



Diversifying New York City Food Procurement

How to increase contracting opportunities for M/WBE and New York State food businesses

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Introduction

Each year, New York City's government agencies purchase more than \$300 million worth of food to feed New Yorkers. The City's food procurement processes often involve bureaucratic inefficiencies and informational vacuums that place uninitiated vendors at an acute disadvantage. Inexperienced businesses can struggle with a lack of awareness and clarity around the City's procurement methods and requirements, and large contract sizes that demand production volumes beyond a small business' capacity.

The Mayor's Office of Food Policy (MOFP) is committed to identifying strategies to increase the participation of New York State (NYS) businesses and Minority and Women Owned Business Enterprises (M/WBE) in the City's food procurement process. This project aimed to analyze the City's food procurement processes and to develop recommendations to help NYS and M/WBE food vendors better compete for City contracts. The following three recommendation areas emerged:

- **Expand and strengthen agency collaboration** to generate efficiencies in the procurement process and diversify vendor outreach.
- **Connect NYS and M/WBE food vendors to support services** to help build their capacity to better compete for City contracts.
- **Explore alternative treatments of food and meal service in city procurement policy** to encourage purchasing from M/WBE vendors.

Successful implementation of the proposed interventions will have long-term impacts on the New York City economy. The City's procurement dollars can support regional growth by purchasing from NYS and M/WBE food vendors. Local dollars spent build supply chains and create ancillary benefits for NYC communities.

Key Findings

This section highlights takeaways from conversations with food procurement experts and analysis of the City's food procurement process (see methodology in Appendix 1). These findings informed the proposed interventions related to expanded agency collaboration and targeted vendor support services. The recommendations on procurement policy require action from stakeholders outside of the City agencies, and therefore did not lead to interventions under the scope of this project. Nevertheless, key findings are included in this report for context and future ideation. Additional discussion on procurement policy can be found in Appendix 5- the Landscape Analysis Report.

Expand and strengthen agency collaboration

Staff at both food procuring and supporting agencies highlighted a lack of consistent collaboration, despite notable benefits when agencies have worked together. One positive example is how the NYC Department of Social Services (NYC DSS) sought advice from the NYC Department of Education (DOE) on the pricing structure for a recent solicitation that revamped the way food is procured for food pantries. This report proposes implementing regular convenings to share lessons learned from past solicitations and support the other proposed interventions that rely on cross agency collaboration.

The development of product specifications is an involved process for procurement and programming staff that may take several months before it is appropriate for a solicitation. Although in certain cases this is unavoidable, there are opportunities for procurement staff to utilize the specifications developed by other agencies. This has the added benefit of simplifying the experience for vendors as they navigate agency solicitations. A library of shared specifications, housed in an online hub accessible to agency staff, is a proposed resource meant to increase efficiency.

Food procurement staff and prime contractors experience challenges in identifying food vendors. At the same time, qualified food vendors are often unaware of procurement opportunities. The City can address these challenges by building and maintaining a comprehensive list of M/WBE and NYS food vendors. The current M/WBE database at the Department of Small Business Services (SBS) lacks details on the services and goods provided by food vendors and does not include un-certified M/WBE food vendors. Improved outreach and communications between agencies and vendors can source more qualified bids from a diverse pool of vendors and create an additional pipeline to M/WBE certification.

Connect NYS and M/WBE food vendors to support services

Most M/WBE and NYS food vendors that are interested in doing business with the City face significant hurdles meeting the volume and consistency demanded by agencies and navigating the City's technical and legal procurement process. A robust array of technical

and business support services will build capacity for NYS and M/WBE firms to compete for city contracts.

Aspiring and existing food vendors reported technical challenges, with the initial issue being PASSPort¹ navigation. Currently, vendors often resort to directing their questions and challenges directly to agency procurement staff, who are periodically overwhelmed with these requests. The resources offered by the Mayor's Office of Contracting Services (MOCS) or the SBS Procurement Technical Assistance Centers (PTACs) for PASSPort navigation can improve response times and service quality if fully utilized by vendors.

Businesses navigate multiple stages of the procurement process, including food and packaging specifications, supply chain logistics, invoicing procedures, or accessing subcontracting opportunities with prime vendors. Submitting a competitive bid within the City's regulatory framework requires considerable business acumen and access to capital. Existing business support and mentorship services can be tailored to the needs of NYS, and M/WBE food vendors to better prepare them to submit competitive proposals.

Explore alternative treatments of food and meal service in city procurement policy

The City's procurement processes are bound by a legal framing that treats food like any other commodity, such as road salt or construction materials, and limits opportunities for M/WBEs to fulfill agency or prime contracting goals. City agencies procure food via three distinct routes:

1. Request for bids are typically utilized to procure food as a good
2. Request for proposals are released to purchase services, including meal provisions and food via a distributor
3. Human service solicitations with meals as a component

The City's legal understanding of a good is defined by Procurement Policy Board Rules as "All personal property, including but not limited to equipment, materials, printing, and insurance, excluding land or a permanent interest in land."² When the City purchases a good, vendors are selected based on the lowest qualified bid. The underlying logic is: if goods are essentially interchangeable, then the City ought to prioritize paying the lowest price to a responsible vendor. Food should be considered distinct, which would enable agencies to utilize other procurement methods, such as request for proposals or M/WBE noncompetitive small purchases. A revised treatment of food in procurement policy is also needed for large distributors like the ones hired by the DOE to seek out M/WBEs food vendors to meet their utilization goals.

1 PASSPort, or the Procurement and Sourcing Solutions Portal, is managed by the Mayor's Office of Contract Services (MOCS). Food purchases overseen by the Department of Citywide Administrative Services (DCAS) and other agencies take place almost entirely on the online platform.

2 New York City Procurement Policy Board Rules- Section 1-01

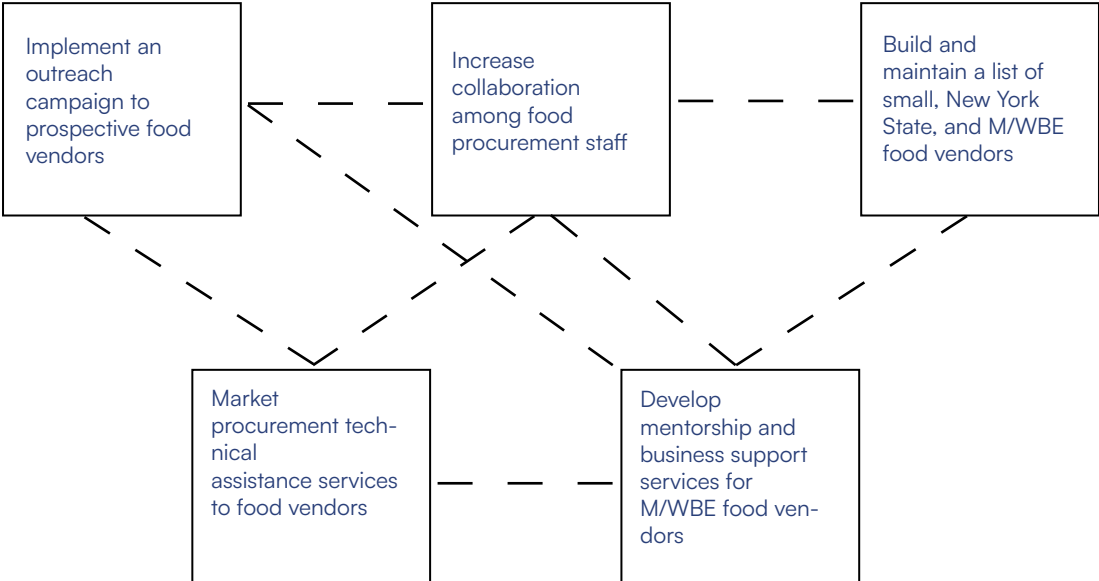
Human service contracts, such as NYC Department for the Aging's (NYC Aging) Home Delivered Meals, are exempt from requiring M/WBE goals. Facilitating greater engagement with M/WBE vendors, and particularly meal vendors in this instance, would be more effective if paired with a new approach to subcontracting incentives in human service contracts which would require action from City Council to amend Local Law 1 of 2013 and adoption by the Procurement Policy Board.

Proposed Interventions

The goals of this project were to streamline the food procurement processes across City government agencies, and reduce barriers for New York State and M/WBE organizations to compete for large agency food contracts. Five (5) interventions were identified and vetted with NYC agency staff:

- 1. **Increase collaboration** among food procurement staff and across agencies
- 2. **Implement an outreach campaign** to current and prospective food vendors
- 3. **Build and maintain a list** of NYS and M/WBE food vendors
- 4. **Market procurement technical assistance services** to food vendors
- 5. **Provide mentorship and business support services** targeted to M/WBE food vendors

Increased collaboration among agencies will provide a foundation for all the other interventions. A list of M/WBE and NYS food vendors will help broaden the vendor pool and provide a starting point for more tailored outreach. Technical procurement assistance will support businesses navigating procurement and reduce the administrative burden on agencies. Finally, mentorship and business support services will build capacity and establish networks for food vendors as they seek to grow and compete for NYC government contracts. The implementation plans are in Appendix 3.





1. Increase collaboration among food procurement staff and across agencies

Establish regular touch points between procurement leaders at food procuring agencies, both through in-person or virtual convenings and shared online resources. Participating staff may come directly from the agency's procurement teams or from relevant programmatic offices. Increased agency collaboration will create accountability for the other food procurement interventions, such as investments in vendor outreach and targeted technical assistance.

This intervention may also provide a foundation for future initiatives in City food procurement. A more unified approach from procurement staff emphasizes the importance of food and meal provisions in services provided by the City, and highlights the influence of the City's purchasing power to shape the market.



2. Implement an outreach campaign to current and prospective food vendors

Develop a multi-agency effort to engage NY State and M/WBE food vendors. This would result in a targeted outreach campaign to food vendors, events that share information on becoming a vendor for the City, and opportunities for vendors to learn about and apply for procurement opportunities. For example, SBS brings expertise in business outreach and can use this campaign as an opportunity to expand M/WBE certification efforts. MOCS can facilitate the enrollment of new vendors in PASSPort. DCAS brings the unique perspective of managing food procurements across multiple agencies and can build on current vendor engagement initiatives, such as the annual food fair.



3. Build and maintain a list of NYS and M/WBE food vendors

MOFP is supporting the development of a master list of regional M/WBE food vendors for use by agency procurement staff and prime contractors. This list can help inform M/WBE registration drives, food fair advertising, and other outreach initiatives to inform vendors of City procurement opportunities. The list would initially be housed in the online resource hub maintained by DCAS. Successful implementation of this list would entail widespread agency utilization, leading to solicitations being disseminated to an expanded and more diverse list of vendors.



4. Market procurement technical assistance services to food vendors

Develop a communications campaign to better market procurement technical assistance services that address the challenges faced by food vendors when responding to a solicitation. Common vendor inquiries fielded by agency procurement staff, such as assistance navigating PASSPort, are often an additional administrative burden. Food vendors are often unaware of existing services, warranting targeted marketing of these services.



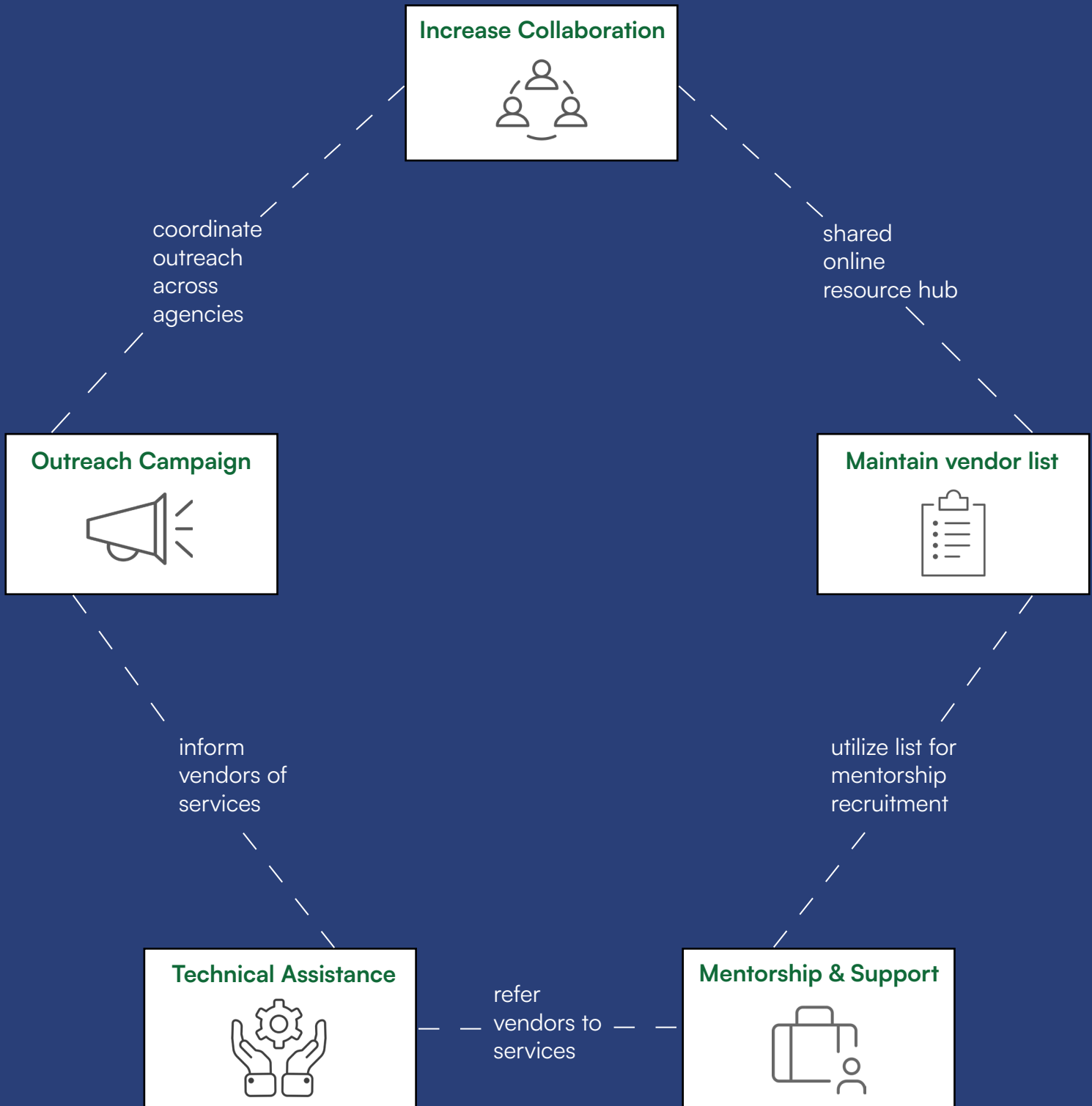
5. Provide mentorship and business support services for M/WBE food vendors

Mentorship and business support services targeted to food vendors can help M/WBE food vendors seeking and competing for procurement opportunities. These services will provide vendors with the business acumen needed to successfully engage in the procurement process. This will include support in accessing financial resources, and in navigating networking opportunities with other businesses and prime vendors.

