

# THE COUNCIL OF THE CITY OF NEW YORK

Hon. Corey Johnson  
Speaker of the Council

Hon. Ben Kallos  
Chair, Committee on Contracts



Report of the Finance Division on the  
Fiscal 2021 Preliminary Plan and the  
Fiscal 2019 Procurement Indicators Report for the  
**Mayor's Office of Contract Services**

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## Mayor’s Office of Contract Services

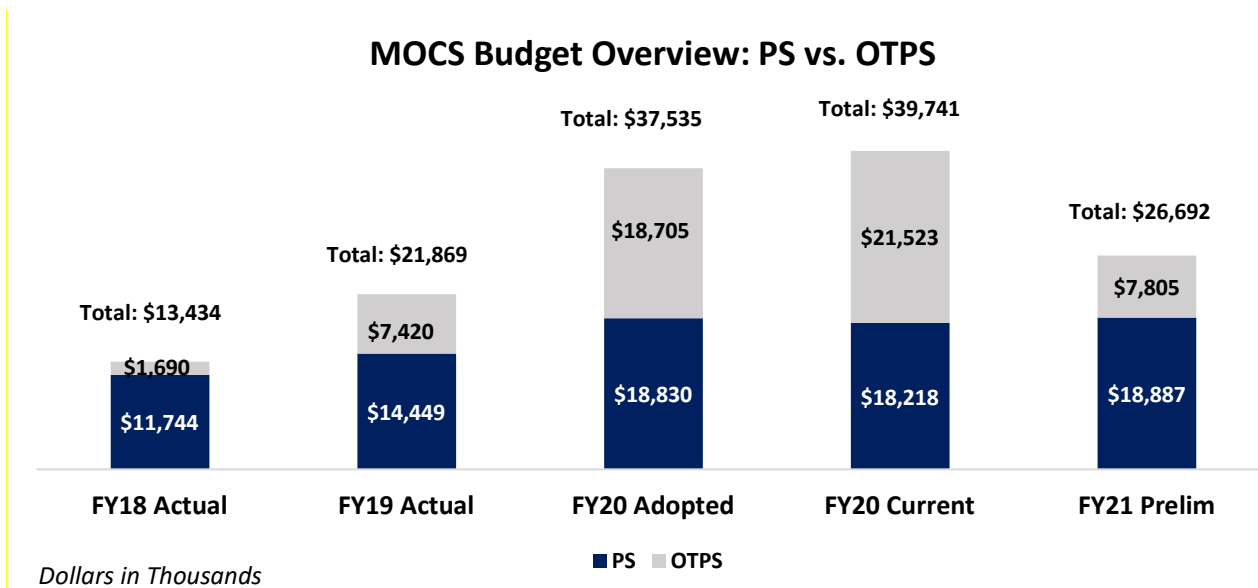
The Mayor’s Office of Contract Services (MOCS) is responsible for overseeing, supporting and promoting the City’s procurement system by discharging the Mayor’s contracting responsibilities under the City Charter, Procurement Policy Board (PPB) rules and applicable local laws. MOCS establishes policies, 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. Among other responsibilities, MOCS is tasked with the following:

- 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 2021 Preliminary Budget, its funding structure, headcount, contract budget, reporting on specific City Council mandated reports, and PASSPort. The report also includes analysis of the City’s Preliminary Contract Budget for Fiscal 2021, and the Fiscal 2019 Agency Procurement Indicators Report on all procurement activity.

## MOCS Budget Overview

Figure 1



MOCS' Fiscal 2021 Preliminary Budget totals \$26.7 million, including \$18.9 million for Personal Services (PS) to support 218 budgeted full-time employees, and \$7.8 million for Other Than Personal Services (OTPS). Since MOCS' is not a City agency, its budget exists within the Mayor's budget for Mayorality. 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 2018 and 2019, the Fiscal 2020 Adopted Budget, and the Fiscal 2021 Preliminary Plan, which includes the current Fiscal 2020 Budget and the budget for Fiscal 2021.

## Financial Plan Summary

**Table 1**

MOCS Financial Summary						
<i>Dollars in Thousands</i>						
	FY18	FY19	FY20	Preliminary Plan		*Difference
<i>Dollars in Thousands</i>	Actual	Actual	Adopted	FY20	FY21	FY20-FY21
<b>Spending</b>						
Personal Services	\$11,744	\$14,449	\$18,830	\$18,218	\$18,887	\$56
Other Than Personal Services	1,690	7,420	18,705	21,523	7,805	(10,900)
<b>TOTAL</b>	<b>\$13,434</b>	<b>\$21,869</b>	<b>\$37,535</b>	<b>\$39,741</b>	<b>\$26,692</b>	<b>(\$10,843)</b>
<b>Personal Services</b>						
Full-Time Salaried	\$11,615	\$14,364	\$18,783	\$18,193	\$18,839	\$56
Overtime / Other	129	86	48	25	48	0
<b>SUBTOTAL</b>	<b>\$11,744</b>	<b>\$14,449</b>	<b>\$18,830</b>	<b>\$18,218</b>	<b>\$18,887</b>	<b>\$56</b>
<b>Other Than Personal Services</b>						
Contractual Services	\$242	\$6,254	\$16,876	\$20,206	\$6,430	(\$10,446)
Other Services & Charges	626	312	792	1,034	750	(42)
Supplies & Materials	611	701	625	195	625	0
Property & Equipment	184	122	412	82	0	(412)
Fixed & Misc. Charges	27	49	0	6	0	0
<b>SUBTOTAL</b>	<b>\$1,690</b>	<b>\$7,420</b>	<b>\$18,705</b>	<b>\$21,523</b>	<b>\$7,805</b>	<b>(\$10,900)</b>
<b>TOTAL</b>	<b>\$13,434</b>	<b>\$21,869</b>	<b>\$37,535</b>	<b>\$39,741</b>	<b>\$26,692</b>	<b>(\$10,843)</b>
<b>Funding</b>						
City Funds			\$30,674	\$32,635	\$19,770	(\$10,904)
Capital- IFA			\$2,500	\$2,504	\$2,524	23,967
Intra City			\$4,361	\$4,601	\$4,398	36,738
<b>TOTAL</b>	<b>\$13,434</b>	<b>\$21,869</b>	<b>\$37,535</b>	<b>\$39,741</b>	<b>\$26,692</b>	<b>(\$10,843)</b>
<b>Budgeted Headcount</b>						
Full-Time Positions - Civilian	152	172	219	221	218	(1)
<b>TOTAL</b>	<b>152</b>	<b>172</b>	<b>219</b>	<b>221</b>	<b>218</b>	<b>(1)</b>

*\*The difference of Fiscal 2020 Adopted Budget compared to Fiscal 2021 Preliminary Budget.*

MOCS' \$26.7 million Fiscal 2021 Preliminary Budget is \$10.8 million less than the Fiscal 2020 Adopted Budget of \$37.5 million. The decrease was primarily driven by the Fiscal 2021 contract budget, which decreased by \$10.5 million since the Fiscal 2020 Adopted Budget. As shown above, this is the result of the agency moving funds from the outyears to Fiscal 2020 to pay for the completion of the PASSPort contract. This adjustment covers the original \$6.3 million for PASSPort from Fiscal 2021, and \$4.8 million from Fiscal 2022. Since PASSPort project should be completed in the next 12 months, MOCS anticipates all remaining payments on the contract to be completed in Fiscal 2020, and may end up pushing a portion of its funds back into Fiscal 2021 during the Executive Budget or at adoption. Over

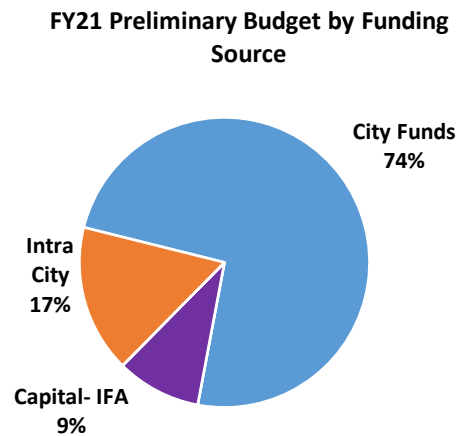
the past several fiscal years, MOCS’s budget has continued to grow as headcount vastly increased so the agency could undertake a centralized, systemic review of the city procurement process. This budget, along with stabilization of headcount, indicates MOCS may have found its new budget equilibrium going forward.

