THE COUNCIL OF THE CITY OF NEW YORK



Hon. Melissa Mark-Viverito Speaker of the Council

Hon. Helen Rosenthal Chair, Committee on Contracts

Report on the Fiscal 2016 Preliminary Contract Budget

Mayor's Office of Contract Services

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Mayor's Office of Contract Services Overview

The Mayor's Office of Contract Services (MOCS) is responsible for overseeing, supporting and promoting the City's procurement system by discharging the Mayor's contracting responsibilities under the City Charter, Procurement Policy Board (PPB) rules and applicable local laws. MOCS establishes policies, procedures and guidelines for the implementation of PPB rules and local laws. MOCS is authorized to perform pre- and post-audit reviews and to provide all necessary determinations, approvals and certifications related to agency procurement actions. MOCS is also responsible for maintaining the City's central contract registry.

Since the City's procurement system spans an enormous range of subject areas, there are three overarching goals that guide MOCS' efforts. First, MOCS aims to achieve the best value for the taxpayers' dollar: high quality goods and services, with timely delivery, at fair and reasonable prices. Second, and of equal importance, MOCS seeks responsible business partners, i.e., vendors whose records of integrity, financial capacity and successful performance justify the use of tax dollars. And third, so that the City can continue to obtain the best value from responsible partners, MOCS must ensure that the contracting process delivers fair treatment to all vendors. MOCS accomplishes its mission by:

- Working with and overseeing the activities of each Agency Chief Contracting Officer (ACCO) in the development and approval of their procurement actions;
- Ensuring that the vendors the City does business with are responsible;
- Maintaining a comprehensive vendor information system known as VENDEX;
- Supporting continued outreach to the vendor community, and maintaining the Public Access Center where the general public can access public contract information;
- Conducting public hearings prior to the awarding of contracts; and
- In conjunction with the Financial Information Services Agency (FISA) and most Mayoral agencies, maintaining centralized, Citywide bidder lists, which agencies use to solicit vendors.

This report provides a review of MOCS' Preliminary Budget for Fiscal 2016 and the Fiscal 2014 Agency Procurement Indicators Report (Procurement Report). MOCS' budget is within the Mayor's budget (Agency 002). In the section below, the Fiscal 2016 budget is presented in a chart which details MOCS' personal services (PS) and other than personal services (OTPS) spending and its headcount. The second section discusses and provides an overview of the City's contract budget. The third section of the report includes the key performance indicators that MOCS has to track.

Fiscal 2016 Budget Overview

MOCS Financial Summary							
	2015	Preliminar	y Plan	*Difference			
Dollars in Thousands	Adopted	2015	2016	2015 - 2016			
Spending							
Personal Services	\$3,586	\$3,682	\$3,852	\$266			
Other Than Personal Services	224	224	174	(50)			
TOTAL	\$3,810	\$3,906	\$4,026	\$216			
Budgeted Headcount							
Full-Time Positions	25	26	25	0			
Full-Time Positions - Interfund Agreement	37	37	37	0			
TOTAL	62	63	62	0			

^{*}The difference of Fiscal 2015 Adopted Budget compared to Fiscal 2016 Preliminary Budget.

The City's Preliminary Fiscal 2016 Budget is \$77.7 billion, \$2.7 billion more than the Fiscal 2015 Adopted Budget of \$75 billion. The budget for the MOCS is part of the Mayor's budget (Agency 002) under units of appropriation (U/A 020 and 021) for support and promotion of City's procurement system. The Fiscal 2016 Preliminary Budget for MOCS is \$4 million with a budgeted headcount of 62 full-time positions. The MOCS' budget represents 0.005 percent of the City's budget. Of the 62 full-time positions, 37 are staff who works on contracts related to capital projects and are therefore paid with Interfund Agreement funding. The Fiscal 2015 Budget as of the Preliminary Plan shows that MOCS' budget increased by \$96,000 (approximately three percent) since the Fiscal 2015 Adopted Budget. The Fiscal 2016 Preliminary Budget has also increased by \$216,000 or by six percent as compared to Fiscal 2015 Adopted Budget. The headcount in the Fiscal 2015 Budget as of the Preliminary Plan increased by one full-time position as compared to the Fiscal 2015 Adopted Budget.

Contract Budget Highlights/Analysis

The New York City Charter mandates the preparation of a Contract Budget to identify expenditures for contractual services, which are defined as any technical, consultant or personal service provided to the City by means of a contract. The Contract Budget is actually a subset of the OTPS portion of the City's Expense Budget and sets forth anticipated contractual spending for each agency by unit of appropriation, broken down by object codes, number of contracts per category and the corresponding dollar value anticipated to be expended in each category.

The Contract Budget identifies each contract by one of 50 object codes. Object codes allow tracking of contractual spending throughout the fiscal year. Object codes make it possible to compare actual to planned contractual expenditures and allow the Contract Budget to be modified simultaneously with the operating budget. In addition, object codes facilitate the comparison of contractual spending from fiscal year to fiscal year.

The Supporting Schedules further detail contractual expenditures by responsibility center and budget code. The Contract Budget is a plan - an agency's blueprint or forecast of what services it anticipates it will need to purchase during the next fiscal year. It is the detailed portion of each agency's OTPS expenditures for contractual services that are personal service in nature.

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For the Contract Budget, the Fiscal 2016 Preliminary Budget includes \$12.4 billion, which represents approximately 16 percent of the City's total Budget. The Fiscal 2016 Preliminary Contract Budget increased by \$440 million or 3.7 percent when compared to the Fiscal 2015 Adopted Budget of \$12 billion. Appendix B provides comparison information on Contract Budget by Agency and Appendix C provides information on Contract Budget by Type.

