

CITY COUNCIL  
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

Of the

COMMITTEE ON PUBLIC HOUSING

Jointly With

COMMITTEE ON CONTRACTS

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October 1, 2015  
Start: 10:16 a.m.  
Recess: 12:58 p.m.

HELD AT: Council Chambers - City Hall

B E F O R E: Ritchie J. Torres  
Chairperson

Helen K. Rosenthal  
Chairperson

COUNCIL MEMBERS:

Rosie Mendez  
James G. Van Bramer  
Donovan J. Richards  
Laurie A. Cumbo  
Peter A. Koo  
Ruben Wills  
Costa G. Constantinides  
Chaim M. Deutsch  
Corey D. Johnson  
I. Daneek Miller

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

Shola Olatoye  
Chair and CEO of NYCHA

David Farber  
General Counsel at NYCHA

Brian Clarke  
Senior Vice President for Operations at NYCHA

Farhan Syed  
Vice President for Construction at NYCHA

George Geller  
Gregory Floyd Teamsters Local 237



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2 CHAIRPERSON TORRES: Meeting is coming to  
3 order. Good morning everyone and welcome to this  
4 joint hearing of the Committee on Public Housing and  
5 the Committee on Contracts. I'm City Council Member  
6 Ritchie Torres and I Chair the Committee on Public  
7 Housing, and I'm honored to hold this joint hearing  
8 with Council Member Helen Rosenthal who is the Chair  
9 of the Contracts Committee, and we are also joined  
10 today by Council Member Peter Koo. I see the Public  
11 Advocate is right behind me, Letitia James, and we  
12 have the Comptroller Scott Stringer. We are holding  
13 this hearing today because of reports of unlivable  
14 conditions at King Towers. According to the daily  
15 news, the leaks at King Towers have grown so severe  
16 that a 70-year-old tenant had to construct an  
17 elaborate network of aluminum foil aqueducts to  
18 channel the water leaking from her ceiling into  
19 buckets on the floor. These leaks were not caused by  
20 the failure of the roofs themselves, although the  
21 roofs at King Towers are well beyond their expected  
22 life and have not been replaced in 63 years, but were  
23 reportedly worsened after NYCHA started repair work  
24 on the roof. As many of you know, I am deeply  
25 committed to the success and survival of public

housing. I myself am a proud product of public housing, and I would not be sitting where I am today were it not for the stability that the New York City Housing Authority gave to me and continues to give to my mother and my brother. And so whether you live in public housing or not, we all benefit from the stability that NYCHA provides to 600,000 New Yorkers. All of us have a vested interest in seeing NYCHA survive and succeed and seeing NYCHA receive the resources it desperately needs from every level of government. At the same time, those of us in elected office such as the Comptroller, the Public Advocate, Council Member Rosenthal, and myself have an obligation to hold NYCHA accountable for spending its resources transparently, efficiently and effectively. Supporting NYCHA and holding NYCHA accountable are not mutually exclusive goals. These two go hand in hand, and even the Mayor himself recognizes the need for accountability. When asked about the failure at King Towers during a press conference announcing the start of city funded roof repairs at Queens Bridge, the Mayor called it an unacceptable situation for which there would be consequences and an investigation to determine the role of either the

2 private contractor or the staff at the development of  
3 NYCHA, and we are here today to learn about the  
4 results of that investigation. We're also here to  
5 address a larger problem, which in my opinion is  
6 this, that NYCHA is the least transparent institution  
7 in city government. NYCHA is the only citywide  
8 government entity whose contracts are unavailable to  
9 you, the general public. Now, NYCHA may argue that  
10 it has no obligation to disclose its contracts,  
11 because it is technically not a city agency, but  
12 rather an authority. But the same argument could be  
13 made on behalf of the Economic Development  
14 Corporation, EDC, or the Health and Human Hospitals  
15 Corporation, HHC. Both of those institutions, despite  
16 their special status have made their contracts  
17 available to the public and available through an  
18 online database known as Checkbook NYC, which is  
19 administered by the Comptroller's office. If EDC and  
20 HHC can commit themselves to the highest standards of  
21 transparency, then why can't NYCHA? The fact that  
22 NYCHA as a public authority is less transparent and  
23 less accountable than everyone else in city  
24 government is unacceptable. NYCHA's legal status as  
25 an authority is of no relevance to the 400,000

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2 residents living in public housing. Those residents  
3 have a right to know exactly which contractors are  
4 making repairs in their buildings. NYCHA's technical  
5 status is of no relevance to the millions of New  
6 Yorkers whose tax dollars help fund the operations of  
7 the Housing Authority. Those New Yorkers have a right  
8 to know how their tax dollars are being spent, and so  
9 I have a simple rule. Any institution, any agency,  
10 any authority that is run by public officials and  
11 funded by public dollars should be fully accountable  
12 to the public. We are no longer in the age of Robert  
13 Moses where public authorities like NYCHA are free to  
14 operate in secrecy. We are in the 21<sup>st</sup> century where  
15 every single government contract and every single  
16 government expenditure should be made available to  
17 the public and available online. NYCHA should be  
18 given no exception to the 21<sup>st</sup> century rules of open  
19 government and transparency. With that said, I will  
20 hand the floor to Council Member Rosenthal.

21 CHAIRPERSON ROSENTHAL: Council Member  
22 Torres, a tough act to follow as always. Thank you  
23 so much for your opening statement and for clarifying  
24 the importance of this hearing. I appreciate that.  
25 Good morning. I am Helen Rosenthal, Chair of the New

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2 York City Council's Committee on Contracts. I am  
3 delighted to join my colleague, Council Member  
4 Ritchie Torres, Chair of the Council's Committee on  
5 Public Housing, in holding today's oversight hearing  
6 to examine the need for contracting accountability  
7 and transparency at NYCHA. As Chair of the Contracts  
8 Committee I am of course focused on procurement  
9 policy, ensuring that contracts are devoid of waste,  
10 fraud and mismanagement. As a Council Member my  
11 focus is on the tenants, ensuring that their living  
12 conditions are humane. The procurement process for  
13 city contracts have built-in safeguards, including  
14 oversight by the Mayor's Office of Contract Services  
15 and the City Comptroller. Both offices provide  
16 transparency and accountability. However, NYCHA is  
17 regulated by a federal authority and is not required  
18 to follow the city's procurement rules. We are eager  
19 to learn more about how NYCHA engages with MOCS and  
20 if at all with the city's Comptroller. The New York  
21 City Housing Authority typically contracts for goods  
22 and services including repairs and maintenance,  
23 building and electrical supplies and other goods that  
24 affect the provision of housing for thousands of New  
25 Yorkers. NYCHA residents rely on the performance of



such contracts to ensure both habitable and safe dwellings. Failed or sub-par performance could mean that tenants are forced to live with inadequate heating, leaking roofs or dark and unsafe hallways, and we're not just talking about for one day. We're not just talking about weeks. We're often talking about months and possibly years. Currently, on the Upper West Side, Amsterdam Houses has had scaffolding erected for years waiting for roof repairs that have only just now secured contracts. Since NYCHA does not follow the city's procurement rules, my colleagues and I are eager to learn about what safeguards in place to ensure an effective contracting process free of fraud and mismanagement of funds. We look forward to comparing and contrasting the city's procurement rules and processes through MOCS and those held by NYCHA. It is our hope that such comparison will help NYCHA achieve a more effective and transparent contracting process that will minimize and hopefully avoid issues such as those we will discuss at today's hearing and those that are pictured, evoked in the pictures right behind us. As always, the goal is to work together to provide a more safe and efficient city for all New

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2 Yorkers. Thank you Council Member Torres and thank  
3 you everyone who is here today to testify.

4 CHAIRPERSON TORRES: Thank you, Council  
5 Member Rosenthal. As I noted earlier, there is an  
6 online transparency tool known as Checkbook NYC which  
7 enables the general public to track the expenditures  
8 and contracts of every citywide institution except  
9 the Housing Authority. We are intent on changing  
10 that and the person who's administering that  
11 initiative and who's also intent on changing that is  
12 our Comptroller, and I would like to invite him to  
13 say a few comments about the lack of transparency.  
14 Oh, and I also want to acknowledge my colleague from  
15 Costa Constantinides.

16 COMPTROLLER STINGER: Well, good morning,  
17 and I want to start out by thanking Chairman Torres  
18 for calling this hearing of the New York City Housing  
19 Authority and for inviting me to testify. I also  
20 want to thank Council Member Helen Rosenthal, Chair  
21 of the Contracts Committee for holding this hearing  
22 with you, and I want to acknowledge Public Advocate  
23 Tish James for being here this morning. I thank you  
24 for that and as well as Council Member Peter Koo and  
25 Council Member Costa Constantinides. I want to thank

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2 all the members of the Committee on Public Housing  
3 and the Committee on Contracts for participating in  
4 what I think is a very important hearing, and I'm  
5 really glad you gave me the opportunity to testify.

6 You know, as we gather here today our city is  
7 confronting a crisis in homelessness and  
8 affordability, even during a time during great  
9 prosperity. All across our city we see cranes  
10 building gleaming towers to the sky, and that's  
11 actually a good thing, but we also see too many  
12 families getting left behind in run down shelters and  
13 too often in NYCHA developments that have become a  
14 symbol of urban decay. The contrasts weren't always  
15 so extreme. When I was a kid growing up in  
16 Washington Heights there wasn't very much difference  
17 between Hillside Avenue or Dyckman Houses. We were  
18 all just families striving to get ahead. For many  
19 moving into NYCHA was a ticket to the middle class  
20 and that's the way it was meant to be. As Mayor La  
21 Guardia proclaimed in 1938 as he pressed his case for  
22 creating NYCHA, "Down with the Hubble's, down with  
23 disease, down with firetraps. Let in the sky a new  
24 day is dawning. Instead of that new day, NYCHA has  
25 become a collection of broken windows, mold and roofs

2 that never get fixed like at King Houses. So I am  
3 here today because Council Member Torres understands  
4 this. He understands we've got to have a discussion  
5 about real fundamental reform. The reason this  
6 hearing is so important is because it speaks to  
7 accountability and transparency, something that has  
8 been lacking at NYCHA for decades. Year after year  
9 we get plan after plan promising on paper how the  
10 agency is going to improve, but over and over those  
11 promises are broken. Let's just take a quick look  
12 back. In 2006, NYCHA unveiled the plan to preserve  
13 public housing and nothing changed. In 2011, it was  
14 Plan NYCHA, a roadmap for preservation, and nothing  
15 changed. In 2012, the authorities spent millions on a  
16 report by the Boston consulting group and nothing  
17 changed. And earlier this year, the Administration  
18 unveiled NextGen which declared, "We can't solve  
19 today's problems with yesterday's solutions." But  
20 that is precisely what NextGen offers. In fact, only  
21 six of NextGen's 26 strategies didn't appear in  
22 NYCHA's earlier plans or in the Boston consultant  
23 group's recommendations. So, think about this, 20 of  
24 NextGen's 26 strategies and objectives are  
25 essentially identical to those that appeared in one

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2 or more previous plans. So, you can forgive NYCHA

3 residents for hearing NextGen and thinking Old Gen

4 [sic]. My office has conducted more audits than any

5 other Comptroller's office combined in the last 15,

6 20 years. We've conducted six audits of today's

7 NYCHA and revealed a litany of problems. The

8 agency's failure to secure 700 million in federal

9 funds that could have replaced windows and boilers.

10 We dug into NYCHA's mismanagement of vacant

11 properties and found units kept off the rolls for

12 years. Eighty apartments vacant for a decade and

13 more than 160 for three to ten years. We exposed

14 NYCHA's scandalous inventory system where were found

15 the mysterious X-men accepting deliveries at one

16 warehouse in the Bronx. We still are searching for

17 X-men. Most recently, we looked at NYCHA's

18 maintenance and repairs program and found a backlog

19 of 55,000 requests. We also found that NYCHA took an

20 average of 370 days, more than a year, to fix

21 critical safety violations. Now, I know Chairman

22 Torres, I know our audits upset some people in city

23 government, but as we all know, sunshine always

24 disrupts the darkness, and when people ask me what

25 government oversight looks like I'm going to tell

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2 them about this hearing today. So, the real question  
3 for this Council is trying to answer how do we  
4 finally break the cycle of dysfunction at NYCHA? And  
5 I want to present to you briefly what I believe must  
6 happen based on our audits. First, it's time for  
7 NYCHA to be treated like every other agency when it  
8 comes to budgeting, because for far too long they've  
9 flown under the radar. Right now the agency provides  
10 no quarterly reports of their planned budget, no  
11 actuals, cash flows or headcounts, and no four-year  
12 financial plan. Now, this is budgeting 101. This is  
13 what happens at other agencies if you point it out,  
14 and NYCHA should be providing us all of that.

15 Second, NYCHA should release its physical needs  
16 assessment, a critical document that should be tied  
17 to its capital plan. The needs assessment is like an  
18 x-ray of every building in the system, showing  
19 exactly where roof, boilers and other critical  
20 systems are in need of repair. Yet, for years NYCHA  
21 has hidden this document in a drawer where no one can  
22 see it. Now an updated version is due next year.

23 NYCHA should commit today to releasing the needs  
24 assessment now and in the future. Next, NYCHA needs  
25 to lift the lid on all the maintenance repair records

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2 and release information about mold, peeling paint and  
3 other problems by building. I've called on them to  
4 create NYCHA Stat, which like the NYPD's CompStat  
5 would track work orders in real time and post  
6 information online for all to see. Under this plan,  
7 repair requests for each building would be organized  
8 by the four major work order types, and they would  
9 provide weekly, monthly and yearly comparisons. The  
10 key is to make sure it's not just another  
11 transparency tool, but a management tool, because  
12 when you have the information you can actually manage  
13 a solution. The whole point is to have managers held  
14 accountable for failings in their area, just like  
15 CompStat did for NYPD and what ClaimStat does in the  
16 Comptroller's office. Now, understand something, the  
17 police today could tell you in real time where every  
18 misdemeanor, every jay walking ticket is issued at  
19 every NYCHA development. So, the police can know  
20 your business at NYCHA, but the repairman can't.  
21 NYCHA will no doubt testify that they are more  
22 transparent than ever, but it's not a reality. The  
23 agency's metrics page only allows residents to see  
24 some information on certain work orders, but not on  
25 others, and likewise, their new My NYCHA app allows

2 individuals to track their own work orders, but not  
3 see the big picture within their building. Imagine if  
4 CompStat ran like that. It would like letting you  
5 track crimes committed only against yourself without  
6 ever seeing what's happening in your community. And  
7 today I'd like to add a new priority to the agenda,  
8 and it's actually an idea from Council Member Torres  
9 that I think ties everything together. It is an idea  
10 that is so sensible I wish I had thought of it first.  
11 We have a transparency tool in my office as you  
12 talked about that could provide a new window into  
13 NYCHA and its spending. It's called Checkbook, and  
14 it's a website that shows contracting and spending in  
15 real time at every agency. In Checkbook, you can see  
16 exchanges of money between NYCHA and other city  
17 agencies, but how NYCHA spends the bulk of its money  
18 and with whom remains all invisible. It's a secret.  
19 We need to change that now, and there is a precedent.  
20 Just last year, the New York City Economic  
21 Development Corporation, which like NYCHA is  
22 technically not a city agency, agreed to integrate  
23 its contract information into Checkbook. The agency  
24 placed over one billion in spending into the system  
25 and agreed to update it regularly. I commend EDC,



2 the Mayor and all officials for getting this done  
3 with us. So, today with Council Member Torres and  
4 the rest of this council I how we can make a unified  
5 call for NYCHA to wake up and join Checkbook. What  
6 we cannot do is support the status quo or listen to  
7 the apologists who insist that all is well. Many of  
8 us are near the halfway point in our terms, and if we  
9 are going to move the needle on real change, the time  
10 to act is now. We need to stand up and do what no  
11 Administration has been able to do for decades, and  
12 that is to provide meaningful reform to the parents,  
13 grandparents and children who call NYCHA home. And  
14 let me stress, I look forward to partnering with  
15 NYCHA's Chairwoman Shola Olatoye. She is already  
16 working with our office to reform the agency's  
17 inventory system in line with our audit so  
18 cooperation happens. We need to make sure that she  
19 has all the tools she needs to realize the next  
20 generation at NYCHA, because remember, this is not  
21 about only brick and mortar. This is about people's  
22 lives and ultimately preserving the single greatest  
23 source of affordable housing in our city. That's  
24 what La Guardia was fighting for when he called for a  
25 new day in 1938. He was demanding sunlight for all,

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2 fairness for all, decent living conditions for all,  
3 and that's what we have to fight for today. Thank  
4 you for this hearing, Speaker Mark-Viverito and all  
5 of you present today.

6 CHAIRPERSON TORRES: Thank you, Mr.  
7 Comptroller. Do you have--okay? Okay, go ahead.

8 CHAIRPERSON ROSENTHAL: Mr. Comptroller,  
9 you summed it up so beautifully.

10 COMPTROLLER STRINGER: Thank you.

11 CHAIRPERSON ROSENTHAL: And thank you so  
12 much. I know you had, you yourself coming from the  
13 Upper West Side have for years been devoted to this  
14 issue, and you know, I know the residents who  
15 appreciate you.

16 COMPTROLLER STRINGER: Thank you. Thank  
17 you.

18 CHAIRPERSON ROSENTHAL: And you nailed. I  
19 mean, and I agree with you 100 percent about where  
20 the transparency can be in order to bring some of  
21 these issues to light. Given your experience in  
22 working this, and this is my fundamental question, we  
23 know who we work with every day, and we know they're  
24 well-intentioned, and we know that the tenants are  
25 well-intentioned, the tenant leaders who we work and

2 the tenants who we see. Where's the disconnect  
3 between, you know, the leadership who sincerely wants  
4 this changed and those responsible for making repairs  
5 or seeing the oversight, or you know, in the situ--in  
6 the example of Amsterdam Houses putting up  
7 communication on the walls saying that roof repairs  
8 are coming, you know. When the tenants call me and  
9 say, "Why is scaffolding going up?" and I have to be  
10 the one to say, you know, did no one flyer the  
11 buildings? Where's the disconnect between the two?  
12 Thank you.