Since the adoption of the Fiscal 2020 Budget, MOCS’s budget has grown by approximately \$2.2 million. Most of the influx came from a \$2.5 million change order adjustment to reallocate PASSPort funding from the outyears into Fiscal 2020 to complete payments on PASSPort. An additional \$350,000 went to MOCS for the Indirect Cost Rate (ICR) Initiative, specifically to fund MOCS’s activities with the Citywide Implementation Team (CIT), which works in conjunction with the Mayor’s Office of Budget and Management (OMB) to ensure a smooth implementation of the ICR Initiative. These additions were offset by MOCS PS Savings of approximately \$858,000 from vacant positions.

### MOCS Funding Structure

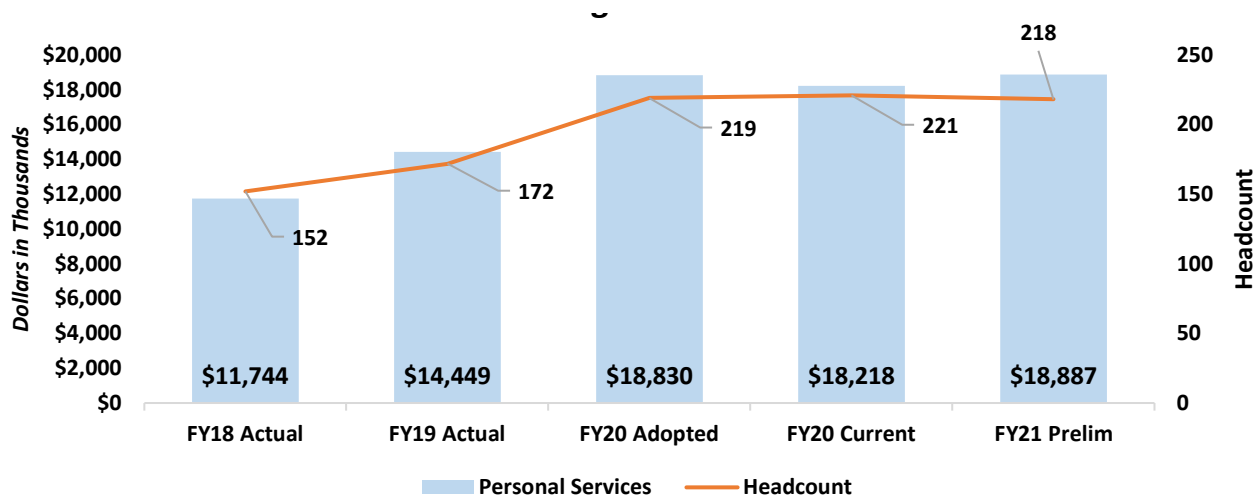
MOCS’ budget is funded by three sources, including 74 percent City funds, 17 percent from Intra-City transfers, and nine percent from Capital Inter-fund agreements (IFA). Intra-City funding comes from other City agencies for services provided by MOCS. Capital IFA funding supports staff positions related to capital projects and is paid for through the capital budget.

Figure 2



### Headcount

Figure 3



MOCS’ Fiscal 2021 Preliminary Budget provides for 218 full-time positions. Over the past several years, MOCS has increased its budgeted headcount as citywide procurement support staff has been consolidated into MOCS. Of the 218 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 \$949,670 in Intra-City funding for 15 positions to support the Central Insurance Program (CIP). The CIP serves the insurance needs of nonprofit providers who do business with the Department of Youth and Community Development. The program is currently in sunset and will be completely phased out in the coming years.

As of January 2020, MOCS was operating with a roughly 16.2 percent staff vacancy rate, equivalent to 36 vacant positions. By comparison, at the same time last year, MOCS was operating at a roughly 16.8 percent staff vacancy rate. 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, these positions will be necessary to ensure smooth, transparent procurement in New York City.

### **PASSPort (Procurement and Sourcing Solutions Portal)**

PASSPort is the City's online procurement portal. Its purpose is to streamline and make more transparent all critical steps in the procurement process and accommodate all industries in the City's procurement landscape. While the City's procurement process is governed by a single set of rules, each agency has a different operational process for contracting. MOCS is focused on standardizing the operational process so every agency contracts the same way, making it more transferable for vendors contracting across multiple agencies.

MOCS launched Phase 1 of PASSPort in 2017, which completely digitized the VENDEX process and gave vendors the ability to create and manage their online accounts. According to MOCS, the VENDEX disclosure process can now be completed within hours compared with the paper version of the process which took roughly a month. Since the launch of Phase 1, over 11,000 vendors have created accounts and completed the VENDEX process online.

Phase 2 of the PASSPort rollout was primarily developed with the Department of Citywide Administrative Services (DCAS) and was released in April 2019. It enables agencies to order and pay for goods needed for operations, allowing the city to sunset various legacy systems and manual processes.

Phase 3 of the PASSPort rollout is expected in spring 2020, and will provide vendors and agencies with capabilities including better user experience, faster oversight approval of contracts, quicker solicitation process, contract tracking, parallel review, and the use of prequalified lists and task orders. Phase 3 of PASSPort will create a distinct opportunity for the Council to engage in contract oversight in a way that previously would have been too cumbersome to review in a timely manner.

Recently, MOCS announced a fourth and final phase of PASSPort's rollout. In Phase 4, citywide invoicing and payment will all be integrated into PASSPort. Additionally, enhanced bidding, prequalification, and integration with agency project management systems will be included. After launch, this will bring the sunset for MOCS's Health and Human Services (HHS) Accelerator system. MOCS anticipate Phase 4 will be released in late 2020 or early 2021.

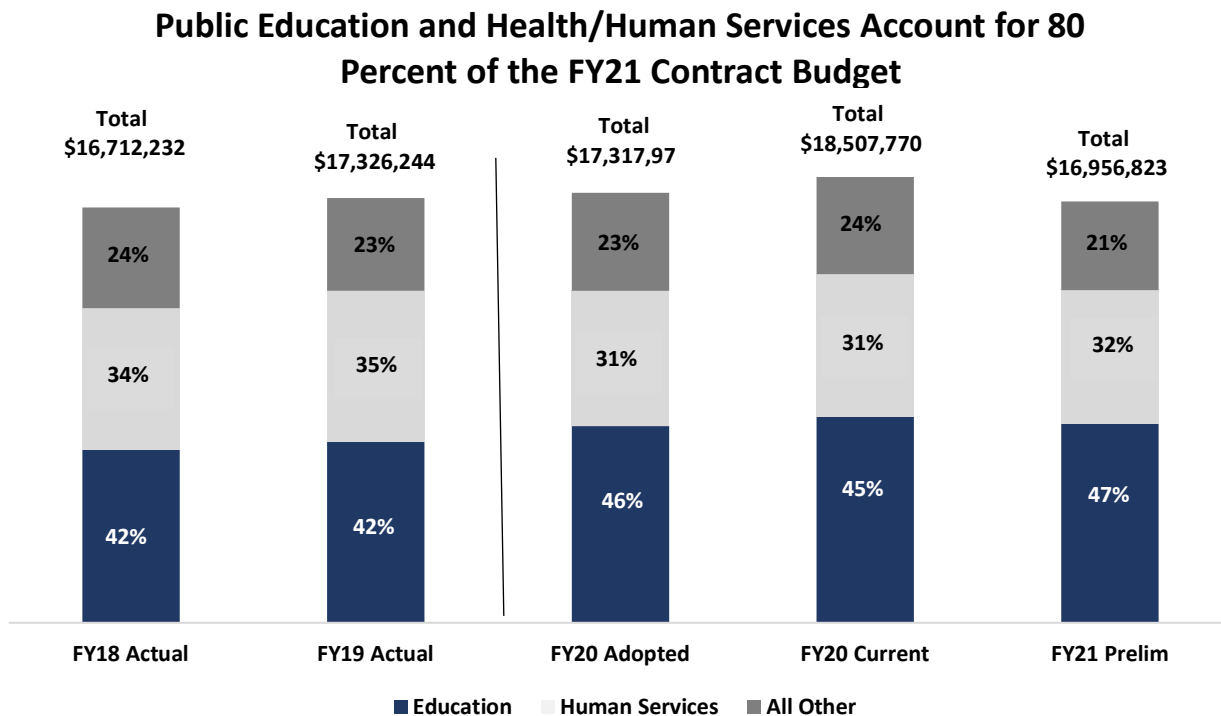
The main contract for the PASSPort project totals \$47 million with Ivalua, of which \$42.3 million has been spent to date. The contract was initially procured by the Department of Information Technology and Telecommunications (DoITT). When the project began in Fiscal 2016, MOCS did not yet have an operating contract budget. DoITT has since begun to transfer funding for the contract into MOCS' budget. Although DoITT is transferring the Ivalua contract to MOCS, it will continue to be involved with building and owning the software infrastructure used to transfer data from the City's Financial Management System (FMS) to the PASSPort portal. DCAS' role in the requirements contracts

component of the city’s procurement system makes it the primary beneficiary of the Phase 2 release of PASSPort.

