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Mayor

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Dear Nonprofit Leader:

The City of New York would not be the place it is without the vast array of services provided by the many nonprofit organizations that work under contract with the City. The services you and others offer to a large and diverse group of New Yorkers are a crucially important part of the safety net that exists for our most vulnerable neighbors.

As Director of the Mayor's Office of Contract Services (MOCS), I hear lots of feedback – positive and negative – from leaders of nonprofit organizations. One overarching message is clear. You are passionate about your missions and want to go about your work without being hamstrung by an unnecessarily burdensome procurement process that lacks transparency and results in delayed payments that impair your organizations financially.

I agree with those objectives. The challenges organizations often cite were built up over decades, as a result of a procurement process that is siloed, stratified and technologically inadequate. Each aspect of it had a good purpose and was designed to address issues that at various times may have been serious concerns. Until the creation of MOCS, no one had taken a comprehensive, holistic view of the entire, massive Citywide procurement process with systemic improvement as a goal.

Originally created with oversight, compliance and integrity of the bidding process as its primary goals, MOCS is increasingly playing a more strategic role, supporting both City agencies and the contractors they do business with – not only nonprofits, but contractors in all industries – and working to improve the procurement process by:

- **Making it more transparent**, so everyone who needs to see how it works, can see how it works, how long it takes and where any particular contract is at any given time.

- **Making it easier to propose and bid for contracts and do business with City agencies** for all contractors, but especially for new vendors, minority and women owned businesses, small businesses, and community based nonprofit organizations.
- **Enabling information sharing** among agencies, to vet contractors and draft and execute contracts more quickly.
- Developing systems that facilitate more **prompt registration of contracts and payment of invoices**.

We are making significant progress on all these fronts – not only for providers in the nonprofit world, but for every type of company or organization that does business with the City – and I'd like to take this opportunity to provide you with a few updates.

PASSPort – A New Platform

Technology plays a crucial role in addressing the concerns contractors have voiced, particularly nonprofits. The Citywide platform we are developing, the Procurement and Sourcing Solutions Portal (PASSPort), will be key to providing the level of transparency we all desire, clarifying, centralizing and simplifying the process, and reducing administrative burdens. These improvements will result in contracts being approved and vendors being paid on a timely basis, which will benefit all contractors and encourage more, and more diverse, entities to participate in City contracting.

The HHS Accelerator platform created for health and human services provides proof of this concept. Having now been adopted universally by the agencies and vendors it covers, it has significantly reduced the time required to review and approve invoices to an average of only six days. It's important to note that this dramatic improvement happened naturally once the new platform was adopted – without the setting of any arbitrary goals for time frames.

PASSPort builds on that successful experience, replacing a decades-old process requiring vendor submission of voluminous documentation for

manual entry. Here's what just the first phases of PASSPort have already made possible:

- What used to be a month(s)-long VENDEX process in most cases, requiring couriers, notaries and physical signatures every time there was a change or update, can now be completed online within hours.
- Multiple City agencies can now use each other's due diligence to vet contractors across contracts and use the centralized information to eliminate repetitive requests for required information and documentation.
- The typical vetting process for Responsibility Determinations, the first step in the contracting due diligence process, has been cut from seven weeks to seven days on average.

These improvements contribute to a faster contracting process with less administrative burden and staff time required of nonprofits.

Additional Features Still to Come

We are now in the midst of developing additional capabilities that will have major implications for all contractors, including those in the nonprofit sector. When launched next year, these new features will finally allow for real transparency throughout the procurement and registration process, maximum information sharing among City agencies, more prompt approval and registration of contracts, standardization and simplification of invoicing procedures, and other improvements.

When complete, we will capture all procurement activities from end to end – from solicitation and approval of awards, to contract development and registration, to payment of invoices. We will all be able to see where any particular contract is in the process, whether that's OMB, MOCS, a City agency, the Comptroller's Office or anywhere else – to understand where and why delays occur, and for how long. Simply put, if your contract is stuck somewhere in the system, you deserve to know where it is, who's holding it

up, why, and whether anything can be done to move it along. PASSPort will enable you to do just that.

PASSPort will save time, reduce administrative tasks and eliminate duplication. We are not simply moving the current offline system to an online platform, rather we are enabling parties to work in parallel, engage in real-time dialogue and leverage each other's efforts to streamline the entire process.

We are working on features including RFP templates with clear directions, succinct language and transparent evaluation guidelines. And we are developing and cataloguing a library of contract templates and commonly used language so that City agencies and their legal teams will not need to spend time drafting contract or boilerplate language that has already been approved for use.

