 completely agree with the intent and the vision of
13 the bill and so we think that it, it makes sense that
14 in 2017 that we do move towards a paperless
15 electronic more efficient process, I don't have any
16 specific examples of paper getting lost but as you
17 and I both know that does on occasion happen... [cross-
18 talk]

19 COUNCIL MEMBER CONSTANTINIDES: Yep...
20 [cross-talk]

21 MICHAEL OWH: ...and so, I'm sure that...
22 I'm, I'm sure the answer is yes, I just don't have a,
23 a specific... [cross-talk]

24 COUNCIL MEMBER CONSTANTINIDES: Are there
25 other cities that we can learn from that have done

1 this type of electronic procurement that we can sort
2 of look at and take examples from?

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4 MICHAEL OWH: So, there are actually
5 other jurisdictions that have implemented electronic
6 solutions for a variety of procurement related tasks,
7 I think the state of Virginia is a leader, the state
8 of Arizona... [coughs] excuse me... the state of Arizona.
9 We have been talking to them about various
10 efficiencies that can be gained from going paperless.

11 COUNCIL MEMBER CONSTANTINIDES: And it's
12 going to save us money too, right not having to
13 generate all that paper and make our interactions
14 easier with all of these contractors, correct?

15 MICHAEL OWH: I think the, the... going
16 paperless and making things more efficient,
17 automating, having a process that just makes sense
18 and makes it easier for our vendor partners but also
19 our city agencies can't... that, that has to result in,
20 in savings at some point... [cross-talk]

21 COUNCIL MEMBER CONSTANTINIDES: You...
22 right now we... looking at... you said Fiscal Year 2020
23 and that's for just the procurement part or that's
24 sort of building out the larger life cycle that you
25 talked about later on in your testimony?

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2 MICHAEL OWH: So, the... so the... so that is
3 based on what I estimate the time that we'll need to
4 build some requirements around what we will... what,
5 what the city has... is actually doing and what process
6 changes we can actually implement and then including
7 potential procurement options as well as like
8 identifying the right solution to be able to
9 implement.

10 COUNCIL MEMBER CONSTANTINIDES: Okay, so
11 by 2020... by Fiscal Year 2020 we can have... be on our
12 way to getting this done?

13 MICHAEL OWH: I think that's exactly
14 right, the... we could be on our way. I, I... [cross-
15 talk]

16 COUNCIL MEMBER CONSTANTINIDES: So, you
17 would support legislation that sort of put in some
18 particular time lines and so we all were held
19 accountable to make sure that, you know as, as this
20 moves along we can ensure that this process is
21 continually moving and we have benchmarks and we know
22 where we are at a consistent point and be able to
23 point to this is where we are on the map, here's how
24 far we have to go, here's how we get there together?

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COMMITTEE ON CONTRACTS

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MICHAEL OWH: Because we... as I mentioned we agree with the intent and the vision of the... of the legislation, I would love to sit down with you and talk about what those benchmarks are and make sure that accountability is built in.

COUNCIL MEMBER CONSTANTINIDES: Right because I mean we're all not going to be here forever, right and as we look to get there you want to make sure we, we, we set a roadmap that is enshrined into law, right and, and make sure that we can have these benchmarks that people can rely on and know that we're moving in this good direction, right?

MICHAEL OWH: Yes, we agree.

COUNCIL MEMBER CONSTANTINIDES: Alright, wonderful. Alright and I know... have you... you're interested on a... could we do any demonstration projects that... maybe with some industries to show... because I know some industries may be easier to do... go electronically than others but do... would you guys be open to doing those as well?

MICHAEL OWH: I would love to explore all options including pilot projects like the one that you just mentioned.

COUNCIL MEMBER CONSTANTINIDES:

Wonderful, thank you Michael, I, I really appreciate your, your testimony, looking forward to working with our Chair and, and the rest of our institution, I know she's a great leader and, and you as well and, and coming to a good resolution here.

MICHAEL OWH: Thank you, I can't wait.

COUNCIL MEMBER CONSTANTINIDES: Thank you.

CHAIRPERSON ROSENTHAL: If I could just follow up on a few of the Council Member's questions. Could you help me understand the difference between what Council Member Constantinides is proposing and the payment information portal, so... which, which is called PIP. My understanding is that with PIP people can get a payment, you know on the same day that they invoiced but I'm not as clear on all the steps so I'm wondering if you can help me understand sort of how the... these two things would interact, whether or not there's instant payment now, how that works... [cross-talk]

MICHAEL OWH: Sure. I believe for the payee information portal vendors would have to register in order to become... to sort of set up an

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2 account for the city so they, they can get paid. Our
3 contracts actually have provisions that require
4 electronic fund transfers so you can actually see the
5 status of the payments. I don't believe and I can go
6 confirm this with you later but I don't believe that
7 invoicing on any particular contract actually occurs
8 in PIP but you can actually see the payments for
9 particular contracts that are pending or have been
10 paid in PIP.

11 CHAIRPERSON ROSENTHAL: And how many... if
12 we... you know assume it's 15 billion dollars and
13 change of contracts how many of those vendors do
14 register for... to be on the payment... payee information
15 portal?

16 MICHAEL OWH: I believe in order to
17 receive a payment from the city you have to register
18 in PIP so all of the vendors who actually have
19 contracts or have transactions that lead to payments
20 probably... or have to all sign up in PIP but I'll
21 confirm that for you as well.

22 CHAIRPERSON ROSENTHAL: And with the...
23 just like the accelerator that we've spoken about so
24 much with that... between the accelerator and PIP
25 could... is this... is what the Council Member's

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2 suggesting happening now where there's no paper
3 involved but someone if they're using the finance
4 bucket immediately can invoicing get paid?

5 MICHAEL OWH: So, for the... for human
6 service providers and agencies there is an option to
7 use the financials module in accelerator and that
8 allows for electronic budgeting and then payments off
9 those budgets through the electronic invoicing. So,
10 that, that... once that invoice is approved then that
11 sort of information is transmitted to PIP and so
12 that's where the payments occur. So, that is a...
13 that's a possibility right now for human service
14 providers.

15 CHAIRPERSON ROSENTHAL: Okay, so if we
16 assume human service providers are... I'm... five billion
17 of the 15 billion we could say that five billion is
18 already happening, right, so we're talking about the
19 remaining ten billion worth of contracts..

20 MICHAEL OWH: So, in any given year it
21 varies from about, you know three to five billion, I
22 would say that... [cross-talk]

23 CHAIRPERSON ROSENTHAL: Billion... [cross-
24 talk]

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2 MICHAEL OWH: ...like... billion and I would
3 say right now I believe we have about two to three
4 billion going through not all of the human service
5 agencies are using it and, and that's the... for
6 various... for... on the financials piece, everyone... all
7 the human service agencies use accelerator at the
8 system but there are some complicating factors like
9 that's, that's one of the reasons why I think we need
10 to look at this issue and make sure that we get the
11 right requirements because depending on the funding
12 stream or other reasons it might not be easily sort
13 of transferable to the current system that we have in
14 place.

15 CHAIRPERSON ROSENTHAL: You know it
16 strikes me that 2020 is a long time away, I mean it's
17 not that long away anymore but it's still a long time
18 away and given the... given that we already do this...
19 we've already... we're already saving trees for many
20 contracts I'm wondering... you know I guess there are
21 many agencies that you have to work with, I'm trying
22 to understand why 2020 and not six months from now as
23 what is originally written in the introduction?

24 MICHAEL OWH: I think... so again we agree
25 with the intent of the bill so... [cross-talk]

CHAIRPERSON ROSENTHAL: Yep... [cross-talk]

MICHAEL OWH: ...we want to do it and I... if

I honestly felt that we could do it faster I would

love to be able to do it faster and so I think 2020

was our best estimate based on what we don't know

right now in terms of... you know there are things and

agencies of processes that I know very clearly in

terms of the actual details, there's a lot that I

know sort of generally but not the details and so

until I have those details I can't... I can't promise

that we're going to be able to do it in six months.

CHAIRPERSON ROSENTHAL: Yeah, you know it

strikes me that there could be some sort of a phase

in and a report that... you know that, that we sort of...

as you obviously are already thinking about of this,

you probably already have your strategic plan and how

you would get there by 2020 that we come up with some

reasonable sort of points where you could report on

how it's going but with the goal of, of, of a... of

implementation or perhaps there's a way of wording it

that should you be able to implement sooner that

you'll be making every effort to do so, right without

any other hitches actually maybe we could get it done

sooner. So... and then the other piece of that I'm... for

1
2 the record, the Director is nodding, yes but, but you
3 can say that before I ask you the next question which
4 is, sorry, which is also I'd be interested to know
5 what the hitches are, what it is that makes it a
6 little more challenging, is it because the
7 technology's not there, is it because you don't have
8 the, the right staff and it takes time to, you know
9 sort of train staff as we move toward 21st century
10 technology, is it because, you know we're having
11 problems registering contracts, whatever it might be
12 just to be able to sort of, you know report on that
13 and, and so people can get a sense, the public can
14 get a sense of how it's coming along given that we
15 all agree it's a great... a great goal?

