

TESTIMONY FROM NYCHA CHAIR & CEO SHOLA OLATOYE
"EXAMINING THE NEED FOR CONTRACTING ACCOUNTABILITY AND TRANSPARENCY
AT NYCHA IN LIGHT OF LEAKING ROOFS AT KING TOWERS"
COMMITTEE ON PUBLIC HOUSING WITH THE COMMITTEE ON CONTRACTS
THURSDAY, OCTOBER 1, 2015 – 10:00 AM
COUNCIL CHAMBERS, CITY HALL, NEW YORK, NY

Chairs Ritchie Torres and Helen Rosenthal, members of the Public Housing and Contracts Committees, and other distinguished members of the City Council: good morning. I am Shola Olatoye, the New York City Housing Authority's Chair and CEO. Joining me today are David Farber, Executive Vice President for Legal Affairs and General Counsel; Brian Clarke, Senior Vice President for Operations; Farhan Syed, Vice President for Construction; and other members of our executive and Capital Projects leadership team.

Thank you for the opportunity to explain the circumstances that led to the unfortunate incident at the King Towers development in Harlem. To put that incident into context, I will discuss the scope and successes of NYCHA's overall capital program, which will deliver about \$4.2 billion of infrastructure improvements, major modernization, and Hurricane Sandy-related repair and resiliency work over the next five years to benefit more than 250,000 residents. I will also provide an overview of our contracting and procurement processes and our efforts to increase transparency as part of our long-term strategic plan, *NextGeneration NYCHA*.

The Incident at King Towers

On August 12, the *Daily News* published a story on a situation at King Towers that should never have happened. Building #10 at that development was undergoing roof repairs while its roof drains were clogged; as a result, residents living below experienced major leaks into their apartments. While repairs can sometimes, unfortunately, become disruptive, they should never diminish the quality of life of residents as they did in the case of King Towers. It was preventable and it was unfortunate.

King Towers was the perfect storm. One of the worst roofs in our portfolio, years of deferred maintenance led to rotting through to its sub-roof, a previously unknown condition that was discovered during construction. Secondly, operations procedures for NYCHA to clear the drains on the roof before construction began were not followed. Lastly, the weight of repair equipment on the rotting roof led to additional seepage. All of these unfortunate circumstances contributed to leaks into residents' apartments when it rained. Furthermore, the lack of responsiveness by staff was simply wrong and unacceptable.

The ultimate responsibility lies with NYCHA to prevent outcomes like this. In this case, procedures regarding clogged drains were not followed and disciplinary action was taken.

I think it would be helpful to take you through the details of this incident. In March of last year, we awarded the King Towers façade and roof replacement contract to Technico Construction. We also selected a construction manager, Jay Shapiro & Associates, based on their experience and qualifications. King Towers was chosen for these repairs because its roof is one of the worst in our portfolio, according to our portfolio-wide assessment. It also had façade conditions that needed to be corrected per the City's Local Law 11.

In April of 2014, we kicked off the resident engagement process by notifying residents about the upcoming work through a pre-construction meeting that introduced the resident leadership to the construction manager. From July 2014 to the present, we held 46 construction progress meetings with the construction team (12 of which were attended by NYCHA property management staff) and five meetings with residents leaders to discuss how the work might affect residents.

King Towers' roofs are in bad shape. When construction managers work on roofs that are in such poor condition, it's not possible to entirely ascertain what's "beneath the surface" – that is, the extent of the deterioration. This reality isn't an

excuse for what happened at King Towers; it just means that our capital projects are more complicated than those at buildings where the elements have had a regular repair or replacement schedule.

Our protocols help us manage the scenarios that can occur when working on old buildings. Before construction even begins, we conduct surveys of the work site, documenting existing conditions, identifying any needed work and responsible parties, and checking for potential problems. We conducted the survey of building #10 in April 2015, during which time three clogged roof drains were identified. Even with these surveys, unforeseen field conditions can arise. For instance, we discovered in June 2015 that the roof slab above apartment 13A needed to be replaced. Shortly thereafter, senior NYCHA staff visited the development to assess the roof and the apartment's ceiling. We immediately issued a change order to the contract to fix the roof slab and the apartment beneath it. In addition, we coordinated with the two residents on the necessary permanent relocation.

The building survey was where we failed to follow our own protocol. While the appropriate property management staff did participate in the survey, the staff failed to ensure that a work order was created regarding the clogged drains and that they were cleared before construction began. Furthermore, NYCHA staff allowed the contractor to move ahead with construction prior to confirming that the drains had been cleared.

Roof work on building #10 began on April 16, 2015, with asbestos removal. I want to note that a temporary roof was always used to cover the roof during the repair work, per our policy and as part of the contract. Following heavy rainfall, top-floor residents reported leaking in their apartments, which NYCHA staff and the contractor investigated. We determined that the leaks resulted from the construction work and addressed them as conditions allowed; however, we could have done a much better job with respect to this.

