

CITY COUNCIL
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

Of the

COMMITTEE ON FINANCE
JOINTLY WITH COMMITTEE ON CONTRACTS

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March 5, 2014
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HELD AT: Council Chambers
City Hall

B E F O R E:
JULISSA FERRERAS
Chairperson
HELEN K. ROSENTHAL
Co-Chairperson

COUNCIL MEMBERS:
Ydanis A. Rodriguez
James G. Van Bramer
Vanessa L. Gibson
Robert E. Cornegy, Jr.
Laurie A. Cumbo
Corey D. Johnson
Mark Levine
I. Daneek Miller
Vincent M. Ignizio
Melissa Mark-Viverito
Ruben Wills
Jumaane D. Williams

COUNCIL MEMBERS: (CONTINUED)

David G. Greenfield

Brad Lander

Stephen T. Levin

Ben Kallos

Inez D. Barron

Andy L. King

Daniel Dromm

A P P E A R A N C E S (CONTINUED)

Dean Fuleihan
Director
Office of Management and Budget

Ray Orlando
Office of Management and Budget

Beth Goldman
Commissioner
Department of Finance

David Resnick
Acting Commissioner
Department of Design and Construction

Ana Barrio
Chief of Staff
Department of Design and Construction

Eric Macfarlane
Deputy Commissioner for Infrastructure
Department of Design and Construction

David Varoli
General Counsel
Department of Design and Construction

Bruce Rudolph
Department of Design and Construction

Carla Van de Walle
Department of Design and Construction

Scott Stringer
New York City Comptroller

Tim Mulligan
Deputy Comptroller of Budgets
New York City Comptroller's Office

Nivardo Lopez
Director for City Legislative Affairs
New York City Comptroller's Office

A P P E A R A N C E S (CONTINUED)

Ronnie Lowenstein
Director
Independent Budget Office

George Sweeting
Deputy Director
Independent Budget Office

Raymond Santander
Assistant Director
Research & Negotiations
District Council 37

Ralph Palladino
Representative
Clerical Administrative Employees
Local 1549 DC 37

Nova Strachan
Lead Housing Organizer
Mothers on the Move

2 MALE VOICE: Quiet please.

3 CHAIRPERSON FERRERAS: Good morning and
4 welcome to New York City's Council Finance Committee
5 Hearing on the Mayor's Preliminary Budget for FY
6 2015. My name is Julissa Ferreras and I chair the
7 Committee. I'd like to introduce my colleagues that
8 are here with me today; we have Majority Leader Jimmy
9 Van Bramer, Council Member Corey Johns, Council Vinny
10 Ignizio, Council Member Mar... [background comment] I'm
11 sorry, Mark Levine.

12 Before we get started, I would like to
13 take a quick moment to thank the entire City Council
14 Finance Division, including the deputies of the
15 Division -- Regina Poreda Ryan, Nathan Toth, Latonia
16 McKinney, Chief Economist, Ray Majewski and Chief
17 Counsel to the Finance Division and Finance
18 Committee, Tanisha Edwards. I'd like to thank them
19 all for their very hard word and that they worked
20 around the clock preparing for this hearing.

21 I'd like to also make mention that we
22 have a new Speaker that we are so happy to have here
23 with us today, as mentioned in the introductions,
24 we've been joined by Council Speaker Melissa Mark-
25 Viverito; we have a new administration, a new Speaker

2 and I'm excited to her here today to kick off the
3 first day of the Preliminary Budget hearings.
4 Speaker Melissa Mark-Viverito.

5 SPEAKER MARK-VIVERITO: Thank you, Chair
6 Ferreras. I wanna thank everyone that has joined us
7 here today for our first official budget hearing of
8 the cycle and I wanna thank OMB Director for being
9 here as well.

10 So my name is Council Member Melissa
11 Mark-Viverito and I'm Speaker of the New York City
12 Council. Today is the first day of hearings on the
13 Preliminary Budget; while these hearings are not new
14 to the Council or the Mayor's Office, the
15 participants and values have changed. This will be a
16 truly thorough analysis of the budget like we've
17 never done before. I'm happy to say that real change
18 has finally come to the City's annual budget adoption
19 process. With this new start, this Council and the
20 Administration will look at agency spending in its
21 totality, evaluation each agency for efficiencies,
22 assessing each agency for best practices and ensuring
23 that each agency is leveraging the City's spending
24 power. No longer is the conversation relegated to
25 cuts or Council initiatives. The conversation will

2 be substantive and thorough, something New Yorkers
3 can be proud of. We can now discuss whether an
4 agency's proposed budget truly reflects its mission
5 and goals; this is a necessary and essential reform.
6 As elected officials, we are all responsible for
7 every taxpayer dollar spent and we want to ensure
8 that every one is spent in the most targeted and
9 effective way to reflect our shared values and
10 priorities. I am pleased to see that the Preliminary
11 Budget includes funding for universal pre-K, which
12 will provide free high-quality full-day pre-K to
13 55,000 4-year-olds in the upcoming school year and
14 73,000 4-year-olds in the next; \$62 million in child
15 care, which would provide child care services to
16 4,200 children, ranging from newborns to 4-year-olds;
17 \$5.5 million for case management, which will reduce
18 the workload of the case managers at the Department
19 for the Aging from 110-1 to 80-1, which means our
20 seniors will be afforded the time and care they
21 deserve; \$43 million for the Fire Department to
22 prevent the closure of 20 fire companies and retain
23 505 firefighters, which would mean faster response
24 times and ultimately a safer New York City, and \$190
25 million to the Department of Youth and Community

2 Development, which would double the number of middle
3 school youths served by after-school programs to
4 120,000 across 512 schools, starting in September.
5 The list goes on and on. These are real changes and
6 these changes reflect the values of New York City and
7 affect the lives of every New Yorker. With that
8 said, the Administration and the Council can do more;
9 we have the opportunity to make more changes,
10 meaningful changes, that will improve the lives of
11 every New Yorker so that everyone in this city will
12 be proud to call this city home.

13 Over the next few weeks the Council will
14 hold budget hearings to hear from agencies and the
15 public about the budget's impact on city services and
16 the quality of life for New Yorkers. It is through
17 these hearings that the Council will learn more about
18 the City's priorities and work with the
19 Administration as partners in government to make sure
20 the budget is reflective of those priorities. I'm
21 excited that with a new administration and new
22 leadership in the Council we can finally adopt a
23 budget that is responsive to our needs.

24 In addition to hearing from the
25 Administration and the public, we will also hear from

2 the City's two independent fiscal monitors, the New
3 York City Comptroller and the Independent Budget
4 Office, who will add to the conversation about the
5 City's priorities, goals and constraints. We want to
6 hear from everyone and everyone's voice will be
7 heard. Today we have a long day of hearings, so in
8 the interest of time, I'm gonna turn the mic back
9 over to our Finance Chair, Julissa Ferreras and
10 again, I welcome everyone here in this chamber.
11 Thank you. [background comment]

12 CHAIRPERSON FERRERAS: Thank you, Madame
13 Speaker. Before we get started, I wanna remind
14 everyone who wishes to testify to please fill out a
15 witness slip at the Sergeant of Arms. For members of
16 the public, the witness panels will be arranged by
17 topic, so please indicate that topic of your
18 testimony on your witness slip. Now with that said,
19 let's get started.

20 The preliminary budget hearings mark the
21 beginning of the Council's role in the annual budget
22 adoption process. On June 27, 2013, the Council
23 adopted the FY14 budget which totaled approximately
24 \$70 billion; through prudent budgeting and
25 collaboration with the Administration, we were able

2 to accomplish a lot of great things. We were able to
3 provide \$106 million to the library system to ensure
4 that all libraries remain open for five days a week.
5 The Council restored \$143.6 million for early
6 childhood education and after-school program, which
7 brought the funding to levels at or above their FY13
8 levels. The Council prevented the closure of any
9 fire companies and protected senior services and the
10 budget also reflected restorations of all the
11 initiatives adopted in last year's budget, plus a few
12 enhancements, including additional funding to DFTA
13 for case management, as well as increases for the
14 Council's Domestic Violence and Immigrant
15 Opportunities initiatives. Many accomplishments were
16 made and we should be very proud, but as the saying
17 goes, it's that time of the year again. However,
18 this year seems to be very different; in the past
19 when the Mayor released his financial plan in
20 November and then the preliminary budget in February,
21 both documents would often contain cuts to essential
22 services, such as the closure of fire companies and
23 funding reductions for shelter beds, youth programs
24 and mental healthcare services; as such, the Council
25 would focus its efforts trying to restore these

2 services and programs rather than focusing on new
3 needs and bigger picture items during the budget
4 adoption process. This has been known as the "budget
5 dance."

6 But as I said earlier, this year is very
7 different; back in November, Mayor Bloomberg released
8 his November financial plan, which reflected a
9 balanced budget for the current fiscal year and for
10 FY15; three months later, on February 12th, our new
11 Mayor, Bill de Blasio, presented his preliminary
12 budget; the preliminary budget which is \$73.5 billion
13 represents the first chance for the new de Blasio
14 Administration to put its priorities into budgetary
15 form. The Mayor includes approximately \$2.1 billion
16 in additional resources; this projection is based on
17 strength in tax revenue forecast, including increased
18 revenues from the property tax, personal income tax
19 and transactional taxes, and savings from debt
20 services due to bond refinancing at today's low
21 interest rates. These projected additional revenues
22 have allowed us to fund universal pre-K, add a
23 billion dollars to the Retiree Health Benefit Trust
24 Fund, fund new needs and restore PEGs and previously
25 cut programs, add \$300 million to the General Reserve

2 while still balancing the budget. However, there are
3 many uncertainties in this plan, most notably,
4 unsettled labor contracts and the reliance on the
5 State to adopt legislation that would tax high-income
6 earners to fund universal pre-K.

7 The preliminary budget also reflects
8 approximately \$493 million of baseline PEG
9 restorations and initiatives. By baselining
10 initiatives and previous restorations, the Council no
11 longer has to spend most of its efforts trying to
12 fund these programs and services. Notable baseline
13 initiatives and restorations include the funding for
14 fire companies, funding for borough president and
15 public advocate, funding for medical services in
16 adult shelters, funding for food pantries with Human
17 Resource administration, funding for Beacon programs,
18 the Cornerstone programs, Runaway Homeless Youth,
19 Adult Literacy and the Immigrant Opportunities
20 Initiative within the Department of Youth and
21 Community Development, and all Council restorations
22 and initiatives within the Department of Health and
23 Mental Hygiene.

24 This is all good news, the Council no
25 longer has to juggle its priorities; now this

2 preliminary budget, the Council and the
3 Administration can work together as partners in
4 government to adopt a budget that makes this city a
5 better, safer, healthier and fairer, more prosperous
6 place to live. Although there are still constraints,
7 there is now an opportunity to think about priorities
8 in a new way. As the Speaker mentioned, the Charter
9 envisions the Mayor and the Council working together
10 to establish the values and set the priorities of the
11 City. As envisioned in the Charter, the adopted
12 budget would reflect the priorities of the
13 Administration, the priorities of the Council and
14 consequently, the priorities of our city.

15 Since the Administration is only two
16 months old, this preliminary budget should be viewed
17 as just that, preliminary. The Mayor has indicated
18 that the Executive Budget will contain a more fully
19 articulated version of the Administration's
20 priorities and today's hearing is the Council's first
21 step in helping to shape the priorities and the
22 values that should be reflected in the Executive
23 Budget.

24 Today we will hear from the Director of
25 the Office of Management and Budget, Mr. Dean

2 Fuleihan, to learn more about his projections,
3 assumptions and revenue actions. The Council would
4 also like to hear his thoughts on the uncertainty of
5 the labor settlement, alternative plans of the state
6 legislation needed to tax higher income earners to
7 fund UP-K if it is not adopted and organizations and
8 initiatives previously funded by the Council that are
9 now baselined in the preliminary budget, which may
10 mean that these services and programs will have to go
11 through the City's procurement process.

12 After we hear from Mr. Dean Fuleihan on
13 the Expense and Revenue Budget, we will take a five-
14 minute break and after we will be joined by the
15 Committee on Contracts, chaired by my colleague,
16 Council Member Helen Rosenthal, to hear from the OMB
17 Director regarding OMB's role in the City procurement
18 process, then we will hear from the Department of
19 Finance, the Department of Design and Construction,
20 the New York City Comptroller and then finally, the
21 Independent Budget Office.

22 The public session for today's hearing
23 will begin approximately at 4:00 p.m. The entire
24 month of March, the Council, through the appropriate
25 committees, will hear from the agencies'

2 commissioners who can be asked specific questions
3 related to their agencies. After the Preliminary
4 Budget Hearings, the Council will prepare its
5 official response to the Mayor's Preliminary Budget;
6 we hope that our response will significantly
7 influence the Mayor's Executive Budget, which is due
8 on April 26th. We will now hear from the Mayor's
9 Office of Management and Budget. I'd like to
10 acknowledge we've also been joined by Council Member
11 Miller, Council Member Ignizio, Council Member Cumbo,
12 Council Member Rosenthal, Council Member King and
13 Council Member Kallos. You may begin your testimony.

14 DEAN FULEIHAN: Thank you. Good morning,
15 Madame Speaker, Chairman Ferreras, the Members of the
16 Council Finance Committee, Chair Rosenthal, the
17 Members of the Contract Committee and the Members of
18 the Council. Thank you for this opportunity; my
19 first to testify before you today, and begin a dialog
20 that we are committed to continue over the next
21 several months; one that will frame this extremely
22 important budget.

23 As many of you know, for many years it
24 was my privilege to work in a setting very similar to
25 this one, serving on the staff of Speaker Silver at

2 the New York State Assembly, so I have really an
3 enormous amount of respect for the legislative
4 process and the role each of you have in developing
5 this budget, really this major policy document for
6 the City and I very much appreciate both your
7 comments in framing how we're going to proceed and
8 how we go forward.

9 On behalf... and actually, more to the
10 point, the Mayor shares those very sentiments, and on
11 behalf of the Mayor, we look forward to a very
12 productive relationship with the Council throughout
13 this year's budget adoption process.

14 I know the Mayor is certain that the end
15 product will reflect our shared values, the ones you
16 actually began this session with, that it will be
17 fiscally responsible, progressive, honest and
18 transparent budget for the upcoming city fiscal year,
19 very much what the Mayor outlined in the presentation
20 on the preliminary budget and that the process and
21 decisions that we make together, those shared values
22 and those decisions that we come to together, will
23 set a framework of cooperation for many years to
24 come.

2 In presenting the preliminary budget, the
3 Mayor stated the necessity of understanding and
4 addressing all the possible pitfalls in the budget
5 process. At the top of the list is the unprecedented
6 failure of the previous administration to resolve
7 over 150 collective bargaining agreements with the
8 entire City workforce. In some cases, as you know,
9 these agreements have remained unresolved for as long
10 as six years. Other factors compound the risks
11 inherent in the budget, including uncertainties in
12 Washington, [background comment] unmet mitigation and
13 infrastructure needs for recovery from Hurricane
14 Sandy and the uncertainty [background comment] of how
15 our shared agenda in Albany will be resolved. The
16 health of New York economy; the outlook of our city
17 budget are highly dependant on decisions yet to be
18 made at the federal and state level and we are all
19 fully mindful of the fact that while our economy is
20 in recovery from the last deep national recession,
21 new shocks to the economy could well reverse that
22 recovery.

23 I am certain that as we go forward and as
24 you hold this hearing today and you have other
25 comments from other monitors, that every review and

2 analysis of our preliminary budget presented to the
3 Council will cite these very real risks and the
4 challenges they present to all of us.

5 That analysis must begin with a
6 substantial structural deficit that we've inherited
7 from the previous administration. In FY 2014 we
8 needed approximately \$1 billion of prior year
9 resources to be in balance and the plan for FY 2015
10 uses \$1.8 billion of resources from prior years to
11 achieve that balance. Without these prior year
12 resources, both FY 2014 and 2015 would have deficits,
13 no positive outlook, no matter how positive a
14 projection is of the future and growth, which we all
15 hope for, no matter how positive they are; they will
16 not negate these deficits or the serious challenges
17 to be addressed to achieve fiscal responsibility.

18 Bearing that in mind, the Mayor has in
19 his preliminary budget begun to make measured but
20 meaningful changes in the direction in City policies,
21 many of which you both cited in the introduction to
22 this hearing, a budget that reflects a progressive
23 agenda. The most significant is the Mayor's
24 commitment, joined by Council leadership and members,
25 joined yesterday in Albany, to universal, full day,

2 high quality pre-K, over two-year period for 73,000
3 children a year and to expand after-school and
4 extended learning opportunities for nearly 120,000
5 middle school children. These programs would be
6 funded by a very modest five-year, dedicated personal
7 income tax surcharge on the very wealthiest New
8 Yorkers. The preliminary budget for FY 2015 includes
9 an additional \$530 million in revenues from the
10 dedicated temporary [background comments] 0.5 percent
11 rate increase for households earning more than
12 \$500,000. In fact, more than 95 percent of this
13 additional tax burden would fall on households
14 earning more than \$1 million per year at the tax rate
15 that is below the marginal rate for many of the past
16 20 years.

17 While modest in its revenue impact on
18 these households, this would signal a profound change
19 for New York City's children, the investment it would
20 permit would be transformational in character,
21 improving student achievement throughout the City.
22 It would level the playing field for children in all
23 boroughs and neighborhoods, it would profoundly
24 improve the life of working families in the city and
25 they would be enormously promising for our city's

2 long-term prosperity. These are the very issues that
3 the Mayor, the Speaker and many of you spoke about
4 yesterday in Albany.

5 We are also looking to Albany to begin to
6 make good on the campaign for fiscal equity
7 commitment. Currently state education aid to City
8 schools is annually \$2.7 billion, below what the CFE
9 agreement requires; we need additional and have
10 requested additional school aid to reduce class size
11 to provide additional teacher support in early
12 grades, to provide to common core academic
13 intervention in elementary school grades and to raise
14 the floor, increasing funding equality among our
15 schools. In additional key areas, the preliminary
16 budget begins to implement other elements of our
17 progressive agenda; these include: the NYPD Inspector
18 General, reforming security and programming at the
19 City's Auburn and Catherine Street shelters,
20 providing for enhanced runaway and homeless youth
21 programs, creating the City's municipal ID, and
22 enforcement of Earned Sick Time Act that the Council
23 passed just last week, and that becomes effective
24 less than four weeks from today. We also cap... after
25 many years trying, we appear to be successful in the

2 efforts in Albany; we are also capping 30 percent of
3 the income, the rent for subsidized housing for those
4 living with HIV and AIDS and we are working with the
5 Governor to develop a pilot Homeless Prevention
6 Program. We also eliminate PEGs imposed by the
7 previous administration, totaling \$93 million for
8 Fiscal 2014, \$72 million for Fiscal 2015; these
9 include \$52 million in NYCHA payment relief to reduce
10 the level of outstanding work orders in public
11 housing by 33 percent, to significantly reduce
12 response time for basic maintenance orders and
13 skilled trade orders and to create an independent
14 inspection unit. These changes also end a major
15 part, which you spoke of, of the annual dance by
16 restoring funding for the 20 fire companies earlier
17 slated for closing and by restoring funding for the
18 budgets of City elected officials.

19 Before taking your questions, let me just
20 briefly summarize the overall revised revenue and
21 expense elements of the preliminary budget. The
22 City's economy does continue to grow faster than
23 previously forecasted; we've increased tax revenue
24 forecasts by \$890 million in 2014 and \$594 million in
25 2015 in the preliminary budget. As additional

2 information becomes available, we continue to
3 reassess our projections; however, we will also
4 continue to recognize the risk to this recovery, the
5 pace of growth and the uneven nature of economic
6 recovery reflected in the City's increasing income
7 inequality. On the expense side of the budget, City
8 agencies have additional expenses related to ongoing
9 day to day operations, snow removal being an obvious
10 example, we also have savings from debt service and
11 to compensate for additional risks, those we know and
12 those we don't, we're increasing the general reserve
13 by \$300 million for FY 2015, we also reversed the
14 prior administration's use of \$1 billion of resources
15 from the Retiree Health Benefit Trust Fund; instead
16 we maintain the funding in the trust fund.

17 Once again, these steps reflect the core
18 values that the Mayor put forward in his presentation
19 of the preliminary budget last month, fiscal
20 responsibility, economic and social progressivity and
21 an honest and transparent budget. On that note, I
22 look forward to your questions and I will admit; I
23 will do my best to answer them; being somewhat new to
24 the process, hopefully you'll give me an opportunity
25

2 in some cases to get back to you, but I do promise
3 that we will get back to you.

4 CHAIRPERSON FERRERAS: Thank you very
5 much and I appreciate your openness in those cases.
6 We will have Madame Speaker ask the first questions.
7 Thank you.

8 SPEAKER MARK-VIVERITO: Mr. Fuleihan,
9 thank you so much for being here, an unfamiliar face
10 to many of us, but I know Mr. Orlando, to your left,
11 is very familiar to us. One thing I will commend you
12 on, is at least having written testimony that you can
13 provide to us; it's appreciated, at least as a
14 beginning. So one of the things that I would like to
15 just... two questions that I have and I just wanna
16 focus a little bit on is on process and approach. We
17 talked a little bit, the Chair and I, in our opening
18 remarks with regards to what the Charter expects of
19 the relationship between... in this budget process, and
20 I think the way it's envisioned really is a process
21 in which we have a dialog, us as the City Council
22 with the public and the Administration and being able
23 to really hear the concerns -- we're obviously in the
24 preliminary phase, which gives us a greater
25 opportunity to really analyze and provide feedback.

2 And so, you know it is... the Charter expects that this
3 process is... recommendations from the Council would be
4 kind of listened to or at least taken into account as
5 you move forward and we don't really believe that
6 that had been done thoroughly in prior administration
7 and the prior years. So the budgets that we've
8 received have not really reflected what's been
9 learned in the hearings from the public or from us as
10 a council and obviously we really would like a
11 process in which there's greater honesty and greater
12 transparency with what is shared with us and I'm just
13 basing it... you know, sharing with what has
14 historically been, at least in the eight years that
15 I've been here. So do you agree that in what was
16 envisioned by the Charter is something that you would
17 like to look at and try to really maybe listen more
18 to what is being shared in this process as a way of
19 information your Executive Budget moving forward?

20 DEAN FULEIHAN: So the answer is yes,
21 yes, yes; the Mayor's directive to me... [cough] excuse
22 me... is very clear, that of course it's envisioned by
23 the Charter and we're going to follow that, but the
24 directive is also very clear, and I actually believe
25 the Mayor started that with the preliminary budget,

2 well actually, with the State of the City and then
3 followed through with the preliminary budget that we
4 actually already begun that dialog and quite
5 honestly, I look forward to continuing this dialog
6 and we do wanna hear your input and we do wanna know
7 what the public input... we do face very serious
8 challenges and a great deal of uncertainty and right
9 now we're working together to make sure that a huge
10 piece of an agenda that I know we all share, in
11 Albany actually becomes part of this and becomes
12 executed and something that we can be very proud of.
13 So yes, we will cooperate in numerous ways and if
14 there's any point where you feel that's not
15 occurring, you know we'll... we will definitely... I will
16 step in and make sure that happens.

17 SPEAKER MARK-VIVERITO: Right, 'cause
18 obviously, you know we are gonna fully exercise our
19 oversight power, but there's also clearly
20 opportunities for close and important collaboration
21 on issues that matter; some of the things that you've
22 laid out area already issues that we've started to
23 take a look at some oversight hearings when we talk
24 about the shelter system and some of the... [interpose]

25 DEAN FULEIHAN: Yes.

2 SPEAKER MARK-VIVERITO: decisions that
3 have been made by the Administration, which are
4 critical. We've been extremely involved, in the time
5 that I've been in this Council, on the oversight with
6 regards to NYCHA... [interpose]

7 DEAN FULEIHAN: Uhm-hm.

8 SPEAKER MARK-VIVERITO: and really having
9 an opportunity to really engage proactively in the
10 best interest of the residents that live in our
11 Public Housing Authority; how we stabilize that most
12 important housing stock, so to see the deferred
13 payment to the NYPD is obviously, for many of us,
14 have been struggling this for years, are welcoming;
15 hopefully we... our pressure's gonna be that we sustain
16 that moving forward; I know it's only been projected
17 in one year of the budget, so we've gotta... those are
18 the kinds of the things and ways that we can work
19 much more proactively.

20 So speaking on the issue along those
21 lines will be my last question and go to colleagues,
22 on the issue of transparency and more honesty, is
23 when we look at the issues of the units of
24 appropriations and the way that that's been done as
25 of late, you know that the way that it's been

2 envisioned is that the UFAs are really able to really
3 reflect the programmatic activities and goals of each
4 agency and what we've been seeing is just, in most
5 cases when we look at the agencies where all of the
6 budget is being lumped into extremely large and broad
7 UFAs and not really being able to get deeper in and I
8 think that that's something that we've talked about
9 as well, something we'd like to see more information
10 on, breaking it down further in the budget so that we
11 could truly get more information, so I don't know
12 what your... [interpose]

13 DEAN FULEIHAN: Look, our goals should be
14 to provide you the information you need so you can
15 make the educated and appropriate decisions that you
16 need to make and we're happy to work with you.

17 SPEAKER MARK-VIVERITO: So that's
18 something you would review? [interpose]

19 DEAN FULEIHAN: Absolutely.

20 SPEAKER MARK-VIVERITO: 'Kay, moving
21 forward, is that something that we could see
22 reflected in the Executive Budget?

23 DEAN FULEIHAN: Well I think we should
24 have that dialog and see exactly what kind of
25

2 information you're looking for, but I'm happy to have
3 that conversation.

4 SPEAKER MARK-VIVERITO: And we will
5 definitely our ideas and to provide recommendations,
6 but we would like to see us part of this dialog and
7 we're in the preliminary, that some of the
8 recommendations we make we would see reflected then
9 in the Executive, so... [interpose]

10 DEAN FULEIHAN: Okay.

11 SPEAKER MARK-VIVERITO: this is something
12 definitely we would do a lot of follow up on. I'll
13 leave it there for now; I appreciate again you being
14 here; it's great to meet you and look forward to the
15 dialog in the upcoming weeks. Thank you, Chair.

16 CHAIRPERSON FERRERAS: Thank you Madame
17 Speaker. We are very excited to hear your response
18 to the U of A question; I know the Finance staff is
19 really [background comment] excited that you're back.
20 [background comments].

21 Collective bargaining -- this is not the
22 place to get into collective bargaining, but
23 collective bargaining is a risk to the budget that
24 we've needed to get a notion of and understanding the
25 size of the risk is necessary in settling city

2 priorities and agreeing on a budget. In the past,
3 OMB prepared a publication called "The Cost of a One
4 Percent Increase." Has this analysis been updated
5 recently?

6 DEAN FULEIHAN: No, it actually has not
7 and you know the potential cost... IBO has put out
8 potential cost; there have been very public numbers
9 put out there; I would add that the Mayor has been
10 very clear about this, that we're going to treat the
11 workforce with the respect that they have not been
12 treated with; at the same time protect the taxpayers
13 and do something that's affordable. Part of that and
14 part of what he put out there very strongly was that
15 there have to be offsetting savings and he
16 specifically mentioned and has repeatedly mentioned
17 health savings. So I don't think... I could be
18 corrected, but I really don't think there's a simple
19 one percent and here is the cost, because I don't
20 really believe we're approaching it that way.

21 CHAIRPERSON FERRERAS: Okay. And I know
22 that... and this is kind of a follow-up to that... IBO
23 recently released an analysis titled, "How Much Could
24 a Union Settlement Cost?" I don't know if you're
25 familiar with that... [interpose]

2 DEAN FULEIHAN: Right. Yes, I am.

3 CHAIRPERSON FERRERAS: it calculates some
4 scenarios that might resemble such a settlement. For
5 example, settling the outstanding 2008-2010 round
6 contracts, with two annual increases of 4 percent and
7 subsequent rounds with a 0 percent increase would
8 require between now and Fiscal 2016, a \$3.8 billion
9 above what is currently in the labor reserve. Are
10 these numbers more or less in line with OMB's
11 calculation?

12 DEAN FULEIHAN: So once again, if we just
13 do a straight calculation; I'm quite sure the IBO did
14 it properly, so I'm not gonna question that, it's
15 obviously within the ballpark; what I'm hesitant to
16 affirm is that it's that simple, an equation and that
17 it's much more complicated, it's a very complicated...
18 it's gonna be a very complicated negotiation that we
19 have begun and once again, I'm just gonna repeat with
20 the Mayor has said; there need to be offsetting
21 factors, and once again, he said health care has to
22 be part of that, so I don't think the equation is... is
23 simply a formula.

24

25

2 CHAIRPERSON FERRERAS: So do you foresee
3 a timeline in when this equation can be developed or
4 the formula... [interpose]

5 DEAN FULEIHAN: Well, you know, we're
6 just... we're just beginning this process... [interpose]

7 CHAIRPERSON FERRERAS: I know.

8 DEAN FULEIHAN: and it's with the entire
9 city workforce; it's somewhat daunting, so you know,
10 I'm not gonna put a timeline on it; I really can't; I
11 mean that would be a projection I know would be
12 wrong, whether it was short or long, but we're
13 certainly going to make every effort to reach a
14 resolution with the city workers, there's a lot to be
15 gained by that.

16 CHAIRPERSON FERRERAS: Okay. And you
17 mentioned in your opening statement of the structural
18 deficit left in the last administration, which I'm
19 sure is due to the unsettled labor contracts in some
20 ways; what are your plans to address these issues?

21 DEAN FULEIHAN: Well once again, the key...
22 there are actually many, many levels of this, so a
23 key piece of that is to actually reach a settlement
24 with the over 150 collective bargaining units, so
25 you're absolutely correct, that is a key component of

2 it; it's also getting from Albany, effectively, a
3 home rule request on a modest tax that makes a
4 profound change in how we move forward in education;
5 it's also our fare share and commitment on CFE. It's
6 federal aid; I'm quite sure there are gonna Sandy
7 questions here on restoration and we have unmet
8 needs. So there are many problems confronting us and
9 a great deal of uncertainty and an agenda we would, I
10 think mutually like to see advanced, so we're gonna
11 do our best working with you; once again, it's a
12 preliminary budget, it starts this process and I
13 listened very carefully to what the Speaker said and
14 you know, I think working together, you know we can...
15 we can get there.

16 CHAIRPERSON FERRERAS: Thank you. I'd
17 like to acknowledge also that we've been joined by
18 Council Members Rodriguez, Gibson, Dromm, Barron,
19 Cornegy and Lander. So we're going to open it up to
20 questioning and then I will follow up and wrap up all
21 of our additional questions from.. [crosstalk]

22 DEAN FULEIHAN: Thank you.

23 CHAIRPERSON FERRERAS: the Committee. We
24 are going to have a clock for our members, since
25 there are many here that would like to ask questions;

2 there will be a five-minute clock for the first round
3 and a three-minute clock for the second round. And
4 first to ask questions is Council Member Jimmy Van
5 Bramer.

6 COUNCIL MEMBER VAN BRAMER: Thank you
7 very much, Madame Chair and Speaker Mark-Viverito and
8 good morning... [interpose]

9 DEAN FULEIHAN: Good morning.

10 COUNCIL MEMBER VAN BRAMER: and good to
11 see you again Mr. Fuleihan. I wanted to talk about
12 so many things, but obviously I'll limit it to a few.
13 First of all, thank you so much for focusing on
14 education and for making that such a priority. I
15 also wanna thank the Mayor for baselining and
16 continuing the baselining for cultural affairs and
17 libraries and I want to say how great it is to not
18 have to, for the first time at one of these hearings
19 in my career, not be talking about budget cuts to
20 those very, very important institutions in the City
21 of New York. So I wanted to ask you that as we
22 finally come to a place where we're baselining the
23 Department of Cultural Affairs, if we can over the
24 next few months, before the Executive Budget, engage
25 in some serious conversations about actually

2 increasing funding levels to restore them to where
3 they were once, because while we're baselining them,
4 we're not baselining them at the levels that they
5 once were. So are you and this administration open
6 to having that conversation where we're talking about
7 continuing the baselining, but also talking about
8 enhancements?

9 DEAN FULEIHAN: That was well done.

10 [laugh] Of course we're open to these kinds of
11 conversations; you know that... I mean, the wonderful
12 thing about this policy document is it does have a
13 constraint upon it and we do have to find what's
14 affordable, but are we open to a dialog on all these
15 important issues in the City? Of course we are.
16 Have we focused on education as setting that agenda?
17 Definitely. Do these components participate in that?
18 Certainly. So yes, we're open to a dialog.

19 COUNCIL MEMBER VAN BRAMER: It's great to
20 hear not only the openness to the enhancements
21 question, but also, you pointing out that our
22 cultural institutions and libraries obviously play an
23 incredibly important role in educating young people
24 through the City of New York, so they are connected
25 to this overall arching goal... [crosstalk]

2 DEAN FULEIHAN: No question.

3 COUNCIL MEMBER VAN BRAMER: of education;
4 never mind the financial contributions that our
5 culturals continue to make to the City of New York.
6 And so I thank you for that commitment and I just
7 wanted to ask, we'll have our own hearing on this on
8 March 11th, [background comment] obviously, and we'll
9 get into the specifics, but it's important to folks
10 in the cultural world to know that this is a priority
11 of the Administration and obviously there are lots of
12 priorities and what I would love to hear from you is
13 simply that making sure that our culturals are strong
14 and can do the great work that they do and continue
15 to be the drawers of lots of tourists to New York
16 City and therefore vital to our economic base and our
17 tax base, that this is a priority of this
18 administration.

19 DEAN FULEIHAN: Well, it's obviously a
20 vitally growing sector; I will add that part of the
21 directive the Mayor has given us is to look at every
22 single area, to reexamine every single area and
23 hopefully we're gonna do that jointly, and to find
24 savings in areas or find better or different
25

2 priorities, and that should be part of that same
3 dialog.

4 COUNCIL MEMBER VAN BRAMER: That's
5 terrific. The actual amount of funding, revenue that
6 we can tie to our culturals and to tourism, have you
7 taken a look at that, actually start to measure the
8 economic impact of culture and the arts and tourism,
9 which is so heavily connected to... [interpose]

10 DEAN FULEIHAN: Well I... I certainly
11 realize that it's actually been a major component of
12 really what's happened in this recovery in the City.

13 COUNCIL MEMBER VAN BRAMER: That's great
14 to hear and obviously we'll talk about that..
15 [interpose]

16 DEAN FULEIHAN: Sure.

17 COUNCIL MEMBER VAN BRAMER: in some
18 greater length. I also wanted to thank you, as a
19 Council Member who represents more residents in
20 public housing in Queens than any other; thank you
21 for what you've already done, but to ask you what
22 other things are you looking at to infuse the budgets
23 for NYCHA?

24 DEAN FULEIHAN: Well, the... both NYCHA and
25 the Mayor's agenda in affordable housing, you know is

2 a serious part of this agenda and we are in the
3 process and one of the deputy mayors is working on
4 this very effectively, so I'm quite sure and as the
5 hearings move forward we'll be able to continue that
6 dialog. On exactly how we're going to move forward...
7 this was a first step and a major step, but we
8 understand there are many more improvements we need
9 to do and we have a great team that's been put
10 together and hopefully that's part of how... the back
11 and forth at we're gonna have, because this is
12 extremely important to the Mayor.

13 COUNCIL MEMBER VAN BRAMER: Terrific.
14 And we're timing this perfectly; I want you to know,
15 Mr. Fuleihan. So my last question is; we'll
16 obviously deal with it more, I think tomorrow with
17 Commissioner Trottenberg, but just to simply say that
18 City Bike remains a priority for myself and my
19 district and so many other places in the City of New
20 York and it's really, really critical that we find
21 the tools, the pathway to making sure that we are
22 able to expand City Bike throughout the five
23 boroughs.

24 DEAN FULEIHAN: Thank you.

2 CHAIRPERSON FERRERAS: Thank you. We
3 will be followed now by Council Member Kallos,
4 followed by Council Member Ignizio.

5 COUNCIL MEMBER KALLOS: Thank you, I am
6 Ben Kallos; you can tweet me @BenKallos. Thank you
7 to the OMB, to our Chair, fellow members and the
8 public and those watching on the livestream; I have
9 a... we're gonna try to do five questions in five
10 minutes, so I'll try to make my remarks short and if
11 you could do the same courtesy.

12 For FY 2015 we're going to be borrowing
13 \$6.4 billion in debt service, up from \$5.5 billion in
14 FY 2014, with a growth of over prior year of 16.8
15 percent and what we're looking at is for Fiscal Years
16 15-18 \$31 billion, so I have this background in
17 finance and when we are choosing to invest or take on
18 debt, we usually try to make sure that we could pay
19 for it and that the debt would actually bring in more
20 revenue. Is there any change in philosophy towards
21 that more fiscally responsibly point of view?

22 DEAN FULEIHAN: The answer really... well
23 obviously, we can afford and we will pay that debt,
24 so let's start there. The second part of that answer
25 is a thoughtful review of the capital budget and the

2 priorities of the capital budget and you know; that's
3 part of this dialog too. So we're undertaking that;
4 once again, it's in the early stages and I'm quite
5 sure that will be reflected in the Executive Budget,
6 but it will also be reflected in the input received
7 from the members of the Council.

8 COUNCIL MEMBER KALLOS: Thank you.

9 Moving on to reducing costs from the capital budget,
10 what efforts are currently underway to ensure that
11 costs from outside consultants are being controlled
12 properly and monitored and where possible, brought
13 in-house so we can save money while promoting City
14 employee jobs?

15 DEAN FULEIHAN: So that is something that
16 actually we are participating in and we are reviewing
17 now and it will be part of an agency by agency review
18 to see where we can actually do exactly what you just
19 put on the table. So you know I do apologize if a
20 lot of these answers are okay and you know, let's
21 work together and let's proceed, but in fairness,
22 that really is, on some of these very complicated
23 questions, how we do have to go forward, but clearly
24 there are savings and clearly we should be taking
25 them.

2 COUNCIL MEMBER KALLOS: I hate the word
3 no, so hearing let's work together... [interpose]

4 DEAN FULEIHAN: Okay.

5 COUNCIL MEMBER KALLOS: is exactly what I
6 think most of... I and my colleagues are looking
7 forward to. Moving onto emergency policy and a lot
8 of these relate to government operations, which is
9 what I chair, the previous administration implemented
10 a long-term sustainability plan called PlaNYC that
11 contains many energy efficiency initiatives; do you
12 plan to continue and implement PlaNYC?

13 DEAN FULEIHAN: Yeah, the Mayor's been
14 very clear about his support for the plan, absolutely
15 clear.

16 COUNCIL MEMBER KALLOS: I also sit on the
17 Women's Issues Committee; I'm the only male who does
18 sit on it; I sit with my Chair, Laurie Cumbo, and on
19 behalf of her and our committee, what is the City
20 planning to do on the forthcoming year to ensure that
21 more MWBEs receive every opportunity in procuring
22 City contracts?

23 DEAN FULEIHAN: So just back on the other
24 question, the other piece of that, of course there
25 are significant savings there, so I shouldn't have

2 just said that not only do we support the plan, but
3 there are savings that come with that.

4 We... Look, the Mayor is going pursue
5 aggressively the participation of minority and women
6 business enterprise and small business through the
7 agencies and we'll be, once again, coming back and
8 you'll be hearing from individual agencies on how
9 they're gonna pursue that, but it clearly is a policy
10 goal of the Administration.

11 COUNCIL MEMBER KALLOS: Great. And last
12 question; we just did four questions in four minutes;
13 last year the City announced that... [interpose]

14 DEAN FULEIHAN: I'm trying. [laugh]

15 COUNCIL MEMBER KALLOS: Doing great,
16 thank you. Last year the City announced that it
17 would generate \$230 million through the sale of 346
18 Broadway and 49-51 Chambers Street; has the sale of
19 these properties been reflected in the financial
20 plan; if not... [interpose]

21 DEAN FULEIHAN: I believe it has. Yes,
22 it has. In... in la... [interpose]

23 COUNCIL MEMBER KALLOS: Okay.

24 DEAN FULEIHAN: in last year, yes.

2 COUNCIL MEMBER KALLOS: So it was
3 reflected in... last... [interpose]

4 DEAN FULEIHAN: In twen... [background
5 comment] 2013? [background comment] I'm sorry, in
6 20... it was reflected in the November plan; my
7 apologies.

8 COUNCIL MEMBER KALLOS: Thank you very
9 much. And that you for your patience and having
10 great answers; look forward to working with you.

11 DEAN FULEIHAN: Thank you.

12 CHAIRPERSON FERRERAS: Council Member
13 Ignizio.

14 COUNCIL MEMBER IGNIZIO: Thank you very
15 much; good to see you, Dean. Thank you Madame
16 Speaker and Chairwoman. In a similar vein of my
17 colleague, Ben Kallos, where I have several questions
18 that I'm gonna have to get to, so I appreciate you
19 answering them as expeditiously as you can as well.

20 DEAN FULEIHAN: I'll try.

21 COUNCIL MEMBER IGNIZIO: Thank you. The
22 surplus 2014; what is the projected surplus that you
23 have seen since the budget address, in total?

24 [interpose]

2 DEAN FULEIHAN: Since the preliminary
3 budget?

4 COUNCIL MEMBER IGNIZIO: Yes, sir.

5 DEAN FULEIHAN: So... you know, it's
6 somewhat mixed; I mean there... some of the taxes have
7 been strong; the transaction taxes have actually
8 shown weakness. So at this point I wouldn't change...
9 [interpose]

10 COUNCIL MEMBER IGNIZIO: Okay.

11 DEAN FULEIHAN: I wouldn't change the
12 revenue projection at this point... [crosstalk]

13 COUNCIL MEMBER IGNIZIO: So the
14 anticipated rollover from 2014 to 2015 is what?

15 DEAN FULEIHAN: [background comment] \$1
16 billion? [background comment]

17 COUNCIL MEMBER IGNIZIO: Okay, I... I just...
18 [interpose]

19 DEAN FULEIHAN: Oh I'm sorry, to 2015,
20 1.5... approximately \$1.8; I apologize.

21 COUNCIL MEMBER IGNIZIO: No, rolling from
22 2014 to 2015 is it \$1 billion?

23 DEAN FULEIHAN: Yes. [background
24 comment]

25 COUNCIL MEMBER IGNIZIO: Okay.

2 DEAN FULEIHAN: 1.8.

3 COUNCIL MEMBER IGNIZIO: 1.8.

4 DEAN FULEIHAN: 1.8; I was doing from...
5 into 2014; my apologies. [interpose]

6 COUNCIL MEMBER IGNIZIO: Just for my
7 colleagues' edification, at this time in previous
8 years, those number have always been around that and
9 we always end up, fortunately, with a multi-billion-
10 dollar increase [background comment] and that's our
11 hope; that's not being critical... [interpose]

12 DEAN FULEIHAN: No, I hope so too and
13 look, the nice thing about... and having lived through
14 state budgets where through the month of March, week
15 by week, hundreds of millions of dollars would change
16 by the week and revenue and very often that was part
17 of the problem at the state level, the revenue
18 forecast would be moving constantly. But we actually
19 have the benefit of actually seeing those final
20 returns.

21 COUNCIL MEMBER IGNIZIO: Agreed. I have
22 to move on, 'cause we have to move quickly. Does
23 this administration believe in ERIs, early retirement
24 incentives? I know it's something the previous
25 administration, I believe, did not agree with and I

2 am a supporter of them; I wanna know, do you know if
3 this administration is a believer in early retirement
4 incentives as a means of lowering the costs of...

5 [interpose]

6 DEAN FULEIHAN: I don't believe that we
7 have taken a formal position on this... [interpose]

8 COUNCIL MEMBER IGNIZIO: Okay.

9 DEAN FULEIHAN: and you know there's a
10 lot of discussions that can occur in the overall
11 pension system of the City, so... [interpose]

12 COUNCIL MEMBER IGNIZIO: Okay, if you
13 don't have a formal position, you don't know. My
14 understanding is we have over \$1 billion in Sandy
15 reimbursements that have yet to come back to the
16 City... [interpose]

17 DEAN FULEIHAN: That's correct.

18 COUNCIL MEMBER IGNIZIO: does your office
19 have an ombudsman or a unit that is working
20 aggressively to get that money? The reason being is
21 I traveled to New Orleans and it was seven years
22 later and they still had not received many billions
23 of dollars that they were owed and some of which they
24 never got back and the city ended up taking it on the
25 chin.

2 DEAN FULEIHAN: So my staff probably
3 won't appreciate your asking, because I ask them
4 every day, so... so we are [background comment]
5 absolutely aggressively pursuing this and the entire
6 operation of Sandy recovery, from how we effectuate
7 change and how quickly we do that to how we get
8 reimbursed so the City actually gets its money back,
9 every single one of those this administration is
10 looking at carefully now and quickly.

11 COUNCIL MEMBER IGNIZIO: Good. With
12 regards to the police class; I noticed there is some
13 level here; we, I believe, have a very serious
14 problem looming, which is not one that you all are
15 responsible for, but it's the fact that we're coming
16 up on the 20-year mark of the Safe City Safe Streets
17 class, which hired thousands of police officers; I
18 believe the estimates are somewhere in the
19 neighborhood of 3,000 police officers will leave the
20 NYPD this year due to retirement; the plan is not
21 reflective of that; can the Police Department have
22 that many people in their class, in the academy,
23 [background comment] and do we have the funds to
24 ensure that we maintain the level of head count?
25

2 DEAN FULEIHAN: So we do intend to
3 maintain the head count.

4 COUNCIL MEMBER IGNIZIO: Okay. And so we
5 believe with the current capacity at our Police
6 Academy we have the ability to... [crosstalk]

7 DEAN FULEIHAN: Yeah, I wanna be careful
8 how I come back to you on that, but we do intend to
9 maintain it.

10 COUNCIL MEMBER IGNIZIO: Okay, that's
11 good news. With regards to your comments about the
12 structural deficit, I'm a little perplexed with how
13 moving forward on all municipal contracts will
14 actually take care of the structural deficit, I... in
15 my view it doesn't. How is the Administration... what
16 is the Administration's plan to actually deal with
17 the structural deficit that the City has endured, and
18 this is an homage to my good friend, Minority Leader
19 Jimmy Otto, who's currently a borough president, who
20 raised this question with Mark Page with significant
21 amount of head-ringing every time it was asked? And
22 I like Mark by the way, I'm just teasing.

23 [crosstalk]

24 DEAN FULEIHAN: So... so... we both do. So
25 the... remember, I raised federal uncertainty and the

2 need for additional federal relief [bell],
3 particularly with Sandy, the state, I raised it on
4 several levels, our negotiations with the state; the
5 Mayor... I'm going to go back to it; the Mayor's been
6 very clear that there needs to be offsetting savings
7 and once again, he identified very much health care
8 is an area where we need to find ways to control the
9 cost while providing, you know high-quality health
10 care to our employees. So I would suggest back to
11 you that there are ways to do it and hopefully we'll
12 be able to prove that to you.