16 MICHAEL OWH: Sure, and I would love to...
17 just, just to the first question I would love to sit
18 down with you and sort of work out what those details
19 might be and sort of discuss the places where we
20 might be able to speed things up or where we need
21 more information and, and then any reporting out that
22 we need to do... [cross-talk]

23 CHAIRPERSON ROSENTHAL: Great... [cross-
24 talk]

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2 MICHAEL OWH: ...and then on the... on the
3 second piece, yeah, I think that's all part of it, we
4 would love to be able to talk to you about the gaps
5 that exist. I think all, all of this I think there
6 might be some technology challenges, there's
7 definitely going to be a change management challenge
8 anytime... [cross-talk]

9 CHAIRPERSON ROSENTHAL: Yeah... [cross-
10 talk]

11 MICHAEL OWH: ...you're doing something
12 citywide it becomes a real change management effort
13 and so I want to... so I think that it makes sense for
14 us to sit down and talk about those details.

15 CHAIRPERSON ROSENTHAL: Yeah, I mean I...
16 one thing in particular is I wonder if there could be
17 some sort of common invoice between agencies so that
18 each agency isn't setting up a different system, I
19 don't know if that's one of the challenges.

20 MICHAEL OWH: I, I think that's a great
21 idea, I mean I think that's one of the things... you...
22 what you don't want is you don't want separate
23 electronic systems that vendors would have to go into
24 and access separately. So, I think having sort of
25 common... a common platform also standardizing where we

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2 can I think is a huge gain where we can change
3 processes so that, you know when you automate things
4 sometimes you don't have to go the same route that
5 you did when it was on paper those kind of... [cross-
6 talk]

7 CHAIRPERSON ROSENTHAL: That's right...

8 [cross-talk]

9 MICHAEL OWH: ...process changes and
10 opportunities, I think we should be looking at
11 identifying them does take time though, I just want
12 to manage everyone's expectations to... on that point.

13 CHAIRPERSON ROSENTHAL: Okay, so sorry to
14 the public that you're going to have to hear this
15 intense nerd conversation but I would add to that
16 some sort of standardization of what the... our... what
17 your invoicing for linking that to standardizing
18 contracts so that in the same way that contracts
19 could be standardized between agencies that would
20 link to what the invoice looks like and you would
21 similarly have that... you know exact same thing going
22 on because I know in the human services sector often
23 there's a nonprofit that has a contract with DFTA and
24 with DOH or HRA.

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COMMITTEE ON CONTRACTS

MICHAEL OWH: Yeah, that's right and again that's a great opportunity, I think we've made strides in the last few years around that and we have a standard human service contract for human service providers, we have a standard construction contract, we're working with agencies to see if there are other opportunities for standardization and template contracting to do exactly what you talked about.

CHAIRPERSON ROSENTHAL: Okay, I mean perhaps in the report it could... you know even, even include those differences like why does DOT have to be different than DEP or... you know it... whatever it is.

MICHAEL OWH: Yeah, love to talk about... we could do it here actually... [cross-talk]

CHAIRPERSON ROSENTHAL: Yeah, I know we could just... [cross-talk]

MICHAEL OWH: ...blurting out like this... [cross-talk]

CHAIRPERSON ROSENTHAL: ...keep going... [cross-talk]

MICHAEL OWH: But... but I think that's actually a good point like anything... the, the requirements phase that I'm talking about would be

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2 doing something like that where we would say DOT does
3 it this way, do they have to... and my question to... and
4 actually a lot of our questions in the administration
5 has always been do we have to do it that way because
6 we've always done it that way, that's one of the
7 things that we're trying to challenge people to think
8 about and talking to other jurisdictions, talking to
9 private companies that do this work around
10 procurement and payments and invoicing, you know
11 what's the industry best practice... [cross-talk]

12 CHAIRPERSON ROSENTHAL: Yeah... [cross-
13 talk]

14 MICHAEL OWH: ...like how should we be
15 doing... if, if we had no other limitations out of the
16 box how should we be doing it and so we're trying to
17 start... we're, we're having those conversations all
18 the time and I would love to have those conversations
19 around this piece with you as well.

20 CHAIRPERSON ROSENTHAL: Yesterday the
21 Manhattan Borough President, Gale Brewer working with
22 the New York City Women's Chamber of Commerce held a
23 tremendous roundtable with M/WBE's, there must have
24 been 30 or 40 representatives there from different
25 M/WBE's and that was one of the biggest concerns that

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2 I heard was that each contract is different within
3 the same agency and then between agencies, each
4 contract is different so they feel like as bidders,
5 they're reinventing the wheel each... [cross-talk]

6 MICHAEL OWH: Right... [cross-talk]

7 CHAIRPERSON ROSENTHAL: ...time...

8 MICHAEL OWH: And, and, and I would say
9 that that goes to our, I think our shared goal and
10 our... all of our efforts to increase access and
11 opportunity for all of our constituents and it... and
12 for, for me in particular and MOCS it's really the
13 focus on the procurement piece to be able to increase
14 the access and opportunity for our small businesses,
15 our women owned businesses, our minority owned
16 businesses and if we're able to do these sort of
17 nerdy things that sound very technical but actually
18 change the way that people do business and are able
19 to access our contracting... and our... and the money
20 that we spend and I think that's going to be a huge
21 value add.

22 CHAIRPERSON ROSENTHAL: Is that in your
23 jurisdiction or would each... does each agency have to
24 sign off on this or is this something where the
25 Mayor's Office, you know would you sit in, Jonnel as

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2 your part of that could drive this type of
3 commonality or standardization?

4 MICHAEL OWH: So, technically each agency
5 as you know does all of its own purchasing but there
6 is a... there's a value add for the agencies to
7 standardize as well and so we have been working with
8 agencies to sort of... to get feedback on where the
9 opportunities exist for standardization, you know
10 some things might be very particular to that agency
11 but a lot of what we do is very common and that's why
12 we were able to again have those standard
13 construction contracts, standard human service
14 contracts and we're working to identify other areas
15 where we can do that.

16 CHAIRPERSON ROSENTHAL: Would this fall
17 into the bailiwick of the chief technology officer
18 or, or is this really all in your shop Michael?

19 MICHAEL OWH: I think if we're going to
20 be templatizing... [cross-talk]

21 CHAIRPERSON ROSENTHAL: Templatizing...
22 [cross-talk]

23 MICHAEL OWH: ...a standard... and... [cross-
24 talk]

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COMMITTEE ON CONTRACTS

CHAIRPERSON ROSENTHAL: ...nice... [cross-talk]

MICHAEL OWH: ...standardizing, I don't know if that's a word actually but standardizing contracts... [cross-talk]

CHAIRPERSON ROSENTHAL: ...it's going to be a word, I'm going to legislate... [cross-talk]

MICHAEL OWH: ...templatize, I, I... [cross-talk]

CHAIRPERSON ROSENTHAL: ...that is a word, templatizing... [cross-talk]

MICHAEL OWH: ...we would work with... [cross-talk]

CHAIRPERSON ROSENTHAL: Oh right... [cross-talk]

MICHAEL OWH: We, we would work with the law department and, and MOCS would probably lead that but for technology related standardization we would look to DoITT as well as the CTO for feedback on that.

CHAIRPERSON ROSENTHAL: Okay. Alright. I want to shift gears for one second to talk a little bit about Council Member Torres's bill. He mentioned a comptroller's report that, that was the genesis of

1
2 this idea, did you guys get a chance to look at that
3 report and I'm curious to know whether or not you
4 think... what you thought of the report?

5 JONNEL DORIS: Sorry, testing. Okay, so,
6 as you know I... you know this administration is
7 committed to leveling the playing field across the
8 board and, and, and that's been our driving force
9 here for equity and fairness and so we support, we
10 support the, the bill, we support the efforts of the
11 bill and the intent of the bill. Certainly, there is
12 a gap there that you identified Councilman, it
13 pertains to specifically outlined in the contract and
14 is an area for... that there's opportunity to address
15 the discrimination. So, we do... we do agree with the,
16 the intent and the concept of, of the bill and
17 therefore that's why we support it but certainly we
18 had the chance to review what the comptroller said
19 and we, we again the fact that we support the bill
20 certainly speaks to the... to the... to the reality that
21 we do agree in principle with what the, the
22 comptroller report said.

23 COUNCIL MEMBER TORRES: So, the
24 legislation as I read it is a protection against
25 discrimination but we're amending contract law

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2 instead of human rights law and so if you violate
3 human rights law the enforcement arm is the human
4 race commission. What's, what's the enforcement arm
5 and remedy when it comes to violations of contract
6 law?

7 MICHAEL OWH: So, currently the framework
8 of the... of, of our procurement rules allow for
9 vendors to protest any contract award through,
10 through a mechanism that we call vendor protest and
11 it would be the agency head that would entertain any
12 of those and review any of those complaints and
13 protests. A copy of that actually also goes to the
14 comptroller's office and, and my office.

