



Second 'Runaway Project' Has \$297M Cost Overrun

Is it CityTime II?

Nycaps, Mayor Bloomberg's initiative to revamp to update and streamline the city's management of personnel information, was budgeted at \$66 million in 2002. The system's cost has ballooned \$363 million and it's still not finished.

CityTime, the project seeking to substitute computerized time-keeping for paper records in order to reduce employee fraud, was originally budgeted at \$63 million by former Mayor Rudy Giuliani and has cost more than \$700 million so far. The U.S. Attorney and the city Department of Investigation said about \$600 million of that was wrongly paid out to private contractors who defrauded the city by submitting phony timesheets, and Mr. Bloomberg has asked the prime contractor, Scientific Applications International Corporation, to refund all \$600 million plus the costs of the investigation.

No Criminality in Nycaps

The difference between Nycaps and CityTime is that while eight people have been indicted in connection with CityTime, no allegations have emerged about criminality in Nycaps. But both projects highlight the city's failure to properly manage private contractors and the ability of the Mayor and his top aides to ignore signs of trouble in large-scale technology operations.

"It was a runaway project," Raj Agarwal, a former city employee who managed the early part of Nycaps, told the New York Times, which broke the story in its Sept. 24 paper. He told the Times that he had repeated disputes with the primary contractor, the Accenture consulting firm, because he felt the company was billing for more workers than were necessary, at up to \$383 per hour. But he said the Bloomberg administration would not get involved. "I did not get the sense that the Mayor's Office was paying attention," he said. He said he eventually quit in frustration.

Council to Hold Hearing

Reacting to the Times report, the City Council promised Sept. 26 to hold a hearing on the project on Oct. 24. Council Speaker Christine C. Quinn said the hearing would also examine a bill by Councilwoman Letitia James to require the city to report projects that go over budget and explain why they did so. City Comptroller John C. Liu and Public Advocate Bill de Blasio joined in the criticism of the project. Some Council Members wondered why all this money was squandered on Nycaps when education and social programs were being cut.

A key problem for the project was the Bloomberg administration's assignment of Accenture to not only install the system but also to determine parameters, Mr. Agarwal and other employees told the Times. That dual role is generally frowned upon because it leads to rising costs, and it did so here. Accenture was paid \$8 million in 2004, \$26 million in 2005, \$29 million in 2006, and \$53 million in 2007.

Various agencies asked for specifications that were changed by other agencies, the Times reported. Some requests were questionable. "Several agencies wanted the employee's emergency contact list to have an

identifier that said, 'In this situation, call my wife; in another, call my girlfriend,'" one programmer told the Times.

'Lacked Executive Leadership'

The arguments over what the system should do delayed the project, said officials of the city Financial Information Services Agency, which has run the project since 2004. FISA is credited with taking over the CityTime project and straightening it out after the indictments came down. But in the case of Nycaps, it was less successful.

"Anybody on the outside would've wanted that more clear: 'I've got a vision, I want to do this, and everybody around me is going to go make that happen,'" Robert Townsend, FISA's Executive Director, told the Times. "That would've been a lot easier for us. But that's not our reality."

The Bloomberg administration's contract monitors said in February of this year that much of the Nycaps system was "not properly structured and organized," and that the project was "lacking executive leadership."

Not our fault, said Accenture. Blame the Bloomberg administration.

"The increases in the cost and length of the project were driven by increases in scope directed by the city," Accenture spokesman Jim McAvoy told the Times in an e-mail. "The number of employees included in the system greatly increased and additional functions were added, such as training administration and performance management."

Trained At City's Expense

Other city workers said Accenture had a habit of bringing untrained consultants in, training them on city time and then transferring them to other projects. Mr. McAvoy responded that the city had approved timesheets for all workers.

Julie Wood, a spokeswoman for Mr. Bloomberg, told the Times the project was a success, "making our human resources operation more efficient and cost effective."

The Bloomberg administration said the system was finished in March, but the Times said hundreds of thousands of retirees cannot access the website, and tens of thousands of Department of Education workers are not included.