

THE COUNCIL OF THE CITY OF NEW YORK

Hon. Corey Johnson
Speaker of the Council

Hon. Justin Brannan
Chair, Committee on Contracts



Report of the Finance Division on the
Fiscal 2019 Preliminary Budget and the
Fiscal 2017 Procurement Indicators Report for the
Mayor's Office of Contract Services

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Mayor's Office of Contract Services

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.

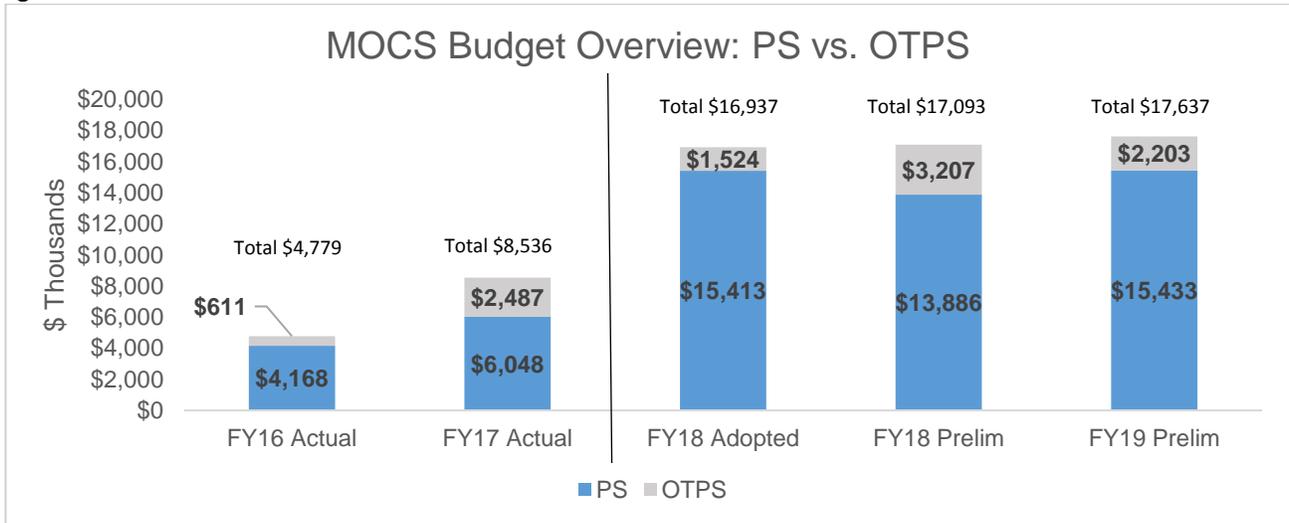
There are three goals that guide MOCS' efforts. First, MOCS aims to achieve the best value for the City's dollar, high quality goods and services, with timely delivery, at fair and reasonable prices. Second, MOCS seeks responsible business partners, i.e., vendors whose records of integrity, financial 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 ensures that the contracting process delivers fair treatment to all vendors. MOCS accomplishes this 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
- Working 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' Fiscal 2019 Preliminary Budget, its funding structure, headcount, contract budget, specific reporting on MOCS' Cost Overrun Report, and PASSport. The report also includes analysis of the City's Preliminary Contract Budget for Fiscal 2019, and the Fiscal 2017 Agency Procurement Indicators Report.

MOCS Budget Overview

Figure 1



MOCS’ Fiscal 2019 Preliminary Budget totals \$17.6 million, including \$15.4 million for Personal Services (PS) to support 190 budgeted full-time employees, and \$2.2 million for Other Than Personal Services (OTPS). Since MOCS’ is not a City department, its budget is within the Mayor’s budget (Agency 002). Within the budget for Mayoralty, there are two units of appropriation (U/A) for MOCS; one for PS where funds intended to pay salaries and benefits for employees are budgeted, and one for OTPS where all other general operating costs of MOCS are budgeted. Figure 1 illustrates MOCS’ actual spending for Fiscal 2016 and 2017, the Fiscal 2018 Adopted Budget, and the Fiscal 2019 Prelim Plan, which includes the current Fiscal 2018 Budgeted and the plan for Fiscal 2019.

Financial Plan Summary

Table 1

MOCS Financial Summary						
<i>Dollars in Thousands</i>						
	FY16	FY17	FY18	Preliminary Plan		*Difference
<i>Dollars in Thousands</i>	Actual	Actual	Adopted	FY18	FY19	FY18-FY19
Personal Services						
Full-Time Salaried	4,130	6,008	15,413	13,848	15,395	(18)
Overtime	38	40	0	38	38	38
SUBTOTAL	\$4,168	\$6,048	\$15,413	\$13,886	\$15,433	\$20
Other Than Personal Services						
Contractual Services	\$318	\$1,699	\$132	\$985	\$799	\$667
Other Services & Charges	77	564	736	896	736	0
Property & Equipment	202	152	0	67	0	0
Supplies & Materials	14	72	656	1,259	669	13
SUBTOTAL	\$611	\$2,487	\$1,524	\$3,207	\$2,203	\$680
TOTAL	\$4,779	\$8,536	\$16,937	\$17,093	\$17,637	\$700
Funding						
City Funds			\$10,288	\$10,444	\$10,988	\$700
Capital- IFA			\$2,500	\$2,500	\$2,500	0
Intra City			\$4,149	\$4,149	\$4,149	0
TOTAL	\$4,779	\$8,536	\$16,937	\$17,093	\$17,637	\$700
Budgeted Headcount						
Full-Time Positions	72	99	190	191	190	0

**The difference of Fiscal 2018 Adopted Budget compared to Fiscal 2019 Preliminary Budget.*

MOCS’ \$17.6 million Fiscal 2019 Preliminary Budget is \$700,000 greater than the Fiscal 2018 Adopted Budget of \$16.9 million, an increase of a little more than three percent. This increase was primarily caused by a \$667,066 contract introduced as a new need in the November 2017 Plan. This new needs funding, held under General Contractual Services, and is intended for data warehouse capacity to support MOCS’ PASSport system. The other roughly \$30,000 contributing to the increase came from growth to general Supplies and Materials funding, partially offset by minor shifts in the budgeted headcount.

Since adoption of the Fiscal 2018 Budget, the November 2017 and Preliminary Plans have increased the Fiscal 2018 Budget by \$1.5 million and increased the Fiscal 2019 Budget by \$20,000. The total value of new needs and other adjustments scheduled for Fiscal 2019 total \$794,212 and \$41,484 respectfully. The major changes include the following:

PASSport The November Plan included \$770,775 in Fiscal 2018, and \$694,212 in Fiscal 2019 for the PASSport IT system. PASSport stands for Procurement and Sourcing Solutions Portal, and is the City’s online procurement portal which allows vendors to submit disclosure information required for contracting and access performance evaluations. Total planned funding in MOCS’ budget for this project is \$1.9 million in Fiscal 2019.

Health and Human Services (HHS) Accelerator The November Plan included \$41,484 in Fiscal 2019 and in the outyears for enhanced technical support of the HHS Accelerator system. HHS Accelerator provides centralized access to the City’s human services contracting opportunities and the ability to

complete financial transactions online. MOCS’ Fiscal 2019 Budget provides a total of \$3.2 million for HHS Accelerator support services and 31 full-time positions.

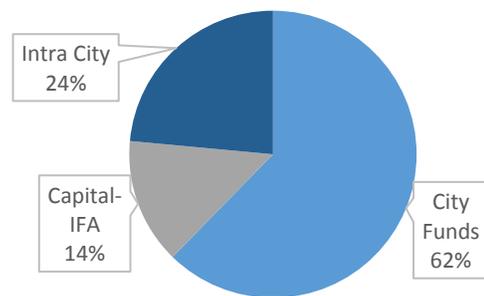
Non-Profit Resiliency Committee Staff The Fiscal 2019 Preliminary Budget includes baselined funding of \$100,000 beginning in Fiscal 2019 to support one administrative support position for the Non-Profit Resiliency Committee. The Nonprofit Resiliency Committee, created in 2016, offers opportunities for collaboration and to expand lines of communication between the City and the nonprofit human service sector. The Committee is charged with identifying, designing and launching solutions to support the sector in the areas of administrative processes, service and program design and organizational infrastructure.