15 COUNCIL MEMBER TORRES: And what if you
16 find that the complaint alleging discrimination on
17 the part of a city agency has merit and then how do
18 you... what do you do from there?

19 MICHAEL OWH: The agency head can
20 overturn the contract award and make a decision to go
21 to the... [cross-talk]

22 COUNCIL MEMBER TORRES: But what if the
23 agency head is the one engaging in the
24 discrimination?

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2 MICHAEL OWH: If the, the agency head..
3 according to our current rules right now that's the
4 route that you go and then the agency head's
5 determination is final then there are... I... some other
6 I guess measures in terms of an article 78 that, that
7 an agency... that a vendor can take.

8 COUNCIL MEMBER TORRES: So, so the, the
9 enforcement mechanism outside the agency is the... is
10 the supreme court, the New York State Supreme Court
11 is the... [cross-talk]

12 MICHAEL OWH: That's right and I think if
13 we... you know just to sort of zoom out a little bit
14 there's a... you know we... again we agree with the
15 intent and the spirit of the... of the law, there's
16 also some other mechanisms built in around that
17 process. As you know like when you have a procurement
18 the, the way that the bid process is built is that
19 low bid process as well as the RFP have an evaluation
20 team, they all sign conflict of interest, they sign a
21 bunch of different certifications in order to allow
22 for the most fair and competitive process and those..
23 and that staff and that level of... is a very different
24 level than the agency head and so having that
25 mechanism to be able to go directly to the

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2 commissioner for these type of protest I think is a
3 pretty... a pretty robust step to be able to do and
4 then also having that notice go to the comptroller's
5 office as well as my office is also a, a good step.
6 Any constituent issues related to that also... that's
7 one of the things that, that Jonnel's team over at
8 the office of M/WBE was created to handle. If there
9 are also allegations of corruption there are... the
10 route and potentially discrimination can fall under
11 that within the process that also... the route exists
12 for a complaint to be registered with the city
13 Department of Investigation. So, all of that sort of
14 framework currently exists and then you also have the
15 route of the Supreme Court.

16 COUNCIL MEMBER TORRES: And as, as far as
17 the underrepresentation of M/WBE's in public
18 contracting what would you identify as the root cause
19 of this, what's your diagnosis of the problem?

20 JONNEL DORIS: As M/WBE's being a part of
21 the public contract... [cross-talk]

22 COUNCIL MEMBER TORRES: Just, just...
23 [cross-talk]

24 JONNEL DORIS: ...system... [cross-talk]

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2 COUNCIL MEMBER TORRES: I mean I think a
3 common criticism from elected officials of color...
4 [cross-talk]

5 JONNEL DORIS: Yep... [cross-talk]

6 COUNCIL MEMBER TORRES: ...are... is that
7 M/WBE's tend to be underrepresented in public
8 contracting at every level of government, it's not
9 unique to the de Blasio administration and there are
10 competing theories as to why, I'm curious to know
11 what is your underlying analysis and..

12 JONNEL DORIS: Yeah, sure so I think our
13 office was created in fact to address, address the
14 premise of the question which is we believe and we
15 have proven through a disparity study that there is..
16 that there's serious disparity within the amount of
17 availability M/WBE's who can do the work and have the
18 capacity to do so and those who get the work. Some of
19 these... sort of the argument for that lies within I
20 think sort of the external and internal sort of
21 processes, procedures, impediments that have been
22 historically placed within our procurement system
23 where M/WBE's may not have had a proper opportunity
24 to actually engage. For instance, we, we... over, you
25 know several decades now there, there was no such

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2 program and so if there's no such program M/WBE's who
3 may be doing well, maybe on the private sector or
4 have opportunities there didn't engage in the city
5 because there's, there's no program here to assist
6 them in their efforts and so one of the remedies that
7 we did put together, right is having this office,
8 having SBS do additional capacity building programs
9 to introduce M/WBE's into the, the, the city's
10 procurement process, training them, letting them
11 understand how it is that you can actually
12 participate and what you need to do to participate.
13 The other concern that we have and we've sought to
14 address that too is access to capital. I think any
15 small business have an issue when it comes to access
16 to capital because, you know the, the banks and
17 others where you get capital from they look for
18 different types of requirements and those
19 requirements sometimes do not fare well with, with
20 M/WBE's and small business in general but
21 particularly M/WBE's who may not have the historic
22 sort of contract history to back up what they're,
23 they're... the, the, the types of funds that they're
24 looking for also they... the marketplace itself has
25 discrimination and it's proven. So, what we've done

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2 is that we have the loan fund that we launched not
3 too long ago which an M/WBE now can get up to half a
4 million dollars at three percent interest rate, which
5 is the lowest in the state and so we're very excited
6 about that program because it alleviates some of..
7 again the concerns and impediments that are outside
8 of our control in the sense of the external markets
9 when it comes to banks and, and lending institutions.
10 We can provide that support to M/WBE's and lastly our
11 bonding, if we're talking construction within the
12 construction industry, bonding also is another reason
13 why M/WBE's can't participate or effectively
14 participate because bonding is very difficult. As a
15 small business, sometimes you have to put up your,
16 your home, your, your, your car all these.. everything
17 that you have just to get bonded and what we've done
18 and we will be launching soon is the bond fight where
19 M/WBE's can get up to a half a million dollars in
20 assistance at nothing.. no cost to them which is I
21 believe it's at about 50 percent of the requirements
22 of that bond. So, you can go to about I think three
23 to five million dollars or the 500,000-dollar bond
24 assistance. So, that helps M/WBE's participate. So,
25 those are some of the sort of reasons why M/WBE's are

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COMMITTEE ON CONTRACTS

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not able to participate effectively in the marketplace and, and we're doing our best to address all those.

COUNCIL MEMBER TORRES: I, I notice always clearly it was a comprehensive answer but I notice what was missing from the answer maybe was how we structure our fees, I mean I worry that how we structure RFP's disadvantages M/WBE's, disadvantages community based organizations, I mean think of the.. and I don't know if this is relevant to.. but think of a.. how we.. our.. with affordable housing, right if, if it's a numbers game then it's.. [cross-talk]

JONNEL DORIS: Uh-huh... [cross-talk]

COUNCIL MEMBER TORRES: ...the, the larger players who have the skill who are going to thrive in the RFP process... [cross-talk]

JONNEL DORIS: Yeah... [cross-talk]

COUNCIL MEMBER TORRES: ...and that will come at the expense of developers of color, it will come at the expense of not for profit developers... [cross-talk]

JONNEL DORIS: Uh-huh... [cross-talk]

COUNCIL MEMBER TORRES: ...and, and I understand the, the benefit of economies of skill but

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2 I guess are you... are you... what are your thoughts on
3 the tradeoff between M/WBE representation and the
4 need for economies of skill and... [cross-talk]

5 JONNEL DORIS: Yeah, so you know the, the
6 external pressures I mentioned and internal and you
7 get to the internal because the external is so...
8 there's, there's, they're so large and daunting but
9 yes, so our... part of our work here is to look at each
10 agency and work with the agencies, look at their
11 procurement process, look how they draft there, their
12 procurements, how the M/WBE Officer is actually a
13 part of that process. In, in my work that I've done
14 before is... you know one of the things on... at the
15 agency level one of the things that we did was to
16 ensure that the... my, my team which was part of the
17 diversity civil rights team we were at the table and
18 that is a best practice and so we... we're working with
19 agencies to say wait a minute when you're drafting
20 this you have to think about, you know what about the
21 M/WBE's and how do we sort of address that. So, yes,
22 we agree so one thing that you do is you de-bundle,
23 you have to look at can we de-bundle this, break
24 these contracts up into smaller packages so that
25 M/WBE's can actually... can actually participate at

1 their level. Also, prequalified list, something that
2 DDC is doing which I think is very, very important is
3 that they in their prequalified list have different
4 stages; large, medium, small and so you compete
5 against M/WBE's that are within your... or companies
6 that... within your size, I think that's important too.
7 I think we have to be creative, we have to continue
8 to be creative and look for opportunities. HPD has a...
9 set aside prequalified list of M/WBE developers which
10 we just announced six sites that they're actually are
11 going to develop but they were competing against each
12 other in similar size and so I think all of these are
13 best practices but when you take a step back we
14 believe and I think from our perspective for the, the
15 M/WBE Office that we're asking agencies to, to
16 actually take a step back, take a look at exactly how
17 they put together their procurements because if you...
18 if you put it together in a way that it sort...
19 unintentional consequences if, if, if it's so bundled
20 that you're not able to have M/WBE's participate as
21 primes and which we know that's the best way to grow
22 your business if you... if you are a prime and you're
23 priming and we are about making sure that all M/WBE's
24 even those who subcontract have the ability to
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2 eventually grow their business so that they can... then
3 can... [cross-talk]

4 COUNCIL MEMBER TORRES: And as you say
5 the best model is the SEA, I think it like
6 thoughtfully structures RFP's to support the
7 incremental growth... [cross-talk]

8 JONNEL DORIS: Absolutely... [cross-talk]

9 COUNCIL MEMBER TORRES: ...of M/WBE's,
10 it's, it's a model that should be replicated
11 throughout the city. I do have a... I do want to focus
12 specifically on the affordable housing industry
13 because it seems to me to be the most egregious
14 example of underrepresentation of M/WBE's, we're,
15 we're investing huge sums of money, it's a 41-
16 billion-dollar housing plan... [cross-talk]

17 JONNEL DORIS: Uh-huh... [cross-talk]

18 COUNCIL MEMBER TORRES: ...a substantial
19 share of which is city capital funding and it seems
20 to me that almost all of those dollars are going to...
21 I have nothing against white males but the affordable
22 housing industry is largely a white male oligarchy
23 like it, it... have you give thought to how to rectify
24 the disparities given the amount of city investment
25 that we make in the industry?