Interventions and intended impact

INTERVENTION	INTENDED IMPACT
1. Increase collaboration among food procurement staff and across agencies	<ul style="list-style-type: none">• Increase internal efficiency and streamline the food procurement process across agencies.• Create a library of shared product specifications that can be used across City agencies to reduce time and increase transparency for vendors.• Provide a foundation and build support for future initiatives in City food procurement.
2. Implement an outreach campaign to current and prospective food vendors	<ul style="list-style-type: none">• Build awareness of City procurement opportunities among NYS and M/WBE food vendors• Share solicitations with a larger and more diversified pool of food vendors, with the intended outcome of a greater response from NYS and M/WBE food vendors
3. Build and maintain a list of NYS and M/WBE food vendors	<ul style="list-style-type: none">• Help City agencies and prime contractors to identify qualified M/WBE food vendors• Increase the directory of food vendors for agencies to reference when distributing food solicitations• Increase the number of food vendors certified as M/WBEs
4. Market procurement technical assistance services to vendors	<ul style="list-style-type: none">• Connect food vendors to existing technical assistance on M/WBE certification, local vendor qualifications, small business qualifications, enrolling and using PASSPort, and responding to solicitations.• Increase share of NYS and M/WBE vendors that respond to solicitations.
5. Develop mentorship and business support services for M/WBE food vendors interested in City procurement opportunities.	<ul style="list-style-type: none">• Connect M/WBE food vendors into existing networks of prime distribution vendors and human service providers, opening additional opportunities for M/WBE food vendors to procure for City agencies.• Help M/WBE food vendors strengthen their core business operations.• Inform food vendors of relevant, existing resources of which they are often unaware, such as financing options facilitated through SBS.• Increase share of NYS and M/WBE vendors that respond to solicitations.

The five interventions are interconnected



Metrics

The intervention implementation plans build on existing resources and agency programs. It will be important to track the success of the interventions over time for accountability and to evaluate whether additional resources should be allocated going forward. The table below outlines suggested metrics across four areas:

- **Vendor Engagement:** Metrics to track agency outreach activities and joint efforts to identify NYS and M/WBE food vendors.
- **PASSPort data:** Metrics to track utilization of PASSPort and level to support provided to vendors.
- **Business services:** Metrics to track the number of businesses receiving services and the impact of these services on their business growth.
- **Value of contracts secured:** Metrics to track how many NYS and M/WBE food vendors respond to solicitations and the value of contracts won.

Intervention Success Metrics

EVALUATION AREA	SUCCESS METRICS
Vendor engagement	<ul style="list-style-type: none"> • Number of cross-agency food procurement events • Number of qualified food vendors applying for M/WBE certification • Number of food vendors within the M/WBE directory
PASSport data	<ul style="list-style-type: none"> • Number of food vendors enrolled in PASSPort • Number of food vendors who receive PASSPort technical assistance • Response time to food vendors' questions about PASSPort
Business services	<ul style="list-style-type: none"> • Number of food vendors completing mentorship programs • Number of food vendors receiving business planning and support services • Dollar value of revenues by food vendors that received business services
Value of contracts secured	<ul style="list-style-type: none"> • Number of NYS and M/WBE food vendors responding to food solicitations • Dollar value of contracts won by M/WBE food vendors • Dollar value of contracts won by NYS food vendors



Conclusion

The proposed interventions aim to help the City of New York improve and streamline its food procurement systems and increase the number of NYS and M/WBE food vendors pursuing procurement opportunities with City agencies. This will require thoughtful change management. The City should consider adopting the following principles to support the implementation of the recommendations in this report:

- Buy-in is needed both top-down (Mayor's Offices, Deputy Mayors, Commissioners) and bottom-up (agency procurement and program staff); and
- Procurement priorities, such as increasing M/WBE participation, need intentionality at every stage of the process to be effective.

The implementation plans in Appendix 3 outline how City agencies can execute on the recommendations by building on existing resources and programs. Increased collaboration among agencies will generate lessons learned for more efficient procurements. Targeted joint outreach efforts will broaden the pool of food vendors aware of procurement opportunities and connect them to existing resources.

A growing list of M/WBE and NYS food vendors will help agencies and prime vendors find qualified local vendors. Greater utilization of technical procurement assistance will support businesses and reduce the administrative burden on agencies. Finally, mentorship and business support services will build capacity and networks for M/WBE and NYS food vendors as they seek to grow and compete for NYC government contracts.

Successful implementation of the proposed interventions will have long-term impacts on the New York City economy. The City's procurement dollars can support business growth by purchasing from NYS and M/WBE food vendors. Local dollars spent build supply chains and create ancillary benefits for NYC communities.

There will be opportunities to expand on the interventions and build on ongoing efforts to further improve City food procurement. Future considerations should include identifying funding sources for dedicated staff and tailored programming, and a continued review of procurement policies incentivizing NYS and M/WBE food vendors to compete for city contracts.

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Appendix 1 - Methodology

As a foundation for this project, the Public Works Partners team conducted a landscape analysis of the current City food procurement processes (see Appendix 5). This included policy and rule review, subject matter experts interviews, and survey analysis. Additionally, Karen Karp & Partners (KK&P) developed and analyzed a database of regional food vendors for use by City agencies. To vet the findings and emerging recommendations, a working group with agency procurement leaders was established.

Policy and rule review

An analysis was conducted of the Procurement Policy Board rules, local laws, and executive orders that provide the legal foundation for food procurement in the City of New York. Particular attention was paid to legislation that has a direct or indirect bearing on the ability of NYS and M/WBE vendors to participate in the food procurement process. Relevant policies include:

- Procurement Policy Board rules
- Local Law 1 of 2013
- Local Law 50 of 2011
- Executive Order 8 of 2022

Subject matter expert interviews

Public Works interviewed over 20 New York City food procurement experts. This included both procurement and program staff at food procuring agencies and in Mayoral Offices that provide oversight to the City's procurement processes. Government affiliated stakeholders, such as Cornell Cooperative Extension staff embedded at the Department of Education (DOE), were also engaged. Each interviewee shared their specific, first-hand knowledge of the food procurement processes, and provided detailed feedback on the proposed interventions. Interviewees are listed in Appendix 2.

Survey analysis

The Mayor's Office of Food Policy disseminated a survey in June 2022 for procurement staff to detail their processes for purchasing food and meals. Public Works analyzed the responses from the DOE, NYC Department for the Aging (NYC Aging), the Department of Youth and Community Development (DYCD), and NYC Department of Citywide Administrative Services (DCAS) on behalf of the Administration for Children's Services (ACS) and the Department of Corrections (DOC) to incorporate the insights into this report.

Working group sessions

Food procurement experts gathered in two Working Group sessions during this project. The first session, held at City Hall in October 2022, yielded valuable feedback on a list

of proposed interventions, and resulted in cross-agency collaboration that led to the identification of additional interventions. The second session, held in February 2023, was an opportunity for agencies to provide feedback on the implementation plans for the five recommended interventions outlined in this report.

Vendor database development and analysis

KK&P gathered M/WBE data from 12 states, including NYS, and identified a total 36,954 businesses across the state directories. 409 food and food related businesses were ultimately identified, and a separate database was created containing these businesses. KK&P further developed expanded vendor categories (17 in total) to facilitate effective searching by procurement staff. The additional categories predominantly include firms that sell a range of goods and services that NYC agencies currently purchase or could foreseeably contract.

Summary

The main objectives were to understand the baseline of current purchases from M/WBE firms, to produce directory that could immediately be helpful to NYC agencies, and to support the development of a strategy and recommendations to increase purchases from M/WBE firms. A detailed report of the process and findings can be found as Appendix 4.

Appendix 2 - Agency Staff Engaged

SUBJECT MATTER EXPERT	TITLE	ORGANIZATION
Anna Yakubova	Assistant Commissioner, M/WBE Recruitment and Eligibility	Department of Small Business Services
Ben Kerrick	Senior Consultant	Karen Karp & Partners
Charlette Hamamgian	Deputy Comptroller for Contracts and Procurement	NYC Comptroller's Office
Cheryl Bilinski	Local Food Systems Specialist	Cornell Cooperative Extension
David Coreas	Executive Director, M/WBE Recruitment	Department of Small Business Services
Dynishal Gross	Executive Deputy Commissioner	Department of Small Business Services
Elizabeth Brown	M/WBE Coordinator, Office of Citywide Procurement	Department of Citywide Administrative Services
Erkan Solak	Agency Chief Contracting Officer	Department for the Aging
Fa-Tai Shieh	Director of Food Procurement, Office of Citywide Procurement	Department of Citywide Administrative Services
Glenn O'Connor	Senior Executive Director of the Nutritional Services Division	Department of Corrections

SUBJECT MATTER EXPERT	TITLE	ORGANIZATION
Janice Zapinsky	Deputy Director of Contracts, Office of Safe and Supportive Schools	Department of Education
Joan Daley	Director of Fiscal Procurement Management	Department of Corrections
Johnny Celestin	Deputy Director	Mayor's Office of Minority and Women-owned Business Enterprises
Joseph Roman	Associate Director	Mayor's Office of Contracting Services
Julieann Lee	MWBE Officer, Office of Citywide Procurement	Department of Citywide Administrative Services
Kathy Chung	Deputy Director of Compliance	Mayor's Office of Minority and Women-owned Business Enterprises
Kerri Nagorski	Director of Procurement Policy and Partnerships	NYC Comptroller's Office
Kirk Eng	Agency Chief Contracting Officer	Department of Sanitation
Kitty Chan	Deputy Commissioner, Division of Business Services	Department of Small Business Services
Lisa D'Amato	Senior Director of Contracts and Management - Office of Food and Nutritional Services (OFNS)	Department of Education
Mandu Sen	Director of Policy and Strategy	Mayor's Office of Food Policy

SUBJECT MATTER EXPERT	TITLE	ORGANIZATION
Nicholas Mendoza	Chief M/WBE Officer & Interim Acting Senior Executive Director of Division of Contracts and Purchasing	Department of Education
Rashad Le Monier	Deputy Agency Chief Contracting Officer	Department of Citywide Administrative Services
Sara Jean Whelan	NYC Farm to School Coordinator	Cornell Cooperative Extension
Sherece Joseph	Associate Director	Mayor's Office of Contracting Services
Stephen O'Brien	Director of External Partnerships and Policy	Department of Education
Vincent Perneti	Deputy Director	Mayor's Office of Contracting Services
Vincent Silverstein	Deputy Agency Chief Contracting Officer	Department of Sanitation
Vincent Pullo	Agency Chief Contracting Officer	Department of Social Services

Appendix 3 - Food Procurement Intervention Implementation Plans



Increase collaboration among food procurement staff

Overview:

Establish regular touch points between procurement leaders at food procuring agencies, both through in-person or virtual convenings and shared online resources. Participating staff may come directly from the agency's procurement teams or from relevant programming offices. Increased agency collaboration will create accountability for the other food procurement interventions, such as investments in vendor outreach and targeted technical assistance.

This intervention may also provide a foundation and build support for future initiatives in City food procurement. A more unified approach from procurement staff emphasizes the importance of food and meal provisions in services provided by the City, and highlights the influence of the City's purchasing power to shape the industry.

Implementing Agencies:

- **Mayor's Office of Food Policy (MOFP):** Responsible for inviting staff across city agencies and determining who sets agenda for each working group session.
- **Department of Citywide Administrative Services (DCAS):** Responsible for maintaining an online, food procurement resource hub.

