

CITY COUNCIL
CITY OF NEW YORK

----- X

TRANSCRIPT OF THE MINUTES

Of the

COMMITTEE ON FINANCE

----- X

May 18, 2015
Start: 10:23 a.m.
Recess: 2:10 p.m.

HELD AT: Council Chambers - City Hall

B E F O R E:
JULISSA FERRERAS-COPELAND
Chairperson

COUNCIL MEMBERS:
Ydanis A. Rodriguez
James G. Van Bramer
Vanessa L. Gibson
Robert E. Cornegy, Jr.
Laurie A. Cumbo
Corey D. Johnson
Mark Levine
I. Daneek Miller
Helen K. Rosenthal
Vincent M. Ignizio

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

Dean Fuleihan
Director
NYC Office of Management and Budget (OMB)

Larian Angel
First Deputy Director
NYC Office of Management and Budget (OMB)

Jonathan Bowles
Executive Director
Center for an Urban Future

Felice Farber
Director of External Affairs
General Contractors Association

Maria Doulis
Director of City Studies
Citizens Budget Commission

Andrew Hollweck
Vice President
New York Building Congress

Eftihia Thomopoulos
Program Director
Association for a Better New York

Chris Jones
President for Research
Regional Plan Association

Anthony Thomas
Political Director
New York City Central Labor Council

Stephanie Gendell
Associate Executive Director
Citizens Committee for Children

Judith Goldiner
Attorney
Legal Aid Society

John Boston
Director of the Prisoners' Rights Project
Legal Aid Society

Leonie Haimson
Executive Director
Class Size Matters

[sound check, pause]

CHAIRPERSON FERRERAS-COPELAND: Good morning and welcome to the first day of the City Council's hearing on the Mayor's Executive Budget FY2016. My name is Julissa Ferreras-Copeland, and I am the Chair of the Finance Committee. We've been joined by Council Members Rodriguez, Crowley, Miller, Levine, Ignizio, Lander, Gibson and Cumbo. Today marks the first day of the Council's chartered mandated responsibility to review the Mayor's Executive Budget. In prior years, the committee would be having Executive Budget hearings with testimony from individual agencies regarding their budgets, and conclude hearings with testimony from the Office of Management and Budget as well as the public on the last day of hearings. This year we're doing things a little differently. This year, the committee will begin the hearings with testimony from OMB and the end of--and end the hearings with testimony from OMB. The Council finds this to be necessary because of the lack of detail and omission of major policy initiatives in the Mayor's Preliminary Budget. Typically, the Preliminary Budget provides the first look into the Administration's priorities and goals

after which the Council and the public can engage in a public discourse about those priorities and goals throughout the Preliminary Budget hearing process. This year, however, the Council and the public are seeing major details of the budget for the first time in the Executive Budget. Therefore, the Council deems it necessary to have OMB testify at the beginning and end of the budget hearings to ensure sufficient time for the Council to conduct a rigorous review of all aspects of the budget.

Today's hearing will focus on the big picture questions about the overall budget structure; the ten-year capital strategy; debt service and transparency. On the last day of hearings, June 9th, the committee will delve deeper into the transparency issues as well as cover agency-specific budget actions that were raised during the course of the preceding three weeks of hearing. With that said, I will begin with the timeline of the budget process so far this year.

February 9th, Mayor de Blasio released his Preliminary Budget of Fiscal 2016 totaling \$7.7 billion. The Preliminary Budget set forth a progressive agenda that seemed to align with the

progressive buys of the City Council. Unfortunately, as I alluded to previously, the Preliminary Budget omitted the major policy changes that the City Council expected to be integrated into the budget, such as the financial details of the Mayor's Affordable Housing Plan or the new Citywide Savings Program, which the Administration formerly referred to as agency efficiencies. This omission was problematic because it hinders the Council's ability to full--fulfill its chartered mandated responsibility to max--to examine budget measures prior to adoption by removing the opportunity to review these policy changes throughout the Preliminary Budget hearings. Nevertheless, through March the Council held dozens of hours of Preliminary Budget hearings and listened to testimony from over 40 agencies and the public.

On April 14th, the Council released its Preliminary Budget Response. This document specified the changes to the Preliminary Budget that the Council sought to be included in the Executive Budget, and reflected the values and priorities expressed by council members and the public during the Preliminary Budget hearings.

On May 7th, the Mayor released his Fiscal 2016 Executive Budget, which totals \$78.3 billion. I'm happy to report that many of the Council's proposals from the budget response were included in the Executive Budget such as increased funding to the Department of Health and Mental Hygiene to prevent overdose death. Increased funds to the Human Rights Commission to increased head count. Increased funding to the Anti-Gun Violence Initiative. Funding to increase the number of runaway and homeless youth beds. Restoration of CUNY Prep and the elimination of school lunches in middle schools.

While the Council is very pleased that some of our proposals are already included in the Executive Budget, we will continue to negotiate with the Administration for the inclusion of many others. There are still significant transparency issues that remain in the budget. For example, there are still ambiguous and broad units of appropriation, which were outlined in the Council's Budget Response yet not addressed in the Executive Budget. In addition, the Citywide Savings Program presented in the budget while commendable in theory, triggers question about how agencies identify the proposed efficiencies.

And, how the Administration distinguished between the agency efficiencies and actions already accounted for or actions it would have undertaken in the future even absent of the new program.

While there are many issues in the Executive Budget, today we are--we are going to focus on the city's ability to implement the new Ten-Year Capital Strategy, Long-Term Planning, Debt Service and now each of those topics are interwoven and affect one another. The Ten-Year Capital Strategy is the city's blueprint for long-term capital spending. The current Ten-Year Capital Strategy for Fiscal Year 2016 through 2025 totals \$83.8 billion, and is the largest Ten-Year Capital Strategy in the city's history. When proposing such an enormous capital undertaking, the Administration has a responsibility to provide details about how this strategy will be implemented particularly since history has shown that the city's actual capital commitments typically fall short of its planned commitment. The Council is particularly interested in this type of implementation and information giving the unprecedented size of this Ten-Year Capital Strategy. And the fact that the Administration presents in the

plan with a \$3.5 billion gap between historic-- historic yearly actuals and planned commitments that will only increase when the unused appropriations from Fiscal 2015 are rolled over into the plan. With a plan as ambitious and as important to city's wellbeing as this one, the city's chronic inability to commit large portions of its Capital Commitment Plan will only be magnified unless the Administration sets forth a clear plan to meet its Ten-Capital Strategy targets and goals.

In addition, the Administration's Ten-Year Capital Strategy raises questions of affordability because 90% or \$75.5 billion of the financing would come from the city. This and other long-term liabilities such as pension and retiree health benefits are potential threats to the city's strong credit rating. Statements made by Fitch Moody's and Standard and Poor have referenced concerns regarding the challenges of the growing liability burden. However, there are portions of the budget that address these concerns. For example, the creation of the Capital Stabilization Reserve is an example of these types of innovative program needed-- the innovative program needed to make the city's

ambitious capital goal a reality. The budget also contains significant increase of the city's General Reserve and Retiree Health Benefits Trust Fund. And the Council hopes that the Administration will support its proposal to seek state authorization to create a true rainy day fund that would be another important tool in helping with long-term budget and debt stabilization.

Today, the committee looks forward to hearing from the Director of OMB, Dean Fuleihan to learn more information about the issues I've outlined. Before we get started, I want to thank the Finance Division, Director Latonia McKinney and all of her amazing staff including the Deputy Director, Chief Counsel and Assistant Counsel, the Unit Head and the Legislative Financial Analysts and, of course, the administrative support staff for putting such--so much work and dedication into today's hearing, and all the hearings that will be held over the course of the next three weeks. Thank you and this Council thanks you. Your efforts are always appreciated. I'd also like to remind everyone who wishes to testify to please fill out a witness slip with the sergeant-at-arms. For members of the

public, the witness panels will be arranged by topic. So please indicate the topic of your testimony on your witness slip. The public session will begin today after OMB's testimony at approximately 12:30 p.m. Lastly, a quick reminder to my colleagues that the first round of questions for OMB will be limited to five minutes per council member. And if council members have additional questions, we will a second round of questions at three minutes per council member. We will now hear--I just wanted to also remind my colleagues that agency specific questions should be saved for the June 9th hearing. This one is about general--the Capital Plan and any general budget questions. We will now hear from OMB after they're sworn in by my counsel.

COMMITTEE COUNSEL: Do you affirm that the testimony you will give will be truthful to the best of your knowledge, information and belief?

DEAN FULEIHAN: I do. Good morning, Finance Chair Ferreras, members of the Finance Committee and members of the Council. I am pleased to be here this morning to discuss the Executive Budget of the City of New York for Fiscal Year 2016 on behalf of Mayor de Blasio and the Administration.

I am joined at the table by OMB's First Deputy Director Larian Angelo, and members of the OMB staff who will assist me in answering your questions today. As Mayor de Blasio has said, the Executive Budget reflects the fact that New York City has arrived at a complex and critical moment. On one hand, our city is vibrant and strong and capable of enormous growth under the right circumstances with the right investments. On the other hand, far too many New Yorkers are struggling. The City of New York has financial resources to address our mutual priorities and the challenges that New Yorkers face, but only if we establish smart, well thought out strategies and stick to them. At the same time, we must also recognize that one of our most important challenge is finding ways to protect our finances in the face of potential economic instability and lack of consistent support from our partners at the federal and state level.

New York City Executive Budget for Fiscal Year 16 is \$78.3 billion. It funds an agenda to make the City stronger, safer and more competitive when investments and goals we share with the City Council including Universal Pre-Kindergarten, supporting

renewal schools, addressing homelessness, bringing mental healthcare from where it is needed, building or preserving 200,000 units of affordable housing, maintaining our aging infrastructure, and lifting up NYCHA. This budget also strengthens our long-term fiscal health and protects us from economic downturns by continuing to work with all city agencies to help them find savings and become more efficient. Continuing to work with our employees so they can chart a clear path forward and boosting our reserves in the event of sudden economic downturns.

Before I delve into the budget itself, I would like to sketch out for you the larger economic situation we find ourselves in. In stark terms, today we are faced with a new and perhaps unprecedented economy. We are in the midst of--we are in the midst of what in some respects could be described as a long-term recovery. Yet, this so-called recovery has barely touched the vast majority of New Yorkers. It is stunning to note that 186,000 more New Yorkers fell below the poverty line in 2013 than fell below the poverty line in 2009 during the height of the Great Recession. Today, nearly 46% of New Yorkers living at or near the Federal Poverty

Line, as New Yorkers struggle in the midst of what is generally thought of as a recovery. We are seeing signs all around us that suggest there are troubled economic times ahead of us. During this recovery, U.S. GDP growth of 2.4% is the second lowest of 11 recoveries since 1949. Real wages have declined or remained flat in more than half the major industries of the city. New housing construction, a traditional employment driver, remains weak. The current recovery, which has been a weak one at best, is now at 70 months. That is ten months longer than the average modern expansion. If this recovery continues through our financial plan period, that is to say through 2019, then this will be one of the longest modern expansions ever seen. During the slowdown or if we enter a recession, all New Yorkers should have a clear picture of what will happen. The city's revenues from taxes and other income streams will decline. The demand for city services will go up as New Yorkers deal with the consequences of the economic downturn, and federal and state aid, which is already unreliable, will be slashed. Under those circumstances, most city governments react by increasing taxes and cutting vital services. This is

not wild conjecture. We have seen this happen before in recent memory. Let me give just two examples.

Following the Great Recession of 2008, New York City raised taxes by \$2.1 billion and cut services by \$3.5 billion. After the attacks of September 11th, 2001, the city raised taxes \$2.9 billion, which included an 18.--an 18.5% property tax hike, and the city cut services by \$3.6 billion. Nor should we expect help from outside sources. As I have said, New York City finds itself increasingly on its own. The Mayor was just in Washington where he urged Congress to increase federal transportation funding, and approve it on a long-term basis. So that we as a city and a region can make smart strategic investments in our infrastructure. That funding even for one year is set to expire at the end of this month. Now, we learn that the city faces potential cuts to SNAP and Medicaid. So, it is clear that whatever our plans are, they must take into account economic uncertainty by being fiscally responsible. This budget does that in a variety of ways. The budget is honest. It builds on our presentation last year and continuing to day. In this budget, we realistically account for labor

settings. This budget is strategic. We are making significant expense in capital investments, but they are targeted investments that bring us toward our larger goals in a smart and efficient manner. This budget is prudent. We have secured and continued to find savings and efficiencies from all part of our government, and we setting aside necessary levels in funds in three different reserves.

Mayor de Blasio sent a clear message to city agencies, and today agency savings--savings on debt will reduce spending by near a billion dollars in Fiscal Year 15 and 16 combined. This includes more than \$530,000 in agency savings along with over \$400,000 in debt servicings. In keeping with our goal to be as forthright as possible throughout this process, the Administration is documenting these savings and will continue to update the Council as our progress--on our progress as we go forward. I also want to note that the Health and Hospital Corporation, which is not an agency, but an independent authority has also found \$300 million in savings for Fiscal Year 16, and will be providing ongoing--ongoing annual savings. As Bob Linn, our OLR Commissioner reported in detail to the Council

last month the other big source of savings is the reduced healthcare costs. Our strategy for bringing healthcare costs down is unprecedented across all agencies, and it is already working. We have already hit our Fiscal Year 15 target of \$400 million in savings with guaranteed savings of \$3.4 billion through Fiscal Year 18 and a minimum of \$1.3 billion in savings each year thereafter.

We are strengthening our reserves in three ways: First, we are raising the General Reserves, the city's precautionary savings to \$1 billion, and plan to keep this reserve at that level annually through the plan. Second, we are raising the Retiree Health Benefit Trust Fund, which pays the healthcare costs to \$2.6 billion. That is enough to cover a full year's worth of retiree healthcare costs based on current projections through 2018. Third, we are establishing a capital stabilization reserve of \$500 million. This capital stabilization reserve is unprecedented. It will protect our ability to make significant and vital capital investments. Allow us to retire debt in a downturn, and pay for research before projects are funded so that our capital investments will be more cost-efficient.

So we have an expense budget that is sound and healthy. The Fiscal Year 15 Budget remains balanced. The Fiscal Year 16 Budget is balanced. We recognize that there are still out-year gaps that these must be addressed and they will go up in the event of an economic downturn. Our cautious and realistic projections have resulted in revenues greater than expected in Fiscal Year 15, and we are predicting higher revenues for Fiscal Year 16. This allows us to address the priorities of the Mayor and the Council alike, and I would now like to walk through some of the most important investments we are making in the expense budget. We think these are necessary to address some of the key issues we face now so they don't grow into more expensive problems in the future. And also, to paraphrase the Mayor to right some wrongs and reach some people who are going unreached and are in deep need. One group of investment goes towards protecting the most vulnerable New Yorkers.

We are making substantial investments of \$654 million mental health services for the coming fiscal year, and \$78 million in each out-year thereafter. This effort, which the First Lady of New

York has done so much work on, is going to change how we go about providing mental health services by connecting and coordinating the different agencies that address mental health care issues in areas such a renewal and community schools, family shelters, senior centers and our youth population on Rikers Island. NYCHA is another area where much more needs to be done. Federal investments in NYCHA have continued to shrink and the city has had to step in. In just the last 16 months we put \$200 million in additional city funds into NYCHA and waived the \$72 million annual payment the city had demanded of the Authority for policy. We're now going to eliminate the annual \$33 million NYCHA payment in lieu of taxes. We are also transferring NYCHA community and most senior centers to DYCD and DFTA. This will not only provide services, but save NYCHA an average of \$16 million a year.

We are investing \$100 million more in Fiscal Year 16 to address homelessness. We're providing rental assistance to almost 10,000 households to get them from shelter to housing. Anti-eviction legal work is projected to help almost 1,400 residents who are in many cases harassed out of

their homes or in other ways caused to leave their apartments. Finally, we've added 100 shelter beds for homeless and runaway youth, and as I've said before, have added mental health services in all of our family shelters. We are also providing a 2-1/2% wage adjustment to approximately 50,000 including raising workers at the lowest level to \$11.50 an hour. These are the workers in our not-for-profit agencies that provide vital assistance to the city, many in social service. We are investing in our children. Pre-K for all. We'll reach 70,000 children in the upcoming school year thanks to an additional \$114 million investment. We're committed to investing \$150 million.

We've already committed to investing \$150 million in renewal schools, and we'll add 50 more in Fiscal 16 and \$76 million every year thereafter. This money will fund after school programs, new personnel as needed, intensive tutoring, counseling services, more AP classes, mental health counseling, summer programs and vision screening. And each and every one of our community renewal schools will receive 100% of their fair student funding level over the two-year period. We are investing in public

safety. This budget builds on nearly three-quarters of a billion dollars over the next four years that have been added to the NYPD budget by this administration. As well as more than half a billion dollars of additional capital commitments. We are funding critical investments in new technology, police training and recruitment, and invest in much more. The Executive Budget adds funding for other critical safety programs including \$1.8 million in Fiscal Year 16 to expand our Shot Spotter, Gunshot Detection Program to 28 precincts.

In an other important safety initiative, we are investing \$36 million to fund the 14-Point Anti-Violence Plan for Rikers Island. That includes initiative such as the K-9 Program to keep weapons and drugs out of jail. A strategy to separate inmates likely to fight. Improve leadership development and specialized mental health training for correction officers. In addition, we are funding several key elements of our Vision Zero Initiative, \$5 million through DOT for signal retiming, and additional work on intersections and roadway markings.

I would now like to speak about our Ten-Year Capital Strategy. The Ten-Year Capital Strategy is the financial plan for One NYC, which is our blueprint for a stronger, more equitable, more sustainable and more resilient city. Our Ten-Year Capital Strategy is \$83.8 billion of which \$75.5 billion is city funds. The Four-Year Capital Plan represents a 24% increase over the four-plan that we presented you at the last Executive Budget. This strategy is a realistic reflection of our needs through 2025. Our debt service is maintained at the low 15% of tax revenues, and our first ever capital stabilization reserve of \$500 million means that we are cushioning our budget against any downturns. Capital stabilization is vital because we must make investments in infrastructure housing, and much more to keep our city growing, competitive, sustainable and strong.

Now, I'd like to talk about some important capital investments. We're investing an unprecedented \$7.5 billion for Housing New York, which will build or preserve 200,000 units of affordable housing. This will help keep our neighborhoods stable, diverse and open to all New

Yorkers. In addition, we will spend an additional \$1.17 billion over ten years to meeting the infrastructure needs of our affordable housing sites. We have also included more than \$1 billion over the next decade for infrastructure in neighborhoods to be rezoned. This includes laying sewers and water mains, building roads and creating more public open space. We are making critical investments to ensure a strong transportation infrastructure by increasing our contribution to the MTA for a total of \$657 million over the course of the five-year MTA Plan. We are also investing \$12.6 billion in DOT over ten years. This includes \$7.8 billion to restore and rehabilitate some of the 784 bridges under DOT's control and \$1.6 billion to resurface roads over ten years reaching 1,300 lane miles in 2017.

We are investing \$14.7 billion in DEP to maintain the quality of our water supply and to upgrade our sewage treatment facilities and sewer overflow controls. This includes \$2.6 billion to maintain the reliability of the water supply and \$1.2 billion for the build-out of a comprehensive sewer system in Southeast Queens to mitigate flooding.

The Three Library Systems are receiving and addition \$300 million for comprehensive renovation, construction and expansion for a total of \$623 million over the ten-year period. And an investment of \$1.8 billion is going to our One City Built to Last Initiative with the goal of reducing greenhouse emissions 80% by 2050 in part by retrofitting all city buildings to be more efficient by 2025. From DHS and DFTA to our libraries projects that help us maintain more energy savings in our public buildings may be considered for this capital funding.

Once again, I would like to thank the City Council for giving me the opportunity to speak to you today. Together, we are focused on what is more important--what is most important, lifting up our city within our means, and now I look forward to taking your questions.

CHAIRPERSON FERRERAS-COPELAND: Thank you Dean Fuleihan. I'm going to remind council members we have questions for five minutes the first round. The next--the second round will be three minute. As follow up, I'm going to ask my first round of questions, and I will come back for a second round.

All--as I expressed in the opening statement, and you alluded to in your opening--in your opening statement, all three rating agencies have expressed concerns about the city's long-term liabilities including debt, unfunded pension liabilities and unfunded health insurance for retirees. To quote Fitch, "Growth in the budget burden associated with these liabilities would negatively affect the city's credit rating." How is the city managing these liabilities? Should we focus on efforts in reducing the \$90 billion unfunded liability for retiree health insurance? If so, how? And does the size of these liabilities impact our long-term capital planning strategy?

DEAN FULEIHAN: So, let's walk through them. The pension liability, we are, I believe, getting close to 70% funded on our pension liability. We have an amortization to bring us to 100% fully funded, and that has--that was started about three or four years ago. It has about 20 years left in it, and we are paying that off. So we on--we are on a path to bring us to a fully funded pension system. On the Retiree Health Benefit Trust Fund, so the pension benefit is there--

CHAIRPERSON FERRERAS-COPELAND:

[interposing] I'm sorry, if we could--because I just wanted--

DEAN FULEIHAN: I'm sorry.

CHAIRPERSON FERRERAS-COPELAND: No, no, no. I just want to--I know we're on a path, but do you see what can get us off this path so that we can prevent having an issue?

DEAN FULEIHAN: So--so--my--my answer to you is twofold. One, what--what steps are we taking and you outlined those and I outlined and was going to expand on it, but I can go back to it. We are taking steps in each one of these areas. The--the easiest answer to your question, of course, is we are--we are building reserves. We are doing that in an unprecedented manner. We are raising the General Reserve to a billion dollars, which has not happened before. The highest I believe was \$400 million. The traditional level is \$350. Last year, the Mayor raised it to \$750 million a year, and now we're raising it to a billion a year. We are creating a capital stabilization reserve at \$500 million to deal with the type of priorities that you actually addressed. We are increasing the funding in the

Retiree Health Benefit Trust Fund. So that there's enough room in there to take care of one year. So we are building reserves. We are being cautious in our revenue estimates. We are maintaining our debt service, and what is an historic--and the Mayor showed this in his presentation--what is an historic measure of 15% of total debt to total taxes. Actually, in the report the City Council uses other measures. Those have actually been declining over time. So if you look at an historical--an historical picture of New York City, our percentage of debt--debt service to total tax revenues is very stable. We intend to keep it at that--at that level. So we are protecting ourselves against the risks that we both see.