The article about the leaks at building #10 was published on August 12. Senior NYCHA staff again visited the site to investigate on August 13, determining that the clogged roof drains, heavy equipment on the roof, and the need to lower the roof drains were the main cause of the leaks. We immediately cleared and lowered the drains. Since then, residents have not reported any leaks due to heavy rainfall.

We acknowledge that we could and should have done a better job communicating with residents on what we were finding and how that could impact them. We should have also responded more adequately to their complaints.

As a result of our review of this matter, we are updating our protocols to more clearly specify which parties from NYCHA, the contractor, and the construction manager need to participate in the pre-construction building survey, and to clarify that construction work cannot begin until all clogged drains are cleared. We implemented improved processes for escalating issues regarding clogged roof drains portfolio-wide and for deploying staff to remedy any conditions that arise due to severe weather at King Towers. We are also convening a group of industry experts, including certified roof manufacturers, architects, certified roofing contractors, and construction managers, to help us develop additional best practices for working on old buildings.

The roof work at building #10 is nearing completion. We finished several stages of the work in September without further incident, and are currently working on metal and railing installation.

This unfortunate incident should not characterize all the good work we're doing for residents. While an incident or two may make headlines, our staff work hard day and night to make sure our communities are safe, clean, and connected. The roof replacement project at King Towers is part of our \$500 million exterior rehabilitation of 319 buildings citywide that are home to about 30,000 residents. In the past two years, we've successfully completed construction at 83 buildings

as part of this program, and construction is underway at an additional 173 buildings. Residents across the City can attest to an improved quality of life as a result of this vital roof and façade repair program, which we expect to complete by 2016.

More Context: Old Buildings and Lack of Federal Funding

As you have heard before, NYCHA's buildings are old: 60 percent of them are more than 50 years old. As buildings get older, their problems increase – the entire NYCHA portfolio currently has nearly \$17 billion in unfunded capital needs. Our buildings need more investment than ever, at a time when Federal funding for them is scarce and declining.

We are very grateful for the Mayor's \$300 million investment in roof replacement, which is a great start to an immense problem. Roof replacement delivers significant benefits and dramatically improves quality of life for residents: it prevents leaks that cause mold and reduces leak-related work orders, freeing us to focus on other important issues. In August, we began an \$87 million capital project at Queensbridge Houses, which includes \$60 million of City funding for roof repairs at all 26 buildings as part of the three-year roof replacement initiative. We hope that the State will follow the City's lead and invest \$100 million in State capital funding to replace significantly deteriorated roofs at an additional 100 NYCHA buildings.

The vast majority of funding for NYCHA's regular capital program is Federal – about 88 percent in recent years. From 2001 to 2013, annual Federal capital grants have declined \$162 million, or 36 percent, from \$420 million to \$259 million. As a result, NYCHA has experienced a cumulative Federal capital grant funding loss of more than \$1 billion since 2001, on top of previous years of State disinvestment. Even in the years of flat appropriations to the Capital Fund, rising costs have resulted in very real cuts to the program. This chronic funding gap severely constrains NYCHA's ability to make necessary repairs and upgrades to

brickwork, roofs, elevators, building systems including heating and plumbing systems, and apartment interiors. Modernization is crucial for NYCHA to maintain its housing stock in a state of good repair and improve service levels and quality of life for the next generation of New Yorkers.

NYCHA's Capital Program: A Record of Progress and Achievement

In spite of the significant challenges of aging infrastructure and declining Federal funding, NYCHA has established a track record of completing quality construction projects in a timely manner. Over the past five years, NYCHA has implemented a series of improvements to the way we plan capital projects, incorporating industry best practices into our policies and procedures. Those improvements included organizational changes, such as creating a capital planning unit to collect and analyze technical data to make better decisions about which projects get funded and when; and procedural changes, such as assigning a single point of contact for every project to increase accountability and provide a clear line of responsibility. This strategic focus enables us to complete projects more quickly and efficiently, which is vital considering the age of our buildings and the deadlines associated with Federal funding.

HUD requires public housing authorities to obligate 90 percent of capital funds within 24 months and to expend them within 48 months. NYCHA obligated HUD's latest capital grant in only eight months, well ahead of the 24-month deadline. And NYCHA beat HUD's deadline in expending \$311 million on critical infrastructure, including façades and roofs, elevators, and heating and plumbing systems, that's improving the quality of life for about 48,000 families. We're also completing more projects. Last year we obligated over \$740 million on major modernization projects, including the entire proceeds of a \$500 million bond (which was obligated about a year under deadline); this is three times the \$232 million NYCHA obligated in 2012. Another indication of our progress is the fact that the number of construction change orders has gone from about 600 in 2012 to just over 200 last year.

Despite all the progress NYCHA has made in overhauling the way we do business — obligating money faster, cutting the number of construction change orders by more than half, and seeing reductions in leak-related work orders at buildings with replaced roofs — there is still a sense that NYCHA operates in the dark. The only way to dismantle this assumption is to shine a bright light into our capital program.