### Fiscal 2021 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. Figure 5 shows the City’s Contract Budget from Fiscal 2018 through the Fiscal 2021 Preliminary Budget by category. The Contract Budget is present by agency and unit of appropriation and by type of contract.

Figure 5

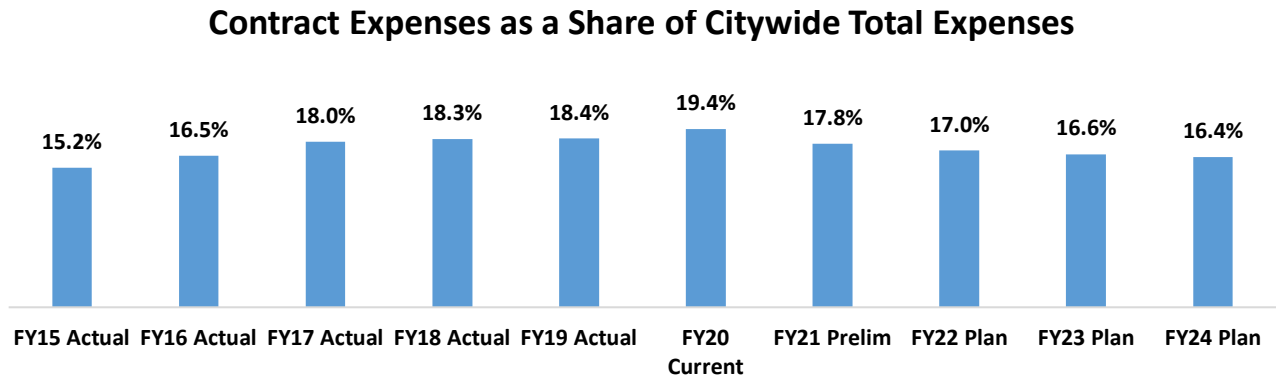


The contract budget represents the outsourcing of the delivery of public services such as education, childcare, and employment training, as well as contractual services used to support the operation of the City government, such as information technology services, cleaning, and legal services. The Fiscal 2021 Preliminary Contract Budget totals slightly more than \$16.9 billion, representing 17.8 percent of the City’s total budget, and 44 percent of the City’s total OTPS budget. Since the Fiscal 2020 Budget was adopted, the Contract Budget for Fiscal 2020 has increased by roughly \$1.2 billion to \$18.5 billion. The increase is largely attributed to the recognition of federal and State grants, in addition to various technical adjustments in the contract budget across the agencies.

Over the last five years, the City’s contract spending has increased from roughly 15 percent of total expense spending to more than 18 percent, with the largest jumps occurring between Fiscal 2015 and Fiscal 2017. Some of the more significant increases between Fiscal 2015 and Fiscal 2017 added additional funding for Hurricane Sandy-related housing recovery (\$229 million), charter schools (\$365 million), homeless services (\$527 million), and the creation of the New York City School Support

Services to provide school custodial services (\$604 million). The Contract Budget is expected to increase over the Preliminary Plan as some contractual costs are reviewed and re-estimated on a year-to-year basis.

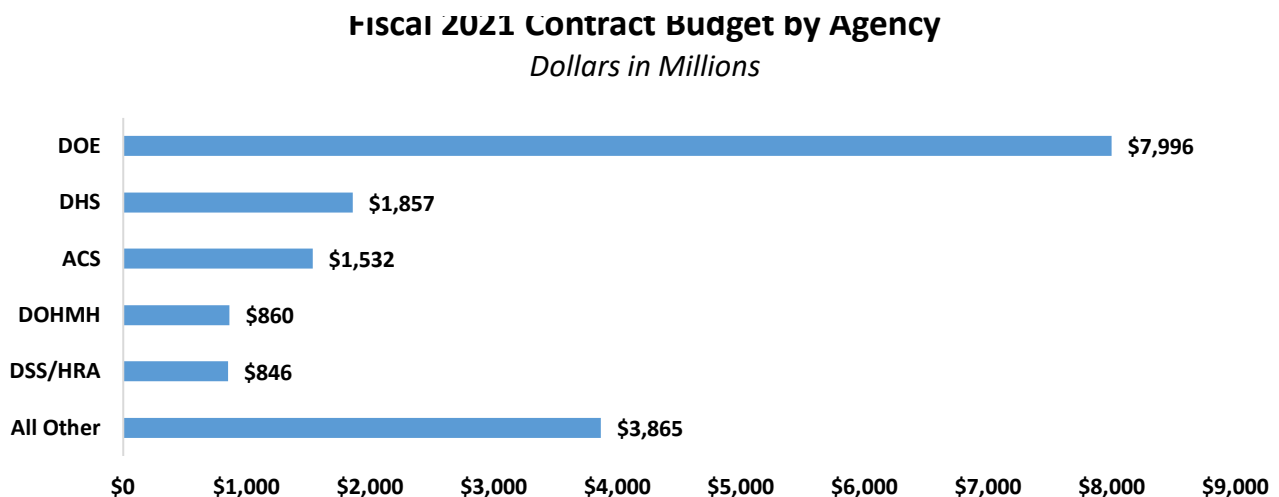
Figure 6



### Largest Contracting Agencies

Five agencies account for the majority of the City’s total contract budget for Fiscal 2021, providing either health and human services or public education, 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), the Department of Homeless Services (DHS), the Administration for Children’s Services (ACS), the Department of Health and Mental Hygiene (DOHMH), and the Human Resources Administration (HRA). Collectively their contract budgets comprise 77 percent of the City’s Contract Budget. See Appendix B for a more detailed breakdown of contract spending by agency.

Figure 7





Figures 8-12 show a ten-year trend of actual contract spending at each of these five agencies from Fiscal 2008-2019.

Figure 8 (Dollars in Millions)

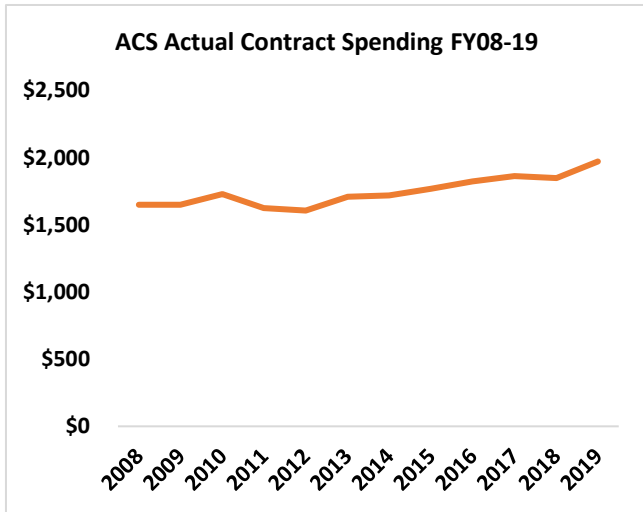


Figure 9 (Dollars in Millions)