13 COMPTROLLER STRINGER: So, Council Member  
14 I think that's the bottom-line questions. You know,  
15 we--I started off the testimony because I wanted to  
16 sort of talk about all the good intentions, and for  
17 many years the people who have had a role in NYCHA  
18 have really struggled to put forth reform plans. So,  
19 we spent a lot of time looking at the audits and  
20 saying, okay, you can't just complain. You need to  
21 figure out where's the solution. Where is the  
22 tipping point that we do have this fundamental  
23 change? And I think it is about transparency not for  
24 transparency's sake, but in this particular case,  
25 transparency creates a management tool that allows us

2 to track in real-time repairs by development, by  
3 building, by apartment, and then that gives those of  
4 you in the Council who do oversight, that gives my  
5 office that has an oversight component as well, gives  
6 the Public Advocate the ability to look at data and  
7 create their own view of what their recommendations  
8 ought to be. Right now we do that in every agency,  
9 but we don't do it in NYCHA. So, the old excuse is  
10 that well, we're not really a city agency. We're  
11 kind of federal. We're kind of state. Throw that  
12 all out after EDC, and EDC didn't walk in and say,  
13 "Oh, Checkbook's here. I can't wait to put all of our  
14 billions of dollars of public projects online for,  
15 you know, the press and the Council and everyone to  
16 see." But over time and discussion they realized it  
17 was a useful management tool for them, and I think  
18 we've got to get NYCHA to that point. The second,  
19 there are documents about needs assessment in every  
20 building that's sitting in someone's office safe, and  
21 it's not transparent. And finally, if we could get  
22 this out there that NYCHA doesn't have to be reactive  
23 every time there's an audit. So, we audit. They  
24 know the audit's coming. They immediately throw out  
25 two or three proposals, see what sticks. I come to

2 testify, suddenly they have a PDF that talks about,  
3 you know, all of their transparency, but it's not  
4 really transparency. It's just to muddle things.

5 And I think you're right, if we have this tool that's  
6 never been used before, we could in fact help them  
7 build into a real fix-the-problem metrics that's  
8 missing.

9 CHAIRPERSON TORRES: And I have one more  
10 comment and question. I think, you know, I think you  
11 believe as I do that there's no inherent conflict  
12 between supporting NYCHA and holding NYCHA  
13 accountable, that those are two complimentary goals  
14 and that's a point--

15 COMPTROLLER STRINGER: [interposing] By  
16 holding NYCHA accountable, we're supporting NYCHA  
17 residents.

18 CHAIRPERSON TORRES: But having said  
19 that, you know, we should recognize that NYCHA has  
20 probably seen a level of disinvestment affecting no  
21 other agency. It could be the case that NYCHA's lost  
22 five to 10 billion dollars over the last 15 years.  
23 Imagine the NYPD losing that level of funding.  
24 Imagine DOE losing the level of funding. It would  
25 have a devastating impact. So there are some

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2 challenges affecting the Housing Authority that are  
3 so deeply rooted that it's you couldn't reasonably  
4 expect the Chairperson, the new leadership to  
5 overcome it, but this is different. This is about  
6 contracts, and this is something that NYCHA could do  
7 very easily. They could just release the contracts  
8 to the Comptroller's Office, and I guess what are  
9 your thoughts on that?

10 COMPTROLLER STRINGER: So, I think it's  
11 important to lay out that NYCHA does have challenges,  
12 and NYCHA's operating deficit in 2015 was 98 million  
13 dollars. The projected 10-year operating deficit was  
14 2.5 billion. NYCHA has a 918 million dollar executive  
15 capital commitment plan for 15 to 19 and the  
16 outstanding capital needs projection is nearly 17  
17 billion. Yes, there is a state and federal  
18 divestment of NYCHA the likes we've never seen, but  
19 let's get creative. So, we as elected officials also  
20 have to be held accountable to our ideas and  
21 recommendations. So I think you separate out for the  
22 purposes of this hearing the budget deficit with  
23 transparency and management tools.

24 CHAIRPERSON TORRES: Right.

25

2           COMPTROLLER STRINGER: But I also think  
3 that we should look at creating a new revenue stream  
4 for the New York City Public Housing Authority. Why  
5 not take the excess money from the Battery Park City  
6 Authority that traditionally flows through our city,  
7 and why don't we commit 400 million dollars over 10  
8 years to NYCHA, 40 million dollars a year for 10  
9 years, the first ever new revenue stream identified.  
10 Move that to NYCHA. That 400 million could be bonded  
11 turning it into billions, and it would send a signal  
12 to the state that we and them by a vote of the  
13 Governor, the Mayor and the Comptroller could change  
14 that revenue stream right into NYCHA. So we should  
15 consider out of the box ways of helping identify  
16 revenue streams. I think if we did that, I think  
17 people would be shocked. Okay, now we're all putting  
18 our money where our mouth is. Let's go. It won't  
19 obviously deal with the huge deficit, but it would  
20 help us. It would position ourselves as critical  
21 thinkers about how to lift up NYCHA. You see, if the  
22 status quo continues, we're going to see the  
23 dismantling of the most successful public housing  
24 program devised and NYCHA is the best in the country,  
25 and I worry every day like our Mitchell-Lama program

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2 which basically we allowed to, as Helen knows on that  
3 point, so we allowed it to expire. We cannot allow  
4 this to continue much longer.

5 CHAIRPERSON TORRES: I agree with you, and  
6 I think the Battery Park Authority would provide a  
7 substantial and bondable revenue stream. So, it's an  
8 idea--

9 COMPTROLLER STRINGER: [interposing] It  
10 could.

11 CHAIRPERSON TORRES: that I whole  
12 heartedly support and it would create a partnership  
13 between the city and state. I know the Public  
14 Advocate had a few comments.

15 PUBLIC ADVOCATE JAMES: Thank you. One  
16 is a request and one is an inquiry. Based on  
17 conversations with residents at Richmond Terrace and  
18 West Brighton Houses as well as Nostrand Houses.  
19 They've complained about shoddy construction. My  
20 question is whether or not the Comptroller can  
21 conduct an audit with regards to contractors who they  
22 are alleging violated health and safety standards at  
23 some of these public housing throughout the city of  
24 New York based upon our visits to these developments?

25



2 COMPROLLER STRINGER: Let me--do you  
3 want to? Could I have our Deputy Comptroller--

4 PUBLIC ADVOCATE JAMES: [interposing]  
5 Sure.

6 COMPROLLER STRINGER: talk about that?  
7 Maybe there's a way we could collaborate.

8 PUBLIC ADVOCATE JAMES: Sure.

9 DEPUTY COMPTROLLER: We do actually have  
10 an audit open right now of Capital Construction, and  
11 you know, we're looking for information. We're just  
12 in the survey phase of the audit getting basic  
13 information. That information will be useful for us.

14 PUBLIC ADVOCATE JAMES: Okay. So based  
15 upon our town hall meetings at public housing we've  
16 been hearing over and over again of shoddy  
17 construction which has led to leaks and we would love  
18 to join with your office to conduct an audit with  
19 respect to those health and safety standards. My  
20 other question is, I know that NYCHA gets 88 percent  
21 of its funding comes from Federal Government. To  
22 what extent is--and I support your idea on making, on  
23 having NYCHA comply with Checkbook. My understanding  
24 is that there's different financial systems. Is it  
25 easier to coincide the two different systems so that

2 the software that NYCHA uses and the city uses can be  
3 compatible so that you can--so they can utilize  
4 Checkbook?

5 COMPROLLER STRINGER: So let me just  
6 say, so for the first question on the--some of the  
7 construction issues, it would be very timely for our  
8 offices to talk because part of what informs the  
9 audit are the experience of the tenants. So, to the  
10 extent that we could know that would help, I think  
11 shape the audit that's going on now, and as you know,  
12 these audits take a year or more. And, I just want to  
13 say, the audit is never a gotcha of a city agency,  
14 because at the end of the day before the audit's  
15 final, we have sat with NYCHA or every agency at  
16 nauseum going through the recommendations. So this  
17 could be something that could be very helpful. In  
18 terms of the question about FM [sic], you know, about  
19 the systems--

20 PUBLIC ADVOCATE JAMES: [interposing] Yes.

21 COMPROLLER STRINGER: NYCHA doesn't run  
22 our FMS system, that is true, but NYCHA money could  
23 run through Checkbook. And maybe David you want to  
24 just give a quick 30 seconds on how that would work?

2 DAVID: Well, I would suggest that EDC is  
3 again the model. Many of EDC's dollars also do not  
4 flow through FMS, but they found a way to integrate  
5 their spending in Checkbook. So, it's complicated.  
6 It would take time, but it's absolutely achievable.

7 PUBLIC ADVOCATE JAMES: But it can be  
8 done.

9 DAVID: Absolutely.

10 PUBLIC ADVOCATE JAMES: That's it.

11 COMPTROLLER STRINGER: And by the way,  
12 we're willing. We're willing like we did with EDC,  
13 it didn't happen overnight, Public Advocate. We  
14 really had to drill down. They have legitimate  
15 issues that we had to deal with. We obviously had FMS  
16 issues.

17 PUBLIC ADVOCATE JAMES: Right.

18 COMPTROLLER STRINGER: But it got done.

19 PUBLIC ADVOCATE JAMES: Yeah, the bottom  
20 line is--and to summarize, it can be done, and that  
21 really is the message. In regards to the first  
22 point, it was Nostrand Houses. They blame leaks on  
23 the fact that the bricks on the façade were repointed  
24 with silicone rather than cement, and on Richmond  
25 Terrace and West Brighton in Staten Island the

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2 contractors hired to remove asbestos violated health  
3 and safety standards. My office is here and they'll  
4 be in touch with your staff as well. Thank you.

5 COMPTROLLER STRINGER: And part of the  
6 hearing that the Council's doing is, you know, we all  
7 have--you go into NYCHA and you do a good town hall  
8 meeting and you hear resident complaints. And  
9 wouldn't it be great if the complaints that you got  
10 from taking the time to go to the development, that  
11 your office can then go online, right, and say, okay,  
12 there's a management tool in place, I now can access  
13 information that will allow me in your capacity as  
14 someone who looks at these issues to then have the  
15 tools sitting in your office to say, okay, I'm going  
16 to track this development, so when I go back in six  
17 months I'm going to be able to either hold the agency  
18 accountable or say to the tenants, "I can tell you  
19 this is going to get done." That's what Checkbook  
20 and these tools are all about.

21 PUBLIC ADVOCATE JAMES: Thank you.

22 CHAIRPERSON TORRES: Mr. Comptroller, I  
23 want to thank you. I think the Public Housing  
24 Committee has a way of bringing people together. So,  
25 thank you for coming.

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2 COMPROLLER STRINGER: You are truly  
3 visionary. I want to seriously just thank everybody  
4 for this hearing. This really--

5 CHAIRPERSON TORRES: [interposing] Sorry,  
6 I think Council Member Koo actually had a question. I  
7 do want to give him the opportunity.

8 COUNCIL MEMBER KOO: Thank you,  
9 Comptroller. My question to you is that you  
10 mentioned NYCHA is not technically a city agency, so  
11 do you sign the checks every month for them, for the  
12 employees? No? Yes?

13 COMPROLLER STRINGER: No.

14 COUNCIL MEMBER KOO: Not under your name?  
15 Oh.

16 COMPROLLER STRINGER: But I get a lot of--  
17 --I send a lot of checks.

18 COUNCIL MEMBER KOO: So who signs the  
19 checks, the Chairwoman? Oh, okay.

20 COMPROLLER STRINGER: That's right.

21 COUNCIL MEMBER KOO: So you have no  
22 authority over there? So you have no authority over  
23 their workers?

24 COMPROLLER STRINGER: Well, we, you  
25 know--

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2 COUNCIL MEMBER KOO: [interposing] But you  
3 can audit them?

4 COMPTROLLER STRINGER: Yes, and listen, I  
5 think the issue--I don't think you can separate while  
6 authorities are certainly different than agencies, I  
7 think the point of this hearing is to see the  
8 oversight role that we play with NYCHA developments,  
9 and look, NYCHA has Federal buildings, State  
10 buildings, city buildings, so it's a combination of  
11 many different things. What we are arguing today,  
12 Council Member, is that there are tools, management  
13 tools in place to break the cycle of dysfunction, and  
14 that we have to bring, shine the light of day on  
15 tense issues. Again, it's a management tool. That's  
16 how we can track improvement and standards, and  
17 that's what we have to get to.

18 COUNCIL MEMBER KOO: So what is the total  
19 budget, operating budget, for NYCHA?

20 COMPTROLLER STRINGER: You know what, I  
21 don't have the exact dollar amount.

22 COUNCIL MEMBER KOO: Oh, [inaudible]

23 COMPTROLLER STRINGER: I could tell you.  
24 I could tell you what we mentioned--  
25

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2 COUNCIL MEMBER KOO: [interposing] No, my  
3 question is what's the total budget, and then how  
4 much each level of government contribute to the  
5 budget, the federal, the state and city?

6 COMPTROLLER STRINGER: I don't have that.  
7 I don't have that information today.

8 COUNCIL MEMBER KOO: And then what is  
9 their deficit?

10 COMPTROLLER STRINGER: Well, I told you  
11 what the deficit was. The deficit was 98 million  
12 according to our data in 2015. The 10-year operating  
13 deficit is 2.5 billion according to our office.  
14 NYCHA has a 918 million dollar executive capital  
15 commitment plan for FY 15-19, but the outstanding  
16 capital needs projection is a whopping 17 billion  
17 dollars.

18 COUNCIL MEMBER KOO: So what is their  
19 income revenue from [sic]? For NYCHA, just from the  
20 state? Different government?

21 COMPTROLLER STRINGER: There's a lot of--  
22 there's a lot of different revenue streams, state,  
23 federal, obviously not enough city. So, the tenant's  
24 rent, parking revenue--

25

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2 CHAIRPERSON TORRES: [interposing] I'm  
3 going to interject. In the interest of time I want  
4 to move on. So, thank you, Mr. Comptroller.

5 COMPTROLLER STRINGER: Thank you very,  
6 very much.

7 CHAIRPERSON TORRES: [cross-talk]

8 COMPTROLLER STRINGER: Thank you  
9 everybody, thank you.

10 COUNCIL MEMBER KOO: Thank you.

11 CHAIRPERSON TORRES: Okay, I would like to  
12 call up the New York City Housing Authority. Okay,  
13 please raise your right hands? Do you swear or  
14 affirm to tell the truth, the whole truth and nothing  
15 but the truth today?

16 SHOLA OLATOYE: I do.

17 : I do.

18 : I do.

19 CHAIRPERSON TORRES: You may proceed.

20 SHOLA OLATOYE: Chairs Ritchie Torres,  
21 Helen Rosenthal, members of the Public Housing and  
22 Contracts Committee and other distinguished members  
23 of the City Council, good morning. I'm Shola  
24 Olatyoe, the New York City Housing Authority's Chair  
25 and CEO. Joining me today are David Farber,



2 Executive Vice President for Legal Affairs and  
3 General Counsel, Brian Clarke, Senior Vice President  
4 for Operations, Farhan Syed, Vice President for  
5 Construction, and other members of our executive and  
6 capital projects leadership team. Thank you for the  
7 opportunity to explain the circumstances that led to  
8 the unfortunate incident at the King Towers  
9 development in Harlem. To put that incident into  
10 context, I will discuss the scope and success of  
11 NYCHA's overall capital program, which will deliver  
12 about 2.4 billion dollars of infrastructure  
13 improvements, major modernization and Hurricane Sandy  
14 related repair and resiliency work over the next five  
15 years to benefit more than 250,000 residents. I will  
16 also provide an overview of our contracting and  
17 procurement processes and our efforts to increase  
18 transparency as part of our long term strategic plan  
19 Next Generation NYCHA. August 12<sup>th</sup>, the Daily News  
20 published a story on a situation at King Towers that  
21 should never have happened. Building number 10 at  
22 that development was undergoing roof repairs while  
23 its roof drains were clogged. As a result, residents  
24 living below experienced major leaks into their  
25 apartments. While repairs can sometimes unfortunately

2 become disruptive, they should never diminish the  
3 quality of life for residents as they did in the case  
4 of King Towers. It was preventable and it was  
5 unfortunate. King Towers was the perfect storm, one  
6 of the worst roofs in our portfolio, years of  
7 deferred maintenance led to rotting through its sub  
8 roof, a previously known uncondition--previously  
9 unknown condition that was discovered during  
10 construction. Secondly, operations procedures for  
11 NYCHA to clear the drains on the roof before  
12 construction began were not followed. Lastly, the  
13 weight of the repair equipment on the rotting roof  
14 led to additional seepage. All of these unfortunate  
15 circumstances contributed to leaks into resident's  
16 apartments when it rained. Furthermore, the lack of  
17 responsiveness by staff was simply wrong and  
18 unacceptable. The ultimate responsibility lies with  
19 NYCHA to prevent outcomes like this. In this case,  
20 procedures regarding clogged drains were not followed  
21 and disciplinary action was taken. I think it would  
22 be helpful to take you through the details of this  
23 incident. In March of last year we awarded the King  
24 Towers façade and roof replacement contract to  
25 Technico Construction. We also selected a

2 construction manager, Jay Schipiro [sp?] and  
3 Associates, based on their experience and  
4 qualifications. King Towers was chosen for these  
5 repairs because its roof is one of the worst in our  
6 portfolio according to our portfolio-wide assessment.  
7 It also had façade conditions that needed to be  
8 corrected per the city's Local Law 11. In April of  
9 2014 we kicked off the resident engagement process by  
10 notifying residents about the upcoming work through a  
11 preconstruction meeting that introduced the resident  
12 leadership to the construction manager. From July  
13 2014 to the present we held 46 construction meetings  
14 with the construction team, 12 of which were attended  
15 by NYCHA property management staff and five meetings  
16 with resident leaders to discuss how the work might  
17 affect residents. King Towers' roofs are in bad  
18 shape. When construction managers work on roofs that  
19 are in such poor condition it's not possible to  
20 entirely ascertain what's "beneath the surface," that  
21 is the extent of the deterioration. This reality  
22 isn't an excuse for what happened at King Towers, it  
23 just means that our capital projects are more  
24 complicated than those at buildings where the  
25 elements have had a regular repair or replacement