13 COUNCIL MEMBER IGNIZIO: Okay, thank you
14 Madame Chair; I'm gonna look forward to having a
15 further discussion about the structural deficit
16 [background comment] and I don't think it's something
17 you can solve over one budget... [cross]

18 DEAN FULEIHAN: Great.

19 COUNCIL MEMBER IGNIZIO: cycle, but it's
20 something that I think needs to be addressed in the
21 city and I appreciate it. Thank you Madame Chair.

22 CHAIRPERSON FERRERAS: So much so, that's
23 why you answered it twice. Council Member Levine,
24 followed by Council Member Rosenthal.

2 COUNCIL MEMBER LEVINE: Thank you Madame
3 Chair; Madame Speaker, Commissioner. You have
4 experience at the state level, so I'd like to ask you
5 to describe the balance of revenue and services
6 between the City and State, if you could. Are we
7 giving more or getting more back?

8 DEAN FULEIHAN: So there are obviously a
9 lot of studies on this, so I don't have one that
10 directly comes from our office that says here's what...
11 but New York City contributes a great deal and we're
12 all supportive of contributing; what we're asking
13 back for are really some very simple things, we're
14 asking back for, actually on one, the ability to tax
15 ourselves at a very modest level, a home-rule
16 prerogative that has been given to most
17 municipalities... actually, all municipalities around
18 this state over time and we should have that same
19 right and we can be held to all the standards and
20 dedication and commitment that the Mayor, and I know
21 all of you are prepared to make. We're also saying
22 to the State that there are unmet needs, now that the
23 economy has turned the corner, that we should come
24 back and talk about and one is obviously increases in
25 school aid and we can cite exactly where it would go;

2 we have also said there are things we need to do in
3 the homeless, there are programmatic areas that we
4 are requesting the State give New York City, really
5 it's fair share.

6 COUNCIL MEMBER LEVINE: I've heard the
7 figure of a \$12 billion net that we're sending to
8 Albany versus getting back.

9 DEAN FULEIHAN: I didn't want to... I don't
10 really wanna quantify it and I honestly don't have a
11 number that we've gone through that I'd feel
12 comfortable doing; no question that the City is the
13 economic engine, but the City also has huge amount of
14 issues that we need to deal with -- the income and
15 equality the Mayor and many of you have spoken about,
16 the need for how we change that dynamic particularly
17 through education, those are all there, so really,
18 what are we asking for in pre-K and after-school
19 programs? We're asking for the ability to do our own
20 tax.

21 COUNCIL MEMBER LEVINE: The one tax that
22 we have the ability to raise or lower here in the
23 City is the property tax. Do you foresee the need to
24 raise property taxes in this budget cycle and if so,
25

2 what might be the conditions that would bring that
3 about?

4 DEAN FULEIHAN: Well, there was no
5 property tax increase in the preliminary budget and
6 the Mayor has said that he, at this point, does not
7 see a need to raise the property tax. I mean that's
8 really the answer at this point.

9 COUNCIL MEMBER LEVINE: 'Kay. I'm
10 wondering whether you consider the City to be
11 overtaxed. By that I mean; do you feel that we're in
12 danger of driving out businesses and wealthy
13 individuals with an increase in taxes?

14 DEAN FULEIHAN: Do I think a small
15 marginal increase on the very wealthiest... those
16 people making over \$500,000, that 0.5 percent will
17 drive them out? No, I do not.

18 COUNCIL MEMBER LEVINE: 'Kay. Well, I
19 couldn't agree more and I think it's actually a bogus
20 argument to say that the wealthy will flee New York
21 City; there's only one Manhattan, there's only one
22 New York City; you just don't get what you get here
23 in South Florida.

24 DEAN FULEIHAN: Well we're also seeing... I
25 mean in fairness, there are many in the business

2 community who are in that bracket who are very
3 supportive of this program.

4 COUNCIL MEMBER LEVINE: Indeed. Thank
5 you.

6 CHAIRPERSON FERRERAS: Thank you Council
7 Member Levine. We have Council Member Rosenthal
8 followed by Council Member Rodriguez.

9 COUNCIL MEMBER ROSENTHAL: Thank you,
10 Mr. Fuleihan for coming today; really appreciate it...

11 DEAN FULEIHAN: Thank you.

12 COUNCIL MEMBER ROSENTHAL: and on a
13 personal level, I really appreciate your coming from
14 the State to work here in the City; I think it's
15 really important as we move forward. And Thank you,
16 Councilwoman Ferreras for holding this committee and
17 preparing us all so well; I really appreciate that.

18 I just have a couple of questions. From
19 a very... I'm looking at your testimony, on the third
20 page, you talk about the \$52 million that I noticed
21 also going over to NYCHA, which I thought was just
22 terrific, with a goal of improving the maintenance
23 and the repairs [background comment] at NYCHA by 33
24 percent; is that something that OMB plans on tracking

25

2 in a close way and I just... I never have understood...

3 [interpose]

4 DEAN FULEIHAN: Uh...

5 COUNCIL MEMBER ROSENTHAL: the oversight
6 of NYCHA, so...

7 DEAN FULEIHAN: So the Mayor plans on
8 tracking... [interpose]

9 COUNCIL MEMBER ROSENTHAL: Okay.

10 DEAN FULEIHAN: the costs. So we will
11 certainly... I have no doubt that will be achieved and
12 we will come back and report to you at many levels on
13 that achievement.

14 COUNCIL MEMBER ROSENTHAL: Oh great; I
15 mean to the extent that you have updates going along...
16 [crosstalk]

17 DEAN FULEIHAN: Sure.

18 COUNCIL MEMBER ROSENTHAL: I'm interested
19 and also interested in being helpful in any way that
20 we can, certainly in my district; it's something
21 that's really important.

22 The second thing is; you mentioned trying
23 to deal with the budget dance by restoring funds and
24 I know the Council is very appreciative of that; do
25 you foresee going forward, and I know a million

2 things are gonna happen [background comment] between
3 now and two months from now, but these restorations
4 that came about that are so important and Council
5 Members count on; do you foresee any situations... I
6 know, ridiculous question, but where you would have
7 to unwind that? So could we as a Council expect that
8 these restorations that have been baselined; that's
9 the technical term, could firmly stay there so we can
10 move on to think about and explore other issues?

11 DEAN FULEIHAN: Well I think I would
12 answer it this way. Once again, I'm gonna be careful
13 about forecasting, but it won't happen the way it's
14 happened in the past; that is clearly being changed,
15 the Mayors directive on that is clear, his policy on
16 that is clear; things can happen with revenues and
17 the economy and that would effect many programs and
18 we would have to work together to figure out how to
19 deal with those and how to address them.

20 COUNCIL MEMBER ROSENTHAL: I really
21 appreciate your answer; the work together part was
22 the key, because I think it's pretty much the
23 intention of this body to work with you to figure out
24 how we can do this to serve the best interests of, I
25 know for each of us in our districts, all of our

2 constituents and all the residents and I know you
3 have that intention as well.

4 And lastly, and this is sort of the
5 larger issue of income inequality and my question, if
6 we could go beyond... I love everything you guys are
7 doing, from universal pre-K, after-school programs to
8 the NYCHA, I'm with you 100 percent...

9 DEAN FULEIHAN: Thank you.

10 COUNCIL MEMBER ROSENTHAL: and I've
11 looked through the preliminary budget in quite some
12 detail, so if we could sort of move beyond that and
13 think about the next few months, are there areas... or
14 feel free to get back to me afterwards, I don't
15 really care, but what I'm gonna think about is; are
16 there areas of the budget where you're thinking about
17 addressing income inequality, addressing how we can,
18 you know, improve the lives of those who are least
19 well off and stabilizing the middle class; are there
20 areas of the budget where you're planning on honing
21 in on over the next few months or years to really
22 hone in on addressing income inequality?

23 DEAN FULEIHAN: So my answer to that is;
24 is the Mayor... it's the agenda for how we approach the
25 budget, but it's also the agenda for how we approach

2 other issues that may actually not have a dollar
3 value too. So in many areas, that's how all of us
4 are being directed to... [interpose]

5 COUNCIL MEMBER ROSENTHAL: Yeah.

6 DEAN FULEIHAN: approach the budget; I
7 will go back and say that we very much believe the
8 agenda that many of you are supporting on... and I'm
9 gonna keep saying it; I apologize, but on pre-K...
10 actually, I don't apologize... on pre-K... [interpose]

11 COUNCIL MEMBER ROSENTHAL: Sure.

12 DEAN FULEIHAN: and middle school after-
13 school programs very much directly does that; the
14 affordable housing very much does that. So there are
15 gonna be many, many areas where, and I'm gonna say
16 that again too, we're working together, because I do
17 believe these are shared values that we will have
18 [bell] many ways to address income inequalities.
19 [crosstalk]

20 COUNCIL MEMBER ROSENTHAL: If I can just...
21 really quickly... I think the area where I... [interpose]

22 DEAN FULEIHAN: And we appreciate the
23 fact that your experience at OMB may be helpful in
24 this.

2 COUNCIL MEMBER ROSENTHAL: Well now I
3 can't ask... [laughter] say anything else. [laughter]
4 Thank you so much. I was specifically looking at tax
5 incentives or bonuses for affordable housing, so
6 maybe through HPD and HDC. Thank you. [crosstalk]

7 DEAN FULEIHAN: Sure, we're happy to have
8 that conversation.

9 CHAIRPERSON FERRERAS: Thank you Council
10 Member Rosenthal; we're gonna have Council Member
11 Rodriguez, followed by Council Member Miller; we've
12 been joined by Council Members Jumaane Williams and
13 Steve Levin.

14 COUNCIL MEMBER RODRIGUEZ: Morning and...
15 [interpose]

16 DEAN FULEIHAN: Good morning.

17 COUNCIL MEMBER RODRIGUEZ: thank you for
18 all the contributions that you have made at the state
19 level; now we expect similar or more at the city
20 level.

21 DEAN FULEIHAN: Okay, deal.

22 COUNCIL MEMBER RODRIGUEZ: No doubt that
23 this is a new day, you know, now on how we have
24 conversation compared to the previous administration
25 that was more arrogant in the past. So... and also an

2 administration that provided less information in the
3 past than what we are getting are getting today and
4 that's why it's so important that the message brought
5 by now Speaker Viverito on the need; we need more
6 regged [phonetic] out information, more detailed
7 information. In the previous administration, DOE
8 refused to provide details on the big budget around
9 \$20 billion that we approve here, so I am happy to
10 hear now that you will continue conversation and
11 provide us as much information as possible so that we
12 can make the best decision at the end of the day when
13 we approve a budget on June 31st. [interpose]

14 DEAN FULEIHAN: Yes, it won't just be
15 OMB; I'm quite sure when you talk to the Chancellor
16 you'll see that... [crosstalk]

17 COUNCIL MEMBER RODRIGUEZ: That... No,
18 that's what I'm saying, that I'm happy on the new day
19 that... where we are today compared to the past.

20 I have two questions; one is about the
21 MTA. As you know, as the Chairman of the
22 Transportation Committee I have some concern about
23 the disposition of property that is jointed owned by
24 the City and the MTA using, in the past, many of
25 those buildings they were empty in many floors and I

2 know that in the 2010, 2014 Capital Program the MTA
3 was supposed to raise \$250 million by disposition of
4 those properties, so my question is... if you have this
5 answer now, great, if not; if you can provide the
6 answer on; are you aware of the authority plan to
7 sell assets jointly owned with the City and if so,
8 what are these assets and have you or the City
9 reached any agreement with MTA on sale of this
10 assessment?

11 DEAN FULEIHAN: So I am aware of the
12 Memorandum of Understanding and the properties, but
13 if you'll indulge me, I think I would actually like
14 to get back to you and make sure... [interpose]

15 COUNCIL MEMBER RODRIGUEZ: Great.

16 DEAN FULEIHAN: that we have a clear
17 understanding with the MTA what's happening.
18 [interpose]

19 COUNCIL MEMBER RODRIGUEZ: And that's
20 important for us, because you know we want to
21 continue making the case on the huge contribution
22 that the City made to the MTA... [crosstalk]

23 DEAN FULEIHAN: Sure.

24 COUNCIL MEMBER RODRIGUEZ: that is not
25 only the \$1 billion... [interpose]

2 DEAN FULEIHAN: Agree.

3 COUNCIL MEMBER RODRIGUEZ: the \$800
4 million in expenses and \$300 million capital, but
5 also with the sale taxes that also go to the MTA with
6 those properties that the MTA use, so it is important
7 for us to know how many building is that the City own
8 that the MTA use and what is the process and who will
9 control that process?

10 DEAN FULEIHAN: Yes, I... [interpose]

11 COUNCIL MEMBER RODRIGUEZ: And...

12 DEAN FULEIHAN: we will continue this
13 conversation. [interpose]

14 COUNCIL MEMBER RODRIGUEZ: Thank you. My
15 second question is on... [background comments] one; do
16 you think that... first of all, I believe in persuading
17 different sectors in New York City in order to get
18 things done and I believe that it is important... first
19 of all, I'm happy that the Mayor continue working on
20 his plan to persuade the wealthiest New York on the
21 contribution of 0.5 percent on the taxes would
22 translate into \$900 a year; is there any conversation
23 going on from the Administration with some of those
24 wealthiest New Yorkers so that they also understand
25 that by providing this additional \$900 a year, not

2 only do they help the working class and the middle
3 class, but also they will benefit in a 20-year plan;
4 we will build a stronger middle class that they will
5 be able to invest in those corporations that are
6 owned by the wealthy New Yorker; is there any
7 conversation with that particular sector?

8 DEAN FULEIHAN: Yes, I... thank you for
9 raising it and it's a constant conversation; it is
10 about the future not just of those children, but
11 really the future of the City and there... once again,
12 there is such broad-based support in this city for
13 the high-quality, full-day UPK and the middle school
14 after-school programs... [interpose]

15 COUNCIL MEMBER RODRIGUEZ: My last que...

16 DEAN FULEIHAN: I... I... you know, and once
17 again, there is strong support among those people who
18 are gonna be paying that tax. [interpose]

19 COUNCIL MEMBER RODRIGUEZ: Great. My
20 last question is about how with this budget that we
21 will approve on July 1st will reflect the message on
22 the way the New York City gave a mandate to the Mayor
23 on fighting inequality? In the past many council
24 members, we've been so frustrated because funding has
25 not invested in all communities at an equal level;

2 that most of the funding has been designated, in
3 particular... most of the funding particular areas and
4 [bell] areas such as the one that I represent has a
5 reality that under 65,000 affordable housing
6 projects; I only got 250 affordable housing in this
7 previous administration, so how will this budget
8 reflect the new approach of this administration to
9 fight inequality by investing more in communities
10 based on the need that we have?

11 DEAN FULEIHAN: So the preliminary budget
12 begins that in very dramatic ways. So you've see it
13 actually reflected already and we're gonna keep that
14 dialog with you; I'm gonna repeat what I said before,
15 we're gonna have to take a look at how we spend,
16 where we can find savings and where we need to make
17 different priorities, but once again, working
18 together I'm quite sure we can achieve that.

19 CHAIRPERSON FERRERAS: Thank you Council
20 Member Rodriguez. We will have Council Member
21 Miller, followed by Council Member Cumbo.

22 COUNCIL MEMBER MILLER: Good morning and
23 thank you Madame Chair for convening this hearing and
24 to Mr. Fuleihan, thank you so much for being here and
25 participating, not just for your participation; more

2 importantly, for your frank and forthright
3 participation... [interpose]

4 DEAN FULEIHAN: It's my pleasure.

5 COUNCIL MEMBER MILLER: Which is new. So
6 as we digress and we talk about the priorities of the
7 budget and in particular we talked about those 150
8 open collective bargaining agreements that exist and
9 my question, one, is; is it the intentions of the
10 Administration to make those bargaining units whole
11 as it pertains to the Taylor Law and the Triborough
12 Amendment and specifically, retroactive pay?

13 DEAN FULEIHAN: So once again, I'm going
14 to go back to the statement I made earlier. We
15 recognized that we're in an unprecedented and
16 position, which also provide opportunities; we need
17 and the Mayor has made this very clear, that the
18 workforce will be treated with respect that they very
19 much deserve, that we have entered into discussions
20 with the unions, with the collective bargaining
21 units, but at the same time we have to be careful and
22 we have to be considerate of taxpayers and the
23 affordability of this and that there have to be some
24 offsetting costs. So I do keep repeating that
25 because that is sort of the framework for how we're

2 gonna have to proceed, but it is one that respects
3 the employees and I think you hear the Mayor talk
4 about his respect for the workforce in the city on a
5 constant basis, and I think that's quite a change,
6 actually.

7 COUNCIL MEMBER MILLER: Well okay. So
8 you do know that these are contracts... these are
9 outstanding contracts; these folks have already
10 worked and this is... as we move forward... [interpose]

11 DEAN FULEIHAN: We... we... we... believe me,
12 I... I... [crosstalk]

13 COUNCIL MEMBER MILLER: Yeah, so...

14 DEAN FULEIHAN: we clearly understand
15 that no one in the workforce has a collective
16 bargaining agreement.

17 COUNCIL MEMBER MILLER: Right. So we're
18 talkin' about monies that were due three, four, five
19 years ago in some instances and would be... and the
20 fact that, as I mentioned the Taylor Law and the
21 pattern bargaining; so forth, this pattern has
22 already been set and monies have already been paid to
23 bargaining units in accordance with that, so it would
24 be a little difficult to now extract something from
25 someone else, but moving forward, I certainly

2 understand [background comment] the need to be able
3 to offset that in different ways, and particular,
4 which kind of segues into the next question of the
5 healthcare contributions; as you address the
6 healthcare, the needs, would you be looking at
7 contributions from the individual employees or would
8 you look to pursue the RFP which the former
9 administration had looked to pursue in the past, but
10 this time doing so including the unions in the
11 process?

12 DEAN FULEIHAN: So once again, what the
13 Mayor put on the table, there have to be savings. If
14 there was no walking in and saying here's a
15 prescription, no one has publicly said here's what
16 you must do; what it said was, there have to be
17 savings, we'll treat you with respect that's
18 appropriate, but there obviously have to be savings
19 so we can move forward, because it's the benefit to
20 the entire city to move forward.

21 COUNCIL MEMBER MILLER: So does... as far
22 as the RFP would be... I mean I don't wanna negotiate
23 now, but those seem to be two obvious choices, either
24 you're gettin' it directly from the employer...

25 [interpose]

2 DEAN FULEIHAN: But there may... there may
3 be many... [interpose]

4 COUNCIL MEMBER MILLER: or you're
5 negotiating with the... [interpose]

6 DEAN FULEIHAN: Uh...

7 COUNCIL MEMBER MILLER: actual healthcare
8 providers.

9 DEAN FULEIHAN: Honestly, there may be
10 many other choices and many other options to get
11 there; I'm not going to presume for either the City
12 at this point or the collective bargaining agreements
13 what may materialize from them.

14 COUNCIL MEMBER MILLER: Okay. And then
15 lastly, as we talk about settin' aside the cost of
16 labor increases... moving forward in the future, 'cause
17 obviously had not been done in the past, which kind
18 of put us in the position that we're in now as we
19 look at this [background comment] budget and dealing
20 with those back pays that we don't have the monies
21 available to us; would it be your position that you
22 would set aside a reasonable amount moving forward
23 for the raises of the municipal unions as opposed to
24 either zero or the unreasonable half or one percent?

2 DEAN FULEIHAN: You know once again, and
3 I don't mean to frustrate you here, but I think once...
4 [bell] once again, we are just beginning this process
5 and I think we need to give it a little bit of time
6 here to see how it moves forward. We have a mutual
7 interest in how this comes out, but I think we need
8 to give this a little bit of time.

9 COUNCIL MEMBER MILLER: Okay. I thank
10 you for your time, but it would just seem to me that
11 if you fail to do that that we would balancing
12 budgets with smoke and mirrors, considering that we
13 know that... [interpose]

14 DEAN FULEIHAN: Well, I mean...

15 COUNCIL MEMBER MILLER: this is money
16 that's... [interpose]

17 DEAN FULEIHAN: Once again, we have
18 clearly stated and the Mayor said it right off the
19 bat and I said it here, that there is a structural
20 deficit and I identified that that's obviously a huge
21 piece of the uncertainty that confronts us; I'm just
22 telling you at this point I don't know exactly what
23 that path's going to be and I think that's fair at
24 this point.

25 [background comments]

2 CHAIRPERSON FERRERAS: Council Member
3 Miller, thank you. Council Member Cumbo, followed by
4 Council Member Johnson. [background comments

5 COUNCIL MEMBER CUMBO: Thank you. Good
6 morning. I wanted to ask you in terms of the.. as far
7 as NYCHA is concerned, I understand and know that the
8 \$52 million that they were paying towards the NYPD,
9 and that's going to be returned back in that way, but
10 I also understand that they're paying for sanitation
11 services as well; was there a discussion about the
12 fact that those resources could also be treated I the
13 same way as the NYPD in order to discover different
14 resources, because one of the challenges that we're
15 facing is that many of the senior centers, as well as
16 the community centers, are slated to close in June; I
17 went to Lafayette Gardens yesterday and there's a
18 great deal of anxiety in our public housing
19 developments about key critical resources being
20 closed at a time when violence is certainly, in our
21 communities, particularly as an elected official, I
22 believe are still on the rise despite a lot of the
23 facts and figures and statistics to show otherwise,
24 it's still felt in the same way?

2 DEAN FULEIHAN: So once again, in the
3 preliminary budget we were very careful about
4 identifying within the resources that were available
5 and with the uncertainty that we're confronting what
6 were priorities that we could begin immediately and
7 made a significant difference, and what the Mayor
8 identified was this savings, this \$52 million with a
9 very clear agenda and a measurable agenda, to get
10 back to an earlier question, and that's where we're
11 beginning. We need, again, working together to see
12 if there are other places where we can find savings
13 where we can prioritize so that those other programs
14 that you... is very similar to what you just mentioned...
15 can be afforded and can be part of that budget.

16 COUNCIL MEMBER CUMBO: And has that
17 sanitation been one of those options that were put on
18 the table? [interpose]

19 DEAN FULEIHAN: Well there... there... once
20 again, there are many ways to do that; basically it
21 wasn't a repayment to NYCHA, it was actually they
22 didn't have to make a payment, [background comment]
23 right? So that was the way to, while at the same
24 time holding the NYPD harmless on that dollar, was
25 allowing NYCHA to have this infusion of cash; that's

2 what we felt was affordable in the preliminary
3 budget. Alright now, obviously we're gong forward,
4 we're gonna have... we... you know, one of the benefits,
5 again, that actually is not at the state level, is
6 the ability to have this dialog and actually have it
7 go over period of time. So we're gonna have that,
8 but we have many challenges as we do that.

9 COUNCIL MEMBER CUMBO: Thank you. The
10 other question that I wanted to ask, switching gears;
11 when it comes to universal pre-K, I think one of the
12 things that would be helpful in understanding would
13 be the education as far as; when was the last
14 significant, major tax hike on the wealthiest of
15 individuals in New York and was there some sort of
16 documented exodus that happened in some way, shape,
17 form or fashion that we would be able utilize in
18 terms of understanding and speaking about this in a
19 more facts and figure kind of way versus the myth of
20 it?

21 DEAN FULEIHAN: Well as you know, there
22 is a state surcharge, a temporary state surcharge on
23 the very wealthiest New Yorkers and much more
24 significant level and we know of nothing or any study
25

2 that's been put out that says it had a negative
3 impact on the wealthiest leaving the city.

4 COUNCIL MEMBER CUMBO: Uhm-hm. And one
5 more question; it's another switching gears, similar
6 to Council Member Jimmy Van Bramer, who talked about
7 the impact of the cultural community and its
8 contributions to the City of New York; I believe
9 right now, coming from that world, that over 800
10 organizations compete for \$30 million throughout New
11 York City in order to provide resources throughout
12 the five boroughs; have there been any discussions
13 with the surpluses that are taking place to increase
14 that investment, particularly in the not-for-profit
15 sector, in our cultural institutions that are such a
16 viable source of funding and economy in New York
17 City?

18 DEAN FULEIHAN: So once again, we
19 [background comment] recognize; I think we all do,
20 it's given a contribution; at the same time, you know
21 we did present preliminary budget [background
22 comment] that's balanced in both 2014 and 2015; we're
23 hopeful that [bell] there are additional resources;
24 nevertheless, there are also significant risks that
25 we're confronting, and I think it's worth saying, I'm

2 quite sure everyone else who's gonna testify today is
3 gonna talk about risks, even if they see other
4 positives, they're gonna actually cite those risks
5 that we have to confront, so we very much, working
6 together, are gonna have to look at priorities and
7 programs and where we can... other places we can find
8 savings or where we want jointly to say, here's a
9 better priority.

10 CHAIRPERSON FERRERAS: Thank you Council
11 Mem... [interpose, background comment] [laugh] Thank
12 you Council Member Cumbo. So we'll have... we've been
13 joined by Council Member Wills; we will now have
14 Council Member Johnson, followed by Council Member
15 Lander.

16 COUNCIL MEMBER JOHNSON: Thank you Madame
17 Chair, thank you to the Speaker, who was hear earlier
18 and Mr. Fuleihan, thank you for joining us today. A
19 few questions and I just wanna start out by saying,
20 the initiatives that were announced in the
21 preliminary budget that were priorities for this
22 administration, whether it be the Inspector General,
23 Auburn Catherine Street, Runaway and Homeless Youth,
24 the 30 percent rent cap; the Enhanced Immigrant
25 Services, I do believe that that reflects a very

2 progressive budget and under the uncertainty that we
3 have right now, given the state; federal money, as
4 well as the 152 outstanding labor contracts, I was
5 very, very pleased and excited to see that the
6 Administration chose these things to focus on, even
7 in this time of uncertainty, so I just wanna say
8 that; that I do believe it reflects a very
9 progressive budget. On that, and especially on HIV
10 and AIDS, you know the sequester that happened from
11 the Federal Government with Ryan White funding which
12 primarily funds HIV and AIDS services, treatment;
13 prevention efforts all around the country, and New
14 York City is one of the largest beneficiaries of Ryan
15 White funding; it looks like it's going to be an \$18
16 million reduction, which is very, very significant
17 actually, given what is currently happening with the
18 state of HIV and AIDS in New York City. I wanted to
19 hear what, if any, impact the reduction you think
20 would have on City services and does the City have
21 any plan to maintain some of the public health
22 programs that are gonna be affected by this; I know
23 there was a significant increase, it's gonna cost a
24 lot of money, the 30 percent rent cap, which is
25 great, but I also don't want us to neglect the other

2 services that have been essential for years on HIV
3 and AIDS?

4 DEAN FULEIHAN: So you know, again,
5 unfortunately what's happened at the federal level,
6 and this is a prime example, and the uncertainty at
7 the state level is creating a great deal of
8 challenges for us. The best answer I have at this
9 point is that we really do need to sit down and
10 figure out those priorities, moving forward, and how
11 within the constraint of the budget, how we allocate
12 resources. So we're obviously aware of it, we're
13 obviously concerned, we join in your concern, but we
14 have to figure out how we move forward with that.

15 COUNCIL MEMBER JOHNSON: Thank you and I
16 would look forward to having that conversation with
17 you; I mean, if you look at the overall budget and if
18 you look actually at the money that's being invested
19 in 30 percent rent cap, \$18 million is actually not
20 [background comment] a lot of money to make up in
21 federal cuts. [crosstalk]

22 DEAN FULEIHAN: You know and... and thank
23 you, because you recognize, obviously, that one of
24 the clear priorities of this administration was to
25 achieve, with you, the rent cap, which has been years

2 now, we've not been able to achieve it and now we are
3 on the verge of achieving it.

4 COUNCIL MEMBER JOHNSON: Which is huge
5 for many, many New Yorkers. To other quick things.
6 You know the Mayor has repeated talked about a rental
7 assistance program for the homeless in New York City;
8 I guess in 2011 the State discontinued its 50 percent
9 match on that; what is the City anticipating would be
10 the cost of such a program and given that the State
11 has withheld funding thus far, what's the plan on the
12 rental assistance program?

13 DEAN FULEIHAN: So this very much part of
14 the State agenda for the Mayor and the Governor has
15 said he's interested in this, a long history in this,
16 and it's an area we're still very hopeful in the next
17 couple weeks that we can actually come back to you
18 and say, you know what; we do have a partnership
19 again and we do have a way to move forward.

20 COUNCIL MEMBER JOHNSON: Do you think
21 that's gonna happen before the April 1st State budget
22 is adopted?

23 DEAN FULEIHAN: Well it really needs to
24 happen before April 1st and that's... we're hopeful.

2 COUNCIL MEMBER JOHNSON: It would be
3 helpful if as soon as you have information on that...
4 [crosstalk]

5 DEAN FULEIHAN: Absolute...

6 COUNCIL MEMBER JOHNSON: that was shared
7 with us.

8 DEAN FULEIHAN: Absolutely.

9 COUNCIL MEMBER JOHNSON: And lastly, on
10 the expense side of the budget you testified in your
11 opening that City agencies are gonna have additional
12 expenses related to ongoing day to day operations,
13 \$25 million in FY 2014 and \$73 million in FY 2015;
14 can you give me or give the Committee and the
15 Council... [crosstalk]

16 DEAN FULEIHAN: Oh sure.

17 COUNCIL MEMBER JOHNSON: some more
18 specifics on that? I know that some of that money's
19 gonna go into DCA enforcement around the Earned Sick
20 Time Enactment, but what else is that particularly
21 going to, what other agencies?

22 DEAN FULEIHAN: So you know, obviously
23 sanitation would be pretty... [crosstalk]

24 COUNCIL MEMBER JOHNSON: With the snow
25 removal.

2 DEAN FULEIHAN: with the snow... the Board
3 of Elections, were currently being forced to have a
4 June primary that wasn't anticipated in the November
5 update [bell] and that still may or may not happen,
6 actually, I know there are different bills in the
7 State to actually move, so we're not convinced of
8 that yet, and there's some other hardware and
9 maintenance and some litigation support, but, you
10 know, we can give you a detailed list.

11 COUNCIL MEMBER JOHNSON: That would be
12 helpful. And I just wanna say thank you, because in
13 the past two months the Administration and OMB have
14 been very helpful and responsive with individual
15 concerns in my own district and I appreciate that and
16 I look forward to working with you all.

17 DEAN FULEIHAN: Okay and hopefully we'll
18 continue that.

19 CHAIRPERSON FERRERAS: Thank you Council
20 Member Johnson; we will have Council Member Lander,
21 followed by Council Member Barron.

22 COUNCIL MEMBER LANDER: Thank you Chair
23 Ferreras. Mr. Fuleihan, great to have this first
24 budget hearing with you and I really do appreciate
25 your... the thoughtfulness you bring to presenting a

2 budget that both is in sync with the progressive
3 values, but is insistent on fiscal responsibility and
4 I think the clarity that you bring that one can do
5 that is refreshing and helpful and much appreciated.

6 In that vein, you know sometimes that
7 means a hard choice, because we'd like to spend more
8 confronting homelessness and we have to be guided by
9 the limits that we have, but sometimes you can make
10 goals in sync to get both and so I wanna ask a little
11 more about how you're thinking about healthcare in
12 the context of the municipal contracts. During the
13 campaign the Mayor talked a lot about either using
14 primary healthcare clinics, you know from HHC to
15 expand preventive health care options and restructure
16 incentives that workers have to get preventive
17 healthcare, when it's a lot less expensive for them
18 and for us, as opposed to later, and so that's not
19 simple; I mean there's some great models, like the
20 Hotel Workers Union have these great preventive...

21 [crosstalk]

22 DEAN FULEIHAN: Yeah.

23 COUNCIL MEMBER LANDER: clinics that save
24 them money, so you've talked about trying to achieve
25 savings in the context of the negotiations; I wonder

2 if you could talk a little more about what work
3 you're doing to try to make sure those savings drive
4 and improve healthcare options so we could both save
5 money and achieve those goals?

6 DEAN FULEIHAN: So thank you for raising
7 those, because the Mayor does speak about them often,
8 but he doesn't do it in the context that... we know
9 there are models out there, we know there are ways to
10 make savings; we need to talk about the many ways to
11 find savings in healthcare and it's not a one
12 constraint, it's gonna be part of a dialog and that's
13 why I'm hesitant to say, you know it has to be this
14 way or it has to be this way; it really needs to be
15 part of what we're just engaging with with our
16 workforce to say okay, how can we do this, but we
17 know there are ways to provide high-quality
18 healthcare, which has to be fundamental to the
19 beginning of the conversation.

20 COUNCIL MEMBER LANDER: Which I
21 appreciate hearing and I understand; I'm not asking
22 you to, you know, kind of bring the bargaining
23 strategy here, but look, there was an unfilled
24 promise in some ways of Obamacare that there was
25 gonna be more focus on achieving savings through

2 incentives for... a greater focus on preventive
3 healthcare... [interpose]

4 DEAN FULEIHAN: So...

5 COUNCIL MEMBER LANDER: and I just think
6 this is a great opportunity for us... [interpose]

7 DEAN FULEIHAN: Sure.

8 COUNCIL MEMBER LANDER: to try to put
9 opportunity... [crosstalk]

10 DEAN FULEIHAN: So... so one... one of the
11 Albany agenda and Washington agenda that the Mayor,
12 working with the Governor, actually was very
13 successful on was the Medicaid waiver and the
14 Medicaid waiver, while we don't have exact... you know,
15 it was asked for \$10 billion, \$8 billion, which is
16 very significant, took many years, but finally has
17 been achieved, we don't have exact distribution, but
18 we know that those funds are gonna be used and will
19 have a significant impact on healthcare at HHC and in
20 our not-for-profit healthcare community in the City.
21 So there is actually a good example and there's a
22 good example we're working together; we were actually
23 able to make an accomplishment.

24 COUNCIL MEMBER LANDER: Oh good to hear;
25 I'll just ask you to keep on your radar screen; I

2 think that focus on achieving savings by incentives
3 that structure people to have incentives to avail
4 themselves of preventive care up front is...

5 [interpose]

6 DEAN FULEIHAN: Agree. Agree.

7 COUNCIL MEMBER LANDER: smart and wise
8 and keep lookin' at it. Encouraged to hear you talk
9 about the capital budget in response to Council
10 Member Kallos' question; one thing that we haven't
11 had in the capital budget in the past is something
12 you might think of as a priority list of our
13 infrastructure priorities and deciding what percent
14 we wanna be spending in debt service of the total
15 budget and how that achieves broader infrastructure
16 goals would be great to have and we'll wait to the
17 Executive Budget for it, but historically the
18 presentation of the capital budget hasn't enabled
19 that dialog; there have been some helpful things,
20 like the SIRR report [background comment] tried to
21 evaluate capital investments; now that's mostly on
22 federal and other resources, try to help us think
23 about what are the investments that make the most
24 sense to have and what are we willing to pay for
25 them, so as we go forward, if we can have a

2 conversation about the capital budget that better
3 enables us to have a conversation about our
4 infrastructure priorities and what we should be
5 willing to pay for them, I would love to pick that up
6 in the Executive Budget.

7 DEAN FULEIHAN: Done; we'd like to... we
8 should have that conversation.

9 COUNCIL MEMBER LANDER: Sounds great.
10 You also mentioned the effort to get the federal
11 Sandy funding, [background comment] which is great
12 and it's good to know you're pushing OMB folks on it;
13 I'd like to call your attention to the Sandy Funding
14 Tracker, which was established by Council
15 legislation, Council Member Richards and I put it
16 together, and the Bloomberg Administration set it up
17 in its waning days, but I checked and it's not yet
18 being updated with the level of detail and the
19 resolute focus that you're talking about in terms of
20 both tracking how we're spending it and what we're
21 getting back from Washington, so I just ask you to
22 take a look at that and again, by the time of the
23 Executive Budget, maybe we [bell] can take a look at
24 it in more detail.

25 DEAN FULEIHAN: Okay, definitely.

2 COUNCIL MEMBER LANDER: Thank you.

3 DEAN FULEIHAN: Great.

4 COUNCIL MEMBER LANDER: Thank you Madame
5 Chair.

6 CHAIRPERSON FERRERAS: Thank you Council
7 Member; now we will be joined by Council Member
8 Barron. [background comments]

9 COUNCIL MEMBER BARRON: Thank you Madame
10 Chair and to Dean Fuleihan, we meet once again...
11 [interpose]

12 DEAN FULEIHAN: Yes.

13 COUNCIL MEMBER BARRON: and...

14 DEAN FULEIHAN: I followed you here.

15 COUNCIL MEMBER BARRON: 'Kay; hopefully
16 we're going in the same positive direction and
17 improving services for our people.

18 DEAN FULEIHAN: Agreed.

19 [background comments]

20 COUNCIL MEMBER BARRON: But it's the same
21 old question that you knew I always brought up in
22 Albany -- [background comments] CFE...

23 DEAN FULEIHAN: I look forward to it.

24 COUNCIL MEMBER BARRON: the Campaign for
25 Fiscal Equity and we know that it was a lawsuit that

2 was brought in 1993 and the settlement said that yes
3 in fact, New York City had not been receiving its
4 fair share of finances and the City was entitled to
5 \$5 billion, \$5 plus billion over a four-year period.
6 [background comment] Two of the first years we did
7 receive, New York City received 1.1 and 1.2;
8 following years we in fact lost [background comment]...

9 DEAN FULEIHAN: Yes.

10 COUNCIL MEMBER BARRON: which really
11 zeroed it out and brought it back to where it was,
12 [background comments] but in any event, we are at
13 least outright entitled to \$2.7 billion additional.
14 I've always thought; when is it coming; the Governor
15 [background comment] last year said as far as he was
16 concerned, CFE was done, it was done, it was dead, it
17 was finished; never to be brought up again. What are
18 we going to do to raise this issue? I believe a
19 lawsuit was launched last month to try to get the
20 balance of the money; how is New York City going to
21 fight so that that money is garnered in and brought
22 to our students?

23 DEAN FULEIHAN: Right, you've been... and I
24 do acknowledge, a major champion in this for the..
25 [interpose]

2 COUNCIL MEMBER BARRON: Thank you.

3 DEAN FULEIHAN: children of New York
4 City; the Mayor said in his testimony, really opening
5 up the state budget process, that this was a moral
6 obligation, that this is an imperative and it can't
7 be forgotten and that we all understand that there
8 was a hardship that every municipality faced during
9 2008-2009, but you're right, it took four years for
10 us to get back to where we were and you know, the
11 Mayor has raised CFE, he's raised it repeatedly and
12 we're just gonna have to keep raising that; he has
13 identified that we need additional school aid and
14 identified areas that we could target that, because
15 once again, it probably helps to say here measurable
16 and here are specific areas... [interpose]

17 COUNCIL MEMBER BARRON: Right.

18 DEAN FULEIHAN: where it would have a
19 profound impact on our schools. So you know, we're
20 gonna continue to join you in that effort. And I
21 think it's being enhanced; I don't think it's been
22 forgotten.

23 COUNCIL MEMBER BARRON: Do you think it
24 would be possible for us to join the lawsuit that has
25

2 been... would that be a step that might enhance what it
3 is we wanna do or... [interpose]

4 DEAN FULEIHAN: Well I'm gonna be careful
5 and not play counsel, so. But in terms of our
6 advocacy, we are definitely... the Mayor's made it very
7 clear.

8 COUNCIL MEMBER BARRON: Thank you. And
9 another question; what is the role that OMB plays in
10 deciding which contracts are in fact awarded? I
11 heard you say we're to see how we can have in-house,
12 some of the services that are now being contracted
13 out; so what is the role that you play in making that
14 determination?

15 DEAN FULEIHAN: So it's not... and I'm
16 gonna be corrected here if I say something wrong;
17 it's not primarily an OMB role; it really is the
18 Office of Contracts [background comment] and the
19 agencies that have primary jurisdiction and I'm quite
20 sure as you move along in these hearings you're gonna
21 be having specific conversations; clearly there is an
22 effort to look at all of these things across the
23 board, so that's happening, but it's not a particular
24 jurisdiction of our office.

2 COUNCIL MEMBER BARRON: And finally, I am
3 the Chair on the Higher Education Committee and I'm
4 glad to know that the Mayor has baselined some of the
5 programs that we are operating and of course, we look
6 to expand that, even though they're baselined,
7 because we feel that there's so much more that we can
8 accomplish, and particularly my regards Medgar Evers
9 College [background comment] and I'm not quite sure,
10 haven't been able to get a definitive answer, as to
11 how their funding is being presented. As you know,
12 Medgar Evers College was at one point a two-year
13 college and has... [crosstalk]

14 DEAN FULEIHAN: Yes.

15 COUNCIL MEMBER BARRON: moved onto four,
16 so we just wanna make sure... [crosstalk]

17 DEAN FULEIHAN: Long struggle.

18 COUNCIL MEMBER BARRON: Yeah, a hard
19 struggle, long-fought battle, but we were successful...

20 DEAN FULEIHAN: Yes.

21 COUNCIL MEMBER BARRON: we wanna make
22 sure the State is in fact providing the funding at
23 100 percent, as it should be, for all of the four-
24 year colleges... [interpose]

2 DEAN FULEIHAN: So it's... it's a fair
3 question; there was a lot of controversy on this...
4 [crosstalk]

5 COUNCIL MEMBER BARRON: Yes.

6 DEAN FULEIHAN: but I also wanna be fair;
7 let me come back to you and make sure. [interpose]

8 COUNCIL MEMBER BARRON: I appreciate it.
9 Thank you.

10 CHAIRPERSON FERRERAS: Thank you Cou...
11 [bell] thank you Council Member Barron; we will have
12 Council Member Cornegy, followed by Council Member
13 Williams.

14 COUNCIL MEMBER CORNEGY: Good morning Mr.
15 Fuleihan. You made reference to the Administra...
16 [background comments] [chuckle] the Administration's
17 desire to increase MWBE contracting throughout all
18 agencies; do you know what the percentage of MWBE
19 contracts is presently?

20 DEAN FULEIHAN: No, it's actually done by
21 the Office of Contracts, so I don't have that; I
22 don't wanna speculate, so we would have to... we will
23 get that for you.

24 COUNCIL MEMBER CORNEGY: So what is the
25 Administration's plan to increase it? [interpose]

2 DEAN FULEIHAN: Well, once again, I... you
3 know what I stated here was a broad-based policy by
4 the Mayor; the specifics, we will come back to you;
5 you know there are agencies that are very active in
6 contractings, the Office of Contracting; they would
7 be the better place to actually have that specific
8 question, but I'll make sure that we come back to you
9 with answers. But... [crosstalk]

10 COUNCIL MEMBER CORNEGY: So as...

11 DEAN FULEIHAN: clearly, it's an
12 objective, a goal and a very strong one and having
13 really the City engage so that all sectors of this
14 city, all communities in the city are participating
15 in the economic benefit that can derive from the city
16 is a major goal of the Mayor and it is part of income
17 equality as well. So it goes without saying that
18 this is a major one of his values and goals; the
19 specific numbers, I wanna be careful, so I'm happy to
20 come back to you and other agencies that you're gonna
21 have before you will be able to be much more specific
22 about this.

23 COUNCIL MEMBER CORNEGY: But I'm just
24 wondering, I know that on the... if I'm not mistaken,
25 on the state level there is a big hairy, audacious

2 goal of 20 percent minority contracts and I haven't
3 heard the percentage or the goal percentage-wise for
4 the City; we have a goal?

5 DEAN FULEIHAN: So once again, I don't
6 want to make a mistake in what I'm saying to you, I
7 know what the goal is, I know that it will be clear
8 that we will do every effort to achieve minority and
9 women participation; I think there are many ways to
10 achieve that and from... [interpose]

11 CHAIRPERSON FERRERAS: And Council Member
12 Cornegy; Council Member Cumbo will be holding a
13 hearing specific to this topic; I think in April
14 she's trying to schedule this, to follow up also on
15 your question.

16 DEAN FULEIHAN: So... [interpose]

17 COUNCIL MEMBER CORNEGY: Thank you.

18 DEAN FULEIHAN: yeah, I... I... I apologize
19 that I don't have a specific plan for you, but I know
20 that this... once again, this is a major... this is very
21 much part of what this administration is about.

22 COUNCIL MEMBER CORNEGY: Madam Chair, do
23 you know if that hearing will be in partnership with
24 Small Business?

2 CHAIRPERSON FERRERAS: We can definitely
3 speak with [background comment] Chair Cumbo and make
4 sure that we pull those together, if that's something
5 that you'd like. Okay.

6 COUNCIL MEMBER CORNEGY: Thank you.

7 CHAIRPERSON FERRERAS: Thank you. Are
8 you done with your questions?

9 COUNCIL MEMBER CORNEGY: Yes. [laughter]

10 CHAIRPERSON FERRERAS: Okay, thank you so
11 much Council Member. And now we will have Council
12 Member Williams, followed by Council Member Levine.

13 COUNCIL MEMBER WILLIAMS: Thank you
14 Madame Chair, thank you for being here and testifying
15 and thank you for having written testimony; I don't
16 think that that happened too often, so really
17 appreciate it.

18 And so there was a rap line that I said
19 to Mark Page and I wanna use it here as well, it's by
20 Lupe Fiasco, and it says, "Sometimes livin' in a
21 world like this, it's pretty hard not to go insane,
22 pretty hard if you don't comply, pretty easy if you
23 don't complain, stand there like you don't feel
24 pain." And I said that because a lot of times the
25 budget that came here, it kinda summed it up for me;

2 whatever we threw at people, we get mad when they
3 respond, particularly the ones that are hurting the
4 most. And so what I'm seeing so far I am please
5 with, that it seems that we are addressing some of
6 the issues of people who feel the pain the most; I
7 think we do have a long way to go, so in that vein...
8 [crosstalk]

9 DEAN FULEIHAN: Great.

10 COUNCIL MEMBER WILLIAMS: one, I wanted
11 to ask; me... one of my big issues is gun violence and
12 I know we don't break it out, which troubles me a
13 lot, so I'm tryin' to figure out how in the budget
14 can we reflect how we're addressing this issue. I
15 know we do it a lot when we think of police,
16 [background comment] at NYPD, we do a good job there
17 dedicating services, resources; are we planning to
18 dedicate specific resources per agency, particularly
19 to the areas where the gun violence is the most
20 severe? And I'm particularly pertaining to DYCD;
21 Department of Mental Health is usually not brought
22 into this conversation; is there a thinking to move
23 that way; if so, how much per agency?

24 DEAN FULEIHAN: So you know, once again,
25 I wanna be careful in areas... you know I said it

2 actually at the end of my opening remarks, that there
3 are times where I'm gonna have to say that I know the
4 Mayor shares that goal dramatically, so... but I wanna
5 make sure that I give you fair and appropriate
6 answers, so I really do have to come back and say
7 okay, let's take a look and let's see if we can give
8 you a fair answer.