Intended Impact:

- Provide opportunities for procurement staff to share learnings and strategies for addressing challenges. This would include best practices product specifications and targeting small, local or M/WBE food vendors. Share upcoming vendor networking opportunities, such as food fairs, M/WBE conventions, or other relevant convenings.
- Increase the cross-selling of existing services including MOCS PASSPORT enrollment support offered by MOCS and M/WBE certification led by SBS.
- Create a growing library of shared product specifications that can be used across city agencies to reduce time and increase transparency for vendors.
- Agency collaboration may create accountability for the other interventions that emerged during this project, such as investments in vendor outreach and technical assistance.

Minimum Viable Product:

Utilizing existing resources, a quarterly convening of food procurement personnel would be coordinated by MOFP, with rotating assignments for agencies to set the agenda. Proposed meeting topics for the initial sessions are outlined below and would build off the interventions stemming from this project. An online hub would be created with existing SharePoint licenses and managed by DCAS.

Existing Resources Include:

- Product specifications and solicitation language from successful food procurements
- Procurement staff engaged and working group convened as part of MOFP project

Estimated Timeline:

- **Q3 FY23:** February Working Group coordinated by MOFP to review the five proposed interventions. As follow up, MOFP disseminates Final project report along with calendar invitations to the remaining 2023 convenings.
- **Q4 FY23:** SBS hosts food procurement working group to discuss applications for the new, expanded vendor list.
- **Q1 FY24:** MOCS hosts food procurement convening to discuss how to better market procurement technical support services as they relate to food vendors. Goal of the meeting should be to plan joint events with other agencies.
- **Q1 FY24:** DCAS shares access to online folder for food procurement resources.
- **Q2 FY24:** DCAS hosts food procurement convening focused on vendor outreach and the upcoming 2024 food expo.

Options for Expansion:

- Future meeting topics may be dictated by administration priorities or may be hosted by external stakeholders, such as the New York State Department of Agriculture or Cornell Cooperative Extension.
- Potential future meeting topics can include:
 - Best practices for procuring food products for different populations (i.e. Kosher and Halal requirements)
 - Options to earmark these opportunities for M/WBE vendors to be procured via discretionary spending methods



Provide mentorship and business support services for M/WBE food vendors

Overview:

This intervention has two components meant to support M/WBE food vendors seeking procurement opportunities: (1) Business support services and (2) mentorship services targeted to food vendors. These services will provide vendors with the business acumen needed to successfully engage in the procurement process. This will include support in accessing financial resources, and in navigating networking opportunities with other businesses and prime vendors.

Implementing Agencies:

- *Department of Small Business Services (SBS)*

Intended Impact:

- Connect M/WBE food vendors into existing networks of prime distribution vendors and human service providers, opening additional opportunities for M/WBE food vendors to procure for City agencies.
- Help small M/WBE food vendors strengthen their core business operations.
- Inform food vendors of relevant, existing resources of which they are often unaware, such as financing options facilitated through SBS.
- Increase share of small local and M/WBE vendors that respond to solicitations.

Minimum Viable Product:

Market existing business support services at SBS Business Solutions Centers to prospective food vendors. This includes the financial assistance services that potential and current food vendors can access as the plan and manage their finances in pursuit of government procurements. Loan products like the Contract Financing Loan Fund or NYC Small Business Opportunity Fund can provide often lacking capital to pursue large procurement opportunities.

In terms of mentorship, there is an opportunity to build on existing mentorship programs. Food vendor cohorts can be established by conducting targeted recruitment for the Small Business Mentors NYC, BE NYC Mentors, and M/WBE Mentors programs. Using procurement timelines across agencies can help determine when to align timelines for these programs so that participants can receive mentorship support and apply their learnings to procurement opportunities.

Existing Resources Include:

- Business mentorship programs facilitated by SBS including Small Business Mentors NYC, BE NYC Mentors, and M/WBE Mentors
- Financing assistance coordinated by SBS including services via the NYC Business Solutions Centers and targeted products such as the NYC Small Business Opportunity Fund

Estimated Timeline:

- **Q3 FY23:** MOFP and SBS convene food procurement staff to determine the gaps that are specific to food vendors and strategies for tailoring existing services to meet those needs.
- **Q4 FY23:** SBS recruits pilot cohort of M/WBE Food Vendors to access existing support services and gather feedback. This pilot cohort can serve as peer mentors going forward.
- **Q1-Q2 FY24:** SBS assesses outcome of pilot and determines effort required to make services industry-specific.

Options for Expansion:

- A customized mentorship program can be designed and developed to target small, NY State and M/WBE food business who are interested in becoming food vendors.
- A hub of food business resources can live at SBS, which can include businesses support, and planning resources, and food business experts who can provide targeted advice.
- Collaborate with a third-party to provide specific targeted food industry business support services.



Implement an outreach campaign to prospective food vendors

Overview:

Develop a multi-agency effort to engage local NY State and M/WBE food vendors. This would result in a targeted outreach campaign to food vendors, events that share information on becoming a vendor for the City, and opportunities for vendors to learn about and apply for procurement opportunities. SBS brings expertise in business outreach and can use this campaign as an opportunity to expand M/WBE certification efforts. MOCS can facilitate the enrollment of new vendors in PASSPort. DCAS brings the perspective of managing food procurements across multiple agencies and can build on current vendor engagement initiatives, such as the annual food fair.

Implementing Agencies:

- **Department of Small Business Services (SBS):** Responsible for leading business outreach and M/WBE certification support.
- **Department of Citywide Administrative Services (DCAS):** Responsible for providing insights into managing food procurement and building on existing engagements.
- **Mayor's Office of Contract Services (MOCS):** Responsible for supporting new food vendors with enrollment into PASSport.

Intended Impact:

- Build awareness of city procurement opportunities via outreach and engagement.
- Provide support and foundational education on PASSPort enrollment and M/WBE certification
- Refer food vendors to existing business support and financing services
- Share solicitations with a larger and more diversified pool of food vendors, with the intended outcome of a greater response from local and M/WBE food vendors
- Support development of a master list of food vendors, that could later support procurement staff when disseminating solicitations to potential bidders.

Minimum Viable Product:

Ongoing vendor outreach initiatives would be expanded through both agency collaboration and focused outreach to food vendors. Pairing existing services through collaboration, such as the annual DCAS food fair and SBS vendor outreach, would support the priorities of both agencies.

Existing Resources Include:

- Outreach campaigns to drive M/WBE certification by SBS
- Annual food fair organized by DCAS
- Master list of food vendors developed by MOFP

Estimated Timeline:

- **Q4 FY23:** SBS, DCAS and MOCS plan a joint outreach campaign targeted to food vendors who are not currently engaged in or aware of city procurement opportunities. A campaign may be incorporated into existing M/WBE certification outreach facilitated by SBS.
- **Q1-Q4 FY24:** Execute outreach campaign to food vendors via email, social media, agency events, and industry groups.

Options for Expansion:

- Establish consistent outreach conducted by agencies and continue building a robust pool of specialized food vendors. Agencies to share solicitations with this pool of vendors alongside other outreach strategies.
- Program additional food fairs that are tailored to agency demand, such as a convening with vendor that specialize in foods for young children or in Halal and Kosher foods.



Market procurement technical assistance services to vendors

Overview:

Develop a communications campaign to better market procurement technical assistance services to address the challenges that are faced by food vendors responding to a solicitation. Common inquiries currently fielded by agency procurement staff, typically requests for basic assistance navigating PASSPort, are an acute logistical burden. Food vendors are often unaware of existing services, warranting targeted marketing of these services.

Implementing Agencies:

- **Mayor's Office of Contract Services (MOCS):** Responsible for providing guidance and assistance on PASSport and technical procurement elements.
- **Department of Small Business Services (SBS):** Responsible for M/WBE certification services and procurement technical assistance support.

Intended Impact:

- Connect food vendors to existing technical assistance on M/WBE certification, local vendor qualifications, small business qualifications, enrolling and using PASSPort, and responding to solicitations.
- Increase share of small local and M/WBE vendors that respond to solicitations.
- Reduce the number of ad hoc technical assistance requests that agency procurement staff are currently handling. This would create additional time for procurement staff to refine existing processes and implement new, creative solutions.

Minimum Viable Product:

Building on the "Food Policy Standards" webpage on MOCS website, compile list of relevant existing resources for potential food vendors to access, including links to other MOCS webpages and SBS's websites for latest updates and information regarding food procurement. In addition, agencies can support vendor outreach efforts, including attending food fairs and marketing campaigns, to encourage early enrollment in PASSPort and utilization of MOCS' help desk, and learn about M/WBE certification and accessing SBS technical assistance for businesses.

Existing Resources Include:

- MOCS Food Policy Standards webpage
- MOCS Technical Assistance services (help desk, learning events, PASSport enrollment support)

- SBS Procurement Technical Assistance Centers and (4) Food Specific Events
- SBS business support services web page

Estimated Timeline:

- **Q3-Q4 FY23:** MOCS and SBS identify existing technical assistance services that M/WBE Food Vendors can access, and discuss learnings on marketing. Existing resources are included in the joint outreach campaign targeting food vendors.
- **Q1-Q4 FY24:** MOCS and SBS collaborate on events for food businesses to learn about procurement and be connected to technical assistance.

Options for Expansion:

- Expanded technical assistance for navigating food specifications may entail releasing an RFP for a third party to provide for industry specific services for food vendors engaged in the procurement process.



Build and maintain a list of small, New York State and M/WBE food vendors

Overview:

The Mayor's Office of Food Policy is developing a master list of regional M/WBE food vendors for use by agency procurement staff and prime contractors. This list can inform M/WBE registration drives, food fair advertising, and other outreach initiatives to inform vendors of City procurement opportunities. The list would initially be housed in the online resource hub maintained by DCAS. Successful implementation would entail widespread agency utilization, and diversified and expanded solicitation dissemination.

Implementing Agencies:

- ***Department of Citywide Administrative Services (DCAS)***: Responsible for housing the list of small, regional and M/WBE food vendors, and expanding over time.
- ***Department of Small Business Services (SBS)***: Responsible for maintaining the list of food vendors with the directory of small, and M/WBE businesses.

Intended Impact:

- Simplify the procurement process for city agencies and prime contractors by making it easier to identify qualified M/WBE food vendors
- Increase the directory of food vendors for agencies to reference when distributing food solicitations
- Increase the number of food vendors certified as M/WBEs

Minimum Viable Product:

MOFP has worked to develop a preliminary list of food publicly available vendor lists. This can be shared as a resource with agencies through the online resource hub maintained by DCAS, which is detailed in the agency collaboration implementation plan. The list would be available for all City food procurement staff members to utilize in solicitation dissemination or other outreach campaigns, such as advertisement for the annual DCAS food fair. Further, the list would be available for agency staff to share with prime contractors who are seeking a M/WBEs capable of fulfilling their subcontract needs. SBS can inform the ongoing build-out of the list through its interactions with M/WBE businesses.

Existing Resources Include:

- MOFP preliminary list of food vendors
- ***NYC Department of Small Business Services' Online Directory of NYC Certified***

Businesses

- [New York State Corporation and Business Entity Database](#)

Estimated Timeline:

- **Q3 FY23:** MOFP shares preliminary list of food vendors with DCAS to add to the online resources folder for City food procurement staff.
- **Q4 FY23:** DCAS and SBS discuss how to effectively utilize the list and consider options for expansion. This may include strategies for SBS to utilize the list as part of ongoing M/WBE registration efforts.
- **Q1 FY24:** DCAS determines format to make list publicly available and encourage use by prime vendors on food contracts.

Options for Expansion:

- Work with a state agency or other external stakeholders to expand and update the list of food vendors. Potential partners may include the New York State Department of Agriculture, Cornell Cooperative Extension, Hunter College Food Policy Center, or American Farmland Trust.
- Expand the vendor list into a comprehensive, publicly accessible listserv of regional food vendors interested in or capable of institutional procurement.
- Ongoing efforts by SBS to expand the M/WBE directory housed at SBS may also be advanced through this work through targeted outreach.

Appendix 4 - New York City Public Food Procurement

Analysis of M/WBE Certified Businesses in Twelve States and Recommendations for Increasing Procurement

The Mayor's Office of Food Policy (MOFP) is committed to identifying strategies to increase the participation of New York State (NYS) businesses and Minority and Women Owned Business Enterprises (M/WBE) in the City's food procurement process.

KK&P was retained to support the primary research conducted by Public Works Partners, which analyzed the City's food procurement processes and developed recommendations to city agencies for processes and protocol to increase food procurement from NYS ("local" suppliers) and M/WBE food vendors.

KK&P took a deeper, more tactical- and operations-focused look at M/WBE certification and participation to understand where structural issues within M/WBE certification exist and where future opportunities might be to strengthen the databases of certified companies to increase procurement opportunities. Key phases of this work included:

- Developing a baseline understanding of current NYC agencies' food purchases generally, and specifically from M/WBE firms;
- Compiling and analyzing a 12-State M/WBE directory to expand the potential universe for NYC M/WBE purchases, as well as to assess opportunities for cross-State collaboration among certifying agencies;
- Preparing the 12-State database to be used as an immediate tool to support additional M/WBE purchases; and
- Adding operations-focused insights and recommendations to complement Public Works' analysis and recommendations for increasing M/WBE purchases across NYC agencies.