CHAIRPERSON FERRERAS-COPELAND: Okay. I want to get into debt service savings. Debt service savings make up a significant port of the citywide savings program. The program accounts for debt service savings of \$159 million in Fiscal 16 and \$393 million in Fiscal 17 with similar savings moving forward. Generally speaking, how were you able to lower the city's expected debt service expenses?

DEAN FULEIHAN: So the debt service savings are through a variety of measures. The major ones are refunding. We're very aggressive in our refunding. We'll continue to be very aggressive in refunding while the interest rates remain low, and the others are the interest rate assumptions. And we have anticipated that interest rates would at this point in the recovery have increased. That's not-- that's really not what's been happening. So, we're able to take savings off those interest rates, and then there's some technical measures as well.

CHAIRPERSON FERRERAS-COPELAND: Now, you talk about the \$500 million Capital Stabilization Reserve, and really to support the Mayor's ambitious Capital Plan, the Administration plans for the reserve lacks explicit details regarding how it will be used. Can you explain how the Stabilization Reserve will be used? And I know that you mentioned this in the opening statement, but you refer to it in the earlier part of your opening statement as something that we can use to help when re-strategizing about the early parts of capital. So design and scoping, but then you refer to it again as

a use, or something we're using to reserve and protect. So you just--

DEAN FULEIHAN: [interposing] Yes.

CHAIRPERSON FERRERAS-COPELAND: --explain to me when will the--how--how do you see yourselves tapping into it, and how agencies be able to access the \$500 million, or is this something that you're just saving as a buffer or as a holding for--for--

DEAN FULEIHAN: [interposing] Its primary purpose is as a buffer. Is as a buffer we would like to see on an annual basis that is there in case of a downturn, and allows us to maintain those ratios that we both talked about. It allows us to maintain our debt service in an affordable way, the very concerns that you talked about with the riders. That's the primary purpose. There's also been concerns about the capital process, and can we speed that up and can we do things? And there are things in this budget for smaller project. There's a \$30 million increased scoping. There maybe times where we would actually step back and say okay there may be a project or something significant where we should be looking across agencies or at a major project, And, say maybe another pre-scoping would be appropriate

and then maybe this is a place to go to. But, the primary function, which the Mayor outlined very clearly last week was for the stability of our Capital Program and or ability to project our debt service.

CHAIRPERSON FERRERAS-COPELAND: And while we agree for, of course, the stability, from our Council perspective the--the amount of frustration that we have seeing capital projects move along it also kind of--it made us eager that perhaps this was a tool to help expedite that so--

DEAN FULEIHAN: [interposing] I'm--I'm quite sure working together we can figure out that--that appropriate balance.

CHAIRPERSON FERRERAS-COPELAND: Okay. So, we'll--we'll follow up on--

DEAN FULEIHAN: [interposing] I'm happy to.

CHAIRPERSON FERRERAS-COPELAND: Great. And if you could just--we have pay-as-you-go in our budget response--

DEAN FULEIHAN: [interposing] Yes.

CHAIRPERSON FERRERAS-COPELAND: --but
could you tell us what's the difference between your
program and our pay--pay-to-go?

DEAN FULEIHAN: As I understood it, and--
and once again, we can have further conversations on
this. As I understood the Pay-Go proposal, it was an
ongoing basis where we really want to create a
reserve similar to what you talked about in a rainy
day fund. If we had a reserve that was more--that
really the major priority was to be there in case of
economic risk.

CHAIRPERSON FERRERAS-COPELAND: So do you
think there is room for both programs?

DEAN FULEIHAN: I--I, you know, we're
open to have that conversation. I think they are
approaching the problem differently.

CHAIRPERSON FERRERAS-COPELAND: Right.
Well, we'll follow up with you because--

DEAN FULEIHAN: Fine.

CHAIRPERSON FERRERAS-COPELAND: --the
Council always likes to have the Council's
initiatives included.

DEAN FULEIHAN: I've learned that.

CHAIRPERSON FERRERAS-COPELAND: [laughs]

Times are relatively good and the Mayor has proposed tucking some money away, and creating buffers in anticipation of rainy days. For example, the Financial Plan calls for pre-paid debt, \$3 billion. \$280 in the Retiree Health Benefits Trust. \$500 million in the Stabilization Fund we just spoke about, and \$250 million in the General Reserve. Some states reserve more. In fact, some split the saving targets, a common model to build aggregated savings that reach 10 or 15% of annual revenue. How much should the city be saving? In other words, if the Administration already has a specific target of savings, and if so, what is our target?

DEAN FULEIHAN: So, when we came into office, the very first action was to reverse the decision to take a billion dollars out of the--the Retiree Employee Health--Health Trust Fund. So that was our very first decision. At adoption with you, we--we put in another \$640 million into the trust fund. We raised the General Reserve to \$750 for each year of the Financial Plan--Four-Year Financial Plan. We are now doing that at a billion dollars for '17, '18 and '19. So we--we are--we are making strides,

and we are making steps. We clearly are very focused on putting aside enough reserves. But, the exact number, I don't have an exact number. We are trying to protect against economic downturns, or what may happen with--with our partners in government.

CHAIRPERSON FERRERAS-COPELAND: Do you-- do you think that that would be a lucrative or wise exercise to do to figure out what that number would be for our city?

DEAN FULEIHAN: I think what we should do is exactly what we did in this budget, which is look at what our needs are, what investments we need to make and we do have investments--and I--I use that word even in our expense, not just on our capital-- that we need to make that secure our future. And actually, in some cases save money in our future. Those investments need to be balance with the kind of savings measures we're taking the reserves that we're building up.

CHAIRPERSON FERRERAS-COPELAND: So, as you mentioned earlier, and we mention in our Budget Response, we talked--we called for a very explicit rainy day fund, and we know that we need state action. This practice is used elsewhere around the

country. I know that the creation of local rainy day fund requires state authorization, but does the Administration support the Council's proposed rainy day fund?

DEAN FULEIHAN: We're happy to have this conversation. Our actions in the Executive Budget, our actions throughout this--the short Administration have been to put money aside to make sure that we're doing the savings. Not having to wait. We have many things that we are all asking for out of--out of Albany and out of Washington that we need desperately. So I'm happy to have the conversation.

CHAIRPERSON FERRERAS-COPELAND: So we're going to--this is something that's important to this Council in particular when it comes to transparency because this will be clear that it's a rainy day fund. We know exactly what it's used for, and some of our other savings programs have-- As--as you know, I'm a big proponent of transparency, and I know that you are, too. That's why you are working with us so closely on this. But, I--this Council really would like to see the rainy day funds established just because it allows us to be able to more confidently follow those savings.

DEAN FULEIHAN: Then we should continue that conversation. I will just add that the only thing this Administration has done is put money into reserves. We have not been taking them out.

CHAIRPERSON FERRERAS-COPELAND: Yes. The Mayor's Ten-Year Capital Strategy totals \$83.8 billion, which is the largest--the largest in the city's history. In fact, it's \$16.1 billion greater than the Preliminary Ten-Year Capital Strategy released just three months ago. Given this large increase in the Capital Program in such a short period of time, were agencies able to calculate the administrative needs this strategy will generate such head count increases and submit them to OMB in time for the Executive Budget?

DEAN FULEIHAN: So it's a twofold answer. They did submit additions. We hope the answer is yes, but--but it is worth stepping back. It is a capital strategy. It is a--it is a planning tool, and it is going to continue to be changed and developed as we move forward. We understand there are concerns about the implementation of the Capital Plan. We share those concerns. The Mayor shares those concerns. We're going to have to work together

on how we make sure that when a project is identified that the timeline can actually occur, and we're willing to work with you on that and the agencies on that. It's not going to happen immediately. It's capital planning. So it really does have a longer term time horizon, but we're happy to have and continue to have this conversation.

CHAIRPERSON FERRERAS-COPELAND: Well, we were hopeful that as we see this large increase of capital that there would be a reflective increase in expense for agencies especially when it comes to head count.

DEAN FULEIHAN: Well, once again, that's part of the reason for the pre-scoping to try to assist agencies. That wasn't done by accident. That was directly as a result of what you're talking about.

CHAIRPERSON FERRERAS-COPELAND: Will you consider the Inter Fund Agreements, funded positions, IFAs?

DEAN FULEIHAN: There--of course. They are there. If agencies need more, we're--we're, of course, happy to have those conversations?

CHAIRPERSON FERRERAS-COPELAND: The City has been able to commit an average of \$5.7 billion per year in city-funded projects. This strategy has an average level of city-funded plan commitments over the first four years of \$9.4 billion, which is before the roll of unspent Fiscal 2015 capital funds of approximately \$9.6 billion is add--is added to the strategy. One of the reasons of a large roll of capital appropriations from year to year is the length of the capital approval process. The Council understands that the capital approval process is by necessity a very detailed and complex one. However, the Council has received suggestions from several city agencies that OMB Certificates to Proceed, or the CP process could be speed up while maintaining proper stewardship of the city's finance. Would OMB consider streamlining the Certificate to Proceed approval process to help speed up the time it takes to begin a capital project? What can an agency--what can agencies do to help make the Certificate to Proceed process move faster from there end? And, are there areas of overlap between OMB, the Mayor's Office of Contracts and the Controller's Office that

could be eliminated to hasten the overall capital approval process?

DEAN FULEIHAN: So, you've raised this with me before--

CHAIRPERSON FERRERAS-COPELAND:
[interposing] Yes.

DEAN FULEIHAN: --and we committed to improving and we have dramatically improved that-- that process. So, we have--

CHAIRPERSON FERRERAS-COPELAND:
[interposing] So, can you, as you said, raised it before. Can you just walk me through how you've dramatically improved it?

DEAN FULEIHAN: We--we--the certificate approval process first of all we're working with agencies right up front. So all the information is on hand available when--when the certificate is submitted. So that's the first piece of, and turnaround time basically now is a month. So, I mean that--that is a significant change from you had before. It doesn't mean it occurs on every single project, but we have sped up the process. It is just one step. I mean you--you mentioned other agencies, but it's also how we deal with this entire very

complicated process. You also know that we have been concerned about the roll that we've talked about. Actually, we've been working with your staff on how we can deal that across the board. We've made some progress in that, but it is the Capital Budget. It's not going to happen overnight. We inherited this and, you know, we're--we are clearly addressing it. We want these projects to actually happen. We agree with you and, therefore, we have to figure out a way to be more efficient about it.

CHAIRPERSON FERRERAS-COPELAND: Are there any situations where you see where OMB, MOCS and the Controller's Office are rigorous--rigorously doing the same thing? Where can we figure out a way where process the--

DEAN FULEIHAN: [interposing] I don't believe we're doing the same thing, but I think we are trying to work together to see if there are ways to allow the process to move forward quickly.

CHAIRPERSON FERRERAS-COPELAND: So, from your perspective--and you might not be able to answer this question--but from your perspective where is-- where do we find the most challenging timeline. So you've expedited yours to 30 days in most cases, and

then through this process where do you feel that we can better engage?

DEAN FULEIHAN: I--I--I want to be careful. I really think it's through that entire process, and it's from the beginning, the beginning of the design right through construction and--and how we procure. Some of which is under state law, and some of which is under our control. So, I think it's a very complicated process. So I don't have an easy answer for that.

CHAIRPERSON FERRERAS-COPELAND: Okay. I'm going to now start the second round. Actually, I'm going to call members to ask their questions. We now have Council Member Rodriguez followed by Council Member Crowley. I'm sorry. We've been joined by Council Members Williams and Cornegy.

COUNCIL MEMBER RODRIGUEZ: Thank you. Look, one--one of my concern is that how we as a city are so behind on building, turning ourselves into like a more middle-class city. And when you shared with us that introduction that 46% of New Yorkers live close to the Federal Poverty Line, you know, like that's for me like my main concern that I have. And in terms of the question, how this budget is

focusing on addressing the need to create jobs in those CCAP [sic] where those 46% live? Because that's how those 46% are produced. They're coming from a specific CCAP. And those people they have to travel, and those who are working and living and making so low in the income, they have to travel many of them close to two hours to go to jobs. I know in the past there were some incentive for a developer who were creating jobs in the outer borough to have some incentive. So, are we doing this time around with the new legacy with this Mayor who, you know, we know that is so committed to close the gap to create jobs in those CCAPs where those 46% live.

DEAN FULEIHAN: So both the Capital Plan and the Expense Plan are very targeted towards developing and trying to address the income inequality issues. It is part of what One New York City was put on, and clearly, affordable housing, the infrastructure, the rezoning of communities this is to create new opportunities in those communities. There are in the expense side worker retraining initiatives where we're trying to refocus how we train workers. There is the targeted investment for the homeless shelters. There is what we're doing in

1 COMMITTEE ON FINANCE

42

2 education. There's opportunities that are occurring
3 in CUNY, the attempt to--to increase our investment
4 at CUNY. We're in the second year now of the
5 significant investment in CUNY that's STEM focused on
6 students in our community colleges. So, there are
7 many aspects of this budget that attempts to address
8 that.

9 COUNCIL MEMBER RODRIGUEZ: But I--but I
10 think it's important if we work being a little bit
11 more specific at the end of this process that we can
12 say this is the amount of money that we will dedicate
13 to create jobs through the workforce development,
14 through other sources of creating jobs.

15 DEAN FULEIHAN: [interposing] So--

16 COUNCIL MEMBER RODRIGUEZ: Because, you
17 know, it's like for me I believe in trusting this
18 administration because of the Mayor who we have. And
19 I know that everyone follow his leadership. So when
20 I--when we know that 46% that this is the data as you
21 share with us, what is our plan to move that number
22 in the ten years? Is our expectation to reduce that
23 number to 36%? How many jobs will we create because
24 those numbers are produced in a specific--

25 DEAN FULEIHAN: [interposing] Yeah.

COUNCIL MEMBER RODRIGUEZ: --area. And as I see it, in Northern Manhattan we have double digit unemployment, and that number has been there for years. And people there they have to travel in hours. So even jobs that we have in those communities they are not for the residents there, and that's what we have in the South Bronx, in Brooklyn and other places. It means it all about how are we tackling this program? How are we providing incentive so that we gave more invested to build jobs in those areas so that we can reduce those 46%?

DEAN FULEIHAN: So, let's also remember we had--we had city employees without contracts for years. So we had no contracts when we took office. The Mayor has now settled with 76% of the city workforce, which is treating them with the dignity that's required. This budget includes a 2-1/2 wage adjustment for those--for many of our social--for our social service providers, and raise the wage level to the living wage level in the--of the city at \$11.50. So those provisions are directly in these. And, of course, you know that we're being very active and joined with you in attempting to raise the minimum wage.

COUNCIL MEMBER RODRIGUEZ: And second, I would--I would like to see how to end the eviction, and this city address also a CCAP that has a similar situation. Like my Community Board 4 that I represent is the one that has the higher number of regulated apartments in the city of New York, and it is the second one with the highest number of regulated apartments after Buffalo. So I just hope that with the anti-eviction also we focused our resources in those communities that are needed the most. [bell] And the Yellow Taxi medallions, I would like to know how well we--what is the plan? Since we were not able to get the revenue last year and this year because the value went down, what is the plan for the future?

DEAN FULEIHAN: So we did have revenue in '14. The--the decision was made to postpone and--and to begin with irrespective of anything the actual--the schedule was much too ambitious to begin with. So, we have--we have postponed the medallion sales in-in--this year and into--and through '61--through Fiscal Year 16. And then we put forward a more rational schedule of 300 to 350 medallions a year.

1 COMMITTEE ON FINANCE

45

2 CHAIRPERSON FERRERAS-COPELAND: Thank
3 you. If you would give us a couple of seconds, we're
4 trying to readjust the clock.

5 COUNCIL MEMBER CROWLEY: Should I begin?

6 CHAIRPERSON FERRERAS-COPELAND: I'll keep
7 my clock here. So you can begin, yes.

8 COUNCIL MEMBER CROWLEY: [laughs]

9 CHAIRPERSON FERRERAS-COPELAND: Hold on.
10 I think we're almost there.

11 COUNCIL MEMBER CROWLEY: [off mic] All
12 right.

13 CHAIRPERSON FERRERAS-COPELAND: Oh, and
14 we've been joined by our former Speaker, Gifford
15 Miller. Thank you.

16 COUNCIL MEMBER CROWLEY: All right.

17 CHAIRPERSON FERRERAS-COPELAND: Welcome
18 back.

19 COUNCIL MEMBER CROWLEY: Welcome.

20 GIFFORD MILLER: [off mic] I think I'm
21 back. [sic] [laughter]

22 CHAIRPERSON FERRERAS-COPELAND: It's the
23 women. [laughter]

24 COUNCIL MEMBER CROWLEY: It's the power,
25 the Chair's, that is.

2 CHAIRPERSON FERRERAS-COPELAND: You may
3 begin.

4 COUNCIL MEMBER CROWLEY: Okay. Thank
5 you, Madam Chair. Good morning.

6 DEAN FULEIHAN: Good morning.

7 COUNCIL MEMBER CROWLEY: I want to thank
8 you for your testimony, and to your commitment to
9 what seems like a sound and fiscally responsible
10 budget. There are some areas I'd like to go over.
11 So I'm going to be watching my clock and moving
12 quickly. But first, I want to talk about DHS. You
13 know, forging this investment on homeless shelters
14 now and on homelessness, and--and do you think that
15 the city needs to no longer invest in new shelters?
16 Are we taking advantage of these vouchers to a point
17 where we could move families out of the shelter
18 system? And so, while your report says there are
19 about 2,000--10,000 households that have received a
20 voucher, does that mean that there's less of a need
21 for new shelters?

22 DEAN FULEIHAN: The goal is to reduce
23 homelessness. I mean that--this is an--this is a
24 significant unusual investment. If we go back to
25 when the Advantage Program ended, you see basically a

secular increase. And right, and clearly other factors--and the Mayor said this--had an impact on it. But it's--it's a straight line, and we are now turning that line, and the goal is to reduce homelessness. And that's why there is this serious investment.

COUNCIL MEMBER CROWLEY: Good so hopefully we will--we can close some shelters and get permanent housing. So, now when we look at your Financial Plan part of the One New York City that has to do with housing for New York, \$7.5 billion to build and preserve affordable housing unit. We had a Council oversight hearing last week on safety and construction sites. And it showed that we are increasing in the city, unfortunately, the amount of injuries and that's--on construction sites at an alarming rate. The study also showed that many of those sites are non-union construction sites. Unfortunately, so much of our affordable housing goes up non-union or without a prevailing wage, or project labor type of agreement. Where are we in ensuring that the jobs that get create are good jobs that people will be safe when working these affordable housing units? And--and as we look at the income

inequality in New York we know when you do have a union construction job, you make much more than you on the non-union construction site.

DEAN FULEIHAN: So this is a very ambitious and aggressive Capital Plan. It has many aspects to it including the affordable housing. Significant increases in the Department of Transportation, significant increases in other areas. The--the--it includes as part of that an infrastructure component, as you know, of over a billion dollars. It includes rezoning, which will also include infrastructure work of over a billion dollars. So, on the specific issue of the safety piece, I'll have to get back to you.

COUNCIL MEMBER CROWLEY: I understand this.

DEAN FULEIHAN: Understood.

COUNCIL MEMBER CROWLEY: And moving on, I'd like to go into the Department of Correction. I have oversight on the--

DEAN FULEIHAN: [interposing] Yes.

COUNCIL MEMBER CROWLEY: --Criminal Justice. You have a plan at Rikers Island where you have 14 points to making it safer for both the

inmates and everybody who works there including correction officers. It's only \$36.4 million. Roughly the same amount of money we put into the budget last year, and we've seen no improvement in statistics. Only a small population has seen a decrease in violence, while a greater population has increased. The vast majority of inmates and people working there are less safe based on the numbers of violence, and they continue to increase. Are we putting enough money, and are we serious with this plan. I know the 14 points go into attracting, training, retaining the best workforce, but there's no real academy to train these officers. And also, you talk about taking populations and separating them in the various different jails. I mean the jails are in seriously sore shape. The capital investment that needs to go into Rikers Island, and in that budget is not there, not in your budget yet.

DEAN FULEIHAN: So, there are capital improvements that are being made in there. They're significant. They have been increasing. The facility--the training facility there are funds to begin siting and deciding where that should be.

COUNCIL MEMBER CROWLEY: [interposing]
That's good. So there is a plan to put a new
training facility together.

DEAN FULEIHAN: There's a plan to study
where that training facility should be.

COUNCIL MEMBER CROWLEY: [interposing]
There's 400 acres on Rikers Island.

DEAN FULEIHAN: Understood.

COUNCIL MEMBER CROWLEY: Okay, good. So
I didn't hear that that's new.

DEAN FULEIHAN: And--and I'm quite sure
the Commissioner will have--

COUNCIL MEMBER CROWLEY: [interposing] I
look forward to that discussion.

DEAN FULEIHAN: --more specific details.

COUNCIL MEMBER CROWLEY: Final question,
22 seconds left has still to do with DOC, and the
quality healthcare delivery there. This year
Corizon, who has a contract with the city of over
\$100 million, \$130 million to provide healthcare
services recently was downgraded about two years ago
from a good rating to a fair rating, and may other
cities across the country [bell] are ending their
contract with Corizon. You mentioned a savings of

\$300 million in HHC. Is there a plan for us to work with HHC or some more reliable healthcare facility to not only bring down the cost of that contract, but ultimately to provide healthcare services.

DEAN FULEIHAN: So, I'm going to let the agency address that with you directly.

DEAN FULEIHAN: Thank you, Council Member.

DEAN FULEIHAN: I said I'd let the--the agency, the Commissioner should address that with you.

CHAIRPERSON FERRERAS-COPELAND: We will now have Council Member Miller followed by Council Member Levine.

COUNCIL MEMBER MILLER: Thank you, Madam Chair and thank you for being here. I'd like to first thank the Admin for it's \$1.2 billion infrastructure investment in Southeast Queens, and obviously that is a big relief on further mitigation to the homeowners of Southeast Queens. But, considering that this same community is home of one-third of the city's foreclosure population, 9,000 over the past two years, a loss of \$4 billion in wealth. And potentially \$25 to \$30 billion in tax

revenue for the city. Is there anything in there that addresses this issue on this upcoming budget?

DEAN FULEIHAN: I know there is foreclosure assistance that is provided through not-for-profit. I know--I know that we--we did have baseline amounts of money in that, and I know the Council put money in it last year. And so let me--I will come back to you with the specific numbers. But I know there is some foreclosure assistance.