9 COUNCIL MEMBER WILLIAMS: Thank you. I
10 figured it might be that, because we generally don't
11 think of the gun violence issue like that, but I
12 wanna make sure I say it every opportunity that I
13 have. [crosstalk]

14 DEAN FULEIHAN: Okay, it's fair, fair
15 question.

16 COUNCIL MEMBER WILLIAMS: And I would
17 also like there to be more interagency discussion,
18 because sometimes... [interpose]

19 DEAN FULEIHAN: No, I... I... I... I gathered
20 that from the question; it [laugh] was a fair... it's a
21 fair question.

22 COUNCIL MEMBER WILLIAMS: Whenever I
23 would speak to Commissioner of DYCD about how...
24 [interpose]

25 DEAN FULEIHAN: Sure.

2 COUNCIL MEMBER WILLIAMS: even the
3 Commissioner at NYPD, how cuts to the youth services
4 would effect crime... [crosstalk]

5 DEAN FULEIHAN: Sure. Understood.

6 COUNCIL MEMBER WILLIAMS: that never
7 happened. And someone told me, I think it was
8 yesterday, that... I mean if you could find out, that
9 some of the landmark grants that are given to
10 landmark houses, to make repairs, come out of the
11 CDBG funds; is that accurate; do you know...

12 [interpose]

13 DEAN FULEIHAN: It's... it's possible, but
14 I'm gonna be careful again and I'm gonna make sure
15 that I get back to you on that.

16 COUNCIL MEMBER WILLIAMS: I would be..
17 While I want to make sure those grants actually
18 increase them, I'm concerned about that, 'cause I
19 don't think that's what the CDBG funds were intended..
20 [crosstalk]

21 DEAN FULEIHAN: Okay. So... so no one's
22 sure, so we're gonna get back to you. [laughter]

23 COUNCIL MEMBER WILLIAMS: Okay. And this
24 was probably asked and I apologize, 'cause I was
25 late, but consulting contracts; have we looked at

2 them; have we seen how much we'd be able to save; do
3 we have any numbers related to that?

4 DEAN FULEIHAN: I don't have specific
5 numbers, but yes, it was one of the areas that was
6 asked before and that we're more than willing and we
7 believe we need to look at, so... [crosstalk]

8 COUNCIL MEMBER WILLIAMS: And...

9 DEAN FULEIHAN: we'll do that with you.

10 COUNCIL MEMBER WILLIAMS: And you may
11 have answered this also, but I know particularly in
12 Department of Education, as well as some of the
13 contract areas, the units of appropriation were just
14 incredibly large; what is the feeling on the
15 Administration... [interpose]

16 DEAN FULEIHAN: So...

17 COUNCIL MEMBER WILLIAMS: in terms of
18 making the U of A's smaller? [crosstalk]

19 DEAN FULEIHAN: So... So once again, we're
20 happy to have a conversation about providing
21 information and let's see how we move forward; what
22 is the kind of information you need; I'm quite sure
23 the chancellor... [crosstalk]

24 COUNCIL MEMBER WILLIAMS: So just...

25

2 DEAN FULEIHAN: will have the same
3 conversation.

4 COUNCIL MEMBER WILLIAMS: specifically;
5 would the Administration be willing in making the
6 units of appropriation smaller?

7 DEAN FULEIHAN: I think what we need... I
8 think what we need to do, to be careful that we give...
9 you know once again, new to this process; I think I
10 have to be careful that I sit down with you, actually
11 understand what the objectives are, that we sit down
12 with whatever the department is, that we talk to the
13 chancellor about what's the best way to approach it
14 to get you the information, because that in the end
15 is what you're really talking about, the information
16 you need.

17 COUNCIL MEMBER WILLIAMS: Alright. So
18 just for clarity, my question was; would the
19 Administration be willing to make smaller the units
20 of appropriation, so we're not sure yet, but you're
21 [background comment] willing to help us get
22 information? But my specific question is; we're not
23 sure?

24 DEAN FULEIHAN: And my specific answer
25 was... [interpose]

2 COUNCIL MEMBER WILLIAMS: Yeah.

3 DEAN FULEIHAN: was that I actually wanna
4 work with you to understand what the goal is and
5 there maybe more than one way to give you that goal,
6 that's all I'm saying; I'm not actually trying to be
7 argumentative, but I need to understand it better.

8 COUNCIL MEMBER WILLIAMS: No it wasn't, I
9 just wanted to be clear... [crosstalk]

10 DEAN FULEIHAN: Okay.

11 COUNCIL MEMBER WILLIAMS: of my question
12 and what the answer was. Would you be willing to
13 consider retroactively changing some of the [bell]
14 outside contracts and contracts in general that were
15 in... [crosstalk]

16 DEAN FULEIHAN: You know, I... I... I
17 couldn't... I couldn't play lawyer with your colleague
18 sitting next to you; I think the... some attorney would
19 be upset if I said I was starting to retroactively
20 negate contracts.

21 COUNCIL MEMBER WILLIAMS: Well seeing
22 that my time is up, so thank you very much. Thanks
23 again. [crosstalk]

24 DEAN FULEIHAN: Thank you. Alright.

25 CHAIRPERSON FERRERAS: Thank... [interpose]

2 DEAN FULEIHAN: And we will come back to
3 you.

4 CHAIRPERSON FERRERAS: Thank you Council
5 Member Williams; we will have Council Member Levin,
6 followed by Council Member Gibson.

7 COUNCIL MEMBER LEVIN: Thank you very
8 much, Madame Chair; thank you Mr. Fuleihan. Mr.
9 Fuleihan, I just wanna ask -- I have three questions,
10 so I wanna try to get these all in in my five
11 minutes. With regard to the rental subsidy program
12 that we're talking about for homelessness, I
13 understand the time constraints; in the last year of
14 the Advantage Program; it was about a \$200 million
15 program, \$108 million program, \$75 million of that
16 was city tax levy, \$66 million was state, \$66 million
17 was federal; are we committing to \$75.5 million of
18 city tax levy in FY15 for a subsidy program?

19 DEAN FULEIHAN: No. What we're
20 committing to at this point is a serious dialog with
21 the Governor's Office to see what we can do, again,
22 for an innovative and program that really serves many
23 purposes and starts to address the problem we're
24 confronting... [crosstalk]

25 COUNCIL MEMBER LEVIN: Okay.

2 DEAN FULEIHAN: so that's where we are
3 and as in many things in the state budget, the next
4 three weeks, you know, a lot happens.

5 COUNCIL MEMBER LEVIN: Very important.
6 And we need to match... I mean the issue is that we
7 have a third, a third, a third; since the Advantage
8 Program lapsed in 2011, the situations has been
9 basically in freefall and so we've had 10,000 more
10 people added to our homeless census since that time;
11 it's a quarter of the census population overall...

12 [crosstalk]

13 DEAN FULEIHAN: Right.

14 COUNCIL MEMBER LEVIN: in the homeless
15 shelter system, so my fear is if we don't have a
16 program that is commensurate with the crisis, so if
17 we don't have a program that is \$200 million, we're
18 not gonna be able to turn back this very, very strong
19 tide that we're seeing and I think it needs that type
20 of resource to sort of... [interpose, crosstalk]

21 DEAN FULEIHAN: So... so the Mayor
22 recognizes the problem, we're... [background comment]
23 we believe the Governor recognizes the problem and
24 we're trying to see if we can start down that path;
25 right now we're not at a very good place and the

2 Mayor recognizes that and we're trying to see if we
3 can start down and you've articulated what the
4 problem is.

5 COUNCIL MEMBER LEVIN: Great. Thank you.

6 With regard to child care, so the Bloomberg
7 Administration, before they left office, baselined
8 funding that the City Council added to the budget
9 every year of around \$62 million for child care
10 programs; this supplements the Early Learn Program...
11 [interpose]

12 DEAN FULEIHAN: Yes.

13 COUNCIL MEMBER LEVIN: and one concern
14 that we have is that if that funding is baselined, a
15 lot of the programs that we've funded through the
16 Council won't be able to qualify because of City
17 procurement rules in the Early Learn contract, so how
18 are we looking to address that issue, because we
19 don't wanna see programs that we fund lose out
20 because now it's baselined; we appreciate the
21 Bloomberg Administration doing that, but it may cut...
22 it may be a double-edged sword because we might not
23 be able to have the flexibility to fund the program...
24 [crosstalk]

25

2 DEAN FULEIHAN: The goal is not to take
3 services out of the communities that need them and
4 we're working with you and we're working right now to
5 try to figure out how to address this, so I don't
6 have a conclusionary answer right there, but we
7 understand the problem and you know, once again, it
8 was not to take services out of communities that need
9 them.

10 COUNCIL MEMBER LEVIN: Great. Thank you.
11 And then my last question has to do with the Charter
12 Budget in Department of Education, so last year they
13 broke out a unit of appropriations specifically for
14 charter schools, so just to put it in some kind of
15 context, in FY13 in the preliminary budget the
16 charter increase from the previous year, the year
17 over year increase was \$70 million in the preliminary
18 budget and then they came back and the Executive
19 Budget was \$110, so there was a \$40 million increase
20 from prelim to exec. Last year they came back in the
21 prelim with a \$70 million increase year over year
22 from FY13-14 and they came back in the exec and there
23 was \$210 million increase, so there was a \$140
24 million difference from the prelim to the exec. This
25 year the prelim has \$153 million increase year over

2 year from FY14-15, so that's \$153 million increase
3 just now in the prelim and my fear is that we're
4 gonna get to the Executive Budget; because we're now
5 in the exec we add in the new charter schools; that
6 that number's gonna go up to somewhere around \$250
7 million increase, so a quarter of a billion dollar
8 increase from 14 to 15 and are you anticipating that
9 there's gonna be that type of increase from prelim to
10 exec and if so, how are we gonna deal with that
11 within the budget, 'cause that's... you know, that's
12 another \$100 million, serious money. [crosstalk]

13 DEAN FULEIHAN: That's... that's... once
14 again, that's part of our dialog, so I'm not gonna
15 presume what it's going to be, but I think we need to
16 have that conversation; it's a fair question.

17 COUNCIL MEMBER LEVIN: Because... I mean
18 and... and this is... [bell] this kinda speaks to the
19 issue of charter citing, because if we're looking at
20 an increase, you know of, you know 15 or you know, 20
21 percent year over years, that's really not something
22 that's sustainable.

23 DEAN FULEIHAN: Once again, it's a fair
24 question... [crosstalk]

25 COUNCIL MEMBER LEVIN: Yeah.

2 DEAN FULEIHAN: I... I really do have to
3 come back to you and say okay, here's what the
4 projections look like.

5 COUNCIL MEMBER LEVIN: Okay. Alright,
6 thank you. [interpose]

7 DEAN FULEIHAN: I'm happy to do that.

8 COUNCIL MEMBER LEVIN: I appreciate it.
9 Thank you. Thank you Madame Chair.

10 CHAIRPERSON FERRERAS: Thank you Council
11 Member Levin; we're gonna have... we've been joined by
12 Council Member Greenfield; now we will have Council
13 Member Gibson, followed by Council Member King.

14 COUNCIL MEMBER GIBSON: Good morning.
15 Thank you Madame Chair and thank you so much,
16 Mr. Fuleihan; I hope it's okay if I call you Dean.

17 DEAN FULEIHAN: Absolutely.

18 COUNCIL MEMBER GIBSON: [laugh]
19 Congratulations on your role... [crosstalk]

20 DEAN FULEIHAN: Thank you.

21 COUNCIL MEMBER GIBSON: and I share the
22 sentiments of Council Member Barron; you're following
23 me too.

24 DEAN FULEIHAN: I am.

2 COUNCIL MEMBER GIBSON: But just...

3 [crosstalk]

4 DEAN FULEIHAN: And I'm delighted to.

5 COUNCIL MEMBER GIBSON: Yes, I'm looking
6 forward to working with you in your new role. So I
7 have three relatively quick questions; I do want to
8 echo the sentiments of Council Member Levin on the
9 Advantage Program and the rental assistance that we
10 keep talking about; my days in Albany we were
11 fighting to keep... [interpose]

12 DEAN FULEIHAN: Yes.

13 COUNCIL MEMBER GIBSON: Advantage and
14 recognized that we do need some sort of a program;
15 due to the fact that we're about to embark on the
16 state budget, and there is language in the budget
17 bill that does prohibit New York City... [interpose]

18 DEAN FULEIHAN: Yes.

19 COUNCIL MEMBER GIBSON: from establishing
20 its own program without old Sada [sic] approval; I
21 imagine conversations are ongoing [background
22 comment] and certainly I sit on General Welfare; I
23 would love to help in any effort; this is truly
24 something I feel personal about and I'm truly
25 compassionate about the homelessness crisis, and a

2 \$208 million and now having nothing, is certainly a
3 huge gap that we all feel in New York City, so I know
4 you're having the conversations; we need to do
5 something.

6 DEAN FULEIHAN: Okay, we'll take you up
7 on that then.

8 COUNCIL MEMBER GIBSON: Okay. Thank you.
9 And my other question is in reference to public
10 safety; I'm the Chair of the Committee and with the
11 new Inspector General Unit, I know the Administration
12 has allocated \$750,000 in this fiscal year, which
13 will grow to \$3 million... [crosstalk]

14 DEAN FULEIHAN: Yeah.

15 COUNCIL MEMBER GIBSON: in FY 15 with a
16 projected staff of 30, I believe. I guess I just
17 need to understand a little bit about any factors in
18 how we are growing to \$3 million, as well as the
19 staff and their ultimate responsibility, so do we
20 project that there will be more of a responsibility
21 on the part of staff; how do we get to \$3 million
22 from \$750,000?

23 DEAN FULEIHAN: So that's a preliminary
24 projection; as you know, there's a report due back to
25 you at the end of March... [interpose]

2 COUNCIL MEMBER GIBSON: Yes, soon.

3 DEAN FULEIHAN: Yes.

4 COUNCIL MEMBER GIBSON: Right.

5 DEAN FULEIHAN: And that is being worked
6 on as we speak and that will give us a better sense
7 of how we're gonna fulfill that obligation.

8 COUNCIL MEMBER GIBSON: Okay. So \$3
9 million is just the projected amount, so it could be
10 lower, right?

11 DEAN FULEIHAN: No, I... I... [background
12 comments]

13 COUNCIL MEMBER GIBSON: Or more?

14 DEAN FULEIHAN: Right. [background
15 comments] Right, I think you... you knew that, right?
16 The three is the full-year value for 15...

17 COUNCIL MEMBER GIBSON: Okay.

18 DEAN FULEIHAN: of the 750; I apologize
19 if I didn't clarify that.

20 COUNCIL MEMBER GIBSON: Okay.

21 DEAN FULEIHAN: So that is the full-year
22 value; nevertheless, there is a report that's coming
23 to you at the end of March that really does outline
24 how we're going to move forward...

25 COUNCIL MEMBER GIBSON: Okay.

2 DEAN FULEIHAN: and that's why I said,
3 it's preliminary as they're working through it and...
4 which I know they're doing.

5 COUNCIL MEMBER GIBSON: Okay, great. And
6 my last question speaks to youth prosecutions and
7 this initiative that many of us have embarked on to
8 raise the age; New York is one of only two states in
9 the country that still prosecutes youth as adults at
10 age 16; Governor Cuomo has expressed his support and
11 many others, including many of my colleagues, in
12 raising the age.. [interpose]

13 DEAN FULEIHAN: Yes.

14 COUNCIL MEMBER GIBSON: so my question is
15 regarding youth public safety and if this particular
16 budget reflects any changes in preparation for this
17 legislation that would possibly raise the age of
18 juvenile offenders, as well as any costs that we
19 anticipate from supporting additional youth that may
20 be in the juvenile justice system, so while I know
21 it's legislation, it's talk, but should that happen,
22 we as an administration need to be prepared for that,
23 so is that conversation that you're having on to
24 raise the age legislation?

2 DEAN FULEIHAN: Certainly and we are
3 looking into it and we are looking to see what the
4 ramifications would be; as you know, there's support
5 here, there's support among the Mayor.

6 COUNCIL MEMBER GIBSON: Okay. And I
7 imagine the conversations would also include
8 Department of Probation... [interpose]

9 DEAN FULEIHAN: Of course.

10 COUNCIL MEMBER GIBSON: Corrects, etc.
11 Do you know if any... how does Close to Home factor
12 into this; I know that it's implemented right now and
13 there are many youth that are being prosecuted at
14 minor infractions now; instead of being incarcerated
15 upstate they're in ATI, an alternative to detention
16 programs, so do you project any changes with Close to
17 Home being in place?

18 DEAN FULEIHAN: So I... once again, I
19 apologize; I wish I had that answer, it's a clearly
20 important question, so let me come back to you...

21 COUNCIL MEMBER GIBSON: Okay.

22 DEAN FULEIHAN: specifically with how
23 these two things are going to work together.

24 COUNCIL MEMBER GIBSON: Okay.

2 DEAN FULEIHAN: I mean I think that's a
3 very fair question and really, that's part... if this
4 is gonna happen, that's one of the things that...
5 [interpose]

6 COUNCIL MEMBER GIBSON: Right.

7 DEAN FULEIHAN: we really do need to
8 address.

9 COUNCIL MEMBER GIBSON: Okay. And I
10 thank you again; I realize I'm just as new as you and
11 I know that we have a lot of questions, but [bell] I
12 do appreciate your cooperation and certainly
13 entertaining many of our questions.

14 DEAN FULEIHAN: I'm delighted to do...
15 [interpose]

16 COUNCIL MEMBER GIBSON: Thank you. And
17 congrats again.

18 DEAN FULEIHAN: Thank you again.

19 CHAIRPERSON FERRERAS: Thank you Council
20 Member Gibson; we will have Council Member King,
21 followed by Council Member Wills.

22 COUNCIL MEMBER KING: Good morning and
23 thank you Madame Chair and Mr. Dean Fuleihan, thank
24 you again...

25 DEAN FULEIHAN: Yeah.

2 COUNCIL MEMBER KING: for testifying
3 today. I just have one question for you. I know our
4 good Mayor has put forth energy to make sure that
5 every child has access to early education, teens have
6 access to after-school programs; as a member of the
7 Youth Committee, I'd like to know, as I look through
8 the budget, over last year we're talkin' about
9 137,000 youth applied for summer youth employment,
10 approximately only about 37,000 of them actually got
11 employed, so there's a big gap and a lot of it's due
12 to financing, so I'd like to know; is this on the
13 Mayor's agenda, his radar; is this something that he
14 can add in to make sure that we can try to figure how
15 do we fund more opportunities for our young people
16 for summer youth employment?

17 DEAN FULEIHAN: [background comments] I
18 was just checking because I... I for a moment put my
19 State hat back on and I know that was a constant
20 controversy that we battled in Albany was summer
21 youth employment. You know, once again, the Mayor
22 has been very clear, very direct about prioritizing
23 and how we very much enhance the future of our
24 children and therefore the future of the City and so
25 I'm gonna reiterate what you said on universal full-

2 day pre-K and on middle school after-school programs
3 and the importance they have. Obviously summer youth
4 and summer youth employment are very important, but
5 once again, in the context of setting priorities and
6 finding places to save, those are the kinds of things
7 that we have to work together on and you know, I look
8 forward to doing that.

9 COUNCIL MEMBER KING: Well I thank you
10 for your direct answer and if anything that we can do
11 at the Council to be of some assistance to help our
12 young people during the summer months, please don't
13 hesitate.

14 DEAN FULEIHAN: 'Kay.

15 COUNCIL MEMBER KING: Alright, thank you
16 again. Thank you Madame Chair. [crosstalk]

17 DEAN FULEIHAN: Thank you.

18 CHAIRPERSON FERRERAS: Thank you Council
19 Member King; we will have Council Member Wills,
20 followed by Council Member Greenfield.

21 COUNCIL MEMBER WILLS: I just wanted to
22 check the time. Good afternoon. I wanted..
23 [crosstalk]

24 DEAN FULEIHAN: Is it? Yes, it is.

25 [laughter]

2 COUNCIL MEMBER WILLS: Yeah, it's
3 afternoon now. [laughter] Alright. I just wanted
4 to say before I start; I'm really impressed with your
5 grasp but more, so your willingness to answer the
6 questions as honestly and directly as you have; I'm
7 cautiously optimistic that this budget process may
8 not be as adversarial as the last few, but I do
9 reserve the right to be unhappy later. [laughter] I
10 have three quick questions... you too? [laughter] The
11 first question is about the NORCs; I don't know if
12 you're aware, but the RFP that was given out, a lot
13 of the NORC programs were cut out, especially one in
14 my district, which is the actual second largest,
15 Mitchell-Lama, and one in Council Member Dromm's
16 district; are there any plans to address this,
17 because in mine alone, we serve hundreds of seniors
18 on a daily basis and without that 200 and something
19 odd thousand dollars that they would get from the
20 City, they would probably go... the program would be
21 shut down, so are there any plans to address this?

22 DEAN FULEIHAN: Yeah. So this is I
23 believe one of those... once again, I mean these are
24 the type of [laughter] areas, very positive program...

25 COUNCIL MEMBER WILLS: Right.

2 DEAN FULEIHAN: I worked for somebody who
3 is, you know, at one point, Shelly Silver, cared a
4 great deal about this program also; these are the
5 kinds of things that we need to dialog about and
6 continue to have a conversation about. There are
7 many very positive programs; this is clearly one, and
8 we need to figure out, okay, how does this fit in
9 within the constraints that we have to work in and
10 there may be ways, other priorities that may not be
11 priorities anymore; we need to take a look and
12 prioritize the budget, we need to talk about savings.

13 COUNCIL MEMBER WILLS: But you and our
14 chair, Finance Chair and Aging and Senior Centers
15 will be calling a meeting, so we can get that
16 expedited as soon as possible?

17 DEAN FULEIHAN: I'm happy to sit down
18 with you at any time.

19 COUNCIL MEMBER WILLS: Okay. My next two
20 questions are to go off of what Council Member Gibson
21 was talking about... [interpose]

22 DEAN FULEIHAN: And... and... and that's
23 [background comment] a good point, raised; obviously
24 the agency and the commissioners who are gonna be
25 testifying... [crosstalk]

2 COUNCIL MEMBER WILLS: Right, yeah.

3 DEAN FULEIHAN: with you are gonna have...
4 also are very much a part of this process.

5 COUNCIL MEMBER WILLS: Okay. To go off
6 of what Council Member Gibson was speaking about and
7 Council Member Levin, myself and Council Members
8 Barron, Richards, Miller and Levin have co-sponsored
9 a resolution calling on the State to remove the
10 language that prohibits us from using the funding for
11 the program, such as Advantage and we're also calling
12 on the Chair, which is actually in my area... I just
13 had to do a little plug for Southeast Queens... the
14 Assemblywoman for Social Services to help push that
15 agenda. We know that the Mayor has been active and
16 aggressive and progressive at pushing certain agendas
17 and I just wanna ask for clarity; when we move with
18 this, are we going to have the same amount of
19 attention to ask them to remove this language so that
20 we can have these programs or something similar put
21 back in place?

22 DEAN FULEIHAN: Once again, this is part
23 of the... it's part of the Mayor's agenda and actually
24 part of the Governor's agenda now, we're trying to
25 make sure that we can actually get together and

2 figure out a program. So this is a... I mean we
3 understand the issue, the problem and the need and
4 we're trying to see if we can work something out to
5 once again start addressing this problem.

6 COUNCIL MEMBER WILLS: Okay, my third and
7 final question is; we have a lot of areas in the
8 City, but Queens has been underserved and with the
9 closing of the last three hospitals, we are under-
10 bedded and I don't even think underserved quite
11 captures exactly the dire straits that we're in; are
12 we going to be able to use some of the money from the
13 Medicaid waiver to deal with that issue?

14 DEAN FULEIHAN: So you know in the
15 Mayor's budget presentation he actually put up a
16 slide that talked about and showed the amount of
17 hospitals that have closed in... [interpose]

18 COUNCIL MEMBER WILLS: Right.

19 DEAN FULEIHAN: just a very short period
20 of time, so this is very much on his mind and
21 actually, you know how much this has been on his mind
22 and how he's led the effort to make sure that all
23 communities in the City have appropriate and very
24 high-quality health care. Part of that was the
25 Medicaid waiver, [background comment] I can't sit

2 here yet, nor can... and really anyone in the City yet
3 and finalize and tell you exactly, but we do know
4 that we're getting funds that, we have a
5 disproportionate share of the Medicaid population, so
6 the City, HHC and our not-for-profit hospitals and
7 healthcare community will be receiving funds here and
8 that will be... a big piece of this is access and
9 innovation in health care and that should help to
10 address the problem; may not solve it completely, but
11 it certainly goes a long way towards addressing that
12 problem. But we're gonna have to be working on this...
13 [bell] over the next few weeks really.

14 COUNCIL MEMBER WILLS: Thank you very
15 much. Thank you Madame Chair.

16 CHAIRPERSON FERRERAS: Thank you Council
17 Member Wills, and we will now have Council Member
18 Greenfield.

19 COUNCIL MEMBER GREENFIELD: Thank you
20 Madame Chair; thank you both for your testimony. I
21 want to specifically focus on a particular area of
22 Administration for Children's Services budget,
23 specifically the budget as it relates to after-school
24 child care vouchers and also the Universal Pre-K
25 Child Care Plan. So the first thing that I'm

2 noticing in the budget for the Universal Pre-K Plan
3 is that it seems like the contracted UPK slots, at
4 some \$16 million and change, are being moved,
5 although it's not really clear where, and it seems
6 that there's more money gonna be coming in for UPK,
7 but it's not really clear where that money is going;
8 do you sort of have some clarity on that?

9 DEAN FULEIHAN: I apologize, but your
10 question... [crosstalk]

11 COUNCIL MEMBER GREENFIELD: I'm referring
12 to Page... Page Numbers 930 and 931 in the document
13 that you released under Administration for Children
14 Services.

15 [background comments]

16 DEAN FULEIHAN: Are we... you're gonna have
17 to help me; is it the enhancements to the existing
18 pre-K slots?

19 COUNCIL MEMBER GREENFIELD: So yeah, I
20 guess there's two... there's two separate items; the
21 first is that there are gonna be some enhancements;
22 there seems to be an increase in budgetary funding
23 that will impact ACS on UPK, although it's not clear
24 to us where that money... [interpose]

25 DEAN FULEIHAN: Oh...

2 COUNCIL MEMBER GREENFIELD: is actually
3 gonna be going, and then there's a separate issue,
4 which is that it seems like the funding for
5 contracted services for UPK, for some 16 odd million
6 dollars, is being eliminated and so I'm just curious
7 as to whether those contracted slots are still going
8 to exist or whether it's the plan to sort of
9 terminate those slots and create some sort of new
10 program.

11 DEAN FULEIHAN: I'll come back to you on
12 the reduction, 'cause honestly, I need to come back
13 to you on that. On the enhancement for the ACS,
14 absolutely, that is a major part of the Mayor's pre-K
15 proposal; is, once again, to bring all these programs
16 up to a high-quality, full-day pre-K; these programs
17 will be enhanced and as you know, there are different
18 hours that... in some cases it's two hours and in some
19 cases... correct me if I'm wrong... in some cases it's
20 five, going to six-and-a-half, so... and it's also the
21 training and the teacher qualifications, so there are
22 definitely enhancements in ACS and in both the hours,
23 the quality, the training and the oversight.

24 COUNCIL MEMBER GREENFIELD: Okay. Would
25 it be possible... and Mr. Fuleihan, I'm not trying to

2 put you on the spot; I'm just trying to get some
3 clarity, so would it be possible maybe if your staff
4 could send us a note afterwards sort of clarifying
5 exactly where that would be going, and also dealing
6 with the deficit issue that I discussed on the flip
7 side, in terms of the elimination of that \$16.8
8 million for the contracted seats?

9 DEAN FULEIHAN: [background comment] The
10 answer... we'll definitely come back to you...

11 COUNCIL MEMBER GREENFIELD: Okay, great.

12 DEAN FULEIHAN: I need to, obviously.

13 COUNCIL MEMBER GREENFIELD: Fair enough.

14 Thank you, Mr. Fuleihan. I wanna ask you
15 specifically about the after-school child care under
16 ACS child care slots, traditionally known as Priority
17 1, 2, 3, 4, 5 and up to 7; I have several questions
18 about this; specifically, in the past there was a
19 Priority 7 program that was eliminated a few years
20 ago under Mayor Michael Bloomberg and then there was
21 a Priority 5 slot that the Mayor eliminated and then
22 the Council kept funding and initially that... there
23 were around 7,000 slot, then it went to 4,000 slots
24 then went to 2,000 slots, so this is basically for
25 families who are financially strapped to provide them

2 with after-school child care, one of the major themes
3 of the Mayor's campaign and my communities and other
4 communities was that he would restore funding for
5 both Priority 5 and Priority 7 child care voucher
6 slots, but that's not reflected in this budget; is
7 that something that the Administration intends to do;
8 is that something that we should look out for in the
9 Executive Budget; what are your plans on that?

10 DEAN FULEIHAN: So once again, what is in
11 the preliminary budget is very directed and very
12 carefully done and it begins the agenda and I would
13 argue and I think most of you would agree in very
14 dramatic ways; it does not accomplish every single
15 thing that the Mayor identified and as we move
16 forward and work with you, really it is the same
17 answer, that there are other priorities that we want
18 to accomplish and you know, we look forward to
19 working with you to find a way to do.

20 COUNCIL MEMBER GREENFIELD: Okay, but I
21 mean just in all fairness, Mr. Fuleihan, we weren't
22 the ones that made the pledge, the Mayor did, so in
23 terms of [background comment] priorities... and I'm
24 just being fair [background comment] and I have a lot
25 of respect for the work that you do; it's easy to

2 shift it to the Council and the Council has done
3 this, to be clear, in the past; what I'm saying is
4 that, if the Mayor flagged it as a priority during
5 his campaign, one would think that it should still be
6 a priority now, specifically dealing with the fact
7 that these are low-income families who are relying on
8 these after-school vouchers.

9 DEAN FULEIHAN: [bell] Right. You know,
10 the... I didn't mean to shift the burden to you, I've
11 been getting the message though that every member of
12 the Council would like a cooperative relationship as
13 we move forward; that's actually all I was saying.
14 So certainly, we have priorities, we are looking for
15 savings, we are looking for other ways to function
16 within the City and you know, we're gonna keep doing
17 that, but I do hope that we can do it in a
18 cooperative way and that's actually really where the
19 Speaker started this conversation about how the
20 budget process moves forward and actually, I would
21 like to stick with that, I think it's the right way,
22 it's the way I always wanted it when I was in the
23 legislative side; I think it's an appropriate way to
24 move forward; we'd like to do that with you. I just
25 wanna go back to the pre-K, I just wanna make it

2 clear, there is \$340 million that's being dedicated
3 to this, both at DOE and ACS, so it's a significant
4 investment at a very significant per child spending;
5 I'll find out what... that may be an anomaly and I'll...
6 but I'm happy to get back to you and give you the
7 answer.

8 COUNCIL MEMBER GREENFIELD: I certainly
9 would appreciate the details. Thank you very much.

10 [crosstalk]

11 DEAN FULEIHAN: No, of course.

12 CHAIRPERSON FERRERAS: Thank you Council
13 Member Greenfield. We are going to begin the second
14 round, which is significantly shorter than the first
15 round and we will have Council Member Rodriguez;
16 again, a reminder to my colleagues, the second round
17 has a clock of three minutes.

18 COUNCIL MEMBER RODRIGUEZ: First I would
19 like to at least send a message, if you don't have
20 the answer, that when we get to finalize the budget,
21 we expect from the Administration to tell us how much
22 money is allocating for Vision Zero. As you know,
23 DOT and Public Safety and we expected also that DOE
24 and Hoff [sic] they should be involved in the multi-
25 agency task force that is so important for the Mayor

2 on his agenda on Vision Zero. But two problems that
3 we have addressing is the timeframe of Vision Zero
4 and the second is about the money. So will the Mayor
5 be working, in this case, when you present the final
6 budget, on how much money will be allocating for
7 Vision Zero?

8 DEAN FULEIHAN: Yes. Yes, absolutely.
9 But once again, you know, the instructions from the
10 Mayor are clear here; what potential savings are
11 there in an agency that can be used; can we re-
12 prioritize and of course, there are going to be times
13 when we're gonna have to come back and say additional
14 resources are needed and here's how they're financed.
15 But that obviously is a clear priority and it will
16 remain so.

17 COUNCIL MEMBER RODRIGUEZ: Okay. And my
18 second question is related to the Summer Youth
19 Program, [background comment] like I think that we're
20 sending a wrong message to our young people when we
21 say that we're opening the process to apply for the
22 Summer Youth Program and 100,000 young people, they
23 apply for Summer Youth Program and only an average
24 of... as I recall, like 30,000 young people is the only
25 number that they get in Summer Youth Program and as

2 far as I recall, with \$70 or \$75 million extra we
3 will be able to hire every single young people that
4 want to spend those two months working in the Summer
5 Youth Program, so I hope that you [crosstalk]

6 DEAN FULEIHAN: So...

7 COUNCIL MEMBER RODRIGUEZ: know that you
8 can come back and look at the number; I think that is
9 one of the priorities; I mean this group of young
10 people that apply for the Summer Youth Program, they
11 don't apply just to have only the experience, they
12 apply because they need it...

13 DEAN FULEIHAN: Right.

14 COUNCIL MEMBER RODRIGUEZ: for the
15 expenses, for the senior year and to help the family,
16 so I hope that you know that we can come back as we
17 did a couple years ago and tell every young people in
18 the city, if you wanna work in the Summer Youth
19 Program, you will have a position available.

20 DEAN FULEIHAN: So you know I'm not
21 arguing with you about the importance of summer
22 youth, right, too many years agreeing with you and
23 fighting for Summer Youth Programs; what I am saying
24 is, that we have to sit down together, we do have to
25

2 prioritize what's important to get to that final
3 budget, that's all I'm saying.

4 COUNCIL MEMBER RODRIGUEZ: Right. Air
5 conditioning in our schools; [bell] how can we
6 guarantee that working together with us... we have a
7 number of schools throughout the City where we are
8 not allowed to put money so that they can have air
9 conditioning, when as a former teacher that I was, I
10 know that one of the conditions for any item to be
11 included as capital is that it has to have five-year
12 duration and air conditioning... if I buy air
13 conditioner, I expect that I can it at least for five
14 years; how can we work together so a Council Member
15 will be able to bring money so that every single
16 school who need air conditioning we should be able to
17 serve? [crosstalk]

18 DEAN FULEIHAN: So in fairness, this is a
19 conversation we need with the Chancellor and talking
20 about the Department of Education's priorities and
21 capital priorities as well. So that's a conversation
22 I really need to defer, but could be part of.

23 COUNCIL MEMBER RODRIGUEZ: But this is
24 not about we asking the DOE to put the money, this is
25 about allowing us... [background comments] I have one

2 school, PS 128, they're using the summer camp; they
3 don't have air conditioning, I want to put the money
4 for the air conditioning, but the OMB tell us you are
5 not allowed to do it. How can we work together so
6 that we can resolve that problem?

7 DEAN FULEIHAN: So let me come back to
8 you; I... you know what, let's... let me come back, let
9 me make sure I understand exactly what the
10 constraints are and what they are and let me have a
11 conversation with you. [crosstalk]

12 COUNCIL MEMBER RODRIGUEZ: Thank you.

13 DEAN FULEIHAN: That's a fair question; I
14 apologize for not understanding it the first time..
15 [interpose]

16 COUNCIL MEMBER RODRIGUEZ: Yes.

17 DEAN FULEIHAN: my apologies.

18 CHAIRPERSON FERRERAS: Thank you and also
19 [background comment] Council Member Rodriguez, on
20 March 18th is the Education Hearing that I'm sure you
21 can also ask the Chancellor. [background comment]
22 Yeah. Thank you. And now we will have Council
23 Member Johnson, followed by Council Member
24 Greenfield.

2 COUNCIL MEMBER JOHNSON: Thank you again
3 Mr. Fuleihan. A few quick questions; I wanna drill
4 down a little bit more on what Council Member Wills
5 mentioned before with regard to the Medicaid waiver...
6 [interpose]

7 DEAN FULEIHAN: Yes.

8 COUNCIL MEMBER JOHNSON: I know that the
9 federal government granted an \$8 billion waiver, \$2
10 billion short of what the State and City had wanted
11 from the feds; what is the City's plan on how they're
12 gonna use the money that's allocated out of the \$8
13 billion and two subparts of that question; will it be
14 used to prevent further hospital closures, given what
15 the parameters are around the money that was given
16 under the waiver, and we know that HHC had a \$1.2
17 billion deficit before they created their five-year
18 plan a few years ago and in the next five years
19 they're gonna have a \$1.4 billion deficit on top of
20 the \$1.2 billion they had; can any of that money be
21 used for that?

22 DEAN FULEIHAN: Okay. So once again, the
23 \$8 billion is actually a very successful
24 accomplishment after many years of getting nothing
25 and asking for this now for almost four years. So

2 it's a significant accomplishment, it was the Mayor
3 and the Governor working together and with
4 significant help, congressional delegation, so we're
5 very pleased with that; the actual details working
6 out with the federal government, unfortunately, we
7 don't have them yet, those are being worked out, we
8 know that we're getting these funds, we know the
9 general purpose of them, we know that HHC will be a
10 recipient, we know healthcare in general in the city
11 will be a recipient.

12 COUNCIL MEMBER JOHNSON: HHC will be a
13 recipient?

14 DEAN FULEIHAN: HHC will definitely get
15 benefit from this... [interpose]

16 COUNCIL MEMBER JOHNSON: And... and...

17 DEAN FULEIHAN: But... but I can't do book
18 and verse exactly what it's... [crosstalk]

19 COUNCIL MEMBER JOHNSON: Sure.

20 DEAN FULEIHAN: going to be, but
21 certainly, as we're working with the State on this we
22 will be able to come back to you.

23 COUNCIL MEMBER JOHNSON: Could you
24 outline for me... could you outline for me a little bit
25 about what the actual process is in requesting those

2 monies; has the City put the request for the funds
3 after it was granted; how does the process actually
4 work out, moving ahead?

5 DEAN FULEIHAN: Once again, the major
6 part of this was to make sure that we had an
7 application and could convince the federal government
8 that this was a vital part of maintaining healthcare
9 delivery in New York City actually and in the State.
10 That was successful; we're now, with the State,
11 moving to the next phase of that. So I can't
12 actually tell you exactly what dollar, but you know,
13 we recognize all of our interest in this, the Mayor's
14 interest in this, and we'll just keep that dialog
15 going as we move forward. [crosstalk]

16 COUNCIL MEMBER JOHNSON: Do we know when
17 we'll receive the money?

18 DEAN FULEIHAN: You know once again, I'm
19 not... I can't predetermine... [crosstalk]

20 COUNCIL MEMBER JOHNSON: No, I'm...

21 DEAN FULEIHAN: but I know we're getting..
22 [interpose]

23 COUNCIL MEMBER JOHNSON: I'm not tryin'
24 to corner you, I'm just wondering... [crosstalk]

25 DEAN FULEIHAN: No...

2 COUNCIL MEMBER JOHNSON: given what's on
3 the horizon.

4 DEAN FULEIHAN: [background comment]
5 Ray's right on this; the money comes to the State,
6 but the timeline and the process, you know, I don't
7 have final numbers on and we don't [bell] but we're
8 very active in pursuing those.

9 COUNCIL MEMBER JOHNSON: Thank you; I
10 look... as Chair of the Health Committee, I look
11 forward to working with you... [crosstalk]

12 DEAN FULEIHAN: No, I... I... understood.

13 COUNCIL MEMBER JOHNSON: on that, given
14 what the situation HHC is in right now... [crosstalk]

15 DEAN FULEIHAN: Sure.

16 COUNCIL MEMBER JOHNSON: and the
17 hospitals across the City that are facing pretty dire
18 financial circumstances.

19 DEAN FULEIHAN: Yes.

20 COUNCIL MEMBER JOHNSON: Thank you very
21 much.

22 COUNCIL MEMBER GREENFIELD: Thank you
23 Council Member; it is now my turn. Thank you. By
24 the way, Mr. Fuleihan, just so you know, none of
25 this... none of this is shocking, you're new here, but

2 anybody who's been to these budget hearings before
3 know that this is what I talk about every single
4 year, so I'm not springing anything that I haven't...
5 [interpose]

6 DEAN FULEIHAN: I... I...

7 COUNCIL MEMBER GREENFIELD: spoken about
8 before. I wanna specifically call your attention
9 back to the same document that we were dealing with,
10 which deals with the child care after-school
11 vouchers, and if you'll notice, when it comes to the
12 day care of children, the amount that you spent this
13 year was \$63,632,549; the amount that you are
14 budgeted to spend next year is \$31,632,549, which
15 means that there is a structural deficit of \$32
16 million that is unaccounted for; I'm wondering if you
17 could address that.

18 DEAN FULEIHAN: So I... now I apologize,
19 because you have the document and I don't in front of
20 me and so I'm sorry; I'll make sure that doesn't
21 happen next year... [crosstalk]

22 COUNCIL MEMBER GREENFIELD: I don't run
23 OMB, I'm just a Council Member; can I get his copy?
24 Yeah.

25

2 DEAN FULEIHAN: I know, it is very
3 impressive. So would you mind doing it again for me,
4 I'll get you the answer? [crosstalk]

5 COUNCIL MEMBER GREENFIELD: Yes, on Page
6 930, the first item specifically refers to the
7 mandatory after-school child care vouchers, which are
8 Priority 1, Priority 2, Priority 3 and Priority 4,
9 there is a deficit of \$32 million reduction on this.
10 [crosstalk]

11 DEAN FULEIHAN: Okay, so we will get back
12 to you. I will find out the answer and... [interpose]

13 COUNCIL MEMBER GREENFIELD: Okay.

14 DEAN FULEIHAN: I will make sure I get
15 back to you.

16 COUNCIL MEMBER GREENFIELD: I suspect...
17 I'm gonna give you a hypothesis... [crosstalk]

18 DEAN FULEIHAN: Okay.

19 COUNCIL MEMBER GREENFIELD: you know,
20 because we like you so much, to make your life
21 easier... [crosstalk]

22 DEAN FULEIHAN: Thank you.

23 COUNCIL MEMBER GREENFIELD: you should've
24 seen what we did to the last guy.

25 DEAN FULEIHAN: I...

2 COUNCIL MEMBER GREENFIELD: and you know,
3 so... [laughter] Ruben's laughing, 'cause he was here.
4 So my hypothesis is that you put in a minimum number,
5 but in fact, as the year progresses, because these
6 are mandated child care vouchers, what you have to
7 then do is increase the budget and my concern is that
8 by not reflecting that, what normally happens is we
9 leave ACS with a structural deficit every year where
10 they're scrambling to try to find this money and so
11 if that is what I... if what I suspect is correct, I'm
12 concerned about that and I wanna flag that because I
13 think it would be helpful for ACS, because if you
14 speak to ACS, one of the things that they'll tell you
15 is that these child care vouchers are always a
16 challenge because they're not properly budgeted for
17 us, so I would prefer that they... if in fact I am
18 correct about my suspicions, that we in fact account
19 for that now as opposed to leave ACS sort of holding
20 the bag, for lack of a better term.

21 DEAN FULEIHAN: So I thank you for the
22 budget lesson and I do and I... [interpose]

23 COUNCIL MEMBER GREENFIELD: Just a
24 suspicion; I'm not an expert, I'm a mere... [crosstalk]

2 DEAN FULEIHAN: uh well, you know, it's
3 okay, it's just...

4 COUNCIL MEMBER GREENFIELD: Council
5 Member from Brooklyn.

6 [laughter]

7 DEAN FULEIHAN: And I promise to come
8 back to you quickly.

9 COUNCIL MEMBER GREENFIELD: I'm looking
10 forward to that response. [interpose]

11 DEAN FULEIHAN: Thank you.

12 COUNCIL MEMBER GREENFIELD: Thank you Mr.
13 Fuleihan. Madame Chair.

14 CHAIRPERSON FERRERAS: Thank you Council
15 Member Greenfield. Council Member Wills.

16 COUNCIL MEMBER WILLS: Thank you; I won't
17 use the three minutes; I just have two quick
18 questions; one is a comment following up on Council
19 Member Johnson's... his comment about, or questions
20 about HHC hospitals and again, the Medicaid waiver.
21 My question is not about that; my question is about a
22 hospital in Southeast Queens, Jamaica Hospital, which
23 we have attempted to put capital into the last three
24 years to deal with their emergency rooms and other
25 issues that they have. They are the only trauma

2 hospital in the area, going all the way over to the
3 Peninsula now, and OMB has not allowed us to put
4 money into this hospital for capital; I don't
5 understand why and I would like someone to get back
6 to me if they could.. [crosstalk]

7 DEAN FULEIHAN: I will get back to you.
8 Sure.

9 COUNCIL MEMBER WILLS: because this
10 hospital is the only one that services that area,
11 from all the way from Queens Boulevard over to the
12 Peninsula actually, it is the only trauma hospital
13 and it is a disservice to the people in that
14 community and now that the community has grown
15 because of the other hospitals closing to not be able
16 to assist this hospital to keep up with the needs.
17 So if someone can get back over to me. [crosstalk]

18 DEAN FULEIHAN: I will get back to you.

19 COUNCIL MEMBER WILLS: The next thing I
20 wanted to ask is; what are we doing as far as
21 interagency collaborations to deal with some of the
22 issues and to address the actual vision of this
23 administration's progressive agenda, meaning, me
24 being the Chair of Substance Abuse, there are a lot
25 of peripheral issues that are attached to substance

2 abuse, right; we have alternatives to incarceration...

3 [crosstalk]

4 DEAN FULEIHAN: Sure. Absolutely.

5 Certainly.

6 COUNCIL MEMBER WILLS: we have domestic
7 violence abuse and things like that; will there be
8 any working groups or task force to try to make sure
9 that all of the forces, all of the resources are
10 brought to bear on the different areas that we have
11 priorities on?

12 DEAN FULEIHAN: So once again, as the
13 various commissioners come before you, I think you're
14 going to hear a similar theme about relooking at
15 programs, prioritizing those programs and also
16 interagency cooperation, so I think you will be
17 hearing that.

18 COUNCIL MEMBER WILLS: Alright. Thank
19 you Madame Chair. Thank you, sir.

20 CHAIRPERSON FERRERAS: Thank you Council
21 Member Wills and I'm going to ask my second round of
22 questions, which means we are approaching the end of
23 this part. So we have a whole host of questions that
24 I'm gonna be forwarding from the Committee...

