

EXECUTIVE SUMMARY

In Fiscal 2013, New York City procured more than \$16.5 billion worth of supplies, services and construction, through more than 40,500 transactions. Procurement is used as a tool to serve the public and to accomplish critical governmental functions. Agencies procure contracts that reflect the breadth and variety of City services themselves.

New York City remains one of the largest contracting jurisdictions in the nation. In Fiscal 2013 the City made significant investments in economic development, infrastructure, and waste management. The biggest change this year from years past is the importance of emergency response. The devastation wrought by Hurricane Sandy was unprecedented in scale and required a quick, robust response from the City. This response involved not just many contracts and much spending but also a tremendous effort by procurement staff, often displaced from their offices by flooding and power outages, and much creative thinking about how to use procurement to get New Yorkers safe, secure and back in their homes as quickly as possible. The importance of this effort is reflected in a new section on the City's response to Hurricane Sandy.

The City also continued its commitment to providing service to New Yorkers in need through client service programs, and providing City workers with the goods and services necessary to do their jobs. Significant procurements this year included major investments in the Early Intervention and EarlyLearn programs to support the next generation of New Yorkers.

Under the leadership of Mayor Michael R. Bloomberg, the City has committed to continuous improvement in the procurement process. A detailed timeline of procurement reform is provided on page 105. And throughout this year's report, there are highlights of the many procurement reform initiatives undertaken by this administration. One extremely significant initiative is the Minority and Women Owned Business Enterprise (M/WBE) Program. During this year, the City renewed its commitment to the program by updating the authorizing statute, replacing Local Law 129 of 2005 (LL 129) with Local Law 1 of 2013 (LL 1). While the updated program will not take effect until Fiscal 2014, many hours of work went into the process of crafting the new program during Fiscal 2013. This report presents information on the successes of LL 129 and provides a preview of how the program will continue to expand and grow under LL 1.

This report tells the story of what New York City agencies bought during Fiscal 2013 and how those purchases were made.¹ Indeed, how we buy is just as important as what we buy. The procurement system is designed to achieve three main goals:

- achieve the best value for the taxpayers' dollar, with high quality goods and services and timely delivery at fair and reasonable prices;

¹ Fiscal 2013 runs from July 1, 2012 through June 30, 2013. Except where specifically noted, this report presents information on procurements by only the Mayoral operating agencies that are governed by Chapter 13 of the New York City Charter and the rules and regulations of the Procurement Policy Board (PPB). Agencies covered by this report are listed following the Glossary.

- seek responsible business partners, i.e., vendors whose records of integrity, financial capacity and successful performance justify the use of tax dollars;
- ensure that our contracting process delivers fair treatment to all vendors.

To measure our success in achieving these goals, the Mayor’s Office of Contract Services (MOCS) tracks key indicators of the performance of the City’s procurement system. In addition to the basic goals of contracting, the City’s need for goods and services is an economic opportunity for thousands of businesses. Moreover, because robust competition lowers prices and increases quality, it is in the City’s interest to expand opportunity to as many companies as possible. Procurement of goods and services also has environmental impacts. As a significant procuring entity, the City has an opportunity to help set standards and lead the way to a more sustainable or “green” future. In addition, the City is also a leader in the use of technology to further the goals of an efficient and transparent procurement system.

Throughout this report, the symbols below identify particular procurements or initiatives that illustrate the commitment to these goals. We hope that these visuals provide an easy reference to a thorough reader or a quick browser seeking the areas where New York City procurement operated at its best.

Expanding Opportunity helps make New York City one of the most attractive among the world to new businesses and residents. When the City can be a better partner to the thousands of firms and nonprofit organizations with which we do business, we create jobs for New Yorkers and expand the economy. When more businesses want to become vendors to the City, all New Yorkers receive the benefits of increased service at a lower cost. Initiatives that helped expand opportunities in Fiscal 2013 include nonprofit capacity building and the M/WBE program.