Contract Budget Financial Summary				
	2015 Preliminary Plan		y Plan	*Difference
Dollars in Thousands	Adopted	2015	2016	2015 - 2016
Contract Budget	\$11,986	\$13,336	\$12,426	\$440
Number of contracts	17,082	17,297	17,065	(17)

^{*}The difference of Fiscal 2015 Adopted Budget compared to Fiscal 2016 Preliminary Budget.

The Fiscal 2016 Preliminary Contract Budget proposes 17,065 contracts, just 17 fewer than the Fiscal 2015 Adopted Contract Budget. The Fiscal 2015 Contract Budget as of February 9, 2015 totals \$13.3 billion for 17,297 contracts. This represents an increase of 215 contracts and approximately \$1.4 million from the Fiscal 2015 Adopted Contract Budget.

Table 2 lists the 15 City agencies with proposed contractual spending of more than \$70 million each for Fiscal 2016. Collectively, these agencies are responsible for almost 95 percent of the \$12.4 billion in contract expenditures and 80 percent of total contracts proposed in the Fiscal 2016 budget.

The two agencies that have the most contract funding are the Department of Education (DOE) and the Administration for Children's Services (ACS).

Table 3 - 15 City Agencies with Largest Contract Budget *Dollars in Thousands*

				Prelimin	ary Plan	
	2015	Number of		Number of		Number of
Agency Name	Adopted	contracts	2015	contracts	2016	contracts
Department of Education	\$5,104,359	5,007	\$5,168,717	5,008	\$5,380,258	5,082
Administration for Children's Services	1,796,862	1,374	1,811,737	1,375	1,778,446	1,332
Department of Homeless Services	779,966	538	921,498	539	834,281	539
Department of Health and Mental Hygiene	802,742	1,319	854,450	1,319	829,647	1,319
Department of Social Services	745,665	1,206	868,199	1,215	764,108	1,206
Department of Sanitation	456,349	179	426,178	182	503,302	178
Department of Youth & Community Development	380,514	1,201	474,741	1,206	416,955	1,154
Miscellaneous	307,675	80	346,465	80	282,142	75
Department for the Aging	236,326	1,394	246,419	1,388	211,705	1,394
Department of Informational Technologies & Telecommunication	193,018	116	215,488	117	207,249	116
Department of Transportation	202,297	583	228,191	656	198,337	580
Department Environmental Protection	138,137	372	348,455	372	146,407	372
General & Lease Purchases Debt Service Funds	127,364	2	105,321	2	139,564	2
Housing Preservation & Development	64,399	205	235,159	210	93,830	206
Department of Small Business Services	99,608	69	239,299	75	76,125	69
TOTAL	\$11,435,281	13,645	\$12,490,317	13,744	\$11,862,356	13,624

Table 3 shows the ten contract categories with the highest planned spending levels in Fiscal $2016.\ ^1$

The Fiscal 2015 Adopted Budget and the Fiscal 2016 Preliminary Budget comparison reveals only a few areas of notable change: Payments Contract/Corporate School (five percent more contracts, seven percent more funding); Transportation of Pupils (three percent more funding); Direct Educational Services (six percent more funding); and Day Care of Children (42 percent fewer contracts, one percent less funding).

The four largest contract categories are used by DOE and ACS. These two agencies are not only the agencies with largest contract budgets, but also the largest contract budgets by type.

Table 4 - 10 Largest Contract Budgets by Type *Dollars in Thousands*

			Preliminary Plan			
Type / Object Code	2015 Adopted	Number of contracts	2015	Number of contracts	2016	Number of contracts
Payments Contract/Corporate School	\$2,627,230	1,534	\$2,621,704	1,534	\$2,798,970	1,609
Transportation Of Pupils	1,116,711	343	1,118,338	343	1,154,557	343
Professional Services Direct Educational Services	842,664	1,251	856,500	1,255	894,676	1,252
Day Care Of Children	780,501	729	832,264	729	769,203	687
Contractual Services General	636,241	755	1,267,031	796	711,717	766
Homeless Family Services	475,241	391	601,970	392	537,300	344
Children's Charitable Institution	452,676	70	451,176	71	450,559	70
Mental Hygiene Services	441,674	472	452,221	475	443,366	472
Waste Disposal	350,096	31	339,972	32	393,393	31
Education & Recreation For Youth Program	268,848	627	380,576	631	357,382	629
TOTAL	\$7,991,883	6,203	\$8,921,751	6,258	\$8,511,122	6,203

According to the Procurement Report, the vast majority of procurements, in both value and volume, are accounted for by a few agencies. Eight agencies accounted for approximately 80 percent of the City's total procurements in Fiscal 2014.

Table 4 below shows that The Department of Sanitation (DSNY) had the highest overall procurement value. According to the Procurement Report, DSNY's procurements in Fiscal 2014 were three times more than its Fiscal 2013 Procurements. In Fiscal 2014, DSNY procured several large, multi-year contracts to provide sanitation services to the City. The Department of Small Business Services (SBS) posted the second-highest procurement value, with significant investments in economic development.² The Department of Environmental Protection (DEP) had the third highest procurement value, with numerous projects to improve water quality in

¹ It should be noted that the Delegate Agencies category has the largest number or contracts (1,917). "Delegate Agencies" refers to contracts funded under the federal Government's Economic Opportunity Program for programs such as Head Start, Medicare, etc. (Please see Appendix C)

² Agency Procurement Indicators Report, Fiscal Year 2014, p2.

New York City.³ The value shown is the cumulative value of all contracts awarded in Fiscal 2014; not the contract budget for that year.