COUNCIL MEMBER MILLER: Okay.

DEAN FULEIHAN: We'll get--we'll get you the exact number.

COUNCIL MEMBER MILLER: Yeah, there-- obviously and there is some--some--the potential to-- for the city to make some major investments and returns on some of these homes and some of the availability that exists within Southeast Queens and throughout the city I think which would solve a lot of our problems, and we should probably talk further about that.

DEAN FULEIHAN: Okay. So I'm happy to do that. We did baseline \$750,000.

COUNCIL MEMBER MILLER: Okay. How--how-- how are the agencies efficiency being achieved? It

wasn't really detailed in--in--in the budget. You're saying that there is a \$50 million--\$5 million savings through procurement.

DEAN FULEIHAN: So, look, they--the--we--we have put out a savings book. It's not been extreme. It's not different. How we got there is different, but it's not different than what you've seen in the past, and we're happy to monitor and work through with you. It's not the end of the process. It's the first time we've done this. We have actually--the Mayor has made it clear to the agencies we're going to continue to do this on an annual basis. The savings are a variety of things. They are--they are actually in some cases finding a more efficient way to deliver services. They are actually putting this--delivering the services for less cost, and you're seeing that. They are taking advantage and using more effectively federal dollars or state dollars, reprogramming in certain cases and in certain cases getting higher reimbursement that we were getting. The procurement savings is another example of that. The procurement estimates came in less than what had originally been anticipated. This has been a practice the city has used in the past

actually for a number of years, and--and we're able to take that. What we've done is--differently from last year--is compiled all this. Put it in place where you can see it, where you can track it, and then we can figure out okay now here's what we have. How do we continue to improve upon this?

COUNCIL MEMBER MILLER: So, are--are we-- is there oversight ensuring that each agency is in compliance with Local Law 63--

DEAN FULEIHAN: [interposing] Yes, we're--we're going to working--

COUNCIL MEMBER MILLER: --in particular considering that the amount of expiring contracts that are occurring now that we are reviewing them to ensure that that work can be done in-house, efficiently and effectively. At the same time ensuring that they are with living wages that can cut into that 46% of folks who are living at the Federal Poverty Level. Considering that in the past that a lot of the jobs that had been farmed out with loss of wages, loss of benefits often put families into some--that position.

DEAN FULEIHAN: One of the areas of savings actually is an expense increase, which is,

and you'll see it as you go through the savings book, but there our agencies that actually in-sourcing particularly on IT contracts. So they're actually bringing those contracts in, which is directly on point.

COUNCIL MEMBER MILLER: So where we find the biggest disparity obviously in human services and so forth do we continue to farm those out? Obviously, IT whether they're done in-house or out, those jobs are normally paying living wages.

DEAN FULEIHAN: Well, once again, we--we have taken an action that has not happened in years. We are now at a point of 76% of our workforce under contract, and we have also now had a wage--put a wage adjustment in for primarily social services providers. It goes beyond that, but that's the bulk of it. I believe it covers over 50,000, approximately 50,000 workers who will get a 2.5% increase this year, and make sure that they're at [bell] the living wage level of \$11.50.

COUNCIL MEMBER MILLER: Thank you so much.

DEAN FULEIHAN: Thank you.

CHAIRPERSON FERRERAS-COPELAND: Thank you, Council Member. We'll have Council Member Levin--Levine followed by Council Member Ignizio.

COUNCIL MEMBER LEVINE: Thank you, Madam Chair. Hello, Mr. Director and Deputy Director. Thank you for being here. So much good news in this budget on both the expense side and the capital side. I want to ask about how Parks fair in the capital budget. You described in your remarks about a billion fund that would be dedicated to infrastructure upgrades in the up-zone neighborhoods. This would cover things, you said like sewers and water lines, new streets, presumably transit improvements and Parks as well. How much of that billion or so is dedicated to Parks?

DEAN FULEIHAN: So, the billion--the billion is available for that purpose, which will include open space plans and that really is an effort that we're all going to have to do collectively. And I know you're going to have further conversations about this with City Planning. But it is putting aside funds and saying, okay, what other things, pressures are going to happen on a community? One of those is open space. One of those is Parks. So it's

going to have to be a dialogue. I can't sit here and say to you this is exactly what's going to happen in the community. There's a great deal of process that's going to have to go through the job basically you're going to play a significant role in.

COUNCIL MEMBER LEVINE: Right. It strikes me as less money when it first appears when you--when you account for all of your needs before you get to Parks, and the fact that it's just in neighborhoods.

DEAN FULEIHAN: So, I want to--I want to add again this--this is--this is a strategy and this plan can and will be modified. Right? I mean if it--every capital--every capital--every ten-year capital strategy ends up being modified significantly. We actually believe this is--and the reason it's such a large number is it--compared to the prior ten-year capital plan, it's a more honest reflection of actual reality throughout the ten-year period. But it does not mean that there won't be modifications that we're not going to continue having a conversation. That you're not going to add capital projects both at adoption now, and that we're not going to make adjustments to the years--to the years going forward.

1 COMMITTEE ON FINANCE

58

2 It seemed the prudent and appropriate number to put
3 forward now, but obviously we knew we were going to
4 revisit this.

5 COUNCIL MEMBER LEVINE: How--how much is
6 in the plan for the Community Parks Initiative second
7 round?

8 DEAN FULEIHAN: \$151 million.

9 COUNCIL MEMBER LEVINE: And, do you know
10 how many Parks that will fund?

11 DEAN FULEIHAN: I believe it's an
12 additional 32, but I will check and make sure.

13 COUNCIL MEMBER LEVINE: Got it. The
14 overall capital allocation for Parks was about I
15 believe \$4.6 billion last decade, and the coming
16 decade the plan puts it at \$2.5 billion.

17 DEAN FULEIHAN: I--I--actually, let me
18 check those numbers. I'm not--

19 COUNCIL MEMBER LEVINE: [interposing] But
20 is it fair to say, there's a significant drop?

21 DEAN FULEIHAN: No, I don't believe there
22 is. I'm--I'm assuming that what happened in those
23 numbers was the--the inclusion what you're maybe
24 including is remember this is prospective 16 through
25 25. It doesn't include the current year, which is a

significant amount of Parks capital, well over a billion dollars. Which whether fortunately or unfortunately will become part of that--that ten-year period. So we think the difference is much shorter--is much smaller.

COUNCIL MEMBER LEVINE: Even though in the past decade there were hundreds of millions invested in major Parks like Brooklyn Bridge Park or Highland or Governor's Island?

DEAN FULEIHAN: Let's remember, once again much of what happens in Parks happens on an annual basis. That's going to continue to happen.

COUNCIL MEMBER LEVINE: Just to understand. In other words you're saying that that could, the numbers could equalize over time as more money is added in year by year?

DEAN FULEIHAN: Correct, but--but there's also the amount of money in '15, which is well over a billion dollars in Parks, which will--will end up being part of this plan.

COUNCIL MEMBER LEVINE: Is there any money in the Ten-Year Plan for fulfilling the city's commitment on Bushwick--Bushwick Inlet Park?

2 DEAN FULEIHAN: I--I will get you exact
3 detail on this. I believe there is some expansion of
4 that, not the complete expansion.

5 COUNCIL MEMBER LEVINE: But you don't
6 have a number?

7 DEAN FULEIHAN: I will get you the
8 numbers.

9 COUNCIL MEMBER LEVINE: All right. You--
10 you touched on this in some of your previous
11 responses, but in the Parks budget it's clear that
12 we've had a hard time quickly, expeditiously
13 implementing Parks capital spending. And you've got
14 an aggressive proposal for spending here, which may
15 be more than we can handle. Can you address changes
16 that we can make to the Parks capital process so that
17 we spend or reallocate?

18 DEAN FULEIHAN: I--I believe actually
19 we're doing our part, but I believe the Parks
20 Commissioner has actually testified to you, and I'm
21 quite sure you're going to continue this conversation
22 that they are taking very strong steps to streamline
23 that process. They recognize the problem, and
24 they're trying to address it, and I think actually
25 they have made--they're already making significant

1 COMMITTEE ON FINANCE

61

2 strides in--in shortening the time period that they
3 inherited.

4 COUNCIL MEMBER LEVINE: Correct.

5 DEAN FULEIHAN: But the projects no
6 question we're taking quite a long time to get going
7 in.

8 COUNCIL MEMBER LEVINE: So as of--as of
9 today, about what portion of--for the year's outlays
10 are we actually undertaking during that year. [bell]

11 DEAN FULEIHAN: I'm--I'm not sure I
12 totally understand the question, but I'm happy to try
13 to figure out what that--what the question is and
14 what the answer is.

15 COUNCIL MEMBER LEVINE: Okay, I'm told
16 it's only 50%, but let's talk about that later.

17 CHAIRPERSON FERRERAS-COPELAND: Thank
18 you, Council Member. We will have Council Member
19 Ignizio followed by Council Member Gibson.

20 COUNCIL MEMBER IGNIZIO: Thank you, Madam
21 Chair. Good morning.

22 DEAN FULEIHAN: Good morning.

23 COUNCIL MEMBER IGNIZIO: I want to start
24 off on a positive note to say that we're appreciative
25 on Staten Island of the many allocations that were

for things that longed for before. And I know that the Mayor was very supportive of things like all road widening and my colleagues Debbie Rose and Jimmy Oddo worked very hard, Borough President Oddo worked very hard on the garage, which you heard way too much about. I know that, but we're--we're happy that it--that it made it to the budget. Some of things that I wanted to ask a question of is something that's going to be in budget negotiating. And overall I guess the policy for the city, which is what are we going to do about Fresh Kills, and Fresh Kills Road and is a major--is a major hole in the budget and is a major hole in Staten Island's desire to see finally roads that help our transportation infrastructure. It's a big price tag, and we're appreciate of it, and maybe that will be a multi-year attack. But, is that going to be addressed? Is it addressed in this budget? Which I believe it's not, and is it something that we need to have a conversation of with the Council going forward perhaps? It's questionable?

DEAN FULEIHAN: So, I'm happy to have a conversation about it, and you're right that it's--the overall plan is not addressed in here. We'll have a conversation.

COUNCIL MEMBER IGNIZIO: Okay, and--and I know that you mean that in a good vain because how we got to Arthur Kill Road and the garbage [sic]--and the Sanitation Garage was being able to have conversations like this. But I just want to put it on your radar by way of the record--the records radar to say that Fresh Kills Road is a major issue. It's the center of the island. It affects every Council District, and it addresses--it gives us an opportunity address our transportation laws.

Secondly, with regards to Vision Zero, how much funding is in the Vision Zero program, and it spelled out what the Vision Zero program is--what that funding on the capital side is for?

DEAN FULEIHAN: Yes, and we can give you detail.

[background noise, pause]

DEAN FULEIHAN: So this budget, but I think you're asking a broader question. This budget increases Vision Zero by \$5.2 million. In '16, it increases funding for street improvement projects, signal--well, you heard me--signal retiming.

COUNCIL MEMBER IGNIZIO: Yes.

DEAN FULEIHAN: Priority, 292 priority intersections, 154 priority corridors, construction of traffic signals, and equipment at corridor and intersection and redesign, and we can give you as much detail--

COUNCIL MEMBER IGNIZIO: [interposing]
Okay.

DEAN FULEIHAN: --that you need on this. And I--I also know, although I don't have the savings book endorsement here, I know we can give you detail on the entire Vision Zero program.

COUNCIL MEMBER IGNIZIO: All right, and the reason why I'm raising this is because--

DEAN FULEIHAN: [interposing] I had a feeling.

COUNCIL MEMBER IGNIZIO: --on Staten Island in particular we had a significant amount of actual parks, city parks that do not have sidewalks around them. So we are encouraging as policy of the city allowing it continue, kids to walk into the street on--on streets such as Arthur Kill Road, major intersections--

DEAN FULEIHAN: [interposing] Okay.,

1 COMMITTEE ON FINANCE

65

2 COUNCIL MEMBER IGNIZIO: --to walk in the
3 street to get to a park. The problem is the Parks
4 Department has always been the ones who stopped
5 because they said, Oh, we can't allow you to take
6 down trees. So there is a definitely inconsistently
7 in the Administration's policy with regards to the
8 implementation of Vision Zero with regards to
9 building sidewalks out so we could have safe ways for
10 kids and moms in strollers to get to parks. It's not
11 an issue that I'm asking you to speak of with regard
12 to the Capital Budget, but I wanted to ensure that if
13 we added funds to the Capital Budget for additional
14 sidewalks that that would be welcome under the
15 umbrella of Vision Zero.

16 DEAN FULEIHAN: So, we'll have a
17 conversation with the--

18 COUNCIL MEMBER IGNIZIO: [interposing]
19 I'd love these conversations.

20 DEAN FULEIHAN: --Department of
21 Transportation, and Parks I can't I mean obviously
22 [laughter] you--you set it up so we would have a
23 conversation.

24 COUNCIL MEMBER IGNIZIO: Yes. No, I'm --
25 I'm teasing and for those in my Assembly days, Dean

and I had a lot of conversations, and now we have conversations. I--I look forward to it, and those are two things that you wanted to put on the--on the radar and I appreciate the--the reserve funds that the Mayor is looking at. A rainy is always just around the corner, and--and I encourage actually this administration and all administrations to increase the reserves as much as possible so in a downturn we don't have to really take a hit to--to programs that people so greatly rely. And I'm grateful to the administration for adopting it, and I hope we can go even further. Thank you very much for your input.

DEAN FULEIHAN: Thank you.

CHAIRPERSON FERRERAS-COPELAND: Thank you, Council Member, and Dean, you're going to have to clear your schedule for all these conversations.

DEAN FULEIHAN: Yes. [laughs]

CHAIRPERSON FERRERAS-COPELAND: Great. We will have Council Member Gibson followed by Council Member Cumbo.

COUNCIL MEMBER GIBSON: Thank you very much, Madam Chair, and good morning and thank you for your leadership and your commitment--

DEAN FULEIHAN: [interposing] Thank you.

1 COMMITTEE ON FINANCE

67

2 COUNCIL MEMBER GIBSON: --and all the
3 work you're doing. It's good to see you again. I
4 have two very quick questions on NYCHA. The recently
5 state passed budget included a commitment of \$100
6 million for NYCHA. I'd like to know is that included
7 in our commitment of what we're going to do on the
8 capital end of NYCHA?

9 DEAN FULEIHAN: It's not. It's not
10 included. As you--as you recall, the Mayor raised a
11 challenge when he testified in Albany in February at
12 the--at the fiscal community hearings in Albany. He
13 said that we were prepared to do \$300 million. We
14 would like the State to match us. At the enacted
15 budget the State put \$100 million in. We are
16 proceeding with our funds. We do have \$300 million
17 in the--

18 COUNCIL MEMBER GIBSON: [interposing]
19 Okay.

20 CHAIRPERSON FERRERAS-COPELAND: --
21 Executive Budget. At this point, I can't tell you
22 what the State is going to be using that--those funds
23 for.

24 COUNCIL MEMBER GIBSON: Okay, and I just
25 like to have--

1 COMMITTEE ON FINANCE

68

2 DEAN FULEIHAN: [interposing] So they are
3 not tied. [sic]

4 COUNCIL MEMBER GIBSON: --another
5 conversation because I was also hearing that instead
6 of it going to NYCHA, it will be going through the
7 State HCR. So we'll talk about that further. The
8 NYCHA community and senior centers, the 57 that we've
9 been--

10 DEAN FULEIHAN: [interposing] Yes.

11 COUNCIL MEMBER GIBSON: --talking so much
12 about and the \$16 million we're looking to save, I
13 would like to know what impact that will have on
14 services. Are they union jobs that are in place, and
15 do the providers that currently service these centers
16 will they now have to compete for the money through
17 an RFP.

18 DEAN FULEIHAN: So, the--the--the goal is
19 obviously to provide services that NYCHA they were
20 having a difficult time actually focusing on. So
21 we're trying to provide actually improved services by
22 these changes. This is not the first time.
23 Obviously, this is the second stage when this has
24 happened. So the goal is to continue to provide
25 services. Any worker we are--we are making sure

that--that they get integrated into other city agencies, and that they continue to work for the city.

COUNCIL MEMBER GIBSON: I'm glad to hear that. The \$100 million that we're putting in to address homelessness, what's the dollar figure we're looking to invest in for civil legal services? Is that separate.

DEAN FULEIHAN: The dollar--yes. The dollar figure for civil for--the dollar figure for the Anti-Eviction Program, if that's what you're referring to--the dollar figure for the Anti-Eviction Program I believe--if someone would confirm--is \$19 million.

LARIAN ANGEL: [off mic] It's \$20 million.

DEAN FULEIHAN: I'm sorry. I was off. It's \$20 million.

COUNCIL MEMBER GIBSON: \$20 million?

DEAN FULEIHAN: Yes.

COUNCIL MEMBER GIBSON: Okay.

DEAN FULEIHAN: It goes to \$34--\$36--

COUNCIL MEMBER GIBSON: It goes up to \$36 over three years, right?

DEAN FULEIHAN: Over two years.

COUNCIL MEMBER GIBSON: Over two years,
sorry.

DEAN FULEIHAN: They--they--the reasons
three years, the beginning of the program, the very
small beginning was this year.

COUNCIL MEMBER GIBSON: Okay.

DEAN FULEIHAN: So it's a three-year
program that actually began in 2015.

COUNCIL MEMBER GIBSON: Okay, and then in
reference to public safety, I know we're making a lot
of investments in technology, the training, the
recruitment, the new vests--

DEAN FULEIHAN: [interposing] Yes.

COUNCIL MEMBER GIBSON: --which I
understand have now started to be distributed to
officers. I'm very excited about some of the new
initiatives around mental health, drop in diversion
centers, cease fire, reset, et cetera. The question
is with UPK and Vision Zero investments and
expansion, this Executive Budget does not call for
any increase in hiring additional school cross
guards, which are very important with all of the work
we're doing. So, I'd like to know have there been

any recent conversations because in addition, the recruitment challenges we face, the hiring practices annualizing health benefits and really making school crossing guards the valuable public safety soldiers that we know they are to continue to invest in them.

DEAN FULEIHAN: Right, well as part of the collective bargaining process you know that their wage base was raised. So I mean we clearly have not ignored the school crossing guard issue, but you're-- you're correct we do not expand the number currently in this budget.

COUNCIL MEMBER GIBSON: Okay. So we're definitely going to continue to keep talking about that. It's very important, Vision Zero, Universal Pre-K. It's important to make sure we have more school crossing guards across our city. In addition, with a lot of the work that the Police Department is doing, we've had some very lengthy conversations, very spirited discussions around the additional head count at the Police Department, the civilization, which I know Commissioner will talk about this week. But is there anything that you could share with us on recent conversations around head count or civilization?

1 COMMITTEE ON FINANCE

72

2 DEAN FULEIHAN: You know that we jointly
3 did the 200 civilization--

4 COUNCIL MEMBER GIBSON: [interposing]
5 Right.

6 DEAN FULEIHAN: --last year. We have made
7 and the Mayor and I articulated and we don't need to
8 repeat it that over three-quarters of a billion
9 dollar investment in the NYPD since this
10 administration began. So there are significant
11 investments that we're making. You've cited many of
12 the things that we're actually doing right now, the
13 bullet-proof vest, the additional cameras. There are
14 domestic violence--

15 COUNCIL MEMBER GIBSON: [interposing]
16 Right.

17 DEAN FULEIHAN: --consultants that are
18 going to be at each precinct--each one of the
19 precincts [bell]. So we're continuing and this--this
20 budget reflects that continuing investment.

21 COUNCIL MEMBER GIBSON: Okay. Thank you
22 very much. Thank you, Madam Chair.

23 CHAIRPERSON FERRERAS-COPELAND: Thank
24 you, Council Member. We are--have been joined by
25 Council Member Van Bramer. We will now hear from

Council Member--and Johnson--and we will now hear from Council Member Cumbo followed by Council Member Lander.

COUNCIL MEMBER CUMBO: Thank you. Thank you very much, Madam Chair. I have several questions. So I'll try and get to them as quickly as possible. You mentioned in your testimony that there would be a 2.5% wage adjustment to approximately 50,000 people including raising our workers to at least \$11.50 per hour. These are workers in not-for-profit agencies. Can you give me an example of some of those types of workers, and will it be indexed?

DEAN FULEIHAN: The workers are through most of our social service agencies and DYCD and their programs, and HRA and ACS. It's really again the social service providers--

COUNCIL MEMBER CUMBO: [interposing] Uh-huh.

DEAN FULEIHAN: --who provide services to the community whether it's to children or seniors or emergency service and homeless shelters.

COUNCIL MEMBER CUMBO: And will it be indexed?

2 DEAN FULEIHAN: It is not indexed. This
3 was--as you know, this had not--had not occurred for
4 years--

5 COUNCIL MEMBER CUMBO: [interposing] Uh-
6 huh.

7 DEAN FULEIHAN: --in some cases going
8 back to 2008 for many of these pro--for many of these
9 providers. What we have agreed to do is to work with
10 the providers to make sure that we have accurate
11 information from them, which quite honestly, we don't
12 have right now about the entire workforce and the
13 wage schedule. So what we did in this Executive
14 Budget was put forward the \$2.5 wage adjustment,
15 which has not occurred in years to--to measure them
16 against our living wage, the 11.50 dollars. There
17 are also \$10 million put aside here for Career
18 Ladder, which I don't believe has happened before to
19 recognize--

20 COUNCIL MEMBER CUMBO: [interposing]
21 Okay.

22 DEAN FULEIHAN: --that this--this is a
23 group of employees we'd like to encourage and--and
24 can work with in our training program and have them
25 succeed and move up.

COUNCIL MEMBER CUMBO: I think that's great. I do want to see some way so that something like that can be indexed moving forward so those same fights don't continue to happen. The next question feeds off of Council Member Gibson's question in terms of the NYCHA and the community centers. So are the senior--senior centers and community centers that we're talking about the same exact 57 as we were talking about last year. And there seems to be, and I know I've brought this question up a lot to you in terms of there seems to be a discrepancy where we don't know what's going to happen to all of them. So it says that most of them are going to go to DYCD, and--and--

DEAN FULEIHAN: [interposing] And all these mean--

COUNCIL MEMBER CUMBO: --and DFTA, but at the same time it says most. What are going to happen to the others--

DEAN FULEIHAN: [interposing] Sure.