I'd like to mention that in developing PASSPort, we have had a lot of help. Our first-class team at MOCS is working closely and collaboratively with IT and contracting professionals at City agencies, in nonprofit and commercial organizations, and with contractors large and small. This input has been invaluable as we work to address the myriad design needs for and practical uses of this new platform.

Additional Notable Support

Several other recent developments are also designed to make it easier for nonprofit organizations to manage City contracts. Among these:

- Nonprofits that do business with the City are eligible for advance payments of at least 25% of their annual budgets, at the start of each fiscal year. Last year, we advanced \$753 million in the first quarter.
- Nonprofits continue to have access to the Returnable Grant Fund, which provides interest free bridge loans to organizations that need to begin providing services immediately under contracts that are awaiting formal registration.

- For the first time, contract modifications of up to 10% can be made automatically, with no pre-approval or delays in invoicing for payment.
- Universal adoption of HHS Accelerator Financials for budgeting and invoicing will be complete starting in FY20.

Measuring Our Progress

No one, including myself, is satisfied with the pace of change. But we are engaged in a mammoth undertaking, involving thousands of contracts for billions of dollars that, up until now, have been processed through an outmoded and unacceptable system. This is not something a SWAT team of technology geniuses can overhaul by pulling a few all-nighters. It requires time and collaboration, with each of you and with our colleagues in government. We want to be measured in our projections and credible in our promises.

We ask that you consider what has been accomplished thus far:

- Streamlining VENDEX, cutting time for most vendors from 30 days to one day.
- Re-engineering the responsibility determination process to allow agencies to leverage each other's work – reducing this process from seven weeks to seven days.
- Launch of the first phases of PASSPort, a platform that enables information sharing, transparency, ease of use and more timely reviews – now containing information provided by more than 12,000 contractors and 24,000 members of their staffs, along with 7,000 City agency staff.
- More timely submission to the Comptroller, allowing for earlier registration of contracts. We've made significant progress here, made possible by recommendations of the Nonprofit Resilience Committee.

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Coming soon:

- Major enhancements to PASSPort that will provide for the kind of end-to-end transparency that results in greater accountability for prompt action at each stage of the process – from RFP to registration to payment of invoices.
- A system and procurement process that is easier to navigate and more accessible to more organizations.
- Further opportunities for City agencies to share information, so that neither the agency nor the contract-holding organization needs to recreate the same material repeatedly – or in different formats – in connection with different contracts.
- Faster approval and registration of contracts and simplification of invoicing.

Your Partnership is Important to Us

We feel confident, through the many and ongoing contacts we've had with you and organizations like yours, that we are hearing and addressing the contracting issues the nonprofit community considers important. If you disagree, please let me know. Email your concerns to me and I will respond.

We've heard from many of you about the changes that have taken place and the improvements MOCS has initiated. We greatly appreciate your feedback on all things contract related and are heartened that you are seeing positive change. If you're not, please let me know that as well. Our team would like to work with you to improve your experience. Please know that you'll be seeing even more change when the final version of PASSPort is implemented next year.

Can we guarantee that the time from RFP to contract approval will be shortened in every case? Of course not. We will be able to demonstrate how long the process typically takes for similar contracts, but if a particular agency believes a particular RFP requires additional information and a

particular contract requires additional scrutiny, that will remain their prerogative. And we will be able to establish and report out on baseline timeframes for contract approvals.

Can we guarantee that every invoice will be paid within a certain amount of time? Of course not. We can make it easier to pay invoices quickly and we can show how long it takes other agencies to pay similar invoices, but if someone feels that invoices on a particular contract should be reviewed more carefully, that will remain their prerogative, as well. We do know that, for those City agencies and nonprofit organizations using the Accelerator system, invoice approval time already been reduced to an average of six days.

Can we guarantee that the procurement process in New York City won't take longer than it does in some other jurisdictions around the country? Of course not. We can hold ourselves to relevant standards, strive to improve constantly and to make the process as efficient and transparent as possible, but perfection is not realistic. However, it is realistic to set as our goal that contracts be registered by their start date. And we can continue to work with City agencies on planning ahead and utilizing all the resources available to them to move contracts along in a timely manner.

Most important, we need your continued support and collaboration. Together, we will bring to fruition a system we feel proud of and will make our shared vision for the City's procurement system a reality.

I'd be happy to talk to you directly at any time or to have the MOCS team brief your staff on any aspect of our work.

Thanks very much,
Dan

Dan Symon

NYC Chief Procurement Officer

Director, Mayor's Office of Contract Services