Table 5 - Top 10 Agencies by Procurement Value

Agency	Count	Value (in thousands)	%
Department of Sanitation	1,661	\$4,515,762	25%
Department of Small Business Services	287	2,008,322	11%
Department of Environmental Protection	3,103	1,800,022	10%
Department of Citywide Administrative Services	1,572	1,408,301	8%
Administration for Children's Services	1,585	1,297,253	7%
Department of Design and Construction	2,065	1,253,621	7%
Department of Health and Mental Hygiene	2,167	917,815	5%
Department of Information Technologies and Telecommunications	855	903,621	5%
Department of Homeless Services	435	746,764	4%
Department of Transportation	1,039	594,069	3%
All Other Agencies	28,552	2,349,038	13%
TOTAL	43,321	\$17,794,588	- -

Source: Agency Procurement Indicators Report, Fiscal Year 2014

Table 5 lists the 25 largest contracts awarded in Fiscal 2014. These contracts represent different initiatives by several agencies to strengthen the City's economy and infrastructure, maintain the cleanliness of the City, support families, and reduce the human impact on the environment. These 25 contracts are responsible for nearly 50 percent of the City's procurement spending in Fiscal 2014. The three largest contracts are each over \$1 billion.

Table 6 - Top 25 Largest Contracts of Fiscal 2014

Agency	Vendor Name	Purpose	Contract Value (in thousands)
Department of Sanitation	Covanta 4Recovery, L.P.	Management, Transportation and Disposal Services	\$2,857,787
Department of Small Business Services	New York City Economic Development Corporation	Citywide Economic Development Services	1,665,534
Department of Sanitation	Waste Management of New York, LLC	Municipal Solid Waste Management	1,120,000
Department of Health and Mental Hygiene	Public Health Solutions	HIV/AIDS Master Contract	471,000
Administration for Children's Services	YMS Management Associates Inc.	Payment Agent for ACS Voucher Programs	418,809
Department of Environmental Protection	New York Power Authority	Support for DEP Energy Efficiency Projects	240,000
Department of Small Business Services	New York City Economic Development Corporation	Citywide Maritime Economic Development	197,948
Department of Information Technology & Telecommunications	Telesector Resources Group Inc. a Verizon Services Group	Citywide Master Service Agreement for Voice and Data Services	\$185,000

³ Agency Procurement Indicators Report, Fiscal Year 2014, p2.

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Agency	Vendor Name	Purpose	Contract Value (in thousands)
Department of Citywide		To Procure Truck, Collection, Rear	,
Administrative Services	Mack Trucks Inc.	Loading	180,133
Mayor's Office of Criminal Justice	The Legal Aid Society	Indigent Criminal Defense Services	177,212
Department of Design & Construction	Prismatic Development Corp.	Southwest Brooklyn Marine Transfer Station	139,404
Department of Homeless Services	FJC Security Services, Inc.	Security Services for Manhattan/Bronx Shelters	120,918
Department of Transportation	Tutor Perini Corporation	Design and Construction of the Replacement City Island Bridge over the Eastchester Bay in the Bronx	102,688
Department of Citywide Administrative Services	Consolidated Edison Company of New York Inc.	Natural Gas	98,033
Department of Information Technology & Telecommunications	Telesector Resources Group Inc. a Verizon Services Group	Provision of services and equipment for Network Customer Premise Equipment for the 911 System	90,628
Department of Parks & Recreation	Central Park Conservancy Inc.	Maintenance, Programming and Operation of Central Park	90,000
Department of Small Business Services	Brooklyn Navy Yard Development Corporation	Economic Development Services at Brooklyn Navy Yard	82,727
Department of Citywide Administrative Services	Consolidated Edison Company of New York Inc.	Purchase of Steam for New York City Government Buildings in Manhattan	82,080
Department of Citywide Administrative Services	Global Environmental Products	Street Sweeper Vehicles	77,844
Department of Environmental Protection	WDF Inc.	Carbon Addition Facilities at Various Waste Water Treatment Plants	74,325
Department of Transportation	American Traffic Solutions, Inc.	Maintain Operate Red Light Camera/Bus Lane Camera System	74,175
Department of Information Technology & Telecommunications	Camelot Communications Group Inc.	Maintenance, Repair, and Modification for Intellipath, Key System, Voice Over Internet Protocol	74,076
Department of Citywide Administrative Services	The Brooklyn Union Gas Company	Natural Gas	69,068
Department of Sanitation	Shaw Environmental Inc.	Environmental and post-closure monitoring and maintenance program for the Fresh Kills and Edgemere Landfills	63,577
Department of Janitation	Shaw Environmental Inc.	Construction services for Maintenance & Operation for the Central Park	03,377
Department of Parks & Recreation	Central Park Conservancy Inc.	Central Park Conservancy	60,000
	TOTAL		\$8,812,965

Source: Agency Procurement Indicators Report, Fiscal Year 2014

^{*}Continuation from previous page

Key Performance Indicators

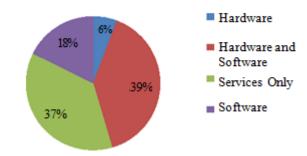
In order to measure City's success in achieving the goals, MOCS tracks key performance indicators for the City's procurement system. MOCS' performance indicators fall into six categories: 1) taking inventory, 2) procurement process, 3) human services, 4) construction, 5) supporting City agencies through goods and services, and 6) expanding opportunities for Minority-And-Women-Owned businesses. This report takes a closer look into Information Technology ("IT") contracting, which relates to supporting City agencies through goods and services; contract cost overruns and the Outsourcing Accountability Act as part of taking inventory; and expanding opportunities for Minority-And-Women-Owned businesses. For a discussion of how the City's procurement and contracting process works, please refer to Appendix A, which is taken from the MOCS' website.

IT Contracting

According to MOCS, government increasingly relies on IT to improve services, connect with citizens and make operations more efficient. New York City also heavily relies on IT services to provide sufficient service to New Yorkers in a timely manner. Outside contractors are a key component of the way the City delivers IT services – often the City relies on their specialized expertise in the short term to help build new systems that remain in use by the City for years, or to help maintain hardware and software in use by agencies.