2 schedule. Our protocols help manage the scenarios  
3 that can occur when working on old buildings. Before  
4 construction even begins, we conduct surveys of the  
5 worksite, documenting existing conditions,  
6 identifying any needed work and responsible parties,  
7 and checking for potential problems. We conducted  
8 the survey at building number 10 in April 2015,  
9 during which time three clogged roof drains were  
10 identified. Even with these surveys, unforeseen  
11 field conditions can arise. For instance, we  
12 discovered in June 2015 that the roof slab above  
13 apartment 13A needed to be replaced. Shortly  
14 thereafter, senior NYCHA staff visited the  
15 development to assess the roof and the apartment  
16 ceiling. We immediately issued a change order to the  
17 contract to fix the roof slab and the apartment  
18 beneath it. In addition, we coordinated with the two  
19 residents on the necessary permanent relocation. The  
20 building survey was where we failed to follow our own  
21 protocol. While the appropriate property management  
22 staff did participate in the survey, the staff failed  
23 to ensure that a work order was created regarding the  
24 clogged drains and that they were cleared before  
25 construction began. Furthermore, NYCHA staff allowed

2 the contractor to move ahead with construction prior  
3 to confirming that the drains had been cleared. Roof  
4 work on building number 10 began on April 16<sup>th</sup>, 2015  
5 with asbestos removal. I want to note that a  
6 temporary roof was always used to cover the roof  
7 during the repair work per our policy and as part of  
8 the contract. Following heavy rainfall, top floor  
9 residents reporting leaking in their apartments,  
10 which NYCHA staff and the contractor investigated.  
11 We determined that the leaks resulted from the  
12 construction work and addressed them as conditions  
13 allowed. However, we could have done a much better  
14 with respect to this. The article about the leaks at  
15 building number 10 was published on August 12<sup>th</sup>.  
16 Senior NYCHA staff again visited the site to  
17 investigate on August 13<sup>th</sup>, determining that the  
18 clogged roof drains, heavy equipment on the roof, and  
19 the need to lower the roof drains were the main cause  
20 of the leaks. We immediately cleared and lowered the  
21 drains. Since then, residents have not reported any  
22 leaks due to heavy rainfall. We acknowledge that we  
23 could and should have done a better job communicating  
24 with residents on what we were finding and how that  
25 could impact them. We should have also responded

2 more adequately to their complaints. As a result of  
3 our review of this matter, we are updating our  
4 protocols to more clearly specify which parties from  
5 NYCHA, the contractor and the construction manager  
6 need to participate in pre-construction building  
7 survey and to clarify that construction work cannot  
8 begin until all clogged drains are cleared. We  
9 implemented improved processes for escalating issues  
10 regarding clogged roof drain portfolio-wide and for  
11 deploying staff to remedy any conditions that arise  
12 due to severe weather. We are also convening a group  
13 of industry experts, including certified roof  
14 manufacturers, architects, certified roofing  
15 contractors and construction managers to help us  
16 develop additional best practices for working on old  
17 buildings. The roof work at building 10 is nearing  
18 completion. We finished several stages of the work  
19 in September without further incident and are  
20 currently working and metal railing installation.  
21 This unfortunate incident should not characterize all  
22 of the good work we're doing on behalf of our  
23 residents. While an incident or two may make  
24 headlines, our staff worked hard day and night to  
25 make our community safe, clean and connected. The

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2 roof replacement project at King Towers is part of  
3 our 500 million dollar exterior rehabilitation of 319  
4 buildings citywide that are home to more than 30,000  
5 residents. In the past two years we've successfully  
6 completed construction at 83 buildings as part of  
7 this program, and construction is underway at an  
8 additional 173 buildings. Residents across the city  
9 can attest to an improved quality of life as a result  
10 of this vital roof and façade repair program, which  
11 we expect to complete by 2016. As we've heard  
12 before, NYCHA's buildings are old. Sixty percent of  
13 them are more than 50 years old. As buildings get  
14 older their problems increase. The entire NYCHA  
15 portfolio currently has a 17 billion dollar--has 17  
16 billion dollars in unfunded capital needs. Our  
17 buildings need more investment more than ever at a  
18 time when federal funding for them is scarce and  
19 declining. We are very grateful for the Mayor's 300  
20 million dollars investment in roof replacement, which  
21 is a great start to an immense problem. Roof  
22 replacement delivers significant benefits and  
23 dramatically improves quality of life for residents.  
24 It prevents leaks that cause mold and reduce leak  
25 related work orders, freeing us to focus on other

2 important issues. In August, we began an 87 million  
3 dollars capital project at the Queens Bridge Houses,  
4 which includes 60 million dollars of city funding for  
5 roof repairs at all 26 buildings as part of a three-  
6 year roof replacement initiative. We hope that the  
7 state will follow the city's lead and invest 100  
8 million dollars in state capital funding to replace  
9 significantly deteriorated roofs at an additional 100  
10 NYCHA buildings. The vast majority of funding for  
11 NYCHA's regular capital program is federal, about 88  
12 percent in recent years. From 2001 to 2013, annual  
13 federal capital grants have declined, 162 million  
14 dollars or by 36 percent, from 420 million dollars to  
15 259 million dollars. As a result NYCHA has  
16 experienced a cumulative federal capital grant  
17 funding loss of more than one billion dollars since  
18 2001 on top of previous years of state dis-  
19 investment. Even in the years of flat appropriations  
20 of to the capital fund rising costs have resulted in  
21 very real cuts to the program. This chronic funding  
22 gap severely constraints NYCHA's ability to make  
23 necessary repairs and upgrades to brick work, roofs,  
24 elevators, building systems, including heating,  
25 plumbing systems, and apartment interiors.



2 Modernization is crucial for NYCHA to maintain its  
3 housing stock in a state of good repair and improve  
4 service levels and quality of life for the next  
5 generation of New Yorkers. In spite of the  
6 significant challenges of aging infrastructure and  
7 declining federal funding, NYCHA has established a  
8 track record of completing quality construction  
9 projects in a timely manner. Over the past five  
10 years, NYCHA has implemented a series of improvements  
11 to the way we plan capital projects, incorporating  
12 industry best practices into our policies and  
13 procedures. Those improvements included  
14 organizational changes such as creating a capital  
15 planning unit to collect and analyze technical data,  
16 to make better decisions about which projects get  
17 funded and when and procedural changes such as  
18 assigning a single point of contact for every project  
19 to increase accountability and provide a clear line  
20 of responsibility. This strategic focus enables us  
21 to complete projects more quickly and efficiently,  
22 which is vital considering the age of our buildings  
23 and the deadlines associated with federal funding.  
24 HUD requires public housing authorities to obligate  
25 90 percent of capital funds within 24 months and to

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2 expend them within 48 months. NYCHA obligated HUD's  
3 latest capital grant in only eight months, well ahead  
4 of the 24 month deadline, and NYCHA beat HUD's  
5 deadline in expending 311 million dollars on critical  
6 infrastructure, including facades, roofs and  
7 elevators and heating and plumbing systems that  
8 improving the quality of life for about 48,000  
9 families. We're also completing more projects. Last  
10 year, we obligated over 740 million dollars on major  
11 modernization projects including the entire proceeds  
12 of a 500 million dollars bond, which was obligated  
13 about a year under deadline. This is three times the  
14 usual 232 million dollar NYCHA obligated in 2012.  
15 Another indication of our progress is the fact that  
16 the number of construction change orders has gone  
17 from about 600 in 2012 to just over 200 last year.  
18 Despite all the progress NYCHA has made in  
19 overhauling the way we do business, obligating money  
20 faster, cutting the number of construction change  
21 orders by more than half and seeing reductions in  
22 leak related work orders at buildings with replaced  
23 roofs, there's still a sense that NYCHA operates in  
24 the dark. The only way to dismantle this assumption  
25 is to shine a bright light into our capital program.

2 Within the first 90 days of my tenure we launched  
3 NYCHA Metrics on our website which feature a range of  
4 current and historical information pertaining to work  
5 orders, service wait times, apartment vacancy rates,  
6 rent collection rates and more. More recently we've  
7 made all of our active contracts available online,  
8 similar to other city agencies. We're also planning  
9 to post online all awardees of RFP's and contracts  
10 moving forward. We just posted online a summary of  
11 the most recent physical needs assessment, the P and  
12 A as it's called, which is performed every five  
13 years. It's a comprehensive overview of the major  
14 infrastructure needs of our developments. We're  
15 doing this because transparency is the best form of  
16 oversight, fostering accountability and efficiency  
17 without hindering our efforts to better residents. A  
18 number of agencies are responsible for NYCHA's  
19 oversight. NYCHA abides by a comprehensive set of  
20 federal, state and internal procurement statutes,  
21 rules and regulations known as a contract procedure  
22 resolution. Again, about 88 percent of NYCHA's  
23 regular capital funding is federal and it is overseen  
24 by the US Department of Housing and Urban  
25 Development. HUD procurement standards are outlined

2 in the code of federal regulation, primarily  
3 2CFR200.317-326. Federal regulations stipulate, for  
4 example, that Public Housing Authority's contracts  
5 comply with Davis Bacon Act provisions regarding  
6 prevailing wages cannot exceed five years and must  
7 abide by Section Three Resident Hiring requirements.  
8 Section 151 of the State's Public Housing Law  
9 requires NYCHA to procure via field bids. All  
10 construction contracts over 50,000 dollars and  
11 contracts for materials and supplies over 25,000.  
12 The contract is awarded to the lowest responsive and  
13 responsible bidder. All other contracts over 150,000  
14 dollars may be procured via RFP's or sealed bids.  
15 The same procurement rules apply to city capital  
16 funding, a small percentage of our funding with  
17 several agencies and entities overseeing its  
18 expenditure. All contracts funded through the New  
19 York City office of Management and Budget are  
20 registered with the City Comptroller. Additionally,  
21 through the city's Department of Investigation and  
22 Housing Development Corporation and independent  
23 auditor monitors contracts for capital projects that  
24 are funded by a bond issuance at a cost to NYCHA of  
25 approximately 6.5 million dollars. NYCHA uses the

2 city's vendor information exchange system known as  
3 Vendex to verify the real liability and integrity of  
4 the vendors we select regardless of the funding  
5 source. NYCHA also has a process for evaluating  
6 contractors at the end of the contract as well as  
7 different milestones during the life of the project  
8 on criteria such as timeliness, completeness, safety,  
9 and quality of work. in addition to HUD and the  
10 Comptroller's Office, NYCHA reports regularly to the  
11 Mayor, the City Council, the New York City Office of  
12 Management and Budget, the IRS, the State  
13 Comptroller, New York State Homes and Community  
14 Renewal, the New York City Housing Development  
15 Corporation, the New York City Department of Housing  
16 Preservation and Development, the New York City  
17 Department of Finance, the New York City Department  
18 of Investigation, the State's Department of Taxation  
19 and Finance, the State Attorney General, and more  
20 than a dozen other agencies and entities. Dozens of  
21 NYCHA staff spend thousands of hours working to  
22 promote accountability and engage our partners  
23 through these more than 100 reports. We take very  
24 seriously our responsibility to the public. Clearly,  
25 the issue at hand is not creating additional layers

2 of unfunded reporting, but more transparency for  
3 proper oversight and accountability. We want to make  
4 sure our capital dollars are spent as effectively as  
5 possible, on time, within budget, and to maximize  
6 benefit of residents. And so we are building upon  
7 that work we've already begun to become a more  
8 transparent organization. Unlike private landlords  
9 who can raise rents to fund major capital  
10 improvements, NYCHA relies mainly on government  
11 funding to make the best use of scarce federal  
12 dollars. We have been working to improve our  
13 operations and become a more--become a better and  
14 more efficient landlord through our long term  
15 strategic plan, Next Generation NYCHA. Every year  
16 that repairs and upgrades are not completed increases  
17 the risk for further deterioration to our buildings.  
18 Through our capital program we're making critical  
19 timely improvements that will prevent further  
20 deterioration and undo decades of dis-investment,  
21 such as beginning the restoration of 66 roofs this  
22 year with the Mayor's 300 million dollars investment.  
23 However, hundreds of roofs that are not included in  
24 this work are also in dire need of repair. So we  
25 must continue talking about how we get that work

2 funded. Thank you to the Council for your support as  
3 we move forward to address NYCHA's challenges. I am  
4 happy to answer any questions you may have. Thank  
5 you.

6 CHAIRPERSON TORRES: As always, thank  
7 you, Madam Chairwoman, and NYCHA is cooperative with  
8 the committee, and I do believe that you've made some  
9 genuine strides for transparency. You noted that  
10 you've released all the contracts recently. How  
11 recently did you release all the contracts?

12 SHOLA OLATOYE: We've begun that process  
13 actually earlier this month and we just completed it  
14 I believe earlier this week. So, they're now  
15 available on our website.

16 CHAIRPERSON TORRES: So earlier this week  
17 all the contracts were available?

18 SHOLA OLATOYE: Yes, they should be  
19 available now if you download you can go to the  
20 website.

21 CHAIRPERSON TORRES: Great. I'm going to  
22 bring up a sensitive topic. I am not going to ask  
23 about, obviously your Executive Vice President for  
24 Capital Projects was suspended. I'm not going to ask  
25 about the details of the suspension because we are

2 not the Department of Investigations, but I do want  
3 to ask about the impact it will have on the capital  
4 program. Can you give us every assurance that the  
5 capital program, at a time when it is probably--you  
6 have more projects than you've ever had in the  
7 history of the authority is going to continue  
8 operating as smoothly as it has in the past few  
9 years?

10 SHOLA OLATOYE: Like any organization,  
11 but certainly at NYCHA we are more than one person,  
12 and I'm pleased to say that we have a deep and  
13 experienced bench of professionals who are committed  
14 day and night to executing on our regularly federal  
15 capital program as well as our Sandy program,  
16 etcetera. We have no time to waste. We have no--we  
17 cannot miss a step. The risks are too high. So, our  
18 commitment is to continue day and night the work that  
19 we have before us.

20 CHAIRPERSON TORRES: Okay. Now, I heard  
21 you earlier characterize we don't need, what was it,  
22 layers, unneeded layers of reporting, and then you  
23 mentioned a litany of agencies to which you report  
24 regularly. My understanding is that city contract  
25 requires the approval of a whole host of regulatory



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2 agencies like MOCS, the Law Department, DOL, DLS, and  
3 then ultimately registration with the Comptroller's  
4 Office. Do you have to secure the same approvals?

5 Does NYCHA have to secure approval from MOCS for its  
6 federal--most of its contracts is federally funded?

7 SHOLA OLATOYE: So, we are as part of our-  
8 -the resources that we receive from the city, so city  
9 capital dollars, that is we are part of the Checkbook  
10 system already and we are required to go through all  
11 of the layers of reporting and compliance that you  
12 just mentioned. In addition to our--for the rest of  
13 our work, the Department of Housing and Urban  
14 Development as well as the Comptroller and others  
15 have an oversight on those. Our system currently for  
16 federal programs does not speak to the city system,  
17 but we are certainly interested in learning from our  
18 ECD colleagues. I was just with our Commissioner  
19 yesterday talking about this as to how they were able  
20 to make that switch, and we are interested in  
21 pursuing that further with the necessary financial  
22 support ultimately to improve accountability and  
23 transparency.

24 CHAIRPERSON TORRES: So, are you willing  
25 to integrate all of your contracts including your

2 federal contracts into Checkbook NYC as the  
3 Comptroller and I have requested?

4 SHOLA OLATOYE: We are certainly willing  
5 to begin that process to understand what that would  
6 entail for the agency, what the potential cost and  
7 implications would mean for us, and we look forward  
8 to working with you and the Comptroller on that.

9 CHAIRPERSON TORRES: And I appreciate  
10 that. But would you acknowledge at some level that  
11 your federal contracts, which are the vast majority  
12 of your contracts, right, the vast majority of your  
13 funding comes from the federal government are  
14 subjected to dramatically less oversight than a city  
15 funded contract would be? You don't require the  
16 approval of MOCS. You don't require the approval of  
17 the Law Department. You don't require the approval  
18 of the Comptroller? You have just dramatically less  
19 oversight for federally funded contracts?

20 SHOLA OLATOYE: I don't--I don't agree  
21 with the premise of your question. I believe that we  
22 actually have a significant amount of oversight and  
23 organizations that are--that look at and review our  
24 contracts, but I think what we're seeing here is  
25 NYCHA and what's something that is a part of Next

2 Generation NYCHA is really bringing NYCHA more in  
3 line with the city, really removing it from its  
4 island status. So we're really looking forward to  
5 working with you and others to figure out how we do  
6 that.

7 CHAIRPERSON TORRES: So if you disagree  
8 with the premise of my question, what front end  
9 approvals do you have to obtain for federally funded  
10 contracts?

11 SHOLA OLATOYE: Our entire capital  
12 program is A, submitted to the Department of Housing  
13 and Urban Development. Any contract that eventually  
14 comes to--is approved, goes through our own internal  
15 process as well as our legal, our process and we are  
16 consistent with the contract procedure resolution as  
17 I indicated in my testimony, and then also requires a  
18 formal board vote and approval.

19 CHAIRPERSON TORRES: Well, apart you're  
20 your internal--

21 SHOLA OLATOYE: [interposing] Anything  
22 that--

23 CHAIRPERSON TORRES: [interposing] Apart  
24 from your internal process, every agency has its own  
25

2 internal process, what external front end approvals  
3 do you require for your contracts?

4 SHOLA OLATOYE: Well, as we--like, all of  
5 our contracts, our contracts--

6 CHAIRPERSON TORRES: [interposing] Your  
7 federally funded contracts, which are the majority.

8 SHOLA OLATOYE: All of our contracts are  
9 we participate in the--we utilize the city's Vendex  
10 system and so anything that which is consistent with  
11 all of the other city agencies as well. So that  
12 certainly is a front end approval that we look at and  
13 utilize on all of our capital contracts.

14 CHAIRPERSON TORRES: Speaking of Vendex,  
15 under federal and state law you're obviously required  
16 as all institutions are to award contracts to  
17 responsible vendors. What quality controls do you  
18 have in place to ensure that contractors you select  
19 are in fact responsible?

20 FARHAN SYED: Good morning. Farhan Syed,  
21 Capital Projects Vice President for Construction  
22 Program. We do our own evaluations of the contractor  
23 as well as go through when we select contractors, we  
24 do their reference checks. We also have our  
25 contractors go through the Vendex check, through the

2 city's MOCS program. As a result of that we have  
3 checks in place for the contractors that we select  
4 and award contracts to.