PS Savings According to the Fiscal 2019 Preliminary Plan, MOCS recognized \$435,000 in PS savings in Fiscal 2018 split equally across the following staffing areas within the agency: PASSport, Information Technology, Procurement Accelerator, and Strategic Initiatives. Additionally, the November Plan details PS savings from MOCS’ Strategic Initiatives Unit for Fiscal 2018 in the amount of \$205,000.

MOCS Funding Structure

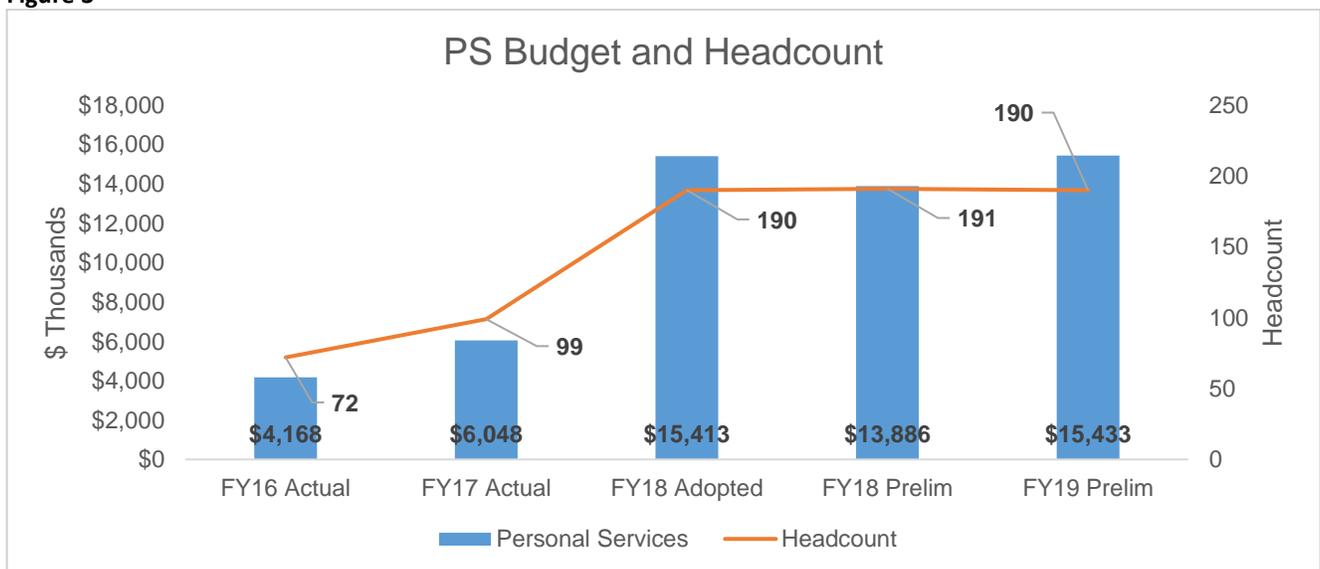
MOCS’ budget is funded by three sources, including 62 percent from City funds, 24 percent from Intra-City transfers, and 14 percent from Capital Inter-fund agreements (IFA). Intra-City funding comes from other City agencies for services provided by MOCS. Capital IFA funding is used to staff positions related to capital projects and is paid for through the capital budget. Notably, nearly 40 percent of the IFA funding is allocated to support projects with the Department of Housing Preservation.

Figure 2
FY19 Budget by Funding Source



Headcount

Figure 3



MOCS’ Fiscal 2019 Preliminary Budget provides for 190 full-time positions. Of the 190 full-time budgeted positions, 37 work on contracts related to capital projects and MOCS uses IFA funding for

these positions. The largest subsets of the IFA staff include Business Optimization, Procurement Operations, and Strategic Initiatives. Also included in MOCS’ PS budget is \$908,832 in Intra-City funding for 15 positions to support the Central Insurance Program (CIP). The CIP serves the insurance needs of almost seven hundred nonprofit providers who do business with the Department of Youth and Community Development. Between Fiscal 2016-2017, MOCS’ actual spending nearly doubled, growing by 79 percent. In Fiscal 2017 MOCS added 27 positions as it began its overhaul of the City’s procurement policies and optimization of procurement processes.

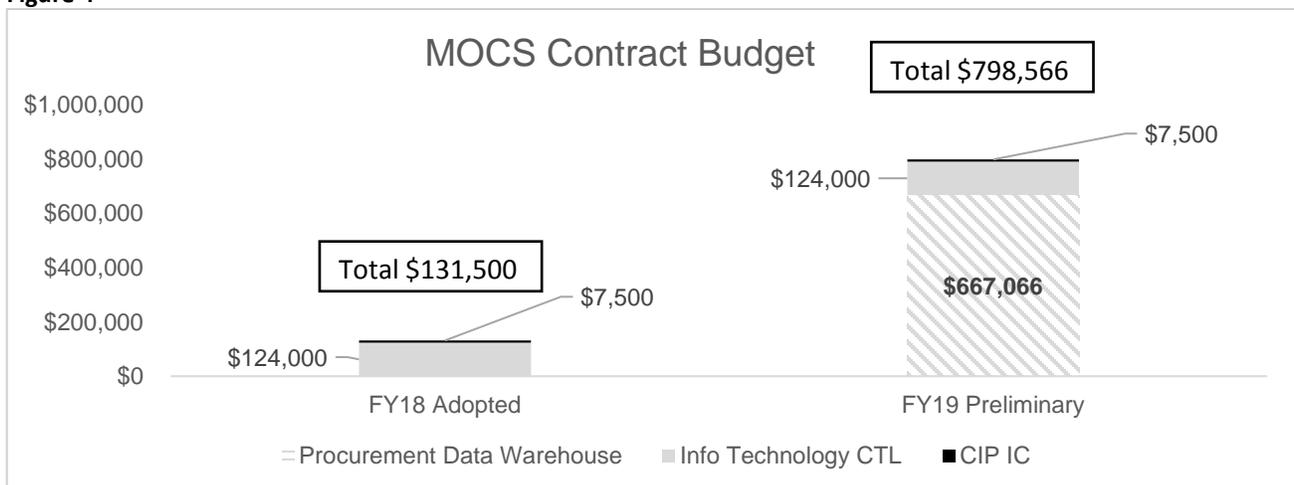
As of December 2017, the Office was operating with a roughly 25 percent staff vacancy rate, and were operating with 48 vacant staff positions. By comparison, at the same time last year, MOCS was operating at a roughly 45 percent staff vacancy rate which resulted in significant year-end underspending. Over the last few years, MOCS’ ability to fill vacancies has been limited by its physical office space. Although MOCS has struggled to fill vacancies, its budgeted headcount has continued to expand as citywide procurement support staff has been consolidated into MOCS. For example, in Fiscal 2016 the Adopted PS budget was \$9.2 million, but MOCS only spent \$4.2 million to fill 72 of its 143 budgeted positions. Likewise, in Fiscal 2017 the Adopted Budget for PS included \$10.3 million, but only \$6.1 million was expended by year end. In Fiscal 2017, MOCS filled 99 of its 153 budgeted positions.

Specifically, in the November 2017 Financial Plan there is funding for ten baselined positions for the Minority and Women-Owned Enterprise program. MOCS also baselined ten positions in the Fiscal 2017 Executive Plan to facilitate the accelerated procurement process in the DOE, and in the Fiscal 2018 Preliminary Plan, seven PASSport staff positions were transferred from DoITT. Additionally, the 2018 Executive Plan baselined 31 HHS Accelerator positions into MOCS’ budget.

MOCS Contract Budget

MOCS’ Preliminary Fiscal 2019 Contract Budget totaled \$798,566 for 6 contracts accounting for 4.5 percent of its total budget. The Contract Budget increased by roughly \$667,000 since the Fiscal 2018 Adopted Budget, mainly due to a contract added for data warehouse capacity for PASSport. Additional funding for this contract, introduced as a new need in the November Plan, totals \$526,629 for Fiscal 2018 and \$694,212 for Fiscal 2019.

Figure 4



PASSport

The Mayor’s Office of Contract Services (MOCS), along with the Department of Information Technology and Telecommunications (DoITT), aim to improve the City’s procurement process by eliminating paper-based steps in the procurement checklist. PASSport delivers an online, user-friendly portal where vendors can create, own, and manage their accounts. This allows for easier data validation and task management. PASSport will allow for better transparency by creating the ability to share relevant vendor information across agencies, allowing both vendors and agencies to create reports on the same sets of consistent data. Additionally, by reducing duplicative data entry and streamlining processes to reduce barriers to competition, MOCS has introduced substantial financial efficiency to the City and its vendors.