Chart 1 below shows all Fiscal 2014 IT procurements by type: hardware, software, and services. The vast majority of the purchases were made in two categories: hardware and software (39 percent) and services only (37 percent).

Chart 1: IT Spending by Type by Volume



Source: Agency Procurement Indicators Report, Fiscal Year 2014

Table 6 below provides the list of the top five largest IT contracts over the past three years.

Table 7 - Top 5 large IT contracts over past 5 years

	Contract		Original
	Start	Contract	Contract
Purpose	Date	End Date	Amount
Emergency Communications			
Transformation Program - 2	01/03/11	01/02/16	\$230,895
Renewal No. 1 for the Citywide			
Mobile Wireless Network			
NYCWIN Renewal #1	06/12/11	06/11/16	\$207,388
Provision Of Serv And Eapt For			
Network CPE For 9-1-1 System	07/01/06	09/30/13	\$195,550
Telesector Renewal # 2 Voice &			
Data Services	01/01/13	12/31/14	\$185,000
Voice and Data Services	01/01/11	12/31/12	\$175,000
	Emergency Communications Transformation Program - 2 Renewal No. 1 for the Citywide Mobile Wireless Network NYCWIN Renewal #1 Provision Of Serv And Eqpt For Network CPE For 9-1-1 System Telesector Renewal # 2 Voice & Data Services	Purpose Emergency Communications Transformation Program - 2 Renewal No. 1 for the Citywide Mobile Wireless Network NYCWIN Renewal #1 Provision Of Serv And Eqpt For Network CPE For 9-1-1 System Telesector Renewal # 2 Voice & Data Services Start Date 01/03/11 06/12/11 Provision Of Serv And Eqpt For Network CPE For 9-1-1 System 07/01/06	Purpose Emergency Communications Transformation Program - 2 Renewal No. 1 for the Citywide Mobile Wireless Network NYCWIN Renewal #1 Provision Of Serv And Eqpt For Network CPE For 9-1-1 System Telesector Renewal # 2 Voice & Data Services Contract End Date O1/03/11 01/02/16 01/02/16 06/12/11 06/11/16 09/30/13

Dollars in thousand

Source: Mayor's Office of Contracts Services

Contracts Cost Overruns

Many of the City contracts have shared goals of improving the quality of City services and increasing the efficiency with which such services are provided. Generally, big capital projects have been technically complicated and sweeping in scope, involving multiple agencies and private vendors. As a result, at inception, these projects were anticipated to be relatively expensive and time consuming.

On March 26, 2012 Local Law 18 of 2012 (LL 18) was enacted. LL 18 requires MOCS to provide a quarterly report of contracts for construction or services originally valued over \$10 million with a contract modification or extension that results in a total revised maximum expenditure that exceeds the original contract maximum expenditure by twenty percent or more. Subsequent increases of ten percent or more must also be reported.

In the last three quarterly reports for the April 1, 2014 to December 31, 2014 period, 19 contracts with increased costs were reported. Of these 19 contracts, five contracts are administered by the Department of Design and Construction (DDC), nine by DEP, three by the Department of Transportation (DOT), one by the New York Police Department (NYPD), and one by the Department of Information Technology and Telecommunications (DoITT).

Appendix D lists contracts with modifications that exceeded their total contract value by twenty percent or more in the reporting period. Appendix E shows the nine contracts with additional modifications that exceed ten percent of the last reported total contract value.

Outsourcing Accountability Act

The City Council enacted Local 35 of 1994 to ensure that contracting agencies consider the costs and benefits to the City whenever they propose to enter into service contracts. The law did not live up to its promise, however, as agencies were able, for the most part, to exploit loopholes to avoid such analyses. Moreover, labor unions indicated that they were often excluded from the earliest phases of the solicitation process, which hindered their ability to

provide the City with competitive alternatives to bids and proposals from vendors. Accordingly, the Council passed the Outsourcing Accountability Act, Local Law 63 of 2011 (LL 63), in order to increase the following:

- 1. Accountability, by requiring agencies to provide details of their decision-making when they opt to outsource, including information about whether City employees could perform the work;
- 2. Cost efficiency, by tightening the loopholes of LL35 to require more cost analyses; and
- 3. Transparency, by requiring agencies to publish annual plans, announcing in advance their anticipated service needs.

LL 63 requires City agencies to submit cost-benefit analysis once they enter, renew, or extend a contract valued at more than \$200,000 dollars. In the three and half years since the enactment of LL 63, the Council has received seven cost-benefit analyses. Three cost-benefit analyses were received in Fiscal 2012, three in Fiscal 2013, and one in Fiscal 2014. Of the seven analyses, three were submitted by the Department of Housing Preservation and Development (HPD), two by the DoITT, one by the Department of Parks and Recreation, and one by the Department of Health and Mental Hygiene.

Considering the volume of the City procurements and their value, the City Council is concerned with the number of received cost-benefit analyses.

Minority-And-Women-Owned businesses (M/WBE)

The M/WBE Program was created with the enactment of Local Law 129 of 2005 (LL129), the requirements of which were based on the results of a disparity analysis. The disparity analysis demonstrated an imbalance between the quantity of M/WBE firms within the City's geographical region that were ready, willing, and able to work on City contracts, and the number of City contracts actually awarded to them. The M/WBE Program was created to correct that imbalance and established aspirational goals on contracts and subcontracts for certain ethnic and gender categories as well as for certain industries. The M/WBE Program was limited to prime contracts valued at less than \$1 million and further limited M/WBE subcontracting goals to construction and professional services contracts valued under \$1 million.

