

CITY COUNCIL
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

Of the

COMMITTEE ON
RECOVERY AND RESILIENCY

Jointly with the

COMMITTEE ON FINANCE

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April 9, 2014
Start: 10:11 a.m.
Recess: 12:50 p.m.

HELD AT: Council Chambers
City Hall

B E F O R E:
JULISSA FERRERAS
Chairperson
MARK TREYGER
Co-Chairperson

COUNCIL MEMBERS:

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Helen K. Rosenthal
I. Daneek Miller
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Mark Levine
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Vincent Ignizio
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Rosie Mendez
Margaret S. Chin
Donovan J. Richards
Steven Matteo
Eric A. Ulrich

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

Council Members:

Steven Matteo
Margaret S. Chin
Brad Lander

Tanisha Edwards
Finance Counsel

Kate Sealy-Kirk
Sr. Finance Analyst for Infrastructure

Nathan Toth
Deputy Commissioner for Financial Services

Daniel Zarrilli
Director of Mayor's Office of Recovery and
Resiliency

John Grathwall
Deputy Director of Mayor's Office of Management
and Budget

George Sweeting
Deputy Director of the New York City Independent
Budget Office

Frank Posillico
Deputy Director of IBO's Budget Projections

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

Margaret Becker
Legal Services, NYC

Suzanne Dine
Alliance for a Just Rebuilding

2 CHAIRPERSON FERRERAS: Good morning. My
3 name is Julissa Ferreras, and I chair the Finance
4 Committee. Today the Finance Committee and the
5 Committee on Recovery and Resiliency, chaired by my
6 colleague and co-chair, Council Member Mark Treyger,
7 will hold a joint oversight hearing to examine the
8 expenditures and reimbursement of funds in relation
9 to Super Storm Sandy.

10 On the evening of Monday, October 29, 2012
11 Superstorm Sandy brought a catastrophic,
12 unprecedented storm surge along the east coast.
13 Particularly, in New York City, thousands of New
14 Yorkers experienced more outages, massive flooding
15 and extensive property damage. The devastation
16 caused by Superstorm Sandy resulted in severe
17 hardship and economic loss to New York City. In
18 order to address the severe losses suffered by
19 individuals and businesses on January 29, 2013,
20 President Barack Obama signed into law the Disaster
21 Relief Appropriations Act. This bill appropriated
22 \$11.5 billion dollars to the Disaster Relief Fund of
23 which \$5.4 billion dollars was specifically
24 designated for major disasters to be administered
25 through FEMA.

2 This important federal legislation also
3 appropriated \$16 billion dollars which turned out to
4 be \$15.18 billion after the sequester to the
5 Community Development Block Program for necessary
6 expense related to disaster relief, long term
7 recovery, restoration of infrastructure and housing
8 and economic revitalization in the most impacted and
9 distressed areas.

10 In May, the City was appropriated \$1.77
11 billion dollars CDBG relief funds by HUD and in
12 November the City was appropriated a second
13 allocation of \$1.44 billion dollars.

14 In today's hearing, we will look at the
15 City's expenditures and reimbursement of funds by
16 federal Sandy appropriations. While FEMA and the
17 CDBG DR funding is also available to individual New
18 Yorkers affected by Superstorm Sandy. It is not the
19 focus of today's hearing.

20 Last week, my colleague and chair, Treyger,
21 of the Recovery and Resiliency Committee, held a
22 hearing on the city's Build It Back Program and heard
23 directly from New York residents hit hardest by
24 Sandy. Today we will consider the financial impact
25 of the preparation, emergency response, rebuilding

2 and resiliency work required by Superstorm Sandy on
3 the city's budget.

4 In order to keep track of Sandy's funding
5 appropriated to and spent by the City, the Council
6 passed Local Law 140 of 2013, which required the City
7 to create a searchable, online database that would
8 include summaries about how much Sandy funds are
9 spent and the way those funds are spent. The law
10 focuses on transparency and also requires the
11 inclusion of key performance measurements, such as
12 job created and maintained and the pay skill for such
13 jobs created and maintained. However, although the
14 Sandy tracker has been live since November, many of
15 Local Law 140 provisions have not been implanted.
16 Particularly, wage information and project details.
17 In addition, many key elements of Sandy funding are
18 still unknown.

19 The Council has heard complaints about the
20 length of time for FEMA reimbursement, delays in
21 projects and the general lack of information that
22 would allow the public to gain a better understanding
23 of how and where the federal monies appropriated
24 through Congress for Sandy relief is being spent.

2 Representatives from the Mayor's office on
3 Resiliency and the Office and Management and Budget
4 are here today to provide updates regarding
5 disbursement of Sandy funds, project timelines, the
6 administration's priorities and the implementation of
7 our Local Law.

8 Council Members will get five minutes to
9 ask questions in the first round and if there is a
10 need for a second round, Council Members will be
11 allotted three minutes. Additionally, I want to
12 remind members of the public who wish to testify to
13 please fill out a witness slip with the Sergeant at
14 Arms before we hear from the Administration. I want
15 to thank staff who worked on this hearing and I want
16 to thank Finance Council Tanisha Edwards, Kate Sealy
17 Kirk, the Sr. Finance Analyst for Infrastructure,
18 Nathan Toth, the Deputy Director of Infrastructure
19 and Sarah Gastalone (phonetic) the Finance Analyst
20 for Housing.

21 I also want to thank the staff of the
22 Committee on Recovery and Resiliency. Before I turn
23 the mic over to my co-chair, Council Member Mark
24 Treyger. I want to remind everyone that tomorrow at
25 10:00 a.m. the Finance Committee will meet across the

2 hall in the Committee Room to consider seven
3 legislative items. Finance Counsel Tanisha Edwards
4 sent members the agenda items yesterday and will
5 resend them today. There will be a vote on all
6 items, so please try to be on time.

7 We have been joined by Council Member
8 Cumbo, Council Member Chin, Council Member Menchaca,
9 Council Member Matteo and Council Member Ignizio. I
10 will now forward the mic over to my co-chair and
11 colleague, Council Member Treyger. Chair Treyger.

12 CO-CHAIRPERSON TREYGER: Thank you Chair
13 Ferreras. Thank you so much for working with us here
14 today. Good morning, my name is Councilman Mark
15 Treyger; I am Chair of the City Council's Committee
16 on Recovery and Resiliency.

17 First allow me to welcome you all to this
18 joint hearing examining the expenditure and federal
19 reimbursement of funds in relation to Superstorm
20 Sandy. This is the council's first hearing
21 exclusively reviewing the implications of Superstorm
22 Sandy on the City's budget. I am happy to be joined
23 by the Chair of the Finance Committee, Julissa
24 Ferreras, as we examine the slow progress of federal
25 disbursements and consider how the difficulties faced

by City agencies and residents as they navigate the various federal agencies' impact on this City's recovery effort.

The City incurred costs of \$5.4 billion dollars in capital damages and expenses relating to Superstorm Sandy. I am going to repeat that. Cost of \$5.4 billion dollars as of April 7th FEMA has determined that \$1.4 billion dollars of the work that the City has submitted paperwork for is eligible for reimbursement through its public assistance grant program. As conversations continue between the City and FEMA, this amount will continue to increase but as of this week only 27.9% of the total costs of Sandy, have been determined to be eligible for reimbursement by FEMA if insurance settlements are subtracted from the total costs.

It is estimated that insurance will cover \$380 million dollars of NYCHA damages. Of that \$1.4 billion dollars, FEMA's share that it will pay the City is around \$1.1 billion dollars and as of this week the City has received \$633 million dollars. So of the \$5.1 billion dollars in Superstorm Sandy damages and expenses not covered by insurance, only 12.6% has been reimbursed.

2 Today, we will hear from the Administration
3 about the complicated reimbursement process that City
4 agencies are work through and how the Mayor's office
5 of Management and Budget and consultants are being
6 utilized to help the agencies to expedite the long
7 process. Superstorm Sandy devastated the region and
8 we understand that the recovery will be long and
9 complicated. It is this committee's roll to help
10 shine light on the process and to keep focus on the
11 real life implications of these delays on New
12 Yorkers. NYCHA residents without heat and hot
13 water for days at time, because temporary boilers are
14 breaking down, as well as schools and parks waiting
15 for vital repairs. In addition to the thousands of
16 property owners and renters still waiting for
17 assistance to build it back.

18 This committee has already discussed parts
19 of the Community Development Block Grant Disaster
20 Relief Funding at a lengthy hearing last week on the
21 Build It Back Program. Today we would like to hear
22 more on the new administration's priorities moving
23 forward for the \$1.8 billion dollars in tranche
24 (phonetic) one and \$1.4 billion dollars in tranche
25 two of CDBG DR funding. The Administration's changes

2 to incorporate public comments into Amendment 5 have
3 not yet been made public and we do not yet know if
4 the Administration plans a substantial amendment of
5 the CDBG DR action plan further down the road.

6 We look forward to learning more today
7 about the Administration's priorities for the CDBG DR
8 funding and to updates on the allocations for
9 Business Programs, Infrastructure and other city
10 services, Resilience and city wide administration and
11 planning. The Committee will now hear testimony from
12 the Director of Resiliency and the Mayor's Office of
13 Management and Budget and then members of the public.

14 [Pause] Make sure the mic is on.

15 DIRECTOR ZARRILLI: Good morning Chair
16 Person Treyger and Chair Person Ferreras and members
17 of the Committee on Recovery and Resiliency and the
18 Committee on Finance. My name is Daniel Zarrilli,
19 Director of the Mayor's Office of Recovery and
20 Resiliency. It is a pleasure to be here today on
21 behalf of the de Blasio Administration.

22 You heard on March 31, 2014 from Amy
23 Peterson of the City's Office of Housing Recovery
24 Operations on efforts to make the Build It Back
25 Housing Recovery Program work better for all program

2 participants. Today I am joined here by John
3 Grathwall, Deputy Direct of the City's Office of
4 Management and Budget and we together will provide
5 testimony of the City's overall Sandy recovery
6 focusing on infrastructure recovery and resiliency
7 efforts and details on funding and key milestones.

8 I'd first like to thank the hundreds of
9 professionals, elected officials and city employees
10 and the thousands of New Yorkers who came to public
11 workshops and volunteered and who have dedicated
12 themselves and serviced to the City's efforts to
13 rebuild stronger and more resiliently these past 17
14 months. Hurricane Sandy was a test to the City's
15 physical strength. It was also a test of its people
16 and it is clear that in this test we found the
17 resolve to work together with all of neighbors across
18 the entire city to make our communities even
19 stronger.

20 Now, I'd like to provide a brief overview
21 of the recover and resiliency effort to provide some
22 context for why this rebuilding effort and ultimately
23 the strength of the city depends on taking a serious
24 look at our risks not just from Hurricane Sandy but
25 from the effects of long term climate change.

2 On Saturday March 29th, Mayor Bill de
3 Blasio announced the establishment of Office of
4 Recovery and Resiliency. This is a commitment to the
5 ongoing work of recovery and resiliency that began
6 with a special initiative for rebuilding and
7 resiliency which produced the city's first climate
8 resiliency plan. A Stronger, More Resilient New
9 York.

10 This establishment of this new office is a
11 strong statement of the Mayor that he is dedicated to
12 implementing this plan and making sure this city is
13 more resilient and safer for all New Yorkers.

14 As you know, Sandy had a devastating impact
15 on this city. Tragically 44 lives lost, thousands of
16 homes destroyed, businesses disrupted and shuttered.
17 But the story of Sandy was also about the disruption
18 to the City's infrastructure and critical services,
19 like energy, transportation and telecommunications.
20 These systems exist in a complicated and
21 interconnected fabric that allows us to live and work
22 in one of the most dense and diverse urban
23 environments on the globe. Sandy highlighted just
24 how vulnerable and damaging a storm like this can be
25

2 to these critical system and ultimately to our own
3 safety and livelihoods.

4 To demonstrate New York City's dependence
5 on and vulnerability of these systems. Here is just
6 a brief recap of Sandy's events.

7 Sandy flooded an area that included 88,700
8 buildings, 9% of the City's building stock. 800,000
9 power customers lost electricity, some for weeks
10 which affected approximately two million people.
11 Natural gas customers, 84,000 natural gas customers
12 lost service. A third of the city's steam customers
13 experienced outages, including five acute care
14 hospitals. During Sandy, a breakdown occurred at
15 almost every level of our regional fuel supply chain.
16 The result was a crippling effect on the supply chain
17 that affected everyone from taxi drivers and food
18 delivery trucks to first responders. In addition to
19 a loss of telecommunications systems from power
20 outages, 35,800 buildings saw flooding of one to
21 three feet which usually resulted in damage to
22 basements and exterior telecommunication equipment
23 and several critical telecom facilities were also
24 damaged, further disrupting service.

Sandy caused major damage to the transportation system impacting 8.6 million transit riders, 4.2 million drivers, and a million airport passengers. For three days after Sandy, all 12 East and Hudson River subway tunnels were out of service with three of them out of service for at least 10 days after Sandy. Our parks network. Sandy flooded 5,700 acres of New York City parks and caused nearly \$800 million dollars in damage to park assets and facilities. Additionally city beaches lost up to three million cubic yards of sand. 10 of the City's 14 wastewater treatment plants were damaged or lost power with three of three of these plants non-operational for some time after the storm. Approximately 560 million gallons of untreated sewage, stormwater and seawater were released into New York City's waterways. During Sandy and around 800 million gallons of partially treated wastewater were released.

Overall, estimated cost to the City of all this activity was about \$19 billion in damages and lost economic activity. With much of this being borne out by damage to the critical infrastructure systems on which we depend. We simply can't afford

2 not to rebuild our infrastructure in a way that
3 reduces the risk of repeating these events.
4 Especially when we know that the risks are getting
5 greater.

6 Through our work with the New York City
7 Panel on Climate Change we have seen that by the
8 2050's we may expect to see another one to two feet
9 of sea level rise with a high end projection of
10 upwards of two and a half feet. That's on top of a
11 foot of sea level rise that we have already seen in
12 the city since 1900. All of this makes flood levels
13 experienced during Hurricane Sandy more likely in the
14 future. We may also see an increase in
15 participation, higher temperatures and longer
16 heatwaves. During the special initiative work the
17 city did some initial loss modeling with Swiss Global
18 Insurance Company and estimated that a storm like
19 Sandy that causes \$19 billion dollar events is likely
20 to cause \$90 billion dollar events in the future,
21 just due to the changes in climate, even if no
22 additional development happens in the city and those
23 are in today's dollars.

24 The amount of money needed now to restore
25 New Yorker's homes, businesses and infrastructure are

staggering. The cost to do so as the City's risk gets greater would be crippling. This translates directly into the coastal protection infrastructure needs the city must invest in to make sure New Yorkers are effectively managing this risk. This cannot only save lives, but also save money. FEMA estimates that every dollar spent on mitigation and resiliency efforts translate into four dollars on average in reduced future damages.

Fortunately, we as a city, have a unique opportunity to invest in our infrastructure and in our homes and neighborhood with federal funds in order to buy down this future risk. The City, through the Stronger More Resilient New York Plan has laid out a roadmap for how, we as a city, can meet these risks from climate change while also rebuilding from Hurricane Sandy. The time is now to make these investments to repair our city and its infrastructure and neighborhoods for the long term risk of climate change.

The City's plan, based on the best available science as generated through the New York City Panel on Climate Change consist of 257 specific initiatives to strengthen our coasts, improve our

2 buildings, protect infrastructure and make
3 neighborhoods safer and more resilient. This plan
4 includes immediate short term and long term
5 recommendations and is expected to take approximately
6 10 years to complete, subject of course, to council
7 required updates to that plan every four years
8 starting in 2015.