Baseline Data

KK&P's approach was to, first, categorize and quantify current food purchases across NYC agencies, including those certified M/WBE firms that were identified as such. They used the Center for Good Food Purchasing's Food Product Categories, such as "Beverages," "Legumes," or "Grain Products" to kick-start this process.

From that 2019 data set, just \$177,249 of purchases were identified to have been made from certified M/WBE firms:

AGENCY	VENDOR M/ WBE STATUS	VENDOR NAME	VENDOR LOCATION	PRODUCT NAME	2019 PURCHASES		
Human Resources Administration	Woman Owned	Finesse Creations	Brooklyn, NY	oil, canola	\$64,000		
Department of Homeless Services	Woman Owned	White Coffee	Long Island City, NY	coffee	\$90,265		
				coffee, decaffeinated	\$9,214		
				Carla's Pasta, Carla's Pasta Inc.	Windsor, CT	entrée, pasta, ricotta	\$7,576
						manicotti, cheese, raw, frozen	\$3,855
				Dufour Pastry Kitchens	Bronx, NY	quiche, smoked Swiss,	N/A
				Mclure's Maple & Honey Product	Littleton, NH	honey, amber, light	\$35
				Sweet Street Desserts, Inc.	Reading, PA	dessert, brownie, chocolate, walnut, frozen	\$118
						dessert, cake, two layer, carrot, frozen	\$171
						dessert, cake, variety, frozen	\$80
						dessert, cheesecake, vanilla, frozen	\$475
		dessert, cup-cake, chocolate, frozen	\$307				

	dessert, cupcake, red velvet, frozen	\$47
	dessert, cup- cake, vanilla, frozen	\$832
	dessert, cupcake, vanilla, raspberry, frozen	\$146
	dessert, fruit bar, variety	\$12
	Total M/WBE Purchases 2019	\$177,249

Additionally, they analyzed the entirety of NYC agency purchases (as available), by category and by purchase volume, to see where key opportunities exist today to buy more from certified M/WBE firms. (Note: DFTA is excluded from M/WBE targets.)

From this initial exercise KK&P identified three approaches NYC could take to increase M/WBE purchases immediately and most quickly achieve M/WBE goals:

1. Identify one or more certified firms that can supply big ticket items (such as milk, bread, prepared and frozen center-of-the-plate items);
2. Prioritize smaller contract purchases, valued at \$50,000 or less and which do not require an RFP process, to shift more of purchases to M/WBE firms; and
3. Identify more firms that qualify for M/WBE status among existing vendors and urge or support them to become certified.

M/WBE Data Base Development

Data on food and food-related business was pulled from M/WBE online directories from twelve States. New York, New Jersey, Connecticut, Pennsylvania, Massachusetts, Ohio, Rhode Island, Maryland, Delaware, Vermont, New Hampshire, and Maine were included. KK&P elected to look for M/WBE firms in this geography for a number of reasons, including that they noticed that there were a small number of firms that were certified in their “home state” that also obtained certification in New York; and also because, based on their experience with working with suppliers and distributors to a number of NYC agencies, they know that this is the distribution range of most suppliers (i.e., within a day’s drive of NYC).

While some M/WBE directories were managed by the State Comptroller (NY), others were

managed by Department of the Treasury (NJ), Department of Administrative Services (CT), Department of General Services (PA), Department of Development (OH), Division of Small Business (DE), Department of Environmental Protection (MA), Agency of Administration (VT, RI) and Department of Transportation (NH, ME, MD). At the time of the data collection, Connecticut's download was not functioning, so no data from CT was collected.

The directories varied widely in their structure and format. For example, the New Hampshire's directory is in PDF form, while all the others are available in an Excel spreadsheet. New York's directory included the most detail, with commodity codes, capability (a more detailed description of the business), work district/region, business size, and other fields. While most directories included commodity codes, some directories had very little information with no names of the business owners or commodity codes (such as Vermont). Pennsylvania's directory had data fields on different tabs, which resulted in a very tedious structure to extract data. In addition, businesses were categorized differently across directories when it came to M/WBE status. For example, many use MBE, M/WBE, or WBE to illustrate if it is minority-owned, women-owned, or minority and women-owned, while others only used M/WBE. Some directories included other categorizations such as veteran-owned, disabled veteran-owned or LGBTQE. Those additional certifications were included depending on the ease of obtaining them.

In total, 36,954 M/WBE certified businesses in all product and service categories were found across the directories. Utilizing the search function in Excel for terms such as "food" and "farm," 409 food and food-related businesses were identified, and a separate database was created with these businesses. This database accompanies the report. (New York State's 135 certified companies represents 33% of the total certified food firms identified.) This chart illustrates the breakdown by state.

Twelve-State M/WBE Certified Businesses:

STATE	CERT. BUSINESSES	FOOD-RELATED BIZ.	CERTIFICATIONS
New York	11,083	135	MBE, WBE, M/WBE
New Jersey	6,213	85	MBE, WBE, M/WBE
Connecticut	1,952	N/A	(sector search function unavailable on line)
Pennsylvania	1,514	1	D-Disabled, G-LGBT, M-Minority, S-Service-Disabled
Massachusetts	4,081	38	MBE, WBE, VBE-Veteran, SD-VOBE-Service-Disabled Veteran, DOBE-Disability, LGBTBE, PBE-Portuguese, DBE-Disadvantaged
Ohio	2,071	40	MBE, WBE, M/WBE
Rhode Island	835	5	MBW, WBE, DBE
Maryland	7,784	76	MBE
Delaware	941	19	MBW, WBE, VOB, SD-VOBE, IWDBE-Individual with Disabilities
Vermont	323	5	MBE, WBE
New Hampshire	N/A	5	MBE, WBE, M/WBE
Maine	156	0	DBE, M/WBE, WBE

As the chart above illustrates, the number of food- and food-related firms as a percentage of total certified firms in each State is very small, ranging from 0% to just 2.02% of total certified firms (in New York State it is 1.22%).

Using the new, multi-State certified M/WBE food and food-related data base, KK&P analyzed each company two ways:

1. By categorizing them according to how the certifying agencies differentiated the companies (food and foodservice product categories as well as service business categories, e.g.). This did not give them enough information to know, in enough detail, what many of the companies sold (in either product or service categories), which led them to
2. Looking at each of the 409 firms individually, either by clicking through the URL provided on the data base or, in approximately 20% of the cases where this information was unavailable, identifying the company and learning what they sold through a Google or LinkedIn search.

This ultimately informed their expansion of the original nine food categories (which included a category for “other”) to 29 vendor categories. The additional categories provide more detail about the types of food or meals offered by M/WBE certified firms that NYC agencies currently or foreseeably could purchase and includes ten service categories and one food incubator dedicated to launching M/WBE businesses that service institutional foodservice providers. It also reduced their data base from 409 to 380 firms, as 29 firms that had “food” or “institutional foodservice” or “food manufacturing” in their description did not, in the end, offer any products or services related to institutional foodservice purchases or needs.

Findings

The key findings that emerged from this work include:

1. State directories vary widely in their structure and format, which make for challenges in aggregating and analyzing certified firms. (For example, the NH directory is in PDF form, while others are in Excel.) The number of M/WBE certified firms across State databases, in every category including food- and food-related categories, is small in proportion to the number of businesses in each state. It appears from the reading of the data that, among certifying agencies, there is a reactive, rather than a proactive approach to identifying and certifying qualified firms. (Similarly, qualified firms are frequently overwhelmed with the paperwork and processes required to become certified and simply don't bother to apply.)
2. Current food-related certified M/WBE firms in the 12-State directory include a significant number that offer a range of services. This makes sense in that, generally, service firms require considerably less capital investment to launch and operate, can be operated by a sole proprietor and are thus appealing to entrepreneurs who experience challenges in accessing capital, or have little experience or capacity to manage people.

3. Based on anecdotal evidence from conversations with a prime contractor and a food broker that engage with NYC agencies, and our own knowledge of food businesses who qualify but are not certified, there are likely many “hidden” M/WBE firms among existing suppliers. They have, for various reasons, opted not to start or complete the certification process.

Integrating KK&P and Public Works Partners’ Work

In this section KK&P elaborates on Public Work Partners’ key findings, recommendations, and interventions in support of NYC ‘s goals to increase purchases from M/WBE firms.

Findings:

They align with Public Works that there is a great deal of complexity—and therefore lost opportunity—that suppresses NYC agencies’ potential to increase purchases from M/WBE firms. The complexity is spread across many organizations and functions, and removing or decreasing this complexity will require multi-agency commitment—within NYC food buying agencies, across NYC business support agencies, and among State certification bodies.

KK&P wishes to add three additional points to those presented by Public Works:

- **Intervention and collaboration are needed at the multi-State level** to, first and foremost, codify the existing and grow the pool of certified regional M/WBE firms to sell into NYC agencies;
- **Services firms comprise a significant percentage of M/WBE firms.** Expanding M/WBE goals and metrics to include service firms can accelerate this initiative; and
- M/WBE food manufacturing firms that wish to do business with institutional foodservice organizations will need, in addition to generalized business growth, management, and marketing skills, **specialized, food product-related product development, packaging, and nutrition analysis capacity building** that likely does not fall within the purview of NYC support services. (See below in “Interventions” for additional detail.)

Recommendations:

In their final report, Public Works presented three main recommendations and five interventions. These are listed below, in italics, followed by KK&P’s additional recommendations.

Recommendations (Public Works)

- *Expand and strengthen agency collaboration to generate efficiencies in the procurement process and diversify vendor outreach,*
- *Connect NYS and M/WBE food vendors to support services to help build their capacity to better compete for City contracts, and*
- *Explore alternative treatments of food and meal service in city procurement policy to encourage purchasing from M/WBE vendors.*

KK&P's elaborations include:

1. **Build the list:** Engage certifying agencies across a regional geography is recommended to understand opportunities to a) align the databases, b) coordinate and conduct outreach to firms to encourage certification, and c) encourage outside-of-NYS firms to also become certified in NYS.
2. **Expand NYC M/WBE “food procurement” goals** to include “adjacent” food products as well as service firms. These include (but are not limited to) firms that sell paper and packaging supplies and janitorial supplies. On the service side, firms include those that provide nutrition services, foodservice design services, and food brokers and distributors. Another example includes a culinary R&D hub, located in Washington, DC, which is committed to incubating M/WBE firms for public procurement.
3. **Dive deeper into M/WBE certified firms** that are categorized as (non-chain) “quick service/fast food restaurants” and “ethnic foods” to understand their potential capacity to develop prepared meals or meal components, or catering services, which could help NYC agencies with cultural diversity and appropriateness of menus and offerings, facilitate DFTA meal purchases, and supply (or respond to RFPs looking to contract) kiosks and cafés within NYC public buildings, including hospitals.
4. **Build a pipeline of certified firms among existing suppliers** through designing and launching a survey to existing food and service suppliers to NYC agencies to better understand their demographics and encourage certification of applicable firms.

Interventions:

Public Works identified five interventions that were identified and vetted with NYC agency staff to support the recommendations:

1. *Increase collaboration among food procurement staff and across agencies,*
2. *Implement an outreach campaign to prospective food vendors,*
3. *Build & maintain a list of NYS and M/WBE food vendors,*
4. *Market procurement technical assistance services to food vendors, and*
5. *Provide mentorship and business support services targeted to M/WBE food vendors.*

KK&P proposes the following to grow the potential of these interventions:

- 1. Facilitate the development of M/WBE goals among NYC agencies** (leaders and procurement staff) to get buy-in at key organizational levels, including leadership. Develop an understanding of which goals can be achieved collectively and which individual agencies might advance on their own (related to matchmaking between M/WBE products and services related to what specific agencies purchase, or perhaps for goals that vary between agencies). Set targets and metrics and measure progress quarterly. Include food and food-related products, and services, in the goals and metrics. Assign someone to manage this process (either at one of the agencies, at MOFP, or potentially a consultant).
- 2. Develop and launch simultaneous outreach campaigns: “Inside-Out” and “Outside-In.”** The former includes (as mentioned earlier) designing and launching a survey to existing NYC suppliers to assess businesses that qualify for M/WBE status. The survey can also be used for other purposes: to share a range of NYC agency procurement objectives (other GFP values, e.g.) which might increase current suppliers’ sales potential to NYC; to help identify suppliers who want to expand sales to additional NYC agencies; to ask suppliers what technical and other support they need to grow sales to NYC; to ask suppliers to identify other suppliers, with a special request to recommend M/WBE businesses. “Outside In” can involve multiple campaigns: Via data bases gathered or personal outreach to various organizations (SBS and other NYC and NYS M/WBE support organizations, Specialty Food Association, WBENC, FMI, FPSA, e.g.) develop a communications piece related to NYC’s M/WBE goals and encourage organizations to submit their interest to a) be on a list of vendors that are contacted when new opportunities arise, or 2) NYC can develop and issue an RFEI to food and food-related product and appropriate service firms identified through this outreach to gather information on potential new M/WBE suppliers.
- 3. KK&P has developed a baseline 12-State M/WBE food, food-related, and service firms that is ready to use by NYC agencies.** (Note: A list of NYC or regional growers and producers of regional product was not produced for this phase of work.) Multiple interventions are required to strengthen the quality of this list, and to grow it so there are more M/WBE suppliers to sell to NYC agencies. First, a decision must be taken regarding the value of having a multi-State list. If it is determined that there is value, resources must be committed, and a plan created, to engage across numerous State certifying agencies to share NYC’s objectives, align agencies around these objectives, and develop a plan for making individual and lists as effective as possible to meet NYC M/WBE objectives. This will include, but not be limited to, attempting to get agreement on the structure and format of the databases—a commitment to using a common system (Excel, e.g.); alignment on the categorization of businesses; the development and issuing of outreach materials to identify and attract more potential M/WBE firms to obtain certification; offering information sessions to share procurement opportunities with public foodservice organizations; and surveying existing and potential firms to understand concerns, barriers, and opportunities for certification. This is no small effort and will require a lot of city-State cross-agency, and cross-State coordination

that might seem beyond the scope of NYC agencies (or MOFP, e.g.). A first step is to initiate a meeting with Empire State Development’s M/WBE team to share the objectives of NYC procurement, and the findings and recommendations in this report, to determine how they might lead this effort. An ongoing research and data gathering effort to support the advancement of M/WBE firms, and advocacy efforts related to building the number and potential of these, including engaging at the national level for advocacy and policy development, could be considered.