5 CHAIRPERSON TORRES: And you rely on  
6 Vendex as well as DOI, is that?

7 FARHAN SYED: [off mic] Yes.

8 CHAIRPERSON TORRES: Okay. Now, I want to  
9 ask you a question about Metropolitan Bridge and  
10 Scaffold Corporation. According to a Daily News  
11 report dating back to September 20<sup>th</sup>, the Housing  
12 Authority awarded eight million dollars of contracts  
13 to a firm whose owners had been arrested for bribing  
14 a public official. Is that report accurate?

15 DAVID FARBER: I'm not aware of the  
16 specific details of Metropolitan's background, but  
17 yes, we did award a contract. We awarded contracts  
18 in prior years to Metropolitan. Subsequently, we  
19 discovered that through background investigation  
20 information that they are a contractor that we should  
21 not continue to business with. We have not awarded  
22 them any contracts subsequent to that, and we are  
23 pursuing them for fraudulently inducing us into  
24 originally entering into the contracts by failing to  
25

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2 disclose the information that they were obligated to  
3 disclose.

4 CHAIRPERSON TORRES: So you're claiming  
5 that you did not know about the allegations of  
6 bribery at the time of awarding the contract?

7 DAVID FARBER: I will--I'll have to look  
8 into those specific details. Vendex was done on  
9 Metropolitan, but I will have to--I'll have to get  
10 back to you on exactly what the details that were  
11 provided to us from the Vendex system.

12 CHAIRPERSON TORRES: Okay. Was there a  
13 DOI background check?

14 DAVID FARBER: Yes.

15 CHAIRPERSON TORRES: And--

16 DAVID FARBER: [interposing] So the way  
17 Vendex works is that the forms are completed by the  
18 contractors and subcontractors, and they go to DOI.  
19 DOI does the actual background investigation analysis  
20 and then provides any cautionary information to the  
21 agency. That's how it works for city agencies.  
22 That's how it works for NYCHA as well.

23 CHAIRPERSON TORRES: Just given all the  
24 quality controls that you have in place, I just  
25 consider it a colossal failure that NYCHA awarded

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2 eight million dollars of contracts to a questionable  
3 firm. Did the Housing Authority conduct an internal  
4 investigation, and if so, what were the findings of  
5 that investigation?

6 DAVID FARBER: One of the--so, over the  
7 past year we are, I think, taking great strides in  
8 our procurement advancing forward in our procurement  
9 expertise. We, in connection with other matters,  
10 we've replaced the staff, our leadership of  
11 procurement, and one thing we are ensuring is that  
12 background investigation decisions are being made in  
13 the procurement area, not at the program area to  
14 ensure that there's no influence of program shop-  
15 over. Well, this is a good contractor we'd like to  
16 do business with, and if there's background  
17 investigation that says this contractor has no  
18 integrity and that we should not be doing business,  
19 then procurement will be in charge of making those  
20 decisions.

21 CHAIRPERSON TORRES: But you had those  
22 quality controls with respect to Metropolitan, and  
23 you still awarded the contract.

24

25

2 DAVID FARBER: The last contract--the  
3 last contract awarded to Metropolitan I believe was  
4 in 2010, so.

5 CHAIRPERSON TORRES: Okay. DO you know  
6 more about the mistakes? Were there any mistakes  
7 that you were aware of leading up to the decision to  
8 award the contract? Any lessons learned from those  
9 mistakes? Any policy changes since the awarding of  
10 the contract?

11 SHOLA OLATOYE: Yeah, I mean, I would say  
12 in terms of, as my General Counsel just referenced,  
13 you know, the lessons learned broadly with regard to  
14 supply management and procurement processes is A,  
15 started with, you know, really changing the  
16 leadership of the team, actually bringing in some  
17 industry experts to advise us on supply management  
18 and procurement practices broadly. And then in--and  
19 then incorporating, begin to incorporate a new  
20 approach, not only in supply management, but in  
21 procurement really looking to our overall procurement  
22 process to being to move to a process of job  
23 contracts, really analyzing where we have the  
24 opportunity sort of issue fewer contracts and really  
25 have larger contracts that are based on need that



2 allow us to really manage very tightly the actual  
3 contractors who are working with us.

4 CHAIRPERSON TORRES: Do you evaluate the  
5 performance of your contractors? Do you have a  
6 rating system at NYCHA?

7 SHOLA OLATOYE: Yes, we do. We have our  
8 staff, our capital project staff, and actually I'm  
9 going to let Syed talk about a little bit more about  
10 that.

11 FARHAN SYED: We evaluate our  
12 contractor's construction and post-construction  
13 phase, and we evaluate them with the rating system.  
14 They're evaluated on safety, completeness of work,  
15 responsiveness, general quality of work, and  
16 provision of resources, and those basically are  
17 recorded with a scoring system. And if they do  
18 repeat business with us, that evaluation is actually  
19 taken into consideration in any future contracts that  
20 they're awarded.

21 CHAIRPERSON TORRES: What does that  
22 scoring system look like?

23 FARHAN SYED: It's basically  
24 unsatisfactory, average, good work, and excellent  
25 work based on certain levels of scoring.

2 SHOLA OLATOYE: And I would add--

3 CHAIRPERSON TORRES: [interposing] Please.

4 SHOLA OLATOYE: Chairman, that in the  
5 approval of contracts when staff come to the board  
6 with contracts, that evaluation is off--if it is a  
7 repeat contractor, that evaluation is often cited as  
8 one of its--one of the indications or one of the  
9 reasons why this contractor was selected again. So  
10 we do sort of use it to inform future decisions, not  
11 just to file away, and we only are approving  
12 contractors who meet at least the minimum, the  
13 standard that Mr. Syed outlined.

14 CHAIRPERSON TORRES: So which of those  
15 ratings is a disqualifier? I imagine the  
16 unsatisfactory rating would disqualify you from  
17 securing a future contract, would that be a fair  
18 assumption?

19 FARHAN SYED: Yes.

20 CHAIRPERSON TORRES: And an average  
21 rating you could still qualify for a future contract?

22 FARHAN SYED: We usually look for a  
23 satisfactory evaluation.

24

25

2 CHAIRPERSON TORRES: What's the av--  
3 what's the rating that you assign to most of the  
4 contractors to do business at NYCHA?

5 FARHAN SYED: A satisfactory evaluation  
6 is 80 percent or above.

7 CHAIRPERSON TORRES: And so most of them  
8 receive 80 percent or above?

9 FARHAN SYED: Not really. If they have  
10 any egregious issues during construction work and  
11 there have been deficiencies, it will be recorded and  
12 they will not make that scoring.

13 CHAIRPERSON TORRES: Okay. You said 80  
14 percent, so is that on a scale from one to 100?

15 FARHAN SYED: One to 100.

16 CHAIRPERSON TORRES: And 80 to 100  
17 percent is satisfactory?

18 FARHAN SYED: Yes.

19 CHAIRPERSON TORRES: So below 80 percent  
20 you're disqualified from securing a contract?

21 FARHAN SYED: It depends on a case by  
22 case basis. If the contractor does not have any--they  
23 have generally a good record with us and also their  
24 references check out and they have no Vendex issue,  
25 on a case by case basis in awarding these contracts.

2 CHAIRPERSON TORRES: Okay. But presumably  
3 a good record would be reflected in the score?

4 FARHAN SYED: Yes.

5 CHAIRPERSON TORRES: So, how low is too  
6 low? How low?

7 FARHAN SYED: Anything that would be  
8 either below average or unsatisfactory.

9 DAVID FARBER: I think the key here is  
10 there's a non-responsibility determination,  
11 responsibility or non-responsivity that is made in  
12 the same way that the city makes the determination.  
13 So, we say we do Vendex checks, so similar to very  
14 much in line with the City's PPB rules. We look at  
15 evaluations of performance and looking at the PPB  
16 rules right now. We look at evaluations of  
17 performance. We look at violations, history of  
18 violations, history of non-compliance with law. We  
19 look at the DOI memos that are provided with  
20 cautionary information, whether, you know, criminal  
21 prosecutions, fraud, etcetera, and we make a  
22 determination whether contractor's responsible or  
23 non-responsible. The challenge, and my understanding  
24 is that the city has the challenges, that if one  
25 determines that a contractor is non-responsible,

2 therefore not eligible for the contract for which  
3 they bid, that is a very lengthy and difficult  
4 process for an agency or NYCHA to go through. You  
5 issue a non-responsive determination. There's an  
6 appeal. That takes time. There's another appeal.  
7 That takes time. I believe there's a third appeal.  
8 So, doing that it's a Draconian measure. So, while  
9 we absolutely take into account all the information  
10 about performance history and other relevant  
11 information, it's a balance between being able to  
12 move forward with your contracting process and being  
13 careful not to award contracts to vendors that you  
14 really do not want to be in business with.

15 CHAIRPERSON TORRES: I do have a number  
16 of questions, but I see my colleagues are here as  
17 well, so I do want to--I just want to acknowledge a  
18 few colleagues, Council Member Laurie Cumbo, Council  
19 Member Chaim Deutsch, Council Member Donovan  
20 Richards, and I know the Public Advocate has a few  
21 questions. And we have five minutes for--yeah, in  
22 the interest of time, we have to be out of here by  
23 one o'clock. So, five minute timer.

24 PUBLIC ADVOCATE JAMES: So, I thank you.  
25 I thank you, Mr. Chair, the Chairs for an opportunity

2 to ask a few questions. Madam Chair, you last summer  
3 I held a number of town hall meetings all throughout  
4 the city at NYCHA developments and what became  
5 evident from the feedback and from the phone calls to  
6 our office is that too many residents in public  
7 housing are spending too much time living in  
8 substandard conditions, and repairs are obviously  
9 needed, and unfortunately some of the repairs  
10 frequently fall short of what is needed and tenants  
11 often end up having to pay for expensive repairs out  
12 of their own pockets. I recognize aging  
13 infrastructure and shrinking funding from all levels  
14 of government can be blamed for creating this  
15 problem, and I know that with King Towers it appears  
16 that NYCHA's free-wielding system of contracting and  
17 oversight often makes it hard to correct these  
18 problems, but I do know that as you mentioned earlier  
19 that sunshine really is the best disinfectant and the  
20 best form of oversight. My question is, I know that  
21 NYCHA is--first of all, let me just go to the  
22 immediate. We are anticipating a Hurricane called  
23 Joaquin--Joaquin, okay, Joaquin. Joaquin is coming  
24 this evening allegedly, and so my question is how  
25 will--how is NYCHA going to fare if Joaquin hits New

2 York City? Will the roofs hold up all throughout the  
3 city of New York? Will we have what happened at King  
4 Towers happen in any other NYCHA developments? What  
5 are we doing to coordinate with other agencies to  
6 make sure that the residents are safe and that their  
7 apartments do not leak in light of Joaquin, or  
8 Joaquin, or the hurricane?

9 SHOLA OLATOYE: Thank you for your  
10 question, Public Advocate. Hurricane Joaquin is  
11 actually I think estimated to be in route to hit the  
12 Bahamas or is actually hitting the Bahamas as we  
13 speak, and so we are closely watching its potential  
14 trajectory. I will just--I'll answer some sort of  
15 general preparation activities that we're involved in  
16 and then allow my Operations and Capital colleagues  
17 to speak specifically about what we're doing with our  
18 buildings as well as our ongoing active construction  
19 sites. We learned a lot from Sandy. The first thing  
20 we did was to actually identify and bring in an  
21 Emergency Preparedness professional to prepare the  
22 agency, to prepare an agency-wide plan of which we  
23 have. We have immediately as of yesterday activated  
24 our incident command system, which is an industry-  
25 wide approach where you have dedicated staff who are

2 now focused from eight to eight and beyond on nothing  
3 but hurricane preparation activities. We are also  
4 and have--and when--and have already begun  
5 coordination via the First Deputy Mayor and the  
6 Office of Emergency Management and their regular  
7 conference calls where we are both identifying where  
8 our most vulnerable residents live, ensuring that  
9 mobility equipment, etcetera, is both identified and  
10 functioning, as well as making sure that we have  
11 begun to work with vendors around particular  
12 emergency equipment and infrastructure that one might  
13 need in the event of an emergency. And then the  
14 fourth piece is actually beginning to stage the  
15 equipment that's within our possession, stage it in a  
16 safe way so that it can be deployed quickly should  
17 the event actually occur. So, while we hope it  
18 doesn't hit New York, hope is not a plan. We have a  
19 plan. Our plan is closely with coordinated with the  
20 city, and I'll first let Mr. Syed talk specifically  
21 about what we're doing with our active construction  
22 sites in advance of the storm.

23 PUBLIC ADVOCATE JAMES: And can he also  
24 answer the question, are there any temporary roofs on  
25



2 any developments, and if so, what developments  
3 throughout the city of New York?

4 FARHAN SYED: So, in preparation of the  
5 storm we have activated CPD staff from all of our  
6 construction sits with pre-inspection to sweep all of  
7 our sites that are active and do an overall check on  
8 buttoning down and safing [sic] off those locations  
9 including temporary roofs. If there are any  
10 deficiencies that are found, they are corrected  
11 immediately. We do a sweep of post-storm to make  
12 sure that if there were any damages that were done as  
13 a result of the event, they're immediately repaired.  
14 We have activated staff on all of our sites, and as  
15 we speak, they're actually--they have started to do  
16 the button down of sites that are in construction.

17 PUBLIC ADVOCATE JAMES: Thank you. I  
18 appreciate that. Now, getting to the issue at hand.  
19 I know that NYCHA is subject to local, state and  
20 federal laws, and based upon my experience working in  
21 the city and in the state, I know that there are  
22 several types of ways that you can bid on projects.  
23 There's a sealed bid. There's a competitive bid, and  
24 there's a negotiated bid. How often does NYCHA use  
25

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2 sealed bids which are subject, which are open to the  
3 public or subject to public review I should say?

4 DAVID FARBER: Pursuant--I am David  
5 Farber. I'm General Counsel, Executive Vice  
6 President for Legal Affairs. According to New York  
7 State Public Housing Law--

8 PUBLIC ADVOCATE JAMES: [interposing]  
9 Yeah.

10 DAVID FARBER: we are required to use  
11 publicly advertised sealed bids for all construction  
12 work over 50,000 dollars.

13 PUBLIC ADVOCATE JAMES: So all  
14 construction work over 50,000 is sealed, and how  
15 often have you used sealed bids since you took  
16 office?

17 SHOLA OLATOYE: So, all of our  
18 construction capital, or all of our capital contracts  
19 are subject to--we are compliant with that law. We  
20 have--last year we obligated more than 704 million  
21 dollars in capital. We can--and you can now see on  
22 our website all of those contracts that were both  
23 awarded and subject to that procurement process.

24

25

2 PUBLIC ADVOCATE JAMES: SO were there--  
3 have there been any competitive bidding which is not  
4 subject to public review, public oversight? No?

5 SHOLA OLATOYE: So, competitive,  
6 everything is competitive.

7 PUBLIC ADVOCATE JAMES: Right.

8 SHOLA OLATOYE: So just to be clear on  
9 that, and I just want to make sure I understand. If  
10 you could just ask your question again.

11 PUBLIC ADVOCATE JAMES: So there's--my  
12 understanding is that there's three type--there's  
13 three types of processes that NYCHA is subject to,  
14 sealed bids, negotiated and competitive. Am I wrong  
15 on that? Are all of your bids sealed and therefore  
16 subject to public review, or are there any bids where  
17 it's just subject to the discretion of your  
18 contracting officer? That's the question.

19 DAVID FARBER: So, on--so, let's start  
20 with the proposition that anything under--over 50,000  
21 dollars, construction contracts over 50,000 dollars  
22 are subject to sealed bid.

23 PUBLIC ADVOCATE JAMES: Okay.

24 DAVID FARBER: The only exceptions to  
25 that would be emergency circumstances. So for

2 instance, you know, hurricane or scaffolding  
3 requirements, you know, immediate repairs that are  
4 necessary to building facades, etcetera. So, we still  
5 would do, we would try to do some competition in that  
6 circumstance. So, it might be a bid that is just  
7 issued to several contractors who've we've done  
8 business with in the past, but the emergency takes  
9 precedence over the bidding requirement, but that's  
10 in very limited circumstances.

11 PUBLIC ADVOCATE JAMES: So, it's very--so,  
12 your definition of emergency is very, very limited.  
13 It does not include all of the work that is needed  
14 that has been ignored for years at NYCHA--

15 DAVID FARBER: [interposing] Correct.

16 PUBLIC ADVOCATE JAMES: that's not  
17 emergency.

18 DAVID FARBER: Correct. We're not allowed  
19 to create our own emergencies, that's correct.

20 PUBLIC ADVOCATE JAMES: Okay. And once a  
21 sealed bid is opened, is it then subject to the  
22 approval of a contracting officer, or is it just the  
23 highest bid and you go with the highest bid?

24 DAVID FARBER: The low--the lowest bid--  
25

2 PUBLIC ADVOCATE JAMES: [interposing] The  
3 lowest bid.

4 DAVID FARBER: Right, we award to the  
5 lowest bid subject to--so, first, has to comply with  
6 all the bid-related documents have to be submitted.  
7 So you have to submit your bonding and your  
8 insurance, etcetera, and we do the background  
9 investigation which is you know, the Vendex check.

10 PUBLIC ADVOCATE JAMES: And is all the  
11 criteria that once the bid is open, is any of that  
12 subject to any discretions by the contracting  
13 officer?

14 DAVID FARBER: That is--

15 PUBLIC ADVOCATE JAMES: [interposing] It's  
16 all objective.

17 DAVID FARBER: It is objective. It is  
18 not a discretionary process. There is a very limited  
19 exception that under Public Housing Law with  
20 unanimous approval of a board, of our Board of  
21 Directors, you could award it to other than the  
22 lowest bidder, but I don't believe that we've ever  
23 done that. So, we've never done that in my--during my  
24 tenure.