COUNCIL MEMBER CUMBO: --and do we know what--do the others know what's going to happen to them, and where are we?

1 COMMITTEE ON FINANCE 76

2 DEAN FULEIHAN: So on the community

3 centers--

4 COUNCIL MEMBER CUMBO: [interposing] Un-

5 huh.

6 DEAN FULEIHAN: --it's all going to DYCD.

7 COUNCIL MEMBER CUMBO: All of the

8 community centers--

9 DEAN FULEIHAN: [interposing] All of the

10 community centers.

11 COUNCIL MEMBER CUMBO: --of those

12 original 57 are going to--

13 DEAN FULEIHAN: [interposing] No, I'm--

14 I'm--I want to make sure it is 57. I didn't want to-

15 -yes, it is 57--are all going to DYCD.

16 COUNCIL MEMBER CUMBO: The senior

17 centers?

18 DEAN FULEIHAN: The senior centers I

19 believe it is 15?

20 [background comment]

21 DEAN FULEIHAN: Right, it is 15 that are

22 staying with NYCHA at this time.

23 COUNCIL MEMBER CUMBO: Fifteen that will

24 stay with NYCHA?

25 DEAN FULEIHAN: Yes.

1 COMMITTEE ON FINANCE

77

2 COUNCIL MEMBER CUMBO: So all 57 will
3 remain open either through DYCD, DFTA or NYCHA? One
4 of those three agencies will pick up those community
5 centers and senior centers.

6 DEAN FULEIHAN: Correct. I just want to
7 make sure the community centers are 57 or it's the
8 combined number? It's the combined number. I
9 apologize. So the combined number is 57. All the
10 community centers will be moved to DYCD. Everything
11 but 15 senior centers will be moved to DFTA. The 15
12 will stay at NYCHA.

13 COUNCIL MEMBER CUMBO: Okay, and as
14 Council Member Gibson had asked, those agencies will
15 then, that are picking it up, the ones that are
16 picking it up will then RFP out those particular
17 centers to potentially private providers?

18 DEAN FULEIHAN: We will get you the exact
19 detail on how---

20 COUNCIL MEMBER CUMBO: [interposing]
21 Because that's a--

22 DEAN FULEIHAN: --they're doing each one
23 of those.

24 COUNCIL MEMBER CUMBO: --that's a big
25 issue there because our understanding is that once

they get RFP'd out, that municipal workforce will then be out of a job or out of work.

DEAN FULEIHAN: Once again, we are committed to make sure that the entire municipal workforce is taken care of either in NYCHA or other-- other city agencies.

COUNCIL MEMBER CUMBO: Okay, and I do want to talk about that one. I want to get on your list of meetings. The other one goes into--I also wanted to note that the Health and Hospital Corporation, which is not an agency, but an independent authority, has also found \$300 million in savings for Fiscal Year 16, and will providing ongoing savings. What about those private hospitals like in my district, Brooklyn Hospital, the oldest hospital in Brooklyn, New York, a private hospital that when these savings or these opportunities for additional funding whether it comes from the State or the City, hospitals like Brooklyn Hospital miss out on that. Is there some thought about what should happen for those hospitals that won't benefit from these cost savings?

DEAN FULEIHAN: Well, the benefit on HHC from the cost savings is--is what they are doing

internally, and they participated in what the Mayor put forward. In terms of driving additional healthcare dollars to New York City, you know, that the--the Mayor and all of you worked very hard to make sure that the Federal Medicaid Waiver occurred, which provided and will be providing [bell] significant amounts of money. Not just HHC but to the private hospitals as well.

COUNCIL MEMBER CUMBO: And just to follow up on that just quickly, even though it's not really following up on that, your Ten-Year Capital Budget at \$83 billion, what are your thoughts about prioritizing or incentivizing MWBEs in that process? It's an extraordinary amount of money. Will there be any thought? Is there any priority to making sure that those goals, if any, will be achieved through MWBE incentive programs?

DEAN FULEIHAN: Yes, the--the Mayor has clearly made MWBE participation a priority. We are increasing dramatically the participation in our procurement process of MWBEs and we're doing that through our city agencies as well as directly with the Mayor's Office through his Counsel Myra--Myron.

1 COMMITTEE ON FINANCE 80

2 COUNCIL MEMBER CUMBO: Okay, I was hard
3 to follow. [sic]

4 DEAN FULEIHAN: Yes, it is our goal to
5 make sure--

6 COUNCIL MEMBER CUMBO: [interposing] And
7 what is that goal?

8 DEAN FULEIHAN: It is our goal to
9 dramatically increase--

10 COUNCIL MEMBER CUMBO: To--

11 CHAIRPERSON FERRERAS-COPELAND: Thank
12 you, Council Member.

13 COUNCIL MEMBER CUMBO: [laughter] I can
14 tell when I'm---

15 CHAIRPERSON FERRERAS-COPELAND:
16 [interposing] I will put you on the next round. How
17 about that? Thank you. We have Council Member
18 Lander followed by Council Member Williams.

19 COUNCIL MEMBER LANDER: Thank you very
20 much, Madam Chair. Thank you to the Budget Director.
21 I'm going to focus at least my first round on the
22 Ten-Year Capital Strategy, and I really do appreciate
23 the seriousness that the de Blasio Administration
24 used in approaching it. I think it's the first time
25 the Ten-Year Capital Strategy has really been taken

seriously in some time, that there's a meaningful increase in funding and a real--in particular a focus of state of good repair, and that that's where a lot of the increase is. So all of that is great, and I don't want to be accused of sort of looking a gift horse or an investment horse in the mouth--

DEAN FULEIHAN: [interposing] Is there but?

COUNCIL MEMBER LANDER: --but obviously it's our job to figure out not just is it better than before, but is it adequate, and that's what I'm trying to figure out. I think the challenge is, you know, evaluating the Ten-Year Capital Strategy against what do we need to spend to keep our roads, bridges, libraries and parks in a state of good repair to get to the level of school seats that we have, you know, a school seat for each kid. And that turns out to be hard to do. We may or may not be able to afford what we need, especially, if we've got a 15% limit that we need to put on debt service for capital spending. But, I guess I want to start with that question about how I figure out what we need to be spending. I try to spend some time with the AIMS report. It doesn't look like that's been updated to

match the Capital Plan, and there are just widely disparate number. I'll give you one or two examples on bridges where no doubt you guys increased the money substantially. The AIMS has a number of \$522 million. The new Capital Plan is \$7.7 billion, but I don't know the number of what would actually be necessary to have a state of good repair on our bridges. Library is another example. It's great there are \$300 million more in the plan than there was, but the libraries are telling me we need \$1.1 billion. The AIMS Report says we only need \$21 million. So I shouldn't worry about it too much at all and, of course, for the coming fiscal year is a big goose egg. So I guess my first question is how are we supposed to evaluate what the city needs to achieve state of good repair on in its infrastructure before evaluate or are able to spend is sufficient and the figure out what to do about that?

DEAN FULEIHAN: Well, so once again, it's a dramatic increase over what you've seen in the past. It's the first--

COUNCIL MEMBER LANDER: [interposing]
Which I acknowledge.

DEAN FULEIHAN: --I do have to answer.
It is the first time in many years that a strategy
has been developed for the--

COUNCIL MEMBER LANDER: [interposing]
Which I also acknowledge.

DEAN FULEIHAN: Right, but it is going to
evolve. It is a strategy. This is not an ironclad
plan that we--that you and I are never going to have
a conversation about again, and that there won't be
other needs that come out. There are clearly
planning process. You talk about having DOT and
bridges and road, and there are complicated issues
there we may find are worth--cost more or actually
may be able--we may be able to accomplish for less.
So this is our best assumption--

COUNCIL MEMBER LANDER: [interposing] But
is there a document that we're working on that
someone compiled what is actually necessary for state
of good repair in different--at least with the
school, the School Construction Authority's Capital
Plan there's an analysis of how many school seats we
need, and a state--

DEAN FULEIHAN: [interposing] Right.

2 COUNCIL MEMBER LANDER: --of good repair.
3 And where we fall short we say this is just as much
4 as we can do. On the rest of the infrastructure do
5 we have something where--

6 DEAN FULEIHAN: [interposing] The
7 agencies are going through the very same process and
8 then looking at what they can accomplish. It's not
9 just affordability, by the way. It's also, and
10 you'll have this conversation at DEP. Sometimes you
11 can't accomplish everything in a ten-year period. So
12 part of it is accomplishment--

13 COUNCIL MEMBER LANDER: [interposing]
14 Have they giving you that large--that number of what
15 would be necessary for state of good repair?

16 DEAN FULEIHAN: They go through their
17 own--their own analysis. They work with us on what
18 is both--what can be accomplished and--and you're
19 right what is affordable, and that has to be a factor
20 in this.

21 COUNCIL MEMBER LANDER: Okay. I'm going
22 to come back to this offline because I--without some
23 understanding of what we really need to be spending,
24 it's difficult to evaluate the adequacy even if it's
25 what we can afford. We may need to look to other

things to do. So my last question for the first round just goes to the--the question that the Chair raised about capital projects management reform in order to be able to achieve. But I grant, it is a significant and ambitious increase even whether or not it's sufficient to achieve our state of good repair goals. And I really believe that an ambitious [bell] reform in our capital projects management is going to be needed to achieve it because we so often roll and fall short and lag agency by agency, but overall. And I know you said we'll have more conversations about it--

DEAN FULEIHAN: [interposing] Oh, we will.

COUNCIL MEMBER LANDER: --but is there a comprehensive process underway that you guys are looking at--

DEAN FULEIHAN: [interposing] Yes.

COUNCIL MEMBER LANDER: --to reform and improve citywide--

DEAN FULEIHAN: [interposing] Yes.

COUNCIL MEMBER LANDER: --our capital projects management?

DEAN FULEIHAN: Yes.

2 COUNCIL MEMBER LANDER: And I'm just
3 leaving that and when you can give us some details on
4 it.

5 DEAN FULEIHAN: [interposing] It's being
6 led by--it's being--it--we are all participating in
7 this. City Hall is very involved in this. I'm
8 involved in this. The Office of Contract Management
9 is involved in this. So, all the agencies are
10 involved in this. We've been having meetings. We're
11 having one next week actually. So we are continuing
12 this process. It will involve the Council as well.
13 There's no question because you had--you can be
14 helpful on this. We've actually already started
15 conversations with your staff. So it's going to be a
16 process. It's not going to happen overnight, but we
17 are making improvements, and as I pointed out to the
18 Chair when asked whether we would make on our piece
19 improvements in our process, we did, and we've
20 executed on it.

21 COUNCIL MEMBER LANDER: Okay.

22 CHAIRPERSON FERRERAS-COPELAND: Thank
23 you, Council Member Lander.

24 COUNCIL MEMBER LANDER: Thank you, Chair.
25

CHAIRPERSON FERRERAS-COPELAND: We will have our Council Member Williams followed by Council Member Cornegy.

COUNCIL MEMBER WILLIAMS: Thank you, Commissioner. Thank you, Madam Chair, Director, Deputy. I have a few questions. I'm going to try to get through them in five minutes. The first one, I'm glad that there was--there was some money in the budget for infrastructure. We made a housing plan. I'm still really trying to get to the heart of how we're going to do and fund the neighborhood strategies. I know there's money there. I'm still not sure what it is going to be used for, and how. I don't--I don't mean just for town hall meetings, but really how we're going to get community input. I co-chair the Position [sic] Task Force in the Council along with Council Member Mark Levine, who actually really is the engine driving behind the task force and he is there to support it. But, can you talk a little bit about how that funding is going to be used to make sure neighborhoods are involved in the rezoning? I think most of the fear comes from not knowing right now.

2 DEAN FULEIHAN: So, right now with this
3 what this puts forward for you is the resources that
4 are necessary for both the Affordable Housing, the
5 infrastructure for the Affordable Housing Plan and
6 then the neighborhood rezoning. So it's putting
7 forward the funds that are necessary. It does not at
8 this point--this is part of it being a strategy, and
9 it's going to change over time, and this will
10 probably change on an annual basis. It does not
11 delineate, and it can't at this point exactly how
12 those dollars are going to be spent. I don't think
13 you want it to delineate at this point. It really
14 does need to be a process that's being led by--by our
15 Deputy Mayor for Economic Development, Alicia Glen,
16 and by the City Planning Commission, Carl Weisbrod.
17 So you're going to clearly be involving them in a
18 dialogue that's going to involve community. You
19 don't want me to say exactly here's what's happening
20 in every single neighborhood. It would be
21 presumptuous, and we don't know at this point.

22 COUNCIL MEMBER WILLIAMS: Actually, I
23 would like to read it. [sic]

24 DEAN FULEIHAN: [interposing] Well, I--I
25 don't have it.

2 COUNCIL MEMBER WILLIAMS: But even as an
3 organizer you have a plan put into place of how
4 you're going to do it. So that, not even how the
5 results are going to be, but what the action plan is.
6 And so, I think we're looking for--

7 DEAN FULEIHAN: [interposing] Okay.

8 COUNCIL MEMBER WILLIAMS: --what the
9 action plan--

10 DEAN FULEIHAN: [interposing] Okay.

11 COUNCIL MEMBER WILLIAMS: --is going to
12 be. We really haven't seen that out.

13 DEAN FULEIHAN: All right, understood.

14 COUNCIL MEMBER WILLIAMS: I want to thank
15 the Administration for working with me on our Catch
16 Basin Bill that we had, and just to follow up on some
17 infrastructure, do you have any information about
18 where money is going to be spent on city sewers,
19 water mains and things of that nature?

20 DEAN FULEIHAN: Yeah, there's a
21 significant amount of money here, a large increase
22 in--in DEP spending, and I'm going to--on specific
23 amounts, I'm going to let the Commissioner address
24 that. But I'll give you the overall--if somebody
25 gives it to me--I'll give you the overall number.

COUNCIL MEMBER WILLIAMS: Okay, while you're looking for that, I'll go to my last area, which is a--a source of much frustration because I --I look on the news, I see a young man who was beaten pretty severely on the Avenue L train. I saw some new videos of people beat at McDonald's. There were some shootings in the Bronx. I believe innocent bystanders were shot. Someone was shooting in my district, and it is very troublesome about what we're doing. I'm a hip-hop fan. So I haven't done hip-hop, but I'm going to quote Tupac, and he has a line that says, "Since unless we're shootin' no on notices the youth. It's just me against the world. I got nothin' to lose. It's just me against the world, baby." And so I think that's very poignant to how young people feel. Many are not paid attention to unless they're shooting. Also, they also often feel it's them against the world. And I often just don't see that reflected in the budget. I know we're pushing for a thousand officers, which I am as well. But, it cannot just be the police, and if you think it's just police, then we're going to run into some problems.

So I was very upset when I didn't see actual money for jobs here for young people. There was a Chicago study that they increased jobs for the summer. Violent crime is less than 47%. I do thank the Mayor for expanding the work that the task force is doing in the Crisis Management System. Hopefully that will be expanded. But, more importantly what other--how are other departments looking at this? I know Operation Impact was in the Police Department. Is there an Operation Impact for DYCD? Is there an Operation Impact for the Mayor's Office of Mental Health. Are they looking at these communities in a way that they can have maximum impact with--with the issues that are going on in these communities. Because I actually don't know if our kids are getting more violent. I think media is spinning it really--really hard, and we have YouTube and what have you. But I really want to know what--what the answer to that is, and why are we not funding [bell] additional jobs. I think that is probably the single most important thing we can be doing for this summer.

DEAN FULEIHAN: All right, I'll come--I actually have--I'll come back to you on exactly what

1 COMMITTEE ON FINANCE

92

2 the agencies are doing and what DYCD is doing to
3 coordinate on this kind of endeavor.

4 CHAIRPERSON FERRERAS-COPELAND: So,
5 Council Member, also we're going to be focused on the
6 Executive Budget at the end on June 9th. So we can
7 circle back again.

8 DEAN FULEIHAN: I will come back with a
9 specific answer.

10 COUNCIL MEMBER WILLIAMS: Thank you. Can
11 I get the answer to the sewers?

12 [background comments, and pounding noise]

13 DEAN FULEIHAN: So we have \$4.1 billion
14 for our sewer projects over the ten-year period, and
15 I'll get you a comparison of the four year.

16 [background comments, pause]

17 CHAIRPERSON FERRERAS-COPELAND: Thank
18 you, Council Williams. We will have Council Member
19 Cornegy who is not here, if his staff could please
20 call him. Council Member Johnson followed by
21 Majority Leader Jimmy Van Bramer.

22 COUNCIL MEMBER JOHNSON: How good to see
23 you, Dan, and thank you for being here. I have a
24 bunch of questions. I'm going to try to rifle
25 through them. The City, Deputy Mayor Barrios Paley

and the Department of Health and Mental Hygiene have been waiting to see what the state's commitment was going to be on ending the epidemic related to HIV and AIDS in New York State. The state came up with approximately \$10 million, and the Council put in its budget response and asked for a match of what the state put forward since 80% of the epidemic takes place in New York City. The epidemic nationally, the epicenter is New York City, and we believe more needs to be done. I believe DOHMH probably agrees with this. It was not included in the budget, and I wanted to see if you had any update for us on that.

DEAN FULEIHAN: No, I don't. I know the report just came out, and we should be working on that with you.

COUNCIL MEMBER JOHNSON: Great. You know the city has nine STD clinics across the city. One of them is in my district in Chelsea, which is one of the most visited clinics. It closed on March 21st for renovations, which is a good thing that it's getting renovated, but a bad thing that services are no longer there. It's one of the busiest clinics. We put together a proposal that would allow mobile van coverage for different non-profit providers to be

1 COMMITTEE ON FINANCE

94

2 outside the clinic and provide all the services that
3 are going there. There is currently a Syphilis
4 outbreak going on in Chelsea [coughs] and across the
5 city. The cost would be \$520,000 per year to be able
6 to maintain services outside the clinic. And I just
7 wanted to flag that with you because it's going to be
8 an ask that I'm going to be pushing from now until
9 adoption.

10 DEAN FULEIHAN: Okay.

11 COUNCIL MEMBER JOHNSON: \$7.5 billion for
12 affordable housing; \$1.7 billion for infrastructure
13 related to affordable housing. How much of that \$7
14 point side--\$7.5 billion is set to go towards
15 subsidy?

16 DEAN FULEIHAN: It's all going for
17 subsidy.

18 COUNCIL MEMBER JOHNSON: It's all
19 subsidy?

20 DEAN FULEIHAN: The \$7.4 billion.

21 COUNCIL MEMBER JOHNSON: The \$7.4 is all
22 subsidy?

23 DEAN FULEIHAN: Yes, it's all leveraging.
24 Yes.

25

COUNCIL MEMBER JOHNSON: That's great. And the \$1.7 for infrastructure what type of infrastructure is that related to in affordable housing? Is it a local park? Is it Vision Zero upgrades? What type of infrastructure is it?

DEAN FULEIHAN: It's--it's the--it's the actual basic infrastructure of roads and sewers and part of that money has actually been placed in DEP. So \$300 million of that is actually in DEP. So it is the basic infrastructure. It is looking to make sure that we have enough along with what's been dedicated to the city agencies in the Ten-Strategy that they actually--we have enough to make sure that nothing slows down the very aggressive housing plan, the Affordable Housing Plan we have.

COUNCIL MEMBER JOHNSON: Great. Thank you. I want to get to HHC. I know when the Mayor made his announcement last week it was announcement that there were--you guys were looking for efficiencies across agencies. I believe \$300 million was talked about for HHC in cost savings. Right now, HHC is a \$7.1 billion corporation, as you know, and the city only gets 4% of city tax levy towards HHC. From now until 2019, the deficit related to HHC is

going to grow tremendously. It's going to be I believe like \$400 million this year mushrooming up to \$1.6 billion.

DEAN FULEIHAN: No, there's no deficit this year.

COUNCIL MEMBER JOHNSON: So, next year it's going to grow to \$400 million.

DEAN FULEIHAN: No, I--I actually, I do think there is--there is a out year deficit. We'll go over the exact numbers with you so we're using the same numbers.

COUNCIL MEMBER JOHNSON: Okay.

DEAN FULEIHAN: That is not to say that there are not serious issues with HHC going forward. So I don't meant to that, but we--we'll make sure that we're working off the same projections. And then 2019 I think you are correct that there is a deficit projected for HHC. Part of the reason that they have accepted the challenge, and they are finding savings on an annual basis as they're beginning to address that. Their Metro Plus effort is another attempt to address that.

COUNCIL MEMBER JOHNSON: Yes.

DEAN FULEIHAN: So they are--they are dramatically trying to do that. They're also asking, and we are asking for their fair share of--of aid from the state and the federal government. We still have, and this is not being reflected, the--with the Affordable Care Act there was an assumption that the uninsured [bell] would be picked up. And HHC's and other public health institutions like HHC would not have an ongoing liability that they had been having all those years. And that turned out to be true, as you know. But they still have a significant number of--where they are not getting reimbursed. And if that's phased out, and that's the 2019 number that you're looking at. If that--that revenue is phased out then we have a serious problem.

COUNCIL MEMBER JOHNSON: [interposing] So I'd--

DEAN FULEIHAN: Part of this is to make sure that doesn't happen.

COUNCIL MEMBER JOHNSON: So I'd loved to see the same numbers, and the last point I want to make, Madam Chair, is included in this plan is \$20 million for--in savings over the next four to five years on dialysis outsourcing. The Council is

against dialysis outsourcing. We have made it clear there's supposed to be a vote on this by the state I believe in June on whether or not it gets outsourced. We do not believe this is the right policy for patients, primarily patients of color who are on dialysis. And so, I don't know why this is being included in cost savings when this hasn't been voted on by the state yet.

DEAN FULEIHAN: Okay.

CHAIRPERSON FERRERAS-COPELAND: Thank you.

COUNCIL MEMBER JOHNSON: I--I don't think it should be included. Thank you.

DEAN FULEIHAN: Understood.

CHAIRPERSON FERRERAS-COPELAND: Thank you, Council Member Johnson. We'll have Majority Leader Van Bramer, and then we will begin our second round.

COUNCIL MEMBER VAN BRAMER: Thank you very much, Madam Chair. Good morning. Good afternoon.

DEAN FULEIHAN: Good morning.