In 2013, a new law revising the M/WBE Program was enacted following another disparity analysis. Local Law 1 of 2013 (LL1) revisited not only the aspirational goals set for City contract awards, but vastly expanded the Program's reach by removing the \$1 million cap and allowing agencies to establish participation goals on standardized services contracts. Fiscal 2014 is the first full year of the expanded M/WBE Program established by LL1.

MOCS and SBS spearhead the City's efforts to capitalize on its unique diversity with respect to City contracting. As Table 6 below shows, the dollar amount of M/WBE contracts has increased since 2007, but the M/WBE share of the total City Contract Budget remains low.

Table 8 - Awards to M/WBE firms since 2007

Dollars in thousand

Fiscal Year	Prime Contracts*	Subcontracts*	All contracts*	Total Contract Budget	% of prime contracts	% of subcontracts	% of all MWBE contracts
2014	\$548,116	\$141,729	\$689,845	\$11,234,523	5%	1%	6%
2013	330,286	109,045	439,331	11,596,534	3%	1%	4%
2012	400,933	128,770	529,703	11,072,994	4%	1%	5%
2011	376,384	186,473	562,857	10,925,912	3%	2%	5%
2010	332,454	381,946	714,400	10,631,912	3%	4%	7%
2009	306,969	180,379	487,348	10,182,429	3%	2%	5%
2008	340,184	127,506	467,690	9,657,659	4%	1%	5%
2007	194,841	59,183	254,024	9,027,911	2%	1%	3%
All Years	\$2,830,168	\$1,315,030	\$4,145,198	\$84,329,874	3%	2%	5%

^{*}Source: Agency Procurement Indicators Report, Fiscal Year 2014

Table 8 depicts the top five City agencies with the largest dollar amount of M/WBE contracts. DDC has the largest dollar amount with \$128 million awarded to M/WBE prime contractors in Fiscal 2014.

Table 9 – Top 5 M/WBE prime contracting agencies Fiscal 2014 Dollars in thousand

Agency	W/WBE Contract value
DDC	\$127,951
DoITT	114,172
DCAS	41,609
DPR	39,203
HPD	14,648

Source: Agency Procurement Indicators Report, Fiscal Year 2014

The Procurement Report provides several of appendices with information about M/WBE prime contractors and subcontractors by agency, industry, and race/gender/emerging group.

Appendix F provides comparison of M/WBE prime contracts utilization versus aspirational goals set up by LL1. It also provides the value and number of M/WBE prime contracts during Fiscal 2014 across all City agencies. The goals are disaggregated by the race/gender group and by the industry.

As can be seen from Appendix F, the Administration does not meet any of the goals set by LL1, even though, in Fiscal 2014, there were the highest shares of M/WBE prime contractors than ever before.

Appendix A - Procurement Process

Generally, the City procurement process takes the following steps:

- An agency *need* is identified.
- A *solicitation* is written and published.
- A *competition* is held.
- A *vendor* is selected and a determination is made concerning its responsibility.
- A contract is negotiated and signed.
- The contract is *registered* by the Office of the Comptroller.

Identification and Solicitation Needs

In each New York City agency, dedicated procurement staff work with agency program staff to identify needs to support the agency mission. Each agency has an Agency Chief Contracting Office (ACCO) to ensure that the rules set by the Procurement Policy Board (PPB) and other applicable laws are followed during the entire procurement process. Once a solicitation has been finalized, it is published in The City Record so vendors can view it and respond.

Contract Process: Promoting Competition and Efficiency

More than 51,000 vendors are enrolled on City bidders' lists. The top lines of business include professional services, maintenance and other standardized services, and construction. Over half of all City procurement results from four competitive methods:

- *Competitive sealed bids,* with vendors selected on a low-bid basis.
- *Accelerated procurements,* a fast-track bid process for commodity purchases such as fuel that must be obtained quickly due to shortages and/or rapid price fluctuations.
- Competitive sealed proposals (also called requests for proposals or RFPs), with vendors chosen based on price and quality-based factors, and
- *Small purchases,* a less formal competitive process for purchases valued between \$20,000 and \$100,000.

The next largest group of procurements consists of six methods used to <u>continue or expand</u> existing contracts for limited periods:

- *Renewals,* used when the initial contract provides specific terms for continuation, typically at the City's option.
- *Amendment extensions,* allowing the addition of one year to a current contract.
- *Negotiated acquisition extensions,* allowing a negotiated additional term on the same basis as the initial contract.
- *Amendments*, which allow the addition or subtraction of funds to a current contract to reflect programmatic needs;
- Construction change orders and design change orders, amending the contracts that support capital construction projects so that ongoing work can be completed.

City agencies also procure goods and services via selection processes based on determinations by other governmental agencies where the City "piggy-backs" on vendor contracts held by other government agencies, typically state or federal entities. Additionally, other procurement methods rely on a variety of other methods subject to more limited competition such as sole source awards; emergency contracts negotiated acquisitions or micropurchases.

Once a solicitation is finalized, it is printed in The City Record so vendors can view it and respond.

Vendor Selection and Vendor Responsibility

Vendors respond to solicitations depending on the criteria contained in the solicitation document. The agency then evaluates the responses based upon the type of procurement method. At various stages of the procurement process, MOCS must review and approve certain procurement documents and issue what is called a Certificate of Procedural Requisite, as required by the PPB Rules and the New York City Charter in order for registration with the Comptroller to occur. The procurement review unit is responsible for overseeing procurement submissions from Mayoral agencies and performing all the related tasks associated with the approval process. The unit reviews and assesses procurement submissions from presolicitation documents to recommendations for award. In addition, the unit is responsible for coordinating efforts among other oversight entities and making recommendations to ensure that necessary goods and services are procured appropriately. Such other offices that approve procurement documents in the process include the Office of Management and Budget, the Law Department, the Division of Labor Services at the Department of Small Business Services, and the Office of the Deputy Mayor for Operations. MOCS recently implemented an Automated Procurement Tracking System (APT) allowing agencies to more accurately develop, track and report on agency procurement activity. The system allows agency procurement staff to electronically share documents and approve contract actions, thus increasing procurement accountability, transparency and timeliness.