25 [interpose]

2 DEAN FULEIHAN: Sure.

3 CHAIRPERSON FERRERAS: additional, just
4 for the... [interpose]

5 DEAN FULEIHAN: Sure.

6 CHAIRPERSON FERRERAS: time sensitivities
7 we'll kinda bring it in... bring it home to these.
8 Specifically on education, I wanted to talk about CFE
9 and just for a little bit of background, in 2006 we
10 had the appeal... [interpose]

11 DEAN FULEIHAN: Yes.

12 CHAIRPERSON FERRERAS: the reform that we
13 had in 2007-2008 indicated that we would have the
14 four-year phase-in, increase of \$2.35 billion; I
15 don't have to tell you, you're aware of where we are
16 in our status'... [interpose]

17 DEAN FULEIHAN: Yes.

18 CHAIRPERSON FERRERAS: I'd just like to
19 hear from the Administration and from your
20 perspective, what is our aggressive plan to get these
21 dollars that we so desperately need?

22 DEAN FULEIHAN: Well once again, the
23 Mayor, at his very first visit to Albany as mayor, at
24 the kickoff of the joint legislative fiscal committee
25 hearings was very clear about the time and actually

2 used the term down payment to start, now that there
3 are funds available to address CFE. He in the
4 preliminary budget talked about additional school aid
5 that would address a very specific category of needs,
6 so no one is... you know, we are very supportive, very
7 concerned, very active in making sure that there's a
8 recognition of what the State owes and its
9 obligation. So we join you in this effort; it's the
10 focal point, has been, on education with pre-K and
11 the after-school program and an appropriate level of
12 school aid for New York City. So those conversations
13 happen really every day.

14 CHAIRPERSON FERRERAS: Okay. If we can
15 also... we'll follow up to see how we can help
16 strengthen... [interpose]

17 DEAN FULEIHAN: And... and you've been more
18 than helpful and it was great seeing you in Albany
19 yesterday... [interpose]

20 CHAIRPERSON FERRERAS: Yeah.

21 DEAN FULEIHAN: and... and we will...
22 [interpose]

23 CHAIRPERSON FERRERAS: Thank you.
24
25

2 DEAN FULEIHAN: continue to work on this
3 effort and we're gonna... this we're going to work on
4 together, obviously.

5 CHAIRPERSON FERRERAS: Thank you. I
6 wanted to just follow up on the universal pre-K
7 conversation that we were having, and specific, if
8 the citywide universal pre-K is implemented, spending
9 for this program would total upwards of \$500 million,
10 potentially... [crosstalk]

11 DEAN FULEIHAN: The... the... the 530 is both
12 the pre-K and the after-school... [crosstalk]

13 CHAIRPERSON FERRERAS: and after-school.
14 Okay.

15 DEAN FULEIHAN: Right, the after-school's
16 \$190 million.

17 CHAIRPERSON FERRERAS: Right. And
18 specific, will you be willing to create a unit of
19 appropriation for universal pre-K?

20 DEAN FULEIHAN: You know, once again,
21 it's very similar to the DOE conversation and really,
22 I'd be delighted to sit down and we should do it with
23 DOE, in fairness, and actually talk about what kind
24 of information we need to do so that you are able to
25 see, because it's very important to us that we have a

2 high-quality, strong oversight, successful UPK
3 program and we know everyone's gonna watch us, we
4 know we're very aggressively pursuing this; you know
5 I didn't mention it before; it's worth mentioning; we
6 now know that we have the space, people didn't
7 believe it; the Mayor knew it very clearly; I believe
8 you knew it as well; [background comment] we've been
9 really over-subscribed already; we were looking for
10 21,000 units and we are up to 29 and we haven't even
11 stopped; the webpage for applications has begun, as
12 of Monday and you know, we have an excited community
13 about this and that page will go on through April
14 23rd for parents; hopefully with the State support
15 that we do expect, not easily, but we expect, that we
16 will be able to achieve this two-year phase-in; art
17 of that is to make sure it is high quality and it has
18 significant accountability and I can tell you point
19 blank, DOE is working very hard on this to make sure
20 that the proper accountability is there and that they
21 have the right amount of staff to make sure it's
22 executed properly. So the extent that we need to
23 talk about what that looks like, what kind of
24 reporting you need, we're delighted to do that.

2 CHAIRPERSON FERRERAS: Great. I think
3 it's probably the easiest part of this all, is
4 creating this U of A, from my perspective.

5 DEAN FULEIHAN: Okay.

6 CHAIRPERSON FERRERAS: I'd like to talk a
7 little bit about Superstorm Sandy...

8 DEAN FULEIHAN: Sure.

9 CHAIRPERSON FERRERAS: And where we are
10 with FEMA. How much in FEMA public assistance grant
11 has the City been awarded and how much of that has
12 the City received, and also, what are some of the
13 difficulties that the City is having with the
14 reimbursement process?

15 DEAN FULEIHAN: So... [background comment]
16 Yes, 1.4 was awarded... I just wanted to make sure of
17 the number, but it was 1.4 and a little over \$600
18 million's been received. The... [interpose]

19 CHAIRPERSON FERRERAS: So \$1.4 billion?

20 DEAN FULEIHAN: Yes.

21 CHAIRPERSON FERRERAS: Okay.

22 DEAN FULEIHAN: \$1.4 billion. Yes.

23 CHAIRPERSON FERRERAS: Right.

24 DEAN FULEIHAN: You know, the Mayor has
25 made this one, again, another clear part of how the

2 City operates and meets the needs of its communities;
3 is how we get results that have not been occurring
4 and we recognize that and how we change that dynamic
5 and the other part of that is how we also get
6 reimbursed, because we are behind already \$1 billion
7 in reimbursements. So it's working through a very
8 complicated federal system, so it involves federal,
9 state and the city as well, to come together in a
10 very coordinated way to address all those issues and
11 work very hard in Washington to make them understand
12 what the needs are of the city as a whole. So this
13 is a big priority for us and we will be coming back
14 over the coming days and weeks to say here's how
15 we're going to improve the process, at both ends.

16 CHAIRPERSON FERRERAS: Okay. You know,
17 clearly we all have constituents that... [crosstalk]

18 DEAN FULEIHAN: Yes, pre...

19 CHAIRPERSON FERRERAS: don't understand
20 the bureaucracy, they don't understand the levels of
21 challenges and they still have to go home to a whole
22 host of issues, if they get to go home.

23 DEAN FULEIHAN: Agreed.

24 CHAIRPERSON FERRERAS: So I know that we
25 have many priorities, but this is one that is

2 incredibly challenging that constituents hear the
3 money's there; we just can't seem to get it.

4 DEAN FULEIHAN: Agreed. You know I can't
5 argue with that; we agree and [background comment]
6 and we have to address it and we are addressing it.

7 CHAIRPERSON FERRERAS: Okay. We have...
8 like I said, we have a lot of other questions that
9 we'll be getting to you and I'm hoping we're gonna
10 have additional questions that will be added as a
11 follow-up to this Committee, and hopefully we'll be
12 getting those statements back from you soon so that
13 we can formulate our response. At this time we will
14 now take a 10 minute break and shortly we will be
15 joined by the Committee on Contracts, chaired by my
16 colleague, Council Member Helen Rosenthal, to hear
17 from the OMB Director regarding OMB's role in the
18 City's procurement process. Thank you.

19 DEAN FULEIHAN: Thank you.

20 [pause]

21 CHAIRPERSON FERRERAS: Okay, we're gonna
22 be starting... continuing our hearing in another 30
23 seconds.

24 [pause]

25

2 MALE VOICE: Alright, let's go; everybody
3 find seats right now; make sure all the cell phones,
4 once again, on silent. Thank you.

5 [pause]

6 MALE VOICE: Please take all the
7 conversation outside; we are gonna be starting up
8 real soon.

9 [pause]

10 CHAIRPERSON FERRERAS: Okay. The expense
11 and revenue portion of the budget hearing has been
12 adjourned; the Finance Committee has now been joined
13 by Contracts Committee, chaired by my colleague,
14 Council Member Helen Rosenthal. We will hear
15 testimony from the OMB Director, Dean Fuleihan
16 regarding their role in approving certain contracts
17 and OMB's responsibilities and powers related to the
18 City's procurement process. Before we hear from Dean
19 Fuleihan I will turn the mic over to my Co-Chair,
20 Council Member Rosenthal.

21 CO-CHAIR ROSENTHAL: Hi. Thank you so
22 much, Chair Ferreras and so good morning and welcome
23 to the Contracts portion of the first hearing of the
24 preliminary budget for 15; this is a joint hearing of
25 the Committees on Contracts and Finance; I'm Helen

2 Rosenthal, Chair of the Committee and I'm happy to be
3 joined also by Council Members Cumbo, Greenfield,
4 Ydanis Rodriguez, Ruben Wills, Daneek Miller and of
5 course, Chair Ferreras. So it's my understanding
6 that the proposed contract budget... you should know
7 that I'm just as new as you are [laughter] to the
8 contracts budget, but can I just start... [crosstalk]

9 DEAN FULEIHAN: Thank you for introducing
10 it that way.

11 [laughter]

12 CO-CHAIR ROSENTHAL: Yeah. Can I just by
13 start by saying that my table was expense and I
14 probably know just about as much about contracts as
15 you do...

16 DEAN FULEIHAN: Oh, thank you so much.

17 CO-CHAIR ROSENTHAL: and... [laughter] what
18 I am hoping is that over the next four months that we
19 learn about it together and [crosstalk]

20 DEAN FULEIHAN: Okay, it's a deal.

21 CO-CHAIR ROSENTHAL: make it a more
22 meaningful document...

23 DEAN FULEIHAN: Thank you.

24 CO-CHAIR ROSENTHAL: So that's pretty
25 much the summary of what I'm about to say. The

2 proposed contract budget for next year totals about
3 \$12 billion with about 16,500 contracts in over 100
4 City agencies; all of the budgeted contracts fall
5 into one of 50 contract budget codes, none of which I
6 ever understood when I worked at OMB, and they range
7 from the very large one, which is payment to contract
8 schools, which of course includes 10 different
9 things, with a budget of \$2.6 billion to the
10 smallest, IMRAM [phonetic] maintenance, with a budget
11 of \$1.6 million. The proposed contract budget for
12 each agency and each object code is just about all
13 that's in there and my goal would be to make that, as
14 I say, a meaningful document. So the thing that I'm
15 really interested in is getting to a good place with
16 understanding what OMB's role is in the procurement
17 process and in oversight and making it one that works
18 smoothly for, you know, the people who get services,
19 which is all we care about, they're the people who
20 really need the help.

21 DEAN FULEIHAN: Agreed.

22 CO-CHAIR ROSENTHAL: So in advance of
23 this hearing we shared a list with you of the issues
24 related to the contract budget with OMB as they are
25 now; they include examining the role of OMB, you

2 know, within the contracting process, the
3 presentation of the contract budget, decisions about
4 contracting in and contracting out, which you, in the
5 earlier portion of this hearing heard that Council
6 Members are very interested in, and something that's
7 really important to me, which is sharing best
8 practices among the different agencies and you know,
9 hopefully MOCS as well and of course I'm working with
10 them very closely on this.

11 So today I'm hoping that we can just talk
12 about some very broad issues and you know hopefully
13 at the Executive Budget we can dig in a little bit
14 more. But really we're looking at a couple years
15 down the road as this thing gets better. So I'm
16 hoping that what we can get to is the 2015 Executive
17 Budget and as I say, in 16, a contracts budget that
18 really reflects, that is presented in such a way so
19 it reflects a meaningful review by OMB in terms of
20 achieving what I talked about earlier, what I think
21 the most important thing that the budget should
22 reflect, which is having meaningful influence on
23 addressing income inequality and making sure... and I
24 think someone else brought this up earlier, perhaps
25 it was Ruben Wills, that you know the budget and how

2 we're spending our money through those contracts is
3 really addressing the needs that we all wanna make
4 sure that we're serving.

5 So that's the lens that I look at the
6 contracts budget through and I look forward to
7 talking with you about it today, I just have a few
8 questions, but thank you so much for coming here and
9 for holding this part of the hearing. I just wanna
10 mention we've been joined addressed by Council Member
11 Vanessa Gibson and that's it. [background comment]
12 Okay, we're good to go.

13 DEAN FULEIHAN: So thank you; that's a
14 great introduction; we do... you... I'm convinced you
15 know more than I do about the contracts budget, so
16 but I appreciate that we'll learn together. The idea
17 of making it a more meaningful document and talking
18 long-term and having it reflect the objectives of the
19 administration is a great goal. So you know, I do
20 look forward to having... [crosstalk]

21 CO-CHAIR ROSENTHAL: Great.

22 DEAN FULEIHAN: that conversation with
23 you; I am learning about it; there are agencies that
24 directly... I think we're both gonna have to talk to,
25 there are lead agencies, obviously the Office of

2 Contracts has a much more instrumental and
3 fundamental role in this and I know you'll be working
4 with them, but we're happy to participate and happy
5 to help.

6 CO-CHAIR ROSENTHAL: Thank you very much.
7 I turn it over to Councilwoman Ferreras to ask the
8 first questions.

9 CHAIRPERSON FERRERAS: Thank you Co-
10 Chair. So the Council's hearings this month will
11 review both the preliminary budget for Fiscal 2015
12 and the Fiscal 2014 Preliminary Mayor's Management
13 Report. The PMMR is... it's supposed to link agency
14 budgets to agency performance, the PMMR includes
15 agency resources table, which for some departments
16 lists Human Services Contracts. Have you had a
17 chance to review the PMMR and the budget information
18 included in it; would you agree to review the MMR and
19 consider ways to improve budget performance links and
20 to perhaps create a contract budget performance link?

21 DEAN FULEIHAN: [background comments] I
22 was just looking at what we do; I just wanted to make
23 sure, 'cause I actually had to remind myself exactly
24 what we do on this. The answer to that is, of
25 course. I mean I really... and I do apologize, because

2 I'm not well-versed in this and you know, reporting's
3 important and what it can lead to in the decision-
4 and the policy-making; that's really why we need to
5 accomplish it. So any kind of performance-based
6 analysis, you know we should be participating with
7 you on, we should make sure that it's meaningful
8 though and it's going where we want and we're not
9 just simply asking for more reports; I've seen that
10 in many places, but at the same time, should we be
11 doing this kind of thing and should we be making it
12 so it helps us direct policy together? Absolutely.
13 So I'm happy to do that.

14 CHAIRPERSON FERRERAS: Thank you so much,
15 that is, again, the finance team is very happy to
16 hear that.

17 DEAN FULEIHAN: Good.

18 CHAIRPERSON FERRERAS: And I will...

19 DEAN FULEIHAN: And I need help from the
20 finance team on this one. [laugh]

21 CHAIRPERSON FERRERAS: Oh yeah. Well we
22 will be here. And now we will go to Co-Chair
23 Rosenthal.

24

25

2 CO-CHAIR ROSENTHAL: Thank you.

3 Councilman Wills, to be followed by Councilwoman
4 Cumbo.

5 COUNCIL MEMBER WILLS: Yes, good
6 afternoon once again. On the object codes, I just
7 wanted to have a couple of questions initially and
8 then I guess if we get a second round I'll come back
9 into it a little more in depth. Object Codes 616 and
10 619, Community Consultants and Security Services, can
11 you just over exactly what those two object codes
12 cover?

13 DEAN FULEIHAN: Oh my. Do we have...

14 [background comments]

15 COUNCIL MEMBER WILLS: You can... he can
16 pull it out and then I'll yield and come back again.

17 [crosstalk]

18 DEAN FULEIHAN: Fine. Fine. Thank you.

19 COUNCIL MEMBER WILLS: Thank you very
20 much Madame Chair.

21 [background comments]

22 COUNCIL MEMBER CUMBO: Good afternoon.

23 DEAN FULEIHAN: Good afternoon.

24 COUNCIL MEMBER CUMBO: Wanted to ask as a
25 former director of a not-for-profit organization,

2 wanted to understand the conversation or the dynamics
3 or the understanding as to how not-for-profit
4 organizations are going to be treated differently as
5 far as contracts go. For myself, I understood, along
6 with many other not-for-profit organizations, that
7 while you would be awarded a contract, it would often
8 be that you may not received the resources for that
9 contract until March or April [background comment]
10 and also while you had a contract in place, there
11 could also be reduction that would take place from
12 the original award of the contract, so that not-for-
13 profit organizations who had a contract with the City
14 would often have to wait a very long time to receive
15 the funding and after they received the funding by
16 taking out a loan or in some cases having to be
17 forced to spend money that was allocated for other
18 sources to utilize that money for and then it would
19 be compounded by the fact that resources could then
20 be reduced and there's often been an energy or a
21 mandate to say get your contracts in quick because
22 there might not be any money later [background
23 comment] and so there's this expedited process that
24 not-for-profits or an anxiety that they go through in
25 this process and wanted to know has there been any

2 conversation as far as the contractual end of our
3 not-for-profit organizations; is there a better way
4 to streamline this process so that not-for-profits
5 get their money early, the anxiety about whether
6 money will be available no longer exists, as well as
7 the amount of money that the organization was
8 actually contracted for, that that money is realized
9 without surprise hit in reductions?

10 DEAN FULEIHAN: Okay, it's a great
11 question, it's a fair question; let me come back to
12 you. I'll talk to the Office of Contracts; I will
13 talk internally at OMB; those are all fair questions;
14 they deserve an answer and I do promise to come back.

15 COUNCIL MEMBER CUMBO: And I appreciate
16 that, but also wanna know; has this conversation been
17 brought up; is there... [background comment] some kind
18 of buzz around this?

19 DEAN FULEIHAN: No, the conversation...
20 once again, in fairness, very well and that's part of
21 what I'm gonna get back to you.

22 COUNCIL MEMBER CUMBO: Okay. Alright.

23 DEAN FULEIHAN: Alright? So... it's a fair
24 question even if no one's discussing it, but [laugh]
25 there very well may be conversations; it wouldn't

2 surprise me that people in the Administration are
3 having conversations about not-for-profit funding.

4 COUNCIL MEMBER CUMBO: Thank you.

5 CO-CHAIR ROSENTHAL: I appreciate that
6 question; as you know, that's a great follow-up to
7 the hearing that I actually just had with the Mayor's
8 Office of Contracts where a lot of that work is...

9 [interpose]

10 DEAN FULEIHAN: Yes.

11 CO-CHAIR ROSENTHAL: being done, so you
12 know, we're all working really nicely on how we can
13 move this all forward.

14 DEAN FULEIHAN: Okay and now I'm joining
15 you in this.

16 CO-CHAIR ROSENTHAL: What?

17 DEAN FULEIHAN: Now I'm joining you in
18 this.

19 CO-CHAIR ROSENTHAL: There you go.
20 Welcome; it's all good. But on that note too, could
21 you give me a sense of as you've garnered it and as
22 your staff has briefed you, just sort of what the
23 role of OMB is in the contracts process as it
24 currently stands and you know, we can update this as
25 we go along.

2 DEAN FULEIHAN: So the easy answer and
3 you... once again, you could probably answer this
4 better than I can, that OMB does review the financial
5 analysis and confirms savings costs associated,
6 [background comment] confirms that it's part of the
7 budget, so it's that part of the process that OMB is...
8 and thank you for telling me I'm at least... [laugh]
9 I'm at least doing this properly, and it varies
10 actually in categories, so many things in the social
11 service and youth and student-related services and
12 health, if they're under a certain contract level,
13 actually, OMB has very little to do with, under \$10
14 million, they're not involved in what's the majority...
15 almost 70 percent of the budget. So it's limited,
16 but there is a role and we certainly do put out this
17 massive book that... very thick... that doesn't tell you
18 much; [laugh] at least didn't tell you and I much,
19 that you know, once again, I'm open to how we can
20 help in this process, but clearly we're not [bell]
21 the lead in this process and I think we do need to
22 talk to the Office of Contracts and we need to go
23 into how we can give you information you can use in a
24 policy vehicle. [interpose]

2 CO-CHAIR ROSENTHAL: You know I'd really
3 appreciate that because it's interesting, as I've
4 been learning from MOCS about how the contracting
5 process works and where we run into bumps, which
6 happens... or hurdles every single step of the way,
7 [background comment] you know the truth is that I
8 think the City counts on OMB to sign off on the
9 numbers and to work with the agencies to understand
10 why there might be cost-over runs, [background
11 comment] to understand why we might need change
12 orders or mods or whatever, and I think the City
13 could really use the help and I'd be very interested
14 in working with you on making [interpose]

15 DEAN FULEIHAN: Okay.

16 CO-CHAIR ROSENTHAL: that a stronger, a
17 more solid sign-off rather than just [background
18 comment] what I remember doing, which is... [crosstalk]

19 DEAN FULEIHAN: Right. That's right.

20 CO-CHAIR ROSENTHAL: a pile of contracts
21 on my... [crosstalk]

22 DEAN FULEIHAN: Right.

23 CO-CHAIR ROSENTHAL: desk and I signed
24 yes to everything and... sorry if that's on the record
25

2 and I shouldn't have said that out loud. [laughter]

3 So specific... [crosstalk]

4 DEAN FULEIHAN: I didn't answer that
5 question.

6 CO-CHAIR ROSENTHAL: Yeah. No, that's
7 fine. So I'd like to talk specific... [crosstalk]

8 DEAN FULEIHAN: I mean I... I... I... I guess I
9 have to say something. I mean there is... and you
10 obviously experience this; there is serious effort
11 that goes into the contract... [crosstalk]

12 CO-CHAIR ROSENTHAL: Absolutely.

13 DEAN FULEIHAN: but I do think giving you
14 the kind of information you need and working with
15 MOCS and other agencies so that we can actually give
16 you valuable information, I think there is a place
17 there for us to work together.

18 CO-CHAIR ROSENTHAL: Yeah. Yeah, because
19 there's no one else who's really doing it...

20 DEAN FULEIHAN: Fair enough.

21 CO-CHAIR ROSENTHAL: it doesn't look
22 like... [interpose]

23 DEAN FULEIHAN: Okay.

24 CO-CHAIR ROSENTHAL: and it's not
25 necessarily in the agency's interest [background

2 comments] to think really hard about that stuff.

3 [interpose]

4 DEAN FULEIHAN: Okay, we're happy to do
5 that with you.

6 CO-CHAIR ROSENTHAL: Yeah. So
7 specifically in going forward and thinking about the
8 UPK, one just very technical question; would you
9 consider separating out the UPK piece from Object
10 Code 653, which is Head Start? [background comments]
11 Is... [interpose]

12 DEAN FULEIHAN: So you know what... I
13 think... once again... [crosstalk]

14 CO-CHAIR ROSENTHAL: and...

15 DEAN FULEIHAN: I think we're going to
16 have... wow, I can't believe I'm talking about an
17 object code... so this is advancement, this... [laugh]
18 [crosstalk]

19 CO-CHAIR ROSENTHAL: And me either, trust
20 me.

21 DEAN FULEIHAN: So I think we're... you
22 know, we should talk that through; it is going to be
23 a unique program in two agencies, with DOE oversight
24 in both, so you know, it's worth a conversation but
25 yet there is overlap with Head Start; I need to think

2 that through and I think we should actually have a
3 serious conversation about how to deal with that.

4 CO-CHAIR ROSENTHAL: Oh yeah, that's a
5 good point.

6 DEAN FULEIHAN: Right? I mean because
7 there's still gonna be the overlap... [crosstalk]

8 CO-CHAIR ROSENTHAL: Yeah.

9 DEAN FULEIHAN: on Head Start services at
10 Children Services, so... [interpose]

11 CO-CHAIR ROSENTHAL: Right.

12 DEAN FULEIHAN: so I don't have an
13 immediate answer but I understand the question...
14 [crosstalk]

15 CO-CHAIR ROSENTHAL: Yeah.

16 DEAN FULEIHAN: I think we actually need
17 to think about it.

18 CO-CHAIR ROSENTHAL: Yeah, 'cause by the
19 same token you would want to, particularly because
20 we're also interested in having the funds come from
21 this increased tax...

22 DEAN FULEIHAN: Yes. Yeah, so we have
23 to... [crosstalk]

24 CO-CHAIR ROSENTHAL: it would be
25 meaningful, yeah. [crosstalk]

2 DEAN FULEIHAN: Correct and we have to
3 show and make sure that it's [background comment]
4 dedicated and measurable and that we're achieving the
5 quick results that we have promised and we're
6 committed to.

7 CO-CHAIR ROSENTHAL: Yeah. So one of the
8 things in thinking about implementation and something
9 that bubbled out of the first hearing that I had with
10 the Mayor's Office of Contracts is the existence of
11 something called a Returnable Grand Fund -- who knew
12 -- so it's housed in the Fund for the City of New
13 York [background comment] and it's something that
14 both the Mayor's side and the City Council side has
15 used to expedite payment to these agencies' not-for-
16 profits that are doing the good work that the City
17 wants it to do, so what ends up happening is; we, at
18 sort of, seriously, our level [background comment]
19 say this is great, let's do it, but the technical
20 process of getting the money to the agency can take a
21 really long time and meanwhile they're providing the
22 services and as Council Member Cumbo said, a lot of
23 the times these not-for-profits end up going without
24 pay or having to borrow from commercial banks,
25 [background comment] which as a former OMB staffer

2 just pains me to the core that the City is
3 fundamentally because of our situation we're
4 basically writing a check to J.P. Morgan for hundreds
5 of thousands of dollars and not... you know. So...
6 [interpose]

7 DEAN FULEIHAN: Sure.

8 CO-CHAIR ROSENTHAL: So would the
9 Administration consider having a Returnable Grant
10 Fund explicitly for the UPK and the after-school
11 program that could be housed at the Fund for City of
12 New York, only because they're a wonderful master
13 contractor and I think they think they might be able
14 to take it on. But you know, some de minimis... I mean
15 it depends how you think about it, but I mean if it's
16 a \$350, you know or \$500 million goal and you sort of
17 think about the first three months worth and then
18 some portion is gonna have sustaining funds but some
19 portion of these not-for-profits aren't going to
20 [background comment] if you would contemplate growing
21 the Returnable Grand Fund or allocating a specific
22 piece and we already have one for Early Learn, which
23 is a Council initiative, but.

24 DEAN FULEIHAN: So let's have the
25 conversation. I mean I think it's a fair question to

2 ask how the contract process and UPK is going
3 forward...

4 CO-CHAIR ROSENTHAL: Yeah.

5 DEAN FULEIHAN: and we're happy to have
6 with you and we've been discussing it and it's gonna
7 be very rigorous, but at the same time, if you have
8 other options that we should be looking at...

9 CO-CHAIR ROSENTHAL: Yeah.

10 DEAN FULEIHAN: we should look at them
11 with you.

12 CO-CHAIR ROSENTHAL: Absolutely, 'cause
13 the sweetness about this grant is that it's a zero
14 interest grant and it's paid back by the city.

15 DEAN FULEIHAN: Okay.

16 CO-CHAIR ROSENTHAL: So there's sort of
17 no down side...

18 DEAN FULEIHAN: Okay, we'll...

19 CO-CHAIR ROSENTHAL: no costs.

20 DEAN FULEIHAN: We'll definitely have the
21 conversation.

22 CO-CHAIR ROSENTHAL: Okay. That's it for
23 my questions. Any other Council Members have
24 questions... oh... yeah, indeed. [background comments]

2 Council Member Miller. [background comment] Thank
3 you.

4 COUNCIL MEMBER MILLER: Good afternoon;
5 before it was this morning. [background comment]

6 DEAN FULEIHAN: I apologize.

7 COUNCIL MEMBER MILLER: [laugh] Okay.

8 Thanks again for your indulgence in bein' here and
9 this is another topic, but very much similar. I know
10 earlier, when it was brought up about the farming out
11 of city services that you had mentioned that as part
12 of the process it was probably left up to the
13 individual agencies to determine that and I
14 personally would like to see this administration take
15 more of a lead role, not just understanding the
16 necessity for such procurement and whether or not it
17 is the most efficient thing to do in terms of
18 delivering those services, but most importantly,
19 being the moral compass for those employees, city
20 workers who may have been displaced by non-
21 represented workers, often for less money and those
22 communities that are no longer sustained because of
23 that, so there's a bigger picture than just saying
24 that here's the value of savings and then we begin to
25 pay for it in another way. So my question is, after

2 that soliloquy, is basically; will the Administration
3 be playing a larger role particularly in setting
4 standards and doing a real assessment and evaluation
5 of work that is being farmed out?

6 DEAN FULEIHAN: So I appreciate the
7 statement, thank you. I didn't mean to indicate that
8 the Administration wouldn't be looking at this as a
9 central piece; it was only that the agencies may have
10 more expertise on particular topics, but of course
11 we'll have that conversation; I mean I think this has
12 opened up many conversations that we need to have
13 about how to moved forward and of course the
14 Administration's gonna be involved; if the Mayor is
15 directive to us, certainly to me, as to look at every
16 place, to reprioritize, to find savings; what you're
17 saying is, here are savings; you need to look at
18 this. Absolutely.

19 MALE VOICE: I think that was a yes.

20 [laugh]

21 COUNCIL MEMBER MILLER: Yeah, but what I
22 was saying was also; you know, how do we quantify
23 savings if in fact, you know, we have to pay for
24 something on the other end by displacing workers or
25

2 whatever; what I was askin' is that we look at the
3 total picture.

4 DEAN FULEIHAN: No, and I'm responding in
5 a positive way; that's not articulating it well, but
6 I'm trying. [background comments]

7 COUNCIL MEMBER MILLER: Thank you.

8 CO-CHAIR ROSENTHAL: Council member
9 Rodriguez.

10 COUNCIL MEMBER RODRIGUEZ: Yes. How much
11 do you work in order... what is your plan in order to
12 share the best practice of private contractors that
13 we have in our city? 'Cause you know, like few
14 agencies, you know they are responsible for most of
15 the contracts and sometimes we have cases of
16 investigations, such as the one conducted by the
17 Comptroller and that we finding some of those...
18 [crosstalk]

19 DEAN FULEIHAN: Yes.

20 COUNCIL MEMBER RODRIGUEZ: contractors
21 being responsible; what is your, as a new person in
22 charge; I don't want to refer too much to the back
23 administration, but and I know that it's more about
24 your idea, your vision as a new person in charge of
25 finance; how will you work; what mechanism do you

2 have in place so that we can share the best practice
3 and that we get rid of all the bad apples...

4 [crosstalk]

5 DEAN FULEIHAN: Okay. So the Office of
6 Contracts really is responsible for that piece of it
7 and is very much responsible for sharing best
8 practices. Obviously we're concerned about it, but
9 they really are the lead in this and it's appropriate
10 to place there; should we all be looking at it? Of
11 course. So my answer... it's not evasive; it really
12 does belong with the Office of Contracts; they are
13 looking at best practices; they should be doing it
14 with you, you should be part of a dialog; I'm happy
15 to participate in it, because it is in the end about
16 not just savings, but the appropriate delivery...
17 really, the appropriate delivery of services and in
18 the end that really is about... about what it's about,
19 contract services, of course.

20 COUNCIL MEMBER RODRIGUEZ: How does...
21 Second question is about... [interpose]

22 DEAN FULEIHAN: And all of that is
23 important to the delivery of services; we need to
24 make sure that there is proper oversight and there's
25 proper allocation between the City workforce, outside

2 contracts, all that is part of the decision-making
3 process; I'm not... I agree.

4 COUNCIL MEMBER RODRIGUEZ: Great. So
5 there's cases when it comes to contractors, that they
6 come with an original figure [background comment] but
7 then throughout the year they change and I know that
8 that happened in the case, let's say of... let's say... I
9 don't know; how does it work at the city level, but I
10 know that, let's say in the Long Island Railroad and
11 with extension to the East Side, the project was
12 originally I think for \$3 billion, now it's like \$9
13 billion; do we also have cases with private
14 contractors, that they come and they get approval
15 let's say for \$2 million and then throughout the year
16 that number changing, if that happened, how does OMB
17 control it? [crosstalk]

18 DEAN FULEIHAN: You're asking me what the
19 change order process is and once again, I'm gonna
20 need... here I really do; this is like the lawyer
21 question before; I need the Office of Contracts.

22 CO-CHAIR ROSENTHAL: Yeah, if I could
23 just step in... [crosstalk]

24 DEAN FULEIHAN: I mean I do.

2 CO-CHAIR ROSENTHAL: I really appreciate
3 those questions and we've started working with the
4 Mayor's Office of Contracts on this; it's incredibly
5 important; I appreciate your bringing that up too.

6 COUNCIL MEMBER RODRIGUEZ: But how much
7 does OMB oversee, the... [interpose]

8 DEAN FULEIHAN: No, the... the... [background
9 comment] Yeah, it... it comes back to the funding
10 question, it really does for us, it comes back that
11 there's sufficient funds and I think the fair answer
12 here is for me to come back to you with MOCS and
13 actually say okay, here's exactly what they're doing,
14 here's exactly what we're doing; here's how we can
15 help you get the kind of questions answered.

16 COUNCIL MEMBER RODRIGUEZ: Great. And
17 for me that's important because even though it's the
18 Office of Contracts, at the end of the day I know
19 that there's like a number... I don't want to name it
20 like, but there's a particular case in say, my own
21 district where there's like... there's some money held
22 by the OMB because of some concern and some question;
23 I understand it, so OMB at the end of the day works
24 with Office of Contracts, so I think if there's one
25 area where we as a city can still look for... save some

2 dollars and use it other areas; it's being sure that
3 first we share the good practice and then we get rid
4 of whoever is not delivering those services so that
5 that money can be used for something else.

6 DEAN FULEIHAN: Sure.

7 CO-CHAIR ROSENTHAL: You know what's so
8 interesting; as we all try to unravel how this all
9 works, I think what we're all talking about is sort
10 of a missing link where it's unclear which bailiwick
11 this falls into. I mean if what you guys are doing
12 is making sure that [bell] technically there's enough
13 money in that object code or whatever it's called,
14 that's very different than the public policy question
15 of should we be paying more for this... [interpose]

16 DEAN FULEIHAN: Correct.

17 CO-CHAIR ROSENTHAL: should we be
18 increasing the value of this contract, and if the
19 reason for what's holding it back is that there's not
20 enough money in that code area, [background comment]
21 or in the bank, frankly, that may not be a good
22 reason and perhaps we have to explore how that all
23 works so that it's not slowing down the
24 administration of services, which is what our
25 residents so desperately need.

2 DEAN FULEIHAN: Agreed. So... [crosstalk]

3 CO-CHAIR ROSENTHAL: Yeah.

4 DEAN FULEIHAN: you know what; these are
5 great questions, we should come back to you in a
6 unified way and working with you to say okay, how... is
7 there a better way to do it; are there reforms that
8 we need to do, and that may very well be happening as
9 we're talking with the Office of Contracts as well.

10 CO-CHAIR ROSENTHAL: Yeah, thank you. I
11 just wanna recognize Council Member Johnson who's
12 walked in and everyone else is on the steps of City
13 Hall asking for mandatory inclusionary housing. And
14 [laughter] it would be remiss of me not to mention
15 that at my first Contracts hearing, it was held not
16 in this austere room, but instead the cafeteria of
17 250 Broadway, at which point I promised to bring
18 baked bread and I did and so today I've brought some
19 apple cake muffins and I hope you'll have some on the
20 way out.

21 DEAN FULEIHAN: I'd be delighted. Thank
22 you.

23 CO-CHAIR ROSENTHAL: Thank you very much.

24 [background comments]

2 CHAIRPERSON FERRERAS: 'Kay. And we also
3 have Council Member Inez Barron. Thank you so much
4 Co-Chair Rosenthal. Thank you.

5 DEAN FULEIHAN: Thank you; it's been a
6 pleasure. [crosstalk]

7 CHAIRPERSON FERRERAS: We are wrapped up;
8 it is 1:25 [background comments] and we will take a
9 five-minute break before we have DOF. Thank you so
10 much, Dean. [background comment]

11 DEAN FULEIHAN: Thank you.

12 [pause]

13 [background comments]

14 [gavel]

15 [background comments]

16 CHAIRPERSON FERRERAS: Good afternoon and
17 welcome to the first day of the Council's Preliminary
18 Budget Hearings; my name is Julissa Ferreras and I
19 chair the Finance Committee.

20 We just heard from the OMB Director, Dean
21 Fuleihan; we will now hear testimony from
22 Commissioner Beth Goldman from the Department of
23 Finance. We have a long day today, so in the
24 interest of time I will forego an opening statement
25

2 and begin this portion of the hearing with the
3 testimony from Commissioner Goldman. Thank you.

4 BETH GOLDMAN: Thank you. Good afternoon
5 Chairwoman Ferreras and members of the City Council
6 Committee on Finance; I am Beth Goldman, Commissioner
7 of the Department of Finance. Thank you for the
8 opportunity to testify before you today on our FY
9 2015 preliminary budget.

10 Finance's proposed budget for FY 2015 is
11 approximately \$238 million, our head count is
12 forecasted to be 1,827 employees. With so many new
13 members to the Council, I'd like to take this
14 opportunity to give you a brief overview of the work
15 we do at Finance and some of the projects we may work
16 on together in the coming months.

17 Our core function is to collect revenue
18 for the City; property taxes are a key component of
19 those revenues. We value over one million properties
20 each year, bill and collect property taxes and
21 administer a variety of property tax and abatement
22 programs. In addition, we administer the City's
23 business income and excise taxes, adjudicate and
24 collect parking tickets and manage the City's
25 treasury. We also record property-related documents,

2 enforce civil law through our sheriff's office,
3 provide citywide payment services and advise the
4 Administration on pension issues through the Mayor's
5 Office of Pensions and Investments. In total, we
6 annually collect approximately \$30 billion in revenue
7 and provide \$6 billion in exemption and abatement
8 benefits. We are the fifth largest taxing authority
9 in the country. Given the size and scope of our
10 operation and the impact it has on those who live and
11 work in the city, we strive to balance two critical
12 goals -- to achieve the highest level of operational
13 effectiveness and to communicate meaningfully with
14 the public we serve. We aim to pair operational
15 excellence with a commitment to transparency and
16 robust outreach to the public.

17 To that end I would like to share some of
18 the projects that we are working on to enhance both
19 of those goals. First, some of the initiatives that
20 are improving the way we do business. We are making
21 great progress in our signature Citywide Payments and
22 Receivables project. Our goal is to increase New
23 York City's ability to accept payments more
24 efficiently, have a more accurate and timely view of
25 payments and collections and improve customer service

2 by allowing customers to pay when, where and how they
3 choose. This past October this project received the
4 prestigious Pinnacle Grand Prize Award from the
5 Association for Financial Professionals for
6 demonstrating a new way to streamline payment and
7 collection operations. We have been successful in
8 rolling out services to 33 city agencies, enabling
9 many of them to accept online payments for the first
10 time. We are also focused on replacing manual
11 processes with solutions that allow City staff to
12 focus more of their time on their agency's core
13 mission rather than walking checks to the bank or
14 keying in amounts collected to the General Ledger.

15 In the last year we have revolutionized
16 the way we enforce the collection of parking debt by
17 utilizing self-release booting technology rather than
18 towing as the primary enforcement tool for those who
19 have more than \$350 in debt that's older than 100
20 days. Booting began as a pilot program in the summer
21 of 2012; it quickly became clear that,
22 overwhelmingly, vehicle owners preferred booting to
23 towing. A booted car remains in place; when vehicles
24 are booted, motorists can pay off their debt within
25 minutes, remove the boot themselves and be on their

2 way. No searching for cars, no worries about whether
3 the car has been stolen and no trips to the tow
4 pound.

5 We continue to enhance our tax audit
6 capabilities by utilizing data analytics, our data
7 modeling group performs data matches across various
8 tax types to identify non-filers and taxpayers who
9 underreport their earnings. We estimate that the
10 modeling effort has thus far generated more than \$400
11 million in assessments since it began five years ago.
12 We have enhanced the skill level of audit staff
13 through specialized training and educational forums.
14 Our efforts have led to bolstered revenues for the
15 City while improving the fairness of the tax system
16 by reducing tax noncompliance. In addition, these
17 efforts have improved the productivity of our cases,
18 which benefits both the City and the taxpaying
19 population by reducing the number of audits that
20 result in no change to tax liabilities.

21 Additionally, we are upgrading our legacy
22 property tax and business tax systems which track the
23 billing, processing and collection of taxes and
24 parking fines. Currently we rely on decades-old
25 databases and computer systems to perform these jobs.

2 These systems are not nimble and are difficult to
3 modify when a law or policy changes. In some cases
4 the underlying technology is outdated and
5 unsupported. On the property side we are currently
6 transitioning to a new property tax system that uses
7 state of the art technology and will be operational
8 in 2016. On the business side we completed a request
9 for proposal to replace our business tax system and
10 we are moving expeditiously to have this project
11 underway soon.

12 We are also improving our property
13 assessment evaluation processes by adding more
14 assessors, bolstering our quality assurance processes
15 and by using sophisticated modeling techniques.
16 Modeling ensures consistency of values and serves as
17 an important tool for assessors, who are trained to
18 review statistical data, review the findings and make
19 final decisions regarding value. Utilizing modeling
20 allows assessors to focus on more complex valuations
21 and spend more time on strengthening quality control.

22 Our assessment process will benefit from
23 the earlier deadline for property owners to file
24 their Real Property Income and Expense (RPIE)
25 Statements. RPIEs are the main source of information

2 we use to assess income-producing properties.
3 Council and made important change to the law last
4 year, moving the RPIE deadline three months earlier,
5 from September 1st to June 1st. The additional time
6 will allow us to more thoroughly evaluate the
7 information on the RPIEs and perform additional
8 quality assurance before the Tentative Assessment
9 Roll is released.

10 The examples I have just highlighted
11 demonstrate what we are doing behind the scenes to
12 push the Agency to perform at the highest levels; I
13 also want to share our approach to community outreach
14 and communications.

15 We have upgraded many of our
16 communications materials in the past two years; we
17 redesigned our website, developed the first-ever
18 property tax guides and recently published a new
19 guide to parking ticket and camera violations. All
20 of this information is available in multiple
21 languages. The end goal of these improvements is to
22 make it easier for the public to access clear,
23 consistent and accurate information. In addition, we
24 work hard to compliment our written materials with
25 in-person assistance. In FY 2013 alone we hosted

2 more than 100 outreach events, many of which were co-
3 hosted with elected officials and community groups.

4 At Finance, one aspect of communicating
5 with the public is reaching those who owe the City
6 money before the need to take enforcement action
7 arises. While most property owners pay their
8 property tax bills in full and on time, those who
9 don't may be subject to our annual lien sale. The
10 lien sale affects property owners that have more than
11 \$1,000 in outstanding property taxes or property-
12 related charges; for residential properties, these
13 charges have gone unpaid for three years. We have
14 found that outreach is key to ensuring that those who
15 do not belong in a lien sale are taken out and that
16 owners are given every opportunity to satisfy their
17 debt and avoid the lien sale.

18 Before we began lien sale outreach in
19 early February, we briefed Council staff on how the
20 lien sale process works and how your offices can help
21 lien sale candidates be removed from the sale. On
22 February 10th the lien sale officially kicked off
23 with the mailing of a 90-day notice to affected
24 property owners and notices in a variety of
25 newspapers. We are currently working with your

2 offices to schedule this year's outreach events and
3 we look forward to working together throughout this
4 process until the lien sale takes place on May 16th.

5 We have made great strides in community
6 outreach in other areas as well; we have particularly
7 focused on the senior and disabled population who
8 receive either the Senior Citizen or Disability Rent
9 Increase Exemptions (SCRIE AND DRIE). We have worked
10 closely with the Department for the Aging to reach
11 out to the senior population that relies on this
12 valuable benefit. We opened a SCRIE/DRIE walk-in
13 office within our Manhattan Business Center that is
14 open five days a week; at this office people can come
15 ask questions about their applications or accounts.
16 In addition, we now provide reports for SCRIE tenants
17 and landlords on our website so they can easily
18 access current information about the amount of the
19 SCRIE credit and the duration of the benefit. We
20 also have a newly-created comprehensive SCRIE and
21 DRIE guide; as with many of our publications, we have
22 translated versions of these guides available in
23 Chinese, Korean, Russian and Spanish.

24 As these examples illustrate, our
25 constituents are many and include property owners,

2 business owners and vehicle owners; they may be
3 purchasing a property for the first time, undergoing
4 a tax audit or disputing a parking summons; whatever
5 their question, we want to make sure that they have
6 clear information about what we do, what we need them
7 to do, how to communicate with us and how to get help
8 when they need it.

9 We expect to have many occasions to work
10 together on these and other matters and look forward
11 to our continued collaboration.

12 Finally, I wanna commend to you the
13 extraordinary staff of Department of Finance, these
14 professionals apply their expertise and judgment to a
15 complex array of subjects and I want to thank senior
16 staff who've gone way beyond the call of duty in the
17 last few months and who are unparalleled in their
18 talent and dedication to the work of the Agency and
19 the City of New York. At this time, be happy to take
20 any questions you have.

21 CHAIRPERSON FERRERAS: Thank you
22 Commissioner. I'd also like to acknowledge the
23 Finance staff, Sarah Gastelum, Analyst, and Emra
24 [phonetic] Ediv [phonetic]... I pronounce that all the
25 time [background comments]; my last name is Ferreras,

2 so [laughter] we go through this all the time, and
3 Ray Majewski, Chief Economist, Tanisha Edwards,
4 clearly Counsel to the Committee and the Division, so
5 I wanna thank them for their work in helping us
6 prepare for this hearing.

7 Commissioner, I have a few questions and
8 then we're gonna be... Council Members are on a five-
9 minute clock to ask you questions, so will ask a few
10 and then after they're done I'll wrap it up.

11 So I wanted to talk about the new needs
12 that were identified; since budget adoption, DOF has
13 identified an additional need for security guards at
14 66 John Street; why is there a new need for security
15 guards at the building; is there a service contract
16 associated with the new need and what are the
17 anticipated costs for this additional security?

18 BETH GOLDMAN: First I'd like to point
19 out that while the money is in our budget, the money
20 for the security at 66 John covers multiple agencies
21 in the building, so the building at 66 John has ACS
22 and OATH and Probation and us, and I may be
23 forgetting somebody, so [interpose]

24 CHAIRPERSON FERRERAS: Okay.

2 BETH GOLDMAN: because OMB funds all of
3 the rental payments, lease payments for the building
4 through Finance, we pay for these additional costs as
5 well. These additional costs are for security for
6 the building, and I think it was 2012, our Sheriff's
7 office, together with NYPD did a security assessment
8 of the building and had determined that we needed
9 some more security; the time came and we requested a
10 new need and it was granted and the cost associated
11 right now in the budget is about, for the rest of
12 this year, it's 430 some thousand dollars and 900
13 going forward, right now that is mostly personnel,
14 but OMB has also funded magnetometers, which may
15 reduce the amount of personnel, so that number may
16 change, but for now that's the cost.

17 CHAIRPERSON FERRERAS: So just for
18 clarity on my end, there's currently not enough
19 security or is there no security at 66 John?

20 BETH GOLDMAN: This new security has
21 already gone into place, within the last... it started
22 about a month ago, and there was no security before.