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2 JONNEL DORIS: Absolutely, so we, we
3 continue to believe as, as you know our office... our
4 mandate is to find where there's opportunity for us
5 to increase diversity within the contracted space.
6 Affordable housing and, and building housing and
7 construction industry also is a component of that.
8 HPD just launched I believe it was earlier this year
9 the Buildup Program what that did in... for the first
10 time in, in the history of the city was put
11 requirements if HPD is given either any type of
12 support either in direct support or tax credits to a
13 project that they have to have a goal now for the
14 first time ever, 25 percent and that is... that is... I,
15 I don't want to understate how historic that was and
16 so just about every project now that's coming out
17 will have these mandated goals on them. So, I think
18 we're beginning to address that also the prequalified
19 M/WBE developers list that I just described as well
20 that is also seeking to address that. There's also at
21 EDC the emerging developers fund which you can get up
22 to 2.5 million in assistance to help you as an M/WBE
23 for that gap funding that you need and once you get
24 the project and then, you know before you start
25 building there's that time period. So, we are

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2 addressing that and we are looking there and putting
3 goals where there's never been before and giving
4 financial assistance where there's never been before
5 but I, I think we're going to start to see the
6 results of these because there are new programs that
7 we're just starting this year and I think by next
8 year we'll get a good sense after, you know they had
9 some time to, to work in these programs. I just want
10 to say one last thing about, you know SCL's I was
11 there yesterday, 300 and... 350 I believe M/WBE's came
12 to their open house and I had an opportunity to speak
13 to them and one of the things that we did say to them
14 was look what they have there is a great program, I
15 think it's one of the model programs and we do have
16 state legislation now that will permit other city
17 agencies to actually do that and we are looking for
18 all the support we can get in Albany to make, make
19 sure that we can do that because they actually were
20 able to set aside projects specifically to the
21 mentorship program. Right now, our mentorship
22 programs are business development type programs and
23 we're not... we're unable to sort of lock specific
24 projects into those programs so the SCA can do that
25 and that's why they've been successful and we're

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2 looking to get those same tools from the state
3 legislation and we do have a bill that we'll be
4 pushing this year for that.

5 COUNCIL MEMBER TORRES: Yeah, well as a
6 co-chair to the Black Latino Asian Caucus I can speak
7 for myself and I'm, I'm sure many of my colleagues
8 we'd be happy to champion your cause in Albany..

9 [cross-talk]

10 JONNEL DORIS: Thank you very much..

11 [cross-talk]

12 COUNCIL MEMBER TORRES: ...and, and speak
13 to our colleagues and the state legislature and yeah,
14 I just... I cannot... and I guess my, my, my final point
15 is I hope even though institutions like NYCHA and
16 Health and Hospitals are not city agencies... well
17 claim not to be city agencies in district sense
18 there's a debate about that, I, I hope that those
19 institutions are subject to the same standards of
20 M/WBE representation to which we're subjecting the
21 rest of city government.

22 JONNEL DORIS: So, Council Member back
23 in... I agree and back in September when the, the Mayor
24 made the announcement he did... he did make the
25 announcement that the entire city including our non-

1
2 mayoral is also going to be part of this program and
3 so we've started to meet and converse with them, look
4 at what they're doing, trying to understand their
5 rules because they do have different rules and so we
6 have to... based upon the funding that they have but we
7 have started that process and they are now being
8 brought into the same requirements as we are.

9 COUNCIL MEMBER TORRES: Thank you so
10 much.

11 JONNEL DORIS: Thank you... [cross-talk]

12 COUNCIL MEMBER TORRES: Thank you
13 Councilwoman, Chairperson.

14 CHAIRPERSON ROSENTHAL: Yep, I would like
15 to welcome Council Member's Miller and Wills and
16 Council Member Wills you had some questions?

17 COUNCIL MEMBER WILLS: Thank you Madame
18 Chair. Good afternoon, I was late so please excuse me
19 if there's any redundancy in my questions. First I
20 want to thank you for actually joining, I mean the
21 work that you've done since you guys have joined has
22 been remarkable so I want to commend you on that.
23 Usually when I do that I have like a rapid fire...

24 [cross-talk]

25 JONNEL DORIS: Sure... [cross-talk]

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2 COUNCIL MEMBER WILLS: ...but I'm not going
3 to do that though. So, some of the things that I
4 wanted to go into as far as the discrimination
5 portion of it is just to find out what your thoughts
6 are as far as... because when I was a contractor I was
7 actually a third level, right but the guy who was
8 above me who was a subprime won a lot of different
9 contracts, he was being paid late intentionally,
10 right especially when he was dealing with labor
11 because he had to pay for the benefits and different
12 things like that and then we had to deal with issues
13 of course overruns whether they be change orders or
14 anything like that and it always fell to us so a lot
15 of contractors actually walked away or minorities who
16 could have been certified walked away or just went
17 out of business because of this, what do we have that
18 a... what measures are we taking to make sure that
19 that's something that will not happen in the future?

20 JONNEL DORIS: So, Councilman I, I do
21 agree and as a former small business owner I know
22 exactly what you're talking about and it's, it's,
23 it's difficult when you're two tiers, three tiers
24 down and you're sort of depending on the prime
25 contractor to, to administer and give you the dollars

1 then to... are... is rightfully deserving of. I'll have
2 Director Owh talk a little bit more sort of that
3 process but we do agree that that's an area that
4 we're speaking to agencies about how they sort of
5 manage their contractors to ensure that there's not a
6 disparate impact on the second tier and third tier
7 contractors who are participating in that process and
8 I think having the ability to speak to them directly
9 manage or when... for instance when an invoice comes in
10 that's a good point for you as a best practice to
11 start asking questions about your M/WBE requirements,
12 a good time to ask questions about your payments and,
13 and how you're doing with getting payments out to
14 your subcontractors as well so you know we, we do... we
15 do agree with that.

17 COUNCIL MEMBER WILLIS: The next... I only
18 have two other questions, the next one would be... we
19 brought this up with the Mayor yesterday and he
20 understood it totally and he said that you guys would
21 start working on it but this is a federal issue. The
22 Section three, contractors have been notorious for
23 getting around the spirit of the law for Section
24 three whereas in we put millions of dollars into
25 funding to put cameras and different things like that

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2 into the housing complexes in Baisley and South
3 Jamaica Houses and other, other council people have
4 the same issues but then you have a contractor who
5 comes in and we have people that want to make sure
6 that the Section three mandate is being upheld and
7 what they will say is... we had one actually tell me
8 before we kind of pushed back was that he hired
9 somebody from Pomonok Houses and that person now goes
10 with him on every job therefore the Section three
11 mandate is pretty much taken care of. So, the people
12 that it... in that housing complex who we've went out
13 of our way to make sure that they had OSHA
14 certifications and different things like that are
15 looking at all of this work being done and it's kind
16 of disheartening because the contractors have been
17 getting away with this because the city has allowed
18 them to do this for so long so I'm, I'm looking for
19 leader... the leadership from the Chair that's why we
20 made sure that he... I asked him this day so that we
21 can put in a resolution to change that language but
22 until then what are we doing especially since this is
23 an historic investment of capital from the city into
24 NYCHA what are we doing to make sure that not another
25 dime gets spent by these contractors until the people

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2 in those complexes are actually made whole, they're
3 actually allowed to work on these projects?

4 JONNEL DORIS: So, I thank you. Section
5 three I'm very familiar with it, I ran the program
6 for the Governor's Office when I was there so I'm
7 very familiar and our, our, our dollars were HUD
8 dollars, 100 percent so you had to do Section three
9 and certainly it's a great program and... both on the
10 employment side and the... and the business side. I
11 think on the business side of Section three what we
12 have in many instances when... what I found when
13 running the program was that there were Section three
14 eligible businesses who did not know that there were
15 Section three eligible... [cross-talk]

16 COUNCIL MEMBER WILLS: Uh-huh... [cross-
17 talk]

18 JONNEL DORIS: ...and so, the contractors
19 who were looking for these businesses they would go
20 to the head portal and they were not there listed so
21 the response was we can't find anyone or etcetera,
22 etcetera so what we... I think one of the best
23 practices that we were able to, to do was to, you
24 know have sort of fairs and ask businesses in the
25 area that we would... may know of that... and, and take

1
2 them through the qualification process and sit them
3 down and walk them through step by step to make sure
4 that they understand what the parameters were and
5 that they were actually qualified and by doing that,
6 getting them to the next step to actually go to the
7 portal to actually register there, it's very easy to
8 do and they go, they register and then... because it's
9 all self... you know self-atheization and so once they
10 do that then the contracting community can say well
11 here, here, here's Section three businesses. I know
12 SBS is working with also our M/WBE's in those areas
13 who also qualify as Section three businesses because
14 you can qualify and we... we're I believe... and Kim can
15 talk a little bit about that what... the work that
16 they're doing in that regard and on the employment
17 side again it is about like you said OSHA ten, OSHA
18 30 training... [cross-talk]

19 COUNCIL MEMBER WILLIS: Uh-huh... [cross-
20 talk]

21 JONNEL DORIS: ...you know making sure that
22 they have proper training, making sure that they have
23 the ability those contractors are using, those
24 residents who, who have been trained and can actually
25 do the work. I, I can't speak to the policy as...