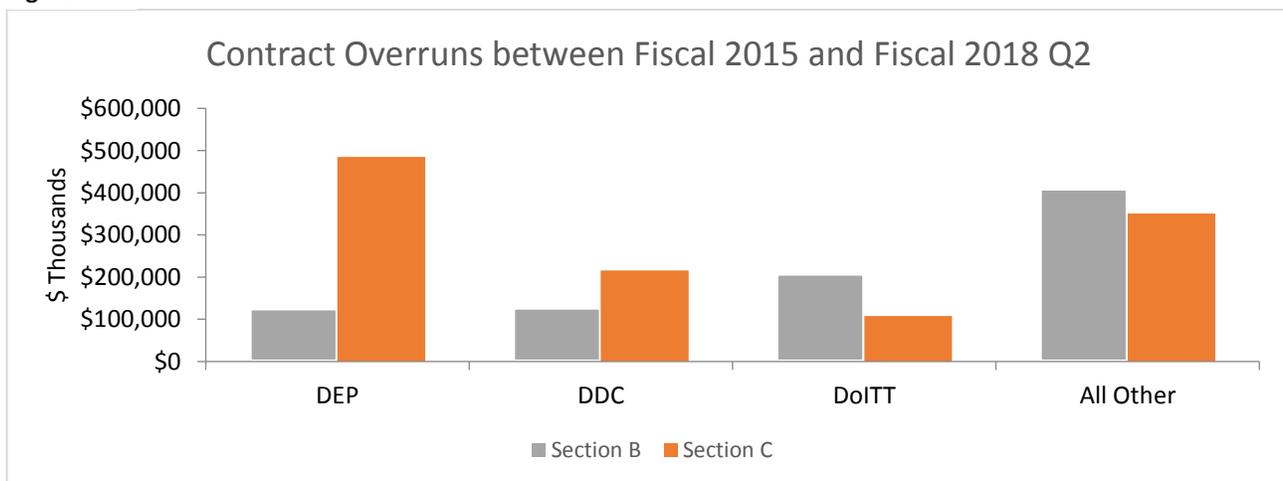
Initial funding totaling \$13.2 million for the PASSport project - also known as the Citywide Procurement Innovation Project - was included in DoITT’s budget for Fiscal 2016, with baseline funding of \$5.7 million beginning in Fiscal 2017. Of the total, \$960,000 was allocated for eight full-time positions. In Fiscal 2017, seven of these positions were transferred to MOCS. The November 2017 Plan includes a proposal to add \$10 million in Fiscal 2018 and \$7.5 million in Fiscal 2019 to DoITT’s budget for this program. Although the majority of funding is in DoITT’s budget, MOCS is leading the efforts to implement this program.

Local Law 18 Contract Overrun Reporting

Local Law 18 of 2012 requires the Administration to report cost increases on certain contracts for capital projects greater than \$10 million. MOCS publishes quarterly Cost Overrun Reports showing contracts with modifications that exceed the initial contract award by 20 percent for first modifications (Section B) and by 10 percent for subsequent changes (Section C).

The Cost Overrun Report details the initial contract amount upon registration of the contract, and what the new anticipated maximum contract value will be upon completion of the project. Although the report represents a step in the right direction in curbing over spending on large projects, it provides only a retroactive approach. As an example, several contracts listed on the overrun report between Fiscal 2015 to Q2 of Fiscal 2018 have total project spending to date in excess of the maximum contract value reported, demonstrating a vital inefficiency in the report. Between Fiscal 2015 and the current quarter, a little more than \$2 billion in overruns have been reported by MOCS. The three agencies in the figure below make up the majority of this activity.

Figure 5



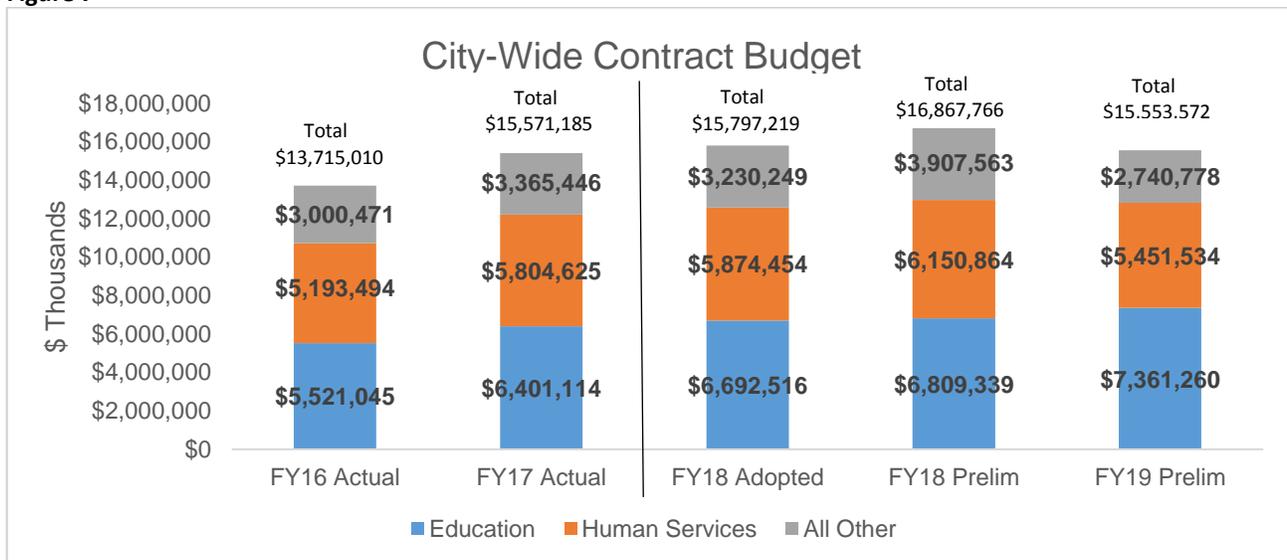
Twenty-three of the contracts listed on Section B of the report between Fiscal 2015 and the current quarter are contracts with the Department of Design and Construction (DDC). The combined value of contract overruns on DDC contracts is approximately \$126 million. Thirteen contracts with the Department of Environmental Protection (DEP) are reported on Section B for the same period of time, contributing roughly \$128 million to the total value of contract overruns reported. The sum of DoITT’s contract overruns for this period of time is unmatched. Although only seven DoITT contracts are reported on Section B of the report in this period, \$459 million has been reported in overruns on DoITT contracts.

The combined value of contract overruns reported in Section C of the report between Fiscal 2015 and the current quarter is approximately \$1.2 billion, 70 percent of which is made up of contracts from DEP, DDC, and DoITT. The contract overruns for DEP, DDC, and DoITT total \$485 million, \$215 million, and \$108 million respectfully. DEP and DDC each have 16 contracts reported for this period, and DoITT has four.

Fiscal 2019 Preliminary Contract Budget

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 personnel 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. The Administration prepares a Contract Budget twice each fiscal year. Figure 7 shows the City’s Contract Budget from Fiscal 2016 through the Fiscal 2019 Preliminary Budget by category.