23 CHAIRPERSON FERRERAS: Okay. Okay.
24 Thank you. And then I wanna talk about customer
25 relations; I know that you mentioned there's been a

2 lot of outreach to our communities and I must
3 comment; we've had very successful forums that have
4 helped address a lot of constituent needs. For
5 Fiscal 2014, the Preliminary Mayor's Management
6 Report indicates that customer service in the Agency
7 has improved for email responses, the percentage of
8 emails responded to in 14 days increased from 79
9 percent in Fiscal 2013 to 88 percent in Fiscal 2014,
10 while the percentage of letters responded to in 14
11 days decreased from 88 percent in Fiscal 2013 to 67
12 percent in Fiscal 2014. Is there a dedicated unit or
13 department that responds to inquiries, resolves
14 customer issues and/or conducts outreach?

15 BETH GOLDMAN: We have an external
16 affairs unit within which there is a correspondence
17 unit and an outreach unit. So yes, the short answer
18 is yes; they answer all correspondence that comes
19 through on one system; all correspondence that gets
20 filtered to them. Are there other areas in the
21 Agency that occasionally answer questions?

22 Absolutely; some of the other specific parts of the
23 Agency sometimes get questions that they answer
24 directly, but we do have a dedicated outreach and
25 correspondence unit, yes.

2 CHAIRPERSON FERRERAS: So the... we speak
3 about correspondence via email, is there a dedicated
4 phone line and if you could tell me how many staff
5 people comprise this unit?

6 BETH GOLDMAN: We generally use 311, we
7 have a high volume of calls, but then the service
8 requests go through this unit that I've described and
9 they generally get back to people within 48 hours
10 from the service requests.

11 CHAIRPERSON FERRERAS: Okay. And do you
12 have the number of staff members dedicated to that?

13 BETH GOLDMAN: Sure.

14 CHAIRPERSON FERRERAS: So for
15 constituents and New Yorkers that are watching, the
16 recommended form to get anything to you is 311?

17 BETH GOLDMAN: Yes.

18 CHAIRPERSON FERRERAS: Okay.

19 [background comments]

20 BETH GOLDMAN: We have 20. [background
21 comment]

22 CHAIRPERSON FERRERAS: 20. Okay. Thank
23 you very much. Again, I'll have some follow-up
24 questions towards the end and I'd like to have our
25

2 following... Council Member Rosenthal, followed by
3 Council Member Wills.

4 COUNCIL MEMBER ROSENTHAL: Thank you
5 Chair for kicking this off, this very important
6 hearing. I actually just have a technical question
7 that probably DHS works... HPD works on, but Finance
8 has a piece of it and I was hoping you could help me
9 out. When the State agrees to tax abatement for a
10 developer and the impact is that the people at a
11 certain address get an abatement to their taxes, I
12 understand that it first goes to HPD, I think, to
13 sign off on it and then goes to you and you
14 technically implement it; is that a fair
15 understanding?

16 BETH GOLDMAN: If you are referring to
17 the J-51... [crosstalk]

18 COUNCIL MEMBER ROSENTHAL: I am.

19 BETH GOLDMAN: and the 421a benefits,
20 that's correct; HPD decides who is getting it and
21 what level of abatement or exemption they get and
22 then we implement it.

23 COUNCIL MEMBER ROSENTHAL: Is there any
24 role for Department of Finance to not implement it or
25 is that... has that ever been done?

2 BETH GOLDMAN: No.

3 COUNCIL MEMBER ROSENTHAL: No. Okay.

4 Thank you very much.

5 BETH GOLDMAN: Sure.

6 CHAIRPERSON FERRERAS: Thank you Council
7 Member Rosenthal; Council Member Wills, followed by
8 Council Member Gibson.

9 COUNCIL MEMBER WILLS: Good afternoon
10 Commissioner. I have a couple of specific questions
11 about some of the processes that the DOF has. You
12 have a commercial settlement program for commercial
13 trucks or vehicles; it's a ticket settlement program,
14 and I believe in the language you give them 5-6
15 percent off of the tickets which they get; does this
16 sound familiar? Okay, great. But in 2012... well this
17 program was... that... you had a non-commercial program
18 in 2012 that we were dealing with and people got
19 something like 30 percent off of the tickets; there
20 seems to be a disparity where commercial vehicles
21 produce a lot more tickets than the non-residential
22 ones total on an individual basis, but these
23 commercial tickets are getting so much less of a
24 discount and once they're enrolled into this
25 settlement program they have no other recourse, they

2 can't go back and fight it. I have one commercial
3 establishment in my district that has tickets and
4 they've seen their tickets rise by like \$300,000 and
5 one of the reasons is, it seemed as soon as they
6 enrolled in the program they were only getting like
7 seven hours off of tickets, but then they started to
8 ticket them for the trailer and the truck, the
9 trailer and the actual truck portion of it, so they
10 were getting two tickets instead of just one for
11 something like double parking or something like that
12 and this is 4-5:00 in the morning, when they're doing
13 deliveries to the City; it seems like there's a
14 little inequity in that; how can we correct that?

15 BETH GOLDMAN: Well happy to look at a
16 particular case; I obviously don't know about that
17 particular case right now, but the way these
18 abatement programs work is that when you enter the
19 program you basically sign a contract with us...

20 COUNCIL MEMBER WILLS: Right.

21 BETH GOLDMAN: and under that contract
22 you agree that you're not gonna have a hearing, but
23 in return you get the penalty abated, so it's either...
24 it's reduced. And so it's a trade-off that a company
25 makes; they don't have to go into that program, they

2 could instead take their tickets and adjudicate them
3 through our Commercial Adjudications Program, so...
4 [interpose]

5 COUNCIL MEMBER WILLS: Right, but the
6 way... the way I think some of the companies were
7 looking at it is, they entered into the program while
8 the non-commercial program was going also. In the
9 non-commercial program the discount that you gave for
10 non-commercial vehicles... no?

11 BETH GOLDMAN: We don't have a passenger
12 vehicle program, we only have... [interpose]

13 COUNCIL MEMBER WILLS: No, you did have
14 one in 2012, 'cause I actually got tickets; it was a
15 settlement program... [background comments] [crosstalk]

16 BETH GOLDMAN: You're talking... I know
17 what you're referring to. Okay, [crosstalk]

18 COUNCIL MEMBER WILLS: settlement
19 program.

20 BETH GOLDMAN: you are referring to...
21 there was a time in which... [interpose]

22 COUNCIL MEMBER WILLS: Right.

23 BETH GOLDMAN: we had a program where you
24 could get a settlement if you decided to waive a
25 hearing when you came in...

2 COUNCIL MEMBER WILLS: Right.

3 BETH GOLDMAN: and we eliminated that
4 program. Correct.

5 COUNCIL MEMBER WILLS: Right. So the
6 discounts that you got, or the amount that was waived
7 when you had the non-commercial... or the settlement
8 program, was a lot higher than the commercial
9 settlement program; it was like... yeah, it was
10 something like 20-30 percent; we have the information
11 from your office, so I don't know... we can get back to
12 that. Okay, we'll go over that later. [crosstalk]

13 BETH GOLDMAN: Yeah, I mean I would
14 suggest that if there's a particular constituent who
15 has a particular issue, would be happy to look at it
16 and see if there... you know we... there is a different
17 program for them that's preferable.

18 COUNCIL MEMBER WILLS: Okay. Now with
19 property tax assessment, we've had a couple of major
20 issues with the collections; we had one senior
21 citizen who transferred the property over to her son
22 and they were still getting the SCRIE, or the tax
23 abatement STAR Program, tax abatements... the... the
24 STAR... Senior... okay, they were getting that, but when
25 it was finally corrected, DOF charged her for the

2 five years... charged her like \$6,000; she received a
3 bill for the back. We understand that, but we have
4 an issue on the other side; I have a gentleman who
5 owns a commercial property; he was out of state with
6 documented severe illnesses, his property was
7 assessed from \$80,000, it went up to \$1 million while
8 he was out of state and couldn't fight the assessment
9 and when we brought it to the attention of DOF, you
10 would only go back one year, lower the assessment... it
11 would only go back one year, but he still owes
12 \$100,000 for the five years, so I don't understand
13 how you can go back and collect when it's in the best
14 interest for five years, but when it's an error on
15 your part, such as a mailing or anything like that,
16 you refuse to go back more than one year to correct
17 it; how do we deal with that?

18 BETH GOLDMAN: Well you know I'm not
19 totally clear on what the two situations were; I mean
20 I understand your description; with property taxes we
21 are limited... we cannot go back after the final roll
22 ever; you may be referring to the Tax Commission that
23 can do a two-year look back if somebody has
24 challenged [background comment] and if an assessment...
25 if somebody believes their assessment is too high and

2 they go to the Tax Commission there's a two-year look
3 back. When it comes to an exemption, we... there are...
4 I'm not sure what the situation is that you're
5 suggesting, except that I do know that if you... the
6 property tax [bell] exemption applies to the property
7 and when you move you have to reapply at the new
8 property, so... [interpose]

9 COUNCIL MEMBER WILLS: So could we
10 forward these two examples over to your office to
11 see... [crosstalk]

12 BETH GOLDMAN: Of course.

13 COUNCIL MEMBER WILLS: Okay. Thank you.

14 BETH GOLDMAN: Certainly.

15 COUNCIL MEMBER WILLS: Thank you Madame
16 Chair.

17 CHAIRPERSON FERRERAS: Thank you Council
18 Member Wills; we will have Council Member Gibson,
19 followed by Council Member Greenfield.

20 COUNCIL MEMBER GIBSON: Thank you very
21 much Madame Chair. Good afternoon Commissioner and
22 staff... [crosstalk]

23 BETH GOLDMAN: Good afternoon.

24 COUNCIL MEMBER GIBSON: thank you so much
25 for your presence here today. I just have three very

2 quick questions. So I recognize in your testimony
3 and I do know from personal experience that the
4 Department of Finance has made a great effort to
5 improve the SCRIE and DRIE program in terms of
6 outreach the Manhattan Business Center; my question
7 is, you've indicated that it's open five days a week;
8 do you have specific staff there that just cater to
9 SCRIE and DRIE and if so, are they caseworkers or do
10 they just answer questions? I guess my concern is,
11 the senior that make it to the office may have very
12 sensitive questions and they may need a level of
13 assistance, so do you have staff there that have
14 caseworker knowledge that can help them navigate
15 through the process of applying for SCRIE or DRIE?

16 BETH GOLDMAN: Well we do have dedicated
17 staff to the SCRIE/DRIE walk-in center, they are
18 there for that purpose and that's... those are the
19 questions they're answering and that's what they are
20 trained to do.

21 COUNCIL MEMBER GIBSON: Okay. Okay. And
22 since the office has opened, have you seen an
23 increase in the number of residents that have come to
24 visit the office since? [interpose]

2 BETH GOLDMAN: Oh absolutely; we could
3 even give you the numbers, but we've had... we've had a
4 total of... through February 21st of 8,000 people come
5 through the walk-in center.

6 COUNCIL MEMBER GIBSON: Okay. Great.
7 And I'm sure that will continue as we keep advertising
8 and promoting; SCRIE and DRIE are one of the only
9 programs that keep rents affordable for seniors and
10 the disabled that are living in traditional housing.

11 My next question focuses on the online
12 payments for tickets and other infractions. The
13 convenience and other fees that are charged, I
14 noticed that sometimes there are multiple fees and
15 I'm tryin' to get a better understanding of how the
16 Department determines convenience fees that are
17 charged for online customers that wanna make payments
18 online.

19 BETH GOLDMAN: So the... Finance and every
20 other agency that now takes credit cards charges the
21 same convenience fee and it's \$2.49 and that was
22 passed by rule, it went through the rule-making
23 process and in order to charge a fee you have to
24 establish that that's the cost associated with that
25 fee, and so the \$2.49 is basically the cost to the

2 City of processing the credit card, sort of a... it's
3 a... it's sort of an average. I'm sorry, I said... 2.49
4 percent; I apologize; I misspoke.

5 COUNCIL MEMBER GIBSON: Okay. And I
6 guess my last question focuses on the property owners
7 that own a lot of the vacant property across the
8 city; I know the Mayor a little while back made
9 comments about an attempt from the Administration to
10 work with a lot of property owners that owned a lot
11 of vacant land -- some of it is more of an eyesore in
12 certain parts of our city -- to have a conversation
13 and a dialog with a lot of these owners in reference
14 to what we can do to try to promote, you know, any
15 development of the sort; do you know if those
16 conversations are ongoing and if so, how will the
17 Department of Finance be involved?

18 BETH GOLDMAN: The Department of Finance
19 really just assesses the properties for tax purposes
20 and we know which lots are vacant, because that
21 certainly has an important impact on how we assess
22 the properties; we know that the Administration is
23 very interested in looking at vacant land and how
24 they're assessed and whether they should be assessed
25 as Class I or Class IV homes and that is something

2 that we are helping look at and look at the
3 statistics and see what the impact of changing the
4 way the assessments are done, both on revenues and
5 others in the City, we'll look at what the impact
6 will be in terms of development.

7 COUNCIL MEMBER GIBSON: And since I have
8 a little bit more time, the vehicle, the booting
9 program has been expanded to all five boroughs,
10 right? [interpose]

11 BETH GOLDMAN: Correct.

12 COUNCIL MEMBER GIBSON: It started in
13 Brooklyn and Queens?

14 BETH GOLDMAN: That's right.

15 COUNCIL MEMBER GIBSON: Do you get a
16 report of where the vehicles are towed from, like per
17 borough?

18 BETH GOLDMAN: I believe so.

19 COUNCIL MEMBER GIBSON: Okay. Okay.
20 Thank you very much for your answers; I appreciate
21 it. Thanks.

22 CHAIRPERSON FERRERAS: Thank you Council
23 Member Gibson; we will now have Council Member
24 Greenfield, followed by Council Member Cumbo.

2 COUNCIL MEMBER GREENFIELD: Thank you
3 Madame Chair; thank you Commissioner, welcome; I
4 believe this is your first... [interpose]

5 BETH GOLDMAN: Thank you.

6 COUNCIL MEMBER GREENFIELD: budget
7 hearing here at the New York City Council; we're
8 happy to have you. I just wanted to ask some
9 specific questions regarding revenue from parking
10 violations; I believe that based on your information
11 on parking, violation revenue has actually decreased
12 over the past year; is that correct?

13 BETH GOLDMAN: Yes.

14 COUNCIL MEMBER GREENFIELD: And so I'm
15 wondering, as a result, is DOF working with any
16 agency to try to make up that gap perhaps by trying
17 to have more tickets written or other measures of the
18 sort?

19 BETH GOLDMAN: Well clearly the reason
20 that parking revenue is down is because ticket
21 issuance is down, whether it's, you know, from
22 hurricanes or from snow or other reasons, ticket
23 issuance is down and so revenues are very much
24 dependant on that. I don't think that any of our
25 processes had any particular effect on that number.

2 COUNCIL MEMBER GREENFIELD: Okay, fair
3 enough. One of the processes I actually do wanna
4 speak about is; I also believe that the in-person
5 parking hearings have increased; is that correct? My
6 clock is running.

7 BETH GOLDMAN: Sorry. I... well...
8 [background comment] We have had an increase across
9 the board, actually, both in our hearings by mail,
10 hearings by web and in-person.

11 COUNCIL MEMBER GREENFIELD: In the past
12 years other commissioners have testified that as
13 these tickets are challenged that there's actually a
14 reasonably good likelihood that these tickets are
15 found to in fact be invalid and judged in favor of
16 the car owner. The reason I ask this is because in
17 the past there was a program that DOF had and then
18 they then scuttled and I'd like you to potentially
19 reconsider, which is a settlement program, which is
20 that when individuals would like to challenge... I see
21 some folks are smiling, so perhaps they are used to
22 my line of questioning around here... where individuals
23 who are looking to challenge, instead of challenging
24 it they could settle it for \$.60 of \$.65 on the
25 dollar; have you looked at perhaps that being a

2 contributing factor as to why it is that more people
3 are challenging tickets and as a result, more people
4 are beating tickets as well; not to mention that
5 there's a whole crop industry now of middlemen who
6 challenge tickets for you?

7 BETH GOLDMAN: Our guilty, not guilty
8 rate has been pretty steady over the years, the half
9 and half rate; at the time that the settlement
10 program went in we had backlogs and long waits; we no
11 longer have long waits for hearings, so there was
12 really... there wasn't a need to have the settlement
13 program anymore, so people can take their chances at
14 a hearing and you're right, it's almost 50/50 in
15 terms of guilty/not guilty.

16 COUNCIL MEMBER GREENFIELD: It's higher
17 than 50/50; I don't know if you've studied the folks
18 who do those middleman service that are provided;
19 these guys are experts at finding technical problems
20 with tickets and they actually have a rate that's
21 probably closer to 70/30, and so the reason I'm
22 encouraging the settlement program is rather than
23 them getting the money, which is what happens, they
24 take 50 percent of the ticket, perhaps it would be in
25 the interest of the City to see that fee as opposed

2 to the profit industry; not that I'm trying to put
3 these businesses out of business, but it's...
4 [interpose]

5 BETH GOLDMAN: The brokers that you're
6 referring to have been in business before and after
7 the settlement program and they tend to work with the
8 commercial adjudications and come in with large
9 volumes, but of course, you know, we can look at that
10 question again and see if there is more... [crosstalk]

11 COUNCIL MEMBER GREENFIELD: I just want
12 you to study the issue of whether in fact getting rid
13 of the settlement program has actually increased or
14 decreased revenue; I sort of appreciate that.

15 My next question I wanna refer to
16 specifically is customer service and that is that at
17 the in-service center we get a fair amount of
18 complaints about the customer service; I will admit
19 to you myself that it's difficult to believe some of
20 those complaints, but I myself had to go down and pay
21 a bill not that long ago and quite frankly, the
22 customer service was a little shocking; there was a
23 lack of people who were taking payments, 'cause many
24 folks were on break all at the same time; when I
25 finally came to the window, the individual really

2 wasn't really clear on what it is I was seeking to
3 pay and sort of had to ask a bunch of people, and so
4 my question is; do you track customer service
5 complaints and would you consider doing sort of like
6 a secret shopper program, sort of like what the
7 Police Commissioner announced the other night, that
8 he's gonna sort of patrol the trains late at night to
9 sort of see how things are going; would you consider
10 doing something similar? I mean people might know
11 you as the Commissioner, but might you consider
12 focusing a little more on customer service at the end
13 service centers; I mean to be fair, when we reach out
14 to your office they do a good job, your
15 intergovernmental does fine work; I mean the actual
16 people who for whatever reason have to go in and deal
17 with a live human being, we found that to be somewhat
18 lacking?

19 BETH GOLDMAN: Right. Well obviously
20 it's a matter of great concern to us to hear that you
21 had bad service experience and as I said in the
22 testimony, it's extremely important to us; we can be
23 doing the best job in the world and if a customer has
24 a bad experience that's of no value to them, so I
25

2 think we should be looking at it from all directions
3 and we can consider that kind of program.

4 COUNCIL MEMBER GREENFIELD: Okay. So
5 would you consider sending us some sort of actual
6 plan on sort of how to improve the customer service
7 or whether it is that you're tracking it, or like I
8 said, a secret [bell] shopper/customer program; could
9 you get back to us on that?

10 BETH GOLDMAN: Certainly.

11 COUNCIL MEMBER GREENFIELD: Thank you
12 Commissioner.

13 CHAIRPERSON FERRERAS: Thank you Council
14 Member Greenfield; we have Council Member Cumbo,
15 followed by Council Member Rodriguez.

16 COUNCIL MEMBER CUMBO: Thank you Madame
17 Chair. Welcome; I just want to... [crosstalk]

18 BETH GOLDMAN: Yes.

19 COUNCIL MEMBER CUMBO: ask two questions.
20 The first one is, in talking about the SCRIE and DRIE
21 programs, wanted to know... I understand that you have
22 the website opportunities as well as the open door
23 policy in that way, but are there other ways that
24 people are made aware that they, number one, qualify
25 for the program, but also to keep them up-to-date to

2 changes that may exist within the program and other
3 aspects, other ways of communicating; not everyone
4 utilizes those forms of communication that you
5 outlined in the presentation today?

6 BETH GOLDMAN: Well we also partner with
7 senior centers, provide information there, we have
8 staff who goes out to them and speaks and we have
9 materials that are available at senior centers.

10 COUNCIL MEMBER CUMBO: Do you have any
11 idea in terms of the number of seniors or those with
12 disabilities that might qualify for these programs
13 but are either not utilizing these services or are
14 not aware that they qualify or have no interest?

15 BETH GOLDMAN: That is a question that
16 we've looked at in depth over the last couple of
17 years to try to figure out whether there is a
18 population out there that does qualify that hasn't
19 taken advantage and we have not found them; I mean we
20 keep trying; there's limited amount of information
21 [background comment] available to us about people's
22 income and that's a major qualification for it, and
23 so while we've done... we try to do general outreach to
24 seniors, it's hard to reach directly into that
25 population, [background comment] but if you... you know

2 we're very much open to ideas, if you have some as
3 to, you know, how to find these people, but we have
4 tried a number of different avenues and they haven't
5 been all that successful.

6 COUNCIL MEMBER CUMBO: As a new Council
7 Member, and I understand that... I don't wanna put you...
8 because I understand that you're testifying today and
9 I don't want you to give out misleading information,
10 but I guess I ask that question in terms of a
11 ballpark to understand what I as an elected official
12 have to do to better service my community, so kind of
13 wondering like, are there maybe like another 50
14 percent of all those that are qualified, they are not
15 participating in this program, or is 20 percent or is
16 it 5 percent? What is the ballpark of where this
17 program exists?

18 BETH GOLDMAN: It's a really excellent
19 question and we really don't know.

20 COUNCIL MEMBER CUMBO: Okay. It would be
21 helpful so that we could better service our
22 constituents as effectively as possible to know how
23 valuable it would be to have opportunities to say,
24 we're signing people up or there's a change in the
25 program or there's a better way to communicate this

2 to you or how do we best utilize our mailers and all
3 these different sorts of things in order to partner
4 with you.

5 BETH GOLDMAN: We'd be happy to talk it
6 through with you and work with you on that.

7 COUNCIL MEMBER CUMBO: Thank you. The
8 second question I have is that I wanted to have an
9 understanding of the range of those that qualify for
10 your exemption and abatement benefits. If you could
11 describe to me the range of the portfolio of who's
12 benefiting from that in that way.

13 BETH GOLDMAN: So there are different
14 categories of benefits, there are personal benefits,
15 [background comment] meaning SCRIE and DRIE and SCHE,
16 which is the Senior Citizen Homeowner Exemption, the
17 low-income... the DHE, which is the low-income Disabled
18 Homeowners Exemption, there are veterans' exemptions,
19 there is a clergy exemption; those are sort of
20 personal exemptions. You then have what we call
21 commercial exemptions, which also include Not-for-
22 Profit Exemptions and then all of the programs like
23 421a and J-51 and ICIP and ICAP and the list goes on.
24 [background comment] I think those are the two main
25 categories of exemption and abatement programs. Oh

2 and the STAR program I should mention, although that
3 is funded by the State, but we have our part in
4 administering that.

5 COUNCIL MEMBER CUMBO: That answers my
6 quest... well, I wanna know, I guess in terms of... I'm
7 in the 35th Council District representing Fort
8 Greene, Clinton Hill, Prospect Heights, Crown Heights
9 and Bedford-Stuyvesant, so wanting to understand in
10 some ways, or gain a greater understanding of outside
11 of all of these very good-sounding exemption and
12 abatement folks who benefit from it, can you describe
13 a bit more in terms of how the more affluent or
14 wealthier of the district or [bell] constituents
15 benefit from this or is that part of your portfolio?

16 BETH GOLDMAN: I guess the way to answer
17 that is to say that it's really the commercial
18 abatements that you're focused on, when you're
19 talking about 421a, that is a program that benefits
20 new construction and often people who buy apartments
21 in 421a buildings then benefit from the fact that the
22 property taxes are greatly reduced and so I think
23 that's probably what you're referring to.

24 COUNCIL MEMBER CUMBO: Okay. Thank you.
25

2 BETH GOLDMAN: Sure. [background
3 comment]

4 CHAIRPERSON FERRERAS: Thank you Council
5 Member Cumbo; Council Member Rodriguez and we've been
6 joined by Council Member Johnson.

7 COUNCIL MEMBER RODRIGUEZ: Thank you
8 Chairman. Commissioner, I have two questions. One
9 is, by this time last year, how much did you project
10 that you will raise for 2014 fiscal budget and how
11 much did you actually raise?

12 BETH GOLDMAN: So our estimate of the \$30
13 billion in revenue that Department of Finance
14 collects, we are basically on target; there are areas
15 where the actuals have exceeded the projections, like
16 in the property tax, and... I just turned off... but we
17 are... we are on target.

18 COUNCIL MEMBER RODRIGUEZ: You were on
19 target in 2014? So... is that... that's now? [cross]

20 BETH GOLDMAN: Yes, that's true.

21 COUNCIL MEMBER RODRIGUEZ: Okay. So what
22 is your projection, your estimate right now for this
23 coming fiscal year?

24 BETH GOLDMAN: Well just to be clear, I
25 mean... [interpose]

2 COUNCIL MEMBER RODRIGUEZ: 2015.

3 BETH GOLDMAN: OMB does the forecasting,
4 we just collect, but we... you know, if we don't meet
5 it in the areas where we have some control over it,
6 there are questions, but the total revenue projected
7 for 15 is \$73 billion for the City, but our portion
8 of it is \$48.9 billion.

9 COUNCIL MEMBER RODRIGUEZ: 48?

10 BETH GOLDMAN: It's actually close to 49,
11 yeah.

12 COUNCIL MEMBER RODRIGUEZ: That... 49...
13 that's the projection then?

14 BETH GOLDMAN: Right.

15 COUNCIL MEMBER RODRIGUEZ: We will rely
16 on you... [crosstalk]

17 BETH GOLDMAN: Right, but just... just to
18 be clear, of that 49 the State of New York collects
19 about \$15 million of it or \$15-19 million... billion of
20 it; that is the personal income tax for the City and
21 the sales tax for the City; it's collected by the
22 State for us.

23 COUNCIL MEMBER RODRIGUEZ: So do you also
24 make the same estimate combining the projection of
25 the State and the City... [crosstalk]

2 BETH GOLDMAN: Yes.

3 COUNCIL MEMBER RODRIGUEZ: with 48 in
4 2014 and... [crosstalk]

5 BETH GOLDMAN: Yes.

6 COUNCIL MEMBER RODRIGUEZ: you expect a
7 similar number for this coming year?

8 BETH GOLDMAN: Yes.

9 COUNCIL MEMBER RODRIGUEZ: Okay. My
10 second question is something very local in my
11 community; when cars are towing in community, not in
12 Manhattan, they are parked at 201 and 9th Avenue and
13 drivers have to go to 34th Street to pay and then go
14 to 201 and pick up the car; as you're working so hard
15 and doing a great job to allow drivers to, you know
16 to pay online, can we make a plan where drivers whose
17 cars are towing at 201 and Avenue to pay online so
18 that they don't have to come to 34th Street and then
19 go back there to pick up the cars?

20 BETH GOLDMAN: Just to clarify, you're
21 referring to tows that are done by the Police
22 Department; those are not our tows, those are parking
23 tows, not Scofflaw tows, but that being said, it
24 sounds like you're asking a payment question and
25 we'll certainly talk to our payment folks and see

2 whether PD has any interest in getting involved in a
3 different payment structure.

4 COUNCIL MEMBER RODRIGUEZ: But when you...
5 when we look at your testimony and you're referring
6 to how amazing we've been able to allow drivers to
7 pay online, so it's the same ticket that they get.

8 BETH GOLDMAN: It's actually... we are
9 talking about two different things. When we do
10 booting, we are booting because somebody has more
11 than \$350 worth of tickets that have gone unpaid,
12 these are tickets in judgment, and so these are
13 people we are looking for because they're in our
14 database as people who haven't paid their parking
15 tickets. PD is towing because you parked on the
16 wrong side of the street and they are moving you and
17 so it's a different process.

18 CHAIRPERSON FERRERAS: If I could just
19 follow up with my colleague's question, 'cause I get
20 where he's going on this. There's also the towing
21 that happens by the Marshal on your scaffolding
22 [sic]... [interpose]

23 BETH GOLDMAN: So...

24 CHAIRPERSON FERRERAS: you can go to bed
25 at night and there are constituents that will not

2 find their car there in the morning and it was
3 because they owed over \$350.

4 BETH GOLDMAN: Not anymore.

5 CHAIRPERSON FERRERAS: Okay, so...

6 BETH GOLDMAN: That stopped as of July of
7 '13.

8 CHAIRPERSON FERRERAS: As of July of '13.

9 COUNCIL MEMBER RODRIGUEZ: Yeah. So my
10 concern is; whatever we can do working with the NYPD
11 and any other interagency to see how you know we may...
12 we are able to collect the money more easily; there's
13 no reason why whoever cars you're towing and brought
14 to 201 or any part of the City, they have to come
15 here, even though the car is not at 34th Street, this
16 is where they have to come and do the payment.

17 [bell] So I hope that you can make a online process
18 that they will be able to... to... [interpose]

19 BETH GOLDMAN: Okay, we'll... thank you,
20 we'll look into it.

21 COUNCIL MEMBER RODRIGUEZ: Thank you.
22 Thanks.

23 CHAIRPERSON FERRERAS: Commissioner, can
24 you just clarify for us; it is our understanding that
25 the towing program was a portion... I mean, the booting

2 program was a portion; are you saying that there is
3 absolutely no towing and all booting happening right
4 now?

5 BETH GOLDMAN: [background comment] We
6 do not do any initial tows, meaning, the Scofflaw
7 program is now booting, but you can be towed after a
8 boot if it stays in place in a place you can't leave
9 the car. There are various protocols for when a car
10 has to be towed after it's been booted.

11 CHAIRPERSON FERRERAS: I'm sorry to ask
12 this again for clarification; you... what is happening
13 now for the first instance that, or the first
14 interaction of your program, it's 100 percent
15 booting?

16 BETH GOLDMAN: Correct.

17 CHAIRPERSON FERRERAS: And then after a
18 car has been left for a certain period of time
19 without it being remedia... or corrected, the boot is
20 then removed and the car is then towed?

21 BETH GOLDMAN: Correct.

22 CHAIRPERSON FERRERAS: Okay, thank you.
23 Commissioner, we will now hear from Council Member
24 Johnson.

25

2 COUNCIL MEMBER JOHNSON: Thank you Chair.
3 Just to follow up on that point. What is the
4 protocol for when the boot is taken off and then
5 becomes towed; what's the set period of time?

6 BETH GOLDMAN: [background comment] Bear
7 with me for a minute. [background comments] It's 48
8 hours booted without being removed or if there is
9 some reason the car cannot remain on the street, for
10 instance, it doesn't have a valid registration.

11 COUNCIL MEMBER JOHNSON: And how often
12 does that happen? I'm asking because, you know, the
13 tow pound in Manhattan is in my district and there
14 have been plans for years to try to have the tow
15 pound vacate the piers on the West Side so we could
16 turn it into a park and we keep getting told that
17 that tow pound is essential there, so I'm trying to
18 understand how essential it actually is.

19 BETH GOLDMAN: Well for our purposes, we
20 only tow about 10 percent of the cars that are
21 booted. [crosstalk]

22 COUNCIL MEMBER JOHNSON: Oh wow.

23 BETH GOLDMAN: But I don't know how... PD
24 may still be towing a lot; I do not know.

2 COUNCIL MEMBER JOHNSON: Thank you. I
3 know that there were some questions already and I
4 apologize that I had to step out and wasn't here for
5 them regarding SCRIE and DRIE and you listed some of
6 the other exemptions for Council Member Cumbo;
7 Department of Finance, as we know, essentially didn't
8 have the SCRIE program under it; it was under DFTA
9 before; what is the Department's opinion on if it
10 should remain within your department or if it should
11 potentially go back to DFTA and if it does remain
12 with you as it has, what's the coordination, if any,
13 between DFTA and the Department of Finance?

14 BETH GOLDMAN: So the program, as you
15 said, moved over to Finance in 2009 and there were
16 growing pains, but I think we now have the program
17 really well in hand and I think we run it very well;
18 I think that if you wanna look more closely at how we
19 run it, we'd be happy to show you all the details,
20 but I think given all the enhancements we've done to
21 the program and how quickly we're now turning around
22 initial application and renewal applications, I think
23 you'd be satisfied that we're doing a good job. In
24 terms of working with DFTA, we work with DFTA mostly
25 on outreach at this point, mostly on outreach.

2 COUNCIL MEMBER JOHNSON: Thank you. And
3 I believe this was asked before, but I just wanna ask
4 again; currently you don't have the numbers with you
5 on the number of people that qualify for SCRIE but
6 are not taking advantage of it?

7 BETH GOLDMAN: It's not just currently,
8 it's a number that's very hard to find. We have
9 tried to figure that out and it's difficult to do so.
10 So I don't... I can't... [interpose]

11 COUNCIL MEMBER JOHNSON: Why is it
12 difficult?

13 BETH GOLDMAN: Because it's hard to
14 figure out how many seniors there are that qualify
15 based on all the requirements from the outside. And
16 so, you know we'd be very happy to work you if you
17 have some ideas about how to locate these... the people
18 who may qualify who are not yet part of the program,
19 but it's a tricky question, so I can't tell you, oh
20 I'll go back and get you those numbers, 'cause we
21 really don't have them.

22 COUNCIL MEMBER JOHNSON: Do you have an
23 outreach division within the Department of Finance
24 for folks who have not sent in their renewals besides
25 just a follow-up letter that they receive; is there

2 an outreach unit, a customer service unit that does
3 more than just a letter to remind people to renew?

4 BETH GOLDMAN: Well we do, by the way,
5 more than one letter; I just wanna tell you, we both
6 send a letter before their time to renew is up and
7 then after their time to renew, because there's a
8 six-month grace period, so there is a lot of
9 communication. And we also have an outreach
10 coordinator specifically for seniors.

11 COUNCIL MEMBER JOHNSON: Because I can
12 tell you that when I received the list from the
13 Finance Division in the Council of the seniors in my
14 district who had not renewed, which I believe you
15 gave to us, which was very helpful, we called through
16 that list, every person on it multiple times and it
17 then got them to the point of actually renewing,
18 which was great and I was just wondering if there was
19 someone that was doing that within the Department as
20 well.

21 BETH GOLDMAN: Well we've been trying to
22 work through Council Members to do that outreach;
23 it's extremely helpful to us, and we reach out by
24 letter and to any other entities we can think of who
25 can reach out. So we do... and we do have somebody

2 dedicated to senior outreach, so we're happy to work
3 with you more on that.

4 CHAIRPERSON FERRERAS: And the Committee
5 does appreciate that you forward the list to us
6 monthly and we wanna make sure that all the members
7 get the appropriate list. So we do appreciate you
8 allowing us to do that type of outreach.

9 COUNCIL MEMBER JOHNSON: Can I ask one
10 quick, final question? With regard... and again, I
11 apologize if this was already asked, I'm sorry; with
12 regard to the fines on letter grades at restaurants,
13 the revenue that has been taken in from the City on
14 that, I could be forgetting, but there were
15 projections that potentially with what's been talked
16 about, that that revenue could decrease in the coming
17 years; are there projections on that from the
18 Department?

19 BETH GOLDMAN: Not from us; that would be
20 something you'd have to talk to DOHMH or OMB, we
21 don't collect that money for them.

22 COUNCIL MEMBER JOHNSON: Thank you very
23 much.

24 CHAIRPERSON FERRERAS: Thank you so much
25 Commissioner; thank you Council Member Johnson. And

2 we're gonna call this part of the hearing to a close.

3 Thank you again for your... [crosstalk]

4 BETH GOLDMAN: Thank you so much.

5 CHAIRPERSON FERRERAS: partnership with
6 us and getting information; clearly we do have
7 additional questions; we're gonna get to you and
8 hopefully you can respond to our Committee.

9 BETH GOLDMAN: Thank you.

10 CHAIRPERSON FERRERAS: Thank you very
11 much; we're going to ask for a five-minute recess
12 while we get ourselves corrected for the next portion
13 of the hearing, which is DDC. Thank you.

14 [pause]

15 [background comments, laughter]

16 [gavel]

17 CHAIRPERSON FERRERAS: Good afternoon;
18 welcome to the first day of the Council's Preliminary
19 Budget Hearing; my name is Julissa Ferreras and I
20 chair the Finance Committee. [background comment]
21 So far today we have heard from OMB and the
22 Department of Finance; we will now hear testimony
23 from the Acting Commissioner, David Resnick, from the
24 Department of Design and Construction. The
25 Department of Design and Construction was created by

2 this Committee in 1997 to carry out the City's
3 capital projects more efficiently. I look forward to
4 hearing more about this from Acting Commissioner
5 Resnick regarding the status of many capital
6 projects, particularly in light of Superstorm Sandy.
7 With that said, we will now hear from the Department
8 of Design and Construction and I'd like to thank the
9 analyst to this Committee, Nathan Toth. Thank you.

10 [background comments]

11 DAVID RESNICK: Oh... okay, there we go.

12 [laugh] I'll try it again. Good afternoon
13 Chairperson Ferreras and members of the Finance
14 Committee; [laughter] I'm David Resnick, Acting
15 Commissioner of the Department of Design and
16 Construction and I'm very pleased to be here with you
17 today. I have a statement which highlight some of
18 our work, after which I'll gladly answer any
19 questions. Before I do that I'd like to introduce
20 some of the DDC senior staff I have with me; my Chief
21 of Staff, Ana Barrio; Deputy Commissioner for
22 Infrastructure, Eric Macfarlane; our General Counsel,
23 David Varoli, and we have Bruce Rudolph, who you all
24 know, and Carla Van de Walle from our budget section.

2 As the New York City's primary capital
3 construction manager, DDC provides communities with
4 new and renovated buildings, including firehouses,
5 libraries, health centers, senior centers, police
6 precincts and courthouses. We also build the City's
7 roadways and plazas, as well as sewers, water mains
8 and other related infrastructure projects for DOT and
9 DEP. The funding for these projects is transferred
10 to us from the capital programs of more than 20 City
11 agencies we do work for.

12 DDC's active portfolio includes more than
13 825 capital projects valued at nearly \$10 billion.
14 The Agency's current FY 2014 operating budget is
15 \$127.2 million and of that, \$99.1 is for personal
16 services with a budgeted head count of 1,306 and
17 \$28.1 million is for other than personal services,
18 OTPS. While our portfolio has increased
19 substantially over the past several years, our budget
20 and head count has remained relatively constant.

21 The projected FY 2015 operating budget is
22 \$120.2 million and of that, \$98.8 million is for
23 personal services with a budgeted head count of 1,302
24 and \$21.4 million is for other than personal
25 services.

2 With four months remaining in FY 2014,
3 I'm pleased to report the Department expects to meet
4 or exceed the major statistical indicators that
5 reflect our mission to deliver the City's
6 construction projects in a safe, expeditious and
7 cost-effective manner while maintaining the highest
8 degree of architectural engineering and construction
9 quality. We expect to meet or exceed our
10 construction completion indicators while maintaining
11 a change order rate well below industry standards.

12 I would now like to take this opportunity
13 to note some of the projects that DDC is currently
14 working on that may be of interest to you.

15 On the public building side, DDC is
16 managing a project portfolio consisting of new or
17 renovated facilities that include 171 libraries, 12
18 NYPD precincts and facilities, 14 fire or EMS
19 facilities and 73 cultural institutions funded by the
20 Department of Cultural Affairs.

21 Also in the public buildings portfolio
22 are 20 projects in the Health and Human Services
23 program, through which DDC carries out capital
24 improvements for the Departments of the Aging, Health
25 and Mental Hygiene and Homeless Services.

2 Projects completed over the past several
3 years include construction of the New Family Intake
4 Center for DHS in the Bronx and major upgrades to the
5 Fort Greene Health Center in Brooklyn. This month a
6 major gut renovation at Riverside Health Center in
7 Manhattan will be substantially completed.

8 And looking forward, design recently
9 began on an interior renovation of the Leonard
10 Covello Senior Center, while the exterior restoration
11 of this East Harlem facility continues. Within the
12 next three to six months we expect to kick off
13 construction on a major interior renovation of the
14 Chelsea Health Center.

15 Over the last three years, DDC has
16 assumed work from the Capital Construction Programs
17 of the Department of Parks and Recreation, from
18 Sanitation and from DCAS. This has added
19 approximately 68 projects to the portfolio, including
20 four sanitation and marine transfer stations; three
21 in Manhattan, one in Brooklyn, which were a critical
22 component of the City's Solid Waste Management Plan.

23 In recent years DDC has completed seven
24 new libraries, as well as 23 major additions and
25 renovations to existing library facilities. Major

2 library projects recently completed include the Glen
3 Oaks Branch in Queens, Mariners Harbor Branch and the
4 greatly expanded Stapleton Branch on Staten Island
5 and the new Kensington Branch in Brooklyn.

6 DDC has also completed hundreds of roof
7 and façade, electrical, plumbing and mechanical
8 upgrades for the three New York City library systems;
9 these are projects which are critical to the well-
10 being and continued usefulness of these facilities.
11 And later this year another new library, the Elmhurst
12 Branch in Queens, is expected to be substantially
13 completed.

14 Also in our portfolio for NYPD is the new
15 Police Academy in College Point, Queens. This new
16 35-acre campus will consolidate NYPD's current group
17 of disbursed facilities and allow more efficient
18 training of recruits in a state-of-the-art academy.
19 Construction of the first phase, which in addition to
20 classrooms and academic spaces includes realistic
21 environments for scenario-based instruction and
22 tactical training venues, along with indoor and
23 outdoor tracks and support facilities will be
24 substantially completed and the first class of new
25

2 recruits to go through this new facility will be in
3 the beginning of July of this year.

4 Construction is also proceeding on the
5 new Public Safety Answering Center (PSAC II), located
6 in the Pelham Bay neighborhood of the Bronx, which
7 will operate in tandem with PSAC I and is designed
8 such that in an emergency it can handle all 911 calls
9 and dispatch operations for the City.

10 Our infrastructure portfolio consists of
11 over 400 roadway, sewer and water main projects
12 valued at approximately \$5.8 billion and included are
13 projects to design water mains that connect the
14 existing water main system to the Manhattan leg of
15 the City's new third water tunnel, which the
16 Department of Environmental Protection put into
17 service this past fall.

18 We now have 12 projects associated with
19 this effort valued at more than \$498 million, eight
20 of which are now in construction and two in design,
21 with projected completion dates ranging from this
22 year to late 2017. The two projects that included
23 all components critical to the activation of the
24 Manhattan leg have been substantially completed.
25 Since much of this work is located highly congested

2 areas, including entrance ramps to the Holland and
3 Lincoln Tunnels and in proximity to the Queens
4 Midtown Tunnel, Lincoln Center and the 59th Street
5 Bridge, we're working closely with area residents,
6 businesses and elected officials to ensure minimum
7 disruption. To alleviate the chronic flooding
8 conditions in South Queens that result from heavy
9 rainfall, construction is underway on multiple storm
10 sewer projects valued at more than \$115 million, with
11 projected completion ranging between the summers of
12 2014 and 2015. In addition, a \$28 million project
13 for the reconstruction of West 11th, 12th and 13th
14 Streets in the Broad Channel area, which includes a
15 much-needed storm sewer system, is currently in the
16 procurement phase and construction will begin, with
17 it's completion scheduled for the fall of 2016.

18 DDC has... I should just say, construction
19 will begin this summer, with the completion scheduled
20 for fall of 2016. DDC has undertaken capital
21 infrastructure improvements for the Department of
22 Housing Preservation and Development, providing new
23 roadways, sewers and water mains to enable
24 construction of affordable housing in Edgemere and at
25 Gateway Estates located in East New York, near Spring

2 Creek. The first phase of Edgemere, valued at \$28
3 million, is expected to be finished this fall and the
4 second phase, valued at \$38 million, is scheduled for
5 completion in the spring of 2015. At Gateway
6 Estates, the first two phases of this five-part, \$80
7 million program have been completed and the remaining
8 work is planned to be completed in the spring of
9 2016.

10 DDC is also designing and building
11 pedestrian plazas throughout the City for the
12 Department of Transportation. DOT's plaza program is
13 intended to improve the urban environment by
14 reclaiming underutilized portions of the public
15 right-of-way, turning them into valuable outdoor
16 spaces. The plazas will be open, easily accessible,
17 provide various types of seating and will incorporate
18 public art and best management practices for storm
19 water capture. There are currently more than 24
20 active plaza projects in various stages of design and
21 construction procurement. Some locations include
22 Times Square, Astor Place, Plaza de las Americas in
23 Manhattan, Myrtle Avenue and Knickerbocker Avenue
24 plazas in Brooklyn, Fordham Plaza, Roberto Clemente
25

2 Plaza in the Bronx and 71st Avenue and Corona Plazas
3 in Queens.

4 DDC is also working with our partners at
5 DOT to implement the Safe Routes to Schools Program,
6 which provides pedestrian safety improvements in the
7 vicinity of 135 schools throughout the City. These
8 measures include new and redesigned curbs and
9 sidewalks, narrowing intersections to reduce crossing
10 distances and the installation of raised or extended
11 medians, pedestrian ramps, bus paths, speed reducers,
12 new or relocated traffic signals and street lights
13 and signal timing modifications. The program has
14 been split up into multiple phases and we've
15 completed work at 35 schools at a cost of \$28 million
16 and projects at another 65 schools at a cost of
17 approximately \$60 million are in construction
18 procurement and we expect that work to start this
19 summer. Another phase of the program is in design
20 and funded for the next fiscal year.

21 As a follow-up to DDC's previous years'
22 testimony concerning capital projects on non-city-
23 owned property, the Agency continues to work with
24 recipient organizations, along with the OMB Task
25 Force to facilitate progress of these projects

2 through the various stages of approval. Since the
3 program began at DDC in 2007, a total of 194 projects
4 valued at more than \$65 million have been registered.
5 In FY13 there were 21 projects totaling more than \$10
6 million and this year approximately 21 projects have
7 already been registered and we expect another 20 by
8 the end of June. At present we are working on a
9 portfolio of about 240 projects with a total value of
10 \$150 million.

11 And I would like to thank your office, as
12 well as Jeff Rodus and his team and also OMB and the
13 recipient organizations themselves for better
14 communication and diligence in working with DDC. As
15 always, we continue to be available to meet with
16 recipient organizations, provide assistance and
17 answer questions. To obtain useful feedback on the
18 success of our work we send satisfaction surveys on
19 completed construction projects to City client
20 agencies, randomly selected residents and businesses
21 impacted by street work and to elected officials.
22 The survey is also available to the general public on
23 DDC's website. For the first six months of the
24 fiscal year, 96 percent of the respondents gave an
25 overall rating of satisfied or more than satisfied,

2 both with the way the project was managed and the
3 outcome, which is the same rating we had last year.
4 The response is invaluable for planning projects and
5 identifying areas for the Agency to improve
6 performance.