2 PUBLIC ADVOCATE JAMES: And last  
3 question. Is NYCHA subject to PPB?

4 DAVID FARBER: NYCHA's not subject to the  
5 PPB.

6 PUBLIC ADVOCATE JAMES: You are not  
7 subject to it?

8 DAVID FARBER: That's correct.

9 PUBLIC ADVOCATE JAMES: So do you have to  
10 fill out a Vendex questionnaire form?

11 DAVID FARBER: We abide by--we use the  
12 Vendex system in the same way that city agencies do  
13 that. We are not subject to PPB rules, but  
14 notwithstanding that we abide by the Vendex system.

15 PUBLIC ADVOCATE JAMES: And do you  
16 consult with Vendex to determine a contractor  
17 responsibility, contractor's responsibility?

18 DAVID FARBER: Yes, it's essentially it's  
19 the core of what we consult.

20 PUBLIC ADVOCATE JAMES: Okay. And I'm  
21 not sure if you were here when I asked the  
22 Comptroller with respect to Richmond Terrace, West  
23 Brighton Houses as well as Nostrand Houses where  
24 there were concerns by residents as a result of our  
25 town hall meetings that the work that was done was

2 shoddy and it also violated health and safety  
3 standards. Could you, could someone from your staff  
4 look into those allegations and get back to my  
5 office? I would greatly appreciate it.

6 SHOLA OLATOYE: Absolutely.

7 PUBLIC ADVOCATE JAMES: Thank you.

8 CHAIRPERSON TORRES: Thank you, Madam  
9 Public Advocate. I want to follow up with one  
10 question from my previous line of inquiry. I think  
11 you noted that you rate contractors on a scale of one  
12 to 100, satisfactory, unsatisfactory, average, and  
13 you seem to suggest that if a contractor or a vendor  
14 were to rate too poorly, had a score of 70, that you  
15 could reserve the right to deem them non-responsible,  
16 but then you went on to say that the process of  
17 deeming them non-responsible is so lengthy and  
18 Draconian. The impression you gave me is that  
19 there's no incentive to declare a contractor non-  
20 responsible. Could you elaborate on that?

21 DAVID FARBER: Sure. And I, again, I  
22 don't believe that this is strictly a NYCHA issue.  
23 When you do sealed bids you take the lowest bidder,  
24 and then you determine if the contractor is  
25 responsible or not. And so part of that

2 determination is based on their past performance, but  
3 if their performance was satisfactory or needs  
4 improvement there's a, you know, there has to be a  
5 determination of whether that will qualify as non-  
6 responsible. Non-responsible means that the  
7 contractor can't, you know, can't be awarded that  
8 contract, and then it becomes a caution in the Vendex  
9 system. Then every other agency looks at it and  
10 generally speaking those contractors don't get any  
11 more contracts. So, it is such a severe  
12 determination that it is subject to layers of appeal.  
13 So, again, I don't want to suggest that when there's  
14 contractors who--so if there's a contractor whose  
15 performance is so bad that we default them, that  
16 default goes into our system and it goes in. We  
17 upload it into the Vendex system and that likely  
18 becomes a basis for finding contractors, that  
19 contractor non-responsible. But if their performance  
20 is less than desirable, then that, you know, that  
21 speaks to the challenge of how do we--what do we do  
22 about non-responsibility determinations. And again,  
23 it's not a-- my understand it's not just a NYCHA  
24 issue. It's a citywide issue.



2 CHAIRPERSON TORRES: And you have no like  
3 clearly defined score, clearly defined point at  
4 which, you know the score is just too low, we have to  
5 declare this contractor non-responsible even though  
6 the incentive is to do otherwise?

7 DAVID FARBER: It's a case by case  
8 analysis. You look at--so you would look at what the  
9 performance evaluation was the last time. Maybe there  
10 was a particular staff members of the contractor who  
11 was involved. There's no long--and you say that you  
12 can take other measures to address that. So, you--

13 CHAIRPERSON TORRES: [interposing] I don't  
14 mean to interrupt. That just can't--that can't be  
15 the case, right? From zero to 100 there has to be  
16 some score that's an automatic disqualifier. If you  
17 have a 40, I would hope that's an automatic  
18 disqualifier. It's not always a case by case basis.  
19 There has to be some clearly defined rule that we  
20 apply uniformly in every case.

21 DAVID FARBER: I would say that that  
22 level of detail I would like to investigate it and  
23 get back to you.

24 CHAIRPERSON TORRES: Okay. I look forward  
25 to hearing back from you. Council Member Rosenthal?

2 CHAIRPERSON ROSENTHAL: Yeah, I'm afraid  
3 I'm going to go to that level of detail.

4 DAVID FARBER: Okay.

5 CHAIRPERSON ROSENTHAL: And perhaps we  
6 should just plan on having a follow-up meeting about  
7 this or hearing. When--who is it that does the  
8 review of a contract? Let's say a contract has  
9 happened and been executed, contract's over, who does  
10 the review of the work?

11 FARHAN SYED: So, for each one of our  
12 contracts we have a dedicated project manager--

13 CHAIRPERSON ROSENTHAL: [interposing]  
14 Yep.

15 FARHAN SYED: who are supported by their  
16 own in-house staff as well as construction managers  
17 in the field to do day to day monitoring of the  
18 projects. They are the single point of  
19 accountability and carry the project from inception  
20 through completion.

21 CHAIRPERSON ROSENTHAL: Uh-huh.

22 FARHAN SYED: And as a result, they are  
23 also responsible for monitoring the quality of work,  
24 safety, as well as keeping them on schedule.

2 CHAIRPERSON ROSENTHAL: So, the project  
3 manager, so I'm sort of talking about after that  
4 happens, right? So, the project manager has worked  
5 hard to keep it on schedule, within budget, that it  
6 goes well. As is the case with any project there are  
7 a number of hiccups along the way. At the end, who  
8 sits down and writes the review that then goes into  
9 Vendex for the next person who possibly comes upon  
10 that contractor?

11 FARHAN SYED: So, as I described earlier,  
12 we do a performance evaluation for each one of our  
13 contractors.

14 CHAIRPERSON ROSENTHAL: Who's we?

15 FARHAN SYED: The project manager with  
16 the assistance of their field team who are monitoring  
17 the contractor on a day to day basis, and--

18 CHAIRPERSON ROSENTHAL: [interposing] And  
19 when--do they have any incentives in any direction,  
20 you know, positives, negatives? Are there any  
21 motivations for them to rate a contractor one way or  
22 another? It's my first question. Anything that  
23 would drive them to rate them in a positive or  
24 negative way? And secondly, do you have written,  
25

2 that you could share with us, what it is they're  
3 exactly looking at for the performance indicator?

4 FARHAN SYED: Sure. As I described, it's  
5 basically--

6 CHAIRPERSON ROSENTHAL: [interposing] My  
7 apologies for stepping out, I had another meeting.

8 FARHAN SYED: Basically they are rated on  
9 their responsiveness, their quality of work, the  
10 safety of work that they conduct, as well as the  
11 completeness of work. So, the board--

12 CHAIRPERSON ROSENTHAL: [interposing] Does  
13 the property manager have any incentive not to do  
14 that accurately?

15 FARHAN SYED: It's basically the project  
16 manager who conducts this. Property managers are not  
17 involved in doing the contract.

18 CHAIRPERSON ROSENTHAL: Okay. So, then  
19 that goes into Vendex, that information, right?

20 FARHAN SYED: Yes.

21 CHAIRPERSON ROSENTHAL: Whatever the  
22 review was, I'm assuming there are details, it goes  
23 into that person's record. Last year how many  
24 contracts got a performance review? I don't care  
25 about the exact number. Are we talking about over

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2 100, over 1,000, around 200, around 10, about how  
3 many contracts got a performance review last year?

4 FARHAN SYED: So, all of our contracts  
5 that recently got completed and were closed out, they  
6 all had their--

7 CHAIRPERSON ROSENTHAL: [interposing] Of  
8 course. How many are those?

9 FARHAN SYED: I believe the number would  
10 be anywhere between 50 and 100.

11 CHAIRPERSON ROSENTHAL: Fifty and 100.

12 FARHAN SYED: Right.

13 CHAIRPERSON ROSENTHAL: That's fine. I'm  
14 not looking for a specific. I just want to get a  
15 sense of how many. So, between 50 and 100 got a  
16 review that went into Vendex. Of those that got a  
17 review what--

18 SHOLA OLATOYE: [interposing] Can we just  
19 correct the one thing?

20 CHAIRPERSON ROSENTHAL: Please.

21 DAVID FARBER: So, my understanding is  
22 that our performance reviews, we do them, but they  
23 remain internal, and we are not submitting our  
24 performance reviews into the Vendex system.

25

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2 CHAIRPERSON ROSENTHAL: Can you say that  
3 again louder, because I had a hard time hearing you?

4 DAVID FARBER: Okay, sure. Okay. Our--we  
5 do our performance reviews and but we--they remain  
6 internal unless we are defaulting a contractor. If  
7 we're defaulting a contractor then we submit that  
8 into the Vendex system, but otherwise we are not  
9 doing that. We're looking at that, into that system.

10 CHAIRPERSON ROSENTHAL: Why is that? So,  
11 sorry, not why. So, as of right now, unless they  
12 default, the information, whatever the review is,  
13 whatever the finding, it stays internal to NYCHA.

14 SHOLA OLATOYE: Correct.

15 CHAIRPERSON ROSENTHAL: Okay, let's start  
16 with how many of the 50 to 100 this past year were  
17 defaulted on?

18 SHOLA OLATOYE: One.

19 CHAIRPERSON ROSENTHAL: One. And that,  
20 so that is the only piece of information that then  
21 went into Vendex?

22 SHOLA OLATOYE: Right.

23 CHAIRPERSON ROSENTHAL: So, let's say--  
24 I'm just making this up. HHC, SCA or HRA, you know,  
25 and emergency whatever went into your system--went

2 into Vendex to research a contractor. The only one  
3 where they would get a red flag is on that one guy  
4 who hit zero, you know, that you did the default on.

5 SHOLA OLATOYE: Right.

6 CHAIRPERSON ROSENTHAL: Now, let's say  
7 somebody didn't get a default, but was, you know,  
8 this close, but you're giving them one more chance  
9 because maybe they have promised to do a whole bunch  
10 of things to fix it. Does any other agency know about  
11 that in any way when they look at Vendex?

12 SHOLA OLATOYE: No.

13 CHAIRPERSON ROSENTHAL: Okay. How many  
14 of the 50 to 100, how many do you think got a  
15 superior rating, a very good rating? Roughly half?

16 SHOLA OLATOYE: Okay, we can follow up.  
17 We can provide that as a follow-up to you, Council  
18 Member--

19 CHAIRPERSON ROSENTHAL: [interposing]  
20 Okay.

21 SHOLA OLATOYE: to give you--in 2015, I  
22 guess those that would--what the ratings were.

23 CHAIRPERSON ROSENTHAL: Thank you. Is  
24 there--one of the things that I've learned about as  
25 Contracts Chair is that HRA has an enhanced review

2 list that they put on their website--HPD, sorry.

3 Thank you. HPD, so on their website they're  
4 basically signaling to anyone else who might want to  
5 use these, any other agency that might want to use  
6 these contractors, these folks are on an enhanced  
7 review list. Do you have that system internally,  
8 because internally you're keeping the information  
9 about the vendors and how they did?

10 DAVID FARBER: So, first, thank you for  
11 bringing that system to our attention earlier this  
12 year. So, we have looked into that, HPD enhanced  
13 review system and process. So, first of all, the--we  
14 have compared HPD's list to NYCHA's list, and we have  
15 no current contracts with anyone HPD's enhanced  
16 review list, and the last time we approved any  
17 contractor for any prime or subcontractors in 2010.  
18 So, our understanding of HPD's enhanced review is  
19 that the purpose of it--again, we're not HPD, so  
20 we're still exploring, but is that HPD provides  
21 financial assistance to projects that might not  
22 otherwise--that wouldn't necessarily get picked up by  
23 the Vendex process because they're not contracts for  
24 goods or services, and they're not franchise  
25 agreement or concession [sic] agreement, so that--



2 CHAIRPERSON ROSENTHAL: [interposing] Got  
3 it. Can I ask the question the flip way around? Did  
4 you check to see if any of your contracts were--  
5 contractors were on the HPD's enhanced review list?

6 DAVID FARBER: That's what we checked.

7 CHAIRPERSON ROSENTHAL: Oh, that's what  
8 you--

9 DAVID FARBER: That's what we checked.

10 CHAIRPERSON ROSENTHAL: And how about the  
11 flip? Sorry, what I meant to say was did you notice  
12 if any of the contractors that are on your internal,  
13 not so good list, were on-- are getting HPD contracts  
14 either on their enhanced review or--well, they  
15 wouldn't have been, but through Vendex? In other  
16 words, how could other agencies benefit from your  
17 knowledge?

18 DAVID FARBER: So, I think we have to  
19 explore. So, when we said we've done--we used  
20 Vendex, that's absolutely true. We use Vendex for all  
21 contracts. I think the question is we use Vendex, but  
22 that hasn't translated into us providing information  
23 into Vendex.

24 CHAIRPERSON ROSENTHAL: Right.  
25

2 DAVID FARBER: So, that's something we  
3 just recently discovered and we have to look into  
4 that and figure out whether there's more information  
5 we should--

6 CHAIRPERSON ROSENTHAL: [interposing]  
7 Okay.

8 DAVID FARBER: providing it to Vendex.

9 CHAIRPERSON ROSENTHAL: What's held you  
10 back historically from not wanting to put that  
11 information--or what holds the agency back? What  
12 makes it challenging?

13 DAVID FARBER: I think city agencies have  
14 a very formal relationship with MOCS, so they make a  
15 determination. They send it to MOCS. MOCS reviews  
16 it. There's a whole process there. We don't have  
17 that stark [sic] of relationship with MOCS, right? So  
18 we use the Vendex system. We go through DOI. We get  
19 the background check. So, I think we have to figure  
20 out who we would, right, formalize our process of  
21 determining what performance evaluations go into the  
22 system, how that works, how what's supposed to go  
23 into the system, etcetera.

24 CHAIRPERSON ROSENTHAL: Can I make one  
25 unsolicited suggestion? That when you do that, don't

2 make it harder than it has to be. I think this could  
3 be something that, you know, just sort of try to  
4 think about it from the perspective of how can we  
5 make this information available in a transparent way  
6 that could be valuable to other agencies.

7 DAVID FARBER: Okay.

8 CHAIRPERSON ROSENTHAL: I know the people  
9 at MOCS. I know how smart they are. They can be very  
10 helpful in making this a straightforward simple  
11 thing.

12 DAVID FARBER: Sounds good.

13 CHAIRPERSON ROSENTHAL: I don't think it  
14 has to be complicated. Thank you. Thank you very  
15 much, Chair Olatoye.

16 CHAIRPERSON TORRES: I actually want to  
17 follow up on that. Maybe I'm going to repeat the  
18 same question, but you have these internal  
19 evaluations. You do not share those evaluations with  
20 MOCS? It does not go into the Vendex file?

21 DAVID FARBER: Correct, the performance,  
22 the contractor performance evaluations, right, good  
23 or bad, unless we are defaulting a contractor or  
24 unless we're defaulting a contractor or we find like  
25 criminality or something to that effect, we are not

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2 currently providing our performance evaluations into  
3 the Vendex system.

4 CHAIRPERSON TORRES: But that's something  
5 you're willing to rethink?

6 DAVID FARBER: Yes.

7 CHAIRPERSON TORRES: Okay. I have one  
8 more question and then I will proceed to the next  
9 questioner. Obviously NYCHA is subject to a complex  
10 structure of federal and state and procurement laws.  
11 Are you bound by the rules of the Policy Procurement  
12 Board, Procurement Policy Board Local Law?

13 DAVID FARBER: No, no, we're not.

14 CHAIRPERSON TORRES: Because I have the  
15 handbook right in front of me. I just want to read  
16 what it indicates here. It says PHA's are also  
17 required to follow applicable state or local laws on  
18 procurement depending on their location. In some  
19 cases the federal standards are stricter than the  
20 state or local law. In such cases, the PHA must  
21 comply with the applicable federal law and the rules  
22 if the state or local law is stricter than the  
23 federal standards, then state or local law will  
24 apply. So, the handbook that governs procurement  
25

2 seems to suggest, you know, the applicability of  
3 local laws to NYCHA. Am I mistaken or?

4 DAVID FARBER: The PPB rules on their  
5 face don't apply to--they say what they apply to, and  
6 they don't apply to NYCHA.

7 CHAIRPERSON TORRES: But could--

8 DAVID FARBER: [interposing] So that's why  
9 they don't apply to us because they don't apply.

10 CHAIRPERSON TORRES: I'm sorry? [off mic]  
11 My understanding is that the PPB rules apply to  
12 entities whose appointees are mayoral in nature,  
13 which would seem to characterize NYCHA.

14 DAVID FARBER: I'd have to explore that.  
15 I'll have to look into that.

16 CHAIRPERSON TORRES: Because this  
17 handbook is the definitive guide on procurement, this  
18 HUD handbook.

19 DAVID FARBER: The HUD--

20 CHAIRPERSON TORRES: [interposing] And it  
21 seems to suggest that you're--

22 DAVID FARBER: Yes, yes, yes. I have to  
23 look into that--

24 CHAIRPERSON TORRES: [interposing] And it  
25 seems to--

2 DAVID FARBER: specific question.

3 CHAIRPERSON TORRES: And it--yeah, okay.

4 So, I would look forward to a follow-up. Council  
5 Member Koo?

6 COUNCIL MEMBER KOO: Thank you, Chair  
7 Torres and Chairwoman Rosenthal. Madam Chair, thank  
8 you for coming to testify. I must say I admire you  
9 very much because you have the courage to step in to  
10 become Chair of NYCHA. For a long time we know NYCHA  
11 have a lot of problems, and we all know it's not your  
12 fault, but under your leadership you're slowing  
13 improving.

14 SHOLA OLATOYE: Thank you.

15 COUNCIL MEMBER KOO: My question to you  
16 is as a percentage of a total operating budget,  
17 what's--what amount is the rental income for the  
18 residents?

19 SHOLA OLATOYE: The rental income, is  
20 that what you said?

21 COUNCIL MEMBER KOO: Yeah.

22 SHOLA OLATOYE: Okay, so we get about a  
23 third of our revenues, annual revenues is from our  
24 rent from renters.