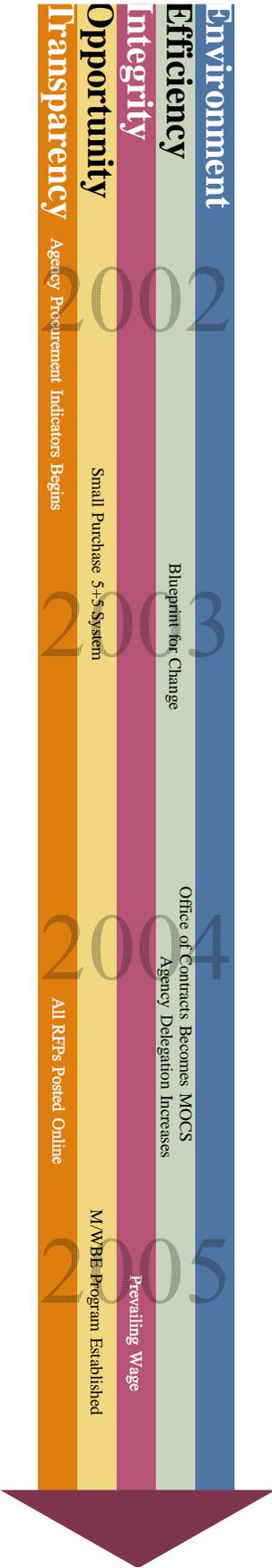


Going Green. The importance of the environment cannot be overstated. Clean air, water, and soil are critical to both the physical and economic health of the City. Because the decisions we make now will affect the future of the City for generations to come, it is necessary to make sure that all procurement decisions are made with the environment in mind. Particular initiatives that furthered this goal in Fiscal 2013 include purchasing food from local sources and encouraging construction vendors to use environmentally preferable materials.



Leveraging Technology is critical to the continued success and improvement of the procurement process. By making use of the latest technologies, the City can continue to enhance the efficiency of procurement while not sacrificing quality. Particular technology initiatives in Fiscal 2013 include the ability of vendors to enroll to do business with the City online and for prime contractors to submit subcontracts for approval electronically.





I. TAKING INVENTORY: WHAT WE BUY

Overall, procurements increased in Fiscal 2013 by about 50%, as several large human service programs were awarded this year. Highlights from the Fiscal 2013 procurement cycle include:

Eight agencies account for approximately 80% of the City’s total procurement dollar value; and the largest 25 contracts of the year account for 32% of the total dollars awarded. The Administration for Children's Services (ACS) tops the list of awarding agencies, owing to the award of contracts for the EarlyLearn program, two of which are among the Top 25 procurements in Fiscal 2013.

City agencies processed approximately \$10.6 billion in payments on their procurement contracts during Fiscal 2013 – including those initially registered this year and those registered in prior years that are still active this year. While registered award values include multi-year (projected) spending, payments reflect actual dollars spent during the fiscal year.

Human service procurements made up the largest portion of the City’s procurement volume, at 33% of registered awards. City procurement also included goods and commodities (6%), construction (17%), architecture and engineering services (4%), other professional services (10%) and standardized services (30%).

The City procured more through larger contracts compared with prior years. About 83% of all purchasing dollars flowed in contracts that exceeded \$3 million. These larger contracts represented just over 1.6% of the total number of procurements made. By contrast, purchases for \$100,000 or less accounted for only 2% of the total dollar value purchased, but almost 87% of the number of procurements processed.

During Fiscal 2013, City agencies awarded construction contracts valued at more than \$142 million that included at least one of fourteen possible Environmentally Preferable Purchasing specifications. City agencies also registered over \$189 million worth of contracts that were subject to the more comprehensive Green Buildings Law, Local Law 86 of 2005.



The City awarded 192 new concessions and collected nearly \$46 million from 611 operating concessions. The Department of Parks and Recreation (DPR) led in amount raised, with food operations and golf courses as its top revenue-producing concession types. The City approved 10 franchise transactions and collected \$197 million from 60 existing franchises, primarily from franchises held by the Department of Information Technology and Telecommunications (DoITT) for cable television and by the Department of Transportation (DOT) for street furniture. DOT and the Department of Consumer Affairs (DCA) registered agreements valued at \$12.4 million for sidewalk cafés and similar uses.