9 The new Mayor's Office of Recovery and
10 Resiliency are working closely with OMB and many
11 other city agencies will lead the city's efforts as
12 we implement this plan using the roadmap set out in a
13 Stronger More Resilient New York. This effort will
14 also require partnership and action at all levels of
15 government and will need support and assistance from
16 the private sector, philanthropic organizations and
17 most importantly from New Yorkers in all five
18 boroughs in order to be successful.

19 As outlined in A Strong, More Resilient New
20 York, this new office will oversee the first ever
21 comprehensive coastal protection strategy for New
22 York City that includes a first phase of
23 approximately \$3.7 billion dollars with 37
24 initiatives to protect and strengthen our coastline.
25 This is already underway across the city, working the

2 United States Army Corp of Engineers and others to
3 increase our edge elevations, minimize upland wave
4 zones, protecting from storm surge and provide for
5 improved coastal design and governance. Existing
6 authorized Army Corp projects are under study in
7 Jamaica Bay and Rockaway. In Staten Island and in
8 Coney Island a fuller comprehensive study conducted
9 by the army corp. is also due in January 2015.
10 Already, 1.2 million cubic yards of sand have been
11 replaced on city beaches. Another 2.9 million cubic
12 yards of sand to come this year. We've launched a
13 feasibility study on a multipurpose levy in southern
14 Manhattan and have secured vital funding for wetland
15 and living shoreline projects in Queens and flood
16 protection projects in Red Hook.

17 As we look into the future, it was also
18 clear that we needed to invest in resiliency research
19 and so have launched in partnership with the National
20 Park Service, a scientific consortium led by Kuni
21 (phonetic) and others the Science and Resilience
22 institute at Jamaica Bay to investigate resiliency in
23 urban environments and provide scientific input into
24 these continuing efforts and policy decisions.
25 Likewise, upgrades to our building stock and building

2 code are already underway. Thanks to the City
3 Council, 17 of 22 resiliency bills that were
4 introduced were passed into law in 2013, including
5 many building code upgrades to insure that new
6 construction is resilient with respect to floods,
7 winds and prolonged power outages.

8 This new office staff will continue to
9 pursue programs to upgrade existing building. To
10 protect existing city infrastructure and services,
11 the Office of Recovery and Resiliency will work with
12 city agencies to rehabilitate and upgrade assets like
13 wastewater treatment plants and will call on utility
14 providers to make similar investments. We have
15 already secured approximately \$1 billion dollars in
16 resiliency investments in the power grid. The goal
17 is to create redundancy and strength in critical
18 systems to improve recovery and restoration times
19 after a disaster. The City will then work to
20 incorporate resiliency guidelines across operations
21 and into long term planning into the future.

22 The plan also details neighborhood
23 rebuilding plans that consist of infrastructure
24 upgrades, land use options, capacity building with
25 local non-profits and economic development measure to

2 secure local job creators in our coastal communities.
3 In addition, the city's been engaging with state and
4 federal rebuilding resiliency program to insure
5 complimentary recovery approaches and the development
6 and neighborhood specific plans to promote
7 sustainable resilient and affordable community
8 recovery and development. The City is coordinating
9 with both the state's New York Rising Program as well
10 as HUD's Rebuild By Design Program, as they roll out
11 and fund locally supported plans and projects.

12 Of course the need for financial assistance
13 to complete this is very aggressive and important
14 work and my colleagues from OMB and I will detail now
15 how the City is working to draw upon the resources
16 that area available from the federal government,
17 including that of the City's efforts as reflected in
18 the CDBG DR funds and FEMA sources of funds and a
19 brief description of other sources of funds as well.
20 Thank you.

21 DEPUTY DIRECTOR GRATHWALL: Good morning.
22 Thank you Dan. My name is John Grathwall, I am
23 Deputy Director at the Mayor's Office of Management
24 and Budget where I oversee federal and state grants
25 among other things.

2 As Dan mentioned, I will provide you an
3 overview of funding available from the federal
4 government for recovery with particular focus on
5 FEMA's funding for municipalities referred to as
6 "public assistance" or PA and on the Community
7 Development Block Grant Disaster Recovery or CDBG DR
8 funds from HUB. My focus today will be on FEMA
9 funding and the other activities funded by CDBG DR.

10 Thank you also to the council for having
11 made recovery efforts a priority and we look forward
12 to working with you all in being transparent in
13 providing you with information. After I have
14 concluded the testimony, Dan and I look forward to
15 answering your questions.

16 You know, Dan mentioned a number of things
17 about this severity of Hurricane Sandy, but its
18 impact on New York City is proving to be one of the
19 costliest single municipal disasters in FEMA's
20 history. As mentioned in your report, the storm cost
21 an estimated \$5.4 billion of which only about \$400
22 million is anticipated to be covered by insurance
23 proceeds.

24 On January 29, 2013, President Obama signed
25 into law the Disaster Relief Appropriations Act of

2 2013 which appropriated \$51 billion for disaster
3 relief operations, funding not only Sandy, but
4 recovery efforts for other natural disasters as well.
5 In addition to FEMA funding, the City also receives
6 disaster recovery assistance from a variety of other
7 federal agencies receiving appropriation from the
8 sect. Some of these other agencies include the
9 Federal Highway Administration, the Federal Transit
10 Administration, the U.S. Department of Labor and the
11 U.S. Department of Housing and Urban Development,
12 which we know as HUD.

13 Also note, federal agencies which are
14 funding projects located in the city, there are also
15 federal agencies funding projects in the City where
16 the money doesn't flow through the City's budget.
17 The Army Corp of Engineers is an example. They
18 receive funding from the Disaster Relief
19 Appropriations Act and the City is working in
20 collaboration with the Corp on critical coastal
21 protection and beach replenishment projects, but
22 those funds don't flow through out budget.

23 Today I will provide background on FEMA's
24 public assistance program and highlight our progress
25 thus far and discuss our strategy for securing the

2 remaining federal recovery funding that the City of
3 New York is entitled through from this program.

4 I will begin with brief description of the
5 FEMA Public Assistance Program's purpose and design.
6 The Stafford Act which the Robert T. Stafford
7 Disaster Relief and Emergency Assistance Act is the
8 law that provides that statutory authority for most
9 federal disaster response and recovery activities
10 including FEMA's Public Assistance Program.

11 The goal of the PA Program is to provide
12 supplemental assistance to states and localities and
13 to non-profit organizations so that communities can
14 quickly respond to recover from major disasters
15 declared by the President. The PA Program makes
16 grants to the state which serves as the grantee. The
17 city then receives funding as an applicant through
18 the state. I would like at this time to thank our
19 State partners at the New York State Division of
20 Homeland Security and Emergency Services for their
21 support through this recovery. They have been very
22 helpful and are always great.

23 The PA Program facilitates recovery by
24 providing reimbursement funding through grants to
25 help communities perform this necessary disaster

response and recovery work. Generally, this work falls into two broad categories; emergency work and permanent work.

Emergency work eligible for funding includes a number of critical activities that take place immediately before, during and following the disaster. This work includes activities such as clearing debris, establishment of emergency operation centers, emergency protective measures carried out by the uniform work force. A lot of NYPD and FDNY in our case. Sanitation did most of the debris removal. All these current estimates of the costs incurred by city agencies eligible for reimbursement through the PA Program for emergency work is about \$1.9 billion.

Immediately following the disaster FEMA provided significant funding for the city's emergency work through expedited PA grants. The purpose of these grants was to provide timely support for the city's recovery mission. While the majority of the actual emergency work has been completed, it is now very important for city agencies and OMB to perform reconciliation and validation process with diligence and attention to detail. By going through this intensive process, additional eligible work may be

2 identified and submitted to FEMA for additional
3 funding. Further justification for work performed
4 will be provided and the City will be better
5 positioned to stand up to anticipated audits and
6 reduce the likelihood of future obligations of
7 funding coming from those audits. Permanent work is
8 work that required to restore facilities and
9 infrastructure and typically includes large capital
10 projects. Permanent work includes the restoration of
11 damaged public infrastructure such as schools,
12 hospitals, roads and highways, wastewater pumping
13 stations and treatment plants and parks.

14 In general, the PA Program is designed to
15 return damaged public infrastructure to its pre-
16 disaster design, function and capacity in accordance
17 with the applicable codes and standards. OMB's
18 current estimate of permanent work and costs
19 anticipated by city agencies eligible for
20 reimbursement through the PA Program is about \$3.5
21 billion. Generally, FEMA's PA Program will reimburse
22 applicants for the actual costs for completing
23 eligible restoration work. The process of
24 determining eligibility of restoration began soon
25 after Hurricane Sandy, as agencies began conducting

site visits with FEMA recovery personnel to develop detailed damage descriptions. Based on these descriptions, FEMA and applicant agencies began the process of developing eligible scopes of work to return the damaged facility to its pre-disaster condition and capacity. While it may take additional time and coordination with stakeholders to insure that complex permanent work grants are properly prepared with accurate and fully detailed scopes of work and costs estimates. This methodical approach yields tremendous benefit and reduces the city's risk when these projects are ultimately realized. Through permanent work the PA Program provides opportunities for hazard mitigation funding as well to protect federal and local investments and public infrastructure from damage caused by similar future disasters.

In the 17 months since the storm made landfall, the City of New York's Office of Management and Budget has achieved a number of successes in securing the maximum amount of reimbursement that the City of New York is eligible to receive through the PA Program. We have also experienced a number of program and management challenges. Our experience

2 with Hurricane Sandy recovery can be divided into
3 three periods.

4 I may spend a little time here going into
5 some background of our efforts over the last 17
6 months to give you some flavor of how this recovery
7 process has taken place.

8 The first period of the recover focused on
9 emergency work and encompassed the first eight months
10 of operations running through June of 2013. The
11 focus of this phase of the recovery was determining
12 the eligibility of applicants for assistance and
13 completing emergency work.

14 The next period ran from the end of the
15 eighth month through the end of the thirteenth month
16 of operations. Roughly, November 2013. This period
17 marked the conclusion of the majority of the
18 emergency work being conducted across the city and
19 began the transition among city personnel and FEMA
20 personnel to the more complex task of permanent work
21 project formulation.

22 The third period began last December and is
23 currently ongoing.

24 In the first period FEMA's management
25 worked cooperatively with OMB and City agencies to

approve a number of innovative projects that recognized the scale and devastation of Sandy and the unique challenges posed by New York City's complex, densely populated, urban environment. These successes included the implementation and funding of the Step Program which we call rapid repair, as well as the development of the Hotel Essential Sheltering Program which housed Sandy evacuees in hotel rooms paid for by the City. The Rapid Repairs Program performed essential repairs allowing residents of damaged homes to shelter in place rather than occupy city emergency congregate shelters. In less than 100 days Rapid Repair has restored heat, power and hot water service to over 20,000 housing units. Addressing the needs of approximately 54,000 New Yorkers. The costs associated with the Rapid Repair Program eligible for reimbursement through the PA Program which was a brand new program for FEMA and it provided a tremendous service to the City and its residents. So it was really basically a victory for the City and FEMA. The total cost of the program is estimated to be about \$640 million with over \$550 million of this eligible for FEMA reimbursement. The

2 City is currently engaged in the process of
3 reconciling these costs.

4 What that means is, there is basically over
5 100 million pages of paperwork associated with that
6 \$640 million dollars of costs. As you know, FEMA is
7 a reimbursement program, so in order to get
8 reimbursement from them, you have to show the
9 documentation. Obviously it would take a long time
10 to go through 100 million pages of documentation. So
11 we work with FEMA to establish an auditing
12 methodology that use sampling in order to cut the
13 time on that validation. However, even with the
14 reduced time and sampling, this is a long ongoing
15 process which is why even though work was completed
16 on this program last spring, it took some time to get
17 agreement with FEMA on how validate it, but the
18 validation is ongoing, but it is moving fairly
19 quickly now.

20 I mentioned the Hotel Essential Sheltering
21 Program that provided housing for over 3,000
22 displaced residents of New York City. This program
23 allowed the city to close congregate shelters and
24 public schools and avoid further disruption of the
25 school year. Working with FEMA, OMB received a

2 positive eligibility determination for this program
3 through September 20, 2013. Today FEMA has approved
4 grants in the amount of \$43 million for this program.

5 In addition to these innovative uses of the
6 PA Program to alleviate the housing crisis created by
7 Sandy, FEMA management also worked with OMB to
8 determine that a number of quasi-governmental
9 agencies including the Trust for Governors Island,
10 Brooklyn Navy Yard Development Corporation, Brooklyn
11 Bridge Park and the Economic Development Corporation
12 would be allowed to apply for public assistance as
13 city agencies. Providing them with more flexibility
14 as well as access to additional support in their
15 applications through OMB and our consultant.

16 The next period of the recovery in our
17 operations with FEMA marked the completion of the
18 emergency work to turning to the initial formulation
19 of permanent work project worksheets. In conjunction
20 with this transition, there is also a period of
21 significant staff and management turnover in New York
22 City recovery operation. Between July and November
23 of 2013, FEMA's recovery operations in New York City
24 encountered a number of challenges that slowed the
25 forward momentum of the recovery.

In any disaster, the process involved in calculating the eligibility of work and costs for capital projects is more complex than that of calculating eligible work and cost for emergency work. But this fact is even more prominent to New York City's projects. New York City has complex infrastructure and a dense urban environment, making all construction more costly than anywhere else in the United States or even the region. Density makes material delivery and staging a challenge. A limited construction season for outdoor work. Significant crew composition and safety and security requirements and the WICKS law requiring state and local government construction projects costing more than \$3 million to bid separate plumbing, HVAC and electrical contracts for each project.

After discussions FEMA began incorporating these factors into its cost estimating process to account for these conditions faced by New York City. What I am calling the current period of recovery which began in early December 2013, began with a meeting with New York City, New York State and FEMA leadership to address the programmatic issues that have been encountered over the summer and fall of

2 last year, during the transition to permanent work
3 that had slowed progress.

4 The December meeting led to a number of
5 significant agreements between FEMA management and
6 the City that have accelerated the pace of recovery
7 and resolved some of the most difficult programmatic
8 issues that we have been experiencing. These
9 agreements include a procedure for the replacement of
10 boilers damaged beyond repair, the replacement of
11 electrical conduit inundated by the storm, the
12 replacement of specialty vehicles including first
13 responder vehicles destroyed by the storm and
14 resolutions on insurance requirements for the City.

15 Hurricane Sandy caused extensive flooding
16 that damaged 222 boilers owned by 12 city agencies.
17 80 were maintained by the School Construction
18 Authority in our schools. 80 were located at NYCHA
19 facilities and the remaining were spread across the
20 other 10 agencies. Immediately after the storm, we
21 had numerous meetings with FEMA after site visits, to
22 determine whether to repair or replace boilers, which
23 FEMA and the City reached an impasse. In our
24 December meeting, a process was agreed to which
25 allowed the New York City Department of Buildings as

2 the jurisdictional legal authority to make a
3 determination as to whether a boiler should be
4 replaced or repaired. FEMA has accepted this this
5 determination and since that agreement, we've made a
6 lot of progress on getting DOB to make a
7 determination whether a boiler should be replaced or
8 repaired. As you might imagine, a significant number
9 of boilers are being replaced.

10 The electrical conduit issue, as a result
11 of the storm, transfer station systems including
12 traffic lights and controls. Conduits in schools,
13 hospitals, public housing development, wastewater
14 treatment plants, pumping stations, FDNY alarm boxes
15 and other critical public infrastructure were
16 inundated with salt water. Initially FEMA prepared
17 scopes of work, one of the building blocks of a PW
18 Grant application that included work to clean and
19 reuse this storm inundated conduit. So you have an
20 electrical traffic control wire running from light to
21 light on a street that's been submerged in storm
22 water, they allowed replacing the wire but they
23 suggested that you would tie a ball of cotton to
24 string and drag it through a conduit and call it
25 clean. I mean, I'm exaggerating, please don't quite

me. But this was not what we thought was acceptable and in this meeting we agreed last December that electrical conduits located in a flood inundation zone or where FEMA had already granted that the wire could be replaced should just be an automatic replacement of conduit. If you imagine DOT and all the street lights and all the traffic control lights they are responsible for, that was a big step forward for us because we didn't have to argue, you know, conduit line by conduit line with the local FEMA team in that agency as to whether or not to replace this segment of conduit, that segment of conduit. So that was a big step forward.