Within the first 90 days of my tenure, we launched NYCHA Metrics on our website, which features a range of current and historical information pertaining to work orders, service wait times, apartment vacancy rates, rent collection rates, and more. More recently, we've made all of our active capital contracts available online, similar to other City agencies. We're also planning to post online all awardees of RFPs and contracts moving forward. We just posted online a summary of the most recent Physical Needs Assessment. The PNA, which is performed every five years, is a comprehensive overview of the major infrastructure needs of our developments. We're doing this because transparency is the best form of oversight, fostering accountability and efficiency without hindering our efforts to better serve residents.

Contracting and Procurement

A number of agencies are responsible for NYCHA's oversight. NYCHA abides by a comprehensive set of Federal, State, and internal procurement statutes, rules, and regulations known as the Contract Procedure Resolution. Again, about 88 percent of NYCHA's regular capital funding is Federal and is overseen by the U.S. Department of Housing and Urban Development; HUD's procurement standards are outlined in the Code of Federal Regulations (primarily, 2 CFR 200.317-326). Federal regulations stipulate, for example, that public housing authority contracts comply with Davis-Bacon Act provisions regarding prevailing wages; cannot exceed five years; and must abide by Section 3 resident hiring requirements. Section 151 of the State's Public Housing Law requires NYCHA to

procure via sealed bids: all construction contracts over \$50,000 and contracts for materials and supplies over \$25,000. The contract is awarded to the lowest responsive and responsible bidder. All other contracts over \$150,000 may be procured via RFPs or sealed bids.

The same procurement rules apply to City capital funding, a small percentage of our funding, with several agencies and entities overseeing its expenditure. All contracts funded through the New York City Office of Management and Budget are registered with the City's Comptroller. Additionally, through the City's Department of Investigation and Housing Development Corporation, an independent auditor will monitor contracts for capital projects that are funded by a bond issuance, at a cost to NYCHA of approximately \$6.5 million.

NYCHA uses the City's Vendor Information Exchange System, known as VENDEX, to verify the reliability and integrity of the vendors we select, regardless of the funding source. NYCHA also has a process for evaluating contractors at the end of a contract, as well as at different milestones during the life of the project, on criteria such as timeliness, completeness, safety, and quality of work.

In addition to HUD and the Comptroller's Office, NYCHA reports regularly to: the Mayor, the City Council, the New York City Office of Management and Budget, the IRS, the State Comptroller, New York State Homes and Community Renewal, the New York City Housing Development Corporation, the New York City Department of Housing Preservation and Development, the New York City Department of Finance, the New York City Department of Investigation, the State's Department of Taxation and Finance, the State Attorney General, and more than a dozen other agencies and entities.

Dozens of NYCHA staff spend thousands of hours working to promote accountability and engage our partners through these more than 100 reports. We take very seriously our responsibility to the public. Clearly, the issue at hand is

not creating additional layers of unfunded reporting, but more transparency for proper oversight and accountability. We want to make sure our capital dollars are spent as effectively as possible, on time, within budget, and to the maximum benefit of residents. And so we are building upon the work we've already begun to become a more transparent organization.

Conclusion

Unlike private landlords who can raise rents to fund major capital improvements, NYCHA relies mainly on government funding. To make the best use of scarce Federal dollars, we have been working to improve our operations – and become a better and more efficient landlord – through our long-term strategic plan, *NextGeneration NYCHA*.

Every year that repairs and upgrades are not completed increases the risk for further deterioration to our buildings. Through our capital program, we're making critical, timely improvements that will prevent further deterioration and undo decades of disinvestment, such as beginning the restoration of 66 roofs this year with the Mayor's \$300 million investment. However, hundreds of roofs that are not included in this work are also in dire need of repair, so we must continue talking about how to get that work funded.

Thank you for your support as we move forward to address NYCHA's challenges. I am happy to answer any questions you may have.



First 100 Days: NextGen Fact Sheet



#NextGenNYCHA

TRANSPARENCY & ACCOUNTABILITY	
NYCHA TRANSPARENCY	<i>Webpage intended to improve NYCHA communications, transparency and accountability with residents and the public.</i>
<p>Key components of NYCHA Transparency page:</p> <ul style="list-style-type: none"> • NYCHA Metrics—NYCHA’s <u>metrics database</u>, which tracks repairs and program data by <u>development</u>. • Physical Needs Assessment – A <u>summary</u> of the existing building conditions at each development. The Physical Needs Assessment is conducted every 5 years and an updated assessment is currently underway. • Contract Disclosure— <u>Details</u> on all open capital construction contracts from the past 5 years. • Award Results – Monthly updates on <u>award results</u> on all contracts, proposals and bids. 	
SUPPLY CHAIN & INVENTORY OVERHAUL	<i>Initiative to reform NYCHA’s inventory management and procurement systems to improve efficiencies, eliminate waste and make smarter decisions on supplies based on use and demand.</i>
<ul style="list-style-type: none"> • In June, an internal review identified about \$114,000 worth of window guards and window balances collected from NYCHA’s six warehouses; more than 65 percent, or \$75,000 worth of the stock was sent back to developments for use. • An external working group, which includes participation from NYCHA, HUD, the NYC Comptroller, and independent supply chain experts, formed in July to improve NYCHA’s inventory control system. 	