II. THE PROCUREMENT PROCESS: BALANCING THOROUGHNESS AND EFFICIENCY

Approximately 36% of City purchasing resulted from competitive procurements, while less than 5% used selection methods controlled by governmental agencies, 28% relied upon methods with limited competition and 30% reflected renewals and continuations of existing contracts, or modifications to enhance those contracts.

To ensure that City agencies have a well-trained procurement staff, MOCS hosts courses on best practices and compliance through its Procurement Training Institute. In Fiscal 2013, 1,171 people attended one or more of the 38 classes offered.

In Fiscal 2013, agencies issued 123 non-responsiveness determinations and 16 non-responsibility determinations.

Competitiveness increased, with 98% of contracts showing high levels of competition (three or more competitors), compared to 95% last year.

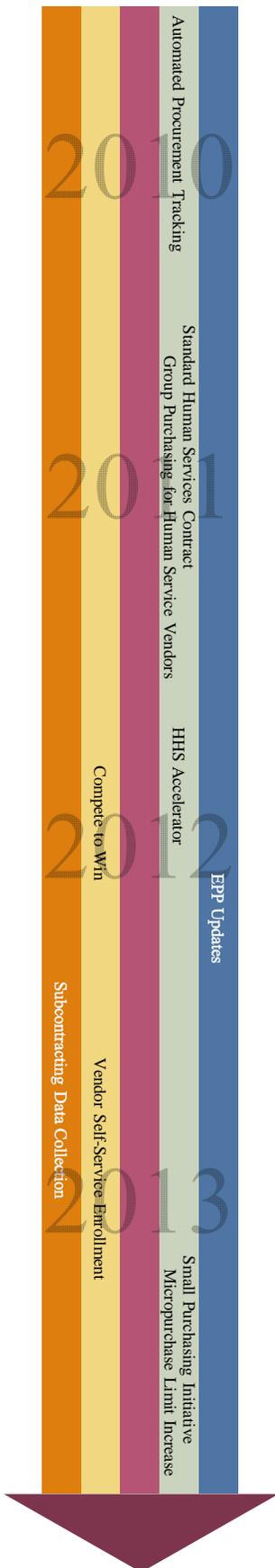
The average time between public solicitation and finalization of award for competitive bids decreased to 162 days, compared to 176 days in Fiscal 2012.

The City used an innovative procurement to pioneer the use of Social Impact Bonds to reduce recidivism in young adults.

III. HUMAN SERVICES

Human services contracts— i.e., contracts that agencies enter into with vendors (typically nonprofits) to provide services directly to clients and communities throughout the City – amounted to 33% of the total contract-dollars awarded in Fiscal 2013. Agencies hold new competitions for these client services contracts in cycles that generally run from three to six years.

Long-term retroactivity in human service contracting decreased slightly to 11% of continuation contracts. MOCS and the City’s human services agencies ameliorated cash flow problems caused by late contracting and similar challenges.



Through the City’s cash flow loan program – administered by the Fund for the City of New York – MOCS issued 246 loans to 143 vendors in Fiscal 2013, totaling \$38.8 million.

MOCS staff worked with the City Council to vet recipients of discretionary awards worth over \$218 million.

The City’s Nonprofit Capacity Building and Oversight unit held training sessions on best practices in nonprofit management attended by over 553 nonprofit leaders and staff from City agencies.

The HHS Accelerator system went live to simplify and streamline the process of doing business with the City for nonprofit organizations.

IV. CONSTRUCTION

To meet the design, construction, and renovation needs of the City’s infrastructure and built environment, the City’s eight primary agencies for construction (DDC, DEP, DPR, DOT, DCAS, DOC, DSNY, and HPD) entered into contracts that made up approximately 17% of all Fiscal 2013 procurements.

During Fiscal 2013 alone, agencies awarded 70 contracts, valued at \$757 million, under cost-saving Project Labor Agreements (PLAs). To date, 213 contracts valued at over \$3 billion have been registered under a PLA. Through these PLAs, the City aims to save more than \$300 million, while preserving approximately 1,500 construction jobs.

For 49 contracts, worth nearly \$507 million, agencies mandated participation in apprenticeship programs to afford opportunities for New Yorkers to obtain well-paying construction jobs. All PLA contracts also provide for apprenticeship opportunities. In total, about 83% of the City’s newly-awarded construction procurements provide for apprenticeships.

