



New York City Comptroller
John C. Liu

STATEMENT

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CONTRACT EXTENSIONS TURN BACK CLOCK

TO CITYTIME

NEW YORK, NY – City Comptroller John C. Liu today stated the following in response to questions about the City’s intention to award \$290 million in unspecified, multi-year extensions to information technology ("IT") contracts:

"This simply preserves the CityTime model of contracts, which pays consultants based on hourly rates rather than fixed price deliverables. Today's approvals are deeply concerning, especially after the Administration's encouraging testimony just earlier this week aimed toward a more unified, City-wide strategy for IT contracts. There was an opening to competitively bid these services; instead these extensions were rubber stamped for the same crop of vendors, some of which have been in use since 2008. Today’s decision reflects poor planning and bad business practices.

“My office will closely examine the contract packages once we receive them and continue to monitor the integrity of the procurement process. We must ensure that the City of New York is fully leveraging economies of scale and, most importantly, enhancing services to New Yorkers.”

BACKGROUND

In January 2011, Comptroller Liu rejected a \$286 million DoITT contract request for ECTP, which had mushroomed from a \$386 million initial budget to \$666 million. Of particular concern was the vague budgeting formula applied to the bulk of the contract allotting unspecified "time and expense" costs; this would have allowed outside consultants to bill on an hourly basis and collect exorbitant fees, as in the case of the original CityTime project. Working together with City Hall, the Comptroller's Office registered a restructured \$95 million fixed-price contract tied to results, rather than open up taxpayers to a potential CityTime 2.

In May 2010, Comptroller Liu released a report outlining the problems associated with large IT

projects undertaken by the City. The report found the City's management of IT projects in recent years plagued with excessive cost overruns and missed deadlines, putting hundreds of millions of taxpayer dollars at risk or explicitly wasted. Comptroller Liu's report outlined primary symptoms of "Why System Development Projects Fail" and provided a number of recommendations to ensure better oversight of IT projects.

The report is available at:

http://www.comptroller.nyc.gov/bureaus/audit/audits_2010/05-13-10_FS10-136S.shtm

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