25 COUNCIL MEMBER KOO: So, one-third of it.

2 SHOLA OLATOYE: About that, yes.

3 COUNCIL MEMBER KOO: So, two-thirds has  
4 to come from the subsidy of the government.

5 SHOLA OLATOYE: Right. It's federal  
6 government makes up about another little more than a  
7 third, and then associated fees from parking and  
8 other revenues.

9 COUNCIL MEMBER KOO: But you are always  
10 under deficit because the government, either the  
11 state, the federal didn't come up with the money.

12 SHOLA OLATOYE: That is correct.

13 COUNCIL MEMBER KOO: So you are thinking  
14 about getting more revenue from other sources.

15 SHOLA OLATOYE: Absolutely, sir.

16 COUNCIL MEMBER KOO: So when I saw on  
17 your next first 100 days [inaudible] is NextGen  
18 neighborhoods. So, in the future you're going to  
19 lease out unused land or under-utilized land of NYCHA  
20 properties to build affordable housings or other  
21 housing, right?

22 SHOLA OLATOYE: You're absolutely right,  
23 sir. It's part of our 10-year strategic plan. One  
24 of our strategies include development, and  
25 development has sort of a couple of different pieces.

2 One is our commitment to more affordable housing.

3 The second is to actually build housing where we are-  
4 -can actually realize some additional revenues to the  
5 authority, and the third is actually looking at some  
6 of our properties that are most expensive to operate,  
7 and actually bring in some federal tools to reduce  
8 our overall capital need and operating cost for those  
9 properties. In addition to looking at other forms of  
10 revenue like commercial revenue that we have the  
11 ability to increase to help us with our annual  
12 operating deficit.

13 COUNCIL MEMBER KOO: Thank you. Yeah, I  
14 have one more question before I leave. You know  
15 about one year ago, innocent [sic] African-American  
16 was killed in stairway of the housing project by  
17 rookie police officer, and one of the reasons the  
18 incident happened was because the total darkness in  
19 the stairway, and you're--they said that it has been  
20 like that for a long time. Now, until that incident  
21 happened they fixed the light again, no? So, I want  
22 to ask you or your management team, all the houses  
23 under all the housing projects, are the stairways  
24 they're well-lit now? In case there's a lightbulb  
25 burned, how long it takes for you guys to replace it?



2 SHOLA OLATOYE: So first I'll say, you  
3 know, as you know that's a on--subject of an ongoing  
4 legal matter, so unable to comment at that time, and  
5 then I'll defer to my Operations SVP.

6 BRIAN CLARKE: Good morning, Council  
7 Member and Chair. My name's Brian Clarke. I'm the  
8 Senior Vice President of Property Management. And so  
9 we do daily inspections of the, you know, the public  
10 spaces, and if it's a simple repair such as a  
11 lightbulb out, our caretaker who performs the  
12 inspection will replace the light. If it's more  
13 complex requiring a maintenance worker or an  
14 electrician, a work order will be created.

15 COUNCIL MEMBER KOO: So how long it takes  
16 you? So, suppose I saw there's a lightbulb need to  
17 be replaced. I call up the, what, usually call the  
18 super or?

19 BRIAN CLARKE: Yeah, so the work--so that  
20 report is turned into the supervisor who would create  
21 the work order, and that work order we actually  
22 increase the, you know, the priority. So, it should  
23 be, you know, it should be fixed within 24 hours.

24 COUNCIL MEMBER KOO: So, 24 hours.  
25

2 BRIAN CLARKE: Yeah, for the internal  
3 public spaces. Sometimes the exterior lighting  
4 requires more extensive repairs we have to do  
5 trenching and things along those lines when it's more  
6 complicated. But if it's a simple repair, it should  
7 be fixed within 24 hours.

8 SHOLA OLATOYE: But Council Member, I'll  
9 just state the obvious to say that is the certain--  
10 the expectation that interior hallway lighting is,  
11 when found to be deficient, is replaced within 24  
12 hours, unless, and I think Mr. Clarke would agree,  
13 unless there's some more complicated systematic  
14 problem where you might need a part, etcetera. But  
15 the reality for a number of our residents is that  
16 that isn't the case, and one of our struggles is, you  
17 know, when our staff leave at four o'clock in the  
18 afternoon, you know, they are responsible, as Mr.  
19 Clarke said, to check to make sure all of those  
20 various systems are working. What happens between  
21 four o'clock and 8:00 a.m. the next morning, we don't  
22 have staff on site to address those issues. So, for  
23 residents, they may often say that, you know, and  
24 experienced lighting being off when they're home and  
25 when they're in their developments, and we often

2 times have to wait until our staff are back  
3 physically on site to address that. So, I just--I  
4 think it's important to state what the policy is, but  
5 I know that there's a reality for hundreds of  
6 thousands of residents who experience something  
7 different.

8 COUNCIL MEMBER KOO: Okay, thank you.

9 CHAIRPERSON TORRES: Before I hand over  
10 the mic to Council Member Richards, I just want to  
11 reiterate, because I want to follow up on the  
12 question about the handbook. The handbook seems to  
13 indicate that NYCHA is bound by local, state and  
14 federal law, and the strictest requirements among  
15 those laws, and then I have both a provision from the  
16 Charter and the PPB rules saying the rules shall  
17 apply to the procurement of all goods, services and  
18 construction by entities, the majority of whose  
19 members are city officials or individuals appointed  
20 directly or indirectly by city officials unless  
21 otherwise provided by law. So, I'd be curious to--I  
22 know you want some time to investigate the matter,  
23 further, but in light of those, the handbook as well  
24 as the Charter and the PPB rules, I'd be curious to  
25 know NYCHA's official position on its relationship to

2 MOCS and to local procurement law. With that said,  
3 Donovan Richards?

4 COUNCIL MEMBER RICHARDS: Thank you,  
5 Chairs, and thank you Chairwoman for being here  
6 today. So, I had a few questions. One, I'm very  
7 happy Long Island City's roofs are being piloted and  
8 fixed up. When can we expect this in the Rockaways,  
9 or where are we at in the Rockaways?

10 SHOLA OLATOYE: Are you asking about  
11 Sandy specifically?

12 COUNCIL MEMBER RICHARDS: Yeah, so roofs.

13 SHOLA OLATOYE: Okay.

14 COUNCIL MEMBER RICHARDS: In particular  
15 the roof, roof replacements. So, Carlton [sic]  
16 Manner in particular, and I know you've been doing a  
17 lot of work in particular in Carlton Manner, and I  
18 know we toured that particular facility. So, I just  
19 wanted to know where we're at.

20 SHOLA OLATOYE: Sure. So, as you know,  
21 we have been working very closely with your office,  
22 Councilman, and with the team to position ourselves  
23 to be ready when the federal dollars would begin to  
24 flow to the Housing Authority to begin all of the  
25 Sandy-related rehabilitation. I'm pleased to say that

2 we have--we have officially signed and have all 40  
3 letters of understanding or LOU's with our FEMA  
4 colleagues. Just this--just yesterday at the Board  
5 we began executing contracts for architects and  
6 engineers, engineering. You know, as we have--we now  
7 are able to execute those contracts. I think we're  
8 actually in design in most of these areas. We expect  
9 resources to begin to flow my hope is before the  
10 third anniversary, and I know that that's certainly  
11 been a priority for this Administration as well, and  
12 we've also appreciated working with your office  
13 around ensuring that residents know about future  
14 employment opportunities, etcetera. So this is real  
15 work happening right now. All of the work has been  
16 designed, and as soon as the resources flow to the  
17 Housing Authority, we can begin actual construction.

18 COUNCIL MEMBER RICHARDS: Well, thank you,  
19 and it's good to hear God willing before Sandy we are  
20 definitely going to start to see that money flow, but  
21 definitely grateful for the partnership with your  
22 agency and look forward to continuing that  
23 conversation. I wanted to go to Section Three for a  
24 second. So, and I'm glad you brought up employment,  
25 because that's something that's always on my

2 resident's mind and certainly a lot of NYCHA  
3 resident's minds. So, can you just go through how  
4 readily available is information on NYCHA's hiring in  
5 terms of contracts, or how many NYCHA hires, people  
6 from NYCHA developments do we have working on a lot  
7 of these particular projects? Is there readily  
8 available data to the public and to the Council on  
9 how we're doing in that particular area?

10 SHOLA OLATOYE: Sure, well certainly as  
11 part of our--the Mayor's MMR report, our numbers are  
12 in there, I believe for 2014. So, last year we were  
13 able to provide more than--or place more than 2,000  
14 NYCHA residents, approximately about 1,000 via the  
15 Section Three program, and another thousands through  
16 our REES program, Resident Engagement and Economic  
17 Sustainability Initiative. In terms of your question  
18 about how readily do people find out about this  
19 information, we have extensive, your office being  
20 part of it, outreach forums both in development with  
21 community partners, zone partners as we call them,  
22 that both provide classes so that we can have a pool  
23 of trained residents when these jobs become  
24 available. We have fairs. All of this is actually  
25 posted. There's actually a REES website. There's a

2 regular email that goes out. Our NYCHA Journal,  
3 which is published monthly and goes out to 400,000  
4 residents, also has a ton of information about job  
5 opportunities as well. So, there's always more that  
6 we can do, but I think one of the important  
7 accomplishments of this Administration has been to  
8 better partner with some of our community and zone  
9 partners around employment opportunities and  
10 training, and we look forward to doing more of that.

11 COUNCIL MEMBER RICHARDS: And if the  
12 Council wanted access in particular to the hiring  
13 numbers in particular, how can we get that  
14 information?

15 SHOLA OLATOYE: It's--

16 COUNCIL MEMBER RICHARDS: [interposing]  
17 And is it broken up? So, in particular, I would be  
18 interested in seeing in my zip code, you know, how  
19 many hires we have. So is that information readily  
20 available--

21 SHOLA OLATOYE: [interposing] Sure.

22 COUNCIL MEMBER RICHARDS: by zip code?

23 SHOLA OLATOYE: So, the total number is  
24 on our website, A, on the REES website, and we can  
25 certainly provide, without providing sort of personal

2 information, certainly provide you perhaps where sort  
3 of origin, zip code origin of those residents in--

4 COUNCIL MEMBER RICHARDS: [interposing]

5 And how often is that website updated?

6 SHOLA OLATOYE: The REES website is  
7 updated if not monthly certainly weekly, but  
8 certainly on a monthly basis. There's also a monthly  
9 email that REES sends out with listings of job  
10 training opportunities, placements and where there  
11 are various job fairs happening throughout the city.

12 COUNCIL MEMBER RICHARDS: And let's just  
13 go through. So, I know that, you know, obviously it  
14 has main contractors and then subcontractors. How do  
15 you ensure that these subcontractors are actually  
16 abiding by wage requirements and have we seen  
17 instances in particular where contractors have not  
18 been paying proper wages in particular to their  
19 workers or their--or have they been discriminatory in  
20 any way? Have we seen cases of that along with your  
21 contracts, and how do you track that?

22 SHOLA OLATOYE: Well, so first of all,  
23 all of--once a contract is executed contractors on a  
24 monthly basis are required to submit certified  
25 payroll and hiring summaries to NYCHA as well as part



2 of the regular sort of invoicing process. Section  
3 Three is the law of the eland. It is the  
4 requirement. When, and when we are--and when we--  
5 when there--upon review of this documentation, if we  
6 identify any issues we certainly work with the  
7 contractor to rectify those. We also, and I think  
8 it's important to note as I had mentioned earlier, we  
9 made some pretty significant changes in our supply  
10 management and procurement leadership earlier this  
11 year, and we use that as an opportunity to also take  
12 a fresh look at Section Three. We, historically had  
13 had Section Three compliance in sort of multiple  
14 places within the agency and realized that that was  
15 not the most effective way to ensure compliance to  
16 this important rule. So we're actually centralizing  
17 that, centralizing that function within our  
18 procurement department where there is a sort of clear  
19 line of responsibility from a staff perspective  
20 around compliance. Also, frankly to ensure that  
21 contractors and people who do business with us have a  
22 clear point of contact if there are questions. As you  
23 know, we also last year entered into a project labor  
24 agreement which allow us to have direct conversations  
25 with contractors about NYCHA employee opportunities,

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2 and we are working very closely with the trades to  
3 actually not only have an opportunity to go in and  
4 talk about Section Three and ensure that those  
5 contractors understand the full extent of Section  
6 Three and what our role is in ensuring that NYCHA  
7 residents have access to employment opportunities.

8 COUNCIL MEMBER RICHARDS: Thank you.  
9 Last question. Thank you Chairs for being patient  
10 with me. Can you go into the labor versus nonunion  
11 contracts?

12 SHOLA OLATOYE: Say more [sic].

13 COUNCIL MEMBER RICHARDS: So, in  
14 particular, how do you choose in particular whether  
15 you're going to utilize labor union--

16 SHOLA OLATOYE: [interposing] Yeah.

17 COUNCIL MEMBER RICHARDS: work verse  
18 nonunion?

19 SHOLA OLATOYE: So, all of our--first of  
20 all, as a federal agency and we are--all of our  
21 dollars are subject to Davis Bacon rules, period. So  
22 that's the first thing. As I said, we entered into  
23 our project labor agreement at the end of last year.  
24 So that applies to our entire capital program. So  
25 that means, you know, all of that work is subject to

2 the PLA and working with our colleagues with the  
3 Building Trades.

4 COUNCIL MEMBER RICHARDS: Thank you,  
5 Chairs, for allowing me to raise these questions.  
6 Thank you. Thank you, Chairwoman.

7 CHAIRPERSON ROSENTHAL: Chair, if I  
8 could just sort of continue for a minute. I want to  
9 go back to the contracting process, because I'm  
10 trying to just get a better sense of what's going on  
11 when NYCHA puts out a request for proposals. Is  
12 there a robust pool of contractors who want to bid on  
13 your jobs?

14 SHOLA OLATOYE: I would say we have a  
15 historic--there is a large number of contractors who  
16 bid on our work. There are certainly areas in Mr.  
17 Sayed can speak specifically to some of the areas  
18 where there may be fewer eligible contractors that  
19 might respond. I think the other thing to note, we  
20 just did this at board meeting yesterday is, there's  
21 a lot of work happening in New York City and prices  
22 are coming in incredibly high, and so we have  
23 actually begun to reject--not begun. We've, on a  
24 more consistent basis been rejecting bids because  
25 prices have been coming in at more higher than what

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2 our professionals tell us is actually due [sic]. So,  
3 I think that there's a very competitive industry.  
4 There are probably some areas where there are maybe  
5 fewer, but I'll let Farhan speak.

6 FARHAN SYED: So, we have--most of our  
7 bricks and roof contracts for exterior work. We do  
8 have a certain pool of contractors that do work for  
9 us repeatedly, but we are highly encouraging new  
10 contractors to come into the pool, and we are  
11 reaching out to the industry and getting more new  
12 contractors to actually bid for NYCHA contracts. So,  
13 we are encouraging more contractors to come in and  
14 work for us. However, there are certain areas like  
15 closed circuit TV cameras, layered access control,  
16 electrical, those are the--asbestos abatement work  
17 that's performed, those are specific areas where  
18 there is a pool of contractors that is shared with  
19 other areas, and depending on the amount of work that  
20 we have out there, we have limited pool of  
21 contractors that come and work for us.

22 CHAIRPERSON ROSENTHAL: so you feel that--  
23 -I think it would be helpful to see of the 50 to 100  
24 contracts that were--that got a performance review  
25 last year, would you be able without giving any name

2 or anything that's private or confidential? I'm not  
3 looking for that, but sort of tell us how many fell  
4 into the different categories of review,  
5 satisfactory, below satisfactory, above satisfactory,  
6 awesome and then under default there'd be a number  
7 one.

8 SHOLA OLATOYE: Absolutely, we can provide  
9 that to you.

10 CHAIRPERSON ROSENTHAL: Okay, great.  
11 That would be really helpful. And then I'm wondering  
12 how do you capture information about a project after  
13 it's done if it then falls into disrepair? So,  
14 here's what I mean, and I'm going to give just one  
15 example. I'm trying to make it very specific so  
16 it's--to give an example, but I'm sure you're going  
17 to think of lots of other situations. So, help me  
18 out here. But, we had a situation in our district  
19 with a layered access door where during the time that  
20 the contractor was there everything went fine, but  
21 after the contractor left the door was broken or  
22 jammed, whatever it is, and you know, I'm willing to  
23 hazard to guess that there are some unscrupulous  
24 people who want that door to be broken and break it  
25 on a regular basis. So, even if a repair guy comes

2 in and fixes it, to some degree it's going to be  
3 broken again the next day. To what extent do you  
4 capture that information and possibly go back to the  
5 original contractor say, you know, we're going to  
6 need a longer guarantee, you know, warranty on the  
7 door? Or we're going to have to change our specs  
8 because this door always breaks and there's a reason  
9 it always breaks.

10 SHOLA OLATOYE: So, the first thing I  
11 would say that if once the sort of work has concluded  
12 the way that we know about what's happening at our  
13 developments in addition to residents sharing,  
14 calling and etcetera is through our work order  
15 system. So if either residents file a work order a  
16 staff file the work order. So that's the sort of  
17 easiest way to answer that question. I think the  
18 second piece is once it's--if it's determined that  
19 the malfunction is, you know, not at the--not the  
20 result of vandalism, which is a major challenge for  
21 us, but it's something to do with the mechanics of  
22 the, for example, door, we would look at the  
23 warranties to understand what is covered, and we  
24 would have a conversation and work with that  
25 contractor per the warranty. After the warranty is

2 done, obviously that sort of represents a different  
3 challenge and it becomes another operational expense,  
4 but if it's within the term of the warranty and it's  
5 determined that the issue is mechanical or technical  
6 in nature, not the result of people popping the doors  
7 or other things which we know is a reality far too  
8 often, we would work very closely to make sure that  
9 we would have the ability to rectify the issue within  
10 the term of the warranty.

11 CHAIRPERSON ROSENTHAL: When you issue a  
12 contract on doors, do you put in the wording that the  
13 door needs to be--that it will be subject to van--  
14 it's most likely to be subject to vandalism, and are  
15 there new ways of--I mean, especially with the  
16 layered access where it's such a particular key fob  
17 and particular system. Have you had any success of  
18 finding a door vendor who can address those  
19 challenges?