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2 moving from housing.. one housing facility to another
3 how that one individual can, can actually be a
4 Section three resident in particular housing complex
5 and then another they, they cannot be, they.. once
6 you're a NYCHA resident you are.. [cross-talk]

7 COUNCIL MEMBER WILLS: Uh-huh.. [cross-
8 talk]

9 JONNEL DORIS: ...and so, I think there may
10 be some.. you know consideration as how you would deal
11 with that, I mean from one.. of one housing complex to
12 another because obviously, there's need in each,
13 right.. [cross-talk]

14 COUNCIL MEMBER WILLS: Right.. [cross-
15 talk]

16 JONNEL DORIS: ...so that might be on a
17 project specific basis but again I, I'll, I'll let
18 Kim talk about what they're doing as.. with, with
19 Section three.

20 COUNCIL MEMBER WILLS: Okay.

21 KIMBERLY HARDY: Great. Great. Good
22 morning Council Member.

23 COUNCIL MEMBER WILLS: Good morning.

24 KIMBERLY HARDY: We.. in fact just
25 yesterday SBS, NYCHA, and the Mayor's Office had a

1 call really about how we can have greater
2 collaboration between the M/WBE certification process
3 and, and the Section process. Often times the Section
4 three businesses may be eligible to also become
5 M/WBE's similarly we want to send a mailing out to
6 some of our M/WBE businesses to alert them that they
7 may be eligible to becomes Section three businesses
8 and they should, should register and certainly we
9 want to encourage local hiring whenever possible
10 through the Section three program but also just
11 generally through, through our city projects.

13 COUNCIL MEMBER WILLS: I appreciate that
14 and I would encourage you also to when you're dealing
15 with the individuals in NYCHA we have a wealth of
16 people who want to do their own businesses and
17 there's no outreach to the individuals to even work
18 with NYCHA to procure contracts and the income
19 eligibility requirements would allow someone to be a
20 small business owner working with NYCHA and still
21 live there until, you know they afforded themselves
22 the opportunity to move out but then they would hire
23 people and then most likely they would hire people in
24 the same complex or other people that they know in
25 NYCHA so I would ask that that be something that we

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2 really look towards and the Chair I know he's working
3 diligently on that also. My last question is and this
4 is not to target or you know be specific to any
5 particular labor union because it's me Ruben Wills
6 and it'll be in the newspaper, right what I'm saying
7 is traditionally there has been racism in the labor
8 movement, right where, where minorities are the last
9 ones that be brought in on the job and they're the
10 first ones that put in the bench when the work gets
11 slow and different things like that. What are your
12 thoughts on supporting more minority chartered
13 unions? If you don't have one... [cross-talk]

14 JONNEL DORIS: So... [cross-talk]

15 COUNCIL MEMBER WILLS: ...that's fine
16 that's, that's... [cross-talk]

17 JONNEL DORIS: ...so... [cross-talk]

18 COUNCIL MEMBER WILLS: ...good too but...
19 [cross-talk]

20 JONNEL DORIS: ...yeah, yeah so, we... and I,
21 I would just say that we, we definitely support
22 diversification in the labor market. I think there
23 are several programs in which I believe through SBS
24 workforce programs that lead to that, there's
25 training and opportunities that are mandated for

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2 local hiring as well and so I... we certainly support
3 the diversification there. On that other issue, I
4 really don't have a comment at this point, I will
5 comment... [cross-talk]

6 COUNCIL MEMBER WILLS: ...now I wasn't... no,
7 I wasn't asking you to comment actually because
8 you'll be in the paper next to me, I don't want you
9 to be comment... I don't want you to comment on that
10 issue I just wanted to know the thoughts of the
11 support. I thank you very much for your answers,
12 thank you Madame Chair.

13 JONNEL DORIS: Thank you.

14 CHAIRPERSON ROSENTHAL: Thank you Council
15 Member Wills, Council Member Miller?

16 COUNCIL MEMBER MILLER: Thank you Madame
17 Chair and panel, good morning, good morning, yeah.
18 So, I, I do want to just kind of follow up on some of
19 the things that the other members have... that's what
20 happens when you go last but all these things
21 certainly need to... we need to kind of completely
22 drill down on this stuff, how do we get better. So,
23 let me start with, with, with the, the MOCS and, and
24 the Intro requiring vendors to do online
25 applications. So, my, my question is as we... as... to,

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2 to Michael as, as we look at the process... the
3 streamline process that occurred during discretionary
4 budgeting what was the impact on that, did you see an
5 impact positive... positively or negatively that would
6 transfer to what we see here in terms of requiring
7 vendors to kind of go through the same process?

8 MICHAEL OWH: Good morning Council
9 Member. I think what you're referring to is, is an
10 example of where we sort of took a, a look at a
11 process and said hey, are there opportunities here
12 for improvement so that we increase access
13 opportunity for organizations, small organizations in
14 particular for the discretionary portfolio so that
15 they don't have to have so many different steps and
16 so many gates and I think we saw that we were able to
17 clear in, in cooperation's and partnership with the
18 council I think more organizations earlier than in...
19 than in years past and so I think that was helpful.
20 On the invoicing piece, I think that's another area
21 where we can find opportunities for improvement and
22 then hopefully streamline things so that you don't...
23 so that we can... we can go faster and it's easier and
24 less burdensome for all of us.

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2 COUNCIL MEMBER MILLER: So, as it
3 translates to, to these vendors by requiring them to
4 provide this information electronically would that
5 have an impact on M/WBE, smaller businesses that,
6 that... have we... so my point was with the not for
7 profits did we see... I, I personally saw some of the
8 small and not for profits, some of the... other... just
9 other not for profits that needed assistance and, and
10 probably should have been... should have been some,
11 some, some mentoring around the process because at
12 the last-minute people were like I don't know what to
13 do or how to do it, is there some type of tutorial
14 process along the way to ensure that those businesses
15 that have historically been left behind don't fall
16 further behind in this process?

17 MICHAEL OWH: Yeah, so I think that any
18 effort that we have with related to change as I
19 mentioned... I mentioned this a little... a little bit
20 earlier that it becomes a big change management
21 effort and so we have to make sure that we're
22 investing time and energy into training, into
23 reaching all the folks that maybe are not
24 historically connected to the process. I, I think
25 that, you know the... I think there's definitely an

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2 environmental benefit to this... to this law but the
3 other benefit to this is that it does... because it
4 becomes it becomes easier... if we do it right because
5 it becomes easier, becomes... because it becomes
6 faster, because things are smoother what you end up
7 doing is leveling the playing field for the... for all
8 companies, smaller companies, M/WBE's, not for
9 profits, you don't have to now deliver things in
10 person, you don't have to you know hire someone to
11 just handle that piece of the process because now
12 everything sort of... on, on a platform that you can
13 easily access anywhere. Those... I think those are the
14 great benefits of... if... of technology enablement if we
15 do it right.

16 COUNCIL MEMBER MILLER: So, what kind of
17 roll out around implementation would you suggest in
18 order to have everyone involved in the process
19 properly prepared so that we could lift the bar and,
20 and, and achieve the things that, that we're talking
21 about here?

22 MICHAEL OWH: So, I think that's... I, I
23 would need to sort of sit down and I would love to
24 partner with the council and just sit down and think
25 about what the... what the process should look like

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2 because I think once we gather the requirements there
3 is going to be... those are the hard questions that
4 we're going to have to have answers to. I think we're
5 going to need time, there are some resources I'm sure
6 that we'll need but we'd love to talk to you more
7 about that.

8 COUNCIL MEMBER MILLER: Okay, good. So,
9 we, we were talking about afford... a lot of
10 conversation about affordable housing and, and what
11 that looks like and I'm very happy to say that we, we
12 did a groundbreaking on a project Tuesday in, in
13 Jamaica which was the largest investment in Jamaica
14 ever in, in housing and it was an M/WBE so I, I think
15 that there's another dynamic that, that we have to
16 look at not necessarily whether... because we know that
17 we're more than perpetual consumers that just...