COUNCIL MEMBER VAN BRAMER: First of all, I just want to say the \$300 million in capital for

libraries is a start, but it is just a start. And I wanted to see if you would join me in acknowledging that the need is far greater. It's--it's approximately \$1.4 billion for libraries for the Three Systems. And while we appreciate the \$300 million that's been added, and I see your totals in your testimony over the next ten years, but--but the need is far greater. Can we--can we stipulate that here?

DEAN FULEIHAN: So let's stipulate this that this is the first time there has been a sustained amount of capital resources put forward on libraries. Normally this is an annual process. The Ten-Year Plan has well over \$600 million, but the \$300 million is the first effort to say okay you have ongoing needs. Let's start to address that. I'm quite sure additional resources will occur with this adoption. And just like every other agency we've talked about, there's a significant amount that's going to be in '15 that's going to be rolled over on that. So, I--I--I'm not suggesting at any time that this fills for this or any other infrastructure need, a complete need. It begins to address a problem that no one had actually addressed before.

COUNCIL MEMBER VAN BRAMER: So, I--I--I'm willing to join you in stipulating that this is historic in the sense that for the first time libraries are in the Ten-Year Capital Plan and that is--that is meaningful, Dean. And as you know, we've worked well together, and I appreciate the Mayor's acknowledgement that there is a problem when it comes to our upkeep and maintenance of libraries and what we've done in the past. But it's also important to acknowledge, you know, and I think you just did in--in a way, but that the--the need is--is far greater than what is currently in the plan. And--and that libraries need more, and that we need to come back to this, and finish what has been a--an historic start to this investing in libraries campaign, which is incredibly important to the future of New York.

DEAN FULEIHAN: So I think we both made and acknowledgement, and the one other point I'll raise which--which I mentioned in the testimony or maybe in an earlier question is the energy--the energy efficiency piece, which we actually haven't focused on--is another place for the libraries to get long-term planning.

COUNCIL MEMBER VAN BRAMER: And do you have a sense of how much because I--that did come up in our private speaking with the Mayor. I remember that and it also-I--I see it's in your testimony, but do you have a--

DEAN FULEIHAN: [interposing] I don't have a specific dollar figure. We should work with the libraries and with DCAS and start talking about what that could be.

COUNCIL MEMBER VAN BRAMER: That would be incredibly helpful obviously because if there is a number, and--and part of that is going to help address the \$1.4 billion total need, that's helpful for everybody involved to have a sense of exactly what we're doing. And--and I just want to--to also see if we could agree, but part of the reason that we're in the situation that we are is because in the past--past administrations did not address this crisis in a meaningful way. And the longer you go without addressing ongoing maintenance and upkeep, the more expensive the overall task becomes, and I think you would probably agree with that.

DEAN FULEIHAN: Of course. I mean, actually, in my opening comments I indicated that

part of the reason for the investments are that we understand that these things become worse where they actually are--it's an investment. There's no doubt. I'm not arguing.

COUNCIL MEMBER VAN BRAMER: Right. So along those lines, I just want to say that's why it's so important that we get to the \$1.4 billion as quickly as possible because what is \$1.4 billion in capital needs for libraries today will be \$2 or \$2.5 going forward unless we address it. Because the issues that are being faced at--at the New Lots Branch Brooklyn or Morrisania in the Bronx or Corona in Queens will only get more expensive unless we actually address the \$1.4 billion as quickly as possible.

DEAN FULEIHAN: So once again, we've started down the road to addressing really what the libraries have put forward, which was to start having something they could count on in a sustainable way.

COUNCIL MEMBER VAN BRAMER: And I appreciate that, and appreciate the honesty and the frankness that we can engage in here about the need, the commitment and we will--we will meet again on June 9th apparently to talk about the expense side.

But I just want to continue to urge this administration to invest in libraries every single way as soon as possible. Thank you.

CHAIRPERSON FERRERAS-COPELAND: Thank you. We will have Council Member Treyger and then we will begin our second round.

COUNCIL MEMBER TREYGER: Thank you very much, Chair, for holding a very important and excellent and thorough hearings. A very simple question, and I--I think we know what areas, of course, are of great concern to my district and issues that are important to my committee as well. When can residents in my district and those in other Sandy impacted areas expect to--for work to begin on the NYCHA--Sandy impacted NYCHA developments? That's--that's really the crux of this. When can we expect that work to begin?

DEAN FULEIHAN: So I believe and I'm going to make sure I'll be corrected. So you should correct me if I'm wrong. I believe that NYCHA is finalizing its agreements with FEMA over the next few weeks, and that we expect work to begin over the summer. Am I correct in--Okay, I'm getting a yes. So, and I'm happy to, you know, we will keep in touch

with you, and I'm happy to make that--to give--to make sure of that timeline. But that's my understanding. My understanding is that--that the--the very successful amounts that we were able to negotiate with FEMA will be finalized over the next couple of weeks.

COUNCIL MEMBER TREYGER: The reason why I asked is because at the hearing I chaired a few weeks ago, we were told that NYCHA only has \$3 million in hand from FEMA when the damages are far greater. So, I--

DEAN FULEIHAN: [interposing] Well, the settlement with NYCHA is--

COUNCIL MEMBER TREYGER: Yeah.

DEAN FULEIHAN: Right, it's over \$3 billion.

COUNCIL MEMBER TREYGER: No, what I'm saying to you what NYCHA had in hand--

DEAN FULEIHAN: [interposing] Well, I'm quite sure that--

COUNCIL MEMBER TREYGER: --was \$3 million.

DEAN FULEIHAN: [interposing] I'm quite sure that--

COUNCIL MEMBER TREYGER: When the damages are towards the number that you're talking about. So I just--my main concern is for work to begin and let the residents return to a sense of normalcy as fast as possible. So what--what timeline could I tell my constituents with a straight face--

DEAN FULEIHAN: [interposing] So once--

COUNCIL MEMBER TREYGER: --when can work begin?

DEAN FULEIHAN: So once again, we believe it's being resolved with FEMA over the next couple weeks. We believe it begins this summer. Let's see if we can get you clear dates as we move forward.

COUNCIL MEMBER TREYGER: I would greatly appreciate that, and I'll reserve my questions for now. Thank you very much. Thanks, Chair.

CHAIRPERSON FERRERAS-COPELAND: Thank you, Council Member. We will now move the clock to three minutes, and we will start the second round. Actually, but before we start the clock, I just have two questions to ask. One is precinct renovations. In your Preliminary Budget Response, the Council renewed its call to the modernization of rehabilitation of the city's 77 police precincts. We

hired at several precincts, the 5th, the 60th, 77th, and 110th Precinct that were identified in the need of major renovations. However, NYPD's Capital Commitment Plan and Ten-Year Capital Plan does not include new capital funding towards major repair of these precincts. How will the Capital Stabilization Reserve impact the much needed renovations at these identified precincts? Which precincts are being included in the Reserve Fund and how were the precincts selected? And what length of time will a project remain in the scope development phase within the Reserve Fund before being realized as a capital project.

DEAN FULEIHAN: So, once again, there's a significant investment. Since last January by this Administration and the NYPD of over three-quarters of a billion dollars. Over \$500 million in capital. Those precincts you're talking about, you're correct, are not in this plan. As for the capital reserve, I actually don't see it for this purpose, but we could--we could be wrong. We could have a conversation with the NYPD about what needs to be done and scoping of that. Or that could come out of the other pre-scoping.

CHAIRPERSON FERRERAS-COPELAND: How do you--how do you see us addressing the needs of these specific priority precincts if it's not included in the plan?

DEAN FULEIHAN: You know what, we'll continue that conversation with you. We did not--we--obviously, you're correct. It's not in our capital plan at this point. We're happy to have the conversation with you.

CHAIRPERSON FERRERAS-COPELAND: Okay, and then I wanted to talk about the Education Plan. The Council's Preliminary Budget Response called for the Administration to fund the unfunded additional 16,616 seats in the city's public school system. Can you please explain why the DOE's new capacity program is not a--is not a priority, and how the Administration is planning to fund the unfunded seats?

DEAN FULEIHAN: I'm sorry, I'm--would you do that again?

CHAIRPERSON FERRERAS-COPELAND: So the plan does not include the unfunded seats.

DEAN FULEIHAN: I--let me go back. We funded what? The DOE plan is what? The--

CHAIRPERSON FERRERAS-COPELAND: The New Capacity Plan does not include the additional seats.

[pause, background comments]

DEAN FULEIHAN: Okay, so the DO--the DOE Capital Plan is the one they've discussed with you. It's at significant historic level. It also has the city picking up what used to be a state debt. The--the Building--the Building Aid--the Building Aid Revenue Bonds, which the state in 2004 had provided \$9.4 billion of. We have actually used those, and while we can still issue, basically city debt has to pick up. So the city debt is picking up a significant portion of the DOE budget much more than we had available to us before. So that was what was viewed as affordable. Let me go back on that specific request, though.

CHAIRPERSON FERRERAS-COPELAND: Yes, you know, specifically, we were talking about addressing the short needs. Many of our districts are overcrowded, and if we don't plan for them and they're not part of the Ten-Year Capital Plan--

DEAN FULEIHAN: [interposing] Understood, understood.

CHAIRPERSON FERRERAS-COPELAND: --then it just really raises a flag of need for our communities that's not being addressed. We will now go to the second round. We have Council Member Crowley followed by Council Member Levine.

COUNCIL MEMBER CROWLEY: Thank you, Madam Chair. Now, in the Plan, there's approximately \$4 billion that's put in--that we're putting away in savings, \$2.5 for healthcare savings. There's another million and then there's another half a million.

DEAN FULEIHAN: So, I'll do it again.

COUNCIL MEMBER CROWLEY: [interposing] That billion, this isn't a billion, it's \$4 billion.

DEAN FULEIHAN: The General Reserve is raised to a billion dollars, and that billion dollars is projected for '16 and '17.

COUNCIL MEMBER CROWLEY: [interposing] No, I don't--I'm not looking to get into what it's going--

DEAN FULEIHAN: [interposing] Okay.

COUNCIL MEMBER CROWLEY: --to be spent on. If we have a \$78.3 billion budget, are we just

1 COMMITTEE ON FINANCE 110

2 spending \$74.3? That's the question. We're putting
3 approximately \$4 billion away?

4 DEAN FULEIHAN: No, you're putting a
5 billion dollars into the General Reserve, \$500
6 million in to the Debt Stabilization Reserve and in
7 the current year, we're putting \$280 million more in
8 the current fiscal year into the Retiree Health
9 Benefit Trust Fund.

10 COUNCIL MEMBER CROWLEY: Okay, because in
11 your testimony, it says that we're putting \$2.5
12 billion into the Health Fund.

13 DEAN FULEIHAN: No, the Health--the
14 Retiree Health Benefit Trust Fund will then have
15 enough in it to reach approximately \$2.6 billion.

16 COUNCIL MEMBER CROWLEY: Okay, we're
17 putting--

18 DEAN FULEIHAN: [interposing] It already
19 has in it--

20 COUNCIL MEMBER CROWLEY: So much in total
21 are we putting away in savings this year?

22 DEAN FULEIHAN: The Retire--once again,
23 we are adding to an existing pool of money \$280
24 million, which will bring the Retiree Health Trust
25 Fund to \$2.6 billion.

1 COMMITTEE ON FINANCE 111

2 COUNCIL MEMBER CROWLEY: It's not--you're
3 not answering the question.

4 DEAN FULEIHAN: I--I--that--that is--
5 there's an existing fund.

6 COUNCIL MEMBER CROWLEY: [interposing]
7 I'm just asking of the \$78.3 billion budget--

8 DEAN FULEIHAN: [interposing] And I--

9 COUNCIL MEMBER CROWLEY: --how much of
10 that is--

11 DEAN FULEIHAN: So a billion dollars--a
12 billion, 500,000.

13 COUNCIL MEMBER CROWLEY: [interposing] A
14 billion, one billion.

15 DEAN FULEIHAN: A billion, 500,000.

16 COUNCIL MEMBER CROWLEY: So how does that
17 compare to that Bloomberg years in the percentage of
18 money they put away?

19 DEAN FULEIHAN: You know what, I--that
20 answer changes every single year. So there were
21 times when--

22 COUNCIL MEMBER CROWLEY: [interposing]
23 Roughly the same, more or less?

24

25

1 COMMITTEE ON FINANCE 112

2 DEAN FULEIHAN: No, it's--it's--our--it-

3 -it literally changes every year. They built up the

4 Retiree--

5 COUNCIL MEMBER CROWLEY: [interposing]

6 It's just a question of more, less or the same. You

7 have to be looking at prior budgets in order to be

8 balancing--

9 DEAN FULEIHAN: [interposing] Correct and

10 they were--

11 COUNCIL MEMBER CROWLEY: --future

12 budgets.

13 DEAN FULEIHAN: --and they were actually

14 all over the place.

15 COUNCIL MEMBER CROWLEY: Say that again.

16 DEAN FULEIHAN: hey were all over the

17 place.

18 COUNCIL MEMBER CROWLEY: [interposing]

19 They were all over the place.

20 DEAN FULEIHAN: There was a point in

21 time--

22 COUNCIL MEMBER CROWLEY: [interposing] So

23 it's roughly hard--it's hard to determine?

24 DEAN FULEIHAN: If you don't let me

25 answer, it's hard.

1 COMMITTEE ON FINANCE

113

2 COUNCIL MEMBER CROWLEY: I'm just looking
3 at my clock.

4 DEAN FULEIHAN: Okay.

5 COUNCIL MEMBER CROWLEY: I have 30
6 second. It's not to be rude. It's just-- Are we
7 putting enough money into the MTA Budget? If we're
8 reserving funds to spend in future years if a rainy
9 day may come are we not putting enough money?
10 Because even in the Capital Plan, you have \$2 billion
11 that's not yet allocated. Are we giving enough to
12 the MTA to that system that we're so reliable--we--we
13 rely so much upon?

14 DEAN FULEIHAN: So that \$2 billion is
15 for and tied [bell] to the Affordable Housing. The
16 MTA, what we committed to the MTA is exactly what the
17 MTA asked us to do, exactly. After that, they only
18 asked the City of New York, a state authority, a
19 regional authority to commit even more. The City of
20 New York--

21 COUNCIL MEMBER CROWLEY: [interposing]
22 But if they asked for more, could we have given them
23 more because they're crying about a \$15 billion
24 deficit.

25

DEAN FULEIHAN: I--I actually think and what the Mayor has proposed is that we actually have a regional coalition and that the state and we all come together and figure out how we actually address a \$15 billion shortfall. The City of New York already provides most of the tax revenue for the MTA. We provide 67% of the tax revenue. We provide over 75% of the fair box. We don't get that kind of distribution. We gave them exactly what they asked for when they had put together their capital plan. We financed it. No one else did. Then they came back and asked for additional resources. Our response was why don't we get a full plan together and let's work together.

COUNCIL MEMBER CROWLEY: Okay, so you're open to giving more?

DEAN FULEIHAN: We would like to see a plan come together for the MTA, and we do understand how important this is.

CHAIRPERSON FERRERAS-COPELAND: Thank you Council Member. Council Member Levine is not here. So we will have Council Member Rodriguez followed by Council Member Gibson.

COUNCIL MEMBER RODRIGUEZ: Thank you, Chair. We--the need to create jobs. With the SBS and Workforce Center, how much money are we allocating this year to support SBS, to expand the creation of Workforce.

DEAN FULEIHAN: So--so there's a few million. I'll get you the exact amount this year, but it's part of a multi-year attempt to really change a significant amount of money so that it has a much greater impact. The current year numbers are \$4.3 million for and \$1.6 for industry partnerships. But this is just the beginning really of a multi-year approach to transform the way we do training in the city.

COUNCIL MEMBER RODRIGUEZ: Okay, because what I think is that, you know, through those mechanisms we can address the new creative way to train those members of the community that on unemployment or those that have to be retrained to get a better job.

DEAN FULEIHAN: [interposing] We do that frequent. [sic]

COUNCIL MEMBER RODRIGUEZ: Okay, and my second question is on Vision Zero. That amount that you mentioned the five, point--

DEAN FULEIHAN: [interposing] The five.

COUNCIL MEMBER RODRIGUEZ: --with that initiative, how much more--how much--how much do we have for educational besides this amount?

DEAN FULEIHAN: Or there is additional amounts for education.

COUNCIL MEMBER RODRIGUEZ: So like \$5 or \$7 million?

DEAN FULEIHAN: I'll get you the exact number on the education piece.

[background comments, pause]

DEAN FULEIHAN: So, we have \$1.3 next year for educational?

COUNCIL MEMBER RODRIGUEZ: Okay, but I thought that--that when we heard the Mayor's budget announcement, the Preliminary, that was increase, and I'm not sure what the amount was more than \$5 million for education.

[background comments, pause]

DEAN FULEIHAN: All right. I don't want to make a mistake with you. We'll come back to you--

1 COMMITTEE ON FINANCE

117

2 COUNCIL MEMBER RODRIGUEZ: [interposing]

3 Great.

4 DEAN FULEIHAN: --with the exact
5 numbers.

6 COUNCIL MEMBER RODRIGUEZ: The point is,
7 as we have said before, we need to keep investing the
8 most--

9 DEAN FULEIHAN: [interposing] Yeah, we
10 don't--

11 COUNCIL MEMBER RODRIGUEZ:--the most we
12 can--

13 DEAN FULEIHAN: [interposing] Understood.

14 COUNCIL MEMBER RODRIGUEZ: --to the
15 educational part. As someone that, you know, I see
16 myself as a partner with this Administration with
17 Vision Zero, but we take also a lot of heat from some
18 of the pedestrians and the cyclists. And--and I
19 think it is important that we take this campaign to
20 the level it is required. So that we do the
21 educational part when it comes to how cyclists and
22 pedestrians and drivers should be responsible to
23 interact among each other. So--

24 DEAN FULEIHAN: [interposing] Okay.

25

COUNCIL MEMBER RODRIGUEZ: --for me the investment on the educational part is very important.

DEAN FULEIHAN: Understood.

COUNCIL MEMBER RODRIGUEZ: My last question is about [bell] how the city agency--how the city agency requested like additional head counts to OMB in order for them to do the job that we will ask them to do for the next--in the next ten-year capital plan.

DEAN FULEIHAN: So, once again, the-- it's a--it's a capital strategy. It is--it is a planning device. It's not the actual plan. It's where it's going to be changed over time. We are trying all of the city agencies, and we are trying centrally to speed up the capital process. If that requires additional--additional personnel, then we'll clearly make that investment. We're working with the agencies. Where are the needs to do that. So, in some places it's happening. In others it may have-- may need to happen into the future.

CHAIRPERSON FERRERAS-COPELAND: Thank you, Council Member Rodriguez. We will now have Council Member Gibson followed by Council Member Cumbo.

2 COUNCIL MEMBER GIBSON: Thank you, Madam
3 Chair, and thank you again. Just two quick questions
4 I had about housing. When you talked about our
5 Housing NY, you also mentioned that there will a
6 billion dollar commitment over the next ten years for
7 areas in the city, which are under the current
8 potential rezoning and upzoning. I'd like to know
9 you could give me a little detail on how that will
10 work. Because you talked about building roads,
11 layer--laying sewers and open space. Does that also
12 include transportation, and many of the New Yorkers
13 like I am currently in a zone now. And many
14 residents are talking about regulations on anti-
15 displacement and anti-harassment. So I'd like to
16 know what does \$1 billion over ten years mean for
17 neighborhoods?

18 DEAN FULEIHAN: It's--it's--it's about--
19 well, first of all, it's capital.

20 COUNCIL MEMBER GIBSON: Okay.

21 DEAN FULEIHAN: Right?

22 COUNCIL MEMBER GIBSON: Right.

23 DEAN FULEIHAN: I mean there is the anti-
24 eviction money we talked about, which is \$20 million
25 this year growing to \$36 million next year, which is

1 COMMITTEE ON FINANCE

120

2 specifically targeted for these neighborhoods. The
3 capital amount is there to make improvements that we
4 recognize will occur with rezoning. It is not, once
5 again--and I answered this before--it's not--nothing
6 is specifically designed. We recognize it's going to
7 be a process, and it's going to be a process we're
8 going to work on together. I pointed out the Deputy
9 Mayor Alicia Glen, and the City Planning Commissioner
10 are going to be involved. We recognize there's going
11 to be a community participation, but it is a fund of
12 money that we know we will need something on. We
13 don't know exactly what those resources are but, of
14 course, they're going to things like open space, like
15 transportation--

16 COUNCIL MEMBER GIBSON: [interposing]

17 Right, thoughts.

18 DEAN FULEIHAN: There may be additional--

19 Correct, there may be additional sewer and water
20 that's needed beyond what the agency have in their
21 current budgets.

22 COUNCIL MEMBER GIBSON: Okay, and does

23 that also include any support for capital for some of
24 the small business that may be impacted as well?

25

1 COMMITTEE ON FINANCE

121

2 DEAN FULEIHAN: It does not include
3 direct support for small business--

4 LARIAN ANGEL: [off mic]

5 DEAN FULEIHAN: Okay, but there may be--
6 there may be--there may be centers and other things
7 that they could participate in. There may be
8 workforce centers. There may be other community
9 things that help that small business.

10 COUNCIL MEMBER GIBSON: Okay, okay, and I
11 also wanted to ask because I represent several
12 developments that co-ops, and many of them have been
13 proud recipients of the abatement, the Co-op Condo
14 Abatement--

15 DEAN FULEIHAN: [interposing] Uh-huh.

16 COUNCIL MEMBER GIBSON: --that we've had
17 in place, and I know it's due to expire.

18 DEAN FULEIHAN: Yes.

19 COUNCIL MEMBER GIBSON: I just wanted to
20 know any conversations about enhancement,
21 strengthening, extending--

22 DEAN FULEIHAN: [interposing] Extending,
23 I believe--I believe the city has--

24 LARIAN ANGEL: [off mic] The city has
25 extended.

DEAN FULEIHAN: Yes, the city has extended a three-year--a three-year extension.

COUNCIL MEMBER GIBSON: Okay, no changes, just a straight extender?

DEAN FULEIHAN: A straight extender.

COUNCIL MEMBER GIBSON: Okay, okay. Thank you very much. Thank you, Madam Chair.

CHAIRPERSON FERRERAS-COPELAND: Thank you, Council Member. We will have Council Member Cumbo followed by Council Member Lander.

COUNCIL MEMBER CUMBO: Less than 30 seconds of the three minutes. I'm very impressed. My question goes back to the NYCHA community centers and senior centers. What I didn't come away with a clear understanding is the way you're handling or distributing the community centers and senior centers it says it will save NYCHA an average of \$16 million annually. So, I'm still curious about where--where the--

DEAN FULEIHAN: [interposing] It's saving the city. It's a savings to NYCHA, which is also an independent authority.