The next agreement pertained to replacement of specialty vehicles. Hurricane Sandy damaged about 220 specialized vehicles owned by the following city agencies; PD, Fire Department, Sanitation, Dept. of Transportation. These New York City vehicles are built to unique specifications developed by each agency's Fleet Services Division and are largely unavailable in secondary markets. Despite FEMA's policy indicating that if a vehicle is unavailable on the secondary market, the damaged vehicle should be replaced at the full cost for a new vehicle. Local

2 FEMA project specialists proposed scopes of work to
3 fund replacements at the value equivalent to the cost
4 of a used vehicle.

5 At the December meeting, it was determined
6 that if applicants could demonstrate that a suitable
7 vehicle is unavailable on the used market, the
8 appropriate level of funding for the full vehicle
9 would be used. This has resulted in the preparation
10 of PW Grants with the appropriate scope of work for a
11 new replacement vehicle and an anticipated increase
12 of FEMA funding for vehicle replacement of about \$22
13 million dollars.

14 The fourth thing we agreed to in December
15 pertained to New York City's insurance requirements.
16 FEMA generally requires local government agencies
17 accepting a grant to repair a public facility to
18 obtain and maintain flood and wind insurance. As you
19 may have heard, generally the City is not insured,
20 our budget is so large and the capital program is so
21 large that we fund repairs normally from storm
22 hazards through our capital budget without purchase
23 insurance. Because of the acceptance of a PA Grant
24 to repair a building, we will have to carry some
25

2 hazard insurance going forward on the building that
3 received that grant to repair the damage.

4 Now the minimum that we will have to obtain
5 and maintain for flood insurance is under the
6 National Flood Insurance Program, but FEMA management
7 has accepted New York State Division of Financial
8 Services which is the New York State agency
9 regulating insurance in this state. New York State,
10 upon our request, sent to FEMA, a certification that
11 it is not reasonable for the City of New York to
12 maintain excess flood and wind insurance above the
13 NFIP required minimums, which is a great thing. We
14 have to buy the \$500,000 of building insurance and
15 \$500,000 of contents insurance for a damaged
16 facility. So, if you have a facility that has \$10
17 million dollars in damage, you only have to buy
18 \$500,000 of structure and \$500,000 of contents
19 insurance. And, as part of this agreement, the City
20 agreed to explore funding an additional layer of
21 insurance above and beyond the NFIP minimums and our
22 analysis regarding that is ongoing, but we consider
23 this a large success, in that we weren't required to
24 buy maximum insurance for all of our damaged
25 facilities.

2 In addition, FEMA agreed to waive the
3 insurance requirements on 14 categories of non-
4 building infrastructure, which arguably are not
5 insurable. Typically there is no insurance market to
6 insure a road from damage or a park, or bridges or
7 docks or piers or boardwalks. So we have not
8 received a certification from FEMA that these 14
9 categories will not be required to have insurance.
10 So we are happy about that.

11 In addition to providing supplementary
12 funding for disaster recovery, the Stafford Act also
13 authorizes FEMA to provide funding for the protection
14 of public infrastructure from future disaster events.
15 It is a top priority for the City to obtain as much
16 funding for hazard mitigation as possible. Hazard
17 mitigation funding is provided through two programs.
18 Section 406 Hazard Mitigation, which is really a top
19 off of the existing Public Assistance Grant. Its
20 links to already damaged facilities and the Section
21 404 Hazard Mitigation Program which looks beyond
22 facilities that were damaged in the current disaster.
23 Typically the amount of funding for 406 Hazard
24 Mitigation grants is related to the costs of
25 repairing the damage of the facility that was

initially hit by the storm. Applicants can also choose to go beyond that, through completing a cost benefit analysis to provide cost reasonableness for a specific additional investment. The cost effectiveness rationale based on the benefit cost analysis has been used in the past to fund large scale 406 Mitigation Projects. A significant drawback to this approach, the 406 approach to hazard mitigation is that it must be tied to a damaged facility and obviously, a complex city like this, with a big storm like this, that we have not had in the past, is aware that we have other vulnerabilities throughout our public infrastructure system.

So, the 404 Hazard Mitigation Grant Program also authorized by the Stafford Act looks towards this angle. The 404 HMGP grants are competitive grants provided to state and local governments to implement long term hazard mitigation measures after a major disaster. The list of priority projects that will be forwarded to FEMA for consideration is determined by New York State. Basically, the state manages this for FEMA.

The City currently estimates that New York State will be eligible to receive about \$1 billion

dollars of 404 funding though the actual amount may vary. The city is pursuing over \$500 million worth of FEM HMGP grants through New York State in order to implement the long term hazard mitigation measures citywide. The State has announced that it is forwarding two of the city's projects to FEMA for review already. The 26 Ward Wastewater Treatment Plant the Breezy Point Risk Mitigation Systems. The State also announced that it's at its \$50 million dollar Spring Creek project to FEMA which overlaps with the City's coaster protection initiative at Howard Beach. This is the only State led application that overlaps with priorities laid out in A Strong More Resilient New York. FEMA has approved \$3 million for this project to study the first phase of the feasibility.

Turning to CDBG DR funding, in addition to FEMA Disaster Relief Funding, the city received as pointed out in your report, significant funding from HUD. The Disaster Recovery Appropriation's Act appropriated CDBG DR's funds for HUD to allocate to states and municipalities to address Sandy and other disaster occurring in 2011, 2012 and 2013. The city's first CDBG DR allocation of \$1.773 billion was

2 announced on March 5th and approved in an action plan
3 last May.

4 On November 18, 2013, an additional
5 allocation of \$1.447 billion was announced, bringing
6 the total CDBG DR grant for New York City up to \$3.22
7 billion. In order for the City to begin spending
8 dollars against the second allocation we need HUD to
9 approve the action plan amendment programming those
10 funds, which was submitted to HUD on March 21st. HUD
11 has up to 60 days to approve the plan. It is
12 important to note that over 50% of the total CDBG DR
13 funds must be spent on low to moderate income
14 communities. Low to moderate income is defined as
15 80% of the area medium income for New York City which
16 translates into an annual income of just over \$67,000
17 for a family of four in New York City. Another
18 important thing to realize about the CDBG DR funds,
19 is that there is a two year clock. HUD makes
20 portions of an approved CDBG DR allocation available
21 to the City through, what is called the Grant
22 Agreement. When the City signs a Grant Agreement
23 with HUD, the funds are considered obligated. The
24 City has two years from the date of signing the Grant
25 Agreement to draw down the funds. The City cannot

draw down more funding than is obligated, nor obligate more funding than has been approved in an action plan. Despite the time limitations, the City is able to exercise incremental approvals so as to not start the two year clock on all CDBG DR funds at the same time. The City's current Grant Agreement with HUD signed last August 15th obligated an initial \$425 million of the first almost \$1.8 billion allocation. This means the city has two years, until August 15, 2015 to not only spend \$425 million, but also to have been reimbursed by HUD. Shortly before drawing down this first Grant Agreement, the City will be able to amend the Grant Agreement to obligate additional funds, starting a new two year clock. Thereby we don't start the two year clock on this large pot of money because we realize we have to scale the obligation to, what we think we can spend. And obviously, we are starting to spend money and as we spend it at a more and more accelerated pace going forward, we will raise our level of obligation to match that.

Currently the Sandy grantees have until September 2017 to obligate CDBG DR fund and have until September 2019 to have drawn down all of the

2 funds. The intent of the two year clock is obviously
3 to insure that critical dollars are getting into the
4 hands of the impacted homeowners, renters, businesses
5 and communities, in as timely a manner as possible.
6 The City is not waiting until 2017 to disperse
7 assistance.

8 I am going to touch briefly now on the four
9 programs that are being funded with the CDBG DR
10 grant. The housing programs make up the largest
11 portion of the City's grant. \$1.695 billion of funds
12 have been allocated towards the City's housing
13 efforts with \$1.45 billion specifically for the Build
14 It Back Program for homeowners, owners of rental
15 buildings and very low income renters. The remainder
16 of the housing funds go towards repairing and
17 rebuilding storm damaged public housing
18 infrastructure managed NYCHA. The Build It Back
19 Programs were covered extensively in last week's
20 hearing and staff from the Mayor's office of Housing
21 Recovery, the Department of HPD will be available in
22 the future to provide updates on progress in the area
23 of housing recovery. So for now I would like to
24 provide a quick overview of NYCHA and their program
25 which was not covered last week.

2 CDBG DR funds will be used to benefit the
3 City's public housing facilities. In addition to
4 FEMA funding, which there is considerable FEMA
5 activity at NYCHA, NYCHA has been allocated \$300
6 million of CDBG DR funds to respond to the impacts of
7 Hurricane Sandy. NYCHA will use \$108 million of
8 those funds to install emergency generators at
9 approximately 100 facilities. Permanent emergency
10 generators do not currently exist at any of NYCHA's
11 properties. If added, these generators could provide
12 backup power to around 20,000 residents and will
13 support critical elements such as elevators, boilers,
14 emergency lighting and other crucial life support
15 systems. Design work for this project is expected to
16 be completed this spring and construction should
17 begin shortly after, during the summer.

18 NYCHA has identified several additional
19 projects to be funded by this grant, including the
20 elevation of mechanical and electrical equipment and
21 more advanced resiliency measures such as combined
22 boiler plants, co-generation facilities and façade
23 improvements that will provide thermal efficiency and
24 reduced heating load. The CDBG DR funding like
25 elsewhere, FEMA and the PA Program goes only so far

2 and outside of the 404 Grant Program is targeting
3 already damaged facilities but obviously, NYCHA, like
4 many of us are aware that we have other
5 vulnerabilities to storms like Sandy than what was
6 specifically damaged in this storm.

7 So the second program I want to touch
8 briefly on is the Infrastructure and Other City
9 Services Program, which is laid out in the action
10 plan and defined as it's an opportunity for the City
11 to use CDBG DR funds to match the local share, or
12 fund the local share, not paid for by FEMA. In some
13 cases these costs will reflect work that's already
14 been performed, and in other cases, such as the long
15 term rebuilding projects, this will be carried
16 forward over time, as those projects are completed.
17 CDBG DR can cover the 10% non-federal cost share
18 along with FEMA's 90% cost share, so long as the
19 activity is CDBG DR eligible. For federal highway,
20 FHWA, it's the cost local matches 20%, for FDA funds
21 its 10%. Generally, the non-federal share is not
22 paid under another federal award, except where
23 authorized by federal statute to be used for cost
24 sharing or matching as in the case with this CDBG DR
25 Grant that's in effect.

The City's first two allocations of CDBG DR fund for our Infrastructure and Other City Services Program total \$805 million, including \$360 million from the first allocation and an additional \$445 million in that action plan that is pending HUD approval. Even with these funds there is a large unmet need in the Infrastructure and Other City Services Program. The allocated CDBG DR funds do not cover the entire costs of local match not covered by FEMA. Also to note, by receiving additional funding from FEMA, the city is not actually closing its funding gap for City Infrastructure and Other City Services. Because FEMA only covers a portion of costs, more funding from FEMA actually creates additional gaps. So, we are working with all of our agencies to maximize our 406 investments in the FEMA PA Program. If we can successfully, and it's a good idea to get all the agencies to secure from FEMA, additional 406 funds, that will put another burden on our infrastructure program because we will have to cover the local match for that additional FEMA Hazard Mitigation Grant.

Currently, the City's unmet need for the infrastructure program is \$1.1 billion dollars. The

City has, I'll just touch briefly on some milestones and challenges in this particular program, the infrastructure CDBG DR program. The City has been successful in processing a large CDBG DR draw down for costs deemed ineligible by FEMA. \$183 million for the Health and Hospital's Corporation. HHC found it necessary to retain staff at Bellevue and Coney Island Hospitals in order to sustain an operational readiness of its facilities that provide critical medical care to mostly low and moderate income individuals. By enabling Coney Island and Bellevue to reopen gradually rather than waiting until the full reopening of the facilities. The hospitals were able to continue serving large numbers of community members. Without the funding being provided by CDBG DR, it is possible that neither hospital would have been able to provide services during this interim period and they would likely have remained closed for a much longer period with an even greater loss of service in these communities.

The \$183 million includes \$119 million for Bellevue Hospital and \$64 million for Coney Island Hospital. These payments account for over 50% of the amount of the infrastructure program under the first

2 CDBG DR allocation. From the challenge perspective
3 today, FEMA has reimbursed \$633 million for the
4 City's costs, matching FEMA's reimbursements, CDBG DR
5 has planned several drawdowns across many program
6 activities. However, CDBG DR funds for
7 Infrastructure and Other City Services have not been
8 drawn down as quickly as expected.

9 You know, obviously you would like to see
10 that we're immediately following a FEMA drawdown with
11 a CDBG DR drawdown, but the local match process is
12 challenging. To be eligible for CDBG DR
13 reimbursements, HUD requirements must be met even if
14 used as a match for an approved FEMA PA activity.
15 This has been problematic, since there are many
16 requirements for CDBG DR funding that are not
17 mandatory under the FEMA PA program. These include
18 adherence to Davis-Bacon Act, which require
19 prevailing wages and documentation of prevailing
20 wages. Section 3 which targets local hiring among
21 low and very low moderate very low income
22 individuals. Environmental reviews and HUD also has
23 other procurement standards. Consequently, some
24 activities that were completed in response to
25 Hurricane Sandy particularly the emergency response

2 activities occurring immediately after the storm.

3 Documenting the CDBG DR eligibility has been a
4 challenge to secure the local match.

5 The process of finalizing the FEMA PA
6 claimants submitting it to CDBG DR for HUD for CDBG
7 DR funding is also time consuming. As you are aware,
8 the permanent work activities for FEMA are going to
9 carry on for a long time, so matching those FEMA
10 Grants with CDBG DR funding going forward is also
11 going to be a challenge.

12 We are in conversations with senior staff
13 at HUD and FEMA at how best to streamline this
14 requirement process to ease and speed the drawdown of
15 CDBG DR funds for this program.

16 In the business program with regard to
17 rebuilding the economy. The City and EDC have
18 created four programs to revitalize commercial
19 corridors and impacted areas, and help individual
20 businesses recover and become more resilient to
21 future storms. The Business Recovery Loan and Grant
22 Program officially launched in the fall of 2013. To
23 date, has awarded \$500,000 in grants and \$2.4 million
24 in loans to seven businesses. The program is
25 currently in talks with two community development

2 financial institutions to increase the underwriting
3 capacity of the program and diversify the size and
4 types of awards offered to applicants. The most
5 recent plan amendment sent to HUD, pending approval,
6 proposes \$42 million for this program. The
7 Neighborhood Game Changer Investment Competition
8 issued a request for proposals during the summer and
9 fall of 2013 to solicit ideas for transformative
10 economic investments in the hardest hit areas of the
11 City. EDC is currently in the process of reviewing
12 proposals with finalists expected to be announced
13 sometime this spring. The most recent action plan
14 amendment allocates \$84 million for this competition.
15 Rise: NYC Resiliency Innovations for a Stronger
16 Economy is a competition to fund new cost effective
17 technologies and innovations that will help protect
18 small businesses and infrastructure networks from
19 future storms. The program just concluded state one
20 of its RFP process and is currently reviewing
21 proposals to determine which applicants will proceed
22 to stage two of the competition. There's \$30 million
23 allocated for this plan.

24 Finally, the Business Resiliency Investment
25 Program provides grants and loans to businesses

undertaking certain resiliency measures to protect their businesses or buildings from future storms. The program is currently reviewing proposals for a program and management office to assist in designing and managing the program. The program itself, is anticipated to be launched later this year. The program is funded at \$110 million which includes a merging of resources from a similar program previously classified under the resilience program.