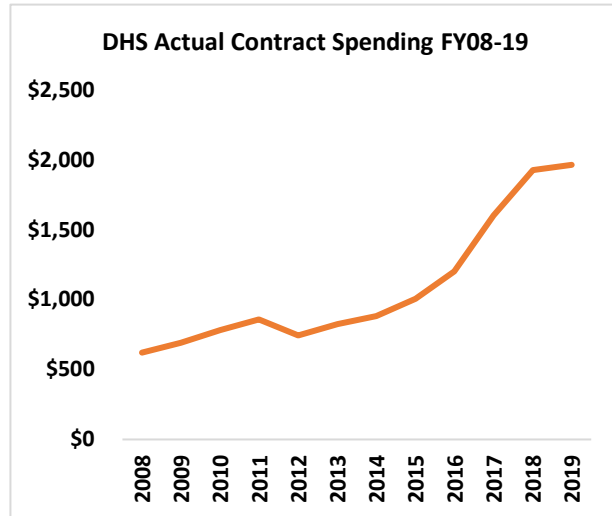


Figure 10 (Dollars in Millions)

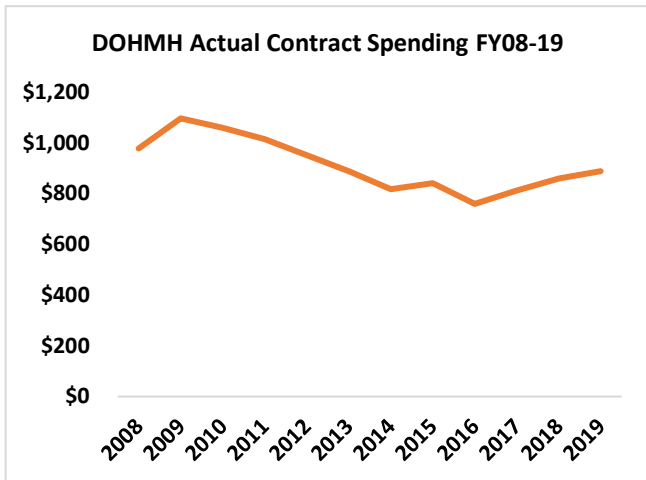
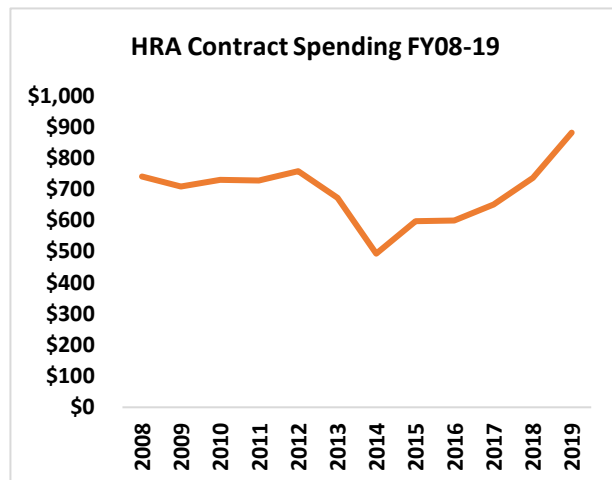
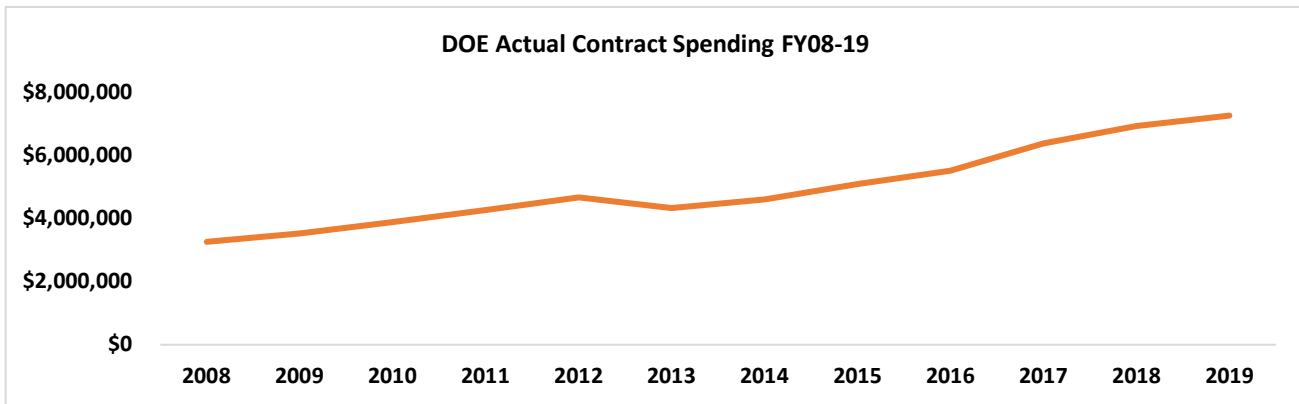


Figure 11 (Dollars in Millions)



**Figure 12 (Dollars in Millions)**



ACS has increased spending on preventative services to reduce the number of children entering the foster care system over the last ten years. Between Fiscal 2008-2019, the yearly contract spending at the ACS increased by \$300 million annually, demonstrating 20 percent growth over this period. Child Welfare Services, comprises \$360.7 million in the Fiscal 2021 Preliminary Budget. The other main contract categories funded at ACS for Fiscal 2021 are Children’s Charitable Institutions (\$476.9 million) and Day Care of Children (\$508.7 million). Together, these three contract categories sum to approximately 88 percent of the agency’s \$1.5 billion contract budget for Fiscal 2021.

Contractual services has been increasing at DHS as shelters become more expensive and the homeless population continues to remain stable. 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 rental subsidy program lead to a large increase in the number of homeless people in the City. Between Fiscal 2008-2019, the yearly contract spending at the DHS increased by \$1.4 billion annually, demonstrating 216 percent growth over this period. The Fiscal 2021 Preliminary Budget includes \$1.8 billion in DHS’ contract budget. Homeless Family Services and Homeless Individual Services are the two largest categories, comprising 95 percent of the entire Contract Budget for DHS.

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 a PEG (Program to Eliminate the Gap) primarily impacted DOHMH’s Mental Health contracts. Between Fiscal 2008-2019, the yearly contract spending at the DOHMH decreased by \$100 million annually, demonstrating a nine percent decline over this period. The Fiscal 2021 Preliminary Contract Budget for DOHMH totals \$889.9 million, of which \$626 million is dedicated to mental health services.

The Medicaid Redesign between Fiscal 2013-2014 shifted a bulk of HRA’s programming to the NY State of Health Exchange, demonstrated in the decline in contractual spending 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 lead to an increase in contractual spending. Between Fiscal 2008-2019, the yearly contract spending at the HRA increased by \$100 million annually, demonstrating 19 percent growth over this period. The Fiscal 2021 Preliminary Budget shows continued prioritization of Aids Services, Employment Services, and Homeless Family Services, as these three categories comprise almost 70 percent of the agency’s entire \$845 million contract budget for Fiscal 2021.

The DOE outpaced the next largest agency by expense contract spending by approximately \$5.3 billion in Fiscal 2019. Between Fiscal 2008-2019, the yearly contract spending at the DOE increased more than \$4 billion annually, demonstrating almost 123 percent growth over this period. The DOE’s Fiscal 2021 Preliminary Contract Budget totals approximately \$7.99 billion, 52 percent of which is comprised of contracts with non-public schools that enroll New York City students, such as Payments to Charter Schools (\$2.4 billion), Payments to Corporate Schools (\$1.8 billion). Another 16 percent covers the Transportation of Pupils (\$1.3 billion).

The growth in the share of the contract spending partially attributable to the top five agencies reflects a growth in spending paid to human service vendors. 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. The newest investment in human service contracts is the introduction and implementation of the Indirect Cost Rate Initiative, detailed on the next page. As always, the Council is still concerned about timely registration and payment for contracts across the City.

**Indirect Cost Rate Initiative**

For years, nonprofits have advocated for a standardized indirect cost rate (ICR) for health and human service contracts. In February 2019, the City of New York released *The Health and Human Services Cost Policies and Procedures Manual* (Cost Manual) to standardize cost definitions, indirect cost rate calculations, and rate claiming policies for related contracts.