18 [cross-talk]

19 MICHAEL OWH: Right... [cross-talk]

20 COUNCIL MEMBER MILLER: ...that we can also
21 build and we can manage and we order professional
22 services and so forth that go along with that and I,
23 I think that we have demonstrated and kind of set the
24 template for doing that but there's also a mechanism
25 of opportunity because there's always push back in

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2 doing so and I see that these are folks that we have
3 had the opportunity to work with these agencies in a
4 very productive way, I... you know I'd, I'd be the
5 first to admit that. Other agencies and I, I don't
6 see and I could be wrong is EDC in the room and, and
7 have been problematic around assisting their records
8 are less impressive and particularly when... and when
9 projects in communities of color the, the vendors,
10 the developers, the, the contractors aren't given the
11 same opportunity of folks are coming in and
12 particularly when, when we're talking about RFP's
13 that require... that, that are with city resources,
14 city land and so forth, it is very difficult for...
15 around financing for M/WBE's to purchase land and,
16 and, and develop and so if we're going to get better
17 we have to look at it holistically, we are looking at
18 what we can't do, we should be looking at what we can
19 do ensuring that there's a level field and, and, and
20 certainly there are things that you talked about I'm...
21 that was spoken about beyond our control; banking,
22 financing, communities that continue to be redlined
23 outside of our control which, which you know
24 disheartens me all the time but where there is an
25 opportunity whether it's agencies, whether it's these

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2 quasi authorities they have to put the best foot
3 forward ensuring that, that they are working with
4 M/WBE's and so that is... that is the really good part
5 of it that that's happening and, and, and downtown
6 and, and there's another groundbreaking in a week and
7 a half and so forth so there is nearly a billion
8 dollars in investment M/WBE minority investment
9 happening and, and it takes a lot. So, last night
10 myself and Council Member Richards had a, a, an
11 agency forum and highlighted by some of the
12 infrastructure work that is being done in Southeast
13 Queens, 1.7 billion dollars, nearly two thirds of,
14 of, of capital budget of, of DEP, DDC over the next
15 five, five to seven years not a single M/WBE contract
16 involved, that is, is, is disheartening. While DDC I
17 think has a very robust program, a mentorship program
18 and other things that are going on there how do we
19 capture that not only around the M/WBE's and, and,
20 and the contractors involved, we... I... we... I did a...
21 with small... with small business we had a hearing on
22 city contracts, construction contracts over a million
23 dollars looking at the work force not only are we not
24 doing the contracting but the people who have this
25 1.7 billion dollars in contracts are... I think there's

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2 about 10 or 12 different contracts issued, their
3 workforce is not reflective of that community and so
4 communities of color throughout the city are
5 generating wealth and we're not capturing that, how
6 do we do that? By the way we did have this
7 conversation with the Mayor yesterday and, and, and
8 he put some, some point folks on, on the problem and
9 we should have that back by June 5th and I, I, I
10 hope... would hope that they're having that
11 conversation with you as well but it's certainly
12 something that when you see these projects and
13 particularly for communities of color it is... it is...
14 it's almost psychological warfare when you see all of
15 this work and all of this wealth being generated in
16 your community and you're not a part of that. So, how
17 do we make that happen?

18 JONNEL DORIS: Thank you, Councilman,
19 Councilman. I'm, I'm, I'm happy that you made the
20 last statement because you know you had an
21 opportunity to speak to the Mayor directly and, and
22 certainly I... we will... that was yesterday, we'll
23 probably be... tend to that as well... [cross-talk]

24 COUNCIL MEMBER MILLER: Uh-huh... [cross-
25 talk]

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2 JONNEL DORIS: ...and so, I don't want to
3 comment further on that, sort of that process because
4 again I wasn't at, at... privy to, to that meeting but
5 on, on the premise of, of inclusion not only of the
6 contracting level but also on the workforce level,
7 yeah, so we are absolutely supportive of that, that's
8 why we have an M/WBE program because we know M/WBE's
9 hire locally and they... [cross-talk]

10 COUNCIL MEMBER MILLER: Right... [cross-
11 talk]

12 JONNEL DORIS: ...generally hire minority
13 and women and locally so we... you know that's why we
14 need the strong robust M/WBE program and this program
15 to continue to grow and thank you and the entire
16 council for your support in helping us do that
17 certainly that's my community too so I see all that's
18 happening and you know it's, it's, it's a lot of
19 opportunity and you know we, we did several events as
20 you know out in Queens in the same area so in... to the
21 tune of hundreds of M/WBE's coming and looking for
22 work so it's not that... they're not interested or not
23 available certainly they're looking for
24 opportunities. I can't speak to the DDC 1.7 billion
25 but I will get back to you on that... [cross-talk]

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2 COUNCIL MEMBER MILLER: Uh-huh... [cross-
3 talk]

4 JONNEL DORIS: ...but all those contracts
5 in general have M/WBE goals because that's part of
6 the M/WBE program so my, my... I'm not sure what the
7 construct... how it's constructed with its primes and
8 subs but I do know that they're required and, and my...
9 attest to that they're required to have M/WBE goals
10 and also workforce requirements as SBS sort of
11 manages but I think on the larger sort of approach to
12 how we go about doing this, we can go by agency by
13 agency, as EDC was mentioned we just launched a
14 ConstrucNYC program which the COUNCIL MEMBER program
15 a few weeks ago where three out of the five COUNCIL
16 MEMBER's were MW... were M/WBE's, two African American,
17 prominent African American women owned business and
18 one African American male owned business were a part
19 of the five and so, you know we're seeing the.. you
20 know the trend also increasing there for
21 opportunities and again as I mentioned before I think
22 a lot of the resources that we put in, the rule
23 changes different things and process changes,
24 etcetera and just the, the inertia from our program
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2 that is happening we will start to see the results of
3 that even more than we are now in the near future.

4 COUNCIL MEMBER MILLER: Okay and, and
5 then finally I know we, we were doing something
6 locally with NYCHA and, and, and small homes they're
7 kind of unloading their portfolio and is on the small
8 formally HUD owned homes and in the past, they were
9 restored by an organization such as Habitat and, and,
10 and... neighborhood restoring and so forth. So, what we
11 were looking for now was that we have local not for
12 profits and M/WBE's restore those homes and, and
13 that... from what I understand there was an RFQ that
14 went out recently none of my local developers,
15 contractors or not for profits have heard of it or
16 been contacted so we, we need better outreach around
17 that and we've had extensive conversation about that
18 and, and so it's something very important about not
19 just providing services but creating opportunity and,
20 and folks are seeing a lot of opportunity being
21 created within the community as you said M/WBE's
22 generally hire locally and it is... you know it's
23 disheartening to see so much development, so much
24 opportunity being created right at your feet and
25 you're not able to take advantage of it. So,

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2 certainly I, I know that the Chair has been working
3 diligently around that and, and, and I would say the
4 same for, for those that are on the panel there. I
5 look forward to continuing to working with you.

6 JONNEL DORIS: Thank you.

7 COUNCIL MEMBER MILLER: Thank you Chair.

8 CHAIRPERSON ROSENTHAL: I appreciate your
9 bringing that up Council Member Miller, you know it
10 was interesting at the roundtable yesterday several
11 firms brought that up as well and, and just diving
12 into the details for one second, I think the reason
13 they felt they weren't on the... already... the pre-qual
14 list was because... and out of my depth there but there
15 are procedure codes that you can sign up to be pre-
16 qualified under and there weren't enough procedure
17 codes to choose so it wasn't just a matter of being a
18 general contractor but like one particular person
19 was, you know a wood, woodworker, had metalworkers,
20 am I misremembering this feel free to jump in but it
21 was something like that and so one step is making
22 sure that people get on that list and getting the
23 word out that, you know you have to be on the list in
24 order to get the notice that you're going to be... that
25 this contracts going out and, and then secondly that

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2 there be enough categories for them to include
3 themselves under so that they're not limited to
4 getting contract notices of a certain type but not of
5 another type and they might qualify for both. Does
6 that resonate?

7 JONNEL DORIS: Yeah, so I appreciate,
8 appreciate the, the concern there and certainly we've
9 heard from the M/WBE community about outreach and
10 understanding what's actually happening and what's
11 coming down the pipe... where... what's the pipeline in
12 each agency and so part of our job as M/WBE office as
13 we begin to really build and scale up is to be there
14 so that these M/WBE's, the agencies, everyone sort of
15 know where you can go to a place where we can sort of
16 help and guide and give direction and liaison of what
17 to choose so that's one. So, we definitely are going
18 to do more there. We've had as, as SBS said 89 of
19 just them... themselves 89 events in... around
20 opportunity also when the agencies come to the local
21 area... when we do local recruitment from the agencies
22 along with SBS as we just did in Staten Island not
23 too long ago the agencies actually come and they come
24 with the actual procurement so that's one... [cross-
25 talk]

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COMMITTEE ON CONTRACTS

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CHAIRPERSON ROSENTHAL: No, I appreciate that but I'm... what I'm hearing Council Member Miller say is that there are just a number of firms, specific firms that, that didn't... you know I would just like to hear from you that you'll follow up with Council Miller... [cross-talk]

JONNEL DORIS: Absolutely... [cross-talk]

CHAIRPERSON ROSENTHAL: ...you know you got to hit them as they come... [cross-talk]

JONNEL DORIS: No, no, absolutely... [cross-talk]

CHAIRPERSON ROSENTHAL: ...and if he knows of firms that, you know don't... aren't aware of getting these contracts let's just sign them up.