The fourth program is the Resiliency Program. As mention, one critical resource of resiliency funding is CDBG DR and this is reflected in the CDBG DR action plan. The money allocated to New York City thus far is directed to two main program areas of resiliency which focus on coastal protection and building mitigation. The \$224 million coastal protection program aims to protect neighborhoods and hospitals that were adversely impacted. The program aims to do this by installing, repairing and raising bulk heads and integrated flood protection systems at locations such as Hospital Row and Red Hook. The plan for an integrated flood protection system at Red Hook was announced by the Governor on January 7th. The City will work in

2 cooperation with the State to develop this
3 partnership. Over the next several months the Office
4 of Recovery and Resiliency and the Economic
5 Development Corporation anticipate releasing a
6 request for proposals that will seek consultant
7 services to begin the initial design phases of the
8 coastal projection projects. Construction on these
9 projects is expected to begin in 2016.

10 The other component of the Resiliency
11 Program is the Residential Building Mitigation
12 Program. This \$60 million will administered by HPD
13 and through the Build It Back multi-family program.
14 HPD offers loans and or grants to owners of
15 residential flood impacted and vulnerable properties
16 for the incremental costs of resiliency measures such
17 as reinforced wood frame buildings, dry flood
18 proofing, elevating mechanical systems, providing
19 critical systems and implementing other mitigation
20 measures. Over the next few months HPD and The
21 Office of Recovery and Resiliency will develop an
22 integrated resiliency scope within the Build It Back
23 Multifamily Program and confirm program goals, assess
24 repair needs, and determine appropriate investments.
25 It is expected that funds will be dispersed in 2014

2 and continue through the Fall of 2015. That covers
3 the CDBG DR programs.

4 Now I want to speak briefly about the Sandy
5 funding tracker which we have on hand here and I
6 guess hasn't been. Can we load it up? This is just
7 by way of an example. Anyone who wants to can come
8 and see where we are with this.

9 [Pause]

10 DEPUTY DIRECTOR GRATHWALL: We won't
11 provide a demonstration this morning, but I guess
12 afterwards there is going to be another hearing in
13 here so we can't do it then either, but we'd be happy
14 to take anyone through this, if you would like us to.

15 I do want to thank several members of the
16 current Finance and Resiliency and Recovery
17 Committees whose sponsorship of legislation on the
18 Sandy Funding Tracker has let to where we are
19 today.

20 Thank you Chair Ferreras. Thank you
21 Council Members, Richards, Rodriguez, Chin, Van
22 Bramer, Richards, Ulrich and Mendez.

23 [interposing]

24 UNIDENTIFIED FEMALE: If you could just
25 bring the mic closer to you.

2 DEPUTY DIRECTOR GRATHWALL: Okay, sorry.

3 UNIDENTIFIED FEMALE: So we can hear you
4 a little better.

5 DEPUTY DIRECTOR GRATHWALL: I hope you have
6 been hearing me through.

7 [interpose]

8 UNIDENTIFIED FEMALE: We have been
9 hearing you just swell.

10 DEPUTY DIRECTOR GRATHWALL: Okay.

11 UNIDENTIFIED FEMALE: You kinda, just were
12 pushing away from the mic, so we wanna bring you
13 back.

14 DEPUTY DIRECTOR GRATHWALL: I'd hate to
15 have to do that again.

16 [Laughing].

17 UNIDENTIFIED FEMALE: Thank you.

18 DEPUTY DIRECTOR GRATHWALL: Let me just
19 repeat my thank yous. Thank you Chair Ferreras and
20 Council Members Richards, Rodriguez, Chin, Van
21 Bramer, Richards, Ulrich and Mendez. I also want to
22 thank the Mayor's office of Operations and the
23 analytics team for leading the build-out effort of
24 the website in coordination with other city agencies.
25 The city launched the City Funding Tracker website in

2 December 2013 and over the last three months has made
3 several improvements to provide richer and more
4 detailed information. The March 29 release provided
5 updates to federal funding data through December 31.
6 The closing date of what was then, the most recent
7 quarter for the federal government. In addition, the
8 website has new functionality including interactive
9 build it back maps, showing program milestones by
10 geographic area. Contact details under the Build It
11 Back Program also including spending by contract and
12 a preview of screens that will ultimately be provided
13 further contract details for all other relevant
14 recovery contracts.

15 I would also like to note that as required
16 by HUD the full extent of both CDBG DR funded
17 solicitations and executed contracts are currently
18 available through the website, NYC.gov/Recovery. We
19 will continue to make improvements to the Sandy
20 Funding Tracker over the months ahead. Future
21 rollouts will make timely data updates and provide
22 new categories of information such as estimates of
23 job creation for city recovery activities and
24 projected locations for infrastructure rebuilding and
25 resiliency projects. We look forward to your

2 feedback on the Sandy Funding Tracker and can take
3 that into account in future iterations of the
4 website.

5 At this time I will conclude the testimony.
6 Dan and I look forward to taking your questions.

7 CHAIRPERSON FERRERAS: Thank you so much
8 for your testimony and members, the Sandy Tracker is
9 available. So if you have additional questions, you
10 can go on. Just a reminder, we are on a five minute
11 clock and then we will do a second round of three
12 minutes. I'm going to ask a few questions then I'm
13 going to give it over to my co-chair.

14 [Interpose]

15 CHAIRPERSON FERRERAS: Yes, and we are also
16 joined by some new members. I said Matteo earlier
17 its Matteo. Council Member Cornegy, Gibson, Johnson,
18 Deutsch, Lander and Mendez. And Members again, if
19 you have any questions, please make sure you let
20 Tanisha know, so we can put you on the queue

21 I am going to talk about two topics and
22 then I'll come back on the second round. But I
23 wanted to kinda focus in on the FEMA Public
24 Assistance Reimbursement. The City has incurred \$5.4
25 billion damages and emergency response costs relating

2 to Superstorm Sandy. Of that, FEMA has determined
3 that about \$1.1 billion to be eligible for
4 reimbursement to date and has received a disbursement
5 of \$633,000. Can you explain the disparity between
6 the City's \$5.4 billion estimation of cost relating
7 to Sandy and the amount awarded, obligated and
8 disbursed to date and please explain what each steps
9 means for clarity.

10 DAN ZARRILLI: Sure. That's an excellent
11 question. One I am asking myself all the time. So,
12 the award means that we have a PW FEMA Grant entered
13 into the FEMA system. This means that the local
14 management and New York City and the relevant agency
15 have agreed on the description of the project, the
16 definition of the damages, the scope of repairs and
17 the cost estimate for the activity and that it has
18 been approved to be entered into their system. It
19 still goes through a number of review queues inside
20 FEMA before it reaches final approval by FEMA. But
21 basically, we are pretty confident that it's an
22 award. And the local FEMA team has approved it. And
23 the dollar value here is the full value of the grant,
24 so it's before the next column, the obligated column,
25 the full grant amount minus an insurance deduction

times the federal cost share of 90%. Okay? The next column is what we expect the reimbursement to be currently. And on a project that's already completed, you know, it's the obligated amount in the prior column times the percent complete. So if it's something that happened in the past, under emergency protective measures, like \$142 million of police overtime, it's already happened, the number in both columns if you were just looking that line, would be the same. And it's been approved and that's the money that's in our budget, or that's come back to us. There are a couple of issues here, one is the... The first issue is, is the project complete and agreed with FEMA to enter into their system? Then there's the 90%, there's the insurance deduction issue which is largely only NYCHA. They have \$380 of the roughly \$400 million of insurance deduction. Everyone else doesn't largely have insurance. So it's the insurance deduction and the 90% cost share and then the issue for permanent work projects. What percent is complete? We could get a PW Grant amount entered into the system to repair a piece of damaged infrastructure based on our cost estimate at the time, and the architectural and engineering scopes

2 haven't been done, the RFP of Contractors to do the
3 construction, haven't come back in, the work is not
4 done. So it might be obligated at 0% complete. So
5 that over the next 2, 3, 4 years, we will be
6 submitting versions of this PW to go from 0 to 25%
7 complete or 25 to 50% complete and we will be drawing
8 down funds upon those percentage complete. Because
9 this is a reimbursement grant, and if it's an
10 emergency protective measure activity that occurred
11 in the past, we just have to get all the force
12 account labor payroll information together and if you
13 break these out and just look at emergency response
14 our percentage of what we've gotten into FEMA and
15 obligated and reimbursed is much higher, but even
16 then there is a gap and there's a gap because a
17 variety of other complicated reasons of why we
18 haven't been able to get the paperwork together and
19 get it in. But, on the permanent work, it's largely
20 capital projects that.... You know most of the money
21 we have in this obligated column is emergency
22 activities money. Very little of the permanent work
23 PWs have been completed, because you have to agree on
24 the damage description of a very complicated piece of
25

2 infrastructure. So it's not only our guys agreeing
3 what's really truly damaged, it's with FEMA.

4 CHAIRPERSON FERRARAS: So if could just
5 talk to me about the disparity of the \$1.1 billion
6 and how we get disbursed \$633,000. So is this, that
7 is was, um, expenditures that were already done, um,
8 and what's the challenge in bringing down the rest of
9 the money

10 [Interpose]

11 DEPUTY DIRECTOR GRATHWALL: Yes, Yes, Okay.
12 It's largely emergency protective measure activities
13 that have already been done. But, if we look at the
14 difference between these two columns. You know, most
15 of the difference between the \$1.081 and the \$633. I
16 anticipated this question actually, so I worked out a
17 few things. But most of the difference there is
18 coming from the first line which is Health and
19 Hospitals Corporation and the third line which is the
20 Department of Environmental Protection and the
21 difference between the Health and Hospital's
22 Corporation line is \$77 million and that's largely
23 due to one PW at HHC for I believe \$137 million in
24 emergency protective measures and emergency activity
25 for them and a large portion of that PW hasn't been

2 agreed with between HHC and FEMA. And a significant
3 portion of that disagreement is that some of that
4 work, when they did emergency work in hospitals, it
5 was originally in an emergency work PW Grant, but
6 when you do emergency work to electrical work in a
7 hospital, it's emergency work, but it's of the
8 quality of permanent work. So some of the dollars in
9 that PW are going to be moved out of the emergency
10 work PW and put into a permanent work PW. So that's
11 hanging it up. They also had a lot of work and a lot
12 of documentation that they are just now getting work
13 through with their FEMA team.

14 So that's one of the big pieces. The other
15 big piece on the third line is DEP. The difference
16 is \$227.

17 CHAIRPERSON FERRERAS: Thank you. I just
18 want to make sure we get to all of our colleagues.
19 We've been also joined by the Fifth Grade Students
20 from PS 16 Wakefield. Thank you so much for joining.
21 An you're in the Finance hearing with Chair Treyger
22 and we are talking about Superstorm Sandy, with also
23 his Committee on Resiliency. Welcome to City Hall.
24 Um, so I just want to give opportunities to other
25 members also to ask questions and I know that both

2 chairs, we can ask you questions all day. But I
3 wanna, we're going to come back to the FEMA
4 reimbursement. I just wanted to also talk about the
5 appropriation for the federal agency and program.
6 One can see the amount appropriated by Sandy recovery
7 by federal agency and Sandy's portal and the amount
8 of the federal funding that each state is awarded no
9 the Federal Recovery Accountability and Transparency
10 Board website.

11 Does the City provide data in one location
12 showing a summary of the funding that has been
13 appropriated by each federal agency anywhere on the
14 Sandy Tracker or elsewhere and also is this something
15 the City would consider providing publically on the
16 Sandy Tracker?

17 DEPUTY DIRECTOR GRATHWALL: I would think
18 yes. No we do not now.

19 CHAIRPERSON FERRERAS: Did you say you
20 guess?

21 DEPUTY DIRECTOR GRATHWALL: No.

22 CHAIRPERSON FERRERARS: Oh. I didn't
23 hear your.

24 DEPUTY DIRECTOR GRATHWALL: I have to
25 discuss this with people, but I think it's a good

2 idea and I think that I would guess that we would
3 say yes to your question, but I can't without
4 consulting people.

5 CHAIRPERSON FERRERARS: Well, I am hoping
6 that in our wonderful follow-up you will give me a
7 clear answer and I think it's the right thing to do
8 for our people, um and something. We'd like to it
9 this way, and if not we can also legislate it. But
10 we can do it this way first:

11 DEPUTY DIRECTOR GRATHWALL: Okay. I can
12 tell you what we expect currently from a variety of
13 other federal funding sources right now if you'd
14 like.

15 CHAIRPERSON FERRERARS: Please.

16 DEPUTY DIRECTOR GRATHWALL: This is just
17 what we expect in our 14 budget. A little money
18 from the Federal Transportation Administration, \$9
19 million from the Federal Highway Administration,
20 and \$16 million from the National Emergency Grant.

21 But, like, one of the points I made was
22 that there is significant funding, like from the
23 Army Corp of Engineers that's actually being spent
24 in the city, but doesn't flow through out budget.
25 But we can certainly identify those funds which we

2 are aware of, but we haven't pulled onto a report.
3 So I could see that as a useful addition to the
4 Sandy Tracker. And like I said in my testimony, we
5 are looking forward to working with you on future
6 functionality build-outs in the Sandy Tracker.

7 CHAIRPERSON FERRERAS: Yes. Thank you.
8 And we look forward to that also. I am going to
9 focus in on Council Legislation Local Law 140. It
10 went into effect on Tuesday. Only a few of the
11 bills provisions have been incorporated.

12 When do you expect the full
13 implementation of Local Law 140?

14 DEPUTY DIRECTOR GRATHWALL: I cannot say
15 exactly, when we expect to have full implementation
16 but, I can tell you that we are looking to update
17 the data through the end of this quarter, in a new
18 update posted by end of this month. And we are
19 planning to build-out additional functionality at
20 that time as well.

21 CHAIRPERSON FERRERAS: So, what is your
22 challenge that you see, why this can't be done or
23 that you can't give me an exact timeline to make
24 sure that you are in compliance with the Local Law?
25

2 DEPUTY DIRECTOR GRATHWALL: I think that
3 we are exploring ways to provide as much
4 information as we can, as what's asked for in the
5 local law, but we are having difficulty imagining
6 how we would get some of the information asked in
7 the Local Law.

8 CHAIRPERSON FERRERAS: So, what are the
9 challenges? Give me an example of how you are
10 having a problem adhering to this Local Law?

11 DEPUTY DIRECTOR GRATHWALL: Well.

12 CHAIRPERSON FERRERAS: I mean, I can give
13 you. We can talk about the jobs created and some
14 of the details that we need in the jobs, or
15 exactly, you know, you said in your testimony that
16 you have seven businesses you help. Is that
17 something we can see on the map, where there's
18 going to be seven businesses, a dot for seven
19 businesses, or just help me understand what the
20 challenges to get the tracker on point right now.

21 DEPUTY DIRECTOR GRATHWALL: I think, you
22 know, the mapping... Well I guess, maybe it would be
23 best for me to provide a more detailed answer after
24 the hearing to your question, quickly, like later
25 today or tomorrow. For example, there are some of

2 these things, you know, plotting an individual, we
3 have security issue concerns regarding individual
4 homeowners and individual businesses. So when you
5 say plot a business, we are happy to provide a
6 mechanism, perhaps to plot something, but we can't
7 do it in a way that would violate the privacy of
8 somebody who is a grant recipient.

9 CHAIRPERSON FERRERAS: Okay.

10 DEPUTY DIRECTOR GRATHWALL: So that's a
11 complicated.

12 [interpose]

13 CHAIRPERSON FERRERAS: I get that. So
14 let's talk about wage information, job type and
15 categories. I gotta believe that when you are
16 doing all of this reimbursement, this is something
17 that you know in the front end. Right?