7 That concludes my prepared remarks and
8 I'm happy to answer any questions you may have.

9 CHAIRPERSON FERRERAS: Thank you very
10 much for your testimony. We have several Council
11 Members that wanna ask you some questions; I'm gonna
12 ask you... first, before I start asking my questions I
13 wanna commend you on your work at Corona Plaza; that
14 particularly is in my district and it's just been
15 transformative in our community, so your partnership
16 with DOT in getting that delivered, and I know that
17 that's a three-phase project, so I'm very happy with
18 your work there. So it kinda leads me to your point
19 of the satisfaction and I know that your satisfaction
20 rates have been incredibly high. What has DDC done
21 to achieve this level of success in spite of the fact
22 that there are slight declines in the early or on-
23 time delivery of design and construction projects?

24 DAVID RESNICK: Well, when you say slight
25 decline, I know that over the last couple of years

2 there has been a little of a drop-off and...

3 [interpose]

4 CHAIRPERSON FERRERAS: Right.

5 DAVID RESNICK: and we've been looking at
6 that and while we don't feel it is statistically...

7 [interpose]

8 CHAIRPERSON FERRERAS: We wanna catch it
9 while it's early.

10 DAVID RESNICK: significant... [interpose]

11 CHAIRPERSON FERRERAS: Right.

12 DAVID RESNICK: we are attentive to it
13 and I think part of what contributed to that was the
14 fact that there were a number of project that had
15 been transferred partway through development between
16 some of the other City agencies and DDC as part of a
17 consolidation effort and that I think is in the long-
18 term interests of the City and that DDC has the
19 resources to manage those projects effectively during
20 construction, but where a project had already been
21 started in design, sometimes that leads to a little
22 bit a dip, so that may have been a contributing
23 factor in the last year; we feel that we are still
24 well above industry standards for on-time completion
25 for design; we're above 85 percent and that's

2 generally pretty good; notwithstanding, we obviously
3 still wanna see those numbers going up and not down
4 and so we are looking closely at that. I will say
5 that, in answer to your direct question on the
6 satisfaction and how we are able to keep it at that
7 same level, a big part of satisfaction is
8 communication; I think that managing expectations
9 that... having open and honest communication about
10 project development and where there is a bump in the
11 road, where there are unforeseen conditions that come
12 up, to communicate that timely and to work with our
13 clients to mitigate any effects that that slow-down
14 might have on a particular project. So communication
15 is key in that respect. And then also, focusing on
16 the quality of the finished product and in the end
17 the outcome is really the key and if... it's better to
18 have a very slightly delayed project that is exactly
19 what it should be than to have one that's delivered
20 on time and for the rest of its service life doesn't
21 perform and actually fails sooner. So I think
22 communication is key and focusing on making sure that
23 the quality of the finished product is where it
24 should be and that we bring our clients along on the
25 journey and not, you know shut them out of the

2 process throughout and I think that's helped us keep
3 the numbers high in the face, you know a slight dip,
4 which again, we feel is not indicative of a long-term
5 trend.

6 CHAIRPERSON FERRERAS: Okay. Thank you.

7 I have two additional questions and then I'll open it
8 up to my colleagues. I wanna talk about the Police
9 Academy -- I'm from the neighboring district --
10 construction of the new Police Academy and training
11 facility has increased by \$22 million from \$35
12 million in the November plan, so in total, \$57
13 million in Preliminary Capital Commitment Plan. What
14 changes to this project does the increase of funding
15 represent and does DDC anticipate the need for
16 additional funding for this project moving forward?

17 DAVID RESNICK: I'm glad you asked me
18 about the Police Academy; this is a project that for
19 DDC was really a sort of flagship project for us to
20 pilot a number of strategies that were intended to
21 then inform the rest of our portfolio in ways that we
22 could efficiently deliver projects with integrated
23 teams and if you look at the overall cost profile of
24 the Police Academy project, we're running at about 4
25 percent change orders, which is extremely low for a

2 project of that scale, so while there is an
3 additional allotment of funding that's been injected
4 in the last plan, the initially registered dollar
5 amount for that project included absolutely no money
6 for a contingency at all, it was the contract amounts
7 that were registered and so what we are looking at
8 now is two things; one is a moderate rate of change
9 orders associated with construction, which again,
10 well below industry standards and approximating 4
11 percent, and then the transfer of some scope from the
12 Police Department's fit-out work into the DDC
13 construction project, and that's the biggest piece.
14 So initially DDC was completing the base buildings...
15 [background comments] so we were delivering to the
16 Police Department the academic buildings, the
17 training buildings, the dining hall, etc. and then
18 they were gonna come in and fit out those buildings
19 with the AV systems and the wireless data
20 communications and so forth. It made more sense to
21 integrate that scope into the DDC project so we could
22 better coordinate it, so that funding was injected
23 into our project to add that scope to our work rather
24 than have the Police Department do it. [interpose]

2 CHAIRPERSON FERRERAS: So this changes
3 the deliverable at the end of the day; that means
4 you've out... you'll have an outfitted deliverable?

5 DAVID RESNICK: What it means is that
6 instead of having two different contractors doing the
7 work we have one contractor doing it... [crosstalk]

8 CHAIRPERSON FERRERAS: Okay.

9 DAVID RESNICK: so it's better
10 coordinated and we can deliver it to them, you know
11 more timely so that they can come in and start their
12 class on July 1.

13 CHAIRPERSON FERRERAS: Okay and timeline,
14 we are... [interpose]

15 DAVID RESNICK: We are...

16 CHAIRPERSON FERRERAS: on par...
17 [crosstalk]

18 DAVID RESNICK: ver... you know...

19 CHAIRPERSON FERRERAS: whatever your
20 language is; I don't know what the language is... on
21 time.

22 DAVID RESNICK: We are on time...
23 [interpose]

24 CHAIRPERSON FERRERAS: Okay.
25

2 DAVID RESNICK: we are... the... the Police
3 Department is scheduled to run their class starting
4 in July and everybody's working together to make that
5 happen and at this point, while it's tight, we are
6 confident that will happen.

7 CHAIRPERSON FERRERAS: Are there any DDC
8 recommendations for the area; I know you take on the
9 projects for DOT, but oftentimes... I know that I've
10 gotten... and this happened through a borough
11 president's budget hearing, the conditions of the
12 roads in the immediate area of the academy are
13 horrific; [background comment] I mean it's creating
14 craters and all types of things, so is that part of
15 the plan or does the community now have to wait for a
16 second phase of improvement?

17 DAVID RESNICK: Right. There were... and
18 I'm gonna have to get back to you on the details, but
19 there were some select roadway improvement and
20 traffic signalization components that had been
21 included at the time of the ULURP that will be done;
22 I have... again, I have to get back to you on the
23 details of what that scope of that work is, but
24 certainly some of those roadways are in terrible
25 shape and they're heaving and buckling and you know

2 the subsurface conditions are not good, so it
3 certainly is something that's needed.

4 CHAIRPERSON FERRERAS: Yeah, if you can
5 follow-up with the Committee, I'd greatly appreciate
6 that... [interpose]

7 DAVID RESNICK: Certainly.

8 CHAIRPERSON FERRERAS: and that way I can
9 get the proper information back to the borough
10 president. My last question is; you know, we've
11 been... there has been some talk about pass-throughs in
12 contracts; what is the process at DDC concerning
13 pass-throughs?

14 DAVID RESNICK: Pass-throughs fall into a
15 couple of different kind of buckets; there are the
16 pass-throughs that are done for some of the big
17 cultural institutions and then there are some pass-
18 throughs that had been done in the past for
19 libraries. The volume of work that we do through
20 pass-throughs is relatively small, quite small,
21 particularly in the case of libraries; out of the
22 total volume of library projects that we've done,
23 there's, you know, the two pass-throughs we did post-
24 Sandy valued in aggre... I think it was actually three,
25 sorry, valued in aggregate under \$6 million, and then

2 there's a reimbursement pass-through that is
3 currently pending for Central. Other than that, the
4 capital work for the library generally flows through
5 DDC and it's DDC-managed.

6 CHAIRPERSON FERRERAS: Okay. Thank you
7 very much. We will have Council Member Rodriguez,
8 followed by Council Member Mark Levine.

9 COUNCIL MEMBER RODRIGUEZ: Thank you.
10 Well first of all I'm happy to see that one of the
11 plazas, Plaza las Americas is included here, which is
12 in my district... [interpose]

13 DAVID RESNICK: Terrific.

14 COUNCIL MEMBER RODRIGUEZ: we know that
15 we've been postponing the date to start construction
16 and I hope that I know like, now that... I also had a
17 call from the DOT saying that La Plaza was ready to
18 start on construction, that providing a top quality
19 plaza that we really can deliver on time; [background
20 comment] that's a desire from all residents in Upper
21 Manhattan to get that plaza; it's gonna be a good
22 one.

23 DAVID RESNICK: Terrific; we look forward
24 to it.

2 COUNCIL MEMBER RODRIGUEZ: Great. On the
3 City... in your testimony you talk about how you build
4 the City roadways; what role do you play when it
5 comes to building the road?

6 DAVID RESNICK: Well I am going to defer
7 to Eric Macfarlane, who's our Deputy Commissioner for
8 Infrastructure and he can talk to you a little bit
9 about the process for how those roadway projects come
10 to us... [interpose]

11 COUNCIL MEMBER RODRIGUEZ: Wait... for you
12 to know, because of the timing, my goal is more to
13 take you into how, if you make... if you participated
14 on the quality of building those roadways [background
15 comments] if that's the role that you play.
16 [background comment]

17 DAVID RESNICK: Right. Yeah... [crosstalk]

18 COUNCIL MEMBER RODRIGUEZ: And I would
19 like... I would like to approach the need for us to
20 look at better quality... [interpose]

21 DAVID RESNICK: Better quality you're
22 saying for the design standards?

23 COUNCIL MEMBER RODRIGUEZ: For the
24 materials used to build the road.

2 DAVID RESNICK: Yeah, the new road
3 construction standards are developed jointly with DOT
4 and we have a design division within Infrastructure
5 that is responsible for working with both in-house
6 designers and consultants to ensure that we use best
7 practices in the design of new roadways.

8 COUNCIL MEMBER RODRIGUEZ: Okay. So I
9 just wanted to bring the attention that you know, we
10 will have the DOT Commissioner, but you know, climate
11 change is real...

12 DAVID RESNICK: Yeah.

13 COUNCIL MEMBER RODRIGUEZ: like we're
14 getting more potholes than ever... [interpose]

15 DAVID RESNICK: Right.

16 COUNCIL MEMBER RODRIGUEZ: and therefore,
17 you know the material that is used to cover those
18 potholes is temporary...

19 DAVID RESNICK: Right.

20 COUNCIL MEMBER RODRIGUEZ: then you come
21 back into like the Hudson and the FDR; it's and..
22 [interpose, crosstalk]

23 DAVID RESNICK: Yeah. Yeah.
24
25

2 COUNCIL MEMBER RODRIGUEZ: the City
3 building, so unless we also are more creative on...
4 [interpose]

5 DAVID RESNICK: Right.

6 COUNCIL MEMBER RODRIGUEZ: coming with a
7 better designing and better materials and looking at
8 other cities where they use more materials, so we
9 will have to reinvest more money..

10 DAVID RESNICK: Right.

11 COUNCIL MEMBER RODRIGUEZ: in order to
12 keep... [interpose]

13 DAVID RESNICK: Yeah, no; it's absolutely
14 true and I think... you know one of the things that DDC
15 does is we have a Research and Development Program
16 that researches cutting edge technologies for roadway
17 design and storm water management and so forth and
18 they've been looking at things like pervious
19 pavements and other technological, you know flexible
20 road beds and things like that to try to ensure that
21 we have better longevity out of the roadway designs.

22 COUNCIL MEMBER RODRIGUEZ: And what
23 about... how do you interact with the school
24 construction, like when we see this number of schools
25

2 where you participate in like... let's say one of the
3 schools in my district, PS 115... [interpose]

4 DAVID RESNICK: Right.

5 COUNCIL MEMBER RODRIGUEZ: it's a school
6 that... they have been in the process of major
7 renovation; how do you collaborate and work together
8 with the school construction to be sure that the
9 projects are delivered on time?

10 DAVID RESNICK: Right. Well we don't... we
11 don't do any school construction work, nor do we
12 really interact with the SCA; that is really their
13 scope of responsibility. Our work in relation to the
14 schools that I mentioned was really the Safe Routes
15 to Schools, which really had to do more with the
16 roadway and the sidewalk and traffic calming along
17 the routes to schools.

18 COUNCIL MEMBER RODRIGUEZ: Do you have a
19 breakdown on... and in Page 8 you refer to that; say
20 that DDC is also working with our partner, DOT to
21 implement the Route to a School Program... [interpose]

22 DAVID RESNICK: Right.

23 COUNCIL MEMBER RODRIGUEZ: even though
24 again I will have to ask that question to the DOT,
25 but you name 135 schools throughout the City...

2 DAVID RESNICK: Right.

3 COUNCIL MEMBER RODRIGUEZ: do you have
4 the list of those schools that you can send us?

5 DAVID RESNICK: We can certainly provide
6 you with that list. [crosstalk]

7 COUNCIL MEMBER RODRIGUEZ: Okay. Thank
8 you.

9 DAVID RESNICK: Yeah, we'd be happy to do
10 that.

11 COUNCIL MEMBER RODRIGUEZ: Great. Thanks
12 a lot.

13 CHAIRPERSON FERRERAS: Thank you Council
14 Member Rodriguez; we will now hear from Council
15 Member Levine and then Majority Leader Van Bramer.

16 DAVID RESNICK: 'Kay.

17 COUNCIL MEMBER LEVINE: Continuing in the
18 vein that Council Member Rodriguez began us on, and
19 thank you Madame Chair and thank you Commissioner
20 Resnick; we know that the vast majority of greenhouse
21 gases in New York City aren't from trucks or buses or
22 cars, they're from buildings; [background comment] I
23 believe 80 percent's the figure, and I don't believe
24 that counts all the greenhouse gases generated in the
25 construction process, [background comment] from

2 tractors and things like that. Can you talk to us
3 about how you have adapted your building standards,
4 your designs for a more green era; I know this can be
5 everything from the materials used in windowpanes to
6 [background comment] the kind of light fixtures to
7 the color that the roofs are painted?

8 DAVID RESNICK: Yeah, absolutely right.

9 Well a few things; all the work that we do is covered
10 under Local Law 86, so that requires any building
11 over \$2 million in construction value to attain lead
12 silver; there is some... some exceptions, [bell] but
13 for the most part it's either lead silver or lead
14 certified, so that establishes the baseline in a way
15 for most of the building work that we do. But in
16 addition to that there are best practices that our
17 Office of Sustainable Design has promulgated and we
18 actually have sets of design standards for various
19 clients that do encourage the use of, you know, low-
20 toxicity materials, you know, low embodied energy
21 materials and systems and all of our engineers and
22 architects are encouraged to employ best practices in
23 those areas, so I think both from the standpoint of,
24 you know, compliance with the Local Law, but just in
25 general in furtherance of reducing the greenhouse

2 gases from buildings we've employed best practices
3 across the portfolio; that includes things like
4 geothermal wells; we've been on the cutting edge of
5 using geothermal technologies in the City and...

6 [interpose]

7 COUNCIL MEMBER LEVINE: We have a City-
8 owned building with a geothermal well?

9 DAVID RESNICK: We... we do indeed.

10 COUNCIL MEMBER LEVINE: Which one is
11 that?

12 DAVID RESNICK: Bronx Zoo... the Lion House
13 at the Bronx Zoo, the Brooklyn Children's Museum, the
14 Queens Botanical Garden; all of these have geothermal
15 wells and we have the Weeksville Heritage Center,
16 which is in Brooklyn, which just completed last... last
17 year, full geothermal, and we've learned as we went,
18 some of the technologies are more or less appropriate
19 for City-owned facilities; some come with a very high
20 requirement for sophisticate maintenance and so forth
21 and those aren't really appropriate, so we've
22 adjusted the technologies to suit the capabilities of
23 the organization in the City to actually implement
24 them so you get the value out of those systems.

2 COUNCIL MEMBER LEVINE: Are they saving
3 money; do we know whether they've recouped their
4 investment?

5 DAVID RESNICK: We have the... we have the
6 studies, the energy studies that were done prior to
7 their installation and this is something that has a
8 relatively long horizon, so since these buildings
9 have been completed relatively recently, you need a
10 couple of years' data to really ascertain that, but
11 we have been working with DCAS' Energy Management
12 group to try to get that data and utilize it to feed
13 back to the design process.

14 COUNCIL MEMBER LEVINE: And what is the
15 exact number of geothermal wells, rough... rough number
16 off hand? [crosstalk]

17 DAVID RESNICK: I... I will have to... I
18 would say that we have at least a half-a-dozen
19 projects... [crosstalk]

20 COUNCIL MEMBER LEVINE: Okay.

21 DAVID RESNICK: with geothermal right
22 now.

23 COUNCIL MEMBER LEVINE: And do what
24 extent have you adjusted to the post-Sandy era in
25

2 which there is more concern for how to survive
3 drastic weather events?

4 DAVID RESNICK: That's an evolving area;
5 I think that certainly there are implications for
6 building design, as far as placement of mechanical
7 systems and design for lower floor areas for
8 vulnerable uses, so some of the buildings that had
9 been in design have been reassessed and some of those
10 facilities have been modified, such as the Solar 2
11 Environmental Center on the East Side is where we had
12 some lower level program that had to be raised in the
13 building. So we are looking case by case at the
14 flood maps and at the potential impact and making
15 changes as we can, but it is, as I say, it's an
16 evolving discipline.

17 COUNCIL MEMBER LEVINE: A significant
18 portion of your work is contracted out, correct?

19 DAVID RESNICK: The... [crosstalk]

20 COUNCIL MEMBER LEVINE: The actual
21 construction work.

22 DAVID RESNICK: All the construction work
23 is contracted. [crosstalk]

24 COUNCIL MEMBER LEVINE: Right. To what
25 extent have you faced the challenge of enforcement of

2 prevailing wage laws; have there been incidents of
3 fraud; have you focused resources on enforcement in
4 that area?

5 DAVID RESNICK: Yes, there is, I would
6 say, a robust enforcement of prevailing wage and it
7 is not just within DDC, but certainly other entities
8 within the City structure and outside look at those
9 issues. We have an internal group that does audits
10 of projects on a spot basis, and where they have
11 reason to believe there may be an issue they would do
12 an investigation, but for the most part our
13 prevailing wage incidences have been low, so.

14 COUNCIL MEMBER LEVINE: Thank you.

15 DAVID RESNICK: You're welcome. Thank
16 you.

17 CHAIRPERSON FERRERAS: Thank you Council
18 Member Levine. Majority Leader Van Bramer.

19 MAJORITY LEADER VAN BRAMER: Thank you
20 very much Madame Chair. Commissioner, I wanted to
21 ask you for the best update you can provide on the
22 library at Hunters Point, which I understand has gone
23 back into a second round of proposals and if you
24 could, you know give as detailed an update as you can
25

2 about where we're at, if you've gotten responses...

3 [interpose]

4 DAVID RESNICK: Sure.

5 MAJORITY LEADER VAN BRAMER: and the
6 timeline going forward, like... [interpose]

7 DAVID RESNICK: Okay.

8 MAJORITY LEADER VAN BRAMER: what can we
9 expect?

10 DAVID RESNICK: Okay. So Hunters Point
11 Library, we are very excited about; this is one of
12 the buildings that we're, you know, really anxiously
13 anticipating getting into construction; it is an
14 ambitious design by Steven Holl; you know all of
15 this; it is an incredibly prominent site, it's a
16 really important building, it's a really important
17 building in the community. We did bid the project
18 out once, we got back numbers that were well in
19 excess of the funding and so we took a look at it;
20 the building design itself is, you know is unusual,
21 it is not, you know, so exotic that it should be
22 impossible to build or anything like that; however,
23 it does require bidders to have a real clear
24 understanding of the systems within the building, so
25 we think that part of the costs, you know the sort of

2 budget hit that we saw when we bid it had to do with
3 the fact that there wasn't enough education, let's
4 say, of the bidders, so that they didn't really
5 understand it and they through kind of fear factors
6 into the bid, so that's one piece. So there's hard
7 reengineering that we did, so we took some sys... we
8 reengineered a few of the systems, we changed some of
9 the construction details in the exterior wall, which
10 is a reinforced concrete wall which had a rain screen
11 of aluminum on the outside, we simplified that
12 assembly, working very closely with Steven Holl's
13 office and we were really cognizant of the need not
14 to compromise the core of this design to try to bring
15 the bids down, so we looked for areas that we could
16 reengineer that would pull some cost out of the
17 building without compromising the design. So for
18 example, the rain screen with the foamed aluminum has
19 now been integrated into one system where it's a cast
20 concrete with an aluminized paint finish on it that
21 the architect investigated, researched, came up with
22 something; Steven's really happy with it; it looks
23 good. We feel that given that this building is very
24 much about a distant view and that the costs
25 associated with the rain screen were significant; it

2 was an area to look at, so that's one. Then there
3 were some other target VE efforts that we made as
4 well; we removed one small interior stair between
5 levels, we changed the rebar design in the wall,
6 which certainly nobody will be aware of, but it does
7 make it a lot easier to build and a lot more
8 intelligible for the contractor. So end of story,
9 we're going back out to bid; the new bids will be
10 coming in at the end of the month and we hope at that
11 point that we should be able to, you know, move ahead
12 with the work. One thing I should note is that we're
13 going to a pre-qualified list, so a big piece of this
14 was not just the bricks and mortar; it was... as I
15 said, it was demystifying this building for the
16 bidders and educating the builders and bringing them
17 onboard and so by doing a pre-qualification process
18 we were actually to get these bidders into the room,
19 have a conversation with them, show them the details,
20 hear some ideas from them; not that we had any sort
21 of, you know, procurement compromise as a part of
22 that, but there was a dialog; that dialog then
23 resulted in the reissue of a new set of documents
24 which they're gonna be bidding.

2 MAJORITY LEADER VAN BRAMER: So my
3 understanding is the value engineering saved \$4.5-5
4 million; is that in the ballpark? [crosstalk]

5 DAVID RESNICK: That's... that's the hope.
6 Yes, that's what the estimate is showing, \$4.5-5
7 million we are optimistic that we can pull out of
8 this building.

9 MAJORITY LEADER VAN BRAMER: And the bids
10 will be in by the end of March?

11 DAVID RESNICK: End of March.

12 MAJORITY LEADER VAN BRAMER: And how long
13 then before you select... [interpose]

14 DAVID RESNICK: If we get good bids so
15 that, you know, we can move ahead and they are in
16 line with the budget, then we should be able to make
17 the selection quickly; I mean it's gonna be
18 ultimately a low bid and then they will have to... you
19 know the VENDEX... one of the benefit of the PQO is
20 that the VENDEX piece is done and they just have to
21 do a quick refresh, but you know you have that piece
22 coming out of the way. So optimistically, once that
23 happens, we will need a matter of... what would you
24 say... I would say three... say two to three months to
25 get it awarded, registered and start the work.

2 However, once we get through the VENDEX DOI, the
3 final piece, and we actually have an award and a
4 signed contract, we can start talking to the bidder
5 and you know, prior to registration; they're not
6 gonna do any work, obviously, but then as soon as
7 it's registered we'll hit the ground running.

8 MAJORITY LEADER VAN BRAMER: So I realize
9 that this is a best case scenario and we're...
10 [interpose]

11 DAVID RESNICK: Yes.

12 MAJORITY LEADER VAN BRAMER: forecasting
13 a little bit, but assuming we get a bid that's in
14 budget and [bell] they pass all the muster; seemed to
15 me that you said that you could start construction
16 within a matter of months?

17 DAVID RESNICK: Yeah, we're talking
18 summer... [interpose]

19 MAJORITY LEADER VAN BRAMER: So... so if
20 all goes well, and I realize that's a big if...
21 [interpose]

22 DAVID RESNICK: If all goes well.

23 MAJORITY LEADER VAN BRAMER: we could
24 actually start construction this summer? [interpose]

25

2 DAVID RESNICK: That's certainly our hope
3 and we've done everything we can do to try to make
4 that happen; ultimately, if there's still a gap,
5 we'll have to have a conversation, [interpose]

6 MAJORITY LEADER VAN BRAMER: Right.

7 DAVID RESNICK: but you know,
8 optimistically, we've done everything we can do to
9 educate the bidders, take as much out of the building
10 as we could without killing it, so it's... [interpose]

11 MAJORITY LEADER VAN BRAMER: Well that...
12 that's promising news; obviously we've been...
13 [interpose]

14 DAVID RESNICK: Yeah.

15 MAJORITY LEADER VAN BRAMER: working on
16 this project for a number of years, as you all know,
17 and... but that's... that's at least a hopeful sign, so
18 thank you and obviously we'll continue to talk to you
19 about that. Thank you very much Madame Chair.

20 DAVID RESNICK: Thanks.

21 CHAIRPERSON FERRERAS: Thank you.
22 Council Member Johnson.

23 COUNCIL MEMBER JOHNSON: Good afternoon
24 Commissioner Resnick; thank you... [crosstalk]

25 DAVID RESNICK: Good afternoon.

2 COUNCIL MEMBER JOHNSON: for being here
3 today and the entire DDC team participating in this
4 hearing. I have a bunch of questions, so I'm gonna
5 try to go quickly so I stay within my allotted time,
6 and I apologize; I was out at the beginning of your
7 testimony and the initial questions if this was
8 covered already.

9 In your testimony you state that the
10 projected operating budget for FY 2015 is \$120.2
11 million, which appears as a reduction of \$7 million
12 from the previous fiscal year; is that correct?

13 DAVID RESNICK: That is correct.

14 COUNCIL MEMBER JOHNSON: And how do you
15 see that \$7 billion reduction impacting the agency?

16 [background comment]

17 DAVID RESNICK: Yeah, it... this...
18 [background comment] Okay, I'm sorry; this... Carla is
19 my Budget Director; was just whispering in my ear...
20 it's actually not a decrease, this is funding which
21 will come into the budget later; it's grant money
22 that is injected into the budget later. So we're
23 actually going to be restored to that level; it's
24 just not reflected in these numbers yet.

2 COUNCIL MEMBER JOHNSON: So the budget
3 for DDC has basically remained flat by and large for
4 the past how many years?

5 DAVID RESNICK: Carla, do you wanna...
6 Sorry. [background comment] Since 2009 it's
7 remained... [interpose]

8 COUNCIL MEMBER JOHNSON: Since...
9 [background comment]

10 DAVID RESNICK: 'Kay. You're talking
11 about OTPS budget?

12 COUNCIL MEMBER JOHNSON: Yes.

13 DAVID RESNICK: Yes.

14 COUNCIL MEMBER JOHNSON: Since 2009?

15 DAVID RESNICK: Right.

16 COUNCIL MEMBER JOHNSON: And the head
17 count has remained relatively the same or you lost
18 people through attrition? [crosstalk]

19 DAVID RESNICK: Well we... Yeah, there is
20 four positions that were dropped, but... [crosstalk]

21 COUNCIL MEMBER JOHNSON: Okay. So by and
22 large...

23 DAVID RESNICK: again, these may come
24 back.

2 COUNCIL MEMBER JOHNSON: Okay. I ask
3 because I'm trying to understand, with the budget
4 remaining relatively flat, looking at the number of
5 projects that DDC is working on; have the projects
6 increased substantially?

7 DAVID RESNICK: Yes. Yeah, the
8 portfolio's grown tremendously.

9 COUNCIL MEMBER JOHNSON: Tremendously;
10 that's what it appears.

11 DAVID RESNICK: Yeah.

12 COUNCIL MEMBER JOHNSON: So is there
13 testimony today in this budget hearing on how much
14 more money you think the Agency needs to be able to
15 fulfill these projects that are being worked on,
16 besides the personnel services... [crosstalk]

17 DAVID RESNICK: Right.

18 COUNCIL MEMBER JOHNSON: services, but
19 OTPS?

20 DAVID RESNICK: Right. We don't...
21 [background comment] Yeah, we don't anticipate
22 requesting additional funds at this time. We have
23 done a number of things to... [interpose]

24 COUNCIL MEMBER JOHNSON: Thank you.
25 That's good news... [crosstalk]

2 DAVID RESNICK: Okay. Is that the only
3 answer you want? Okay, I'll stop right there.

4 [crosstalk]

5 COUNCIL MEMBER JOHNSON: No, that's good.
6 Okay, I'm gonna go through a bunch of other questions
7 that are more relevant to my district, which is the
8 West Side of Manhattan... [interpose]

9 DAVID RESNICK: Okay.

10 COUNCIL MEMBER JOHNSON: from Canal
11 Street to 63rd Street, basically on the West Side,
12 though some of the upper part I share with Council
13 Member Rosenthal, we're adjacent to each other. You
14 talk about 14 fire and EMS facilities; do you know if
15 any of those facilities... there is a facility in
16 Chelsea on 23rd Street under the High Line; is that
17 counted in the 14... [interpose]

18 DAVID RESNICK: No.

19 COUNCIL MEMBER JOHNSON: fire and EMS?

20 DAVID RESNICK: No, I don't believe we're
21 doing any work there.

22 COUNCIL MEMBER JOHNSON: Okay. Thank
23 you. The Chelsea Health Center, which is actually
24 the Chelsea... [interpose]

25 DAVID RESNICK: Yeah.

2 COUNCIL MEMBER JOHNSON: Chelsea Rec
3 Center, is listed on here; do you have a date on when
4 you think completion will happen on the interior
5 renovation?

6 DAVID RESNICK: Chelsea Health Center
7 process... it's the health... [crosstalk]

8 COUNCIL MEMBER JOHNSON: Oh the health
9 center; it's the one on 9th Avenue?

10 DAVID RESNICK: Right; it's the health
11 center. [interpose]

12 COUNCIL MEMBER JOHNSON: Got it.

13 DAVID RESNICK: So yeah, that's a
14 comprehensive project; it's going to start
15 construction soon, it's about an 18-month
16 construction duration, so you should figure if we
17 start late spring, early summer you're gonna be
18 looking at mid 2015, toward that later part of 2015
19 for completion.

20 COUNCIL MEMBER JOHNSON: Do you have
21 someone from your intergov here?

22 DAVID RESNICK: Yes. [background
23 comment]

24 COUNCIL MEMBER JOHNSON: Yeah?

25 DAVID RESNICK: Oh...

2 COUNCIL MEMBER JOHNSON: It would be
3 helpful if you could send that information along to
4 my office... [interpose]

5 DAVID RESNICK: Sure.

6 COUNCIL MEMBER JOHNSON: to understand
7 what the interior renovation is. [interpose]

8 DAVID RESNICK: Absolutely.

9 COUNCIL MEMBER JOHNSON: I'll keep going,
10 'cause I have a few more. Sanitation, marine
11 transfer stations, three of them are in Manhattan...
12 the Gansevoort Peninsula project... [crosstalk]

13 DAVID RESNICK: Right.

14 COUNCIL MEMBER JOHNSON: is not included
15 in this; is that correct?

16 DAVID RESNICK: That is included.

17 COUNCIL MEMBER JOHNSON: It is included?

18 DAVID RESNICK: Yes. That is one of
19 them. [crosstalk]

20 COUNCIL MEMBER JOHNSON: But it's sort of
21 at a standstill; there's no real action on
22 Gansevoort. [crosstalk]

23 DAVID RESNICK: Right, the on... the... the...
24 the near-term work that is gonna happen on the
25

2 Gansevoort site is the removal of the existing...

3 [interpose]

4 COUNCIL MEMBER JOHNSON: Of the existing...

5 DAVID RESNICK: burned building, right?

6 So that... that's gonna come down, and that's the first
7 project that we expect to do. Other than that, we
8 have a procurement for design services for the new
9 recycling facility, but it hasn't really gone
10 anywhere yet.

11 COUNCIL MEMBER JOHNSON: Again; can you
12 share those plans with my office? [crosstalk]

13 DAVID RESNICK: Absolutely.

14 COUNCIL MEMBER JOHNSON: Thank you.

15 DAVID RESNICK: Yeah.

16 COUNCIL MEMBER JOHNSON: I'll keep going
17 quickly... I have two major third water tunnel projects
18 in my district; I think there were previously three;
19 there was one in sort of the Hudson Square area,
20 which has mostly been completed, except for the
21 entrance site at Houston Street and Hudson, so that
22 has mostly been cleaned up, but in Hell's Kitchen
23 there is dramatic work going on, on 9th Avenue and
24 some of the cross streets and in Greenwich Village,
25 around West 12th Street and Hudson there is

2 significant work being done; could you let me know
3 what the completion timeline is for those projects
4 and if you are on budget for those? [bell]

5 DAVID RESNICK: Absolutely. I would ask
6 that we get back to you with that information as
7 well, if that's okay.

8 COUNCIL MEMBER JOHNSON: That's great.
9 And Chair, I just have one more quick question.
10 Similar to that, I'd like to know about... if the work
11 that we just talked about is the work that you're
12 considering close to the Holland and Lincoln Tunnels,
13 the project I just discussed?

14 DAVID RESNICK: Yeah, it will...
15 [interpose]

16 COUNCIL MEMBER JOHNSON: If it's not,
17 could you let me know what those projects are?
18 [interpose]

19 DAVID RESNICK: Yes.

20 COUNCIL MEMBER JOHNSON: And then lastly,
21 24 active plaza projects, one of the biggest is Times
22 Square, the DOT ULURP that was submitted was then
23 withdrawn, given that there was community board
24 opposition and they were going back to the drawing
25 board; so I would... at least that's my understanding.

2 DAVID RESNICK: [background comments]

3 No, I don't... [background comments] don't think that's
4 accurate.

5 COUNCIL MEMBER JOHNSON: Can we talk
6 about that? That was my understanding from..
7 [crosstalk]

8 DAVID RESNICK: Sure.

9 COUNCIL MEMBER JOHNSON: from DOT.

10 DAVID RESNICK: This is a ULURP for...
11 [interpose]

12 COUNCIL MEMBER JOHNSON: It... it was the...

13 DAVID RESNICK: the plaza itself?

14 COUNCIL MEMBER JOHNSON: it was the size
15 of the plaza, it exceeded 43,000 square feet, which
16 [background comment] then involves a ULURP action on
17 a public space.

18 DAVID RESNICK: [background comment]
19 Okay. Well, what I'm hearing from Eric is there was
20 no ULURP action, but let... we will need to confer with
21 DOT on that question; I would ask that we get back to
22 you, because it's not something on our radar.

23 COUNCIL MEMBER JOHNSON: I'm sorry for
24 being so parochial and asking all these questions..
25 [interpose]

2 DAVID RESNICK: That's alright.

3 COUNCIL MEMBER JOHNSON: regarding my
4 district, but it would be very helpful if we
5 connected and I understood more where things were on
6 these significant projects.

7 DAVID RESNICK: We'll be happy to tell
8 you.

9 COUNCIL MEMBER JOHNSON: Thank you for
10 your testimony and for answering the questions today.

11 DAVID RESNICK: Alright. Thank you.

12 CHAIRPERSON FERRERAS: Thank you Council
13 Member Johnson and... oh, Council Member Rodriguez.

14 COUNCIL MEMBER RODRIGUEZ: When... related
15 to schools, [background comment] how do you oversee
16 the designing of new schools being built in the City?

17 DAVID RESNICK: We don't.

18 COUNCIL MEMBER RODRIGUEZ: You don't
19 partici... [interpose]

20 DAVID RESNICK: We have no involvement in
21 school design; that is an entirely separate group;
22 it's the School Construction Authority that does all
23 school design and construction; we explicitly don't
24 have any involvement at all in schools.

2 COUNCIL MEMBER RODRIGUEZ: So who
3 oversees the designing or anything... [crosstalk]

4 DAVID RESNICK: That would be the School
5 Construction Authority and... [crosstalk]

6 COUNCIL MEMBER RODRIGUEZ: School
7 Construction...

8 DAVID RESNICK: the Department of
9 Education.

10 COUNCIL MEMBER RODRIGUEZ: And who
11 approve those designs?

12 DAVID RESNICK: It's again, within the
13 SCA, Department of Ed and the Public Design
14 Commission if it's on public land.

15 COUNCIL MEMBER RODRIGUEZ: So you don't
16 get involved at all in anything related to..
17 [crosstalk]

18 DAVID RESNICK: We're completely outside
19 of school design.

20 COUNCIL MEMBER RODRIGUEZ: Okay. Thank
21 you.

22 DAVID RESNICK: You're welcome.

23 CHAIRPERSON FERRERAS: Thank you so much
24 and you know, I really appreciate you being prepared
25 and having answers to the questions; I know that

2 you're the Acting Commissioner, but your responses to
3 our questions is greatly appreciated and we're gonna
4 call this portion of this hearing to a close. Thank
5 you to...

6 DAVID RESNICK: Thank you very much.

7 CHAIRPERSON FERRERAS: Oh I'm sorry,
8 don't you move... [interpose]

9 DAVID RESNICK: Sorry.

10 [laughter]

11 CHAIRPERSON FERRERAS: Council Member
12 Cumbo would like to ask a question.

13 DAVID RESNICK: Sure.

14 COUNCIL MEMBER CUMBO: Thank you; I
15 apologize if this question was asked, but I wanted to
16 know, from my cultural perspective and having done a
17 capital project in that way, wanted to have a greater
18 understanding of the architects, the engineers, all
19 of the people that come together to do a construction
20 project, from what I remember and recall,
21 particularly when it came to the architects, was that
22 there was a very limited and closed listed of
23 architects that our organization at that time would
24 be eligible to utilize those architects for the
25 project. The challenge came because where the

2 institution that I founded is an African Diaspora Art
3 Museum and we very much wanted to have an African-
4 American architect to do [interpose, background
5 comment] the design of the building, but there was
6 not one on the list at that particular time. So that
7 was just the architectural phase of it and we
8 understood that if we didn't utilize the architects
9 that were recommended on that list that we would have
10 to incur many of the costs and expenses outside of
11 the project budget allocated by the City in order to
12 do the project. Are you familiar with that practice;
13 are you familiar with how those lists are created,
14 and have those lists been expanded to include more
15 individuals, particularly of color so that
16 organizations or the general public, the City of New
17 York can have more opportunities to have [background
18 comments] individuals of color participate in this
19 process?

20 DAVID RESNICK: Right. Well, we do most
21 of our work through a set of requirement contracts;
22 though that process we have hired close to 100
23 different architectural firms in rounds of 20 and 6.
24 If you look at the past rounds of requirement
25 contracts, 15 out of the 20 most recent firms were

2 actually minority or women-owned firms. So I would
3 say that over the last few years those numbers have
4 crept up rather significantly. Most of that work is
5 in the up to \$15 million range; as you get above that
6 range, then you go out... we go out on the street with
7 an open competitive call for proposals; there are
8 fewer minority, women-owned firms in the larger
9 project categories, but nonetheless we have had some;
10 we just finished the Weeksville Heritage Center,
11 which was done by an African-American-owned firm and
12 I think it's a wonderful project and we look forward
13 to working with that firm and others again, moving
14 forward and we are absolutely encouraging as much
15 diversity of great firms working with us as possible;
16 we do these calls every two years; every time we do
17 it we see that there's, you know, more and more
18 activity and so we hope that that will be the case
19 going forward. But it's not that we have a closed
20 list, it's not like a pre-qualified list doing
21 architectural work for DDC, it's that we actually
22 hire a set of contractors and then work with those
23 contractors. So it's not like a standing list that
24 you put your name in and you get on the list, you
25 actually have a contract with us and then you get

2 work. So doing that, again, we feel that we have
3 made, you know significant in-roads there and we hope
4 to try to do more.

5 COUNCIL MEMBER CUMBO: Let me ask you,
6 and please correct me in my questioning, because you
7 may have answered it, but I'm trying to have a
8 greater understanding. Of the listing of architects
9 or pre-qualified architects that you utilize, how
10 many is that in total?

11 DAVID RESNICK: Well out of the last 20,
12 15 of them have minority or women-owned firms.
13 [interpose]

14 COUNCIL MEMBER CUMBO: But what is the
15 total number of architects?

16 DAVID RESNICK: About... let's see, we have
17 probably about 100, but I will have to get back to
18 you with the total number; I don't have it on the top
19 of my head.

20 COUNCIL MEMBER CUMBO: So the rough
21 estimate is about 100 architects and I'm just
22 utilizing architects right now. [crosstalk]

23 DAVID RESNICK: This is over the past
24 six; eight years. Right.

2 COUNCIL MEMBER CUMBO: Okay. And of
3 those 100, you would say about 15 are minority,
4 women-owned business, or minority or women architects
5 or firms?

6 DAVID RESNICK: Of the last, most recent
7 group of 20, 15 of those 20 were minority or women-
8 owned firms. If you look at the dollar value going
9 to all those contracts, almost 50 percent of the
10 dollar value going to those contracts went to firms
11 with partners that were minority or women.

12 COUNCIL MEMBER CUMBO: I'm confused when
13 you say the 15 of 20... [crosstalk]

14 DAVID RESNICK: But it...

15 COUNCIL MEMBER CUMBO: I mean most
16 recently you brought in additional 20 or?
17 [interpose]

18 DAVID RESNICK: Yeah, we do this in
19 groups, so we have a group of 20 architects; they get
20 work for two years and then we have a new [bell]
21 group of 20 architects; they get work... so I'm
22 simplifying it, but it's something like that, right,
23 so.

24

25

2 COUNCIL MEMBER CUMBO: And then does that
3 carry over in terms of it continues to expand your
4 list or does your list get narrower? [crosstalk]

5 DAVID RESNICK: No, no; we renew groups
6 of 20 and then we issue work to that group of 20, we
7 don't just continually expand the list.

8 COUNCIL MEMBER CUMBO: I'd be curious to
9 know in some ways... and my last question on this... with
10 the MWBE standpoint of this, how many of those are
11 actually separated out of the women; how many are
12 actually minority architects?

13 DAVID RESNICK: But I would have to get
14 back to you with that, I don't have the breakdown of
15 the distribution.

16 COUNCIL MEMBER CUMBO: Okay. That would
17 be very important to me, because in my line of work,
18 I know many architects who complain about the
19 challenges of not being able to qualify for these
20 larger projects and often have to partner with larger
21 institutions even to be considered and so [background
22 comment] in that field it would be wonderful if..
23 [interpose]

24 DAVID RESNICK: Right.
25

2 COUNCIL MEMBER CUMBO: if there was more
3 of an opportunity for particularly minority
4 architects, [background comment] as well as others,
5 in terms of engineers and everything and construction
6 and all of that going on, that they would have a real
7 place and a real opportunity to know that this is the
8 process, this is how you participate in the process;
9 this is the renewal; it happens every two years...
10 [interpose]

11 DAVID RESNICK: Right.

12 COUNCIL MEMBER CUMBO: I don't know if
13 this happens through alumni associations or what's
14 the most effective way to go about it or AIA or
15 [background comments] all of these different
16 organizations.

17 DAVID RESNICK: Certainly through AIA;
18 that is a great outlet for this and what I will say
19 is maybe you can actually help make folks aware that
20 we have a set of these contracts that are
21 specifically for small firms and we recognize that
22 historically the smaller firms are disadvantaged, you
23 know and for the most part, many of the minority,
24 women-owned firms were the smaller firms, so it
25 disproportionately affected them and in order to

2 kinda set that balance back and allow for these
3 smaller firms to compete for the smaller projects,
4 [background comment] where in fact we get better
5 service, because we're working directly with the
6 principals and not... it's not a low priority for a big
7 office. We have these contracts set aside for small
8 firms with less than 10 staff, and when we do those
9 calls for proposals, you know, help us make everyone
10 aware, hey, you know we... we welcome it, you know,
11 please respond and it happens... [crosstalk]

12 COUNCIL MEMBER CUMBO: Definitely.

13 DAVID RESNICK: every two years and you
14 know, we would be happy to let you know when we're
15 gonna issue those and you know, we would very much
16 welcome that kind of partnership.

17 COUNCIL MEMBER CUMBO: My office
18 personally would like to participate in that.

19 DAVID RESNICK: 'Kay.

20 COUNCIL MEMBER CUMBO: Thank you.

21 DAVID RESNICK: 'Kay.

22 CHAIRPERSON FERRERAS: Thank you Council
23 Member Cumbo and I just wanted to have one more
24 question before we wrap up... [interpose]

25 DAVID RESNICK: Okay.

2 CHAIRPERSON FERRERAS: specific to
3 Superstorm Sandy; are you experiencing difficulties
4 with the approval of hurricane projects in your
5 portfolio?

6 DAVID RESNICK: For Sandy we did three
7 sets of projects. There were the emergency sidewalk
8 repair and tree stump removal, which was a citywide
9 project, the reconstruction of beach facilities in
10 Coney Island, Rockaway and Staten Island and roadway
11 reconstruction projects in Rockaways and Staten
12 Island. We have not had difficulty with the approval
13 of those projects; the reimbursement, the post-
14 completion reimbursement is not something that, you
15 know we're, you know, presently struggling with, OMB
16 I know is working hard on this, but in terms of
17 delivering the work, it was done; some of it was done
18 under emergency procurements [crosstalk, background
19 comments]. So that work was done; we did not really
20 experience difficulty with the... [interpose]

21 CHAIRPERSON FERRERAS: Okay. We're
22 actually amazed at the fact that you said delays,
23 because everyone has delays, but I'm recognizing..
24 we've done the work; we just haven't gotten paid for
25 it.

2 DAVID RESNICK: Yeah.

3 CHAIRPERSON FERRERAS: which is where the
4 challenges... [crosstalk]

5 DAVID RESNICK: Right, it's the
6 reimbursement side that's dicey.

7 CHAIRPERSON FERRERAS: Yes. So I thank
8 you again for your testimony, and I'm looking forward
9 to meeting with you again in the Executive Budget.

10 DAVID RESNICK: Likewise.

11 CHAIRPERSON FERRERAS: Thank you.

12 DAVID RESNICK: Thank you very much.

13 CHAIRPERSON FERRERAS: We are gonna have
14 a two-minute break so that we can kind of regroup and
15 we will then begin our testimony and hearing from
16 Comptroller Stringer.

17 [pause]

18 [gavel]

19 CHAIRPERSON FERRERAS: Good afternoon and
20 welcome to the first day of the Council's Preliminary
21 Budget Hearing. My name is Julissa Ferreras and I am
22 the Chair of the Finance Committee. So far we have
23 heard from OMB, the Department of Finance, and the
24 Department of Design and Construction. We will now
25 hear testimony from the New York City Comptroller,

2 Scott Stringer. In the interest of time, I will
3 forego an opening statement. Comptroller Stringer,
4 you may begin.

5 SCOTT STRINGER: Well thank you
6 Chairperson Ferreras and members of the Finance
7 Committee; I welcome the chance to address all of you
8 today about the preliminary budget.

9 Joining me here are my Deputy Comptroller
10 for Budget, Tim Mulligan and my Director for City
11 Legislative Affairs, Nivardo Lopez.

12 I'm here to present my analysis of the
13 preliminary 2015 budget and the Financial Plan for
14 FY 2015-2018. My comments will focus on new revenue
15 and expense projections for my office, as well as
16 ongoing challenges to our budget. Before I discuss
17 the City's finances I wanted to take a few moments to
18 talk about the City's economy.