PRESERVATION & STABILITY	
NEXTGEN NEIGHBORHOODS	<i>Initiative to generate revenue to reinvest into NextGen Neighborhood development sites and across NYCHA by leveraging a 50-50 split of market-rate and affordable housing units built on underutilized NYCHA land.</i>
<ul style="list-style-type: none"> • In September, resident and stakeholder engagement started at NextGen Neighborhood sites—Holmes Towers (Manhattan) and Wyckoff Gardens (Brooklyn.) Stakeholder input will inform the size, scope and potential revenues generated by the construction of new housing units. 	

MORE AFFORDABLE HOUSING OPTIONS	
AFFORDABLE HOUSING	<i>Plans to create affordable senior and family housing on underused NYCHA property following an extensive planning process with residents and community advocates at Ingersoll (Fort Greene, Brooklyn), Van Dyke (Brownsville, Brooklyn) and Mill Brook (Mott Haven, Bronx.)</i>
<ul style="list-style-type: none"> • In July, NYCHA and HPD released a request for a “Request for Proposal” (RFP) for potential developers to expand 100 percent affordable housing opportunities in Brooklyn and the Bronx. NYCHA will retain rights to the land developed through a long-term ground lease, provide critical oversight to the project, require developers to train and hire NYCHA residents, and proactively engage residents on a regular basis as the project moves forward. NYCHA and the City will require developers to provide stabilized rents and NYCHA residents will have a preference for 25 percent of the units. NYCHA and HPD will begin to review proposals in October. 	



First 100 Days: NextGen Fact Sheet



REPAIR & REBUILD

FIX-IT-FORWARD

A major initiative to overhaul maintenance and repair operations with common-sense fixes to key parts of NYCHA's repair process to decrease response times and increase customer satisfaction.

- Optimal Property Management Operating Model (OPMOM) – local property managers at 18 OPMOM test developments have been empowered to build their own budgets and determine staffing needs, which intends to reduce time to deliver basic maintenance to seven days. In the past four months, basic repair times are trending downward, with an average service level time of 5.5 days.
- Real-time repairs – Since launching in June, NYCHA has inspected more than 2,400 apartments across 41 developments and performed over 4,000 simple repairs, such as minor plumbing issues, smoke detectors, and window guards at the time of inspection.
- Real-Time Dispatching –In its first three months in deployment at Woodside, communication with residents on project repairs from start to finish have significantly improved. Work orders closed because scheduled appointments were missed, have been cut in half since the start of the year—down to 8% in September.
- One-Call initiative – rolled out to 5 pilot sites in August, this initiative enables residents and property managers to schedule all necessary components of a repair project with 'one call,' instead of requiring multiple calls to schedule subsequent work every time a part of the repair project is complete. To date, 350 units have had an average of 70 multi-skilled trade jobs scheduled, reflecting over 700 skilled trades work orders. This pilot intends to improve customer service and shorten the time to complete repairs by avoiding unnecessary delays between open and closed work tickets related to a project.

ROOF REPLACEMENT PROGRAM

\$300 million City investment over the next 3 years to replace some of the worst roofs in NYCHA's portfolio in order to reduce mold, repair leaks, and restore apartments impacted by aging roof infrastructure.

- Queensbridge Houses (North & South) construction to replace 26 roofs began in August.
- Parkside Houses construction to replace 14 roofs began in September.

SANDY RECOVERY

Nearly \$3 billion in FEMA funding to repair and protect over 200 buildings that sustained significant damage from Superstorm Sandy to achieve more resilient developments.

- In June, NYCHA signed an agreement (Memorandum of Understanding) with the City of New York's Department of Investigations for independent auditors to monitor contracts for Sandy-related repairs and restoration.
- In July, FEMA, New York State, and NYCHA reached final agreements for 33 Letters of Undertaking (LOUs) for nearly \$3 billion of repair and restoration work at more than 200 buildings.

RAD (RENTAL ASSISTANCE DEMONSTRATION PROGRAM)

A federally-supported program to transition Ocean Bay Apartments – Bayside in the Far Rockaway, from traditional public housing funds to a special project-based Section 8 voucher program in order to finance critical building repairs and achieve operating revenue.

- NYCHA has held monthly meetings with residents and community groups over the past four months to provide additional information on the RAD program, answer questions and collect feedback.
- In August, NYCHA released a "Request For Proposals" (RFP) for a physical building needs assessment, energy audit and utility consumption analysis of Ocean Bay Apartments-Bayside and Oceanside in order to estimate the total capital needs of the development for participating in the RAD program.