18 DEPUTY DIRECTOR GRATHWALL: Well, let's
19 take an example of some spending that's occurring
20 through our infrastructure program. You know we
21 used in our stimulus tracker for the ERA Grant, a
22 methodology for estimating jobs, that say,
23 econometrically valid method of estimating job
24 creation through dollars spent by category.

25 CHAIRPERSON FERRERAS: Uh Huh.

2 JOHN GRATHEWALL: We feel that we are
3 able to do that for a variety of the programs other
4 than the business programs where we are required to
5 collect the job creation information by HUD. But
6 that methodology doesn't allow you to go below jobs
7 created through this econometric modeling method to
8 some of the much more granular job specific
9 information that's asked for in the legislation.

10 CHAIRPERSON FERRERAS: So, you know, I
11 understand that you have an incredible amount of
12 work to do, and a lot of money to pull down that,
13 you know, has been advocated for on a lot of
14 levels. Our constituents are waiting for this
15 money. You're trying to figure out how to pull it
16 down. The information is available in a whole host
17 of categories. But I would think that this has
18 risen to the level where there should be someone
19 specifically assigned to insure that you are
20 abiding by the Local Law that we have set forth.
21 So whatever those matrix are and how we can get
22 them to communicate to each other and translate to
23 the information that we need so that we are able to
24 say, clearly, by this date, we will have contracts,
25 the prevailing wage, where people are working, what

2 the wage. All this information on the tracker. So
3 I think that, you know, this local law has risen to
4 this importance. Besides the fact that we are all
5 here on this topic, but this is something very
6 important to this Council.

7 I am going to come back on a second turn,
8 because I definitely want to give my colleagues
9 opportunities to speak on your testimony. Umm. So
10 I am going to pass this over to my Co-Chair
11 Treyger.

12 CO-CHAIRPERSON TREYGER: Thank you Chair
13 Ferreras. Um and thank you both. Deputy Zarrilli
14 and Deputy Director Grathwall for you extensive
15 testimony here and I definitely have some
16 questions.

17 What are the total costs incurred to the
18 City with regard to housing and housing alone? As
19 far as damage to properties, um, is there a figure
20 that you have as far as the total number of damage
21 that our City's housing stock has sustained and
22 that includes, you know, private owners, you know,
23 city properties, you know. Just, what is the total
24 figure of housing costs incurred by the City?
25

2 DEPUTY DIRECTOR GRATHWALL: Just let me
3 understand the question. You're saying what is our
4 estimate of damage to private housing in the City?

5 CO-CHAIRPERSON TREYGER: And NYCHA. Yeh.
6 Is there a figure you have as far as total housing
7 costs incurred by Superstorm Sandy?

8 DEPUTY DIRECTOR GRATHWALL: It's just
9 under our estimate of that cost, is, at this time
10 just under \$3.4 billion.

11 [Pause]

12 CO-CHAIRPERSON TREYGER: So now the
13 estimate is \$3.4 billion? Because I heard in
14 previous meetings around \$2.5 billion. So is it
15 now \$3.4 billion?

16 DEPUTY DIRECTOR GRATHWALL: No, I think
17 that we have articulated that we have an unmet need
18 for housing repair and rehabilitation of around
19 \$1.7 billion. About \$6 billion of that is NYCHA so
20 it's roughly \$1.1 billion in other housing and we
21 have a total funding for housing repair which we
22 said is \$1.695 between the two allocations. So
23 when you add the funded housing expenditure to
24 repair and rebuild the housing to the unmet need,
25 you add them together, you get total damage.

2 I think mostly what people talk about is,
3 what's the unmet need, the remaining to be funded,
4 estimate of damage to housing.

5 CO-CHAIRPERSON TREYGER: The reason why I
6 ask is because there is confusion within the
7 Council and within residents that were impacted by
8 Sandy, whether or not there is enough money that we
9 have received from the federal government to
10 address all the residents that were impacted by
11 Sandy. It is my understanding that we have
12 received over \$3.2 billion to deal, that's through
13 HUD I believe.

14 DEPUTY DIRECTOR GRATHWALL: Uh Huh.

15 CO-CHAIRPERSON TREYGER: And, when we
16 talk about Build It Back, for example, where we
17 have it broken down through priorities, 1, 2 and 3.
18 Do we have enough money to address all the
19 applicants that have applied to Build It Back?
20 Because, if, in prior meetings I have heard figures
21 around \$2.5 billion, and you're saying that it
22 depends how they formulate that number. Why is it
23 that the City doesn't have enough money to address
24 all the applicants through Build It Back regardless
25 of prior arrangement level?

2 DEPUTY DIRECTOR GRATHWALL: Let me take
3 that and at least make a broader point here. So,
4 the first is that, of course, you heard from Amy
5 Peterson last Monday on the housing program and we
6 certainly don't want to, um, there are no updates
7 to her testimony at this point in time, so those
8 numbers are valid, and the programs that she talked
9 through are valid. The larger point that I would
10 like to make is the fact that, of course, we as a
11 City, do not have enough money for all the
12 programs. Those are programs across
13 infrastructure, housing. The unmet needs that
14 we've laid out in our action plans are clear and in
15 our resiliency plan, we've laid out that there is
16 potentially a \$5 billion gap across all of the
17 programs that we are looking to fund. So that the
18 broader point here, is that, no, we don't have
19 enough money for everything we are trying to do.
20 So this an exercise in balancing priorities of
21 short and long term investments that need to be
22 made here across the city.

23 CO-CHAIRPERSON TREYGER: Right, but the
24 Mayor held a press conference in the Rockaways
25 recently with Senator Schumer and they definitely

2 made housing a big priority and that's why I am
3 confused by the fact that, if the unmet need, or
4 that figure is \$2.5 billion and we have received
5 over \$3.2 billion from HUD to deal with housing, it
6 would seem to me that there is enough money to deal
7 with the housing needs of all impacted residents.
8 Can someone speak to that?

9 DEPUTY DIRECTOR GRATHWALL: Well, I think
10 the questions is, we received \$3.2 billion from
11 HUD. We haven't received, but we've been allocated
12 and it is not all from HUD for housing. It's from
13 HUD for a variety of disaster recovery programs and
14 there are other programs in the City's plan for
15 that funding, other than housing.

16 CO-CHAIRPERSON TREYGER: But, does the
17 Mayor. Does the Administration have the power to
18 move that money around? As clearly they did,
19 because they took \$100 million from somewhere,
20 moved it around to address the substantially
21 damaged properties regardless of priority or income
22 level. Does the Administration have the authority
23 to move money around to address the dire needs of
24 the housing of our impacted residents?

2 DEPUTY DIRECTOR GRATHWALL: The
3 Administration has the authority and it's largely
4 based on, in the HUD programming world, analysis of
5 unmet needs across a variety of program types. So,
6 currently, we have unmet needs in, you know, I said
7 that infrastructure unmet need was over \$1 billion.
8 The housing unmet need is about \$1.6 billion. We
9 have a resiliency unmet need that's, I think in the
10 \$2 billion dollar range. So, we have unmet need
11 across a variety of programs. So, it is in the
12 Administration's power to take the HUD funding and
13 allocate it across a variety of programs to meet
14 unmet need.

15 CO-CHAIRPERSON TREYGER: I get it. It is
16 just right now, our main concern is getting people
17 back into their homes, getting their homes rebuilt,
18 and getting reimbursed for substantial damages
19 where people have had to empty out their life
20 savings accounts, where children now can't go to
21 college. So, if the City does have the \$3.2
22 billion and there is flexibility and the authority
23 that the Administration has to address the dire
24 needs of these folks, then it is our hope and
25 expectation that the Administration will take that

2 into account first, before we decide to use the
3 monies for competitions or for other types of nice,
4 you know, statements or nice press releases. But
5 the fact is, we have an obligation, in my opinion,
6 to address those residents first, before we discuss
7 other uses of those funds. So I heard today, if
8 I'm correct, that they do have the power to move
9 that money around to address the housing needs of
10 all Sandy impacted residents. I am curious to know
11 if OMB has a breakdown of the capital residential
12 and infrastructure damage by Sandy by zip code? Is
13 there a chart that you have by zip code basically
14 mapping out the numbers of damage to our city by
15 zip code so we can assess the costs of geographical
16 regions across our city?

17 DEPUTY DIRECTOR GRATHWALL: I don't
18 believe we have that at this time.

19 CO-CHAIRPERSON TREYGER: I would like to
20 request that. I think that's important information
21 to get because I want to make sure that the
22 recovery is felt and seen by all neighborhoods in
23 our city and to make sure that everyone is seeing
24 progress and I think that would be very useful
25 information for our committee to have. I would

2 just like to point out again, this was mentioned by
3 Chair Ferreras. In your testimony, you stated that
4 seven businesses have received \$503,000 in grants
5 and \$2.4 million in loans. Is that correct? Seven
6 businesses?

7 DEPUTY DIRECTOR GRATHWALL: Yes.

8 CO-CHAIRPERSON TREYGER: This past
9 Saturday, I helped clean up a business in Coney
10 Island whose doors are still shuttered. It is a
11 hair salon and they're still closed 17 months since
12 Sandy. They had no idea about any of the programs
13 that were designed to assist small businesses. In
14 your testimony you said that the Recovery Loan Grant
15 Program for the businesses is currently in talks to
16 expand the program. 17 months later and they're
17 currently in talks to expand the program? There's
18 a real problem here, because there are many
19 businesses who are still shut down and there are
20 many small business owners who have had to empty
21 out their life savings to get their businesses up
22 and running and have not been reimbursed or given a
23 dime in any aid. That is something that this
24 committee will aggressively investigate in addition
25 to the housing piece as well.

2 Can you discuss, what type of outreach
3 the Administration did? I mean, granted, we have a
4 new Administration. I do want to preface by saying
5 that. We have a new Administration that just took
6 over the reins. But what type of outreach was done
7 to notify these businesses that are still waiting,
8 still in dire need, still are shut down, or some
9 have been forced to lay-off workers. What type of
10 outreach was done to reach those people?

11 DEPUTY DIRECTOR GRATHWALL: Well, I thank
12 you for recognizing that there is a new
13 Administration and it's I believe day 99 of the new
14 Administration. Someone can correct me if I'm
15 wrong. You asked about outreach activities and the
16 key current activities that are going on to
17 increase outreach, are multiple application intake
18 locations in storm impacted neighborhoods, offering
19 program materials in multiple languages as well as
20 translation services, deploying mobile account
21 managers who can make offsite visits to program
22 applicants in each borough and attending public
23 events with partner organizations such as local
24 development corporations, community and chambers of
25 commerce. In addition to these activities, the

2 program team at the New York City Department of
3 Small Business Services is also planning additional
4 partnerships with public libraries and New York
5 City Housing Authority community centers and other
6 community organizations to post flyers, hold event,
7 and advertise in their weekly newsletters.

8 So, in the last 99 days, the de Blasio
9 Administration is looking across all of the
10 Community Development Block Grant Disaster Recovery
11 Programs towards the goal of making these programs
12 more efficient, streamlined and effective to
13 actually provide the services and the dollars to
14 the businesses, homeowners [Interpose]

15 CO-CHAIRPERSON TREYGER: Deputy Director
16 Grathwall, is this day 99 for you? Have you been
17 in OMB prior to this year?

18 DEPUTY DIRECTOR GRATHWALL: I have been
19 at OMB since 1988.

20 CO-CHAIRPERSON TREYGER: So we have a new
21 mayor, but [interpose]

22 DEPUTY DIRECTOR GRATHWALL: We do have a
23 new Mayor.

24 CO-CHAIRPERSON TREYGER: But we still
25 have many folks who have been left over from the

2 previous administration. So, do you mean to tell
3 me that, only now, and credit to the new
4 Administration, that only now, there are talks to
5 expand and to provide better outreach, to provide
6 assistance to small businesses, because, you know,
7 it might be day 99 for the new Administration, but
8 this is now 17 months for small business owners who
9 are still shuttered. Some had no clue, they had no
10 idea about any of these programs, and the fact that
11 no one, even last year, saw only 7 applicants.
12 That wasn't a red flag even to the previous
13 administration? I know we have a new
14 administration now, but that is a major red flag.
15 Can someone speak to that? What you saw? It's eye
16 opening and it's really hurtful to these families
17 who had no clue about this.

18 DEPUTY DIRECTOR GRATHWALL: I can speak
19 to the new Administration's attention to getting
20 these programs to run more streamlined and more
21 efficiently. And I can also say that the small
22 numbers that you see of grants and loans that have
23 actually occurred, there is a significantly greater
24 of number of applicants in the process of being,...
25 Duplication of benefits analysis that leads to an

2 actual grant or loan being applied. So there is a
3 pipeline on its way to approval.

4 CHAIRPERSON FERRERAS: Sorry, I just
5 wanted to pay you back on what my Co-Chair stated.
6 Can you speak to me on your timeline of the
7 pipeline. Because if it's taken 17 months for
8 seven businesses, where are they in this pipeline
9 for them to be able to receive this relief?

10 DEPUTY DIRECTOR GRATHWALL: I can't speak
11 to that right now, but I could provide that to you.

12 CHAIRPERSON FERRERAS: I'd like you to
13 provide it for this Committee, on how many
14 applicants are in the pipeline, what point are they
15 at, how long will this take? Are they in the
16 beginning of the 17 months, are they in the middle
17 of the 17 months? Because on average what we are
18 seeing, it's taking about 17 months. So if you
19 could just give that to this Committee, I'd
20 appreciate it. Chair.

21 CO-CHAIRPERSON TREYGER: I absolutely
22 agree with Chair Ferreras. I mean, I just would
23 like for the current administration to understand
24 the gravity of this and to understand the sense of
25 urgency. That there are people suffering and they

2 are dealing with two impacts. Number one, the
3 impact of Sandy and their dealing with the impact
4 of months over a year of inaction and now that
5 impact is snowballing. Where people can't even
6 send their kids to college and their businesses are
7 still not reopened. So I will now pass along. I
8 have additional questions, but I'll wait for the
9 second round and I will recognize other colleagues
10 for their questions.

11 [Pause]

12 CO-CHAIRPERSON TREYGER: First, I'd like
13 to call up Council Member Steve Matteo who
14 represents Staten Island.

15 COUNCIL MEMBER MATTEO: Thank you Mister
16 Chair. One of the top concerns for my colleague,
17 minority leader Ignizio and I in terms of
18 resiliency is the status of the Staten Island
19 University Hospital. Vinny and I have said this a
20 million and one times, Staten Island is the only
21 borough without an acute care facility. We only
22 have two hospital systems and Staten Island
23 University Hospital located in the heart of my
24 district is located in the flood plain. During
25 Sandy, and not just storms like Sandy, but any

2 storm, Staten Island University Hospital has flood
3 issues and when Staten Island University goes down
4 and Rumcsi is our only facility that's open, it
5 put's my constituents and Minority Leader Ignizio's
6 constituents at risk. That is unacceptable. SIUH
7 has requested \$40 million in CDGB DR grants and has
8 mitigation funds. My question is has the city
9 included this request as one of its priorities? In
10 terms of sending it to the state?

11 DIRECTOR ZARRILLI: This is clearly an
12 area where we see that the balancing between short
13 term recovery and long term resiliency needs. When
14 we were going through the Special Initiative for
15 Rebuilding and Resiliency analysis, Staten Island
16 University Hospital clearly came up as a priority
17 facility, identified as a clear need for investment
18 and we saw it as a fit for Hazard Mitigation Grant
19 Programs funds. And we committed at the time, when
20 we released that report to assist Staten Island
21 University Hospital with providing technical
22 assistance and helping them graft the right
23 application to the State that ultimately get to
24 FEMA for their Hazard Mitigation Grant Program
25 funds.