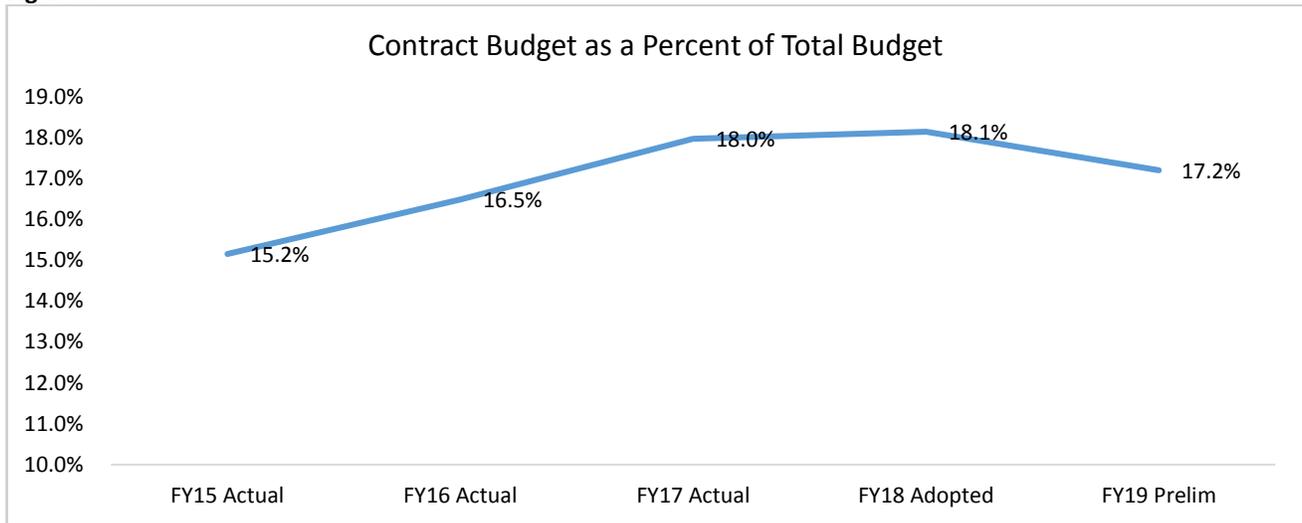
Figure 7



The Contract Budget is a subset of the City’s OTPS Budget and represents the outsourcing of the delivery of public services such as student instruction, child care, and employment training, and contractual services used to support the operation of the government such as information technology services, cleaning, and legal services. Within the broader budget for the City, the contract budget is grouped into more than fifty unique Object Codes, which serve to categorize contractual spending. The Fiscal 2019 Preliminary Contract Budget is approximately \$15.6 billion, or 17 percent of the City’s

total budget. Over the last three years, the contract budget has increased from about 15 percent to more than 18 percent of the total budget as illustrated in Figure 8.

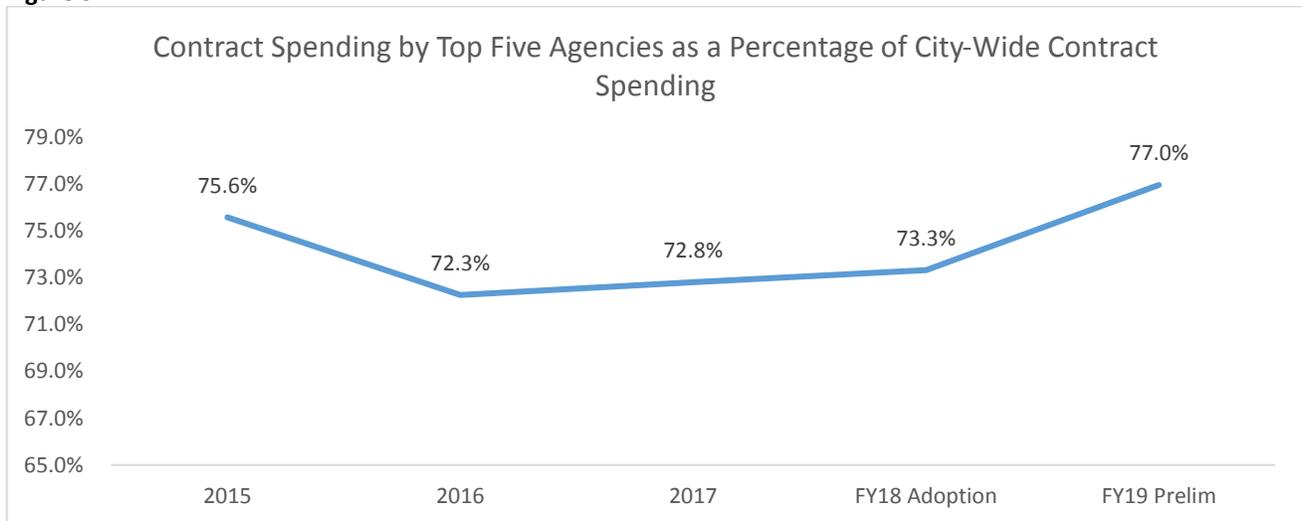
Figure 8



Largest Contracting Agencies

Five agencies make up the majority of the of the City’s total contract budget, providing either human services or education services, demonstrating the City’s reliance on outsourcing to deliver these services to the public. The five agencies that house the largest contract budgets are the Department of Education (DOE), Department of Homeless Services (DHS), Administration for Children’s Services (ACS), Department of Health and Mental Health (DOHMH), and the Department of Social Services (DSS). Collectively their contract budgets total about 77 percent of the City’s total Fiscal 2019 Preliminary Contract Budget.

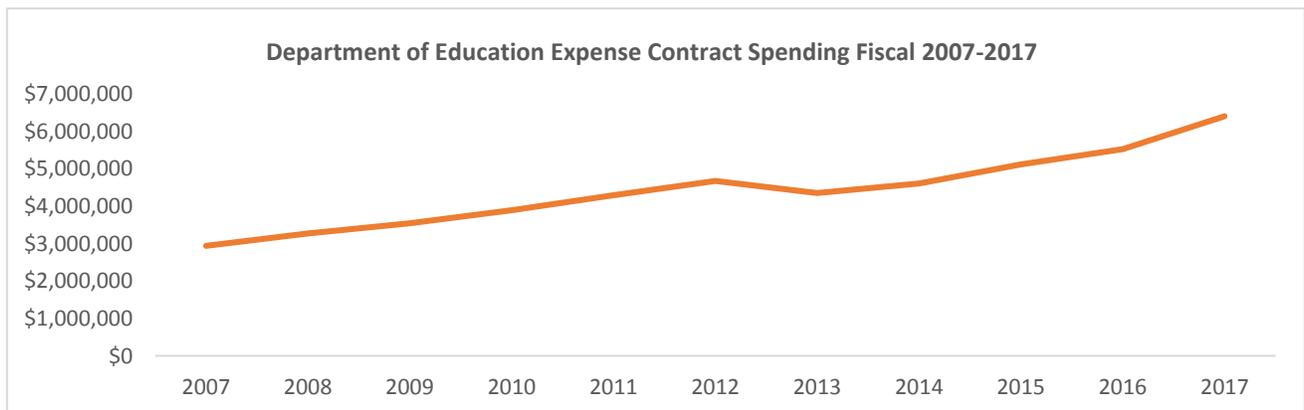
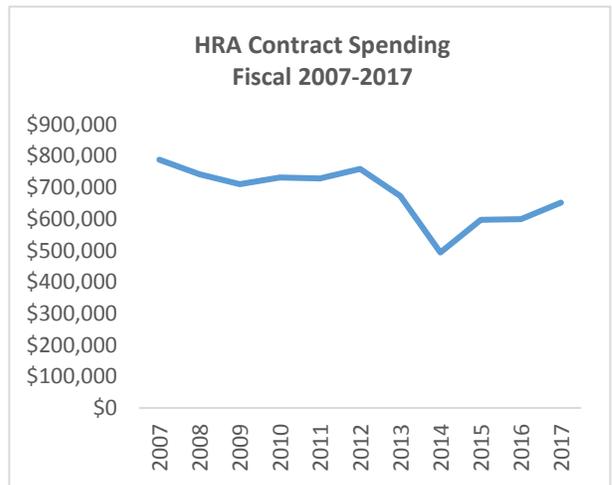
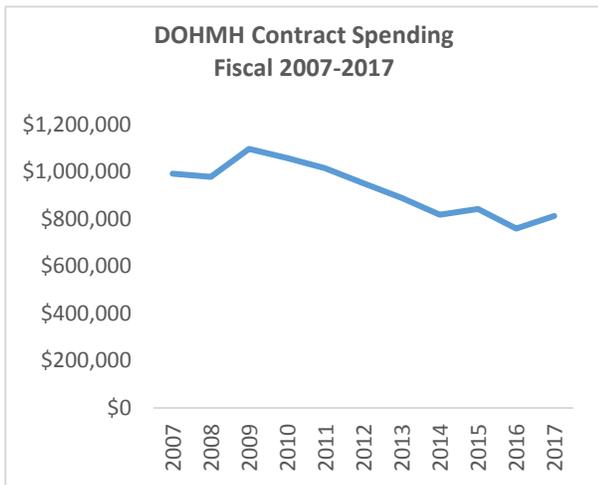
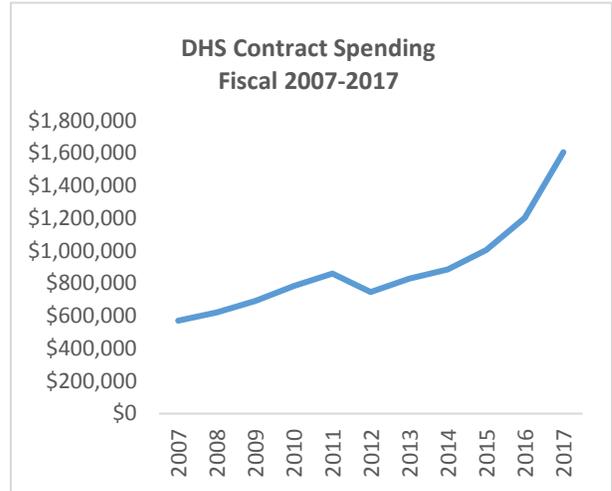
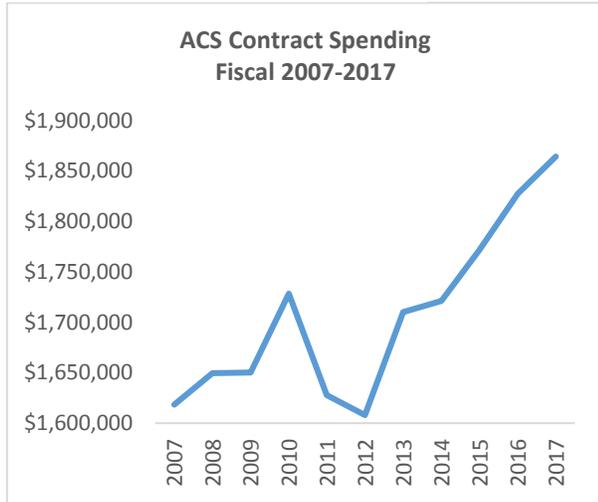
Figure 9