City agencies are required to hold public hearings on proposed contracts valued in excess of \$100,000 awarded by a method other than competitive sealed bidding.

As part of the contract award process, the City must award contracts only to responsible contractors. A responsible contractor has the technical capability and financial capacity to fully perform the requirements of the contract, as well as the business integrity to justify the award of public tax dollars. Completing a responsibility determination includes agency verification of compliance with a number of requirements including City policy and VENDEX, the City's database of information about current and past vendors. Additionally, MOCS operates a Public Access Center that provides access to the VENDEX system.

Vendor Evaluations - Documenting Satisfactory Performance

Documenting how a vendor performs is critical to agencies in helping determine whether a vendor's contract should be renewed, extended or terminated and whether there is a need for a vendor to implement a corrective action plan or otherwise address its problems, preferably before performance is adversely affected. Under the City's procurement rules, a prospective vendor that has performed unsatisfactorily is presumed to be non-responsible, unless the agency determines that the circumstances were beyond the vendor's control or that the vendor has appropriately corrected the problems.

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The PPB Rules require that all open contracts must be evaluated for performance at least once per year. The three major evaluation criteria are timeliness of performance, fiscal administration and accountability, and overall quality of performance. Agencies complete evaluations on line through the VENDEX system and MOCS handles communications with vendors centrally. Once the vendor has been given time to review and respond to the evaluation, MOCS posts it in the VENDEX system. The ratings provide an important resource to agencies that are involved in new contract actions. During Fiscal 2014, agencies' completion rate for performance evaluations reached 94%. Approximately 92% of those received such a rating with no underlying problems reported.

Contract Registration

Once all the appropriate oversight approvals are in place, the agency works with the selected vendor to negotiate and sign a contract. The signed contract is then registered with the Office of the Comptroller.

Lastly, as part of the ongoing contract administration process, evaluations on the performance of vendors are required to be completed on an ongoing basis and no less than once a year. The exceptions to this rule are for goods purchased through competitively sealed bids or procurements below the small purchase limit unless the vendor's performance is deemed unsatisfactory. In that case, an evaluation must be done by the agency. Performance evaluations reflect the requirements of the contract, including, but not limited to, quality and timeliness of performance and fiscal administration. Agencies rate a vendor's performance based on these criteria. From these subcategory ratings, an overall rating for a vendor is given. Ratings range from excellent to good, fair, poor, and unsatisfactory.

Appendix B - Contract Budget by Agency

Dollars in thousand				Prelimin	ary Plan				
Agency Name	2015 Adopted	Number of contracts	2015	Number of contracts	2016	Number of contracts	Difference in funding	Percent	Difference in volume
Department of Education	\$5,104,359	5,007	\$5,168,717	5,008	\$5,380,258	5,082	\$275,899	5%	75
Administration for Children's Services	1,796,862	1,374	1,811,737	1,375	1,778,446	1,332	(18,417)	(1%)	(42)
Department of Health and Mental Hygiene	802,742	1,319	854,450	1,319	829,647	1,319	26,905	3%	0
Department of Homeless Services	779,966	538	921,498	539	834,281	539	54,315	7%	1
Department of Social Services	745,665	1,206	868,199	1,215	764,108	1,206	18,443	2%	0
Department of Sanitation	456,349	179	426,178	182	503,302	178	46,953	10%	(1)
Department of Youth & Community Development	380,514	1,201	474,741	1,206	416,955	1,154	36,441	10%	(47)
Miscellaneous	307,675	80	346,465	80	282,142	75	(25,533)	(8%)	(5)
Department for the Aging	236,326	1,394	246,419	1,388	211,705	1,394	(24,621)	(10%)	0
Department of Transportation	202,297	583	228,191	656	198,337	580	(3,960)	(2%)	(3)
Department of Informational Technologies & Telecommunication	193,018	116	215,488	117	207,249	116	14,231	7%	0
Department Environmental Protection	138,137	372	348,455	372	146,407	372	8,270	6%	0
General & Lease Purchases Debt Service Funds	127,364	2	105,321	2	139,564	2	12,200	10%	0
Department of Small Business Services	99,608	69	239,299	75	76,125	69	(23,483)	(24%)	0
Fire Department	71,419	222	87,923	235	67,329	221	(4,090)	(6%)	(1)
Housing Preservation & Development	64,399	205	235,159	210	93,830	206	29,431	46%	1
Police Department	61,806	434	85,445	441	67,065	436	5,259	9%	2
Department of Finance	56,995	64	68,908	64	60,751	64	3,756	7%	0
Department of Citywide Admin Services	47,971	156	78,001	169	69,072	155	21,100	44%	(1)
Department of Cultural Affairs	42,869	659	42,689	659	34,512	659	(8,357)	(19%)	0
Law Department	40,003	428	43,309	430	26,162	428	(13,841)	(35%)	0

^{*}The difference of Fiscal 2015 Adopted Budget Compared to Fiscal 2016 Preliminary Budget.