19 Nearly five years since the end of the
20 recession, our economy continues its recovery,
21 although more slowly than we would like. In 2013 the
22 City added over 96,000 private sector jobs, the most
23 in any calendar year since 1999. We've gained back
24 the number of jobs lost in the recession and then
25 some, adding nearly 5 percent more. Private sector

2 jobs have grown fastest by over 6 percent from the
3 pre-recession peak and the City has seen job creation
4 across many sectors of the economy, including
5 professional and business services, up nearly 5
6 percent, leisure and hospitality up over 20 percent
7 and education and health services up over 16 percent.
8 As a result of this growth, the City's unemployment
9 rate recently began to improve, ending 2013 one
10 percent lower, the same point from the year before.
11 But this news has been tempered by the fact that not
12 all aspects of the economy have reclaimed their pre-
13 recession momentum.

14 For the fifth straight year the wages of
15 New York City workers have not kept pace with the
16 cost of living that is one of the highest in the
17 country. In fact, working families in the City have
18 seen their incomes grow more slowly than the rest of
19 the nation. Wages in the City were growing as fast
20 as 8 percent in 2008, but since the recession that
21 pace has slowed to 2 percent every year. This
22 divergence between stagnant wages and rising costs of
23 living is one reason why I have proposed allowing the
24 City to set its on minimum wage; no one who works a
25 full week should have to live in poverty or live

2 precariously pay check to pay check, but that's the
3 reality for too many New Yorkers. Many other cities
4 have a higher minimum wage than New York City and
5 several have enacted their own minimum wages, helping
6 millions of working families in the process.

7 While many in our city continue to suffer
8 from the long tail of the great recession, our
9 economic recovery has strengthened the City's
10 budgetary outlook. The Financial Plan released in
11 November 2013 was the first time in memory in which
12 the next year's budget was balanced prior to a
13 preliminary budget. Over \$400 million of the cuts
14 that usually make up the springtime budget dance were
15 restored in advance. The February Financial Plan
16 increases the 2014 budget to \$73.82 billion and the
17 FY 2015 budget to \$73.71 billion. The plan
18 recognizes and additional \$1.5 billion in tax
19 revenue, the result of a modest economic recovery I
20 spoke of earlier.

21 These additional resources, coupled with
22 savings, particularly the \$364 million in reduced
23 debt service costs enabled the City to launch some
24 important new policy initiatives, like the Municipal
25 ID, relieving NYCHA of the burden of paying for its

2 own police protection and the cap on rental costs of
3 people living with HIV AIDS. In addition, this new
4 revenue allowed the City to add \$300 million to its
5 General Reserve and \$1 billion to the Retiree Health
6 Benefit Trust, moves that I believe were very
7 prudent.

8 Looking at the entire Financial Plan
9 period from 2014-2018, annual budgetary growth is
10 only 2.1 percent. The FY 2015 budget has grown by
11 \$970 million since the November plan. \$530 million
12 of the increase in the FY 2015 budget is supported by
13 Mayor de Blasio's plan to implement a personal income
14 tax surcharge on high-income earners to pay for
15 expansions of the City's pre-Kindergarten and after-
16 school programs for middle schoolers. I support the
17 PIT surcharge, but let's be clear, it is Albany's
18 responsibility to ensure a stable, consistent revenue
19 stream for pre-K and if the State is unwilling to
20 allow the City to implement a PIT surcharge, Albany
21 must identify an alternative source of funding that
22 is reliable.

23 Certain other areas of the budget are
24 driving this growth. For instance, costs related to
25 debt service and health insurance are both growing by

2 8 percent or more, yet the single largest portion of
3 the budget, salaries and wages, is planned to grow at
4 only one percent per year for the Financial Plan
5 period. The reason for this is lack of funding for
6 collective bargaining agreements, which I'll talk
7 about towards the end of my testimony.

8 All told, the February Financial Plan
9 represents a City budget that has relatively small
10 out-year gaps; I expect tax revenues to be slightly
11 higher than City Hall's forecast in each of the
12 fiscal years of the Financial Plan, driven primarily
13 by additional strength in the property tax. We
14 project additional tax revenues of \$860 million in
15 FY 2014 and 2015.

16 Now, at the same time, my office foresees
17 some additional risks as well. We estimate that
18 uniformed overtime spending in the NYPD and
19 Department of Correction will exceed the budgeted
20 amount by \$128 million in FY14 and \$122 million in
21 FY15. Also, lower than estimated Medicaid
22 reimbursements in the DOE could increase the risks to
23 the Financial Plan by \$30 million in 2014 and \$110
24 million in 2015.

2 Now while my projections of greater
3 available revenues are undoubtedly good news, it is
4 tempered by the ongoing uncertainty in the City's
5 budget, unsettled municipal union contracts. As I
6 said when the preliminary budget was first released,
7 the Achilles heel of our city's budget is the
8 insufficient funds to support the necessary
9 collective bargaining agreements for all of the
10 City's municipal labor unions. As you all know, all
11 of the City's bargaining units are working under
12 expired contracts, the cost of settling these
13 contracts is a significant outstanding risk to the
14 City budget.

15 As I have said, the Administration should
16 be commended for adding \$300 million to the General
17 Reserve and \$1 billion to the Retiree Health Benefit
18 Trust. The only monies reserved explicitly for
19 outstanding labor contracts are the few hundred
20 million that were allocated by the prior
21 administration to support a measly 1.25 percent
22 increase.

23 For the City to maintain its strong
24 fiscal tradition, it is critical that there be
25 resolution of the contracts or a template for

2 resolution that includes clarity as to the extent of
3 the retroactive pay obligations by June 30th. I
4 think this is very important; we need a template for
5 resolution prior to the budget passing. Without some
6 framework for contract settlements in place prior to
7 the end of the fiscal year, the City will be forced
8 to adopt an FY 2015 budget without knowing the full
9 extent of its expenses. Our solid reputation of 35
10 years of on-time balanced budgets demand more of all
11 of us; while there is no single solution to our
12 budget challenges, there are many potential sources
13 of revenue and savings that should be considered.

14 The State needs to restore revenue-
15 sharing, New York City is the only city in the State
16 that does not receive this funding and we've lost
17 nearly a billion dollars over the last three years.
18 The City needs to collect the school aid due to it
19 under the Campaign for Fiscal Equity Decision. The
20 DOE needs to do a better job of securing Federal
21 Medicaid funds for special education services. Every
22 year the Department of Education leaves hundreds of
23 millions of dollars on the table. The State and
24 Federal Government need to ensure that New York City
25 receives its fair share of the \$8 billion Federal

2 Medicaid Waiver. Revenue from Albany and Washington
3 is critical, but the City itself has to be willing to
4 identify agency efficiencies that don't reduce
5 service or hurt vulnerable population, but let's look
6 at some of these efficiencies.

7 We have to create savings through
8 productivity and benefit reforms, including
9 healthcare costs, reforming tax incentive programs to
10 focus only on those programs that are successful,
11 rather than needlessly subsidizing activities at the
12 taxpayer's expense and realizing savings from ending
13 the budget dance and member item reform.

14 I look forward to working collaboratively
15 with the City Council to address these and other
16 fiscal challenges. Our office will do its part to
17 generate additional savings in the FY 2015 debt
18 service through aggressive refinancing and to help
19 the Administration identify resources from prior year
20 payables that are no longer needed.

21 I wanna thank you and congratulate you,
22 Madame Chair, as Chair of the Finance Committee; I
23 look forward to a very long, productive relationship
24 with the Council and many of you I've known a long
25 time; I think this is a great opportunity to get our

2 fiscal health in order, but also protect the people
3 of this great city, all the people of this great
4 city. Thank you for giving me this opportunity.

5 CHAIRPERSON FERRERAS: Thank you. Thank
6 you for testifying before our committee and I too
7 look forward to our partnership.

8 Can you give me some background or more
9 clarity; when you identified the additional risk, I
10 know that you mentioned the \$128 million in FY 2014
11 and \$122 million in FY 2015, so where is the... where
12 is this coming from and if you can kinda walk me
13 through that?

14 SCOTT STRINGER: You know we looked at
15 different, you know aspects of the budget, you know,
16 our economists and our deputy budget director, and we
17 seem to think that we're gonna see a much more needed
18 expenditure in those areas. So part of what I think
19 we have to look at long term is to identify through
20 oversight; through hearings, why we seem to be paying
21 that overtime, but I think we do have to recognize
22 that this offsets some of our revenue projections and
23 I would put it in as a risk to the budget; we'll have
24 to see what the agencies say, but this what we

2 identify as things that the Council perhaps could
3 look at through your own hearings.

4 CHAIRPERSON FERRERAS: Absolutely. And
5 you know, we will follow up and obviously this is
6 something that you've identified as part of, I guess
7 a track that's happening.

8 I wanted to speak about pre-K and you
9 know, FY 2015 preliminary budget includes the \$530
10 million to support the Mayor's proposed expansion on
11 UPK; the majority if this funding will go to the
12 contractors; there is a need for DOE and other
13 agencies to work together to limit contractual fraud
14 and collusion that may occur, considering the
15 vastness of the program and the number of contracts
16 that will be awarded to CBOs. Do you see a role for
17 your office in supporting this effort and are you
18 working together with the Administration to do this?

19 SCOTT STRINGER: Part of what our
20 Charter-mandated responsibility is to register some
21 25,000 contracts, to review those contracts; we kick
22 those contracts back when they don't meet the
23 standard that we've set; we've already done that,
24 especially in the area of technology. I actually
25 agree with you, Madame Chair, especially as it

2 relates to DOE, whether it's outside consulting
3 contracts, looking at different areas; we do have to
4 scrutinize those contracts to make sure we're getting
5 the bang for the buck and to look at issues like
6 fraud; just this past week we issued an audit on the
7 possibility of collusion with milk pricing within the
8 Department of Education; we made some suggestions,
9 but we also were forced to refer that audit to the
10 Department of Justice, so this is a real issue; you
11 know, we've worked on these issues since I was
12 borough president and we looked at outside technology
13 contracts. But the whole issue of our partnership as
14 it relates to your role and ours will be to
15 scrutinize those contracts and we certainly will work
16 with you.

17 CHAIRPERSON FERRERAS: And I appreciate
18 and clearly, any time that we can partner on those
19 and identify, it definitely makes all of our jobs
20 easier.

21 SCOTT STRINGER: Sure.

22 CHAIRPERSON FERRERAS: And I wanna now,
23 before I open it up to my colleagues, speak about
24 interest rates. Most observers expect the interest
25 rates to continue rising as the Federal Reserve

2 maintains its tapering of the monthly bond purchases,
3 [background comment] in 1994 the fed backed away from
4 the expansionary policies after the 1991 recession;
5 it caused problems in the bond markets. These
6 problems had little impact on the national economy
7 but hurt the financial sector's earnings and through
8 the City's budget. As interest rates rise over the
9 next few years, are there risks for the City's
10 budget?

11 SCOTT STRINGER: Well one of the things I
12 think the City and the Comptroller's Office has been
13 very successful in is taking advantage of those low
14 interest rates; we've been able to do... before I
15 became comptroller, you know, hundreds of millions of
16 dollars; I think it was \$236 million, in refinancing
17 that had I think gone to the City carpers [sic];
18 every time we reinforce our debt in the lower
19 interest rate we're able to put more money into
20 delivering services, so I think you're right to sound
21 the alarm that what do we do when interest rates rise
22 and I do think that will impact our budgeting going
23 forward. Right now we are very committed to doing
24 aggressive refinancing to take advantage of those low
25 interest rates; I'm please to report that in our

2 first month in office we were able to do a bond
3 refinancing, we refinanced debt; I think it was \$24
4 million that'll be part of this budget process, so
5 we're already saving money, but I do think we have to
6 look at where the bond market's gonna be as it
7 relates to interest rates, because we're not going to
8 be able to include... we can't make the usual
9 assumption on refinancing savings if interest rates
10 rise.

11 CHAIRPERSON FERRERAS: Right. And I'm
12 hoping that that's part of the forecast and kind of
13 watching out for that, so I appreciate the amazing
14 savings that you were able to do and beyond..
15 [crosstalk]

16 SCOTT STRINGER: But we do have time; I
17 mean the rates are not up; we are gonna work with
18 OMB, we're going to knock on the door and say look,
19 this is a real opportunity for us to get every dollar
20 we can in terms of refinancing our debt and we'll
21 certainly report to the Council on this as well.

22 CHAIRPERSON FERRERAS: We greatly
23 appreciate that. I'm going to open up to my
24 colleagues again; the question session will have a
25 five-minute clock and if needed we'll have a second

2 round, but I'm sure the Comptroller is gonna answer
3 all your questions in five minutes. So Council...
4 [interpose]

5 SCOTT STRINGER: It's been a long day.

6 CHAIRPERSON FERRERAS: [laughter]

7 Council Member Levine, followed by Council Member
8 Cumbo.

9 COUNCIL MEMBER LEVINE: Thank you Madame
10 Chair and welcome Mr. Comptroller. You mentioned
11 several policies which I strongly support that I can
12 imagine hearing push-back from the business community
13 on. For example, raising the minimum wage, they
14 might say well, it'll chase jobs out of the City; a
15 personal income tax surcharge on the wealthy, well
16 people will move to Florida. Can you comment on your
17 assessment of the validity of those arguments?

18 SCOTT STRINGER: So I would... you know
19 what I really think, Mark... well and we should look at
20 this budget through this lens, it seems to me; you
21 can be progressive, right, and also be fiscally
22 responsible; being progressive and being fiscally
23 responsible is not mutual exclusive. And what I
24 would say to both the business community and
25 progressives who want very much to lift everybody up

2 economically, we have got to bridge this divide and
3 that's gonna take less rhetoric and more substantive
4 discussion as to where this economy is. And part of
5 my job as comptroller is to make sure that we
6 recognize what we can do on behalf of the people and
7 what we can't do, and your question about the minimum
8 wage is a perfect intersection between business and
9 the people in our community, so I would argue to
10 everybody that if we were to raise, just taking \$11
11 minimum wage increase, we would pump \$2 billion into
12 economies that do not have that added revenue; that
13 money would be used to buy goods at stores, to go to
14 clothing stores, put food on the table, so a minimum
15 wage is not just to lift up some of the people
16 struggling in our city, but it's also good for
17 business. But we've gotta begin to have that
18 conversation with the business community; we can't
19 put them here, and we operate here, because we're
20 never gonna close the income gap, we're never going
21 to be able to bring people together and again, you
22 can think about that kind of unification of our
23 agendas as a progressive and I think we should think
24 about that a little more during our budget
25 discussions.

2 COUNCIL MEMBER LEVINE: You have a
3 history in Albany, way back in your past, so could
4 you explain to us what this revenue-sharing thing is
5 and how in the world New York City is the only
6 municipality in the State which doesn't get a share
7 of that?

8 SCOTT STRINGER: Well all that... you know,
9 as a former chair of the City's Committee, when I
10 served in the State Assembly, you know part of what
11 New York City was able to access was a revenue-
12 sharing funding that all the big cities will receive
13 -- Buffalo, Rochester. Three years ago, believe it
14 or not, you know, like the commuter tax, revenue-
15 sharing became a thing of the past and we've lost... I
16 think last year we lost \$327 million, but every year,
17 going back three years, we lost \$300 million. No
18 when times were good, people didn't notice, but now
19 times are getting a little more difficult for people
20 in the City; we have to do a whole lot more with a
21 whole lot less, so think about this -- we've lost a
22 billion dollars in revenue-sharing, we are owed \$2.7
23 billion with a CFE lawsuit, and let's face it, by any
24 measure we send a whole lot more money to Albany than
25 we get back and the tradition of the City has never

2 been to want an equal share, we know we have
3 resources, we know we've got wealthy folks, we know
4 we create jobs, we expand this economy; we know that
5 New York City is the economic engine of the city, so
6 we never asked for a quid pro quo -- we give you; you
7 give us back -- but this getting to the point where
8 there is real discrimination against New York City,
9 New York City children, New York City programs, but
10 here's what's happening, every time you dent us you
11 make it more difficult for the rest of the state to
12 jumpstart their economy because we are a multiplier
13 in this City, and I do think we need to have a
14 strategy and I commend the legislators in this
15 Council and the Council Speaker for recognizing, with
16 the Mayor, that until we change the rules, you know
17 Albany is where it ends for us and that's why so much
18 of what we have to deal with budget-wise is in
19 Albany's hands and we've gotta make it clear that
20 it's not just about our city, but it's about the
21 whole state. I think people learned that lesson
22 after 9/11, I think people learned that lesson
23 through different crises, that you've gotta keep the
24 New York City economy strong and that goes back to
25 the whole reason why the City was saved from

2 bankruptcy back in the 70's; it was because people
3 knew back then, 45 years ago, that if we did not save
4 New York City, then the State would be in peril; I
5 think you, Carey [sic] talked about that, and there
6 could be national implications; that hasn't changed
7 in 40 years.

8 COUNCIL MEMBER LEVINE: Thank you. And
9 lastly, very quickly. You know I chair the Parks
10 Committee; Parks' capital projects in New York
11 routinely take four years, there's been cases that
12 have taken five years or more; is this a matter your
13 office might be interested in looking at?

14 SCOTT STRINGER: Yeah I'm looking forward
15 in your role as Chair of the Parks Department to look
16 at capital funding issues, how we can streamline them
17 and more importantly, [bell] how we can monitor them.
18 Part of what we're doing now internally in our first
19 100 days is looking at ways we can improve
20 contracting, making it possible for not-for-profits
21 to get paid in a more quick way and contracts who do
22 good work; we have a role in that, and I wanna work
23 with you, especially where there's large contracts
24 and park improvements that perhaps have been taking
25 way too long and nobody seems to know where the money

2 is and so I think part of my job is to work with you
3 as chair to look at that funding step and I know
4 we're already... our staffs are already talking and I'm
5 excited about that.

6 COUNCIL MEMBER LEVINE: Thank you.

7 CHAIRPERSON FERRERAS: Thank you Council
8 Member Levine. Council Member Cumbo, followed by
9 Council Member Rosenthal.

10 COUNCIL MEMBER CUMBO: Thank you Madame
11 Chair. How are you?

12 SCOTT STRINGER: Good to see you up here.

13 COUNCIL MEMBER CUMBO: [laugh] So good to
14 see you as well.

15 SCOTT STRINGER: Thank you.

16 COUNCIL MEMBER CUMBO: I wanted to ask
17 you a question; I've always been very excited about
18 many of the initiatives, many of your ideas, many of
19 your goals that I heard throughout the last year and
20 there was one that gave me calls for concern and I
21 see it written here in a way that doesn't resolve it
22 as of yet; as a former not-for-profit leader, the
23 member item discussion is always one that's very
24 close to home and wanted to know how your thoughts on
25 how member items should look in this new

2 administration; I wanted to know your thoughts and
3 opinions on it and has it evolved from your initial
4 policy papers that I have read on it [background
5 comment] in terms of what it should look like and
6 what it should look like today?

7 SCOTT STRINGER: Well I have to admit,
8 you're not the first Council Member to express
9 concerns over some of my reports related to member
10 item reform and you're certainly right to raise that
11 issue. Let me say a couple of things. First of all,
12 the good news and I think was very wise, is if you
13 look at the November plan and one of the reasons why
14 I think we will have less pressure going forward is
15 the November plan baked in roughly \$400 million in
16 Council initiatives that are already in place. I
17 think that's very significant for two reasons: 1.
18 it's transparent; it's not part of a budget dance and
19 I actually think it's a better way of budgeting
20 because we now are not talking about that \$400
21 million as a risk. Going forward, go... [interpose]

22 COUNCIL MEMBER CUMBO: As what?

23 SCOTT STRINGER: As risk, right? Going
24 forward, I think there are policy decisions that have
25 to be made as you distribute member items, so for

2 example, I said a couple of years I thought it was
3 pretty ridiculous that one council member would get
4 say \$800,000 representing the Upper East Side, but
5 Ydanis Rodriguez, because he has a big mouth, would
6 get \$300,000... I don't mean that in a bad way... because
7 an independent council member would get \$300,000;
8 there was no base, he represents my old neighborhood,
9 one of the poorest districts in the City, and the
10 Upper East Side is doing pretty well economically.
11 So there has to be a recognition that either you
12 maintain equal distribution, you look at a needs
13 system in a rational way, not to take away from any
14 group, but Council speakers talked about putting out
15 ideas like that I think we should explore that, or we
16 just recognize a different funding stream that takes
17 the politics out of member item distribution but
18 still gets that money to the senior centers, the
19 little leagues and the like. And I just think
20 there's a broader discussion that has to happen. I
21 believe that this new Council is ready for that
22 discussion, is ready for that debate and I look
23 forward to working with you. I am not trying to say
24 that our ideas in our report are the only ideas out
25 there, but I think that if you look at it through the

2 lens of what is best, you know from a reform
3 perspective and now I will tell you as Comptroller,
4 perhaps we could have a discussion with the Finance
5 Chair about how to create a system that actually
6 makes sense from a budget perspective.

7 COUNCIL MEMBER CUMBO: Thank you. I just
8 wanted to follow up with that to say, in no way do I
9 advocate at all for a member item program or way of
10 distributing funding going away at all; I think that
11 the initiatives are great and we should continue with
12 the initiatives, but it's also very important that
13 the member item program exists for all of the obvious
14 reasons, but just wanna state for the record, there
15 are so many organizations and when you put it through
16 a competitive proposal process of some sort, the most
17 talented and greatest organizations, the most dynamic
18 leaders, often do not fulfill the requirements of a
19 proposal in terms of producing the most dynamic,
20 well-written and credible proposal in the world and
21 having that power in the hands of your local elected
22 official I know has always been so very meaningful
23 and it has always been so very important for so many
24 of the organizations that that elected official who
25 knows the group, goes to the programs, has sat and

2 met and talked about the dreams and aspirations, for
3 that power to remain in the hands of that Council
4 Member is so very important and just wanted to state
5 that... [interpose]

6 SCOTT STRINGER: So could I just say... I
7 don't think there... [interpose]

8 COUNCIL MEMBER CUMBO: Please.

9 SCOTT STRINGER: should be an RFP
10 process, because in part, you know, you know this in
11 your previous life, that there are some organizations
12 that have the ability to hire grant writers and
13 [bell] experts to go out there and basically win that
14 grant or win that RFP, but that's not what we're
15 talking about here; we have to fund the organizations
16 that don't have those resources, that are doing
17 amazing things in the communities that, you're right,
18 only you as an elected official, 'cause you visit
19 those groups, understand it. But we also have to
20 have balance, that the member item process has to be
21 transparent and gives everybody an opportunity and
22 I'm talking not about the local Council Member taking
23 the money, right; we've had some bad politicians
24 who've taken money and they shouldn't have, so I
25 wouldn't say it's all good, but the vast, vast

2 majority of elected officials use that money and
3 improve people's lives. But here's what I think is
4 unfair; you know where to go in your district; I know
5 who you are and I know your record, but you should go
6 with the same money as a member from a wealthy
7 district; why should you get \$500,000 because you
8 challenged the Mayor or the Council leadership or
9 even the Comptroller and your money gets cut? Those
10 days are over. You should walk into your district
11 with the same money as everybody else, and there
12 should be special ways to work with this Mayor, who I
13 believe really wants to eradicate poverty, create
14 opportunities for people who have been shut out, and
15 this is what you're exploring now with rules reform
16 and making sure that you go to your district with the
17 same resources.

18 COUNCIL MEMBER CUMBO: I agree that I
19 should get \$10 million to distribute equitably
20 throughout my district [laughter] and I just wanna
21 say that that same thought process, in terms of how
22 we're looking at the member items, which is such a
23 small part of our budget; I feel that that same way
24 of thinking should be throughout the entire budget
25 process, throughout all of the different agencies;

2 how do we level that playing field and start to think
3 about just what you're talking about, but on all
4 levels, on all agencies, all throughout government,
5 and I think this is a great start, but there's so
6 much more that needs to be done. [interpose]

7 SCOTT STRINGER: And you... and you know
8 how you do it; it's called oversight. We spend so
9 much time... this is from my perspective... and by the
10 way, I'm a State Assembly Member; we got member
11 items, so I don't want you to think I'm here... like
12 I've never touched a member item, but we spent more
13 time on the budget dance related to member items than
14 doing the kinda oversight hearings. So if we could
15 take that and resolve that, there's more money to go...
16 there's more time to look at agencies, to look at
17 money in those agencies and how it gets distributed.
18 There's more money, or there's more time for you to
19 call our office and say, we need an audit here, wake
20 up Comptroller's Office, we need to see what's going
21 on here; let's work together as opposed to everybody
22 worrying about those member items; takes up 80
23 percent of the budget debate when we should do it the
24 other way around. I'll work with you on it.

25 COUNCIL MEMBER CUMBO: Thank you.

2 CHAIRPERSON FERRERAS: Thank you Council
3 Member Cumbo and thank you, Comptroller. I just
4 wanted to do [background comment] a little bit of
5 follow-up when it comes to the... you know, clearly
6 we're having member items discussions internally
7 through Rules Reform and through other members, but I
8 just wanted to say that we do also have a process
9 internally in making sure that organizations fill out
10 the proper paperwork and have all the, you know, go
11 through all the processes that we've established; you
12 have your own set, so there is a lot of check and
13 balance for these dollars. And now we will have
14 Council Member Rosenthal, followed by Council Member
15 Rodriguez.

16 COUNCIL MEMBER ROSENTHAL: Thank you so
17 much Chair Ferreras. Mr. Comptroller, what a breath
18 of fresh air.

19 SCOTT STRINGER: Thank you Council
20 Member.

21 COUNCIL MEMBER ROSENTHAL: Thank you so
22 much... [crosstalk]

23 SCOTT STRINGER: Nice to see you up
24 there.

2 COUNCIL MEMBER ROSENTHAL: I especially
3 your answer to Council Member Cumbo's question and
4 any help we can get on that I really appreciate.

5 [crosstalk]

6 SCOTT STRINGER: We'll work together.

7 COUNCIL MEMBER ROSENTHAL: So I'm gonna
8 go on to compliment you about three more things.

9 What you... [crosstalk]

10 SCOTT STRINGER: My lucky day.

11 COUNCIL MEMBER ROSENTHAL: unearthed with
12 the collusion in the milk industry, thank you so much
13 and it opens the door... I don't know about illegal
14 activity, but it's I'm sure just the tip of the
15 iceberg of all the contracting issues and I so
16 appreciate your starting there and getting it exposed
17 and there's much more work to be done. As Chair of
18 the Contracts Committee, I hope to have a chance to
19 work with you on all of this stuff. I really
20 appreciated two particular things you mentioned in
21 your testimony; the piece about the Medicaid
22 reimbursements for special ed, that's, I agree with
23 you, at risk, but you know, I hope this
24 administration puts in some extra resources so it
25 won't be at risk... [interpose]

2 SCOTT STRINGER: Right.

3 COUNCIL MEMBER ROSENTHAL: you know it
4 would be terrific if... you know we should be getting
5 those reimbursements, and I appreciate that your
6 office is gonna have oversight on that; if there's
7 anything we can do in the Council [background
8 comment] to be helpful, you know, please let me know.
9 I also very much appreciated what you had to say
10 about the \$400 million being baselined and you know,
11 the extent that you should bring that up here and I
12 raised it earlier with the Director of OMB,
13 [background comment] I really hope that all of that
14 stays baselined when we next see it in the Executive
15 Budget. So I really appreciate your bringing that
16 up.

17 You mentioned in your testimony one thing
18 in particular; you were talking... it's an issue that
19 I've talked about a lot, which is why I'm honing in
20 on it; the notion that our tax incentive programs
21 shouldn't be focused on those who need it the least,
22 but instead on those who need it the most. Are there
23 any areas in particular you're looking at when you
24 mentioned that and how can we work together?

2 SCOTT STRINGER: So couple things; first
3 I appreciate you identifying the milk audit and some
4 of these issues... [interpose]

5 COUNCIL MEMBER ROSENTHAL: Yeah.

6 SCOTT STRINGER: as Chair of the
7 Contracts Committee, this is an opportunity for us to
8 collaborate, because out of some of these audits will
9 come ideas for legislation and we are concerned about
10 the outside consulting contracts; I'm focusing on
11 technology; we have things in the works that we've
12 already... some we've released, and we'd love to work
13 with the Council and you as Chair so that we can
14 identify ways to clean this up. In terms of the tax
15 abatement programs, you're absolutely right, there's
16 a lot out there and you know, I am not suggesting
17 that we eliminate tax incentive programs; I think we
18 keep the ones that work, we get rid of the ones that
19 don't and we do an analysis on a regular basis to
20 make them more transparent. You know we have
21 Checkbook in our office which is a website and a real
22 opportunity to comb through those; we hope to build
23 into that website more opportunity to look at those
24 incentive programs, but this is what we've gonna have
25 to focus on. Look, the economy is getting better,

2 every indicator, including the Council numbers and
3 our numbers, you know we're not that far off. But
4 we're coming out of this thing slowly and we are
5 going to have to look at efficiencies and we
6 shouldn't be giving money away unless we get
7 something back and we just haven't calculated and put
8 together that analysis and this is something we
9 should work together on and we will.

10 COUNCIL MEMBER ROSENTHAL: Again, breath
11 of fresh air... [interpose]

12 SCOTT STRINGER: Thank you.

13 COUNCIL MEMBER ROSENTHAL: thank you very
14 much for getting... [interpose]

15 SCOTT STRINGER: Thank you.

16 COUNCIL MEMBER ROSENTHAL: all of this
17 aired in public. You know there's one last thing I
18 wanna ask you about and that's the DHS contract that
19 you and I both have fought against at the 95th Street
20 shelter in particular and I just... I'd love to talk to
21 you offline or [background comment] or here, just
22 sort of wondering where we are; last I heard, you
23 know the only reason the contract didn't... your office
24 did a brilliant job of shutting it down for technical
25 reasons; the contractor was being paid on a month to

2 month basis; I know the emergency supposedly ended at
3 the end of December; perhaps the Administration
4 issued a new emergency, so is that allowing them to
5 be paid, and again, what can we do from this side to
6 help you in ending this particularly egregious
7 contracting process? Thank you. [crosstalk]

8 SCOTT STRINGER: Well your... your work on
9 95th Street is well-known in the community and I
10 commend you for that work; I wanna give... you know, my
11 predecessor, John Liu actually worked on [bell] you
12 know, I worked with you as Borough President; he was
13 the comptroller; there is now litigation based on his
14 rejection of that contract. I think... two things I
15 think we should look at -- it's my hope that on a lot
16 of these contracts the comptroller doesn't use the
17 registration as the way to make policy, right? At
18 the end of it, you know we're kinda lost when it gets
19 to that point. I will use that power when I think
20 there's fraud or real issues, but at the end of the
21 day we're not solving something. We've gotta look at
22 this contracts early on in the process; that's why
23 we're going to use some of our auditors and create an
24 early warning system, whether it's technology or in
25 some of these contracts that have been plaguing the

2 City, we have to set that up; we should be involved
3 and you know, maybe the Council too should be involve
4 din the pre-bid conferences and not to impede people
5 getting their business done, but just to red flag
6 some of these issues and we'll work with you on that
7 as well, because you don't wanna get to a point where
8 we're in a lawsuit, but I also would urge you in your
9 capacity as a local Council Member, not Chair of the
10 Contracts Committee, if you could call up the people
11 who are overseeing that facility in the
12 Administration and get them in there, I would
13 appreciate it, because I think there's a lot of other
14 elected officials who are raising concerns about
15 these places that we're spending \$3,000 a month;
16 people aren't getting services, and there's some real
17 issues, and this is now how we should treat our
18 homeless population and perhaps building permanent
19 housing is a long goal, but we have to also look at
20 these places.

21 COUNCIL MEMBER ROSENTHAL: Yeah, I'm with
22 you, I've got 20 calls that haven't been returned, so
23 I appreciate your raising that publicly.

24 SCOTT STRINGER: I will call tomorrow
25 too.

2 COUNCIL MEMBER ROSENTHAL: Okay. And I
3 love the idea of a warning system, because that's
4 something where each individual Council Member that
5 knows their own district the best really could have
6 powerful insight, again, something that you and I
7 both experienced with that particular shelter on West
8 Side where we heard about it too late...

9 SCOTT STRINGER: Absolutely.

10 COUNCIL MEMBER ROSENTHAL: and we
11 could've known, you know.

12 SCOTT STRINGER: That's right. That's
13 right.

14 COUNCIL MEMBER ROSENTHAL: Thank you.
15 Thank you again and congratulations... [crosstalk]

16 SCOTT STRINGER: Nice to see you up
17 there.

18 COUNCIL MEMBER ROSENTHAL: on your win.

19 SCOTT STRINGER: Thank you.

20 CHAIRPERSON FERRERAS: Thank you Council
21 Member Rosenthal; we will now have Council Member
22 Rodriguez, followed by Council Member Gibson.

23 COUNCIL MEMBER RODRIGUEZ: Well,
24 congratulations to our Comptroller for all the work
25 that he's been doing and especially thank you for

2 your leadership on the audit that you did on the DOE
3 milk contracts and I hope that you will continue
4 looking at other contracts involving the DOE and see
5 how we can bring more money back. You know City time
6 is not over; there is many areas where we still have
7 to clean the house, so I always say that we have the
8 good apples and we have the bad apples everywhere --
9 corporations, government and contractors -- so we
10 need to support the good ones and get rid of the bad
11 ones. [interpose]

12 SCOTT STRINGER: Thank you.

13 COUNCIL MEMBER RODRIGUEZ: So thank you
14 for that leadership. One of my questions is about in
15 your role as the advisory to the pension board, how
16 can you take some leadership and bring some
17 investment to create more economic developments,
18 especially in underserved communities, knowing that
19 the advisory has to you know, always guarantee that
20 it's a safe investment, but also looking at the
21 opportunity to create a public and private formula so
22 that, you know, as the comptroller we can say, this
23 major economic development initiative that we have in
24 certain area of the City, that they have been left
25 behind in previous administration; happened because

2 of the advisory, but also at the Pension Board the
3 comptroller was able to suggest. [interpose]

4 SCOTT STRINGER: So actually, you asked
5 that question in the best possible way, because you
6 said that obviously it has to be a good investment,
7 so as comptroller, we oversee \$150 billion portfolio;
8 the first job, the first fiduciary responsibility I
9 have is to make sure that we hit the actuarial
10 investment targets and that we protect the retirement
11 security of 600,000 New Yorkers and that is
12 paramount. Now within the fund there is what's
13 called the Economic Retarget Investments, which is
14 money that can be used not to give away money, but to
15 use these dollars as a way of growing the fund,
16 stabilizing the fund, in the case of real estate, and
17 looking at ways that can also help communities. And
18 I would certainly meet with you to discuss this,
19 we've had many discussions about how we can be
20 helpful and at the same time make smart investments
21 for the fund. We do carry a portfolio in affordable
22 housing, we have an asset class in real estate;
23 there's a lot that the fund is invested and part of
24 what I would love to do is sit down with you and talk
25 about this. At the end of the day though, you know

2 it's not money that you give away, it's money that
3 you use, you know, as deals that grown the pension
4 fund and also make sure that our investments are such
5 that we hedge, you know when times get more
6 difficult, we're not invested only in one thing.

7 [background comment] But there is a program
8 dedicated to economically-targeted investments that
9 fall under the category that you talk about.

10 COUNCIL MEMBER RODRIGUEZ: Great. And
11 that direction, of course like, I know that even in
12 the Dominican Republic, some present in Punta Cana in
13 the past; they were developed with some investment
14 from the comptroller and I know that you know
15 there's... I mean from the board and I think that you
16 know like, when we look to do the right investment to
17 protect our pension in the future, we also would like
18 to look at... in my own district we have the Rail Yard,
19 207, it's larger than the Hudson Yard, so I visualize
20 you know some major development where we also can
21 work together and see potential project taking place
22 in those areas.

23 SCOTT STRINGER: Absolutely.

24 COUNCIL MEMBER RODRIGUEZ: My second
25 question is about the vision... I'm sorry, the UPK

2 initiative; I believe it is important and I think
3 that the former comptroller, John Liu, he did like a
4 study about college readiness; I think that we should
5 do... the Comptroller, I hope can put together like a
6 study on the financial impact for that particular
7 sector, the wealthiest New Yorker; if they contribute
8 a 0.5 percent taxes, that is equal to \$900 a year,
9 because I think that we have to take the discussion
10 also in another direction; not only I'm making a case
11 on how that amount of money will help the working
12 class and the middle class, [background comment] but
13 even thinking about how they will benefit, how by
14 investing this \$900 a year that particular group who
15 makes \$500,000 or more, in a 20-year range they also
16 will benefit because we will have like the strongest
17 middle class and the strongest [bell] working class.
18 So my suggestion is if you can look at the
19 possibility of taking some leadership..

20 SCOTT STRINGER: I will.

21 COUNCIL MEMBER RODRIGUEZ: and putting
22 together a study, I think that it can help us too.

23 SCOTT STRINGER: And just again, I invite
24 you and the Council Members into the office, we've
25 got a great policy in it that we're building; you

2 know we did a lot of reports during the borough
3 presidency and we'd love to work with you.

4 COUNCIL MEMBER RODRIGUEZ: Thank you.

5 And my last question is about a small community-based
6 organization. As you know, in this particular period
7 of time, many CBOs have been going through a lot of
8 crises because there's no huge amounts of money as we
9 had 20 years ago to contribute to CBOs and what we do
10 as a city is to, what the CBOs is able to do is to
11 reimbursed and unless they have the capacity to put
12 together like a big gala event where they raise a
13 couple of million dollars, there's some small CBOs
14 that even though we approved the money and we gave
15 them \$20-30,000, they are struggling in order to be
16 able to get the money quick, because they not
17 necessarily have... [interpose]

18 SCOTT STRINGER: So... so we have... I have
19 met with human services organizations, I have
20 discussed this with many people; let me just tell you
21 right now, you've got problems in the agencies that
22 relates to timing and paperwork, you've got timings
23 in how you appropriate money, there's timing issues
24 in the Comptroller's office; the whole system has to
25 be looked at as a way of streamlining some of this.

2 In the human services field, there is programs in
3 place, computer programs in place that I think will
4 alleviate some of that, but we've got a lot more to
5 do. Now I have to tell you, before I became
6 Comptroller I said how could it be so complicated,
7 just computerize everything, streamline everything
8 and just get the money to both local CBOs, the
9 contractors who build the big buildings and we'll
10 move on; it's very complicated and we're gonna have
11 to struggle with technology and how we get this done
12 and it's gonna be... and we don't have a great record
13 in the City on technology contracts, so we're gonna
14 have to really look at this issue in the next four
15 years.

16 COUNCIL MEMBER RODRIGUEZ: Great. And I
17 would like to end saying that I know; for everyone to
18 know, even though Scott is raised a West Side guy,
19 but he went to school in my district, so and his
20 mother used to be the Council Member before
21 [laughter] Stanley Michael, so now I have the honor
22 to represent the same council district that his
23 mother used to... [crosstalk]

24 SCOTT STRINGER: Did you say your
25 neighborhood? It was my neighborhood. [laughter]

2 CHAIRPERSON FERRERAS: Let's get it
3 right.

4 SCOTT STRINGER: Thank you Ydanis. And
5 thank you for... by the way, thank you for representing
6 the old neighborhood so well. You do a great job.

7 CHAIRPERSON FERRERAS: He's blushing..

8 SCOTT STRINGER: That's never happened
9 with him.

10 [laughter]

11 CHAIRPERSON FERRERAS: We will now have
12 Council Member Gibson.

13 COUNCIL MEMBER GIBSON: Thank you very
14 much Madame Chair. Good afternoon Mr. Comptroller
15 and staff... [interpose]

16 SCOTT STRINGER: It is great to see you
17 here.

18 COUNCIL MEMBER GIBSON: It's always good
19 to see you. And if I could just add, it's great to
20 know that your mother is a resident of the Borough of
21 the Bronx, [laughter] yes. So you actually have a
22 connection to every borough across the City; great to
23 hear. [crosstalk]

24 SCOTT STRINGER: I'm workin' on it, but
25 thank you. [laughter]

2 COUNCIL MEMBER GIBSON: Just a couple of
3 comments that I wanted to make and I do thank you for
4 your presence and your testimony.. [interpose]

5 SCOTT STRINGER: Sure.

6 COUNCIL MEMBER GIBSON: and obviously
7 your commitment. I too share your concern about
8 revenue-sharing; not happy about the fact that the
9 AIM money from the State has been zeroed out for a
10 couple of years; it's important that we continue to
11 have those conversation, \$300 odd million is really
12 important to our locality and as you said, New York
13 City puts so much out that we don't get back from
14 Albany, so that's a great concern to me.

15 You have always been a strong advocate of
16 MWBE and while the State has aggressive agenda of 20
17 percent of goals to meet, New York City's rate has
18 really been disappointing. We can do a lot more and
19 I want us as a City to take the lead on contracts
20 that are awarded by our agencies to really reflect
21 some sort of an MWBE component. So I know that it's
22 something that you obviously share the concerns on,
23 so as you look at these contracts in your process, I
24 know that you will pay greater attention to MWBE.

2 SCOTT STRINGER: Well uh... [laugh] well
3 two things; first of all, as you know from your time
4 in the Assembly, you know and how difficult it is to
5 make the case to some of these folks that you know
6 every time you cut New York City you hurt... you really
7 do hurt the whole state and I look forward to working
8 with you, given our shared experience in Albany, as
9 to how we can really figure out a strategy that makes
10 New York City a centerpiece of the budget discussions
11 and not disrespected... [interpose]

12 COUNCIL MEMBER GIBSON: Right.

13 SCOTT STRINGER: and we do need that AIM
14 money; we've lost a billion. In terms of MWBE, look,
15 the good news is, more firms are... more people are
16 becoming... registering MWBE, but think about this; out
17 of a \$10 billion procurement every year, [background
18 comment] the City... for goods and services that the
19 City puts forth, 3 percent of MWBE firms get the
20 contracts; we're not going up, we're actually
21 dropping from 5 percent. It's actually a disgrace
22 and I will assure that; I'm not gonna say it today,
23 but very shortly we're going to make sure through the
24 Comptroller's Office the scrutinizing of these
25 contracts and this issue. You wanna talk equality;

2 if you can't level the procurement playing field for
3 people of all different backgrounds, women, minority-
4 owned businesses, you're never gonna have equality in
5 this city..

6 COUNCIL MEMBER GIBSON: Right.

7 SCOTT STRINGER: and it's.. and let's face
8 it, you're not gonna go to Albany and have a
9 procurement rally, right? It just doesn't do it,
10 right? You know, charters, pre-K, that's why people
11 go to Albany, so we've gotta do it here.. [interpose]

12 COUNCIL MEMBER GIBSON: Right.

13 SCOTT STRINGER: we've gotta do the tough
14 work of working with these companies, these national
15 firms and also our City agencies. Three percent for
16 MWBEs is absolutely disgraceful.. [interpose]

17 COUNCIL MEMBER GIBSON: Agree.

18 SCOTT STRINGER: we cannot stand and I
19 wanna just say to you today, without being more
20 forthcoming, that this is an issue that's on the top
21 of our agenda and has been for some time. You may
22 recall that we did a study, first-of-a-kind study
23 where we actually talked to MWBEs, hundreds of MWBE
24 organizations, found what the troubles are, how come
25 they're not accessing those contracts and it's

2 inexcusable that resources and mentoring is not being
3 put into place.

4 COUNCIL MEMBER GIBSON: Right. And just
5 two other topics I wanted to bring up that you
6 already shared; the outside consulting contracts I
7 know you continue to look at; I'm a firm believer in
8 looking in our own house at hidden talent we have
9 here locally before we start to look to outside
10 consulting contracts. The DHS contracts that Council
11 Member Rosenthal talked about is always of great
12 concern because I represent the largest concentration
13 of homeless shelters throughout the City; I represent
14 the PATH center, the intake site for all of New York
15 City's homeless community, so previously the
16 Administration had this emergency status that they
17 kind of used [background comment] in order to, you
18 know, site many of the shelters; I am of concern, and
19 I've said this to the DHS Commissioner, the Borough
20 of the Bronx cannot be used as the dumping ground for
21 all homeless families and as long as I am here, I
22 will not allow that to happen, [bell] it is of
23 concern as we move forward; I know that we have
24 instances where there could be deemed an emergency,
25 but looking at these contracts and giving

2 multimillion dollar contracts to many of these
3 providers has to really be analyzed, because at the
4 end of the day it's communities of color, it's poor
5 communities that continue to shoulder what I always
6 call a citywide problem, not a Bronx problem, but a
7 citywide problem. So I know that, you know, you
8 share my concerns and as we move forward I really
9 need us to look what... a better opportunity at some of
10 these contracts that come before us as it relates to
11 homeless facilities in New York City.

12 SCOTT STRINGER: Let me just say quickly,
13 first of all, I think we're very lucky that we have a
14 deputy mayor for Human Service and Social Service,
15 Lilliam, that we can talk to, so I really think that
16 the Mayor appointed somebody who has tremendous
17 experience in these issues. We've gotta do two
18 things, we have the record number of homeless people
19 in our shelters and we now have an HRA commissioner
20 who has real experience actually on the ground there,
21 but we have 22,000 children who are in these shelters
22 every night, so we can't oppose shelters, right, but
23 we can come up with a plan that's workable for
24 communities where there are appropriate settings and
25 within the shelter system; we also have to guarantee

2 that the services are being delivered. So I'll work
3 with you; no community should be a dumping ground and
4 no community should not also recognize that we have
5 to share the homeless crisis together in every
6 borough and every community because it's the only way
7 we're gonna reduce the children in these shelters. I
8 mean it's just amazing that in this day and age and
9 in this city that we have kids who routinely spend
10 the night in homeless shelters, they're living in a
11 homeless shelter; that child is... every child in a
12 homeless shelter, as we know, you know, they're not
13 gonna get the technology and the reading and the
14 writing and the work that they need to succeed and
15 that's discrimination.

16 CHAIRPERSON FERRERAS: Thank you Council
17 Member Gibson. I just wanted to also remind you that
18 on Thursday, March 20th we will have the small
19 business component of these hearings and you
20 definitely can ask some specifics on that also.
21 Again, congratulations; thank you so much for coming
22 to testify. [crosstalk]

23 SCOTT STRINGER: Congratulations. I
24 really look forward to working with Julissa, you're...

2 you... you... it's great up there. Thank you.

3 [crosstalk]

4 CHAIRPERSON FERRERAS: It's gonna be
5 great. Thank you. [crosstalk]

6 SCOTT STRINGER: Thank you very much.
7 Thank you everybody. [crosstalk]

8 CHAIRPERSON FERRERAS: Thank you very,
9 very much.

10 SCOTT STRINGER: Thank you.

11 CHAIRPERSON FERRERAS: And we're gonna
12 take a two-minute break so that we can readjust
13 paperwork and we'll be joined by the... [background
14 comment] by the Independent Budget Office.