The growth in the share of the contract spending attributable to the top five agencies reflects a growth in spending paid to human service vendors. Since Fiscal 2014, funding for the City’s human services providers has increased significantly in order to increase wages, right size contracts, and adequately cover vendors’ overhead costs. Beginning in Fiscal 2016, the budget has included

additional annual funding of \$54 million to provide workers for the City's human services vendors with cost of living wage increases. The Fiscal 2018 Adopted Budget included an additional \$21 million in Fiscal 2018 increasing to \$84 million by 2021 for human services providers to cover increases in non-personnel operating costs. Additionally, the Adopted Budget included baseline funding of \$45 million to develop and implement model contracts for several human services. Figures 7-11 show the trends in contracts spending by these five agencies over the last ten years.

Figures 10-14 (Dollars in Thousands)



The Department of Education outpaced the next largest agency by expense contract spending by approximately \$4.5 billion in Fiscal 2017. Between the years Fiscal 2007-2017, the yearly contract spending at the DOE increased more than \$3 billion, demonstrating almost 118 percent growth over this period. The largest increase in this period for the DOE occurred between Fiscal 2016 and 2017 when actual contract spending jumped \$880 million. The DOE's Fiscal 2019 Preliminary Contract Budget totals \$7.4 billion, almost 65 percent of which is made up of Payments to Corporate Schools (\$1.6 billion), Transportation of Pupils (\$1.2 billion), and Payments to Charter Schools (\$2 billion).

Between Fiscal 2009-2014, DOHMH demonstrated significant decreases in contract spending. This downward trend was driven primarily by budget cuts imposed over that period. These cuts, known as PEGS (Program to Eliminate the Gap) primarily hit DOHMH's Mental Health contracts. The Fiscal 2019 Preliminary Contract Budget for DOHMH totals \$830 million, of which \$596 million is dedicated to Mental Hygiene Services.

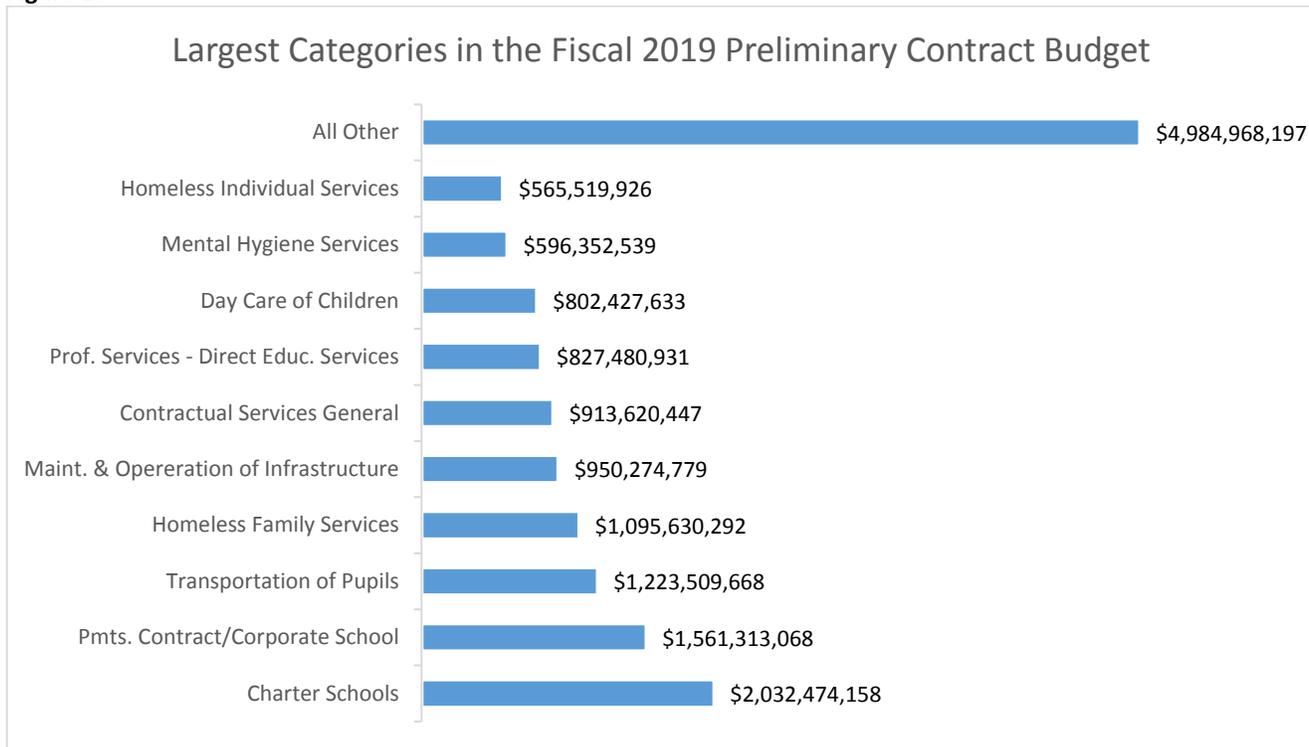
Contractual services has been increasing at the Department of Homeless Services as the homeless population continues to rise. A change in the rate of growth can be observed between Fiscal 2011-2012, which is associated with the discontinuation of the Advantage Rental Assistance Program. The discontinuation of this program led to a large proportion of vulnerable populations without any support, ultimately increasing the number of the homeless population in the City. The Fiscal 2019 Preliminary Plan includes \$1.6 billion in DHS' contract budget. Homeless Family Services and Homeless Individual Services are the two largest categories, comprising 94 percent of the entire Contract Budget for DHS.

The Medicaid redesign between Fiscal 2013-2014 shifted a bulk of the Department of Social Services' programming to the NY State of Health Exchange, demonstrated in the decline in contractual services in those years. Starting in Fiscal 2015, HRA ramped up legal services, implemented HASA for All, introduced new employment programs, and created more shelters for survivors of domestic violence which led to an increase in contractual spending. The Fiscal 2019 Preliminary Plan shows continued prioritization of Aids Services, Employment Services, and Homeless Family Services, as these three categories make up over two-thirds of the agency's entire contract budget for Fiscal 2019.

The Administration for Children's Services has increased preventative services over the last ten years. As a result, there were increases in contractual spending to fill positions necessary to facilitate the prevention of children entering the foster care system. This is reflected in the Fiscal 2019 Preliminary Plan as one of the major areas of contract spending outlined is Child Welfare Services, which comprises almost \$360 million. The other main contract categories funded at ACS for Fiscal 2019 are Children's Charitable Institutions (\$470 million), Day Care of Children (\$494 million), and Contractual Services General (\$100 million). Together, these four contract categories sum to approximately two-thirds of the agency's entire contract budget for Fiscal 2019.