- 4. Determine more precisely which elements of technical assistance are most needed by existing and potential M/WBE firms, and scope appropriate resources to provide this support.** KK&P recommends that a robust and detailed list of education and technical support be created (which can be gathered from the above-mentioned survey, in “Outreach”), prior to developing a plan for agencies (internal and external to NYC) and other potential resources to be made available to M/WBE (and potential M/WBE) firms. For example, food product-specific assistance, to scale recipes, meet nutritional requirements, labeling, and packaging assistance is offered at organizations such as the Cornell Food Innovation Center in Geneva, NY, and at the Rutgers Food Innovation Center in New Jersey. Food brokers can also provide or facilitate this kind of food-specific growth skill building, and it is recommended that they be engaged as part of a comprehensive support system to increase M/WBE suppliers for NYC.

- 5. Assess more precisely what mentorship and business support M/WBE and potential M/WBE firms are most in need of, and line up relevant resources to provide them.** As a WBE who has availed of mentorship and business support programs, and as business consultants to companies across a range of food products and scales, KK&P knows that there are both general and specific-to-a firm mentorship and business support that companies need; some but not all are a “one size fits all” solution to help advance a company. An assessment of these can be made through the above-mentioned survey issued to current NYC suppliers as well as to existing (and potential, via the multi-State list) M/WBE firms. Some firms will be more in need of finance skills, others will need branding and marketing skills, others will need HR and organizational development support—as some key examples of variation between firms—and likely all will have the need to increase their capacity to raise money. As with the food technology intervention, above, NYC might consider outreach to and partnership with outside organizations that provide resources and programs to support firm growth. CEO groups like Vistage, the National Minority Business Council, and Women’s President Organization (WPO) are excellent organizations that provide support, mentorship, and offer resources for key skill development. Currently less than 3% of capital goes to women-owned, and even less to firms owned by women of color. To this end, KK&P recommends an intervention specifically related to supporting M/WBE firms to raise capital, perhaps including the development of a dedicated fund to support businesses selling to public agencies.

Conclusion

The food industry is a significant sector of the economy in the United States, with an estimated revenue of over \$1.5 trillion. According to the USDA, the food and beverage industry is one of the largest manufacturing sectors in the U.S. economy, accounting for over 4% of GDP¹. Considering the scale of public food purchases across the U.S., and in New York City alone, there is a significant opportunity for M/WBE firms and programs aimed at supporting them to add to national efforts to build the capacity, revenue, job creation, local economic development, and ultimately the GDP, generated by M/WBE firms.

Any efforts to achieve this begin with aggregating, measuring, and using data to achieve programmatic goals. The findings, recommendations, and suggested interventions in this report, aligned with Public Works' work, set out a roadmap to increasing M/WBE purchases from NYC agencies. It is no small task, as the work involves ongoing database development and management, inter-agency (across NYC and beyond) engagement and collaboration, and specialized offerings to grow the capacity of M/WBE firms.

KK&P agrees with Public Works that "these substantial shifts will require thoughtful change management," and the principles of engaging top-down and bottom-up, as well as cross-fertilization, to achieve progress.

As with the thoughtful process that MOFP is taking to understand the current state in order to expand M/WBE purchases among City agencies that buy food (and food-related) products (and services), ongoing thoughtfulness is needed to appreciate the already significant operational requirements that agencies have to procure, prepare, deliver, serve, and manage the waste of hundreds of millions of meals per year. Change may be gradual, but momentum must be alive and consistent, in addition to Public Works' recommendation that they are "intentional."

KK&P agrees with Public Works that the City's procurement dollars can build supply chains and contribute to circular and local economies. Understanding more about the City's suppliers overall, knowing more about where and how they operate, and deepening the City's relationships with suppliers, will help to avert supply chain crises such as were experienced at the onset of COVID-19 as well.

Again aligning with Public Works' assessment, funding sources for dedicated staff to maintain and build databases and programs, to provide technical assistance, to facilitate overall project coordination, and to build an investment pool in support of the growth of M/WBE firms (and their capacity to sell into NYC) is necessary.

Finally, there is a national advocacy and policy opportunity to leverage NYC's efforts to and success in increasing M/WBE participation to bring additional attention and resources into this work, which will in turn, contribute to continuous improvement of the goals and desired outcomes.

¹ <https://www.ers.usda.gov/data-products/ag-and-food-statistics-charting-the-essentials/ag-and-food-sectors-and-the-economy/#:~:text=What%20is%20agriculture's%20share%20of,0.7%20percent%20of%20U.S.%20GDP>

Appendix 5 - Landscape Analysis

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Purpose

Each year, New York City's government agencies purchase more than \$300 million worth of food to feed New Yorkers¹. The Mayor's Office of Food Policy (MOFP) is committed to identifying strategies to increase the participation of New York State (NYS) businesses and Minority and Women Owned Business Enterprises (M/WBEs) in the City's food procurement process. These businesses face notable barriers to their participation, including a lack of awareness and clarity around the City's procurement methods and requirements, and large contract sizes that demand production volumes beyond a small business' capacity.

MOFP hired Public Works Partners to conduct a landscape analysis to document the current state of food procurement in the City, and to develop recommendations to promote NYS businesses and M/WBEs to participate in the city's food procurement opportunities. These are the recommendation areas that emerged from the landscape analysis, which will be further detailed in this report:

- Design and release solicitations targeted to small, New York, and M/WBE food vendors
- Increase outreach to NYS and M/WBE food vendors
- Provide technical and financial assistance to small, NYS, and M/WBE food vendors
- Improve transparency during bid review & selection process
- Improve agency food procurement goals with an emphasis on NYS and M/WBE vendors
- Increase collaboration between food procuring agencies

The recommendation areas each have specific strategies outlined to support process improvement efforts, which will be refined through meetings with a Food Procurement Working Group. Ultimately, Public Works will develop a set of recommendations for the City to implement to increase the participation of NYS businesses and MWBEs in food procurement processes.

Methodology

The landscape analysis synthesizes information collected through a few research methods: a review of existing policies and rules that shape procurement in the City, subject matter expert interviews, and analysis of a survey completed by food procuring agencies in New York City.

Policy and Rule Review:

This project analyzed the Procurement Policy Board rules, local laws, and executive orders that provide the legal foundation for food procurement in the City of New York. Particular attention was paid to legislation that has a direct or indirect bearing on the ability of small, New York State, and M/WBE vendors to participate in the food procurement process.

¹ <https://www1.nyc.gov/assets/foodpolicy/downloads/pdf/GFP-Citywide-Goals-Strategy.pdf>

Relevant policies include:

- Procurement Policy Board rules
- Local Law 1 of 2013
- Local Law 50 of 2011
- Executive Order 8 of 2022

Subject Matter Expert Interviews:

Public Works interviewed 20 New York City food procurement experts. This included both procurement and program staff at food procuring agencies and in Mayoral Offices that provide oversight to the City's procurement processes. These individuals participated in interviews to share their knowledge and perspectives on current food procurement processes, and where they believe there are opportunities to make improvements to encourage higher levels of participation from small, NYS, and M/WBE vendors. Interviewees that informed the Landscape Analysis are listed in Table 1.

Survey Analysis:

The Mayor's Office of Food Policy disseminated a survey in June 2022 for procurement staff to detail their processes for purchasing food and meals. Public Works analyzed the responses from the Department of Education, Department of Citywide Administrative Services, and Department for the Aging to incorporate the insights into this report.

Table 1. Interviewed Subject Matter Experts:

SUBJECT MATTER EXPERT	TITLE	ORGANIZATION
Anna Yakubova	Assistant Commissioner, M/WBE Recruitment and Eligibility	Department of Small Business Services
Ben Kerrick	Senior Consultant	Karen Karp & Partners
Charlette Hamamgian	Deputy Comptroller for Contracts and Procurement	NYC Comptroller's Office
Cheryl Bilinski	Local Food Systems Specialist	Cornell Cooperative Extension
Erkan Solak	Agency Chief Contracting Officer	Department for the Aging

SUBJECT MATTER EXPERT	TITLE	ORGANIZATION
Fa-Tai Shieh	Director of Food Procurement, Office of Citywide Procurement	Department of Citywide Administrative Services
Glenn O'Connor	Senior Executive Director of the Nutritional Services Division	Department of Corrections
Joan Daley	Director of Fiscal Procurement Management	Department of Corrections
Johnny Celestin	Deputy Director	Mayor's Office of Minority and Women-owned Business Enterprises
Kathy Chung	Deputy Director of Compliance	Mayor's Office of Minority and Women-owned Business Enterprises
Kerri Nagorski	Director of Procurement Policy and Partnerships	NYC Comptroller's Office
Kirk Eng	Agency Chief Contracting Officer	Department of Sanitation
Lisa D'Amato	Senior Director of Contracts and Management- Office of Food and Nutritional Services (OFNS)	Department of Education
Mandu Sen	Director of Policy and Strategy	Mayor's Office of Food Policy
Nicholas Mendoza	Chief M/WBE Officer & Interim Acting Senior Executive Director of Division of Contracts and Purchasing	Department of Education
Sara Jean Whelan	NYC Farm to School Coordinator	Cornell Cooperative Extension

SUBJECT MATTER EXPERT	TITLE	ORGANIZATION
Stephen O'Brien	Director of External Partnerships and Policy	Department of Education
Vincent Perneti	Deputy Director	Mayor's Office of Contracting Services
Vincent Silverstein	Deputy Agency Chief Contracting Officer	Department of Sanitation
Vincent Pullo	Agency Chief Contracting Officer	Department of Social Services

How Food and Meals are Procured by the City of New York

Overview:

Findings and analysis are organized into two sequential phases of procurement, before and after the solicitation is disseminated, and are followed by takeaways relevant to NYS and M/WBE food vendor engagement that may inform potential recommendations. Opportunities for further research into city food procurement are noted in the conclusion.

1. Solicitation design
2. Solicitation distribution, vendor selection, and contracting
3. Engagement of M/WBE, NYS, and small businesses

Most of the institutional food and meal procurement in New York City is the result of demand from seven service providing agencies. This analysis, however, prioritized the three agencies listed in Table 2.

The agencies were selected for two primary reasons: (1) the agencies offer a wide representation of the range of procurement methods utilized to procure food and meals and (2) the agencies account for a substantial share of the city's total food spending, with the DOE accounting for up to 77% of the city's known food spending alone¹.

This section also includes analysis from interviews with the Department of Sanitation (DSNY) and the Department of Social Services (DSS). Both agencies had successful food procurements during the COVID-19 pandemic and ensuing supply chain challenges that offer relevant takeaways for this project.

¹ Based on FY19 raw purchasing data- <https://www1.nyc.gov/site/foodpolicy/good-food-purchasing/agency-detail.page>

Overview of Analyzed Agencies:

AGENCY	FY19 FOOD SPENDING ²	CONTRACT TYPE(S)	PROCUREMENT METHOD
Department of Education (DOE)	\$209.6 M	Direct contracts with food vendors and distribution contracts	Decentralized competitive sealed bidding: managed internally by DOE
Department of Corrections (DOC)	\$16.8 M	Direct contracts with food vendors	Centralized competitive sealed bidding: managed by DCAS
Department for the Aging (NYC Aging)	Unknown ³	Human service contracts with food as subcontractor responsibility	Request for proposals: released through Health and Human Services (HHS) accelerator

Solicitation Design:

To issue a new solicitation to directly purchase a food product from a vendor, the food procuring agencies analyzed for this project (DOE and DOC) invest a significant amount of time writing precise product specifications. Once the product specifications are determined, a request for bids (RFB) document is carefully drafted.

DOE and DOC emphasized **vendor research during the solicitation drafting as a key component for engaging M/WBE and local NYS vendors**. This entails identifying businesses that produce targeted food items so that the food specifications can then be written to allow for small vendors to be competitive. DCAS mentioned that their team has been working on a list of food products that can be procured from NY State. Now there is an opportunity for **better promotion of NYS produced food products and alignment on food specifications across city agencies**.

Development of human service solicitations, that indirectly procure meals for older adults, follows a similar process at NYC Aging. Upon completion of a concept paper by the agency's Planning, Research, Evaluation, and Training office (PRET) and nutritional guidelines by the agency's Office of Nutrition, a request for proposals (RFP) is developed by PRET that is then refined by NYC Aging's Office of Procurement.