JONNEL DORIS: Absolutely, so that yes... [cross-talk]

COUNCIL MEMBER MILLER: Yep.

JONNEL DORIS: Yes sir and... [cross-talk]

CHAIRPERSON ROSENTHAL: Thank you... [cross-talk]

JONNEL DORIS: ...he's, he's... we're in very much contact and, and we, we will continue to follow up and we'll get those names to those firms and be

1
2 helpful same from, from yesterday. So, I want to have
3 Kim answer the second part of that question.

4 KIMBERLY HARDY: Great, great, thank,
5 thank you so much for asking the question and again
6 we, we hear that yesterday's roundtable was a really
7 vibrant and, and, and necessary discussion. I think
8 that you were speaking with regard to the NIGP codes
9 that are in the directory for the M/WBE directory..

10 [cross-talk]

11 CHAIRPERSON ROSENTHAL: Okay... [cross-
12 talk]

13 KIMBERLY HARDY: ...and it's, it's... one of
14 the issues that we're trying to tackle in terms of
15 contacting vendors to ensure that their coding is
16 correct and one of the issues that you may have heard
17 in some cases we'll get a call from a vendor saying
18 hey, I'm not getting any opportunities and I just got
19 certified and then when we take a look at the
20 vendor's profile we see that they don't have any NIGP
21 codes listed and so they're not receiving one of the
22 benefits of certification which is that we will alert
23 you to various RFP's or RFQ's that come through SBS
24 from the other agencies... [cross-talk]

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COMMITTEE ON CONTRACTS

CHAIRPERSON ROSENTHAL: But Deputy...

[cross-talk]

KIMBERLY HARDY: So... [cross-talk]

CHAIRPERSON ROSENTHAL: ...Commissioner I appreciate that and I appreciate your explaining it because... of course I don't know the, the letters but it would strike me that SBS could do or would it be possible for SBS to do a regular run, data, data run, you know sort of looking to make sure that the new M/WBE or, or any certified, you know are filling that in correctly, yes, okay... [cross-talk]

KIMBERLY HARDY: As usual Madame Chair you are right, right there with us and, and we are talking about ways to improve the directory and that's certainly one of the ways that we want to do that. In addition to providing... and I would just say before the Council Member Miller leaves that just also please remember to refer any M/WBE's to us that are interested in applying to RFP's or RFQ's to SBS for technical assistance and we will have someone work with them even review their response to RFP or RFQ to make sure they're meeting the threshold requirements.

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COMMITTEE ON CONTRACTS

CHAIRPERSON ROSENTHAL: Well and just to double down on that... [cross-talk]

KIMBERLY HARDY: ...and check the coding.

CHAIRPERSON ROSENTHAL: Exactly and just to double down on that, I mean I think, you know the word is starting to get around that there is a benefit to becoming certified as an M/WBE, this is one of the benefits... [cross-talk]

KIMBERLY HARDY: Absolutely... [cross-talk]

CHAIRPERSON ROSENTHAL: ...and I don't think the M/WBE community had known in the sense I get that there was any benefit to certification anyway. This is a big one, if you get certified you will then be on the list, you know to get notification of contracts that you would be qualified to apply for.

KIMBERLY HARDY: Yeah, absolutely Council Member and that's why it's, it's really important for us to continue to promote and market the services... [cross-talk]

CHAIRPERSON ROSENTHAL: That's right... [cross-talk]

KIMBERLY HARDY: ...we provide to M/WBE's.

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2 CHAIRPERSON ROSENTHAL: So, I have to say
3 Deputy Commissioner Hardy you continue to be a
4 leading and brilliant voice on this issue for SBS so
5 thank you so, so much for that... [cross-talk]

6 KIMBERLY HARDY: Thank you... [cross-talk]

7 CHAIRPERSON ROSENTHAL: ...Director Doris
8 good... Director oh thank you so much for your work and
9 all the efforts you are making to make sure that
10 M/WBE's get access to the contracts that they should
11 have and building them up and access to capital and
12 bonding, you're really hitting all the right areas
13 and I appreciate that, thank you. I'm going to call
14 up the next panel.

15 KIMBERLY HARDY: Thank you...

16 MICHAEL OWH: Thank you.

17 CHAIRPERSON ROSENTHAL: Angel Vazquez and
18 Steven Levy. And Steven Levy. Thank you so much, if
19 we could just start from my left, your right and
20 introduce yourself for the record and we're
21 interested in hearing what you have to say, thank
22 you.

23 ANGEL VAZQUEZ: Thank you, my name is
24 Angel Vazquez, I'm a Representative ACEC New York, I
25 do their New York City government affairs and I'm

1 here to testify on behalf of the electronic invoices
2 bill which we're very happy to hear about. It's a...
3 it's a... it's an exciting time for procurement, it's
4 something that most recently I've been working on for
5 the past year and both the city council and also the
6 agencies have been instrumental in just streamlining
7 the procurement process and it's... I'll get to my
8 testimony but it's... it... it's really a pleasure to be
9 able to say that we're, we're working on the new
10 passport system and that we're streamlining the... now
11 we're working on change orders throughout the city
12 and now for sitting here and listening to Deputy
13 Commissioner Hardy who those NIGP codes are very
14 important. I regularly go through their system and
15 reach out to our M/WBE firms and go hey, heads up you
16 have a triple zero which means you did something
17 wrong and you're not getting opportunities so just
18 wanted to note she's doing a wonderful job. So, I'll
19 get to this. Good morning Chair Rosenthal and members
20 of the committee, thank you for the opportunity to
21 speak before you today. My name is Angel Vazquez and
22 I'm a representative of ACEC New York. the American
23 Council of Engineering Companies in New York is the
24 voice of the professional engineering community
25

1 representing 280 member firms throughout New York
2 State that collectively employ close to 24,000 people
3 statewide, with a concentrated presence of firms
4 located within the five boroughs in New York City. Of
5 those 280 firms, 50 are M/WBE firms certified by SBS.
6 Our members are involved in all aspects of
7 engineering for the public sector. We plan and design
8 the structural, mechanical, electrical, civil,
9 environmental, plumbing, fire protection and
10 technology systems for the city's infrastructure
11 including transportation, energy, and wastewater
12 treatment facilities as well as public buildings. Our
13 members are also involved in a host of planning,
14 resiliency and environmental issues. As an
15 association representing the firms that design the
16 infrastructure systems in New York and throughout the
17 world, we know that implementing solutions to improve
18 the way the city does business is necessary to its
19 long-term growth and success. ACEC New York and our
20 member firms are ready and able to help New York
21 accomplish this. ACEC New York supports Intro 1292 in
22 concept. Electronic voucher and invoicing would be a
23 significant improvement over the current system and
24 would allow for timelier processing for entities
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2 doing business with the city. As it currently stands,
3 the city's constant delay in processing change
4 orders, payments and closing out projects create cash
5 flow and other issues for our members, particularly
6 small to medium sized firms, including M/WBE's. I
7 just want to stop for a minute because in my brief
8 time with ACEC New York I've noticed that it's such a
9 barrier say for example if I were an engineer and not
10 an attorney I started Vasquez Engineering Inc and I
11 wanted to do business with the city it's tough enough
12 to be able to do payroll and imagine all the bills
13 you have to pay as a small firm just trying to get
14 business but if you have to wait so long just to get
15 paid it's such a barrier for M/WBE firms, which is
16 something I've noticed in doing my work with Deputy
17 Commissioner Hardy, it's... Commissioner Feniosky Pena-
18 Mora is doing such a great job by creating these
19 tranches to be able for... to... basically give that
20 opportunity for those small one to 50 firm to be able
21 to bid on those larger projects in, in I guess a step
22 by step and not just trying to force the situation,
23 you kind of have to build your profile but that
24 opportunity's there but I do notice the change orders
25 which is something that he's been really working on

1 is, is a barrier and we push as much as we can either
2 through STEM or through our scholarships to increase
3 the amount of M/WBE's and specifically the younger
4 engineers who will one day create those M/WBE firms
5 but it's something that we notice that the change
6 orders and the delay in processing is a barrier for
7 entry for some of those smaller firms. So, I'll
8 continue. In addition to reducing paper waste, a
9 laudable goal for the city, it would bring the city
10 in line with the current federal government practice
11 of Wide Area Workflow, which functions to improve
12 procurement and contracting by providing more
13 transparency and efficient payment and
14 accountability. ACEC has several recommendations to
15 streamline the overall procurement process that
16 include; expediting registration of task, task orders
17 and payments for on call contracts, adopting the New
18 York State DOT System Consultant Out of Scope Work
19 request methodology for change orders, eliminating
20 salary caps on personnel, processing partial payments
21 on invoicing, among other recommendations. Electronic
22 invoicing is an important part of our procurement
23 agenda; therefore, we appreciate the members of the
24
25

1 council addressing this important issue and thank you
2 very much.