Largest Contracting Categories

Figure 15



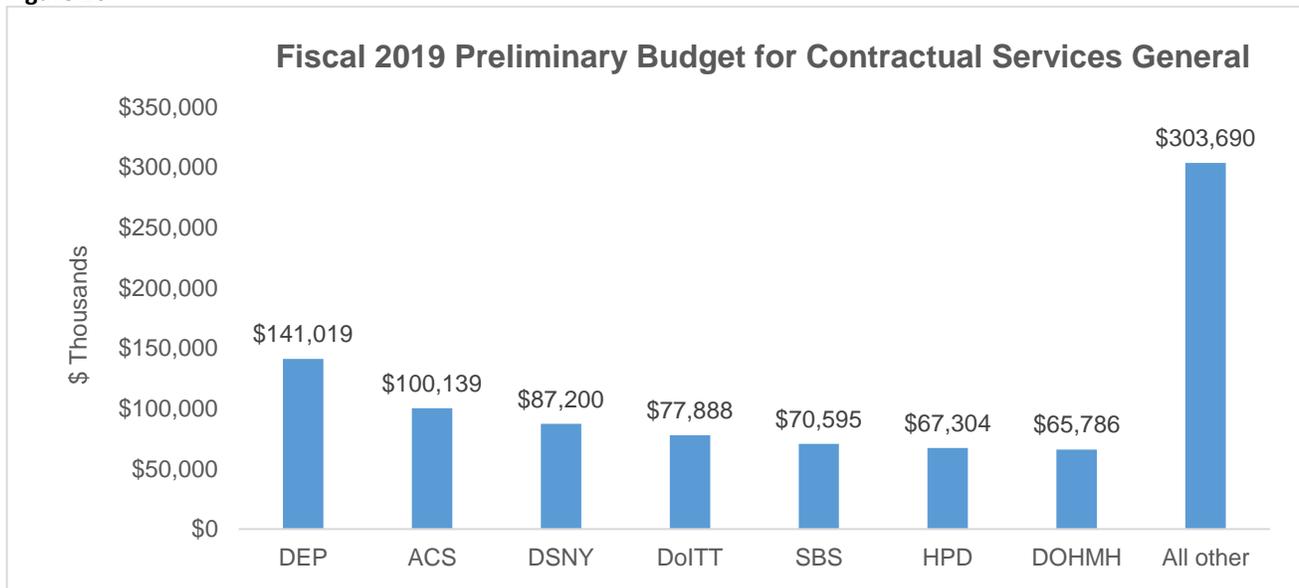
Of the roughly 50 categories in the City’s contract budget, the sum of the ten largest categories make up about 68 percent of the City’s total contract budget. Considering that the largest contracting agencies are human services and education related, it is no surprise that the human services and education-related categories make up the largest portion of this subset of contracting activity. One of the largest single contract types that has pushed spending upward is charter schools, where funding has grown from \$1.36 billion in Fiscal 2015 to \$2.03 billion in Fiscal 2019. See Appendix A for a more detailed breakdown of contract spending by agency.

A particular category to note is Contractual Services General, where the Preliminary Plan outlines anticipated spending close to \$1 billion in Fiscal 2019. Actual annual spending for Contractual General Services has increased from \$652 million in Fiscal 2014 to \$1.5 billion in Fiscal 2017, and has already surpassed \$1.6 billion in the current fiscal year. It is likely that further into the budget cycle for Fiscal 2019, the Contractual Services General budget will more closely reflect, or surpass, the current budget. The growth of spending in this particular object code is troubling and indicate that additional object codes should be introduced or contracts should be re-categorized. As an example, the Department of Business Service’s roughly \$42 million grant to supplement the wages of Reliant Transportation, Inc. workers who work on Reliant’s DOE school bus contract is funded through Contractual General Services, even though a specific budget code for Transportation of Pupils exists in the contract budget. Delineating the Contractual General Services category of the contract budget to identify other misplaced contracts and more accurately assign them to the appropriate area of the contract budget, would increase the overall transparency of the Contract Budget. If a more appropriate area of the contract budget does not exist, new categories could be created.

Of the \$914 million in the Contractual Services General category, more than two-thirds, or \$609 million, comes from seven agencies. Figure 16 details the agencies with the largest budgeted funding

for Fiscal 2019 in Contractual General Services. Although this breakdown gives some perspective to the biggest sums of funding in this contract category, it is a little misleading. The reason for this is that the contract budget at this point in the budget cycle is not fully developed. Taking a look back to the Adopted Budget for Fiscal 2018, the agency with the largest budget for Contractual Services General was the Department of Design and Construction with \$183 million. However, in the Fiscal 2019 Preliminary Budget, so far DDC only has \$922,445 in the budget for Contractual Services General. This discrepancy is mostly attributed to federal funding for the Build it Back program, in which unused funding is rolled from year to year. See Appendix B for a more detailed breakdown of contract activity by category.

Figure 16



The seven agencies in Figure 16 all demonstrate a similar trend in their budgets for Contractual Services General where the majority of the budget in this area is made up of just a few major contracts. Often times, more specific categories already exist in the Contract Budget, but agencies continue to identify large contracts for specific uses as Contractual General Services.

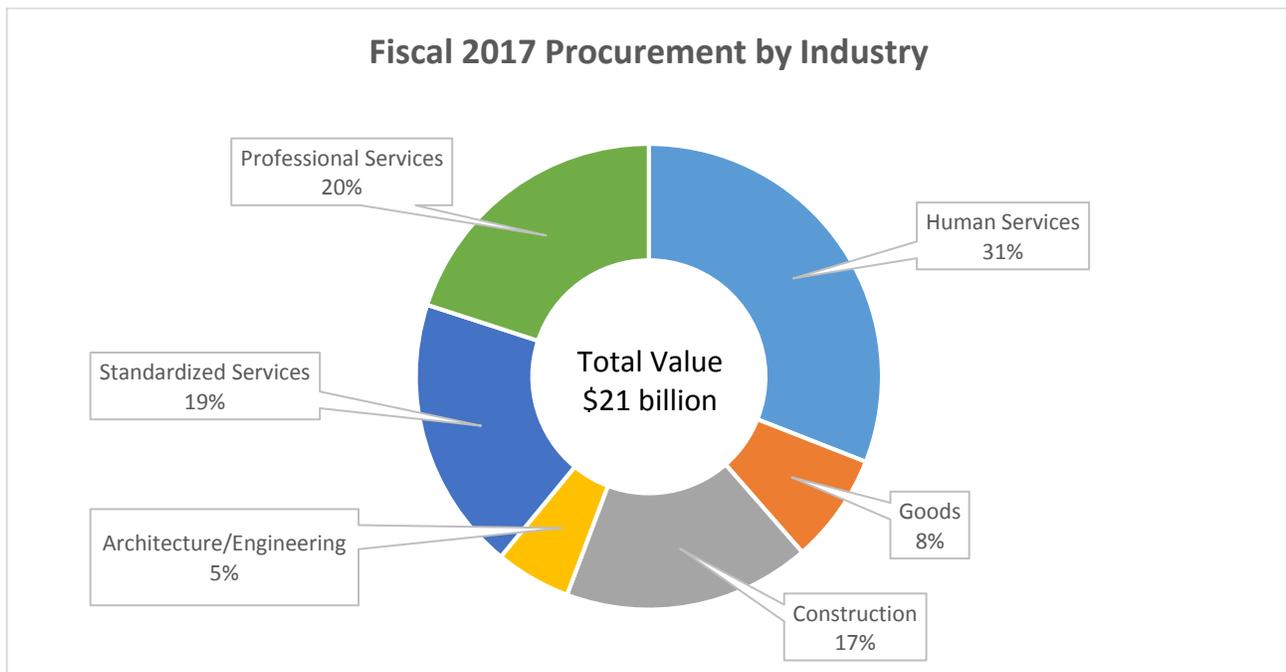
DEP’s Contractual Services General budget for Fiscal 2019 consists of 77 contracts and totals \$141 million, over 76 percent of which is made up by just four contracts. The largest single contract for DEP in this category totals more than \$56 million in Fiscal 2019 for Sludge Disposal, which seems out of place considering the Contract Budget has a category specifically for Municipal Waste Export. ACS’ more than \$100 million in Contractual Services General is made up of 35 contracts, three of which contribute 85 percent of the total for this portion of its budget, and are related to youth detention centers. DSNY has a Contractual Services General budget of roughly \$87 million which is made up of 16 contracts. A single contract contributes roughly \$53 million for construction services to close a landfill. Thirty-one contracts make up the roughly \$78 million Contractual Services General Budget for DoITT in the Fiscal 2019 Preliminary Budget, the largest three of which comprise more than \$44 million for the maintenance of multiple city-wide technology systems. For a breakdown of the Contractual Services General budgets for the remaining agencies in Figure 16, see Appendix C.