20 SHOLA OLATOYE: I--right?

21 BRIAN CLARKE: If I can. So the  
22 specifications for the layered access control came  
23 out of our safety and security taskforce. So, it was  
24 a combination of resident leaders, NYPD, our IT, and  
25 as well as our security folks and operations folks,

2 and I was actually part of it. and so we went out,  
3 we looked at different, you know, Housing  
4 Authorities, brought in a series of different  
5 vendors, and felt that the door that we selected, the  
6 stainless steel ruggedized door was, you know, was a  
7 good solid door. The technology that we're putting  
8 in now is, you know, light years from where we were,  
9 right? So we had really kind of basic magnets that  
10 were put in just one thing, one, just one layer of  
11 protecting the interior, right? The magnetic doors  
12 which were very easily compromised, vandalized,  
13 putting a bottle cap or duct tape across, you know,  
14 to compromise they system. So now we have--and we  
15 think that, you know, the key fobs have worked out  
16 really well. We like the direct dial intercom  
17 system, but we have--you know, we're learning with  
18 that as well. And in particularly the intelligence  
19 with the door, this is something new for us. We have  
20 about 30 sites with it, and we're really learning to  
21 use that information, you know, better. The one  
22 thing to your point of have you learned some things  
23 that as we moved along with this new technology, and  
24 for example, the lever that's, you know, the--you  
25 know, the vandal lever that you can push down.



2 Actually, when we first installed it we actually  
3 experienced some issues with it. Went back to the  
4 vendor and the vendor actually, you know, corrected  
5 it, made an enhancement to the--you know, to the  
6 components of that naturally upgraded it. So that  
7 was, you know, there was that piece there. But I  
8 think the notification and in particularly the issues  
9 that we're having up at the hostess, you know, are an  
10 example of where we really need to kind of improve.  
11 One of the things that's going to help us is we bid  
12 out a contract specific to the technology to help us  
13 when we do have maintenance repairs that are beyond  
14 maybe the skillset of our folks on the front line,  
15 and that contract was--were in the awards stage. The  
16 bids were opened. So, we should have that contract  
17 in place shortly to help us with that.

18 CHAIRPERSON ROSENTHAL: [off mic] about  
19 the nature of this problem is because the door just  
20 opens and closes, no key necessary, you can just open  
21 it and close it. So, they don't need to keep it  
22 open, and one of the beauties of layered access is  
23 one it's kept open for a period of time an alarm goes  
24 off in your office. You can contact the property  
25 manager who sends somebody to go look. That safety

2 measure is no longer helpful because you're never  
3 going to get an alert on this. The door opens and  
4 closes, closes just fine and it opens just fine, no  
5 key necessary.

6 BRIAN CLARKE: One of the faults, and  
7 this is another thing that we have to adjust is the -  
8 - when I say faults, it's the alert, is for when the  
9 door is held open more than four minutes, but we will  
10 prop the door open actually for, you know, when we're  
11 actually mopping the lobby, you know, to air it out,  
12 and we get a whole lot of faults, you know, a few  
13 thousand a day, you know, for the entrances. And so,  
14 I think what we need to do is kind of refine it so  
15 that we just get the really important faults, and  
16 like the input that, you know, the feedback that  
17 you've given us, you know, we're learning from, and  
18 that's an area that we really--there's--and I know  
19 you're familiar with the system. One of the areas,  
20 things that we're looking at is we want to federalize  
21 it. This is kind of a technical term specific to the  
22 software, where instead of, you know, just kind of  
23 going in and seeing just one system at a time, we  
24 actually can see all of them at the same time, all 30  
25 locations. So we are looking at that and we think

2 that it's going to help us with that, with that  
3 issue.

4 CHAIRPERSON ROSENTHAL: Thank you. And  
5 if I could get back to the contracts just one second  
6 that are reviewed. Do you ever take input when  
7 you're doing the review? Do you ever take and put  
8 from the residents in terms of their experience with  
9 the contractor?

10 SHOLA OLATOYE: So at the end of a  
11 construction there is a post-construction meeting  
12 with the property management staff, with our staff,  
13 etcetera, and at this time there isn't a formal way  
14 in which resident input is included in that. And I  
15 think based on both experience and also sort of input  
16 from our residents, we're seeking to change that  
17 process.

18 CHAIRPERSON ROSENTHAL: Oh, okay.

19 SHOLA OLATOYE: So that it is--but we  
20 want to make sure that it's not input for input's  
21 sake and that it actually is meaningful. So we'd  
22 love your thoughts or others about sort of how to do  
23 that. But more importantly, we want to make sure  
24 that we are able to close out jobs, get work done,  
25 and make sure that whatever issues are addressed,

2 whatever issues arise in an addressed in a timely  
3 fashion, but we do wish to include resident input  
4 into that process. I think the other thing that's  
5 important to note is one new, particularly in our OP  
6 [sic] MOM [sic] developments, the 18 developments  
7 we're moving to more decentralized property  
8 management approach. We have included in the overall  
9 performance evaluation resident and customer feedback  
10 so that we're looking where we--where can we  
11 strategically utilize and ensure that resident voice  
12 and residence experience informs the work.

13 CHAIRPERSON ROSENTHAL: Yeah, and a proxy  
14 for that, if you--I'm wondering if as a proxy for  
15 that you've looked at perhaps the work orders that  
16 come in either prior to the job being completed or  
17 right after regarding the exact job. So, in other  
18 words, if a resident isn't thrilled about what's  
19 going on with the how the work is being done in their  
20 apartment, and we can all think of examples of that.  
21 Perhaps they're submitting regular work orders and  
22 that could be a proxy for feedback on that  
23 contractor's work when you're doing those performance  
24 reviews I'm wondering if you look at those yet or you  
25 would consider looking at those?

2 SHOLA OLATOYE: Certainly it's something  
3 that we need to look at, and I think where in our  
4 pilot, you know, really utilizing our data, work  
5 orders being one, proxy is certainly one of the  
6 things that we're getting better at.

7 CHAIRPERSON ROSENTHAL: Alright. Thank you  
8 so much.

9 CHAIRPERSON TORRES: Thank you. I do have  
10 a few more questions. So, I know-- I have a question  
11 about micro purchases. My understanding is that  
12 contracts at 5,000 dollars or less are subject to no  
13 competitive solicitation, is that?

14 SHOLA OLATOYE: That is correct.

15 CHAIRPERSON TORRES: Okay, so what are  
16 the mechanisms in place for ensuring that the  
17 selection of vendors at that level, at the micro  
18 purchase level is done properly?

19 DAVID FARBER: Those purchases are  
20 through I-Supplier, and those--that is tracked on a  
21 routine basis to analyze whether there are--there's a  
22 pattern of contracts going to particular vendors, if  
23 they're repeated contracts in a short period of time,  
24 etcetera.

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2 CHAIRPERSON TORRES: So you're checking  
3 whether it's broadly or equitably distributed, is  
4 that what you're looking for?

5 DAVID FARBER: Correct.

6 CHAIRPERSON TORRES: Are there  
7 evaluations of contractors at the micro purchase  
8 level, or?

9 DAVID FARBER: No, the HUD rules say that  
10 micro purchases are intended to enhance efficiencies  
11 to be simple and fast, and you're not supposed to  
12 spend a lot of time on the paperwork or maintain a  
13 lot of paper work. It is the balance of these are  
14 small purchases, these are small amounts, so just use  
15 them to get the work of the agency done as soon as  
16 possible.

17 CHAIRPERSON TORRES: What kind of work is  
18 done at that level typically at the 5,000 dollar or  
19 less level?

20 BRIAN CLARKE: So, Chair, these  
21 typically--typically these are things that like  
22 urgent work where we don't have a requirement  
23 contract in place. So for example, ironwork for  
24 repairing, you know, fences. It can be, you know,  
25 door repair if we don't have a contract in place for

2 that. We've used it for painting apartments if we  
3 don't have a requirement contract.

4 CHAIRPERSON TORRES: But since--it seems  
5 like at the micro purchase level since speed is of  
6 the essence, there's no actual inquiry into whether  
7 the contractor selected is insured or is licensed or--  
8 -

9 BRIAN CLARKE: Well, actually, yeah,  
10 there is an insurance requirement.

11 CHAIRPERSON TORRES: Or is there, okay.

12 BRIAN CLARKE: So the insurance--so all  
13 these small, the micro purchases do go through our  
14 procurement department. So, the bid would be, you  
15 know, required locally, you know, by the property  
16 manager or superintendent in the case, you know, for  
17 operations and the bid and the contractor information  
18 is then submitted to procurement with the insurance  
19 information, and if the insurance information is  
20 appropriate, you know, the micro purchase is  
21 executed.

22 CHAIRPERSON TORRES: And you might have  
23 answered this, but you do have within your agency a  
24 database of all the micro purchases so you're able to  
25 track them?

2 BRIAN CLARKE: Yes.

3 CHAIRPERSON TORRES: I do want to ask a  
4 few questions and then we'll wrap it up about King  
5 Towers. I think you seem to suggest that the failure  
6 was not on the part of the contractor, but on the  
7 part of the Housing Authority. Did I interpret your--  
8 --as far the roof, did I interpret your testimony  
9 correctly?

10 SHOLA OLATOYE: Yes, I think we said  
11 there was sort of a perfect storm of activities. One  
12 was the age of the roof, really not--and then not  
13 understanding some of the existing conditions. Two  
14 was the sort of lack of appropriate protocols around  
15 clearing clogged drains before construction was  
16 allowed to proceed.

17 CHAIRPERSON TORRES: Right. So when  
18 there's a rainstorm instead of the rain drain taking  
19 up the water, it's obviously leaking into the  
20 apartments more heavily. So who's responsible for  
21 clogging and de--unclogging that drain?

22 BRIAN CLARKE: So, the way it should work  
23 is that, you know, prior to work starting there's a  
24 survey that's done. If there was a--we discovered  
25 that we have a clogged drain, it would be cleared and



2 work would not start until that--till the drain was  
3 cleared. Once work starts, then the contractor would  
4 be responsible for maintaining the drain moving  
5 forward. In this case, you know, as the Chair  
6 explained, this was not followed.

7 CHAIRPERSON TORRES: And what's the  
8 process for unclogging the drain? Do you submit a  
9 work order?

10 BRIAN CLARKE: So, I would say--so it's  
11 the--we've put in place now as a result of this, you  
12 know, we have a written procedure in place. You  
13 know, prior to this there was a survey done. It was  
14 drawn out on a map, and management should create a  
15 work order and then staff would be dispatched to  
16 clear it. moving forward, we're making sure that the  
17 survey is conducted well ahead of the start of work,  
18 that this is completed prior to any work starting,  
19 and if any issues occur that where the work isn't  
20 completed properly or there was complications, that  
21 it is properly escalated up to--in the case of for  
22 property management staff to me, and in the case of  
23 capital projects, it would be to Mr. Syed.

24 CHAIRPERSON TORRES: Because obviously  
25 one concern, you know, NYCHA for reasons of dis-

2 investment has notoriously long waiting times for  
3 skill trades and repairs, and so if a roof needs to  
4 be unclogged, if there are several things that need  
5 to be done before we can initiate roof construction,  
6 is that assigned higher priority or does that go  
7 through the normal process?

8 BRIAN CLARKE: The--it would depend upon  
9 the timing of the work. So, as I said--

10 CHAIRPERSON TORRES: [interposing] So,  
11 here's my concern is that we need to construct a  
12 roof, but a plumber's not available until two months  
13 from now. We're going to wait two months for the  
14 roof to be unclogged and then--

15 BRIAN CLARKE: Then we would  
16 reprioritize.

17 CHAIRPERSON TORRES: You would  
18 prioritize?

19 BRIAN CLARKE: Yes.

20 CHAIRPERSON TORRES: SO how long does it  
21 typically take in your experience?

22 BRIAN CLARKE: So, the roof, clearing  
23 roof drains can be complicated. Happy Path [sic],  
24 it's very simple. It's locally. It's right just up  
25 front. It's just moving away some of the ballast away

2 from the drain. The more complicated path is that,  
3 you know, typically in the case, we'll use King  
4 Towers as an example, you have a 150 foot vertical  
5 run. You have to locate where that clog is within  
6 that run and see if you can clear it with typical  
7 drain clearing equipment, you know, such as a--you  
8 know, a snake. Our mustang if we can do that. But  
9 in many cases what we'll have to do is once we find  
10 where that leak is we have to actually go where that  
11 clog is. We have to go actually into apartments,  
12 open up walls, and actually cut out sections of pipe  
13 to replace it. But as I said, we would--if it's  
14 delaying a job it gets escalated, reprioritized and  
15 we'll get the work done before the work starts and we  
16 won't hold up the job.

17 CHAIRPERSON TORRES: And again, you might  
18 have said this, and the property management office is  
19 responsible for unclogging the drain, or?

20 BRIAN CLARKE: Prior to the start of work  
21 it is operations. It is property management's  
22 responsibility to clear.

23 CHAIRPERSON TORRES: So the property  
24 manager, and the property manager is supposed to  
25 verify it once it is unclogged?

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2 BRIAN CLARKE: Yeah, so the--yeah, so we  
3 want to verify it and we want to verify it in the  
4 presence of the contractor and our CPD staff to make  
5 sure everybody acknowledges the drain's flowing,  
6 there's no issues with it now. It's the contractor's  
7 responsibility to maintain it through construction.

8 CHAIRPERSON TORRES: And since you  
9 oversee operations, did you receive verification in  
10 the case of King Towers that the roof had been  
11 unclogged?

12 BRIAN CLARKE: So, for the--for building  
13 10?

14 CHAIRPERSON TORRES: Yeah.

15 BRIAN CLARKE: As I said, protocols were  
16 not followed, so I was not notified in that case.  
17 Moving forward we have a written process in place so  
18 that it is escalated to my office in case it's  
19 holding up a job and not done properly.

20 CHAIRPERSON TORRES: I just want to press  
21 this point more, because capital ultimately--does  
22 capital make the final decision about whether to move  
23 forward with the roof construction?

24 DAVID FARBER: Yes, we do.

25

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2 CHAIRPERSON TORRES: And so it would seem  
3 to me that you should receive a notification that the  
4 roof was unclogged, roof drain was unclogged before  
5 you authorized work.

6 FARHAN SYED: Work, yes.

7 CHAIRPERSON TORRES: Did you receive that  
8 verification?

9 FARHAN SYED: No, we did not in this case.  
10 Like Brian said, proper procedures were not followed  
11 and lesson learned. We are making sure that CPD  
12 coordinates well ahead of time with operations and we  
13 get a clear indication and a sign off on roof's drain  
14 being cleaned before we authorize the contract to do  
15 work.

16 CHAIRPERSON TORRES: And because it looks  
17 like you do the survey. There's several maintenance  
18 repairs and skilled trade repairs that have to be  
19 done in order to begin construction. Capital  
20 oversees construction. Operations is in charge of  
21 those groundwork repairs. I worry about the lack of  
22 communication. Is there going to be an attempt to--

23 SHOLA OLATOYE: [interposing] I think  
24 you're--  
25

2 CHAIRPERSON TORRES: [interposing] create  
3 greater coordination?

4 SHOLA OLATOYE: I think you're tapping on,  
5 you know, very real challenge at any large agency--

6 CHAIRPERSON TORRES: [interposing] Fair  
7 enough, I know.

8 SHOLA OLATOYE: not specific to the  
9 Housing Authority, and you know, but it's something  
10 that we have--we are and continue to work very  
11 diligently on sort of breaking down those silos. I  
12 think the new policy that Mr. Clarke referenced is  
13 both require some retraining, requires I think  
14 greater coordination between these two vital parts of  
15 the agency and something that we're committed to  
16 going forward. Look, I cannot sit here today and say  
17 that there aren't going to be future problems or  
18 future challenges. I think that would be--

19 CHAIRPERSON TORRES: [interposing] We need  
20 that commitment right now, so.

21 SHOLA OLATOYE: Sorry, not going to get  
22 it. But I think that the reality here is we, an  
23 agency of this size lives and dies by our protocol,  
24 and they weren't followed here. We own it. We own  
25 that. We acknowledge it. We have revised it,

2 revised those policies and protocols and made sure  
3 that that information is widely disseminated and  
4 understood by staff responsible for such things, and  
5 we move forward with this experience under our belt,  
6 understanding that it has to be something that we are  
7 laser-like focused on as we initiate so much work  
8 across the city.

9 CHAIRPERSON TORRES: Okay. I just want  
10 to reiterate some of the follow-ups, and then we  
11 should be done. So--oh, yeah, I do want to--so I've  
12 been critical of obviously the lack of what I  
13 perceive as the lack of transparency around NYCHA  
14 contracting, but if there's one thing that's less  
15 transparent than NYCHA contracting its Albany funding  
16 for roof replacements. So, any update there?

17 SHOLA OLATOYE: No.

18 CHAIRPERSON TORRES: Okay.

19 SHOLA OLATOYE: Actually.

20 CHAIRPERSON TORRES: No communication  
21 with the Governor's office or DHC or all those  
22 agencies to which you regularly report?

23 SHOLA OLATOYE: We have--there's a new  
24 head of DHCR who--

25 CHAIRPERSON TORRES: [interposing] Yeah.

2 SHOLA OLATOYE: who we welcomed when he  
3 started. We had the pleasure of working with him in  
4 his former role. He certainly understands that this  
5 is an issue that we're very interested in learning  
6 about. We've re-shared our plan with him and his new  
7 staff, and we await further information.

8 CHAIRPERSON TORRES: And when was your  
9 last conversation with him?

10 SHOLA OLATOYE: Approximately two weeks  
11 ago.

12 CHAIRPERSON TORRES: Okay, that's going to  
13 be a challenge, I'm sure. So you are open to  
14 entering into a collaboration with the Comptroller  
15 around Checkbook NYC?

16 SHOLA OLATOYE: We are certainly willing  
17 to work with you and the Comptroller--

18 CHAIRPERSON TORRES: [interposing] Okay.

19 SHOLA OLATOYE: to investigate that  
20 further, and also to identify what additional funding  
21 might be needed in order to do that.

22 CHAIRPERSON TORRES: I mean, that's  
23 always a fair question.  
24  
25



2 SHOLA OLATOYE: Have to very--I just want  
3 to be clear about sort of the importance of unfunded  
4 mandates.

5 CHAIRPERSON TORRES: Fair point. And  
6 you're exploring the--you're going to explore the  
7 possibility of sharing your internal ratings with  
8 MOCS with the Vendex file?