As a part of the Fiscal 2020 Adopted Budget, the Administration and the Council agreed to fund indirect rate increases for human service contracts. Since July 1, 2019, the Administration, along with a human services sector working group and a consultant, have carefully designed and formalized a process for providers to claim indirect cost rates and funding. The November 2019 Plan baselined \$54 million across twelve agencies in Fiscal 2020 for this initiative. The amounts were derived by analyzing existing contracts for each agency within the NYC HHS Accelerator platform. Table 2 shows the breakdown of how much each of the twelve agencies received in Fiscal 2020 and in the outyears.

For providers to claim their indirect cost rate, documentation must be submitted within the next thirteen months. The baseline rate is 10 percent for all health and human service contracts. If a provider wants a higher ICR, they may apply for a specialized rate for each contract by either submitting a Negotiated Indirect Cost Rate Agreement or an Independent Accountant’s Report Rate using the Cost Manual as a guide for submission. Providers who plan to apply for a specialized rate may claim a one-time 12 percent indirect cost rate for Fiscal 2020 only while awaiting a decision on their claim for a rate higher than 10 percent.

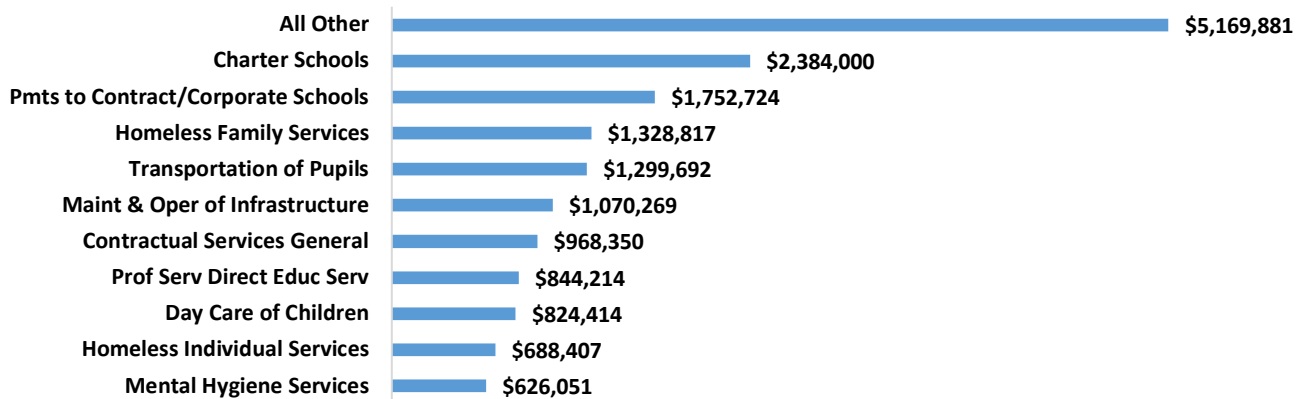
<b>Table 2: Indirect Cost Rate Initiative Investment by Agency</b>	
<i>(Dollars in Thousands)</i>	
<b>Agency</b>	<b>Amount</b>
ACS	\$9,160
DFTA	4,610
DHS	14,450
DOE	5,960
DOHMH	4,720
DOP	340
DYCD	3,740
HPD	980
HRA/DSS	5,450
MOCJ	3,400
MOCS	350
SBS	620
<b>TOTAL</b>	<b>\$53,780</b>

## Largest Contracting Categories

Figure 13

### Largest 10 Categories Comprise 69.5 Percent of FY21 Contract Budget

*Dollars in Thousands*



Of the roughly 50 categories in the City’s contract budget, the sum of the largest ten comprise 69.5 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 comprise 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 almost \$2.4 billion in Fiscal 2021.

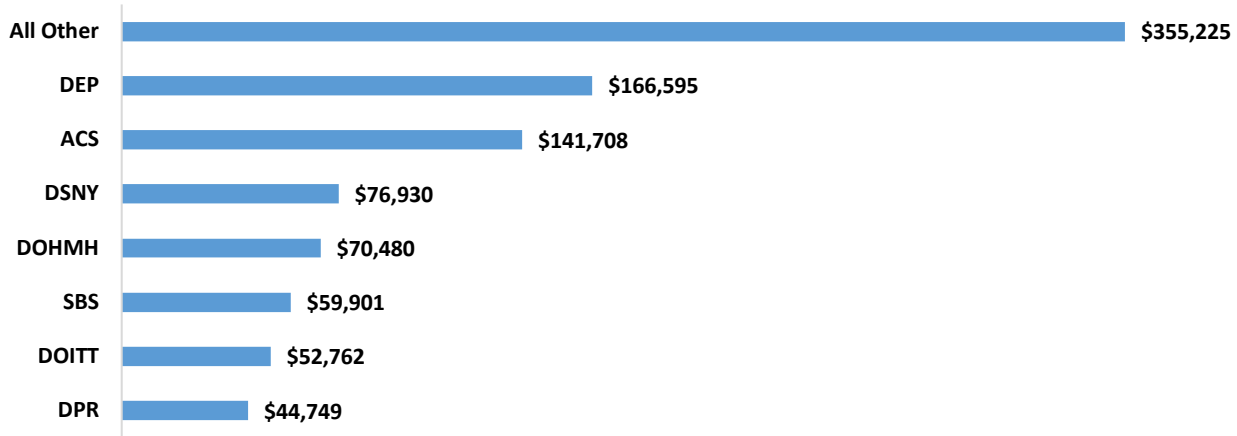
A particular category of note is Contractual Services General, where the Preliminary Plan outlines anticipated spending close to \$1 billion in Fiscal 2021. As of January 2020, actual annual spending for Contractual General Services stands at approximately \$803.8 million in Fiscal 2020. It is likely that further into the budget cycle for Fiscal 2020, 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 indicates that additional object codes should be introduced or contracts should be re-categorized. As an example, the Department of Small Business Services’ (SBS) roughly \$22 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 Services General 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, creating new categories would supplement this effort to increase transparency in the contracts budget.

Of the \$968.3 million in the Contractual Services General category, 63 percent, or \$613.1 million, comes from seven agencies. Figure 14 details the agencies with the largest budgeted funding for Fiscal 2021 in Contractual General Services.

Figure 14

**Seven Agencies Account for 63 Percent of the Budget for Contractual Services General**

*Dollars in Thousands*



The seven agencies in Figure 14 all demonstrate a similar trend in their budgets for Contractual Services General where the majority of the budget in this area is comprised 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.

The Department of Environmental Protection (DEP) Contractual Services General budget for Fiscal 2021 consists of 39 contracts and totals roughly \$166.5 million, 71 percent of which is comprised of just five contracts. The largest single contract for DEP in this category totals more than \$63 million in Fiscal 2021 for Sludge Disposal, which seems out of place considering the Contract Budget has a category specifically for Municipal Waste Export. ACS’ \$141.7 million in Contractual Services General is comprised of 63 contracts, three of which contribute 74 percent of the total for this portion of its budget, and are related to youth detention centers. The Department of Sanitation (DSNY) has a Contractual Services General budget of roughly \$76.9 million which is comprised of 16 contracts. A single contract contributes roughly \$43.9 million for construction services to close a landfill. For a breakdown of the Contractual Services General budgets for the remaining agencies in Figure 14, see Appendix D.

When looking at the ten largest single contracts within the Contractual Services General portion of the Contract Budget for Fiscal 2021, it is not surprising that each belongs to one of the seven agencies in Figure 14. This demonstrates further the reliance that these seven city agencies have on this particular section of the contract budget when reporting their contracts.