When looking at the ten largest single contracts within the Contractual Services General portion of the Contract Budget for Fiscal 2019, it is not surprising that each belongs to one of the seven agencies

in Figure 16. This demonstrates further the reliance that these seven city agencies have on this particular section of the contract budget when reporting their contracts.

Fiscal 2017 Procurement Indicators Report

The Agency Procurement Indicators Report is published by MOCS on an annual basis. The report serves to demonstrate the impact of procurement on the City, and provides information on the City’s procurement spending through the fiscal year. Since MOCS does not have a section in the Mayor’s Preliminary Management Report, the Agency Procurement Indicators Report serves as a review of MOCS’ performance. Roughly \$21 billion in contracts were registered in Fiscal 2017. The value of registered contracts detailed in the Procurement Indicators Report includes a portion of contracts for capital projects and large multi-year contracts. In particular, in Fiscal 2017, DSNY entered into a 20 year, \$2.75 billion contract with Waste Management Associates of New York, LLC. The entire value of this contract is accounted for in Fiscal 2017. Additionally, contracting activity with the Department of Education is not included in the Procurement Indicators Report. For these reasons, the Procurement Indicators Report will not match total expense contract spending in any given fiscal year.



Each year, MOCS tracks and reports procurement in six major industry categories: Architecture/Engineering, Goods, Construction Services, Human Services, Professional Services, and Standard services. Year-over-year, city-wide procurement increased \$5.7 billion between Fiscal 2016-2017, driven mainly by significant increases to contacts registered in the Human Services and Standardized Services industries. Human Services procurement, which includes spending for community service and community-based organizations, grew by about \$1.8 billion in Fiscal 2017. Standardized Services are services that do not typically require a provider to have experience in a specialized field or hold an advanced degree procurement, and procurement in this areas grew by roughly \$2.2 billion in Fiscal 2017.

Across all industries, the fifteen largest contracts made up roughly one-third of all procurement activity in Fiscal 2017 - approximately \$7.3 billion. Contracts awarded to the New York City Economic

Development Corporation (NYCEDC) perennially make this list. NYCEDC markets, sells, and leases city-owned commercial and industrial properties; plans and prepares sites for development through infrastructure improvement; carries out capital improvements in neighborhood shopping districts and public spaces; and provides technical assistance to guide projects through the necessary public approval process. NYCEDC is also involved in property management and the development of the City's marine terminals, wholesale and retail markets, heliports, rail yards, and industrial parks. Table 2 lists the fifteen largest contracts registered in Fiscal 2017.

Table 2

Largest Contracts in Fiscal 2017			
#	AGENCY	VENDOR NAME	CONTRACT VALUE
1	DSNY	Waste Management of New York LLC	\$2,750,000,000
2	SBS	NYC Economic Development Corporation	\$2,084,797,000
3	DOHMH	Public Health Solutions	\$565,000,000
4	SBS	NYC Economic Development Corporation	\$522,937,000
5	DOT	Eastern Shipbuilding Group Inc.	\$250,886,400
6	DSNY	Tully Construction Co. Inc.	\$243,617,900
7	DDC	CAC Industries Inc.	\$115,271,100
8	DDC	EIC Associates Inc.	\$108,810,700
9	SBS	NYC & Company, Inc.	\$105,809,200
10	DoITT	Northrop Grumman Systems Corporation	\$105,045,800
11	DOT	El Sol Contracting ES II Enterprises JV	\$94,375,300
12	ACS	New York Foundling Hospital	\$91,976,400
13	ACS	Catholic Guardian Services	\$89,155,600
14	DoITT	Motorola Solutions, Inc.	\$87,389,500
15	DDC	Restani Construction Corp	\$83,668,200

City Council Discretionary Funding

In Fiscal 2017, the City Council allocated a little more than \$248 million in discretionary awards. Discretionary awards are designated by the City Council to particular community-based organizations and nonprofits. Any nonprofit that applies for funding undergoes a rigorous review by both City Council and MOCS as part of the pre-qualification threshold. Awards are detailed in Schedule C of the budget, and subsequent transparency resolutions passed by the Council. Of the roughly \$248 million allocated by the City Council in Fiscal 2017, \$240.8 million was cleared by MOCS, and \$181.9 million in awards were registered by city agencies. DYCD registered a little more than \$46 million, representing the largest sum of awards by a single agency by more than \$20 million.

Minority and Women Owned Business Enterprises

Established by local law, the M/WBE Program aims to correct the imbalance between the quantity of M/WBE firms within the City that are ready, willing, and able to work on City contracts, and the number of City contracts actually awarded to them. Under the law, agencies are directed to set aspirational M/WBE participation goals on standardized services contracts. The M/WBE program is led by the Mayor's Office of M/WBEs and is administered in partnership with MOCS and the Department of Small Business Services (SBS). The Fiscal 2019 Preliminary Budget includes \$3.3 million in PS funding to support 50 full-time positions, and \$2.8 million in OTPS funding in the budget for SBS.

Minority and Women-owned business enterprises were awarded roughly \$907 million in prime contracts in Fiscal 2017 and about \$1.03 billion in subcontracts, representing a 49 percent increase from 2016 of contract activity between the NYC and M/WBEs. The M/WBE utilization rate, the main performance indicator for the program, dropped from 14.3 percent in Fiscal 2016 to 11.4 percent in Fiscal 2017 largely due to the Waste Management of New York, LLC contract added in the last quarter of Fiscal 2017. According to the Procurement Indicators Report, the City is working with Waste Management, LLC to identify areas to create sub-contract opportunities for M/WBEs on the \$2.75 billion contract.

In Fiscal 2017, M/WBEs received prime contracts in the following industries: Construction Services, Goods, Professional Services, and Standardized Services. More than 90 percent of the \$907 in prime contracts awarded to M/WBEs in Fiscal 2017 were in the Professional Services (\$541 million) and Construction Services (\$286 million). The vast majority of the prime contracts in Professional Services were valued between \$5 million and \$25 million, and between \$1 million and \$5 million for Construction Services. Three of the city's agencies distinguished themselves in Fiscal 2017 in regards to awarding prime contracts to M/WBEs. Of the \$907 million in prime contracts awarded to M/WBEs in Fiscal 2017, DDC awarded 54 percent, or \$489 million. DPR and DoITT awarded 26 percent of all M/WBE prime contracts in Fiscal 2017, or \$235 million.

Sub-contracts were awarded to M/WBEs in the following areas in Fiscal 2017: Construction Services, Professional Services, and Standardized Services. Similar to the prime contract category, DDC awarded 59 percent, or \$91.7 million of all sub-contracts to M/WBEs. DPR and DEP awarded 26 percent of the M/WBE sub-contracts collectively.

For more detailed information regarding anything included in the Agency Procurement Indicators Report, see Appendix D.