15 [pause]

16 CHAIRPERSON FERRERAS: Good afternoon.
17 Welcome to the first day of the Council's Preliminary
18 Budget Hearing; my name is Julissa Ferreras and I
19 Chair the Finance Committee. So far we have heard
20 from OMB, the Department of Finance, the Department
21 of Design and Construction and the Comptroller. We
22 will now hear testimony from Ronnie Lowenstein, the
23 Director of the Office of Independent... the
24 Independent Budget Office. Thank you. You may begin
25 your testimony.

2 RONNIE LOWENSTEIN: First of all, thank
3 you very much for the opportunity to testify, I
4 really look fo... my colleagues and I all look forward
5 to working with the new Council and you in your new
6 role and answering your questions both today and in
7 the months ahead. In the effort to save some amount
8 of time here, I'm not gonna read the testimony, I'm
9 gonna spare you that, but I am gonna take a minute...
10 couple of minutes and just give you the highlights,
11 talk it through; you've got the testimony in front of
12 you, and equally important, the tables that underlie
13 all of our numbers.

14 Let me begin with the bottom line; under
15 the Mayor's preliminary budget we expect the City to
16 end the current fiscal year with a \$2 billion surplus
17 that's \$244 million more than projected by the
18 Administration; assuming that \$2 billion is used to
19 prepay expenses for next year, we're also
20 anticipating a surplus for next year as well; that
21 surplus would be \$1.2 billion, as compared to OMB,
22 which is not anticipating any surplus at all for next
23 year.

24 As you've been hearing all day however,
25 there's one gigantic caveat to this particular

2 forecast, which is that the fiscal outlook could look
3 very, very different, depending upon what happens to
4 the labor settlements.

5 To see how we arrived at these figures,
6 let me start with economics for a moment. We're
7 expecting the City of New York to add an average of
8 68,000 jobs a year over the next three years; that's
9 down about a sixth from the previous three years,
10 when we were adding an average of 81,000 jobs a year.
11 As in recent years, we're expecting the bulk of the
12 jobs to come out of a relatively small number of
13 industries; it's education and health, it's
14 professional and business services, it's retail trade
15 and leisure and hospitality. One important sector
16 that we're not expecting to add lots of jobs in is of
17 course the securities industry, we're expecting that
18 a combination of tighter regulation, plus rising
19 interest rates is really going to certainly slow
20 growth within the industry, prevent the hiring of
21 lots of new people, when people in this industry are
22 earning on average 300 and... roughly \$350,000 a year
23 compared with an average of about \$75,000 a year in
24 other industries, each of those securities jobs are
25 hugely important, which is why a tradition for many

2 years now that the industry has been the engine of
3 the City's economy.

4 I think one of the huge assumptions
5 behind our forecast is that the City really can
6 continue to add a solid number of jobs each year and
7 I would say that you know, high 60s really is solid
8 growth without more oomph coming out of the
9 securities sector.

10 Okay, so that economic forecast
11 translates into a revenue forecast of steady,
12 moderate increases in taxes. We have it averaging
13 5.3 percent a year on average over the course of the
14 financial plan. Our forecast of tax revenues is
15 about \$300 million more than the Administration's for
16 this year and more than a billion dollars more for
17 next year; there are bigger differences in the out
18 years.

19 The differences are due in part to our
20 forecast of stronger U.S. growth and stronger local
21 economic growth than the Administration is expecting,
22 and not surprisingly, the biggest differences in the
23 tax forecast come in those taxes that are most
24 variable with the economy and in particular, the
25 personal income tax and the business income taxes.

2 I should say that the Council Finance
3 forecast, which we just received, is wonderful;
4 that's largely cus...; [laughter] at least for this
5 year and next year it's very similar to ours, there's
6 only less than one percent difference in tax revenue
7 forecast between IBO and Council Finance for both
8 this year and next. But here again, the differences
9 do grow over the course of the financial plan.

10 Turning to the spending side of the
11 budget, under the Mayor's preliminary budget proposal
12 we projected expenditure growth will average about
13 2.6 percent a year, which is roughly half the level
14 that we're expecting tax revenues to grow out, which
15 is important. Of course, that level of spending
16 growth could be very, very different, depending upon
17 what happens with the labor settlements.

18 I also wanted to take a moment to note
19 that our forecast does include the \$500 million that
20 the Administration is anticipating in pre-K and
21 after-school, but because that's completely offset by
22 the additional funds coming from the personal income
23 tax increase on high-income earners, they net out and
24 there's no impact on the budget gap. And finally, I
25 want to say that there are a few areas where IBO's

2 spending forecast also differs from that of the
3 Administration; the biggest of the differences is in
4 the Department of Education; we're anticipating that
5 the Department's going to have spend more money for
6 charter schools that have already been authorized to
7 open and to expand those charter schools that are
8 already open and routinely adding grades each year.
9 Typically... last year the Department recognized those
10 additional expenditures later in the spring, but it's
11 that they're going to happen and we anticipate that
12 they'll add \$75 million to spending this year and
13 \$166 million to spending... I'm sorry, \$75 million to
14 spending next year and \$155 million in spending in
15 2016 and nearly \$500 million by 2018. We're also
16 projecting more spending on overtime, plus more
17 funding for family shelters as well.

18 I think that's more than enough summary;
19 I really appreciate the time, given the hour, and I'd
20 be happy to take your questions.

21 CHAIRPERSON FERRERAS: Thank you so much
22 for your summary. [interpose]

23 RONNIE LOWENSTEIN: Oh, one more thing; I
24 forgot to... [interpose]

25 CHAIRPERSON FERRERAS: Yes.

2 RONNIE LOWENSTEIN: introduce IBO's
3 Deputy Director, George Sweeting.

4 CHAIRPERSON FERRERAS: Thank you for
5 joining us. I wanted to speak specifically to
6 something that was... or something that the Comptroller
7 made a statement on in talking about overtime, and I
8 know that you gave numbers, but the Comptroller's
9 numbers are almost three times what you're
10 estimating. [background comment] Can you kind of
11 walk me through how you got to your number?

12 RONNIE LOWENSTEIN: I'm gonna defer to
13 George on this. [laugh]

14 CHAIRPERSON FERRERAS: I'm sorry; we
15 pulled it out of the... [crosstalk]

16 RONNIE LOWENSTEIN: Sorry. Okay.

17 CHAIRPERSON FERRERAS: If you could just
18 say your name ahead.

19 GEORGE SWEETING: George Sweeting, Deputy
20 Director for IBO. I've not had the opportunity to
21 seek how the Comptroller got to their numbers, so I
22 don't know exactly what their assumptions were. Our
23 approach is to look back over recent history to see
24 how, you know... compare spending in the last few years
25 and then measure that against what's in the Financial

2 Plan and then we would identify that as, you know
3 likely spending that's missing from their Financial
4 Plan. But it's based on looking back over the recent
5 past, agency by agency and seeing where the
6 shortfalls have been in the past.

7 CHAIRPERSON FERRERAS: Okay. It's just
8 you know, from our perspective we're trying to get
9 all the recommendations and it's such a vastly
10 different number, so we're asking and trying to
11 figure this out. [crosstalk]

12 GEORGE SWEETING: Yeah. If... if I could
13 add, again, I don't have the numbers in front of me,
14 but I know in the last year or two the City has
15 actually been putting... they've been sort of
16 acknowledging that there's a... [background comment]
17 there for a long time had been sort of a structural
18 shortfall in their overtime budget and had put
19 significant amounts of money in, in the last couple
20 years, you know so that when we look and see how much
21 they're still short, it's a... it's a smaller number
22 than we would've put in a few years ago because
23 they've raised that baseline of their overtime
24 spending projections.

2 RONNIE LOWENSTEIN: I think the other
3 thing is that in recent years overtime has really
4 been swelled by the lack of staffing in the Fire
5 Department [background comment] and as that begins to
6 change it presumably will change the overtime needs
7 there as well.

8 CHAIRPERSON FERRERAS: Right, so...
9 [interpose]

10 RONNIE LOWENSTEIN: But we can... we'll
11 reach out to the Comptroller's office and figure out
12 where the differences are and get back to you.

13 [interpose]

14 CHAIRPERSON FERRERAS: I... I would
15 appreciate that, if you can get back to us and yeah,
16 I guess the hiring freeze has spoke to some of the
17 overtime costs. I wanted to speak very briefly;
18 we've all addressed the labor settlements that like
19 the big elephant in the room or the big contributor
20 [background comment] to us having to modify our
21 budget in the future and what that would look like.
22 Anyways, can you speak to that; I know that it has
23 been estimated that with a 4 percent raise
24 approximately, plus a 2 percent raise for the
25 subsequent round, we would come to about \$7.1

2 billion; are you in agreement? I'd love to hear your
3 perspective on this.

4 RONNIE LOWENSTEIN: I'm so glad you
5 asked. [laughter]

6 CHAIRPERSON FERRERAS: Right. Well it's
7 your estimate, so you're clearly in agreement. I'm
8 sorry. But I'm saying, can you explain that to us?
9 Sorry. [background comment]

10 RONNIE LOWENSTEIN: Yeah; I mean I... that
11 is indeed our number, we put it out on Friday, but
12 the most important thing to know about the two-page
13 issue summary that we put out on Friday was that we
14 were trying to show that there's a huge range in
15 possible outcomes here. People had been using that
16 7.2 number and quoting it as it's going to cost that
17 much or as much as that without really knowing what
18 was behind it and what was behind it was one scenario
19 that we actually concocted last spring as were
20 writing a report saying well what would happen if.
21 We don't know if that's what's gonna happen, so what
22 we did was put together what we call a calculator so
23 we can take any one of a number of... an infinite
24 number of different scenarios, grind them through and
25 come up with an estimate. So we put out a range of

2 estimates here, but we'd welcome any questions you
3 might have with other ideas, other amounts, other
4 timing that would lead to very different outcomes.

5 CHAIRPERSON FERRERAS: Well I appreciate
6 you bringing that up, because that leads me into the
7 next question. I know that in many of the scenarios...
8 you gave many scenarios and one of them was the one-
9 time payout which would help mitigate the retroactive
10 raises and in many ways would not increase the
11 pension costs. So are there any other scenarios that
12 you can share with us that would help in the
13 negotiations that we should bring into consideration?
14 I know you're asking us, but we're gonna ask you.

15 RONNIE LOWENSTEIN: Okay. Well I mean
16 there are two different ways to do the bonus
17 scenario; one would be, as we sketched out in the
18 piece we put out Friday, which is \$5,000 or pick a
19 number; another way would be as a percentage of
20 salary, so you could say, you know, 1 percent or 5
21 percent or whatever of people who are on the payroll
22 now would receive... I'm sorry, that everybody on the
23 payroll now would receive 5 percent of their salary
24 or whatever the magic percentage is. That might lead
25 to some people who were on the City's payroll a few

2 years ago, but aren't on it now, actually failing to
3 receive increases, which, from the City's perspective
4 may or may not be a good thing, depending upon on
5 where you sit.

6 CHAIRPERSON FERRERAS: Thank you. And
7 now we'll have... we have... again we will have a clock
8 of five minutes for our members to ask questions; we
9 will have Council Member Levine, followed by Council
10 Member Rodriguez.

11 COUNCIL MEMBER LEVINE: Thank you Madame
12 Chair; thank you Miss Lowenstein for being here.
13 Officially the City... in every respect, the City
14 cannot run a deficit and presumably it can't run a
15 surplus; is that an accurate statement?

16 RONNIE LOWENSTEIN: Under the somewhat
17 archaing [phonetic] rules of generally accepted
18 accounting practices, which the City has worked under
19 since the fiscal crisis of the 70s, the City can't
20 take monies at the end of the year and stash them
21 into a savings account. The Retiree Health Benefits
22 Trust Fund is our version of that; it's a twofer to
23 the extent that it begins to put monies aside for
24 long-term liabilities for retiree health benefits,
25 but at the same time can be drawn down. But no,

2 you're absolutely correct, we can't just take the
3 money and say we're saving this for a rainy day,
4 either we have... we have to find more creative ways to
5 do it. Obviously the trust fund is one way; another
6 way that was extensively used, you know during the
7 City's boom period, was taking monies and using them
8 to prepay... to basically put... defease... to put aside
9 monies a couple of years... that would be used a couple
10 of years later for debt service, you know for
11 retiring bonds; it's called a defeasement; it's
12 another way of stashing monies and it served the City
13 really well because you know we had a period of
14 remarkable tax revenues, they were coming in at
15 double-digit, average double-digit rates for a number
16 of years and by putting monies, not just moving
17 monies into the subsequent fiscal year, but two and
18 three years out; it really served us well in the
19 downturn.

20 COUNCIL MEMBER LEVINE: Well assuming
21 that you think employment of these artifices to
22 squirrel money away, so to speak, is appropriate, how
23 are we as the Council to judge the target amount for
24 such prepayment or savings? We're at somewhere
25 between \$1.5 and 2 billion today, if I'm reading this

2 right; I guess I would like to know what your exact
3 assessment of the amount we currently have squirreled
4 away is, and is that the proper amount?

5 RONNIE LOWENSTEIN: Okay. As far as the
6 exact amount we've squirreled away, I'm sure that our
7 new budget director is as creative as his
8 predecessors and we would all love to know exactly
9 what they're squirreled away, but... you know, I've got
10 to assume there are some places where there's
11 spending in there that they're not absolutely
12 anticipating; as I'm sure you know there are always
13 end of year accounting adjustments that tend to swell
14 the surplus; we've love to know. [laugh] In terms
15 of whether it's the right amount, that tradeoff
16 between the need to be fiscally prudent, the need to
17 keep taxes to a minimum; the need to provide the
18 services that New York City needs, those tradeoffs,
19 I've got to assume, are the most difficult questions
20 that the elected officials have to answer and I'm
21 glad they're questions that get answered by the
22 elected and not us technical types.

23 COUNCIL MEMBER LEVINE: We have nothing
24 but respect for you technical types. Would you care
25

2 to characterize the current level, again,
3 approximately \$1.52 billion as being adequate?

4 RONNIE LOWENSTEIN: Well if we're... it all
5 depends on where you would expect the labor
6 negotiations to end up and that could be anyplace.

7 COUNCIL MEMBER LEVINE: Do you feel the
8 Council should exercise greater oversight on this
9 issue; should we request a formal accounting of the
10 money which is prepaid and otherwise squirreled away?
11 We can see the retirement health account; we can see
12 the operating account; that gets us to about \$1.5
13 billion; I'm told by people who understand the budget
14 that there might be another half-billion in there
15 somewhere, but we don't really know; should we as the
16 Council be requesting such detail or is it better
17 that these things go left unsaid?

18 RONNIE LOWENSTEIN: Well you get a great
19 deal of detail on the budget, we all do, and Ray and
20 his folks, you know monitor that closely. Yes,
21 typically at the end of the year those accounting
22 adjustments, the difference between prior year
23 payables and prior year receivables, the money that
24 we thought we would have to pay out and didn't have
25 to and the money we thought we were getting in but

2 didn't can often be someplace in the vicinity of \$500
3 million, it varies, but something in there. I'm not
4 sure why the Administration would necessarily be
5 saying well, we're perhaps overestimating debt
6 service or underestimating income tax receipts; I
7 think they've given you as much information as they'd
8 like to and they are typically conservative in their
9 revenue forecasts, so that's something else for you
10 to think about. You can ask, but I think part of the
11 job of the budget director is to make sure that there
12 are monies available for what the Administration and
13 the Council want to do.

14 COUNCIL MEMBER LEVINE: I'll just
15 conclude by observing that I have every confidence in
16 the current budget director and the current
17 Administration, but as a permanent governance
18 strategy, it seems to me relying on that kind of
19 trust for the Council is a bit of a dicey
20 undertaking, though perhaps now we have no cause for
21 worry, but I'd hate to find out that an
22 Administration I assumed had the half-a-billion
23 dollars in there somewhere, oops, they didn't have it
24 and there was... we were forced to make an extra half-
25 billion in cuts we didn't anticipate.

2 RONNIE LOWENSTEIN: And it's a very good
3 way to look at it; I mean we go back a ways in terms
4 of several administrations now at IBO and throughout
5 the Giuliani administration they were very
6 deliberately and proudly low-balling their tax
7 revenue forecast and the Mayor said it at his last
8 appearance before the Financial Control Board, here's
9 how I did it. And what it was was largely an
10 instrument to control the Council. I mean he saw it
11 as a way to control spending. He saw it as a way to
12 control spending. So as the Council, yeah, that's
13 something you need to be concerned about. We see a
14 lot less strategic revenue forecasting than we used
15 to.

16 COUNCIL MEMBER LEVINE: Apparently I
17 exploited a non-functioning clock, [background
18 comment, laughter] so I'm gonna wrap up there, but
19 thank you for that. Thank you.

20 CHAIRPERSON FERRERAS: Thank you so much
21 Council Member Levine and now we will have Council
22 Member Rodriguez.

23 COUNCIL MEMBER RODRIGUEZ: I just have
24 two questions, but first, thank you for all your
25 contributions and also putting a different assessment

2 on how we are doing in our finance and the forecast
3 for the future. Two questions -- 1. What is the
4 discrepancy on how you see the \$2 billion surplus
5 that we have and the City doesn't see that we have
6 that surplus?

7 RONNIE LOWENSTEIN: Well, for this year
8 the City does expect to have a surplus, which they're
9 expecting to use to prepay some expenses for next
10 year; our \$2 billion estimate is just, I believe \$244
11 million more than they're anticipating. So... and..
12 [interpose]

13 COUNCIL MEMBER RODRIGUEZ: So where...
14 where do you see that money coming from that the City
15 doesn't see? [crosstalk]

16 RONNIE LOWENSTEIN: Okay. We're
17 expecting some more monies in the personal income tax
18 and the business income taxes than the Administration
19 is expecting, both this year and throughout our
20 forecast.

21 COUNCIL MEMBER RODRIGUEZ: Okay. And do
22 you have an exact figure on how much the City
23 contributes to the State versus how much the State
24 contributes to the City? And that question was asked
25 to the Administration and no one is able to say we

2 contributed \$20 billion and the State contribute... and
3 I know that there's some variable, you know some
4 funding through the State is coming from the federal
5 government, but do you have some estimate on how much
6 do we contribute to the State versus how much the
7 State contributes to the City?

8 RONNIE LOWENSTEIN: We don't... [background
9 comments] No. No, for the simp... well, do you wanna
10 explain it yourself? That's fine.

11 GEORGE SWEETING: One reason why it's
12 difficult to answer that question is you have to... if
13 you're trying to figure out how much tax revenue New
14 York City contributes to New York State, you have to
15 take into account not only where people live... or not
16 only where people work, but also where people live
17 and so there are estimates that New York State puts
18 out, and you can get those numbers, that show how
19 much New York City residents contribute to New York
20 State and it's in the range of 25 percent of the
21 State's revenues, but if you also count all of the
22 income that's earned by commuters into the City but
23 they don't live in the City, they live in
24 Westchester, Long Island, Rockland County; that
25 probably brings the number up closer to... in the range

2 of 40 percent. We've done some estimates on this;
3 I'd be happy to share that work with you. So a lot
4 of the... answering that question depends a lot on the
5 assumptions you make about what revenue you're gonna
6 count; are you gonna count just the revenue that's
7 earned by City residents; are you gonna count the
8 revenue that's earned in the City overall, regardless
9 of where people live?

10 CHAIRPERSON FERRERAS: Thank you very
11 much. Thank you for coming to testify today. And
12 we're gonna call this portion of the hearing to a
13 close. Thank you so much. We are going to start the
14 public portion of... and we're gonna take a two-minute
15 break just so we can kinda get organized and then we
16 will begin the public portion of our hearings.

17 [pause]

18 [background comments]

19 [gavel]

20 CHAIRPERSON FERRERAS: We will now begin
21 the public portion of our hearing; as a reminder for
22 members of the public who wish to testify, please
23 fill out a witness slip with the Sergeant at Arms,
24 who will give the witness slips to my Counsel,
25 Tanisha Edwards. Additionally, the witness panels

2 will be arranged by topic, so please indicate the
3 topic of your testimony on your witness slip. If you
4 have written testimony, please be sure to give the
5 testimony to the Sergeant at Arms when your name is
6 called to testify. Tanisha Edwards, please call the
7 witnesses.

8 TANISHA EDWARDS: Rason Tonder
9 [phonetic], Ralph Palladino, Inovas... Nova Strikeon
10 [phonetic].

11 CHAIRPERSON FERRERAS: If anyone else has
12 testimony, please be sure to submit to the Sergeant
13 at Arms; I believe this will be our last panel, if no
14 one else [background comment] comes before us to
15 testify, but you still have an opportunity... are you
16 Miss Nova? Please join the panel. Thank you so
17 much. And you may begin whenever you're ready.

18 RAYMOND SANTANDER: Okay. Good afternoon
19 Councilwoman Ferreras and members of the City
20 Council; my name is Raymond Santander, Assistant
21 Director of Research and Negotiations at District
22 Council 37. I am here today on behalf of Lillian
23 Roberts, the Executive Director of DC 37, New York
24 City's largest municipal employee union representing
25 120,000 members and 50,000 retirees. Thank you for

2 allowing me the opportunity to speak to you today
3 regarding Mayor de Blasio's February 2014 Financial
4 Plan or preliminary budget.

5 Let me begin by saying how glad we are at
6 DC 37 that this budget, representing Mayor de
7 Blasio's first look at Fiscal Year 2015, is so very
8 different from many of the budgets we and all New
9 Yorkers have experienced under the previous mayor.
10 We are gratified that at least at first glance this
11 budget does not contain the terrible cuts to programs
12 and services and the cuts to our members' jobs that
13 repeatedly characterized the budget priorities of
14 Mayor Bloomberg. On the positive side, [clears
15 throat] excuse me... we note that the libraries and
16 cultural institutions are funded for the next fiscal
17 year at or near current year levels and this will
18 remove much of the needless budget dance of prior
19 years. This is a real change for the better. It is
20 also our understanding that the City's pools are
21 funded and will be open for a full summer season this
22 July and August in marked contrast to past years,
23 when DC 37 and its allies had to fight tooth and nail
24 to keep the pools open and fund what is a vital city
25 service. A full and complete summer pool season is

2 an essential service to hundreds of thousands New
3 Yorkers. We also acknowledge and credit the Mayor
4 for his restoration of immunization layoffs and HIV
5 layoffs at the Department of Health and Mental
6 Hygiene. We are heartened that the Mayor has
7 reversed course with the unconscionable decision of
8 the previous administration to lay off these workers
9 and has instead chosen to begin to restore cuts to
10 vital health services for the most vulnerable New
11 Yorkers.

12 Our primary concern in this budget is to
13 obtain a fair wage increase for our members. The
14 cost of living has risen 10.5 percent since March
15 2009, the date of our last raise; this has imposed a
16 serious economic hardship on our members, among the
17 lowest paid workers in the City. [background
18 comment] As we consider the vital issue of
19 negotiating a fair wage settlement for our members,
20 we also note that this budget includes no money for
21 wage settlements beyond funding a 1.25 percent
22 increase in both FY14 and 15. In other words, what
23 Mayor Bloomberg had budgeted, amounting to about \$127
24 million in FY 14 and \$348 million in 15. We applaud
25 the Mayor for the many positive actions he has taken

2 in this budget; funding of libraries, cultural
3 institutions, keeping the pools open; rescinding
4 layoffs at Department of Health and Mental Hygiene.
5 At the same time, we also note that funding for many
6 programs and services is precarious, requiring going
7 to the Council on an annual basis, for example,
8 libraries, a constant source of worry and insecurity
9 for our members [bell] and the services they provide
10 to all New Yorkers. The libraries and cultural
11 institutions, for example, while funded for FY15 at
12 or near current year levels, will actually see their
13 real dollars, that is the dollars after inflation,
14 reduced because stagnant funding over the past years
15 is combined with ever-rising operating costs. The
16 result of stagnant funding is severe budget pressures
17 on these institutions as well as a great deal of
18 distress on our members who are always having to do
19 more with less and living in perpetual fear that
20 their jobs will be lost due to budget cuts.

21 CHAIRPERSON FERRERAS: Mr. Santander, if
22 you can just summarize; I know that you have..
23 [crosstalk]

24 RAYMOND SANTANDER: Okay, great.

2 CHAIRPERSON FERRERAS: I just don't want
3 you to leave out any important points.

4 RAYMOND SANTANDER: Thank you.

5 CHAIRPERSON FERRERAS: Thank you.

6 RAYMOND SANTANDER: We're also very
7 concerned with contracting out, the contracting
8 budget; there's really no real indication in this
9 budget as to what direction that is going to go. We
10 would've liked to have seen the Mayor make more of a
11 definition or more of an indication as to what road
12 the Administration is desiring to take and also, of
13 course, civilianization is a very important concern
14 to DC 37 and in the Police Department we have
15 repeatedly gone and tried to get that passed, so just
16 wrap up by saying, there are things that we like in
17 the budget and we are very concerned with a fair wage
18 increase for our members and we look forward to
19 knowing more about the budget going forward. Thank
20 you.

21 CHAIRPERSON FERRERAS: Thank you very
22 much for your testimony and I definitely agree with
23 you with the civilization of NYPD. Actually, my
24 mother was a former... well, she just retired, but a DC
25 37 member and was a civilian at 1PP, [background

2 comment] when I was very young I remember going there
3 to visit her for work, so I definitely see the
4 importance of having civilians and our officers doing
5 police work. So thank you very much for your
6 testimony... [interpose]

7 RAYMOND SANTANDER: Thank you.

8 CHAIRPERSON FERRERAS: and you may begin
9 your testimony.

10 RALPH PALLADINO: Yes, Ralph Palladino,
11 Clerical Administrative Employees Local 1549 DC 37,
12 representing 16,000 City workers throughout all the
13 agencies, including Health and Hospitals Corporation.

14 I'm gonna abridge and maybe jump around,
15 but our members earn an average of about \$30,000 a
16 year, which is under the City threshold for poverty.
17 Some of our members are homeless and they are on food
18 stamps. We have, under the last administration, done
19 more with less and we have not gotten a contract or
20 pay raise the last four years, doing more with less;
21 that's called increased productivity. So I just
22 wanna bring that up, since the contract was raised as
23 an issue here and it is a budgetary issue, but we
24 also paid for our benefits by less amount of money
25 accepted in wages in the past.

2 The areas in which we feel the budget
3 should include is civilianization to save tax
4 dollars. Civilianization could save anywhere from
5 \$16-127 million a year, depending on who you listen
6 to, from the IPO to the former City Comptroller's
7 offices and also, it allows then police officers to
8 go out and do community policing, it also allows
9 traffic enforcement agents to go out and protect the
10 pedestrians from getting run over and it also
11 protects the... it involves school safety aides, which
12 of course have a lot to do with keeping our schools
13 safe.

14 Contracting wastes City dollars, we are
15 civil servants, we are vetted, we take a test, we
16 pass, we are fingerprinted; contractors are not,
17 there are no quality controls; there are issues
18 dealing with confidentiality in many areas, which are
19 troublesome, as well. And also, in terms of
20 clericals, it's basically low-wage work, people
21 making far less money and just about minimum wage and
22 also having to be on Medicaid, which is again being
23 supplemented by tax dollars; it perpetuates, and the
24 City perpetuates poverty when they do that.

2 In the 311 call center contract, hiring
3 double the amount of employees that exist now would
4 save money rather than the current costs of the King
5 contract of \$50 million. The King contract is a
6 backup system and they have more employees doing the
7 backup work than the people in the front lines who
8 are our members.

9 The Human Resource Administration has a
10 lower amount of people contracting now than they did,
11 but they are now hiring private temps to stand over
12 food stamp applicants at the stations where they have
13 the computers and trying, allegedly, trying to help
14 them navigate the computer; these are people who are
15 sometimes homeless, people who do not read, people
16 who do not know how to use computers, and it's not
17 sure the contractors, those employees, what kind of
18 training they've had. There's also a question of
19 confidentiality; we don't understand HRA doing this.

20 The City's interpreter services
21 contracting, which equals at least \$12.5 million and
22 that does not include HHC and by the way, who
23 monitors and oversees HHC? They're a public entity,
24 they get public dollars, they get City money, they
25 get Medicaid dollars and we cannot find out who

2 oversees their contracts, which is very troublesome.
3 They have... close to 10 percent of the clericals in
4 HHC are contract people, contract employees. So that
5 is important to know, because interpreting services,
6 it's always known and I worked in this hospital,
7 Bellevue Hospital; it's much better to have face to
8 face contact rather than using the phone line;
9 there's also a question of confidentiality.

10 Finally, we believe in tax fairness, we
11 agree with the Mayor and the City Administration and
12 the City Council on the pre-K issue; the rich should
13 be made to pay their fair share of taxes; today's New
14 York Times, the business section, one full page
15 basically donated to the fact of how much they spend
16 and how much they get and we're told that we can't
17 get a raise and we have to cut services in the City
18 of New York, very bad.

19 We don't agree with the Governor on
20 raising the estate tax floor; it's unfair and
21 unwarranted. We disagree with the Governor's
22 proposal to lower corporate income taxes, because
23 jobs are not created, we've lost jobs in the State
24 over the last 20 years when the rate was around 15
25 percent and now it's down to about 7; where are the

2 jobs that they were supposed to create? Who's
3 monitoring that? And also, they should be increasing
4 the money rather than cutting those taxes and helping
5 the wealthy out, including the estate tax, which is...
6 raising that floor makes no sense; giving aid to the
7 cities, the last two years the State has flat, in
8 terms of what they give to the cities, aid to the
9 cities. Before that they cut steadily, so we in fact
10 still have a cut and they should be putting money
11 into that; not just for New York City, but others,
12 and the City Council should be weighing more into
13 that issue as well.

14 So I wanna thank you; congratulations on
15 a new chair; actually, there's two new chairs here,
16 different committees, and another City Council
17 person; I wanna say thank you very much and welcome.

18 CHAIRPERSON FERRERAS: Thank you very
19 much for your testimony and of course, very specific
20 to my mother's union, it was your union that she's a
21 member of, 1549, of your chapter. And you may begin
22 your testimony. Thank you.

23 [background comments]

24 NOVA STRACHAN: Good afternoon. My name
25 is Nova Strachan and I am the Lead Housing Organizer

2 at Mothers on the Move; I'm a member of the New City
3 Coalition that has come together to fight the
4 depletion of affordable housing in New York City at
5 the hands of predatory equity. Thank you for the
6 opportunity of testifying today.

7 Our predatory equity coalition is made up
8 of 12 community organizations and one civil legal
9 service provider -- the Community Development Project
10 at the Urban Justice Center, Asian Americans for
11 Equality, CAAAV Organizing Asian Communities, Chhaya
12 CDC, Community Action for Safe Apartments at New
13 Settlement Apartments, Fifth Avenue Committee,
14 Neighbors Helping Neighbors, Flatbush Tenant
15 Coalition, GOLES (Good Old Lower East Side), Maribal
16 Sisters Cultural and Community Center, Mothers on the
17 Move, Northwest Bronx Community and Clergy Coalition,
18 The Pratt Area Community Council, and Woodside on the
19 Move.

20 Over the past seven years New York City's
21 affordable housing market has been severely
22 destabilized by private predatory equity, companies
23 that purchase large numbers of rent-stabilized
24 buildings at inflated prices, that then push out the
25 rent-stabilized tenants so that they can charge

2 market rates, using a wide range of harassing
3 techniques from frivolous lawsuits to failing to
4 provide heat or conduct necessary repairs. Despite
5 these tactics, many companies such as Vantage,
6 Pinnacle and Dowyday [phonetic] went bankrupt,
7 forcing their buildings into foreclosure and leaving
8 rent-stabilized tenants to languish in limbo without
9 repairs. As the market has recovered, new predatory
10 equity companies, such as Chestnut Holdings, Urban
11 American, Ocelot and Bluestone have purchased these
12 foreclosed buildings and adapted the same business
13 model and as a result, the City has lost thousands of
14 rent-regulated apartments over the last few years.
15 As the crisis continues, organizers and lawyers have
16 begun working with tenants in all five boroughs
17 fighting back against these landlords' aggressive and
18 illegal tactics. The strategies we use include:
19 organizing tenants in predatory equity buildings and
20 educating them about their rights; bringing lawsuits
21 against negligent and abusive landlords to compel
22 them to make repairs, restore essential services and
23 cease the harassment, and intervening in foreclosure
24 proceedings to urge the court to sell foreclosed
25 buildings to responsible owners who will respect

2 tenant rights. We have had some success with these
3 methods, but every tenant that we are able to help,
4 dozens more are losing their affordable housing at
5 the hands of predatory equity and the result is that
6 thousands of rent-regulated tenants are forced out of
7 their homes each year.

8 Because predatory equity companies have
9 far more resources than community organizations, the
10 preservation of rent stabilized units depend on the
11 assistance of the New York City Council. [bell] We
12 ask the Council to step in and provide funding to
13 stop the loss of these vital rent-regulated
14 apartments and with additional resources community
15 organizers supported by attorneys can powerfully
16 defend tenants against dangerous predatory equity
17 landlords; tenants can begin to fight back and we can
18 make sure that private investment corporations don't
19 rob the City of this precious affordable housing.

20 Once again, I thank you so much for
21 allowing me to testify this afternoon.

22 CHAIRPERSON FERRERAS: Thank you so much
23 for coming to testify and for bringing the voices of
24 many of our mothers, but also our families and I know
25 that in your testimony you mentioned Vantage in

2 particular; they owned just over a dozen buildings in
3 my district, so I remember being part of that fight
4 and you know, and we all kind of forecasted that that
5 would happen [background comment] and then it
6 happened and now we're here. So I think bringing
7 attention to that is very important. I'm gonna have
8 Council Member Levine now, who has some questions.
9 Thank you.

10 COUNCIL MEMBER LEVINE: I have a question
11 for our friends from DC 37 first and then I'll have
12 one for Miss Lola [sic]. I chair the Parks
13 Committee; we have many locals... I think as many as
14 half-a-dozen DC 37 locals which have employees in the
15 park system and I wanna ask you about the so-called
16 work experience program, AKA Workfare, which perhaps
17 began in the Parks Department; I believe there are
18 other agencies which have such employees; this
19 program forces predominantly women receiving public
20 benefits to work for well below minimum wage with no
21 union protection, no provision for child care,
22 limited training, and thankfully, thanks to advocates
23 like yourselves, we have a much better alternative
24 now in Parks Department; believe it goes by the name
25 Jobs Training Program (JTP), where folks who need

2 such experience are getting reasonable pay with great
3 training and actually are represented by the union
4 during their period of service.

5 Could you speak about the status of these
6 two different programs and perhaps the relative
7 budget impact? Some folks say, well JTP is to
8 expensive; I push back on that say it's actually a
9 fabulous investment and uplifting the lives of people
10 who need it and the Parks Department gets a good deal
11 out of it as well. Could you at all speak to this
12 issue? [interpose]

13 RAYMOND SANTANDER: Well we... we never
14 believe that it's too expensive to pay people a
15 living wage; mean that's... that's an outrageous
16 statement. We're not against anyone having a job,
17 everyone we believe... we're a union, we believe
18 everyone has a right to a job, but they don't have
19 the right to be exploited and to be hired to do a job
20 at \$7.50 an hour, which undercuts the wages, a living
21 wage of park workers that we represent and that don't
22 make a great deal of money to begin with. So we
23 think it's wrong; in effect the City is doing an
24 arbitrage on wages and that's terribly wrong; we're
25 not maybe the most sophisticated people, but we know

2 when people are being hired to do work and in effect
3 it's undercutting the wages and the long-earned
4 rights and benefits of our members. Again, we're not
5 against anyone having work, but these programs are
6 dead end... a program that pays someone \$7.50 an hour
7 is really a dead end program, it's perhaps been
8 billed or sold as a pathway to a permanent job, but
9 it in fact is no such thing, so it's not a benefit
10 and I can't say it enough for... as a member of... a
11 proud member of District Council 37, if it costs too
12 much to pay a decent and a living wage, then the
13 money just has to be found elsewhere, and in a \$73
14 billion budget, there are other places where money
15 can be found and my distinguished colleague knows
16 many of those places himself.

17 RALPH PALLADINO: Well I just wanna say,
18 if you don't mind just quickly, work experience
19 programs should be work experience to lead to a job,
20 not permanent employment. It should not undercut the
21 civil service system. People take a test, they die
22 on the list and many of the jobs are like 15,000 work
23 experience programs in the City of New York, 15,000;
24 many of them doing clerical work, like in HRA and
25 other places, if they stay there for years and years

2 and years, where's the work experience, where's it
3 leading to? It leads people into keeping them where
4 they are, in poverty. So we do this very cautiously;
5 people should have a living wage, City workers... my
6 members need a better wage and a living wage and
7 there are low-wage workers throughout the City that
8 deserve a living wage; their race to the bottom will
9 not work; everyone should be uplifted, including the
10 people who are WEP workers -- we use the term WEP
11 workers (Work Experience Program) and JTPs and they
12 should have status; if they do the work that other
13 people do, why aren't they paid that? Why can't they
14 take a civil service test and then become whole? So
15 we caution using that kind of a thing, although we do
16 understand that JTP might be a step up somewhat,
17 right? But on the other hand it's not the answer,
18 please. Thank you.

19 COUNCIL MEMBER LEVINE: Well, amen to
20 that, thank... [crosstalk]

21 RAYMOND SANTANDER: No... [laughter]

22 COUNCIL MEMBER LEVINE: thank you both.
23 [interpose]

24 RAYMOND SANTANDER: thank you for the
25 question.

2 COUNCIL MEMBER LEVINE: I look forward to
3 working with you on this issue, vis-à-vis the Parks
4 Department, very much in the years ahead.

5 Miss Lola, I wanna thank you for taking
6 the time and coming down to testify; you had powerful
7 remarks and your issue is very important; I'm sorry
8 more people weren't here to receive your testimony.

9 Every single predatory investor you
10 mentioned is active in my district. I represent
11 parts of Washington Heights, West Harlem, Manhattan
12 Valley; we've got all of 'em. And when you were
13 describing your coalition in the beginning, I
14 might've missed it, but are you a citywide coalition;
15 do you have grassroots groups all over the City; do
16 you know if you have any in Northern Manhattan and
17 can I help you... [interpose]

18 NOVA STRACHAN: [background comments]

19 COUNCIL MEMBER LEVINE: If you could
20 speak in the mic, so... no problem.

21 NOVA STRACHAN: So... Good Old Lower East
22 Side (GOLES) is definitely located in the Lower East
23 Side; that's a fact. The rest... we are located all
24 over the City, we are a citywide coalition.

2 COUNCIL MEMBER LEVINE: If we have groups
3 in Northern Manhattan that wanna be involved in the
4 coalition, how can they get involved, who should they
5 contact?

6 NOVA STRACHAN: Well at this point now we
7 are meeting up with different City Councils, so I
8 would believe that in... you said the Northern part of
9 Manhattan, that hopefully the Council person that's
10 representing that part of that district we would be
11 setting up a meeting to present, you know, our
12 proposals and to give more information about The
13 Stabilizing New York City Coalition.

14 COUNCIL MEMBER LEVINE: Well great; I
15 look forward to meeting with you in my office.
16 [interpose]

17 NOVA STRACHAN: Thank you.

18 COUNCIL MEMBER LEVINE: Alright, great.

19 NOVA STRACHAN: Thank you.

20 COUNCIL MEMBER LEVINE: Thank you.

21 NOVA STRACHAN: Can I please leave these
22 testimonies?

23 CHAIRPERSON FERRERAS: Sure, we just have
24 one more Council Member... [crosstalk]

25 NOVA STRACHAN: Oh no, no.

2 CHAIRPERSON FERRERAS: that would like to
3 ask you more questions... [crosstalk]

4 NOVA STRACHAN: No problem.

5 CHAIRPERSON FERRERAS: We got... you know
6 they hung in with us rough and tough, so I appreciate
7 it. [crosstalk]

8 NOVA STRACHAN: Oh, thank you.

9 [background comments]

10 CHAIRPERSON FERRERAS: Council Member
11 Gibson. [laughter]

12 COUNCIL MEMBER GIBSON: Thank you so much
13 Madame Chair and to all of you, I certainly thank you
14 for your patience and remaining here in this late
15 hour. I guess... I don't have necessarily a question;
16 more of a comment, specifically to Local 1549 and
17 knowing the work that DC 37 has always done.

18 Obviously the outstanding contracts are of great
19 concern to many of us and from me coming from the
20 State, being asked to support a measure like Tier VI,
21 which I didn't, it's really important for me, looking
22 at the future municipal workers of our city and the
23 fact that so many college students are graduating
24 with degrees and excessive loans and debt and they're
25 not able to get into our workforce, and so and I

2 mentioned previously at another testimony that my
3 concern about the outsourcing and the fact that we're
4 not looking at our municipal workforce when you talk
5 about the work that needs to be done, you have
6 already been doing it and so it's almost a shame that
7 we're looking at outside entities instead of looking
8 at our own workforce. So I guess the question I'm
9 asking is, moving forward, knowing that the Mayor has
10 these outstanding contracts, 150, so to speak, what
11 is it and how far is your membership willing to go to
12 get some sort of an agreement, as our comptroller
13 said, while not a final plan, but some sort of a
14 working understanding.. I don't wanna say an MOU or an
15 IOU, but what is it that you're looking to get as a
16 commitment from the Mayor, from the City Council as
17 we move forward so that you know that we hear you, we
18 understand and we're not leaving you out to dry?
19 Does that make sense? [crosstalk]

20 RALPH PALLADINO: Well the... [crosstalk]

21 RAYMOND SANTANDER: Well uhm...

22 RALPH PALLADINO: Okay, go ahead and
23 answer first.

24 RAYMOND SANTANDER: I would say that
25 there is... we believe that a fair... that fair people

2 can agree on and come to a fair settlement...

3 [crosstalk]

4 COUNCIL MEMBER GIBSON: Right.

5 RAYMOND SANTANDER: It has to be said

6 that our members have gone four years since the

7 [background comment] expiration of the contract...

8 [interpose]

9 COUNCIL MEMBER GIBSON: Right.

10 RAYMOND SANTANDER: inflation has gone up

11 10.5 percent, we represent some of the lowest-paid

12 workers in the City and this has caused... being four

13 years out has caused tremendous hardship on our

14 members and at the same time, under the previous

15 administration, the use of outside contractors

16 [background comment] and outside consultants has been

17 rampant in the city [background comment] and our

18 members, in cases that personally have been told me,

19 have had to show the consultants how to do their own

20 job; [laughter] I mean this is absolutely...

21 [interpose]

22 COUNCIL MEMBER GIBSON: It's an added

23 insult.

24 RAYMOND SANTANDER: this is an added

25 insult, your transference of knowledge and then in

2 some cases, leading to your losing that job. So the
3 issue of fairness, we think... I believe I speak for
4 the organization, that we can get there, but fairness
5 has to take into account the tremendous sacrifices of
6 our members each and every day. Our members perform
7 heroic duties each and every day. Ralph's people
8 that answer the phone, that [background comment] work
9 as dispatchers for the Police Department, our EMS
10 workers, those people perform heroically every day
11 and you never hear about it because they do such a
12 tremendous job, and the same with our civilian
13 workforce and everywhere we are. So we believe that
14 it's time to come to a fair agreement with... for our
15 members. We've been out for four years; we deserve a
16 fair [background comment] contract.

17 RALPH PALLADINO: And we are encouraged
18 by what we hear from the City Administration; we
19 firmly believe that this Mayor and the Administration
20 do value work, value the workforce [background
21 comment] and that's a very positive thing and we
22 think that a negotiation could happen and there is
23 always some give and take. But as I said before, our
24 members in my local, when they hear officials outside
25 the City or City newspapers saying what they say

2 about public employees or people.. and City workers
3 should not "expect much of a raise" [background
4 comment] in New York City and they don't even want us
5 to have our own right to tax when we need to tax and
6 they have proposals to cut corporate taxes and estate
7 taxes and things like that; it is unfair and it
8 really... excuse my terminology, pisses our members
9 off. So fairness is the biggest issues.

10 COUNCIL MEMBER GIBSON: Right.

11 RALPH PALLADINO: Okay? [background
12 comment] and we think the Mayor would wanna be fair,
13 but we're not so sure about everybody else.

14 COUNCIL MEMBER GIBSON: [laughter]
15 Gotcha. And I understand your concerns. And I
16 apologize, but I... I forgot your name, I'm sorry?

17 NOVA STRACHAN: Nova.

18 COUNCIL MEMBER GIBSON: Miss Nova.

19 NOVA STRACHAN: Nova.

20 COUNCIL MEMBER GIBSON: I do appreciate
21 your testimony as well and I work with New Settlement
22 CASA; [background comment] I work with Urban Justice,
23 [background comment] as well as Northwest Bronx
24 Community and Clergy Coalition, so I know the work
25 that all of you have done and all I can do is just

2 continue to encourage you; in many of our communities
3 this is about education, this is about making sure
4 that tenants understand their rights and they know
5 what services they are entitled to; this is about
6 making sure that we bridge that gap that exists,
7 because a lot of times we have unscrupulous landlords
8 and property owners [background comment] that
9 circumvent the law because they can get away with it.

10 NOVA STRACHAN: Exactly.

11 COUNCIL MEMBER GIBSON: I speak from
12 personal knowledge, from personal experience; I've
13 been working on this for many, many years and New
14 Settlement CASA, we do workshops every month, we do
15 legal clinics, we work with Legal Services, because
16 the goal is to educate people so they're equipped
17 with knowledge so that they can ultimately make
18 better decisions. So keep on keeping on.

19 NOVA STRACHAN: Thank you.

20 COUNCIL MEMBER GIBSON: And than you guys
21 for being here.

22 NOVA STRACHAN: Thank you.

23 [background comments]

24 CHAIRPERSON FERRERAS: Thank you so much
25 and we really appreciate; this is a great panel to

2 close this hearing. [laughter] This concludes the
3 Finance Committee's preliminary budget hearing. For
4 the entire month of March the Council, through the
5 appropriate committees, will conduct hearings to hear
6 from agency commissioners about the impact of the
7 Mayor's preliminary budget on their agencies.
8 Tomorrow, March 6, beginning at 10 a.m., the
9 Transportation Committed, chaired by my colleague,
10 Council Member Ydanis Rodriguez, will hold its
11 preliminary budget hearing and hear from the MTA, the
12 Taxi and Limousine Commission and the Department of
13 Transportation. The public session will begin at
14 approximately 1:15 p.m. For a full list of the
15 preliminary budget hearing schedule, please contact
16 the Sergeant at Arms. This meeting is now adjourned.

17 [gavel]

18 [cheers, applause, background comments]

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C E R T I F I C A T E

World Wide Dictation certifies that the foregoing transcript is a true and accurate record of the proceedings. We further certify that there is no relation to any of the parties to this action by blood or marriage, and that there is interest in the outcome of this matter.



Date April 5, 2014