

## EXECUTIVE SUMMARY

In Fiscal 2014, New York City (the City) procured more than \$17.7 billion worth of supplies, services and construction, through more than 43,000 transactions. These procurements serve the public and reflect the ideals of fairness, integrity and value while addressing the vast scope and variety of City needs.

New York City continues to be one of the largest contracting jurisdictions in the nation. The City procured services needed to protect the health and safety of all New Yorkers, to invest in its infrastructure and overall economic development, to take care of New Yorkers in need and to provide City agencies with the goods and services necessary further their missions.

This report tells the story of what New York City agencies bought during Fiscal 2014 and how those purchases were made. Indeed, how we buy is just as important as what we buy. Accordingly, the procurement system, as prescribed by the Procurement Policy Board (PPB) rules, is designed to achieve three main goals:

- To achieve the best value for the taxpayers' dollar, with high quality goods and services and timely delivery at fair and reasonable prices;
- To seek responsible business partners, i.e., vendors whose records of integrity, financial capacity and successful performance justify the use of tax dollars; and
- To ensure that our contracting process delivers fair treatment to all vendors.

In addition to creating an environment of fair and efficient contracting, the City strives to procure high-quality goods and services for the best value by soliciting bids from as many viable companies as possible. Fostering competition for the City's business also generates an important source of economic opportunity for thousands of businesses in New York and around the world. We also recognize that the procurement of goods and services has an impact on a number of policy considerations which the Mayor's Office of Contract Services (MOCS) also evaluates in this report, such as expanding opportunities for Minority and Women-Owned Businesses (M/WBE), reducing the human impact on the environment, and ensuring that the jobs created by City contracts provide opportunities for growth and advancement to workers through apprenticeship and prevailing and living wages where required.

In order to measure the City's success in achieving these goals, the MOCS tracks key indicators of the performance of the City's procurement system.

## TAKING INVENTORY

Overall, procurements increased in Fiscal 2014 by about 14% over Fiscal 2013. Highlights from the Fiscal 2014 procurement cycle include:

- Eight agencies accounted for approximately 80% of the City's total procurement dollar value.
- The largest 25 contracts of the year accounted for very nearly half of the total dollars awarded. The Department of Sanitation (DSNY) tops the list of awarding agencies, owing to the award of two long term contracts for sanitation services, which are among the top 25 procurements in Fiscal 2014.
- Standardized services procurements made up the largest portion of the City's procurement volume, at 36% of registered awards, an increase from 30% in Fiscal 2013.
- There was a significant decrease in Human Services procurement from 33% in Fiscal 2013 to 17% in Fiscal 2014. This is consistent with expectations as a large number of new contract actions entered into in Fiscal 2013 were operational in Fiscal 2014 and did not require as many new procurement actions.

## PROCUREMENT PROCESS

- The City procured more through larger contracts compared with prior years. About 86% of all purchasing dollars were from contracts that exceeded \$3 million. By contrast, purchases for \$100,000 or less accounted for only 3% of the total dollar value purchased, but almost 87% of the number of procurements processed.
- The City awarded 125 new concessions and collected nearly \$50 million.
- Nearly half of the City's purchasing resulted from competitive procurements.
- Competitiveness remained steady with 98% of contracts showing high levels of competition.

## HUMAN SERVICES

Human services contracts – contracts that agencies enter into with vendors (typically nonprofits) to provide services directly to clients and communities throughout the City – amounted to 17% of the total contract dollars awarded in Fiscal 2014.

- Long-term retroactivity in human service contracting decreased slightly to 8% of continuation contracts.
- MOCS and the City's human services agencies ameliorated cash flow problems caused by late contracting and similar challenges by utilizing the City's cash flow loan program – administered by the Fund for the City of New York. MOCS issued 188 loans to 115 vendors in Fiscal 2014, totaling \$32.1 million.
- The City's Nonprofit Capacity Building and Oversight (CBO) unit held training sessions on best practices in nonprofit management attended by over 800 nonprofit leaders and staff from City agencies.
- There were 168 contracts registered in Fiscal 2014, valued at \$163 million, subject to the Living Wage Law, which primarily affects workers on human services contracts. Though a reduction from the previous fiscal year, it reflects the decrease in the value of newly registered human services contracts in Fiscal 2014.
- During Fiscal 2014, human services procurements began to be issued through HHS Accelerator which significantly improved the process both for nonprofit providers and agencies.

## 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 (Department of Design and Construction, Department of Environmental Protection, Department of Parks and Recreation, Department of Transportation, Department of Citywide Administrative Services, Department of Correction, Department of Sanitation and Housing Preservation and Development) entered into contracts that made up approximately 16% of all Fiscal 2014 procurements.

- During Fiscal 2014, agencies awarded 67 contracts, valued at over \$547 million, under cost-saving Project Labor Agreements (PLAs). To date, 282 contracts valued at over \$3.6 billion have been registered under a PLA.
- For 71 contracts, worth over \$841 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 73% of the City's newly-awarded

construction procurements require vendors to have access to apprenticeship programs.

- The City continues to support wages in the construction industry. The city registered 1,273 contracts, valued at \$2.4 billion, subject to prevailing wage requirements.

## SUPPORTING CITY AGENCIES THROUGH GOODS AND SERVICES

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

- Agencies used 1044 requirement contracts and placed just over \$1.2 billion worth of orders for goods and services. The most heavily used requirement contracts (by dollar value) were those for fuel and for payments related to the City's procurement card purchases (P-card). The most frequently used requirement contract was for office supplies from Staples. A total of 159 new requirement contracts were registered.
- In Fiscal Year 2014, nine agencies registered 104 new master agreements. Human Resources Administration (HRA) registered the most master agreements with 36.
- During Fiscal 2014, City agencies awarded construction contracts valued at more than \$143 million that included at least one of fourteen possible Environmentally Preferable Purchasing (EPP) specifications. City agencies also registered over \$18.9 million worth of contracts that were subject to the more comprehensive Green Buildings Law, Local Law 86 of 2005.

## EXPANDING OPPORTUNITY FOR MINORITY-AND WOMEN-OWNED BUSINESSES

In this report, we measure the City's performance of the newly expanded and improved M/WBE program under Local Law 1 of 2013. This is notable as it is the first full year of the updated program's implementation. As further detailed in this report, the City has made substantial improvement in this area.

- The City has awarded more than \$4.1 billion in procurements for certified M/WBE firms to date since 2007.
- In Fiscal 2014, agencies awarded over \$548 million in prime contract awards and over \$141 million in subcontract awards to certified M/WBE firms, notwithstanding the Program's applicability - a 57% increase in dollar value from Fiscal 2013.
- Agencies awarded over \$424 million in prime contract awards and over \$61 million subcontract awards to certified M/WBE firms on contracts subject to New York City's M/WBE Program - the highest dollar amounts in the history of the Program.
- Mayor Bill de Blasio appointed his counsel, Maya Wiley, to serve as Director of New York City's M/WBE Program.

In the pages that follow and in the appendices available online, we expand on each of the topics outlined above.