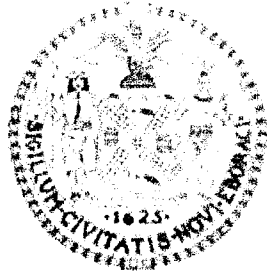


First 100 Days: NextGen Fact Sheet



#NextGenNYCHA

SAFETY & SECURITY	
MAP (Mayor's Action Plan for Neighborhood Safety)	<i>A comprehensive initiative to reduce crime and strengthen neighborhoods in the 15 NYCHA developments that accounted for 20 percent of all violent crime in public housing in 2014.</i>
<ul style="list-style-type: none"> As of September, overall crime is down 12 percent and shootings are down 18 percent across MAP sites since last year. Construction to install exterior lighting has started: <ul style="list-style-type: none"> Polo Grounds broke ground on 357 new light fixtures in August. Boulevard Houses broke ground on 498 new light fixtures in September. Bushwick Houses broke ground on 297 new light fixtures in September. Castle Hill Houses broke ground on 703 new light fixtures in September. 	
MODERNIZATION	
myNYCHA	A mobile app for residents to create, submit, track and update maintenance service requests, view alerts and outages, and schedule inspections 24/7 to achieve enhanced customer service.
<ul style="list-style-type: none"> Since being launched in September, the myNYCHA app has been downloaded more than 4,500 times; residents have created nearly 3,150 work orders; and more than 3,350 have subscribed for NYCHA alerts in its first 30 days 	
RENT MADE EASY IN 8 WAYS	Pilot to test the effectiveness of new tools and approaches to improve the collection of rent and fees to help stabilize NYCHA's finances.
<ul style="list-style-type: none"> In August, NYCHA launched new efforts design to improve rent collection with a test of robocalls to residents with rent and other charges in arrears. In addition to new tools, a second pilot will launch in the fall to test the benefits of supportive services and early intervention. 	
RECYCLING	<i>Initiative to join citywide efforts to reduce waste and implement recycling across NYCHA developments by the end of 2016.</i>
<ul style="list-style-type: none"> As August, more than 460 recycling bins have been placed in designated recycling areas at 34 developments. NYCHA, DSNY, and GrowNYC have hosted nearly 60 educational activities, workshops and other events to promote recycling since launching this spring. 	



**THE CITY OF NEW YORK
OFFICE OF THE COMPTROLLER
SCOTT M. STRINGER**

TESTIMONY OF NEW YORK CITY COMPTROLLER
SCOTT M. STRINGER

EXAMINING THE NEED FOR CONTRACTING ACCOUNTABILITY AND
TRANSPARENCY AT THE NEW YORK CITY HOUSING AUTHORITY

BEFORE MEMBERS OF THE
COMMITTEE ON PUBLIC HOUSING AND THE
COMMITTEE ON CONTRACTS
OF THE NEW YORK CITY COUNCIL

OCTOBER 1, 2015

Good morning.

I want to thank Chairman Torres for calling this hearing on the New York City Housing Authority, and for inviting me to testify. And I want to thank members of the Committee on Public Housing and the Committee on Contracts for being here.

As we gather today, our city is confronting a crisis in homelessness and affordability – even amid the great prosperity of our times. All across our city, we see cranes building gleaming towers to the sky – and that’s a good thing.

But we also see too many families getting left behind – in run-down shelters, and too often in NYCHA developments that have become a symbol of urban decay.

The contrasts weren’t always so extreme.

When I was a kid in Washington Heights, there wasn’t much difference between Hillside Avenue or Dyckman Houses – we were all just families striving to get ahead. For many, moving into NYCHA was a ticket to the middle class, and that’s the way it was meant to be.

As Mayor La Guardia proclaimed in 1938 as he pressed his case for creating NYCHA: “Down with hovels. Down with disease. Down with fire traps. Let in the sky. A new day is dawning!”

Instead of that new day, NYCHA has become a collection of broken windows, mold and roofs that never get fixed, like at King Houses.

So I am here today because Chairman Torres understands this – he understands we’ve got to have a discussion about real, fundamental reform. The reason this hearing is so important is because it speaks to accountability and transparency – something that has been lacking at NYCHA for decades.

Year after year, we get plan after plan, promising on paper how the Agency is going to improve. But over and over, those promises are broken. Take a look back:

- In 2006, NYCHA unveiled the plan to preserve public housing and nothing changed.
- In 2011, it was plan NYCHA, a roadmap for preservation and nothing changed.
- In 2012, the authority spent millions on a report by the Boston Consulting Group and nothing changed.
- And earlier this year, the administration unveiled NextGen — which declared “we can’t solve today’s problems with yesterday’s solutions.”

But that is precisely what NextGen offers. In fact, only six of NextGen’s 26 strategies didn’t appear in NYCHA’s earlier plans or in the Boston Consulting Group’s recommendations.

That's right — twenty of NextGen's 26 strategies and objectives are essentially identical to those that appeared in one or more previous plans. So you can forgive NYCHA residents for hearing NextGen and thinking 'OldGen'.

My office has conducted six audits of today's NYCHA and revealed a litany of problems, including:

- The Agency's failure to secure nearly \$700 million in federal funds that could have been used for critical operations and improvements including replacing windows and boilers.
- We dug into NYCHA's mismanagement of vacant apartments and found units kept off the rolls for years – 80 apartments vacant for more than a decade, and an additional 161 vacant three to ten years.
- We exposed NYCHA's scandalous inventory system, where we found the mysterious "X-Men" signing out materials from one warehouse in the Bronx.
- Most recently, we looked at NYCHA's maintenance and repairs program and found a backlog of 55,000 requests.
- We also found that NYCHA took an average of 370 days – more than a year – to fix critical safety violations.