9 SHOLA OLATOYE: Yes.

10 CHAIRPERSON TORRES: Okay. And you're  
11 going to look into whether there's a cut-off when it  
12 comes to declaring a contract or non-responsible? And  
13 of course, my question about the--whether local  
14 procurement law applies to NYCHA. So, I look forward  
15 to hearing your answers on all those fronts. As  
16 always, I thank you for your cooperation.

17 SHOLA OLATOYE: Thank you. Thank you,  
18 Chair.

19 CHAIRPERSON TORRES: Yeah, if someone  
20 from the Housing Authority could remain with--the  
21 President of the TA is actually going to testify.  
22 So, we'd like someone. So I'm going to call up the  
23 next panel, Ruby Kitchen [sp?].

24 UNIDENTIFIED: [off mic]  
25

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2 CHAIRPERSON TORRES: Could we accommodate  
3 her?

4 UNIDENTIFIED: [off mic]

5 CHAIRPERSON TORRES: We want it to be on  
6 the record, so if you could hold off for just a  
7 second, but we will accommodate you the best we can.  
8 And ma'am, I need you to identify yourself.

9 UNIDENTIFIED: You can hear me? Okay.  
10 However, you know, it's a situation where 250 is not  
11 uptown and don't know exactly what's going on, and  
12 they have to listen to what's being given to them. I  
13 just learned a lot of stuff this morning that  
14 property management should be doing and evidently  
15 y'all have not got this information. The reason that  
16 we're here today is because of 1350. We've had a  
17 solution, a problem in 41 when they first started on  
18 the 14<sup>th</sup> floor and we had to move a residence out of  
19 41. Brian, I think you are aware of it. If not, but  
20 we did have that situation, and as we're speaking  
21 today I had several residents that could not come to  
22 me because we had a meeting last night, and I had it  
23 outside in the amphitheater so everybody would know  
24 that we was having a meeting, and only to find out  
25 that I got nine apartments that still have leaks in

2 their apartments. Now, we're talking about this  
3 rain, and the things that's happening. Now, all of a  
4 sudden we got the amount of people that need to be  
5 working on that job that should have been working on  
6 that job. They have triple the amount of people that  
7 was working on that job from just since the last  
8 week, and that's only because they said that we was  
9 going to have rain. So they've been saying and  
10 praying all day long saying I hope we don't have any  
11 rains so that we won't have leaks, but the only way  
12 that they will know that they will have leaks is  
13 through rain. If it rain, it's going to rain in  
14 those folks' houses, but evidently something is going  
15 on now because we haven't had rain and I got nine  
16 apartments here, and I also told Mr. Lee--told,  
17 what's his name just a few minutes ago, and he's  
18 calling to make sure and check. I want you to check  
19 me out. I would not ever give out any erroneous  
20 information. I only want what's best for us. I don't  
21 want these half behind people coming in here, these  
22 contractors. They need to be checked more often and  
23 before and afterwards. We have a development that's  
24 two doors down from us who just got their roofs  
25 repaired two years ago. She called me up and told me

2 would I believe that they're getting ready to put  
3 some scaffolding back up over her buildings. I don't  
4 want you back in King Towers in two years with the  
5 same work that we thought we had. Problem is, King  
6 Towers is 63 years old. When they put the roof there  
7 it was only a 10-year warranty on that roof. This is  
8 the first time that we're getting a roof. Why wasn't  
9 after those 10 years or 15 years that they wasn't  
10 checked? When you walk on the roof, I was told by the  
11 contractor, when they walked on the roof the roof was  
12 so worn that you could hear it cracking, and if we  
13 did not get the work that we're getting now it would  
14 have been a big mess. It would have been even worse  
15 than what it is now. I appreciate them fixing the  
16 roof. I want them to fix the roof, and I hope that  
17 you've given us a good job that we will not have to  
18 come back and that my residents will not be suffering  
19 from it, but we've had residents that we had to put  
20 out before that article hit the newspaper, and I knew  
21 it would hit the newspaper and I not rebel about it,  
22 because I knew what they was saying was true. The  
23 other part about this gang [sic] stuff, they should  
24 have asked us. We would have told them what would  
25 happen. That wasn't even about that. It was--it's

2 what someone interpret it to be, but that's not here  
3 or there, because that's not helping all of my  
4 residents. I'm interested in helping the bulk of the  
5 residents and not interested in this petty stuff  
6 that's going on. As far as jobs, they did not give  
7 us zero jobs. I personally paid for three sessions  
8 for them to get OSHA [sic] cards out of the money  
9 from our TPA that was given to us, and once they got  
10 the cards, the fellows got the cards because I want  
11 to see them off the streets. I want to see them  
12 work, and then the union come up with some stuff  
13 about you had to be a union member. How could you be  
14 a union member if you don't have a job? How could  
15 you be a union member if you never worked? Why waste  
16 our money and our time to train those kids for OSHA  
17 cards, and they was trained right in their  
18 neighborhoods. Housing Authority is training them,  
19 but they're training them way out in Brooklyn or Long  
20 Island City. That's the only training the Housing  
21 Authority is giving them. Number one, half of them  
22 don't even have car fare to get out there. And when  
23 they get out they can't--they don't know the  
24 directions and it's not good. We got to put some  
25 stuff in each area, each borough so all these kids

2 could be able to do something with their lives. It  
3 is not good seeing a bunch of people standing up  
4 against the wall with a brown paper bag trying to  
5 make ends meet. Some of them, that's the way they  
6 feed their children, that's the way they feed their  
7 family.

8 CHAIRPERSON TORRES: Ma'am--

9 UNIDENTIFIED: [interposing] I feel them.  
10 I know what you're saying. I know about the timer,  
11 because that's all I been--all of our life, that's  
12 what we've been doing.

13 CHAIRPERSON TORRES: Ma'am, I appreciate  
14 your comments. We actually are going to--

15 UNIDENTIFIED: [interposing] You've been  
16 giving them the free 35 [sic] years of service. We  
17 always get cut off and the message never get to you.  
18 But anyway, thank you anyway for that few minutes.

19 CHAIRPERSON TORRES: And thank you for  
20 your comments. We're going to be removed in 10  
21 minutes.

22 UNIDENTIFIED: [off mic] The Chair inherit  
23 all this stuff. This is not stuff that's been going  
24 on, that just happened. It's been going on for  
25 years--

2 CHAIRPERSON TORRES: [interposing] It's  
3 decades in the making.

4 UNIDENTIFIED: and years and years. And  
5 I'm glad that she's here. Maybe she can make some  
6 dents and some changes, because I am tired of being  
7 tired, and I'm going to give it to y'all the end of  
8 the year and let you go backwards. You can't go  
9 through a new something if you haven't done with the  
10 old something. Alright? So you get a new generation,  
11 and if you haven't trained the new, if your momma  
12 don't train you when you was born, then when you get  
13 up, you not going to be trained, and how you going to  
14 train somebody if you haven't had the training.  
15 Thank you.

16 CHAIRPERSON TORRES: Thank you. God bless  
17 you. Thank you. We have George Geller, and that  
18 will be the end of our-- thank you, George. And  
19 you're testifying on behalf of Gregory Floyd  
20 Teamsters Local 237?

21 GEORGE GELLER: How am I doing now? You  
22 have his written statement. I will give a brief  
23 summary of it. It's been a long morning for you.  
24 Our points are relatively simple. As you know, Local  
25 237 represents 8,000 employees of the New York City

2 Housing Authority blue and white collar employees.

3 Our concern today, the point of emphasis that we  
4 wanted to bring is that the issue of subcontracting,  
5 bringing in outside employers, subcontractors to do  
6 work should be seen in a context. We consider it to  
7 be an alarming context of privatization of basic  
8 functions of housing. You have this Next Generation  
9 NYCHA plan, a 10-year plan premised on massive  
10 transfer to private developers of housing property.  
11 The partners in the Next Generation plan included 46  
12 private developers, building management companies,  
13 public relations firms. There was no involvement of  
14 the union at all, and as part of the new thrust of  
15 NYCHA to privatize functions, we now have the Op-mom  
16 [sic] plan, little known plan that will allow up to  
17 18 managers at developments around the city to bring  
18 in private subcontractors to do work previously  
19 performed by public employees. This trend threatens  
20 to undermine an 80 year tradition of the management  
21 of public land for public purposes, not for private  
22 profit, and the sweeping premise of Next Generation  
23 NYCHA that this is going to be a financial windfall  
24 we think is misplaced. So that's the context in  
25 which we express concern about contracting,



2 subcontracting practices of NYCHA. We're all aware  
3 of the failures of Metropolitan Scaffold, L&M,  
4 Triborough, the practice of contractors to avoid wage  
5 obligations, prevailing wage, and the private sector  
6 Davis Bacon is now well demonstrated. We've had lots  
7 of testimony on this. Our concern is that at a  
8 minimum as the Comptroller expressed today, now is  
9 the time for some stringent transparent oversight of  
10 what NYCHA is doing with these contracts. They  
11 should fulfil the same obligation to the public in  
12 terms of public information on subcontracting that  
13 other city agencies do, as Scott Stringer emphasized.  
14 It's that simple. Health and Hospitals Corporation  
15 does it. Why shouldn't NYCHA? Why should we have to  
16 rely on their protestations [sic] and their claims  
17 that they're doing their very best? Why not let the  
18 public simply scrutinize these arrangements for  
19 itself, and through that transparency guarantee that  
20 we're getting what we asked for? Of course, Local  
21 237 is self-interested in all this. We see all of  
22 these plans as a shoe horn to deprive our employees  
23 of work, but we emphasize that our employees do a  
24 pretty good job when they're given competent repair  
25 systems, the proper equipment. We believe, and we

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2 believe public disclosure would show this, that our  
3 people do the work as cheaply, as productively and as  
4 well as any outside employer who brings in their  
5 employees. We are confident of that, and also we  
6 emphasize that the same values are at stake there as  
7 in numerous municipal employment questions. Forty  
8 percent of our employees live in the developments,  
9 and that number is going up every year given new  
10 recruitment practices, especially of janitorial  
11 employees, the co-called caretakers. The fury of  
12 residency requirements, the thrust of city policy all  
13 along has been that these are the employees who will  
14 do the best job, and so while it may appear that our  
15 interest in this is purely self-interest or the  
16 interest in maintaining our membership roles, we  
17 believe that the best progressive policy of this city  
18 for years has been that city employees, public  
19 employees accountable to the public, residing in the  
20 city in this instance, residing in the very projects  
21 in question will provide the best work. So, that is  
22 our simple stance here. We take the purpose of these  
23 hearings to be some attempt at greater public  
24 oversight. We call for it. We endorse it, and we  
25 commend the committee for bringing this attention,

2 this issue to public attention. That's our  
3 statement. Thank you.

4 CHAIRPERSON TORRES: Actually, Council  
5 Member Rosenthal has a question for you.

6 GEORGE GELLER: Please. I'm a little  
7 deaf, so don't feel that you're insulting me by  
8 talking loud.

9 CHAIRPERSON ROSENTHAL: not at all. And  
10 may I ask you, do you have a T-coil in your--do you  
11 have a hearing aid?

12 GEORGE GELLER: No, I don't.

13 CHAIRPERSON ROSENTHAL: Oh, okay. Because  
14 we're--

15 GEORGE GELLER: [interposing] Everybody  
16 is imploring me--

17 CHAIRPERSON ROSENTHAL: [interposing] We  
18 have a hearing loop.

19 GEORGE GELLER: to get one.

20 CHAIRPERSON ROSENTHAL: Well, we have a--  
21 we're trying to get a hearing loop so people with  
22 hearing aids could actually hear crystal clear.

23 GEORGE GELLER: You're doing fine right  
24 now. I hear everything you're saying.  
25

2 CHAIRPERSON ROSENTHAL: Alright. So, I  
3 want to thank you for coming and testifying. I think  
4 it's incredibly important that your union be  
5 represented today. So I want to thank you for that.  
6 And I'm hoping you might have some answers that the  
7 NYCHA Administration didn't necessarily know in a  
8 very concrete way. I'm wondering about the contract  
9 review process, and I'm wondering when an outside  
10 contractor is brought in, and of course there could  
11 be any number of jobs so it's hard to generalize.  
12 But last year they said that they had between 50 and  
13 100 completed contracted projects.

14 GEORGE GELLER: Projects.

15 CHAIRPERSON ROSENTHAL: Is anyone from  
16 your union involved in the review of how the work was  
17 done?

18 GEORGE GELLER: Never. The interesting  
19 aspect of this is that at least in part our contract  
20 provides that there should be colloquy with us before  
21 they run and give jobs to outside contractors. They  
22 give us a chance, if you will, to show that our  
23 employees can do the work. We don't even feel that  
24 that is done satisfactorily, but we have no review  
25

2 rights. We have no power to scrutinize what  
3 contractors are doing, nothing like that at all.

4 CHAIRPERSON ROSENTHAL: So, it might make  
5 sense for someone who's a regular maintenance worker  
6 to be included in the review team.

7 GEORGE GELLER: So we think. So we  
8 think.

9 CHAIRPERSON ROSENTHAL: And then--

10 GEORGE GELLER: [interposing] We represent  
11 everybody. We represent janitorial, cement masons,  
12 roofers, brick layers, elevator maintenance, much of  
13 the work that's done by outside contractors is  
14 conventionally performed by our members, and we think  
15 they do a pretty good job. I agree with you. We  
16 feel that we should be involved. We should be  
17 involved in things like Next Generation NYCHA. We're  
18 rarely consulted.

19 CHAIRPERSON ROSENTHAL: So, in other  
20 words if there's a building that has an elevator  
21 problem that your guy needs an outside contractor to  
22 come in, and then the outside contractor does the  
23 work, does your on-site--oh, I guess the elevator,  
24 your elevator guy would be called in and wouldn't be  
25 there every day.

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2 GEORGE GELLER: No, he inherits whatever  
3 repair they did or didn't do, but he has no authority  
4 over the Mayor [sic] employees, none.

5 CHAIRPERSON ROSENTHAL: Does he get a  
6 opportunity to learn from the outside contractor what  
7 work was done in order to change the ongoing  
8 maintenance of the elevator?

9 GEORGE GELLER: I suppose in individual  
10 instances through his superintendent they know  
11 something of the work that's going on.

12 CHAIRPERSON ROSENTHAL: Is there a  
13 formalized--

14 GEORGE GELLER: [interposing] We have no-

15 -

16 CHAIRPERSON ROSENTHAL: [interposing]  
17 process?

18 GEORGE GELLER: We have no systematic  
19 relationship at all to this work, none at all.

20 CHAIRPERSON ROSENTHAL: Okay.

21 GEORGE GELLER: And often we only  
22 discover it happenstantially [sic] or people find  
23 out that work is being done, they report it to us.  
24 They feel they could do it, but we have no authority.

25

2 CHAIRPERSON ROSENTHAL: And can I ask  
3 you--

4 GEORGE GELLER: [interposing] We're not  
5 partners in this process.

6 CHAIRPERSON ROSENTHAL: Thank you. In  
7 this particular situation with what happened at King  
8 Towers--

9 GEORGE GELLER: [interposing] King Towers,  
10 yeah.

11 CHAIRPERSON ROSENTHAL: I'm sorry I'm  
12 not--it's not in my district and I'm not personally  
13 familiar with it, but it's my understanding that one  
14 of the things that slipped through the cracks was  
15 whether or not there was a work order for someone to  
16 clean out a gutter system. It raises in my mind two  
17 questions. One is, how work like routine maintenance  
18 gets done, does it only get done when a work order is  
19 submitted or is there room for individual workers to  
20 just know what needs to be fixed and fix it?

21 GEORGE GELLER: That's a broad question.  
22 Every repair is coupled with a job ticket. You know,  
23 I--it's hard for me to answer your question. Look,  
24 our staffs do all sorts of things on their own, if  
25 you will, to the degree that some of our janitorial

2 people are buying their own cleaning supplies  
3 sometimes. It's pretty tough. We've had the massive  
4 reduction of workforce in NYCHA. I'm sure that  
5 individual employees take initiatives and spot  
6 things, but fundamentally all work is accomplished is  
7 assigned through tickets, and there have been  
8 hearings of the Council on backlogs of tickets, all  
9 sorts of things. Look, the proper administration of  
10 the workforce, of our workforce is something we've  
11 complained about for a long time. There were  
12 instances where maintenance men were sitting around  
13 on weekends and the union was imploring NYCHA to give  
14 them tickets to do work, and instead the policy was  
15 adopted that they should just sit around and wait for  
16 emergency services to call them, and then NYCHA  
17 reacted angrily at a certain point and said, well  
18 we're not getting the work done by these maintenance  
19 men over the weekend. We had been imploring them to  
20 do that. We argue with our own people to have  
21 reasonable expectations. For example, exterminators  
22 would like to do the work that outside contractors  
23 are brought in to do on various clean-up projects,  
24 bed bug projects, and we argue with our own  
25 workforce, that they should have a reasonable



2 expectation of the amount of pay they're going to get  
3 for this and productivity requirements put on them.  
4 NYCHA characteristically ignores what the union has  
5 to say and the experience that we think we can bring  
6 to bear. Again, though, the simplest solution to all  
7 this would simply be to put NYCHA under the sort of  
8 regimen that other city agencies are under. Let the  
9 public look. Let the City Council look at the  
10 contracts. Let them guarantee that subcontractors  
11 are meeting prevailing wage. It seems to me that's  
12 the solvent that cleans up a lot of these problems.

13 CHAIRPERSON ROSENTHAL: I really  
14 appreciate your testimony. I appreciate your  
15 patience and staying here to the end and hearing the  
16 rest of it. I would love to continue the conversation  
17 offline. I think this has been actually incredibly  
18 informative. I wish you had gone before NYCHA as  
19 usual.

20 GEORGE GELLER: We're available.

21 CHAIRPERSON ROSENTHAL: They could hear  
22 what you have to say, but I think that concludes the  
23 questions and concludes the hearing for today. So, I  
24 want to thank everyone for their input and patience,  
25 and I call the hearing to a close.

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2 [gavel]

3 GEORGE GELLER: Thank you.

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C E R T I F I C A T E

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



Date October 5, 2015