2 So we did that. They've submitted that.
3 It's with the State right now and the State has
4 until April 27 to make their priorities known to
5 FEMA to fund those applications. We have a number
6 of City applications. There is a number of other
7 facilities within the City that are also applying
8 for these funds and this is one clear one that
9 we've helped them with that process to be able to
10 insure that they can get those funds. No funds are
11 currently included, to answer that question, in the
12 second tranche, for any healthcare facilities. We
13 are expanding our investment in housing. We are
14 expanding our investments in other infrastructure
15 and trying to balance those short term and long
16 terms needs.

17 But this really just highlights the
18 importance of the additional funds that we do need
19 and finding new sources of funds to help fill all
20 of the unmet needs across all of the programs;
21 business, resiliency, housing, infrastructure and
22 resiliency.

23 COUNCIL MEMBER MATTEO: I appreciate that
24 and for us, just so you know, hospitals are
25 different. SIUH is critical. It's unacceptable to

2 the minority leader and I if funds aren't awarded
3 SIUH, it's \$40 million, it's needed and we can't
4 put lives at risk.

5 You said April twenty, what was the date
6 that the State has to come back?

7 DIRECTOR ZARRILLI: April 27.

8 COUNCIL MEMBER MATTEO: So, and I
9 appreciate, Vinny and I appreciate your assistance,
10 but can the Administration make this a priority and
11 work with the State going forward and whether we
12 can meet with them, talk with them to make sure
13 that this is a priority and has the backing of the
14 Administration because of the importance?

15 DIRECTOR ZARRILLI: We can clearly
16 continue to help source the funds for this vital
17 project. Absolutely.

18 COUNCIL MEMBER MATTEO: And doesn't HAC
19 already have funding and hasn't other hospitals in
20 the system received over \$100 million for damages
21 and they are getting resiliency money. Is that
22 true?

23 DIRECTOR ZARRILLI: We are working across
24 the HAC network as well as other networks to
25 provide the right funding and so there are FEMA

2 applications, there are CB funds, there's a range
3 of dollars that we've identified for a number of
4 other hospital facilities as well.

5 COUNCIL MEMBER MATTERO: Please note that
6 this is vitally important to my district and
7 Vinny's district throughout Staten Island. We
8 can't say enough that it is about the safety of our
9 constituents and we need these resiliency measures
10 taken and we support any help the Administration
11 the give to get us this \$40 million dollar.

12 CO-CHAIRPERSON TREYGER: Thank you
13 Council Member Matteo. Next we will have Council
14 Member Chin.

15 COUNCIL MEMBER CHIN: Thank you Chair.
16 Listening through your 16 page testimony. It's
17 just so complicated to do this recovery and I know
18 the more we listen to it the more frustrated we get
19 because of all the bureaucracy and I am just
20 questioning, even drawing down the reimbursement
21 funding from HUD and from FEMA. Is OMB or the
22 Mayor hiring more staff? Do you have more staff
23 capacity to really focus on getting the money
24 drawdown as quickly as possible? How many staff
25 have you increased to do this?

2 DIRECTOR ZARRILLI: So, I appreciate your
3 point. This is an incredibly complicated and
4 difficult process to work through the federal
5 funding process and within the last 17 months,
6 particularly it's been about understanding this
7 process, getting through it, and starting to move
8 that money as quickly as we can. So, there has
9 been a lot of activity and we are absolutely
10 accelerating that activity going forward.

11 On staffing, we are, and I can let John
12 talk about a little bit more of this, but we are
13 absolutely bringing on board the right numbers of
14 people to enable us to make sure that we are moving
15 additional housing dollars, additional
16 infrastructure and resiliency dollars through the
17 programs and working with agencies to make sure we
18 are able to maximize those federal dollars to
19 insure that we have the resources that we need to
20 make the investments and to fill these unmet needs
21 that we are talking about.

22 COUNCIL MEMBER CHIN: Now we've heard
23 that you hired some consulting agency to help with
24 this process. Who are they? What are they doing?
25 What's the cost to the City?

2 DEPUTY DIRECTOR GRATHWALL: Let me just
3 add that OMB has hired 20 staff to work on this
4 activity and also across all city agencies, you
5 know, I would say my rough estimate is probably
6 over a hundred have been working on this. Maybe
7 not all full time, but in many of the large
8 agencies that have significant damages, many people
9 are working on this full time. The city's general
10 consultant for our disaster recovery activities, is
11 Hagerty Consulting Company. Also SCA has their own
12 consulting company, Ernst & Young. HAC has a
13 consulting company named Based Tactical. NYCHA has
14 a consulting company name CBI. Our consulting
15 company is Hagerty Consulting Company. We have
16 consults deployed at agencies, principally the ones
17 that don't have their own consultants. So parks,
18 DOT, sanitation, Dept. of Corrections. We also
19 have Hagerty Consultants working with us at OMB
20 providing program guidance and also cost
21 estimating. We have mentioned these 404 Hazard
22 Mitigation Grants that we submitted to the State
23 and the State will soon be submitting to FEMA. We
24 had, I think a team, of, I believe 17 consultants
25 working at OEM during the very high pressured

2 period where we were putting together applications
3 to be submitted to the State. Working with the
4 agencies and OEM staff on getting all these
5 applications into the State properly.

6 COUNCIL MEMBER CHIN: Can you submit to
7 the City Council, the list that you just gave me
8 and also the costs for the consultant? I think
9 it's important for us to know what the City is
10 putting out and whether we're getting our money's
11 worth.

12 DEPUTY DIRECTOR GRATHWALL: Sure, I can
13 provide a little summary of all of that for you.
14 But I can't probably provide the costs of other
15 agencies' consultants. We'd have to ask them for
16 it.

17 COUNCIL MEMBER CHIN: Well, can you ask
18 them? So that at least we can get a fuller picture
19 of what does it cost to really take care of this
20 recovery effort.

21 DEPUTY DIRECTOR GRATHWALL: Okay.

22 COUNCIL MEMBER CHIN: And get the
23 resources to the community as quickly as possible.
24 I mean from all the hearings that this committee
25 has been doing. I mean it is so frustrating to

2 hear homeowners, they use up their savings, and
3 they are not getting a dime from the government and
4 so we gotta make sure that we are doing the right
5 thing to help people in need.

6 And I wanted to follow-up on the question
7 that was asked about the support for the small
8 businesses. There are businesses in my district
9 that have closed because they weren't able to get
10 any kind of support. No FEMA reimbursement, they
11 just tell people that they have to apply SVA loans
12 and people don't wanna get loans. They need a lot
13 of grant programs. It came very, very late.

14 DEPUTY DIRECTOR GRATHWALL: Can I respond
15 to that?

16 COUNCIL MEMBER CHIN: And I know that
17 this program is not the program from the beginning.
18 It just started in the fall and so I think it's
19 good that the city is also looking at getting the
20 CDFI's involved. Because some of the CDFI that
21 really support immigrant community. They were out
22 there first, helping people access loans and
23 grants, even before the City got to them. So that
24 I really urge the administration to look at
25

2 inviting more CDFI to really help involve in
3 getting the help out to the small businesses.

4 DEPUTY DIRECTOR GRATHWALL: I just wanted
5 to reiterate your point. We signed the grant
6 agreement for the CDBG the first obligated amount
7 of the CDBG DR fund in August, so we couldn't spend
8 any money before then. The applications for the
9 Grant and Loan Program became available in
10 November. And since the new Administration came
11 in, there has been a lot of attention focused on
12 getting all these programs run in a more expedited
13 streamlined fashion. So the time frame to think
14 about for the CDBG DR programs really isn't from
15 disaster. I mean, we all think of it that way, to
16 now. But it's when the funds became available.

17 The first obligation was signed in mid-
18 August. Applications for the Business Grant and
19 Loan Program were out on the street in November and
20 you know, we still don't think, and I don't think
21 anyone does, that the progress made to date is what
22 we wanna see.

23 COUNCIL MEMBER CHIN: No we wanna see
24 that continue. To move it as quickly as possible.
25 That we all have to fill the urgency. We just

2 can't wait for another. I mean I tell you every
3 time hurricane season approaches, we all worry that
4 we're gonna get hit again. So we gotta do this as
5 quickly as possible. And following up with the
6 consultant, if there was an RFP for the consultant
7 Hagerty, and if so, there should be a cost known.
8 So if you could provide all of that information
9 that would be great. Thank you Chair.

10 DEPUTY DIRECTOR GRATHWALL: I'll do that.

11 CO-CHAIRPERSON TREYGER: No problem. And
12 by the way, at the previous hearing with Build It
13 Back I did ask the Administration to provide us
14 with a breakdown of designated staff working on the
15 recovery per agency. So I don't think we have
16 received that yet, but I would definitely make the
17 request again, that we get, how many people in each
18 agency are working on the recovery, because Council
19 Member Chin makes a very good point that we
20 understand how complicated and how vast this
21 process is, but we have to make sure that we have
22 the adequate number of people working on it to
23 accommodate the volume of work and that is our
24 obligation, that's our responsibility at our end.
25 So I would really appreciate a breakdown of how

2 much staff we have at each agency, working on the
3 paperwork and navigating the bureaucracies to make
4 sure that we're getting all of those funds in.

5 I would like to call next, Council Member
6 Brad Lander.

7 COUNCIL MEMBER LANDER: Thank you very
8 much Mr. Chairman. Thank you all to being here to
9 testify and for the work that you are doing. I
10 appreciate all the hard work that it reflects and I
11 do appreciate the updating of the Sandy Funding
12 Tracker.

13 But I have to say, I was surprised not to
14 see in the testimony, any reference to Local Law
15 140 and then even more surprised to hear in
16 response to the Chair's questions, that in fact,
17 you have some issues with Local Law 140, but that
18 weren't included in the testimony. Have those
19 issues been shared with the Council in any way?
20 Did you write a different testimony or a separate
21 letter that I missed. I should flag that I along
22 with Donovan Richards, the co-sponsor of Local Law
23 140 and we passed it in December. Did we miss the
24 written expression of the Administration's concerns
25 about the law?

2 DEPUTY DIRECTOR GRATHWALL: I don't think
3 we've given you a list of concerns or issues
4 regarding the law.

5 COUNCIL MEMBER LANDER: You are aware
6 that it went into effect a week ago, yes?

7 DEPUTY DIRECTOR GRATHWALL: Yes.

8 COUNCIL MEMBER LANDER: And you've been
9 working on updating the Sandy Funding Tracker over
10 the last several months to get it update to where
11 it is now?

12 DEPUTY DIRECTOR GRATHWALL: Yes.

13 COUNCIL MEMBER LANDER: And along the way
14 is sounds like discovered some concerns that you
15 have?

16 DEPUTY DIRECTOR GRATHWALL: Yes and I
17 would express them as concerns that we'd be happy
18 to discuss with you and work out solutions to.

19 COUNCIL MEMBER LANDER: You're talking
20 about it as though it's sort of a list of
21 suggestions. It's not a list of suggestions, it's
22 the law of the City of New York and the Council
23 expects that it is gonna be treated as such and, of
24 course we are happy to sit down and talk about it,
25 but if we've got a law on the books that we passed

2 last year, that went into effect last week, that
3 you come to a hearing this week to talk about, that
4 you don't mention in your testimony, that it's not
5 at all clear you have an intention to implement and
6 that you don't give us any specifics on what the
7 issues are. We don't enter that conversation in
8 the same spirit that we might have, if you had
9 reached out earlier to say, we'd love to sit down
10 and go over this and figure out how we can achieve
11 implementation [pause]. I was excited for this
12 hearing, but I have to say that I am frustrated. I
13 don't know whether.... You are familiar with what
14 the law requires?

15 DEPUTY DIRECTOR GRATHWALL: Yes.

16 COUNCIL MEMBER LANDER: Okay. I heard
17 you articulate a concern about privacy and we've
18 talked about that extensively as we adopted it and
19 certainly our goal is not to expose the privacy or
20 identities of individual homeowners in Build It
21 Back. But is it your intention to make sure the
22 database includes the identify of contractors and
23 subcontractors who are receiving these funds?

24 DEPUTY DIRECTOR GRATHWALL: I would say
25 yes.

2 COUNCIL MEMBER LANDER: Is it your
3 intention to enable us to see what types of funding
4 are going to those specific contracts, so that we
5 can understand where those funds carry federal
6 obligations as a result of the funding that's
7 coming down to a contractor. We can see what those
8 funds are and whether the contractor, therefore are
9 complying with those obligations.

10 DEPUTY DIRECTOR GRATHWALL: I think
11 seeing where the fundings are going to contractors,
12 was one thing, but seeing, providing resources to
13 audit and document whether individual contractors
14 will be complying is a concern because as we have
15 heard from this committee, there is a considerable
16 interest in speeding the expenditure of funds on
17 disaster recovery in the community and that is
18 somewhat in conflict with initiating spending
19 resources to make sure contractors who are spending
20 the money beyond the level that we are already
21 doing, are in full compliance in reporting that
22 compliance to the funding tracker.

23 [Interposing]

24 COUNCIL MEMBER LANDER: Two things, one,
25 yes, there is some tension between speed putting

2 the money out in the field speedily and doing the
3 necessary integrity audits to make sure that it is
4 being spent appropriately. I mean, yes it's harder
5 to both those things than it would be, not to
6 bother with integrity audits, but we've seen it
7 happen too many times that the money is spent
8 badly. So I don't think anyone here is saying
9 spend it so quickly that you compromise it. But my
10 question actually wasn't... I don't know that the
11 law requires you, I was just asking we wanted to
12 start for making sure that for each contract, we
13 knew all the sources of funding coming to that
14 contractor. So the specific obligations that they
15 have are transparent.

16 DEPUTY DIRECTOR GRATHWALL: Right.

17 COUNCIL MEMBER LANDER: So it's your
18 intention...[interpose].

19 DEPUTY DIRECTOR GRATHWALL: That is our
20 intention.

21 COUNCIL MEMBER LANDER: That's great.
22 I'm not going to go through them all one by one,
23 although I am tempted to. We would be glad to sit
24 down and go through them in details to make sure
25 it's clear which things we intended, why we

2 attended them and to understand how in the near
3 future you'll come into compliance with the law and
4 if there are areas where you feel you can't come
5 into compliance with the law, to be open to those.
6 But, your testimony invites our suggestion. It's
7 not a suggestion, it's the law of the City and we
8 expect the Administration to come back to us and
9 explain how you plan to comply with it.

10 DEPUTY DIRECTOR GRATHWALL: We'd be happy
11 to sit down with you soon to do that.

12 COUNCIL MEMBER LANDER: Great. Thanks.
13 Thank you Madam chair.

14 CHAIRPERSON FERRERAS: Thank you. And I
15 too am looking forward to our communication and
16 will put it all in writing and get you a letter and
17 through our council you will be getting some more
18 information.

19 I wanted to specifically focus in. I
20 know we mentioned the seven businesses. But in the
21 case of business owners that have exhausted all
22 their loan qualifications. For example, Madeline
23 Chocolates out in the Rockaways. They received \$13
24 million in SBA loans and have reach their capacity.
25 Yet, it has only afforded them to bring back 125 of

2 their 400 employees. What options do small
3 businesses that fall into this category now, that
4 have exhausted the SBA Loan Program, where can they
5 go?

6 [Pause]

7 DEPUTY DIRECTOR GRATHWALL: I don't have
8 a specific answer to that question, regarding that
9 firm, but I can get that back to you.

10 CHAIRPERSON FERRERAS: In the general
11 sense, can you speak to the general issue, or is
12 this something you need to get back to me on?

13 Or how about this. Is there anywhere on
14 any of the websites where there is a checklist or a
15 place where a small business owner who has very
16 limited time, can go and say these are the places
17 and the programs you can apply for. These are the
18 maximum that you will get. If you get a full loan
19 at this rate, you can also qualify for these three
20 other things. Where can a small business owner see
21 this?

22 DIRECTOR ZARRILLI: It can clearly be
23 found on the EDC website which is running our
24 business resiliency programs. There are
25 descriptions of the programs there. There are also

2 descriptions within the action plan for CDBG that
3 describes the programs themselves. And so we can
4 get you those.