^{*}Continued on next page

Dollars in thousand				Prelimin	ary Plan				
Agency Name	2015 Adopted	Number of contracts	2015	Number of contracts	2016	Number of contracts	Difference in funding	Percent	Difference in volume
Department of Parks & Recreation	\$35,381	287	\$53,182	300	\$33,482	287	(\$1,899)	(5%)	0
Financial Info Services Agency	33,155	64	33,824	64	32,105	64	(1,050)	(3%)	0
Department of Correction	28,248	62	32,551	57	36,144	62	7,895	28%	0
Office Of The Comptroller	23,584	77	23,940	78	24,356	77	771	3%	0
Board Of Elections	22,864	37	26,739	37	22,420	37	(444)	(2%)	0
Department of Probation	19,242	24	19,889	24	15,430	23	(3,812)	(20%)	(1)
Department of Buildings	12,392	9	12,565	10	11,226	9	(1,167)	(9%)	0
Office Payroll Administration	10,915	12	10,938	12	10,916	12	2	0%	0
City University	9,674	74	29,337	76	9,674	74	0	0%	0
Department of Design & Construction	8,249	63	113,004	64	8,249	63	0	0%	0
Mayoralty	4,607	70	15,270	77	7,801	72	3,194	69%	2
TOTAL	\$11,985,838	17082	\$13,336,203	17297	\$12,425,731	17065	\$439,893	4%	(17)

^{*}The difference of Fiscal 2015 Adopted Budget compared to Fiscal 2016 Preliminary Budget.

Appendix C - Contract Budget by Type

Dollars in thousand				Prelimin	ary Plan				
Type / Object Name	2015 Adopted	Number of contracts	2015	Number of contracts	2016	Number of contracts	Difference in funding	Percent	Difference in volume
Payments Contract/Corporat School	\$2,627,230	1,534	\$2,621,704	1,534	\$2,798,970	1,609	\$171,740.12	7%	75
Transportation Of Pupils	1,116,711	343	1,118,338	343	1,154,557	343	37,845.73	3%	0
Professional Services Direct Ed Services	842,664	1,251	856,500	1,255	894,676	1,252	52,012.74	6%	1
Day Care Of Children	780,501	729	832,264	729	769,203	687	(11,298.35)	(1%)	(42)
Contractual Services General	636,241	755	1,267,031	796	711,717	766	75,476.52	12%	11
Homeless Family Services	475,241	391	601,970	392	537,300	344	62,058.68	13%	(47)
Children's Charitable Institutn	452,676	70	451,176	71	450,559	70	(2,117.50)	0%	0
Mental Hygiene Services	441,674	472	452,221	475	443,366	472	1,691.51	0%	0
Payments To Delegate Agencies	420,717	1,921	428,371	1,919	338,419	1,917	(82,298.09)	(20%)	(4)
Waste Disposal	350,096	31	339,972	32	393,393	31	43,296.26	12%	0
Homeless Individual Services	317,747	138	340,233	138	325,356	138	7,609.40	2%	0
Education & Rec For Youth Program	268,848	627	380,576	631	357,382	629	88,533.27	33%	2
Home Care Services	263,392	118	263,392	118	263,392	118	0.00	0%	0
Maintenance & Operations Of Infrastructure	262,604	692	316,347	708	269,288	691	6,683.67	3%	(1)
Aids Services	259,541	117	240,390	117	263,158	117	3,616.81	1%	0
Professional Services Other	254,538	1,059	359,922	1,104	247,854	1,056	(6,684.43)	(3%)	(3)
Data Processing Equipment	224,738	495	239,469	510	247,164	498	22,425.58	10%	3
Head Start	217,189	89	164,826	89	203,183	89	(14,006.16)	(6%)	0
Child Welfare Services	211,744	341	218,664	341	218,024	341	6,279.83	3%	0
Hospitals Contracts	154,210	6	152,577	6	164,599	6	10,388.44	7%	0
Maintenance & Repairs General	144,356	994	175,179	980	136,986	985	(7,369.61)	(5%)	(9)
Employment Services	141,347	74	143,591	74	143,047	74	1,700.00	1%	0

^{*} The difference of Fiscal 2015 Adopted Budget compared to Fiscal 2016 Preliminary Budget.

^{*}Continued on the next page

Dollars in thousand				Prelimi	nary Plan				
Type / Object Name	2015 Adopted	Number of contracts	2015	Number of contracts	2016	Number of contracts	Difference in funding	Percent	Difference in volume
Security Services	\$119,274	196	\$121,422	197	\$116,398	193	(\$2,876.01)	(2%)	(3)
Professional Service Legal Services	118,553	124	125,723	130	113,690	125	(4,863.41)	(4%)	1
Legal Aid Society	105,849	1	105,849	1	105,721	1	(127.75)	0%	0
Professional Service Computer Services	104,596	276	145,479	287	98,297	273	(6,298.63)	(6%)	(3)
Professional Service Curric & Prof Devel	100,956	601	101,067	602	95,280	601	(5,676.00)	(6%)	0
TOTAL	\$11,985,838	17082	\$13,334,188	17297	\$12,423,715	17065	\$437,876.93	4%	(17)

^{*}The difference of Fiscal 2015 Adopted Budget compared to Fiscal 2016 Preliminary Budget.

Appendix D - Contracts with Cost Overruns

This Appendix provides information on contracts required to be reported under Section B of LL 18 per the following criteria:

- * Contracts registered with a maximum contract value of more than \$10M,
- * Connected with the capital budget,
- * Having a contract modification registered in the reporting period,
- * Current maximum contract value exceeds the maximum value from the time of registration by 20% or more.