**Fiscal 2019 Procurement Indicators Report**

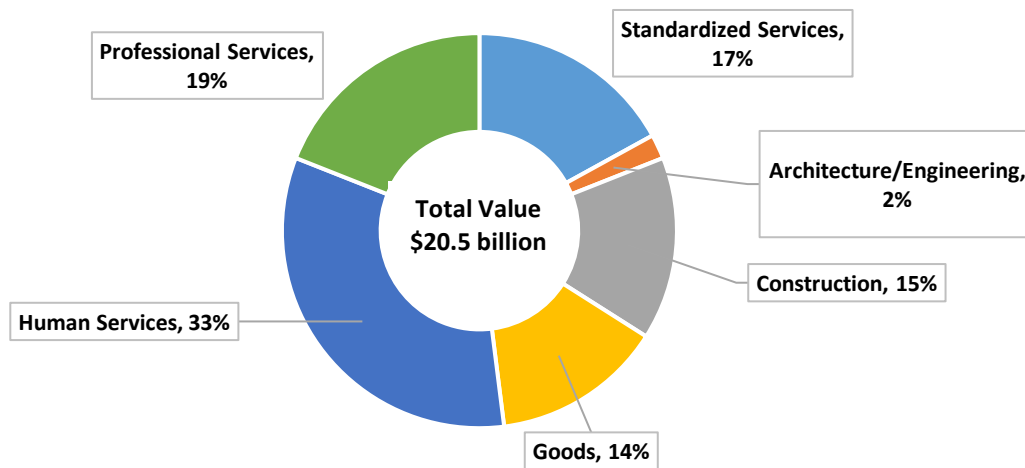
The Agency Procurement Indicators Report is published by MOCS on an annual basis to cover all contracting actions for the fiscal year. The report serves to demonstrate the impact of procurement on the City, and provides information on the City’s procurement spending through the fiscal year. Since MOCS does not report performance in the Mayor’s Preliminary Management Report (PMMR), the Agency Procurement Indicators Report serves as a review of MOCS’ annual performance. It is important to note the Agency Procurement Indicators Report covers the previous fiscal year, while

the PMMR discusses the current fiscal year. In Fiscal 2019, the City entered into \$20.5 billion in goods and services contracts through nearly 43,500 transactions. This contrasts to the \$19.3 billion in contracts the City registered in Fiscal 2018. The increase is mainly attributable to an additional \$1.6 billion in contracts registered for Standardized Services, such as janitorial services, security services, and waste export services. Human Services continue to represent the largest portion of registered contracts in Fiscal 2019, totaling \$6.8 billion or 33 percent.

It is important to note that the value of registered contracts detailed in the Procurement Indicators Report includes large, multi-year contracts. For example, 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, although the DOE is included in Procurement Indicators Report, the sum of DOE contracts registered is not included in the \$20.5 billion sum of contracts registered in Fiscal 2019, nor are contracts registered through the School Construction Authority. For these reasons, the Procurement Indicators Report will not match total contract awards in any given fiscal year.

Figure 15

**Fiscal 2019 Procurement by Industry**



Each year, MOCS tracks and reports procurement in six major industry categories, including Architecture/Engineering, Goods, Construction Services, Human Services, Professional Services, and Standard services. Year-over-year, city-wide procurement increased by a net \$1.2 billion between Fiscal 2018-2019, driven mainly by the \$1.6 billion increase in contacts registered for Standardized Services and \$1 billion increase in Goods. This increase was partially offset by decreases in Architecture/Engineering, Human Services, and Professional Services contract registrations. Human Services procurement, which includes contracts for community service and community-based organizations, dropped by about \$100 million to \$6.8 billion in Fiscal 2019, representing a third of the City’s procurement in Fiscal 2019. Procurement of Architecture/Engineering decreased by roughly \$100 million between Fiscal 2018-2019, and procurement of Professional Services declined by \$700 million. Table 3 provides a breakdown of all citywide procurement in Fiscal 2019.

Industry	Fiscal 2018		Fiscal 2019	
	Count	Contract Value	Count	Contract Value
Architecture/Engineering	454	\$640,586	564	\$462,277
Construction Services	10,755	3,586,662	12,630	3,133,585
Goods	13,275	1,833,959	12,454	2,769,517
Human Services	7,435	6,846,722	9,452	6,798,445
Professional Services	2,454	4,615,136	2,356	3,892,429
Standardized Services	4,922	1,741,506	6,304	3,398,313
<b>TOTAL</b>	<b>39,295</b>	<b>\$19,264,571</b>	<b>43,490</b>	<b>\$20,454,569</b>

*Dollars in Thousands*

Across all industries, the fifteen largest contracts made up almost 30 percent of all procurement activity in Fiscal 2019 - approximately \$6.1 billion. The Department of Small Business Services contract with the New York City Economic Development Corporation (NYCEDC) perennially makes 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 4 lists the fifteen largest contracts registered in Fiscal 2019.

**Table 4**

#	Agency	Vendor Name	Contract Value
1	DOHMH	Animal Care and Control of New York City, Inc.	\$1,487,967
2	SBS	NYC Economic Development Corporation	\$1,427,680
3	DoITT	CDW Government LLC	\$645,259
4	SBS	NYC Economic Development Corporation	\$639,114
5	NYPD	Vexcel Corporation	\$444,286
6	DoITT	Shi International Corp	\$284,723
7	DSNY	MPCC Corp	\$169,374
8	DCAS	Rev Ambulance Group Orlando Inc.	\$162,727
9	DEP	Schiavone Construction Co LLC	\$158,795
10	HRA	FJC Security Services Inc.	\$151,042
11	DoITT	AT&T Corp	\$145,000
12	DoITT	Presidio Networked Solutions Group LLC	\$120,023
13	DDC	Restani Construction Corp	\$113,827
14	DDC	AECOM-HILL JV	\$107,348
15	DOT	American Traffic Solutions, Inc.	\$106,391
<b>Total:</b>			<b>\$6,163,555</b>

*Dollars in Thousands*

## Cycle Time

Cycle time – the number of days it takes for agencies to complete the procurement process for a single contract – is the primary performance metric used to evaluate efficiency of agencies in procurement of goods and services. At the citywide level, the median cycle time decreased by 24 days to 155 days between Fiscal 2018-2019 for all competitive sealed bids. A handful of agencies

contributed significantly to the decrease in the median cycle time in this time. The greatest drops in median cycle time decreased at DoITT by 140 days, by 74 days at DDC, 48 days at the Department of Buildings (DOB), 47 days at FDNY, 43 days at the Department of Transportation (DOT), 42 days at HRA, and 35 days at DCAS. Much of this progress was reversed as cycle time at the Department of Finance (DOF) jumped 125 days and increased 103 days at ACS from Fiscal 2018-2019.

When it comes to specifically health and human service agencies, the picture is bleaker. The average median cycle time for the four primary human services agencies (ACS, DHS, DOHMH, and HRA) is 285 days, which is over 100 days more than the median cycle time across the City. ACS (355 days), DHS (341 days), and DOHMH (213 days) saw increases in median cycle times of 103, 79, and 32 days, respectively. HRA (232 days) saw the only decrease in cycle time, at 42 fewer days. DOE, the largest contracting agency across the city, was not even included in the cycle time estimates. This is also a persistent issue across the entire Procurement Indicators Report – DOE is often only partially reported, if at all.

### **City Council Discretionary Funding**

In Fiscal 2019, the City Council allocated approximately \$309.7 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 the 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 \$309.7 million allocated by the City Council in Fiscal 2019, \$300.5 million (97 percent) was cleared by MOCS, and \$232.5 million (75 percent) in awards were registered by the Comptroller's Office. This represents a slight decline from Fiscal 2018, where MOCS cleared 98 percent of awards and city agencies registered approximately 77 percent. For Fiscal 2019, the Department of Youth and Community Development (DYCD) registered roughly \$64 million, representing the largest sum of awards by a single agency.

### **Minority and Women Owned Business Enterprises (M/WBE)**

In 2005 the Council passed Local Law 129, which re-established the City's M/WBE program. Local Law 129 set aspirational goals for City agencies to increase their contracting with MWBEs, set target percentages for certain types of contracts, and established an M/WBE certification program. The certification program provides greater access to information about contracting opportunities through classes, networking events, targeted solicitations, and includes an online directory for certified businesses within the City that promotes M/WBE businesses to purchasers.

In 2013, the City passed Local Law 1, which made a number of significant changes to the city's M/WBE program, and include (i) removing the requirement that M/WBE goals only apply to contracts valued at one million dollars or less; (ii) the creation of "M/WBE stat," an accountability program that requires agency M/WBE officers to convene quarterly to discuss progress with reaching M/WBE goals; (iii) requiring M/WBE reports from MOCS on a quarterly basis instead of semi-annually (as was required under Local Law 129 of 2005); and (iv) improving and increasing education and outreach regarding the MWBE program and city contracting.