5 CHAIRPERSON FERRERAS: I would appreciate
6 that and if we can speak specifically to this
7 company just so that I can better understand how
8 this is working. And so we can get back to our
9 constituents who after this hearing have heard,
10 there's monies available, but there's seven
11 businesses. So we need to be able to get them in
12 this pipeline, if they're not in it already. And
13 also, advise them that they should go to the EDC
14 website where they will find everything totally not
15 complicated. Correct? Really easy, right?

16 DIRECTOR ZARRILLI: That is our intent.

17 CHAIRPERSON FERRERAS: Yes? Okay.
18 Alright, Chair Treyger.

19 CO-CHAIRPERSON TREYGER: I, not to go
20 through again the business part, but just be aware
21 that there are many business owners who have no
22 idea about any of these things. And what they do
23 know is that they are struggling right now. I just
24 think that, when the wants to spread the word about
25 a program, UPK, it knows how to spread the word. I

2 think we should enter this with the same sense of
3 urgency. That there are people who are really
4 suffering. We just have to be responsive to that.
5 I am mindful of how... And I do want to acknowledge
6 the fact how much work you have put in yourself
7 personally and your staff in dealing with the
8 volume of paperwork. But if you need more staff,
9 this is the time to tell us as well, because we
10 have to work with the Administration to make sure
11 that you have the adequate number of people working
12 on these things every day to make sure that these
13 funds are flowing to help residents, to help small
14 business owners, because we have to get this
15 recovery right and it has to happen now. We have
16 to move with the sense of urgency.

17 I would like to ask about the insurance.
18 You mention in your testimony that the federal
19 government has an expectation that we will have to
20 pay for insurance when we receive their assistance.
21 What will those insurance costs look like to the
22 City of New York?

23 DEPUTY DIRECTOR GRATHWALL: We have an
24 estimate, I mean we're doing a detailed analysis of
25 this currently, but our estimate is that it would

2 be in the \$5 to \$10 million a year range. For all
3 of our infrastructure that is damaged and as a
4 consequence of receiving FEMA grant for repair and
5 renovation, is going to be obligated to buy the
6 national flood insurance program minimum which is
7 \$500,000 of protection on building structure and
8 \$500,000 on contents. We are also looking at, if
9 there is a damaged building where the grant might
10 be very small, but the stream of insurance premiums
11 might make it not work us taking that grant for
12 that repair but just funding it out of our own
13 budget, we're looking at that also, because we want
14 to do what's right fiscally for the City.

15 CO-CHAIRPERSON TREYGER: So that's \$5 to
16 \$10 million per agency?

17 DEPUTY DIRECTOR GRATHWALL: No citywide.

18 CO-CHAIRPERSON TREYGER: Citywide, so
19 that will be the cost citywide for us?

20 DEPUTY DIRECTOR GRATHWALL: Yes.

21 CO-CHAIRPERSON TREYGER: For the cost of
22 insurance?

23 DEPUTY DIRECTOR GRATHWALL: Yes.
24
25

2 DIRECTOR ZARRILLI: But I think as John
3 mentioned earlier, it's not a comprehensive policy
4 for all city infrastructure. It doesn't cover.

5 [Interpose]

6 DEPUTY DIRECTOR GRATHWALL: The only
7 obligation is to... We talked about the 14
8 categories of city infrastructure which we will
9 never be required to have insurance according to
10 this FEMA certification because the properties are
11 uninsurable, but for structures, we will have a
12 cost to insure the structure that were damaged in
13 this disaster and receive a FEMA grant to repair
14 and renovate. It's \$5 to \$10 million. So we're
15 not going to insure things that we don't have to,
16 because, we're happy with our method of funding our
17 own hazard damages through our capital budget. But
18 when we are required to get insurance by FEMA as a
19 condition for receiving a large grant to repair the
20 building. We're going to get the minimum amount of
21 insurance required. And that cost for those
22 damaged buildings that we expect grants on, is in
23 between \$5 and \$10 million we estimate currently.

24 DIRECTOR ZARRILLI: Let me just jump in.
25 And those provide capped policies and so it's

2 \$500,000 per structure, that you can get coverage.
3 There may be excess risk beyond that as well.

4 CO-CHAIRPERSON TREYGER: Will we be
5 subject to an increase in insurance costs, once the
6 FEMA maps are finalized, because they are in the
7 preliminary states? Once FEMA finalizes their
8 flood maps and so forth, will we see a jump in
9 insurance costs to our city?

10 DIRECTOR ZARRILLI: It's certainly
11 possible, the analysis we've been doing on flood
12 insurance has primarily focused on one to four
13 family homes, because that's the population that is
14 most served by the National Flood Insurance
15 Program. I think 86% of the policies in the
16 National Flood Insurance Program are one to four
17 family homes. So we know much more about what may
18 happen once the maps expand and the flood insurance
19 premiums get higher. It is a little unclear how
20 FEMA is going to treat some of the larger buildings
21 like this because they don't have the same damage
22 profile as a smaller house does.

23 CO-CHAIRPERSON TREYGER: I expect we will
24 have further hearings and discussions about
25 insurance and other issues here. I would like to

2 just go through a quick list of different agencies
3 that have you know during the, course of other
4 hearings I have been to how much damage they have
5 sustained in capital and how much money they have
6 received so far. So just for example, the School
7 Construction Authority had about over \$440 million
8 in damage from Superstorm Sandy. So far, to our
9 knowledge, have any received about \$24 million in
10 FEMA reimbursements and that has an impact because
11 many of these schools, some schools are in my
12 district, they are running these temporary boilers,
13 which are not working, some are working too much,
14 and that has an impact on construction. Another
15 agency for example, the Parks Department which has
16 about a third of shoreline which is a real issue,
17 has sustained over \$700 million in capital damage
18 and the interim Parks Commissioner before
19 Commission Silver comes in, William Cavanaugh
20 testified that Parks has not received a dime in
21 capital reimbursements. They have received some
22 money from emergency expense items, but they have
23 not received a time in capital reimbursement and I
24 remind you that Parks has a good chunk of our
25 shoreline and we're entering another season now for

2 hurricanes and they haven't received anything. So
3 what efforts are we intensifying, are we staffing
4 up, what efforts are we doing to make sure that
5 schools, our parks, our hospitals, which have
6 sustained major damage, what are we doing to make
7 sure that they are getting every penny as fast as
8 possible back from the government?

9 DEPUTY ZARRILLI: Two points on that
10 before, I turn this over to John. One is that the
11 Parks facilities are absolutely vital to our
12 coastline and we've been working very heavily with
13 the Parks Department and the Army Corp. and we have
14 to remember that there are other sources of funds
15 that we are talking about here. There is new sand
16 on the beaches, there is new sand coming to the
17 beaches. We have been building dunes in the
18 Rockaways and in Staten Island and putting sand on
19 the beaches in Coney Island. So, there's been a
20 number of other efforts that have been going on
21 through money that doesn't flow through the City's
22 books. But that being said, we are also expediting
23 our efforts to make sure that we are moving through
24 that FEMA reimbursement process, so that we see
25 those dollars for things we have already spent and

2 for the projects that we see coming forward, as
3 well.

4 CO-CHAIRPERSON TREYGER: So to be clear,
5 in addition to what staff you have at agencies, the
6 city is relying on consultants, as well to process
7 and do this paperwork as well? I mean, is that
8 correct?

9 DEPUTY DIRECTOR GRATHWALL: Yes. And let
10 me just speak briefly to your question and then
11 I'll focus in on parks. But, you have in your
12 report a table listing expense and capital by the
13 top agencies. We've been looking at that for a
14 long time and we have concentrated our own staff
15 resources, our consulting resources, and additional
16 specialized resources in the areas where we have
17 the highest costs. Parks, for example, you know
18 the 710 is largely parks open up Phase 1, Coney
19 Island, it's largely Rockaway boardwalk, Parks Open
20 Up what we call Phase 2. We have teams working at
21 parks and we have part of our consultant team
22 working at Parks, Policy Management Team working at
23 parks, focusing on that. And for example, the
24 Parks Open Up Phase 1 which is Coney Island,
25 Steeple Chase Pier, the modular facilities that

were all done largely to occur before last Memorial Day, to open the beach up, was a very significant expenditure on the part of the Department of Parks. The expedited costs, the innovative resilient green footprint of the modular and the elevation of the modular was all very expensive. And we are working with the parks team to prepare an analysis of that, I don't have the numbers in front of me, but I could get them to you. But the cost, is like over \$200 million. The straight forward FEMA eligibility is something in the \$20 million range and we are doing an analysis to come back to FEMA and justify a tens of millions of dollar greater FEMA claim against that activity because we will argue that it's eligible activity. So this in effort where, our consultant's expertise, the efforts of the people at the Parks Department and DDC who helped design that construction project are assisting us to seek a much greater claim from the federal government for what we perceive as being an eligible activity, if you go beyond the sort of plain vanilla interpretation of the FEMA authorities to seek greater reimbursement for the city.

2 CO-CHAIRPERSON TREYGER: I would just add
3 that it's not just the beaches. Of course,
4 obviously that's a big part of it and I actually
5 look at our beaches, not just as recreational, but
6 as a piece of our infrastructure. Because that's
7 the first line of defense and we have had this
8 discussion with Mr. Zarrilli, and I think he agrees
9 that our beaches or boardwalk are actually the
10 first lines of defense against Mother Nature's
11 fury. But it's also other parks in the community
12 that have been damaged by Sandy and trees and to
13 me, grass absorbs water and therefore, if we're not
14 going to take care of those parks, that also...
15 We're not doing all that we can to be more
16 resilient. So parks have sustained quite a bit,
17 and they haven't gotten all their funds, as well as
18 our hospitals. I noted that in your testimony,
19 there's about \$183 million for certain hospitals, I
20 think \$64 million of which, I think, goes to Coney
21 Island Hospital. They were pretty badly hit during
22 Sandy and they are doing all that they can to try
23 to get up and running. We also lost a health
24 clinic in Coney Island, call the Ida G. Israel
25 Health Clinic, which has still not been rebuilt,

2 but there are some efforts to move it to a
3 different location in Coney Island.

4 But, we must move with that sense of
5 urgency, to help them get these funds as quickly as
6 possible to serve residents and to better protect
7 them moving forward.

8 I did make the request, if we can have
9 the breakdown of capital residential infrastructure
10 costs by zip code and if possible how much funds,
11 you know, as far as funds have been so far spent to
12 address those costs per zip code. I think that
13 would really help inform the Council as far as to
14 make sure that the recovery is being felt through
15 all impacted neighborhoods.

16 And with that, I will turn it over to my
17 Co-Chair Ferreras.

18 CHAIRPERSON FERRERAS: Thank you Chair
19 Treyger. So we have additional questions, but we
20 don't want to exhaust the opportunity we've been
21 here now for a little bit over two and half hours.
22 So, we are going to follow-up with our questions in
23 writing, from both Chair Treyger and myself. We
24 want to give the opportunity both to our two
25 additional panels.

2 Thank you for coming today to testify and
3 we will be following up with you.

4 DIRECTOR ZARRILLI: Thank you very much.

5 [Pause]

6 CHAIRPERSON FERRERAS: And now we will
7 have the Deputy Director of IBO, George Sweeting.
8 If you could join the panel, thank you. Then we
9 will be following-up with a three-person panel of
10 the public, and we will be hopefully outta here by
11 1:00, where we have another committee starting.
12 Thank you so much. Again, if there's anyone else
13 from the public that would like to testify, please
14 be sure to fill out a witness slip and you will be
15 on queue to testify. Thank you.

16 [Pause]

17 CHAIRPERSON FERRERAS: Just wanted to
18 acknowledge that we have been joined by Council
19 Member Miller.

20 [Pause]

21 DEPUTY DIRECTOR SWEETING: Should I
22 begin?

23 UNIDENTIFIED MALE: Yes.

24 DEPUTY DIRECTOR SWEETING: Okay. Now
25 it's good afternoon, Chairs Treyger and Ferreras.

2 I am George Sweeting, Deputy Director of the New
3 York City Independent Budget Office, and I am
4 joined here by Frank Posillico, who is IBO's Deputy
5 Director for Budget Projections.

6 Thank you for the opportunity to testify
7 on the expenditure and reimbursement of federal
8 funds in relation to Superstorm Sandy. My
9 testimony today will focus really only on the
10 federal funds flowing through the city's expense
11 budget.

12 We've heard a lot of detail this morning,
13 when we were putting this analysis together we
14 don't have access to the individual project
15 information and the details on how FEMA and HUD are
16 handling these processes. SO we took, we
17 consciously took a different approach. We set out
18 to see what you could learn about the flow of these
19 funds through the City's financial management
20 system. So we went looking into FMS to see what we
21 could learn about how the FEMA money has been, how
22 much has been received against particular types of
23 projects and on CDBG, a little bit on the money
24 coming in, but also we can track some of the
25 specific spending on the CDBG. So our focus is

2 really on what you can learn from what's already in
3 FMS and I readily concede, that's not the full
4 picture, because there's a lot of stuff that OMB
5 clearly has already begun the process on
6 submitting, but we are - that doesn't necessarily
7 show up yet in FMS and therefore it's not apparent
8 to us. So, some of our numbers are going to look
9 different than theirs.

10 The City recognizes in its budget, \$1.6
11 billion in federal revenue that it expects to
12 receive as reimbursements for approved fiscal year
13 2013 expenditures and \$1.1 billion more for 2014.
14 Actual receipt of reimbursements through June 30,
15 2013 was less. \$807 million of that 2013 fiscal
16 year total. Presumably some of the remaining
17 revenue will be received during 2014 and a clearer
18 picture of the federal reimbursement should be
19 available once the 2014 accounting is complete.

20 Additionally, the City expects
21 significant federal reimbursements for capital work
22 related to the storm. There are of course and
23 number of other important sources of assistance
24 flowing, that help recovery efforts in the City,
25 including insurance proceeds and other funds

2 flowing directly to homeowners and businesses who
3 suffered damage during the storm. These include
4 funds spent by New York State and the City and
5 funds going to the Metropolitan Transportation
6 Authority and the Port Authority of New York and
7 New Jersey. However, because these do not flow
8 through the City's budget, I will not be discussing
9 them today.

10 The City's expense budget is counting
11 heavily on two sources of federal recovery and
12 rebuilding funds. Each differ somewhat in purpose
13 and rolls and extent of assistance received so far.

14 In the immediate aftermath of the storm
15 the first federal funds that the City received were
16 Federal Emergency Management Public Assistance
17 Funds. These funds flow to agencies to reimburse
18 the City for costs associated with recovery, clean-
19 up and rebuilding.

20 The second primary source, of course, is
21 the Disaster Recovery Community Development Block
22 Grant. Two allocations of the CDBG DR have already
23 been announced and will provide significant
24 resources for rebuilding. In addition to these two
25 sources, the City receives funds from the National

2 Emergency Grant Program to hire displaced workers
3 for the recovery efforts and some emergency
4 transportation funds and in our testimony, Table 1
5 summarizes these sources as well as a few other
6 smaller revenue sources.

7 FEMA is the federal government's first
8 responder for disaster such as Superstorm Sandy.
9 In the wake of the storm, FEMA provided individual
10 assistance to thousands of New Yorkers. That
11 doesn't show up in the numbers we're talking about
12 here. FEMA is also reimbursing City agencies for
13 their costs, through the FEMA Public Assistance
14 Program. For 2013 and 2014, the City expects to
15 receive a total of just under \$1.5 billion dollars
16 in FEMA PA aid. For 2013, the City has recognized
17 \$1.2 billion that it expects to collect. As of the
18 end of fiscal year 2013, just under half, \$600
19 million had been realized. As noted earlier, some
20 of the remaining amount has presumably been
21 received in this fiscal year. We just don't see it
22 at this point. Another \$229 million is expected to
23 be reported and received in 2014.