3
4 CHAIRPERSON ROSENTHAL: Thank you.

5 STEVEN LEVY: Good morning, thank you
6 Committee Chair, Councilmen. My name is Steven Levy.
7 I am managing Director of Sprague Operating Resources
8 LLC, a wholly owned subsidiary of Sprague Resources
9 LLP. Founded in 1870 as... Sprague is one of the
10 largest independent wholesalers of energy and
11 materials handling services in the United States,
12 Northeastern United States. In addition to owning the
13 largest fuel storage terminal in the city of New
14 York, Sprague owns and operates more than 20 fuel
15 storage terminals, leases tanks and maintains
16 throughput positions at multi party third terminals
17 in New York. Sprague supply terminals provide
18 critical heating, transportation, aviation, and power
19 generation fuels to the city and state agencies,
20 utilities, and public and private entities. Over many
21 decades, Sprague has supplied city agencies with
22 renewable fuels, heating fuel, gasoline, diesel fuel,
23 marine fuels, aviation fuels, and fuel management
24 services. Sprague has been a consistent, longtime
25 advocate for cleaner, lower carbon, renewable fuels

1 while seeking paths to increase efficiency and reduce
2 costs for its customers. The city's objectives to
3 reduce greenhouse gas, gas emissions and establish
4 innovative sustainability measures parallels the
5 goals of Intro number 1292. Over the last decade,
6 companies like Sprague have not only had the
7 wherewithal to encourage and accept customer
8 electronic payments for goods and services, but have
9 also initiated electronic delivery and invoicing
10 practices that increase efficiency while dramatically
11 reducing the cost of paper delivery documents,
12 invoicing, express and snail, snail mail postage. For
13 the customer, in this case city agencies, electronic
14 invoicing reduces the many hands that each delivery
15 receipt and invoice touch every day to reconcile
16 delivery and payment data and reduces the labor costs
17 of receiving, sorting, processing, and archiving... and
18 archiving documents, as well as managing the
19 recycling process. It's interesting to note that
20 Sprague alone has individually invoiced between
21 20,000 to 40,000... excuse me, 20,000 to 34,000
22 deliveries annually to city agencies and we are just
23 one vendor. Earlier today you heard from a city
24 representative who said I think they had 40,000 but I
25

1 think maybe they, they had 40,000 transactions,
2 perhaps they were talking about 40,000 contracts,
3 maybe not invoices and the reason why we have the 20
4 to 34,000 invoices per year because we deliver
5 heating oil you never know if it's a warm season or
6 a, a very cold season. Having the city adopt
7 electronic invoicing is a winning strategy for the
8 city and its vendors. But we think Intro 20... Intro
9 1292 could be even better. The legislation should
10 also include mandatory city acceptance of electronic
11 delivery receipts similar to those already used by
12 carriers like UPS and FedEx. If decided.. if desired,
13 a supplier like Sprague could also print
14 electronically captured signature acceptance receipt
15 at the delivery point. A fully electronic system
16 would reduce the use of paper, eliminate most
17 mistakes, permit, permit rapid electronic
18 reconciliation of deliveries, and afford designated
19 city personnel the ability to review deliveries,
20 invoices, and payments from a mobile device or
21 desktop anywhere at any time. Enactment of this bill
22 will significantly increase agency efficiency, reduce
23 reconciling costs, and encourage more competitive
24 pricing from suppliers whose own costs are reduced as
25

1 well. Thank you for the opportunity to appear today.
2 We eagerly look forward to this bill's passage with
3 the added inclusion of electronic delivery receipts.
4

5 CHAIRPERSON ROSENTHAL: Thank you...

6 [cross-talk]

7 STEVEN LEVY: ...Thank you... [cross-talk]

8 CHAIRPERSON ROSENTHAL: ...both for your
9 testimony, this is really edifying so I appreciate
10 that, Council Member Constantinides do you have
11 questions?

12 COUNCIL MEMBER CONSTANTINIDES: I'll try
13 my best to keep it brief Madame Chair, thank you. So,
14 good to see you both again, always a pleasure to have
15 you here at City Hall. So, how many pieces of paper
16 do you have, I mean you talked about 20,000 to 34,000
17 transaction, deliveries so that corresponds to 20,000
18 to 34,000 pieces of paper that are flying around
19 between you and the city?

20 STEVEN LEVY: Well each delivery there is
21 a delivery sign ticket that gets stapled to a printed
22 invoice that then gets mailed so in the city.. least...
23 at least receives the envelope, an invoice and a
24 signed delivery ticket so that's at least three
25 pieces of paper some also receive an inspection

1 ticket as well as a bill of lading from the terminal
2 so it could be up to five pieces of paper.

3
4 COUNCIL MEMBER CONSTANTINIDES: So, we're
5 talking about 60,000 to 100,000 just from... just from
6 generating from your particular business to the city,
7 60,000 to 100,000 pieces of paper running around in...
8 [cross-talk]

9 STEVEN LEVY: It, it is Councilman but
10 even more importantly from an operation perspective
11 when companies go to electronic for example a... an
12 agency of the MTA will... everything would be
13 electronic so they don't get... it's similar to UPS and
14 FedEx, a lot of times now you don't even sign a
15 document or the... their... their electronic interface,
16 they just drop off the packages but the key is to,
17 going toward electronic which saves not only the
18 paper but a lot of labor... [cross-talk]

19 COUNCIL MEMBER CONSTANTINIDES: I was
20 going to go there next... [cross-talk]

21 STEVEN LEVY: ...and efficiency. So, right
22 by... as soon as you deliver it gets invoiced, goes to
23 payment. One of the, the challenges that you have
24 which the city has a, a wonderful technology offices
25 when the payment people receive that electronic

1
2 invoice then and the receiving agency can reconcile
3 electronically and then obviously get paid
4 electronically as well and we're all done.

5 COUNCIL MEMBER CONSTANTINIDES: Alright,
6 I think you've made my, my case for me. Angel do you
7 have... [cross-talk]

8 ANGEL VAZQUEZ: No, actually as, as far
9 as paper's being used I think the first step was the
10 changes we're seeing in Vendex. It's... I've been
11 hearing it from partners that have been doing work
12 with the city for years and they... they're rejoicing,
13 when they heard about the passport system we're all
14 now sending in the next couple of weeks people from
15 our firms who typically have used the Vendex system
16 and they are... they, they have to go... it's like
17 troubleshooting it's almost teaching them a new
18 language but they're excited about it because it's
19 going to speed up the process and it's, it's, it's
20 real time, you know it's user friendly, you can log
21 in yourself and update any information and it's, it's
22 a joy... it's a joyous time for us. So, it... we're
23 really... we're really excited about it. The more
24 electronic we can go the better we are.

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COMMITTEE ON CONTRACTS

COUNCIL MEMBER CONSTANTINIDES: Thank you both, I appreciate all of your advocacy on... looking to help our city streamline our, our procurement system so, thank you both for being here today and for your testimony and I'll thank our, our Chair again for her leadership.

ANGEL VAZQUEZ: Thank you.

STEVEN LEVY: Thank you.

CHAIRPERSON ROSENTHAL: Angel I see we're going to have to welcome you to the nerd club.

ANGEL VAZQUEZ: I just... hey, I... you know it's funny being around engineers all the time...

[cross-talk]

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

ANGEL VAZQUEZ: ...they're very... they call themselves green which means they see the facts, they see the numbers, this is what it is and every other consideration has to go out the door... [cross-talk]

CHAIRPERSON ROSENTHAL: That's right... [cross-talk]

ANGEL VAZQUEZ: ...so I've learned for... yeah, it's very nice, it's nice to be around given my background in, in the assembly it's great.

1
2 CHAIRPERSON ROSENTHAL: Oh, okay... [cross-
3 talk]

4 ANGEL VAZQUEZ: So, it... it's great to
5 have that just straight shooting these are the facts
6 mentality and you know these streamlining... the
7 streamlining of the procurement process has really
8 just helped the, the city as, as a client and our
9 firms be able to not only speed up the, the, the
10 payment process for... on our end but speed up the
11 project delivery so it, it's just a win, win so we,
12 we... the more electronic the better.

13 CHAIRPERSON ROSENTHAL: Great. So, I want
14 to thank everyone for their attendance to this
15 hearing. I want to thank Council Member's Koo and
16 Council Member Deutsch who also joined us today. I am
17 excited to move forward quickly, Council Member
18 Constantinides with your bill and perhaps we have a
19 package of legislation having to do with expediting
20 procurement, I hope... I, I, I... and I would expect and
21 I will push very hard that your piece of legislation
22 be included in that package. Thank you for your work
23 on this, I really do appreciate it and with that I'm
24 close... call, calling this hearing to a close, thank
25 you.

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COMMITTEE ON CONTRACTS

ANGEL VAZQUEZ: thank you.

STEVEN LEVY: Thank you.

[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

May 13, 2017