Minority and Women-owned business enterprises were awarded roughly \$715.8 million in prime contracts in Fiscal 2019 and about \$319.6 million in subcontracts, for a total of approximately \$1.007 billion. This represents a 5.8 percent decrease from Fiscal 2018, when the total value of prime contracts and subcontracts was \$1.069 billion. The primary reason for the decrease came from a steep drop in prime contract awards, from \$835 million in Fiscal 2018 to only \$715.8 million in Fiscal 2019.



This was offset by an increase in subcontract awards from \$252 million in Fiscal 2018 to nearly \$320 million in Fiscal 2019. While the total value of contracts awarded to M/WBEs decreased, the M/WBE utilization rate, the main performance indicator for the program, increased to 23.6 percent from 19 percent in Fiscal 2018.

In Fiscal 2019, M/WBEs received prime contracts in Construction Services, Goods, Professional Services, and Standardized Services. More than half of the \$715.8 million in prime contracts awarded to M/WBEs in Fiscal 2019 were in construction services (\$393.3 million). Of the 12 construction services contracts valued over \$25 million that were subject to the M/WBE program, two were awarded to an M/WBE, the value of which totals \$152.4 million. It is worth noting that of the four industry areas that awarded prime contracts to M/WBEs, only a cumulative three out of 22 contracts valued over \$25 million went to a M/WBE. Table 5 provides a breakdown of all M/WBE prime contracting in Fiscal 2019.

**Table 5: M/WBE Prime Contracts Awarded in Fiscal 2019**  
*Dollars in Thousands*

Industry	# Contracts	Value
Construction Services	5,901	\$393,348
Goods	5,450	65,278
Professional Services	388	168,236
Standardized Services	1,308	88,924
<b>TOTAL</b>	<b>13,047</b>	<b>\$715,787</b>

Three of the City’s agencies distinguished themselves in Fiscal 2019 in regards to awarding prime contracts to M/WBEs. Of the \$715.8 million in prime contracts awarded to M/WBEs in Fiscal 2019, the Department of Design and Construction (DDC) awarded 33 percent, or \$236.2 million. The Fire Department (FDNY) and Department of Parks and Recreation (DPR) awarded a combined 29 percent of all M/WBE prime contracts in Fiscal 2019, or \$207.6 million.

Sub-contracts for M/WBEs in Fiscal 2019 were awarded to Construction Services, Professional Services, and Standardized Services. Similar to the prime contract category, DDC awarded 46 percent, or \$147 million of all sub-contracts to M/WBEs. DEP and DPR awarded a combined 33 percent of the M/WBE sub-contracts collectively, totaling \$105.5 million. Table 6 provides a breakdown of all M/WBE sub-contracting in Fiscal 2019.

**Table 6: M/WBE Sub-Contracts Awarded in Fiscal 2019**  
*Dollars in Thousands*

Agency	# Contracts	Value
Construction Services	655	\$204,538
Professional Services	415	99,604
Standardized Services	114	15,455
<b>TOTAL</b>	<b>1,184</b>	<b>\$319,597</b>

## Council Mandated Reporting

### Local Law 18 Capital Contract Cost Increases

Local Law 18 of 2012 requires the Administration to report cost increases on for capital projects greater than \$10 million. MOCS publishes quarterly Local Law 18 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 Local Law 18 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. Since the Fiscal 2020 Adopted Budget, 11 City contracts appeared on Section B of the Local Law 18 Report with increases totaling \$275.1 million, and nine City contracts appeared on Section C with increases totaling \$74.6 million. Since reporting was required Fiscal 2013, cost overruns in Section B have amounted to approximately \$3.4 billion and overruns in Section C amounted to \$1.6 billion.

Figure 16

### Section B Overruns by Fiscal Year and Quarter

*Dollars in Thousands*

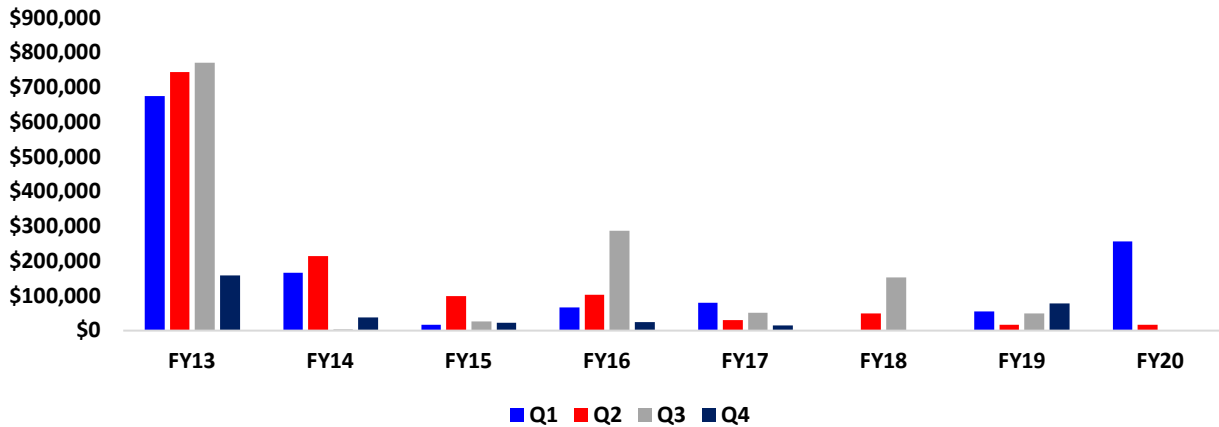
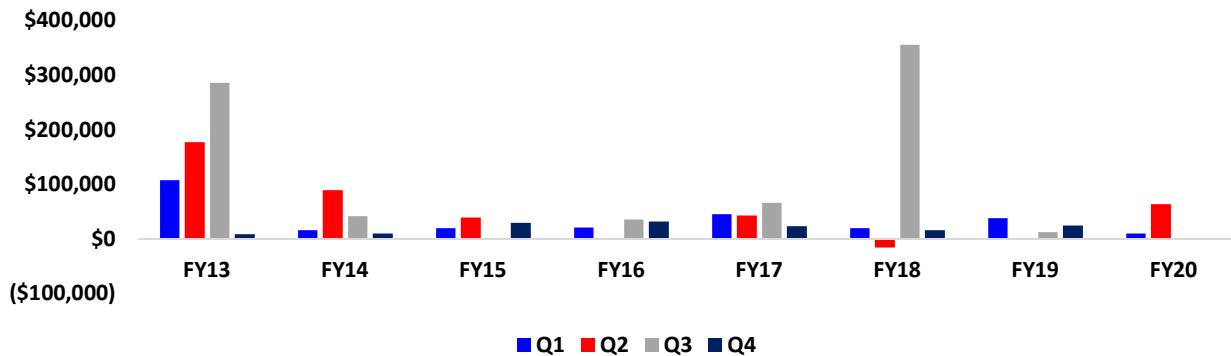


Figure 17

### C Overruns by Fiscal Year and Quarter

*Dollars in Thousands*



Since Quarter 1 (Q1) of Fiscal 2013, the City has incurred roughly \$3.4 billion in Section B contract increases, roughly two-thirds of which accumulated throughout the first three quarters of Fiscal 2013, which was the first year of the report. Beginning Fiscal 2014, the City begins a sharp decrease in Section B contract increases, with the exception of an unusually high surge in Q3 of Fiscal 2016. In the first quarter of Fiscal 2020, a contract with DoITT surged by nearly 90 percent, or \$130 million. The contract was with AT&T Corporation to manage and upgrade the City’s internal wireless network. The growth was required since the original Telecommunications Maser Services Agreement did not include DOT in its initial scope.

Since Q1 of Fiscal 2013, roughly \$1.6 billion in Section C cost increases have been incurred by City procurements. Similar to the Section B, a significant portion of the Section C increases occurred in first three quarters of Fiscal 2013. After four years of lower levels of Section C increases, the third quarter of Fiscal 2018 saw a significant resurgence. This was caused by a \$332.8 million overrun on DOT’s contract with the Army Corp of Engineers to implement security measures on the four East River Bridges. The funding increase was intended to provide mitigation measures on the Manhattan

and Williamsburg bridges, hardening of the towers on the Ed Koch Queensborough Bridge, and access control measures for the Brooklyn Bridge.