24 The uses of the FEMA PA money are shown
25 in the Appendix Table. I will highlight a few.

2 The City recognized \$187 million dollars for debris
3 removal in 2013 and has received nearly all of it,
4 \$156 million. An additional \$17 million for debris
5 removal is expected in 2014. These costs were some
6 of the earliest to be incurred and therefore a
7 larger share of the revenue has been realized. As
8 would be expected, the Department of Sanitation was
9 the largest recipient with \$120 million recognized
10 in 2013 and over \$100 million in revenue realized.
11 The Parks Department, which was responsible for
12 clean-up at city beaches and parks damaged by the
13 storm, recognized \$40 million in FEMA revenue for
14 debris removal, of which \$33 million was realized
15 by June 30, 2013. Other agencies receiving debris
16 removal revenue in excess of \$1 million include the
17 Departments of Design and Construction, Fire,
18 Transportation, and Environmental Protection. The
19 largest category of FEMA public assistance aid to
20 the city is for emergency protective measures.
21 These funds are used for emergency actions during
22 and after the storm to protect lives, health and
23 property and the City recognized \$939 million in
24 revenue in 2013, of which \$438 million has been
25

2 received. An additional \$157 million is expected
3 this year.

4 The Department of Environmental
5 Protection which implemented the Rapid Repairs
6 Program, recognized \$491 million of this revenue in
7 2013, they've realized \$179 and expects another \$79
8 million for this year. The Police Department
9 recognized \$140 million last year, with \$126
10 million realized and expects an additional \$5
11 million this year. The Health and Hospitals
12 Corporation recognized \$80 million in expenses,
13 they received \$68 million and expects \$3 million in
14 additional funds.

15 Let me just, reiterate, when I say
16 they've received. That was received as of June 30,
17 2013 which is the latest date that we were able to
18 feel confident about the numbers we were absorbing.
19 Certainly, some of that money has come in since
20 then, but we are not able to parse that out into
21 the particular programs.

22 Another large category of FEMA PA funds
23 is for repairs to buildings and equipment. The
24 City recognized \$28 million in 2013 and expects an
25 additional \$37 million this year. Just under \$2

2 million of the revenue recognized in 2013 had been
3 received by the end of June 2013. Not
4 surprisingly, because many agencies suffered damage
5 from Sandy, these funds were spread over 31
6 agencies.

7 FEMA is expected to reimburse the City
8 with nearly \$70 million for utilities, mainly \$66
9 million to the Department of Environmental
10 Protection. Most of the funds were recognized in
11 2013, although less than \$2 million were realized
12 by the end of the fiscal year.

13 The remaining categories of FEMA Public
14 Assistance aid are for parks and recreational
15 facilities, water control facilities, and bridges
16 and roads. In 2013 the City, recognized \$9 million
17 for parks and expects another \$16 million this
18 year. The roads and bridges category has \$2
19 million expected in 2013 and has received \$804
20 million so far, and all of that is detailed in the
21 appendix to the testimony.

22 The City, shifting out to CDBG DR funds,
23 the City is receiving more than \$3.2 billion from
24 the first two tranches of Disaster Recovery
25 Community Development Block Grant funds. The first

2 allocation was in March 2013 for \$1.8 billion and
3 the second in November for \$1.4 billion.

4 Because the City is awaiting approval for
5 their amended action plan reflecting the second
6 award, the City's financial systems only reflect
7 the first award and even that has not been fully
8 processed in the system. A third tranche is also
9 expected shortly.

10 Unlike the FEMA funds which are shown in
11 the City's financial system as revenue in
12 individual agencies, CDBG DR revenue is shown as
13 revenue of the mayoralty. This can make it harder
14 to trace to specific programs. Last year the city
15 recognized \$367 million in CDBG DR funds and \$183
16 million had been received as of June 2013. An
17 additional \$824 million for a total of \$1.9 billion
18 is expected this year and \$12 million in 2015.

19 Table 2 provides some breakdown of the
20 uses of the CDBG DR money by looking at the
21 expenses funded with the revenue. So here we are
22 tracing it by looking at expenditures not revenue,
23 just to be clear.

24 The largest expenditure in the City's
25 budget for CDBG DR funds is \$138 million for the

2 Health and Hospitals Corporation. Do It spent
3 \$610,000 in 2013 to establish the Housing Recovery
4 Office, additionally personnel costs in 2013 were
5 \$68,000 in the Mayor's office and \$7,000 at HPD.
6 The City has booked just \$17 million in CDBG DR
7 funded expenditures so far in 2014, out of a total
8 of \$824 planned for the year.

9 The Department of Social Services spent
10 \$9 million on contract costs associated with the
11 case management system for the housing recovery
12 office. The housing department has spent \$3
13 million so far this year with about \$550,000 for
14 rental voucher payments. Another \$2 million was
15 spent by the Department of Small Business and
16 Services which is administering a business loan and
17 grant program and there are some others that are
18 detailed in the report.

19 Just briefly, on capital spending, what
20 we are able to absorb. In addition to the funds
21 reflected in the City's operating budget, the
22 capital plan includes about \$2.8 billion for Sandy
23 capital projects. The City committed \$417 million
24 in capital funds in 2013 and plans to commit
25 another \$2 billion this year. Another \$360 million

2 and \$1.5 million are planned for 2015 and 2016
3 respectively. HHC capital commitments total \$712
4 million for 2013 through 2015 with more than \$650
5 million planned for this year.

6 Three hospitals that sustained major
7 damage in the storm are now seeing significant
8 capital spending. We have talked about some of
9 these earlier. These are Bellevue for \$158
10 million, Coney Island Hospital for \$118 million and
11 Kohler Memorial for \$113 million. Another \$269
12 million is in the capital plan for HHC corporation
13 wide reconstruction that has not been allocated to
14 specific facilities.

15 The Department of Parks and Recreations
16 has \$681 million in actual and planned commitments
17 with \$224 million committed in 2013. Most of the
18 funds over \$500 million are for repairs to storm
19 damaged beaches. The Transportation Department has
20 actual and planned commitments of \$678 million.
21 Resurfacing and reconstruction of streets is the
22 most costly item at about \$440 million there.
23 Another \$82 million is to repair and replacement of
24 signals, lights and data modems. Repairs to
25 Battery Park City Underpass will cost \$43 million.

2 While bridges damaged in the storm are expected to
3 require another \$37 million in repairs.

4 The Department of Education is planning
5 to spend a total of about \$400 million on repairs
6 to schools that were damaged.

7 Thank you and I would be happy to answer
8 any of your questions.

9 CHAIRPERSON FERRERAS: Thank you very
10 much. My colleagues, I don't think we have any
11 additional questions. I greatly appreciate your
12 report. So thank you for your testimony. Thanks.

13 [Pause]

14 CHAIRPERSON FERRERAS: We've been joined
15 by Council Member Miller, Council Member Levine,
16 Council Member Richards, Council Member Rodriguez
17 and Council Member Ulrich. And now we will bring
18 up our last and final panel.

19 [Pause]

20 CHAIRPERSON FERRERAS: Suzanne Dine
21 (phonetic) of Alliance for a Just Rebuilding and
22 Margaret Becker, Legal Services, NYC. You can give
23 your testimony to the Sergeant at Arms. Thank you.
24 You may begin your testimony when you're ready.

25 [Pause]

2 MARGARET BECKER: Good morning and thank
3 you very much for the opportunity to testify. My
4 name is Margaret Becker. I am Director of the
5 Disaster Recovery Unit at Staten Island Legal
6 Services which is a division of Legal Services NYC.
7 I am sure you are all familiar with the work of
8 Legal Services NYC, specifically with respect to
9 Sandy, our offices in Staten Island, Queens and
10 Brooklyn have so far helped over 4,000 homeowner
11 and tenants in Sandy affected areas with various
12 aspects of the Sandy recovery. I recognize that
13 this hearing is not about Build It Back, but as
14 you've underscored, this is about prioritization
15 and I would like to again, raise the enormous
16 concern with the lack of funding for elevation for
17 homes in Sandy affected areas. Earlier, Mr.
18 Zarrilli testified that they have done an analysis
19 of the potential future impact on one to four
20 family homeowners for flood insurance increases
21 which are going to happen despite the recent
22 federal legislation changing the Biggert Waters
23 2012 Act. I would like the council to please
24 request that that analysis be made public because
25 homeowners right now are having to make very

2 complicated serious decisions between the choices
3 they have, which are very limited and the funds
4 that they have, which are very limited.

5 The \$1.7 billion for unmet needs for
6 housing, again it would be useful to know whether
7 that includes elevation needs. I suspect that it
8 does not and so that is probably a severe
9 undercount, given that the flood zone is about to
10 double in 2015. The consequences of failing to
11 address this problem are potentially tens of
12 thousands of lost currently affordable homes along
13 our coastline. Due to inability to afford flood
14 insurance, combined with the unmarketability of
15 those properties, once these flood insurance rates
16 take effect. I have described the problem in more
17 detail in my written testimony, but we are likely
18 to see another wave of foreclosure crisis for those
19 with mortgages. For those homeowners, primarily
20 elderly people, without mortgages, they will be
21 forced to be unprotected. They won't be able to
22 afford flood insurance and will be ineligible for
23 any FEMA assistance in the future. So the need is
24 enormous. Under the current Build It Back Program,
25 at best about 26% of current applicants will be

receiving elevation assistance. That is assuming that they reach priorities 2 and 3. That's a tiny number and that number is just of those 20,000 or so applicants for Build It Back. It doesn't include the thousands of additional properties coming into the flood zone.

Another piece of information that we need is the effect on homeowner's premiums of the mitigation measure that are being taken. The Army Corp. of Engineer work that is being done. So far homeowners have no information about whether those mitigation measures will affect their flood insurance rates and I think that's critical to know as well. Whether the premium zoning is going to change as a result of those kinds of broad mitigation measures. I know time is short, so I will just jump to the recommendations that we have as Council Member Treyger, you mentioned, I think we do need a reprioritization of the CDBG DR funds. The State which is offering elevation to every single applicant under its New York Rising Program is a much better model. The State has allocated 51% of its \$3.8 billion dollar CDBG DR funding to housing recovery. The City, in contrast, has

allocated only \$36.5 million of its recovery funds. Allocating matching the State prioritization of housing recovery would bring about \$930 million dollars more into the housing recovery program which is enough to elevate all of priority 1 applicants plus significant funds left over for a broader elevation program. But the need is much greater than simply reallocating that. As was discussed, the City is about to receive some of the State's FEMA Hazard Mitigation Grant Program funding, the Section 406 funding. It's not yet public how that funding is going to be allocated, but a significant portion of the funding needs to go towards this elevation crisis. In addition, HUD has mandated that the State spend a far higher portion of its CDBG DR funds down state and this creates an opportunity for the City to partner with the State to draw more of that State's CDBG DR funding to try and meet the City's unmet needs similar to what was done with the acquisition program where the State took over the acquisition program with State funds.

We should be in negotiations with the State to take over the elevation component of our

2 housing recovery program and use State funds to try
3 to supplement limited City CDBG funds. There are
4 further recommendations on additional ways to bring
5 more funds into the City to try and meet this unmet
6 need and those have been discussed in the City's
7 Special Initiative for Rebuilding and Resiliency
8 Report, the SIRR report. I just want to underscore
9 the importance of this, the looming crisis that so
10 far is being ignored in the City's funding.

11 [Pause]

12 SUZANNE DINE: Good afternoon, Council
13 Person Treyger, Council Person Ferreras and the
14 rest of the Recovery Resiliency Committee.

15 UNIDENTIFIED MALE: I'm sorry, can you
16 speak into the mic.

17 SUZANNE DINE: Sure, sorry, I have a
18 cold. Thank you for the opportunity to provide
19 testimony today. My name is Suzanne Dine, I am the
20 policy coordinator for the Alliance for a Just
21 Rebuilding. Most people know but, the Alliance for
22 Just Rebuilding is a city wide coalition of over 40
23 organizations, community, state, environmental
24 policy, labor union and worker center. And we
25 advocate for both a just and equitable short term

2 recovery and long term rebuilding in the wake of
3 Superstorm Sandy. I really appreciate having this
4 hearing and hearing from the folks that are dealing
5 everyday with the numbers and really where they're
6 putting it and how they're gonna move forward in
7 transparency and accountability measures.

8 A ton of money has come in already.
9 There is gonna be billions more that will be coming
10 in and it's incredibly important that the Sandy
11 Tracker as we talked about earlier is fully
12 operational and this is true not only for public
13 monies that have a public disclosure requirement
14 but frequently when public private partnerships are
15 created, the private money obscures what's
16 happening and we can't tell. It's incredibly
17 important that within all contracts that are left
18 that private funding will be brought, that there is
19 a requirement that they feed into the Sandy
20 Tracker. I would argue that this would go for the
21 Army Corp. of Engineers, and that I know that
22 contracting is complicated.

23 Lastly, I think, sorta in thinking about
24 contracting going forward, making sure that there's
25 hiring contracting laid which included, claw backs,

2 enhanced local hiring requirements, clear wage and
3 safety standards. These things will allow the City
4 to get the best value from the federally allocated
5 funds and really make sure that this recovery is
6 felt throughout the affected areas and beyond.
7 That's it for me. Thank you.

8 CO-CHAIRPERSON TREYGER: Thank you very
9 much. I just have question, Susanna, if you could
10 just.. I requested earlier a breakdown of numbers
11 of stores damaged by zip code across the city and
12 as both residential infrastructure capital and I
13 also requested how much money has been spent so far
14 to address those damages, those needs. I would
15 just like to hear your thoughts on how helpful that
16 information can be to be made public.

17 SUSANNA DINE: Yes absolutely, that would
18 be incredibly helpful. It's something that AJR and
19 all of our partners have really been asking for for
20 a long time. We believe, FEMA made assessments of
21 the damage at some point, the City based a lot of
22 how it designed each program on those assessments.
23 If we don't see what those assessments are, we
24 can't actually judge and find the holes. From our
25 organization we feel generally that renters have

2 been undercounted and that the support for renters
3 have been lacking. Additionally, small businesses,
4 there's been, as you said, a sorta
5 miscommunication. People didn't know they could
6 access certain aid and all of this is based on this
7 damage assessment that we don't know what it
8 includes and it's something... I believe there is a
9 foyer [sic] for that out for the memorandum of
10 understanding around that. It's about thinking
11 about how what data goes in to describing the
12 problem that will create the solutions and if we
13 don't know that premise we can't then create better
14 solutions and better outcomes.

15 CO-CHAIRPERSON TREYGER: All we know is
16 that with Build-It-Back for example, over \$9
17 million was spent on consultants, but only three
18 people have received checks for \$80,000. And now
19 we just learned today that only seven businesses
20 have received assistance, when I know many are
21 still shut down and many had no idea that there was
22 aid available to them. So there is definitely a
23 communication breakdown and I don't know who they
24 are working with to spread the word and to broad
25 case management, but I have recommended they work

2 with local organizations that know the people, the
3 know the communities, have a better understanding
4 of them to do the outreach and do the case
5 managements. I also suggested at the last hearing
6 that we need housing legal experts at the table,
7 counseling these residents to make the best
8 decisions for their families. To date, they don't
9 have that and that has to change. Because these
10 are life altering decisions that have to be made
11 and we have an obligation to make sure we are
12 informing them as far as their option and the best
13 information out there to make the best decisions
14 possible. Thank you for advocacy from both of you,
15 Margaret and Susanne. Thank you very much.

16 CHAIRPERSON FERRERRAS: Thank you again
17 for your testimony. Thank you Chair Treyger. We
18 are going to call this hearing to a close. Just
19 for the public we are going to be following up on
20 questions and hopefully we will get all the
21 responses to our questions in an expeditious
22 matter. Again we are calling this hearing to a
23 close.

24 [gavel]

25 Thank you.

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 there is no relation to any of the parties to this action by blood or marriage, and that there is no interest in the outcome of this matter.



Date 05/02/2014