Agencies continue to improve their management of design and construction contracts with respect to change orders. For both design and construction change orders, processing times decreased since last year, from 81 to 71 days for design and from 105 to 98 days for construction.

948 contracts, valued at \$2.1 billion, were subject to prevailing wage requirements, and 256 contracts, valued at \$1.9 billion, were subject to the Living Wage Law.

V. SUPPORTING CITY AGENCIES THROUGH GOODS AND SERVICES

To keep government running, City agencies need to procure everything from office furniture to ambulances, from cleaning services to information technology.

Agencies used 972 requirement contracts and placed just over \$1 billion worth of orders for supplies and services. The most heavily used requirement contracts (by dollar value) were those for vehicles and for fuel. The most frequently used requirement contract was for photocopiers from Canon. A total of 122 new requirement contracts were registered.

In Fiscal Year 2013, seven agencies registered 60 new master agreements. More than half (31) of the newly registered master agreements were Department of Design and Construction (DDC) contracts for architecture/engineering services and construction management services.

DCAS consolidated all City auto part rooms with a \$225 million dollar contract with Genuine Parts Company. This contract will result in a savings of 23% in reduction after-market parts cost to the City.

In Fiscal Year 2013, Citywide Administrative Services' Office of Citywide Purchasing (OCP) registered 19 shared services contracts projected to save the City \$50 million over the next few fiscal years.

VI. EXPANDING OPPORTUNITY FOR MINORITY- AND WOMEN-OWNED BUSINESS

The M/WBE program has resulted in the awarding of more than \$3.4 billion in procurements for certified M/WBE firms to date.

In Fiscal Year 2013, 877 M/WBE firms were awarded at least one contract or subcontract.

M/WBE certifications rose by 200% since Fiscal Year 2007, to 3,700 certified firms at the end of Fiscal 2013.

During Fiscal Year 2013, agencies awarded 242 prime contracts subject to M/WBE subcontracting goals, valued at about \$1.5 billion, representing an increase from last fiscal year's \$1.2 billion.

During Fiscal 2013, agencies this year approved almost \$41 million worth of subcontracts for certified M/WBE firms to perform construction, A/E or professional services work. M/WBEs received 22% of all subcontracts.

Mayor Michael R. Bloomberg signed Local Law 1 of 2013, strengthening and expanding the M/WBE program. The biggest change is the elimination of the \$1 million cap on contracts subject to the M/WBE program.

The Compete to Win program helped M/WBEs win more contracts with the City with its suite of services, including: NYC Teaming, NYC Construction Mentorship Bond Readiness, Upfront Capital Loan, Technical Assistance, and Corporate Alliance Program.

VII. HURRICANE SANDY RESPONSE

On October 29, 2012, Hurricane Sandy made landfall in New York City. Its damage was unprecedented in scope and affected the City profoundly. A new chapter in this year's report highlights the critical role procurement played in the City's response.

In the days after the storm, procurement staff worked around the clock to make sure that displaced New Yorkers had the food, clothing and shelter that they needed.

City agencies including the Department of Environmental Protection, the Law Department and MOCS worked collaboratively to develop unique and creative solutions to the crisis. The Rapid Repairs program used a flexible contracting structure and expedited processing to fix 11,800 homes for 54,000 residents in just a few months.

Hurricane Sandy spending totaled over \$807 million, with 85% going to construction.

DHS's emergency declaration authorized \$13.6 million for emergency shelter services for up to 2,319 individuals. DHS opened and operated 12 emergency evacuation sites.

Sandy destroyed many of New York City's beaches. Agencies cleaned up debris, restored sand, repaired piers and facilities, and installed new comfort stations at beaches in three boroughs.

In the pages that follow and in the appendices available online, we expand on each of the topics outlined above. Additional information can be found at the following web sites:

For more information on MOCS and the topics covered in this report, nyc.gov/mocs

For a copy of the City's PPB Rules, nyc.gov/ppb

For information for vendors and potential vendors, nyc.gov/selltonyc

For information on assistance available to nonprofits, nyc.gov/nonprofits