Appendix A: City-Wide Contract Budget by Agency

City-Wide Contracts					
<i>Dollars in Thousands</i>					
Agency	FY16 Actual	FY17 Actual	FY18 Adopted	FY18 as of FY19 Prelim	FY19 Preliminary
DOE	\$5,521,045	\$6,401,114	\$6,692,516	\$6,809,339	\$7,361,260
ACS	\$1,827,375	\$1,864,292	\$1,977,403	\$1,979,252	\$1,464,701
DHS	\$1,202,978	\$1,605,546	\$1,370,377	\$1,599,396	\$1,565,211
DOHMH	\$759,163	\$813,002	\$846,426	\$852,740	\$830,306
HRA	\$599,389	\$651,452	\$695,898	\$765,563	\$747,478
DYCD	\$534,114	\$574,928	\$679,964	\$643,797	\$564,693
DSNY	\$402,758	\$435,996	\$506,343	\$491,727	\$525,343
Miscellaneous	\$407,008	\$355,372	\$413,361	\$432,650	\$398,637
DDC	\$267,807	\$356,319	\$201,996	\$365,181	\$9,459
DOITT	\$260,345	\$281,155	\$291,995	\$359,542	\$264,903
DEP	\$221,064	\$275,480	\$255,395	\$334,315	\$226,149
DFTA	\$269,644	\$294,551	\$303,242	\$308,929	\$277,792
HPD	\$199,807	\$361,334	\$221,084	\$307,461	\$116,678
SBS	\$236,728	\$216,737	\$144,332	\$270,564	\$133,177
DOT	\$238,426	\$231,749	\$229,153	\$255,441	\$229,696
NYPD	\$88,442	\$121,621	\$144,958	\$180,990	\$159,450
Debt Service	\$65,859	\$68,553	\$119,564	\$119,564	\$119,788
FDNY	\$94,095	\$98,469	\$94,549	\$103,916	\$85,401
DPR	\$50,086	\$64,127	\$76,580	\$86,861	\$51,347
DOF	\$65,746	\$66,151	\$65,574	\$75,757	\$68,202
DCAS	\$65,841	\$60,432	\$68,955	\$74,219	\$56,956
DCLA	\$48,307	\$58,673	\$71,188	\$66,814	\$29,112
DOC	\$49,352	\$64,633	\$55,547	\$60,336	\$49,922
LAW	\$48,819	\$62,177	\$34,950	\$52,732	\$29,673
DOB	\$20,331	\$21,616	\$40,067	\$40,090	\$19,074
All Other	\$170,479	\$165,705	\$195,803	\$230,592	\$169,164
Total	\$13,715,010	\$15,571,185	\$15,797,220	\$16,867,765	\$15,553,572

Appendix B: City-Wide Contract Budget by Contract Category

Contracts by Category			
Category	FY18 Adopted	FY18 as of FY19 Prelim	FY19 Prelim
Charter Schools	\$1,943,762,962	\$1,943,762,962	\$2,032,474,158
Pmts contract/Corporat school	1,429,883,083	1,429,245,829	1,561,313,068
Transportation of Pupils	1,187,146,833	1,214,150,384	1,223,509,668
Homeless Family services	954,331,986	1,097,467,064	1,095,630,292
Maint & Oper of infrastructure	968,524,065	1,050,407,908	950,274,779
Contractual Services general	1,323,766,817	1,639,056,598	913,620,447
Prof Serv Direct Educ Serv	842,317,733	862,558,120	827,480,931
Day Care of Children	864,543,721	863,224,091	802,427,633
Mental Hygiene services	589,385,618	560,586,140	596,352,539
Homeless Individual services	456,984,269	593,446,011	565,519,926
Payments to Delegate Agencies	605,914,674	597,585,355	519,863,931
Childrens Charitable Institutn	463,747,408	466,078,407	469,967,731
Education & Rec for Youth Prgm	500,393,389	506,817,509	455,129,063
Waste Disposal	383,214,015	370,271,341	410,778,980
Child welfare services	344,901,875	329,821,731	359,921,399
Prof Serv Other	384,671,827	496,621,269	322,365,303
Data Processing Equipment	305,524,433	324,021,248	299,478,982
Aids services	258,789,618	227,789,802	248,121,753
Maint & Rep General	189,404,930	220,046,146	173,608,378
Employment Services	148,755,404	156,379,456	150,084,636
Prof Serv Legal Services	133,042,224	155,446,410	144,061,449
Security Services	144,112,664	161,026,834	144,035,803
Prof Serv Curric & Prof Devel	130,578,387	138,112,022	137,457,234
Prof Serv computer Services	171,560,433	226,770,916	137,120,137
Head start	164,492,590	167,502,012	127,645,070
Costs Assoc with Financing	110,118,315	119,491,833	115,213,431
Legal aid society	108,755,366	108,755,366	108,370,366
All other	688,595,321	841,322,596	661,744,551
Total	\$15,797,219,960	\$16,867,765,360	\$15,553,571,638

Appendix C: Contractual General Services Budget

Contractual General Services			
Agency	FY18 Adopted	FY18 Current	FY19 Prelim
Dept of Design & Construction	\$183,181,765	\$303,036,331	\$922,445
Housing Preservation and Devel	165,397,561	234,066,748	67,303,567
Dept Environmental Protection	162,213,354	228,130,491	141,019,186
Dept of Small Business Services	75,639,056	135,766,285	70,594,673
Admin for Children's services	104,993,740	106,464,237	100,139,207
Dept of Info Tech & telecomm	96,007,280	98,336,789	77,888,011
Department of Health and Mental Hygiene	92,294,538	92,796,815	65,786,371
Department of sanitation	85,789,947	87,877,600	87,199,531
Dept of Parks and Recreation	64,121,395	71,553,074	38,885,677
Fire Department	42,044,621	41,360,238	32,927,759
Department of Correction	30,998,160	38,172,810	25,562,968
Department of Transportation	28,593,849	33,374,752	27,759,064
Police department	14,249,904	27,765,962	29,335,960
Department of Probation	21,129,968	23,710,368	18,640,587
Department of Finance	21,041,764	21,782,273	21,041,764
Department of Social Services	38,050,514	17,583,999	19,302,664
Department of education	35,751,361	16,885,975	38,990,167
Department of buildings	11,536,958	9,874,800	7,649,578
City University	1,656,053	9,146,416	1,447,053
Dept of Youth & Community Dev	42,500	8,662,442	0
Board of elections	10,510,200	7,510,200	5,093,970
Miscellaneous	3,946,437	3,946,437	3,646,437
Dept of Citywide admin servs	17,157,525	3,419,809	10,886,590
Office of Admin trials & Hearings	2,967,339	3,020,734	2,160,925
Department of city Planning	836,088	2,472,183	155,353
Nyc taxi and Limousine Comm	813,364	1,944,550	1,323,564
Dept of Homeless services	7,935,493	1,467,258	13,986,452
All other	4,866,083	8,927,022	3,970,924
Total	\$1,323,766,817	\$1,639,056,598	\$913,620,447

Appendix D: Procurement Indicators Report

City-Wide Procurement by Industry

Fiscal 2016-2017 City-Wide Procurement by Industry				
<i>Dollars in Thousands</i>				
Industry	Fiscal 2017		Fiscal 2016	
	Count	Contract Value	Count	Contract Value
Construction Services	10,203	\$3,568,416	11,340	\$2,867,912
Goods	11,762	\$1,612,042	10,272	\$1,348,854
Human Services	7,521	\$6,451,243	8,214	\$4,711,767
Professional Services	2,866	\$4,290,606	2,816	\$4,158,942
Standardized Services	6,477	\$3,997,617	8,222	\$1,795,447

M/WBE Fiscal 2017 Prime Contracts Awarded by Industry

M/WBE Prime Contracts Awarded in Fiscal 2017		
Industry	# Contracts	Value
Construction Services	3,461	\$286,228,900
Goods	4,774	\$44,145,700
Professional Services	333	\$540,863,000
Standardized Services	1,192	\$35,778,700
Total	9,760	\$907,016,200

M/WBE Fiscal 2017 Sub-Contracts Awarded by Industry

M/WBE Sub-Contracts Awarded in Fiscal 2017		
Construction Services	432	\$100,459,000
Professional Services	238	\$38,837,300
Standardized Services	52	\$16,564,200
Total	722	\$155,860,500

Fiscal 2017 City Council Discretionary Breakdown

Council Discretionary Funding for Fiscal 2017			
AGENCY	TOTAL ALLOCATED BY COUNCIL	TOTAL CLEARED BY MOCS	REGISTERED BY AGENCIES
ACS	\$10,702,100	\$10,652,100	\$10,652,100
DCLA	\$26,245,700	\$26,000,200	\$24,353,500
DFTA	\$28,604,600	\$27,826,300	\$21,256,800
DOHMH	\$36,000,500	\$33,870,700	\$23,360,100
DHS	\$1,443,800	\$1,443,800	\$0
DOP	\$1,552,800	\$1,552,800	\$1,552,800
DPR	\$2,675,200	\$2,572,200	\$937,000
SBS	\$17,213,100	\$16,610,300	\$14,174,600
DYCD	\$64,223,700	\$61,582,600	\$46,032,900
HPD	\$11,530,900	\$11,430,700	\$7,178,400
HRA	\$27,893,200	\$27,381,700	\$15,154,700
MOCJ	\$19,950,000	\$19,693,900	\$17,124,000
All Other Agencies	\$163,900	\$163,900	\$158,900
Citywide Total	\$248,199,500	\$240,781,200	\$181,935,800