² The most recent food purchasing data is from fiscal year 2019: <https://www1.nyc.gov/site/foodpolicy/good-food-purchasing/agency-detail.page>

³ Food procurement is managed NYC Aging contracted human service providers, and frequently delegated to subcontractors. This presents notable challenges to specifically tracking food spending and prevented the agency from publishing food spending data.

Many of the interventions identified by this project utilize the solicitation development stage to catalyze change. However, just preparing to release a solicitation may already take up to a year and requires significant attention from agency staff members. The acute degree of complexity is currently an incentive for agencies to renew contracts as often as legally permissible, to recycle previous processes, and to resist change. As will be demonstrated, *simplifying solicitations when possible can increase participation from small, NYS, and M/WBE vendors.*

Development of Product Specifications and Concept Papers:

The development of a novel product specification is triggered by demand from agency program staff, who are in turn seeking to voice their customers' current tastes and preferences. Agency program staff at DOE and DOC spoke to the need to follow industry trends, both by attending trade shows and by keeping abreast with industry news, both of which typically provide inspiration for potential new products. Both the DOE and DOC may directly engage with their customers at a later stage of developing product specification.

Agency program staff conveyed the delicate balance that must be struck in a product specification: strict enough to get the product they demand but not so strict that no vendor is able to submit a bid. This process requires several months to first elucidate what the precise product is that the agency wants, and then refine that definition through market research.

Since NYC Aging procures meal services through Older Adult Centers (OACs) and Home Delivered Meal programs (HDMs), specific product specifications are not developed. Still, the proposal includes nutritional and other specifications drawn from the concept paper developed by the PRET office to ensure meal services meet the agency's expectations. Nutritional guidelines included in a solicitation are developed within NYC Aging by the Office of Nutrition.

A specification for meal services or food products is further bound by the food guidelines that pertain to the agency's customers. The multiple guidelines that restrict a product specification stem from city, state, and federal government and may be tied to a funding stream, such as the United States Department of Agriculture's National School Lunch Program. The differing populations served by an agency (e.g. DOE v.s. NYC Aging) may have corresponding guidelines.

Product specifications fall in two broad categories: for specific, processed foods that meet a specific agency need (e.g. an egg muffin served by the DOE during school breakfast), or for common products that are consumed across agencies (e.g. whole fruits or vegetables, baked goods). In the case of the latter, product specifications often vary widely by agency.

The Mayor's Office of Contract Services (MOCS) mentioned challenges faced by vendors trying to understand these different product specifications established by each food purchasing agency. The logistical burden of navigating product specifications that vary by agency is an impediment to small vendors, often M/WBEs or from NYS, that can prevent their participation in the bidding process. For this reason, one recommendation is *greater standardization and publication of common product specifications.*

Additional details about the product specifications at the agencies studied for this project:

Department of Education:

The New York City Department of Education (DOE) is by far the largest institutional food purchaser in New York City. Due to the volume of food procured, the strict requirements on feeding children, and federal funding for food procurement, there are many levels of oversight for DOE food procurements. Depending on the product, the Department of Education's specifications may be bound to the following nutritional guidelines:

- United States Department of Agriculture Nutrition Standards for the National School Lunch and School Breakfast Programs
- New York State Education Department Standards
- New York City Food Standards

At the DOE, the two main internal units involved in food solicitations for contracting directly with vendors are the Office of Food and Nutritional Services (OFNS) and the Division of Contracts and Purchasing (DCP). OFNS creates specifications for the food items that are being procured. The process of creating detailed specifications can take many months, involving upfront research and even discussions and testing with select vendors of desired food items. Student input is also sought out during this stage. Periodically, OFNS issues product outreach notices to suppliers for research and development purposes. Once OFNS has finalized the food specs, they are sent to DCP.

This project learned more about the development of contract direct solicitations and their potential for engaging more small, NYS, and M/WBE food vendors. The process for developing product specifications or becoming a pre-approved brand for distribution contracts is an opportunity for further research.

Department of Corrections:

A similar division of labor for developing product specifications and solicitations is utilized by DOC. While requisitions for food are similarly developed internally by DOC's Nutritional Services Division, they are then sent externally to the Department of Citywide Administrative Services (DCAS), who manages the remaining procurement processes. Commonly solicited products, such as pasta or apples, are specified with the same or slightly different language each time they are put up for bid. New products that are more heavily processed, such as frozen soups or veggie burger patties, may require at least six months to develop adequate product specifications, as outlined in the narrative below. The Director of the Office of Nutritional Services at DOC oversees the development of new product specs in coordination with several stakeholders, including food service administrators, cooks, nutritionists, and the Inmate Council. DCAS may inform this process by providing input on how the market would respond, securing samples, or warning the office if a specification is unlikely to yield bids.

Department for the Aging:

Unlike the other agencies in this analysis, NYC Aging's procures for human services contracts, for which meal services are a component. The primary service provider for both home delivered meal services and older adult centers is a non-profit that will subcontract with food vendors, distributors, or meal preparation vendors.

When preparing a solicitation, NYC Aging engages its Planning, Research, Evaluation, and Training (PRET) office. PRET will proceed to conduct thorough research into the service it hopes to provide, understand the landscape of potential providers, and directly engage with stakeholders to gather additional input. The findings are compiled in a concept paper that guides the development of the solicitation.

Although NYC Aging does not directly procure food, nutritional guidelines are still developed to which the human service provider must adhere when serving food to older adults. These guidelines are developed by the agency's Office of Nutrition, and adhere to regulations such as the New York City Food Standards.

The resulting concept paper that PRET develops heavily informs the language in the solicitation and has been a successful strategy for NYC Aging, according to the agency's ACCO. Understanding the landscape of potential providers, they indicated, is invaluable for drafting and disseminating an RFP that elicits the desired response. A corresponding charge is less clearly designated for engaging with new food vendors by DOE, DOC, or DCAS.

Development of Solicitation Documents:

Solicitation documents are developed by highly specialized staff and are the result of numerous, specific procurement rules and regulations. This stage of the procurement process is triggered in one of two ways: (1) by the submission of product requisitions or concept papers to staff members dedicated to procurement or (2) by the coming conclusion of a contract that will not be extended. In the case of the latter, updated product specifications may be re-used. The following offices manage this stage of procurement for the agencies analyzed in this project:

- DOC: DCAS & the Office of Citywide Procurement (OCP)
- DOE: Division of Contracts and Purchasing (DCP)
- NYC Aging: PRET & the Office of Procurement

As noted, competitive sealed bidding through RFBs is the common route for goods procurement, while services such as meal programs are typically procured through RFPs. The rules and timelines for these procurement methods were largely developed by the Procurement Policy Board to ensure fair competition, efficiency, and public confidence in city contracts.

Purchasing Goods - Request for Bids:

Competitive sealed bidding is utilized by DOC and DOE to purchase food as a good. Distribution may be the responsibility of the selected vendor or managed by a contracted food distributor, as is the case at DOE.

Publication of an RFB triggers a strict timeline for vendors to submit bids and sets the stage for the successful vendor to contract with the purchasing agency. A precise timeline for development and publication is vital to prevent service disruptions and takes place according to predictable cycles of agency demand and contract lengths. The time required to develop the RFB document varies by agency and solicitation, but typically requires several weeks.

Competitive sealed bidding consistently places small, NYS, and M/WBE food vendors at a distinct disadvantage to larger food vendors. Two primary reasons for this are the prohibitively large contract sizes and bid evaluation based on lowest price.

Local Law 50 of 2011 has made notable progress by giving New York State vendors a price advantage when procurement staff evaluate bids, although the size of contracts still prevents small vendors from competing. M/WBE goals are further complicated by language in Local Law 1 of 2013 that may exempt goods vendors from reaching agency M/WBE utilization goals.

Utilized by DCAS, one successful strategy for procuring from M/WBEs through competitive sealed bidding is to release an RFB for a product that is primarily procured by M/WBE vendors. Halal chicken was successfully procured from an M/WBE through this strategy. The lack of information on food vendors and the products they can procure prevents this strategy from expanding further. A **master list of food vendors and the products they can procure** is one recommendation that emerged from this research that seeks to address this issue.

Purchasing Services - Request for Proposals:

The Department for the Aging must utilize Request for Proposals to solicit the services- Older Adult Centers and Home Delivered Meals- that provide the bulk of its meal services. The RFP is drafted by PRET before receiving edits and approval by the Office of Procurement. The draft RFP is heavily informed by the concept paper and defines possible food service based on the guidelines developed by the Office of Nutrition.

A fundamental difference between an RFB and an RFP is that accepted responses to the former are solely evaluated based on cost, while responses to the latter are evaluated through a scoring matrix that includes cost. Opportunities for the agency to incentivize more value-based food procurement through the design of the RFP and scoring framework were identified as potential interventions, although greater research is necessary to define precise strategies.

Currently, the design of HDM and OAC solicitations and contracts incentivize service

providers to procure the cheapest food that meets the agency's nutritional guidelines. For instance, NYC Aging pays each Home Delivered Meals provider \$9.65 per delivered meal, and there is no minimum cost that the provider must incur to purchase ingredients. Subcontractors, who are often ultimately responsible for food procurement and meal services, add an additional layer of complexity, although the incentives to procure food cheaply remains.

Existing strategies to incentivize food purchases from NYS or M/WBE food vendors are not applicable to the human service RFPs released by NYC Aging. ***M/WBE utilization plans, for instance, are not relevant since the NYC Aging only contracts these services with non-profit organizations, who are exempt from M/WBE requirements.***

Solicitation Distribution, Vendor Selection, and Contracting

Once a solicitation has been finalized, the next step in the food procurement process is to identify the best responsible vendor. The solicitation is distributed, vendors submit responses that are evaluated by agency staff, and then the agency enters a contract with the selected vendor.

Solicitation Distribution and Procurement Websites:

PASSport is the digital procurement platform for the NYC government and the tool for distributing solicitations and tracking the selection process. It is utilized across agencies by procurement staff. For vendors, registering in PASSport is a key first step to doing business with the city and learning about solicitations.

MOCS acknowledges that the PASSPort system is at times a point of confusion for vendors and agencies alike. Vendors new to government procurement are challenged by the array of documents and questionnaires requesting information that may be unavailable or hard to find. How much information is required to submit a bid is often a source of confusion, with a common misperception that each questionnaire must be completed to submit a bid. Relying on PASSport notifications to learn about solicitations is also a challenge. Prospective food vendors have a hard time navigating notifications that tend to inform a large vendor pool of many types of solicitations, many of which are irrelevant to their business. The ability to tailor notifications is limited by a lack of specific NIGP codes for food vendors.

DCAS relies exclusively on the PASSPort platform and City Record to disseminate food solicitations. This is the envisioned central use of the tool, as outreach to new unregistered vendors requires an investment of labor that is not feasible given current staff levels at DCAS and other agencies. Vendors are encouraged to register in the system. However, ***DCAS did flag the need for greater access to PASSPort technical assistance, which was echoed in conversations with NYC Aging and DOE.*** Given that existing technical assistance is underutilized, this could require rethinking the outreach and framing of current resources.

DOE solicitations are primarily shared through the City Record and on the agency's website. PASSPort registration is still a requirement for the final review stage and contract registration.

Vendor Outreach:

To cast the widest net of qualified vendors, procurement staff proactively contact vendors that may be interested in submitting a bid or proposal. This process varies by agency and solicitation type but was identified by many of the engaged stakeholders as vital for increasing participation with small, NYS, and M/WBE food vendors. A parallel process exists for human service providers to identify potential subcontractors. Per the rules, an ACCO may organize and conduct a pre-bid or pre-solicitation information session or conference for the vendors to explain the details of their bid. A written notice be provided to all interested vendors and a record of attendance, and a summary or transcript of the conference be posted afterwards on the City's website.

Both DOE and DCAS have master lists of food vendors who are contacted when a new solicitation is about to be released. The lists include vendors who have proactively contacted the agency or worked with them in the past but rely on ongoing manual maintenance. At DOE, DCP sends out letters of interest to vendors on the DOE's vendor list, which includes over 400 vendors. The goal is to receive at least three (3) bids from vendors for a given product. If fewer bids are received, the team will follow-up with vendors to find out why the product specifications of the food item as listed in the solicitation were not feasible for them to submit a bid.

Agency staff have repeatedly indicated a lack of knowledge about qualified, potential food vendors that can be contacted to respond to solicitations. Industry conventions are an additional opportunity for vendors to learn about upcoming solicitations or network with prime contractors and human service providers. As industry conventions and food fairs are beginning to re-emerge after the pandemic, these ***events have also been identified as great opportunities for small, NYS, and M/WBE food vendors to engage in City food procurement.***

When preparing for the release of an RFP at NYC Aging, PRET conducts rigorous independent research and has been working on aggressively diversifying their vendor pool. The agency attributes its vendor outreach to awarding 60% of their small purchase contracts to M/WBE, although the bulk of NYC Aging's food procurement takes place through human service nonprofits that are exempt from developing M/WBE utilization goals. Regardless, ***greater opportunities to network with these service providers and availability of a more expansive list of food vendors would expand and diversify the pool of potential subcontractors.*** Should M/WBE goals be expanded to human service contracts at some point, a list of qualified vendors would be a prerequisite for successful implementation.