COUNCIL MEMBER CUMBO: So by transferring the different--

1 COMMITTEE ON FINANCE

123

2 DEAN FULEIHAN: [interposing] Yeah.

3 COUNCIL MEMBER CUMBO: --organizations

4 to--

5 DEAN FULEIHAN: [interposing] Correct.

6 We are picking--the city and DFTA and DYCD are
7 picking up costs.

8 COUNCIL MEMBER CUMBO: Okay.

9 DEAN FULEIHAN: So, I--I did not mean to
10 imply, and thank you for correcting this--we did not
11 mean to imply that it's an \$18 million net--net
12 savings. It is a--it is part of the way that we are
13 providing relief to NYCHA. The \$72 million in police
14 payments, that didn't disappear. We are now
15 providing an additional \$72 million to the Police
16 Department.

17 COUNCIL MEMBER CUMBO: [interposing] Uh-
18 huh.

19 DEAN FULEIHAN: That didn't go away. The
20 \$33 million in the pilot, that did go away, but it--
21 but it picked up by other resources

22 COUNCIL MEMBER CUMBO: Okay.

23 DEAN FULEIHAN: So--and it's the same on
24 the \$16 million.

25

1 COMMITTEE ON FINANCE

124

2 COUNCIL MEMBER CUMBO: The other one that
3 I wanted to talk about is more specific. It goes
4 into middle-school summer slots. So through the
5 SONYC Middle-School and Summer Slots Program and
6 DYCD, summer slots were cut. For example, in total,
7 University Settlement and Brooklyn and Manhattan
8 programs will lose 615 middle-school slots.

9 CHAIRPERSON FERRERAS-COPELAND: I'm
10 sorry, Council Member, I hate to cut you off, and I
11 know that's in our key [sic] of questions, but that
12 wasn't an expense related question. So we're going
13 to save that for the Commissioner and for when Dean
14 comes back June 9th.

15 COUNCIL MEMBER CUMBO: Fantastic.

16 CHAIRPERSON FERRERAS-COPELAND: But, I
17 will save that one for you. It will have your name,
18 and it's yours.

19 COUNCIL MEMBER CUMBO: Thank you very
20 much.

21 CHAIRPERSON FERRERAS-COPELAND: All
22 right.

23 COUNCIL MEMBER CUMBO: So, I'll give you
24 a little time to think about that one.

25 DEAN FULEIHAN: Yes.

COUNCIL MEMBER CUMBO: Thank you.

CHAIRPERSON FERRERAS-COPELAND: Thank you, but you should be prepared to answer that question.

DEAN FULEIHAN: Thank you.

CHAIRPERSON FERRERAS-COPELAND: We will now have--hear from Council Member Lander followed by Council Member Johnson. Thank you.

COUNCIL MEMBER LANDER: Thank you, Madam Chair. First, I do want to underline how enthusiastic--enthusiastic I am about the living wage steps that we're taking in this budget, which I don't think got enough attention. That's some work that we have to do together. One question on is the fund for city employee and contracted social service workforce development, I'm interested in learning more about that. What Commissioner should I be asking those questions of, and, you know, so we can understand those?

DEAN FULEIHAN: You mean on the Career Ladder and how we're going to--

COUNCIL MEMBER LANDER: [interposing] The Career Ladder Initiative.

1 COMMITTEE ON FINANCE

126

2 DEAN FULEIHAN: You should be talking to-
3 -have the conversation with us, and we'll make sure
4 that everybody gets involved. We're going to do it
5 across the city. OLR is going to be involved, the
6 Deputy Mayor in that area is going to be involved.
7 So it's--it's a broad base, and we're going to
8 involve the providers. They actually need to be part
9 of this conversation.

10 COUNCIL MEMBER LANDER: So I would like
11 to learn a little bit more about that--

12 DEAN FULEIHAN: [interposing] That's
13 fine.

14 COUNCIL MEMBER LANDER: --if we could
15 some data--

16 DEAN FULEIHAN: [interposing] Sure.

17 COUNCIL MEMBER LANDER: --information
18 that's available so far. It was something that the
19 Council had also been kind of thinking about, and
20 we're thrilled to see that and support it, and would
21 like to do more. I want to follow up on Council
22 Member Gibson's question on school crossing guards
23 because it's not so simple as we raised the wages,
24 and didn't expand the head count. I just want to
25 make sure you're aware that's a category of employees

are capped right now at 25 hours a week, and most of them only work 20 a week. But in the morning and the afternoon in a way that makes it very difficult to hold a second job. And then we lay them off for two months in the summer, and require them to pay their own health benefits with all that money they made at \$11.50 an hour for 20 hours a week. And as a result, we can't keep them on the corners because it's not a particularly good job. And so, turnover is extremely high and recruitment is difficult. So we not--we haven't yet made that a living wage job even though we boosted it hourly from \$10 to \$11.50, and in addition to exploring more of the funding of more slots, we've got a--we're a couple hundred slot shy of our current funding levels--

DEAN FULEIHAN: [interposing] That's right.

COUNCIL MEMBER LANDER: --because we can't keep them full because of these problems in job quality.

DEAN FULEIHAN: Okay. But, no--I--you're absolutely right. There is a vacancy piece. I listened to what you said.

COUNCIL MEMBER LANDER: Great.

DEAN FULEIHAN: Well, we'll con--we'll have that conversation.

COUNCIL MEMBER LANDER: I look forward to it. And then my last question on--on the new revenue side I appreciate the proposal for the mansion tax, which I think is a good one. I hope Albany will--will listen. One that I noticed wasn't in there, and I was just curious if you had given it some thought given that the Mayor has been supporting it as a national issue is tax and carried interest as income and not as a capital gain in the UBIT where we do that in the PIT.

DEAN FULEIHAN: Yes.

COUNCIL MEMBER LANDER: But, you know, doing that in the UBIT could bring another \$200 million. Is that something that would take Albany as well as would the mansion tax. But I wonder whether it's something you've explored and considered proposing.

DEAN FULEIHAN: [bell] We have not put that forward and we have focused on the mansion tax for this legislative session, and I think that's our priority at this time.

CHAIRPERSON FERRERAS-COPELAND: Thank you, Council Member Lander. We will hear from Council Member Johnson followed by Council Member Miller, and Council Member Johnson is not here. Council Member Miller.

COUNCIL MEMBER MILLER: Thank you, Madam Chair. Again, so going back to what we talked about the loss of tax revenue during--because of some of the foreclosures as well as the Administration's conscious efforts to reduce fines on small businesses. Could you go--could you explain some of the fines and things where we hope to achieve these dollar amounts?

DEAN FULEIHAN: So, I--I hope I'm going to answer this properly. So the--the--the Mayor did institute a reduction in small business fines and fees. That is occurring. If you're asking me is the overall fines and fees going up?

COUNCIL MEMBER MILLER: Yeah, we're--we're--so how we achieve--so these are additional dollars.

DEAN FULEIHAN: Yes.

COUNCIL MEMBER MILLER: And I know that there's been a loss of revenue because of

2 foreclosures--residential taxes as well as the amount
3 of taxes that have gone--fines have gone down in
4 those small businesses. Where do we make up these
5 differences?

6 DEAN FULEIHAN: Oh, okay. So there is an
7 increase in miscellaneous rev. Well, first of all,
8 there's an increase in the overall tax base, and then
9 there's a--and then there's an increase in other
10 areas of miscellaneous fees that we would hope over
11 time would also go down, but Vision Zero, for
12 example, has increased. The red light cameras, those
13 fines have increased.

14 COUNCIL MEMBER MILLER: Okay, on the--
15 considering the considerable investments that have
16 been made on the affordable housing, how many jobs do
17 we expect to gain from this plan?

18 DEAN FULEIHAN: I'll have to get you the
19 exact number in the plan. I don't want to speculate.
20 I'm quite sure they have these numbers.

21 COUNCIL MEMBER MILLER: Okay. So in--in
22 terms of the investment that--that the additional
23 dollars that will be contributed to the MTA, if we
24 are not able to achieve our goal of the--the entire--
25 we have \$16 billion, let's say for the capital plan,

how do you prioritize the needs--the essential needs of the plan. Are you going to leave that up to the MTA?

DEAN FULEIHAN: So, two things. Our goal is to achieve this ten-year strategy. Our goal certainly is to achieve the four-year plan that's before us. That's the reason for putting aside the reserves that we've outlined, and I won't do it again and go through it. But in particular the Capital Stabilization Reserve. On the MTA, the MTA in their Capital Plan asked the city to make a commitment. The city make that commitment. No one else has done that. They only have come back to the city, and asked for additional resources. They Mayor has made it very clear that we are willing to work on a community--on a regional basis. The city provides most of the support for the MTA, and

COUNCIL MEMBER MILLER: [interposing] So--so that [bell] being said, I think what--what we're trying to get out, we are experiencing obviously in rapid--in rapid transportation as well as surface buses, we have some of the oldest and most antiquated and unsafe equipment that has been on the road in decades. A lot was scheduled to be replaced

including thousands of buses that have yet to come in, and how do we then fund this as well as upgrading our rapid transit system? And is this a priority beyond rapid transit in some of the Admin's new initiatives that they are taking?

DEAN FULEIHAN: Once again, it is a priority. We provide significant operating assistance to the MTA independent of the entire capital conversation we have had. So we--it--it is a regional--it is a regional question and we are willing to address it, and work together to make sure that this vital part of the New York City economy continues--continues to be--continues and can move forward. I mean we--we're not disagreeing with that. The point that we're making very clearly is that the--the--what the MTA did, what they requested we met. And that was an obligation we met. They asked us for a certain commitment on the Capital Budget, and we kept that commitment.

COUNCIL MEMBER MILLER: I thank you. Could I just one more ask. So, I know that's the last time--

CHAIRPERSON FERRERAS-COPELAND:
[interposing] Council Member, I appreciate--

2 DEAN FULEIHAN: [interposing] And just--
3 just to--it's \$5.2 billion in operating assistance
4 over--over the five years.

5 COUNCIL MEMBER MILLER: So, could you--
6 and--and--and I know you--you attempted to answer
7 this before. Could you just send the Council back
8 the efficiencies that we hope to achieve during--from
9 each agency, please?

10 DEAN FULEIHAN: It's--that is included in
11 the savings book and we will continue to work with
12 your staff and monitor as we go along. We're
13 committed to that.

14 CHAIRPERSON FERRERAS-COPELAND: Thank
15 you, Council Member Miller. We will have Council
16 Member Treyger.

17 COUNCIL MEMBER TREYGER: Thank you,
18 Chair. I just want to go into a couple of issues,
19 schools and parks. Just to tell you, average--on
20 average council members, you know, should be using
21 their capital funds, Reso A funds to get maybe a
22 science lab or technology improvements, enhancements.
23 The number on request that I'm receiving is--are
24 infrastructural requests, wiring for a school. They
25 can't get a computer lab because the wiring in the

2 building is very old and antiquated. Many of the
3 schools in my district were built during the New Deal
4 era, or as a result of money from the New Deal. I--I
5 know that you meet regularly or with other
6 commissioners and other agencies and I--and I kind of
7 see this issue as similar to the issue of even
8 housing or libraries sometimes. That sometimes
9 there's a focus on future housing, but not about
10 existing housing stock. Sometimes a focus on future
11 schools. What about the existing schools. What is
12 being done to prioritize funding for the existing
13 aging antiquated schools that we have where I'm
14 getting requests to fix roofs and wiring when in
15 reality Council money should be used to get
16 technology or build a science lab. I'd like just to
17 hear a comment on that.

18 [background comment]

19 DEAN FULEIHAN: Okay. So in the Five-
20 Year Plan, there is \$650 million for technology
21 improvements. I will--

22 COUNCIL MEMBER TREYGER: Is that
23 technology you said? Without roofs and--is that--?

24 DEAN FULEIHAN: I was answering your
25 technology piece.

COUNCIL MEMBER TREYGER: Okay.

DEAN FULEIHAN: I mean on the technology piece there's \$650 million.

[background conversation]

DEAN FULEIHAN: And--and then the State Bond Act Funds that were passed last year, which we're just getting guidelines on. That's another \$783 million and one of its--one of its provisions is actually technology as well.

COUNCIL MEMBER TREYGER: Because I--

DEAN FULEIHAN: [interposing] So this may be an opportunity when we actually do have a significant amount of money.

COUNCIL MEMBER TREYGER: Well, because my schools probably can't receive that because the wiring is from the 1930s and the '40s. They can't even get a new computer lab.

DEAN FULEIHAN: This is for infrastructure upgrades at schools. So, I--let's--you know what, the best way to actually follow through on this is for you to tell us, and we'll talk to SCA and see what the answer is.

COUNCIL MEMBER TREYGER: Okay, I would really--

DEAN FULEIHAN: [interposing] I mean I know we have the broad categories, but you're asking a more specific question and I think we--for that we'll have to--we'll have to talk to SCA.

COUNCIL MEMBER TREYGER: I just think it's important--and I'm use the remaining time just to focus on this part is that I want us to make sure that we're addressing existing needs right now, and not needs of over 20, 30, 40 years from now.

DEAN FULEIHAN: Understood.

COUNCIL MEMBER TREYGER: There are many pressing needs today, and I will--

DEAN FULEIHAN: [interposing] Sure.

COUNCIL MEMBER TREYGER: --I will give back the--my time to the Chair. Thanks, Chair.

CHAIRPERSON FERRERAS-COPELAND: Thank you, and I just wanted to focus in on I know that you have committed to many conversations, and many of which have been, but not limited to ways to speed up the capital process.

DEAN FULEIHAN: Uh-huh.

CHAIRPERSON FERRERAS-COPELAND: How to make the necessary renovations to precincts adequately--the ones that you have already identified

as needing repairs, and how to address funding for the 16--over 16,000 unfunded needed public school seats. The community input process for the Neighborhood Development Fund, and we really look forward to engaging in those conversations hopefully sooner rather than later. And to address the other things that we weren't able to address today. My Committee will be forwarding to you our usual letter, which will include a lot of the questions that weren't asked today. If you can please commit to responding to that as soon as possible so that we can--

DEAN FULEIHAN: [interposing] Right.

CHAIRPERSON FERRERAS-COPELAND: --use it for negotiation purposes. Yes?

DEAN FULEIHAN: Yes.

CHAIRPERSON FERRERAS-COPELAND:
Excellent. So we will see you again on June 9th.

DEAN FULEIHAN: [interposing] Thank you.

CHAIRPERSON FERRERAS-COPELAND: I hope you're paying attention and watching us from now to June 9th with all your commissioners.

DEAN FULEIHAN: Absolutely.

CHAIRPERSON FERRERAS-COPELAND:

Excellent. Thank you all. We're going to take a 10-minute break before we hear from the public. Dean, if you can also leave someone behind to listen to the public portion of--of this hearing, I would greatly appreciate it. A 10-minute break. We will resume with the public portion of our hearing. Thank you.

[pause]

SERGEANT-A-ARMS: Everyone please find a seat. We are going to resume. Find a seat, please.

CHAIRPERSON FERRERAS-COPELAND: We will now resume the City Council's hearing on the Mayor's Executive Budget FY16. We just heard from the Office of Management and Budget, and now the Finance Committee will hear from the members of the public who wish to testify. As a reminder, if you would like to testify, please fill out a witness slip with the Sergeant-at-Arms. For members of the public, the witness panels will be arranged by topics. So please indicate the topic of your testimony on the witness slip. We will now call up the first panel. Jonathan Bowles from the Center for Urban Future; Felice Faber from the General Contractors Association of New York; and Maria Doulis the Citizens Budget Commission.

[pause]

JONATHAN BOWLES: Good afternoon, Chair Ferreras-Copeland and members of the Committee. Thank you so much for inviting me to testify on an issue that's near and dear to my heart. My name is Jonathan Bowles. I'm Executive Director of the Center for an Urban Future. We're a think tank here in the city that writes about how to grow and diversity the city's economy, and how to expand economic opportunity. And one of the critical areas for our economic growth, and our economic future is the state of our infrastructure.

Last spring the Center for an Urban Future published a comprehensive report about the challenges New York City faces with its aging infrastructure titled *Caution Ahead*. It identified numerous vulnerabilities within the city's infrastructure. Just for a couple of examples, roughly a thousand miles of New York City water mains are more than a hundred years old. A big reason why there have been at least 400 water main breaks in all but one year since 1998. More than 160 bridges across the five boroughs were built over a century ago, and dozens of bridges have been deemed

structurally deficient. Approximately 269 miles of the city's subway signal system exceed their 50-year useful life. Over 170 school buildings were constructed over a century ago. The city's public hospital buildings are 58 years old on average and 531 public housing towers were built prior to 1950. I could go on and on. It's an old city.

To be sure, the city's core infrastructure is dramatically than it was in the 1980s when the city closed the Williamsburg Bridge for fear of collapse. Track fires were a regular occurrence in the subway system, and the Brooklyn Bridge FDR Drive and West Side Highway all experienced fatal structural failures. In many critical components of the city's infrastructure are past their useful life, and highly susceptible to breaks and malfunctions. And despite the recent progress, some aspects of the city's core infrastructure have slipped backwards in recent years. The number of water main breaks rose from 370 in 2012 to 513 last year. Water main replacement has fallen during this period well below its state of good repair replacement rate of approximately 68 miles per year. From 2003 to 2008, the DEP replaced an

average of 46 miles of old and deficient pipes each year. But from 2009 to 2014 only 27 miles. Road conditions have also declined in recent years as limited DOT resources shifted to bridges. From 2003 to 2014, the shared roads with a pavement rating of good fell from 79.8% to 69.3%.

While the city undoubtedly needs to modernize much of its aging infrastructure, there are also clearly places where it needs to expand and improve the infrastructure network to support a city whose population has grown by more than a million since 1990, and whose economy is very different today. As just one example, while so much of the population growth, job growth and transit ridership growth occurred--has occurred in the boroughs outside of Manhattan, transit service in the boroughs has not kept up. And so many city residents today deal with over-crowded trains, [bell] unacceptable delays and insufficient service. Another example is the city's public libraries, which are serving a record number of New Yorkers today, but face \$1.1 billion dollars ore more just in state of good repair needs.

Last week, the de Blasio Administration presented a thoughtful and ambitious Ten-Year Capital

Strategy. It smartly commits a significant amount of funds to state of good repair needs, and makes considerable investments in housing, bridges, public housing, schools and resiliency measures.

Impressively, it also promises accelerated replacement of water main and sewer lines, and creates the first ever Capital Stabilization Reserve.

Coming just one month after the release of its comprehensive long-term plan, One NYC, the Capital Budget documents are hugely encouraging. Moreover, the Mayor's advocacy in Washington for federal infrastructure funding is a big deal. But, at a time when so much of the city's critical infrastructure is aging and in need of repair, when population increases are putting new strains on much of the core infrastructure, and when the federal government appears unwilling to provide the level of infrastructure funding that is needed, even more city resources must occur.

Our *Caution Ahead* report estimated that it would cost \$47.3 billion over the next five years to bring the city's infrastructure to a state of good repair. This figure does not even include the Department of Environmental Protection, whose state

of good repair needs exceed \$20 billion. While these numbers are daunting, the economic and financial costs of not modernizing the city's infrastructure are even greater. Moreover, investing in infrastructure is a proven job generator. According to a 2009 University of Massachusetts study, every \$1 billion invested in roads and bridges creates near 15,000 jobs. These construction, engineer and design jobs can provide a clear pathway to the middle class. A new infrastructure investment from the city should also include new apprenticeship and job training programs to ensure that a diverse mix of New Yorkers can access these jobs and build long-term skills.

In order to make the infrastructure investments that are so needed, the administration must take the lead in identifying and embracing new capital funding options. There are already several good ideas, the groups like mine, but several others in the room and across the city have already put forth that we should be considering as a city. First, it should push for the adoption of the Move New York Fare Plan collecting up to \$1.5 billion each year by introducing tolls on the East River Bridges while reducing them on several outer borough

crossings. Second, the city should consider looking to private developers to help fund new infrastructure projects. The second phase of the Second Avenue Subway, for instance, will be a boom will East Harlem real estate. The city might follow London's lead, establishing a community infrastructure way beyond each square foot of new construction in the neighborhood. As developers profit from increased investment in public infrastructure, it is only fair that they contribute to this investment.

The city might also adopt the Pay-As-You-Throw garbage system, which requires residents to pay based on how much household waste they generate. The system has proven effective in other cities, and could reduce sanitation costs by creating incentives for residents to recycle more and waste less. And to improve funding for water and sewage assets, New York City might follow Seattle, Philadelphia and 500 other cities by replacing its sewer charges currently assessed at 159% of the water rate with a more nuanced storm water management fee. Property owners will be charged according to the percentage of rain water captured on their lot before it enters the city's overburdened sewer system.

But these are just a few revenue ideas. The Administration should convene a task force to come up with other options. The idea is that we need to be thinking more ambitiously. We need new revenue sources to pay for the needed infrastructure. Just quickly, there are some other things the administration could be doing in addition to new funding streams to more effectively prioritize the city's capital spending. The Office of Management and Budget, the Department of Design and Construction should improve its Asset Information Management System report, a condition assessment of city-owned buildings, parks, bridges and piers that I know Council Member Lander was talking about earlier. The current inspections are cursory, poorly integrated into the capital planning process and do not include water and sewer assets, public housing, East River bridges or agency vehicles. And to reduce delays and cost overruns, the city should avoid inexperienced contractors who fail to live up to their low bid. In 2009, Albany authorized cities to prequalify Public Works contractors based on credential, experience and past performance. City agencies should be more aggressive in implementing pre-qualification lists to

ensure that selected contractors are capable of providing quality construction. The city should also pressure State Legislatures to authorize design build for municipal projects. Not just state projects. Thank you so much for the opportunity to testify.

CHAIRPERSON FERRERAS-COPELAND: Thank you very much for your testimony. I just--is there someone here from OMB? Okay. Sorry, you're a new face. I just wanted to make sure someone was here. A new face to be. You may begin your testimony.