I know our audits upset some people in city government. But as we all know, sunshine always disrupts the darkness. So the real question that Councilman Torres is trying to answer is – how do we finally break the cycle of dysfunction at NYCHA?

Here's what I believe must happen:

First, it's time for NYCHA to be treated like every other agency when it comes to budgeting, because for too long they've flown under the radar. Right now, the agency provides –

- No quarterly reports of their planned budget
- No actuals, cash flows or headcounts.
- And no four year financial plan.

This is Budgeting 101 at other agencies and NYCHA should be providing all of that.

Second, NYCHA should release its physical needs assessment, a critical document that should be tied to its capital plan.

The needs assessment is like an X-ray of every building in the system, showing exactly where roofs, boilers and other critical systems are in need of repair. Yet for years, NYCHA has hidden this document in a drawer, where no one can see it. An updated version is due next year, in 2016.

NYCHA should commit today to releasing the needs assessment, now and in the future.

Next, NYCHA needs to lift the lid on all maintenance and repair records, and release information about mold, peeling paint and other problems by building. I've called on them to create NYCHA-stat, which like the NYPD's CompStat would track work orders in real time, and post information online for all to see.

Under our plan, repair requests for each building would be organized by the four major work order types. And they would provide weekly, monthly, and yearly comparisons.

The key is to make sure it's not just another transparency tool, but a management tool. The whole point is to have managers held accountable for failings in their area, just like CompStat did for the NYPD.

Understand something – the police today can tell you in real time where every misdemeanor, every jay-walking ticket is issued at every NYCHA development. So the police can know your business at NYCHA, but the repairman can't?

NYCHA will no doubt testify that they are more transparent than ever, but they've got miles to go. The Agency's metrics page only allows residents to see some information on certain work orders, and not others. Likewise, their new MyNYCHA app allows individuals to track their own work orders, but not to see the big picture within their building.

Imagine if CompStat ran like that – it would be like letting you track crimes committed only against yourself, without ever seeing what's happening in your community.

Today I would add a new priority to the agenda – an idea from Councilman Torres that ties everything together, an idea that is so sensible, I wish I had thought of it first.

We have a transparency tool in my office that could provide a new window into NYCHA and its spending. It's called Checkbook, and it's a website that shows contracting and spending, in real time, at every agency.

In Checkbook, you can see exchanges of money between NYCHA and other City agencies. But how NYCHA spends the vast bulk of its money, and with whom, remains all but invisible.

We need to change that, now. And there is precedent.

Just last year, the New York City Economic Development Corporation – which like NYCHA is technically not a city agency – agreed to integrate its contract information into checkbook. The agency placed over \$1 billion in spending into the system, and agreed to update it regularly.

So today, with Councilman Torres and the rest of the Council, I hope we can make a unified call for NYCHA to wake up and join Checkbook. What we cannot do is support the status quo, or listen to the apologists who insist that all is well.

Look, many of us are near the halfway point in our terms. And if we are going to move the needle on real change, the time to act is now. We need to stand up and do what no Administration has been able to do for decades, and that is to provide meaningful reform for the parents, grand-parents and children who call NYCHA home.

And let me stress -- I look forward to partnering with NYCHA's chairwoman -- Shola Olatoye. She is already working with my office to reform the Agency's inventory system in line with our audit. And we need to make sure that she has all the tools she needs to realize the true "Next Generation" at NYCHA.

Because remember, this is not about brick and mortar. This is about people's lives, and ultimately preserving the single greatest source of affordable housing in our City.

That's what La Guardia was fighting for when he called for a new day in 1938. He was demanding sunlight for all. Fairness for all. Decent living conditions for all. And that's what we should continue to fight for today.

**CITY COUNCIL HEARING
OCTOBER 1, 2015**

**THE NEED FOR CONTRACTING ACCOUNTABILITY
AND TRANSPARENCY AT NYCHA
IN LIGHT OF LEAKING ROOFS AT KINGS TOWERS**

**TESTIMONY BY GREGORY FLOYD
PRESIDENT,
TEAMSTERS LOCAL 237, IBT**



I WANT TO THANK THE CHAIRS AND MEMBERS OF BOTH THE PUBLIC HOUSING COMMITTEE AND THE CONTRACT COMMITTEE FOR CONVENING THIS HEARING.

AS THE PRESIDENT OF LOCAL 237, OVER 8,000 OF OUR MEMBERS WORK AT NYCHA BULDINGS, WHICH MEANS THAT OUR UNION REPRESENTS THE LARGEST NUMBER OF WORKERS AT NYCHA.

IT SHOULD ALSO BE NOTED THAT APPROXIMATELY 1/3 OF OUR MEMBERS ALSO LIVE IN NYCHA HOUSING.