Developing a more robust, external database of food vendors would benefit agencies and vendors alike. From the agency's perspective, a qualified vendor is more likely to emerge from a solicitation when more vendors are aware of these opportunities. Vendors, meanwhile, have increased access to institutional markets when they are contacted proactively. Greater access to subcontracting opportunities with prime contractors and human service providers is an important component of this intervention as well. Greater attention to expanding vendor lists and outreach strategies, including industry gatherings, is a priority in the proceeding stages of this project.

Vendor Selection and Oversight:

The vendor selection process begins once the deadline to submit a bid or proposal has passed. Evaluating prospective vendors is a thorough and time consuming process that often engages a committee of procurement team members. To preserve time when reviewing responses to competitive sealed bidding, staff at DCAS or DOE will only review the lowest bid submitted. Should the vendor be disqualified during the review, procurement staff will move on to the next lowest vendor.

Before the review process can begin at DCAS, the agency must first manually calculate the real price that is being evaluated. Local Law 50 of 2011 requires that the agency consider bids from NYS growers at a 10% discount- meaning that if a vendor proposed to sell DOC apples for \$10 per case, the bid would be ranked as if the vendor offered \$9 per case.

Site visits and document review are guided by a checklist at DOE and DCAS. The evaluation of bids starts with the offered price, and, as required by PPB rules, proceeds to ensure that the vendor meets expectations for:

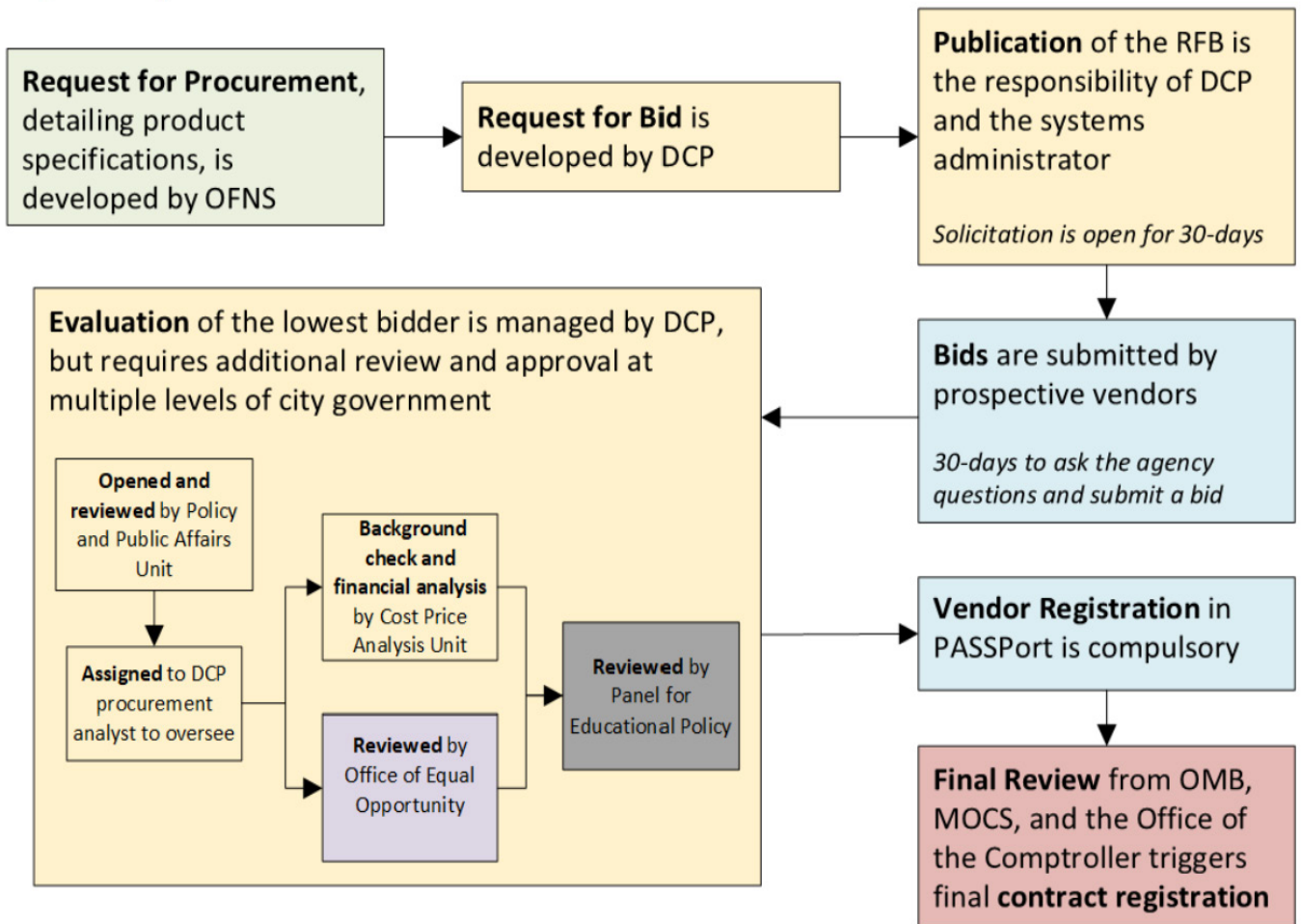
- Product warranties and/or maintenance
- Insurance, financial capability, and staff levels
- Required licensing and certifications
- Compliance with all local, state, and federal laws, rules and/or orders⁵

For human service providers responding to a NYC Aging solicitation, review of licensing and insurance capabilities takes place during registration into the HHS Accelerator. Only upon completion of this stage are providers able to submit a proposal to the agency. As noted, a component of the RFP development process is the creation of a scoring rubric included in solicitation documents. In future research, it would be helpful to analyze current standards for evaluating proposed meal services to better understand opportunities to include more incentives for providers to engage small, NYS, and M/WBE food vendors.

The bid review process for direct contracts, and the offices involved, are illustrated in the procurement process visuals below (see Figures 1 and 2).

⁵ <https://codelibrary.amlegal.com/codes/newyorkcity/latest/NYCrules/0-0-0-21463>

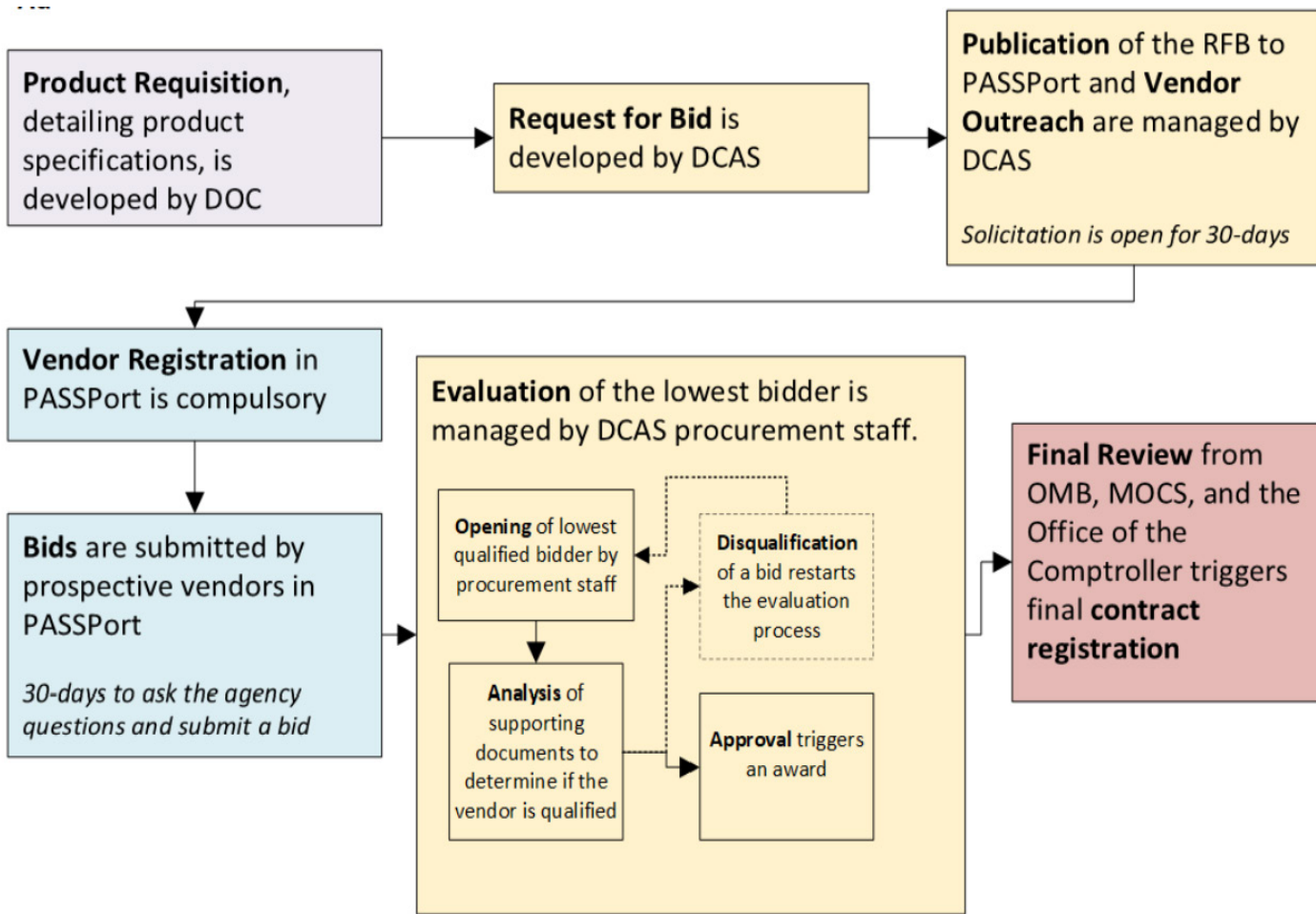
Department of Education Contract Direct Procurement Process:



Legend

DOE- Office of Food and Nutritional Services (OFNS)	Food Vendor
DOE- Division of Contracts and Purchasing (DCP)	Panel for Educational Policy
DOE- Office of Equal Opportunity	Oversight agencies- Mayor's Office of Management and Budget (OMB), Mayor's Office of Contract Services (MOCS), Office of the Comptroller

Department of Corrections and Department of Citywide Administrative Services - Contract Direct Procurement Process:



Legend

DOC- Nutritional Services Division	Food Vendor
DCAS-Office of Citywide Procurement	Oversight agencies- Mayor’s Office of Management and Budget (OMB), Mayor’s Office of Contract Services (MOCS), Office of the Comptroller

Contracting:

Agencies largely rely on a predictable contract and procurement cycle for acquiring food and meal services. The procurement process is built around the expected contract term and renewal options.

Contract Types and Lengths:

AGENCY	CONTRACT TYPE	PROCUREMENT METHOD	AVERAGE CONTRACT LENGTH
DOE	Contract direct	Competitive sealed bid	Five years, with two opportunities for one-year extensions
DOE	Distribution contract	Competitive sealed bid	Five years, with two opportunities for one-year extensions
DOC	Contract direct	Competitive sealed bid (managed by DCAS)	One-year
NYC Aging	Human services (food as subcontractor responsibility)	Request for proposals	Three years, with one opportunity for a three-year extension

Depending on the type of food and delivery requirements at DOE, solicitations are designed for distribution contracts or direct contracts with food manufacturers. Distribution contracts are with distributors that purchase the food from various manufacturers following the specifications of the solicitation and are required to deliver the food to DOE locations as specified. The convenience of delivery service to DOE's city-wide network comes at a higher price per item. The direct contracts with food manufacturers provide DOE with greater control over the quality of the food purchased and a lower unit cost. Food is stored in DOE warehouses, and the agency covers the cost of the delivery infrastructure to get the food items to schools across the city.

NYC Aging's human service contracts are currently structured to incentivize providers to procure food at the lowest feasible price. Contracted HDM providers, for instance, are currently given a budget of \$9.65 per meal. Provided the meal meets the contract's nutritional requirements, the provider is incentivized to procure food from the most affordable vendor. To increase procurement from small, NYS, or M/WBE food vendors, by human service providers, these contracts would need requirements or incentives. For the provider to do so.

Agreeing on contract terms that account for price fluctuations has become a greater component of the procurement process in the wake of pandemic era supply chain disruptions. To account for changing market conditions, contract prices are increasingly tied to external price indexes. DOE successfully navigated this challenge by working directly with the federal Bureau of Labor Statistics to determine which indexes were appropriate. From a wider, industry-level perspective, agencies also identified the need for a unified approach to prevent vendors from demanding adjustments based on the indexes utilized by a different agency. The following section includes a case study from a recent DSS procurement that successfully navigated this issue.

Once under contract, the agency teams work closely with vendors for quality assurance of products and services, as well as correct invoicing and payments. Especially **for new vendors, initial invoicing and payment timelines is crucial period that can determine whether they can do business with the city long-term.**

Case Studies - Department of Social Services and Department of Sanitation:

The Department of Social Services (DSS) and Department of Sanitation (DSNY) both had recent successes procuring food despite supply chain disruptions (DSS) and lack of experience procuring food (DSNY).