FELICE FARBER: Thank you, Chairperson Ferreras and members of the Finance Committee. I'm Felice Farber, Director of External Affairs for the General Contractors Association of New York. We're grateful for the opportunity to comment on the city's proposed Ten-Year Capital Strategy. The GCA represents over 225 heavy civil contractors who built the very foundations of New York City for more than 100 years. Our members employ over 20,000 professional and union trades worker who construct and rehabilitate New York's roads, bridges, parks, schools, water and transit system. While our members and their employees are obviously concerned about infrastructure investment since it is their

livelihood, they are first and foremost New Yorkers themselves. They live here, raise their families here and rely on the city's infrastructure to get to jobs, school, healthcare and recreational activities. In that regard, the city's capital strategy lays the groundwork for addressing both its current and future needs especially in anticipation of the increased density and housing development envisioned by the Mayor. Rezoned neighborhoods and higher density housing and development will require not only new and improved water and sewer capacity, but expansion of the city's transportation networks, and improvements to park and school infrastructure. The ingredients that make neighborhoods desirable places to live and to work. Clearly, there is a lot of work to do. Even before we talk about new development, some of our most basic infrastructure requires significant and immediate remedial attention. We are pleased that the administration recognizes that infrastructure investments are essential to its housing and economic development priorities.

The \$5.9 billion 24% increase in capital investments in the proposed Ten-Year Capital Strategy will help address a significant portion of the

backlog of needed repairs and upgrades. Repairs and upgrades to the city's water and sewer mains have taken a back seat over the last 10 to 20 years in order to meet federal consent decree mandates. As everyone painfully knows, during that time, water main breaks and sewer backups resulted in significant numbers of very visible disruptions that have a negative impact--economic impact on surrounding businesses, residents and even subway operations.

While \$365 million is allocated for accelerated water main reconstruction and accelerated sewer construction to upgrade and replace hundred-year-old water and sewer mains, more transparency is needed on how this translates to the number of miles to be replaced annually. DEP's goal had been to replace 1% of all water mains annually or 68 miles per year. But in recent years it's only been replacing 31 miles of water mains and 20 miles of sewers. The city's water tunnels have never been inspected since they were first constructed. Funds in the Capital Strategy to complete the connection to the Manhattan--funds are in the capital strategy to complete the connection to the Manhattan portion of Water Tunnel No. 3. Unfortunately, the Brooklyn and

Queens segments have been deferred out of the current Ten-Year Capital Strategy. With the population and density of Brooklyn and Queens growing providing a redundancy in the city's water supply will be critical.

The increase in resurfacing roads from an average of 810 lane miles in Fiscal Year 2012 and '13 to 1,200 miles in '16 and 1,300 miles in '17 will go a long way towards improving the condition and safety of New York streets. We are concerned, however, that over the ten-year life of the Capital Plan the city proposed to resurface an average of only 752 lane miles a year, a figure of what is only three-quarters of what is needed to just tread water. We are also concerned about the level of planned investment in street reconstruction, and whether it is sufficient to keep pace with DEP's accelerated water main replacement projects. DOT should be reconstructing about a 100 lane miles and streets annually. Instead, it is reconstructing only about 40 miles per year. With New York City's bridges some of the oldest and largest in the country, we are pleased to see a substantial increase in the funding to

rehabilitate the city's bridges. These funds will allow the city to address all bridges rated poor.

Finally, one of the more recent public debates has been about transit funding and an appropriate city contribution to the MTA's proposed Five-Year Capital Program. One could argue that the MTA is a State Authority, and that Albany should address the projected \$14 to \$15 billion shortfall in projected revenue streams. But Albany certainly must do more. At the end of the day, the city has too much at stake from an economic and quality of life perspective to be a bystander as the plan is put together over the coming weeks and months. Its level of investment, except for the funding of the 7 Line's Extension, which was substantial, dropped from a height of \$205 million a year back in the mid-1980s to a low of \$65 million a year in the '90s and early 2000s, and leveled off to approximately \$100 million and up to \$125 million in the most recent proposal. This dramatic drop-off over the past 20 years left a cumulative \$2 billion gap in MTA investments, which was filled with borrowing, reduced investments or increased pressures on fares and tolls. The result

has been that city residents have ended up paying for all of those things one way or the other.

Adjusting for inflation, the IBO estimates that the city's contribution should be \$363 million annually just to remain even with the first MTA Capital Plan, rather than \$125 million proposed in the Capital Budget. In conclusion, a successful affordable housing and economic strategy requires a commitment by the city to increase its investment levels in water, sewer, road and transit infrastructure. The Council can and must step up to the plate here and make these fundamental needs a priority in an ongoing debate and improve over the Capital Strategy. We are pleased to see the substantial commitment in this Capital Plan, and would like to see it go even further. Thank you.

MARIA DOULIS: Good afternoon. I'm Maria Doulis. I'm the Director of City Studies at the Citizens Budget Commission, a non-profit, non-partisan civic organization that serves as an independent fiscal watch dog of New York State and New York City government. CVC recognizes that by maintaining and improving New York City's infrastructure is crucial to its continued

competitiveness, and I thank you for the opportunity to testify today on the Ten-Year Capital Strategy. The Strategy totals \$83.8 billion, a \$30 billion increase from the prior Ten-Year Strategy released in 2014. The Strategy funds new priorities that include the Mayor's \$8 billion Affordable Housing Plan, energy efficiency investments that are part of One NYC and Neighborhood Revitalization Fund, accelerated repair and rehabilitation work schools, roads, bridges and parks. And, a \$2 billion increase for libraries, public transit and the Housing Authority.

CVC has two overarching concerns about the strategy. First, there is insufficient information available to judge the investments, and second the investments will add to the city's already high debt burden. New Yorkers should be able to look at the Capital Strategy and understand how the investments will improve the infrastructure they rely upon everyday. But in four important ways, the information in the Strategy is inadequate. First, the strategy is not directly linked to a needs assessment, and it is impossible to tell how much progress will be made toward achieving state of good repair.

New Yorkers know their streets, bridges, parks and schools need fixing. But how large is the need and where is greatest? There is no single comprehensive source that details all the city's capital assets in their condition. Agencies use different criteria and metrics, and many assets are not assessed at all. The Departments of Transportation and Education provide detailed annual assessments. Other agencies should improve the reporting as well. The Strategy should incorporate information from those assessments and clearly spell out how much of the state of good repair needs will be addressed by the proposed investments and how quickly that is over what time table.

Second, details on \$22 billion in new One NYC investments are lacking. Some initiatives such as alleviating flooding in Southeast Queens are clearly linked to specific agency plans. But, for many goals the strategy sets aside funds with the uses to be decided upon later. Economic development spending will total \$3.1 billion including \$2 billion for the Neighborhood Revitalization Fund for which projects are not specified and for which no supporting cost benefit analysis is available, demonstrating the

spending will be a worthy investment. Sustainability and resilience measures will require \$7 billion in new spending. \$2 billion will be for building retrofits, but the remainder is described as being for multiple sub-initiatives or for equipment purchases. Specificity is necessary before the dollars are appropriated.

Third, little performance information is available to assess the spending even where spending plans are described in more detail performance metrics and timelines with milestones are not provided. For example, how many buildings will be retrofitted, at what per building cost, and at what pace? How many miles of sewer mains will be expanded or replaced for the \$4.1 billion proposed. As Felice mentioned, the DOT is the only exception, and as the data there shows, it's probably fallen behind in what would be an acceptable rate of keeping the roads in a state of good repair. So that's really the kind of information that's necessary to track performance and to hold agencies accountable for their management of capital projects.

Finally, operating costs are rarely considered and incorporated into the operating

budget. After assets are purchased, constructed or rehabilitated, regular maintenance and routine repairs are funded from the operating budget.

However, these costs are not identified publicly at any point in the capital planning or budgeting process. Failure to consider the full life cycle cost of an asset can skew decision making and lead to underfunding maintenance in the operating budget.

And example can demonstrate how short sighted this approach can be. The Department of Parks and Recreation spearheaded a citywide campaign to plant one million trees. However, simultaneously, the pruning budget was cut leading to injuries and death from falling tree limbs that resulted in millions of dollars in claims awarded. Eventually, the City Council added operating funds back for the change in budget.

On the second issue of the high debt burden, unlike other state and local governments with large capital programs, the city borrows to pay for virtually all of its capital projects. As a result, the city has more than \$100 billion in debt outstanding and will issue \$30 billion more in the next four years to support this new plan. Bonding

rating agencies typically judge debt affordability in relation to the adequacy of resources available to repay it. Under these metrics, the city's debt burden is high. Debt outstanding in Fiscal Year 2016 is projected to be approximately 8% of the city's real property values and 13% of personal income relative to affordability benchmarks of 5 and 6% respectively.

Debt service has begun to crowd out other spending in the operating budget. It has grown 41% since Fiscal Year 2005 despite aggressive refinancing in recent years, and is projected to grow another 40% by Fiscal Year 19, totaling \$7.7 billion annually. In contrast, all other city operating expenditures will grow 17% in the same time period. To conclude, capital investment is critical to New York City's future. Investments should be undertaken based on clear analysis that demonstrates increased economic activity, improved operating efficiency or enhanced service delivery. The Capital Strategy, the Capital Budget and the other documents do not provide the sense of whether this is the case. The Council should require improved reporting on the rationale for and performance goals of capital spending, and

should limit the Capital Budget to clearly define projects with demonstrated real benefits. Thank you.

CHAIRPERSON FERRERAS-COPELAND: Thank you very much for all of your testimony. I have two questions, and I'm sure our Council Member Lander has some questions also. I want to talk about the community infrastructure level that you mentioned in your testimony, Jonathan. Have you looked closely at this? I know that you compare it to other--our investments to other big cities. Have you seen the pros and cons to developing such a--a levy.

JONATHAN BOWLES: To be candid, we have not looked at it closely. I think that when we were undertaking our report last year, it was clear from talking to a bunch of people that this is a city that's--that's seen kind of an incredible expansion in wealth. In many ways, our investments in infrastructure have led to some of that increase in wealth. So for instance our investments in waterfront parks on the West Side of Manhattan, but we have not been able to capture some of the value from that benefit. And so, the infrastructure really that was done in London was something that we saw as getting to that, and it--it seemed to us that it was

something that developers were able to buy into because they were seeing direct benefit from the development of infrastructure. But it's been, you know, a fairly short, you know, time period to see whether there's been a negative effect from that or not. But, I don't believe we've seen any kind of bad repercussions from--from the program. It seems something worth at least the administration studying. I'd have to defer to my colleague Adam Foreman who's really kind of main researcher on that topic. Adam will have the depth of knowledge about it, but it--everything we looked at showed that it had a lot of promise.

CHAIRPERSON FERRERAS-COPELAND: Okay, thank you, and we'll follow up on it from the Council perspective as much as we--

FELICE FARBER: [interposing] If--if I could add on that.

CHAIRPERSON FERRERAS-COPELAND: Of course.

FELICE FARBER: Even in London, it was actually the--as I understand it was the business community that really requested being taxed and charged for the dramatic expansion of the transit

system in recognizing that the only way the economy of London can grow is if there was a substantial increase in their transit network. And I think that that's a model that we should look at, and I know it's something that the Regional Plan Association has looked into in a great detail--in great detail and may be able to ask some more questions about it.

CHAIRPERSON FERRERAS-COPELAND: Great. Thank you. And Maria, I just wanted to--I know that you mentioned having a metric to be able to measure. Are there any that you've already seen that are established or one or two that can help the city evaluate the effectiveness of this capital budget over time?

MARIA DOULIS: So the metrics are really of two sorts. One is performance. So, it's exactly what Felice talked about with the DOT. So here is the level of investment we're proposing over this ten-year period, and here's what--how many miles we think we'll be able to accomplish with that level of investment. So, that's the kind of information that's missing from other agency plans. The second kind relates to the need. So if DOT is fixing say 2,000 lane miles of roads for the money in the plan,

1 COMMITTEE ON FINANCE 160

2 what's left at the end of the period, right? So
3 what's the need that that is intended to address?
4 How much of the need will that address? And then at
5 the end of the period, what's left? So those are
6 really two kinds of metrics that are lacking.

7 CHAIRPERSON FERRERAS-COPELAND: Okay.

8 And again, we're--we're going to--really just
9 beginning this process, and we're going to be meeting
10 with commissioners and interjecting a lot of the
11 questions that you're posing, which allows us to be
12 really kind of digging even further with the
13 commissioners. And, of course, we have OMB coming
14 back at the end on June 9th. Council Member Lander.

15 COUNCIL MEMBER LANDER: Thank you, and I
16 want to say thanks to you, Madam Chair and to the
17 staff for working with us to try shine a spotlight on
18 the Ten-Year Capital Strategy. It's great to get one
19 that takes those long-term needs seriously. It's not
20 easy to focus on long-term issues in a budget cycle
21 if people have so many interests and rightly in more
22 short-term issues. So, I'm glad we're spending time
23 on it, and I really want to thank the advocates in
24 this room or the people who are always spending time
25 on this set of issues and really trying in a way

that's challenging to call our attention to it. And I just--I started on this question of how we get something that helps us evaluate it. I was, you know, we've been hearing for a while about the work the de Blasio Administration is doing. I was excited to get it, but now finding it really quite difficult to evaluate. I mean exactly for the reasons that you're identifying them. You're right in thinking about what we get from the Department of Education has a meaningful need evaluation. How many seats do we really need? And then what can we fund in this four years, and what will that leave? Are there cities elsewhere or, you know, in the country elsewhere--and this goes for the other advocates as well--that do this well? You know, I know we have this AIMS Report, but maybe it's supposed to be for this purpose, but it doesn't serve this purpose at all at evaluating real capital need, and to figure out what we can do, and understand and evaluate that gap. Have you seen tools that--that do that? This is for any of you, but Maria since you raised it.

MARIA DOULIS: The--the one city I've seen who I think does this really well and serves as a model is the city of Portland. So they do a very

comprehensive needs assessment. It is very easy to understand and interpret, and it does just this. It lays out all the major assets and infrastructure in Portland. It tells you the condition. IT gives you a benchmark for what is the acceptable standard or best practice, and what the condition of the asset should be to be well functioning. And then, lays out the needs both in dollar terms and what will be funded in the Capital Plan as well as what's left. So, yeah, I can share information about that, but I think is a really good model because it specifies everything. It specifies the best practice standard. It allows you to compare where the city is relative to that standard. And also, to really think about the long-term about where--where it will be left at the end of the period.

COUNCIL MEMBER LANDER: Great. Thank you.

CHAIRPERSON FERRERAS-COPELAND: Thank you for your testimony today. We appreciate it. We're going to call up our next panel. We have Andrew Hollweck from the New York Building Congress; Eftihia Thomopoulos--Thamapolous, Association for a Better New York. I'm sorry if I didn't pronounce your name

properly, and Chris Jones, Regional Plan Association, and Anthony Thomas of the New York Central Labor Council. Hi, good to see you.

ANDREW HOLLWECK: Yeah. [laughs] Okay. Good afternoon Chairwoman Ferreras and members of the Council and Council Member Lander. Thank you for this opportunity to testify. My name is Andrew Hollweck. I'm a Vice President at the New York Building Congress. The City's Capital Budget Proposal for Fiscal Year 2016 is positive on multiple counts. It provides one of the largest five-year capital commitment plans at \$53 billion in the city's recent history. The city has also sketched out one of the largest ten-year capital plans in memory. Larger by more than \$20 billion in nominal dollars in all but one ten-year plan introduced during the Bloomberg Administration. Substantial spending also focuses on core priorities like schools, affordable housing, neighborhood development, rebuilding water and sewer mains and improving city streets. And by the city's estimates, this plan meets the same standards of affordability as prior plans.

Yet, with all this investment the city still--the city still faces numerous infrastructure

challenges, some that it controls, others requiring state and federal assistance. To name but a few, the MTA's most recent Capital Plan, which in our estimation establishes a baseline level to maintain a state of good repair and continue major projects is short \$14 billion. Beyond this, there are additional unaddressed mass transit needs in many areas of the city that have experienced major demographic shifts. The school construction budget is substantial, yet is continually behind population growth. A Parks capital program that has made impressive progress, but still leaves key areas of the city without adequate open space and modern--modern parks facilities, one of which the Chairwoman and I share in Flushing Meadows Park. Library systems that face epic infrastructure challenges. The public housing system's physical frailty was sorely tested during Super Storm Sandy and second rail tunnel between New Jersey and Manhattan that is desperately needed.

In short, even without--with substantial cap--with a substantial capital plan, there is a sense that we are losing ground to other global cities making the necessary infrastructure investments to drive long-term job growth, and

sustainable economic expansion. There is a sense that we are losing ground to other global cities making the necessary infrastructure investments to drive long-term job growth and sustainable economic expansion. The city's strong economy provides enough general fund revenues to support higher levels of investment to day, but capital spending will be curtailed with the next slowdown. In order to ensure increased and more reliable funding for critical infrastructure, the Building Congress has suggested the city investigate creating new dedicated revenue sources for capital investment.

In its 2013 report *How to Save New York City's Infrastructure: Dedicate Revenues*, the Building Congress offered several illustrations of user fees the city could collect and dedicate exclusively to infrastructure investment. And parenthetically, we--we worked on this report with the former OMB Director Carol O'Clairican [sp?] who was a co-author of this report. Those suggestions included a uniform toll policy to the city's major bridges and tunnels much like the Move New York Plan. Other pay--other fees for motor vehicles like the VMT charges or neighborhood parking permits. A pay as

you go residential waste fee to address the city's sanitation budget, which has swelled by 400% in the last 20 years. These are just illustrations of the underlying principle that the city should ask persons who use public facilities or services to pay for their upkeep directly rather than through general tax revenue. The user fee has an ingenious dual purpose. It moderates use of that resource while funding new investments and ongoing maintenance. The best example of a user fee is the city's water supply system.

In the 30 years since the creation of the Water Finance Authority, a true marvel, and the introduction of universal water metering, the city has substantially reduced the water use in the city even with population growth while funding the transformation of one of the most massive and impressive water supply systems in the world. Another concept the city should explore more extensive is public-private partnerships in all their permutations, which can create new infrastructure by tapping underlying revenue streams to reduce public subsidies. Building and maintaining the city's infrastructure is essential. Without well running

1 COMMITTEE ON FINANCE

167

2 roads, subways and other core infrastructure, the
3 city faces diminished economic prospects. That is
4 why it is vital that our city's leadership, including
5 you, look to ways to augment and protect capital
6 investment in the future. I very much appreciate you
7 having this hearing today and thank you for the
8 opportunity to testify.

9 [banging noise]

10 CHAIRPERSON FERRERAS-COPELAND: I'm just
11 going to ask you to speak a little loudly to compete
12 with the banging.

13 ANDREW HOLLWECK: [off mic] The
14 infrastructure.

15 CHAIRPERSON FERRERAS-COPELAND: The
16 infrastructure of City Hall. It seems to be
17 happening for many years now, but we've asked for
18 them to slow down in the meantime. Thank you.

19 COUNCIL MEMBER LANDER: We weren't sure,
20 Madam Chair, whether this was evidence that they were
21 getting started on the state of good repair or to
22 make it difficult for us to ask question at the
23 budget hearing so--

24 EFTITHIA THOMOPOULOS: Good afternoon,
25 My name is Eftihia Thomopoulos, I'm the Program

Director for the Association for a Better New York.

We are a 43-year-old civic organization that works to make our city a better place to live, work and visit.

Mayor de Blasio's Proposed Ten-Year Capital Plan has many merits, but there are parts of it that concern us in terms of assuring--of ensuring the quality of life for New Yorkers is constantly improving. We are particularly focused on the ways in which the city is preparing to meet its infrastructure and

transportation needs. According to a report by the Center for an Urban Future, *Caution Ahead*, of which ABNY was also a part of, and was released last spring, and details the city's infrastructure and shortcomings, the DOT has the largest capital needs coming around in at around \$3.2 billion.

State of good repair funding for the MTA clocked in at \$16.3 billion, and the MTA's Subway signaling systems, shop and repair yards, et cetera have all far exceeded their years of use. These figures along with the \$15 billion deficit the MTA faces in its own Capital Plan should concern all of us here in this room. The fact of the matter is that the MTA is the backbone of this city enabling its residents to get to work, to school, their families,

their doctors, but it does more than that. It gives New Yorkers access to museums, shopping, attractions, restaurants, and all of this for an affordable rate of service 24 hours a day, 7 days a week. This makes it possible for lower-income New Yorkers to gain access to every part of the city, which really makes our transportation system the great equalizer of New York. Currently, 8.7 million people ride the MTA daily bringing subway ridership today to an all-time high. More people than ever are dependent on the MTA, and yet, the city is not prepared to meet a large portion of the MTA's needs. While it is important that we secure crucial federal and state funding levels, we also need the support provided by increased city funding as well. If our own local government won't adequately invest in transportation and infrastructure, how can we expect our state and federal governments to. We are grateful for the work Mayor de Blasio and his administration have put into securing adequate funding for all of the city's needs, including the transportation and infrastructure needs. But we need this team and the City Council to explore new sources of funding that may help us meet the demands of our 21st Century

transportation reality. Thank you for the opportunity to testify today.

[pause]

CHRIS JONES: Is that better? Great.

Chris Jones. I'm Vice President for Research for Regional Plan Association. We are a non-profit research and planning organization that looks at the future of the Greater New York region and the equitable and sustainable development of that--of that region. And, you know, we've been at this infrastructure business since the 1920s, really producing plans, which have laid out much of the transportation, parks and other infrastructure for the region. So, we're really gratified that you're taking the time to look at this as an issue that, you know, really, you know, doesn't get the attention that--that it deserves. And, you know, we want to help you with that process as much as we can. I want to say a couple of things about the Mayor's plan that don't--are really at the numbers, but which I think are really important. You know, one is that, you know, I think this plan is being looked at not just as a budget document, but also as a--as the city's growth strategy. You know, what is the future of

the, you know, of the city and, you know, what is the plan to getting u s there. So, there's an explicit, you know, attempt to tie this closely to the city's longer-term sustainability plan. You know, the One NYC Initiative, which we think is a--is a really important way of, you know, positioning the strategy. So it's not just about the individual numbers.

Also, there's a recognition that the City can't do this on its own. Whether you're talking about the transportation infrastructure, whether you're talking about providing enough affordable housing for New Yorkers. You know these are things that the City really needs to work closely with its--with its suburban counterparts, with state governments and others. And I think that I want to credit the de Blasio Administration for--for moving that forward. You know, it's--having said that, as other people have said here, you know, as ambitious as this plan is, you know, it's not enough. And there are lots of ways of measuring that. You know, there's the--the work that Jonathan and his partners have done at Center for an Urban Future on just what it would take to just get the city's infrastructure up to a state of good repair. There are the

individual, you know, metrics for parks and other systems.