IT IS EASY TO SEE WHY LOCAL 237 IS VERY CONCERNED WITH THE POLICIES AND PRACTICES OF NYCHA MANAGEMENT. OUR MEMBERS ARE AFFECTED BOTH ON THE JOB AND IN THEIR HOMES. I MIGHT ADD THAT OVER THE YEARS, USING THE EYES AND EARS OF OUR NYCHA WORKERS, LOCAL 237 HAS OFFERED COUNTLESS SUGGESTIONS; WE HAVE FLAGGED PROBLEMS IN THE MAKING AND WE EVEN CONVENED A TASK FORCE THAT PRODUCED A 12-PAGE REPORT OF RECOMMENDATIONS TO IMPROVE NYCHA.

NOTHING REALLY CHANGED AND HERE WE ARE AGAIN TODAY.

NEXT GENERATION NYCHA IS SUPPOSED TO BE THE NEW BLUEPRINT FOR IMPROVEMENT....IT'S BEEN CALLED A GAME-CHANGER.

YET I FIND TWO FACTORS MOST DISCONCERTING IN THIS 100+ PAGE DOCUMENT.

NUMBER 1. OF THE "PARTNERS" AND ADVISERS WHO WERE CONSULTED FOR THE CREATION OF THIS "GAME-CHANGER" PLAN, NOT ONE UNION IS LISTED, BUT 46 DEVELOPERS, PRIVATE MANAGEMENT, BUILDING OR PUBLIC RELATIONS COMPANIES ARE ACKNOWLEDGED.

NUMBER 2. CLEARLY, THE DIRECTION IN WHICH NYCHA WANTS TO GO IS PRIVATIZATION. IF THEY DO SO, THE NEXT GENERATION NYCHA WILL BE IN SHARP CONTRAST TO THE BASIC PRINCIPLE UPON WHICH PUBLIC HOUSING WAS CONCEIVED 80-YEARS AGO: PUBLIC LAND IS NOT FOR PRIVATE, COMMERCIAL GAIN.

THE JUSTIFICATION NYCHA OFFERS FOR THIS MASSIVE GIVE-AWAY PLAN IS THE PRESSURE TO GENERATE MUCH-NEEDED FUNDING. YET, THE PROJECTIONS OF REVENUE GAINED ARE CONTINGENT ON MANY VARIABLES FAVORABLY COMING TOGETHER. AND, THIS BASIS FOR DESIRED FUNDS IS LITTLE MORE THAN UNPROVEN SPECULATION. THIS IS AN UNSTABLE FOUNDATION FOR A 10-YEAR AGENCY OVERHAUL.

AT 237, WE ARE PARTICULARLY OPPOSED TO OUTSOURCING OF WORK THAT OUR MEMBERS, OR OTHER NYCHA WORKERS, ARE CAPABLE OF DOING.

I HAVE REPEATEDLY ASKED NYCHA MANAGEMENT TO SHOW US DATA THAT PROVES COST SAVINGS RESULTING FROM OUTSOURCING. TO-DATE, I HAVE RECEIVED NO SUCH DATA.

SIMILARLY, ANY NYCHA ARGUMENT CENTERED ON OUTSOURCING AS BEING MORE EFFICIENT HAS NOT BEEN VERIFIED EITHER. YET, OUR MEMBERS HAVE PROVEN TIME AND AGAIN THAT IF THEY ARE GIVEN THE REQUIRED EQUIPMENT, AND IF THEY ARE NOT IMPEDED BY A REPAIR SYSTEM THAT WAS POORLY CONCEIVED, WE CAN PRODUCE WORK WITH THE BEST OF THEM! PLUS, OUR MEMBERS DON'T JUST COME INTO A DEVELOPMENT, DO A JOB AND LEAVE. THEY ARE ACCOUNTABLE. THEY ARE THE COMMUNITY.

PERHAPS THE MOST DISTURBING FACTOR IN NYCHA'S OUTSOURCING OF CONTRACTS, AND WHICH IS AT THE VERY HEART OF TODAY'S HEARING, IS THE ISSUE OF TRANSPARENCY. CONTRACTORS AND ESPECIALLY SUB-CONTRACTORS CAN EASILY EVADE THE MANDATE OF DAVIS BACON AS WAS RECENTLY POINTED OUT BY A RULING OF THE NLRB. THEY ARE NOT ONLY VETTED INSUFFICIENTLY, BUT THE RULES AND REGULATIONS REQUIRED OF THE CONTRACTOR ARE OFTEN NOT APPLIED TO SUBCONTRACTORS AT ALL. WHILE IT'S TRUE THAT LOCAL 237 IS OPPOSED TO OUTSOURCING WORK BECAUSE IT CAN COST US JOBS, IT IS EQUALLY TRUE THAT THE LACK OF TRANSPARENCY IN CONTRACTING OUT AFFECTS THE QUALITY OF LIFE AT NYCHA AND CAN COST LIVES OF WORKERS AS WELL.

