



New York City Comptroller  
John C. Liu

NEWS RELEASE

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Contact: Sharon Lee / Michael Loughran, (212) 669-3747

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## COMPTROLLER CALLS “TIME-OUT” ON \$286 MILLION CONTRACT

*Requests City Hall Review of Technology Project to Prevent “CityTime 2”*

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NEW YORK, NY – New York City Comptroller John C. Liu today called on Mayor Michael Bloomberg to immediately review the Emergency Communications Transformation Program (ECTP) as part of the comprehensive evaluation of technology projects as charged to Deputy Mayor Stephen Goldsmith by the Mayor, in the wake of the CityTime scandal.

Comptroller Liu’s office rejected a \$286 million contract request from the Department of Information Technology and Telecommunications (DoITT) for the ECTP project. The cost of the project has mushroomed from the \$380 million initial budget to now \$666 million, without discernable changes in the scope of ECTP.

In a letter to Mayor Bloomberg, Comptroller Liu cited the rejection as an “opportunity to gain synergy from Deputy Mayor Goldsmith’s efforts to make sure that additional measures or safety nets are installed to prevent waste and fraud.” Of particular concern is that the bulk of the contract is allotted to unspecified ‘time and expense’ costs. This type of vague budgeting formula allows outside consultants to bill on an hourly basis and collect exorbitant fees, as in the case of the CityTime project.

Comptroller Liu continued, “The ECTP is an important project that has been initiated for the purpose of improving public safety for New Yorkers. It’s all the more important that it gets done on a timely basis and within our means.”

In May, Comptroller Liu released a report outlining the problems associated with large IT projects undertaken by the City. Comptroller Liu’s report provided a number of recommendations to ensure better oversight of IT projects. The report is available at: [http://comptroller.nyc.gov/bureaus/audit/audits\\_2010/05-13-10\\_FS10-136S.shtm](http://comptroller.nyc.gov/bureaus/audit/audits_2010/05-13-10_FS10-136S.shtm)

**Background:**

In April of 2005, the City projected the cost of establishing two unified (FDNY, NYPD, FDNY-EMS) 911 emergency call center systems, one in Brooklyn and a second redundant backup system in the Bronx at \$380 million. The contract was awarded to Hewlett-Packard. Six years later, the Brooklyn Center is still not fully operational and one year behind schedule.

The Emergency Communications Transformation Program was troubled by findings of poor management and less than satisfactory oversight by the original vendor, which necessitated a second Request for Proposals to be released for the Bronx facility.

In late November, DoITT submitted a \$286 million contract to the Comptroller's Office to hire Northrop Grumman to begin work on establishing the Bronx call center system. As part of Comptroller Liu's due diligence in reviewing DoITT's submission, serious red flags emerged, and a request for a full analysis of the cost estimate was issued. DoITT provided the Comptroller's Office with additional documentation, but it was not sufficient to answer significant outstanding questions. Last week, Comptroller Liu rejected the contract.

Below is the full text of the letter sent to Mayor Michael Bloomberg on January 3, 2011:

January 3, 2011

Honorable Michael R. Bloomberg  
Mayor  
City of New York  
City Hall  
New York, New York 10007

Dear Mayor Bloomberg:

The Emergency Communications Transformation Program (ECTP) deserves your attention at this time because my office has not been able to approve a \$286 million contract for the project as requested by the Department of Information Technology and Telecommunications (DoITT), and because there is opportunity to gain synergy from Deputy Mayor Stephen Goldsmith's efforts in the wake of the CityTime scandal.

My office has returned the \$286 million request from DoITT because of several outstanding questions. Some of the issues are similar to problems encountered with the CityTime project, such as:

- Time and expense billing arrangement, which does not encourage timely and efficient completion;
- Multiple layers of subcontractors, including quality assurance consultants;
- Significant cost overruns: original budget of \$380 million now increased to \$666 million and counting.

Deputy Mayor Stephen Goldsmith is now undertaking a comprehensive review of the City's major technology projects, beginning with CityTime, to see why certain things were missed and to make sure that additional measures or safety nets are installed to prevent waste and fraud. The ECTP project should rank high in priority for his review to head off even more severe problems.

The ECTP is an important project that you have initiated for the purpose of improving public safety for New Yorkers. It's all the more important that it gets done on a timely basis and within our means.

As always, my office is available to assist.

-more-

Sincerely,

John C. Liu

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