But if you look at what, you know, other global cities are doing around--around the world, we're investing a much smaller share of our--of our, you know, capital into maintaining this infrastructure. You know, there was a study done by Pricewaterhouse Coopers. They do it every year looking at New York compared to other global cities in the world. And, you know, we do really well when it comes to things like, you know, our economic clout and, you know, use of technology and things like that. When it comes to transportation and infrastructure, we rank near the bottom. And that's below not just places like London and Paris, but below Singapore, Hong Kong, Madrid and Moscow. So there's something that we're not doing right, and that--and that if we--no matter what issue we care about we need to make sure that we're maintaining that to keep a robust economy going. We mentioned--several people have mentioned some of the projects that have been done in London and other parts of the--parts of the world with, you know, with this let me just, you know, name a couple of others.

1 In Paris they're--and they're doing a
2 major expansion of their subway system, they have a
3 major airport expansion project going on. Besides
4 London's transit infrastructure, they have like about
5 a trillion dollar plan for everything from housing
6 to--to airports, to other expansion. You know,
7 whether you look at Shanghai, Hong Kong or other
8 places, it's a very similar story. So it really gets
9 to, you know, how we pay for this, and I think, you
10 know, it's--you know, it's good and we have to put
11 pressure on Washington and Albany to come up with the
12 funds. I mean if you go so some of these other parts
13 of the world, what you find is that the national
14 government is putting much more into infrastructure
15 than they do here. I think that's a point we need to
16 keep making. But also, we have to realize that we
17 have to fund a much bigger share of this on our own
18 than we probably--than we would like to, and we have
19 to look at that.

21 So there's a couple of under-utilized
22 revenue sources that, you know, others have mentioned
23 in different ways that I just want to emphasize. You
24 know, just one is looking at the, you know, the
25 revenue that you can--that can be obtained from, you

know, from--from tolling and other types of vehicle pricing that can both make the city work better and also raise additional funding for infrastructure. The Move New York Plan, which is the one on the table, which I know you don't have a vote on, but your voice certainly makes a difference. If that's something that--that in Albany they hear the City Council supporting, you could raise \$1.5 billion a year. It could be--it could make tolling more rationale within the city. And that alone could fill the \$14 billion gap in the MTA's Capital Plan. So it's something that I urge you to kind of, you know, take a close look at and, you know, and advocate either as individuals or as a council as a whole.

In the future, technology is going to offer lots of other tools to do that. You will be able to--soon if you can't already--be able to charge based on how many miles you drive. So you could do away with the gas tax. You could do away with tolls altogether, and, you know, just get a bill every month like you do with your easy pass. So, it's a way of both rationalizing how you collect money for this, and--and a fair way to charge what the use of infrastructure is.

One of the most under-utilized tools that we don't make enough use of are the value capture approaches that Jonathan and others talk about. Every time we create a new park, every time we improve a subway, every time we invest in a neighborhood, we are creating value. That property owners and developers realize when they sell a property, when they try--when they try to develop it, and we're leaving money on the table. We are not getting enough of that, and certainly you can't, you know, you can't be too greedy about it, but there's--you know, it's important to make that--make that work. But certainly other places have found ways to, you know, to have a--either just a more reasonable and fair mechanism for extracting some of that value. You know, London was mentioned as something they're funding 32% of their cross-rail project with that. In Paris, they do a variable form of, you know, payroll and office taxes. So that you're paying more if you live in a district that is benefitting from some of the investments that they're making. You know, Hong Kong has a, you know, a very ambitious joint development project where the Transit Authority and developers jointly develop--develop a facility

over--over, you know, transit stops that--that the transit agency realizes much of the benefit from. San Francisco paid for 25% of their transit budget through location specific fees, mostly parking. But also impact development fees, and there are certainly, you know, many examples that the city can take a look at to try to extract more of that value. I think the second Avenue Subway is a perfect example of a project that, you know, it's very difficult to find where the funding comes from. So there is a lot of value that would be created to realize that if it, you know, if we can put some of these things in place. And really what's missing are some of the tools. You know, we don't have, you know, the, you know, the legislation for things like technical financing, joint development authorities, et cetera. So we really have to take a really hard look at what type of tools would be needed to make these things work.

And the last thing I just want to mention, you know, we, you know, we have to look at the cost side as well. It's, you know, it costs more and takes longer to do infrastructure in New York than it does in most other places. And it's, you

know, and that's hard, but we need to take a look at it. We need to take a look at the project review processes that go on. You know, there are ways of looking at how we can put--we can get more robust community input in the front end of the project, and try to provide greater certainty in a shorter timeframe on the back end. So, we need to take a look at that side of the equation as well. Thank you.

CHAIRPERSON FERRERAS-COPELAND: Thank you for your testimony. You may begin.

ANTHONY THOMAS: Good afternoon. My name is Anthony Thomas. I'm a Political Director for New York City Central Labor Council, representing 1.3 million workers and across 300 different affiliated unions, the CLC is the city's umbrella organization for the broader labor movement. I'm here today to endorse a community investment in our physical infrastructure, human capital and housing needs. That community investment in New York City can't remain the center of commerce and for capital of the country. As the Mayor described in his address, this is known as the tale of two cities, but a tale of two economies. And how the city plans for its future

will set a national precedent. We are grateful to the Mayor and his priority to restore the city's fiscal consistency by working diligently to sell municipal contracts. Last year at this time, zero percent of municipal contracts were complete, and today 72% of them. The Mayor has addressed healthcare costs and working with dignity for the majority of our public sector affiliates. And we look forward to helping be a helpful partner in those continuing conversations. Continuing to invest in education facilities, curriculum and access will make New York City's more efficient and more competitive. Utilizing other management partnerships and the vast training infrastructure labor movement has helps in diversifying the city's economy and city's standard of living from the bottom up and middle out.

The Mayor's continual push for equity can be reached not only with social service expansion plans, but also the Ten-Year Housing Plan, as well as physical infrastructure. Just look at the average age of city infrastructure here. The average homeless shelter in New York City is 70 years old. The average school is 66. The average NYCHA building where most of our residents live is 50, and the

average gas main 56. Redevelopment coupled with labor standards and codified local certification will automatically support workers in the city through labor standards and higher earnings for the workers, which is put back in the city's neighborhood economies, which naturally rolls over into the benefits as a tax base.

Much of the city's problems are not unique to the five boroughs unfortunately. Across the country municipalities and counties are trying to figure out how to do more with less from state and federal government. How we provide quality stock, good schools, safety net, and our federal government doesn't believe in these things is problematic. This is particularly challenging when trying to underlie all the work with well paying quality standards. The way to move forward is by helping average people build wealth. The true way for average people to build wealth is through collective bargaining. Collective bargaining is a bi-product of the union. We look forward at CLC to helping the Mayor and the Council executive--execute their vision for a more equitable city. Thank you for your time and your consideration.

CHAIRPERSON FERRERAS-COPELAND: Thank you very much for your testimony and we will hear from Council Member Lander.

COUNCIL MEMBER LANDER: Thank you, Madam Chair, I'm just, you know, I'm struck more than ever by sitting here and listening to all of you about this really hard mismatch we face. On the one hand we have business, labor, planners all aligned with what's essential for long-term needs of the city. And we even agree that it really meets all the test of investment that, in fact, the growth of the city that will help sustain and strengthen the growing economy and the tax base we need depend on the infrastructure investments. And these are therefore judged by, you know, most standard, especially if we did it with some data. Smart investments and just spending on things we would all like to have, but may or may not need. And yet, not just in Washington where gridlock prevents us from doing it, but you know, well, it's not like we've got a whole lot of people in the, you know, in the Chambers. The mismatch between our ability to build a constituency for what our long-term needs against short-term ones is challenging. So I guess one question is have you

seen some places where, you know, people are able to like counter that problem to build a constituency and win some of the things that you're talking about by, you know, calling us our best selves or at least just running that particularly effective public. You know, public media and political campaigns to achieve some of those strategies that you're talking about.

[pause]

CHRIS JONES: Well, nobody has completely figured it out. [laughs] And we're working on this together. But, I will say that, you know, I would look to some places in, you know, in California and Portland where they mentioned it before where there have been kind of regional strategies that, you know, kind of have looked at combining things like transportation and housing together. So, you're not looking at them in silos. And, you know, and really showing what the benefits would be on a, you know, in terms of, you know, affordability measures, et cetera. So you have seen kind of the things, you know, not only more substantial infrastructure investments in places like the Bay Area in Los Angeles. But, you know, also kind of more comprehensive and strategic areas as well. And I

think as Felice Farber mentioned in, you know, in some of the international cities like I would say, you know, London and, you know, and Paris in particular there has been almost a business led, you know, push for some of these. Which is an important aspect to get in because on this issue in particular, you know, they're kind of the--you can be both as allies and with somebody who can kind of push with the power to get some of these things done.

COUNCIL MEMBER LANDER: I guess just my last--I have just one more follow up here. I know, since I'm on one of the subcommittees that the next regional plan, you know, its way through. And it contains a financing task force. Can you just sort of remind us of the time table for--for putting that out, which would be one more opportunity for creative and--and--

CHRIS JONES: [interposing] Sure.

COUNCIL MEMBER LANDER: --regional strategies not only local ones.

CHRIS JOINS: Right. Well, we are, you know, our target is to have a, you know, a plan for the Greater New York region out by the end of 2016. So about 18 months from now, and that would have, you

know, housing and transportation and, you know, energy and financing strategies with it. But there will be pieces of that coming out before then. So, you know, hopefully by the end of this year we'll start rolling out some of that.

ANDREW HOLLWECK: Just to follow up on your first question, and a number of municipalities most prominently Los Angeles did levy a sales tax increase, which they dedicated directly to transportation. Much close to home, and I think the best example there was the political will and ability to create revenue sources was the--was the creation of the Water Finance Authority in the early 1980s, which I think should be considered a model for a way to set aside the dedicated funding stream using user fee, and I think that's--that's a--that's a brilliant model. So--and that's right here at home.

COUNCIL MEMBER LANDER: You know, I said this outside, but I'll say it in here as well, and whether today at this moment the politics of the Moving New York or tolling plan are--are right in the long run, I just don't see how we can pay for the transit infrastructure that we need without doing that. And the time will come when we simply have no

choice. The sooner we can do that, the more flexibility and usefulness we can put it to, but-- All right. Well, thank you, Madam Chair again. I feel it's--it's very important to push and ask these questions on the spot right on there. [sic] We appreciate your making the time to do that.

CHAIRPERSON FERRERAS-COPELAND: Agreed, and thank you again and we will be revisiting these all with the OMB Director on June 9th. So thank you very much for coming to testify. We will call up the next panel. Stephanie Gendell, Citizens Committee for Children; Judith Goldman--I'm sorry--the Legal Aid Society; John Boston, Legal Aid Society, and Lori Leonie--McCane--I'm sorry--McCane's Initiative I know that--Class Size matters.

[background comments, pause]

STEPHANIE GENDELL: Good--good afternoon. I'm Stephanie Gendell. I'm the Associate Executive Director at Citizens Committee for Children. We'll be offering our full testimony on June 9th, but we just wanted to mention two issues today. One of which is related to capital for childcare centers. As I'm sure you're aware, since one is in your district, there are apparently seven centers slated

for closure. They're not--they don't show anywhere in the budget. We believe we've also lost one in your district, Council Member Lander. WE do not know how many more are slated for closure, and what's happening when the direct leased sites expire. And we hope you can explore this more throughout the budget process. But as our Mayor once said when he was chair of the General Welfare Committee, once these--once we lose this capacity it's gone forever. And that these childcare centers are precious resources in our communities. And so, we need to make sure we preserve. And as well, as we consider additional capital projects like affordable housing and think about creating childcare centers to meet the needs for children zero to three.

The other issue we just want to bring to your attention is very time sensitive, and it relates to the Administration's plan to eliminate somewhere between 17,000 and 40,000 summer camp slots this summer. Aside from the impact that creates for children and families, it can't wait until the end of the budget process to resolve this. Because the providers need to know now whether or not they're going to be able to run summer camp. And the

2 children and their parents need to know now whether
3 or not they have a place for their child this summer.
4 If we decide to stay at summer camp on June 30th,
5 there is no way that the providers could have staff
6 hired and license and get summer camp in place.
7 Thanks.

8 JUDITH GOLDINER: I'm Judith Goldiner
9 from the Legal Aid Society. We will also give our
10 fuller testimony on June 9th, but we wanted to
11 testify today about our Prisoners' Right Project. I
12 know the Administration testified earlier on the
13 Prisoner's Rights Project of the Legal Aid Society,
14 and the work that we're doing on Rikers. I know that
15 the Administration testified about some initiatives
16 they have concerning Rikers. And we wanted to talk
17 about some of the work that we are doing, and the
18 initiative we're hoping for our Prisoners' Rights
19 Project. So I'm going to turn it over to John
20 Boston, who is the Director of the Prisoners' Rights
21 Project of the Legal Aid Society.

22 JOHN BOSTON: Thank you. Thanks for the
23 opportunity to talk about this. I am the Director of
24 the Prisoner' Rights Project. I've been for quite a
25 while, and I'm speaking in support of Legal Aid's

Request for funding of \$750,000 to support our work. Legal Aid Society, the Prisoners' Rights Project brought quite a lot of litigation, some of which you've seen in the newspapers. But what we also do is we serve as troubleshooter and a safety valve on an individual basis for prisoners in the jails who have problems that they can't get solved because there is nobody who will listen to them, or they can't get to anybody who can address them. We do not get any city funding and have not for--for many years. Support from the city for Prisoners' Rights Project will--will not only support our ongoing work, but it also allows some degree of expansion of the staff to help--in particular to expand the essential work on behalf of individual clients.

The problem here and the reason that we need an enhancement of this capability is the Department of Correction has become more and more dysfunctional and dangerous of the years. Even though the population has steadily declined, there are major problems of safety from violence both from other prisoners of jail and from members of the staff. There are major problems of access to medical and mental healthcare. The legal requirement for

Board of Correction of daily sick call in the jails has not been consistently observed for years. There's a seeming inability to get even the most mundane things right, or even to follow the department's own internal rules with any consistency. And that has very serious consequences for some prisoners. Some of the things that we do for individuals involves assisting people with serious medical problems and mental health problems, with developmental disabilities, get appropriate treatment, appropriate placement within the jails.

And in some cases, we help them get out of jails when it's--when it's completely inappropriate that they should be held there. We speak up on behalf of people who are under threat of violence from gang members, from everyone if they are people have done something particularly unpopular or if they're just vulnerable individuals. People who can't get to sick call. People who need specialty care, but they can't get taken to the appointments that have been made for them. People who are threatening suicide, and somehow their--their complaints to people in the jails do not get the assistance that--that they need. We respond to these

complaints, the life threatening ones, and the main ones and everything that we hear as best as we can by communicating with the Department of Corrections, the correctional officer. This is on Corizon, the Medical Provider, the Board of Correction saying fix these problems, please, and let us know what you've done. Well, we almost never get answers to these complaints. We know that some of them are acted up, and we receive responses to some of them saying that in the majority of cases we don't know what happens unless the prisoner contacts us again.

So, we don't know if the problem got solved or if the prisoner simply became discouraged or something bad happened to them as a result of not getting any response to their problems. We would like to be able to do more follow up. We would like to be able to investigate people's complaints much better than we do to find out if there are more systemic problems underlying many of them, which we suspect is the case. We would also like to improve our ability to receive communications. At present, sometimes people who are calling from Rikers Island those calls are on a timer, and they get cut off because the--because the people who take phone calls

can't find somebody to talk to the person before their time runs out. So, we're talking a better job of serving these clients that--that we do, and enhancement of our staff will help us to do that. And ongoing support of this work will help the Legal Aid Society both in assisting this--this constituency and as well as all the others that Legal Aid tries to work for. Thank you.

CHAIRPERSON FERRERAS-COPELAND: Thank you. You may begin.

LEONIE HAIMSON: Hello, my name Leonie Haimson, and thank you for the opportunity to talk to you today. I run Class Size Matters, which is a citywide advocacy group devoted towards providing information on the benefits of smaller classes to parents and others nationwide. Today, I'm going to focus mostly on the Capital Plan, but there are problems with the Executive Budget as well. We noted the full-time pedagogs are supposed to fall next year by about 3,000, which given increased enrollment will mean larger class sizes. The Capital Plan, however, is extremely under-funded. There are only about 38,000 seats in them, and 4,000 of those seats for class size reduction are not sited even though they

were first proposed more than a year ago. So, that's going to mean a real delay. There were no additional K-12 seats added to--since the November plan despite an audit from the Controller's Office showing that at least one-third of all our schools are extremely overcrowded.

One-third of the city's elementary schools are at least 138%, and the DOE lacks any real plan to deal with it. Public schools are the most overcrowded aspect of this infrastructure. We found that almost 500,000 students attend schools at or above 100% utilization. The Mayor's expansion of Pre-K, though a laudable program, has worsened overcrowding. At least 12,000 Pre-K seats are located in schools that are at or above 100% utilization. The DOE plans to create community schools with wraparound services that will need additional seats as well--as well as the Mayor's ambitious plan to create 160,000 additional market rate units as well as 200,000 affordable housing units. And yet we see no plan for the additional students this will generate in the Capital Plan. Right now we did an estimate showing that using DOE's

own data their admitted need of about 50,000 is only half of what it actually is.

It's going to be at least 30,000 seats just to bring districts that average above 100% down to 100%, and the DOE's own enrollment figure show an increase of about 50,000 students over the next ten years. School overcrowding has significantly worsened in the last six years. Just one figure in the elementary schools the median rate is 102%. At the same time, most experts believe that the city's official utilization figures underestimate the actual level of overcrowding in our schools. And more than a year ago, the Chancellor appointed a task force to deal with it. Their recommendations were made in December, and they still have not been released by the city.

Just as this Capital Plan is inadequate to reduce overcrowding, it's also unlikely to achieve the DOE's goal of eliminating TCUs. The May plan lists 150 TCUs that they are going to remove, and yet in fully half of these schools they are above 100% utilization with a seat need of almost 6,000 to bring them down to 100,000--to 100%. And then the schools in which TCUs are due to be removed are Francis Lewis

High School, Bayside High School, Richmond Hill High School and Curtis High School, all way above 100%.

As the chapter leader of Francis Lewis told me, who was unaware of this plan as was his principal, we

would be screwed if they did just that. It would

lengthen the day, deteriorate the quality of our

school. It took years and a very aggressive

publicity campaign to get us down to where we are now

at ten periods a day. Making kids stay later and

come earlier will be awful for both them and the

staff. Indeed, Queens high schools are the most

overcrowded part of the infrastructure. The

estimates are that we would need at least 20,000

students, and yet there are only 2,800 students in

the Capital Plan. The ostensible reason that the

plan was delayed until May--it's usually released at

the end of January and the beginning of February was

to align it with the city's overall Ten-Year Plan. I

took a look at the original ten-year plan from 2008

to 2017 that the Mayor Bloomberg Administration

proposed as compared to the one that was just

released by the de Blasio Administration. Under

Bloomberg's Administration, schools made up 34% of

the overall spending at \$28.5 billion. New school

construction was listed at \$6.6 billion, and the new Capital Plan that has gone down from 34% to 28%, and a cut of more than \$5 billion.

Despite the voluminous evidence that school overcrowding has reached a critical pitch and worsened, and will continue to worsen without a more aggressive plan. New schools are listed at \$3.7 billion, a cut of nearly \$3 billion. This is unacceptable. The Independent Budget Office estimates that to double the seats in the November plan would cost \$120 million in annual cost as the state pays about half of all costs for new school construction. Just recently, the DOE proposed a five-year contract with an IT vendor to wire schools at a cost of \$127 million a year, renewable at four more at a cost of more than \$1 billion. Actually, the-the proposed price was twice that until the media raised questions about the contract and it was cut in half. The city ended up canceling the contract after it was pointed out that the company was implicated in a kickback scheme that robbed DOE of millions of dollars. It would cost less than the contract to double the number of the seats in the capital plan. This is something that is affordable by the city, and

it would begin to meet the real needs of our school's children for a better chance to learn. I strongly urge the Council to do that, and my appendix has a list of the TCUs where they are going to be removed, where the schools are already at 100% or more. And I have more copies of my testimony, which for some reason were not handed out.

CHAIRPERSON FERRERAS-COPELAND: Yeah, we didn't get that so they're here.

LEONIE HAIMSON: Yeah, they had charts from the Cap--the Ten-Year Capital, pie charts showing that how the cuts to education of this new Ten-Year Plan, which I just don't understand at all.

CHAIRPERSON FERRERAS-COPELAND: Thank you. Thank you for your testimony. Again, this helps us. Ironically, this is the first time we've done this. The Capital Plan had so much detail that's why we kicked off the hearings with a very capital--thank you--with a very capital specific issues in the plan. And representing Queens I know first hand. That's why I'm so happy that you were able to come and testify today. The other point that I wanted to make is that again the OMB Director will be back, and we will be sure to include as much of

this detail. We're looking forward to hearing your public testimony when you--when we begin the expense related Executive Budget parts.

[banging sound, pause]

CHAIRPERSON FERRERAS-COPELAND: Again, thank you for coming to testify today and [off mic] I just lost my broach.[sic]

[background noise, pause]

CHAIRPERSON FERRERAS-COPELAND: This concludes our hearing for today. The Finance Committee will resume Executive Budget hearings for Fiscal Year 2016 tomorrow at 10:00 a.m. in this room. Tomorrow the Finance Committee will be joined by the General Welfare Women's Issues and Juvenile Justice Committee. We will hear from the Human Resource Administration, the Administration for Children's Service and the Department of Homeless Services. As a reminder, the public will be invited to testify again on June 9th, the last day of budget hearings at approximately 1:30 p.m. in this room. For any member of the public who wishes to testify, but cannot make it to hearings, you can email your testimony to Finance Division at financetestimony@council.nyc.gov,

1 COMMITTEE ON FINANCE

197

2 and the staff will make it a part of the official
3 record. Thank you. This hearing is now adjourned.

4 [gavel]

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

C E R T I F I C A T E

World Wide Dictation certifies that the foregoing transcript is a true and accurate record of the proceedings. We further certify that there is no relation to any of the parties to this action by blood or marriage, and that there is interest in the outcome of this matter.



Date May 22, 2015