DSNY - Emergency Covid Food Procurement:

Despite limited experience procuring food, the Department of Sanitation had notable success purchasing emergency food at the height of the COVID-19 crisis. A core agency of the April 2020 Feeding New York plan⁶, DSNY's distinct approach to food procurement provided takeaways that informed the proposed interventions. The key takeaways from this procurement that informed the proposed interventions are that:

- The solicitation design process sets the stage for an efficient procurement that is accessible to smaller vendors
- Responsive communication strategies effectively thwart confusions around contract requirements and improves the experience of vendor and agency alike
- Fast invoice turnaround disproportionately benefits small vendors and may further enable them to compete for food contracts

The procurement began with meticulously developing an RFB to begin the competitive sealed bidding process. Although there are potential advantages to identifying a vendor with an RFP, DSNY generally avoids purchasing goods this way as it takes more time and is difficult to legally justify. Developing the RFB document in this case proved time consuming and involved learning curves. New to procuring food but seeking to release a strategic solicitation, DSNY was tasked with navigating relevant nutritional guidelines and distribution logistics that are unique to food. The resulting solicitation was highly specific and included expectations for logging truck

⁶ <https://www1.nyc.gov/assets/home/downloads/pdf/reports/2020/Feeding-New-York.pdf>

temperature when distributing sensitive goods, for instance. Specificity is meant to both establish clear minimum requirements that will expedite response evaluation and to prevent vendors from providing goods the agency wasn't looking for once the contract goes into effect.

DSNY received a robust response from food vendors and was able to follow through on its intention to issue multiple awards. Although they require additional review by MOCS and the Law Department, **multiple awards decreased the risks involved with being overly reliant on a single vendor**- risks that were particularly acute during this stage of the food crisis brought on by COVID-19. An additional benefit to issuing multiple awards is that smaller food vendors were able to bid alongside larger firms. Additionally, clear, detailed language in the solicitation documents lent to a quick vendor selection process and set expectations for the vendor-agency relationship from the onset.

Once that relationship began in earnest, vendors reported a notably positive experience working with DSNY. The agency attributes this to prioritizing clear communication between vendors and staff in the Office of the Agency Chief Contracting Officer as well as to quick payment turnaround. Clear and responsive communications was a priority in this office that pre-dates emergency food procurement and contributes to a consistently positive vendor experience. When issues arise between the agency and vendor, DSNY prioritizes collaboration over issuing ultimatums.

Unique to the circumstances of this procurement, the notably rapid timeline for invoicing and payment were made possible by the relaxed regulations brought with the emergency procurement. Smaller vendors, whose businesses may have been upended by the pandemic, disproportionately benefited from this by frequently invoicing the agency for the goods they had procured. This experience indicates that **increasing the frequency that vendors can invoice would enable food vendors with less capital to procure for the City.**

DSS - Food Bank Supplier Procurement:

Drawing inspiration from pandemic-era emergency food procurement, the recent switch by the Department of Social Services from purchasing food for food banks quarterly through DCAS to procuring through a service provider marks a notable shift in the agency's food procurement process. The transition to wraparound service was intended to increase efficiency and enable food banks to source fresh and frozen food. An RFP was released by DSS in January 2022 to field potential providers. Released amidst supply chain woes and growing inflation, this procurement faced notable challenges to which the DSS procurement team creatively responded. Takeaways that are notable to this project include:

- Consulting other food procuring agencies informed the approach to developing price indexes, which were challenging to negotiate with vendors amidst supply chain and inflation concerns.

- Meeting M/WBE utilization goals can be challenging, and due to a lack of M/WBE food vendors are often met by subcontracting services such as distribution.

Acute and ongoing price fluctuations for fresh produce and meats were of notable concern to potential vendors. The selected vendor would ultimately have to pay according to market conditions, so the contract with DSS would need to account for expected volatility with an agreed price index. To decide on an index, DSS consulted other agencies, such as DOE, to inform and justify their approach. DSS also wanted to avoid potential conflict between agencies who buy from vendors at different prices. The result was a three-tiered approach- meat prices were tied to USDA indexes, produce to Hunts Point prices, and shelf stable foods to Consumer Price Index. Standardized application of price indexes across agencies is an efficient solution to a complex challenge. In this solicitation, cross-agency communication, and standardization brought gains in efficiency.

Nine of the twelve total submissions were by M/WBE businesses, which DSS attributes to robust vendor outreach. However, the selected vendor was not an M/WBE, and determining M/WBE utilization goals presented additional challenges for this contract. The application of Local Law 1 of 2013 for M/WBE food vendors was a point of confusion for determining whether a goods vendor can be engaged to meet the contract's goals. It's likely that the goals will be met by subcontracting services such as distribution to M/WBEs⁷. The additional challenge noted by DSS is that there are not enough M/WBE certified food vendors and even if there were, there is no easy way to get in contact with them. *Developing a list of M/WBE food vendors* is one of the recommended strategies that emerged from this research.

Engagement of M/WBE, NYS, and Small Businesses:

This section focuses on the contract barriers and entry point challenges for M/WBE, NYS, and small businesses and the supports, both existing and potential, that could help these businesses pursue procurement opportunities with New York City.

Contract barriers and entry points:

The *large size and structure of food contracts is a notable barrier for small M/WBE and NYS local vendors* trying to win contracts. Since larger businesses have the staff, budget, and capacity to produce large volumes of food, they can usually bid at a lower cost than small businesses. In addition to the overall contract value, DOE noted that *long payment timelines require small businesses to take out loans* to manage the contract. They pass on the price of the loan payments in their proposal, and that makes them less competitive.

The Mayor's Office of Minority and Women-owned Business Enterprises (OM/WBE) works with agencies to review contract structures and encourage an *"un-bundling" of contracts* where feasible. This makes the contract size more accessible for smaller firms. For example, when targeting kosher, halal, and vegan/vegetarian vendors, DSNY split the solicitation into multiple categories, specifying that vendors can only bid on parts of the

⁷ The interview with DSS took place before the M/WBE utilization plan had been finalized.

scope. This brought more smaller vendors into the process and achieved the desired result.

Subcontracts create another entry point for small vendors, and DOE assesses opportunities to encourage prime contractors to subcontract a portion of the contract to M/WBE businesses. A successful example for DOE has been the inclusion of M/WBE subcontractors in the local bakery contracts. Cornell Extension commented that the ***existing distribution network is a key challenge for local NYS vendors*** looking to do business with DOE. As the prime contractor, distributors can decide who they will purchase from as long as the food specifications are met. In addition to competing on price, local vendors also need to break into established networks built on years of doing business as is. As a result of the perceived barrier to entry, ***many New York State businesses do not see the value in formally certifying themselves as local NYS vendors*** with the New York State Department of Agriculture and Markets.

Small Business Support:

The OM/WBE team's main take on food procurement is that there are not enough certified M/WBE's in the food space to meet the supply needs of the city. They stated that "agencies should bring intentionality to the procurement process" to encourage M/WBE participation. This includes ***cross-agency work to identify, incubate, and support vendors that can do business with the city***. A tangible start would be to understand all current and past food vendors and M/WBE businesses interested in winning city contracts.

Multiple agencies spoke about the benefits of coordinating networking events for M/WBE vendors to interact with agency procurement staff and bid on large prime contracts.

The concept of a city-wide food vendor fair was raised. DCAS mentioned that previously successful events had been paused during the pandemic, and SBS referred to their own experience with the broader city-wide M/WBE procurement fair. Staffing capacity and clearly defined roles would be required to make it successful and sustainable.

MOCS noted that the ***technical assistance resources enabling vendors to navigate city procurement are under-utilized because vendors are unaware that they are available***. This training is crucial for vendors because of the complexity of the solicitations, contracts, and payment schedules. Providing assistance for navigating PASSPort is the responsibility of MOCS, where a help desk farms out requests for assistance to staff capable of resolving the issue. Other technical assistance resources are available through the Department of Small Business Services (SBS), whose Procurement Technical Assistance Centers (PTACs) are also underutilized due to a lack of awareness.

DOE, NYC Aging, and MOCS all suggested that ***mentorship programs targeted at food vendors***, complemented with ***education and city-supported loan products***, could be powerful vehicles to build capacity and support the growth of small businesses.

Key Findings

Food procurement in NYC is an intricate process that is shaped by both the laws and oversight established by the city, state, and federal governments and internal norms at each of the food procuring agencies. Reflections from subject matter experts during the interviews point to the following change management principles that are necessary to support any substantive process improvements made on the basis of the key takeaways from this analysis:

- Both top-down (Mayor's Offices, Deputy Mayors, Commissioners) and bottom-up (agency procurement and program staff) buy-in is needed to implement meaningful change;
- Procurement priorities, such as increasing M/WBE participation, need intentionality at every stage of the process to be effective; and
- Implementation of a new policy needs to consider the ripple effects that other offices in an agency will experience.

Key Takeaways from the Landscape Analysis:

- ***There is a lack of information available to procurement staff on vendors who could compete for city contracts.*** Insufficient data about food vendors limits the reach of agency solicitations and the pool of potential subcontractors for primes. The SBS M/WBE database lacks specificity about the services and goods that food vendors can provide, and does not include un-certified M/WBE food vendors.
- ***Greater collaboration between food procurement staff can create efficiencies that improve vendor experience, save money, and lead to diversified vendor pools.*** This was demonstrated by DSS and DOE when responding to price fluctuations.
- ***Many small, NYS, and M/WBE food vendors who have not done business with the City may be unaware of procurement opportunities or haven't considered selling to the city.***
- ***The size and structure of NYC food contracts is a barrier to entry for small businesses.*** Where feasible, agencies should create smaller contracts, via the unbundling of bids or by encouraging prime contractors to subcontract. In certain cases, multiple awards can decrease the risks of being overly reliant on a single vendor.
- ***Complex, agency specific food specifications present challenges to new and experienced vendors alike.***

- **Vendors need technical assistance to navigate multiple stages the procurement process.** This includes how to use PASSport, navigate invoicing, and how to access subcontracting opportunities with prime vendors.
- **Human service contracts, such as Home Delivered Meals, are exempt from requiring M/WBE utilization plans and incentivize providers to procure the lowest cost, acceptable food.** Facilitating greater communication between small, NYS, and M/WBE vendors may be more effective if paired with a new approach to subcontracting incentives.
- **For small vendors with limited capital, the invoicing and payment timeline is a crucial period that can determine whether they can do business with the city long-term.**

Preliminary recommendations

The following recommendation areas and strategies will be refined through additional engagement with New York City food procurement stakeholders.

RECOMMENDATION	STRATEGY
Design and release solicitations targeted to small, New York, and M/WBE food vendors	<ul style="list-style-type: none"> • Create framework to help procurement staff determine which procurement methods are best suited for specific food procurements • Provide food specific technical assistance to programmatic staff to increase agency demand for foods that can be purchased from NYS and M/WBE vendors
Increase outreach to small, NYS, and M/WBE food vendors	<ul style="list-style-type: none"> • Target marketing and outreach materials to food vendors and invite them to register in PASSPort • Organize more food fairs that provide clear ways for small/M/WBE/ NYS food vendors to participate
Provide technical and financial assistance to small, NYS, and M/WBE food vendors	<ul style="list-style-type: none"> • Implement food vendor mentorship program(s) • Tailor procurement technical assistance to be industry-specific and meet the needs of small food vendors. • Enable small vendors to invoice agencies with greater frequency • Expand and promote city-backed financing options for small food vendors

RECOMMENDATION	STRATEGY
Improve transparency during bid review & selection process	<ul style="list-style-type: none"> • Improve ability for vendors to see contract status in PASSPort • Impose deadlines on stages of the procurement process and communicate these timelines with vendors for transparency
Improve agency food procurement goals with an emphasis on NYS/ M/WBE vendors	<ul style="list-style-type: none"> • Mandate/ incentivize (where legally feasible) that prime contractors identify NYS/MWBE food vendors as subcontractors • Create master list of NYS food vendors as a support tool for city agencies to contract directly and for prime contractors to identify subcontractors from it
Increase collaboration between food procuring agencies	<ul style="list-style-type: none"> • Improve communication among food procurement staff across agencies to find potential efficiencies • Create and publish select citywide food specifications that can be filtered by product need (product category, demographics served, agencies that procure this, etc.) for internal and external transparency

Opportunities for Further Research

While this landscape analysis covers many parts of food procurement in NYC, there are knowledge gaps and remaining questions:

- The food procurement process at NYC Health and Hospitals (NYC H+H) is distinct from the agencies analyzed for this project. The processes undergone by its meal provider, currently Sodexo, to purchase raw ingredients and opportunities to subcontract with small, NYS, and M/WBE food vendors could expand the scope of potential interventions.
- Learning about the network of subcontractors and prime vendors, such as distributors, would help identify interventions for connecting these a diversified vendor pool. There is a lack of knowledge about the strategies that primes undergo to find subcontractors, even at the agency level.

- Greater analysis of Local Law 1 of 2013 to understand the possibilities for M/WBE food vendors to meet a larger share of mandated M/WBE utilization goals.
- The development of distribution contracts by the Department of Education, the process for becoming a pre-approved brand, and the structuring of M/WBE utilization goals in these contracts present opportunities for deeper research.
- The findings are based on the perspective of procurement professionals within city government. This does not include the perspective of vendors looking to contract with the city and the role of food consultants or food brokers, who support the process. This also does not include the definition, role or responsibilities of food brokers or food consultants.
- The roles of unions in advocating procurement policy at the agency level is an opportunity for greater research relevant to developing implementation plans.



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