Quarter/ Fiscal Year	Agency	Description	Start Date	End Date	Original Start Date	Original End Date	Original Value	Max Contract Amount	% Increase
Q4 FY 2014	DOT	Reconstruction Of Manhattan Bridge - PD & FD	1-Mar-95	30-Nov-08	1-Mar-95	15-Oct-99	\$11,938	\$22,399	88%
Q4 FY 2014	DDC	Citywide Emergency Sewer Reconstruction	1-Aug-12	31-Jul-13	21-Jun-12	20-Jun-13	14,500	30,004	107%
Q4 FY 2014	DOITT	Data Center Lease For 15 Years	11-Mar-13	28-Apr-28	11-Mar-13	28-Apr-28	13,200	22,635	71%
Q4 FY 2014	DEP	Newtown Creek Structure & Equipment Upgrade	28-Jun-10	31-Aug-14	12-Jul-10	21-Nov-11	10,328	13,550	31%
Q1 FY 2015	DDC	Reconstruction Of Collapsed Def. Storm, San. Sewers, Force Mains	01-Jul-13	28-Sep-14	1-Apr-13	31-Mar-14	16,500	20,700	25%
Q1 FY 2015	DEP	Long Term Planning For CSO Reduction Stormwater Best Mgmt-Cost Change Order X-5	27-Apr-09	31-Oct-15	1-Apr-09	2-Apr-12	14,986	18,476	23%
Q1 FY 2015	DOT	Grand Central Terminal Leak Remediation-42 & 45 St. Bridges- Encumbrance and Increase In Contract Threshold	07-Jan-08	08-Jan-20	7-Jan-08	8-Jan-20	16,152	25,828	59%
Q2 FY 2015	DEP	Croton Water Treatment Plant Offsite Facility Electrical	02-Feb-09	31-May-15	6-Feb-09	25-Jan-13	15,763	19,359	23%
Q2 FY 2015	DDC	West 59Th Street Marine Transfer Station Scales and Intersection Repair - Borough Of Manhattan - Scales & Intersection Repair	23-Apr-13	01-Dec-14	1-May-13	30-Apr-14	11,050	13,415	21%
Q2 FY 2015	NYPD	IBI License Support and Maintenance	01-Jul-10	30-Jun-15	1-Jul-10	30-Jun-15	13,978	20,978	50%

^{*} Dollar amount in thousands

Source: Quarterly cost overruns report provided by MOCS

Appendix E - Contracts with Cost Overruns

This appendix provides information on contracts required to be reported under Section C of LL 18 per the following criteria:

- * Contracts registered with a maximum contract value of more than \$10M,
- * Connected with the capital budget,
- * Having a contract modification registered in the reporting period,
- * Current maximum contract value exceeds the last reported value by 10% or more.

Quarter/ Fiscal Year	Agency	Description	Start Date	End Date	Original Start Date	Original End Date	Original Value	Last Reported Amount	Max Contract Amount	% Increase
		Rei: Willis Ave. Bridge								
Q4 FY 2014	DOT	Replacement/Harlem River	30-Jun-07	6-Jul-14	30-Jun-07	31-Oct-12	\$39,782	\$49,084	\$54,397	11%
		Wards Island Interim Plant Upgrd								
Q4 FY 2014	DEP	Phase II Electrical	1-Sep-02	31-Aug-14	3-Aug-02	2-Aug-06	16,092	24,134	26,759	11%
		Installation Of Trunk & Distribution								
Q4 FY 2014	DDC	Water Mains & Appurtenance	11-Oct-11	31-Dec-13	9-Oct-11	7-Oct-13	12,637	15,252	16,948	11%
		Construction Management Croton								
Q1 FY 2015	DEP	Water Treatment Plant WM-11	1-May-02	30-Sep-15	11-May-02	11-May-10	63,400	139,596	159,653	14%
		Design Ser. Reconstruction Catskill								
Q2 FY 2015	DEP	Watershed Dams Associated Facility	18-Mar-04	30-Mar-18	11-Apr-04	11-Apr-12	14,900	67,040	87,054	30%
Q2 FY 2015	DEP	Croton WTP Electrical High Voltage	21-Aug-07	12-Apr-15	26-May-07	16-Jan-12	37,678	45,286	49,997	10%
		Activate Water Tunnel 3 Stage 2								
Q2 FY 2015	DEP	Manhattan Leg	01-Aug-11	28-Mar-15	30-Jun-11	30-Jan-14	26,137	31,668	31,592	21%
		Design Construction Plant								
		Stabilization/Interim Upgrade								
Q2 FY 2015	DEP	WP249	22-Oct-97	31-Dec-15	12-Nov-97	21-Nov-03	14,047	45,186	56,543	25%
		Construction Of Found Site Utilities/								_
		Misc Site Work;Ocean Breeze - Ocean								
		Breeze Park Replaces CT1 846								
Q2 FY 2015	DDC	2010140576	13-Jul-10	31-May-15	13-Jul-10		17,148	20,746	23,896	15%

*Dollar amount in thousands

Source: Quarterly cost overruns report provided by MOCS

Appendix F - M/WBE Prime Contracts Utilization

Dollars in thousand		Race/gender group												
	Black			Asian			Hispanic			Women			Total MWBE	
Industry	\$*	%*	LL1 goal	\$*	%*	LL1 goal	\$*	% *	LL1 goal	\$*	% *	LL1 goal	\$*	%*
Construction Services	\$2,645	0.1%	8%	\$86,874	4.6%	8%	\$3,731	0.2%	4%	\$48,361	2.6%	18%	\$141,611	7.5%
Goods	\$4,178	0.4%	7%	\$26,040	2.5%	8%	\$5,216	0.5%	5%	\$23,489	2.3%	25%	\$58,922	5.7%
Professional Services	\$9,411	0.6%	12%	\$69,561	4.2%		\$975	0.1%	8%	\$38,917	2.3%	17%	\$118,864	7.1%
Standardized Services	\$8,179	0.5%	12%	\$4,799	0.3%	3%	\$5,746	0.4%	6%	\$85,939	5.2%	10%	\$104,663	6.4%
All Industries	\$24,412	0.4%		\$187,273	3.0%		\$15,668	0.3%		\$196,706	3.2%		\$424,059	6.8%

^{*}Source: Agency Procurement Indicators Report, Fiscal Year 2014