## Appendices

### A: Budget Actions in the November and Preliminary Plans

<i>Dollars in Thousands</i>	FY20			FY21		
	City	Non-City	Total	City	Non-City	Total
<b>MOCS Budget as of the Adopted 2020 Budget</b>	<b>\$30,670</b>	<b>\$6,866</b>	<b>\$37,535</b>	<b>\$20,881</b>	<b>\$6,922</b>	<b>\$27,802</b>
<b>New Needs</b>						
Funding for the Indirect Cost Rate Initiative	\$350	\$0	\$350	\$350	\$0	\$350
<b>Subtotal, New Needs</b>	<b>\$350</b>	<b>\$0</b>	<b>\$350</b>	<b>\$350</b>	<b>\$0</b>	<b>\$350</b>
<b>Other Adjustments</b>						
Agency Phone Plan Savings	(\$1)	\$0	(\$1)	(\$2)	\$0	(\$2)
Mayor's Office of Economic Opportunity (NYC Opportunity) Funding Adjustment - MOCS	5	0	5	0	0	0
MOCS PS Savings	(858)	0	(858)	0	0	0
Personnel - DOITT-MODA I/C	0	240	240	0	0	0
PASSPort Change Order 3 Funding Adjustment	2,469	0	2,469	(1,459)	0	(1,459)
<b>Subtotal, Other Adjustments</b>	<b>\$1,855</b>	<b>\$0</b>	<b>\$1,855</b>	<b>(\$1,461)</b>	<b>\$0</b>	<b>(\$1,461)</b>
<b>TOTAL, All Changes</b>	<b>\$1,965</b>	<b>\$240</b>	<b>\$2,205</b>	<b>(\$1,111)</b>	<b>\$0</b>	<b>(\$1,111)</b>
<b>MOCS Budget as of the Preliminary 2021 Budget</b>	<b>\$32,635</b>	<b>\$7,106</b>	<b>\$39,741</b>	<b>\$19,770</b>	<b>\$6,922</b>	<b>\$26,692</b>

### B: Citywide Contract Budget by Agency

<i>Dollars in Thousands</i>					
Agency	FY18 Actual	FY19 Actual	FY20 Adopted	FY20 Current	FY21 Preliminary
DOE	\$6,945,969	\$7,277,962	\$7,893,033	\$8,277,347	\$7,995,569
ACS	1,848,472	1,973,903	1,518,411	1,569,909	1,532,494
DHS	1,929,295	1,967,238	1,842,541	1,918,652	1,857,701
DOHMH	858,366	887,172	922,320	990,175	859,939
HRA	735,975	882,209	878,874	942,062	845,864
DYCD	633,571	674,930	747,544	704,562	594,503
Miscellaneous	397,222	509,435	542,916	594,196	539,580
DSNY	484,235	513,099	527,863	540,133	523,489
HPD	203,809	124,428	103,015	144,573	82,910
DDC	404,440	141,142	22,599	157,405	8,101
DFTA	323,693	345,753	285,834	310,808	286,091
DoITT	298,093	310,211	256,382	322,553	234,785
DEP	271,309	271,749	259,152	269,753	258,024
DOT	240,604	247,221	299,253	329,802	337,448
EDC	219,641	194,715	196,739	227,533	124,930
NYPD	138,044	167,967	140,257	191,965	156,054
FDNY	100,689	107,561	93,657	107,137	106,001
Debt Service	66,006	59,923	95,729	77,662	96,865
DOF	71,965	75,285	68,944	90,543	69,898
DOC	71,342	64,208	50,969	68,157	50,754
PARKS	68,924	66,008	74,628	88,910	57,523
LAW	60,510	63,152	35,866	67,951	31,061
DCAS	65,142	88,372	92,498	104,001	60,573
DCLA	65,412	72,466	66,690	82,195	30,362
CUNY	26,383	29,049	23,728	31,639	26,044
All Other	183,120	211,086	278,534	298,147	190,261
<b>TOTAL</b>	<b>\$16,712,232</b>	<b>\$17,326,244</b>	<b>\$17,317,976</b>	<b>\$18,507,770</b>	<b>\$16,956,824</b>

**C: City-Wide Contract Budget by Contract Category**

<i>Dollars in Thousands</i>			
<b>Category</b>	<b>FY20 Adopted</b>	<b>FY20 Current</b>	<b>FY21 Prelim</b>
Charter Schools	\$2,292,408	\$2,292,408	\$2,384,000
Pmts Contract/Corporate Schools	1,640,504	1,649,229	1,752,724
Homeless Family Services	1,332,780	1,354,081	1,328,817
Transportation of Pupils	1,224,894	1,315,916	1,299,693
Contractual Services General	1,108,491	1,309,653	968,350
Maint & Oper of Infrastructure	1,104,844	1,233,795	1,070,269
Prof Serv Direct Educ Serv	870,813	1,019,173	844,215
Day Care of Children	849,827	841,276	824,415
Payments to Delegate Agencies	697,216	723,513	595,988
Homeless Individual Services	685,348	717,491	688,407
Mental Hygiene Services	649,805	704,467	626,051
Education & Rec for Youth Prgm	545,733	551,075	485,755
Childrens Charitable Institutions	488,786	486,678	476,864
Waste Disposal	412,444	432,014	420,444
Child Welfare Services	357,658	363,278	360,668
Prof Serv Other	354,484	512,497	312,097
Data Processing Equipment	318,455	382,249	328,212
AIDS Services	261,558	262,520	273,170
Maint & Repair General	194,714	214,085	191,919
Prof Serv Computer Services	162,382	251,947	119,919
Prof Serv Legal Services	161,784	198,463	171,549
Head Start	150,684	160,048	128,709
Employment Services	150,164	151,227	153,003
Security Services	148,690	178,670	125,575
Prof Serv Curric & Prof Devel	131,848	136,295	117,072
Costs Assoc with Financing	122,045	105,168	128,841
Legal Aid Society	115,420	117,779	116,336
All Other	784,197	842,775	663,761
<b>TOTAL</b>	<b>\$17,317,976</b>	<b>\$18,507,770</b>	<b>\$16,956,823</b>

**D: Contractual General Services Budget**

<i>Dollars in Thousands</i>					
<b>Agency</b>	<b>FY18 Actual</b>	<b>FY19 Actual</b>	<b>FY20 Adopted</b>	<b>FY20 Current</b>	<b>FY21 Prelim</b>
DEP	\$177,003	\$190,909	\$163,017	\$179,260	\$166,595
ACS	100,354	113,349	106,607	134,170	141,708
DSNY	82,939	72,167	85,624	78,221	76,930
SBS	115,300	97,235	119,663	114,696	59,901
DOHMH	89,531	92,230	106,216	100,467	70,480
DoITT	57,557	50,588	65,906	57,664	52,762
PARKS	48,618	45,390	62,191	72,831	44,749
HPD	156,634	55,299	47,214	81,582	43,451
FDNY	38,638	37,795	36,724	37,084	34,318
BOE	5,291	7,165	31,908	15,785	5,114
NYPD	11,415	27,121	30,929	35,244	29,394
DOT	15,352	15,787	27,809	25,654	41,433
DOC	42,796	35,120	26,720	39,506	26,522
HRA	15,767	16,131	25,505	28,927	23,178
DOP	19,491	18,988	24,885	31,745	25,092
DOE	402	341	24,865	32,575	20,964
DOF	20,918	20,139	21,940	24,624	21,925
DHS	1,203	945	20,687	16,573	27,387
DOB	5,192	6,586	18,181	10,110	18,339
DCAS	1,025	6,702	16,671	7,343	16,387
Mayoralty	290	5,805	14,440	17,702	4,502
DDC	372,094	115,035	12,704	133,453	262
CUNY	7,454	7,192	3,882	8,575	5,051
Miscellaneous	2,844	3,241	3,596	3,651	3,596
TLC	802	787	1,862	1,323	1,371
OATH	1,941	2,032	1,562	1,711	1,468
OPA	609	639	806	734	736
All other	11,580	12,529	6,377	18,443	4,735
<b>TOTAL</b>	<b>\$1,403,040</b>	<b>\$1,057,247</b>	<b>\$1,108,491</b>	<b>\$1,309,652</b>	<b>\$968,350</b>