WHETHER WE TALK ABOUT METROPOLITAN BRIDGE AND SCAFFOLDS, OR L+M AND TRIBOROUGH PARTNERS, OR COUNTLESS OTHERS, A HISTORY OF SHODDY WORK WITHOUT OVERSIGHT, AND WORKER ABUSE THAT INCLUDES OSHA VIOLATIONS AND CHARGES OF WAGE THIEVERY BY THE EMPLOYER, HAVE NOT NECESSARILY BEEN NON-STARTERS IN BEING AWARDED A CITY CONTRACT BY NYCHA. PLUS, SOME AWARDEES MAY NOT HAVE EVEN BEEN THE LOWEST BIDDER, NOR MINORITY OR WOMEN-OWNED BUSINESSES, PROMPTING QUESTIONS OF WHY THIS SELECTION?

CLEARLY, CONTRACT TRANSPARENCY HAS BEEN OPAQUE.

FINALLY, NEXT GENERATION NYCHA CALLS FOR THE EXPANSION OF A PILOT PROGRAM CALLED OPMOM, WHICH ENABLES BUILDING MANAGERS TO ENGAGE PRIVATE CONTRACTORS. THIS COULD

RESULT IN OUTSOURCING BECOMING THE NEW WORKFORCE AT NYCHA.

IN JULY, NEW YORK CITY COMPTROLLER SCOTT STRINGER ISSUED A SCATHING AUDIT OF NYCHA. IN IT, HE DETERMINED THAT NYCHA HAS FEW CHECKS AND BALANCES AMONG ITS PROCEDURES AND PRACTICES. HE FOUND THAT NYCHA WAS "MAKING PROBLEMS DISAPPEAR ON PAPER." WHILE NYCHA MANAGEMENT RESPONDED TO THE AUDIT BY CALLING IT "OLD HAT", NOTHING IN NEXT GENERATION NYCHA SEEMS TO GUARANTEE IMPROVING ITS MANAGEMENT DEFICIENCIES. IN ADDITION, SINCE THE FOCUS OF THIS PLAN IS PRIVATIZATION, WHAT MAY OCCUR IS THAT THIS MASSIVE MUNICIPAL AGENCY, WHICH AFFECTS THE LIVES OF 600,000 RESIDENTS AND 18,000 WORKERS, WOULD BE DIMINISHING ITS CONTROL, ACCOUNTABILITY AND STABILITY AS A PUBLIC AUTHORITY, IN EFFECT, LETTING PRIVATE ENTREPRENEURS BECOME NEW YORK CITY'S BIGGEST LANDLORD OF PUBLIC LAND.

IF EVER THERE WAS A TIME TO ESTABLISH STRINGENT REGULATIONS AND OVERSIGHT MANDATES FOR CONTRACTING AND SUBCONTRACTING THAT PROTECT BOTH THE RESIDENT AND THE WORKER, THAT TIME IS NOW!

THANK YOU FOR THIS OPPORTUNITY TO ADDRESS YOU.

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

☐ in favor ☐ in opposition

Date: _____

Name: Shola Olatoye (PLEASE PRINT)

Address: 250 Broadway, 12th floor

I represent: NYCHA

Address: _____

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

☐ in favor ☐ in opposition

Date: 10/11/15

Name: Brian Clarke (PLEASE PRINT)

Address: _____

I represent: NYCHA

Address: _____

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

☐ in favor ☐ in opposition

Date: 10/11/15

Name: Farhan Syed (PLEASE PRINT)

Address: _____

I represent: NYCHA

Address: _____

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

☐ in favor ☐ in opposition

Date: 10/1/15

(PLEASE PRINT)

Name: DAVID FARBER

Address: 100 CHAMBERS ST

I represent: NYCHA

Address: NYCHA

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

☐ in favor ☐ in opposition

Date: _____

(PLEASE PRINT)

Name: Ruby Kitchen / TA President

Address: KING TOWERS

I represent: HARLEM VILLAGE

Address: _____

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

☐ in favor ☐ in opposition

Date: _____

(PLEASE PRINT)

Name: Laura Ringelheim

Address: 253 Broadway

I represent: Mayor's Office of Contract Services

Address: _____

Please complete this card and return to the Sergeant-at-Arms

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

☐ in favor ☐ in opposition

Date: _____

(PLEASE PRINT)

Name: Marjorie Landa

Address: _____

I represent: Comptroller Scott Stinger

Address: _____

Please complete this card and return to the Sergeant-at-Arms

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

☐ in favor ☐ in opposition

Date: _____

(PLEASE PRINT)

Name: David Saltonstall

Address: _____

I represent: Comptroller Scott Stinger

Address: _____

Please complete this card and return to the Sergeant-at-Arms

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____
☐ in favor ☐ in opposition

Date: 10/1/15

(PLEASE PRINT)

Name: GEORGE GELLER

Address: 216 W. 14TH ST.

I represent: TEAMSTERS LOCAL 237

Address: 216 W. 14TH ST.

◆ Please complete this card and return to the Sergeant-at-Arms ◆

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____
☐ in favor ☐ in opposition

Date: _____

(PLEASE PRINT)

Name: George Geller

Address: _____

I represent: Teamsters, Local 237

Address: _____

◆ Please complete this card and return to the Sergeant-at-Arms ◆